

A G E N D A
6TH MEETING OF THE COUNCIL
OF STELLENBOSCH MUNICIPALITY
2022-07-27
TABLE OF CONTENTS

ITEM	SUBJECT	PAGE
11.3	CORPORATE SERVICES: [PC: CLLR L NKAMISA]	
11.3.1	SECURITY OF TENURE FOR STELLENBOSCH GOLF CLUB (Item referred back to the Department)	2
11.3.2	FEEDBACK AFTER PUBLICATION OF INFORMATION STATEMENT: MOUNTAIN BREEZE CARAVAN PARK	2
11.3.3	MANAGEMENT STRATEGY: PROPERTY REGISTER	11
11.3.4	EXTENTION OF RENTAL AGREEMENTS: ABSA BUILDING; ECCLESIA BUILDING; REDUCED SPACE IN EIKESTAD MALL	29
11.6	INFRASTRUCTURE : [PC : CLLR Z DALLING (MS)]	
11.6.1	LEASING OF PARKING AREAS (CHECKERS / STELMARK) TO RETAILERS ADJACENT TO THE PARKING AREAS, CONSIDERATION OF COMMENTS RECEIVED	36

11.3	CORPORATE SERVICES: (PC: CLLR L NKAMISA)
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11.3.1	SECURITY OF TENURE FOR STELLENBOSCH GOLF CLUB
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KINDLY NOTE: THIS ITEM SERVED AT AN ADJOURNED MAYCO MEETING ON MONDAY, 25 JULY 2022, BUT WAS REFERRED BACK TO THE ADMINISTRATION FOR AN INFORMATION STATEMENT

11.3.2	FEEDBACK AFTER PUBLICATION OF INFORMATION STATEMENT: MOUNTAIN BREEZE CARAVAN PARK
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Collaborator No:

IDP KPA Ref No: Good Governance

Meeting Date: 20 July 2022 & Adjourned Mayco: 25 July 2022 and Council: 2022-07-27

1. SUBJEC: FEEDBACK AFTER PUBLICATION OF INFORMATION STATEMENT: MOUNTAIN BREEZE CARAVAN PARK

2. PURPOSE

To provide feedback to council in regard to the inputs received on the information statement after it was published for inputs/comments from the public.

3. DELEGATED AUTHORITY

Council must consider the matter.

4. EXECUTIVE SUMMARY

At the Council meeting held on 28 July 2021, Council decided to provide an opportunity for the public to submit written inputs on the most possible future use of the facility, before deciding on a way forward. The public notice requested inputs on/before 3 September 2021. Various written submissions were received. Council resolved on 30 March 2022:

- (a) that Council take note of all the proposals received;
- (b) that Council identifies Portions 528 and 529C, Stellenbosch as not currently needed for minimum municipal services;
- (c) that a call for proposal for development of the facilities for Cycling, hiking groups, an Eco-education and Adventure centre for school groups along with overnight facilities be advertised;
- (d) that the existing buildings and infrastructure be use for the above purpose;
- (e) that the facility to be leased for a period of 5 years; and
- (f) that successful lessee enter into a rental agreement with the municipality and be responsible for the security, maintenance and the payment of all services of the facility.

This decision was subject to section 34 and 35 of the Asset Transfer Regulations published under the MFMA that entailed a further public participation process indicating the specific intent for the land moving forward. The combined municipal valuation for the land is R16,7 million and the current zoning is business, taking into consideration that it is situated in an area surrounded by agricultural use and the airfield. Council must approve the Information statement that will be published to adhere to this legislative provisions. Council approved the Information statement on 25 May 2022, which was subsequently published. Responses were received from four people – see discussion under 6.2.6 below. Council must consider the inputs and make an in-principle decision on the way forward. Should Council resolve to continue on the road as indicated in March 2022, a supply chain process will follow this in-principle decision to enable us to award a lease to the person that scores the highest points after which it will be re-submitted to Council for a final decision.

5. RECOMMENDATIONS

- (a) that Council considers the input received on the Information Statement;
- (b) that Council confirms the decision to identify Portions 528 and 529C, Stellenbosch as land not needed for municipal services;
- (c) For consideration:
 - that a call for proposal for development of the facilities for Cycling, hiking groups, an Eco-education and Adventure centre for school groups along with overnight facilities be advertised;
 - that the existing buildings and infrastructure be use for the above purpose;
 - that the facility be leased for a period of 5 years; and
 - the successful lessee must enter into a rental agreement with the municipality and be responsible for the security, maintenance and the payment of all services of the facility.

6. DISCUSSION

6.1 Background

At the Council meeting held on 28 July 2021, Council decided to provide an opportunity for the public to submit written inputs on the most possible future use of the facility, before deciding on a way forward. The public notice requested input on/before 3 September 2021. Various written submissions were received. Council resolved on 30 March 2022:

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6.2 Discussion

6.2.1 Locality and context

Mountain Breeze Caravan Park is situated on Lease Portions 528 and 529C, measuring 20.3ha in size, as indicated on Fig 1 and 2 below.

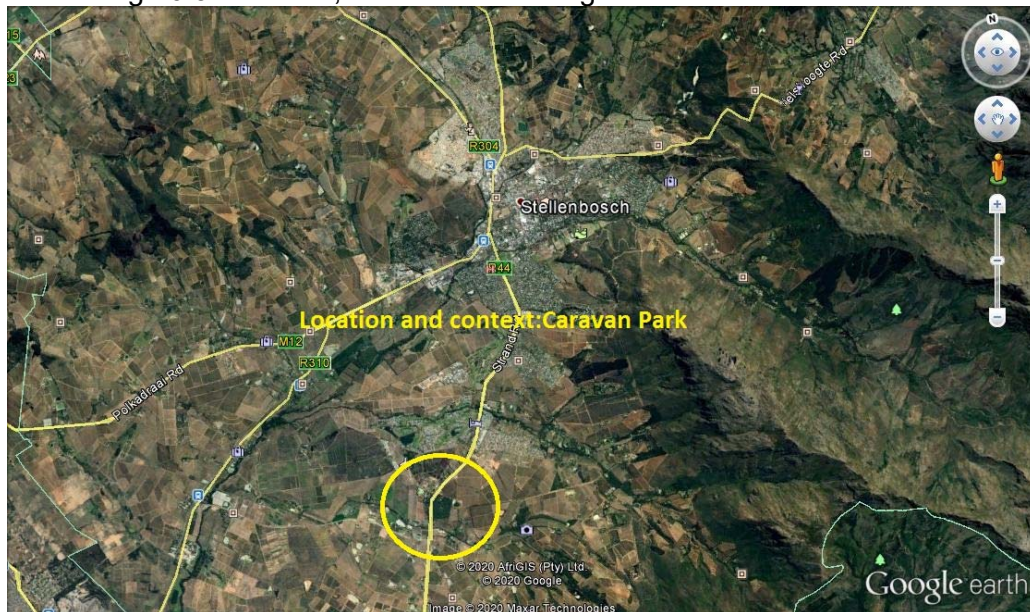


Fig 1: Location and regional context

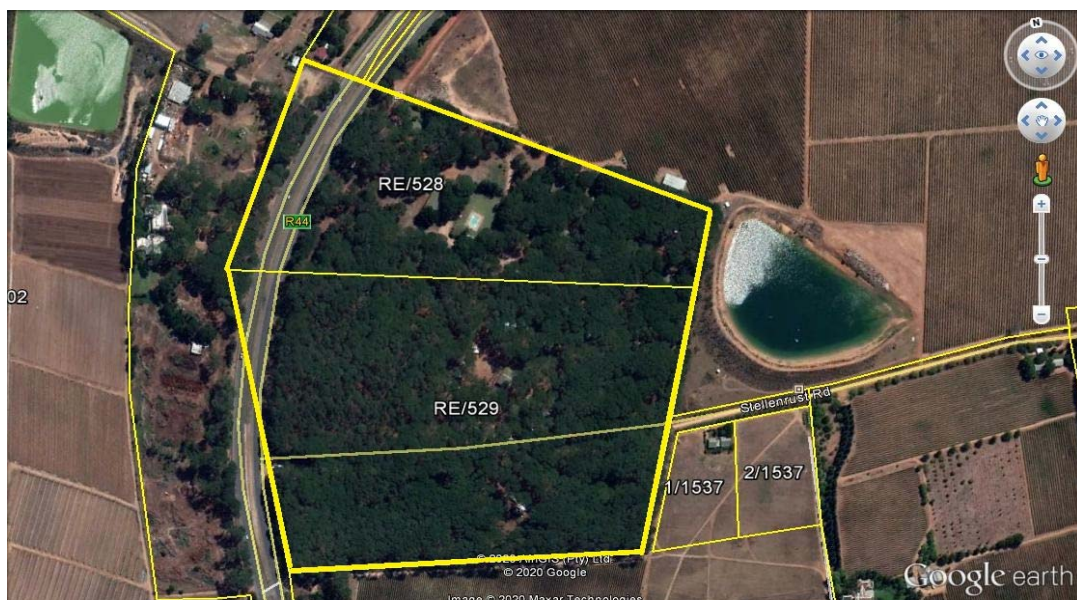


Fig 2: Extent of property(s)

6.2.2 Ownership

The ownership of the two properties vests in Stellenbosch Municipality by virtue of Title Deeds STFH-891 and STFH6-4/1890, respectively.

6.2.3 Access

Access to the property is via a **registered servitude** access off the R44, over a portion of Farm 1166, Stellenbosch as shown on Fig 3, below.

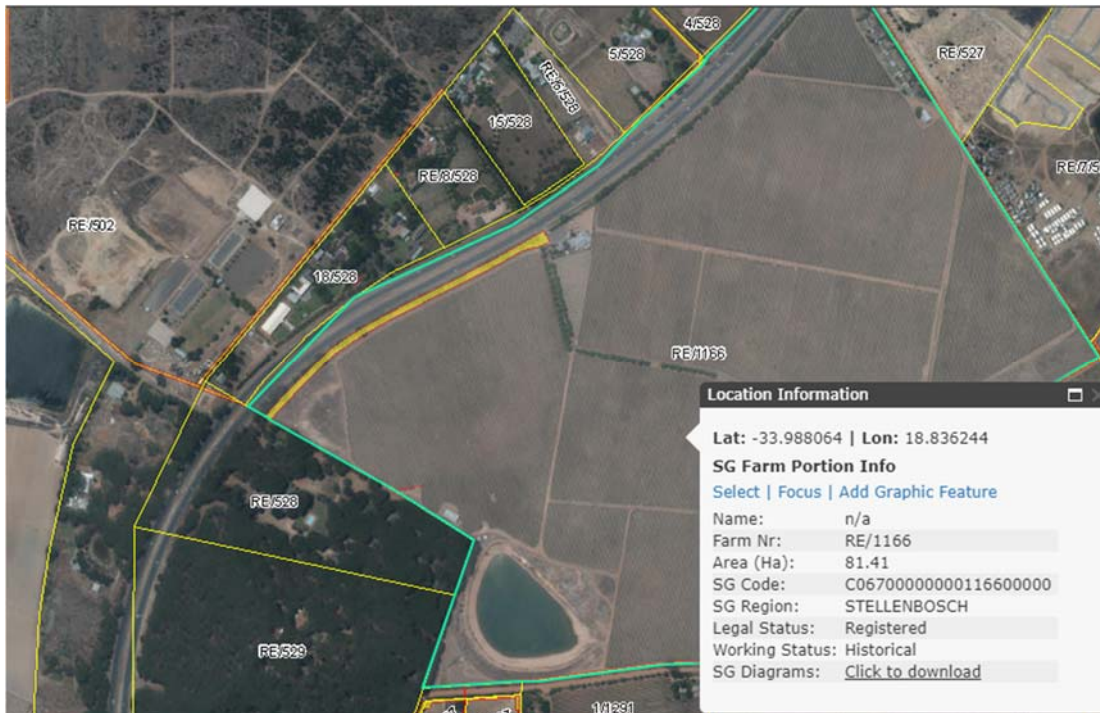


Fig 3: Access Road

The servitude was registered at the Surveyor General in 1985, LG Diagram 8786/83.

