



Confidential Matter

18.2 ST KILDA MARINA PROJECT - ENDORSEMENT OF INVITATION FOR EXPRESSIONS OF INTEREST

The information contained in this Council report is considered to be Confidential Information in accordance with Section 77(2)(a) and Section 89(2) of the Local Government Act 1989 (as amended); as it relates to:

89(2)(d). Contractual matters

89(2)(e). Proposed developments.



18.2 **ST KILDA MARINA PROJECT - ENDORSEMENT OF INVITATION FOR EXPRESSIONS OF INTEREST**

EXECUTIVE MEMBER: **CHRIS CARROLL, GENERAL MANAGER, CUSTOMER AND CORPORATE SERVICES**

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1. PURPOSE

- 1.1 To present the St Kilda Marina Project Invitation for an Expression of Interest for a new long term lease to Council for endorsement

2. EXECUTIVE SUMMARY

- 2.1 Council has been preparing for the procurement of a new lease for the St Kilda Marina since February 2018, when Council approved the Project Approach and Community Stakeholder and Engagement Plan for the first stage of the project.
- 2.2 Under Stage 2 of the project, the St Kilda Marina Site Vision and Objectives were established and endorsed in a Council Meeting on 4 July 2018. The site vision and objectives were informed by a comprehensive community engagement program undertaken during this stage, and were intended to drive design and operating outcomes for the site.
- 2.3 Under Stage 3 of the project, the Site Brief, endorsed on 15 May 2019, was developed with input from Council Officers, technical advisors/consultants and a 23 member community panel who were selected as a representation of the wider Port Phillip community.
- 2.4 The purpose of the Site Brief is to build a shared understanding of the site and parameters for a future redevelopment of the site, underpin the procurement process for a new lease, and form the basis of a planning scheme amendment process to support delivery of the Site Vision and Objectives.
- 2.5 In Stage 4 of the project, a Procurement Plan has been developed for the St Kilda Marina Project, to serve as an overall guide for the procurement process that will culminate in Council, with the required Victorian Government approvals, entering into a new long-term lease for the St Kilda Marina.
- 2.6 The Procurement Plan is designed to ensure a robust, transparent and equitable procurement process is undertaken, with a clearly defined governance structure for the evaluation of proposals. It is being presented to Council for public endorsement at the same meeting as this Council Report.
- 2.7 The proposed procurement model detailed in the Procurement Plan is a two-stage process:
- A publicly advertised invitation for Expressions of Interest (EOI).



- A Request for Proposal (RFP) issued to a shortlist of tenderers following evaluation of EOIs received.
- 2.8 An Invitation for an Expression of Interest in the long-term lease of the St Kilda Marina has been developed and is presented in Attachment 1 for Council endorsement.
- 2.9 The intention of the EOI process is to introduce the opportunity of the new lease to the market, and seek submissions from suitably qualified developers or consortia who embrace the City of Port Phillip vision for the site; have the creativity, resources and expertise to respond to the opportunity; and who have the financial and other resources required to meet the obligations expected in the development and lease agreements.
- 2.10 The EOI process will also broadly test with the market key aspects of the opportunity being offered, particularly in relation to the overall requirements of the design criteria in the site brief, the leasing timeframe and possibility for a connection (or bridge) between Marina Reserve and the St Kilda Marina peninsula.
- 2.11 The outcome of the EOI process is the selection of a suitable shortlist of respondents to participate in the RFP process.
- 2.12 The Invitation for an EOI is presented for endorsement in a confidential meeting to avoid any party receiving a perceived or actual advantage over another party by receiving the report before the EOI is officially released to the market.
- 2.13 The intention, should the Invitation be endorsed, is to officially release the document to the market via an advertisement in The Age on Saturday 8 June 2019 and concurrently on Tenderlink, Council's online forum for managing EOIs and Tenders. The associated Council Report will be made available to the public via the standard Council Report forum following official release to the market.
- 2.14 The EOI process will follow the broad steps and schedule below:
- Advertise Invitation for EOI 8 June 2019
 - Close EOIs (4 week period) 5 July 2019
 - Evaluate EOIs July 2019
 - Present Recommendation for Shortlist to Council Mid Aug 2019
- 2.15 A Probity Plan is already in place for this project and is publicly available on the City of Port Phillip website. It has been updated where required to ensure that it is reflective of the needs of the procurement stage of the project. The updated version is being presented to Council for public endorsement at the same meeting as this Council Report.
- 2.16 The project's probity advisor has reviewed and had input to the Invitation for EOI document.



