



# BCMM Investment Conference 2019

27 – 29 November  
East London

TOURISM | ECONOMIC & SOCIAL DEVELOPMENT | PROPERTY MANAGEMENT & COMMERCIALISATION

# 1. Introduction

- Welcome to the **BCMM Investment Conference 2019 (BIC19)**
- The theme of **BIC19** is:

*“Power Partnerships – Growing a better City together”*
- Objectives of **BIC19** are:
  - To share *progress on commitments* made during **BIC18**
  - To share *information about new property investments* promoted by BCMDA
  - To identify *investment opportunities* in BCMM
  - To share *critical developments* in BCMM
  - To discuss and experience *BCMM tourism offerings*
  - To provide a *networking platform*
- We have made some progress since **BIC18**

## 2. Mandate of BCMDA

**The Buffalo City Metropolitan Agency (BCMDA) is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality and established in terms of S76 of the Municipal Systems Act, 32 of 2000.**

**BCMDA was established as a profit company on 20 April 2016, in terms of the Companies Act, 1973 as amended. This allows the Agency to transact, generate funds and have a borrowing capacity to carry its mandate to increase economic growth through tourism, economic and social development as well as property management and commercialisation.**

**The BCMDA is established as a juristic person operating as a municipal entity, which has been classified in terms of the Municipal Finance Management Act. As an entity of BCMM, the BCMDA thus extends the BCMM's capability with respect to the identification, planning and implementation of development projects for the benefit of the entire municipal area.**

# Rationale

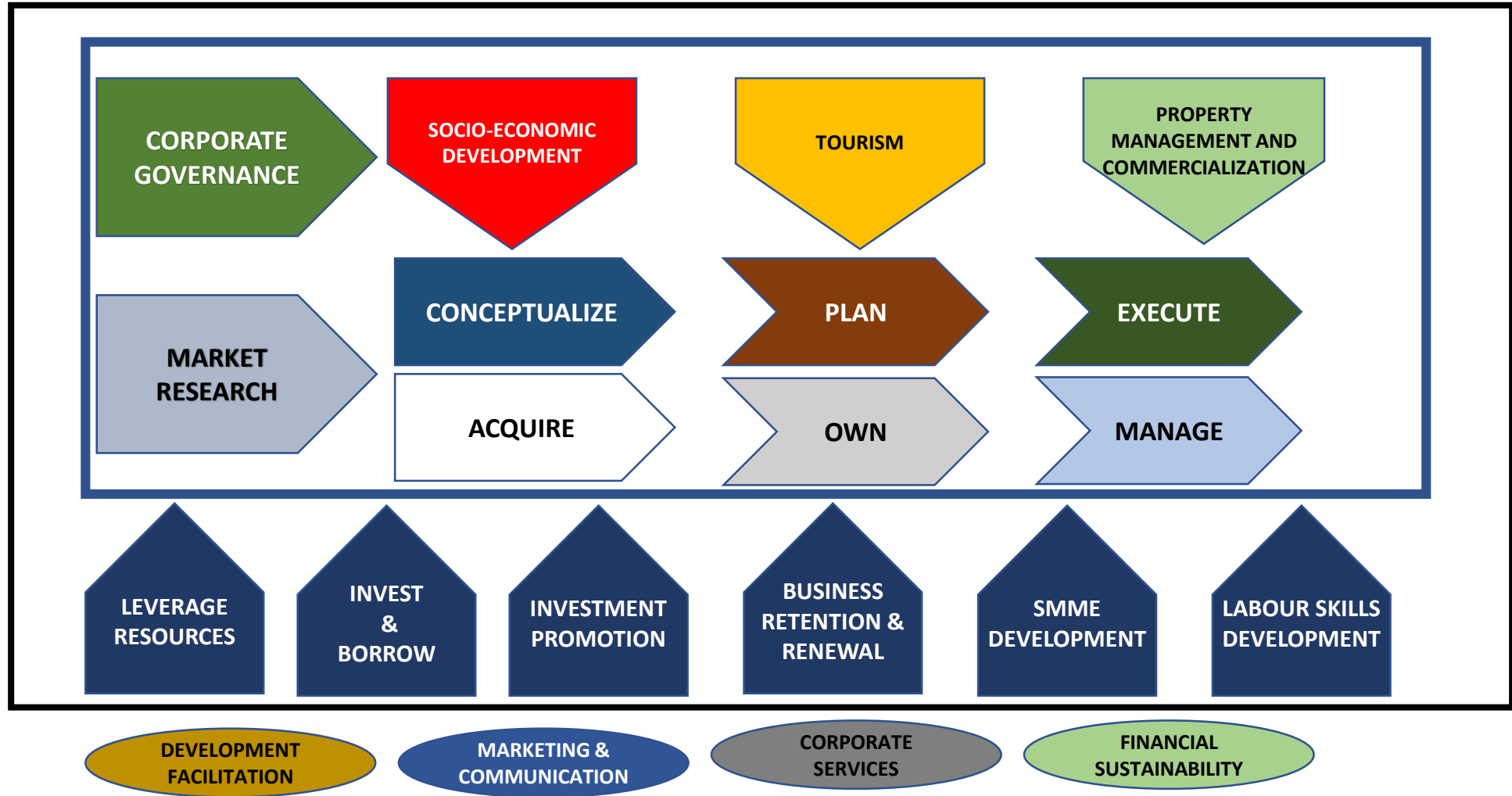
- South African Constitution S152(1)(c):
  - *one of the objects of local government is to promote social and economic development*
- In schedule 4 Part B local government's list of functions include but are not limited to:
  - *local tourism, municipal planning and municipal public transport*
- Municipal Systems Amendment Act 44 of 2003 (MSA):
  - *Chapter 8A S86B (1)(a) a provision is made of a private company as a municipal entity*
  - *S86E (1) (b) the amended act provides: the municipality may establish a private company for purposes of performing a function or power in accordance with business practices in order to achieve the strategic objectives of the municipality more effectively and to the benefit of the community*

Consequently, the Mol states that the Agency shall be empowered to take any such actions within its scope of authority to further the above mandate, including, but not limited to:

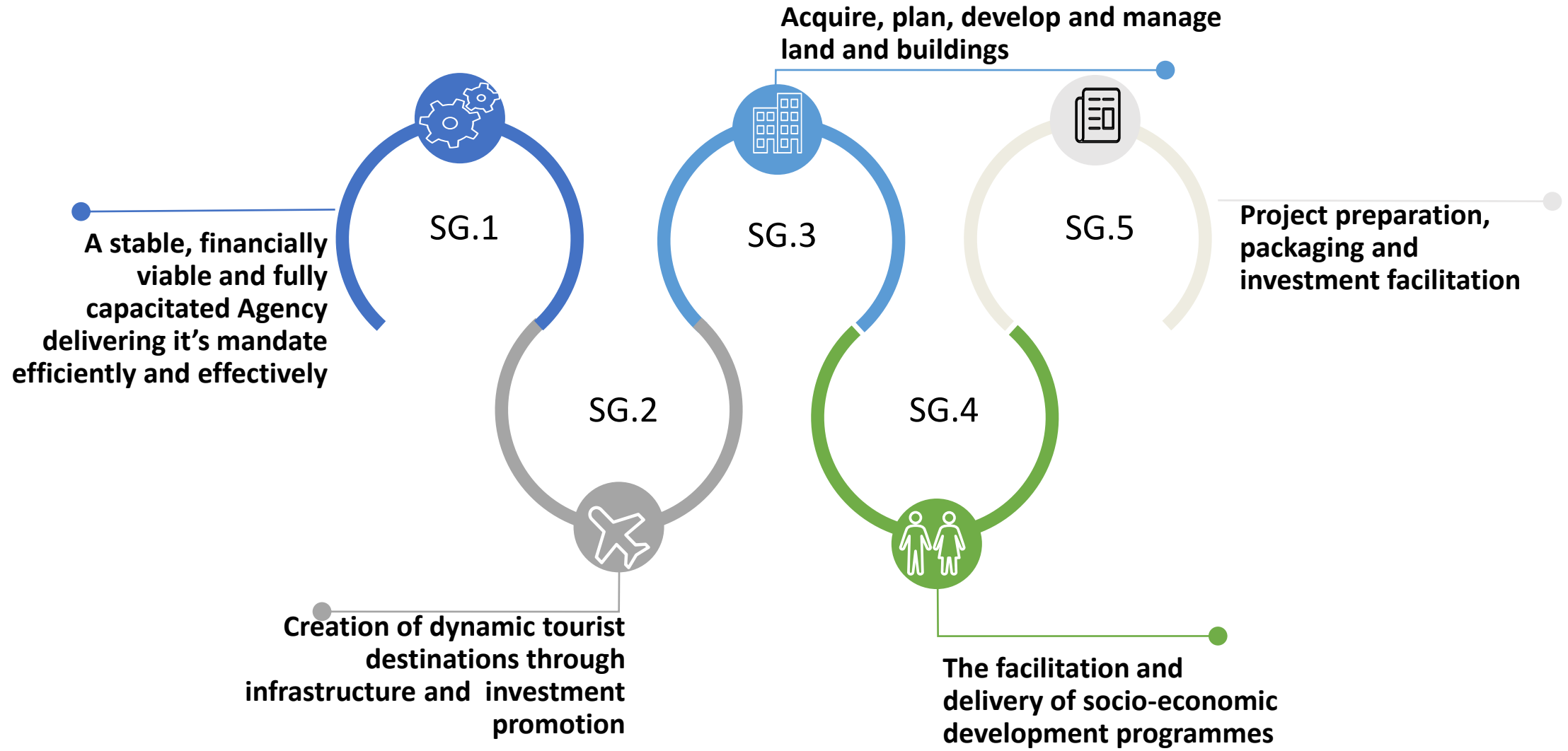
- To conduct **regular communication** with all stakeholders.
- To launch, manage and/or monitor **any study** that may be necessary to further the objectives of the Agency.
- To negotiate, enter into and administer **contracts** in furtherance of its objectives.
- To collect income, raise, receive and hold **funds, or receive guarantees**, from any lawful source, for the purposes of the BCMDA and to manage administer and disburse those funds in pursuance of the objects of the BCMDA and for administrative purposes in accordance with the terms and conditions determined by the BCMDA.
- To conduct and operate **any financial assistance, subsidy or incentive programme** necessary to ensure the most advantageous development projects for the Municipality.



# BCMDA MANDATE



## 5 Strategic goals ...



# 3. Development of the BCMDA

| PHASE   | AGENCY DEVELOPMENT             | OBJECTIVES  | YEAR                      |
|---------|--------------------------------|---|---------------------------|
| Phase 1 | Pre-funding                    | Political Buy-in for Agency concept / support and assistance / no finance / Board established)  | -1<br>(2015)              |
| Phase 2 | Pre-establishment              | Establishment of legal entity / internal and external systems and procedures (Municipality and Board) / Grant funding ...   | 0<br>(2016)               |
| Phase 3 | Establishment                  | Formal Agency establishment / 5 year strategic plan / policies / Staff recruitment / operational and funding model / project packaging / Operational grant / Small projects based on partnerships and small capital grant | 1 – 3<br>(2017 -18)       |
| Phase 4 | Operational / Fully functional | Programme and project planning / facilitation of investments / project launches / overseeing design and implementation / Review of strategic plan / Operational and Capital grants  | 4 – 6<br>(July 2019 - 22) |
| Phase 5 | Business Continuity            | Functional Agency / critical mass of projects / Semi-grant dependent  | 7 +<br>(2022 ...)         |



## 4. Outcomes of BIC18

- **Development and promulgation enforceable bylaws allowing for property development**
- **Managing the growing student populations at the beachfront**
- **Release of land for development**
- **Partnerships that would enable the BCMM economy and attraction of investors**
- **Curbing brain drain by availing opportunities associated with envisaged development**
- **Clean city**
- **Continued stakeholder engagement to realise the City's aspirations as outlined in the IDP, MGDS other strategic documents**

## 4.1.By-laws enabling property development

- Initiated the Special Rates Areas by-laws for:
  - CBD
  - Quigney
  - Southernhood
- Also contributed to the following regulations:
  - outdoor advertising,
  - arts, culture and heritage facilities,
  - cemeteries, undertakers and crematoria,
  - informal trading,
  - municipal parks, recreation and conservancy
  - SPLUMA
  - UDZ's

## 4.2. City and University Program

- There has been **deterioration of the EL Central Business District (CBD)** and surrounding areas over last 10 plus years
- This yielded negatively **on CBD investment**, which lead to a further decay and dilapidation
- BCMDA identified the City and University Program as a **strategy to reverse CBD's decay**
- To improve and revive the East London CBD, BCMDA conducted research in **collaboration with the HSRC** and various stakeholders and which resulted in a Strategy with various programmes that can assist with **targeted interventions**

**We have collaboratively identified six pillars for BCMM's relationship with the higher education institutions:**

|                                 |  |  |  |
|---------------------------------|--|--|--|
| <b>BIDS</b>                     | URBAN DESIGN<br>TRAFFIC CALMING<br>INCENTIVE ZONING<br>TOWNSCAPING   | SHOPSTEADING<br><br>COMMUNITY SERVICES<br>STREET LIGHTING                                      | STREET SURFACING<br><br>SIDEWALKS<br>GREENING  |
| <b>PROPERTY</b>                 | LAND BANKING<br>INFRASTRUCTURE PROVISION<br>SPECULATIVE BUILDING<br>DEVELOP RENTAL STOCK   | REGULATION IMPROVEMENT<br>INCENTIVE ZONING<br>REAL ESTATE DEVELOPMENT<br>DEVELOP RETAIL STOCK  | HOUSING & NEIGHBOURHOOD<br>IMPROVEMENT<br>MOVEMENT OF FACULTIES TO INNERCITY                                 |
| <b>SME DEVELOPMENT</b>          | BUSINESS ASSISTANCE CENTRE<br>TECHNOLOGY AND BUSINESS PARKS<br>MICRO-ENTERPRISE PROGRAM<br>VENTURE FINANCE PROGRAM   | LOW INTEREST BUSINESS LOAN<br>DEREGULATION<br>LOW COST OF DOING BUSINESS<br>MARKET DEVELOPMENT | SET-ASIDES FOR LOCAL BUSINESS<br>BUY-LOCAL CAMPAIGN  |
| <b>SKILLS DEVELOPMENT</b>       | CUSTOMIZED TRAINING FOR MUNICIPAL OFFICIALS<br>CUSTOMIZED TRAINING FOR UNEMPLOYED YOUTH<br>TARGETED PLACEMENT FOR GRADUATES AND UNEMPLOYED YOUTH               |  | WELFARE TO WORK PROGRAM<br>SCHOOL TO WORK PROGRAM<br>LOCAL EMPLOYMENT PROGRAM                                |
| <b>TRANSPORT</b>                | AFFORDABLE PUBLIC TRANSPORT FOR STUDENTS<br>SAFETY IN PUBLIC TRANSPORT<br>24H AVAILABILITY OF PUBLIC TRANSPORT FOR STUDENTS                                    |  | NEGOTIATE STUDENT DISCOUNTS IN PRIVATE<br>TRANSPORT<br>RECONFIGURE TRANSPORT ROUTES FOR<br>STUDENTS          |
| <b>MARKETING &amp; BRANDING</b> | DEVELOP A PROGRAM MARKETING STRATEGIC PLAN<br>DEVELOP BRAND IDENTITY FOR THE PROGRAM<br>FORM MARKETING PARTNERSHIPS<br>CREATE A MULTI-MODAL MARKETING PLATFORM |  | DEVELOP CONTENT<br>FEED EACH PLATFORM WITH CONTENT<br>GET MARKET FEEDBACK<br>REFINE MARKETING STRATEGIC PLAN |

