

**ST. HELIER WATERFRONT LEISURE COMPLEX: REVISED TERMS OF LEASE**

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**Lodged au Greffe on 13th June 2000  
by the Finance and Economics Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

180

2000

P.93

Price code: B

## **PROPOSITION**

### **THE STATES are asked to decide whether they are of opinion -**

to refer to their Act dated 27th July 1999 in which they approved the lease by the public to CTP Ltd. of approximately eight vergées of land west of the Albert Pier, St. Helier, for a period of 150 years, at a nominal rent and in return for a capital premium of £620,000, and also approved the payment of a grant of £10.9 million to CTP Ltd. for the construction and management of a leisure complex; and

- (a) to agree that the lease should be granted to CTP (Jersey) Ltd. in place of CTP Ltd.;
- (b) to authorise the Finance and Economics Committee to make available to CTP (Jersey) Ltd. an appropriate increase, as negotiated by the Waterfront Enterprise Board Ltd. and approved by the Committee, to the agreed maximum grant of £10.9 million to be paid to CTP (Jersey) Ltd. from the Tourism Investment Fund to meet the inflation costs incurred in this project since 27th July 1999;
- (c) to authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the public.

**FINANCE AND ECONOMICS COMMITTEE**

## REPORT

### 1. Purpose

1.1 The States are asked to refer to their decision of 27th July 1999, on a proposition of the Policy and Resources Committee (P.92/99), in which, after lengthy debate, they agreed by a substantial majority to -

- (a) approve the lease by the Public to CTP Ltd. of approximately eight vergées of land west of the Albert Pier, St. Helier (as shown on Drawings Nos. 1704/1 and 1704/2) for a period of 150 years at a nominal rent and in return for a capital payment of £620,000, the land to be used for the construction of a leisure complex comprising -
  - leisure and competition pools;
  - health and fitness studio;
  - two fast food restaurants;
  - night club and cafe/restaurant;
  - public house;
  - ten screen cinema;
  - public square;
- (b) approve the payment of a grant of £10.9 million to CTP Ltd. for the construction and management of the leisure complex, the grant to be released on the basis, and under the terms, of a development agreement between the Waterfront Enterprise Board Limited and CTP Ltd. and approved by the Finance and Economics Committee;
- (c) authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the Public.

1.2 The purpose of this subsequent report and proposition is to -

- (a) inform the States that the relevant documentation has been completed to the satisfaction of the Finance and Economics Committee (a presentation on the documents will be given to members before the debate) and to ask members to confirm their authorisation to the Attorney General and the Greffier of the States to pass the necessary contracts;
- (b) seek the approval of the States of the change of name of the developer CTP Ltd. to CTP (Jersey) Ltd.;
- (c) seek the approval of the States to authorise the Finance and Economics Committee to make available from the Tourism Investment Fund an increase in the maximum grant to take at least some account of the effects of inflation on costs due to the delay in progressing the project, with the exact amount of the increase to be negotiated with CTP (Jersey) Ltd. by the Waterfront Enterprise Board Ltd. prior to approval by the Committee.

### 2. Legal documentation

2.1 The legal documentation governing this undertaking comprises the following contracts -

- (a) development agreement between the Public and CTP (Jersey) Ltd.;
- (b) lease of the whole site from the Public to CTP (Jersey) Ltd. for a period of 150 years;
- (c) grant agreement between the Waterfront Enterprise Board Limited and CTP (Jersey) Ltd.;
- (d) subsidy agreement between the Public and CTP (Jersey) Ltd.;
- (e) overage agreement between the Public and CTP (Jersey) Ltd.;
- (f) lease back of the constructed pool areas from CTP (Jersey) Ltd. to the Public for a period of 150 years;

- (g) draft of a proposed lease of pool areas from the Public to Club Carrefour Ltd. for a period of 20 years to be completed on the States agreement to the above documents.

