



10.2 **ST KILDA TRIANGLE - NEXT STEPS**

EXECUTIVE MEMBER: **KYLIE BENNETTS, GENERAL MANAGER, CITY GROWTH AND DEVELOPMENT**

PREPARED BY: **FIONA VAN DER HOEVEN, HEAD OF CITY STRATEGY**

CRAIG MCLEAN, HEAD OF CITY DESIGN

JOANNE MCNEILL, EXECUTIVE MANAGER PROPERTY AND ASSETS

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 for decision.

2. EXECUTIVE SUMMARY

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

- 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.
- 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 Triangle was proposed as one of the options. Unfortunately, the 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 As requested by Council in 2021, Officers have developed an approach that Council could consider to undertaking planning and initial market sounding for key commercial elements of the site. The approach, as outlined in this report, proposes testing the feasibility of a project anchored by a new performance/live music venue for Council consideration.

2.4 A performance/live music venue led project 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 built form envelope and operational space than what is currently allocated for a cultural institution in the Masterplan.

2.5 In this approach 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.



- 2.6 The feasibility proposed through this report, would include technical investigations into ground conditions. Underground or decked parking structures are complex and expensive to build and maintain. How expensive depends on the ground conditions. Contamination, poor soils and a high-water table are expected on this site. While Council has previously done some initial investigations into soil conditions, more detailed investigations are required to enable accurate costing of underground/decked structures and foundations.
- 2.7 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.
- 2.8 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. This would support the internal urban design, property/commercial and planning expertise required for the project.
- 2.9 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 in the 2022/23 budget or organisational work plan, the project may impact delivery of existing Council priorities or require some reprioritisation.
- 2.10 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.
- 2.11 The feasibility investigations would consider concepts, indicative costs, operating models and level of market interest. Pending the outcomes of the feasibility assessment, the project plan, budget and timelines would be further developed for consideration by Council.
- 2.12 Initial discussions have begun between the CEO and officers from Department of Environment, Land, Water and Planning (DELWP) and a meeting is scheduled with the local member of parliament to test availability of funding to support the project.
- 2.13 By early/mid 2023 officers would report to Council on the outcomes of the feasibility investigations and options for: concept development; community engagement; planning pathways; project plan and timeline towards delivery.
- 2.14 Councillors will then be able to decide whether or not to progress any options, and the pathway forward, including engagement with the community.

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 cost of the proposed feasibility work for the St Kilda Triangle is estimated at \$558,000, which does not include the internal resources required to support the

project.

- 3.4 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.
- 3.5 Notes that there are two options for Council. These are:
 - 3.5.1 Option 1 - Proceed with the feasibility work for the St Kilda Triangle, with the allocation of project budget 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 to this project.
 - 3.5.2 Option 2 - Defer this work to a future time.
- 3.6 Endorses *{insert selected Option}*
- 3.7 Authorises the CEO (or delegate) to deliver the endorsed option.

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).



Figure 1: Evolution of the site

- 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.

