



**12.2** **ST KILDA MARINA PROJECT - DRAFT SITE VISION AND OBJECTIVES, DRAFT OPPORTUNITIES AND CONSTRAINTS PAPER AND COMMUNITY AND STAKEHOLDER ENGAGEMENT PLAN**

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**1. PURPOSE**

- 1.1 To present the draft Community and Stakeholder Engagement Plan for approval, and to seek approval to begin the first phase of engagement for the St Kilda Marina Project by releasing the Draft Site Vision and Objectives and Draft Opportunities and Constraints Paper for consultation.

**2. EXECUTIVE SUMMARY**

- 2.1 The expiry of the 50 year 'head' lease for St Kilda Marina on 30 April 2019 presents an opportunity for Council to undertake a planning process which seeks to maximise the social, cultural, environmental, financial and economic benefits of the site.
- 2.2 In September 2016, Council resolved to undertake a competitive process to secure a new long term lease arrangement for St Kilda Marina and a project to deliver this outcome has since been established.
- 2.3 On 7 February 2018 Council approved the Project Approach, associated timeline, supporting budget and probity plan. The Project Approach is now a public document used to communicate the project methodology, including the project stages, activities, deliverables and timeline.
- 2.4 The project is currently delivering Stage 2 of the Project Approach – *Identifying the Site Vision and Objectives*. The purpose of Stage 2 is to understand the opportunities and constraints for the site and, with this understanding, engage the community and key stakeholders to finalise the Site Vision and Objectives that will guide the development of options for the site and the achievement of various benefits from the site.
- 2.5 A series of detailed investigative works have been undertaken, producing various reports with information about the site and case studies of waterfront developments. These reports form the basis of the Draft Opportunities and Constraints Paper.
- 2.6 A Draft Site Vision and Objectives has been developed with the information from the reports and input from the Councillors for consultation with the community and key stakeholders.
- 2.7 The Site Vision and Objectives finalised following community and stakeholder engagement will guide the development of clearly defined social, economic, environmental, financial and cultural benefits.



- 2.8 This report is seeking approval for the release of the Draft Opportunities and Constraints Paper and Draft Site Vision and Objectives to commence the first phase of community and stakeholder engagement by end of April 2018.

### 3. RECOMMENDATION

That Council:

- 3.1 Approves the release of the Draft Vision and Site Objectives for consultation with the community and stakeholders (attachment 3).
- 3.2 Approves the Draft Opportunities and Constraints Paper (attachment 2) for release to the community and key stakeholders to help build an understanding of the site, waterfront developments and marina market to enable effective contribution to the establishment of the Site Vision and Objectives.
- 3.3 Approves the St Kilda Marina Project Community and Stakeholder Engagement Plan (attachment 4) including commencement of the first phase of engagement by the end of April 2018.
- 3.4 Approves the consultation document as the key method to inform and engage the community about the Draft Site Vision and Objectives.

### 4. KEY POINTS/ISSUES

- 4.1 42 A - E Marine Parade, Elwood has accommodated the St Kilda Marina since 1969. The Marina occupies approximately 8Ha (80,000 m<sup>2</sup>) 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, expires on 30 April 2019.
- 4.3 Under the current lease arrangement the income is approximately \$170,000 plus GST per annum. This is gained through a combination of rent and seven per cent of the income received by the lessee for carparking and boat storage fees.
- 4.4 When the lease was negotiated the rental amount took into account Australian Marinas' capital investment, with only a token rent (\$1,000) required in the first six years during the marina construction phase, and \$10,000 (plus CPI) for every year following. In 1967 the site was bare reclaimed land transformed into a man-made harbour.
- 4.5 The tenant invested an estimated \$2 million over the first six years of the lease to develop the site into Australia's first modern marina with 200 wet pens and 250 boat dry storage. The tenant is responsible for maintaining and undertaking repairs at the site. The 50 year lease in combination with low rent provided the tenant opportunity to recoup their return on this and subsequent investments.



