REPORT TO COUNCIL

Boot Factory (A08/1326)

Supplementary Report dated 17 November 2009 from the Director of Corporate and Technical Services about the Boot Factory building at 27 Spring Street Bondi Junction.

Recommendation:

That Council:

1. Note that written advice has been received dated 13 November 2009 (see Attachment 3) that in the considered opinion of the consulting engineer, Building Diagnosis Centre, the Boot Factory is now “considered unsafe in its present state for the occupants and the public in the surrounding external areas of the building”.
2. Note that no option for structural repair of the building will result in a building capable of achieving BCA compliance and further that all repair options will provide safe occupancy only on a temporary basis, the length of which it is not possible to guarantee.
3. Note also that the building has exceeded the period of its design life and that, as such, if temporary repair options (as opposed to immediate demolition and/or re-build) are preferred, further expenditure will be required within the next 2 – 10 years to either:
   a. demolish the building, or
   b. undertake substantial repairs and maintenance repeatedly – probably at 10 year intervals or smaller – that will be similar in cost and scope to a complete re-build of a new building but which will not be capable of achieving BCA compliance.
4. Note that regardless of the course that may be chosen in regard to repair, demolition or re-building of the Boot Factory, all options require immediate vacation of the building as follows:
   a. by the tenants, within a maximum of 14 days from the date of this report, and
   b. by clients of the tenants or general members of the public, no entry is to be permitted beyond 2 days of the date of this report.
5. Note that for all but the most rudimentary options, such as demolish or “mothball” for a short period, funding sources are unlikely to be identified or secured within the forthcoming budget and long term financial planning process without substantial impacts on the adopted Capital works Program.
6. Note that notwithstanding the above, there are options for expenditure on temporary works which:
   a. while they would not result in renewed occupancy of the building, nevertheless may be funded without substantial impact on adopted budgets; and which
   b. have the advantage of giving Council more appropriate time to consider issues about the full quadruple bottom line (QBL) value of the building, including its heritage value, and to determine its future in an orderly process.
7. Note that the option which provides maximum flexibility to Council to take the time necessary to make a decision about the building on a QBL basis is Option 3 as outlined in Attachment 1 to this report.
8. Approve Option 3 or a similar order of works as an interim measure to provide time for comparison and consideration of options for repairing re-building or demolishing the building.

Background

At the Finance, Ethics & Strategic Planning (FESP) Committee Meeting of 3 November 2009, councillors considered a report on the Boot Factory which recommended funding be approved for additional works to make the building safe for a temporary period. The original report is attached as Attachment 2.
The Committee recommended that:

- Council approve funding of up to $105,000 for additional make-safe works at the Boot Factory from the 2009/10 capital works program.
- The Boot Factory tenants be advised in writing that:
  - Funds being invested in the building are for temporary make-safe works only.
  - The Boot Factory building will need to be vacated by the end of the current lease period in November 2011.
- Council officers meet with the Boot Factory tenants as soon as possible to discuss the concerns raised in their submission and that an informal report on that meeting be prepared for Councillors.

Current situation

The requested meeting was held between the Boot Factory tenants and Council’s Director Recreation, Cultural and Community Services, Meredith Wallace, and the relevant Facilities Coordinator, Steve Gillett on 10 November 2009. This resulted in clarification of some matters with the tenants. A general indication was received from the tenants that they understand a temporary relocation will be necessary in any scenario and that they would prefer to return to the building after any make-safe works are implemented.

However, in addition to meeting with the tenants, further advice has been sought from the consulting engineers, the Building Diagnosis Centre, to ascertain more clearly (to the extent possible) the varying intervals of time that can reasonably be “bought” in terms of building safety for each level of investment in the building. This has resulted in written confirmation of the maximum periods of time that the building may be expected to remain safe for each level of specified temporary make-safe works. It has also further clarified which of the works and which levels of investment:

- make the building safe as a vacant possession, or
- make it safe for occupancy but not necessarily fit for occupancy, or
- make it both safe and fit for occupancy.

This information was not available at the time of writing the original report to FESP on 3 November. Its content provides some update to the advice provided in the original report to FESP and accordingly, instead of the requested informal report back to councillors it has been deemed necessary to prepare an urgent formal report.