6.2.4 Access to services

The property has access to irrigation water (Theewaterskloof) and is getting drinking water from a borehole situated on the neighbouring farm 1166. Electricity is supplied by Eskom.

6.2.5 Improvements

There are various building and amenities on the site including some chalets, a swimming pool and a hall with a kitchen.

6.2.6 When the information statement was published in June 2022 with a closing date of 7 July 2022 the following input was received:

Brain Burgess:

SUBMISSION TO COUNCIL OF INPUT/ COMMENT/ALTERNATIVE PROPOSALS CONCERNING MOUNTAIN BREEZE CARAVAN PARK: FOR APPLICANT MR. D. L. ZETLER :

INTRODUCTION.

In terms of the INFORMATION STATEMENT clause 3.4 requesting input/comment /alternative proposals, here is the reply and response of the applicant Mr. D. L. Zetler of Mooiberge Farms PO Box 98 Stellenbosch, concerning the previously mentioned and use of the Caravan Park, which is situated on the adjacent boundaries of Mountain Breeze farm owned by the applicant, Stellenrust Road and the R44 Highway, Stellenbosch.

INTENTION OF APPLICANT.

The applicant, depending on the outcome of the proposal, is willing to enter into a lease agreement as mentioned in the Municipal Notice, to turn the existing caravan park property into a Tourist and Visitors Eco educational and Adventure Centre, as described in clause 3.3.1 of the Council resolution at the meeting, dated 30 March, 2022.

INPUT / COMMENT / ALTERNATIVE PROPOSALS

The Municipal Notice calls for an Adventure, Eco and Educational Centre catering for Cycling, Hiking and other youth groups, with the property being leased on a 5-year period. However it is noted that the existing Municipal leasehold properties of Stellenbosch including the Caravan Park, historically have shown very little practical and financial advantages or benefits to the Municipality, taxpayers or Tourists of Stellenbosch.

As an alternative proposal, as called for in the Municipal Notice, should Council further consider the possibility of the sale of this property, millions of Rands could immediately flow into the Municipal coffers, which have no doubt been sorely strained by the recent downturn in the economy, resulting in drastic inflation, spiralling escalation and very high prices.

CONCLUSION

The applicant has been an immediate neighbour to the Caravan Park property for probably a longer period than the previous lessee's 30-year lease period and can say on the strength of first hand observations, that the sale of the property would financially be a far better solution to the Municipality than reverting back to a leasehold situation, for the reasons as mentioned previously. Should the Municipality consider the alternative proposal of selling the property, the applicant would like to confirm that he would also be keen to make an offer to the Municipality for the Caravan Park.

BENEFITS TO THE MUNICIPALITY.

In consideration of the above, the income from a leasehold proposal may be sparse and spread over the period of the lease, by comparison to selling, which would provide immediate financial benefits to the Municipality, such as funds for improvement of required capital works and services of Stellenbosch. Many other shorter and longer term benefits could also be forthcoming from both the lease proposal or the sale proposal, due to the fact that the proposals are aimed at attracting more Eco Adventure seekers, Youth groups, visitors and tourists to the Historical Town and Wine lands of Stellenbosch.

CONFIRMATION.

All the above input / comments / alternative proposals are confirmed by Mr. D. L. Zetler in the above application and will be submitted to the Municipal

Manager, at the offices of the Municipality in terms of clause 3.4, before the 7 July, 2022, in accordance with the Municipal Information Statement,

Please confirm receipt of this email submission and that it was received, before the return date of the 7 July, 2022, as stated in the Information Statement.

G. Hauptfleisch

RE: Mountain Breeze Caravan Park

As invited by the Information Statement in the newspaper I would like to suggest that, as well as using the current facilities for cycling, hiking, eco-education and overnight facilities linked to these activities, the facilities also be used as a cultural hub, incorporating theatre productions, workshops, drama festivals for professionals, amateurs and schools and for other community based cultural activities.

The venue has the necessary infrastructure to facilitate this, as well as a convenient location. The addition of this can be utilized to help with eco-education, as theatre is the ideal vehicle to convey educational information to children and adults alike.

I think that, as well as all the other activities, a cultural hub at the centre of everything will not only be a benefit to the local population but will also be an enhancement to the suggested activities, and will also be a big drawing card for visiting tourists.

Dirk van Aarde

It is with great interest that my wife and I are following the latest developments regarding Mountain Breeze Caravan Park. I have read the information statement referenced above carefully and want to make the following comments and proposals:

- Your vision to create a facility that can serve the youth with activities such as Cycling, Hiking, Eco Education and Adventure is wonderful. There is however more to what the facility can and should offer. What our nation, and the local community, needs is the restoration of families. This includes the healing of broken relationships between children, parents, and grandparents. Our nation will only reach its full potential once strong family ties exist.*
- All activities offered on the premises should have one common goal in mind and that is to establish, over a period of time, a strong identity and unique purpose in each visitor.*
- The facility should also be available to train youth coaches that can go into schools across South Africa and offer stability to the lives of our rising generation.*
- Key to the funding of those who cannot pay for their own participation would be through a sponsorship program. For this Stellenbosch would need a showpiece facility, attractive to local and overseas sponsors.*
- Your proposed 5-year lease term is not an attractive lease term. To upgrade the current facility to a world class venue and to provide proper security measures will require a substantial capital investment. The risk of not having the lease term extended after five years is just too high for a serious investor like us.*
- We would gladly do a full presentation of our vision for this premises to the Council should such an opportunity arise.*

Kagisho Molatedi

I am contacting you with regards to the Mountain Breeze property in Stellenbosch that was advertised in July/Aug 2021 for public comment on its future use. Since council has ruled on its future use and is in the process of issuing an RFP for 5 years, my understanding following my conversation with Piet Smit is that the full public engagement process was not followed in lines with the Asset Transfer regulations with regards to the issuance of an Information Statement to be tabled at council. The proposed 5 years for any RFP to be issued relating to this property significantly reduces the overall benefit to be had by the people of Stellenbosch by means of employment & tax generation for the municipality as it limits any potential investor who is looking to deploy meaningful capital to develop the property and realise a commensurate return within 5 years.

I humbly request a reconsideration of this process and re-tabling of this matter with a considered Information Statement to align the needs of the property, Stellenbosch residents and investors, to ensure meaningful benefit can be had for all stakeholders concerned?

I look forward to engaging you further on this matter to reach a satisfactory conclusion on the next steps.

6.3 Financial Implications

The combined municipal valuation for the land is R16,7 million and the current zoning is business, taking into consideration that it is situated in an area surrounded by agricultural use and the airfield. The rental income will be determined through the SCM process that will follow.

6.4 Legal Implications

In terms of Regulation 34, a municipality may grant a right to use, control or manage a capital asset only after:

"1) a) The accounting officer has, in terms of Regulation 35, concluded a public participation process regarding the proposed granting of the right; and

b) The municipal Council has approved in principle that the right may be granted.

2) Sub-regulation (1)(a) must be complied with only if:

a) the capital asset in respect of which the proposed right is to be granted has a value in excess of R10m; and

b) a long-term right is proposed'.

"3) a) Only a Municipal Council may authorise the public participation process referred to in sub-regulation (a)

b) a request to the Municipal Council for the authorisation of a public participation process must be accompanied by an Information Statement, stating:*

i) the reason for the proposal to grant a long term right to use, control or manage the relevant capital asset;

- ii) *any expected benefit to the municipality that may result from the granting of the right;*
- iii) *any expected proceeds to be received by the municipality from the granting of the right; and*
- iv) *any expected gain or loss that will be realised or incurred by the municipality arising from the granting of the right”.*

6.5 Staff Implications

There are currently four staff members employed on short term contracts until July 2022. They ensure maintenance, including cleaning of the ablution facilities and access control. Their contracts will be extended until December 2022 to allow the current process to complete.

6.6 Previous / Relevant Council Resolutions

3RD COUNCIL MEETING: 2022-03-30: ITEM 11.2.2

RESOLVED (nem con)

that Council take note of all the proposals received;

that Council identifies Portions 528 and 529C, Stellenbosch as not currently needed for minimum municipal services;

that a call for proposal for development of the facilities for Cycling, hiking groups, an Eco-education and Adventure center for school groups along with overnight facilities be advertised;

that the existing buildings and infrastructure be use for the above purpose;

that the facility to be leased for a period of 5 years; and

that successful lessee enter into a rental agreement with the municipality and be responsible for the security, maintenance and the payment of all services of the facility.

5TH COUNCIL MEETING: 2022-05-25: ITEM 13.3

RESOLVED (nem con)

that Council approves the Information Statement for publication.

6.7 Risk Implications

The risks are addressed through the item.

6.8 Comments from Senior Management

The item was not circulated for comments at this stage.

MAYORAL COMMITTEE: 2022-07-20: ITEM 7.3.2**RESOLVED**

that this item stands over till Monday 25th July 2022 for the Mayoral Committee continuation.

RECOMMENDATIONS FROM THE EXECUTIVE MAYOR, IN CONSULTATION WITH THE EXECUTIVE MAYORAL COMMITTEE, TO COUNCIL: 2022-07-25: ITEM 7.3.2

- (a) that Council considers the input received on the Information Statement;
- (b) that Council confirms the decision to identify Portions 528 and 529C, Stellenbosch as land not needed for municipal services;
- (c) that a call for proposal for development of the facilities for Cycling, hiking groups, an Eco-education and Adventure centre for school groups along with overnight facilities be advertised;
- (d) that the existing buildings and infrastructure be use for the above purpose;
- (e) that the facility be leased for a period of 9 years and 11 months; and
- (f) the successful lessee must enter into a rental agreement with the municipality and be responsible for the security, maintenance and the payment of all services of the facility.

ANNEXURES

NONE

FOR FURTHER DETAILS CONTACT:

NAME	Annalene de Beer
POSITION	Director
DIRECTORATE	Corporate Services
CONTACT NUMBERS	021-8088018
E-MAIL ADDRESS	Annalene.deBeer@stellenbosch.gov.za
REPORT DATE	2022 – 07-11

11.3.3	PROPERTY MANAGEMENT STRATEGY: PROPERTY REGISTER
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Collaborator No:

IDP KPA Ref No: Good Governance

Meeting Date: 20 July 2022 & Adjourned Mayco: 25 July 2022 and Council: 2022-07-27

1. SUBJECT: PROPERTY MANAGEMENT STRATEGY: PROPERTY REGISTER

2. PURPOSE

is to report back on the changes that was requested in regard to the property register and the different categories that is registered under the name of the Stellenbosch Municipality to allow Council to make strategic decisions on the future use of the properties.

3. DELEGATED AUTHORITY

The Municipal Manager as the Accounting Officer constituted a committee and delegated such a committee with authority to investigate and submit a report which relates to property register for MAYCO and Council on request of the Executive Mayor.

When decisions are made it will be by Council or where delegations have been approved by the body that is delegated to make such a decision.

4. EXECUTIVE SUMMARY

Council tasked the Municipal Manager on 31 March 2021 to compile a property register and present the register to Council for consideration. The Municipal Manager as the Accounting Officer constituted an inclusive committee of representatives from various departments and delegated such a committee with the task to investigate all the properties, compile a property register and submit a report which contains all the council properties for consideration as a reliable source on decision making processes in dealing with properties within the WCO24. This will identify all council-owned properties and include all such properties on an asset register. This will enable council to develop a property management strategy to determine the future of these properties.

