# Our Club Our Future

**Celtic Club of Melbourne**
**Investigation into the Feasibility of Redeveloping the Celtic Club**

**BRIEFING MEMORANDUM & FREQUENTLY ASKED QUESTIONS (FAQ)**

Prepared 22 July 2010

**Background**

The following briefing memorandum and frequently asked questions (FAQ) document has been prepared for members as part of an ongoing investigation by the Celtic Club Committee into the feasibility of redeveloping the Celtic Club of Melbourne (the Celtic Club). This document is available to all members and should be read in conjunction with an earlier Information Memorandum dated June 2010 which is available to members on the Celtic Club's web site.

The Celtic Club is Australia's first Irish Club and has close to 800 registered members. The Club offers a range of services and benefits for members and non members at its Queen Street premises including a bar/bistro, restaurant dining, sports coverage and live music including cultural events and experiences and gaming facilities.

Growth in new memberships remains a key challenge for the Celtic Club, as the Club increasingly relies on non-membership activities including gaming to remain financially viable. The Celtic Club Committee (the Committee) is seeking new members to increase activities at the Club and to enhance the Club's facilities.

The Club's building is close to 120 years old and the most recent substantive renovations took place in the 1980's. As a consequence the Club's facilities are largely outdated and fall below generally accepted standards. The estimated cost of refurbishing the existing premises to a reasonable standard is around $4.8m, which does not allow for an increase in floor space to accommodate future growth. The Club is not in a position to directly finance such capital works.

This has raised questions about the capacity of existing facilities to attract new members and provide continued value for members into the future. The Committee commissioned an initial study titled "*A Vision for the Future*" in early 2008 to address members' questions and concerns regarding the future viability of the Club and to provide a pathway for the Club's future.

Since then the Committee has engaged a team of specialists to develop a detailed concept design and feasibility study to test and assess the merit of various options for redeveloping the Club. The Committee is taking appropriate measures to brief all members regarding the outcomes of the feasibility study and the best options for ensuring the Club's long-term viability.

The options that have been identified as part of the feasibility study include:

> **Option 1** - do nothing (not deemed an appropriate outcome)
>
> **Option 2** - partial or complete renovation of the Club's premises to achieve a reasonable quality of building fit out and facilities involving minimal modification to the structure of the building

**Option 3** - redevelopment of the Club's premises in partnership with a developer/investor whereby a developer builds new Club facilities for members in exchange for the right to develop the airspace above the Club's new premises

There are a number of important steps involved in demonstrating the relative feasibility of the options identified and they are described below:

**Step 1** - **Design Reference Group (complete)** – working with members to define the Club's requirements in consultation with a Design Reference Group comprising Club members.

**Step 2** - **Financial Analysis (complete)** - prepare a detailed financial analysis addressing Options 2 & 3 in order to establish the relative costs of each option and define a funding strategy.

**Step 3** - **Development & Planning Approval (advanced)** - receive documented advice from the Department of Planning & Community Development (DPCD) and Melbourne City Council (MCC) in relation to acceptable forms of redevelopment of the Club's premises including instruction in relation to the heritage facade.

**Step 4** - **Funding & Development Partnerships (underway)** - document feedback from investors/developers about the potential for the market to fund the redevelopment and partner with the Club.

Steps 1-2 are complete and members have received information in relation to the outcomes of these components of the study. The Committee has been working closely with the consulting team to undertake Step 3 and documents forming the basis of a Development Application have been finalised. The Committee is having ongoing discussions with MCC regarding the project and a report on the Development Application process will be provided to members in October 2010.

The Committee has initiated Step 4 and expects an initial expression of interest (EOI) process to be finalised by late September 2010 with a full report to members in October 2010.

## FREQUENTLY ASKED QUESTIONS (FAQ)

### 1. What would the new Club facilities include?

The Committee and the consultant team, led by Peddle Thorp Architects, has spent the past 12-months working with the Design Reference Group and Club members to identify new facilities that represent the interests of all members and provide a funding stream for the Club:

- A new Celtic Club Building comprising a minimum of 4 storeys on the existing site with ground floor access for members at Queen Street and Latrobe Street;
- New Club facilities including a bar, café, kitchen and dining room/outdoor terrace area and dedicated entertainment spaces for live music, cultural events and gaming;
- Expanded spaces for cultural exhibitions and events and a Cultural and Heritage Centre with a reception area and a library;
- An Administration Centre owned by the Club with the option to sub-lease floor spaces to appropriate tenant groups with associated revenue for the Club;
- Subject to final design plans and/or negotiations with developers, access to Recreational Facilities including a heated pool, spa and gym facilities for members and guests; and
- A new, state of the art multi-storey (i.e. 35-40 storey) Residential Tower with dedicated access via Queen Street.

### 2. How much will the new facilities cost members?

The financial analysis undertaken as part of the feasibility study indicates that the redevelopment of the site to include a Residential Tower has the potential to generate a significant financial contribution for the Club that will fund the construction of new Club facilities and likely fund the temporary relocation of the Club during construction. Therefore the project is expected to be cost neutral subject to reaching an agreement with a development partner.