The consultants’ report is significant in that it says that the period of safe occupancy that can be achieved by works already undertaken by Council (cost to date: $98,000) has in the view of the consultant, expired. In short, the consultant states:

“It is our considered opinion that the building is considered unsafe in its present state for the occupants and the public in the surrounding external areas of the building.”

Part of the objective of seeking this advice was to determine whether there are affordable options which would give Council more time than the original recommendation to make a considered decision about what to do with the building without at the same time committing too much in funds to a course of action which may later be found to be wasted. Specifically the consultants were asked to consider whether there might be an option which “mothballs” the building as a vacant but safe possession for a short period of time – say 9 months – while Council takes the time necessary to consider:

- the full QBL value of the building, especially in terms of heritage, and
- the costs and benefits of different options for achieving a fit for purpose building on the site.
REPORT TO COUNCIL

To date a structured process has not been established to allow Council to make these complicated and perhaps emotional decisions and a reasonable timeframe for such a process is considered necessary in good governance. Opportunities for this process would arise during the forthcoming budget preparation process for 2010/14 and/or the approved process reconvening the Investment Strategy Councillor Working Group chaired by the General Manager.

To ensure that this process can occur in a fair and reasonable way, it is advisable to consider untangling the issues of how the tenants are affected and what is best to be done for them from the issues about what to do with the building. So far, decision making has been difficult due to the approach we have taken of linking the two sets of concerns closely and trying to find a way to accommodate the tenants according to their preference – which has been strongly to remain undisturbed in the building. The decision about the need to untangle the two sets of issues has now been sharply focussed by the receipt of advice that the tenants are now at risk in the building and further that they will not be able to remain in occupancy during even the most basic temporary make-safe works. It is our view that being in receipt of such written advice leaves Council with no choice but to vacate the building for urgent make-safe works.

Hence the recommendation 4 made in this report that:

... regardless of the course that may be chosen in regard to repair, demolition or re-building of the Boot Factory, all options require immediate vacation of the building as follows:

- by the tenants, within a maximum of 14 days from the date of this report, and
- by clients of the tenants or general members of the public, no entry is to be permitted beyond 2 days of the date of this report.

It is considered that the tenants can be satisfactorily accommodated, albeit at a cost, for either a short period or until the end of their current lease in alternative accommodation owned by Council as follows:

- ECHO Neighbourhood Centre – in 1 Spring Street, the double-fronted, double-storey shop just outside the Library entrance.
- Eastern Area Tenants Scheme and Waverley Drug and Alcohol Centre – in 74 Newland Street.

Relocation costs would be covered by Council.

Options for return of tenants to the Boot Factory building have been canvassed and are included in Attachment 1 for Council’s consideration alongside options which re-locate them permanently for the duration of their current leases.

Building options

Attachment 1 summarises the recently received information from the consultants in terms of options and costs for each level of works that may be applied to the building to either repair it temporarily or re-build it as a new building or demolish it permanently.

There are several types options for making the building safe, including:

a) basic works to make the building safe but not for occupancy (ie., mothballing for between 9 months and 5 years) while Council considers what to do with the building in the longer term;
REPORT TO COUNCIL

b) basic works to make it safe for occupancy for a short period of time (up to 2 years) but not necessarily “comfortable” or “reasonably habitable” (in other words not fit for purpose) while Council considers what to do with the building in the longer term;
c) basic works to make it safe for occupancy for a short period of time (up to 2 years) and “reasonably habitable” while Council considers what to do with the building in the longer term;
d) more extensive works to make the building safe for a longer period of time and more habitable (2-10 years); and
e) demolition and re-building a brand new building.

There is also an option type (f) – i.e., demolition of the building but with no further works.

All options to make the building safe, except (e) and (f) type options, have a level of doubt about the period for which the building would actually be made safe. Regular inspections will be required in all (a) to (d) type options and there is no way to accurately predict the period of safety up front. Hence all investment options, except for the option of building a brand new building, are problematic in terms of potential returns on investment and time provided to the councillors to make decisions and tenants to plan their accommodation.

