

Agenda Paper

for the

Special Meeting of Council

To be held at the Council Chambers, Civic Centre,
Boxshall Street Brighton

on

**Wednesday, 28 March, 2018
at 6:30pm**

Cr: Cr Laurence Evans (Mayor)

Councillors: Cr Alex del Porto
Cr James Long BM JP
Cr Michael Heffernan
Cr Clarke Martin
Cr Sonia Castelli
Cr Rob Grinter



Members of the Gallery

Your attention is drawn to Section 92 of Council's Governance Local Law No 1.

Section 92 The Chair's Duties and Discretions

In addition to other duties and discretions provided in this Local Law, the Chair –

- (a) must not accept any motion, question or statement which is derogatory, or defamatory of any Councillor, member of Council staff, or member of the community.
- (b) may demand retraction of any inappropriate statement or unsubstantiated allegation;
- (c) must ensure silence is preserved in the public gallery during any meeting
- (d) must call to order any member of the public who approaches the Council or Committee table during the meeting, unless invited by the Chair to do so; and
- (e) must call to order any person who is disruptive or unruly during any meeting.

An Authorised Officer must, if directed to do so by the Chairman, remove from a meeting any Councillor or other person who has committed such an offence.

Your cooperation is appreciated

Chairperson of Council

To: Mayor and Councillors

In accordance with Section 84 of the Local Government Act 1989, a **Special Meeting of Bayside City Council** will be held at the Council Chambers, Civic Centre, Boxshall Street Brighton, on **Wednesday, 28 March 2018** at **6:30pm** for the purpose of transacting the following business:

Order of Business

1. Apologies
2. Disclosure of any Conflict of Interest of any Councillor
3. Reports by the Organisation
 - 3.1 Future of Elsternwick Park Golf Course 5
4. Urgent Business

1. Apologies

2. Disclosure of any Conflict of Interest of any Councillor

3. Reports by the Organisation

3.1 FUTURE OF ELSTERNWICK PARK GOLF COURSE

Corporate Services - Commercial Services
File No: PSF/18/98 – Doc No: DOC/18/50799

Executive summary

Purpose and background

The purpose of this report is to consider the options available to Council in seeking to resolve the future use of the area currently used as a golf course at Elsternwick Park. The existing lease expires on 30 June, 2018 and the existing tenant has advised that it does not intend to exercise the next 5 year option.

Prior to entering the current lease with LMS, Council had undertaken a number of reports in relation to the future of the course. These all identified a requirement for significant capital investment and proposed intensification of use.

Whilst it is a high profile site, the course itself is short and constrained with limited capacity to increase return to the operator in the current format. Since as early as 1990 Council has been approached by potential operators and tenants to convert the site into alternative golf uses, predominantly to include a driving range and other commercial uses.

In 2006 Council commissioned further research into the future of golf. The research concluded that without extensive investment the course was not viable in the medium to long term. At the time, Council chose not to invest in the course but instead go to market and seek proposals to redevelop the facilities. This led to the 2007 approach to market for Elsternwick seeking alternative approaches to golf on the site. As the successful contractor, LMS presented a proposal which included a driving range, minigolf and 6-hole course which took up the current course footprint.

The driving range proposal was put to Council in April 2016 and was not supported. A master planning process was then undertaken including extensive community engagement. The outcomes of this consultation were considered by Council at the 26 April 2017 Ordinary Meeting and Council resolved as follows as follows:

That Council:

1. *Congratulates and thanks the participants in the deliberative panel for their highly successful consideration of the opportunities and challenges associated with the future uses of Elsternwick Park North and their identification of three clear options for the future development and use of the park;*
2. *Acknowledges that the current lease holder of the Elsternwick Golf Course has two five year options exercisable from 2018-23 and 2023-28 respectively and that this use and these options are key determinates in the future of the Park;*
3. *Adopts in principle Option 5 as the future uses for Elsternwick Park (North) as outlined in the report, with the following inclusions and modifications:*
 - *the current leased area of the golf course is retained in its current form for the duration of the current lease;*
 - *a wetland viewing shelter and educational space with toilets is established west of the wetland on Elster Creek;*

- *the Oval 2 sportsground is reconstructed including drainage, irrigation and lighting, with cricket nets and a pavilion as shown in Option 5;*
 - *examines the feasibility and viability of a café on Elsternwick Park North;*
4. *makes no further capital contribution to the Elsternwick Golf Course and golf related facilities on the site;*
 5. *informs the Elsternwick Park (North) deliberative panel members, golf course lease holder, sports tenants of Oval 2 and 'have your say' forum members of this decision;*
 6. *Acknowledges the City of Port Phillip's interest in Elsternwick Park (North) and explores City of Port Phillip's offer to contribute to assessed flood mitigation options and potential contributions to future projects;*
 7. *Proceeds with the development of a draft detailed masterplan for Elsternwick Park (North) in accordance with this resolution; and*
 8. *In the event LMS does not exercise its lease extension options, reviews the future viability of golf on this site.*

Given the advice from the current tenant that it does not intend to exercise its option to continue to operate the course a decision on the future use of the area is now required.

Key issues

Viability of Golf

Over the period of the last fifteen years there has been a significant decline in patronage and utilisation of the golf course. Council has undertaken a number of reports into the viability of the site over time. These suggest an intensification of use on the site is required to improve its viability. Council has not invested capital funds into the site and the number of rounds has fallen progressively from about 40,000 per annum in the early 2000s to around 22,000 in 2017

The existing building infrastructure requires upgrade and is subject to constant attack by vandals. The on course infrastructure also requires significant investment if it is to achieve any form of improvement in rounds. Whilst rounds are holding at 22,000 p.a. it is unlikely without significant investment that this number can be substantially increased.

The current tenant has put forward a number of proposals to upgrade to the buildings and course infrastructure however these have not been supported by Council.

Without a substantial capital investment from Council or agreement to convert the existing course into a more intensified golfing venue, the future of golf at the site appears unviable. The cost of course upgrades would be in the order of \$1.6 million and the buildings on the site also need renewal at a cost of approximately \$1.2 million.

Should Council wish to retain golf, an Expression of Interest process will need to commence immediately and there may still be a gap between the end of the existing lease and the new lease commencement. The current tenant could be engaged on a short term basis to fill this gap although there will be a cost to this.

Alternative uses of the site

Through the previous community consultation processes two alternative options for the use of the site have emerged – a passive open space/environmentally focussed reserve or a reserve used for active sport in the form of a new sportsground.

Passive Open Space/Environmentally Focussed Reserve

The concept of changing the golf course area to an area of passive open space with an environmental focus (the term 'urban forest' has been coined by supporters of this outcome) was the most supported option in the Deliberative Panel process (58%). 'Option 1a' as it is known, includes the creation of an urban forest, expanded wetland area and the retention of an upgraded Oval 2 (including pavilion and lighting) in its existing location. The concept plan developed during the Deliberative Panel process is contained in Attachment No.1. As part of its resolution 26 April 2017, Council supported Oval 2 being retained and upgrades and detailed design work is progressing on the redevelopment of the oval and pavilion. Opportunities exist to incorporate some form of Elster Creek flood mitigation works as part of this option.

The City of Port Phillip recognises the importance of Elsternwick Park as a regional facility and resolved on 19 April 2017, amongst other things:

That Council:

1.1 Supports City of Port Phillip officers speaking at Bayside City Council Special Council Meeting on 26 April 2017, with the officer submission to include the following:

1.1.7 Acknowledging that reducing the impact of increased rainfall on flood vulnerable areas such as Elwood requires the Elster Creek Catchment to be managed with a whole-of-catchment approach, the City of Port Phillip is committed to co-operating across municipalities, including with the City of Bayside, the City of Glen Eira and the City of Kingston, and with water utilities and State Departments, including but not limited to,

- collaboration with community engagement processes including community resilience,*
- respecting our differing community interest, commercial interests and strategic context; and*
- exploring co-funding of evidence-based and innovative solutions, subject to future Council budget processes.*

1.2 Notes the Elwood community's concerns regarding future use of Elsternwick Park North and the potential impact change in land use and form may have on the shape and size of future flood events.

Further, the City of Port Phillip, on 21 March 2018, resolved:

That Council:

1. Supports the general approach of adopting an Urban Forest and Wetland in Elsternwick Park North (Bayside City Council Option 1a of the Deliberative Panel Recommendations).
2. Notes that the City of Port Phillip commitment to co-funding the Urban Forest and Wetland in Elsternwick Park North is conditional on any proposal being subject to an evidence-based assessment that will deliver:
 - *reduced downstream flooding*
 - *improved water quality*
 - *improved opportunity and capacity for water harvesting and distribution*

- *improved public amenity*
 - *protected and enhanced biodiversity.*
3. Enters into dialogue with Bayside City Council and other stakeholders regarding co-funding of Option 1a and the method for obtaining an evidence-based assessment of the Option.
 4. Requests that the Mayor relay this resolution on behalf of Council in a letter to the Mayor of Bayside City Council ahead of their Special Council Meeting of 28th March 2018.

