Council Report & Minutes

Apr 2011
REPORT TO COUNCIL

Future of the Boot Factory (A10/0580)

Report dated 4 April 2011 from the Director, Corporate and Technical Services about the future of the Boot Factory. (A10/0580)

Recommendation:

1) That Council:

a) Note that external expertise has been engaged and has completed work on development of adaptive reuse options for the Boot Factory.

b) Note that options for adaptive re-use of the Boot Factory offer some attractive design concepts.

c) Note, however, that both financial and quadruple bottom line (QBL) returns on investment in these designs do not, on initial assessment, appear to be positive overall.

d) Note that the adaptive reuse options, while conceptually attractive, do not at present pass the risk assessment tests to be applied under the NSW DLG’s newly released Capital Expenditure Guidelines, which are now a compulsory consideration for councils under Section 23A of the Local Government Act. Technical, financial and QBL risks are quite high compared to benefits to be gained.

e) Note that further community consultation is an option for refining and confirming financial, QBL and risk return results but that such consultation, if it is desired, should be preceded by identification of more feasible options for funding preferred renewal proposals as commercial rental returns will not provide a viable source of funding for loan repayments.

f) Note that, in effect, this means that the soon to be convened Investment Strategy Working Group may need to be briefed to include the task of identifying a viable funding source for the more expensive concepts in its brief for development of the next Investment Strategy.

g) Note that because of Capital Expenditure Guidelines, the only two options Council could resolve to implement at the moment are Option 5 – mothball the building in situ, and Option 6 – dismantle the building and mothball significant heritage items in storage for incorporation into a new development on the site later.

h) Note that Option 5 would be a viable option for a short period only and that option 6 is the only option with a positive return result at present.

2) That Council consider the benefit of instructing the Investment Strategy Working Group to consider and report on whether there are viable funding sources for the more expensive concept designs for renewal of the Boot Factory.

Background

In 2010 council resolved that:

1. Officers identify and report on all the planning constraints applicable to the existing [Boot Factory] building and its site, the history of heritage interventions, FSR and other Transferred Development Rights, or any other development benefits pertaining to the Boot Factory building and its curtilage. The report is to include suggestions of a business model for obtaining an income return from the use of the property following its restoration and adaptive reuse. Council can then determine what portion of the restoration costs could be recovered from fees for use.

2. Officers seek informed heritage architectural advice from a consultant recommended by Council’s Heritage Adviser, and/or the NSW Heritage Branch, for restoration and adaptive reuse of the Boot Factory building.

3. Consideration is given to funding a restoration plan for the Boot Factory building by the Investment Strategy Working Group.
REPORT TO COUNCIL

A report on the planning constraints, historical significance, heritage curtilage and planning controls has been prepared by George Bramis, Divisional Manager, Strategic Land use Planning and is attached.

Briefly the 3 storey brick building located at 27 Spring St, Bondi Junction known as “The Boot Factory” was constructed between 1890 and 1915. It was purchased by Council in 1984, restored as a Bicentennial project and tenanted by the Inventors Association of Australia. In the early 1990s the Association was evicted and the building made available to community tenants. In 1995/96 major structural repairs costing around $200,000 forced the vacation of the building for 9 months with the tenants being relocated to the commercial site at 65 Ebley St which happened to have the lower floor vacant at the time.

In the ensuing years the building has been subject to significant ongoing maintenance and repairs particularly in the areas of water ingress through windows, damp through brickwork, along with multiple complaints from the tenants about poor ventilation, extreme heat in summer and extreme cold in winter and other OH&S issues about the suitability of the tenancy. Substantial ongoing repairs have been made to the timber window frames from water damage and the building has been treated for active termites on at least 2 occasions in recent history and is subject to ongoing monitoring. The building does not meet current access standards with a single internal staircase only to the upper levels and there are no toilet facilities on the upper levels.

In 2009 Council was advised of major structural issues with the building which again forced the closure of the building and relocation of the community tenants (albeit with great difficulty) into alternative Council accommodation. Essential temporary make safe works completed, the architectural consultancy and relocation costs are just over $232,000 to date. The temporary make safe works (mothball) have a currency of nine months and expire in August 2011. If the building remains in mothballs after August, further ongoing deterioration is inevitable and regular safety monitoring will be necessary with works carried out as required at unknown costs. Fencing around the site to prevent injury from falling building fabric or structural collapse will also be required.

Ongoing monitoring of the building façade over the past year has indicated distinct movement in the front façade reflective of movement in the foundation footings. Council’s consultant structural engineer thinks it is most likely caused by tree roots from the Plane tree immediately in front of the building. Extensive exploratory excavations beneath the footings and the building would be required to determine the extent of weakening and damage to the foundations and the most suitable way of rectifying the damage. The initial course of action suggested has been that the building will most likely require underpinning down to stable foundations on the sandstone strata, distance unknown. It appears to our consultant that from very preliminary examinations that the front and rear parts of the building are not set on sandstone foundation material but black soil, susceptible to damage by the tree. Without the exploratory excavations there is no way to estimate the likely costs of this work except to say very high. The tree roots have caused extensive paving damage in the courtyard and senior citizens using the adjacent Mill Hill facility have tripped on more than one occasion on both lifted pavers and seed balls produced by the tree. They are also the possible cause of problems with water penetration and membrane failure in the Mill Hill building.

Following the Council resolution in 2010 Business, Services and Property sought quotes from 5 heritage architect firms recommended by Council’s Heritage Adviser Colin Brady. In September 2010 Smart Design Studies was engaged to undertake a study on the restoration and adaptive reuse of the building including an indication of the extent of renovation and repairs required, suggestions as to prospective use of the building and potential occupants/lessees, approximate costs and project difficulties.
Comment

On March 8th 2011 Smart Design Studies presented pictorials and four costed options to a councillor and officer workshop. They suggested that because of the high cost of repair and restoration required, the most suitable potential occupants/lessees would need to be commercial tenants, with a suggestion of possible café/bakery type function on the ground floor and single or multiple tenants on the upper levels.

