

THE CITY OF CAPE TOWN, SOUTH AFRICA

REQUEST FOR PROPOSALS WITHIN A FORMAL TENDER NO: 505 S/2007/08

APPOINTMENT OF AN OPERATOR
NEW STADIUM AND URBAN PARK and
THE SALE OF NAMING RIGHTS

INFORMATION MEMORANDUM ONLY



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



PREAMBLE

The Cape Town City Council is constructing a magnificent new sports stadium in Green Point, which is in the heart of the city's tourism hub. This modern stadium, set against the unique scenic backdrop of Table Mountain, Signal Hill and Lion's Head, is located adjacent to the highly successful Victoria and Alfred Waterfront development and has views across Table Bay to Robben Island and beyond. The stadium and its immediate precinct are part of a much larger recreational lung in the city central area known as the Green Point Common, which currently provides facilities for athletics, cricket, football, hockey, golf and tennis as well as being available to the public at large for unrestricted recreational purposes. There has been a popular informal trading market held regularly on the Common every Sunday and on Public Holidays for many years.

The stadium is being financed jointly by the National and Provincial governments together with the City Council as part of South Africa's Host Country obligations to provide major venues for the 2010 FIFA World Cup™. The new stadium is designed to meet the stringent standards set by FIFA as a venue to host one of the two semi-final matches for this prestigious event as well as eight other World Cup matches, and is an iconic symbol of the pride that the city's citizens feel in being selected as one of the Host Cities.

Proposals are now being invited from suitably experienced and well-resourced organisations to be the contracted Operator of both the stadium and an urban park that is being designed to occupy a significant portion of the adjacent Common land. The Operator will perform under a full maintenance basis for this important addition to Cape Town's sporting, recreational and tourism infrastructure. The period of contractual commitment required is not less than 10 (ten) and not more than 30 (thirty) years.

Tenders are also invited for the sale of the Naming Rights to the Stadium for a period of not less than 10 (ten) and not more than 15 (fifteen) years.

Form of Response: bids can be made for either the Operator Role or the Naming Rights individually OR for both separately OR by submitting a combined bid incorporating both components as an integrated package. The tender documentation is only available by registration and on payment of a non-refundable deposit – details are given at the end of this Information memorandum. Whilst the Operator element of this tender is in the style of a Request for Proposals, there is a structure to the response and a very important set of compulsory documentation that is common to all tenders issued by the municipality which MUST be carefully completed for both the Operator Role and the Naming Rights element

CAPE TOWN, THE WESTERN CAPE AND SOUTH AFRICA

There has been a rapid growth in tourism since South Africa held its first democratic elections in 1994, as the country as a whole provides a vast range of attractions for international tourists, many of who return and encourage their friends and business associates to visit the country. There is also a strong domestic tourism base and Cape Town is a popular location for visitors from the Gauteng (Johannesburg) area in particular. During the 2006/7 holiday season alone, more than four million visitors visited the Cape Town area.

As a nation, South Africans are well known for their enthusiasm for all forms of sporting activities, both as highly competitive participants and keen supporters. In the last 12 years the country has hosted the World Championships for Rugby (winners in 1995 and 2007), One-Day Cricket, Cross-country Running and Fencing. In 1996, it achieved a double first by hosting and winning the Africa Cup of Nations soccer tournament. Major international golf tournaments are held annually throughout the country in which world-wide television audiences have the opportunity to see leading players compete on top-quality courses. There are two annual marathons that are open to international entrants held in the country, one of which (The Two Oceans) is in Cape Town. The city also plays host to the largest individually timed bicycle race in the world (The Pick and Pay Argus Cycle Race). These events have helped to establish South Africa as a major player in the marketplace for top sporting venues and competitions.

With the opening of the sophisticated Cape Town International Convention Centre in 2003, the global corporate and institutional conference/exhibition industry has responded enthusiastically to this destination, with many delegates taking advantage of the opportunity to bring their spouses or partners with them. With a wide range of guest accommodation available in the city and region, many delegates extend their stays to enjoy the city's comfort, scenery and live entertainment. Many world-famous entertainers enjoy coming to Cape Town to give live concerts, the most recent being Elton John and Celine Dion. There is a vibrant nightlife in Cape Town and modern entertainment concerts are well supported.



There is also a good pool of technical sound, lighting and recording skills in the city that cover all aspects of live entertainment due to the rapid expansion of the local film industry in recent years. Local musicians are highly rated and can readily support all forms of live music ranging from jazz, rock and soul to classical. The city is home to the Cape Town Jazz Festival held in March every year, which attracts international jazz artists and fans. The universities of Cape Town and nearby Stellenbosch both have excellent music faculties that offer courses to Masters Degree level including performance diplomas as well as theory. Other tertiary institutions also offer hospitality and catering industry skills.