## In addition BCMDA initiated a Inner City Safety Program:

- The initial goal was the **safety of all BCM residents and visitors** at the East London Beach Front
- The main focus is **detering robberies, pick-pocketing, provision of first aid in case of medical emergencies, assist with accidents and provision of information to visitors**
- Since 2017 BCMDA appointed various **Security Companies** that patrolled the EL Esplanade
- This led to a marked **decrease of the number of incidents** along the Esplanade
- BCMDA and SAPS **assess crime trends** and work closely

- With a budget of **R3.3 million** in this financial year, BCMDA will **expand this services to crime hotspots** which were identified together with SAPS in Quigney, the CBD and Southernwood
- BCMDA also intends to **include this work in the CUP** so as to improve safety for students and professional staff



## 4.3. Land release for development

*“Simply put, the places that are expensive don’t build a lot, and the places that build a lot aren’t expensive.” Glaeser, 2011: 148*

- The **MOU signed between TNPA, BCMM and the ELIDZ** paved the way for engagements between the Port of East London and BCMDA to **collaborate on potential investment** on the East Bank of the East London port
- Subsequently BCMDA, through its **Transactional Advisory Services**, completed Business Plans and Feasibility studies for a **Water Front at Latimer's Landing and a Mixed-use Precinct for Signal Hill**
- Other **potential public-public (government) partnerships** were explored with the following institutions to contribute to the development of the Metro:
  - Public Investment Corporation
  - Housing Development Agency
  - Development Bank of South Africa
  - Industrial Development Corporation
  - Eastern Cape Development Corporation

## Latimer's Landing (Water Front)

- Latimer's Landing situated on **Erf 33369** of the East London Harbour will be made available for the development of a **mixed use waterfront precinct** through BCMDA.
- This development will change the port of East London and transform it into major South Africa tourist destination as it falls in line with the Ports regulator of South Africa strategic plan for 2017/18 to 2021/22.
- The potential land uses for this development will be as follows:  
**Hotel, Retail, Office, Residential, Boutique Residential**





# Signal Hill

- It is envisaged that the development will be a **mixed use development** therefore different jobs will be created in various sectors.
- The main sectors that will benefit are **Tourism, Retail, Commercial, Residential and Real Estate.**



# Signal Hill





# BIRD'S EYE VIEW



## Progress on Latimers Landing and Signal Hill:

- **Business Case and pre-feasibility studies** completed in July 2019
- **Engagement with Port of East London** in August 2019
- **Presentation to Councillors** at workshop in September 2019
- Request for **engagement with Transnet Board** sent in August 2019



## MARINA GLEN A



**Preferred Developer:**  
Housing Development Agency  
(HDA)

**Type of Development:**  
Office, Retail, Hotel and  
Accommodation

**Investment value:**  
R1.5 billion

**Lease period:**  
60 years



# COURT CRESCENT (ESPLANADE)





# WATER WORLD (WESBANK)



## PROJECTS PACKAGED FOR VARIOUS TYPES OF INVESTORS THROUGH BCMDA APPOINTED FUND ORIGINATORS – TURNKEY PROCESS / LEASE ONLY

- BCMDA appointed consortia of **Fund Originators** in August 2018
- The purpose of a Fund Originator is to assist the Agency with **raising funding / investments, finding developers and property managers** for specific and targeted projects as per its mandate from the BCM
- This mode of funding is normally used where an entity or municipality does not have the financial muscle to develop target areas
- A **“turnkey” process** is then followed where certain legal instruments, such as a lease, are used as an attraction for any such developments with the full investment reverting back to BCM after expiry of the lease



# 1. SEA VIEW TERRACE



**Preferred Developer:**

Penrose Context JV

**Type of Development:**

AC by Marriot Hotel (4 Star)