An overview of their options is presented below.

<table>
<thead>
<tr>
<th>Overview of Renovations</th>
<th>Project Difficulties</th>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1</strong>&lt;br&gt;Base building upgrade only</td>
<td>Upper levels do not meet BCA/DDA compliance for services (access/toilets). Small floor plate unattractive to private market and because of this cannot be leased to multiple tenants.</td>
<td>COST $1,162,387</td>
</tr>
<tr>
<td>▪ Repairs to structural elements, installation of raised flooring for services and air conditioning, repairs to window frames and replacement glass</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Option 2</strong>&lt;br&gt;Services core south west corner</td>
<td>Council does not own the land on which the service core would be built, the cost to purchase the land is unknown.</td>
<td>COST in excess of $3,619,162&lt;br&gt;NPV -$2,431,840</td>
</tr>
<tr>
<td>▪ Removal of internal staircase. Building of a services core adjacent but linked to the building. The services core includes stairs, lift, toilets and kitchen to each level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Building of a fourth level on the roof</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Repairs to structural elements, installation of raised flooring for services and air conditioning, repairs to window frames and replacement glass.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Removal of courtyard tree.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Option 3</strong>&lt;br&gt;Services core south east corner – independent entry to Mill Hill</td>
<td>Circulation space for the tenants is less than option 2. The entry is less distinct and located at the rear of a community services building – less attractive to commercial tenants</td>
<td>COST $3,161,757&lt;br&gt;NPV -$1,981,840</td>
</tr>
<tr>
<td>▪ Removal of internal staircase. Building of a services core adjacent but linked to the building. The services core includes stairs, lift, toilets and kitchen to each level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Building of a fourth level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Repairs to structural elements, installation of raised flooring for services and air conditioning, repairs to window frames and replacement glass.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Removal of courtyard tree.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Option 4</strong>&lt;br&gt;Services core south east corner – shared entry to Mill Hill</td>
<td>Circulation space for the tenants is less than option 2. The entry is within a community services building – unattractive to commercial tenants</td>
<td>COST $2,539,042&lt;br&gt;NPV -$1,351,840</td>
</tr>
<tr>
<td>▪ Removal of internal staircase. Building of a smaller services core adjacent linking the building to the Mill Hill. The services core includes toilets and kitchen to each level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Stairs and lift are shared with Mill Hill.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Building of a fourth level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Repairs to structural elements, installation of raised flooring for services and air conditioning, repairs to window frames and replacement glass.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Removal of courtyard tree.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Of the restoration options it is felt that none of them offer Council an obvious solution. The base option provides a structurally sound building that does not comply with current access standards to the upper levels and as such could only be let to a single tenant which extremely limits the
potential commercial market. Option 2 is considered by Smart Design Studios to be the best option but (unrealistically) relies on purchasing land from an adjoining neighbour for an unknown amount. Options 3 and 4 would provide a sound building but not an attractive proposition for commercial tenants with smaller floor space and linked entry to a community building.

Financial Analysis

There is no funding provision in either Council’s Capital Works program or the Long Term Financial Plan to undertake any works on the Boot Factory. Hence no provision has been made for works on this building in Council’s current rate variation application under consideration by IPART. The long term financial planning approach taken in relation to this building has instead contemplated that funding for any works on the site would be sourced from the next property-related Investment Strategy due to be developed soon as a follow up strategy to Council’s adopted Investment Strategy 2007.

Over a 20 year period, options 2, 3 & 4 have significant negative net present values (NPV). Option 1 would also have a negative NPV although this has not been fully calculated yet. Negative NPVs, however, need not necessarily rule these options out if counterbalancing benefits can be identified of sufficient value to offset negative financial outcomes. Councils have recently been issued new Capital Works Guidelines under Section 23A of the Local Government Act which provide a compulsory framework for assessing the cost/benefit of such complex projects. A Council must take any relevant guidelines issued under Section 23A into consideration before exercising any of its functions. Based on an initial assessment of options in terms of their performance against the criteria of the Guidelines, none of the options above appear as though they could demonstrate compliance with the Guidelines at this time. That is to say, the QBL benefits and risk returns do not appear to outweigh the disbenefits and negative NPVs.

Additional Options

5. Do nothing – continue mothballing the building with ongoing monitoring and attempt to address structural and safety issues as they arise. The annual costs for this option are unknown but at a minimum it is estimated that consultant costs and minimum reports would start at approx $10,000 pa plus officer time. This option carries the almost inevitable risk of ongoing structural deterioration to an unsafe level with the continuing damage caused to its foundations. If this option is chosen:

- there is a strong case that the tree in the court yard be removed immediately, and
- there is a high likelihood that the above Option 1 (at minimum) would also be required as an adjunct (ie., this option simply adds to the cost of all others by virtue of delaying them).

There would be additional costs associated with this option which cannot easily be quantified. These would include costs for fencing, hoarding construction, tree removal, make safe costs that will come with progressive deterioration, and liability attaching to potential collapse.

6. Dismantle the building now. The cost to remove the building is estimated at $150,000. It would be proposed that key building materials and elements such as the brickwork, dated parapet, stonework etc be stockpiled and used in a future development on the site or within the area. Full photography and documentation of the building would be undertaken prior to dismantling as per the report from the Divisional Manger, Strategic Land Use Planning.

Analysis

- **Financial:** There is no funding provision in Council’s Capital Works program nor the Long Term Financial Plan to undertake any works on the Boot Factory. Over a 20 year period, options 2, 3 & 4 have significant negative net present values. Option 5 is the cheapest option in
$ terms but entails what must be declared as unmanageable structural, OH&S and public liability risk. In other words the “do nothing” option is not feasible for anything other than a very short period of time – say a year. Option 6 is the cheapest feasible option and it is the only option likely to pass an initial test against the Capital Expenditure Guidelines. Other options may perform better in later analyses if community input is sought and criteria are weighted. However, they are unlikely at this time to perform as well as Option 6.