THE STADIUM DESIGN, FACILITIES AND IMMEDIATE PRECINCT

The experienced team involved in the design and construction of this modern facility are all highly reputable South African professionals working in association with specialist German architects and engineers. Their challenge was to ensure that the facility could perform well functionally and blend into the surrounding urban and natural landscape. The main construction contract was awarded to a consortium comprising the leading South African building and civil engineering firms of Murray and Roberts partnering with WBHO Ltd.

In order to qualify for the right to hold a World Cup soccer semi-final match, the stadium has to accommodate a minimum of 60 000 spectators and a further 8 000 guests hosted under the auspices of FIFA and the Local Organising Committee. Once the 2010 FIFA World Cup™ has been completed, the upper tiers of seating, which are currently envisaged as temporary in nature, will be removed and the stadium will revert to a 55 000 spectator capacity venue in accordance with the approval granted under the Provincial Government's environmental permit.

The design provides for a roof to protect events from the unpredictability of the Cape Town weather, particularly during the winter months of July and August. It was decided quite early on that the additional construction costs involved in incorporating an IAAF standard athletics track into the design were impractical to accommodate. Such a facility already exists in the metropolitan area at Bellville, although an athletics facility is envisaged as part of the future resources on the Common.

The practical completion date for handover to the City Council as client is scheduled for 15 December 2009, which would potentially leave a period of about five months to enable the successful Operator to work-up the stadium to the necessary practical operational level for the World Cup. In reality, the stadium's full commercial opportunity period commences after the tournament is over, although some revenue producing activities should be possible between the date of beneficial occupation until the Exclusive Use Period commences, which will couple with the benefits of the publicity associated with having been appointed as the long-term Operator.

The design provides for 1 200 undercover parking bays within the stadium complex, whilst the adjacent stadium precinct area will have a hardened surface and will be capable of providing parking facilities for some 800 vehicles. Overflow parking for a further 3 000 vehicles will be made available on the neighbouring grassed recreational areas that are planned to be under the management control of the City Council. A high level of safety, security and access control will be required at the perimeter of the stadium precinct under the control of the Operator after the 2010 event; a diagram displaying the extent of the stadium and hardened precinct forms part of the RfP tender documentation. There are special arrangements for all these aspects during the World Cup.



THE URBAN PARK AND SURROUNDING RECREATIONAL FACILITIES

The Green Point Common fulfils a multi-sport recreational role at the present time and it is the City Council's intention is to use the new stadium as a catalyst to reconfigure and improve the area's existing sports facilities and enhance public and social accessibility by creating an urban park. It is envisaged that the traditional informal trading market that is currently held on Sundays and Public Holidays will continue to feature in the revised layout. The total area of the existing Common is some 109 hectares, making it an important green lung in the central part of the city (the stadium and its hardened precinct will occupy about 18 hectares of this area as per the current plan - the urban park perimeters are being resolved).

The Draft Site Development Plan for this whole area, having been subject to public comment, must now be formally adopted by the City Council in its recommended form and submitted for final approval by the Provincial Minister for Environment, Planning and Economic Development. Subject to due process, it is now expected to be in its final approved state by mid 2008.

This plan describes the following proposed arrangements:

- The Metropolitan Golf Club will have a new layout and, by means of a lease directly with the City Council, will be responsible for its own operational maintenance, security and safety
- Historically, various sporting clubs have enjoyed exclusive use of parts of the Common. It is envisaged that the current redevelopment process will resolve the situation for the future.
- The existing grassed Green Point Track (an athletics and football field) will be upgraded for use as a specialist athletics/ amateur football facility controlled by the City Council.
- It is intended that the existing tennis courts adjacent to the privately owned Virgin Active gymnasium will be modernised and extended by Tennis Western Province to be their new provincial headquarters. This could include a high standard Tennis Oval that would be used for major tournaments. The lease will be directly with the City Council.
- The remaining sports fields will be available for casual public hire. They would also available to the Operator to act as an overflow parking area for large events at the stadium or other such innovative activities. The City Council will manage the hiring schedules and maintain the fields.
- The remainder of the public areas will form the urban park, which will be available for unstructured recreational use by the community at large. The City Council will finance, design and construct the layout of the Urban Park, but it will be handed over to the stadium Operator for administration, operational control and ongoing maintenance.
- The area designated for the informal trading market will also fall under the control of the stadium Operator, including the responsibility for administering a permitting fee system and the removal of litter and waste.