- 4.6 It is estimated that Council could potentially receive in excess of \$500,000 per annum in rent under a new lease agreement after the expiry of the current agreement in 2019. This would be based on no changes to the current Marina site and maintaining existing operations and sub-leases.
- 4.7 The amount of rental income that can be derived from the Marina is only one factor in Council's early planning for the future of the site. The expiry of the lease provides Council with an opportunity to investigate and optimise returns from the site in terms of social, economic, environmental and cultural opportunities for the municipality and potentially the State.
- 4.8 In an Ordinary Council Meeting dated 13 September 2016 Council:
- 4.8.1 Approved the selection of a tenant for a long term lease of the St Kilda Marina to be undertaken through a competitive selection process.
  - 4.8.2 Directed officers to develop a leasing process for the site for approval by Council that includes extensive community engagement in the development of the strategic objectives and leasing principles for the site.
  - 4.8.3 Directed officers to develop principles for the selection of a tenant for the St Kilda Marina for approval by Council that include optimising community benefit and providing an appropriate commercial outcome for the site.
  - 4.8.4 Approved in principle the development of a short term lease, if required, to provide certainty to current operators at the site to cover any period between the expiry of the lease and the implementation of a new lease arrangement.

***Stage 1 – Planning for the Project (2017 to early 2018) – Development of the Project Approach***

- 4.9 Councillors were engaged early in the planning phase of this project through two workshops and a site visit to contribute to the development of a project approach.
- 4.10 With input from the Councillors at these workshops, advice from industry experts (legal and commercial property consultants) and the involvement of Victorian Government officers (Department of Environment, Land, Water and Planning); Council officers (the project team) developed a project methodology (the "Project Approach") and accompanying timeline. Refer to Attachment 1 for the St Kilda Marina Project Approach and Timeline.
- 4.11 The project approach is a guide for undertaking project works and is used to inform the community about the project processes and milestones. Through the establishment of a robust set of processes, it facilitates the development and achievement of a clear vision and set of objectives that provide an effective balance of social, environmental, cultural and economic benefits for the site.
- 4.12 Council officers also worked with a probity consultant, CourtHeath Consulting, to develop a detailed probity plan for the project as well as a quick reference summary probity plan.



- 4.13 The project approach, associated timeline and accompanying probity plan was approved at a Council Meeting dated 7 February 2018 and are available on Council's [project web page](http://www.portphillip.vic.gov.au/st-kilda-marina.htm): <http://www.portphillip.vic.gov.au/st-kilda-marina.htm>
- 4.14 At the same Council Meeting, the project budget of \$1.075 million was approved for this and the next three financial years' worth of work on the project.

***Project Objectives***

- 4.15 The project approach was accompanied by several project objectives which were developed from a list of key themes determined from the Councillor workshops. The project objectives are:

- 4.15.1 Develop a sustainable long term vision for the site that defines the:
- The extent to which the site remains a Marina, determined through Marina market research and viability studies
  - Types of uses and functions through detailed options determination and assessment, with options derived from robust investigation
  - Area and scale of development permitted including building footprint, heights, open space/public realm elements
  - Social and cultural benefits to be achieved, including level of community access and other community amenities and features
  - Environmental sustainability, design sensitivity and resilience outcomes to be achieved that enhance the value of the foreshore and marine environment
  - Economic benefits to be achieved for the St Kilda Marina and the municipality
- 4.15.2 Deliver Council's vision and objectives for the site by:
- Identifying the optimum operating model for the site through detailed options determination and feasibility studies, with options derived from robust investigation
  - Developing a leasing process to reflect the vision and objectives
  - Undertaking a competitive procurement process to award a new long term lease or leases
- 4.15.3 Implement a process that has a high level of public and government partner understanding and confidence by:
- Designing an engagement plan that offers genuine opportunities for community feedback to shape the outcome for the site
  - Developing a tailored approach to project governance and probity that supports Councils needs to communicate while maintaining ethical practice and values of fairness and transparency
  - Involving Victorian Government Agencies throughout the process, recognising the State will approve the lease arrangement



***Stage 2 - Development of the Opportunities and Constraints Paper and Identifying the Site Vision and Objectives (2017 to mid-2018)***

- 4.16 The project is currently well into Stage 2 of the Project Approach. The project team engaged specialist consultants who conducted detailed investigations and produced a series of reports with comprehensive information about the site, the marina market and national and international waterfront developments.
- 4.17 These reports form the basis for the Draft St Kilda Marina Opportunities and Constraints Paper. Refer to Attachment 2. The full reports are all available on Council's [project web page](http://www.portphillip.vic.gov.au/st-kilda-marina.htm): <http://www.portphillip.vic.gov.au/st-kilda-marina.htm>
- 4.18 This Paper is intended to be used to inform the community and key stakeholders about various attributes of the site to enable effective contribution to the establishment of a Site Vision and Objectives.
- 4.19 The vision and objectives will guide the development and implementation of a new long term leasing and management arrangement for the site that delivers pre-defined benefits.
- 4.20 Two Councillor and Executive Leadership Team (ELT) Workshops were held in February to inform the development of the draft site vision and objectives for consultation. Refer to Attachment 3 for the Draft Site Vision and Objectives which is included within a Consultation Document explaining the process for developing these.

***Stage 2 – Stakeholder and Community Engagement Plan***

- 4.21 A Community and Stakeholder Engagement Plan has been developed for the project that considers learnings from previous council projects and the specific objectives for this project. This is provided in Attachment 4.

**5. CONSULTATION AND STAKEHOLDERS**

- 5.1 Key stakeholders and community members, including the general Port Phillip community and others with a specific interest in the site (including the current lease holder and sub-lease holders), will be invited to participate at the key stages of the project. The Community and Stakeholder Engagement Plan in Attachment 4 proposes the opportunities and methods for engagement.
- 5.2 The community will also be kept informed throughout the project through updates in the CEO Report, the latest project information available on Council's project web page and through updates in Divercity magazine.
- 5.3 The Victorian Government is a key stakeholder in this project. 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.
- 5.4 A Government Partners Engagement Plan and reference group is currently being established. The group will include DELWP, Parks Victoria, and other key government stakeholders.



## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 An interim or short term lease will be required to cover the period between the expiry of the existing lease and implementation of the new lease arrangement.
- 6.2 Legislation pertaining or potentially pertaining to the site has recently been reviewed by Council officers and Victorian Government with input from legal advisors to broadly understand the constraints and opportunities regarding considerations such as site uses and development, site boundaries, crown land administration, lease durations and Victorian Government approval processes. Key pieces of legislation 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*. The implications of the legislation will be reviewed in detail as various options for the site are assessed and this will be a determining factor in adopting options for the site.

## 7. FINANCIAL IMPACT

- 7.1 The project has funding in the order of \$1.075 million allocated for this and the next three financial years to complete.
- 7.2 The project budget equating to this amount was approved in the Ordinary Council Meeting dated 7 February 2018.
- 7.3 The forecast cashflow is as follows:

Financial Year	2017/18	2018/2019	2019/2020	2020/2021	Total
TOTAL OPEX	\$360,000	\$460,000	\$180,000	\$75,000	\$1,075,000

- 7.4 There may be an opportunity to enhance financial returns from the site, although this will be determined by the extent to which Council wishes to achieve non-financial benefits.

## 8. ENVIRONMENTAL IMPACT

- 8.1 The Draft Site Vision and Objectives identify environmental sustainability, design sensitivity and resilience outcomes to be achieved that protect and enhance the value of and environmental contribution of the natural foreshore and built environment.
- 8.2 As part of the strategic planning process for the site (Stages 2 and 3 of the Project Approach), the environmental attributes and sensitivities will be identified and factored into the options determination and iterative analysis process. Given the size and position of the site, important considerations include climate change and storm surge, flood mitigation, biodiversity, and general coastal hazard and vulnerability and associated management planning.



## 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 Council recognises a new lease arrangement for St Kilda Marina as an opportunity to improve the social and cultural contribution of the site to the municipality and derive improved economic benefits. These aspirations are reflected in the Draft Site Objectives, specifically through the place identity, social and cultural and economic objectives.

### SOCIAL AND CULTURAL IMPACT

- 9.3 The site vision and objectives identify broad social and cultural benefits that the project will seek to achieve for St Kilda Marina to provide improved benefits for the broader community.
- 9.4 As part of the strategic planning process for the site (Stages 2 and 3 of the Project Approach), opportunities boosting the cultural and social contribution of the site, including an increase in community access and other social and cultural amenities and features, will be identified and factored into the options determination and iterative analysis process.
- 9.5 Key stakeholders and community members, including the general Port Phillip community and others with a specific interest in the site (including the current lease holder and sub-lease holders), will be invited to participate at the key stages of the project.

### ECONOMIC IMPACT

- 9.6 The project is putting in place measures to accommodate the current tenants (head tenant and sub-tenants) to cover the time period between the implementation of the new lease arrangement and existing lease expiry and alleviate the associated uncertainty.
- 9.7 The site vision and objectives identify broad economic benefits for the municipality and region that aim to exceed the existing benefits.
- 9.8 As part of the strategic planning process for the site (Stages 2 and 3 of the Project Approach), the economic opportunities will be assessed and the options determination and iterative analysis process will balance these against social, cultural, environmental and financial benefits.

## 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:

# ORDINARY MEETING OF COUNCIL

## 18 APRIL 2018



- 10.2.1 A financially sustainable, high-performing and well-governed organisation that puts the community first.
- 10.2.2 A city that is adapting and resilient to client change
- 10.2.3 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

### 11.1 TIMELINE

- 11.1.1 Late April to late May 2018 - Community and stakeholder engagement to seek feedback on the Draft Site Vision and Objectives. Details of engagement activities will be available on Council's [Have Your Say website \(https://haveyoursay.portphillip.vic.gov.au\)](https://haveyoursay.portphillip.vic.gov.au)
- 11.1.2 May to June 2018 – refine the Draft Site Vision and Objectives based on community and stakeholder feedback received during the engagement period.
- 11.1.3 End June 2018 – present a summary of community and stakeholder feedback and the final Site Vision and Objectives for approval at a Council Meeting.
- 11.1.4 July 2018 – commence Stage 3 of the project, Setting the Parameters.

### 11.2 COMMUNICATION

- 11.2.1 Council will keep the community informed throughout the project through Council's [project web page \(http://www.portphillip.vic.gov.au/st-kilda-marina.htm\)](http://www.portphillip.vic.gov.au/st-kilda-marina.htm), project update emails to the database of interested community members, articles in Divercity magazine and the CEO report.
- 11.2.2 Council encourages all community members and stakeholders with an interest in the project to subscribe for email updates via [Council's project web page \(http://www.portphillip.vic.gov.au/st-kilda-marina.htm\)](http://www.portphillip.vic.gov.au/st-kilda-marina.htm). Email updates will be provided to Council's database of interested community members at key project milestones.
- 11.2.3 Subject to endorsement of the community and stakeholder engagement plan, from April to May 2018 community and stakeholders will be invited to provide feedback on the Draft Site Vision and Objectives. Feedback received will be considered to help refine the Site Vision and Objectives.
- 11.2.4 A summary of community and stakeholder feedback received during April and May, along with the final Site Vision and Objectives will be presented at a Council Meeting for approval in late June 2018.



## ORDINARY MEETING OF COUNCIL 18 APRIL 2018

### 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. St Kilda Marina Project Approach
2. Draft Opportunity and Constraints Paper
3. Draft Site Vision and Objectives Consultation Document
4. St Kilda Marina Project Community and Stakeholder Engagement Plan