2.2 Arrangements have been made to present and explain these documents and their inter-relationship to members before this report and proposition are debated in the Assembly. To aid members' understanding of these relatively complex documents a synopsis prepared by Mr. John Bisson, the senior partner of Bailhache Labesse and legal adviser to the Waterfront Enterprise Board, has been circulated to all members. In addition, because the documentation is lengthy (over 400 pages) copies will be made available to members on request but are also available for study at the offices of the Waterfront Enterprise Board Ltd.

2.3 The contracts have been negotiated and agreed by Bailhache Labesse, acting on behalf of the Waterfront Enterprise Board Limited. Whilst they are somewhat complex, these contracts follow well established United Kingdom practice and precedent, although they have had to be adjusted to take account of the differences between English and Jersey Law.

2.4 The Solicitor General has reviewed the contracts on behalf of the Finance and Economics Committee.

### **3. Change of name of the developer**

3.1 For internal reasons CTP Ltd wish, as a preference, to carry out the development under the name CTP (Jersey) Ltd. Since the whole development is secured under a guarantee from the parent company CTP Holdings Ltd, this change of name makes no significant difference to the previous decision of the States. The States are therefore recommended to agree this change.

### **4. Effects of inflation**

4.1 In 1998 the agreed grant of £7 million was increased to £8.4 million to take account of inflation since 1996. This revised maximum grant was agreed on the basis of a site start in September 1998 and it was hoped that not all of the grant would in practice be required. To this sum a further £2.5 million was added to cover the costs of adding a 25-metre competition pool to replace the pool at Fort Regent, which gave a total maximum grant payable of £10.9 million. Members may recall that the payment of grant is based on proven need and is not automatic.

4.2 In the event it was not possible to bring a proposition to the States until July 1999. Despite the delay, the Waterfront Enterprise Board Limited managed to reach an agreement with CTP Ltd. that it would absorb some of the increased costs within the maximum agreed grant, provided that a site start would be made by September 1999. It was recognised that in these circumstances the full maximum grant would be required.

4.3 As members will be aware, further delays have been encountered since July 1999, none of which can be laid at the door of CTP Ltd. It would be wrong for the effects of inflation to lead to unacceptable cuts in the quality and scale of the leisure pool. For that reason, the Finance and Economics Committee seeks the States' authorisation to enter into negotiations with CTP (Jersey) Ltd. to increase the grant to take account of the effect of inflation on costs. As before, the payment of grant will be funded from the Tourism Investment Fund on the basis of proven need and will be governed and controlled through the Grant Agreement.

4.4 The value of any additional grant required cannot be determined until negotiations have concluded, and to state an indicative figure would prejudice the Waterfront Enterprise Board's negotiating position.

4.5 It is anticipated that these additional inflationary costs in this project since 27th July 1999 can be met from the interest received by the Tourism Investment Fund on the sum of £10.9 million transferred to that Fund pending the commencement of the scheme.

4.6 It is, therefore, proposed that the Finance and Economics Committee be delegated to consider the outcome of the negotiations and authorised to agree such further sums as appropriate to be made available from the Tourism Investment Fund.

### **5. Change of operator**

5.1 Members will be aware that in November last year the developer's selected operators, Cannons Health and Fitness Plc., withdrew from the scheme. Cannons were at pains to reassure the Waterfront Enterprise Board Limited that the reason for the withdrawal was internal to the company and was not because of any doubts about the attractiveness or viability of the scheme.

5.2 The viability and soundness of the proposal was borne out by the enthusiastic and speedy offer from local company Club Carrefour Ltd. to enter into the same arrangement as had been agreed with Cannons. Having interviewed the principals of Club Carrefour Ltd. and taken up references, both CTP (Jersey) Ltd. and the Waterfront Enterprise Board Limited have no hesitation in recommending this change of operator. Whilst Cannons' experience in this field is much greater than that of Club Carrefour, key personnel in Club Carrefour have had experience of running pools, it is expert in the field of operating health and fitness facilities, is soundly based and is expanding both on and off the Island.