The plan illustrates that the actual physical size of the urban park, which will become the responsibility of the stadium Operator, is relatively modest compared with the greater Common area. The objective of the City Council is for the stadium Operator to undertake complete responsibility for all operational control, upkeep, maintenance, access, safety and security issues for this designated facility by contractual agreement. Clearly, the stadium revenue stream will have to cross-subsidise the urban park. The land is legally held in trust for the community and as such must be reasonably accessible by all. Only the stadium and its adjacent hard-surfaced precinct will be allowed the highest access restrictions necessary to enable commercial controls for ticketed events and the enhanced safety and security measures necessitated for large public gatherings.



STADIUM USAGE – ANALYSIS OF ACTIVITIES

The City Council has commissioned an independent analysis of likely sporting activities and events that could practically take place at the stadium and its adjacent hard-surfaced precinct some of which may require adaptations or additions to the current final stadium design, the costs of which would accrue to the future Operator. These are shown below as Table “A.” For information, Table “B” describes activities currently and likely to take place generally in the overall area of the Green Point Common. Table “C” indicates sports activities that are not considered to be suitable.

Planning constraints under the current Zoning Scheme specify the activities that will be permitted without obtaining waivers or changes to the Zoning. It should be clearly understood that bids submitted under this Tender/RfP process CANNOT be conditional on future changes to the current Zoning whether at the site or elsewhere in the city. Such applications are assessed on an “arms length” basis by the City Council in its role as the regulatory authority.

Table “A”	Most Likely Activities
Sporting Code or Event	Comments
Professional football	compatible with stadium design & precinct zoning
Professional rugby	ditto
Concerts	ditto
Exhibitions	ditto
Conferences & functions	ditto
Rallies & public gatherings	ditto
Circus	ditto
Gymnasium/H.P. Centre	not in current design - can be added post 2010
Action Cricket	ditto
Badminton	ditto
Basketball	ditto
Fencing	ditto
Netball	ditto
Skate park	ditto
Table tennis	ditto
Volleyball	ditto
Sports museum/shop	compatible with current zoning
Restaurant	would require waiver permission outside of event use

Table “B” Other Amateur Sports Codes & Activities on the Common
Bowls, cricket, football, golf, hockey, rugby and tennis are existing and future activities on the Common together with the Sunday informal trading market.
Cricket and rugby take place on the Green Point Track at the present time.
The current and future Common is utilised for public jogging and similar individual or group exercises, which even include just “walking the dog!”
Overflow parking for large stadium events will be permitted on the areas under the direct control of the contracted stadium Operator.

Table “C” Sporting or Recreational Activities that are NOT Suitable
BMX track, Cycle racing, Diving tank. (Motor sports would need careful environmental assessment beforehand.)
Suitable alternative facilities already exist elsewhere



ENVIRONMENTAL OBLIGATIONS AND ZONING RESTRICTIONS

The new facility has been through an extensive public participatory, regulatory and permitting process that has culminated in the following obligations which the City Council, as the stadium and Common landowner, has to ensure are fully complied with. In the language of statute in South Africa, these constitute conditions imposed on the development in a formal Record of Decision (ROD) issued by the Provincial Minister for Environment, Planning and Economic Development:

- a Site Development Plan for the Common must be developed and approved ensuring that the urban park is a multi-purpose space for sporting activities, informal trading and recreational activities (City Council task)
- a stadium and urban park Operating Agreement must be entered into between the City Council and the contracted Operator prior to the commencement of the operation of the stadium to include:
 - a stadium Operational Management Plan that must include a Generic Event Management Plan incorporating a Transport Management Plan, emergency planning, security and signage
 - an urban park Operational Management Plan that includes a permitting system for field and land use by the broader Cape Town community with "reasonable fee structures," together with maintenance and operational plans covering the recreational and sports areas with appropriate security and access control measures
- an Integrated Waste and Litter Management Plan including litter collection
- a Water & Energy Demand and Efficiency Management Plan
- the stadium and urban park must be managed as an integrated whole
- the COSTS of implementing the above two Operational Management Plans (for the stadium and urban park) must be borne by the Operator
- the Operator must compile and submit for approval by the City Council an Environmental Management System for the stadium and the urban park
- there will be need to establish a Consultative Forum to resolve operational issues that may impact on the local community once operations commence; such meetings have to held regularly & not less than annually

Note: the above is an abstract of some of the most relevant obligations under the ROD. A full copy of the original document is provided within the formal tender documentation

The stadium is currently zoned as "Community Facilities" with Consent uses granted for "a Place of Assembly and Place of Instruction." In general terms, this enables the facility to be used for outdoor and indoor sports, games and amusements including related accommodation, trade and agricultural exhibitions, fairs and shows. Educational and training establishments and a gymnasium would also be permitted.

