Modimolle Local Municipality

Request for Expression of Interest

Request for Expression of Interest issued by the Modimolle Local Municipality in respect of a proposed Public Private Partnership(s) for the Design, Finance, Construction, Maintenance and Operation of the Modimolle Mountain into a tourist destination.

CLOSING DATE FOR ACCEPTANCE OF SUBMISSIONS

14h00 (as per Telkom SA Clock: Dial 1026 in RSA)

On 25 February 2011
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1 DISCLAIMER

The Modimolle Local Municipality ("the Institution") has issued this Request for Expression of Interest (EOI) document to the public in terms of section 120 of the Municipal Finance Management Act 56 of 2003 and its Regulations. This document (which expression shall include all other information, written or oral, made available during the Expression of Interest process) is being made available by the Institution to potential Respondents on the condition that it is used solely for the purpose of responding to this Expression of Interest ("EOI").

This document is provided solely for the purpose set out in this notice and is not intended to form any part or basis of any investment decision by Respondents. The recipient should not consider the document as an investment recommendation by the Institution or any of its advisers. Each person to whom this document (and other later documents) is made available must make his/her own independent assessment of the Project (as hereinafter defined) after making such investigation and taking such professional advice as he/she or it deems necessary. Neither the receipt of this document or any related document by any person, nor any information contained in the documents or distributed with them or previously or subsequently communicated to any Respondent or its advisers, is to be taken as constituting the giving of any advice, investment, legal or otherwise by the Institution or its advisers.

Whilst reasonable care has been taken in preparing this EOI and other documents, they do not purport to be comprehensive or true and correct. Neither the Institution nor any of its advisers accept any liability or responsibility for the adequacy, accuracy or completeness of any of the information or opinions stated in this EOI or any document issued by the Institution.

No representation or warranty, express or implied, is or will be given by the Institution, or any of its officers, employees, servants, agents or advisers with respect to the information or opinions contained in any document. The Respondents in responding to this EOI, expressly waive any claim/s it has or may have in respect of such representations or warranties, howsoever arising.

The Institution reserves the right to amend, modify or withdraw this EOI (which terminates on announcement of Respondents, if any) process for the Project at any time and from to time to time, without prior notice and without liability to compensate or reimburse any party or person.

The Institution is not obliged to accept any response to this EOI. The Institution reserves the right to reject any or all Responses at any time.
2 INTERPRETATION

2.1 In this EOI, unless inconsistent with or otherwise indicated by the context –

2.1.1 headings have been inserted for convenience only and should not be taken into account in interpreting the EOI;

2.1.2 any reference to one gender shall include the other genders;

2.1.3 words in the singular shall include the plural and vice versa;

2.1.4 any reference to natural persons shall include legal persons and vice versa;

2.1.5 words defined in a specific clause shall have the same meaning in all other clauses of the EOI, unless the contrary is specifically indicated;

2.1.6 any reference to the EOI, schedule or appendix, shall be construed as including a reference to any EOI, schedule or appendix amending or substituting that EOI, schedule or appendix;

2.1.7 the schedules, appendices and Briefing Notes issued pursuant to this EOI, form an indivisible part of the EOI and together with further clarifying and amending information provided by the Institution, constitute the body of EOI documentation which must be complied with by Respondents;

2.1.8 in the event of any inconsistency between this EOI or other earlier information published with regard to the Project, the information in this EOI shall prevail; and

2.1.9 this EOI shall be governed by and construed in accordance with South African law.
3 DEFINITIONS

In this EOI the following words and expressions shall have the meaning assigned to them below and cognate expressions shall have a corresponding meaning, unless inconsistent with the context:

3.1 “Affordability” means the meaning given in the Treasury Regulations;

3.2 “Institution” means the Modimolle Local Municipality;

3.3 “Law” includes the common law, all legislation (National, Provincial, Local and subordinate), regulations, ordinances, proclamations, guidelines and policies applicable in South Africa;

3.4 “MFMA” means the Municipal Finance Management Act 56 of 2003;

3.5 “PPP” means a Public Private Partnership as defined section 120 of the Municipal Finance Management Act 56 of 2003;

3.6 “Private Party” means the preferred bidder who is awarded the tender and concludes the proposed agreement in respect of the Project; and

2.1 “Project” means the development of the Modimolle Mountain into a cultural, heritage and tourist destination in partnership with the private sector who would be responsible for the design, construction, operation, maintenance and funding of the Modimolle Mountain tourist initiative.
4 ISSUANCE OF THE EOI

The Institution issues this EOI as part of the Feasibility Study that it is currently being undertaken to investigate the possibility of developing the Modimolle Mountain into a cultural, heritage and tourist destination in partnership with the private sector who would be responsible for the design, construction, operation, maintenance and funding of the Modimolle Mountain tourist initiative.

This EOI is issued in accordance with Section 120 of the Municipal Finance Management Act of 2003 and its Regulations.

This EOI does not form part of the procurement process therefore failure to submit a Response shall not disqualify bidders from participating in the bidding process if the project proceeds to procurement.

5 PURPOSE OF THE EOI

This EOI has been prepared for the following purposes:-

- To gather information from potential bidders that would assist the Institution in finalising its Feasibility Study;
- To test the commercial viability of developing the Modimolle Mountain into a tourist destination through a PPP;
- To ascertain the requirements of potential bidders with regard to their participation in developing the Modimolle Mountain into a tourist destination through a PPP;
- To disseminate information about the Project as contemplated in this EOI; and
- To give guidance to Bidders on the preparation of their EOI Responses.

The Project will be regulated in terms of the requirements of Section 120 of the MFMA and its Regulations and will be advised by the National Treasury, PPP Unit. In this regard the Institution has identified the Project as one that may be concluded as a PPP and as such has registered the Project with the National Treasury. The Project will therefore be reviewed and constrained in accordance with those aspects of Section 120 of the MFMA and its Regulations dealing with the procurement phases of the overall PPP process envisaged in the Treasury Regulations.

6 BACKGROUND AND OVERVIEW

Modimolle Local Municipality (MLM) is situated in the Waterberg District Municipality (WDM) within the Limpopo Province. The Municipality shares borders with Bela-Bela to the South, Mookgopong to the North, Thabazimbi to the South-west, Lephalale to the West and Mokgalakwena to the North-west. MLM is at the centre of the WDM and is the administrative capital of the District Municipality (DM).

The Municipality is predominantly rural in nature, with vast areas of land either under cultivation or being utilised for game farming purposes.
The area is characterised by a number of prominent rivers, which dominate the landscape and by settlement patterns of townships, farms and informal settlements as well as nature reserves.

MLM has identified the need to develop the Modimolle Mountain, commonly referred to as “Kranskop” as a tourist attraction. The Modimolle Mountain Tourism Development Initiative (MMTDI) is a proposed tourism anchor project to be developed by the MLM. Modimolle Mountain is strategically located close to the southern entry point to Limpopo, along the main access route to the north, the N1. The N1 connects Gauteng with Limpopo, the Northern neighbouring provinces and countries to the north. The link provided by the district can create an enabling business climate for the municipality as a distribution point to support vast growing development in the surrounding areas. Further this initiative could be the gateway to Limpopo in terms of its location.

In terms of the Municipal Systems Act, this project had been identified through the Final Integrated Development Plan of 2010-2011 (“IDP”) of the Municipality as one of the PPP projects the Municipality may undertake in 2010-2011. The municipality is guided by the IDP, which sets out an agenda for the municipality’s regional development and integration plans. It also sets outs linkages between infrastructure development and the environment needed to build social cohesion and sustainable economic development. The IDP is the instrument for the strategic management of the Municipality and decision-making by Council. Through stakeholder input, the IDP ensures a cooperative approach by the National, Provincial and Local spheres of government to develop and implement projects and programmes on a priority basis which will empower and benefit the community.

7 THE MISSION OF THE MUNICIPALITY

The Modimolle Municipality mission statement as per the IDP report is:

“To provide equitable first class service through efficient administration and good governance and promote a safe and healthy environment

8 THE VISION OF THE MUNICIPALITY

The Modimolle Municipality vision statement as per the IDP report is to be:

“The gateway to Limpopo and the eco-tourism destination of choice”

9 OBJECTIVES OF MUNICIPALITIES

In terms of S152 (1) of the Constitution of South Africa, the objectives of local government are to-

- provide democratic and accountable government for local communities;
- ensure the provision of service to communities in a sustainable manner;
- promote social and economic development; and
- promote a safe and healthy environment.
The main objectives of the Project are aligned to the objectives of the municipality as it includes the following:

- To develop Modimolle Mountain as a nature area to preserve biodiversity within the area and create a healthy environment;
- To develop the mountain as key tourism point within the Municipality and Province that will support other tourism destinations in Modimolle, neighbouring Municipalities and districts;
- Create jobs and promote social and economic development; and
- To develop the Modimolle Mountain as an income generating asset.

This project is aligned both to the Municipal vision and the Constitution as it is intended to create job opportunities, encourage involvement of communities, promote social and economic development and generate revenue for the Municipality to ensure sustainable communities.

10 THE PROJECT

The MLM has determined that it has a resource – the Modimolle Mountain that it would like to develop as a tourist node in the Nyl River Floodplain – Modimolle Tourism Destination, with the vision of fostering economic activity in Modimolle, creating job opportunities and generating revenue for the MLM.

The key service outputs for this Project is for the Private Party to design, construct, finance, operate and maintain the mountain as a tourist destination so as to:

- Conserve the biodiversity of the Modimolle Mountain area;
- Conserve the heritage resources of the Modimolle Mountain;
- To develop the Modimolle Mountain as a tourism node with quality tourism product offerings in support of the broader Nyl River Floodplain - Modimolle Tourism Destination;
- To develop the Modimolle Mountain as a marketing and service centre for tourism attractions throughout Limpopo and Southern Africa; and
- Create jobs and reduce unemployment.

11 POTENTIAL SERVICES

A list of potential tourism products and services have been identified that could be considered as part of the development of the Modimolle Mountain. These include amongst others:

- Design and construct an exhibition space for various African cultures and their arts, crafts and history at the foot of the mountain;
- Build lodges and a small coffee shop;
- Build lapa/s for entertainment, music and storytelling;
- Develop rock pools and outside rest areas;
- Tourism routes/trails and interpretive signs that expose tourists to the cultural and natural attractions of the area;
- school programmes on the diversity of cultures of Limpopo and their history;
- Centrally coordinated booking office for guided tours to the various tourism attractions in the area, working in close collaboration with product owners in the area;
- Self drive routes with the Modimolle Mountain as the base;
A centrally coordinated tourism events calendar for the area with tourism bulletins indicating special events, including flooding of Nylsvley, arrival of international migratory birds, etc;
- Presentation of special interest courses, events and excursions for example bird identification at a small conference/auditorium facility;
- Centrally coordinated adventure tourism program with products such as bicycle routes, abseiling, rock climbing; etc;
- Exhibition and service centre promoting tourism attractions within the various districts (window to the attractions of Limpopo and Southern Africa); and
- Picnic site/s.

Modimolle Mountain context

Modimolle Mountain is located along the N1 North to Polokwane between the R33 to Modimolle and the town of Mookgophong in the north east. The Nylsvley River Floodplain is located adjacent to the Mountain.
The Modimolle Mountain falls within environmental management zone 1 (Figure 2) of the Waterberg District EMF that has recently been finalised by Environomics and NRM Consulting on behalf of the national department of Environmental Affairs, the Limpopo Department of Economic Development, Environment & Tourism (LEDET), as well as the WDM. Zone 1 of the EMF prioritised the conservation of natural vegetation, archaeological features and appropriate limited tourism activities that will not detract from the nature and objectives of the zone. Specific guidelines have been drawn up for each zone, which detail the nature of development activities that can be accommodated in the zone. As an example, high impact or intensive land use activities such as the development of casinos, golf courses, coal mining, and electricity generation infrastructure will necessarily result in detrimental impacts that are inconsistent with the nature and character of the zone.
Figure 2: Environmental management zones according to the EMF for the Waterberg District
## 12 PROJECT SITE

Name of Geographical Area: Number 3 below is the Project site.

<table>
<thead>
<tr>
<th>Registered description of the Property</th>
<th>Category determined in terms of Section 8 of the Act which the property falls</th>
<th>Physical Address of the Property</th>
<th>Extent of the property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Remaining Extent of the farm PADBOU 424, Registration Division KR, Limpopo Province</td>
<td>Farm</td>
<td>Remaining Extent of the farm PADBOU 424, Registration Division KR, Limpopo Province</td>
<td>345.0001 h</td>
</tr>
<tr>
<td>2. Portion 1 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>Small Holding</td>
<td>Portion 1 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>17.8734 h</td>
</tr>
<tr>
<td>3. Portion 4 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>Farm</td>
<td>Portion 4 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>93.8246 h</td>
</tr>
<tr>
<td>4. Portion 5 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>Farm</td>
<td>Portion 5 of the farm PAD-BOU 424, Registration Division KR, Limpopo Province</td>
<td>173.8480 h</td>
</tr>
</tbody>
</table>
13 INFORMATION REQUIRED

Contact Details
- Name of person submitting EOI
- Company name
- Position in company
- Contact details
  - Postal address
  - Telephone
  - Fax
  - Cell phone
  - Email

Company’s profile and experience in the tourism, hospitality and construction industries
- Names and locations of current operations
- Market segment(s)
- Number of years in operation
- Relevant projects

Interest in this Project
At a very high level please respond to the following:

- What sort of commercial operation would you establish with this Project?
- Describe the type of concept you would envisage for this Project?
- How do you see the project integrated into the surrounding area?
- What do you think is the expected revenue to be generated in the commercial operation?
- How would you integrate this project in terms of the biodiversity conservation objectives of the Waterberg EMF and the broader Nyl River Floodplain and Reserve?
- Describe how you will comply with the various legal requirements in respect of economic, social and environmental legislation?
- Describe envisaged partnerships in support of an integrated tourism development approach that would benefit the broader community and tourism operators in the area.
- Describe the skills and expertise required for the Project and how this will be sourced e.g. full time, partnerships, permanent appointments, etc.
- Suggest how the local communities would or could be involved in this project?
- What type of project structure would you envisage for this Project?
- What type of financing model would you envisage for this Project?
- What are the risks you foresee with this Project?
- How would you mitigate against these risks
- What risks would you not be prepared to accept?
- How do you envisage marketing this tourist Project?
- What type of BEE financing structure and model would you envisage?
- What is the contract period you would expect for this Project?
- Clearly indicate which services and associated activities you envisage would fall within the ambit of the Project and which services and associated activities would not be included in it.
14 CLARIFICATION PROCESS

There will be a clarification process to this EOI from 7 February 2011 until 17 February 2011. The Municipality will then respond to everyone by the 22 February 2011. All queries and issues regarding this EOI should be directed to: The Project Officer, Mr. Marcus Shongoane at email: shongoanes@modimolle.gov.za or mabetwat@modimolle.gov.za.

15 WHAT TO SUBMIT, WHERE AND WHEN

Consortia, companies and persons interested in this PPP opportunity should submit information under the headings provided in Clause 13 of this EOI. You are welcome to provide any additional information that might assist the Institution in finalising its options for the Project. There should be 3 copies submitted to this EOI.

Response to the EOI must be submitted to:

<table>
<thead>
<tr>
<th>Name / Institution:</th>
<th>Modimolle Local Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Address:</td>
<td>Harry Gwala Street</td>
</tr>
<tr>
<td></td>
<td>OR Tambo Building</td>
</tr>
<tr>
<td></td>
<td>Modimolle</td>
</tr>
<tr>
<td></td>
<td>0510</td>
</tr>
<tr>
<td></td>
<td>Tender Box, before or on 25th February 2011 at 14:00</td>
</tr>
<tr>
<td>Contact Person</td>
<td>Mr. Marcus Shongoane</td>
</tr>
<tr>
<td>Telephone:</td>
<td>014 718 2043 during office hours</td>
</tr>
<tr>
<td>Cell:</td>
<td>083 701 8331</td>
</tr>
<tr>
<td>E-Mail:</td>
<td><a href="mailto:shongoanes@modimolle.gov.za">shongoanes@modimolle.gov.za</a> or <a href="mailto:mabetwat@modimolle.gov.za">mabetwat@modimolle.gov.za</a></td>
</tr>
</tbody>
</table>

The closing date for submission of the Response to the EOI is 25 February 2011 at 14:00 hours.