



10.6 ST KILDA TRIANGLE - NEXT STEPS

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1. PURPOSE

1.1 To report back to Council, as requested by Council on 18 August 2021, on a proposed approach to undertake planning and initial market sounding for the St Kilda Triangle.

2. EXECUTIVE SUMMARY

2.1 Council, on the 18 August 2021, requested Officers:

2.1.1 Provide a report to Council on the costs, high level approach, staging and broad timeframes required to undertake planning and initial market sounding for the key commercial elements of the site as described in the 2016 St Kilda Triangle Masterplan, including carparking, a cultural institution that could include such things as a gallery, live music venue or performance space, and other elements of the masterplan, to test the level of interest in the market and inform the design of a future procurement process and a project delivery approach.

2.1.2 Begin discussions with State Government about support to deliver the St Kilda Triangle Masterplan, including the development of a business case for investment in the St Kilda Triangle.

2.2 A new cultural facility is at the heart of the 2016 St Kilda Triangle Masterplan. At the time, the Victorian State Government was looking for a new home for the NGV Contemporary and the St Kilda Triangle was proposed as one of the options. Unfortunately, the St Kilda Triangle was not selected as the preferred option for the NGV and an alternative cultural facility has not been found to anchor a project. This presents a key challenge for implementation of the 2016 Masterplan.

2.3 A performance/live music venue led project is an alternative approach to development on the site. This represents a significant departure from the Masterplan. It is likely that the requirements for a contemporary performance/live music venue at a scale that meets market demand and is commercially viable, would require a different arrangement of buildings and works than what is currently described for a cultural institution in the Masterplan.

2.4 As requested by Council in 2021, Officers have prepared a report which outlines options for Council to consider.

2.5 **Option One** proposes to undertake planning and initial market sounding for key commercial elements of a project anchored by a new performance/live music venue.

2.6 The feasibility study would investigate how a new performance/live music venue could be delivered within the spirit and intent of the masterplan, considering the specific requirements of a contemporary performance/live music venue, probable costs, and delivery models, with a report back to Council for further direction.



- 2.7 This option would also include environmental technical investigations into ground conditions to enable accurate costing of underground/decked structures and building works.
- 2.8 The work to deliver **Option One** is estimated to take approximately six to nine months. It is estimated to cost approximately \$558,000, which includes an additional resource equivalent to 1 full time officer valued at \$128,000. Officer time will also be required across the organisation to support the property, commercial, design and planning work required. Given that this work is not currently in the 2022/23 budget or organisational work plan, the project may impact delivery of existing Council priorities or require some reprioritisation.
- 2.9 The budget estimate for Option One assumes that sufficient existing internal resources can be redirected from other work. If this is not the case, additional funding may be required for consultants/contractors.
- 2.10 **Option Two** is similar to Option One, with the key differences being that it does not include technical investigations into soil/ground conditions, and initial consultation on problems and priorities is restricted to formal Council meetings. This saves approximately \$180,000, for a cost for Option Two of approximately \$378,000.
- 2.11 The Options and the differences between them are described in **Attachment 1**.
- 2.12 If Council were to decide to proceed beyond Stage 1 for either option, subsequent stages would include development of a Site Brief, like was developed for the St Kilda Marina, updated planning tools and development of a Procurement Plan before going to market.
- 2.13 Initial discussions have begun between the CEO and officers from Department of Environment, Land, Water and Planning (DELWP).
- 2.14 By early/mid 2023 officers would report to Council on the outcomes of the relevant feasibility investigations undertaken (through either Option 1 including spatial, market and environmental feasibility, or, Option 2 including spatial and market feasibility only) and options for: development of a Site Brief, community engagement, planning pathways, project plan and timeline towards delivery.
- 2.15 Councillors will then be able to decide whether or not to progress any options, and the pathway forward.

3. RECOMMENDATION

That Council:

- 3.1 Notes that Officers, as requested by Council on the 18 August 2021 have prepared a report to Council on the costs, high level approach and broad timeframes required to undertake planning and initial market sounding for the St Kilda Triangle site.
- 3.2 Notes that initial discussions have begun with State Government about support to deliver the St Kilda Triangle Masterplan, including the development of a business case for investment in the St Kilda Triangle.
- 3.3 Notes that the St Kilda Triangle feasibility assessment is not currently funded in the 2022/23 Council budget or organisational workplan and may require redirection of resources away from existing work. This may impact delivery of existing Council



priorities or require reprioritisation of effort, which will be flagged with Council through the quarterly review process.