**Investment value:**

R350 million

**Potential Lease period:**

60 years

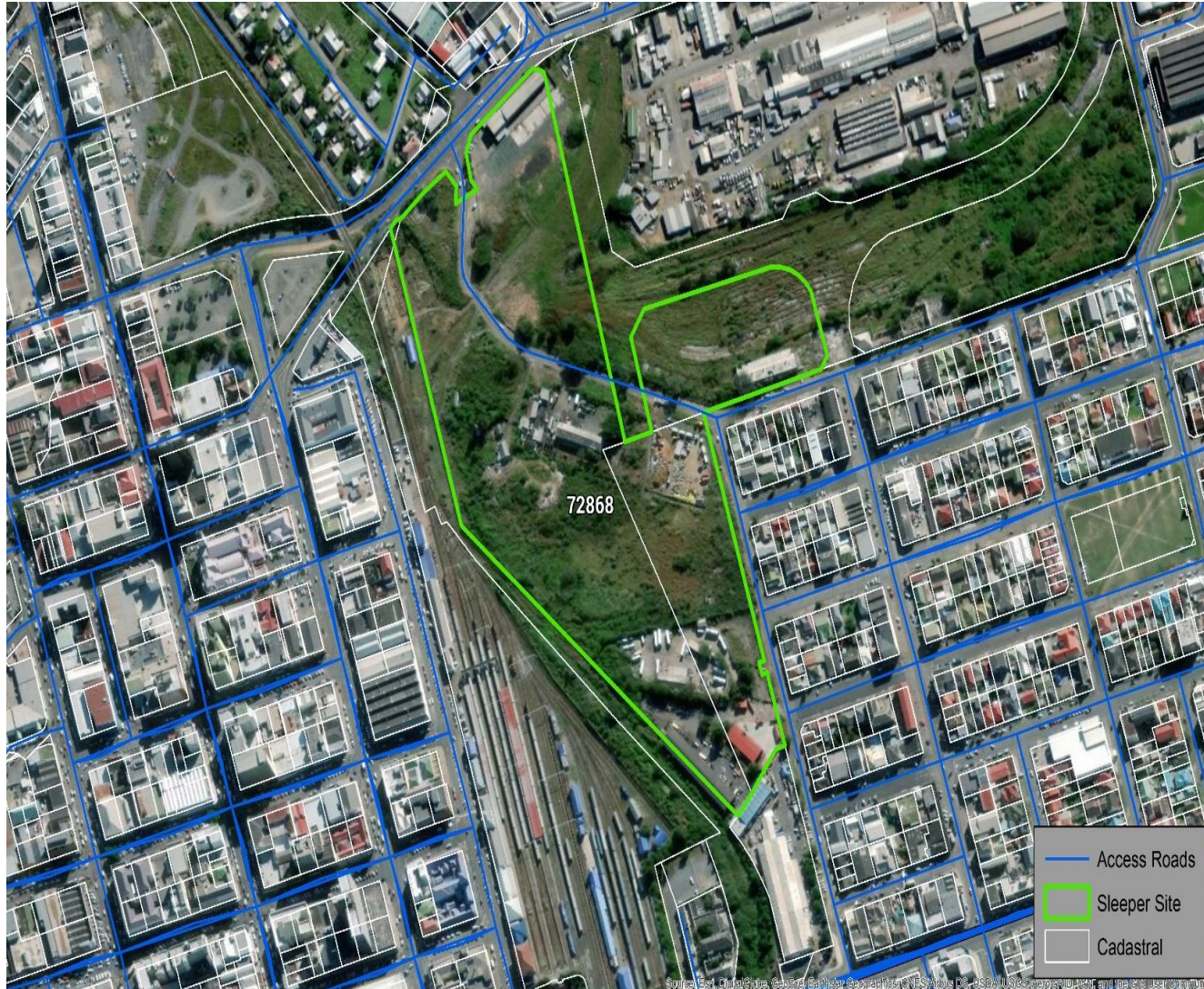
## 2. SLEEPER SITE PRECINCT

The following developmental objectives were identified for this precinct:

- To build an **inner city that is functional and liveable**
- To improve the **aesthetics and the built environment** i.e. through improved lighting and landscaping, cleanliness and safety (including the perception of personal safety) and the optimisation of the use of existing facilities by redefining their hierarchy and role within the CBD.
- To enable **integration, accessibility and connectivity of the East London CBD** to the wider surrounding inner-city areas particularly the **Sleeper Site, Beach Front and Quigney**.



# SLEEPERSITE PRECINCT



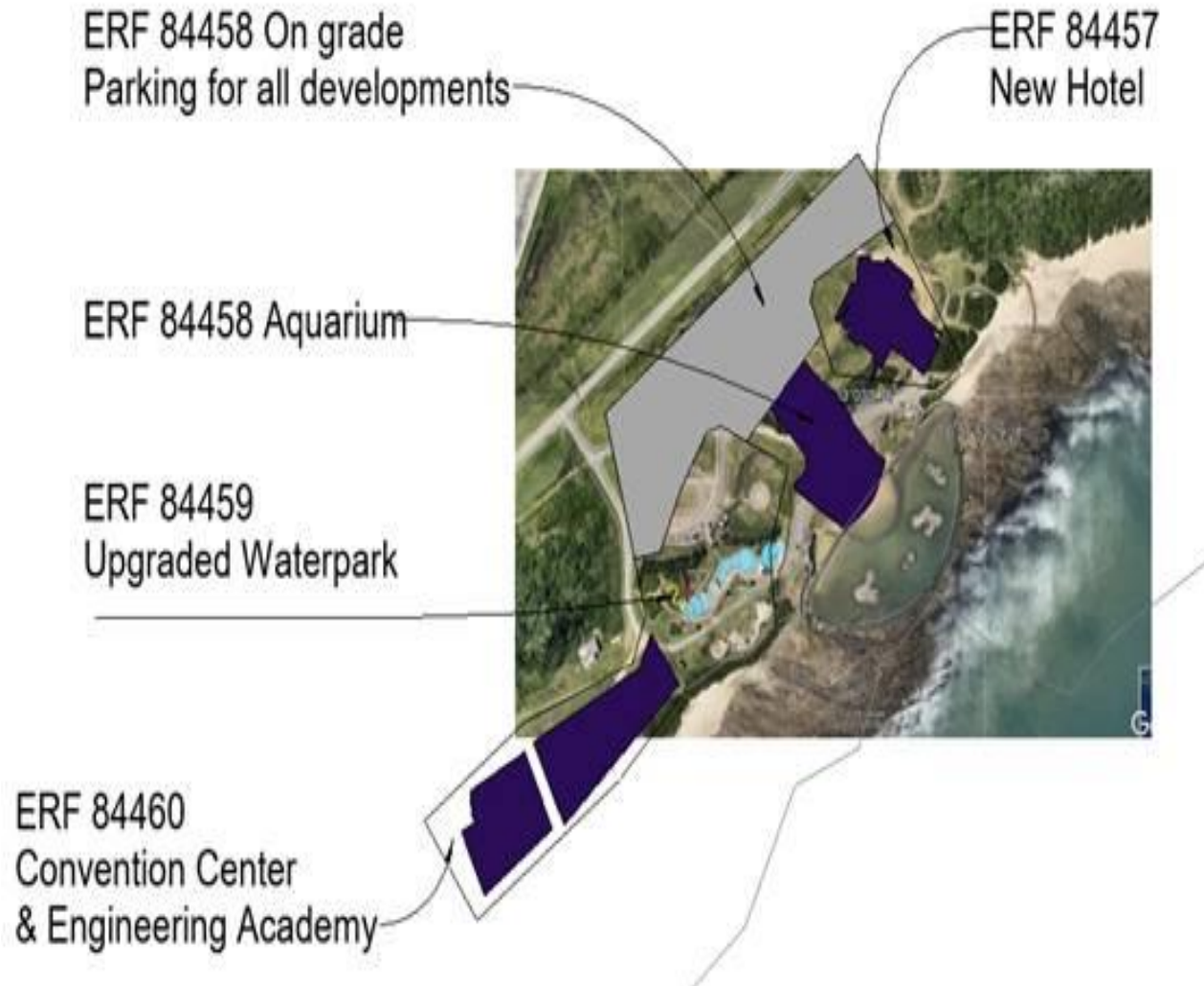
**Preferred Developer:**  
Vunani Capital

**Type of Development:**  
Municipal Precinct  
Civic Center  
Arts and Cultural Center  
Retail  
Student Accommodation  
Residential (rental)