Attachment 1 provides an initial analysis of the performance of all 6 options against the criteria of the Capital Works Guidelines. A summary of preliminary performance scores is:

<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1 Base Upgrade</th>
<th>Options 2, 3, 4 Base upgrade with added services core</th>
<th>Option 5 Do nothing (keep mothballed)</th>
<th>Option 6 Dismantle building now with preservation of heritage elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total for Budget and Financial Return Performance</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>2</td>
</tr>
<tr>
<td>Total for QBL Performance</td>
<td>-3</td>
<td>0</td>
<td>-5</td>
<td>3</td>
</tr>
<tr>
<td>Total for Performance in Risk Analysis</td>
<td>-9</td>
<td>-7</td>
<td>-8</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>-14</td>
<td>-9</td>
<td>-15</td>
<td>7</td>
</tr>
</tbody>
</table>

- **Delivery Program/Operational Plan:** Advice in this report accords with the Delivery Program 2010-2013 Directions/Strategies of G5b “Undertake long term financial planning”, G5c “Establish and maintain commercial business operations that contribute to Council’s sustainability” and G6 “Council assets are well maintained for their current purpose and for future generations”. Options described within the report, however, variously accord with and fail to accord with Delivery Program Directions/Strategies. See Attachment 1 for specifics.

- **Consultation:** Community consultation is yet to be undertaken for this project. However, it is now a compulsory requirement under the newly issued Capital Expenditure Guidelines for all but Options 5 and 6. Results of the preliminary analysis of the performance of the options may be altered if consultation is undertaken. Such consultation would require all options to be put to the community and sufficient information provided about the benefits and costs of each to enable them to distinguish between them.

- **Timeframe:** Action would follow Council’s determination.

**Recommendation:**

1) That Council:

a) Note that external expertise has been engaged and has completed work on development of adaptive reuse options for the Boot Factory.
b) Note that options for adaptive re-use of the Boot Factory offer some attractive design concepts.
c) Note, however, that both financial and quadruple bottom line (QBL) returns on investment in these designs do not, on initial assessment, appear to be positive overall.
d) Note that the adaptive reuse options, while conceptually attractive, do not at present pass the risk assessment tests to be applied under the NSW DLG’s newly released Capital Expenditure Guidelines, which are now a compulsory consideration for councils under Section 23A of the Local Government Act. Technical, financial and QBL risks are quite high compared to benefits to be gained.
e) Note that further community consultation is an option for refining and confirming financial, QBL and risk return results but that such consultation, if it is desired, should be preceded
by identification of more feasible options for funding preferred renewal proposals as commercial rental returns will not provide a viable source of funding for loan repayments.

f) Note that, in effect, this means that the soon to be convened Investment Strategy Working Group may need to be briefed to include the task of identifying a viable funding source for the more expensive concepts in its brief for development of the next Investment Strategy.

g) Note that because of Capital Expenditure Guidelines, the only two options Council could resolve to implement at the moment are Option 5 – mothball the building in situ, and Option 6 – dismantle the building and mothball significant heritage items in storage for incorporation into a new development on the site later.

h) Note that Option 5 would be a viable option for a short period only and that option 6 is the only option with a positive return result at present.

2) That Council consider the benefit of instructing the Investment Strategy Working Group to consider and report on whether there are viable funding sources for the more expensive concept designs for renewal of the Boot Factory.

Bronwyn Kelly
Director, Corporate & Technical Services
Author: Lucia Beasley
Feasibility of Boot Factory Renewal Options
Preliminary Analysis of Performance Against NSW DLG Capital Expenditure Guidelines Under Section 23A

A Council must take any relevant guidelines issued under Section 23A into consideration before exercising any of its functions. The following analysis assesses initial performance of options for renewal of the Boot Factory against the criteria for acceptable capital expenditure projects in the current DLG Capital Expenditure Guidelines. The analysis is preparatory to community consultation. Analysis may be repeated after consultation. Scores for performance against the criteria have been developed to chart the performance of options relative to each other, not absolutely, as follows:

-1 = The option does not meet the criterion at all.
0 = The option satisfies the criterion.
+1 = The option satisfies the criterion most.

Note: Criteria have not been weighted. If the community may weights some criteria more heavily than others this will naturally change results. Note: No criterion may be validly weighted at more than 30% if the assessment is to pass the test of reasonableness and balance.

<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1 Base Upgrade</th>
<th>Options 2, 3, &amp; 4 Base upgrade with added services core</th>
<th>Option 5 Do nothing (keep mothballed)</th>
<th>Option 6 Dismantle building now with preservation of heritage elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Impact of funding the project on existing and future capital works and services in Long Term Financial Plan. (Budget impact)</td>
<td>Cost of $1,162,387, excluding life cycle costs. Currently unfunded in LTFP and not included in SRV application.</td>
<td>Cost – between $2,539,042 and $3,619,162, excluding life cycle costs. Currently unfunded in LTFP and not included in SRV.</td>
<td>Cost minimum of $10,000 per annum, excluding repair works. This option implies at least the eventual inclusion of Option 1. Currently unfunded in LTFP and not included in SRV.</td>
<td>Cost of $150,000. Currently unfunded in LTFP and not included in SRV.</td>
</tr>
<tr>
<td>Total for Budget and Financial Return Performance</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>2</td>
</tr>
</tbody>
</table>
**REPORT TO COUNCIL**

