

ITEM NUMBER : C 43/03/11

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 23 MARCH 2011**SMC 05/03/11 CAPE TOWN STADIUM AND GREEN POINT PARK SHORT AND MEDIUM TERM BUSINESS PLAN FRAMEWORK**

The Mayco Member for Community Services, Cllr B Herron said the purpose of the report was to implement a business plan framework to achieve sustainable and viable operations at the stadium and park. Cllr Herron said that a EMT Review Team comprising Messrs M Marsden, D Beretti and Ms L Mtwazi had been appointed to oversee the processes.

The ED: Transport, Roads & Major Projects, Mr M Marsden said that EMT agreed that the Review Team would oversee the:

- implementation of the business plan framework;
- development of business plans;
- development of an organisational structure and the appropriate staffing strategy.

Mr Marsden was of the view that the 3 year timeframe in which to implement the business plan framework, deal with the current holding arrangements at the stadium, as well as to conclude negotiations with anchor tenants would be appropriate.

RECOMMENDED that:

- (a) the Business Plan Framework for the Cape Town Stadium and Green Point Park, as set out in the report on the agenda, be approved
- (b) the timeframe of 3 years for the implementation of the Business Plan Framework be supported
- (c) the Executive Director: Transport, Roads & Major Projects be tasked to activate the business plan framework activities
- (d) the Strategic HR Department, in conjunction with the Executive Director: Transport, Roads & Major Projects, or his nominee be tasked to develop an appropriate staffing strategy taking the above timelines into consideration
- (e) the outcome of the business analyst's recommendations be presented to Council at a later date.

REPORT TO MAYORAL COMMITTEE



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

1. ITEM NUMBER : **SMC 05/03/11**

2. SUBJECT

CAPE TOWN STADIUM AND GREEN POINT PARK SHORT AND MEDIUM TERM BUSINESS PLAN FRAMEWORK

ONDERWERP
(LSUB0810)

KORT EN MEDIUMTERMYN SAKEPLANRAAMWERK VIR DIE KAAPSTAD-STADION EN GROENPUNT PARK

ISIHLOKO
(LSUB0810)

ISAKHEKO SESICWANGCISO SEXESHA ELIFUTSHANE NELISEMBINDINI ESINGOKUSEBENZA ESIJOLISWE KWISTEDIYAM SASEKAPA NEPAKI YASE-GREEN POINT

3. PURPOSE

To obtain Mayco and Council's approval for the short and medium term Business Plan Framework for the Cape Town Stadium and Green Point Park.

4. FOR DECISION BY

Council

5. EXECUTIVE SUMMARY

This report is intended to obtain endorsement for the immediate and medium term business and operating imperatives as contained in the proposed Business Plan Framework.

The strategic drivers for the Stadium and Green Point Park are :

- a) Financial sustainability
- b) Environmental sustainability



The short term Business Plan Framework (6 months) of the Cape Town Stadium and Green Point Park will aim to :

- a) Develop a business viability model for the stadium and park and assess the implications of the current legislative and statutory conditions
- b) Stabilize the staffing structure
- c) Stabilize the costs and affectivity of the stadium and park operational processes and systems
- d) Profile the Stadium and Park as a world class lifestyle destination for business, leisure and recreational purposes
- e) Establish the stadium as a premium events location

The medium term Business Plan Framework (36 months) of the Cape Town Stadium and Green Point Park will aim to:

- a) Deliver on the approved business model through the implementation of key commercially viable and sustainable strategies
- b) Secure the presence of medium and long term anchor tenants from both the Business and Sport sectors
- c) Consolidate and expand the event hosting capabilities of the stadium and park
- d) Position the Stadium and Green Point Park as a brand leader nationally and internationally
- e) Establish the most effective and efficient operational procedures and processes

6. RECOMMENDATIONS

It is recommended that:

- a) MAYCO support this business plan framework for approval by Council
- b) MAYCO supports the timeframe of implementation of this business plan framework over a 3-year time period
- c) the Executive Director TR&MP be tasked to activate these business plan framework activities
- d) Strategic HR in conjunction with the Executive Director TR&MP or his nominee be tasked to develop an appropriate staffing strategy taking the above timelines into consideration
- e) the outcome of the business analyst's recommendations be presented to Council at a later date.