3. RECOMMENDATION

That Council:

- 3.1 Endorses the Invitation for an Expression of Interest for release to the open market
- 3.2 Authorises the CEO to make minor editorial updates as required to the Invitation for an Expression of Interest that does not modify the intent.
- 3.3 Notes that upon official release of the Invitation for an Expression of Interest to the open market, the report and its attachments will be made publicly available.

4. KEY POINTS/ISSUES

- 4.1 The St Kilda Marina is and has been located at 42 A - E Marine Parade, Elwood since 1969. The Marina occupies approximately 8Ha (80,000 m²) of foreshore Crown Land for which Council is appointed as the Committee of Management. Existing uses include marine services (boat storage and launch infrastructure, repairs, fuel for boats and sales), restaurants/cafes, service station and car parking.
- 4.2 The 50 year 'head lease' between Council and Australian Marinas (A'Asia) Pty Ltd (Australian Marinas), began on 18 March 1968 and, through a supplemental agreement to the original lease, expired on 30 April 2019.
- 4.3 On 7 February 2018, Council endorsed the Project Approach which sets out the various stages of the project, Stages 1 to 6, and the associated timeline. On 18 April 2018 Council endorsed The Community Stakeholder and Engagement Plan for Stages 1 to 3 of the project. Both are key documents guiding the project to secure a new long-term lease arrangement for the site. They are available on the St Kilda Marina Project web page (<http://www.portphillip.vic.gov.au/st-kilda-marina.htm>).
- 4.4 Both documents have been updated to align with the evolving nature of the project and will be presented to Council for public endorsement at the same meeting as this Council Report.
- 4.5 To cover the gap between the expiry of the existing lease and the commencement of a new lease, Council at a meeting on 3 April 2019 approved an interim three-year lease with the existing tenant, Australian Marinas Pty Ltd. The purpose of the interim lease is to support the continuity of existing operations on the site while procurement for a new long-term lease is undertaken, and enable a smooth transition between the existing and new lease.
- 4.6 Since the Council Meeting approving the Project Approach (February 2018), Officers have implemented stages 1 and 2 of the Project Approach with Stage 3 recently concluded with the endorsement of the St Kilda Marina Project Site Brief setting out the current conditions and criteria for the desired future state of the site.

The Development of a Site Brief

- 4.7 Under Stage 2 of the project, the St Kilda Marina Site Vision and Objectives were established and endorsed in a Council Meeting on 4 July 2018. The site vision and



objectives were informed by a comprehensive community engagement program undertaken during this stage, and were intended to drive design and operating outcomes for the site.

- 4.8 Under Stage 3 of the project, the Site Brief, endorsed on 15 May 2019, was developed with input from Council Officers, technical advisors/consultants and a 23 member community panel who were selected as a representation of the wider Port Phillip community.
- 4.9 The purpose of the Site Brief is to:
- a) Build a shared understanding of the site and the parameters of a future redevelopment of the site under a new long-term lease to deliver the vision and objectives, including what outcomes are required and what is and is not permitted.
 - b) Underpin the procurement process for a new long-term lease by informing the market and guiding interested parties to provide suitable proposals for a long-term lease arrangement. The design criteria also support the development of evaluation criteria that will be used to assess the submissions on an “apples for apples” basis.
 - c) Form the basis of a planning scheme amendment process to support delivery of the Site Vision and Objectives.