**3. Will Club members own the building and new facilities?**

Yes. Importantly, members will retain full ownership of the Club premises and new facilities and members will not be required to form part of a body corporate involving other occupants of the building. This provides the Club with clear rights of access and ownership for current and future members. The Committee is being advised on the legalities associated with its tenure arrangements and further details will be provided at the next information session for members.

**4. How quickly could the Club's new facilities be available to members?**

At the conclusion of Step 4 of the feasibility study (above), the Committee will have a window of up to 12-months to undertake a formal market process involving direct discussions and negotiations with potential development partners.

At the conclusion of this process members will be asked to vote in favour (or not) of a preferred development scheme and developer partnership that meets the Club's requirements. It is anticipated that the terms of a development partnership arrangement would stipulate that the Club's facilities be built up front i.e. within 24-months from the date of the development agreement.

Should members vote in favour of a development partnership around late 2011, there is some potential that new Club facilities could be built and the premises fitted out to an acceptable standard within 24-months from the date of the development agreement i.e. late 2013/early 2014. This depends on the timing and extent of building works associated with the Residential Tower which would need to be effectively complete prior to the Club occupying its premises.

**5. What happens to the Club during the construction period?**

A development partnership agreement would require temporary relocation of the Club to alternative CBD premises during the construction phase as part of the agreement. The costs associated with the relocation and ongoing operation of the Club during construction would be funded through the development partnership and would likely be capped to protect the Club should the construction timetable extend beyond an agreed timeframe.

**6. What is the risk of the Club losing its facilities if the deal falls through?**

This risk is regarded to be relatively low. Notwithstanding, it is intended that a development partnership agreement will be structured in a such a way as to ensure the Club retains full title to its buildings and facilities at all times. Further details of the structure of any development agreement will be provided at the next information session for members when legalities have been progressed.

**7. What if a workable development partnership can't be negotiated?**

The Committee and the consultant team are confident that a workable partnership can be negotiated subject to standard commercial terms and conditions. However, should a development partnership not be reached for any reason OR if members are unable to reach a valid quorum supporting a development partnership, the Committee will elect to end the process and a full report will be provided to members. The Club would have the option to offer the site for redevelopment at a future point in time with concept plans in place.

**8. Will the Club's existing exterior facade be fixed or replaced?**

The Club has received instructions from DPCD and MCC that the heritage façade is of significance. MCC has indicated it will not support partial or complete demolition of the façade. The Committee will continue to work closely with DPCD and MCC to ensure the most effective development outcome for the site reflecting good planning, design and commercial principles.

**9. How high will the Residential Tower be?**

The building height is approximately 40-42 storeys including the Club's facilities which will comprise a minimum of 4 storeys.

While a building permit allowing this height will be sought by the Club the Residential Tower component may involve a different building height and scale depending on the scheme proposed and the associated target market. A developer may choose not to extend to the maximum building height where it can be demonstrated that high value can be captured through a smaller building envelope. The Committee is obviously keen to partner with a developer will provide a high quality outcome for the Club in all aspects of the development.

**10. Will there be on-site car parking?**

There is scope for parking for the Club and residents within the premises. The specific requirements for car parking will be formally assessed by MCC as part of the planning and development approvals process.

**11. Will the Residential Tower interfere with the Club's operations?**

No. The Residential Tower will not impact on the Club's ongoing operations following construction - it will have its own entry foyer, lift access and stairways for security purposes. There may be some shared access to recreational facilities for members and residents and these aspects will be further refined as part of the development agreement.

**12. How long will the planning and development approvals process take?**

Approximately 12-months. The timeframes involved in the planning and development approval process varies depending on the nature and scale of development. In this case it is expected to take up to 12-months and the Committee and members can view the status of the planning and development application on Council's web-site. The Committee will receive verbal and written advice from Council throughout the process.

**13. Will there be objections to the redevelopment of the Club's premises?**

This is likely. The planning and development approval processes will be the subject of a normal Council-run statutory processes including notification, exhibition, review and appeal processes. The Committee is aware of its right and obligations as part of this process and has worked closely with DPCD and MCC to optimise the potential for a streamlined planning and approval process.

**14. Will gaming machines continue to operate on the premises?**

Yes. Gaming machines will continue to operate within the existing and redeveloped premises. It is envisioned that gaming machines will be located within a well-lit environment accessible via Latrobe Street as part of the proposed development concept for the Club's new facilities.

**15. How will the Club's existing liquor and gaming licenses work during construction?**

Yes. The Club has an existing liquor license and gaming license for 41 gaming machines for a period of 10 years from 15 August 2012. The Club's ongoing rights to operate and manage the machines both during construction and following this period is the subject of an investigation being undertaken by the Committee.

**16. How can members get involved in the project?**

The information evenings for members provide the best opportunity for all members to participate in discussions, share ideas with other members and ask questions of the Committee and the consultants. Members can ask questions at the information evenings and/or direct written feedback and comments to the Club Secretary Peter Gavin.

**Peter Gavin**
**Secretary Celtic Club**
**316-320 Queen Street Melbourne 3000**
**Email: pmgavin27@hotmail.com**

The Committee and consultants will review all genuine comments as part of the feasibility study. All members are encouraged to ask questions and provide feedback and be actively involved in shaping the Club's future.