Analysis

Financial

Analysis of options compared in Attachment 1 is still being undertaken by officers to ensure cost estimates are generally correct. None of the estimates provided includes contingencies. So it is our view that the costs for all but the most rudimentary options are understated. Nor do they take into account funds already spent for temporary make-safe works which have now expired. Nevertheless the estimates do provide reasonable grounds for comparisons of options.

Options which demolish the building with no further ado are obviously cheapest. However, Council may prefer options which provide some time to allow for consideration of whether and how to retain the building. If this is the case, Option 3 provides the best interim decision for the following reasons:

- It’s the cheapest option not involving immediate demolition as a means of achieving safety for the public. (Note: the building even as a vacant possession is a risk to the public without immediate make-safe works.)
- It buys up to five years’ time, subject to inspections, for consideration of options and sourcing of funds.
- It represents the lowest quantum of investment that could be deemed to be at risk of being written off in the short to medium term.
- It doesn’t achieve occupancy but then neither do the apparently slightly cheaper options 4 and 5.
- All other options apart from perhaps a completely new building with a very low level of finish (an option which would be questionable if heritage value of the existing building is considered to be high) are either:
  - uneconomical in the sense of providing poor financial returns and/or are
  - highly likely to be unsustainable in the quadruple bottom line sense unless a very high value is placed on the potential heritage contribution of the building to the QBL.

Option 3 is estimated at a cost of somewhere between $342,530 to $364,130, excluding contingencies. This includes the lowest capital cost for any of the options – $115,930. Funds are available for this option in the current emergency works provision in the adopted Capital Works Budget.
Management Plan

The proposal conforms with statutory obligations under the Occupational Health and Safety Act and supports the delivery of numerous Directions and Strategies within the adopted Management Plan including stated Directions of:

- People feel safe and are safe to live work and play in Waverley.
- Community services are targeted and well managed to ensure equitable access and support for Waverley’s diverse community.
- Waverley’s heritage significance is recognised.
- Council assets are well managed and are maintained for their current purpose and for future generations.
- Council is a financially sustainable organisation now and into the future.
- Council operates safely and provides for community safety.
- Council achieves sound risk management practices for our employees, the local environment and public facilities.

Consultation

Substantial consultation has occurred with two separate engineering consultants, between whom there is no disagreement in general as to the need to make the building safe. Substantial consultation has also occurred with the current tenants.

Timing

Issue of a notice to the tenants to vacate within a maximum of 14 days is required immediately in our view to comply with obligations under Occupational Health and Safety laws. We understand that the tenants have been expecting that they will need to vacate in the short term.

As to timing of works if approved, make-safe works should commence within the month to protect the public from potential structural failures. If immediate demolition is preferred approvals will be required via submission of a DA.

Recommendation:

That Council:

1. Note that written advice has been received dated 13 November 2009 that in the considered opinion of the consulting engineer, Building Diagnosis Centre, the Boot Factory is now “considered unsafe in its present state for the occupants and the public in the surrounding external areas of the building”.
2. Note that no option for structural repair of the building will result in a building capable of achieving BCA compliance and further that all repair options will provide safe occupancy only on a temporary basis, the length of which it is not possible to guarantee.
3. Note also that the building has exceeded the period of its design life and that, as such, if temporary repair options (as opposed to immediate demolition and/or re-build) are preferred, further expenditure will be required within the next 2 – 10 years to either:
   a. demolish the building, or
   b. undertake substantial repairs and maintenance repeatedly – probably at 10 year intervals or smaller – that will be similar in cost and scope to a complete re-build of a new building but which will not be capable of achieving BCA compliance.
4. Note that regardless of the course that may be chosen in regard to repair, demolition or re-building of the Boot Factory, all options require immediate vacation of the building as follows:
   a. by the tenants, within a maximum of 14 days from the date of this report, and
REPORT TO COUNCIL

b. by clients of the tenants or general members of the public, no entry is to be permitted beyond 2 days of the date of this report.

5. Note that for all but the most rudimentary options, such as demolish or “mothball” for a short period, funding sources are unlikely to be identified or secured within the forthcoming budget and long term financial planning process without substantial impacts on the adopted Capital works Program.