Procurement Plan

- 4.10 A Procurement Plan, based on the preferred operating model (an integrated private development/Build, Lease Land/Own Improvements, Operate and Transfer) has been developed for the St Kilda Marina Project to serve as an overall guide for the procurement process that will culminate in Council, with the required Victorian Government approvals, entering into a new long-term lease for the St Kilda Marina. It is being presented to Council for public endorsement at the same meeting as this Council Report.
- 4.11 The plan is designed to ensure a robust, transparent and equitable procurement process is undertaken, with a clearly defined governance structure for the evaluation of proposals.
- 4.12 The Procurement Plan details the procedures behind the key parts of the procurement process including the EOI phase.

Procurement Model

- 4.13 The proposed procurement model is a two-stage process:
- A publicly advertised invitation for Expressions of Interest (EOI).
 - A Request for Proposal (RFP) issued to a shortlist of tenderers following evaluation of EOIs received.
- 4.14 This two-stage process will enable Council to assess the capability of interested parties through the EOI and select only those that Council believe can achieve the project



objectives to participate in the more detailed RFP phase of procurement. This approach has the benefit of an open, publicly advertised phase which reaches out the broader market, following which it ensures that only qualified participants are invited. It is only the shortlist of qualified participants that will need to commit significant resources to the RFP phase.

- 4.15 The two-stage model also allows for a level of market sounding on elements of the process and the St Kilda Marina Site Brief at the (first) EOI stage. The intelligence from this will inform the RFP approach and contribute to a more robust procurement exercise through increasing market confidence in a process that has had the input of very specific market expertise.

Invitation for an Expression of Interest

- 4.16 An Invitation for an Expression of Interest in the long-term lease of the St Kilda Marina has been developed and is presented in Attachment 1 for Council endorsement.
- 4.17 The intention of the EOI process is to introduce the opportunity of the redevelopment and operations of the St Kilda Marina under a lease arrangement to the market, and understand the level of interest and calibre of potential respondents.
- 4.18 As such, it is presented in sufficient detail so as to realistically frame the opportunity and to canvas the market of potentially qualified respondents. It will seek submissions from suitably qualified developers or consortia who embrace the City of Port Phillip vision for the site and have the creativity, resources and expertise to respond to the opportunity, and who have the financial and other resources required to meet the obligations expected in the development and lease agreements.
- 4.19 It will also broadly test with the market key aspects of the opportunity being offered, particularly in relation to the overall requirements of the design criteria in the site brief, the leasing timeframe and possibility for a connection (or bridge) and therefore continuation of the Bay Trail along the foreshore, between Marina Reserve and the St Kilda Marina peninsula.
- 4.20 The Invitation for an EOI will target concise responses, which identify and summarise the tenderer's identity (especially in the case of consortia), broadly outline previous experience, and indicate capacity to undertake the role. A simple vision statement and approach to achieving the Vision developed by Council will also be requested to ensure expectations between Council and potential tenderer are aligned.
- 4.21 The invitation for an EOI will be to the open market and may elicit a considerable number of responses. It does not require arduous responses or excessive input or expenditure. A key provision at the EOI is to demonstrate financial capacity, to enable the Council to evaluate the capability of respondents to be able to undertake the role over the lease term.
- 4.22 The outcome of the EOI process is the selection of a shortlist of respondents to participate in the RFP process that appear to be fit in all respects to meet the expected financial obligations under the agreement, achieve Council's vision and potentially reach a final agreement with the City of Port Phillip.



- 4.23 The Invitation for an EOI is presented for endorsement in a confidential meeting to avoid any party receiving a perceived or actual advantage over another party by receiving the report before the EOI is officially released to the market.
- 4.24 The intention, should the Invitation be endorsed, is to officially release the document to the market via an advertisement in The Age on Saturday 8 June 2019. The document will concurrently be made available on Tenderlink, Council's online forum for managing EOIs and Tenders, for interested parties from the market to view, download and respond. The associated Council Report will be available to the public via the standard Council Report forum following official release to the market.