3.4 Notes that there are three options for Council to consider and that these are described in Attachment One. These are:

3.4.1 Option One - Proceed with the feasibility work (as described for Option 1 in Attachment 1 for Stage 1 of the project) for the St Kilda Triangle to assess the viability of a live music led development, inform Council decision making about investment, and support subsequent stages should Council decide to progress. Allocation of project budget, estimated at \$558,000 (excluding internal resources required to support the project), to be considered by Council through the quarterly budget review process. The Mayor to write to the Victorian Government to advise them of Council's decision and to seek a funding commitment for this project.

3.4.2 Option Two – Proceed with the feasibility work (as described for Option 2 in Attachment 1 for Stage 1 of the project) for the St Kilda Triangle to assess the viability of a live music led development, inform Council decision making about investment, and support subsequent stages should Council decide to progress, noting that this option does not include environmental technical investigations into ground conditions or initial community engagement. Allocation of project budget, estimated at \$378,000 (excluding internal resources required to support the project), to be considered by Council through the quarterly budget review process. The Mayor to write to the Victorian Government to advise them of Council's decision and to seek a funding commitment for this project.

3.4.3 Option Three- Not pursue the St Kilda Triangle at this point in time.

3.5 Endorses (insert selected Option).

3.6 Authorises the CEO (or delegate) to deliver the endorsed option, including allocation of budget and resources to the project as described in the report, and to report back to Council at the completion of the work.

4. KEY POINTS/ISSUES

The Site

4.1 The St Kilda Triangle is a unique development opportunity as one of Melbourne's last bayside renewal sites. This part of Melbourne has always embraced cultural innovation, pushed social boundaries, and is a key part of the city's cultural footprint. (St Kilda Triangle Masterplan 2016).

4.2 The St Kilda Triangle has a rich history of buildings and entertainment venues including Palais de Dance, Palais Pictures, The Palace Entertainment Complex, the Palais Theatre, the Stardust Lounge and a casino (Figure 1).

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Figure 1: Evolution of the site

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- 4.3 Conditions today are historically unusual with only the one building, and most of the site used for car parking. Figure 2 shows the footprints of venues on the site at snapshots in time.

