

### 3. **PAGES ROAD EX-WORKS OPERATIONS DEPOT LEASE TO RECOVERED MATERIALS FOUNDATION**

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| Corporate Plan Output: 8.9.15                  |   |

The purpose of this report is to seek approval to enter into final lease negotiations with the Recovered Materials Foundation, to lease on standard commercial conditions the Pages Road depot formerly occupied by Works Operations.

The Pages Road depot was vacated two years ago by Works Operations. Its availability was notified to all Council units in terms of the surplus property flow chart and no unit immediately expressed interest in taking up permanent occupation. After a short period of time the Recovered Materials Foundation (RMF) approached the Property Unit and commenced discussions with a view to taking up a lease. The only other potential use that has arisen was from the Orion/Water & Waste Management review. Paul McNoe has advised that when he was investigating this site for his review, he was aware of the RMF intended use and accordingly has discounted that option.

The RMF have now firmed up on their requirements and wish to take up occupancy within one month. Prior to their reaching this point they have had to seek resource consent approval for their operation, which involved a public submission process and a commissioner's hearing. The commissioner has given a favourable decision to RMF and the appeal period has come and gone without an appeal being lodged. This process cost about \$20,000.

The reason we are requesting approval to complete negotiations is that the resource consent process was expected to take longer (an appeal was envisaged), combined with the fact that the RMF wish to occupy the site as soon as possible to commence their recycling initiative. Negotiations over the past year have reached a point whereby we are confident that all major leasing issues have been agreed in principle and we are left with minor issues to tidy up. To grant a lease to the RMF on the rental and term being considered will require Council approval, as it is outside the Property Manager's delegated authority.

The RMF intends to use the store and surrounding land for a recycling warehouse. This will involve the collection of second hand goods from the refuse transfer stations and their consolidation at Pages Road for repair, recycling and sale. Public access to the area will become regular.

So that we may progress negotiations, consent is sought to enter into an Auckland Law Society-style lease on standard commercial conditions, at a current market rental, for a term of five plus five years at a rental no less than that assessed by a independent valuer. Indications are that such an annual rental will be in the order of \$50,000. It is proposed that final agreement be subject to the approval of the Chairman of the Property and Projects Committee and the Property Manager.

**Recommendation:** That a lease of the ex Works Operations depot and associated enclosed yards together with public access off Pages Road and rights to 119 car parks be offered to the Recovered Material Foundation for a term of five years on conditions acceptable to the Legal Services Manager and the Property Manager and be brought back to the full Projects and Property Committee for its consideration.