## Preliminary Performance Assessment

<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1 Base Upgrade</th>
<th>Options 2, 3, &amp; 4 Base upgrade with added services core</th>
<th>Option 5 Do nothing (keep mothballed)</th>
<th>Option 6 Dismantle building now with preservation of heritage elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. QBL return (preliminary – i.e., before public consultation):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Heritage – impacts that affect the existence or integrity of an historical site.</td>
<td>Meets criterion but with poorer surety after 10 years.</td>
<td>Meets criterion with better surety after 10 years.</td>
<td>Increases heritage degradation (unless implemented with Option 1)</td>
<td>Removes heritage temporarily and replaces some elements of heritage architecture.</td>
</tr>
<tr>
<td>- Quality of life – impacts that alter the population’s quality of life.</td>
<td>No significant quality of life benefit provided or foregone.</td>
<td>No significant quality of life benefit provided or foregone.</td>
<td>Quality of life benefits, if any, delayed.</td>
<td>No significant quality of life benefit provided or foregone.</td>
</tr>
<tr>
<td>- Health &amp; Safety – the community is not exposed to unnecessary health or safety risks.</td>
<td>Fails to meet health and access regulations. Fails to meet building structural safety requirements beyond short-medium term.</td>
<td>Meets health and access requirements. Fails to meet building structural safety requirements beyond medium term.</td>
<td>Fails to meet health and access regulations. Fails to meet building structural safety requirements beyond very short term.</td>
<td>Provides immediate reduction of OH&amp;S risk exposure.</td>
</tr>
<tr>
<td>- Law and order – change in the maintenance of law and order in the community.</td>
<td>See Health &amp; Safety above.</td>
<td>See Health &amp; Safety above.</td>
<td>See Health &amp; Safety above.</td>
<td>See Health &amp; Safety above.</td>
</tr>
</tbody>
</table>

<p>| Total for QBL Performance | -3 | 0 | -5 | 3 |</p>
<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1 Base Upgrade</th>
<th>Options 2, 3, &amp; 4 Base upgrade with added services core</th>
<th>Option 5 Do nothing (keep mothballed)</th>
<th>Option 6 Dismantle building now with preservation of heritage elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Ability to pass risk assessment tests:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design risk – is the project likely to involve design complexities, unproven technology, or design elements unlikely to be approved within urban design or zoning requirements?</td>
<td>Medium design and approval risk. Proposal will not result in BCA/DDA compliance.</td>
<td>Medium design and approval risk for Option 2 as feasibility of land purchase has not been assessed. Low design and approval risk for Options 3 &amp; 4.</td>
<td>Medium design and approval risk. Proposal will not result in BCA/DDA compliance.</td>
<td>Least design and approval risk.</td>
</tr>
<tr>
<td>Demand / market risk – is the project likely to generate demand for use of the facility?</td>
<td>High risk - Commercial rentals unlikely to be achieved.</td>
<td>High risk - Commercial rentals unlikely to be achieved.</td>
<td>High risk - Commercial rentals unlikely to be achieved.</td>
<td>No risk. No capital outlayed other than demolition. No rental subsidies generated.</td>
</tr>
<tr>
<td>Management/operations risk – is the facility likely to be manageable and operated efficiently?</td>
<td>Medium risk – Facility can be safely managed but will not be efficient in terms of service delivery or return. There are cheaper ways to provide facilities for services.</td>
<td>Medium risk – Facility can be safely managed but will not be efficient in terms of service delivery or return. There are cheaper ways to provide facilities for services.</td>
<td>Medium risk – Facility can be safely managed but will not be efficient in terms of service delivery or return. There are cheaper ways to provide facilities for services.</td>
<td>No operational risk.</td>
</tr>
</tbody>
</table>
# Preliminary Performance Assessment

<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1 Base Upgrade</th>
<th>Options 2, 3, &amp; 4 Base upgrade with added services core</th>
<th>Option 5 Do nothing (keep mothballed)</th>
<th>Option 6 Dismantle building now with preservation of heritage elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation risk – is the project likely to affect reputation via cost overruns, impractical designs, poor dialogue with the community</td>
<td>Low risk – assuming the community is fully informed of risks and benefits of all options. High risk in terms of impractical design and poor knowledge of cost of dealing with latent conditions in foundations.</td>
<td>Low risk – assuming the community is fully informed of risks and benefits of all options. Medium risk in terms of impractical design and poor knowledge of cost of dealing with latent conditions in foundations.</td>
<td>Low risk – assuming the community is fully informed of risks and benefits of all options.</td>
<td>Low risk – assuming the community is fully informed of risks and benefits of all options.</td>
</tr>
<tr>
<td>Compliance risk – is the project likely to comply with regulations, legislation, planning, heritage or environmental policies?</td>
<td>High risk on building regulations, and ESD. Low risk on heritage.</td>
<td>High risk on building regulations, and ESD. Low risk on heritage.</td>
<td>High risk on building regulations, and ESD. Low risk on heritage.</td>
<td>Low risk on compliance with criteria for demolition approvals.</td>
</tr>
<tr>
<td>Completion / construction risk – is the project likely to be completed within specifications, timeframe and budget?</td>
<td>High risk – at least until issues with foundations can be quantified.</td>
<td>High risk – at least until issues with foundations can be quantified.</td>
<td>High risk – at least until issues with foundations can be quantified.</td>
<td>Low risk.</td>
</tr>
<tr>
<td>Occupational health and safety risk – is the project likely to be hazardous to health and safety?</td>
<td>Medium to high risk during construction. Low risk for 10 years in operation. High risk beyond 10 years.</td>
<td>Medium to high risk during construction. Low risk for 20 years in operation. High risk beyond 20 years.</td>
<td>Medium to high risk during construction. Low risk for 10 years in operation. High risk beyond 10 years.</td>
<td>Low risk.</td>
</tr>
<tr>
<td>Other risk – Economic development risk – is the project likely to adversely affect economic development in the area.</td>
<td>Low risk – project is too small to either add to or detract from the economic potential of the area unless it precludes future optimal land use decisions.</td>
<td>Low risk – project is too small to either add to or detract from the economic potential of the area unless it precludes future optimal land use decisions.</td>
<td>Low risk – project is too small to either add to or detract from the economic potential of the area unless it precludes future optimal land use decisions.</td>
<td>No risk – avoids pre-empting future optimal land use decisions.</td>
</tr>
</tbody>
</table>

-1 = Low risk – assuming the community is fully informed of risks and benefits of all options. Medium risk in terms of impractical design and poor knowledge of cost of dealing with latent conditions in foundations. 
0 = Low risk. 
+1 = No risk – avoids pre-empting future optimal land use decisions.
### Preliminary Performance Assessment