6. Note that notwithstanding the above, there are options for expenditure on temporary works which:
   a. while they would not result in renewed occupancy of the building, nevertheless may be funded without substantial impact on adopted budgets; and which
   b. have the advantage of giving Council more appropriate time to consider issues about the full quadruple bottom line (QBL) value of the building, including its heritage value, and to determine its future in an orderly process.

7. Note that the option which provides maximum flexibility to Council to take the time necessary to make a decision about the building on a QBL basis is Option 3 as outlined in Attachment 1 to this report.

8. Approve Option 3 or a similar order of works as an interim measure to provide time for comparison and consideration of options for repairing re-building or demolishing the building.

Bronwyn Kelly
Director Corporate & Technical Services

<table>
<thead>
<tr>
<th>Attachment 1</th>
<th>Comparison of Options for Boot Factory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attachment 2</td>
<td>Report to FESP of 3 November 2009 on the Boot Factory</td>
</tr>
<tr>
<td>Attachment 3</td>
<td>Report dated 13 November 2009 from consultants, Building Diagnosis Centre, regarding safety of the Boot Factory.</td>
</tr>
</tbody>
</table>
# REPORT TO COUNCIL

## Comparison of Options for Boot Factory

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenancy arrangements</th>
<th>Building works</th>
<th>Components</th>
<th>Cost</th>
<th>Total</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
</table>
| 1   | Vacate premises. Tenants relocated to alternative Council owned accommodation until November 2011. Tenants don’t come back to Boot Factory. | Demolish immediately. | - Cost foregone in commercial rent for 1 Spring Street over 2 years (less rent from relocated tenants)  
- Relocation costs  
- Demolition | $47,500 pa x 2 years = $95,000  
$30,000 - $50,000  
$100,000 | $225,000 - $245,000 | - Avoids spending more than once on the same thing.  
- Gives tenants certainty. | Allows less time for Council to consider heritage value and options for the building and funding issues. |
| 2   | Vacate premises. Tenants paid out for remainder of lease (ie., pay them 2 years of rent). Tenants don’t come back to Boot Factory or other Council owned premises. | Demolish immediately. | - 2 years of rent  
- Demolition  
- ECHO  
- EATS  
- D&A | $12,573 x 2  
$18,184 x 2  
$5,511 x 2  
$100,000 | $172,536 | - Least cost option.  
- Avoids spending more than once on the same thing.  
- Gives tenants certainty. | Allows less time for Council to consider heritage value and options for the building and funding issues.  
Advice would be needed on whether and/or how this may affect grants for the tenants. |
| 3   | Vacate premises. Tenants relocated to alternative Council owned accommodation until November 2011. Tenants don’t come back to Boot Factory. | Demolish within 9 months to 5 years. Equates to Option 1 in Attachment 3 – “mothballing”. Safe for up to 5 years subject to inspections, but not safe for occupancy. | - Cost foregone in commercial rent for 1 Spring Street over 2 years (less rent from relocated tenants)  
- Relocation costs  
- Steel bracing rods  
- Window make-safe for mothballing  
- Inspections  
- Demolition | $47,500 pa x 2 years = $95,000  
$30,000-$50,000  
$91,930  
$24,000  
$1,600 - $3,200  
$100,000 | $342,530 - $364,130 | - Allows more time for Council to consider QBL value and options for the building and funding issues.  
- Gives tenants certainty. | Invests in building that will be demolished.  
Makes building safer temporarily but not for occupancy.  
Assumes no accommodation provided to tenants past November 2011. |
<table>
<thead>
<tr>
<th>No.</th>
<th>Tenancy arrangements</th>
<th>Option</th>
<th>Building works</th>
<th>Components</th>
<th>Cost</th>
<th>Total</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Type (b)</td>
<td>Vacate the building temporarily. Tenants shut down operations while works are done. Tenants return to Boot Factory after temporary make-safe works.</td>
<td>Temporary make-safe works sufficient to allow safe occupancy until November 2011. Then demolition in November 2011 (or further costs for subsequent mothballing). Equates to Option 3 in Attachment 3 – Safe for only up to two years subject to inspections but with occupancy. But note: No allowance for fitting and fixture renewal. Therefore occupancy is technically safe but not practicable.</td>
<td>- Relocation of tenants’ records, materials and equipment and storage for 4 months  - Steel bracing  - Windows made safe for occupancy  - Inspections  - Demolition</td>
<td>$30,000  $91,930  $90,000  $1,600  $100,000</td>
<td>$313,530</td>
<td>- Allows building to be deemed structurally safe for occupation for 2 years and then either mothballed for three more years after November 2011 or demolished.  - Gives Council more time to make decision about the future of the building taking into account full QBL value of the building.</td>
<td>- Not a viable option to achieve practical occupancy. Safe structurally but not suitable for purpose.  - Doesn’t achieve BCA compliance.  - Doesn’t cover cost of even a basic fitting and fixture renewal.  - Damage to internal fittings will occur during temp make-safe works. Extent of damage is unknown. Cost to repair this damage is likely to be reasonably high.  - Risk that building may not last the two years.  - May be more costs in mothballing after November 2011.  - Invests more in a building that may still be demolished in the short term.</td>
</tr>
<tr>
<td>5</td>
<td>Type (b)</td>
<td>Vacate the building temporarily. Tenants relocate to alternative council accommodation</td>
<td>Temporary make-safe works sufficient to allow safe occupancy until November 2011.</td>
<td>- Relocation of tenants  - Steel bracing  - Windows made safe for occupancy</td>
<td>$25,000 - $40,000  $91,930  $90,000</td>
<td>$308,530 - $323,530</td>
<td>- Allows building to be occupied for 2 years and then either mothballed for three more</td>
<td>- Not a viable option to achieve practical occupancy. Safe structurally but not suitable for purpose.</td>
</tr>
</tbody>
</table>
## REPORT TO COUNCIL

