

Council Meeting – 23 Aug'17

Brief feedback:

No mayors report as has become customary by now.

Key points: *(I will only elaborate on those matters that have a direct influence on Ward 2)*

1. **Performance Appraisal Process**

It was accepted that the following performance bonuses:

S Wallace – 13%

J Barnard – 12%

D Louw – 12%

C van Heerden – 11%

2. **Dispute between Overstrand & Overberg District Municipality (ODM) over rehab of cell 3 – Karwyderskraal.**

Points of interest out of the Report:

BACKGROUND

The Regional Waste Disposal Facility at Karwyderskraal which is owned by the Overberg District Municipality (ODM) was closed in November 2011 only giving municipalities one month notice. This was because the waste cell that was in use at that time (Cell 2) was full and that the ODM could not raise a loan to finance the construction of a new cell (Cell3).

Subsequently, it was agreed that the Overstrand Municipality would lease the facility at Karwyderskraal from the Overberg District Municipality at a rental amount of R5000.00 per month, construct a new cell (Cell 3) and operate the facility until Cell 3 reaches its capacity.

Theewaterskloof Municipality had an agreement with Overberg District Municipality but now has an agreement with Overstrand Municipality as they are operating the facility.

The negotiated term of lease was for an initial period of 2 years and 9 months ending on 30 June 2017. This lease period was purposefully determined to be less than 5 years and to end at the end of the municipal financial year. The agreement makes provision for Overstrand Municipality to renew the lease for a further period of 7 years and 3 months. Overstrand Municipality has exercised this right to extend. The parties have been engaging and negotiating about the renewal of the lease agreement. It is how ever apparent that they cannot reach consensus with regard to the rehabilitation or not of Cell 3; Contrary to what was initially agreed upon, ODM is insisting that Overstrand Municipality should contribute to the rehabilitation of cell 3.

The rental amount. With regard to the rental, ODM now requires that it be escalated from the current R5000.00 per month to R35 000.00 per month.

Theewaterskloof Municipality's lease agreement with Overstrand is for the life span of Cell 3. The approximate life span of Cell 3 is until June 201g. The outcome of this dispute will affect Theewaterskloof Municipality in the following ways:

If dispute is not resolved and Overstrand is no longer operating the site Theewaterskloof's agreement with Overstrand will be null and void. If the rental amount is escalated the disposal tariff will increase. The planning for the construction of Cell 4 will have to commence in all seriousness.

ODM has informed us that they will not be in a position to construct Cell 4 following that they will once again not be able to execute their responsibility in terms of the Structures Act.

The minister has decided that we should put in place an Inter-Governmental Oversight Task Team for this project, with membership from DEA-DP, Local Government as well as Provincial treasury. The Director of DEA-DP to be the task team convener and Municipal Managers together with their relevant line managers to represent their Municipalities on the Task Team.

3. Greater Genadendal Area Water Source Investigation

The infrastructure, as well as the existing sources for the provision of potable water to residents of Genadendal, Voorstekraal and Bereaville, is not sufficient and need to be upgraded. The Theewaterskloof Municipality is required by legislation to provide proper basic services to the communities. In this regard the Directorate Operations is responsible for the maintenance of water infrastructure, whereas the Directorate Technical Services is responsible for the upgrading and establishment of infrastructure to provide water. We therefore appointed Element Consulting via Contract TECH 0112013114 to do a Water Source Investigation and compile a report with findings and recommendations as Phase 1 on an approved budget. This report discusses the status quo of the existing bulk water sources and the upgrades required to meet in the future water demands of the respective settlements, through the following activities:

1. Confirmation of the future water requirements for the mentioned settlements;
2. Evaluation of the condition and yield of the existing bulk water sources;
3. Quantification of potential additional bulk water sources;
4. Evaluation of the size and condition of the existing bulk water conveyance infrastructure between the source and the water treatment works (WTW);
5. Proposed new infrastructure installations, including cost estimates.

A phased approach will be followed of which Phase 1 is completed. The proposed project entails the following:

Phase 1: Status Quo investigation on the existing bulk water infrastructure

1. What infrastructure is not operational?
2. What can be refurbished and estimated costs for refurbishment?
3. Condition & quantification of yield from existing sources
4. Estimate the existing and future water demand for GGA

SCOPE OF INVESTIGATION

The Scope of Work for Phase 1 was as follows:

1. Field investigations and data verification
2. Estimate of water demand
3. Evaluation of groundwater supply
4. Evaluation of water supply infrastructure
5. Cost estimate and cycle cost analysis
6. Complete report and drawings
7. Project management and meetings

Phase 2: implementation of project. The following aspects will have to be addressed:

Genadendal

Upgrade the pump station abstracting water from the Baviaans River at the school. The superstructure of the pump station should be replaced with a proper building and one additional pump should be installed to provide a system where one pump is always operational, while the other is on standby. Upgrade the WTW of Genadendal as recommended in the Section 78 Assessment Report (dated October 2016).