The report served before the Executive Mayor and Mayoral committee on various occasions, the last time was in March 2022.

The report was referred back for refinement in the clustering of the property groups. The report is now resubmitted with the change in the property categories as follows:

Categories of properties:

1. Strategic properties

Defined as Buildings and land used for core Municipal Functions/Services

Including the following:

1.1 Office space and related buildings (previously under(f))

1.2 Engineering Service Build Infrastructure (previously under (d))

1.3 Heritage portfolio (previously under (c)).

-
2. Properties used for Community Benefit (previously listed (e)).
 3. Rural Properties/Agricultural (containing all leases and land not under lease used for agricultural purposes).
 4. Non-Core Assets (Land not required for municipal purposes)
 - 4.1 Encroachments – outdoor dining
 - 4.2 Encroachments – gardening
 - 4.3 Encroachments – parking
 - 4.4 Leases (long/medium/short term) used for non-agricultural purposes.
 5. Other Properties to be considered.

5. RECOMMENDATIONS FOR CONSIDERATION:

- (a) that the new list of categories be approved by Council;
- (b) that council identify and classify the properties under strategic properties (as discussed under 6.1.2 below as strategic properties needed for municipal services and not to be disposed of (kept) unless specifically dealt with per property in future (**APPENDIX 1**);
- (c) that Corporate Services investigate the possibility of adding this decision on the title deed of these properties;
- (d) that the Municipal Manager be requested to investigate how to maintain the heritage portfolio in a sustainable manner and make a proposal to council;
- (e) that the properties identified under Community Benefit be classified as properties to be used for community benefit and retained for that purpose until otherwise determined by Council (**APPENDIX 2**);
- (f) that the properties identified as Rural Properties be referred back for further refinement in sub-categories and be brought back to the next Mayco meeting for consideration;
- (g) that the properties identified under non-core assets be referred back for further refinement, whilst council note the process approved to deal with encroachments during the June 2022 Council meeting; and
- (h) that the properties identified under “other properties be referred back for further discussions and refinement.

6. DISCUSSION / CONTENT

6.1 Background

Council tasked the Municipal Manager on 31 March 2021 to compile a property register and present the register to Council for consideration. The Municipal Manager as the Accounting Officer constituted an inclusive committee of representatives from various departments and delegated such a committee with the task to investigate all the properties, compile a property register and submit a report which contains all the council properties for consideration as a reliable source on decision making processes in dealing with properties within the WCO24. The report served before the Executive Mayor and Mayoral Committee on several occasions and the last time was in March 2022.

6.2 Discussion

The report was referred back for refinement by changing the clustering of the property groups. This report has identified the new different categories of the properties that will be further explained below. The new categories are as follows:

1. Strategic Properties (Buildings and land used for Municipal Functions);

1.1 Office space and related buildings;

1.2 Engineering Service Build Infrastructure;

1.3 Heritage portfolio.

2. Community Benefit use properties.

3. Rural Properties/Agricultural

All leases and land not under lease – used for agricultural purposes.

4. Non-Core Assets (Land nor required for municipal purposes)

4.1 Encroachments – outdoor dining

4.2 Encroachments – gardening

4.3 Encroachments – parking

4.4 Leases (long/medium/short term) used for non-agricultural purposes

5. Other properties to be considered

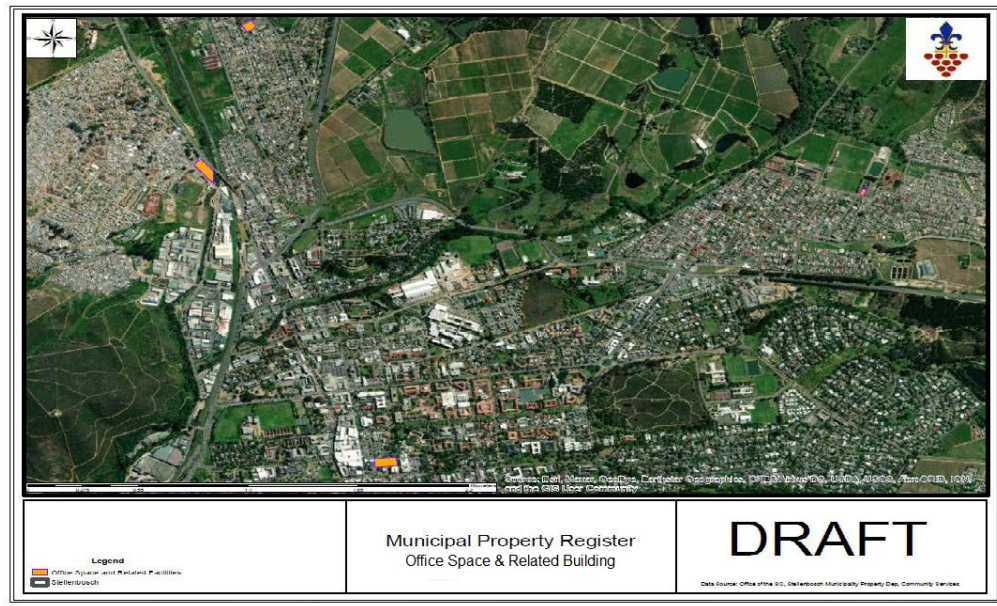
The rental stock is not included in the report. There is currently another internal process dealing with staff housing policy that has not been finalized as yet. Rental stock that are not leased to municipal employees are leased to the public and the use of the rental stock are determined and would require a different process should Council want to change the use of those properties. Full information about rental stock is also readily available and is managed by Housing.

6.2.1 Categories of properties

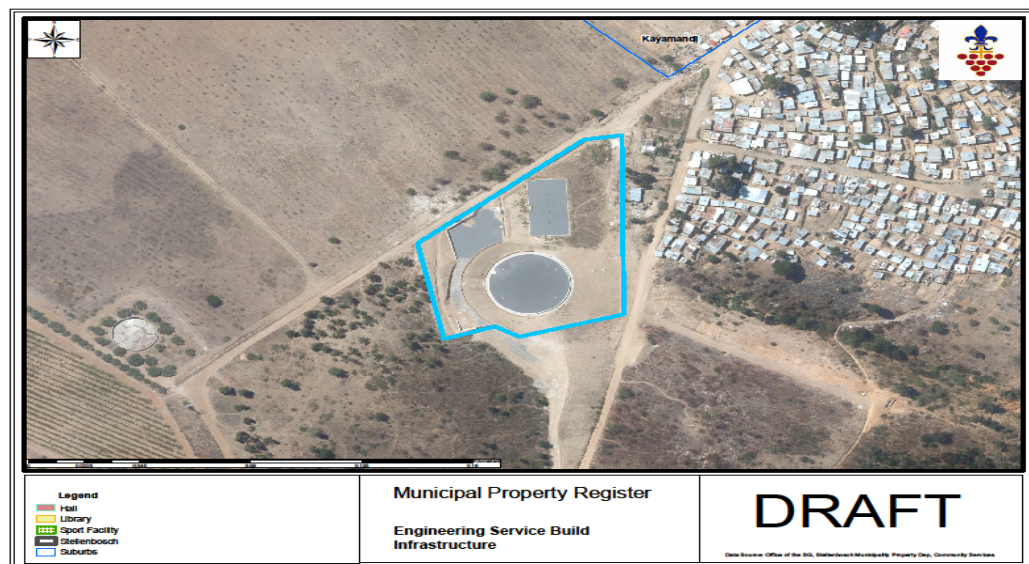
6.2.1.1 Office space and related buildings for the purpose of this report

Office Space and inter alia includes (identified as per the) :

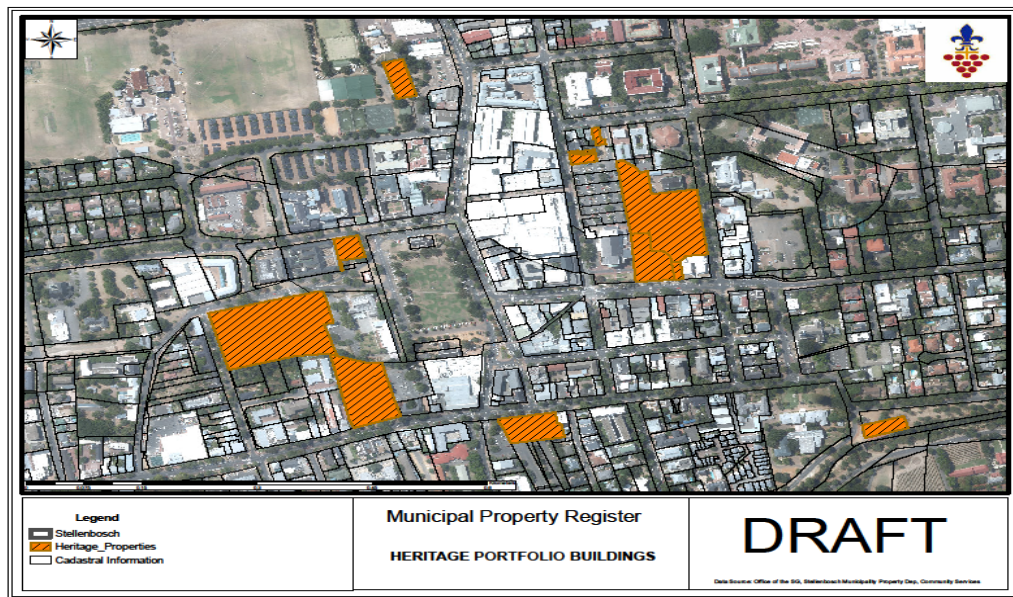
- a) The three Main Administrative Offices in Franschoek, Pniel and Stellenbosch, which is used by various Departments;
- b) Office Space used by specific Departments in Klapmuts, Kayamandi, Beltana;
- c) Fire stations;
- d) Traffic Centre;
- e) Beltana depot;
- f) NPK building.



6.2.1.2 **Engineering Service Build infrastructure** means an asset that enhances the efficiency and effectiveness of public sector organisation and help the organisation meet the challenges of the future by enhancing strategic decision-making and better-informed policy. Water reservoirs are just but one examples of such assets.

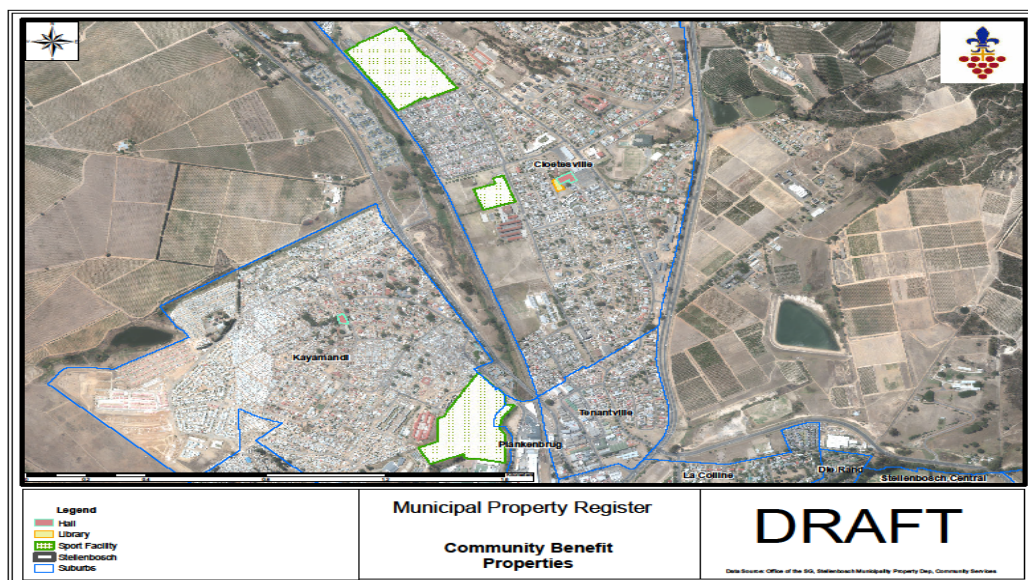


6.2.1.3 **Heritage Portfolio** - heritage assets are assets that have **cultural, environmental, historical, natural**, scientific, technologically, or artistic significance and are held indefinitely for the benefit of present and future generations. One of the key features of heritage essays is that they are held indefinitely for the purposes of preserving such assets for the benefit of present and future generations. This means that entities often incur expenditure to preserve and extend the life of an asset so that it can be enjoyed by future generations. As a result of the preservation of heritage assets, the value often increased over time, making the effect of the appreciation negligible. (This is in accordance with GRAP guidelines 103 on Heritage Assets.)