<table>
<thead>
<tr>
<th>Capital Expenditure Guidelines Assessment Criteria</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
<th>Option 4</th>
<th>Option 5</th>
<th>Option 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total for Budget and Financial Return Performance</td>
<td>-2</td>
<td>-3</td>
<td>-7</td>
<td>3</td>
<td>-8</td>
<td>2</td>
</tr>
<tr>
<td>Total for QBL Performance</td>
<td>0</td>
<td>0</td>
<td>-5</td>
<td>3</td>
<td>-8</td>
<td>2</td>
</tr>
<tr>
<td>Total for Performance in Risk Analysis</td>
<td>-9</td>
<td>-7</td>
<td>-8</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>-14</td>
<td>-9</td>
<td>-15</td>
<td>7</td>
<td>0</td>
<td>15</td>
</tr>
</tbody>
</table>

**Other risk – is there a risk to the credibility and integrity of Council’s current Special Rate Variation application?**

- High risk to credibility of current SRV application if proposal is to be funded by rates. Proposal is not included in approved Service Plus projects. Projects outside approved Service Plus projects requirements would need alternative funding supported by community consultation.

- High risk to credibility of current SRV application if proposal is to be funded by rates. Proposal is not included in approved Service Plus projects. Projects outside approved Service Plus projects requirements would need alternative funding supported by community consultation.

- High risk to credibility of current SRV application if proposal is to be funded by rates. Proposal is not included in approved Service Plus projects. Projects outside approved Service Plus projects requirements would need alternative funding supported by community consultation.

- No risk. Proposal is included in approved Service Plus projects.

- High risk to credibility of current SRV application if proposal is to be funded by rates. Proposal is included in approved Service Plus projects. Projects outside approved Service Plus projects requirements would need alternative funding supported by community consultation.

- High risk to credibility of current SRV application if proposal is to be funded by rates. Proposal is included in approved Service Plus projects. Projects outside approved Service Plus projects requirements would need alternative funding supported by community consultation.

- No risk. Proposal is included in approved Service Plus projects.
1.0 Introduction
This report has been prepared in line with the request from the Council Meeting of 16 March 2010 which outlines that:

“1003.10.8
The Boot Factory, Bondi Junction (A02/0303)
The following Motion is a revised version of the Notice of Motion submitted by Cr Main:

MOTION/DECISION (Main/Cancian)
That:

1. Officers identify and report on all the planning constraints applicable to the existing building and its site, the history of heritage interventions, FSR and other Transferred Development Rights, or any other development benefits pertaining to the Boot factory building and its curtilage. The report is to include suggestions of a business model for obtaining an income return from the use of the property following its restoration and adaptive reuse. Council can then determine what portion of the restoration costs could be recovered from fees for use.

2. Officers seek informed heritage architectural advice from a consultant recommended by Council's Heritage Adviser, and/or the NSW Heritage Branch, for restoration and adaptive reuse of the Boot Factory building.

3. Consideration is given to funding a restoration plan for the Boot Factory building by the Investment Strategy Working Group.”

2.0 Planning Constraints
The Boot Factory is located at Nos. 27-33 Spring Street, Bondi Junction which is divided into two parcels; Lot 7 DP 499650 & Lot 6 Sec A DP 145 and is positioned between the intersections of Newland Street to the east and Denison Street to the west. The Boot Factory site fronts Spring Street and comprises the western lot indicated by the red hatching on the map below (see Figure 1).

Figure 1 – Location map of Boot Factory
The Boot Factory building is set back significantly from Spring Street providing an expansive paved forecourt for public use. The forecourt acts as outdoor public space and includes a number of mature deciduous trees and park benches. An electrical substation sits on the western side of the forecourt.

There are a number of planning constraints that currently exist for the future use and adaptability of the site. All adjoining properties are currently developed and include the Council owned Mill Hill Community Centre, staff offices and a kiosk to the east, the Officeworks building to the south, the “terraces” fronting Ebley Street to the south east and the “Spring Street Apartments” to the west of the site comprising retail premises on the lower floor levels and residential apartments above.

The use of these adjoining properties significantly impacts upon the activity and vibrancy of the forecourt area associated with the Boot Factory with the exception of the kiosk operating out of the Mill Hill Community Centre on the ground floor.

It is important to note that many of the retail and commercial premises adjoining the subject site are operating under long-term leases. This will restrict the ability of Council to request vacating tenancies in premises where it continues to be financially viable for these businesses to operate. Any redevelopment of the Council owned property in this area needs to be mindful of the difficulty in consolidating sites and the significance of large floor plates for the purpose of future redevelopment.

Transferred Development Rights were exercised under a development application (DA-241/1982) for 1 Newland Street, Bondi Junction to erect an eleven storey commercial building. The development application included the transfer of floor space from the Boot Factory site to 1 Newland Street, Bondi Junction. The transfer of floor space permitted a total floor space at 1 Newland Street of 5.04:1. Consent was granted subject to conditions contained in Attachment 1 of this report.

With the introduction of Waverley Local Environmental Plan (Bondi Junction Centre) 2010 (“LEP”) these Transferred Development Rights were extinguished and the controls indicated on the associated LEP maps for height and floor space ratio are all applicable to the site. These will be further discussed in Section 4.0 of this report.

3.0 Basis of Heritage Significance

Historical Background

Located in Spring Street Bondi, the three storey ‘Boot Factory’ remains one of the key examples of Waverley’s industrial and social heritage from the late 19th and early 20th Centuries. Constructed in load bearing brickwork with a hardwood post and beam internal frame the three storey hip roofed building was erected in 1892 by local boot manufacturers William Sideway and Son.