Voorstekraal

Upgrade the weir in the mountain stream north of Voorstekraal. Re-commission the existing package plant at the Voorstekraal WTW and/or upgrade the Voorstekraal WTW as recommended in the Section 78 Assessment Report (dated October 2016). Replace the remaining sections of AC pipeline from the weir to the Voorstekraal WTW with an HDPE pipeline. Re-commission borehole.

Bereaville

Construct a new weir in the mountain stream north of Bereaville, approximately 20 m upstream from the current weir. Replace the AC pipeline from the weir to the Bereaville WTW with an HDPE pipeline. Equip the artesian borehole northeast of the Bereaville WTW and install an HDPE pipeline to convey the water to the Bereaville WTW. Upgrade the WTW of Bereaville as recommended in the Section 78 Assessment Report (dated October 2016).

COST ESTIMATE

Settlement	Pipe	Weir	Pump	Borehole	Total
Genadendal (Option 1)	R3,052,300	R230,000			R3,282,300
Genadendal (Option 2)			R724,500		R724,500
Bereaville	R331,000	R115,000		R172,500	R618,500
Voorstekraal	R643,700	R172,500		R115,000	R931,200

RECOMMENDATION TO COUNCIL:

It is recommended:

1. To implement the following projects to ensure that all of the settlements in the study area are supplied with the required water demand of acceptable quality:

Genadendal

Upgrade the pump station abstracting water from the Baviaans River at the school. The superstructure of the pump station should be replaced with a proper building and one additional pump should be installed to provide a system where one pump is always operational, while the other is on standby. Upgrade the WTW of Genadendal as recommended in the Section 78 Assessment Report (dated October 2016).

Voorstekraal

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Bereaville

1. Construct a new weir in the mountain stream north of Bereaville, approximately 20 m upstream from the current weir.
2. Replace the AC pipeline from the weir to the Bereaville WTW with an HDPE pipeline.
3. Equip the artesian borehole northeast of the Bereaville WTW and install an HDPE pipeline to convey the water to the Bereaville WTW.
4. Upgrade the WTW of Bereaville as recommended in the Section 78 Assessment Report (dated October 2016).

2. That the Directorate Technical Services make provision in the 2018/2019 budget, which is subject to the availability of funds.

4. Extension of the 3 x acting directors for a further 3 months.

- Technical Services
- Development
- Corporate Services

5. Application for the sub-division of Erf # 1015 - GREYTON

In consideration of the above, it is recommended that Council refuse the application for the subdivision of Erf 1015, Greyton, into two portions namely:

- Portion A (1694 m²) and Remainder (2268 m²) in terms of Section 25 of the Land Use Planning Ordinance, 1985 (No. 15 of 1955).

6. Application for amendment of council resolution r71/2008 transfer of clinic at Voorstekraal Genadendal

Report for consideration to Council regarding the amendment of Council resolution C7112008 in order to rectify an error by transferring the correct erf to Province. The clinic at Voorstekraal Genadendal is shown as Erf 1342 Genadendal, but the building is in fact on a portion of Erf 1319 Voorstekraal Genadendal.

7. Local Economic Development: future development of portion of erf 595 Greyton

1. Based on the volume of objections, comments and concerns of the community, as well the cost of the potentially long term negative effects of broken relationships with the community, that Council do not alienate ERF 595 Greyton.
2. That a feasibility study be completed to determine the future use of ERF 595 Greyton.
3. That a full community/public participation process be followed during the feasibility study.

8. IDP: Amendments to the 2017.2022 five year Integrated Development Plan and service delivery and budget implementation plan

It is recommended:

1. That council approves the process of amending the 2017/2022 IDP .
2. Approves the PROPOSED draft amendment of:

Chapter 2: Municipal development profile

2.3.2. KPA: Municipal Transformation and Organizational Development

2.3.2.1 Macro Structure

And

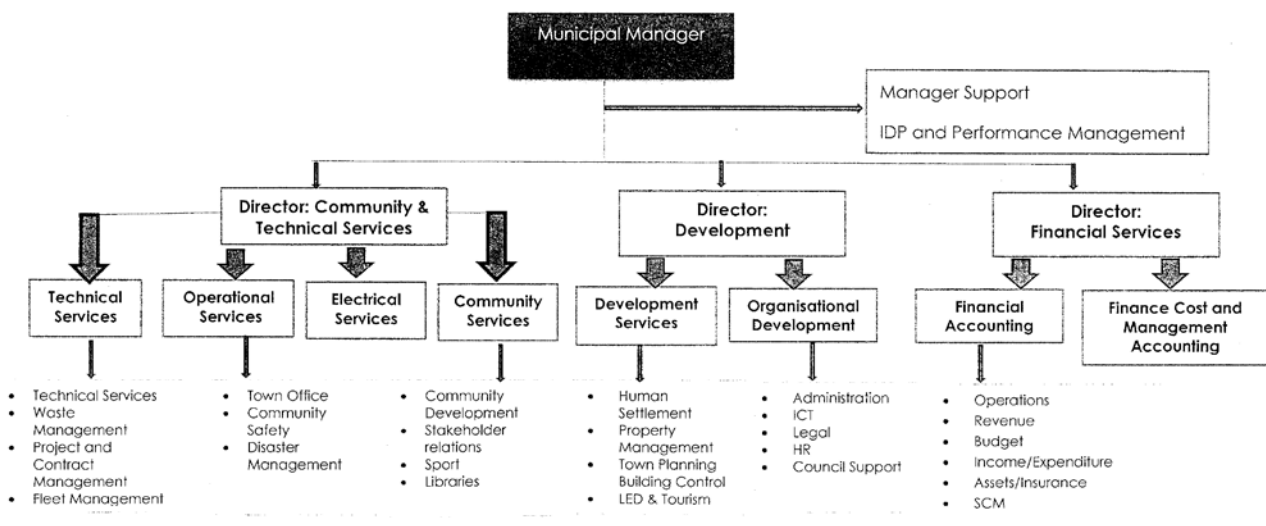
Chapter 4: Development Priorities/Operational Plans

4.8 implementation Plan: Service Delivery Budget implementation Plan for publication for public comment

3. Approves the submission of the draft amendment to the District municipality and the Department of Local Government for comment

Macro Structure Annexure “A”

2.3.2.1 Macro Structure



9. Supply of Leiwater

The effect of the drought on the municipality's ability to provide irrigation water in the Greyton and Villiersdorp area. Permission is sought from Council to deviate from the approved water irrigation tariff for Villiersdorp and Greyton. The current drought situation prevailing in the Theewaterskloof

municipal area has effectively meant that the municipality will not be able to supply irrigation water for the 2017/18 financial year to consumers. The municipality's Operational Directorate and Town Office are of the opinion that we cannot charge consumers, if the municipality cannot supply irrigation water. The irrigation water tariff is charged per minute per year (R43.33 per minute per year VAT exclusive). Therefore if a consumer purchase 30 minutes of irrigation water, he will pay 30 minutes x R43.33 = R1 299.90. Council has granted permission to stop the supply of irrigation water to consumers and that no tariffs will be levied on consumer accounts for irrigation water for the 2017/18 financial year. It was further resolved that this could be changed once water the water position improves.

10. Waiving of interest on arrears - July 2017

Obtained Council approval for the waiver of the interest on arrear debtors for July 2017. That the interest charges on overdue accounts as per the Council's tariff policy and approved tariffs is to be waived for July 2017 due to the fact that the new financial system is not yet fully functional.

National Treasury had issued mSCOA regulations that necessitated the municipality to convert to a new financial system. Initially, the ABAKUS service provider would have been the preferred mSCOA system service provider but they had suddenly and unexpectedly decided to withdraw the development of an mSCOA system and to work in partnership with Vesta. The mSCOA Steering Committee then had to appoint a new service provider with very little time and Vesta was appointed through National Treasury's transversal tender process.

The new service provider expanded its customer base too quickly and before creating sufficient internal capacity. The system set-up is problematic and the consultant is not familiar with the new Phoenix system. There is also no internal skills due to a delay in training. The difficulties experienced in migrating to the new financial system had resulted in us not being able to process transactions on the billing module because of which it is impractical / impossible to accurately levy interest on overdue accounts.

11. Income Rebates, Reductions and Redemptions

Revenue forgone for the financial year 2015/2016 was already reflecting in the municipality's annual budget for the 2015/2016 year in terms of legislation. The list of exemptions, rebates and reductions during the 2015/2016 year was not tabled in terms of legislation. Therefore, a summary statement together with the list should be tabled to be compliant.