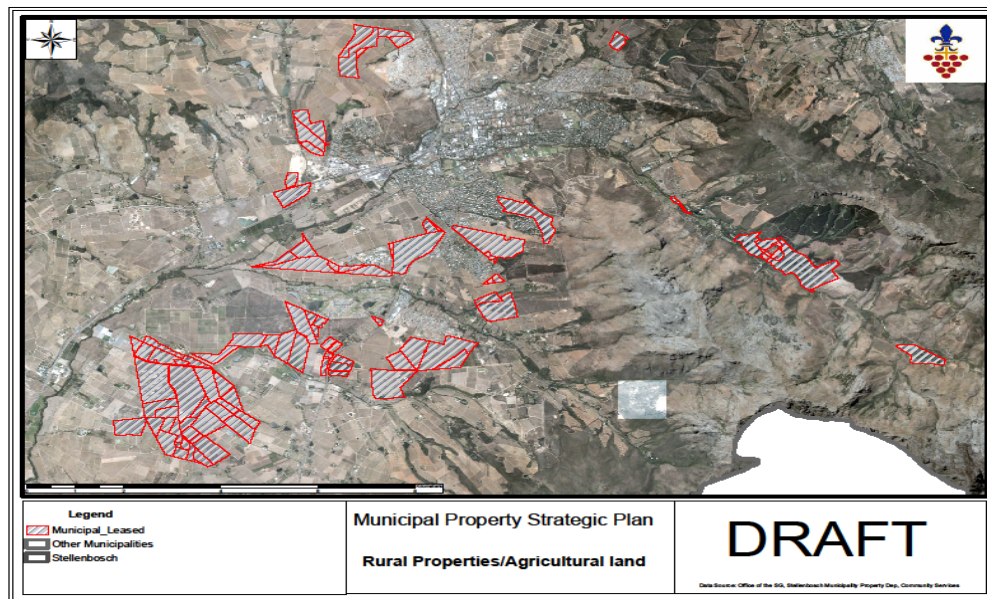


6.2.2 Properties used for Community Benefit means any asset of the municipality that improves the quality of community life. Such assets include:

- A physical structure or place such as a library, swimming pool, community halls, sport facilities.
- There are 5 individual structures of which 4 have been identified for Local Economic Development (LED) Hubs. Additional to this is another 7 Informal Trading sites with Formal Structures which are using for informal businesses.



6.2.3 Rural Properties / Agricultural land mean assets that are leased on a long, medium or short term and for the specific use of agriculture. There are currently 40 long-term leases for farming purposes and these leases expire in 2041. There are also 18 medium term farm leases which have different expiry periods until 31 July 2025 and others are 9 years 11 months lease period until 31 June 2029.



6.2.4 Non-Core Assets (Land not required for municipal purposes)

6.2.4.1 Encroachment – outdoor dining

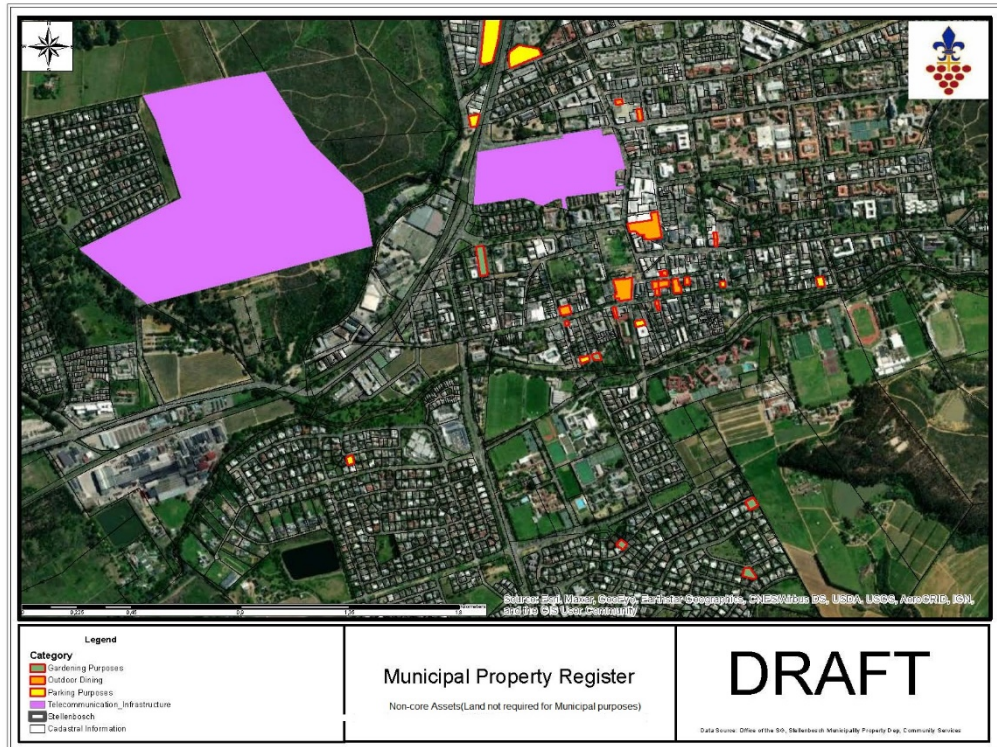
6.2.4.2 Encroachment – gardening

6.2.4.3 Encroachment – parking

6.2.4.4 Leases (long/medium/short term) used for non-agricultural purposes

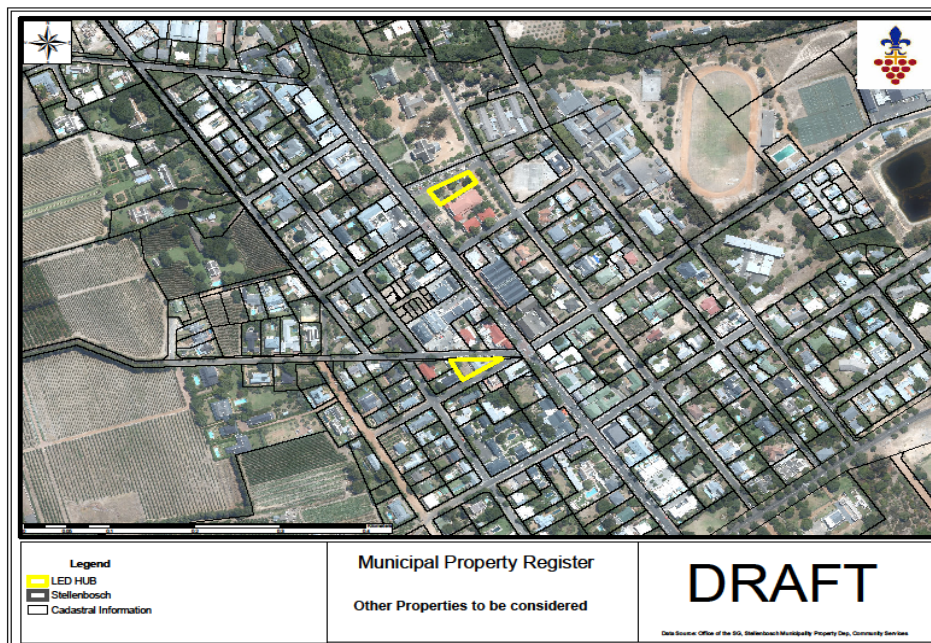
There are currently about 18 outdoor dining permits/agreements, 21 for parking purposes agreements and 87 agreements for garden purposes.

There are also 2 sporting bodies, Stellenbosch Golf Club and Paradyskloof tennis club and 8 buildings, such as Medi-clinic and taxi associations. The 2 sporting bodies leases expire in 2041 and the 8 buildings in 2023, 2032, 2033 and the other 3 with undetermined periods. The other 22 medium term leases are mainly the buildings rented as either training centres or office spaces with different lease periods. There are 22 telecommunications infrastructure, of which 18 are base stations such as cell phone towers and 4 are installed in municipal buildings or infrastructure.



6.2.5 Other Properties to be considered

This refers to all the properties that does not naturally fall within any of the categories above and may be used for investment or other causes. An investment Property is held by the owner to earn income or for capital appreciation or both. Council should consider how they want to use these properties.



6.3 Legal Implications

Any decision to dispose of assets must adhere to the Asset Management Regulations under published under the MFMA.

6.4 Financial implications

The maintenance of the municipal property portfolio is an issue that will have to be dealt with in future. It remains a big challenge to maintain the portfolio and to do that on a sustainable and acceptable level. Some areas of the portfolio like the heritage buildings require specific skills that we do not have in-house and is not always readily available. It is also subject to permits from Heritage Western Cape/South Africa which creates even a bigger challenge.

6.5 Staff Implications

There is currently one employee within the Contract Management unit under Corporate Services that handles the contract management. Other Directorates manage the properties that is used by them to perform their functions. Building maintenance is currently under discussion within the management forum to determine how best to place the different maintenance requirements.

6.6 Previous / Relevant Council Resolutions

41ST COUNCIL MEETING: 2021-03-31: ITEM 11.2.1

RESOLVED (majority vote)

- a) that lease portions 528a and 529cc, known as Mountain Breeze Caravan Park, be identified as land not needed for own use during the period for which such rights are to be granted, as provided for in Regulation 36 of the Asset Transfer Regulations;*
- (b) that the lease agreement be extended on a month-to-month basis until a property register has been compiled and considered by Council to determine the future of Council properties per category;*
- (c) that the lessee be informed to strictly adhere to the conditions of the lease agreement;*
- (d) that the Caravan Park pay their municipal account and that the Municipal Manager be mandated to determine the lease amount;*
- (e) that the Municipal Manager be mandated to take the necessary steps to ensure the drafting and finalisation of the property register and submit it to Council by not later than December 2021; and*
- (f) that the item be brought back to Council as soon as the property register has been adopted by Council.*

The following Councillors requested that their votes of dissent be minuted: Cllr F Adams; FT Bangani-Menziwa (Ms); G Cele (Ms); C Moses (Ms); RS Nalumango (Ms); N Sinkinya (Ms); P Sitshoti (Ms) and LL Stander

EXECUTIVE MAYORAL COMMITTEE: 2022-01-21: ITEM 7.2.1**RESOLVED**

that the item be referred back to the Administration for further refinement, where after the same be resubmitted at the March 2022 Mayoral Committee Meeting.

EXECUTIVE MAYORAL COMMITTEE: 2022-03-23: ITEM 7.2.2**RESOLVED**

that this matter be referred back to the Administration for further refinement.

6.7 Risk Implications

The risks are addressed through the content of the item.

6.8 Comments from Senior Management

As this is a refined item it was not distributed for input.

MAYORAL COMMITTEE: 2022-07-20: ITEM 7.3.4**RESOLVED**

that this item stands over till Monday 25th July 2022 for the Mayoral Committee continuation.

RECOMMENDATIONS FROM THE EXECUTIVE MAYOR, IN CONSULTATION WITH THE EXECUTIVE MAYORAL COMMITTEE, TO COUNCIL: 2022-07-25: ITEM 7.3.4

- (a) that the new list of categories be approved by Council;
- (b) that council identify and classify the properties under strategic properties (as discussed under 6.1.2 below as strategic properties needed for municipal services and not to be disposed of (kept) unless specifically dealt with per property in future **(APPENDIX 1)**;
- (c) that Corporate Services investigate the possibility of adding this decision on the title deed of these properties;
- (d) that the Municipal Manager be requested to investigate how to maintain the heritage portfolio in a sustainable manner and make a proposal to Council;
- (e) that the properties identified under Community Benefit be classified as properties to be used for community benefit and retained for that purpose until otherwise determined by Council **(APPENDIX 2)**;
- (f) that the properties identified as Rural Properties be referred back for further refinement in sub-categories and be brought back to the next Mayco meeting for consideration;
- (g) that the properties identified under non-core assets be referred back for further refinement, whilst council note the process approved to deal with encroachments during the June 2022 Council meeting; and
- (h) that the properties identified under “other properties be referred back for further discussions and refinement.

APPENDIX 1

1. STRATEGIC PROPERTIES											
Property Description	Area	Size in square meters	Title deed number	Municipal valuation*	Current zoning	Use of building/premises	Council resolution Item nr and date	State of Building	Planned project: repairs/estimated cost	Comments	Inputs from Departments
Voltenburg Pumpstation: Portion of Erf 58: Vlottenburg	Vlottenburg	T25660/2015				Private land (DIGTEBY HOME OWNER'S ASSOCIATION)					
1.2.3 WASTE MANAGEMENT FACILITIES											
1.2.3.1 Transfer station											
Klapmuts Waste Transfer Station: Portion of Farm	Klapmuts	T53952/2009									
1.2.3.2 Recycle plant											
Stellenbosch Recycle Plant: Portion of Rem. Farm	Stellenbosch	STF8-32/1919									
1.2.4 TAXI RANKS											
Mooiwater Taxi Rank: Erf 2235	Mooiwater	T39839/2001									
Klapmuts Taxi Rank: Portion of Erf 342	Klapmuts	T39839/2001									
Kayamandi Taxi Rank: Portion of Erf 62	Kayamandi	T10198/2009									
Bergzicht Taxi: Portion of Erf 235	Stellenbosch	T39839/2001									
1.2.5 ELECTRICAL SUB-STATIONS											
Huguenot Road Sub-station: Portion of Erf 928	Franschhoek	T6594/1992									
Groendal Sub-station: Erf 366	Groendal	T21945/1976				Erf 366 is an unregistered portion of Rem Erf 217, Le Roux					
Dennegeur Substation: Farm 1066/5	Maasdorp	T49079/2003									
Devon Valley Sub-station: Portion of Rem. Farm 14	Stellenbosch	STF-15/1908									
Jan Marais Sub-station: Portion of Erf 2149	Stellenbosch	STF8-5/1908									
Adam Tas Sub-station: Erf 382	Stellenbosch	G96/1939									
Alexander Street Sub-station: Erf 303	Stellenbosch	T7637/1961				Property registered in the name of private person (BLAKE MARTHA JOHANNA) in terms of its status as public Road, the ownership, however, vests with Stellenbosch Municipality					
Rhenish Church Sub-station: Portion of Erf 668	Stellenbosch	T13542/1946				Private land (VERENIGENDE GEREFORMEERDE KERK IN SUID AFRIKA), no servitude in place					
Bosman road Sub-station: Erf 1830	Stellenbosch	T13597/1956									
Lanzerac Road Sub-station: Portion of Erf 3588	Stellenbosch	T15962/1958				Private land (KARINDAL ESTATES PTY LTD). In terms of its status as POS, ownership, however vests with Stellenbosch Municipality					
Dalsig Substation: Erf 512	Stellenbosch	T3100/1959				Private land (LOUW NICOLAAS MYBURGH) in terms as its status as POS, however, ownership vests with Stellenbosch Municipality					
Golf-course Sub-Station: Portion of Erf 16531	Stellenbosch	STF6-5/1891									
1.2.6 MUNICIPAL DEPOTS											
Fabriek Street Depot: Portion of Erf 928	Franschhoek	T6594/1992									
La Motte Depot: Portion of Farm 1653	La Motte	T45558/2017									
Beltana Depot: Portion of Erf 3363	Stellenbosch	STF5-36/1887									
1.3 HERITAGE BUILDINGS											
Erf 143	Franschhoek	743	G25/1929	R2 546 000,00	Mixed Use Zone	Business use		To be put out on tender		Life craft centre	
Erf 228	Franschhoek	714	T1241/1977	R4 780 000,00	Conventional Residential Zone	Business use		To be used as LED hub			
Erf 229	Franschhoek	817	T12869/1978	R4 710 000,00	Conventional Residential Zone	Business use					
Erf 230	Franschhoek	804	T29346/1976	R3 965 000,00	Conventional Residential Zone	Business use					
Portion of Erf 1540	Franschhoek	6 060	PLF2-10/1897	R14 225 000,00	Utility Services Zone	Office space				Include the Town Hall and Old Municipal Offices (ex-library) Erf 1540 is an unregistered portion of erf 253	
Erf 2235	Mooiwater, Groendal*	1 300	T39839/2001	R1 215 000,00	Community Zone	Business use		To be used as LED hub		Include Old farm house and Shed	
Erf 860	Pniel	601	T917/2012	R196 000,00	Conventional Residential Zone	Business use					
Portion of Erf 235	Stellenbosch*	3 900	T13664/1947	R30 000 000,00	Utility Services Zone	Business use		To be used as Training Centre			
Erf 528	Stellenbosch	1 250	T6287/1956	R12 101 000,00	Multi-unit residential use	Office space					
Erf 658	Stellenbosch	7 010	T18518/1979	R12 101 000,00	Multi-unit residential use	Tourist related uses		Land to be put out on tender (Call-for-proposal) on a long-term lease basis			
Portion of Erf 1123 and others	Stellenbosch*	7 300	G19/1971	R50 000 000,00	Mixed Use Zone	Tourist related uses		Land to be put out on tender (Call-for-proposal) on a long-term lease basis			
Erven 1956 and 1957	Stellenbosch	2240	T397/1963	R19 080 000,00	Mixed Use Zone	Business use		To be used as a LED hub		Commonly referred to as the Ex-Victoria Street Clinic	
Portion of Erf 1962 and others	Stellenbosch*	11 600	T8720/1967	R150 000 000,00	Utility Services Zone	Office space				Unregistered portion of erven 1977 and 1978	
Erf 6490	Stellenbosch	414	T21750/1963	R2 692 000,00	Mixed Use Zone	Business use				Erf 6490 is an unregistered portion of erven 1977 and 1978. Commonly referred to as Andringa Street offices	
Portion of erven 2751 and 6314	Stellenbosch	2240	STFH8-3/1908	R9 926 000,00	Utility Services Zone	Business use		To be used as a LED hub		Erf 6314 is an unregistered portion of Erf 2751	
Erf 3389 and others	Stellenbosch	1 480	G206/1960	R3 606 000,00	Multi-unit residential use	Tourist related uses		To be used as office space			
Erf 9672	Stellenbosch	14 982	T52595/1995	R13 102 000,00	Public Open Space	Tourist related uses		Land to be put out on tender (Call-for-proposal) on a long-term lease basis			
1.3.1 HERITAGE SITES											
Portion of Erf 23	Franschhoek*	72 000	PLF4-7/1927	R72 000,00	Agricultural and rural zone	Tourist related uses				Commonly referred to as the so-called Circus - grounds	
Erf 670	Stellenbosch	25 531	STFH8-2/1908	R7 695 000,00	Public Open Space	Public Open Space				Commonly referred to as the Braak, including the Meul-plein	
Erf 9672	Stellenbosch	13 102	T52595/1995	R13 102 000,00	Public Open Space	Tourist related uses		Land to be put out on tender(Call-for-proposal) on a long-term lease basis			
Erf 1771 and others	Stellenbosch	5 653	STF8-21/1911	R1 771 000,00	Public Open Space	Public Open Space		To be used as POS		Commonly referred to as the Meulsloot. Declared as National	

1. STRATEGIC PROPERTIES											
Property Description	Area	Size in square meters	Title deed number	Municipal valuation*	Current zoning	Use of building/premises	Council resolution Item nr and date	State of Building	Planned project: repairs/estimated cost	Comments	Inputs from Departments
1.3.2 SITES OF ENVIRONMENTAL IMPORTANCE											
Farm 1135/1	Theewaterskloof	265 046	T83640	R1 900 000,00	Agricultural and rural zone	Tourist related uses/nature reserve					
Portion of Erf 23	Franschhoek*	16 416 100	PLF4-7/1927	R20 538 000,00	Agricultural and rural zone	Nature reserve				Mount Rochelle nature reserve(Proclaimed)	
Farm 1024/1	Wemmershoek	436 789	T108882/2002	R4 996 000,00	Agricultural and rural zone	Nature reserve				Wet-land	
Rem. Farm 1027	Wemmershoek	114 118	T108882/2002	R1 275 000,00	Agricultural and rural zone	Nature reserve				Wet-land	
Rem. Erf 2149	Stellenbosch	447 914	STF8-5/1908	R118 737 000,00	Agricultural and rural zone	Nature reserve				Jan Marais nature reserve(Proclaimed)	
Portions of Farms 165/1; Rem. Farm 119 and others	Stellenbosch*	4 107 160	T8261/1950 and others	R30 000 000,00	Agricultural and rural zone	Nature reserve				Botmanskop Nature area (Proclaimed??)	
Portions of Farms 181; 175/33 and 183	Stellenbosch*	1 327 700	STF-15/1908	R35 000 000,00	Agricultural and rural zone	Nature reserve				Papegaaiberg nature reserve (Proclaimed)	
	Stellenbosch*	455 500	STF-15/1908	R15 000 000,00	Agricultural and rural zone	Nature reserve				Sensitive Renosterveld	
*Properties indicated with an * represents a portion of a bigger land unit. The municipal valuation is therefor in proportion to the bigger unit's municipal value											