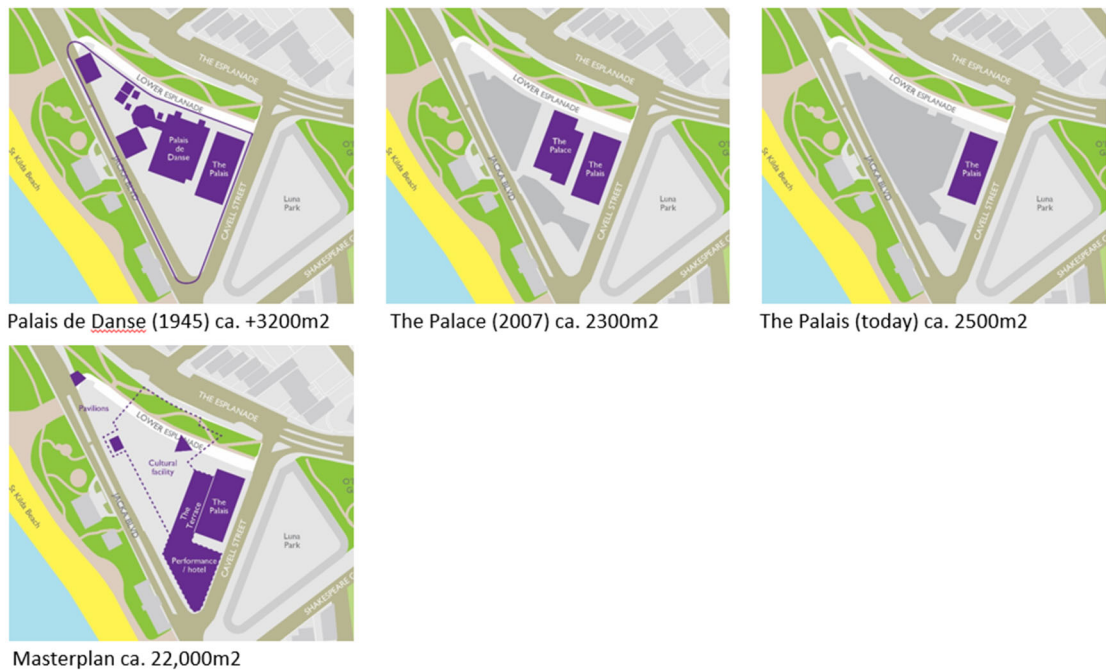


Figure 2: venue footprint study (purple = building; dark grey = car park)

- 4.4 The site (as defined in the St Kilda Triangle Masterplan 2016) is approximately 21,700m² and includes: the car park; Lower esplanade; the Slopes; approximately 418 car parking spaces (337 in the car park and 81 on the Lower Esplanade). It excludes the Palais Theatre lease area.

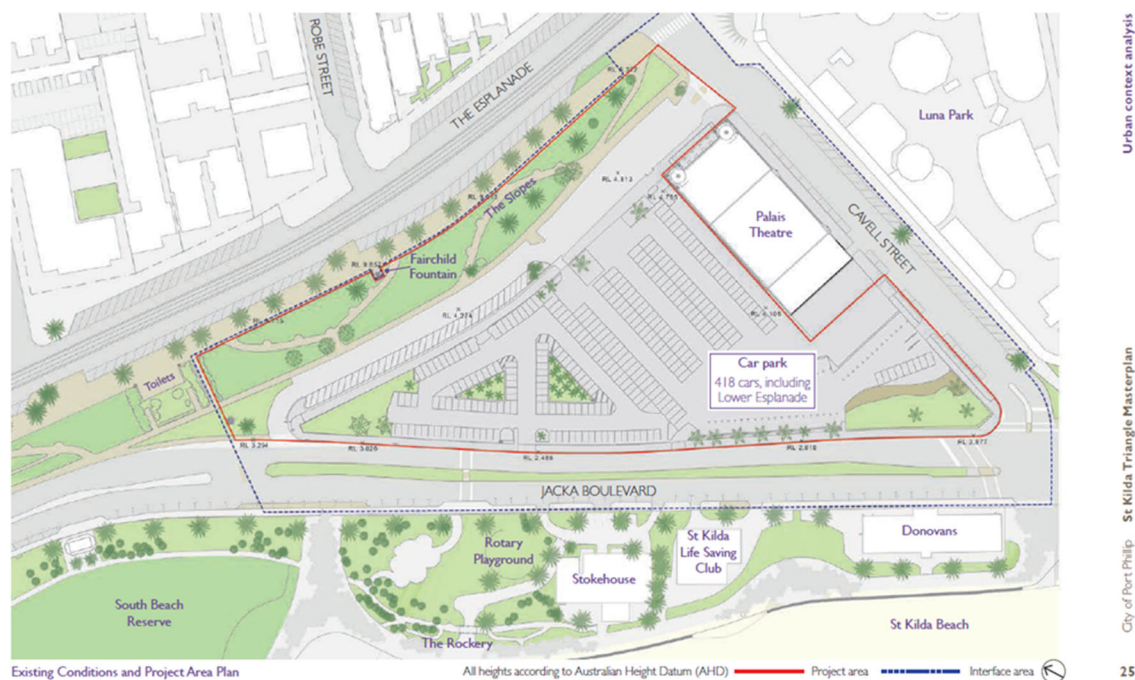


Figure 3: Masterplan site area in red

Masterplan

- 4.5 The St Kilda Triangle Masterplan 2016 <https://www.portphillip.vic.gov.au/about-the-council/projects-and-works/st-kilda-triangle> outlined Council and the community's agreed future aspiration for the development of the Triangle site.
- 4.6 It established a vision for the Triangle site and a framework that set out where built form should be located on the site, the massing and size of that form, character of the public realm and connections to the broader precinct.
- 4.7 The Masterplan vision provided for:
 - 4.7.1 19,835m² of landscaped public open space, including the Palais Forecourt, The Lawn, The Terrace, The Slopes, Garden Slopes and a plaza facing Jacka Boulevard
 - 4.7.2 Up to 21,310m² of built form located under The Lawn and around the Palais Theatre, comprising of uses such as:
 - cultural facility/s (14,085m²)
 - hotel (visitor accommodation) (4,650m²)
 - other uses that support the activation of the site and the operation of the Palais Theatre consistent with the St Kilda Triangle Cultural Charter (2,575m²).
 - 4.7.3 Underground car park and service areas, including: 350 parking spaces, loading bay, service area and back-of-house for the cultural facility and hotel (visitor accommodation).



