



10.4 **ST KILDA TRIANGLE PROJECT BUDGET REVIEW**

EXECUTIVE MEMBER: **JOANNE MCNEILL, GENERAL MANAGER, GOVERNANCE CAPABILITY AND EXPERIENCE**

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1. PURPOSE

- 1.1 To present an updated budget position for the Stage 1 feasibility works following the undertaking of detailed planning and completion of market sounding, and seek approval for additional funds.

2. EXECUTIVE SUMMARY

- 2.1 Council, on 7 September 2022, elected to progress Option 2 of the Stage 1 works for the St Kilda Triangle which involves feasibility work to assess the viability of a live music led / performance venue 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.
- 2.2 The work to deliver this option was estimated and approved at \$378,000. This budget did 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.
- 2.3 As detailed planning progressed, consultants were engaged and, with the conclusion of the market sounding works in March 2023, it was recognised that additional funds would be required for what was identified as critical information to inform Council's decision making regarding next steps in the project.
- 2.4 Adjustments have been made to the budget for consideration and approval. The services are detailed in the body of the report.
- 2.5 Council is requested to approve an additional \$60,000 of funding to increase the budget for the St Kilda Triangle project to \$438,000.
- 2.6 This is a complex project that requires robust upfront planning in order to set up for effective delivery. The additional funds are requested to ensure that Council is best placed to make an informed decision about next steps in the project based on a comprehensive feasibility study where the development and assessment of a suitable range of options is supported with thorough strategic commercial input, music industry expertise and costings, while avoiding comprising the integrity of the governance process.
- 2.7 If the additional funds are not approved, the scope will be adjusted to fit within the approved budget. This will mean increased constraints will need to be placed on the extent of strategic commercial advice (including robust development cost advice); and specialist music industry advice will need to end with the conclusion of the market sounding. Further probity advice will need to be re-considered and the strategic planning pathways will not be informed with legal advice. There will also be no project contingency. This reduced scope may result in an increased number of questions left to be answered, which may not form an effective basis for progressing to future stages.



3. RECOMMENDATION

That Council:

- 3.1 Approves an additional \$60,000 of funding to increase the budget for the St Kilda Triangle project to \$438,000 for additional feasibility works to support the development of options for Council's consideration of next steps.

4. KEY POINTS/ISSUES

- 4.1 Council, on 7 September 2022, elected to progress Option 2 of the Stage 1 works for the St Kilda Triangle which involves feasibility work to assess the viability of a live music led / performance venue 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.
- 4.2 The work to deliver this option was estimated and approved at \$378,000. This budget did 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.
- 4.3 When this budget was developed, an allowance was included for a design consultancy (comprising of urban design, architecture and limited other design disciplines such as traffic engineering and ESD), strategic commercial consultancy and an in-house dedicated design resource (due to limited availability of internal resources). There was a relatively small amount include for other services to be determined.
- 4.4 Following some early more detailed planning, it was determined that additional consultancies were considered important to provide specific expertise to support the requirements of the scope of works. These included:
 - A probity advisor to ensure integrity of process and support effective governance from the outset of the project to prepare effectively for future stages should they progress.
 - A music industry consultant to provide critical connections to the music industry during the market sounding process, and the expertise to effectively interpret the feedback and state of the live music industry generally, and locally.
 - A planning lawyer to support the strategic planning team in their determination of suitable planning pathways to deliver the option/s for the development of the site.
- 4.5 These consultancies were engaged and accommodated within the approved budget. However, as detailed planning progressed, additional pieces of work were identified as being important to support Council's decision making about next steps, and these cannot be accommodated within the existing budget. These include:
 - A St Kilda Triangle carpark usage survey to provide Council with a better understanding of how the St Kilda Triangle car park is used, and the direct and indirect impact of a possible reduction in car park capacity on local businesses and the broader community. This work was undertaken as a matter of urgency over the summer period to inform the options design process currently underway.



- an increased scope of works for the music industry consultant (acknowledging the important benefits during the market sounding exercise and to ensure the availability of further expertise as design options evolve).
- additional budget for strategic commercial input determined as required to support the feasibility of options as they evolve over the next few months. This work will support the development of financially feasible options for consideration by Council.

- 4.6 Council is requested to approve an additional \$60,000 to increase the budget for the St Kilda Triangle project to \$438,000.
- 4.7 If the additional funds are not approved, the scope of works will be adjusted to fit within the existing budget. This will mean increased constraints will need to be placed on the extent of strategic commercial advice (including robust development cost advice); and specialist music industry advice will need to end with the conclusion of the market sounding. Further probity advice will need to be re-considered and the strategic planning pathways will not be informed with legal advice. there will also be no project contingency. This reduced scope may result in an increased number of questions left to be answered, which may not form an effective basis for progressing to future stages.
- 4.8 This is a complex project that requires good upfront planning to support effective delivery. The additional funds are requested to ensure that as comprehensive feasibility study is undertaken as possible in the time available where the development and assessment of a suitable range of options is supported with thorough strategic commercial input, music industry expertise and costings, while avoiding comprising the integrity of the governance process.

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.
- 5.2 While the Council elected option 2 is limited to informing the community of outcomes, the early planning for the project will consider the need to engage in future stages, should they progress, particularly when it comes to determining the site vision and design criteria.
- 5.3 Key messages will be developed to inform state government partners and early engagement will occur and investigations progress and outcomes and achieved.
- 5.4 A State Government Advocacy and Funding Strategy will be developed as Stage 1 investigations progress and outcomes are achieved.

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 This report is seeking approval for additional funding as detailed in the body of the report.

8. ENVIRONMENTAL IMPACT

8.1 A range of environmental considerations will be incorporated into the design related planning for the site at a high level in Stage 1 and to a more detailed level should further stages progress

9. COMMUNITY IMPACT.

9.1 The feasibility study will consider options for the redevelopment of the high-profile St Kilda Triangle site that unlock local community and wider social benefits, focussing particularly on live music and creative industries, including access to improved amenity and activation of the site while appropriately assessing impacts on the neighbourhood and municipality.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 While the St Kilda Triangle project has been specifically identified to align with **Liveable Port Phillip**, the work and intended outcomes align with 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 Presentation of design options and feasibility assessments including recommendations for decision-making by Council about the next steps for the St Kilda Triangle project – late July to early August 2023.

11.2 COMMUNICATION

11.2.1 A market sounding exercise was completed in March 2023 where the live music/live performance industry was engaged to provide their views about market gaps and demand, the state of the industry and operational requirements and features important or beneficial for a venue on the site.

MEETING OF THE PORT PHILLIP CITY COUNCIL

19 APRIL 2023



Information derived from this process will be released publicly via a Council meeting in May 2023.

- 11.2.2 The Council website will be updated with Council's decision, approach and next steps.
- 11.2.3 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 such as when key reports are released or when the final recommendations regarding options for the St Kilda Triangle are to be considered by Council.
- 11.2.4 Initial discussions have commenced between Council and key government stakeholders.

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 Nil