The production of leather goods formed a major industry in Colonial Sydney. Seeking to rid Sydney town of pollution, tanneries were by the 1830’s relocated to areas remote from the growing town and well served by flowing streams. These included the former Coopers Distillery in Rushcutters Bay and sites to the east in the newly established market garden areas of Waverley and Randwick. Ebenezer Vickery arrived in Sydney with his mother and father London shoe and boot manufacturer Joseph Vickery in 1833. Joseph Vickery established a boot making factory in George Street and successfully speculated in land. His purchases included 7 acres on the corner of Birrell Street and Coogee Bay Road acquired in 1839. As Joseph Vickery concentrated on squatting, his son Ebenezer Vickery in 1851 took control of the George Street Boot Factory and in the same year married Jane Begg whose family operated the Glenmore Tannery in the Rushcutters Valley. Ebenezer Vickery in 1866 opened the Glenrock Tannery located on 7 acres to the east of the family residences in
Vickery Street. To house workers Vickery constructed the Glenrock Terraces in High Street, immediately to the south of the tannery. These remain as a rare example of company housing provided by enlightened factory owners of the mid 19th Century. The tannery was short lived due to objection from neighbours and in particular the owner of Palmerston Judge Spain located downstream from the tannery. Closure of Glenrock Tannery did little to dent the success of the Vickery’s whose houses Edina and Ellerslie at the corner of Birrell and Vickery Streets rated with John Macpherson’s Birrell Street Glenburnie as the grandest residences in Waverley. The legacy of the tannery was a working population of skilled leather workers. Sands directories of the 1880’s and 90s record boot maker as one of the most common occupations of the local populace. Among these was William Sideway’s boot making business established in Cowper Street Bondi Junction in 1887.

The site of Sideway’s new Factory at Spring Street Bondi Junction has evolved from mid 19th Century subdivision of lands initially offered for sale in a Crown Land Sale of 10th October 1838. The specific site of the Boot Factory formed part of the Erith Estate Subdivision of T Smart about 1876-77. One of the initial purchasers John Douglas established a blacksmiths Shop providing the beginnings of local industrial undertakings on the Estate. In April 1881 12 lots between Spring and Ebley Streets were advertised for sale as business lots supporting the progressive growth of the locality as a village centre. In 1892 Sideway constructed a new factory on a site accessed from Spring Street. The three storey building comprised a top floor occupied by women machinist, a mid level where shoe uppers were cut out on clicking machines and soles cut by hand and a ground floor housing the making room. Here footwear was finished and packed for dispatch. A vertical hoist serviced the rudimentary interiors of lime washed brickwork and timbers, bare floor boards, with bitumen flooring to the ground level and simple paper blinds screening double hung timber sash windows.

No sooner had Sideway commenced business at Spring Street than he sold the factory to Mr Fred Cull, and moved to Brisbane. In 1903 Sideway re-established his business at Lismore in Northern New South Wales, operated a boot making and repair business there until his death aged 78 in 1948.

Cull negotiated with boot manufacturer James Bardon of Randwick. Subsequently Bardon’s Brother Thomas Bardon commenced production of high class boots at Spring Street under the name of George Cull and Sons. The importance of the Factory to the local community is made apparent in photographs dated 1911 showing 62 staff at the Factory. By 1920-21 Thomas Bardon had purchased the Boot Factory from Cull. Becoming sole proprietor Thomas Bardon on his death in 1938 bequeathed the successful business to his son Thomas Charles Bardon. Thomas Charles Bardon continued the business until his death in 1944 then leaving the business to his wife and children as well as the Caddy Family. Mr Jim Caddy worked at the factory whilst his brother Herbert was manager until it closed in 1969. Whilst the trustees of the Bardon Estate authorised alterations including a updating of manufacturing equipment, the building remained much as originally constructed. It was however progressively surrounded by outbuildings including a street front building to Spring Street.

After World War 2 the Bardon Boot Factory primarily produced fashion shoes including the Sally Smart brand supplied to David Jones. Taylors Shoe Store in Bondi Junction provided a local outlet for the factory production.

After limited occupancy for nearly 15 years the Boot Factory was acquired by Council in 1984. Acquisition was in response to community concerns as to the likely loss of the building. At this time the Boot Factory remained the only known manufacturing site of the once prolific leather goods industry in Waverley – and related to other sites associated with the industry namely the Vickery residence now forming part of War Memorial Hospital and the Glenrock Terraces formerly worker housing for the Vickery owned Glenrock Tannery. Without a specific end user being identified but with financial assistance of $150,000-00 from the Australian Bicentennial Authority, Council engaged conservation practise Clive Lucas & Partners to undertake restoration planning of the Boot Factory. This proposal did not proceed.
Soon after completion of restoration the Inventors Association of Australia occupied the building in November 1986. The association established its new headquarters with a substantial Federal Government Assistance Fund. Soon after occupation by the Association, Council, in 1987, received a proposal from Robert & Robert Pty Ltd to use the Factory as a bar, gallery and gymnasium in association with a 26 storey hotel on the adjacent site. In the same year the Association entered a reciprocal arrangement with Idamenco Pty Ltd, publishers of the Association’s magazine. Idamenco was permitted to occupy half the top floor rent free, an arrangement that soon failed due to economic difficulties encountered by the Association. By 1988 the Association was attempting to evict Idamenco, presumably in an attempt to acquire funding from lease of the upper floor area. Despite an establishment grant reported in the order of $300,000-00 the Association was reported in 1990 to be in severe financial crisis. A change of board members had led to resentment within the Association, particularly when it revealed that Federal funding had been substantially depleted by salaries and administrative costs. In a belated attempt to forestall closure the Association announced its intention to establish a Hall of Fame on the forecourt area then occupied by a remaining example of the Bondi Tram. Located within a meshed enclosure the tram was being stored rather than exhibited on the site later occupied by Council’s Mill Hill Centre. The Wentworth Courier of 25 February 1992 recorded the eviction of the Inventors Association of Australia. Council subsequently made the Boot Factory available to Community Groups. History repeated itself in November 2008 when these were in turn evicted by Council due to structural issues identified in the Factory Building.

Assessment of Significance

The NSW Heritage Branch has established criteria for the identification of Cultural significance and heritage values. Applying these criteria to the Boot Factory provides the following assessment of Heritage significance.

