

REPORT TO: URBAN MOBILITY PORTFOLIO COMMITTEE

1. ITEM NUMBER **UM 12/10/24**

2. SUBJECT

PROGRESS ON THE CITY'S IRT PHASE 2A PROJECT

VORDERINGSVERSLAG OOR DIE STAD SE IRT-FASE2A-PROJEK

INGXELO YENKQUBELA ENGEPROJEKTHI YESIGABA 2A SE-IRT YESIXEKO

Q1095

3. DELEGATED AUTHORITY

In terms of delegation

This report is FOR NOTING BY

- Committee name** : Urban Mobility Portfolio Committee
- The Executive Mayor together with the Mayoral Committee (MAYCO)
- Council

4. DISCUSSION

This report provides an update on the IRT Phase 2A Project as of June 2024.

This report will provide and update of both the Infrastructure and Operational elements.

Infrastructure Implementation

Infrastructure progress remains broadly on schedule. The caveat to this comment is that the combined cashflow on the infrastructure implementation programme requires to be re-phased with the National Department of Transport (NDoT) and National Treasury (NT) in due course. This is expanded on in more detail below. Further, a funding shortfall requires that elements of the programme be suspended until further funding is sourced. This is also expanded on below.

Additional Infrastructure funding was applied for in a funding application sent to the client, National Department of Transport, in July 2023, but, despite support from NDoT, the application was unsuccessful at NT. The shortfall amounts to a value of approximately R2.8bn which will be required in future to complete the planned work. If the opportunity arises to submit a further application for PTNG-BFI funding, an application for the approximately R2.8bn funding shortfall will be made.

The alternative implementation considerations have been scrutinised for business applicability, technical capacity, affordability and rider convenience, and despite inconveniences, the overall infrastructure footprint can be adjusted to be able to provide origin/destination pairs as per the original System Plan.

A functioning BRT system, even if not as originally planned, can be delivered.

The detailed status per package as of September 2024:

- i. Stations Contract 1 – This contract award has been interdicted by the Courts. This contract will be cancelled in due course and split into two elements as the Claremont Station on the critical path, and needs to be expedited separately.
- ii. The balance of the above package, now referred to as “Closed Median Stations” will be adjusted to accommodate the available funding. (Stations that cannot be actioned due to funding in this work package will be completed under Balance of Closed Median Stations under iii below).
- iii. Stations – Balance of Closed Median Stations that will not have been completed under ii above.
- iv. Stations – Wynberg Work Packages – On hold due to funding shortfalls.
- v. W1 – Will be presented at BAC in September 2024.
- vi. W2 – In construction since April 2024.
- vii. W4 – Under construction.
- viii. E1 – Under construction.
- ix. E2 – Construction MOA approved. This work will be in construction by October 2024. The moving of informal structures is planned for Jan 2025.
- x. E2 Service Relocation Stand Alone tender – in evaluation stages.
- xi. E3 – Contract commenced in September 2024.
- xii. E4 – Busy with Section 33 process for Council approval in December 2024. It is expected to be in Construction by Jan 2025. The moving of informal structures is delayed by contractual matters with Human Settlements and is now scheduled for March 2025. The impact is being accommodated currently.
- xiii. E6 – Under construction.
- xiv. W5; W6; W8; E5; E7 and E9: Projects delayed until additional funding is secured.

Request to re-phase PTNG-BFI DoRA allocations

A review of project progress to date considering a number of “shocks” with recent tenders; the interdependencies between the various individual work packages; recent experiences of slower than anticipated contractor production uptake and security issues on site has given rise to the need to review the entire BFI funding allocation over the MTREF period.

The City of Cape Town has received disappointing responses from the construction market in response to tenders recently advertised which will require a review, and possibly revision of, the specifications prior to re-advertising tenders, which will shift the implementation programme out.