APPENDIX 2

2. COMMUNITY BENEFITS											
Property Description	Area	Size in square meters	Title deed number	Municipal valuation*	Current zoning	Management model	Council resolution Item nr and date	State of Building	Planned project: repairs/estimated cost	Comments	Inputs from Departments
2.1 COMMUNITY HALLS											
Portion of Erf 1540	Franschhoek (Town Hall)*	6 060	PLF2-10/1897	R14 225 000,00	Utility Services Zone	Managed by Community Services				Erf 1540 is an unregistered portion of erf 253	
Erf 286	Groendal*	2 136	T61689/1991	R3 709 000,00	Community Zone	Managed by Community Services					
Erf 103	La Motte	1 876	T66594/2006	R1 443 000,00	Educational Zone	Managed by Community Services				Donated to SM by CWDM, but not yet transferred	
Erf 7	Wemmershoek	2 807	T29444/2012	R1 604 000,00	Educational Zone	Managed by Community Services					
Portion of Farm 1674/14	Pniel (Millennium Hall)*	3 906	T17502/2004	R3 750 000,00	Agricultural and Rural Zone	Managed by Community Services					
Portion of Erf721	Pniel (Banquet Hall)*	397	T67303/1995	R1 200 000,00	Public Open Space	Managed by Community Services					
Erf 435	Kylemore	1 230	T55841/2000	R1 334,00	Educational Zone	Managed by Community Services					
Portion of Erf 342	Klapmuts (MPC)*	6 237	T42222/2000	R9 572 000,00	Utility Services Zone	Managed by Community Services					
Erf 425	Kayamandi (Makapula Hall)	958	T10270/2009	R342 000,00	Community Zone	Managed by Community Services					
Portion of Erf 633	Kayamandi (Strongyard Hall)	572	T10344/2009	R250 000,00	conventual Residential Zone	Managed by Community Services					
Erf 6851	Cloeteville (Eike Hall)*	2 136	T30474/1987	R6 271 000,00	Community Zone	Managed by Ward Office	Property to be put out on tender for management				
Portion of Erf 1942 and others	Stellenbosch (Town Hall)*	2 000	T8720/1967	R10 000 000,00	Utility Services Zone	Managed by Community Services					
2.2 SPORT FACILITIES											
Erf 1693	Franschhoek (Tennis Club)	11 090	T104075/2001	R3 772 000,00	Limited use Zone	Managed by Franschhoek Tennis club	Renewal of Lease Agreement				
Erf 2885	Franschhoek (Bowling Club)	4 597	T34852/2007	R2 711 000,00	Limited use Zone	Managed by Community Services	Portion of facility leased out to 3 rd party				
Erf 290	Groendal*	46 585	T57961/2018	R2 000 000,00	Public Open Space	Managed by Community Services					
Erf 188 and 199	La Motte (Rugby field and clubhouse)	1 722	T66594/2006	R4 000 000,00	Public Open Space	Managed by Community Services				Donated to SM by CWDM, but not yet transferred	
Erf 309	La Motte (Soccer field and netball courts)	22 236	T66594/2006	R345 000,00	Public Open Space	Managed by Community Services					
Erf 202	Wemmershoek	82 177	T29444/2012	R113 400,00	Public Open Space	Managed by Community Services					
Farm 1674/14	Pniel*	70 141	T17502/2004	R450 000,00	Agricultural and Rural Zone	Managed by Community Services					
Erf 46	Lanquedoc	34 662	T105207/2005	R1 256 000,00	Private Open Space	Managed by Community Services				Ownership still vests with Lanquedoc Housing Association, although it was donated to SM	
Erf 192	Kylemore*	37 092	T6822/1949	R1 500 000,00	Public Open Space	Managed by Community Services				Unregistered portion of Erf 64. Ownership still vests with National Dept. Of Public Works	
Erf 1172	Klapmuts	47 709	T81282/2003	R10 657,00	Community Zone	Managed by Community Services					
Erven 523; 2174 and 1804	Kayamandi	36 704	T10343/2009 and others	R5 013 000,00	Private Open Space	Managed by Community Services					
Erf 6890	Cloeteville (Rugby field and netball courts)	63 063	T20760/1988	R16 368 000,00	Community Zone	Managed by Community Services					
Erf 6847	Cloeteville (Swimming pool)	33 187	T31788/1973	R7 764 000,00	Community Zone	Managed by Community Services					
Rem. Farm 167	Idas Valley	89 171	T8261/1950	R6 500 000,00	Community Zone	Managed by Community Services					
Portion of Erf 235	Stellenbosch (Van der Stel)*	109 487	T13664/1947	R80 000 000,00	Community Zone	Managed by Community Services					
Rem. Farm352/2	Jonkershoek*	10 000	T2200/1934	R185 000,00	Community Zone	Managed by Community Services					
Portion of Rem. Farm 527	Jamestown*	93 956	STF6-3/1889	R1 500 000,00	Private Open Space	Managed by Community Services					

2. COMMUNITY BENEFITS											
Property Description	Area	Size in square meters	Title deed number	Municipal valuation*	Current zoning	Management model	Council resolution Item nr and date	State of Building	Planned project: repairs/estimated cost	Comments	Inputs from Departments
Erf 98	Raithby*	16 513	T11040/1997	R3 200 000,00	Community Zone	Managed by Community Services				This property is a portion of Erf 98, which is still registered in the name of the Methodist Church of Southern Africa.	
Portion of Farm 502	Stellenbosch (District Riding Club)*	40 353	STF-15/1908	R150 000,00	Private Open Space	Managed by Stellenbosch District Riding Club	Renewal of Lease Agreement				
Lease Portion 369/3	Stellenbosch (Golf club)*	742 500	STF-35/1884	R20 000 000,00	Private Open Space	Managed by Stellenbosch Golf Club					
Lease Portion 502L	Stellenbosch (Flying Club)*	271 121	STF-15/1908	R10 000 000,00	Private Open Space	Managed by Stellenbosch Flying Club	Renewal of Lease Agreement				
Lease Portion 369T	Paradyskloof (Tennis Club)*	12 542	STF-35/1884	R1 000 000,00	Private Open Space	Managed by Paradyskloof Tennis Club					
2.3 CEMETARIES											
Erf 739	Franschhoek	21 617	T8031/1983	R10 000,00	Private Open Space	Managed by Community Services					
Erf 1219	Groendal	18 761	T8020/1995	R150 000,00	Public Open Space	Managed by Community Services					
Erf 3	Wemmershoek	2 405	T29444/2012	R10 000,00	Public Open Space	???????????					
Portion of Erf 1	Pniel	9 759	T67298/1995	R15 000,00	Community Zone	Managed by Community Services	Property to be transferred to SM			Property still registered in the name of Pniel Gemeenskap	
Erven 21; 22 and 36	Kylemore	17 800	T77356/1999	R15 000,00	Subdivisional area	???????????					
Rem Farm 183	Stellenbosch (Papegaaiberg)*	157 000	STF-15/1908	R50 000,00	Private Open Space	Managed by Community Services					
Portion of Rem. Farm 527	Jamestown*	89 700	STF6-3/1889	R15 000,00	Private Open Space	Managed by Community Services					
2.4 LIBRARIES											
Erf 835	Franschhoek	1 591	T43582/1987	R6 634 000,00	Community Zone	Managed by Community Services					
Portion of Erf 412	Groendal*	1 500	T43716/1995	R4 000 000,00	Subdivisional area	Managed by Community Services					
Portion of Erf 721	Pniel*	205	T67303/1995	R2 000 000,00	Community Zone	Managed by Community Services					
Erf 28	Kayamandi	1 027	T10182/2009	R1 206 000,00	Community Zone	Managed by Community Services					
Erf 6851	Cloeteville*	679	T30474/1987	R3 000 000,00	Community Zone	Managed by Community Services					
Portion of Erf 11203	Idas Valley	2 180	STF8-5/1908	R2 500 000,00	Private Open Space	Managed by Community Services				Erf 11203 is an unregistered portion of erf 2149	
Portion of Erf 1966	Stellenbosch (Plein Street)*	337	T8720/1967	R5 000 000,00	Community Zone	Managed by Community Services					
Portion of Erf 439 (Previously Farm 510/165)	Jamestown*	278	T31286/1998	R2 000 000,00	Community Zone	Managed by Community Services					
2.5 SOCIAL CARE FACILITIES (ECD CENTRES AND SAFE HOUSES)											
Erf 286	Erf 412 Groendal Library	2 950	T14140/1980	R2 426 000,00	Educational Zone	Managed by Kabouterland ECD				Erf 286 is an unregistered portion of erf 233	
Portion of Farm 1653	La Motte (La Refuge Safe house)	2 900		R10 641,00	Agricultural and Rural Zone	To be managed by La Refuge Safe House	Lease Agreement approved				
Erf 1331	Klapmuts (Tellie tubbies Creche)	687	T72297/2016	R385 000,00	Community Zone	Managed by Teletubbies ECD					
Erf 26	Kayamandi (Sizamile Creche)	2 179	T10181/2009	R1 086 000,00	Community Zone	Managed by Sizamile ECD					
Portion of erf 3363	Stellenbosch (Le Abrie safehouse)	1 175	STF5-36/1887	R2 000 000,00	Utility Services Zone	Managed by Le Abrie Safehouse	Property to be put out on tender				
Erven 12758 and 12759	Die Boord	1 487	T4375/2001	R2 131 000,00	Conventual Residential Zone	Managed by Karlien and Kandas ECD	Renewal of Lease Agreement				
2.6 OTHER FACILITIES											
Portion of Farm 352/2	Jonkershoek Day camp *	72 000	T2200/1934	R150 000,00	Agricultural and Rural Zone	Managed by Community Services					
Portion of Farm 369	Paradyskloof Facility*	200	STF-35/1884	R500 000,00	Agricultural and Rural Zone	Managed by Community Services					
2.7 PLAYPARKS & OPEN SPACES											
Erven no: 8775+8776+8777	Tennantville Park	2309.6+3419.9+1869			Open public space	Managed by Community Services					

11.3.4	EXTENSION OF RENTAL AGREEMENTS: ABSA BUILDING; ECCLESIA BUILDING; REDUCED SPACE IN EIKESTAD MALL
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

20 July 2022

**1. SUBJECT: EXTENSION OF RENTAL AGREEMENTS: ABSA BUILDING;
ECCLESIA BUILDING; REDUCED SPACE IN EIKESTAD MALL**

2. PURPOSE

To obtain the necessary authorisation to extend the lease agreements with ABSA Bank Ltd, Eikestad Joint Venture and Octofin Commercial (Pty) Ltd regarding office space in the CBD on a month-to-month basis to accommodate the staff currently occupying the space until the NPK building is ready for occupation.

3. DELEGATED AUTHORITY

Council must consider the matter.

4. EXECUTIVE SUMMARY

The staff that needs to work within the CBD cannot all be accommodated in Council owned buildings. There are currently 3 (three) lease agreements in place for office space in Stellenbosch CBD:

ABSA bank building

Ecclesia Building

Stellenbosch Mall (reduced space)

All three lease agreements terminated on 30 June 2022 although the agreement with Octofin was only signed in September 2019 and therefore the agreement exists with them until 30 September 2022. The contracts were entered into after it was advertised in 2019. Subsequently Council purchased the NPK building and the construction on changes and upgrades started in April 2022. The completion period is an estimated 6 months, and we will not be able to occupy the office side of the building before September 2022, if no delays occur. As with all older buildings there are inevitable hidden issues, but the process is closely monitored. The ground floor will take a month or so longer to finish, but the employees earmarked for those areas does not impact hugely on the current rental occupation. It also needs to be noted that we did not take up the additional space rental in the ABSA building.

5. RECOMMENDATIONS

- (a) that Council approves the extension of the current lease agreements with ABSA Bank Ltd, Eikestad Joint Venture and Octofin Commercial (Pty) Ltd from 1 July 2022 on a month-to-month basis until the NPK building is ready for occupation;
- (b) that Council note that even when the NPK building is fully occupied there will still be a need to rent office space for at least the Infrastructure Directorate for which a separate process will be followed; and

- (c) that the Municipal Manager be authorised, to allocate the new office space to the department(s) as needed.

6. DISCUSSION / CONTENT

6.1 Background

Council is currently renting office space in the CBD in three different buildings from 3 different companies. The leases all expired on 30 June 2022 except for the lease with Octofin which was only signed in September 2019.

