



**ORDINARY MEETING OF THE MAYORAL
COMMITTEE**

**GEWONE VERGADERING VAN DIE
BURGEMEESTERSKOMITEE**

**INTLANGANISO YESIQHELO YEKOMITI
KASODOLOPHU**

**A G E N D A
I-AJENDA**

**DATE / DATUM / UMHLA : 13 NOVEMBER / NOVEMBA 2024
BANQUETING HALL,
CIVIC CENTRE
HERMANUS**

TIME / TYD / IXESHA : 10:00

MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND

Office of the Municipal
Manager
Municipal Offices
HERMANUS

5 November 2024

NOTICE TO ALL ALDERMEN AND COUNCILLORS

NOTICE IS HEREBY GIVEN that an **ORDINARY MEETING** of the **MAYORAL COMMITTEE** will be held in the **BANQUETING HALL, CIVIC CENTRE, HERMANUS** on **WEDNESDAY, 13 NOVEMBER 2024** at **10:00** to consider the items set out in the attached agenda.

DR D O'NEILL
MUNICIPAL MANAGER

5 November 2024

KENNISGEWING AAN ALLE RAADSHERE EN RAADSLEDE

KENNIS WORD HIERMEE GEGEE dat 'n **GEWONE VERGADERING** van die **BURGEMEESTERSKOMITEE** gehou sal word in die **BANKETSAAL, BURGERSENTRUM, HERMANUS** op **WOENSDAG, 13 NOVEMBER 2024** om **10:00** vir oorweging van die items op die meegaande agenda.

DR D O'NEILL
MUNISIPALE BESTUURDER

5 Novemba 2024

ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA

INTLANGANISO YESIQHELO YEKOMITI KASODOLOPHU WE-OVERSTRAND

OKU KUKWAZISA ukuba intlanganiso **YESIQHELO yeKOMITI KASODOLOPHU**, iza kuba se **I-BANQUETING HALL, kwiZiko, eHERMANUS UIWESITHATHU UMHLA, 13 NOVEMBA 2024** ngeye-**09:00** ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

DR D O'NEILL
UMPHATHI KAMASIPALA

AGENDA/...

OVERSTRAND MUNICIPALITY

MAYORAL COMMITTEE MEETING

13 November 2024

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1. OPENING

2. APPLICATIONS FOR LEAVE OF ABSENCE

3. CONFIRMATION OF MINUTES

3.1 Minutes of an **Ordinary Meeting** of the **Mayoral Committee** held on **Wednesday, 16 October 2024 at 08:30**

4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE EXECUTIVE MAYOR / DEPUTY EXECUTIVE MAYOR

SALGA Matters:

5.

**A PORTION OF ERF 646 PEARLY BEACH (1 NURSERY ROAD, PEARLY BEACH):
DEVIATION FROM PARAGRAPH 18 OF THE ADMINISTRATION OF IMMOVABLE
PROPERTY POLICY OF 2015 ALLOWING THE MUNICIPALITY TO ENTER INTO A
FURTHER LEASE AGREEMENT WITH THE COMPUTER HUT (PTY) LTD**

A Le Roux

Divisional Manager: Property Management

4 October 2024

(028) 316 5623

1. Executive Summary

To obtain approval to enter into a further lease agreement with The Computer Hut (Pty) Ltd, (hereinafter referred to as “the Lessee”), in respect of municipal property being a portion of Erf 646 Pearly Beach ($\pm 1\text{m}^2$ in extent) situated at 1 Nursery Way, Pearly Beach (hereinafter referred to as “the Property”), for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose to retain a communication tower on top of a water reservoir, and

To obtain approval from Council for the deviation from paragraph 18 of the Administration of Immovable Property Policy (as approved by Council on 25 November 2015) allowing the Municipality to enter into a direct lease agreement with the Lessee in respect of the Property to retain a communication tower on top of a water reservoir, without following a competitive process.

See locality map attached hereto marked as Annexure “A”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Planning and Development
Property Management

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

Partly delegated

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality (2015)
- Municipal Asset Transfer Regulations (R. 878 of 2008)

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

The Municipality has a water reservoir on the Property where there are three other service providers situated on the reservoir, providing communication services to the Municipality and especially between the various waterworks infrastructure. The Lessee also applied to erect a communication tower on the Property which application was approved. A lease agreement was entered into, and the Lessee provides IP network communication for the PLC's which is used by the Municipality and the tower is also used to provide internet to the Lessee's clients in the Pearly Beach area.

The last lease agreement was for a period of 3 (THREE) years which commenced on 1 December 2021 and will expire on 30 November 2024 for the purpose of a communication tower on top of a water reservoir.

