

**ORDINARY MEETING OF COUNCIL
27 JULY 2009**

4.	DECLARATION OF A SPECIAL RATE FOR MARKETING, MANAGEMENT AND BUSINESS DEVELOPMENT OF ST KILDA VILLAGE ACTIVITY CENTRE
LOCATION/ADDRESS:	ST KILDA VILLAGE ACTIVITY CENTRE (ACLAND STREET AND SURROUNDS)
EXECUTIVE DIRECTOR:	GREG WOOD, ACTING EXECUTIVE DIRECTOR COMMUNITY DEVELOPMENT AND PLANNING
PREPARED BY:	DARKO POPOVSKI, COORDINATOR ECONOMIC DEVELOPMENT
FILE NO.:	11/01/18-03
ATTACHMENTS:	NIL

1. EXECUTIVE SUMMARY

- 1.1 The St Kilda Village Special Rate for marketing, management and business development expires on 30 June 2009. The St Kilda Village Traders Group has formally requested Council to renew the special rate. Council has given notice in the Port Phillip Leader and by sending letters to property owners and occupiers of its intention to declare a new special rate in the wider St Kilda Village Precinct.
- 1.2 Council has heard all submissions at its Ordinary meeting on 13 July 2009.
- 1.3 Council is requested to make a decision on whether to declare the special rate for a further five year period.

2. RECOMMENDATION

That Council:

- 2.1 Receive the report regarding the St Kilda Village special rate and having heard and considered all the submissions received, declare a special rate for the St Kilda Village Activity Centre in accordance with the declaration outlined below:
 - 2.1.1 The special rate is for the purpose of defraying marketing, management, business development and other incidental expenses associated with the encouragement and development of commerce, trade and associated employment in the St Kilda Village Activity Centre. In proposing the declaration of the special rate, Council is performing functions and exercising powers relating to the peace, order and good government of the municipal district of the City of Port

Phillip, in particular, the encouragement of employment opportunities and commerce.

- 2.1.2 The maximum annual cost of the performance of the functions is \$200,000 per annum. The maximum amount of the special rate to be levied is \$900,000 over a period of 5 years. This equates to a maximum of \$180,000 per annum.
- 2.1.3 The proposed special rate will commence 1 July 2009 and conclude on 30 June 2014.
- 2.1.4 The following land is specified as the land to be covered by the special rate:
- 46-170 (inclusive) and 65-193 (inclusive) Acland Street
 - 167-231A (inclusive) and 136-218 (inclusive) Barkly Street
 - 1-9 (inclusive) and 2-26 (inclusive) Belford Street
 - 1-21 (inclusive) and 2-10 (inclusive) Irwell Street
 - 7-31 (inclusive) and 2-32 (inclusive) Carlisle Street
 - 22 and 25-49 (inclusive) Blessington Street
 - 1-7 (inclusive) Shakespeare Grove
 - 30-40 (inclusive) Jacka Boulevard
 - 24-32 (inclusive) The Esplanade
 - 14-18 (inclusive) Lower Esplanade.
- 2.1.5 The criteria which forms the basis of the proposed special rate is the ownership of rateable land used for retail, commercial, or entertainment purposes within the geographic area in which the properties described above are included. Properties which not subject to Council's general rates are exempt from the special rate. The proposed special rate is assessed and levied on the basis of the rate in the dollar, as specified below for each of the four benefit areas, applied to the Net Annual Value (NAV) of each property as indicated:

Primary Benefit – A ground level property that fronts Acland Street and is used for retail, commercial, or entertainment purposes and which in the opinion of Council receives a Primary Benefit will be subject to a rate of 0.00677 multiplied by the property's NAV. A minimum contribution of \$630 will apply.

