

ITEM NUMBER: C 11/05/16

*RECOMMENDATION FROM THE EXECUTIVE MAYOR: 03 MAY 2016*

**MC 08/05/16 CONDONEMENT AND RATIFICATION FOR PAYMENTS MADE FOR UNAUTHORISED LEASE IN RESPECT OF OFFICE ACCOMMODATION AT UNIT 5, RACITI PARK, MONTAGUE GARDENS FOR UTILITY SERVICES: WATER AND SANITATION: RETICULATION BRANCH, AS WELL AS APPROVAL TO ACTION OUTSTANDING PAYMENT**

It is **RECOMMENDED** that:

- (a) Council condone and ratify the unauthorised lease of Unit 5, Raciti Park, 5 Esso Road, Montague Gardens which was utilised by Utility Services: Water and Sanitation, Reticulation Branch for the Blaauwberg pump station staff for the period 1 April 2006 to August 2015
- (b) Council condone the payments already made for the rental of Unit 5, Raciti Park, 5 Esso Road, Montague Gardens which was utilised by Utility Services: Water and Sanitation, Reticulation Branch for the Blaauwberg pump station staff for the period 1 April 2006 to August 2015
- (c) approval be granted for the outstanding payment to the landlord for one month's rental R21 921,03 (VAT Inclusive), water service charge for R474,14 (VAT inclusive) and for damages to the property R41 959,06 (VAT inclusive).



**REPORT TO COUNCIL**

DATE: 2016-05-03

1. ITEM NUMBER : MC 08/05/16
2. SUBJECT

CONDONEMENT AND RATIFICATION FOR PAYMENTS MADE FOR UNAUTHORISED LEASE IN RESPECT OF OFFICE ACCOMMODATION AT UNIT 5, RACITI PARK, MONTAGUE GARDENS FOR UTILITY SERVICES: WATER AND SANITATION: RETICULATION BRANCH AS WELL AS APPROVAL TO ACTION OUTSTANDING PAYMENT.

**ISIHLOKO**

UKUXHASWA NOKUQINISEKISWA KWEENTLAWULO EZENZIWE KWIINGQESHISO EZINGAGUNYAZISWANGA ZEENDAWO ZEE-OFISI KWAYUNITHI 5, RACITI PARK, MONTAGUE GARDENS KULUNGISELELWA IINKONZO EZILUNCEDO: AMANZI NOCOCEKO: ICANDELO LOTHUNGELWANO LWAMANZI NGOKUNJALO NOKUPHUNYEZWA KWENTSHUKUMO YOKUHLAWULWA KWAMATYALA ASILELEYO.

**ONDERWERP**

KONDONERING EN BEKRAGTIGING VAN BETALINGS WAT GEDOEN IS VIR ONGEMAGTIGDE HUUR TEN OPSIGTE VAN KANTOORAKKOMMODASIE TE EENHEID 5, RACITI PARK, MONTAGUE GARDENS VIR NUTSDIENSTE: WATER EN SANITASIE: NETWERKTAK ASOOK GOEDKEURING OM UITSTAANDE BETALING TE DOEN.

**G0101**

3. STRATEGIC INTENT

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

#### 4. PURPOSE

The purpose of this report is to seek condonement and ratification for the unauthorised leasing of premises and for payments already made for the unauthorised lease of premises at Unit 5, Raciti Park, Montague Gardens, measuring approximately 330 m<sup>2</sup> for Utility Services: Water & Sanitation, Reticulation Branch, commencing 1 April 2006 to 30 August 2015. In addition, authority is sought to pay outstanding amounts owed to the landlord.

#### 5. FOR DECISION BY COUNCIL

This report is for decision by council and is not delegated.

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#### 6. EXECUTIVE SUMMARY

In June 2015, the Water and Sanitation Department became aware of the Reticulation branch requesting a lease for premises at Unit 5, Raciti Park, Montague Gardens for its pump station staff. The request for a lease until August 2015 was formalised, however it was returned requesting more information.

Utility Services have been independently leasing the premises at Unit 5, Raciti Park, Montague Gardens, measuring approximately 330 m<sup>2</sup> since 1 April 2003 until 30 March 2006. From 01 April 2006 to 30 August 2015 the staff were utilizing the premises without the necessary approval being in place and without an approved lease agreement. Although no lease agreement was in place, payment was made to the landlord on a monthly basis with the exception of the last month of August 2015.