**Investment value:**  
R3,5 billion

**Potential Lease period:**  
60 years

### 3. WATERWORLD IA – HOTEL AND OCEAN DISCOVERY CENTER



**Preferred Developer:**  
Penrose Context JV

**Type of Development:**  
Hotel (4 Star)  
Ocean Discovery Center  
Convention Center

**Investment value:**  
R1,5 billion

**Potential Lease period:**  
90 years

## **Phased-development**

### **Phase 1A:**

- Hotel
- Ocean Discovery Center
- Convention Center

### **Phase 1B:**

- Racetrack revitalisation
- Commercial and Retail

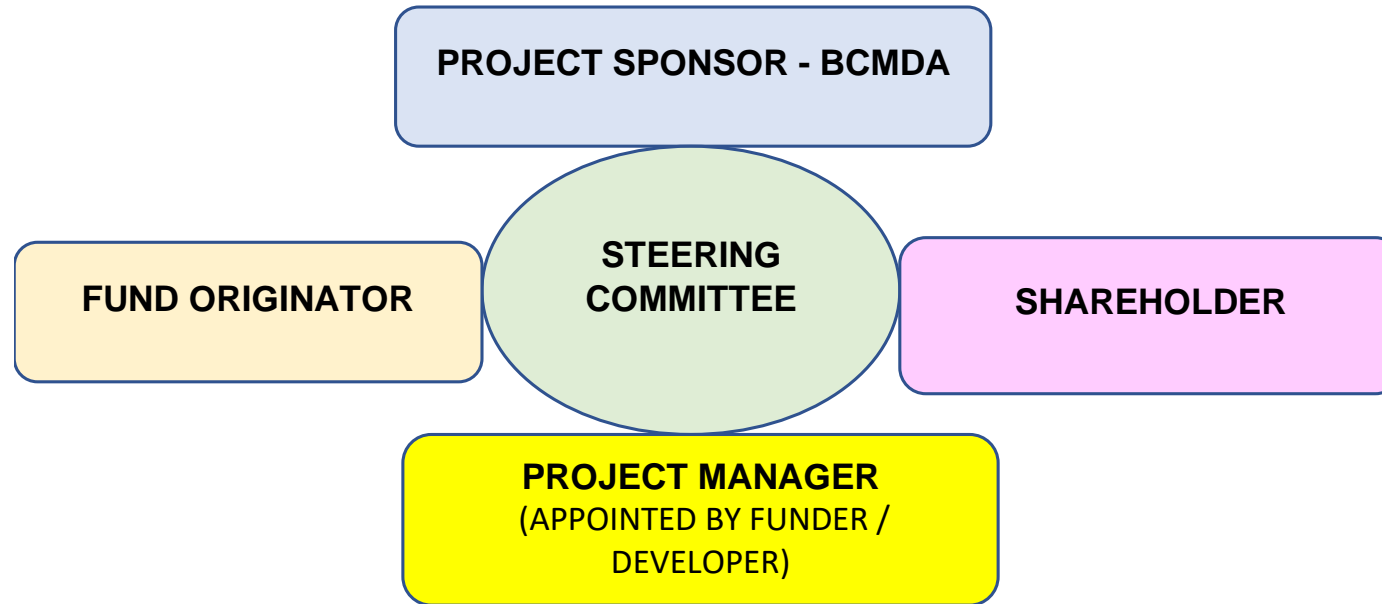


## Progress

- **Request for Development Proposals** advertised in May 2019 through Fund Originators
- **Presentation of projects** at a Council Workshop, on the 5th September 2019
- **Negotiations with all developers** second week of October 2019
- **Lease Agreement and Development Agreement** to be finalised by 31 October 2019 for signature
- **Announcement of development** at BCMDA Investor Conference on 28 and 29 November 2019
- **Detailed design process** to start in January 2020
- **Conclusion of design and EIA process** by September 2020
- **Construction** work to start October 2020
- **Project finalisation in June 2023**



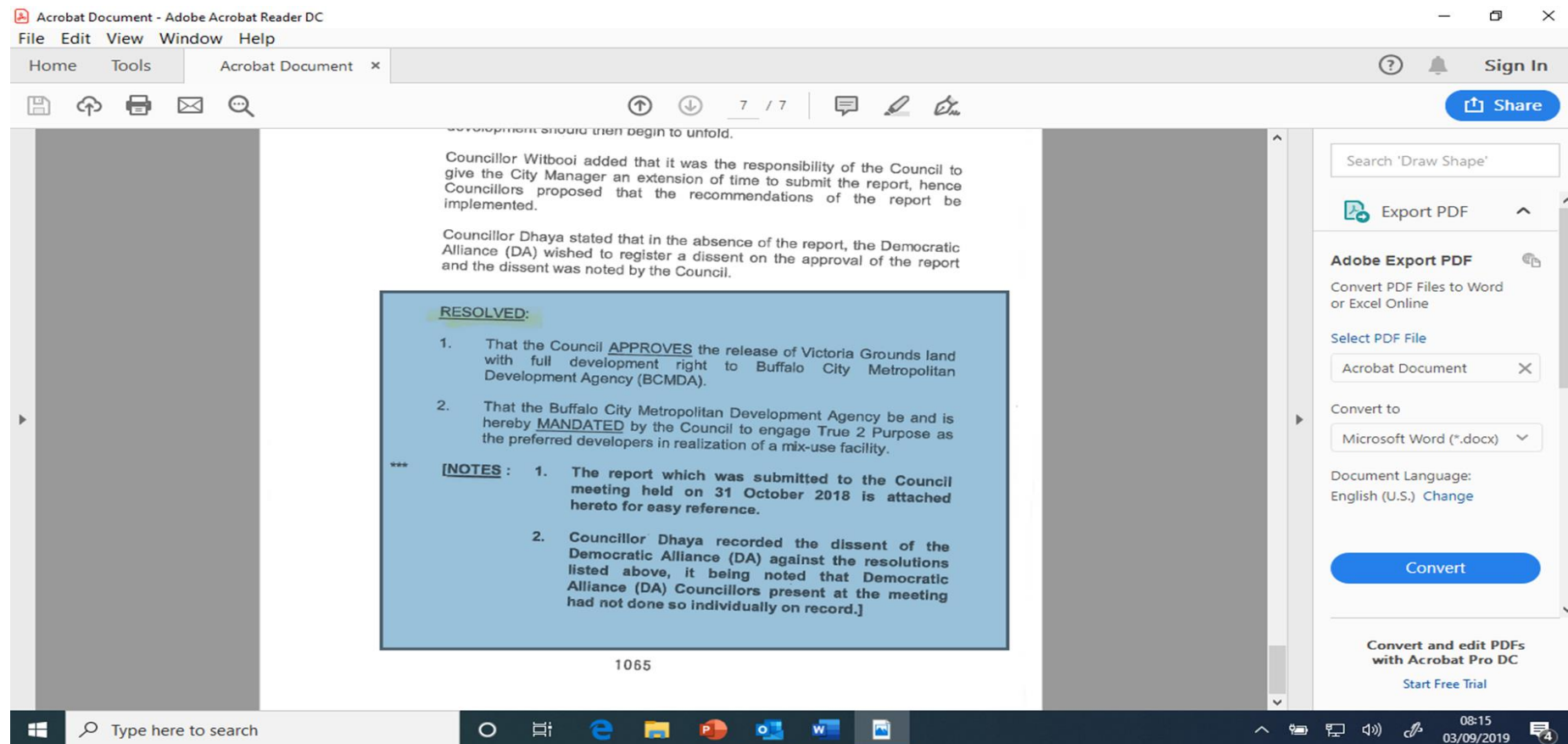
## Program Governance Structure: The Development Facilitation Committee



|                         |   |
|-------------------------|---|
| <b>Project Sponsor:</b> | CEO and Executive   |
| <b>Fund Originator:</b> | CEO / MD and a Director (Senior Manager)  |
| <b>Shareholder:</b>     | CM and HOD's (LED and Agencies; Spatial Planning and Development; Engineering Services) |
| <b>Project Manager:</b> | Lead Consultant   |