Exploration of Options

4.8 Officers have considered two approaches to progressing this project.

Option One- Feasibility Testing (spatial, market and environmental)

4.9 A feasibility study would investigate how a new performance/live music venue could be delivered within the spirit and intent of the masterplan, considering the specific requirements of a contemporary performance/live music venue, with a report back to Council for further direction.

4.10 This feasibility study would test viability of the idea from a commercial, spatial, community and financial standpoint. An estimate of probable costs and potential delivery models would allow Council to make an informed decision about future investment.

4.11 This option includes initial consultation on the problem, priorities, and alignment to the Masterplan.

4.12 A performance/live music venue led project represents a significant departure from the Masterplan. It is likely that a contemporary performance/live music venue would require a different built form envelope and operational space than what is currently allocated for a cultural institution in the Masterplan.

4.13 The outcomes of the feasibility will enable advice on how to support the delivery of the desired outcome on site through the current planning scheme controls or to undertake a planning scheme amendment for this site.

4.14 This work would form the basis, in a future stage of the project if Council were to proceed, for the development of a Site Brief, similar to the one developed for the St Kilda Marina, which would include design guidelines, key outcomes that need to be achieved for any future redevelopment of the site, such as location and scale of built



form, key views to be protected, permitted land uses, permitted net lettable area, car parking requirements, amount of open space etc.

4.15 The design guidelines, along with informing an update or amendment to the planning scheme, would provide the basis for procurement of a lease/s that included requirements for redevelopment of part or all of the site. Along with key design criteria, Council would also need to be clear about the desired outcomes for the site, which would inform the evaluation of submissions.

4.16 The feasibility investigations under this option would involve the following:

4.16.1 Spatial feasibility

- Test options for how a venue, parking, connections and open space can be arranged on the site
- Integration of key considerations for new buildings from the Masterplan
- Understand size and requirements for a contemporary performance venue
- Ability to create new/enhanced public space, and connections through the site
- Quantity surveying and financial modelling of options

4.16.2 Carparking investigations. Construction of a performance/live music venue on the site would reduce the existing amount of at grade parking. To mitigate the loss of parking, the feasibility of parking under the live music venue, or under open space would be considered. The investigations into parking would also consider:

- The Palais' parking requirements
- Servicing and loading requirements
- Parking requirements for the two venues

4.16.3 Market feasibility

- Investigation of the demand for and requirements of a live music/performance venue that could support the activation of the site and complement the operation of the Palais Theatre
- Understand performance venue operating models and requirements
- Explore delivery models
- Establish probity arrangements.

4.16.4 Environmental technical feasibility into ground conditions

- Detailed investigations into contamination, ground conditions and water table to supplement previous studies undertaken.
- Include a contamination management strategy to comply with new legislative and regulatory requirements
- Land survey

4.17 Should the feasibility study result in viable options which Council decides to progress, an approach will be developed to engaging the community and key stakeholders through the subsequent option refinement/Site Brief development, planning and delivery stages.

4.18 The work to deliver the feasibility investigations is estimated to take approximately six to nine months. The estimated cost of this work is \$430,000.



- 4.19 In addition to the \$430,000, additional resource, equivalent to 1 full time officer, would be required for the duration of the project, estimated at \$128,000 (total project cost of \$558,000). This would support the internal urban design, property/commercial and planning expertise required for the project.
- 4.20 In addition to these direct project costs, project management would be undertaken through reallocation of an existing resource. Officer time will also be required across the organisation to support the property, commercial and planning work required. Given that this work is not currently funded in the 2022/23 budget or organisational work plan, the project may impact delivery of existing Council priorities or require some reprioritisation.
- 4.21 The budget estimate assumes that sufficient existing internal resources can be redirected from other work. If this is not the case, then this cost may increase due to the need for heavier reliance on consultants/contractors.