Subsequent to vacating the premises, the landlord has submitted an invoice for rental for August 2015, as well as a claim in terms of damages to the property.

This report is requesting that council condones and ratifies the unauthorized lease for the building from 01 April 2006 to August 2015 and approves the payment for the outstanding amounts to the landlord.

#### 7. RECOMMENDATIONS

It is recommended that:

- (i) Council condone and ratify the unauthorised lease of Unit 5, Raciti Park, 5 Esso Road, Montague Gardens which was utilised by Utility Services: Water & Sanitation, Reticulation for the Blaauwberg pump station staff for the period 1 April 2006 to 30 August 2015.
- (ii) Council condone the payments already made for the rental of Unit 5, Raciti Park, 5 Esso Road, Montague Gardens which was utilised by Utility

Services: Water & Sanitation, Reticulation for the Blaauwberg pump station staff for the period 1 April 2006 to 30 July 2015.

- (iii) Approval be granted for the outstanding payment to the landlord for one month's rental R21 921,03 (VAT inclusive), water service charge for R472,14 (VAT inclusive) and for damages to the property R41 959,06 (VAT inclusive).

## IZINDULULO

Kundululwa ukuba:

- (i) IBhunga malixhase kwaye liqinisekise ingqeshiso engagunyaziswanga kwaYunithi 5, eRaciti Park, 5 Esso Road, eMontague Gardens neyayisetyenziswa ngabecandelo leeNkonzo eziluNcedo: aManzi noCoceko, uThungelwano lwamanzi kuBasebenzi beSikhululo seeMpompo eBlaauwberg isithuba esisusela ngomhla woku-1 Epreli 2006 ukuya kowama-30 Agasti 2015.
- (ii) IBhunga malixhase iintlawulo esele zenziwe ekuqeshweni kweYunithi 5, eRaciti Park, 5 Esso Road, eMontague Gardens neyasetyenziswa ngabecandelo leeNkonzo eziluNcedo: aManzi noCoceko, uThungelwano lwamanzi kuBasebenzi beSikhululo seeMpompo eBlaauwberg kwisithuba esisusela ngomhla woku-1 Epreli 2006 ukuya kowama-30 Julayi 2015.
- (iii) Makuphunyezwe intlawulo esileleyo kumnini-ndlu eyintlawulo yenyanga enye efikelela kuma-R 21921.03 (kuqukwa nerhafu-ntengo), uMrhumo weeNkonzo zaManzi ofikelela kuma-R472.14 (kuqukwa neRhafu-ntengo) nomonakalo owenziwe kwipropati ngeendleko ezifikelela kuma-R 41959.06 (kuqukwa neRhafu-ntengo).

## AANBEVELINGS

Daar word aanbeveel dat:

- (i) Die Raad die ongemagtigde huur van Eenheid 5, Raciti Park, Essostraat 5, Montague Gardens, wat deur Nutsdienste: Water en Sanitasie, Netwerk gebruik is vir die Blaauwberg Pompstasiepersoneel vir die tydperk van 1 April 2006 tot 30 Augustus 2015, kondoneer en bekragtig.
- (ii) Die Raad die betalings wat reeds gedoen is vir die huur van Eenheid 5, Raciti Park, Essostraat 5, Montague Gardens wat deur Nutsdienste; Water en Sanitasie, Netwerk gebruik is vir die Blaauwberg Pompstasiepersoneel vir die tydperk van 1 April 2006 tot 30 Augustus 2015, kondoneer.
- (iii) Goedkeuring verleen word vir die uitstaande betaling aan die verhuurder vir een maand se huur ten bedrae van R21 921,03 (BTW ingesluit), waterbeskikbaarheidsgeld van R472,14 (BTW ingesluit) en vir skade aan die eiendom R41 959,06 (BTW ingesluit).

## 8. DISCUSSION/CONTENTS

Utility Services: Water & Sanitation, Reticulation has been leasing space for the Blaauwberg Pump Station staff at 5 Esso Road, Unit 5, Raciti Park, Montague Gardens from Table View Building Centre CC since 2003 by the then Cape Metropolitan Council. When the seven Metropolitan Local Councils were created the premises was managed by Utility Services. The premises was utilised by the Water and Sanitation staff for the maintenance and operation functions of the sewage pump stations in the Blaauwberg area. On the formation of the Unicity the rental and functions continued under the management of Utility Services.