6.2. DISCUSSION

The staff that needs to work within the CBD cannot all be accommodated in Council owned buildings. There are currently 3 (three) lease agreements in place for office space in Stellenbosch CBD:

ABSA bank building

Ecclesia Building

Stellenbosch Mall (reduced space)

All three lease agreements terminated on 30 June 2022 although the agreement with Octofin was only signed in September 2019 and therefore the agreement exists with them until 30 September 2022. The contracts were entered into after it was advertised in 2019. Subsequently, Council purchased the NPK building and the construction on changes and upgrades started in April 2022. The completion period is an estimated 6 months, and we will not be able to occupy the office side of the building before September 2022, if no delays occur. As with all older buildings there are inevitable hidden issues, but the process is closely monitored. The ground floor will take a month or so longer to finish, but the employees earmarked for those areas does not impact hugely on the current rental occupation. It also needs to be noted that we did not take up the additional space rental in the ABSA building. The Infrastructure Directorate and IDP staff currently occupying offices in the Ecclesia building could not be accommodated in the NPK building and they will have to be accommodated in rental space after September 2022 for which an alternative process will be followed.

Section 14 of the MFMA, as well as Regulation 34 of the Asset Transfer regulations deals with the disposal of property or rights in property, whilst Chapter 11 of the MFMA deals with the procurement of goods and services.

Seeing that the acquisitions of rights in property (renting of office space) does not fall into any of the categories listed above, the normal SCM Regulations does not apply. The matter is therefore referred to council for a resolution.

6.3 Financial implications

Should all the office space offered (including the existing space) be accepted, then the rental per month is as follows:

Description	Monthly Rental (Excl VAT)
Absa (existing)	75 030.82
Octofin including parking (existing)	521 339.73

Eikestad (existing)	109 998.00
Total	706 368.55

6.4. Legal Implications

Section 14 of the MFMA, as well as Regulation 34 of the Asset Transfer regulations deals with the **disposal** of property or rights in property, whilst Chapter 11 of the MFMA deals with the procurement of **goods and services**.

Seeing that the acquisitions of rights in property (renting of office space) does not fall into any of the categories listed above, the normal SCM Regulations does not apply. For this reason, the BAC would not award a tender for the renting of office space unless specifically stipulated as such in the SCM policy.

6.5 Staff Implications

Staff will not be able to deliver services if no suitable accommodation is leased.

6.6. Previous / Relevant Council Resolutions

Item 8.2.13 – 12 June 2019 – **Appendix 1**

Item 9.2.4 – 29 September 2021 – **Appendix 2.**

6.7. Risk Implications

Should Council decide not to approve the recommendations, then the organisation will not being able to provide office space to its staff,

6.8. Comments from Senior Management

Management is in agreement with the recommendations.

RECOMMENDATIONS FROM THE EXECUTIVE MAYOR, IN CONSULTATION WITH THE EXECUTIVE MAYORAL COMMITTEE, TO COUNCIL: 2022-07-25: ITEM 7.3.5

- (a) that Council approves the extension of the current lease agreements with ABSA Bank Ltd, Eikestad Joint Venture and Octofin Commercial (Pty) Ltd from 1 July 2022 on a month-to-month basis until the NPK building is ready for occupation;
- (b) that Council note that even when the NPK building is fully occupied there will still be a need to rent office space for at least the Infrastructure Directorate for which a separate process will be followed; and
- (c) that the Municipal Manager be authorised, to allocate the new office space to the department(s) as needed.

ANNEXURES:

Appendix 1 – Council resolution 12.6.2019

Appendix 2 – Council resolution 29.09.2021

APPENDIX 1

28TH COUNCIL MEETING: 2019-06-12: ITEM 8.2.13**RESOLVED** (majority vote)

- (a) that Council approves the conclusion of lease agreements for the period 1 July 2019 to 30 June 2022 as set out below:

Description	Absa	Octofin
1. Office space Rand/m ² /month	414.41m ² R175.25 350 m ² (from 1 September 2019) R175.25	2254.49m ² R218.50
2. Parking Rand/parking/month	- -	16 R1941.00
3. Municipal Services (estimate)	R9253.74	R123 044.25
4. Escalation	9%	7%
5. Total estimated cost for contract period (Excluding Municipal Services)	R2 856 878.01 plus R2 290 170.51 (period 1 October 2019 to 30 June 2022)	R19 004 150.85
6. Average cost/month/m ² (Excluding Municipal Services)	R191.50	R234.15

- (b) that it be noted that the additional space in the Absa building will only be rented from 1 October 2019;
- (c) that the Municipal Manager be authorised to conclude lease agreements for the period ending 30 June 2022, as per the financial offers received; and
- (d) that the Municipal Manager be authorised to allocate the new office space to the department(s), as needed.

Cllrs DA Hendrickse and LK Horsband (Ms) requested that their votes of dissent be minuted.

FOR FURTHER DETAILS CONTACT:

NAME	Piet Smit
POSITION	Manager: Property Management
DIRECTORATE	Corporate Services
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REPORT DATE	2019-06-05

APPENDIX 2

9.2.4	CONSIDERATION OF LEASE AGREEMENT FOR REDUCED OFFICE SPACE: EIKESTAD MALL
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

15 September 2021 and 29 September 2021

1. SUBJECT: CONSIDERATION OF LEASE AGREEMENT FOR REDUCED OFFICE SPACE: EIKESTAD MALL

2. PURPOSE

For Council to consider the approval to conclude a lease agreement with Eikestad Mall Joint Venture for reduced office space in the Eikestad Mall for a period from 1 October 2021 to 30 June 2022, whilst the office space in the NPK building is renovated.

3. DELEGATED AUTHORITY

For decision by Municipal Council.

4. EXECUTIVE SUMMARY

The existing lease agreement with Eikestad Mall Joint Venture will terminate at the end of September 2020. The landlord is aware of the termination of the agreement. The intention was that all employees occupying office space in the Eikestad Mall will move over to one of the floors in the NPK building despite the renovation process continuing. It has now come to our attention that we will not be able to move employees to the building on a temporary basis due to the extent of the renovation involving compliance issues. We have been advised to replace the lifts in the building, close off the floors instead of it being open for fire safety reasons as well as rewiring the electricity. This means that the area may not be regarded as a health and safe environment to work in. We have moved some of the employees temporarily to Dorp Street and will be able to accommodate the employees awaiting their move to NPK building on the area currently being used by the Town Planning Department on the 3rd floor.

During a recent Director's meeting it was decided to request Council to enter into an agreement with the Eikestad Mall only for the area on the 3rd floor, Office 302, measuring 484.61m² in extent. The intended completion of work on the NPK building is 30 June 2022.

SPECIAL COUNCIL MEETING: 2021-09-29: ITEM 9.2.4

RESOLVED (nem con)

- (a) that Council approves the conclusion of a lease agreement with the Eikestad mall Joint Venture for the 3rd floor (484.61m²) for the period from 1 October 2021 to 30 June 2022, and
- (b) that the Municipal Manager be authorised to conclude the lease agreement with Eikestad Mall Joint Venture (based on the current rates, as per the existing lease agreement).

11.6	INFRASTRUCTURE SERVICES : (PC : CLLR Z DALLING (MS))
11.6.1	RETURN ITEM: LEASING OF PARKING AREAS (CHECKERS / STELMARK) TO RETAILERS ADJACENT TO THE PARKING AREAS, CONSIDERATION OF COMMENTS RECEIVED

Collaborator No: 732885
 IDP KPA Ref No: Good Governance and Compliance
 Meeting Date: 20 July 2022

1. SUBJECT: RETURN ITEM: LEASING OF PARKING AREAS (CHECKERS/ STELMARK) TO RETAILERS ADJACENT TO THE PARKING AREAS, CONSIDERATION OF COMMENTS RECEIVED

2. PURPOSE

To inform Council of the outcome of the public participation process and to consider the recommendations.

3. DELEGATED AUTHORITY

Municipal Council.

4. EXECUTIVE SUMMARY

The Municipality had previously commenced formulating its parking strategy and had tabled several Council items that details the Municipality's approach to implementing its parking strategy, which includes amongst others the upgrading and developing of council owned parking areas.

Council launched and completed a Municipal Systems Act, Section 78 process to determine the most appropriate method of providing a parking service and for the development of the Eikestad parking area. The Municipality had also previously embarked upon internal parking management models, however on review these were found to be less favorable and not sustainable. The municipality intends to improve on parking management and reviewed alternative parking management models.

The Municipality had tabled Council items, to improve on parking management and had in principle, approved as pilot projects the management of Checkers Parking Complex and the Stelmark Parking Centre by adjacent retail outlet / owners.

As part of the public participation process, an Information Statement was placed on the Municipal Website on the 11 May 2022 and was published in the Eikestad news on the 19 May 2022. A copy is attached as **APPENDIX 2**. One (1) comment in support of the pilot project was received. The comment is attached as **APPENDIX 1**.

5. RECOMMENDATIONS

- (a) that Council takes note that the information statement was published as part of the public participation process that was followed;
- (b) that Council considers the comment received;

-
- (c) that Council approves the leasing of parking areas (Checkers / Stelmark) to retailers / owners adjacent to the parking areas for a period of three years at a rental price to be determined;
 - (d) that the Municipal Manager be authorised to negotiate a rental with the retailers and report back to Council; and
 - (e) that the lease agreement, with the relevant parties, be compiled and concluded.

6. DISCUSSION / CONTENTS

6.1 Background

The Municipality had previously commenced formulating its parking strategy and had tabled several council items that details the Municipality's approach to implementing its parking strategy, which includes amongst others the upgrading and developing of council owned parking areas.

Council had launched and completed a Municipal Systems Act, Section 78 process to determine the most appropriate method of providing a parking service as required by The Constitution (Schedule 5B, matters referred to Local Government). A parking area at the Eikestad Mall is earmarked for development through a Public Private Partnership (PPP), which had commenced through the above-mentioned Section 78 Process. Although good progress has been made to date, such as the compilation of a Draft Feasibility Report and Council approvals to proceed etc., the PPP process is timely and may take more than 36 months.

6.2 Discussion

The Municipality had previously embarked upon internal parking management models, however on review these were found to be less favorable and not sustainable. The Municipality intends to improve on parking management and reviewed various parking management models.

Request were received from retail outlets / owners of Pick and Pay and Checkers to manage parking areas (situated adjacent to these retail outlets). These requests were assessed in terms of the Municipality's Parking Strategy and were found to be in alignment with strategy.

The Municipality had tabled several Council items to improve on parking management and had, in principal approved (as a pilot project) the management of the Checkers Parking Complex and the Stelmark Parking Centre by adjacent retail outlets / owners.

To continue with efforts and improve on parking management, Council, on the 23 February 2022, reviewed, rescinded and amended a previous decision relating to the management of single level parking area, so that these can be managed through an external service delivery mechanism. Council also approved in principal that the Checkers Parking Complex and the Stelmark Parking Centre be managed by adjacent owner / retail outlets for a period of not more than 3 years.

An Information Statement was compiled as required in terms of regulation 34 and 35 of the Asset Transfer Regulations, published in terms of Section 168 of the Local Government: Municipal Finance Management Act (R878, 22 August 2008), as part of the public participation process.

On the 26th April 2022 Council approved the Information Statement as part of the public participation process to be followed for the leasing of the Checkers Parking Complex and the Stelmark Parking Centre. The Information Statement was subsequently advertised for public comment. Comments received during the public participation process must be considered before a final decision is taken by Council.

The Information Statement for the leasing of the Checkers Parking Complex and the Stelmark Parking Centre, details the reasons, expected benefits, proceeds, losses, context, location ect. The Information Statement also list the email address to which proposals / comments should be forwarded, states that persons who, are unable to read and write or, have any sight disability will receive assistance and that proposals / comments must be submitted on or before 10 June 2022.

The Information Statement was placed on the Municipal Website on the 11 May 2022, and was published in the Eikestad news on the 19 May 2022. 1 comment was received from the owners of Stelmark Centre (Pick and Pay) expressing their interest in entering into a lease agreement with the municipality for the management of parking, no comments were however received from the public.

6.3 Financial Implications

The rental amount to be negotiated with the retail companies.