The EOI Process

4.25 The EOI process will follow the broad steps and schedule below:

- Advertise Invitation for EOI 8 June 2019
- Close EOIs (4 week period) 5 July 2019
- Evaluate EOIs July 2019
- Present Recommendation for Shortlist to Council Mid Aug 2019

4.26 In summary, the evaluation process for the EOI submissions involves the following key components:

- Mandatory compliance criteria – pass or fail criteria that test for compliance with Council procurement processes as set out in the invitation for EOI document.
- Qualitative criteria that address the experience and capacity of the bidder and their consortium team members, vision for the redevelopment particularly in terms of alignment with Site Objectives, and financial capacity.
- An evaluation panel that comprises of a mix of internal and external members experienced in this nature of project and specialists in key areas such as design, commercial property, and Council and community values and expectations of benefit from the site for the community.
- An evaluation panel chair who will be an appropriately qualified senior Council Officer responsible for the smooth running of the panel and panel process and final recommendations to Council via the CEO.
- A range of technical consultants that overview specific technical details of the submissions relevant to their expertise and provide comprehensive advice to assist panel members in making a decision.
- An Evaluation Plan, currently in development, that will detail and program the above, and support the evaluation process. The CEO will approve the detailed Evaluation Plan in advance of the close of EOI submissions.

4.27 Key elements for Council's role in this process are:

- Council will approve the evaluation criteria for the EOI (as part of the EOI).



- Council will approve the skills, expertise and mix of internal and external members required for the evaluation panel. The CEO will approve the specific individual appointments to the panel.

Probity

- 4.28 A Probity Plan is already in place for this project and is publicly available on the City of Port Phillip website. This version has been reviewed and updated where required to ensure that it is reflective of the needs of the procurement stage of the project. The updated version is being presented to Council for public endorsement at the same meeting as this Council Report.
- 4.29 The project's probity advisor has reviewed and had input to the Invitation for EOI document.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Extensive consultation with the community has informed the development of the Site Vision and Objectives and the design criteria in the St Kilda Marina Site Brief. The design criteria were determined through a community panel process involving a panel of 23 community members working collaboratively with technical consultants and council officers from August to December 2018 to determine the mandatory and desirable attributes for the site. The Site Brief is a critical document informing potential respondents to the procurement process about the current conditions and the desired future state of the St Kilda Marina.
- 5.2 The updated Community and Stakeholder Engagement Plan to incorporate Stages 4 to 6 of the project is being presented to Council for endorsement on the same night as this report. This outlines the engagement process to accompany both procurement and the planning pathway, as well as delivery of the lease.
- 5.3 Drop-in information sessions for the community and stakeholders are proposed to occur on 13 and 15 June 2019. This will be an opportunity for the community and stakeholders to ask Council Officers clarifying questions about the Site Brief, Procurement Plan, and planning pathway and tools, and engagement approach to be adopted for the project.
- 5.4 The Victorian Government is a key stakeholder. Not only is the site crown land but it has regional significance. Council officers meet regularly with Victorian Government representatives from DELWP to discuss project progress and specific issues that arise. They have been involved in the development of the Site Brief. Representatives from Parks Vic have also reviewed and had input to the Site Brief.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The EOI process is being conducted in line with Council Procurement Policy, the St Kilda Marina Project Probity Plan, and supported by independent probity and legal advisors to ensure compliance with legal requirements and probity principles of fairness, impartiality and integrity.
- 6.2 Key pieces of legislation that pertain to the site include but are not limited to the St Kilda Land Act 1965, Crown Land Reserves Act 1978, Coastal Management Act 1995,



Planning and Environment Act 1987, Retail Leases Act 2003, Marine Safety Act 2010 and Port Management Act 1995. The implications of the legislation have been reviewed by State Government and legal and technical advisors as the criteria for the Site Brief has been developed. The Site Brief sets out the legislative and governance framework, and the design criteria considers the relevant legislation.