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenancy arrangements</th>
<th>Building works</th>
<th>Components</th>
<th>Cost</th>
<th>Total</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
</table>
| 6   | Vacate the building temporarily. Tenants relocate to alternative council accommodation while works are done. Tenants return to Boot Factory after temporary make-safe works. | Temporary make-safe works sufficient to allow safe and habitable occupancy until November 2011. Fixtures and fittings renewal plus fire upgrade. Then demolition in November 2011 (or further costs for subsequent mothballing). Equates to Option 3 in Attachment 3 – Safe for only up to two years subject to inspections but with occupancy. But note: No allowance for fitting and fixture renewal. Therefore occupancy is technically safe but not practicable. | - Inspections  
- Demolition | $1,600  
$100,000 | | years after November 2011 or demolished.  
- Gives Council more time to make decision about the future of the building. | - Doesn't achieve BCA compliance.  
- Doesn't cover cost of even a basic fitting and fixture renewal.  
- Damage to internal fittings will occur during temp make-safe works. Extent of damage is unknown. Cost to repair this damage is likely to be reasonably high.  
- Risk that building may not last the two years.  
- May be more costs in mothballing after November 2011.  
- Invests more in a building that may still be demolished in the short term. |

### Option (c) Tenancy arrangements

- Tenants return to Boot Factory after temporary make-safe works.

- Then demolition in November 2011 (or further costs for subsequent mothballing).

- Equates to Option 3 in Attachment 3 – Safe for only up to two years subject to inspections but with occupancy. But note: No allowance for fitting and fixture renewal. Therefore occupancy is technically safe but not practicable.

| Relocation of tenants | $25,000 - $40,000 | $556,530 - |
| Rent foregone on 1 Spring Street for 6-9 months | $30,000 - $45,000 | $586,530 |
| Steel bracing | $91,930 | |
| Windows made safe for occupancy | $90,000 |
| Inspections | $1,600 |
| Fixtures and fittings | $171,000 |

- Allows building to be occupied for 2 years and then either mothballed for three more years after November 2011 or demolished.

- Gives Council more time to make decision about the future of the building.

- Funding source unidentified.