6.4 Previous / Relevant Council Resolutions:

35th Council Meeting 2020-02-26: ITEM 13.3

RESOLVED

(a) that this report be noted;

(b) that Council accepts that all the requirements of Section 78(3) (Annexure A) in terms of investigating the feasibility of the provision of sufficient parking, has been complied with;

(c) that Council accepts that parking forms an integral part of the total Mobility concept within Greater Stellenbosch Area and relates to other major parts such as: Traffic Flow, Public Transport (PT), Non-Motorised Transport (NMT), Transit Oriented Development (TOD), and Movement of Disabled Persons (normally seen as a primary part of NMT);

(d) that Council notes that in order to alleviate the parking process as a whole, matters such as PT, NMT, TOD must also be addressed in synchronisation, as this will directly affect the quantity and positioning of parking;

(e) that Council, in terms of the Municipal Systems Act (MSA), Act 32 of 2000, as amended, Section 78(4), accepts that the method of providing parking generally be considered as follows:

(i) Provision of open one level parking space needs, be performed on an internal mechanism;

(ii) Provision of multi storied parking space needs, be performed on an external mechanism.

(f) that Council approves the provision of parking as a first phase as mentioned hereunder, which must be in line with future mobility developments, as the final mobility status can by nature not be resolved at this time;

(g) that Council proceed with the initial provision and upgrade of parking spaces as follows:

(i) that the legislative process be commenced with to provide multiple level

parking, and management thereof, utilising an External Mechanism of parking in the following areas:

(1) Eikestad Mall Parking area bounded by Andringa -, Victoria, and Ryneveld

Streets. Portion of erf 1692, erven, 1969, 1972, 1973, 1974, 1975, 1976,

6402 and 6636; and

(2) Techno Park area, considering the area bounded by Tegno Road, Termo

Avenue and Proton Road. Portion of erf 13171

(ii) that the following areas, as a first phase, be upgraded and/or developed as a single layer open space parking area, utilising an internal service delivery

mechanism:

(1) Dennesig Existing Parking Area, entrance in Hoffman Road, Part of

Erf 235;

(2) Municipal Court Existing Parking Area, entrance from Papegaai Road,

Erf 528;

(3) Aandklas Existing Parking Area, entrance from Du Toit Road Part of

Erf 235;

(4) New Parking Area Bounded by Borcherd Road and Andringa Street to be

considered as an extension of the public parking on erf 2529;

(5) New Parking Area Bounded by Jan Cilliers Road, Ds Botha Road and

Muller Road to be considered as new parking area. Part of

Erf 175/0; and

(6) Parking area to be upgraded at the old tennis courts, Franschoek,

Erf 1538.

(h) that Council proceeds with the setting up of a Service Delivery Agreements for the provision of Bulk Parking, as required by Section 80(1) & (2), of the MSA and in particular section 80(1)(b) (which prescribes an SDA with a Private Company) for the areas mentioned under 4.7.1;

(i) that the Service Delivery Agreement be approved by Council as a draft SDA prior to Community Participation takes place; and

(j) that the matter of providing a synchronised total mobility network be urgently pursued with all the role-players participating in the mobility arena which includes Public Transport, Non-Motorised Transport, Transit Oriented Development, Parking and Universal Access.

Special Council Meeting 2022-02-23: ITEM 8.11.2

RESOLVED (nem con)

(a) that the content of this report be noted;

(b) that it is noted that a MSA section 78 (3) investigation was done to which Council took

a section 78 (4) decision on 26 February 2020;

(c) that Council now review, rescind and replace 4.5 of the 26 February 2020 decision to

read as follows:

“4.5 that Council, in terms of the MSA Act 32 of 2000 as amended, section 78 (4), accepts that the method of providing parking generally be considered as follows:

a Provision of open one level off-street parking space needs, be performed on an external service delivery Mechanism except where the internal mechanism is clearly more viable and effective; “

(d) that the two requests of the management of the following parking spaces:

a Checkers Complex Parking, ANNEXURE A

b Stelmark Centre Parking, ANNEXURE B

be approved in principle as interim pilot projects for a period of not more than three years.

(e) Council confirm that Eikestad multi-level parking will be done through a Public-Private Partnership as envisage in the Section 78 (3) report,

(f) that given the project life cycle for PPP process the parking be leased out a short-term base until the PPP process is finalised.

(g) that the intention to outsource the management of these areas on an interim basis be advertised for public comment; and

(h) that after the public participation process the comments be considered by Council before a final decision is taken.

4th Council Meeting 2022-04-26 ITEM 10.5.1

RESOLVED (nem con) that Council approves the Information statement.

6.5 Risk Implications

The risks are addressed in the content of the item.

6.6 Comments from Senior Management

The item was not circulated for comment as it is a return item.

6.7.1 Municipal Manager:

The accommodation of existing Informal Trading be taken into account with the compilation of the lease agreement.

MAYORAL COMMITTEE: 2022-07-20: ITEM 7.6.1**RESOLVED**

that this item stands over till Monday 25th July 2022 for the Mayoral Committee continuation.

RECOMMENDATIONS FROM THE EXECUTIVE MAYOR, IN CONSULTATION WITH THE EXECUTIVE MAYORAL COMMITTEE, TO COUNCIL: 2022-07-25: ITEM 7.6.1

- (a) that Council takes note that the information statement was published as part of the public participation process that was followed;
- (b) that Council considers the comment received;
- (c) that Council approves the leasing of parking areas (Checkers / Stelmark) to retailers / owners adjacent to the parking areas for a period of three years at a rental price to be determined;
- (d) that the Municipal Manager be authorised to negotiate a rental with the retailers and report back to Council; and
- (e) that the lease agreement, with the relevant parties, be compiled and concluded.

ATTACHMENTS:

Appendix 1: Comment received

Appendix 2: Information statement

FOR FURTHER DETAILS CONTACT:

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POSITION	<i>Director</i>
DIRECTORATE	<i>Infrastructure Services</i>
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REPORT DATE	14 July 2022

APPENDIX 1

Contact person: Johan Fullard
Contact number: 021 808 8222

10 May 2022

LEASE OF IDENTIFIED OFF- STREET PARKING AREAS WITHIN STELLENBOSCH

MUNICIPAL NOTICE No. 59/2022

Notice is hereby given, in terms of Regulation 34 and 35 of the Asset Transfer Regulations, published in terms of Section 168 of the Local Government: Municipal Financial Management Act (R878, 22 August 2008), to the public to provide input during the public participation process.

Reference is also made to Item No.11.5.1 of the 4th Council Meeting held on the 26 of April 2022, where further details can be found.

Please refer to the Information Statement in Annexure A, pertaining to the Lease of Identified Off-Street Parking Areas within the Stellenbosch Central Business District Area.

Any proposals / comments may be forwarded to Johan.Fullard@stellenbosch.gov.za. Persons who, are unable to read and write or, have any sight disability will be assisted by an official at 71 Plein Street, Ecclesia Building, 2nd Floor. Proposals / comments must be submitted on or before 10 June 2022.

G METTLER
MUNICIPAL MANAGER

APPENDIX 2

INFORMATION STATEMENT IN RELATION TO LEASE OF IDENTIFIED OFF-STREET PARKING AREAS WITHIN STELLENBOSCH CENTRAL BUSINESS DISTRICT

1. PURPOSE

The purpose of this statement is to provide the prescribed information in terms of regulation 34 and 35 of the Asset Transfer Regulations, published in terms of Section 168 of the Local Government: Municipal Finance Management Act (R878, 22 August 2008), to the public to provide input during the public participation process.

2. BACKGROUND

2.1 Existing Contractual Arrangements

Council had previously launched and completed a Municipal Systems Act, Section 78 process to determine the most appropriate method of providing a parking service as required by The Constitution (Schedule 5B), matters referred to Local Government. In terms of the decision taken by Council the Municipality is to provide most single layer parking through internal means and all multiple layer parking through external means.

The Municipality has implemented various internal mechanisms for the provision of parking, but these have proven to be problematic with litigation and mediation processes initiated against previously appointed service providers, the provision of parking was also not financially viable when utilizing internal staff resources.

Parking areas adjacent to retail areas were particularly problematic and council had recently resolved to in-principle allow the provision of open, one-level off street parking by an external mechanism on a trial basis.

3. DISCUSSION

3.1 Public Participation Process

In terms of the Asset Transfer Regulations, before Council can make a final decision on whether to award rights on Municipal property with a value of more than R10 million rand , the Municipal Manager

must first conduct a public participation process in terms of regulation 35. This process involves the publication of an information statement.

3.2 Information Statement

In terms of regulation 35, the Municipal Manager, when making public the proposal to grant the relevant long term right(s), must also make available the Information Statement referred to in regulation 34.

In terms of regulation 34 an Information Statement must consist of the following:

- i) the reason for the proposal to grant a long term right to use, control or manage the relevant capital asset;
- ii) any expected benefit to the municipality that may result from the granting of the right;
- iii) Any expected proceeds to be received by the municipality from the granting of right; and
- iv) Any expected gain or loss that will be realized or incurred by the municipality arising from the granting of the right.

3.2.1 Reason(s) for proposal to grant a long term right to use, control or manage the relevant capital asset

The Municipality intends to improve on the provision of parking and a look at an alternative approach to those previously embarked upon is required. As part of the Municipality's parking strategy the municipality has identified areas where short-term parking, long-term parking and staff parking would be required. The short-term parking requirements aligns favourably with parking areas adjacent to retail outlets. Parking areas adjacent to retail outlets are more suited to being managed by retail outlets, for the following reasons:

- Parking areas adjacent to retail areas are extensively utilized by shoppers, shopping at the retail outlets.
- Retail outlets can attract shoppers (short term parking) by providing incentives or discounts.
- Retail outlets are better able to provide the required equipment / software and manage the logistics associated with parking management.

3.2.2 Expected benefits to the municipality that may result from the granting of the right.

The limited staff resources within the Municipality would be more effectively utilized and more resources could be assigned to service delivery. Where retail outlets attract shoppers by providing incentives or discounts economic development within the Central Business District can be promoted. The current short term contracts of staff that manage these areas, that is not economically sustainable for the Municipality can then be terminated.

3.2.3 Expected proceeds to be received by the Municipality form the granting of the right

The demand for parking is high, however this demand does fluctuate through the year, rental income can be set at an amount higher than the average rate of return for investment.

3.2.4 Expected gain or loss that will be realised or incurred by the municipality arising from the granting of the right.

Rental income can be set and structured so that any loss incurred by the Municipality is minimized. There is a lot of complaints from shoppers about the management of the parking at the retail outlets and that will then also be addressed. The retail outlets will also be responsible to appoint the staff and put in infrastructure for access control purposes saving the municipality those costs. It is for a relatively short term (not exceeding three years) and if there is a problem the contracts may be cancelled.

3.3 Location and context

The following identified parking areas are situated in the Stellenbosch CBD:

1. Pick 'n Pay Parking Area (Stelmark); lease period not more than 3 years.
2. Checkers Parking Area; lease period not more than 3 years.

3.4 Public Comment invited:

The public are herewith invited to provide input/comment/alternative proposals to the municipality on the proposal to enter into a lease agreement with the following entities:

1. StelMark Centre Management (Pick 'n Pay Parking Area)
2. Checkers Complex Management (Checkers Parking Area)

3.5 Addressing of Comments

Any proposals or comments may be forwarded to: joan.fullard@stellenbosch.gov.za

or

At the office 71 Plein Street, Ecclesia Building Second Floor.

Comment must be submitted on or before 10 June 2022

Any person who are unable to read and write or have any sight disability will be assisted by an official at the office to provide comments should they not be able to provide comments on their own accord.

GARALDINE METTLER
MUNICIPAL MANAGER