The urban park is currently zoned as a "Public Open Space" and as such is subject to the outcome of the final site development plan approval process.

Note: the exact wording of the activities permitted under the zoning restrictions is given within the formal tender documentation.



THE 2010 FIFA WORLD CUP™ PERIOD

There will be a brief period between the construction contractor's handover of the stadium and the commencement of the Exclusive Use period that marks the start of when the stadium will act as venue for this major event. The period prior to the World Cup will, however, provide a valuable opportunity to gain practical experience in managing and using the stadium's facilities and testing its operational systems. It is likely that Test Tournaments will be arranged prior to the main event. Although this will be prestigious, there are a number of practical implications that the prospective Operator will need to consider.

The first of these is that the appointed Operator will be required to work in co-operation with both the Local Organising Committee and FIFA itself. The contracts already entered into by the City Council with these two bodies, will mean, in effect, that the Operator will have no, or at best extremely limited, opportunity to exploit the commercial rights of the stadium until the tournament has been fully concluded.

During the Exclusive Use period this impacts on the following:

- advertising, branding and stadium identifiers, including decoration and logos
- sale of merchandise
- television, media and photography rights
- events and all stadium use
- hospitality and seat rights
- ticketing and revenues

In particular, the responsibility for security and access control will vest in FIFA and the LOC working in co-operation with the stadium Operator for the Exclusive Use period.

FIFA will pay for the use of the stadium, including all utility service charges and, subject to a prior budget being agreed, will also pay for the costs of Support Personnel together with cleaning, maintenance and repairs.

It is proposed that the period of operation between the formal handover of the Stadium by the Construction Contractor and the end of the World Cup will be covered by a Management Contract between the City Council and the appointed Operator who will act as the Council's mandatory during this period. During this period the City Council will take the main financial risks and the contracted operator will be re-imbursed for its agreed budgeted expenditure including a tendered profit margin mark-up on actual costs. Thereafter, the appointed Operator will be able to enjoy full commercial beneficial occupation and the contractual agreement will take the form of a Lease unless mutually agreed otherwise.

The Naming Rights will be available prior to the date of construction handover but will be interrupted during the Exclusive Use Period when FIFA regulations require a "clean" stadium free of non-FIFA sponsor advertising and marketing rights. Any period of exclusion within the duration of the concession will be adjusted in time with a matching compensatory period added to the end of the scheduled agreement date.



TENDER DOCUMENTATION AND REGISTRATION

The formal Request for Proposals and tender documentation can be obtained upon registration and the payment of a non-refundable deposit of ZAR5 000 (five thousand South African Rands). A set of the formal documents and a CD-ROM version (PDF file) will be couriered to, or can be collected by, applicants by making contact with the City of Cape Town as follows:

Contact person

Mr Danie Malan - Manager 2010: Integration

Contact details

E-mail address: danie.malan@capetown.gov.za

Telephone: +27 21 400 1202 (domestically: 021 400 1202)

Telefax: +27 21 400 5697 (domestically: 021 400 5697)

NON-REFUNDABLE DEPOSIT/PROCESSING FEE:

Payment must be made in South African Rands (ZAR) either by a cheque drawn on a South African registered commercial bank, an International Bank Draft or by direct payment into the City Council's main bank account as given below; the payee is to be The City of Cape Town; please ensure that you reference the payment as:

Ref: 192011778 (positive identifier for the tender deposit)

Bank account details

ABSA Bank Limited
NO 4, 1st Floor, Tijgerpark
Tyger Valley
Bellville
Cape Town 7530
South Africa

Branch: Public Sector – Western Cape

Branch code: 63-16-09

Account number: 40 5658 4569

Accountholder: City of Cape Town

SWIFT code: ABSAZAJCCT (for international electronic transfers)

LEGAL DISCLAIMER

The purpose of this Information Memorandum is to provide a broad overview of the commercial opportunities presented through the RfP tender. Whilst every effort has been made to ensure the accuracy of the Information Memorandum, potential bidders for the tender opportunity must rely solely on the Request for Proposals Tender documentation themselves as to the accuracy of information provided, the responses to be made and all documentation needed to comply with the formal requirements of the tender process.

The Municipality of the City of Cape Town

16 May 2008



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