Daar word aanbeveel dat:

- a) Die burgemeesterskomitee hierdie sakeplan-raamwerk vir goedkeuring deur die Raad steun
- b) Die burgemeesterskomitee die tydsraamwerk vir die implementering van hierdie sakeplan-raamwerk oor 'n driejaartydperk steun

- c) Die uitvoerende direkteur: TR&MP die taak opgelê word om die aktiwiteite vir hierdie sakeplan-raamwerk aan die gang te kry
- d) Strategiese MH in oorleg met die uitvoerende direkteur: TR&MP of sy benoemde die taak opgelê word om 'n toepaslike personeelvoorsieningstrategie met inagneming van die bogenoemde tydsraamwerk op te stel
- e) Die uitkoms van die sakeontleider se aanbevelings op 'n later tydstip aan die Raad voorgelê word.

IZINDULULO

Kundululwe ukuba:

- a) I-MAYCO mayixhase esi Sakheko sesiCwangciso esingaNdiela yokusebenza ukuze ziphunyezwe iBhunga.
- b) I-MAYCO mayixhase amaxesha amiselweyo angokumiselwa kwesi Sakheko sesiCwangciso seNdiela yokusebenza angesithuba seminyaka emi-3.
- c) Ukuba uMlawuli wesiGqeba kwi-TR&MP makanikwe uxanduva lokuba aqalise le misebenzi engeSakheko sesiCwangciso seNdiela yokusebenza.
- d) Ukuba abesiCwangciso-buchule kwa-HR bebambisene noMlawuli wesiGqeba kwi-TR&MP okanye lowo utyunjwe nguye mabanikwe uxanduva ukuba baqulunqe isicwangciso-buchule sokumiselwa kwabasebenzi esifanelekileyo, ngokuthi bathathele ingqalelo la maxesha amiselweyo (okufezekiswa komsebenzi) akhankanywe ngentla apha.
- e) Ukuba isiphumo sezindululo zomhlalutyi weNdiela yokusebenza masigqithiswe kwiBhunga njengonikezelo-nkcaza kumhla oyakubuya waziswe.

7. DISCUSSION/CONTENTS

Council resolved on the 26th of October 2010 to terminate its relationship with Sail Stade France Operating Company (SSOC) on the 31st of December 2010, following SSOC's refusal to take up the long term lease. The 2010 Operations Team under the Executive Director : Transport, Roads and Major Projects (ED: TR&MP) : Mike Marsden and Lesley de Reuck (Director 2010 Operations) were mandated to manage the stadium and Green Point Park (GPP) henceforth. The Director Operations 2010 and his Team were seconded to the Cape Town Stadium and Green Point Park.

A handover process from Sail Stad de France to the City's management team was successfully concluded on the 31st of December 2010, and the management of the Stadium was taken over by the 2010 Operations Team from the 1st of January 2011.

During the time period up until the 28th of February 2011, the following actions were taken:

- Functional Analysis Completed

- Draft Organogram designed
- Drafting, sign-off and grading of all job descriptions
- Retained identified Sail StadeFrance Staff members by offering them a 6 month fixed term contract to ensure operational continuity
- Booking and payment system for events designed and implemented
- Tariff structure for Cape Town Stadium and Green Point Park was drafted
- Negotiated and successfully delivered numerous non-bowl events (Mother City Queer Party, etc), soccer events as well U2 Concert
- Negotiated the bookings of 4 big concerts
- Assessed all current Service Provider Contracts
- Renegotiated and extended relevant service contracts for 6 months to ensure operationality of the Stadium, which resulted in a R3.5 million operational saving
- Re-opened the Visitors Centre

Cape Town Stadium and Green Point Park Business Plan Framework:

The strategic drivers for the Stadium and Green Point Park are:

1. Financial Sustainability
2. Environmental Sustainability

Defining the short term Business Plan Framework (6 months):

The short term business Plan Framework intends to urgently stabilize current operations and launch key activities that have a longer term strategic intent.