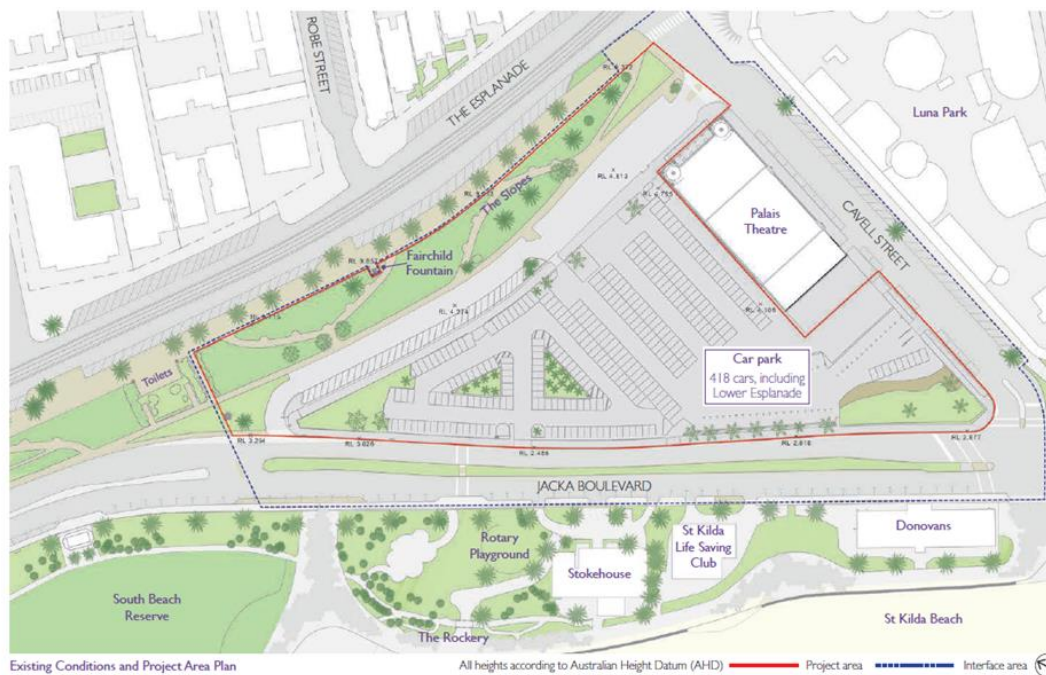


Figure 3: Site area in red



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).



Feasibility Testing

- 4.8 As requested by Council, Officers have developed an approach to undertaking planning and initial market sounding for key commercial elements of the site. The approach proposes testing the feasibility of a project anchored by a new performance/live music venue for Council consideration.
- 4.9 A performance/live music venue led project 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 built form envelope and operational space than what is currently allocated for a cultural institution in the Masterplan.
- 4.10 In this approach 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.
- 4.11 The feasibility proposed through this report would include technical investigations into ground conditions. Underground or decked parking structures are complex and expensive to build and maintain. How expensive depends on the ground conditions. Contamination, poor soils and a high-water table are expected on this site. While Council has previously done some initial investigations into soil conditions, more detailed investigations are required to enable accurate costing of underground/decked structures and foundations.



- 4.12 Feasibility investigations would also inform the development of a delivery strategy, including procurement approach and would provide greater certainty to Council and the market about viability and deliverability of whatever is approved for the site.
- 4.13 This feasibility investigations would include:
- 4.13.1 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.
- 4.13.2 Retain key considerations for new buildings as per The Masterplan
- Views to the bay from the Esplanade
 - Views towards Luna Park and the Palais Theatre
 - Retain the prominence of the Palais Theatre
 - Minimise overshadowing of foreshore
 - Locate built form away from The Slopes.
- 4.13.3 Create new/enhance public space.
- 4.13.4 Seek to improve connections through the site and across Jacka Boulevard to the beach.
- 4.13.5 Minimise parking loss.
- 4.14 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 through this proposed feasibility approach. The investigations into parking would also consider:
- 4.14.1 The Palais' parking requirements
- 4.14.2 Servicing and loading requirements
- 4.14.3 Parking requirements for the two venues
- 4.15 The feasibility investigations would involve the following:
- 4.15.1 Spatial feasibility:
- Test options for how a venue, parking, connections and open space can be arranged on the site
 - Understand size and requirements for a contemporary performance venue.
 - Test carparking configurations and access requirements
 - Quantity surveying and financial modelling of options
- 4.15.2 Market feasibility:
- Understand performance venue operating models and requirements
 - Investigate market gaps and market interest
 - Explore delivery models
 - Establish probity arrangements.



4.15.3 Environmental technical feasibility into ground conditions

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

4.16 Should the feasibility study result in viable options which Council decides to progress, it will be important to consider the approach to engaging the community and key stakeholders through the subsequent option refinement, planning and delivery stages.

4.17 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.

4.18 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. This would support the internal urban design, property/commercial and planning expertise required for the project.

4.19 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 this work. 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.

4.20 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.

4.21 The feasibility investigations would consider concepts, indicative costs, operating models and level of market interest. Pending the outcomes of the feasibility assessment, the project plan, budget and timelines would be further developed.

5. CONSULTATION AND STAKEHOLDERS

5.1 Extensive community and stakeholder engagement informed the development of the St Kilda Triangle Masterplan 2016. As such there is likely to be significant interest and scrutiny of the project by the community, government, stakeholders and the market. Community engagement will be undertaken in this stage via an online survey on Council's Have Your Say page to inform the feasibility assessment.

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 the feasibility investigations is estimated to cost \$558,000 including additional resourcing equivalent to one additional full-time resource. This does not factor in the cost of existing officer time, including project management, property, urban



design, 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 then 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 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.
- **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 The outcomes of the 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. These stages would take between 2 and 5 years.

11.2 COMMUNICATION

- 11.2.1 The Council website will be updated with Council's decision, approach and next steps.
- 11.2.2 Should Council decide to proceed with feasibility work for the St Kilda Triangle, early engagement will be undertaken as part of this stage of the project.
- 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.

MEETING OF THE PORT PHILLIP CITY COUNCIL 17 AUGUST 2022



11.2.4 Initial discussions have begun between the CEO and Officers at the Department of Environment, Land, Water and Planning (DELWP) and a meeting is scheduled with the local member to test availability of funding to support project implementation.

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