The Lessee applied for the renewal of the lease of the Property for a further period of 9 (NINE) years and 11 (ELEVEN) months. No complaints were received from the community during the previous lease period. The municipal account is paid up to date.

Evaluation

A. Administration of Immoveable 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".

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".

Although the application is for a long-term the rental will not be in excess of R10 million. The site is not classified as, nor zoned as, a business site and the lease area is situated on a water reservoir which is not suitable for any other activities.

Although there are other internet service providers in the area, the Municipality uses the Lessee's services on the site for communication of the PLC's on site.

In this case a direct lease is proposed with a deviation from paragraph 18 in that a competitive process not be followed.

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;**
- 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 Lessee applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 6 June 2024 for a period of 9 (NINE) years and 11 (ELEVEN) months, subject thereto that the approval of Council is obtained for the deviation from paragraph 18 of the Administration of Immovable Property Policy and the public participation process being followed.

The Executive Mayor's approval is hereby sought for the long-term lease, and the proposed lease was advertised in The Gansberg News on 20 September 2024 for a 30 (THIRTY) day comment/objection period. No objections have been received.

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 tariff for the lease of municipal property with a mast, is applicable.

The tariff for the lease of municipal property with a mast is R342.61/m² (THREE HUNDRED AND FORTY-TWO RAND AND SIXTY-ONE CENTS) (VAT excluded) per square metre per month for the 2024/2025 financial year. The lease area is ±1m² (ONE) square metre in extent and the rental is thus a total amount of R342.61 (THREE HUNDRED AND FORTY-TWO RAND AND SIXTY-ONE CENTS) (VAT excluded) per

month. The agreement will stipulate that the rental amount will escalate annually 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.”

The Lessee will be liable for the payment of 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 Management Division 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.

B. Advertisement/Notification

An advertisement for the lease of the Property was published in The Gansberg News on 20 September 2024 for a 30 (THIRTY) day objection/comment period. No objection/comment was received.

Conclusion

With reference to the above discussion, it is recommended that the lease of the Property to the Lessee be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 December 2024 at a rental amount of R342.61 (THREE HUNDRED AND FORTY-TWO RAND AND SIXTY-ONE CENTS) (VAT excluded) per month.

7. Financial Implications

The Municipality stands to gain rental in the amount of R342.61 (THREE HUNDRED AND FORTY-TWO RAND AND SIXTY-ONE CENTS) (VAT excluded) per month from 1 December 2024 where after the rental amount will escalate annually on 1 July in accordance with the tariffs stipulated in the Annual Budget as approved by Council.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations**Senior Town Planner – Mr S van der Merwe**

“No objection to the renewal of the lease since consent use approval was granted for the transmission apparatus. Dated February 2024, subject to conditions.”

Divisional Manager: Building Control – Mr L Coetzee

“No objection. A building plan is required for the proposed communication tower on top of the existing reservoir tower. The building plan must contain an engineer’s letter i.t.o Part A1(3) of SANS10400, and the application must comply with all other applicable law.”

The above conditions were part of the consent use approval and therefore the Lessee is aware thereof.

Principal Technologist Civil: Gansbaai and Stanford – Mr J Solomons

“No objection.”

Divisional Manager: Expenditure, Fleet & Asset management – Mr J Vorster

“As this is a revenue generating proposal with no intention to dispose of the asset, there is no objection.”

10. Annexures

Annexures A1 & A2: Locality maps

RECOMMENDATION TO THE EXECUTIVE MAYOR:

1. that the lease of municipal property, being a portion of Erf 646 Pearly Beach ($\pm 1\text{m}^2$ in extent), to The Computer Hut (Pty) Ltd for the purpose to retain a communication tower on top of a water reservoir at the rental amount of R342.61 (THREE HUNDRED AND FORTY TWO RAND AND SIXTY ONE CENTS) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months from 1 December 2024 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**;
2. that the approval in 1 above be subject to Council approving the deviation from paragraph 18 of the Administration of Immovable Property Policy of 2015; and

3. 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 2025.

RECOMMENDATION TO THE COUNCIL:

that the deviation from paragraph 18 of the Administration of Immovable Property Policy allowing a direct lease to The Computer Hut (Pty) Ltd of a portion of Erf 646 Pearly Beach ($\pm 1\text{m}^2$ in extent), for the purpose to retain a communication tower on top of a water reservoir, **be approved.**

RESPONSIBLE OFFICIAL :	R OCTOBER
TARGET DATE FOR IMPLEMENTATION :	4 DECEMBER 2024
TARGET DATE TO INFORM APPLICANT:	11 DECEMBER 2024
TARGET DATE TO INFORM OBJECTOR :	N/A



ANNEXURE A2