Secondary Benefit – A ground level property with an Acland Street address that does not front Acland Street and is used for retail, commercial or entertainment purposes, an above ground property in Acland Street that is used for retail, commercial or entertainment purposes, and a ground level property at the following addresses that is used for retail, commercial or entertainment purposes and which in the opinion of Council receives a Secondary Benefit will be subject to a rate of 0.00406 multiplied by the property's NAV:

- 167-227A (inclusive) Barkly Street
- 1-9 (inclusive) and 2-26 (inclusive) Belford Street
- 1-21 (inclusive) and 2-10 (inclusive) Irwell Street
- 7-31 (inclusive) Carlisle Street
- 22 Blessington Street
- 1-7 (inclusive) Shakespeare Grove

- 30-40 (inclusive) Jacka Boulevard
- 24-32 (inclusive) The Esplanade
- 14-18 (inclusive) Lower Esplanade.

A minimum contribution of \$470 will apply.

Tertiary Benefit – An above ground level property that is used for retail, commercial or entertainment purposes at 181-189 Barkly Street and a ground level property used for retail, commercial or entertainment purposes at the following addresses and which in the opinion of Council receives a Tertiary Benefit will be subject to a rate of 0.00299 multiplied by the property's NAV:

- 136-218 (inclusive) and 229-231A (inclusive) Barkly Street
- 2-32 (inclusive) Carlisle Street
- 25-49 (inclusive) Blessington Street.

A minimum contribution of \$345 will apply.

Quaternary Benefit – An above ground property in the Tertiary Benefit Area that is used for retail, commercial or entertainment purposes or a property in the St Kilda Village Special Rate Area that is used for an above ground sign or automatic telling machine (ATM) and which in the opinion of Council receives a Quaternary Benefit will be subject to a rate of 0.00032 multiplied by the property's NAV. A minimum contribution of \$280 will apply.

- 2.1.6 There will be a special benefit to persons liable or required to pay the proposed special rate because the viability of the St Kilda Village Activity Centre will be improved as a commercial area through increased economic activity and the value of the properties and the businesses included in the scheme will be maintained or enhanced.
- 2.1.7 The special rate will be levied by sending notices to the persons liable to pay the special rate. Payments are to be made according to the dates fixed by the Minister of Local Government under Section 167 of the Act as being the date for payment of general rates, either by four instalments or a lump sum.
- 2.1.8 The properties included in the special rate scheme will be subject to general re-valuations and supplementary valuations on the same cycle as the City of Port Phillip general rates and charges.
- 2.1.9 Require the St Kilda Village Traders Group to enter into a formal agreement with Council prior to the special rate or any part of it being paid to the Traders Group.
- 2.1.10 Determine that the role of the St Kilda Village Traders Group in expending the monies raised by the Special Rate on behalf of Council is of an administrative nature only and at all times under the direction of and for Council;

2.1.11 Reserve to itself all discretions relevant to the application of the proceeds of the special rate.

3. BACKGROUND AND CONTEXT

- 3.1 The current St Kilda Village special rate commenced on 1 July 2004 for a period of five years and is due to expire on 30 June 2009.
- 3.2 Council provides the proceeds of the special rate (currently totalling approximately \$120,000 per annum) to the St Kilda Village Traders Group. Council entered into a formal agreement with the Traders Group that confirmed its role in expending the special rate funds in an administrative nature only and at all times under the direction of and for Council. Payment of the special rate funds to the Traders Group is conditional on entering into such an agreement.
- 3.3 The St Kilda Village Traders Group has formally requested Council to re-introduce the special rate for a further five years commencing 1 July 2009 and to extend the boundaries of the scheme to encompass the wider St Kilda Village Activity Centre.
- 3.4 The proposed Special Rate scheme is designed to raise up to \$180,000 per annum. It will enable the implementation of an ongoing program of marketing, business development, business networking and communication, centre coordination and management. In particular, it will fund the ongoing engagement of a centre marketing coordinator.
- 3.5 At the ordinary meeting on 27 April 2009, Council resolved to give notice of its intention to declare a Special Rate at the ordinary meeting of Council on 27 July 2009.
- 3.6 Public notice of the proposed special rate was published in the Port Phillip Leader on 4 May 2009. On 1 May 2009, Council sent a letter to every property owner and occupier within the proposed special rate scheme advising them of the proposal, including a copy of the public notice, and indicating an estimation of the amount of special rate that the property would be required to pay. This fulfilled the requirements of Section 163(1C) of the Act.
- 3.7 Property owners and occupiers were given until 3 June 2009, which is more than 28 days from the date of the public notice on 4 April 2009, to forward a submission or objection to Council about the special rate.
- 3.8 Council heard submissions at its Ordinary meeting held on 13 July 2009.