There is an opportunity that future works proposed in Elsternwick Park could be undertaken on a collaborative basis with Port Phillip Council. Port Phillip and Bayside Councils jointly constructed the water harvesting system that exists in Elsternwick Park and share the irrigation water produced by this facility.

Council is also participating in a collaborative working group with the Cities of Port Phillip, Glen Eira and Kingston looking at ways to mitigate the impacts of flooding in the Elster Creek Catchment. The working group is convened by Melbourne Water, as the regional drainage authority.

Melbourne Water has advised that it has the capacity and capability to identify options to be considered for how flood mitigation works (to varying extents) could be incorporated into the Elsternwick Park landform as part of any wetland redevelopment.

Elsternwick Park North is a key piece of open space in Bayside that also benefits residents in the Cities of Port Phillip and Glen Eira. Redevelopment as a an area of passive open space with an environmental focus would enable a number of beneficial outcomes for the environment, users seeking passive open space recreation activities and flood mitigation. The scale of each element within the site will need to be determined, as will funding partners.

This option has strong support from the Elsternwick Park coalition and environment groups. The loss of the golf course would however not be welcomed by the regular users of the course.

The cost of this option will depend on the detailed scope of works however, the initial estimate based on the Option 1a design was approximately \$3million in capital costs with an annual increase in Operating costs of approximately \$420,000.

Should this be Council's preferred option, it recommended that Council develops a management and maintenance plan to make the site accessible for public use when the golf lease expires on 1 July 2018. Following any decision to create a passive open space/environmentally focussed reserve, Council would need to commence negotiations with key stakeholders, including Melbourne Water, City of Port Phillip and City of Glen Eira to develop a detailed design and funding model to achieve this outcome. A community consultation process would also provide important input to the site development plans.

A detailed master plan with updated costings and confirmed funding contributions would then be developed and presented to Council in 2018/19.

Active Sporting Uses

This option would convert the golf course site to active sporting uses. The concept considered as part of the deliberative panel process was based on the creation of a new oval, pavilion and 6 netball courts. The benefits of this option would include increasing the capacity for active sport and providing improved access to facilities for a number of sports and to support the growth in female participation.

There is an acknowledged shortage of sportsgrounds in Bayside and this option could provide some increase in facilities. There are limitations to what can be achieved in terms of new sportsgrounds on the site due to the constraints posed by the creek and the terrain. Given that Council is pursuing a netball solution at another site, the provision of netball courts at Elsternwick Park would not be consistent with Council's current direction.

The cost of constructing a new oval and pavilion in this location together with the smaller urban forest would be in the order of \$6.2million with an operating cost increase of around \$520,000.

An alternative to creating a new sportsground on a site with a number of constraints is the provision of additional sportsgrounds through the reactivation of Ovals 3 and 4 on Elsternwick Park South. This could be achieved at a lower cost than creating a new oval on Elsternwick Park North. This may be an acceptable outcome for many if it was done in conjunction with the implementation of the passive open space with an environmental focus concept on Elsternwick Park North. Community consultation on the change of use for Elsternwick Park Ovals 3 and 4 would be required.

Transitional arrangements

Should Council determine to retain golf on the site it is likely that an interim management arrangement will be required as the EOI process would not be completed by 30 June 2018.

Should Council determine to remove golf, a management and maintenance plan to make the site accessible for public use would need to be prepared to ensure an orderly change of use and to ensure site safety. Council could negotiate with the existing operator to continue to operate the course for a period of time beyond 30 June to allow the golfing community to transition to other courses. There would be a cost to this option which has not been quantified at this time.

All potential uses of this 13 hectare site would provide some level of public value to the Bayside Community. The retention of golf on the site with only 22,000 rounds played per annum and no clear path to financial viability is difficult to support.

The use of the site for active sport would provide some limited additional capacity however the cost of new infrastructure is substantial and would be met by substantial community unrest.

The passive open space/environmentally focussed reserve option has the potential to deliver a range of significant environmental and passive recreational outcomes and there are opportunities to partner with environmental groups and other stakeholders to create a high quality open space outcome that would appeal to a wide range of users. On balance, it is recommended that Council pursue the passive open space/environmentally focussed reserve option.