On 19 Sept 2014 the current Operational Manager became aware of the situation with the lease when he was forwarded a Memorandum of Agreement for a 6 month Lease by the Tableview Building Centre CC. The Operational Manager had no prior dealing with the lease agreement and could not locate any documentation in this regard. The process to get the necessary authority in place was initiated, but the period in question had already started hence resulting in the Branch being in the premises without a formal lease agreement being in place. The detail with regard to budget provision and the amounts requested by the Landlord had to be sorted out, hence the late submission of this request.

Payment to the landlord was made on a monthly basis using the expired lease agreement of March 2003 to April 2006. The expired lease agreement was attached in the requisition by the Reticulation Branch as proof in order for a purchase order to be created by Supply Chain Management. The lease for the building was paid up to date except for the last month of August 2015.

The staff relocated at the end of August 2015 to a new City owned facility at Potsdam Waterworks. The City subsequently received invoices from the Landlord for 1 month outstanding rental amounting to R 21 921.03, a Water Service Charge invoice for R472.14 and an invoice for damages to the property amounting to R 41959.06 (All prices is VAT inclusive).

The damages included electrical work and an electrical certificate of compliance for work done on the electrical system, interior walls and ceilings that needed to be repainted, window glass that needed replacement due to removal of air-conditioning, etc. The damage claim was in line with the terms of the 2003 - 2006 lease agreement which was the last signed contract.

**8.1. Constitutional and Policy Implications**

None

**8.2. Sustainability Implications**

Does the activity in this report have any sustainability implications for the City?

No Yes **8.3. Financial Implications**

Operating Budget Provisions:

Financial Year	2015 / 2016
Cost Centre no:	20040300
Cost Centre Description:	Sewer: Logistics
Cost Element:	413750
Cost Element Description:	Operating Leases
Budget Provision	R 155 488.93
Spent to date / Committed:	R 14 349.5
Balance Available:	R 141 139.43
Funds Required (this report):	R 64 352.23

ZUKISWA NQANQALI  
MANAGER: OPERATING  
BUDGET 400 1878

*[Signature]*  
19/01/2016

*[Signature]*

**8.4. Legal Implications**

This report is submitted for the purposes of compliance with the provisions of the Municipal Finance Management Act, Act 56 of 2003.

**8.5. Staff Implications**

Does your report impact on staff resources or result in any additional staffing resources being required?


No Yes **8.6. Other Services Consulted**

Director: Water & Sanitation – Peter Flower (021) 400 4859  
Manager: Support Services – Lucrecia Adams (021) 487 2345

**FOR FURTHER DETAILS CONTACT:**

NAME	Lucrecia Adams
CONTACT NUMBERS	0837533321
E-MAIL ADDRESS	Lucrecia.Adams@capetown.gov.za
DIRECTORATE	Utility Services
File Ref No	



  
PETER FLOWER Pr Eng  
DIRECTOR : Water & Sanitation  
2016-01-12

  
EXECUTIVE DIRECTOR: UTILITY SERVICES  
Gisela Kaiser

NAME \_\_\_\_\_  
DATE 13 January 2016

COMMENT:

Department occupied space required for operators despite lack of valid lease agreement, payment thus supported.



CHIEF FINANCIAL OFFICER (EXECUTIVE DIRECTOR: FINANCE)  
Kevin Jacoby

NAME \_\_\_\_\_  
DATE 20.01.2016

COMMENT:

Funding available.

  
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 Sarah van Zyl  
TEL 021 400 5446  
DATE 20.01.2016

COMMENT:

The report will become compliant upon Council positively resolving on the recommendations. @



*A. G. Ras*

**EXECUTIVE DIRECTOR: CORPORATE SERVICES AND COMPLIANCE**

Gerhard Ras

DATE

22/1/2016

SUPPORTED FOR ONWARD SUBMISSION TO MAYOR  / MAYCO  / COUNCIL

NOT SUPPORTED

REFERRED BACK

COMMENT:

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\_\_\_\_\_

*Xanthea Limberg*

**MAYORAL COMMITTEE MEMBER**  
Cllr Xanthea Limberg

NAME

DATE

25/01/2016

COMMENT:

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\_\_\_\_\_

*P. deLittle*

**EXECUTIVE MAYOR**

DATE

08.04.2016

SUPPORTED FOR ONWARD SUBMISSION TO MAYCO  / COUNCIL

PC RECOMMENDATION

RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT

ALTERNATIVE RECOMMENDATION TO BE REFLECTED BELOW

APPROVED I.T.O. DELEGATED AUTHORITY

REFERRED BACK

COMMENT:

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