

**AGENDA of the
Portfolio Committee: Infrastructure & Planning
20 November 2018
(Also the agenda for the Mayoral Committee Meeting: 28 November 2018)**

**3.
HERMANUS: A PORTION OF THE REMAINDER OF ERF 243, ROTARY WAY:
LEASE OF MUNICIPAL PROPERTY TO ALTECH FLEETCALL**

7/2/3/1

N Liebenberg

(028) 316-3724

Hermanus Administration

11 October 2018

1. Executive Summary

To obtain approval to enter into a further lease agreement for a period of 9 (NINE) years and 11 (ELEVEN) months with Atlech Fleetcall in respect of municipal property, being a portion of the remainder of Erf 243, situated next to Rotary Way, Hermanus ($\pm 3\text{m}^2$ in extent), for telecommunications base station and related purposes.

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

Altech Fleetcall has been utilizing space on the mast at Olifantsberg as well as space in the municipal building on a portion of the remainder of Erf 243 Hermanus in Rotary Way, since 2008 for telecommunications base station and related purposes.

The last agreement was for a period of 3 (THREE) years which expired on 30 June 2018. As Altech Fleetcall is still utilising the property the rental is still being levied on the municipal account.

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The locality and layout of the proposed lease area are indicated on the locality plan attached per “Annexure A”.

Discussion

Altech Fleetcall applied for a further lease agreement of 9 (NINE) years and 11 (ELEVEN) months and provides a very important service to the community of Hermanus and especially in the provision of communication and improvement of mobile and internet reception to their clients.

Altech Fleetcall applied for renewal before expiration of the lease agreement but unfortunately the application process could not be completed timeously as the Municipality was waiting for the confirmation that Altech Fleetcall will pay for the advertisement costs. Should the further lease be approved the commencement date will be backdated to the day after expiry of the previous agreement, being 1 July 2018.

The area applied for have been used by the Altech Fleetcall for approximately ten years without any complaints from the public regarding the use of the property. The municipal account is paid to date.

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.”

As the site is not classified as a business site it can be leased directly to Altech Fleetcall without following a competitive process.

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

- a) The Accounting Officer has approved the lease in principle;**

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- 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 Executive Mayor, as delegated authority, has approved that the right may be granted.”**

The Accounting Officer (Municipal Manager) approved in principle the further lease of the subject portion of the remainder of Erf 243, Rotary Way Hermanus to Altech Fleetcall for telecommunication base station and related purposes on condition that the public participation process is followed. The proposed lease was advertised in The Village News on 19 September 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.”

The 2018/2019 tariff for equipment on the Mast is R1,922.61 (ONE THOUSAND NINE HUNDRED AND TWENTY TWO RAND AND SIXTY ONE CENTS) (VAT Excluded) per month and R506.09 per m² (FIVE HUNDRED AND SIX RAND AND NINE CENTS PER SQUARE METER) (VAT Excluded) for space in the building. Thus a total rental amount of R3,364.97 (THREE THOUSAND THREE HUNDRED AND SIXTY FOUR RAND AND NINETY SEVEN CENTS) (VAT Excluded) per month will be levied. The agreement will stipulate that the rental amount shall escalate annually on the 1st of July in accordance with the tariff as 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.”

Altech Fleetcall 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.

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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 a portion of the remainder of Erf 243 Hermanus ($\pm 3\text{m}^2$ in extent) was placed in The Village News on 19 September 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 Altech Fleetcall be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 July 2018 at a rental amount of R3,364.97 (THREE THOUSAND THREE HUNDRED AND SIXTY FOUR RAND AND NINETY SEVEN CENTS) (VAT Excluded) per month which is the amount approved in the 2018/2019 budget.

7. Financial Implications

The Municipality stands to gain rental in the amount of R3,364.97 (THREE THOUSAND THREE HUNDRED AND SIXTY FOUR RAND AND NINETY SEVEN CENTS) (VAT Excluded) per month where after the lease amount will escalate every year on the 1st of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2019. All expenses pertaining to the proposed lease will be borne by Altech Fleetcall.

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

10. Annexures

Annexure A: Locality Plan

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RECOMMENDATION:

1. that the lease of municipal property, being a portion of the remainder of Erf 243, Rotary Way Hermanus ($\pm 3\text{m}^2$ in extent), to Altech Fleetcall for telecommunication base station and related purposes at the rental amount of R3,364.97 (THREE THOUSAND THREE HUNDRED AND SIXTY FOUR RAND AND NINETY SEVEN CENTS) (VAT Excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 July 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 1st of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2019.

RESPONSIBLE OFFICIAL:	N LIEBENBERG
TARGET DATE FOR IMPLEMENTATION:	21 DECEMBER 2018
TARGET DATE TO INFORM APPLICANT:	12 DECEMBER 2018
TARGET DATE TO INFORM OBJECTOR:	N/A

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Hermanus Administration

11 October 2018

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
20 NOVEMBER 2018, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

RESPONSIBLE OFFICIAL:

N LIEBENBERG

TARGET DATE FOR IMPLEMENTATION:

21 DECEMBER 2018

TARGET DATE TO INFORM APPLICANT:

12 DECEMBER 2018

TARGET DATE TO INFORM OBJECTOR:

N/A

