

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

**2.  
HERMANUS, ERF 2824: LEASE OF MUNICIPAL PROPERTY TO GROENBERG  
JUJSKEIKLUB**

**7/2/3/1**

**M Erasmus  
4 July 2017**

**(028) 316-3724**

**Hermanus Administration**

---

**1. Executive Summary**

To obtain approval to enter into a further lease agreement with the Groenberg Jukskeiklub in respect of municipal property, being Erf 2824 Sandbaai ( $\pm 5$  138m<sup>2</sup> in extent), for the management of the Jukskei field and Clubhouse.

**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**

Groenberg Jukskeiklub has been leasing Erf 2824 Sandbaai from the Municipality since 2008 for the management of the Jukskei field and Clubhouse. The most recent agreement will expire on 31 May 2018.

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

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

### **Discussion**

Groenberg Jukskeiklub applied to lease the subject property for a further period of 9 (NINE) years and 11 (ELEVEN) months for the management of the Jukskei field and Clubhouse.

Groenberg Jukskeiklub provides the community with recreation opportunities which is an important part of society. They are further involved with the children of the community through the training they provide to the schools.

Groenberg Jukskeiklub's municipal account is up to date and no complaints regarding the use of the property have been received during their lease period.

### **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 best serve the interests of the community".**

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

As the property is not classified as a business site and the leasing of the said property to Groenberg Jukskeiklub (as a sports club) 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 Groenberg Jukskeiklub 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 lease of Erf 2824 Sandbaai to Groenberg Jukskeiklub for the management of the Jukskei field and Clubhouse on condition that a public participation process is followed. The proposed lease was advertised in The Village News on 9 May 2017 for a 30 (THIRTY) day comment/objection period.

**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.”**

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

**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.

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

**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 Erf 2824 Sandbaai was placed in The Village News on 9 May 2017 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 renewal lease agreement with Groenberg Jukskeiklub be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 June 2018 at a total rental amount of R146.00 (ONE HUNDRED AND FORTY SIX RAND ALONE) (VAT excluded) per month, which is the amount they are currently paying.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R146.00 (ONE HUNDRED AND FORTY SIX RAND ALONE) (VAT excluded) for the month of June 2018 where after the lease amount will escalate on 1 July 2018 and thereafter every year on the 1<sup>st</sup> of July in accordance with the prevailing consumer price index (all items). All expenses pertaining to the proposed lease will be borne by Groenberg Jukskeiklub.

**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 a recreational service to the community, concluded in terms of the conditions set out in the Administration of Immovable Property Policy of the Municipality and with no intension to dispose of the asset, there is no objection to the report.

**10. Annexures**

Annexure A: Locality Plan

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

**RECOMMENDATION:**

1. that the lease of Municipal Property, being Erf 2824 Sandbaai ( $\pm 5$  138m<sup>2</sup> in extent), to the Groenberg Jukskeiklub for the management of the Jukskei field and Clubhouse at the rental amount of R146.00 (ONE HUNDRED AND FORTY SIX RAND ALONE) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 June 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 prevailing consumer price index (all items) with the first escalation on 1 July 2018.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>1 June 2018</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>30 September 2017</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 August 2017  
(Also the agenda for the Mayoral Committee Meeting : 30 August 2017)**

---

**2.  
HERMANUS, ERF 2824: LEASE OF MUNICIPAL PROPERTY TO GROENBERG  
JUKSKEIKLUB**

**7/2/3/1**

**M Erasmus**

**(028) 316-3724**

**Hermanus Administration**

**4 July 2017**

---

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
22 AUGUST 2017, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**1 JUNE 2018**

**TARGET DATE TO INFORM APPLICANT :**

**30 SEPTEMBER 2017**

**TARGET DATE TO INFORM OBJECTOR :**

**N/A**