1. Development of a business viability model for the stadium and park and assess the implications of the current legislative and statutory conditions through the:
 - a) Development of specifications for the selection and appointment of a business analyst
 - b) Appointment of a Business Analyst via the Supply Chain Process, with the required specialist expertise to:
 - i) Undertake market research, benchmarking and forecasting activities
 - ii) Propose a menu of economically sustainable and suitable business models
 - iii) Analyze the impact of current legislative and statutory parameters on business options and make recommendations to derive optimum advantage
 - c) Analysis and agreement on the most viable business model for implementation
2. The stabilization of the staffing structure will be attained through the following key dependencies being satisfied:

- a) The urgent completion and approval of the stadium organogram, together with the approval for necessary funding, to enable the advertising and filling of vacant positions on three year contracts for external applicants or three year secondments for internal applicants
 - b) In completing the structure, all relevant Executive Directors are fully involved in all the positions which overlap with their current functions
 - c) That in populating the structure, every effort is made to retain the necessary skills of the current staff working within the stadium (both on contract and on secondment)
3. Stabilization of the costs and of the stadium and park operational processes and systems through:
- a) Finalizing daily and event-based operational models, plans and processes
 - b) Appointment of relevant Service Providers through public tender processes
 - c) Ongoing benchmarking against local and international best practices for operational efficiency and cost containment purposes
 - d) Leveraging off currently installed systems for daily operational and event related effectiveness e.g. integration of the access control and ticketing systems
 - e) The creation of a ringfenced cost and profit centre for the Cape Town Stadium and Green Point Park
 - f) Alignment and integration of the stadium and park operating models with the City's corporate systems and processes, where feasible e.g. SAP Plant Maintenance, Event Permitting processes, etc
4. Profiling the Stadium and Park as a world class lifestyle destination for business, leisure and recreational purposes requires:
- a) The development of a space optimization strategy reflecting the diversity of potential uses within the stadium and park
 - b) The development of appropriate commercialization and concessionaire strategies until the finalisation of the longer term business strategy
 - c) The effective marketing of event spaces, business opportunities, and tenancy options
 - d) Enhancing the Visitor Centre operations to reach a wider diversity of new and repeat patrons and spectators to the stadium and park
 - e) The implementation of programmatic interventions and activities in terms of the land use provisions in the Green Point Park
5. Build on the successes of the 2010 World Cup that established the stadium as a premium events location by:
- a) Hosting all booked events within the Stadium and Park successfully
 - b) Developing an Events Strategy for the stadium and park as a multi-functional venue
 - c) Attaining synergy between the stadium events strategy and the corporate events strategy

- d) Design of an events project management methodology to underpin the implementation of events in the stadium and park
- e) Reaching agreement within the City on municipal costs for services around the stadium that support events in the stadium and park
- f) Executing a marketing and communication strategy for events hosted in the stadium and park

Defining the medium term Business Plan Framework (36 months)

The medium term Business Plan Framework (36 months) aims to consolidate the strategic, business and operational components of the Stadium and park to ensure that the Stadium's position as a market leader is retained.

1. Deliver on the approved business model through the implementation of key commercially viable and sustainable strategies that encompasses:
 - a) Concessions, conferencing, banqueting, suites, hospitality, suppliers
 - b) Advertising, merchandising and sponsorships
 - c) Further property development and enhancements
 - d) The continuous monitoring of the business model against sustainability and indicators
 - e) Facilitation of decision making processes that will determine the long term business intent and management arrangement of the stadium and park
2. Obtaining medium and long term anchor tenants from the business and/or sporting industries by:
 - a) Concluding negotiations with preferred anchor tenants
 - b) Executing the terms and conditions of contractual agreements that will see the successful installation and retention of the anchor tenants
 - c) Finalizing the stadium naming rights arrangements
3. Consolidate and expand the event hosting capabilities of the stadium and park through the:
 - a) Development and implementation of an events attraction, leveraging, bidding and hosting strategy for the stadium and park
 - b) Development of technologies and instruments to continuously improve the event logistical, planning and implementation processes in the stadium and park
 - c) Benchmarking the stadium's event hosting capabilities and cost drivers nationally and internationally to stay relevant, efficient and attractive in the events hosting industry
4. Establish the Stadium and Green Point Park brand nationally and internationally by:

- a) Implementing a comprehensive brand management strategy that encompasses the marketing, public relations, media, communications and customer relations management functions of the stadium and park
- b) Participating in, organizing or partnering on business to business platforms to profile, position and market the stadium brand and offerings
- c) Consolidating the offerings in the Visitor Centre to keep the Cape Town Stadium Brand fresh, attractive and relevant

5. Ensure optimum efficiencies in operational procedures and processes:

- a) Development and implementation of a long term capital works programme for new developments or improvements to existing infrastructure
- b) Ongoing analysis of the performance of technologies within the stadium and ensure its operational relevance and efficiency to deliver on client needs
- c) Development of a long term cost containment strategy and operational efficiency strategy for the delivery of all operational services
- d) Benchmark operational procedures and processes with industry best practices
- e) Constant review and updating of operating procedures and processes

7.1. Constitutional and Policy Implications

Relevant HR Policies

7.2. Environmental implications

Does your report have any environmental implications: No Yes

7.3. Financial Implications

Operating Budget Provisions:

An operational budget to manage the Cape Town Stadium and the Green Point Park in the 2011/12 financial year to the amount of R66,8m and a projected revenue of R12,8 have been provided for in the draft operating budget.

Cost Centre

Cost Centre Description

Budget Provision
2002/2003

Spent to
date/Committed

Balance Available

Funds Required (this report)

Approval to proceed; or Virement ex Cost Centre; or Supplementary Budget (Use appropriate option)

7.4. Legal Implications

Application of the Systems Act

7.5. Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

7.6. Risk Implications

- Financial sustainability will be severely compromised if the suggested Business Plan Framework activities captured in this report cannot be activated.
- Inadequate resourcing levels compromises the quality and standards of service delivery to clients, thus exposing the Cape Town Stadium and the Green Point Park to security, reputational and operational risks.

7.7. Other Services Consulted

City of Cape Town

Risk Management : (Mr. B. Basson – 021400 8990)

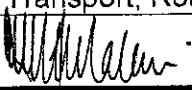
City of Cape Town

Finance : TRAMP (Mr. W. Taliep – 021 400 2089)

City of Cape Town

Executive Director : Corporate Services (Mr. D. Beretti – 021 400 5050)

FOR FURTHER DETAILS CONTACT :

NAME	Lesley de Reuck
CONTACT NUMBERS	021417 0104
E-MAIL ADDRESS	Lesley.deReuck@capetown.gov.za
DIRECTORATE	Transport, Roads & Major Projects
SIGNATURE : DIRECTOR (Delete if not necessary)	 JS MALAN.



Comment:

**CHIEF FINANCIAL OFFICER
or his nominee**

(Author to obtain signature before submission to
Executive Support)

NAME

DATE

10/3/11



LEGAL COMPLIANCE

REPORT COMPLIANT WITH THE PROVISIONS OF
COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS
AND ALL LEGISLATION RELATING TO THE MATTER
UNDER CONSIDERATION.

NON-COMPLIANT

NAME

Glenda Jeffries

TEL

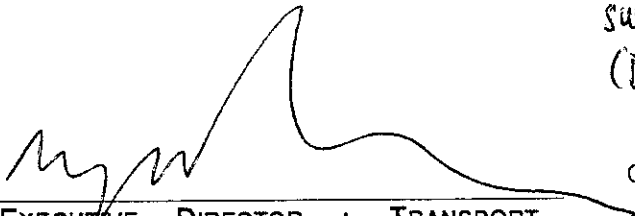
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DATE

10 MARCH 2011

Comment:

With regard to recommendation (d),
Council authority with regard to elements
necessary delegated to City Manager and
sub-delegated to ED: Corporate Services
(Delegation 67 and following).



Comment:

**EXECUTIVE DIRECTOR : TRANSPORT,
ROADS & MAJOR PROJECTS**
Mr. M. Marsden

DATE

2011-03-10