

Appendix F

Cost Estimates and Increases

#300547

APPENDIX F: COST ESTIMATES AND INCREASES

1.1 Notes on Cost

Over the life previous CP's, Council has constructed a range of facilities which has given a more accurate understanding of the costs of provision. Importantly, the Council has determined that the costs of some facilities has exceeded the original estimate in the CP for a number of reasons:

- **Building cost review.** A major expenditure item is building construction costs. This should include construction, site works, car parking, contingencies, security, landscaping, fit out, consultancy and project management fees.
- **Land acquisition.** This also can be a major item particularly in an are such as the Byron Bay township where land values have escalated significantly in the last 10 years. These increases are not reflective of Consumer Price Index (CPI) increases which do not have a land value component. Land values typically exceed the CPI by a large margin and there will be a need to ensure that any land costs in the CP accurately reflect real changes in land values.

The following discussion of costs for new facilities includes items such as design and contingency in installing the new facility/service. Land values are discussed further below.

1.2 Building Cost Review

The cost of building works can often exceed the CPI and annual review of building costs to determine if the CPI is an appropriate increase for the works item should be carried out. Reference to such publications as the *Rawlinsons Cost Guide* as well as Councils own experience should be used to estimate costs.

There are also the costs of consultancy (eg, design) as well as project management services which are needed to complete building and construction works. These items can comprise 10-15% of total costs for a typical project. There is also a need to include contingency sums to allow for variations in site conditions and other assumptions. A 5% rate is a fairly standard component of any construction budget.

1.3 Establishing the Value of Land

The land valuations presented in the following discussion are based on information provided by the Council, derived from figures obtained by the Valuer-General and local valuers. The figures used by the Valuer-General represents the unimproved capital value only of property and is closely related to the value of undeveloped land. Market price comparisons of developed property should be avoided as they would tend to over estimate the true purchase costs of vacant land. Developed property values are more useful in mature urban areas where redevelopment of existing property is the primary means for providing public amenities. Consequently, all the following figures are quoted as unimproved capital value.

The 1993 CP has the land valuations set out in Table 1. This Table also updates land values for 2001. All values are per square metre of land. Where relevant, this land is considered to be adequately serviced and free of land development constraints.

Purchasing land also involves legal and administrative costs. Such costs need to be factored into the total costs associated with acquiring and embellishing land. If Council acquires land for open space it does not have to pay stamp duty, therefore the two main costs to Council are solicitor's fees and a valuation fee.

It is estimated that given a purchase price of \$100,000, the valuation fee would be in the order of \$1,000 and the solicitor's fee would be around \$1,500.

Table 1: Land Values¹

| Area | 1992 | 2001 | Actual % Increase ² | % Adopted ³ |
|--------------------------------------|-------|--------|-----------------------------------|------------------------|
| Byron Bay | | | | |
| • Town Centre (commercial - central) | \$150 | \$2100 | 1300 | 1000 |
| • Sunrise Beach | \$150 | \$300 | 200 | 100 |
| • Undeveloped englobo | \$100 | \$200 | N/A | 30 |
| Suffolk Park | \$26 | \$200 | 669 | 300 |
| Mullumbimby | | | | |
| • Town Centre | \$150 | \$250 | 233 | 200 |
| • Rural lands | \$21 | \$22 | 5 | 50 |
| Brunswick Heads | | | | |
| • Town Centre | \$200 | \$420 | 320 | 200 |
| • Bayside Brunswick | \$100 | \$200 | 186 | 100 |
| Bangalow | \$24 | \$96 | 300 | 200 |
| Ocean Shores | | | | |
| • Serviced | \$60 | \$80 | 33 | 33 |
| • Unserviced | \$21 | \$28 | 33 | 33 |

Source: Byron Shire Council, 2001

Notes:

1. All figures are based on per square metre rate
2. Increases based on actual sales figures for comparable land parcels
3. Rates adopted based on actual increases and reference to Valuer General figures. Mullumbimby rates higher due to lack of comparable sales figures.

1.4 Open Space Establishment and Design Costs

The following estimates have been developed through consultations with Byron Shire Council and using the rates specified in Rawlinsons Cost Guide suitably discounted for the Byron location.

1.4.1 Local (Neighbourhood) Open Space

Development of a fairly 'typical' local neighbourhood park of around 5,000 m² in area would be in the order of \$85,306 excluding the land value. This gives an embellishment cost range of around \$17/m² including design and contingency.

