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City of Joburg Property Company SOC Ltd.

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14 October 2013

Our reference: RFP: 91/2013

Attention: Ilone Jacques Collins

PDS/Manama Joint Venture
PDS House
69 Hendrik Potgieter Road
Florida Glen, Johannesburg
1709

By Hand

Ask For: Siphon Mbethe

Tel: 010 219 9138

Fax: 010 219 9538

Email: smbethe@jhbproperty.co.za

Dear Sir

PROJECT NUMBER: RFP 91/2013: APPOINTMENT OF SPECIALIST/S OUTDOOR ADVERTISING CONSULTANT/S FOR THE FINALIZATION OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY CITY WIDE AUDIT OF ALL FORMS OF OUTDOOR ADVERTISING SIGNS AND THE DEVELOPMENT OF AN OUTDOOR ADVERTISING/SIGNAGE MANAGEMENT SYSTEM AND MASTER PLAN ("PROJECT")

- 1 The City of Joburg Property Company SOC Limited ("JPC"), acting on behalf of the City of Johannesburg Metropolitan Municipality ("COJ"), have the pleasure of informing you that PDS/Manama Joint Venture's ("Service Provider") have been appointed as Specialist Consultants in respect of the above-mentioned Project.
- 2 This appointment is conditional upon fulfilment of the following conditions within 60 (sixty) business days of receipt of this letter:
 - 2.1 the COJ and the Service Provider concluding a services agreement. The terms and conditions of this services agreement shall be materially in the form of those contained in **Annexure A** to this letter of appointment and in line with the Service Provider's proposal and further subject to such other terms and conditions as the parties may agree; and
 - 2.3 the Service Provider submitting a business plan for the Project.



Non-Executive Directors: A. Mabizela (Chairperson), LG Msengana-Ndlela, M Vuso, Prof A Nevhutanda, T Hickman, J Mabaso, S Childs, L Itholeng, Dr. D Sekhukhune, H Mashele
Executive Director: Helen Botes (Managing Director)
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3 This appointment will be null and void *ab initio* should the suspensive conditions foregoing not be fulfilled by the date stated in paragraph 2 above, or such other date as may be granted by the COJ. Neither the COJ nor the Service Provider will then have any claim or claims against the other Party for anything done or arising in terms of this letter of appointment. In this event the COJ will be entitled to award the tender to the second successful bidder or re-advertise the tender anew.

Signed for and on behalf of City of Joburg Property Company SOC Ltd (JPC):

Helen Botes: Managing Director
JPC SOC Ltd

Signature: 

Date: 31/10/2013

**Received a copy hereof
on behalf of PDS/Manama Joint Venture**

Name: I. J. COUINS

Title: JV PARTNER

Signature: 

Date: 04/11/2013



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ANNEXURE A

A. SCOPE OF WORK TO BE UNDERTAKEN

The Scope of work to be carried out by the SP shall be implemented in 3 (three) concurrent phases, namely:

- Phase 1: The JPC Signage Masterplan,
- Phase 2: The JPC Signage Management System and
- Phase 3: The JPC Signage Strategy

1. Introduction

The scope of work for the project is divided, **but not limited**, to the following distinct project phases:

PHASE 1

2. The City of Joburg (CoJ) Signage Master plan

1.1. Define the Assets and Media Types

- (a). Develop in consultation with CoJ, an accurate outdoor advertising Asset Register that covers all advertising signs on both public and private land.
- (b). Identify and make informed recommendations on City's assets that may be used for outdoor advertising such as roads, public facilities and amenities, CoJ buildings, City's land and other assets within the parameters of the City of Johannesburg outdoor advertising By laws ("The By-laws) and any applicable legislation/s while ensuring that the objectives of JPC and the City's strategic imperatives in terms of the 2040 Vision of the City are realised.

1.2. Auditing of Existing Media and Relevant Features

- (a). Verify and audit all media/outdoor advertising types and forms according to specified criteria, typically owner, structural specifications, contractual, legal and financial information.
- (b). Provide GPS coordinates; correct site description/s, property details and location of each site and high-resolution pictures are required per site.



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- (c). Ensure all relevant data as applied in the By- laws is recorded including intersection centres, road signs, on- and off-ramp gores, overhead road signs, on-premise signs/ pylons and land uses.
- (d). Ensure that all information that is required for the assessments and future planning for outdoor advertising by CoJ is captured.
- (e). Identify niche areas in the city that will be suitable for innovative and integrated street furniture programme.

1.3. Media owners Status Reports

- (a). Generate reports for each media owners' outdoor advertising portfolio in which its sites are listed, as well as the contractual, legal and financial status of each.
- (b). The report must provide a snapshot of each holding and contain the information required for decisions relating to renewals, removals and new rights.

1.4. The JPC Signage Master Plan

- (a). All data captured and collected must be recorded into an appropriate system.
- (b). Ensure that all site data is accessible through the said system as this will form the basis upon which future platform will be built.
- (c). A by-product of having the data available is the ability to generate Developable Areas Maps, Density Maps, and Areas of Control Maps in terms of the By-laws and other policies/legislation applicable, high impact advertising precincts etc.

PHASE 2

3. The City of Joburg Signage Management System

1.1. System Specifications

The Signage Management System must serve as a central database for assets and to automate asset / lease management and while ensuring accurate financial, legal and management reporting. On a strategic level, various performance indicators can be visualised whilst on an operational level, it ensures that sites are maintained and that the correct amounts are invoiced and collected at the right time.



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The management system is about allowing CoJ and other Departments/Entities within the City of Johannesburg to access the data captured for their respective purposes, be it the evaluation of applications, the allocation of rights or the issuing of invoices.

The SP must, in consultation with CoJ, conduct workshops with the various Departments and CoJ Entities to develop a needs analysis so as to develop a Business Solutions Specification (BSS) which will be the blueprint for the development of the system.

1.2. Functionality

Create a dashboard with tabs for navigation so as to allow for access to:

- (a). **Site Data:** Captured during site audits and supplemented with contractual, financial and legal information. An easy to use / user-friendly data input system for capturing new site information, with the option to place the location by clicking the position on a pop-up map, or using coordinates. All site information must be able to be extracted and reproduced.
- (b). **Reports:** Income schedules, vacancy schedules, year-end financial reports, management reports, legal status, lease administration and management, credit control etc.
- (c). **Charts and Maps:** System must have capability to supplement reports with charts and maps.
- (d). **Financial Data:** The architecture of the system must allow for it to be integrated with JPC financial management system and/or the City's Land information System.

1.3. Modules

The system is to consist of at least the following (but not limited to) integrated modules that make up the above-mentioned components.

1.3.1. Module 1 : Contract and Legal Management

- (i). Media owner contract start and expiry dates and general terms and conditions such as rentals, escalations, annual reports, audited statements, financial records, etc.



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- (ii). Legal controls and specifically government compliance be it pending or in place, approval expiry dates, latest renewal dates, etc.

1.3.2. Module 2 : Sales Management

- (i). Net rates, commissions, lease terms and conditions, special conditions, escalations, renewal clauses, turnover rental calculations, etc.
- (ii). Provision must be made for access to relevant marketing data, as well as the direct sales and booking of sites by media buyers and or agencies and/or recording of sales via the system to allow for accurate sales information management.

1.3.3. Module 3 : Operational Management

- (i). Site information from the location to the lighting, print specifications, print costs, etc.
- (ii). Asset data such as capex, replacement values, maintenance schedules, etc.
- (iii). To assist with site management and maintenance, that each sign be physically allocated a JPC reference number which will be used to trace each sign owner's details and the erection/ expiry date of the sign.
- (iv). That a recommended colour either on poles or on any part of the sign be allocated indicating the uniqueness of the city's outdoor advertising signs.

1.3.4. Model 4 : Financial Management

- (i). Contractual, legal, sales and operational data must come together for the generation of invoices, debt collection tools, financial reports, management reports, etc.

1.3.5. Module 5: Client Interface

- (i). A web-based interface for other City Departments and also clients to access the site.
- (ii). Limited access by password protection depending on the user.



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1.3.6. Module 6 : Documentation

- (i). All documentation/s such as pictures, approvals, agreements, contracts, invoices for capex, etc. must be stored in the database and be electronically available.

1.4. System Development, Testing and Implementation

- (a). The development must commence upon finalisation of and acceptance of specifications by CoJ.
- (b). Ability to deliver updates via access on a regular basis to allow CoJ to comment on progress and the product and to make changes.
- (c). On completion of the testing of the system it must be implemented complete with training and technical support.

4. Signage Management System Integration

4.1. System Specification

- (a). The initial BSS must include the specifications for integration of the system into the municipality's CoJ land information system and other applicable systems being used at CoJ and JPC currently.
- (b). The specifications for this integration should ideally be agreed upon then so as to ensure the correct architecture is employed.

4.2. System Development, Testing and Implementation

The system must be developed and tested up to the point of implementation complete with training and technical support.

5. Training and Development of Policies



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5.1. Staff Development

- a) The team responsible for the management of the portfolio and operation of the management system has to be assembled and trained including skills transfer for the system to be developed
- b) Capacity to identify the skills required, assist in appointments and conduct relevant training.

5.2. Policies and procedures

- a) JPC requires a policy that reflects its objectives whilst recognising the relevant legislation/s applicable to outdoor advertising and leasing of council owned land both ranging from short term advertising campaigns to long term agreements.
- b) Ability to draft a policy that sets out, inter alia, JPC's position regarding signage by area, rights allocation procedures, application procedures, guidelines, etc.
- c) Legislative review (by-laws & existing contracts).
- d) Development of a code of practise for outdoor advertising.
- e) Review JPC and CoJ operational processes and procedures that is, (process flow, systems, stakeholder interactions, management tools, etc.)

6. Sales Management

CoJ relies on its tenants / concessionaires /media owners for the accurate payment of site rentals to CoJ. It is important to develop a system of income verification through the Signage Management System.

In this regard, CoJ requires the development of the following:

6.1. Market Intelligence tools

Based on the Signage Master Plan CoJ must, in the future, be able to steer the development of outdoor advertising in the city as opposed to the current system of CoJ responding to needs for expansion from the industry.



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Additional data layer market intelligence is required to deal with, *inter alia*, the following:

1. Why advertisers prefer (trends and preferences) the City's Northern suburbs as opposed to other areas of Joburg.
2. Identify where daily influx of people to Northern suburbs come from which may influence the site locations other than the Northern Areas
3. Identify profitable vehicle traffic routes in the city, arterial route connections from other regions/ municipalities in order to guide mapping of future potential sites.
4. Identify areas with the most pedestrian traffic flows and the socio economic income thereof.
5. Obtain current traffic flow information from the City's road authority and assess statistics which will assist in the roads with the most exposure for signage. (busses, taxis etc.)
6. What is the geographic spread of the various socio economic groups?
7. How to influence and change perceptions about certain areas dominating outdoor advertising?
8. Why advertise in Johannesburg at all?
 - a) These are of some issues that should be addressed. The intention is to be able to retain Johannesburg's status as the premier location for outdoor advertising.
 - b) Provision must be made for any entity to access the data on a subscription basis, or any other basis that will also see JPC being able to manage the data as an asset.

6.2. Financial and Sales Management/Control

Develop a system that will, *inter alia*:

- (a). Capability to manage bookings made by media agencies and advertisers, alike to be recorded and or done through the system to allow CoJ to verify the income due to the JPC Media owner and the resultant site rental due.
- (b). Assist Media owners to be able to record sales data on in-house databases. Provision must be made for the system to link with these databases for the uploading of sales data.
- (c). Have capability for managing all sales of advertising space on CoJ land by media owners to be validated by confirmation thereof on the CoJ Signage Management System. This could well be done via a single addition to the systems of media owners that will link the final transaction between the two.



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PHASE 3:

7. The CoJ Outdoor Advertising Strategy

7.1. Research and Development

- (a). Conduct research and case studies that must be used to motivate any policy decisions relating to the future of outdoor advertising on CoJ assets/land.
- (b). Conduct research (investigation, scoping and documentation) into local and international best practices in class management and/or revenue generation practices in the administration of outdoor advertising portfolios
- (c). Benchmark with relevant international best practices is to form part of any strategic decisions to ensure said desired practices are employed.
- (d). Research and advise JPC and CoJ on cost effective and efficient operational processes and procedures that is (process flow, procedures, systems, stakeholder interactions, management tools, etc.) within the provisions of the law/s such as the Municipal Finance Management Act, Asset Transfer Regulations and any other applicable laws and/or Regulations governing the leasing of properties/assets for the purposes of, *inter alia*, outdoor advertising.
- (e). Advise CoJ on market segmentation and develop strategies to increase the City's outdoor advertising foot print on the market and to leverage funding through outdoor advertising for service delivery.

7.2. Development of an Outdoor Advertising Policy and Strategy (5 to 10 year)

- (a). Develop a policy that reflects its objectives whilst recognising the relevant legislation/s applicable to outdoor advertising and leasing of council owned land both ranging from short term advertising campaigns to long term agreements.
- (b). As part of the review of its strategies and policies JPC requires legislative input in terms of current and future contracts including new revenue generations model/s.
- (c). Develop a Code of Practise for Outdoor Advertising particularly on CoJ land/assets.
- (d). Develop policies is to address operational processes and procedures, systems, stakeholder interactions, management tools, in line with legislations applicable etc.
- (e). Develop an overall strategy and implementation plan for revenue maximisation over short to medium term (that is, 5 to 10 years)



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- (f). Conduct conduct due diligence (financially, legally, etc.) and recommend possible review of existing agreements with a view to develop a new strategy to optimise current value of the portfolio and maximise income in the future as well.
- (g). Assist with technical review (architectural design guidelines, quality of structures, minimum technical specifications) for all sites on COJ land/assets
- (h). Facilitate financial review (current collection efficiencies, assessment of revenue streams, etc)
- (i). Identify and develop nodes for high impact advertising (such as Time Square in New York City or Piccadilly Square in London).
- (j). Compile list of potential sites with new and possible upgrades to maximise revenue (financial remodelling of existing leases)
- (k). Assist with identification, formatting & packaging of high value advertising sites for tender (optimisation rather than maximisation).

B. TERMS AND CONDITIONS OF APPOINTMENT

1) REPORTING & DELIVERABLES

PDS/Manama Joint Venture shall report on a monthly and quarterly basis to the Managing Director or his/her nominee of JPC as per agreed upon format.

The following Deliverables, *inter alia*, are applicable to the appointment:

- 1.1 A detailed Business Plan for the project must be submitted within 14 days of appointment for approval by CoJ;
- 1.2 The Business Plan must detail project schedule/s with clearly defined milestones from conception to delivery of the whole project, action plan/s and measureable milestones/deliverables for the project must be linked to all future payments either than the deposit payable on appointment (Section 7 below). The implementation plan or project schedule shall be approved by CoJ.
- 1.3 Monthly and quarterly reports in terms of the agreed upon format;
- 1.4 A procedure manual for the management of the portfolio (procedures and process flow for administration of applications in line with prevailing legislation/s);
- 1.5 An audit report/s, maps and Management System comprising a list of sites erected on CoJ and private and or assets categorised per entity, Region, Precinct of the City, built using CoJ GIS as a platform and integrated into CoJ LIS and or any other system as per RFP documents.



Non-Executive Directors: A. Mabizela (Chairperson), LG Msengana-Ndlela, M Vuso, Prof A Nevhutanda, T Hickman, J Mabaso, S Childs, L Itholeng, Dr. D Sekhukhune, H Mashele
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- 1.6 A Signage Master Plan
- 1.7 Report on the By-laws and Code of Practise.
- 1.8 Research proposal and report.
- 1.9 A 5 to 10 year strategy and implementation plan to maximise income from the portfolio.
- 1.10 Any other deliverables/requirements as specified in the RFP and or any ad hoc project/s authorised by the Managing Director of JPC from time to time.

2. DURATION OF APPOINTMENT

- 2.1 The appointment shall be for a period of two (02) years may be reviewed or extended by mutual agreement in writing and within the provisions of the law.
- 2.2 On termination by effluxion of time or otherwise, PDS/Manama Joint Venture will hand over all work done and in progress to CoJ and will have no claim for costs other than stipulated in the payment schedule.

3. COMMUNICATION AND REPORTING

- 3.1. The Service Provider agrees that it will perform the Services to the standard of skill, care and diligence expected of a person with the requisite knowledge, experience, training and recognised professional qualifications appropriate to the rendering of the services.
- 3.2. PDS/Manama Joint Venture shall report directly to the Project Leader being the authorized representative of JPC and shall not be permitted to disclose any information (in whole or part) whatsoever in terms of this appointment to any third party either than CoJ.
- 3.3. The Service Provider undertakes to be true and faithful to the JPC or the City of Johannesburg (CoJ) in all dealings and transactions whatsoever relating to its business and interests and in the furtherance of its duties under this appointment.
- 3.4. The Service Provider shall not in the future engage in any conduct which is calculated to have, or which may have the possible effect, of bringing the JPC or the City of Johannesburg (CoJ) into disrepute, whether such conduct is intentional or not.



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- 3.5. The Service Provider must not represent itself, in any manner, or allow itself to be represented, as being an employee or agent of the JPC or CoJ and the Service Provider does not by virtue of this Agreement become an employee or agent of the JPC or CoJ.

4. INSURANCE REQUIREMENTS

Proof of professional indemnity and public insurances shall be provided by the Service Provider to JPC upon finalization of an agreement/s.

5. REMUNERATION AND PAYMENT OF FEES

- 5.1 The contract price to be paid to the SP for the deliverables to be carried out as per the RFP (subject to signing an appropriate agreement) shall be R 8 502 560.00 (excluding VAT). JPC shall allocate an additional amount of amount of R 3 million to disbursement/s for the following:

- (a). Travelling for benchmarking purposes (R 1 million);
- (b). Appointment of a Financial Advisor and other Specialist/s from the JPC Panel (R 1,5 million); and
- (c). R 500 000 for contingencies.

NB: These amounts shall be used as and when required and subject to approval by JPC.

- 5.2 All payments shall be made subject to fulfillment of deliverables in terms of this Annexure to the Letter of Appointment and the agreement to be concluded with the SP.
- 5.3 JPC will not be liable for any additional costs incurred by the SP through whatever cause, unless JPC has specifically instructed the SP to incur such costs due to a substantial and material change to the Scope of the Project which has been caused by an act or omission on JPC's part.



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**CITY OF JOBURG PROPERTY COMPANY
BID ADJUDICATION COMMITTEE REPORT**

09 OCTOBER 2013

THE BID ADJUDICATION COMMITTEE RECOMMENDED TO THE MANAGING DIRECTOR AS FOLLOWS:

- 13.1 That Property Development Services and Manama JV be appointed as a preferred bidder at a total cost of R 11 502 560.00 ((as negotiated from R 12 229 280.00) , excluding VAT subject to the following:
- 13.1.1. That the contract of appointment be for a period not exceeding 24 months (2 years);
- 13.1.2. That an appropriate agreement be concluded with Property Development Services and Manama JV subject to terms and conditions contained in the Bid Specification document for the RFP;
- 13.1.3. That the Managing Director or her nominee signs the agreement.
- 13.2. That the appointment date be effective from 14 October 2013;
- 13.3. That Property Development Services and Manama JV be requested to submit, within 14 days of the appointment, a plan on how the JV will use the project as a practical means to subcontract from and or transfer skills to targeted beneficiaries (Youth, Women and or people with disabilities)
- 13.4. That budget provision has been made available for the project over the period of two years to be financed from the CoJ / JRA portfolio account
- 13.5. That the Managing Director note that the following outstanding documents were received and noted by the Committee from the Bidder as per the recommendation of the Bid Evaluation Committee:
- A revised fee structure of R 11 502 560.00 as negotiated by the Project Manager as per a mandate of the Bid Evaluation Committee in one of its recommendations.
 - Proof of municipal accounts and affidavits (individually and jointly) by both members of the JV, that is, Property Development Services and Manama-Hole Holdings (Pty) Ltd

APPROVAL OF THE REPORT


CHAIRPERSON
FANIS SARDIANOS
EXECUTIVE MANAGER: PROPERTY MANAGEMENT

23/10/2013
DATE



a world class African city

**CITY OF JOBURG PROPERTY COMPANY
BID ADJUDICATION COMMITTEE REPORT**

09 OCTOBER 2013

APPROVAL OF THE RECOMMENDATIONS

~~APPROVED OR NOT APPROVED:~~

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

**HELEN BOTES
MANAGING DIRECTOR (ACCOUNTING OFFICER)
JOBURG PROPERTY COMPANY SOC LTD**

DATE:

31/10/2013

A handwritten signature in black ink, consisting of a loop and a long horizontal stroke.