

### 3. CENTRAL CITY PRODUCE MARKET

The Subcommittee initially met to consider this matter on 10 October and then reconvened on 22 October 2002 to consider it further following advice from the Legal Services Manager.

A report from Victoria Murdoch, Property Projects Planner, had been circulated to members prior to the initial meeting and an additional supplementary report dealing with the proposed rent levels was also tabled at that meeting.

Ms Vicki Buck and Mr Paul Bradley, Directors of CML Ltd, attended on 10 October 2002 and the opportunity was taken to discuss the terms of the proposed licence agreement. The Directors of the company also tabled a projected cashflow for the first year of operation.

The Subcommittee noted the information contained in the supplementary report regarding the two possible methods for setting a market rental based on either the value of the area for car parking (\$15,400 per annum) or on a vacant land value basis (\$9,330 per annum).

It considered by majority view that the second option, based on vacant land, was more appropriate and that the cost of providing vacant possession ie removal of Council fleet vehicles and their return, should be met by the Council.

Details of the rental calculation are as follows:

Vacant land value				\$9,330pa
2016m2	@	\$270/m <sup>2</sup>	\$544,320	
Market rent:	6% of Land Value			
	\$544,320/7	\$77,760X2	\$155,520	
	\$155,520	@6%	\$ 9,331	

In addition the requirement stipulated in the report that no more than 20% of any individual stall have stock recognised as "arts and craft" be amended to apply to the market overall.

#### COUNCIL DELEGATION

At its meeting on 26 September 2002 the Council had resolved:

1. *That the Council consent to the utilisation of the Tuam Street car park, including the Checkers building and land to the rear, for the purposes specified below at weekends.*
2. *That delegated authority be provided to the Central City Streets Subcommittee to finalise a licence agreement, including fixing rent, for the utilisation of the Tuam Street car park, including the Checkers Building and land to the rear, for the purposes of a produce market, car parking, entertainment and similar activities.*
3. *That the Mayor and the Mayoral Forum be requested to meet with interested parties.*

In respect to recommendation no 3 of the Council resolution the Subcommittee noted that the Mayoral Forum had met the supermarket/produce market owners as requested in the Council resolution and it was considered that this requirement had now been satisfied.

In addition after having reconsidered its initial decision to set a lower rental level it felt that the rental level of \$9,330 equating to a market rental was more appropriate but that some initial concession by way of a six month "rent holiday" should be granted to CML Ltd given the project's projected earnings, risk level and desirability in terms of meeting the Council's objectives for central city revitalisation.

Accordingly, the Subcommittee **resolved**:

1. That the Property Manager be requested to negotiate a licence agreement with Christchurch City Market Ltd in accordance with the terms and conditions as outlined in the report, to be approved by the Subcommittee prior to execution.
2. That the assessed market rental be set at \$9,331 per annum or 5% of the gross stall licence fees, whichever is the greater.
3. That the tenant be provided a rent holiday of zero rental for the first six months subject to the tenant paying for the actual cost of car removal for that period.