

RECOMMENDATIONS OF THE IMMOVABLE PROPERTY ADJUDICATION
COMMITTEE TO COUNCIL: 9 MARCH 2011

C 21/03/11

IPAC 10/03/11 TENDER NUMBER: RFP154H/2010/11: REQUEST FOR
PROPOSALS FOR THE TURNKEY DEVELOPMENT OF PELICAN
PARK PHASE 1

ITHENDA ENGUNOMBOLO-RFP154H/2010/11: ISICELO
SOKUBA KWENZIWE IZIPHAKAMISO NGOKUMALUNGA
NOPHUHLISO LABAKWA-TURNKEY KWIPAKI YASE-
PELICAN – ISIGABA-1

TENDERNOMMER: RFP154H/2010/11: VERSOEK OM
VOORLEGGING VIR DIE SLEUTELKLAAR-ONTWIKKELING
VAN PELICAN PARK, FASE 1

RECOMMENDED TO COUNCIL that the price of R825 000 per
hectare offered by Grinaker-LTA Building Cape/Bitol
Developments (Pty) Ltd in joint venture for the land to be
developed for non-subsidy housing and commercial use be
approved, subject to approval by Council.

ISINDULULO

Kundululwe ukuba:

Makuphunyezwe ixabiso elingama-R825 000 ehkare
elinikezelwe ngakwa-Grinaker-LTA Building Cape / Bitol
Developments (Pty) Ltd bebambisene kumhlaba lo ekufaneleke
ukuba uphuhlisiwe, kulungiselelwa izindlu apho kuzo
ungancediswa ngazimali nokusetyenziselwa ezorhwebo,
ngokuxhomekeke ekuphunyezweni liBhunga.

AANBEVELING 180

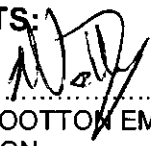
Daar word aanbeveel dat:

Die prys van R825 000 per hektaar aangebied deur Grinaker-LTA Building Cape/Bitol Developments (Edms.) Bpk. in gesamentlike onderneming vir die grond om vir nie-subsidie-behuising en kommersiële gebruik ontwikkel te word, goedgekeur word, onderworpe aan goedkeuring deur die Raad.

ACTION: P OSCROFT, I BINDEMAN


It is noted that this resolution is in line with the Supply Chain Management Policy and tenderers/contractors from the HDI group were considered when the decision was made.

COMMENTS:



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RICHARD WOOTTON EMPLOYEE NO. 10207948
CHAIRPERSON
IMMOVABLE PROPERTY ADJUDICATION
COMMITTEE
.....

14/3/11

<p style="text-align: center;">REPORT TO SUPPLY CHAIN MANAGEMENT IMMOVEABLE PROPERTY ADJUDICATION COMMITTEE</p> <p style="text-align: center;">ACCEPTANCE OF TENDER: REQUEST FOR PROPOSALS</p>	 <p style="text-align: center; font-size: small;">CITY OF CAPE TOWN SIEDER OOR BERGE SIDA KAPSTAD</p>
<p style="text-align: center;">SUPPLY CHAIN MANAGEMENT</p>	

**TENDER NUMBER: RFP154H/2010/11:
Request for Proposals for the Turnkey Development of Pelican Park Phase 1**

1. EXECUTIVE SUMMARY

This report should be read with reports submitted to Supply Chain Management Bid Adjudication Committee on 14 February and 7 March, 2011.

Given that the estimated value of the total land parcel exceeds R50m, and inter alia satisfied that the relevant branches had confirmed that the land is not required for municipal purposes, Council authorised the public notice of Council's intention to sell portions of the land at its meeting in July 2010. The proposed sale was duly advertised in the Cape Times and Burger. The text of the notice is reproduced at Annexure A. Letters inviting comment were also written by the City's Chief Financial Officer to the National and Provincial Treasuries, all in compliance with the requirements of Section 14 of the Municipal Finance Management Act

No comments were received from the public or the National or Provincial Treasuries that advised on, or limited or prohibited the planned procedure to dispose of the land, and Council subsequently approved the proposed disposal process at its meeting in October, 2010.

The Request for Proposals to develop the property and to sell portions of the property was subject to a rigorous public process.

The conditions of the process were explicitly specified in the Request for Proposals. These included recognition of the "rand value" of the bid which included the price offered for the land summed together with the enhanced value offered for the 2000 subsidy houses in the development. The Director: SCM and the legal advisor to SCMBAC concurred that this evaluation of the rand value complied with the requirements of the MFMA and City's Supply Chain Policy.

The RfP did not require Tenderers to bid a price for the land with escalation.

As reported to SCMBAC on 14 February, the price offered for the estimated 31.2 Ha of land to be sold to the developer was R18 640 000. The enhanced value of the subsidy houses was evaluated at R82 460 000 to give a total of R101 100 000, more than twice the next highest bid.

In subsequent and final negotiations with Grinaker-LTA/Bitol, the price of the land was raised to R25 740 000, at R825 000 per ha, and the value of the enhanced subsidy house specifications and other community benefit features and mechanisms reduced accordingly. The final rand value exceeds the next highest bid by a factor of two.

It should be noted that the entire risk of escalating prices is to be carried by the Developer, in particular

1. the City's allocation of MIG funding will not be escalated;
2. there is no guarantee that the housing subsidy will be escalated;
3. there is no guarantee that the electrification subsidy will be escalated by DoE;
4. there is no guarantee that the current subsidy for solar water heaters will be maintained by Eskom;
5. it is guaranteed that the Development Contributions payable by the Developer will be escalated;
6. the costs of construction materials, fuel and labour will escalate.

2. RECOMMENDATION

With respect to Tender No: RfP154H/2010/11: Request for Proposals for the Turnkey Development of Pelican Park Phase 1, for the reasons set out above, it is recommended that

The price of R 825 000 per hectare offered by Grinaker-LTA Building Cape / Bitol Developments (Pty) Ltd in joint venture for the land to be developed for non subsidy housing and commercial use be approved, subject to approval by Council;

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SIGNATURE	
DATE	8 March 2011