- Tenants potentially out of building for so long there’s not much point moving them back in so option may negate itself unless new tenants are
## REPORT TO COUNCIL

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenancy arrangements</th>
<th>Building works</th>
<th>Cost</th>
<th>Total</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Vacate the building temporarily. Tenants relocate to alternative council accommodation while works are done. Tenants return to Boot Factory after temporary make-safe works.</td>
<td>Temporal make-safe works sufficient to allow safe occupancy for between 2 and 10 years, subject to inspections. Fixtures and fittings renewal plus fire upgrade. Exterior repairs including waterproofing. Then demolition in 10 years. No air conditioning. Equates to Option 2 in Attachment 3.</td>
<td>Relocation of tenants $25,000 - $40,000  Rent foregone on 1 Spring Street for 9-12 months $45,000- $60,000  Steel bracing $91,930  Windows made safe for occupancy $90,000  Inspections $4,600  Fixtures and fittings &amp; fire upgrade $171,000  External waterproofing and exterior repairs $297,111  Plans and approvals $47,000  Contract administration $64,000  Demolition $100,000</td>
<td>$935,641 - $965,641</td>
<td>Buys longest period of structural certainty – up to ten years.  Fit for purpose.</td>
<td>Funding source unidentified. Tenants potentially out of building for so long there’s not much point moving them back in so option may negate itself unless new tenants are identified.  Medium to low risk that building may not last the 5-10 years.  Doesn’t produce a BCA compliant building.  Invests more in a building that may still be demolished within 10 years.</td>
</tr>
<tr>
<td>No.</td>
<td>Tenancy arrangements</td>
<td>Building works</td>
<td>Components</td>
<td>Cost</td>
<td>Total</td>
<td>Pros</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------</td>
<td>----------------</td>
<td>------------</td>
<td>------</td>
<td>-------</td>
<td>------</td>
</tr>
<tr>
<td>8</td>
<td>type (e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vacate the building permanently. Tenants continue operations for the remainder of their leases in alternative Council accommodation.</td>
<td>Demolish and rebuild brand new building similar to the old building in size and footprint but with air conditioning. Choice of low, medium or high level fixtures and fittings and a lift.</td>
<td>Cost foregone in commercial rent for 1 Spring Street over 2 years (less rent from relocated tenants)</td>
<td>$47,500 pa x 2 years = $95,000</td>
<td>$886,000 - $1.356M</td>
<td>Could be most effectively considered if adequate time is provided for consideration of QBL issues and cost comparisons. The benefit of time for this purpose is provided at least cost via adoption of option 3 above. However, benefit is negated or made less cost effective if other options are chosen to buy time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Demolish and rebuild brand new building similar to the old building in size and footprint but with air conditioning. Choice of low, medium or high level fixtures and fittings and a lift.</td>
<td>Relocation costs</td>
<td>$30,000 - $50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Demolition</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Plans and approvals</td>
<td>$47,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Contract administration</td>
<td>$64,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New building low level finishes</td>
<td>$550,000 +</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New building medium level finishes</td>
<td>$650,000 +</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New building high level finishes</td>
<td>1,000,000 +</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REPORT TO COUNCIL

Boot Factory (A08/1326)

Report dated 21 October 2009 from the Director of Corporate and Technical Services about the Boot Factory building at 27 Spring Street Bondi Junction.

**Recommendation:** Council approve funding of up to $105,000 for additional make-safe works at the Boot Factory from the 09/10 Capital Works program.

---

**Purpose of Report**

To update Council on the current situation at the Boot Factory and request funding approval for additional make-safe works.

**Background**

Councillors will recall previous reports detailing structural problems in the Boot Factory building and arrangements to temporarily make-safe the building and relocate the occupants based on safety concerns.

Stage 1 works (including legal and ancillary costs) to make the building safe so far have been completed at a cost of $98,300 which broadly covered temporary reinforcing by propping of parts of the identified structure throughout the building and barricading around building perimeter to restrict access to the sides and rear of the building but permitting corridors to entry doors during these works (since removed). Tenants were to actively minimise public entry with no large groups of people at any one time particularly on the upper levels.

These works provided a solution sufficient to protect tenants’ safety only on a temporary basis. They did not constitute repairs that will suffice beyond the short term.

