

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
17 April 2018  
(Also the agenda for the Mayoral Committee Meeting : 25 April 2018)**

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**3.  
GANSBAAI, ERF 966 BLOMPARK: LEASE OF MUNICIPAL PROPERTY TO  
BLOMPARK IKAMVA JEUGONTWIKKELING EN REKENAARSENTRUM**

**7/2/3/1**

**M Erasmus**

**(028) 316-3724**

**Hermanus Administration**

**13 December 2017**

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**1. Executive Summary**

To obtain approval to enter into a further lease agreement with “Blompark Ikamva Jeugontwikkeling en Rekenaarsentrum”, hereinafter referred to as “Ikamva”, in respect of municipal property, being Erf 966 Blompark (407m<sup>2</sup> in extent) situated at 22 Aster Street, Blompark, for the management of a youth care centre and related activities.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Infrastructure and Planning;  
Property Administration

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

Executive Mayor

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

**6. Background/Discussion/Evaluation/Conclusion**

**Background**

Ikamva, a registered non-profit organisation, has been leasing Erf 966 Blompark from the Municipality since 2015 for the purpose of a youth care centre and related activities. The agreement expired on 31 December 2017.

The locality of the proposed lease area is indicated on a locality plan attached per “Annexure A”.

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### **Discussion**

Ikamva applied to lease the subject property for a further period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of a youth care centre and related activities. Ikamva applied for renewal before expiration of the lease agreement but unfortunately the application process could not be completed timeously. Rental is still charged monthly on their account.

Ikamva delivers an essential service to the community of Blompark in providing amongst others day care and education facilities to the children of Blompark.

Ikamva's municipal account is up to date and no complaints regarding the use of the property have been received by the Property Administration Department during their previous period of lease.

### **Evaluation**

A. Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**Paragraph 17: "Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:**

**17.1 a competitive process, which may include a closed or public tender or proposal call, specifically in circumstances listed in paragraph 18 below; or**

**17.2 a direct lease".**

**and**

**Paragraph 18: "A competitive process must at all times be followed in circumstances where:**

**18.1 the lease is for a long term with an income value in excess of R10 million;**

**18.2 the lease is for a formal business premises with a market related rental;**

**18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or**

**18.4 by discretion of the municipality, a competitive process will**

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**best serve the interests of the community”.**

As the site is not classified as a business site and the leasing of the said property to Ikamva (as registered non-profit organisation) is in the interest of the community, i.e. not a commercial lease, and they have been leasing it successfully for several years it is recommended that the property be leased directly to Ikamva without following a competitive process.

**Paragraph 20.1: “The Municipality may grant a long term lease of municipal immovable property with a value less than R10 million only after:**

- a) The accounting officer has approved the lease in principle;**
- b) In the case of a direct lease, the proposed lease was advertised in terms of paragraph 10.1 and 10.2 above to invite the local community and other interested parties to submit comments or representations; and**
- c) The municipal council has approved that the right may be granted.”**

The Accounting Officer (Municipal Manager) approved in principle the further lease of Erf 966 Blompark to Ikamva for the management of a youth care centre and related purposes on condition that the public participation process is followed. The proposed lease was advertised in the Gansbaai Courant on 6 January 2018 for a 30 (THIRTY) day comment/objection period.

**Paragraph 26: “In cases where a rental amount has been approved in the annual budget of the Municipality for certain types of leases and encroachments, the approved amount will be used for purposes of determining the rental amount”.**

In this regard the rental charged will be in accordance with the tariff approved in the annual budget.

**Paragraph 36: “All costs pertaining to a transaction, e.g. survey, advertisements, valuation, relocation or provision of services where necessary, shall be borne by the Lessee. The Municipality may, however, waive its right to claim all or any portion of the costs. Where necessary a deposit to cover the costs may be required.”**

Ikamva will pay all costs relating to the renewal of the lease agreement which in this case so far is only the advertisement costs.

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**Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”**

The property will be inspected by the Property Administration Department at least once a year.

**It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy will be included in the lease agreement with the Applicant.**

**B. Advertisement/Notification**

An advertisement for the lease of Erf 966 Blompark (407m<sup>2</sup> in extent) was placed in the Gansbaai Courant on 6 January 2018 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

**Conclusion**

With reference to the above discussion it is recommended that the lease agreement with Ikamva be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 January 2018 at a total commencement rental amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month until 30 June 2018 where after the lease amount will escalate every year on the 1<sup>st</sup> of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2018. All expenses pertaining to the proposed lease will be borne by Ikamva.

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

**Senior Manager: Expenditure and Assets, Mr. J Vorster - (028) 313 8046**

As this is an income generating proposal involving an institution who delivers

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an essential service to the community of Blompark, with no intention to dispose of the asset, there is no objection to the report.

Note that the property will have to comply with the following registrations in terms of their application:

1. Partial care facility limited to the facility,
2. Early Childhood Development Program. They already have a registered program.
3. After school service (after school service).

I have no objections to the award of the lease agreement as requested.

### **10. Annexures**

Annexure A: Locality Plan

### **RECOMMENDATION:**

1. that the lease of municipal property, being Erf 966 Blompark (407m<sup>2</sup> in extent) to “Blompark Ikamva Jeugontwikkeling en Rekenaarsentrum” for the purposes of managing a youth care centre and related activities at the rental amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 January 2018 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved:** and
2. that the rental amount mentioned in 1 above escalate every year on the 1<sup>st</sup> of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2018.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>30 APRIL 2018</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>10 APRIL 2018</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
17 APRIL 2018, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**30 APRIL 2018**

**TARGET DATE TO INFORM APPLICANT :**

**10 APRIL 2018**

**TARGET DATE TO INFORM OBJECTOR :**

**N/A**