- 6.3 It has been determined, based on the design criteria, that a Planning Scheme Amendment will be required for the site to support the delivery of the site vision and objectives. Various options to determine planning pathways and tools are being considered, including how the planning pathway should align with procurement, and is being brought to Council in a separate Council Report at the same Council Meeting as this one.

7. FINANCIAL IMPACT

- 7.1 The EOI process requires Council Officer time, and probity, marina related and commercial/strategic consultancy services in the order \$30,000. This is accommodated in the budget for this project.

8. ENVIRONMENTAL IMPACT

- 8.1 St Kilda Marina is a key foreshore site valued by not only the Port Phillip community but also the wider community, particularly boat owners and marine and foreshore enthusiasts.
- 8.2 A new lease arrangement for St Kilda Marina is recognised as an opportunity to improve the contribution of the site to the municipality and region. These aspirations are reflected in the Site Vision and Objectives, which identify broad environmental, social, cultural and economic benefits that the project is seeking to achieve to provide improved benefits for the broader community.
- 8.3 The St Kilda Marina Site Brief endorsed at a Council Meeting on 15 May 2019 articulates the mandatory and discretionary criteria that will guide respondents in the tender process to achieve the Site Vision and Objectives, with a key component focussing on Environmental and Coastal Resilience.

9. COMMUNITY IMPACT

- 9.1 St Kilda Marina is a key foreshore site valued by not only the Port Phillip community but also the wider community, particularly boat owners and marine and foreshore enthusiasts.
- 9.2 A new lease arrangement for St Kilda Marina is recognised as an opportunity to improve the contribution of the site to the municipality and region. These aspirations are reflected in the Site Vision and Objectives, which identify broad environmental, social, cultural and economic benefits that the project is seeking to achieve to provide improved benefits for the broader community.
- 9.3 The St Kilda Marina Site Brief endorsed at a Council Meeting on 15 May 2019 articulates the mandatory and discretionary criteria that will guide respondents in the tender process to achieve the Site Vision and Objectives which aims to achieve considerably improved benefits for the community These include but are not limited to



significantly increasing and improving public realm and open space, year-round activation through the provision of facilities for the broader community, improving movement throughout the site, and improving marina functionality.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 This report contains information that aligns with Strategic Direction 4, “We are growing and keeping our character”. It supports the delivery of the specifically identified Council Plan key outcome, “a city of diverse and distinctive neighbourhoods and places”. The St Kilda Marina Lease is a specific priority in the Council Plan.

10.2 It also aligns with Strategic Directions 3 (We have smart solutions for a sustainable future) and 6 (Our commitment to you) by supporting delivery of the following outcomes:

- A financially sustainable, high-performing and well-governed organisation that puts the community first.
- A city that is adapting and resilient to client change
- A water sensitive city

10.3 St Kilda Marina is a key strategic site within Council's property portfolio and presents a significant opportunity in terms of social, environmental, economic and cultural possibilities for the St Kilda foreshore, the municipality and the State.

11. IMPLEMENTATION STRATEGY

TIMELINE

11.1 5 June 2019 – Council Report requesting endorsement of the Procurement Plan, updated Probity Plan, updated Stakeholder and Engagement Plan, and updated Project Approach.

11.2 5 June 2019 – Council Report requesting endorsement of a proposed planning scheme amendment process to support delivery of the Site Vision and Objectives.

11.3 8 June 2019 – Advertisement and issue of the Invitation for an Expression of Interest (EOI) to the market.

11.4 13 and 15 June 2019 – Community and stakeholder drop in information sessions for the Site Brief, Procurement Plan and planning scheme amendment process.

11.5 5 July 2019 – Close of EOI submissions period

12. OFFICER DIRECT OR INDIRECT INTEREST

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

TRIM FILE NO: 20/15/63

ATTACHMENTS 1. SKM Project Invitation for an EOI FINAL