

**AGENDA of the
Portfolio Committee: Infrastructure & Planning
17 March 2020
(Also the agenda for the Mayoral Committee Meeting: 25 March 2020)**

4.

A PORTION OF ERF 5514 BETTY'S BAY (SITUATED IN MOOIUITSIG, BETTY'S BAY): RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO CHILD WELFARE SOUTH AFRICA (KLEINMOND)

7/2/3/2

A le Roux

Manager : Property Administration

10 February 2020

(028) 316 - 3724

1. Executive Summary

To obtain approval to enter into a further lease agreement with Child Welfare South Africa (Kleinmond) for a period of 9 (NINE) years and 11 (ELEVEN) months in respect of municipal property, being a portion of Erf 5514 Betty's Bay (±370m² in extent) situated in Mooiuitsig, Betty's Bay for the purpose of managing the Pikkewyntjies Pre-Primary School. See the locality plan attached hereto marked Annexure "A".

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Creation and maintenance of a safe and healthy environment
Promotion of tourism, economic and social development

4. Delegated Authority

Executive Mayor

5. Legal Requirements

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

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Child Welfare South Africa (Kleinmond) has been using a portion of Erf 5514 Betty's Bay for many years, where the first official lease agreement

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commenced in July 2010, and provides an essential service to the community of Betty's Bay.

The current lease agreement is for a period of 9 (NINE) years and 11 (ELEVEN) months, which will expire on 31 May 2020.

The municipal account is paid up to date. The lease area has successfully been used by Child Welfare South Africa (Kleinmond) to the advantage of the community without any problems and no complaints have been received regarding the use of the property by them.

Evaluation

A: Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the said Policy will 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.”

As Child Welfare South Africa (Kleinmond) is a well-established non-profit organization who delivers a service to the community of Betty's Bay and due to the fact that their account is up to date and no complaints have been received during their lease period, it is recommended that the property, which will not be used for business purposes, be leased directly

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to Child Welfare South Africa (Kleinmond) 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;***
- 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 a portion of Erf 5514 Betty’s Bay, to Child Welfare South Africa (Kleinmond), subject to a public participation process being followed and further subject to the approval from the Executive Mayor.

The proposed lease was advertised in the Overstrand Herald on 23 January 2020 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 for non-profit organizations.

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.”*

Child Welfare South Africa (Kleinmond) 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.”*

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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 a portion of Erf 5514 Betty's Bay (±370m² in extent) was placed in the Overstrand Herald on 23 January 2020 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 Child Welfare South Africa (Kleinmond) be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 June 2020 at a rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month as approved in the Annual Budget for the 2019/2020 financial year.

7. Financial Implications

The Municipality stands to gain rental in the amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (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 2020. All expenses pertaining to the proposed lease will be borne by Child Welfare South Africa (Kleinmond).

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Senior Town Planner: Mrs H van der Stoep– (028) 313 8900

"No objection."

Manager: Social Development: Mr G Smit – (028) 313 8035

"The department does not have any objections. They have been successfully

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running the facility for a number of years.”

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

“As this is an income generating proposal involving an institution who delivers a service to the community of Betty’s Bay, with no intention to dispose of the asset(s), there is no objection to the report.”

10. Annexures

Annexure A: Locality Map

RECOMMENDATION:

1. that the lease of municipal property, being a portion of Erf 5514 Betty’s Bay, (±370m² in extent), to Child Welfare South Africa (Kleinmond) for the purpose of managing the Pikkewyntjies Pre-Primary School at the rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 June 2020 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 escalates 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 2020.

RESPONSIBLE OFFICIAL:	N LIEBENBERG
TARGET DATE FOR IMPLEMENTATION:	14 APRIL 2020
TARGET DATE TO INFORM APPLICANT:	30 APRIL 2020
TARGET DATE TO INFORM OBJECTOR:	N/A

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THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 17 MARCH 2020, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION

RESPONSIBLE OFFICIAL:

N LIEBENBERG

TARGET DATE FOR IMPLEMENTATION:

14 APRIL 2020

TARGET DATE TO INFORM APPLICANT:

30 APRIL 2020

TARGET DATE TO INFORM OBJECTOR:

N/A

ANNEXURE A