4. CONSULTATION AND STAKEHOLDERS

- 4.1 In accordance with Section 223(c) of the Act, any person who has made a written submission or objection to Council and requested that he or she be heard in support of the written submission is entitled to appear in person or by a person acting on his or her behalf before a meeting of the Council.

- 4.2 At Council's Ordinary meeting on 13 July 2009, only the President of the St Kilda Village Traders Association spoke in support of his submission in favour of the special rate.
- 4.3 Council must now consider submissions and objections received in accordance with Sections 163A, 163B and 223 of the Act.
- 4.4 Council has received nine written submissions objecting to the Special Rate and a submission from the St Kilda Village Traders Group with 111 signed forms from businesses or property owners indicating their support for the Special Rate. In addition, the Traders Group has advised that it has obtained verbal support from the managers of all four banks in Acland Street as well as from six retail chain stores (Kookai, Jay Jays, Wittner, French Connection, i.d.s, and Industrie).
- 4.5 The external consultation process included the distribution of a letter from the St Kilda Village Traders Group to all businesses in the area affected by the Special Rate. The letter explained the details of the proposal as well as an outline of the St Kilda Village Traders Group's recent achievements. The letter was accompanied by a form for businesses to indicate their support for the proposed Special Rate.
- 4.6 Members of the St Kilda Village Traders Group Committee and the Centre Coordinator have followed up with affected businesses in the Activity Centre, to ascertain their attitude to the proposed Special Rate.
- 4.7 The submission from the St Kilda Village Traders Group indicates its very strong support for the levy. In its view, the special rate is critical to continue to provide the Village with a self-funded marketing and development program. The submission includes signed forms indicating support for the Special Rate from one hundred and eleven businesses in the precinct.
- 4.8 The following points responding to objections received were provided for consideration by Council:
- 4.8.1 The National Theatre should be exempt from paying the special rate as it is not subject to Council's general rates because of its not for profit status.
- 4.8.2 The objections raised by Mr Marangoudis, Mr Movroudis, Mr Harris and Ms Nikolopoulos relating to their retail businesses in Acland and Carlisle Streets are not supported.
- 4.8.3 It is not the intention of Council to allocate funds from general rate revenue for the marketing of the St Kilda Village Precinct. While it is acknowledged that Mr Marangoudis contributes to the advertising of his own business, the special rate funds are designed for a different purpose – to market and manage the whole precinct.
- 4.8.4. The extensive strategic advertising of the St Kilda Village precinct (through measures such as the website) and special promotional events with associated advertising are aimed at enhancing the profile

of the precinct and attracting more people to the area, particularly in the current difficult economic times. Not every event will be attractive to every business. However, the range and depth of the program are designed to provide some form of “special benefit” to each the five businesses. Details of the program have been explained to these business owners, and Mr Marangoudis and Sam from Amigos signed three forms in support of the new special rate prior to lodging their objection.

Contrary to the position put by Mr Harris, representatives from over 100 properties in the precinct have signed a form in support of the special rate.

In response to the awnings issue raised by Ms Nikolopoulos, Council considers that a business contribution to the special rate program should not be conditional on approval of Council permits for structures such as awnings or anything else.

