

CHANGE TO COMMENCEMENT DATE WITH LEASE AGREEMENT WITH GREY ELEPHANT INVESTMENTS (PTY) LTD FOR OFFICE ACCOMMODATION

REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

To request the Knysna Municipal Council to accept the change in the commencement date for the new lease agreement with Grey Elephant Investments (Pty) Ltd for office accommodation.

BACKGROUND

The Municipal Council on 28 October 2023 *inter alia* resolved the following:

“C05/10/23 REQUEST TO ENTER NEW LEASE AGREEMENT WITH GREY ELEPHANT INVESTMENTS (PTY) LTD FOR OFFICE ACCOMMODATION

RESOLVED BY MAJORITY

- [a] That the report and annexures regarding the request to consider entering into a new lease agreement with grey elephant investments (Pty) Ltd for office accommodation, be noted; and
- [b] That approval be given to enter into a new lease with Grey Elephant Investments (Pty) Ltd for a period of three years as from 1 January 2024 until 31 December 2026; and
- [c] That the Municipal Manager be authorized to approve a yearly deviation for the leasing of the office space for three years.

File Number: 12/1/2/1

Execution: Municipal Manager

Acting Director: Corporate Services”

Since the Municipal Council on 28 October 2023, there has been regular consultation between the management of Grey Elephant Investments (Pty) Ltd and the Properties Section to design the available office space to fit all the intended offices that need to move to the new office space at the Knysna Mall.

The idea with the new offices is to make it very user friendly for both the staff and public at large. A few amendments have been made to allow for the Traffic back-office and the rest of Community Services to also move to the new office space to be close to the rest of the Community Services in particular Traffic Services for better public access.

The rest of the Finance Department that includes Expenditure and Supply Chain Management have also been included in the move to allow for better flow.

It should be noted that the spaces that will be left vacant in the municipal owned buildings, by the rest of the Community Services Directorate and Finance Directorate will be filled by other departments currently situated at the leased buildings including Integrated Human Settlement Directorate currently situated in the Tourism building. These changes are made to improve the flow and improved service delivery.

It should also be taken into consideration that with the factories and contractors that are taking a break on 14 December 2023, which has placed a strain on the move.

DISCUSSION

The design phase took 4 weeks and this is resulting in the commencement date of the lease to be pushed back to 1 March 2024 and not 1 January 2024 as anticipated (**see Annexure A**).

FINANCIAL IMPLICATIONS

The current office spaces at the Old Standard Bank for Customer Care, the Old Main Road Building for Technical, Planning & Development and Public Participation and the Concilium Building for Human Resources and Garden Route District Municipality's Health Department should be extended until 29 February 2024.

The current rental for January and February 2024 still to be paid:

- a) Albatros Property Trust at R 382 663.40 per month for January and February 2024;
- b) Noble Spectatus Fund 4 (Pty) Ltd at R 239 556.46 month for January and February 2024; and
- c) Deon & Carina Boshoff at R 39 324.19 per month for January and February 2024.

There will be no rental payable to Grey Elephant Investments (Pty) Ltd until the premises are complete and handed over to Knysna Municipality for occupation.

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003 and relevant Regulations.

DELEGATION

N/A

RECOMMENDATION OF THE MUNICIPAL MANAGER

- [a] That the report and annexures regarding the request to consider accepting the change in the commencement date for the lease agreement with Grey Elephant Investments (Pty) Ltd for office accommodation, be noted;
- [b] That approval be given to enter into an addendum for the lease with Grey Elephant Investments (Pty) Ltd to commence on 1 March 2024 and terminating 28 February 2027;

- [c] That approval be given to extend the leases of the current lessors for up until 29 February 2024; and
- [d] That deviation memo's be concluded for Albatros Property Trust, Noble Spectatus Fund 4 (Pty) Ltd and Deon & Carina Boshoff for the months January and February 2024.

APPENDIX / ADDENDUM

ANNEXURE A – E-MAIL FROM NEIL LURIE

FILE NUMBER: C. 122
EXECUTION: MUNICIPAL MANAGER
DIRECTOR: CORPORATE SERVICES
HEAD: PROPERTIES

ANNEXURE A

Renwill Hardnick

From: Neil Lurie <neil@mapdev.co.za>
Sent: Wednesday, 29 November 2023 16:32
To: Ombali Phineas Sebola; Director Corporate
Cc: Nonhlanhla Mndebela; Renwill Hardnick
Subject: Office accommodation

Dear Sirs

We had what is hopefully the final design meeting, prior to on site fit out commencing, with your property team yesterday and we are pleased to inform you that it would seem that the design for all departments selected to be moved is now complete (there will obviously be some minor design changes which will be implemented during the construction phase). As promised whilst it was not our responsibility to undertake the design we stepped into the joint roll with your very capable team and this process has taken 4 weeks which is actually quite an achievement, well done to them!

The plans will now be drawn in CAD by an architect, to scale and in detail, for fit out purposes. Once this is complete the plans will be given to your IT department for overlay their reticulation lines to be drawn for contractors to price, this should take another 2 weeks.

The upshot of this is that in terms of clause 3 of the lease the Lease Commencement Date will be pushed out to 1 March 2024, with termination date being 28 February 2027. We will need the Concept Submission in terms of clause 9.2 of the lease to be submitted and signed off by no later than 7 December 2023 in order to achieve these dates. It is our intention to have priced the Tenant Installation fit out by 15 December 2023 to hopefully fall within the R3,000m2 allowance provided in terms of clause 11.3.

There will be no rental payable until the premises are complete and handed over by us for occupation.

We have a meeting on Friday and I will further update you on the progress afterwards.

Regards

Neil Lurie
0825533999