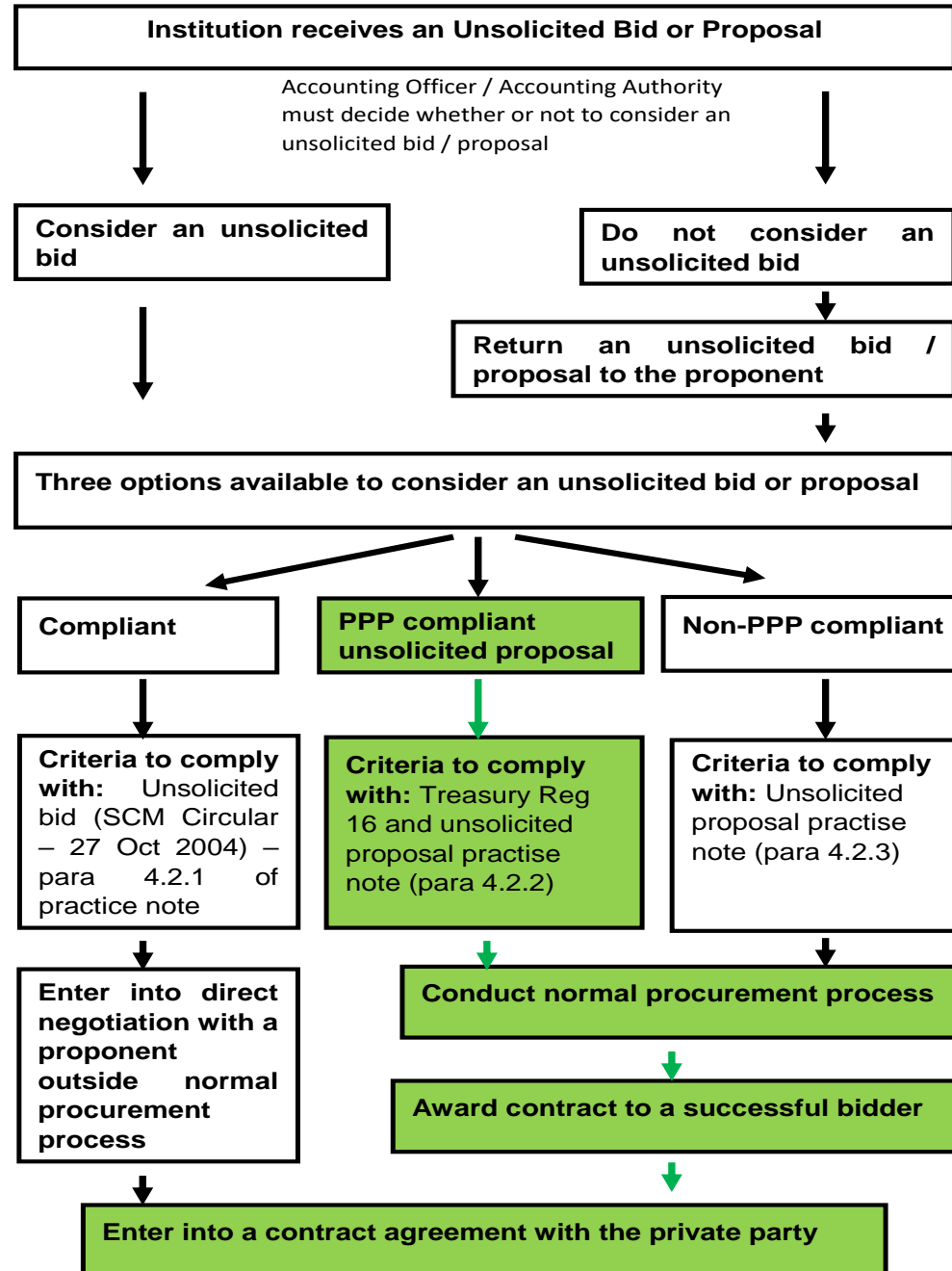
# PROJECTS PACKAGED FOR INVESTMENT THROUGH BCMDA UNSOLICITED BIDS / TURNKEY PROCESS

- In the case of **Victoria Grounds**, after presentations to BCMDA Board, EXCO as well as BCM Council a Resolution was passed on 29 January 2019





STEPS TO FOLLOW UPON RECEIPT OF AN UNSOLICITED BID OR PROPOSAL



## Progress on Victoria Grounds

|  |                  |
|--|------------------|
| Proponent's final submission                             | 30 October 2019  |
| BEC / BAC (SCM) review                                   | 11 November 2019 |
| National Treasury's Practice Note 11 on unsolicited bids | 31 November 2019 |
| Request for Qualification (RFQ) - Competitive Bid        | 31 January 2020  |
| Draft contract and appointment                           | 28 February 2020 |
| Design Process   | March 2020       |
| Construction start                                       | March 2021       |

## 4.4. Investment attraction partnerships

*“Hotels are important metronomes of the commercial rhythms of cities, but also have a paradoxical essence, both enabling intense, time-poor interaction as well as allowing spaces for relaxation and repose, exemplars of the ‘malleability’ of urban space.” (McNeill, 2017: 66)*

| DEVELOPMENT                        | INVESTMENT SIZE | SECTOR  |
|------------------------------------|-----------------|---------|
| Seaview Terrace – AC by Marriott   | ~R350m          | Private |
| Marina Glen A – mixed use          | ~R1,5Bn         | Private |
| Sleepersite – mixed use            | ~R3,5Bn         | Private |
| Waterworld I – mixed use           | ~R1,5Bn         | Private |
| Court crescent – public open space | ~R50m           | Public  |
| Waterworld – public open space     | ~R70m           | Public  |



## 4.5. Curbing brain drain through opportunities for economic development

*“Buffalo City – a city of all ages” – (BCMDA & HSRC 2019)*



**The Agency and stakeholders identified BCMM's heritage infrastructure as a mechanism for talent retention and attraction:**

- To *tell, protect, preserve and respect* the local heritage
- To *globally connect* the local heritage
- To *promote cultural diversity* across BCMM
- To *develop tourism infrastructure* with relevant content aligned to BEPP
- To *develop and invest* in multiple themes per tourism product
- To *mine multiple families of jobs* with low barriers to entry
- To *build viable institutions* to manage the tourism infrastructure

## DUNCAN VILLAGE

- 1952 DEFIANCE CAMPAIGN  
MEMORIAL GARDEN
- RUBUSANA HEROES ACRE
- GWENTSHA GARDEN OF  
REMEMBERANCE
- WELSH STEM CENTRE
- CLEMENTS KADALIE  
INTERNATIONAL LABOUR MUSEUM
- PAN-AFRICAN MOTOR
- JABAVU CORRIDOR

## MDANTSANE

- SISA DUKASHE INTEGRATED SPORTS  
PRECINCT
- MDANTSANE HAWKERS MARKET
- AUTO CITY
- GOVERNMENT PRECINCT
- NURSING HERITAGE CENTRE
- MEMORIALIZE THE 1983 BUS  
BOYCOTT MASSACRE
- MEMORIALIZE SITES OF GUERILLA  
SKURMISHES
- MEMORIALIZE THE 1985 STUDENT  
BOYCOTT KILLINGS AND TOTURE

## BERLIN SA

- EQUESTRIAN PARK
- EDUCATION PRECINCT
- GERMAN ROUTE
- TSHABO CULTURAL HERITAGE

## ZWELITSHA – GINSBERG - BHISHO

- HOME-COMING CELEBRATIONS
- XHOSA RADIO MUSEUM
- XHOSA LITERATURE LIBRARY AND MUSEUM
- BLACK RUGBY AND CRICKET MUSEUM
- STEVE BIKO CENTRE
- BHISHO MASSACRE MEMORIAL CENTRE
- CISKEI HISTORY MUSEUM
- PARKS

## DIMBAZA

- FRONTIER WARS GATEWAY CENTRE
- PRE-COLONIAL FARMING MUSEUM
- SPORTS PRECINCT
- ARTS CENTRE AND THEATRE
- AMATOLA MOUNTAIN HIKING TRAIL
- DIMBAZA HISTORY CENTRE
- MEMORIALIZE THE BATTLE OF AMALINDA
- MEMORIALIZE THE “HUMAN DUMPING” GENOCIDAL EVENT

## EAST LONDON

- TOURISM HUB
- FASHION DISTRICT
- SURFING AND BEACH CULTURE CORRIDOR
- MOTOR SPORTS HERITAGE CENTRE
- MIRRIAM MAKEBA INTERNATIONAL MUSIC HERITAGE CENTRE
- THEME PARK AND WORLD-CLASS FILM STUDIOS
- ANTI-APARTHEID WOMEN’S PRISON

Furthermore, BCMDA will contribute to the retention and attraction of talent through:

- Ensuring ***70% of all labour from BCMM with a bias to youth and women***
- Provision of at least ***30% of infrastructure work packages on all projects*** to local SMME's
- Through infusing ***“smart city” technology in all its projects***, thus enabling ICT jobs
- Provision of ***space and resources for the creative industry*** in all BCMDA initiatives and developments
- Continuously identifying ***opportunities for young entrepreneurs and unemployed graduates***
- Continue ***investing in CSI projects*** in support of NPO's

## 4.6.Clean city initiatives

*A clean, green, safe and blue city – the elusive quadruplets.*



# WASTE MANAGEMENT SYSTEMS (DEA) – PART OF THE GGD PROGRAM - R14.2 million (2019 /2020)

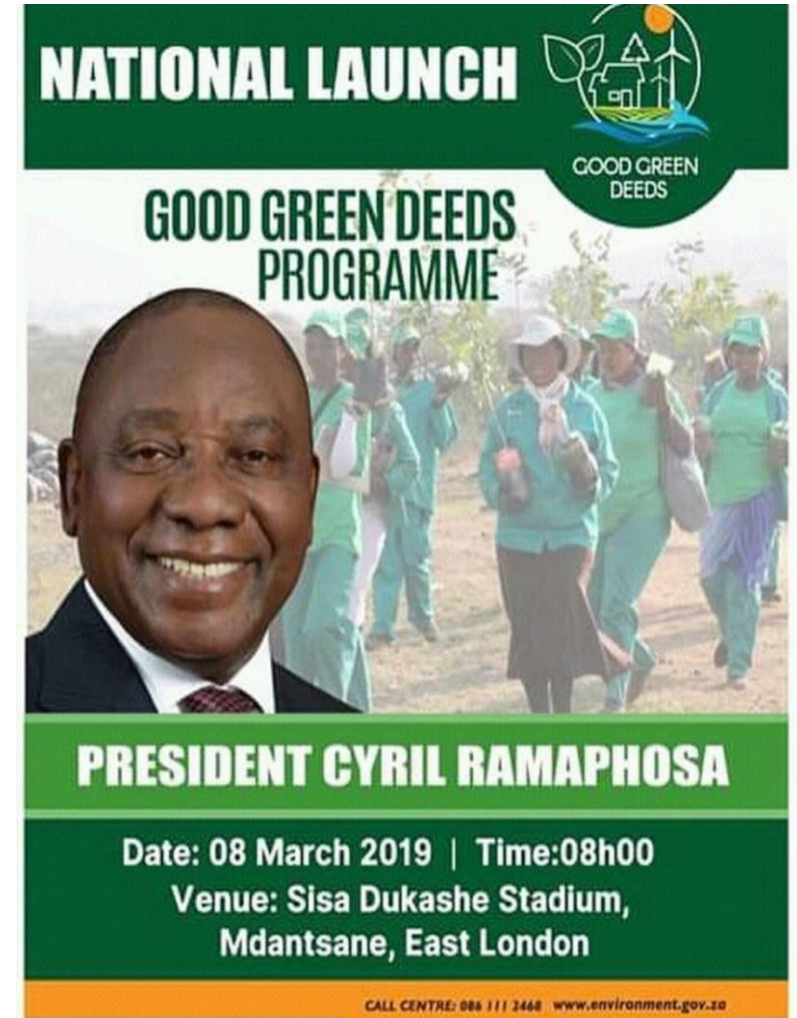
## Deliverables as per approved Business Plan

- i. Upgrading of Orient Plaza **Buy-Back Center**
- ii. **Waste separation** in various selected areas
- iii. **Street Cleaning** services in selected areas

With the assistance BCMM Solid Waste Department **199 participants** were appointed in March 2019

**Areas:** Mdantsane (NU 2 rent office, Corner of Lutheran Church, Highway, NU 5 rent office); Duncan Village (Post office precinct); Amalinda (Haven Hills and Highway Gardens); Southernwood (Gately Road towards Baysville); Quigney (ABSA Stadium); Nompumelelo (Beacon Bay Crossing and Circle to QTN); Gonubie / Mzamomhle; Settlers Way

**Wards: 27, 47, 15, 42, 46, 3 and 1**



# WASTE MANAGEMENT SYSTEMS

BCMDA is also forming various partnerships, to further the impact of the waste industry and in particular the GGD, which include:

- ❖ BCM Solid Waste
- ❖ Call 2 Action and Polyco
- ❖ AfriWaste
- ❖ South African Breweries
- ❖ DNF Waste and Environmental Services
- ❖ Coca Cola
- ❖ South African Breweries
- ❖ Clariter



environmental affairs

Department:  
Environmental Affairs  
REPUBLIC OF SOUTH AFRICA

## Progress:

Training scheduled for October and November 2019:

- Occupational Health and Safety
- Environmental Management
- Life Skills
- Basic Financial Management
- First Aid Level 1
- SHE reps

Procurement of 4 vehicles for transporting waste to separation facility and BBC.

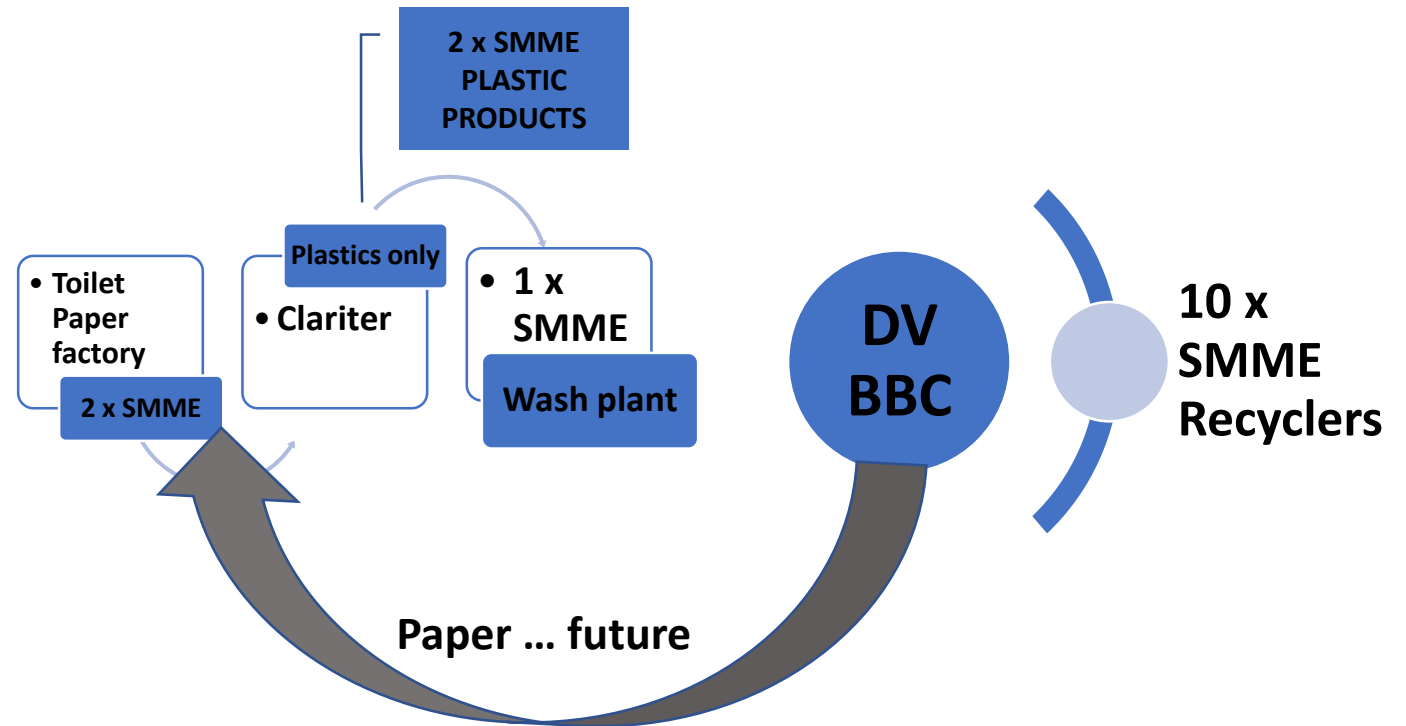


GUIDELINES FOR THE 5th CALL FOR PROPOSALS  
GENERAL BUDGET SUPPORT PROGRAMME  
FUNDING FOR 2020 MEDIUM TERM EXPENDITURE  
FRAMEWORK

Published 22 May 2019

Progress: Funding  
approved by NT.

BCMDA has also submitted in July 2019 a proposal for a **Duncan Village Buy-Back Centre and Integrated Waste Management Services (DV BBC & IWMS)** to National Treasury (EU Funding) to the amount of R49.7 million for the 2020 to 2023 financial period



## Environmental Upgrade on Marina Glen B (Ebuhlanti) – Ward 47

- BCMDA **conducted a survey** with all users to establish best and future use of Ebuhlanti.
- Most indications are that the **current use should be maintained**, however, that the general look and feel of the area be enhanced through environmental upgrading (*i.e. better braai facilities, seating and tables, landscaping, ablution facilities, bins and an operational model involving services of the “braai aunties” and suppliers of meat etc.*)
- BCMDA will **design an intervention in-house** and appoint from its pool of small contractors to assist in rolling out this plan with cleaning services initially as part of the **R1 million** budget for this purpose



## Progress on Ebuhlanti:

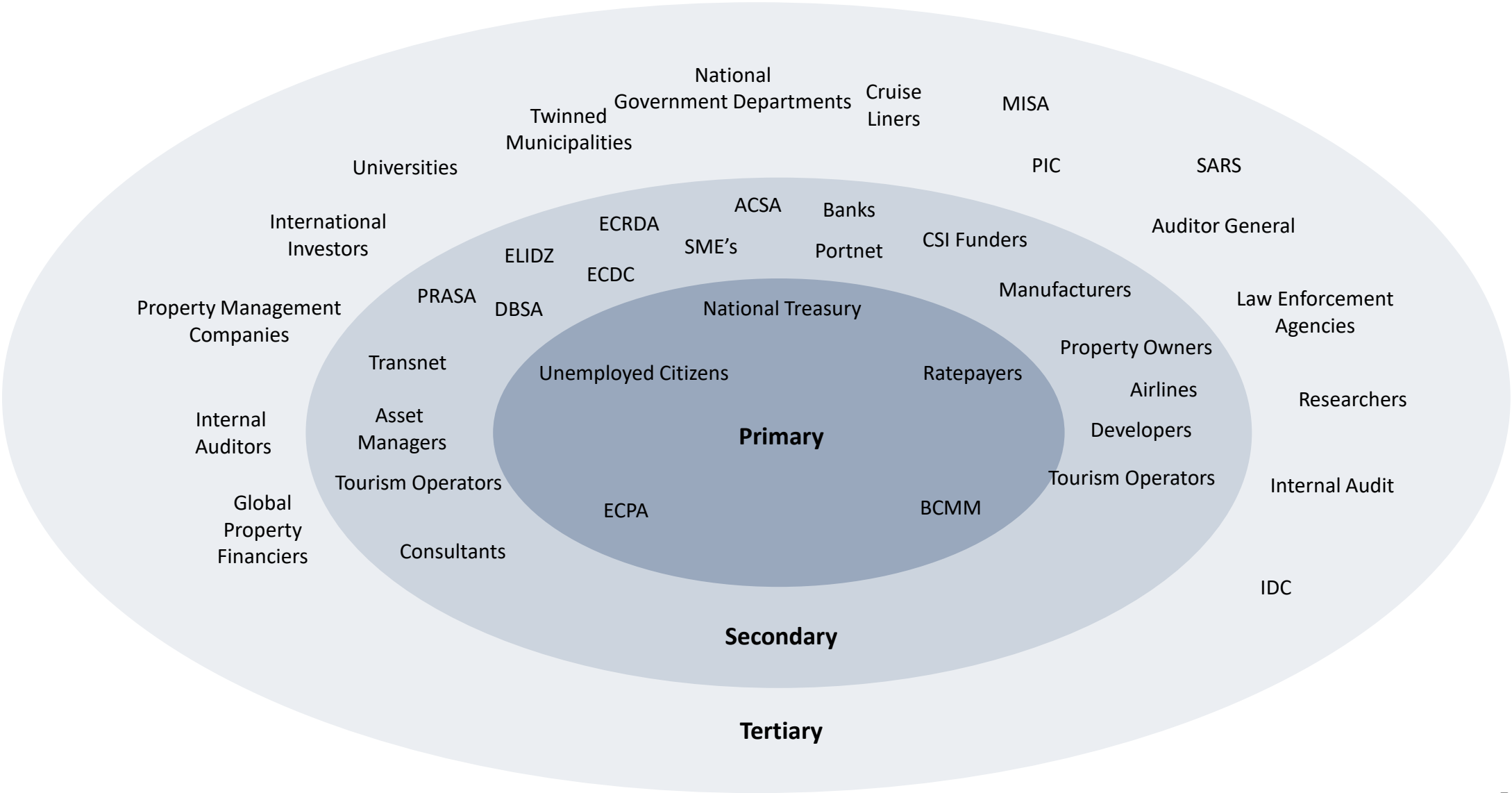
- The **tender for the appointment of a pool of small contractors** who will assist with the works of environmental upgrading resulted in a massive response from CIDB Grades 1 to 3
- Because of the volume and other competing Agency work the BEC is still busy with **tender evaluation**
- It is expected that this work will be completed such that appointment could be made by **mid December**
- Duties for the respective teams will then start in **February**

## 4.7. Stakeholder engagement

- **BCMDA has engaged various stakeholders as part of its mandate:**
  - To define the City and University Program
  - To craft the Tourism Infrastructure Masterplan
  - To share opportunities for SMEs in its various construction programs
  - To establish support or lack of for the Victoria Grounds development
  - To report regularly to the shareholder
  - To update the public of the various programs it is implementing
  - To learn from other municipalities and private sector



# BCMDA STAKEHOLDER UNIVERSE



## 5. Conclusion

- We are proud of the *steady growth* of BCMDA
- Your *counsel and advice*, as our valued stakeholders, has propelled BCMDA's growth
- *Leadership* of EM, Council and Board has entrenched a culture of accountability, constructive criticism and strategic focus
- We now enter into a new phase with the private sector, a *phase of investment*
- The *confidence shown by the market* in BCMM is humbling
- Let us all *work together* to build a better city, for all seasons.



# THANK YOU

TOURISM | ECONOMIC & SOCIAL DEVELOPMENT | PROPERTY MANAGEMENT & COMMERCIALISATION