Table 2: Local Open Space Development (Neighbourhood Facility)

| Item | Quantity/No | Unit rate | Total (\$) |
|--------------------|----------------|-------------|---------------|
| Earthworks | 2,000sqm | \$3.00/sqm | 6,000 |
| Grass | 4000sqm | \$1.80/sqm | 7,200 |
| Landscaping | 400sqm | \$25/sqm | 10,000 |
| Seating/tables | 6 | \$1,200 | 7,200 |
| BBQ's | 2 | \$2,000 | 4,000 |
| Electricity/lights | 5 lights/retic | \$1000/unit | 5,000 |
| Amenities | 20sqm | \$500/m | 10,000 |
| Play equipment | 1 | \$20,000 | 20,000 |
| Bins | 3 | \$200 | 600 |
| Signage | 2 | \$150 | 300 |
| Water | 100m | \$20/m | 2,000 |
| Footpaths | 145sqm | \$35 | 5,075 |
| Design | item | 5% | 3,869 |
| Contingency | Item | 5% | 4,062 |
| Total | | | 85,306 |

Note on costs:

1. Cost is based on standard rates
2. Assumes major earthworks are not required at the site
3. Design costs are minimal and may be substantially higher.

1.4.2 District Open Space

Development of a district reserve of around 2.0 hectares in area would be in the order of \$302,500 excluding the land value. This gives an embellishment cost range of \$15/m².

Table 3: District Open Space (2 ha Facility)

| Item | Quantity/No | Unit rate | Total (\$) |
|--------------------|-----------------|-------------|----------------|
| Earthworks | 8,000sqm | \$3.00/sqm | 24,000 |
| Grass | 6,000sqm | \$1.80/sqm | 10,800 |
| Landscaping | 3,000sqm | \$25/sqm | 105,000 |
| Seating/tables | 12 | \$1,200 | 14,400 |
| BBQ's | 4 | \$2,000 | 8,000 |
| Electricity/lights | 15 lights/retic | \$1000/unit | 15,000 |
| Amenities | 50sqm | \$500/m | 25,000 |
| Play equipment | 2 | \$20,000 | 40,000 |
| Bins | 6 | \$200 | 1,200 |
| Fencing | 100 m | \$50 | 5,000 |
| Signage | 4 | \$150 | 600 |
| Water | 600m | \$20/m | 12,000 |
| Footpaths | 4005sqm | \$35 | 14,000 |
| Design | item | 5% | 13,750 |
| Contingency | Item | 5% | 13,750 |
| Total | | | 302,500 |

Note on costs:

4. Cost is based on standard rates
5. Assumes major earthworks are not required at the site
6. Design costs are minimal and may be substantially higher.

1.4.3 District Sports Facilities

A similar exercise was adopted for the embellishment and design costs of a typical district facility of 1.5 hectares. Again, these figures have been checked against representative development costs outlined in Rawlinsons Cost Guide and represent the projected costs of improving a 15,000m² parcel to a standard similar to existing facilities used for structured (sports) recreational activities. These costs are summarised below in Table 4.

An embellishment cost of around \$299,250 or around \$20/m² was established which assumes that major earthworks are not required. This assumes that major building complexes are not required and only minimal design costs are involved. Where embellishment only is provided, a rate of \$7/m² to take into account existing facilities.

Table 4: Open Space Embellishment: 1.5 Hectare District Sports Facility

| Item | Quantity/No | Unit rate | Total (\$) |
|-------------------------|----------------|-------------|----------------|
| Earthworks/clearing | 8,000sqm | \$3.00/sqm | 24,000 |
| Drainage | 8 pits/retic | \$1000/pit | 15,000 |
| Irrigation | item | \$30,000/ha | 30,000 |
| Turfgrass | 1500sqm | \$30/sqm | 45,000 |
| Amenities | 80sqm | \$600/sqm | 48,000 |
| Fencing | 400 m | \$50 | 20,000 |
| Roads/car park | 1000sqm | \$30 | 30,000 |
| Electricity/floodlights | 8 towers/retic | \$3,500 | 26,000 |
| Sewer | Septic tank | \$5,000 | 10,000 |
| Water | allowance | | 10,000 |
| Landscaping | 200sqm | \$30/sqm | 6,000 |
| Design | item | 5% | 12,000 |
| Contingency | Item | | 14,250 |
| Total | | | 299,250 |

Note on costs:

1. Above costs assumes major earthworks are not required at the site and excludes major building works such as grandstands and clubhouses.
2. Design costs are minimal and may be substantially higher.

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