Item 9.

Exemption From Tender - City Recital Hall Building Works

File No: X106496.041

Summary

City Recital Hall was developed through a public-private partnership between the City of Sydney and AMP as part of the Angel Place redevelopment. Opened in October 1999, it is a purpose-built performance venue suited to chamber music, solo recitals and the spoken word.

The City holds a 99-year lease over the recital hall, back-of-house facilities and 3 ground-floor restaurants. The lease is in its 27th year, with approximately 72 years remaining. Under the terms of lease, the City takes the same responsibilities as if it were the owner of the premises, including in respect of capital or structural works, repairs and maintenance.

In 2010, Mirvac acquired AMP Life's property interests and Mirvac became the head lessor.

Building-wide fire safety works are required under a Fire Safety Order issued on 9 June 2026 for 123 Pitt Street, Sydney and 2-12 Angel Place, Sydney.

Following the issue of the fire safety order, Mirvac, as building owner, engaged a suitably qualified contractor to investigate the required fire hydrant upgrades to achieve compliance and ensure compatibility with current Fire and Rescue NSW operational requirements.

A separate City-led procurement process is not considered practical or feasible, as the works relate to a building-wide hydrant system under Mirvac’s control. Utilising Mirvac’s appointed contractor would support a coordinated approach to the design and delivery of the required upgrades, maintain consistency with the wider building works and reduce the risk of incompatible design solutions or rework as well as avoiding duplication, reduce interface and delivery risks, minimise disruption to venue operations, and support timely compliance with the fire safety order.

This report recommends that Council grant an exemption from tender for the engagement of Mirvac Limited to design and deliver the required fire safety works for City Recital Hall component of the building.

Recommendation

It is resolved that:

(A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for the procurement and delivery of the fire hydrant and associated works by Mirvac Limited (ABN 92 003 280 699) at the City Recital Hall building at 2-12 Angel Place, Sydney for the amount set out in Confidential Attachment A to the subject report

(B) Council note that a satisfactory result would not be achieved by inviting tenders for these works because:

(i) as owner of the building Mirvac Limited are best placed to understand the detailed requirements to design and deliver the requirements to upgrade the fire hydrant and associated works

(ii) a separate City-led tender would require the City to engage specialist advisers, duplicate a technical briefing already undertaken and introduce additional procurement and approval stages, delaying the works and extending reliance on interim fire-safety measures

(iii) the timeframes imposed under a Fire Safety Order to address the compliance issues identified by NSW Fire Brigade are best met by Mirvac Limited as the owner of 123 Pitt Street and 2-12 Angel Place

(C) Council note the financial implications and approve bringing forward the funds from future years as detailed in Confidential Attachment A to the subject report and

(D) authority be delegated to the Chief Executive Officer to negotiate and enter into any documentation necessary to give effect to these resolutions.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. City Recital Hall was developed through a public-private partnership between the City of Sydney and AMP as part of the Angel Place redevelopment. Opened in October 1999, it is a purpose-built performance venue suited to chamber music, solo recitals and the spoken word.

2. In 2010, Mirvac acquired AMP Life's property interests and Mirvac became the head lessor.

3. The City holds a 99-year lease over the recital hall, back-of-house facilities and 3 ground-floor restaurants. The lease is in its 27th year, with approximately 72 years remaining. Under the terms of lease, the City takes the same responsibilities as if it were the owner of the premises, including in respect of capital or structural works, repairs and maintenance.

4. City Recital Hall Limited is an independent not-for-profit organisation responsible for the venue's programming, operations and financial management. Since 2015, it has operated the venue under an operating agreement and rent-free sublease through the City's Accommodation Grants Program, with ongoing operational funding from the City.

5. Fire and Rescue NSW have advised that older fire hydrant systems may no longer meet current Fire and Rescue NSW operational requirements, despite complying with the standards applicable at the time of installation.

6. In its regulatory capacity, the City's Health and Building Unit issued a fire safety order to the owner of 123 Pitt Street and 2–12 Angel Place requiring the building's hydrant system to be upgraded.

7. Following the issue of the fire safety order, Mirvac, as building owner, engaged a suitably qualified contractor to investigate the required fire hydrant upgrades to achieve compliance and ensure compatibility with current Fire and Rescue NSW operational requirements.

8. A separate City-led procurement process is not considered practical or feasible, as the works relate to a building-wide hydrant system under Mirvac's control.

9. Utilising Mirvac's appointed contractor will avoid duplication, reduce coordination and delivery risks, minimise disruption to venue operations, and support timely compliance with the fire safety order.

10. An independent quantity surveyor will review and validate all tenant-specific costs prior to approval to provide assurance of value for money for the City.

Risks

11. The key risks associated with the City Recital Hall hydrant upgrade are fire safety compliance, cost escalation and disruption to performances and venue operations. The City will review all proposals to confirm the scope addresses the fire order, assess value for money through independent quantity surveyor review, and agree a staged delivery approach with Mirvac and the venue operator to minimise service disruption.

12. The City has minimal appetite for more than temporary disruption to community service functions. The recommended fire safety works support safe, reliable operations at City Recital Hall, with works scheduling coordinated to minimise disruption to performances and services.

Financial implications

13. There are sufficient funds allocated for this project within the capital works long term financial plan.

14. Financial implications are outlined in Confidential Attachment A.

Relevant legislation

15. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

16. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business if it is in the public interest to do so.

17. Attachment A contains confidential commercial information which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and

    (b) prejudice the commercial position of the person who supplied it.

18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement process and the assessment of that information would prejudice the commercial position of the participants in the procurement process.

Critical dates / Time frames

Fire safety order

19. If the proposal does not proceed within the required critical dates, Mirvac and the City will not be able to meet the staged fire safety order timeframes. Any delay may also result in the loss of contractor availability, additional mobilisation and escalation costs, and further program slippage.

20. Subject to approval, detailed design is scheduled for late 2026, final approvals are anticipated by December 2026, and construction works are expected to commence from January 2027 with a scheduled completion date of May 2027.

21. Mirvac is coordinating these works as part of a building-wide program. A delayed decision could disrupt the City's participation, increase costs and put timely compliance at risk.

Options

22. An alternative option is for the City to undertake a separate procurement process for the fire hydrant and building works within its leased premises. This option is not recommended as the works form part of a building-wide fire hydrant system under Mirvac's control. A separate procurement process would increase costs, introduce interface risks and may delay the required compliance works.

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Chief Operating Officer

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