- 4.8.5 The objections raised by The Klein Partnership and Hoyne Design are not supported. The proposed special rate is designed to cover all commercial rateable properties within the defined St Kilda Village activity centre, not just properties that are used for retail, entertainment or health and well being purposes or are reliant on passing trade. Key aims of the scheme are to enhance the image of the whole centre, communicate with businesses, and advocate for the interests of the business community. These aims apply to commercial businesses as much as to retail businesses.
- 4.8.6 The Klein Partnership and Hoyne Design, similar to other professional businesses, are expected to derive a ‘special benefit’ from a precinct wide strategic and coordinated marketing and management approach.

These businesses also will benefit from having a vibrant activity centre with shops, restaurants, cafes and bars in which the business owners their staff and their clients can shop, dine and be entertained.

The location of both The Klein Partnership in Carlisle Street and Hoyne Design upstairs at 77A Acland Street is not a valid reason for excluding these properties from the scheme. It is acknowledged by the Traders Group that these properties are an integral part of the precinct. Notwithstanding, it is recognised that the benefits to businesses and properties in these locations are likely to be less than the benefits to properties fronting Acland Street.

Consequently, Hoyne Design and The Klein Partnership (as well as neighbouring businesses in Carlisle Street) are included in the Secondary Benefit Area compared to the Primary Benefit Area assigned to ground floor premises fronting Acland Street. Each of the two businesses will be required to pay the minimum \$470 p.a. under the special rate proposal, compared to the minimum \$630 p.a. for businesses fronting Acland Street.

Several neighbouring businesses in Carlisle Street accept this argument and have indicated their signed support for the new special rate. These include St Kilda Beach Laundrette at 7 Carlisle Street, Base Backpackers at 17 Carlisle Street, Voodoo Ink at 27 Carlisle Street, Ruby Red Dress at 19 Carlisle Street, and Ace Locksmiths at 29 Carlisle Street.

The point made in the Klein Partnership submission that the Traders Group does not seem to have taken the time to familiarise itself with the business nor to address correspondence correctly is noted. Council has requested the Traders Group to address this issue as a matter of priority.

- 4.8.7 The objection raised by Mr Murfett from the St Kilda Aquarium relates to a property on the east side of Barkly Street north of Carlisle Street at the northern boundary of the proposed new special rate area. This property previously has not been included in the levy area, which was more focussed on Acland Street.

There is a desire by the Traders Group to extend St Kilda Village into the precinct near the corner of Carlisle and Barkly Streets covered by this property. Council supports this approach. There are several retail and accommodation businesses that will benefit from a wider marketing program conducted by SKVTG. Businesses adjacent to St Kilda Aquarium in this area such as The St Kilda Tailor (156 Barkly), Dorothy and Evelyn (160 Barkly St) and Danny's Diner (162-164 Barkly) see the benefits of being involved in a wider coordinated effort and have signed in favour of the special rate.

In the same way as the previous objection was approached, it is recognised that the benefits to the St Kilda Aquarium and properties in this area are likely to be less than the benefits to Acland Street properties. Consequently, the Aquarium and neighbouring businesses on the east side of Barkly Street are included in the Tertiary Benefit Area compared to the Primary or Secondary Benefit Areas for Acland Street. The Aquarium will be required to pay the minimum \$345 p.a. under the special rate proposal for the Tertiary Area, compared to the minimum \$630 p.a. for businesses fronting Acland Street. This is considered to be a reasonable distribution of the special rate.

Given that the St Kilda Aquarium will be a new business in the proposed new special rate program, it is very important for the Traders Group to develop a strong positive relationship with this business as soon as possible. The discussion should focus on specific aspects of the Village marketing program (such as inclusion on the St Kilda Village website with links to the Aquarium website) that would be most beneficial to this business.

