

**LA COLLETTE PHASE II: BUS GARAGE AND WORKSHOP - PROPOSED LEASE TO CONNEX TRANSPORT
JERSEY LTD.**

**Lodged au Greffe on 22nd October 2002
by the Planning and Environment Committee**



STATES OF JERSEY

STATES GREFFE

150

2002

P.190

Price code: B

PROPOSITION

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

- (a) to approve the leasing by the public to Connex Transport Jersey Limited of an area of land measuring approximately 11,886 square metres with buildings thereon situated at La Collette Reclamation Site, St. Helier to accommodate the omnibus service provider for an initial period of seven years, at an annual rental on commencement of £180,000, with the rental to be reviewed in line with Jersey Retail Price Index on the third and fifth anniversaries, and with each party being responsible for its own legal fees in connection with the transaction;
- (b) to authorise the Attorney General and the Greffier of the States to sign the lease;
- (c) to authorise the Treasurer of the States to receive the rent as it becomes due.

PLANNING AND ENVIRONMENT COMMITTEE

Note: The Finance and Economics Committee's comments are to follow.

Report

On 14th May 2002 the States of Jersey approved Projet P.61/2002 relating to the drawings and funding of the Bus Garage Workshop on reclaimed land at La Collette Phase II, St. Helier, to allow a development agreement between the Planning and Environment Committee and A.C. Mauger & Son for the new facility to be used by the Omnibus Service Provider.

Terms and conditions have now been agreed with Connex Transport Jersey Ltd., the newly appointed Omnibus Service Provider.

Some of the terms and conditions of the lease are also relevant to the Public Services Committee, or other named body that may have responsibility for the "States of Jersey Contract for the Provision of Local Omnibus Services" (the Omnibus Service Contract).

The terms and conditions are based upon the principles set out in the above mentioned approved Projet. The terms are as follows -

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|------------------|---|--|
| LANDLORD | - | The Public of the Island of Jersey. |
| TENANT | - | Connex Transport Jersey Ltd. |
| DEMISED PREMISES | - | Approximately 11,886 square metres of land including the building situated thereon at La Collette in St. Helier, as shown on Drawing No. 4281/07 dated 03/01/02, for illustration purposes only, drawn by John Richards & Partners (copy attached). (Phases I & II contain approximately 10,424 and 1,462 square metres respectively and Phase II is shown hatched and edged in blue on the above mentioned plan). |
| TERM | - | Seven years, to be deemed to commence from the date that the demised premises, are materially fit for occupation by the Tenant. |
| | - | Notwithstanding the above, the Lease shall determine in the event that either the Tenant and/or the Public Services Committee, or any other named body that may have responsibility for the "States of Jersey Contract for the Provision of Local Omnibus Services" (the Omnibus Service Contract) shall determine the Omnibus Service Contract. |
| OPTION TO RENEW | - | Should the relevant body, as mentioned above, grant the Tenant a renewal of the Omnibus Service Contract, then the Tenant shall have the right to renew the lease of the demised premises, (being for the avoidance of doubt both Phase I and Phase II aforesaid) for a term, to run co-extensive with the Omnibus Service Contract, on the same terms and conditions, save as to rent and the option to renew. Should the Tenant exercise the 'Option to Renew', the new commencing rental shall be increased by the same percentage as the any increase in the Jersey Retail Price Index over the period from the last rent review under the original lease, until |

the commencement of the new term.

TERMINATION

- At the termination of the Lease howsoever caused, the Tenant shall give up possession of the demised premises including any additions thereto and the Landlord's fixtures and fittings therein in good order and condition in accordance with the Tenant's covenants (fair wear and tear and damage by fire or other uncontrollable causes alone excepted unless the damage shall have been caused by the act, default or neglect of the Tenant or its servants, employees, agents or invitees).
- On expiry of the Omnibus Service Contract or early termination for whatever reason, the Public Services Committee, or any other named body that may have responsibility for the Omnibus Service Contract, shall include in the tender documentation a provision for the Incoming Service Provider to acquire at market value the Tenant's fittings for the provision of the new service. The Public will provide full co-operation to facilitate any transfer between the Tenant and an incoming service provider.

RENT

- The initial rental shall be £180,000 per annum from the commencement of the lease term and paid quarterly in advance in a manner reasonably specified by the Landlord.

RENT REVIEW

- The rent will be subject to review, at the third and fifth anniversary of the commencement date, equivalent to the increase in the Jersey Retail Price Index during the same period. The rental shall at no time be reduced below that level set at the previous rent review.

USER

- To be used only for parking, servicing, maintenance, cleaning and garaging of buses and other road vehicles (in accordance with the Tenant's Omnibus Service Contract and Regulation of Undertakings Licence as from time to time may be amended) together with administrative and other specified ancillary uses of the Tenant for the provision of the Omnibus Service Contract.

REPAIRS AND MAINTENANCE

- The Tenant shall be responsible for the full repair and maintenance of the demised premises, keeping the same in the condition that it was at the start of the lease, fair wear and tear and damage by insured risks excepted, save where such damage was caused by the act default or omission of the Tenant, its servants, agents or invitees.

In the case whereby the demised premises shall be rendered unfit for occupation or use due to matters under which a claim may be made by the Landlord under the defects liability period, any building warranties, any collateral warranties and/or the decennial insurance, and/or if in the opinion of the Landlord's Surveyor or Architect any works to remedy the same shall necessitate substantial reinstatement or rebuilding, then the Public shall provide suitable alternative accommodation until such time that the defects in the demised premise are made good and the demised premises are again made fit for occupation and use.

- ALIENATION - Assignment or sub-letting is to be at the complete discretion of the Landlord and always subject to the user clause, the Omnibus Service Contract and the Regulation of Undertakings licence as from time to time amended.
- INSURANCE - The Tenant is to maintain in force a building insurance policy approved by the Landlord to include full reinstatement of the demised premises and two years loss of rent.
- The Tenant shall also maintain in force a Public Liability policy of not less than £30,000,000 (thirty million pounds) in respect of any one occurrence or such other sum as the Landlord's insurance company may from time to time reasonably require.
- OCCUPATION COSTS - The Tenant shall be responsible for all costs directly associated with the occupation of the demised premises. This is to include payment of all Parochial Rates.
- GUARANTOR - In consideration of the granting of the lease to the Tenant by the Landlord, the Guarantor hereby undertakes to guarantee the payment of all sums due and payable to the Landlord under and by virtue of the terms of this Agreement and the due fulfilment of all the liabilities, covenants and obligations contained in and stipulated in the lease agreement.
- The level of financial capping in relation to the Guarantor is to be agreed.
- ENVIRONMENTAL GUARANTEE - The Landlord guarantees the condition of the land forming part of the demised premises in accordance with the Report prepared by Amplus Ltd. dated April 2002 (with amendment) and that the Tenant shall at the termination of the agreement return the land

forming part of the demised premises to the Landlord in no worse condition than that stated in the above mentioned Report and that any cost to decontaminate the land will be borne by the Tenant at no cost to either the Landlord, if such contamination is solely due to the Lessee's action or omission.

IT BEING UNDERSTOOD THAT - This agreement to Lease shall be interpreted in accordance with and shall be governed by the laws of the Island of Jersey.

LEGAL COSTS - Each party to bear their own legal costs in relation to the lease.

There are no manpower implications for the States in taking the lease.

There are no additional financial implications for the States to those already stated.

