

Report to the Future Melbourne Committee

Agenda item 6.4

Expression of Interest to Lease - The Pavilion, Fitzroy Gardens

18 October 2022

Presenter: Roger Teale, General Manager Property, Infrastructure and Design

Purpose and background

1. The purpose of the report is to seek Committee approval to end a current expression of interest (EOI) for community operators (current EOI) to operate and lease the Pavilion in Fitzroy Gardens (Pavilion) and to approve a new commercial EOI for hospitality operators to operate and lease the Pavilion in November 2022.
2. The Pavilion was constructed in 1963 and has had a kiosk or tearooms in this general location since 1908.
3. Since 2010 the future use of the Pavilion has been under consideration. Options contemplated include returning the area to open space, rebuilding or refurbishing the existing facility or retaining the existing structure for community or commercial use.
4. The Pavilion café closed at the expiry of the lease in March 2017, mainly due to the building quality and major renewal works that were required to continue to operate a sustainable café space. Most recently, the Pavilion has been activated by the Creative Spaces program and provides opportunities for artists to help reactivate and reinvigorate Melbourne.
5. Community engagement on the future use of the Pavilion took place in early 2021, where feedback was sought on the participants' preferred option for the use of the space which included removing the building to create open space or leasing it for commercial or not-for-profit use.
6. The consultation findings showed that a not-for-profit space (i.e. gallery, performance and exhibition space, workshops, creative space, community hub) was the preferred option (51 per cent) followed by commercial use (40 per cent).

Key issues

7. Based on community consultation findings, the current EOI was undertaken in December 2021 for the lease, fitout and management of the Pavilion to provide a multi-use space combining a community outcome with hospitality services. The current EOI closed in March 2022.
8. Three submissions were received from commercial hospitality providers, with two submissions proposing a high-end fine dining restaurant concept.
9. The current EOI was unsuccessful in identifying a community tenant to activate the Pavilion for a dynamic multi-use community space.
10. Given the lack of community operators for the Pavilion and the second preference being for commercial use it is proposed that a commercial hospitality expression of interest to lease be undertaken. The food and beverage operations in their own right have the potential to be exciting and better activate the Fitzroy Gardens including providing residents and tourists with an excellent culinary offering.
11. The proposed approach is also supported by the community engagement, noting that the single largest group of respondents identified food and beverage as their preferred option, whether not for profit or commercial.

Recommendation from management

12. That the Future Melbourne Committee:
 - 12.1. Approves the end of the current expression of interest (EOI) for community operators (current EOI) to operate and lease the Pavilion in Fitzroy Gardens and approves the commencement of a new commercial EOI for hospitality operators to operate and lease the Pavilion in November 2022.
 - 12.2. Requests officers:
 - 12.2.1. Notify in writing every person who has lodged a submission to the current EOI, of the Committee's decision and the reasons for its decision.
 - 12.2.2. Update Participate Melbourne of the Committee's decision in relation to the current EOI and the reasons for its decision.
 - 12.2.3. Continue to activate the Pavilion under the Creative Spaces Programme until a commercial lease is successfully awarded.

Attachments:

1. Supporting Attachment (Page 3 of 3)

Supporting Attachment

Legal

1. The Council is Joint Trustee of the Fitzroy Gardens and committee of management under the *Crown Land (Reserves) Act 1978*.
2. Any proposal to lease must be in accordance with the processes as set out in the *Local Government Act 2020* and the *Crown Land (Reserves) Act 1978*.

Finance

3. Any rental under a proposal to lease will be market driven and all refurbishment and fit out costs will be at the tenant's expense.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

6. Between 24 February 2021 and 24 March 2021, a four week community engagement process was carried out seeking community views on the future use for the Pavilion. The engagement process sought to encourage a wide range of diverse voices from the community to take part and featured communications across multiple online and offline platforms. Respondents could provide their feedback via a Participate Melbourne survey, emailing, or participating in one of three pop-up sessions held at the site.

Relation to Council policy

7. This report has been prepared in accordance with the Property Portfolio Plan, Property Strategy and the draft Leasing Policy.

Environmental sustainability

8. In developing this proposal, no environmental sustainability issues or opportunities have been identified.