

9.8 RAY WALSH HOUSE

DIRECTORATE: OFFICE OF THE GENERAL MANAGER
AUTHOR: Paul Bennett, General Manager

RECOMMENDATION

That in relation to the report “Ray Walsh House”, Council:

- (i) resolve to not remediate Ray Walsh House for the purpose of reoccupation by Council staff and Council operations;*
- (ii) investigate options to improve accommodation for staff over the medium term of up to ten years; and*
- (iii) request that the General Manager develop an options paper for the future disposal of Ray Walsh House for further consideration by Council.*

SUMMARY

Council’s administrative headquarters, Ray Walsh House, was vacated in 2022 due to the failure of the air conditioning system servicing three of the five floors of the building. The air conditioning system was unable to be repaired or serviced due to the presence of friable asbestos in the form of sprayed Vermiculite fire protection to structural steel floor members. Since that time, staff have been working closely with NSW Public Works to investigate and develop options for the potential remediation and redevelopment of the building.

COMMENTARY

The project to remove asbestos containing material (ACM) and then fully refurbish Ray Walsh House is a significant undertaking requiring high levels of expertise and experience. For that reason, Council previously resolved to engage the considerable expertise and resources of NSW Public Works (as part of the Department of Regional NSW) to manage the work involved in the asbestos removal and the potential refurbishment and reoccupation of the building.

The asbestos present in the vermiculite is Chrysotile (white) and as per the Safe Work guidelines if left undisturbed it is not considered dangerous. However, in order to repair the mechanical systems in the building the vermiculite would be exposed and disturbed causing an unacceptable risk. The only option available to council to fulfill its duty of care to the staff was to vacate the building and seek to have the asbestos removed.

Images: Vermiculite in ceiling



Following the engagement of Public Works, the first stage of internal demolition of Ray Walsh House was undertaken to remove all contents and Class B asbestos below the ceiling. This work was completed on time and under budget over a period of 12 weeks. At a Councillor briefing held on 2 November, 2023 Councillors were given an opportunity to firstly inspect the building and then provided with a detailed update on the five options being considered with regard to the future of Ray Walsh House.

Images: Post Stage 1 Demolition



These options, including estimated costs as provided by Public Works are summarised in the following table;

Cost Plan Summary

Cost Plan options are summarised below.

	Demolition	Construction	Fees	Contingency	Total (excluding GST)
Option 1 – Enabling Works	\$7,670,000	\$2,210,000	\$1,230,000	\$1,980,000	\$13,240,000
Option 2 – Base Refurbishment	\$7,670,000	\$32,980,000	\$4,670,000	\$6,930,000	\$52,250,000
Option 3 – Full Refurbishment	\$7,670,000	\$42,720,000	\$5,800,000	\$8,390,000	\$64,580,000
Option 4 – New Build Existing Site	\$7,670,000	\$66,420,000	\$8,520,000	\$11,940,000	\$94,550,000
Option 5 – New Build New Site	\$7,670,000	\$74,080,000	\$9,410,000	\$13,090,000	\$104,250,000

Following the briefing, the majority of Councillors agreed that further investigation should be undertaken with regard to Option 3 and Option 5. The results of those investigations were presented to Councillors at a further briefing held on 18 April 2024, along with a comparison of the options as prepared by Public Works as follows;

Option 3 - Ray Walsh House Refurbishment

- Condition and remaining risks within the facility following a major refurbishment (approximate cost of \$65m)
- High depreciation rate (based on a max of 20 years additional life following refurbishment)
- Risk of earlier end of life than 20 year period.
- 50 year design life for the building has expired.
- Unable to define what the extended life period could be following refurbishment.

- Seismic restraint improved from ground floor up, however the foundation is unable to be modified to achieve compliance with Australian standards.
- Existing cracking to concrete beams is likely to increase over time. This would require future significant works if/when cracking increases to level that causes issues around structural integrity and fire protection.
- Limited options to upgrade disability access. There are also a number of ongoing non-compliances that will remain such as:
 - Door clearances for fire stairs and existing amenities
 - Access to external decks (due to concrete hobs)
 - Accessible amenities not sufficient or compliant
- Functional space efficiency limited to existing building structure.
- Carpark ceiling heights less than standard.
- Future rate payer risk for maintaining the building given the above deficiencies.

In considering Option 5 an opportunity was explored to potentially combine the construction of new offices with the proposed Performing Arts Centre (PAC) and new CBD multi-storey car park in order to minimise both capital and future operating costs as well as maximising utilisation of existing land holdings in the CBD. Both the PAC and multi-storey car park are identified as strategically important projects within Blueprint 100. The summary of Option 5 is as follows;

Option 5 – New Build, New Site - Incorporate into Performing Arts Centre

- New 50 Year design life for new building (including compliance across current building regulations and standards).
- Low depreciation rate over new build life span.
- Significant opportunity for improved sustainable outcomes.
- Option to reduce parking requirement for shared parking with performing arts patrons.
- Opportunity to share the following functions between administration and performing arts:
 - Larger meeting/training rooms and council chamber meeting spaces
 - Opportunity to share amenities for staff (toilets, end of trip etc.)
 - Centralised reception space.
- Improved space requirements for Council functions
- Improved car parking facilities and revenue
- Economic benefits to local community
- Lower operating costs and higher value of community assets
- Additional multi-use function spaces for the community

(Note: Costs are based on a predictive cost per sqm. for Class 5 commercial buildings.)

Council engaged Williams Ross Architects to build on the extensive work that they had already undertaken for the design of the PAC by incorporating the information supplied by NSW Public Works and Council in relation to the requirements for Council Offices. A detailed cost plan was then prepared by a quantity surveyor to estimate what the incremental cost of including new council offices within the footprint of the PAC would be. The estimate by the quantity surveyor amounted to \$31,090,800 which is significantly less than the estimated cost to refurbish Ray Walsh House of \$64,580,000 – a potential saving of \$33,489,200.

Council is now at a point where a decision needs to be made as to whether Ray Walsh House is a financially viable proposition to refurbish for Council's future operations and occupation by council staff. Council does not currently have any funding available for the refurbishment of the building and at an estimated cost of \$64,580,000 will struggle to fund this at any time in the foreseeable future. The alternative to include new offices in a future PAC located on council land in the CBD, subject to assistance from other tiers of government and a detailed financial plan, appears to be the most cost effective and achievable option.

In the interim, Council should consider options to dispose of, or repurpose, Ray Walsh House and explore accommodation options to reconsolidate staff into a larger office space to overcome the current disjointed and inefficient spread of staff across six different locations. This approach forms the basis for the recommendations contained within this report.

(a) Policy Implications

Nil

(b) Financial Implications

There are no immediate financial implications arising from this report. Should Council resolve to not refurbish Ray Walsh House there are no funding implications. Initial investigations into alternative accommodation arrangements can progress within current resources and will be subject to obtaining quotes for any planning or design work that needs to be undertaken.

Financial considerations relating to the potential sale of Ray Walsh House will be considered when a future report is presented to Council.

(c) Legal Implications

Nil

(d) Community Consultation

Nil

(e) Delivery Program Objective/Strategy

Focus Area 9 – Open collaborative leadership