Recommendation

That Council:

1. discontinues golf at Elsternwick Park from 1 July 2018;
2. supports the creation of a passive open space/environmentally focussed reserve in the area of Elsternwick Park North that is currently occupied by the golf course;
3. develops a management and maintenance plan to make the site accessible for public use;
4. commences work to develop a plan to implement a passive open space/environmentally focussed reserve by engaging with key stakeholders including Melbourne Water, City of Port Phillip, City of Glen Eira including exploration of funding opportunities and partnerships regarding planning, capital works improvements and ongoing site management and maintenance ; and
5. engages with key community groups to seek feedback on the concept plans once a redevelopment concept plan is developed for a passive open space/environmentally focussed reserve in the area of Elsternwick Park North.

Support Attachments

1. Elsternwick Park North - Option 1a Deliberative Panel Concept ↓

Considerations and implications of recommendation

Social

The golf course at Elsternwick provides a local recreational activity so closure of the course will mean that golfers will need to find an alternate venue. Alternatives are available at Albert Park, Brighton and Sandringham golf courses. Many groups have a keen interest in the future of this site. All of the potential options provide a social benefit to the community, and the passive open space/environmentally focussed reserve is assessed the preferred use of the site. Bayside, Glen Eira, Kingston and Port Phillip Councils' Chief Executive Officers have formed a working group with Melbourne Water aimed at implementing actions to mitigate the impacts of flooding of the Elster Creek on the community and Elster Creek runs through Elsternwick Park North.

Natural Environment

The existing golf course does provide some environmental benefits alongside the active recreation activity on the site. The proposed passive open space/environmentally focussed reserve would produce substantial improvements to the natural environment in the local area, with opportunities for water quality improvements and potential for flood mitigation works.

Built Environment

The existing golf infrastructure is aging and subject to regular vandalism. The course requires significant investment to improve its standard; however, it is unlikely that an EOI process will elicit significant investment in the site. Council has resolved to not invest capital in the golf course but this decision is subject to the responsibilities that come with a retail lease. The option for a passive open space/environmentally focussed reserve provides an opportunity to revisit the built environment and make changes so that buildings and infrastructure at the site support the purpose of the site.

Customer Service and Community Engagement

Elsternwick Golf Course has been subject to extensive community engagement and there are several organised community groups continuing to advocate on the matter.

As part of development of Elsternwick Park Master Plan, a Deliberative Panel of 25 community members met over two days in November 2016 to make recommendations for the future uses of Elsternwick Park (north). Three options were developed. Council then engaged a landscape architect to draw each option to scale and ensure the designs take into account underground infrastructure (drains), planning controls (flood controls) and other requirements including disability access. The Deliberative Panel preferred option 1 with modification, however Council resolved option 5 with the future of golf to be determined once LMS had advised its intention to take up a further lease option. Council has received in the order of 200 post cards supporting option 1A from the deliberative panel process and there have been community events to support this option.

Council has received a recent petition to keep the course as a golf course with 853 signatures.

Advocates for an urban forest or active sports use of the site continue to approach Councillors and Council in support of their preferences.

Human Rights

There are no direct Human Rights issues identified as being impacted by the report.

Legal

LMS has advised that it does not intend to exercise its option under the existing lease. Council may undertake an EOI process in accordance with the lease if it wishes to retain golf on the site.

Finance

The Golf Course is currently leased for \$120,000 pa. The tenant's financial statements show significant losses have been incurred in recent years. It is highly unlikely the EOI process will provide a similar return to Council as the previous lease. Council will also need to continue to invest in maintenance of fixed infrastructure including fences, paths and buildings as the lease is a retail lease. This is likely to require investment of up to \$150,000 on the basis of the currently identified structural and infrastructure issues to comply with the Retail Leases Act.

Upgrades to the course and buildings is in the order of \$2.6M however detailed work would be required to provide a more accurate cost should Council wish to invest in upgrades.

Non golf options have maintenance costs of up to \$540,000 per annum.

Capital costs of establishing a passive open space/environmentally focussed reserve are in the order of \$3 million (depending on scope) with substantial ongoing operating cost impacts. The resolution by Port Phillip Council indicates that it may be prepared to contribute to development of Elsternwick Park and it is expected that any flood mitigation works would be the subject of a significant financial contribution from Melbourne Water.

Further analysis of the financial implications of the passive open space option will be required with sustainable funding options to be identified.

Links to Council policy and strategy

The Property Strategy provides for a review of Council Golf Courses for further commercial opportunities.

The Leasing Policy 2008 provides direction on commercial leasing of Council assets.

Opening the golf course area for general community access meets an objective of the Open Space Strategy 2012 to provide more spaces for passive recreation.