The majority of the major Metro South East (IRT Phase 2A) work packages being funded by PTNG-BFI are 2 to 3 years in duration. Experience has now shown that these complex projects take some time to gather momentum, and that less funding is required for the start-up phase of the individual projects and significantly more funding is required in the final year of construction. Therefore, more consistent funding is required across the financial years to implement and complete the projects.

In order to accommodate the adjustments referred to above, the PTNG-BFI envelop of funding for the original R7.1bn needs to be adjusted accordingly.

The current PTNG-BFI allocations according to the latest DoRA to the City of Cape Town are:

FY24 – R 874 000

FY25 – R1 614 000

FY26 – R2 340 000

FY27 – R1 351 000

The remainder of the PTNG-BFI allocation (R106 million) will be allocated in FY28.

This anticipated spend will need to be re-phased over the 2024/25 to 2027/28 period in line with the latest project implementation requirements.

This requires requesting NT to reduce, with the support of the NDoT, the above FY25 allocation by R380 million, the FY26 allocation by R170 million and adding R350 million to the FY27 allocation and R200 million to the FY28 allocation respectively.

In light of the above, a complete review of the PTNG-BFI funding allocation has been undertaken, and an initial engagement with NDoT has taken place. A formal request that the PTNG-BFI funding allocations to the City of Cape Town be re-phased over the 2024/25 to 2027/28 period, as indicated in Table 1 below was submitted to National Treasury in July 2024.

Construction programs are revised and procurement driven to improve capital expenditure.

Table 1

DoRA Allocations – PTNG-BFI	FY19	FY20	FY21	FY22	FY23	FY24		FY25	F26	FY27		FY28	
Rand Million													
	HISTORIC						Total	MTREF PERIOD			Total	OUTER YEAR	Grand Total
Latest DoRA - March 2024	33	35	318	93	335	874	1688	1614	2340	1351	5305	106	7099
Current re-phasing request	33	35	318	93	335	874	1688	1234	2170	1701	5105	306	7099
Decrease/ Increase								-380	-170	+350		+200	0

Operational Requirements for IRT Phase 2A

The last quarter has seen important changes to the project and the outcome of these will be presented as a cohesive update to the Business Plan and MyFin submissions in due course.

The most critical matters are:

- i. Significant progress has been made by the ED in securing agreement with Province that PTOG can, and will, be assigned to City of Cape Town for use on routes that replace existing subsidised routes. This discussion will be taken forward. The impact of a positive outcome will have a profound effect on the future of MyCiTi.
- ii. Funding for buses was cut during the budget process. The funding was replaced with an agreement between City of Cape Town, NDoT and National Treasury to aggregate PTNG funding from FY2025, FY2026 and FY2027, to be available for bus procurement in FY2027. This has a knock on effect on the infrastructure spend in future years.
- iii. The diesel fleet proposed in the Council approved documentation has been changed through Council to provide for a blended fleet. This provides Urban Mobility with flexibility in future to accommodate changes in propulsion methods as technology advances. Tenders for minimum orders of 30 x 12m Battery Electric Buses (BEBs) and 50 x 18m Low Emission vehicles (Euro VI motors) have been advertised recently, and responses are awaited in the next 2 months.
- iv. The AFC and APTMS systems replacement tenders were advertised and bids received were more expensive than the funding allowed. This has required a review of the NDoT proposed SANRAL back office system, and a decision on the way forward is awaiting from NDoT and National Treasury.
- v. Milestones 0.1 and 0.2 have been delayed until such time as sufficient buses exist so as to be able to service the routes.

The impact of these matters have an impact on all aspects of the project.

The reduced funding for buses and the increased cost of BEBs means that the original fleet size planned will need to be reduced, the number of VOCs proposed for the Phase 2A roll out may be impacted, and the routes that can be replaced by MyCiTi will also be affected. This impacts the Business Plan, the Prospectus and the nature of the roll out.

These decisions are crucial in the lifecycle of the project, and will point the work in a modern and potentially progressive direction.