- 4.9 Internal consultation has included discussions about the proposal with the Executive Director of Community Development and Planning in relation to the timing and process for introducing the Special Rate and the Manager of Rates and Revenue in relation to reviewing the properties to be included in the

Special Rate and their associated NAV valuation and calculation of the recommended Special Rate Formula for each of the four benefit levels.

5. DISCUSSION

5.1 OPTIONS

- 5.1.1 Council can declare the special rate at this meeting. If declared, Council officers would levy the special rate by sending a notice to property owners and occupiers. This provides them with 30 days to lodge an application with the Victorian Civil and Administrative Tribunal to appeal against Council's decision.
- 5.1.2 Council can defer the proposed declaration to another ordinary meeting and seek further clarification about any matters raised.
- 5.1.3 Council can vary the special rate. If this is significant, it would require further development of the proposal, re-advertising of the public notice, re-sending of a copy of the notice to affected property owners and occupiers and a repeat of the exercise to receive, hear and consider submissions and objections.
- 5.1.4 Council can abandon the special rate and Council officers would write to property owners and occupiers advising of this decision.

5.2 ALIGNMENT TO COUNCIL PLAN

- 5.2.1 The introduction of a marketing and management special rate is only one aspect of an overall process to revitalise and sustain the St Kilda Village Activity Centre. Traditional shopping and business centres are vital to a community's economic, cultural, social and environmental structure and can act as a community barometer, reflecting their values and aspirations. Global trends point towards a recognition that there needs to be a holistic approach to the revitalisation process and that economic outcomes do not occur in isolation to the social, cultural and environmental aspects. The proposed special rate will provide financial support to the St Kilda Village Traders Group to invest further in the viability of the precinct. Positive flow-on effects to the community can result in:
- 5.2.2 **Strengthening our Diverse and Inclusive Community** – There is an opportunity to reinforce the Activity Centre as an important local community centre or 'gathering place' for St Kilda and nearby residents, thereby further developing social connectedness and cohesion. The development of the community's 'cultural capital' reinforces the community values around the sense of place and meaning to the community particularly through the area's history and stories (e.g. free arts and cultural events and local celebrations). The positive interaction of community members can further lead to the development of a healthy community where there is trust, pride, and loyalty that enhances local lifestyle and has processional economic benefits.

- 5.2.3 **Enhancing Liveability** – Positive business development through maintaining and improving local business networks, the attraction of businesses and customers to the activity centre, will create a multiplier effect contributing to business performance and development, investment, employment and increases in property values and rate revenues. The positive development of the environmental, social and cultural aspects can create a more self reliant activity centre that is less susceptible to external economic factors.
- 5.2.4 **Taking Action on Climate Change** – There is an opportunity to work with the area as a collective to examine ways to ‘green’ the activity centre with particular relevance to waste minimisation, energy usage, sustainable design and greater use of sustainable transport. Additional opportunities exist to encourage local businesses and residents to seek local employment to use local goods and services, thereby minimising the necessity for travel by motor vehicle.
- 5.2.5 **Engaging and Governing the City** – Strengthening relationships with the business community in a strategic and coordinated approach is an effective way for council to increase community engagement. This is done via a framework of meetings and forums that involve community leaders, council staff and ward councillors to ensure that there is a reciprocal flow of information from Council to the community and the community to Council. This will assist the community to better understand the role and function of Council and also ensure that Council has a better understanding of the needs of the business community. Through ongoing training and engagement we will continue to build leadership skills and capacity in the community.

5.3 POLICY IMPLICATIONS PLAN

- 5.3.1 This proposal is supported by the Council Plan under the directions of Strengthening our Diverse and Inclusive Community, Enhancing our Liveability, Taking Action on Climate Change and Engaging and Governing the City. This highlights Council’s desire for traditional local shopping strips and centres to remain prosperous and service local needs and enables local community groups to promote the development of community to further enhance local lifestyle.

5.4 FINANCE / RESOURCE IMPLICATIONS

- 5.4.1 Administrative costs will be incurred in the establishment of the special rate.
- 5.4.2 If the special rate is successfully introduced, it is intended that Council will provide the special rate proceeds to the SKVTG for expenditure on the marketing, management and development of the Activity Centre. A further formal agreement will be entered into between Council and the Traders Group confirming that:

- 5.4.3 The role of St Kilda Village Traders Group in expending the monies raised by the special rate on behalf of Council is of an administrative nature only and at all times under the direction of, and for Council.
- 5.4.4 Council reserves to itself all discretions to the application of the proceeds of the special rate.
- 5.4.5 Council will not forward any proceeds of the special rate to the Association until such an agreement is entered into.
- 5.4.6 The Association will continue to be required to prepare a business and marketing plan and an annual budget for the centre outlining how the special rate proceeds will be spent. A copy of the plan, calendar of annual activities and budget must be provided to Council's Economic Development and Tourism Department for approval.
- 5.4.7 Following approval of the new business and marketing plan, annual budget and compliance with other conditions specified in the payment agreement, Council will provide the St Kilda Village Traders Group with the special rate proceeds in two instalments. A key aspect of this agreement is that the St Kilda Village Traders Group continues to be an incorporated entity and acts in accordance with the Associations Incorporation Act 1981.

5.5 LEGAL & RISK IMPLICATIONS

- 5.5.1 The Traders Association is required to enter into a formal agreement (driven by a business plan) with Council on the expenditure of special rates. This subsequently negates many of the risks that might arise through irresponsible expenditure of special rates.
- 5.5.2 If the St Kilda Village Traders Group were to expend the Special Rate funds irresponsibly and not in accordance with their marketing plan, this may present a perceived political risk for Council.
- 5.5.3 As identified above Council officers do not forward any proceeds of the Special Rate to the Association until such an agreement is entered into. Upon receipt of financial reporting documentation bi-annually (profit and loss, balance sheet and marketing activity report) the Special Rate funds would be paid to the Traders Group in two instalments.
- 5.5.4 The role of St Kilda Village Traders Group in expending the monies raised by the Special Rate on behalf of Council is of an administrative nature only and at all times under the direction of, and for Council. Council reserves to itself all discretions to the application of the proceeds of the Special Rate. Section 154 of The Local Government Act enables Council to discontinue the Special Rate scheme in this circumstance.
- 5.5.5 It should be noted a political risk or consideration of Council not adopting the special rate within St Kilda Village, is the expectation that

complimentary marketing and promotional activities are required within a commercial precinct. It may be suggested under this scenario that Council will be required to fund such services through its economic development function. Marketing and promotions is not currently funded through Council's existing professional services budgets.

- 5.5.6 Notwithstanding it should be considered under this scenario, that more localised trader associations that represent the interests of its members are best positioned to identify the commercial needs, and interest of its select trader groups, and best direct marketing levies to achieve their collective interest.

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

- 6.1.1 If the special rate is adopted in a full or modified form, The Economic Development and Tourism Department will give notice of the special rate to affected businesses and property owners after the date of the Council meeting by writing to all affected parties. Property owners and businesses have 30 days to appeal to the Victorian Civil and Administrative Tribunal from the date of the notice.
- 6.1.2 If there are no valid appeals or any appeals are dismissed by Victorian Civil and Administrative Tribunal, Council will commence collection of the special rate in 2009-2010.

6.2 COMMUNICATION

- 6.2.1 The special rate supports the aims and strategic directions of the Council Plan. It is intended that this strategy will continue to improve the viability of the St Kilda Village Activity Centre over time, which is beneficial to business owners, operators, local residents and the community more broadly.
- 6.2.2 Communication with affected parties throughout the proposed renewal process has been extensive and has incorporated the distribution of a letter and information pack to all business operators and personal discussions with many of the business owners in the area.

7. OFFICER DIRECT OR INDIRECT INTEREST

- 7.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.