Nature of Significance

i. An item's importance in the course, or pattern, of NSW's cultural or natural history

The site of the Boot Factory at Spring Street Bondi Junction has evolved from mid 19th Century subdivision of lands initially offered for sale in a Crown Land Sale of 10th October 1838. Principle purchasers were J.B Jones and T.W. Smart. The specific site of the Boot Factory formed part of the Erith Estate Subdivision of T. Smart about 1876-77. One of the initial purchasers John Douglas established a blacksmiths shop providing the beginnings of local industrial undertakings on the Estate. In April 1881 12 lots between Spring and Ebley Streets were advertised for sale as business lots supporting the progressive growth of the locality as a village centre. The site and building have local significance as a rare remaining example of the once prolific leather goods industry one of the initial industrial activities and an important source of employment in Waverley from the mid 19th to mid 20th Centuries'.

ii. An item's strong or special association with the life or works of a person, or group of persons, of importance in NSW's cultural or natural history.

The Boot Factory has general association with the initial constructor and operator William Sideway and later operators the Bardon and Caddy families, all established boot manufactures in Sydney’s east during the late 19th and early 20th Centuries.

iii. An item's importance in demonstrating particular aesthetic characteristics valued by a community or cultural group.

The Boot Factory is a compact example of the Federation Warehouse form demonstrating the technology of load bearing brick work supporting and stiffened by internal hardwood framing.
Completed in 1892 the Boot Factory remains the only identified example of the building type in Waverley. The building and related site are of local significance under this criterion.

iv. An item’s strong or special association with a particular community or cultural group for social, cultural or spiritual reasons.

The Boot Factory has strong association with the 19th and early 20th Century working population of Waverley employing in excess of 60 staff and remaining in operation for 78 years. The site and residence have local significance under this criterion.

v. An item's importance in demonstrating a high degree of creative or technical achievement at a particular period.

The Boot Factory demonstrates the highly successful integration of traditional load bearing brick construction with hardwood timber framing almost unique to Australian warehouse/factory construction of the later 19th and early The building has local significance under this criterion.

vi An item’s potential to yield information that will contribute to an understanding of NSW’s cultural or natural history.

The Boot Factory provides a rare example in Waverley of the locations, form and character of 19th Century factories associated with the leather goods industry and of other manufacturing in the period. The building has local significance under this criterion.

vii. An item's possession of uncommon, rare or endangered aspects of NSW's cultural or natural history.

The Boot Factory provides a rare example of 19th Century industrial building within Waverley. Comparable structures such as remain about Charring Cross are of later origins, are less intact and lack the continuity of function over an extended period that characterises The Boot Factory. The building has local significance under this criterion.

viii. An item’s importance in demonstrating the principal characteristics of a class of NSW’s cultural or natural places;
- or cultural or natural environments

The Boot Factory demonstrates the principal characteristic of late 19th Century Federation era factory buildings. The building by virtue of rarity and extent of remaining fabric has local significance under this criterion.

Level of significance:

It is concluded that the site and built form of The Boot Factory at Spring Street Bondi Junction is of Local Significance by virtue of; historical association with local boot makers William Sideway and later operators the Bardon and Caddy Families; its association with a significant local industry and the related worker community of Waverley in the later 19th and early 20th Centuries. The building has aesthetic and scientific significance as a rare remaining example of 19th Century factory form and construction within Waverley. These aspects and the degree of intactness of the building provide a notable level of local heritage significance.
4.0 Heritage Curtilage

Based upon the assessed heritage significance, the heritage curtilage is defined as the original site extending from the Spring Street frontage through to the rear boundary. The visual curtilage is considered to include the adjacent sites from which elevations of the building are visible.

5.0 Planning Controls

Waverley Local Environmental Plan (Bondi Junction Centre) 2010

The site is zoned B4 – Mixed Use which permits the following uses:

“Boarding houses; Business premises; Child care centres; Community facilities; Educational establishments; Entertainment facilities; Function centres; Funeral chapels; Funeral homes; Home businesses; Home industries; Hostels; Hotel or motel accommodation; Information and education facilities; Office premises; Passenger transport facilities; Places of public worship; Recreation facilities (indoor); Registered clubs; Retail premises; Roads; Seniors housing; Sex service premises; Shop top housing; Signage; Tourist and visitor accommodation; Veterinary hospitals”

The key LEP development standards for the subject site include a floor space ratio of 4:1 and a height of 38m.

The site is also listed as a heritage item, known as ‘Boot Factory building’ with local significance. Section 5.10 (10) of WLEP 2010 contains provisions which allow a certain degree of flexibility for the use of the Boot Factory building, as outlined below:

“(10) Conservation incentives
The consent authority may grant consent to development for any purpose of a building that is a heritage item, or of the land on which such a building is erected, even though development for that purpose would otherwise not be allowed by this Plan, if the consent authority is satisfied that:

(a) the conservation of the heritage item is facilitated by the granting of consent, and
(b) the proposed development is in accordance with a heritage conservation management plan that has been approved by the consent authority, and
(c) the consent to the proposed development would require that all necessary conservation work identified in the heritage conservation management plan is carried out, and
(d) the proposed development would not adversely affect the heritage significance of the heritage item, including its setting, and
(e) the proposed development would not have any significant adverse effect on the amenity of the surrounding area.”

The conservations incentives above encourage flexibility in the use of the Boot Factory building and the site.

Waverley Development Control Plan 2010

The Waverley Development Control Plan 2010 (“WDCP”) includes some key controls which provide direction for the future use of Bondi Junction Centre, Spring Street and more specifically, the subject site. The table below illustrates some of the objectives and controls applicable to the site:
Part F1 – Bondi Junction Centre

- Section 2.2 - Building Use:
  Spring Street identified as a “primary shopping street”

  Objectives
  - Encourage high quality commercial development.
  - Retain lower levels of buildings for commercial and retail uses.
  - Increase the diversity and range of shopping and recreational opportunities for people who live, work and visit the Centre.
  - Enhance community safety by increasing activity in the public domain on week nights and on weekends.
  - Encourage a variety of mixed use development.
  - Minimise conflicts between commercial and residential uses.

- Section 2.6 - Active Street Frontages:
  Spring Street and forecourt of Boot Factory identified as an “active street frontage”

  Objectives
  - Promote pedestrian activity and safety in the public domain.
  - Provide a high degree of surveillance over the street.
  - Provide transparency and visual contact between the street and the buildings interior.
  - Facilitate future adaptability and flexibility of uses.
  - Ensure that all streets have active commercial frontages.
  - Maximise the amount of active frontages throughout the BJC.
  - Create a ‘public face’ for buildings to enhance the character of streets.

- Section 2.12 - Number of Storeys:

  Controls
  - 8 storeys max – 6 storey block edge form with an additional 2 storeys over

- Section 3.5 - Building Renovation Opportunities:

  Objectives
  - Achieve active frontages along all streets.
  - Provide more retail space at street level.

- Section 3.6 - Open Spaces at the Street Front:

  These controls relate to new open spaces but one of the objectives of the controls is applicable in consideration of the use of the subject site, as stated below.

  Objectives
  - Retain and increase activity on the street front.

- Section 4.2 – Arcades, Through-Block Links and Squares:
  Boot Factory site identified as an Existing Square

  Objectives
  - Expand and enhance the public domain.
  - Increase active street frontages throughout the centre.

Planning Process

Should Council apply for a development application that involves the demolition of the Boot Factory then a report will need to be prepared and endorsed by Council. If a motion is carried to commence with the lodgement of a development application then normal development assessment procedures will apply including the following:

- Notification to adjoining property owners for 30 days;
- Advertising in the Wentworth Courier for 30 days;
• Plans & Proposal internally referred to Council’s Heritage Architect for comments’
• Standard development application fees will apply, which are currently based on the cost of development.

If approved for demolition then a condition of consent will be imposed requiring a complete archival inventory to be completed which will include a comprehensive photographic record of the Boot Factory building, gates and site.

Comments from Council’s Heritage Advisor

It should be noted that the existing listing and identified curtilage do not preclude development/redevelopment within the site eg to the Spring Street frontage or on the Mill Hill Centre site. The listing controls do require that any such development be cohesive with and maintain the significance of the site.

Initial feasibility studies by Smart Design support the need for adaptive reuse/conservation to be part of a more extensive development of the subject site and adjacent sites owned by Council.

The location of the Boot Factory is pivotal to a number of Council property assets. The net worth of these is substantially increased by common ownership, physical proximity and dual frontage.

Any development of the Boot Factory site will be limited by SEPP 65 provisions and setbacks from the adjacent RFB to the west.

Any development option providing sufficient yield to fund conservation works to the Boot Factory will include new floor space area within the curtilage.

George Bramis
Divisional Manager, Strategic Land Use Planning
1. Approve the licensed name of the new early learning & care centre (ELCC) to be “Mill Hill Early Learning Centre” after consideration of suitable naming options.

2. Approve the generic renaming of all three of Waverley Council’s existing child care centres from child care centres to “early learning centres”.

1104.12.3
Renewal of Lease for Ben Buckler Amateur Fisherman’s Club (A02/0379)

Report dated 4 April 2011 from the Director, Corporate and Technical Services about the renewal of lease to Ben Buckler Amateur Fisherman’s Club.

MOTION / DECISION (Clayton / Wakefield)

That:

1. Council approve a new lease with Ben Buckler Amateur Fisherman’s Club along the terms and conditions outlined in this report, subject to the lease being amended to include conditions ensuring that membership of the club is not restricted.

2. The final draft of the lease be circulated to Bondi Ward Councillors for comment.

3. The Mayor and General Manager be authorised to finalise any negotiations, sign and execute necessary documentation and affix the Council seal where necessary.

1104.12.4
Future of the Boot Factory (A10/0580)

Report dated 4 April 2011 from the Director, Corporate and Technical Services about the future of the Boot Factory.

MOTION (Sloan / Betts)

1. That Council:

   (a) Note that external expertise has been engaged and has completed work on development of adaptive reuse options for the Boot Factory.

   (b) Note that options for adaptive re-use of the Boot Factory offer some attractive design concepts.

   (c) Note that the adaptive reuse options, while conceptually attractive, do not at present pass the risk assessment tests to be applied under the NSW DLG’s newly released Capital Expenditure Guidelines, which are now a compulsory consideration for councils under Section 23A of the Local Government Act. Technical, financial and QBL risks are quite high compared to benefits to be gained.
(d) Note that further community consultation is an option for refining and confirming financial, QBL and risk return results but that such consultation, if it is desired, should be preceded by identification of more feasible options for funding preferred renewal proposals as commercial rental returns will not provide a viable source of funding for loan repayments.

(e) Note that, in effect, this means that the soon to be convened Investment Strategy Working Group may need to be briefed to include the task of identifying a viable funding source for the more expensive concepts in its brief for development of the next Investment Strategy.

(f) Note that Option 5 would be a viable option for a short period only and that option 6 is the only option with a positive return result at present.

2. That Council instruct the Investment Strategy Working Group to consider and report on whether there are viable funding sources for the more expensive concept designs for renewal of the Boot Factory including a commercial repairing lease.

3. That the plane tree root system be assessed and mapped by a qualified arborist and root pruning recommended as necessary to prevent harm to the building.

**AMENDMENT (Wakefield / Main)**

That the Motion be adopted subject to the deletion of clause 1(f).

**THE AMENDMENT WAS PUT AND DECLARED CARRIED.**

**THE AMENDMENT NOW BECAME THE SUBSTANTIVE MOTION AND WAS PUT AND DECLARED CARRIED.**

**DECISION:** That the Substantive motion be adopted.

**1104.12.5**
6 Hastings Parade, North Bondi – Termination of Strata Scheme SP31970 (A04/1701)

Report dated 6 April 2011 from the Director, Recreation Customer and Community Services about the need to terminate the Strata Scheme at 6 Hastings Parade North Bondi.

**MOTION / DECISION (Main / Clayton)**

That Council give consent to the termination of Strata Scheme SP31970 and delegate the General Manager to sign the consent.