There remain a number of work streams in progress, running in parallel, to ensure that, at a common point in the future, comprehensive technical and commercial agreements can be signed between juristic persons, and City of Cape Town:

- vi. Vehicle Operating Companies (VOCs) must be registered and in place.
 - a. The formation of the various VOCs is dependent on the discussions taking place between City of Cape Town and the relevant industry participants, CODETA, CATA, MITCHELLS PLAIN, GREATER CAPE TOWN, TWO OCEANS and GABS. The final configuration of VOCs will depend on funding available, propensity for co-operation between Associations and the outcome of the Phase 1 Stage 2 discussions.
- vii. The Prospectus is a document that needs to be in place that sets out bus routes requirements, those to be replaced, any operating requirements, standards and penalties.
 - a. This will form the basis of the contractual agreement between City of Cape Town and the newly formed VOCs.
 - b. This is impacted absolutely by the above developments.
- viii. Contracts of Performance are required to be signed between each VOC and the City of Cape Town.
 - a. The Prospectus forms the basis of this agreement, and commercial terms and conditions will be added, negotiated, agreed and signed by the successful contracting parties.
 - b. The basis of the Prospectus is dependent on the Business Plan and MyFin that is due to be presented in July.

These work streams are making steady progress. Meetings are taking place regularly to ensure communication channels are open, and outcomes will impact the Phase 2A ability to make further progress in the various negotiations required ahead.

The funding for the MTREF in MyFin 2023 is balanced (the unfunded line items have been financed), at the expense of the level of service to be offered. In the event that PTOG can

eventually be included in these numbers, a drastic improvement in the services that can be offered will be forthcoming.

The next few months will be formative for the way forward on the MSE Phase 2A project and a clearer picture will emerge after the Business Plan and MyFin have been presented, and the way forward on PTOG has been finalised.

4.1. Financial Implications

None Opex Capex

Capex: New Projects

Capex: Existing projects requiring additional funding

Capex: Existing projects with no additional funding requirements

4.2. Policy and Strategy Yes No

4.3. Legislative Vetting Yes No

Legal Implications Yes No

Staff Implications Yes No

4.4. Risk Implications Yes The risks for approving and/or not approving the recommendations are listed below:

No Report is for decision and has no risk implications.

No Report is for noting only and has no risk implications.

4.5. POPIA Compliance Yes It is confirmed that this report and the content of the annexures have been checked and considered for POPIA compliance.

5. RECOMMENDATIONS

It is recommended that the Portfolio Committee note the progress report on the IRT Phase 2A Project.

AANBEVELINGS

Daar word aanbeveel dat die portefeuljekomitee kennis neem van die vorderingsverslag oor die IRT-fase 2A-projek.

IZINDULULO

Kundululwe ukuba iKomiti ejongene neMicimbi yeSebe mayiqwalasele ingxelo yenkqubela engeProjekthi yesigaba 2A seIRT.

FOR FURTHER DETAILS CONTACT

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Approval Form

Supported for inclusion on the agenda



PROGRESS ON THE CITY#S IRT PHASE 2A PROJECT

Report Reference: 526679
Meeting: Section 79 Portfolio Committee - Urban Mobility
Meeting Date: 03.10.2024
Meeting Venue: Meeting Room 2 6th Floor Podium

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Item	Section	Approver	Approval	Approved Date	Approver Comments
01	Author	Marius Wust	Approved	18.09.2024 14:52:20	
02	Director/Directorate Support Manager/Chief	Marius Wust	Approved	18.09.2024 14:54:43	
03	Executive Director	Dalene Jacoba Campbell	Approved with Comments	18.09.2024 18:15:32	Approved by Act. ED: Urban Mobility, Harold Peters for Submissio
04	Legal Compliance	Jason Sam Liebenberg	Approved with Comments	19.09.2024 10:20:42	For information only.

ECS Officer: