

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
22 September 2015
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

13.

GANSBAAI, A PORTION OF ERF 462, SEA VIEW ROAD, FRANSKRAAL: LEASE OF MUNICIPAL PROPERTY TO 'DIE STRANDVELD MUSEUM TRUST'

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

17 August 2015

1. Executive Summary

To obtain approval to enter into a lease agreement with 'Die Strandveld Museum Trust' in respect of municipal property, being a portion of Erf 462, Sea View Road, Franskraal ($\pm 700\text{m}^2$ in extent), for the management of The Strandveld Museum.

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 (2014)

6. Background/Discussion/Evaluation/Conclusion

Background

'Die Strandveld Museum Trust' has been leasing the subject portion of Erf 462, Franskraal from the Municipality since 2000 for the management of the Strandveld Museum. The most recent agreement expired on 31 August 2015.

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

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Discussion

The applicant has been managing the museum on the subject property for over 15 (FIFTEEN) years. The applicant motivated that the management of the museum is a great passion for them and therefore applied to lease the subject portion of the property for a further period of 9 (NINE) years and 11 (ELEVEN) months.

In terms of the Administration of Immovable Property Policy the Municipality may grant a long term lease if the Accounting Officer has approved the lease in principle, a public participation process is followed and Executive Mayor's (as delegated authority) approval is obtained in terms of the above policy.

The Acting Accounting Officer (Municipal Manager) approved the lease of the property to the Applicant in principle on 8 July 2015. As no other applications for the specific site were received and the site is not classified as a business site the property can be leased directly to the applicant without following a competitive process.

The Administration of Immovable Property Policy makes provision for the Accounting Officer to determine the rental in certain cases where the community value of the lease is considered. Amongst others, in the case of a lease to a public facility, the Accounting Officer can determine the rental. As the management of the museum does not produce any profit, the Applicant is responsible for all service fees and more specifically in the light of the fact that the museum is managed with the purpose of providing information regarding the museum, the culture and history of the Gansbaai area to the community and tourists visiting the area it is recommended that the subject portion of property be leased at the amount other community projects and NPO'S are charged. The current amount is R120.20 (ONE HUNDRED AND TWENTY RAND AND TWENTY CENTS) (Vat excluded) per month.

Evaluation

6.1 Application process in terms of the Administration of Immovable Property Policy of the Overstrand Municipality of 2014:

6.1.1 Compliance

The following conditions of the Administration of Immovable Property Policy of the Overstrand Municipality apply:

(3) Paragraph 20.1: "The Municipality may grant a long term lease of municipal immovable property with a value less than R10 million only after:

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- 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 Acting Accounting Officer (Municipal Manager) has, in principle, approved the lease of the subject portion of Erf 462, Sea View Road, Franskraal on 8 July 2015.

The proposed lease was advertised in the Gansbaai Courant on 23 July 2015.

- (2) 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.”**

The applicant paid the costs relating to the advertisement. No survey or valuation was done and therefore no costs were incurred.

- (3) Paragraph 40: “Rental, except where it is decided otherwise by the Municipality shall escalate annually by a percentage fixed in accordance with the prevailing consumer price index (all items).”**

A clause to this effect will be inserted in the lease agreement.

- (5) 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 will be included in the lease agreement with Sonia Denise Rock.

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6.1.2 Advertisement/Notification

An advertisement for the lease of a portion of Erf 462, Sea View Road, Franskraal, was placed in the Gansbaai Courant on 23 July 2015 for a 30 (THIRTY) day objection/comment period.

One objection was received from the Overberg District Municipality claiming that the said property is registered in the name of the Overberg District Municipality.

A reply was sent to the Overberg District Municipality informing them that an interdict was registered against the Title Deed which effected transfer of the property to Overstrand Municipality and is therefore Overstrand Municipality's property. The objection therefore bears no merit and no further attention needs to be given to the objection.

Conclusion

With reference to the above discussion it is recommended that the lease agreement with 'Die Strandveld Museum Trust' be approved for a period of 9 (NINE) years and 11 (ELEVEN) months commencing on 1 September 2015 at a rental amount of R120.20 (ONE HUNDRED AND TWENTY RAND AND TWENTY CENTS) (Vat excluded) per month.

7. Financial Implications

The Municipality stands to gain a lease in the amount of R120.20 (ONE HUNDRED AND TWENTY RAND AND TWENTY CENTS) (Vat excluded) per month until June 2016 where after the lease amount will escalate every year on the 1st of July by a percentage fixed in accordance with the prevailing consumer price index. All expenses pertaining to the proposed lease will be borne by the applicant.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

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

There is no objection as the application complies with the Administration of Immovable Property Policy.

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10. Annexures

Annexure A: Locality Plan

RECOMMENDATION:

1. that the lease of Municipal Property, being a portion of Erf 462, Sea View Road, Franskraal ($\pm 700\text{m}^2$ in extent) to 'Die Strandveld Museum Trust' for the management of the Strandveld Museum at the rental amount of R120.20 (ONE HUNDRED AND TWENTY RAND AND TWENTY CENTS) (Vat excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 September 2015 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 by a percentage fixed in accordance with the prevailing consumer price index.

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	10 OCTOBER 2015
TARGET DATE TO INFORM APPLICANT :	3 NOVEMBER 2015
TARGET DATE TO INFORM OBJECTOR :	N/A

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THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 22 SEPTEMBER 2015, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

10 OCTOBER 2015

TARGET DATE TO INFORM APPLICANT :

3 NOVEMBER 2015

TARGET DATE TO INFORM OBJECTOR :

N/A