When the structural problems arose, tenants included the ECHO Neighbourhood Centre, Eastern Area Tenant Service, Waverley Drug and Alcohol and Computer Pals for Seniors. Following discussions, Computer Pals accepted Council’s advice and the offer to relocate to the Terraces at 28-30 Ebley St.

Remaining tenants were expected to relocate to the old “Waverley Works” Terraces and to the commercial premises at 1 Spring Street just outside the Library front entrance. These premises were held vacant in the light of the Boot Factory problems and funds were spent on the Terraces to alter and bring them up to a standard specified as necessary by the prospective tenants. Despite initially giving Council undertakings that they would relocate to these premises, the remaining tenants have persisted in having a difficulty accepting Council opinions and evidence as to the condition of the Boot Factory and basically have refused to move out. Further engineering reports indicate now that, if there is to be continuing occupancy of the building, additional temporary make-safe works are required. These could be carried out to a level that may permit the remaining tenants to stay, albeit at some inconvenience, until the expiry of their leases in November 2011. (Currently we are seeking confirmation from the consultant as to the time this investment would buy in terms of safe occupancy.)

To ensure the building is safe in the short to medium term preliminary engineering advice is now indicating make-safe works are required at an estimated cost of $105,000 which broadly includes installation of steel beams, installation of steel rods at both upper floor levels, structural design and engineer’s costs and certification, project contract administration and supervision.
REPORT TO COUNCIL

If this is not done, the consulting engineer recommends immediate vacation of the building and a detailed inspection of the building on a monthly basis. He goes on to say that “if inspections are not carried out satisfactorily, demolition of the Boot Factory Building would need serious consideration”.

Advice from consultants

In May 2009 Council’s engineering consultants submitted a report indicating that approximately $945,000 in works would be required for the building to remain in use for longer than the short term.

The engineer’s report concludes:

“The Building Diagnosis Centre has carried out inspections and investigations on the condition and components of the Boot Factory structure since 2007. We have produced a number of reports and specifications, and have studied the past history of conditions and works when perusing the council's file. We offer the following opinion:

1. If the Boot Factory building is going to remain, the grand total costs and estimates in item (E) with air conditioning is $945,251.

2. The high-level finish for a new building of the same size and floor levels as the existing Boot Factory is $960,768.

3. It is clear from both above figures that it would be uneconomical to repair, maintain, replacements and upgrading [sic] the existing Boot Factory building.

4. Compared to the construction cost estimate for a new modern and complying building, it would be feasible to demolish the current Boot Factory building.

5. Moreover, demolition would be considered especially as the current Boot Factory building with all of the above mentioned works carried out [the $945,251], would:

   a) Still not comply with the DDA and BCA;
   b) Has poor access and without a lift;
   c) Requiring ongoing high annual maintenance and inspections; and
   d) The possibility of carrying out all again most of the above mentioned works in 10 years and thereafter - due to the ongoing corrosion and deterioration of this 117 year building.”

This report was peer reviewed by independent engineering consultants Taylor Thomson Whitting who essentially agreed with the principles outlined adding some extra issues worthy of consideration.

The future of the Boot factory needs more detailed review and discussion and is mentioned here for information as to current status. It is anticipated further reports will be submitted to Council as the issue unfolds.

Comment

The unwillingness shown by the Boot Factory tenants to remove to other premises, even at Council’s cost and their tendency in negotiation to strongly resist re-location per se, has been a major factor in lengthening implementation of works to make this building safe either for continued temporary occupation or for vacant possession. Whatever we do will incur costs, either arising from:

- re-location of the tenants and foregone commercial rents in the premises to which we would have to move the tenants; or
- works necessary to make the building safe for temporary occupation.
REPORT TO COUNCIL

The preferred choice at present is to undertake the next temporary make-safe works, subject to further confirmation being received from our engineer as to how much time this buys in terms of safe occupancy of the building. This choice frees Council up to lease and/or occupy its premises at 1 Spring Street and the Terraces as our own operational needs dictate. It is likely that we will need at least the Terraces in the near future for our own operations including such services as Family Day Care while a new Child Care Centre is constructed on the current Family Day Care site.

Analysis

- **Financial**: Costs involved in stage 2 of the make-safe works will need to be funded as emergency works requiring a review of the Capital Works Budget.