Option Two - Alternative Approach

- 4.22 Option Two is similar to Option One. The key differences are that it does not include proactive technical investigations into soil conditions, and limits initial consultation on problems and priorities to formal channels such as Council meetings. This is expected to save approximately \$180,000 up front for technical studies (total project cost \$378,000). There is no time saving, meaning that this option will take the same amount of time as Option One (6-9 months). However, Council may choose to undertake the technical investigations in a future stage, based on feedback from the market around their requirements, which could lead to unscheduled costs and time delays at that time.
- 4.23 Subsequent project stages for Option Two will similarly limit community engagement to formal channels (i.e. Council meetings) and informal/adhoc community feedback to Councillors, in recognition of the large amount of planning and engagement which has previously been completed on the project over time.
- 4.24 **Attachment 1** provides a comparison between Option One and Option Two to assist in understanding the differences between the two options and associated benefits and risks.
- 4.25 While only one project stage is being proposed in this report for consideration by Council, regardless of which Option is selected, a second stage of the project has been outlined in Attachment One to provide context about subsequent steps. Further planning is required to map project stages in detail, including procurement, implementation, and amendment to planning tools.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Extensive community and stakeholder engagement informed the development of the St Kilda Triangle Masterplan 2016. There has also been significant community consultation over the years for pieces of work that preceded the 2016 Masterplan. As such there is likely to be significant interest and scrutiny of the project by the community, government, stakeholders and the market.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Procuring appropriate legal and probity advice and input to the procurement and planning process will be key to the success of the project.



- 6.2 Partnering as appropriate with State Government bodies throughout each stage of the project will be important to ensure suitable legislative processes are undertaken and risks related to State Government requirements are managed.

7. FINANCIAL IMPACT

- 7.1 The work to deliver Option One is estimated to cost approximately \$558,000. The work to deliver Option Two is estimated at \$378,000. These costs do not factor in the cost of existing officer time, including project management, property, urban design, transport, sustainability, planning and commercial expertise, that would need to be utilised to support the project.
- 7.2 Implementation of the remainder of the project, subject to the outcomes of the feasibility investigations, would need to be confirmed in conjunction with the delivery strategy.

8. ENVIRONMENTAL IMPACT

- 8.1 Environmental considerations will be incorporated into the planning for the site.

9. COMMUNITY IMPACT

- 9.1 The feasibility study can help lead to an appropriate redevelopment of the St Kilda Triangle would unlock economic and community benefits, including access to improved amenity and activation of the site.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The St Kilda Triangle project aligns to all five strategic directions in the Council Plan:

- **Inclusive Port Phillip** – A City that is a place for all members of our community where people feel supported and comfortable being themselves and expressing their identities.
- **Liveable Port Phillip** – A City that is a great place to live, where our community has access to high quality public spaces, development and growth are well-managed, and it is safer and easy to connect and travel within.
- **Sustainable Port Phillip** – A City that has a sustainable future, where our environmentally aware and active community benefits from living in a bayside city that is greener, cooler, cleaner and climate resilient.
- **Vibrant** - A City that has a flourishing economy, where our community and local businesses thrive, and we maintain and enhance our reputation as one of Melbourne’s cultural and creative hubs.
- **Well-Governed Port Phillip** – A city that is leading local government authority, where our community and our organisation are in a better place as a result of our collective efforts.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.1.1 If Council elects to proceed with the project, the outcomes of the relevant feasibility investigations will be reported to Council by mid-2023.
- 11.1.2 Should Council decide to progress beyond this feasibility stage, subsequent stages would include options refinement, engagement, design guidelines, planning and procurement.

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11.2 COMMUNICATION

11.2.1 The Council website will be updated with Council's decision, approach and next steps.

11.2.2 The Triangle project database of interested community members, key stakeholders and other interested parties will be used to provide updates at key points of the project including formal engagement opportunities such as when reports on the St Kilda Triangle are to be considered by Council.

11.2.3 Initial discussions have begun between the CEO and Officers at the Department of Environment, Land, Water and Planning (DELWP).

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

ATTACHMENTS

1. Project Timeline