**Annual Rates Levy
2015/2016 Financial Year**

		WK SUMMARY					
Tariff Code	Tariff	Description	Total Value	Total Levy	Income Foregone	Rebate Value	Payable
101	0.008043	Residential	2 956 908 300	23 782 413.46	1 061 277.82	0.00	22 721 135.64
103	0.017942	Business / Commercial	830 458 500	14 900 086.41	0.00	0.00	14 900 086.41
104	0.017942	Casino / Hotel / Industrial	72 393 000	1 298 875.21	0.00	0.00	1 298 875.21
105	0.002011	Farmers	1 158 481 000	2 329 705.29	0.00	0.00	2 329 705.29
106	0.002011	Farmers	3 051 713 500	6 136 995.85	0.00	0.00	6 136 995.85
107	0.008043	TWK Golf Estate	258 307 500	2 077 567.22	18 997.56	0.00	2 058 569.66
109	0.017942	Multiple use/business	39 838 500	714 782.37	0.00	0.00	714 782.37
111	0.008043	Multiple use/residential	27 212 000	218 866.12	8 038.97	0.00	210 827.15
112	0.017942	Multiple use/business(agricultural)	5 050 000	90 607.10	0.00	0.00	90 607.10
110	0.002011	Muliple use/Agricultural	0	0.00	0.00	0.00	0.00
801	0.008043	Residential	1 087 427 500	8 746 179.38	597 341.49	0.00	8 148 837.89
803	0.017942	Business / Commercial	363 810 000	6 527 479.02	0.00	0.00	6 527 479.02
804	0.017942	Casino / Hotel / Industrial	799 500	14 344.63	0.00	0.00	14 344.63
805	0.002011	Farmers	637 742 000	1 282 499.16	0.00	0.00	1 282 499.16
806	0.002011	Farmers	3 115 671 500	6 265 615.39	0.00	0.00	6 265 615.39
807	0.008043	TWK Golf Estate	64 815 000	521 307.05	5 553.88	0.00	515 753.17
811	0.017942	Churches	117 347 500	2 105 448.85	0.00	2 105 448.85	0.00
812	0.008043	Municipal	235 098 500	1 890 897.24	0.00	1 890 897.24	0.00
837	0.002010	PSI	1 988 500	3 996.89	0.00	0.00	3 996.89
871	0.017942	Prop. Rates State (land)	360 600 000	6 469 885.20	0.00	0.00	6 469 885.20
			14 385 662 300	85 377 551.81	1 691 209.72	3 996 346.08	79 689 996.00
Multiple use Adjustments							-673 031.53
Adjustments							-1 496 502.89
Total			14 385 662 300	85 377 551.81	1 691 209.72	3 996 346.08	77 520 461.58

- 12. Extension and non compliance with concerning in-year reporting**
An application for extension and non-compliance with regards to the provisions concerning in-year reporting in the format as prescribed by the Municipal Budget and Reporting Regulations. The reasons for the non-compliance in the main relates to the challenges regarding the migration from the ABAKUS system to the new mSCOA system and is detailed in the attached application.
- 13. Final IDP & Budget process plan for the 2018/2019 financial year**
Final IDP & Budget Process Plan for the 2018-2019 Financial Year was approved by Council's.
- 14. Appointment of Dir. Development**
Selection panel approved for the selection and appointment of the candidate.
- 15. Water Meter Tariff – Low Cost Housing**
*Approved to carry the shortfall of the actual cost of the Utility meter for the Hillside project (321 units) The housing subsidy quantum received from National department of Human Settlements for water meter installation on the low cost housing amounts to R495.00. This amount has remained constant/fixed since 2014/15 subsidy quantum enhancements.
The approved quantum in 2014 was sufficient for the installation of the traditional conventional meters. Council has since taken a decision to implement the "Utility Meter" as a means of addressing the financial sustainability of the municipality. The actual cost of these meters has since escalated to R1569 per meter (excl VAT). The housing subsidy however has remained fixed since 2014.*
- 16. Adjusted Budget Report**
Approved
- 17. Application for the retention of MIG funding not utilised**
Theewaterskloof received R25204 000 MIG funding and achieved R 23654 816 or 94% spending by 30 June 2017. In terms of the Division of Revenue Act, Section 22(2) an application to retain as rollover the unspent amount of R 1 549 184 must be submitted to Treasury. MFMA Circular 86 outlines the conditions to be met in order to qualify for a rollover.

Derek S Crabtree
Ward 2 Forum
24 August 2017

Need more detail on each of the above points?

*A full copy of the **Agenda and attachments** (514 pages) of the TWKM Council Meeting (23 Aug'17) also available at the Ward 2 Forum Office, 36 Main Rd, for your perusal.*

Should you want to be placed on the Ward 2 Forum Database please email the W2F team at the following address info@ward2forum.org