- **Management Plan** The recommendations contained within this report are consistent with the asset management section of the Management Plan and with our obligations to ensure a safe workplace.

- **Consultation** Discussions are ongoing with the affected tenants that occupy the Boot Factory.

**Timeframe**: A further report will be tabled with Council as the issue progresses.

**Recommendation**: Council approve funding of up to $105,000 for additional make-safe works at the Boot Factory from the 09/10 Capital Works program.

Bronwyn Kelly  
Director Corporate & Technical Services  
Author Steve Gillett
MOTION / DECISION (Betts / Jackson)

That:

1. Council appoint Mr Julius Medgyessy and Ms Paula Masselos to the pool of community representatives for the Independent Hearing & Assessment Panel.

2. A sunset clause to 31 December 2010 be included for all representatives on the Independent Hearing & Assessment Panel.

0911.14 PETITIONS

There were no petitions received.

0911.15 URGENT BUSINESS

0911.15.1 Boot Factory (A08/1326)

Supplementary Report dated 17 November 2009 from the Director, Corporate & Technical Services about the Boot Factory building at 27 Spring Street, Bondi Junction.

MOTION / DECISION (Betts / Main)

That Council:

1. Note that written advice has been received dated 13 November 2009 see (Attachment 3) that in the considered opinion of the consulting engineer, Building Diagnosis Centre, the Boot Factory is now “considered unsafe in its present state for the occupants and the public in the surrounding external areas of the building”.

2. Note that no option for structural repair of the building will result in a building capable of achieving BCA compliance and further that all repair options will provide safe occupancy only on a temporary basis, the length of which it is not possible to guarantee.

3. Note also that the building has exceeded the period of its design life and that, as such, if temporary repair options (as opposed to immediate demolition and/or re-build) are preferred, further expenditure will be required within the next 2 – 10 years to either:

   (a) Demolish the building, or

   (b) Undertake substantial repairs and maintenance repeatedly – probably at 10 year intervals or smaller – that will be similar in cost and scope to a complete re-build of a new building but which will not be capable of achieving BCA compliance.
4. Note that regardless of the course that may be chosen in regard to repair, demolition or re-building of the Boot Factory, all options require immediate vacation of the building as follows:

(a) By the tenants, within a maximum of 14 days from the date of this report, and

(b) By clients of the tenants or general members of the public, no entry is to be permitted beyond 2 days of the date of this report.

5. Note that for all but the most rudimentary options, such as demolish or “mothball” for a short period, funding sources are unlikely to be identified or secured within the forthcoming budget and long term financial planning process without substantial impacts on the adopted Capital Works Program.

6. Note that notwithstanding the above, there are options for expenditure on temporary works which:

(a) While they would not result in renewed occupancy of the building, nevertheless may be funded without substantial impact on adopted budgets; and which

(b) Have the advantage of giving Council more appropriate time to consider issues about the full quadruple bottom line (QBL) value of the building, including its heritage value, and to determine its future in an orderly process.

7. Note that the option which provides maximum flexibility to Council to take the time necessary to make a decision about the building on a QBL basis is Option 3 as outlined in Attachment 1 to this report.

8. Approve Option 3 or a similar order of works as an interim measure to provide time for comparison and consideration of options for repairing, re-building or demolishing the building.

9. Is not making a decision to demolish the Boot Factory. Any decision will be made with further information, at a later date.

Division
For the Motion: Crs Betts, Clayton, Coburn, Guttman-Jones, Jackson, Kay, Main, Sloan and Strewe.

Against the Motion: Crs Cancian and Kanak.

J Cherevier (on behalf of Boot Factory tenants) addressed the meeting.

0911.16 MATTERS TO BE DEALT WITH IN CLOSED SESSION

Note from the General Manager: It is my opinion that the business listed under this section is of a kind referred to in section 10A(2) of the Local Government Act 1993 and, under the provisions of the Act and the Local Government (General) Regulation 2005, should be dealt with in a part of the meeting that is closed to members of the public and the media.

This is Page 21 of the Minutes of the Council Meeting held on Tuesday, 17 November 2009.