

ITEM NUMBER : C 54/10/12

**RECOMMENDATION FROM THE EXECUTIVE MAYOR: 16 OCTOBER 2012**

**MC 49/10/12 2012 MyCiTi BUSINESS PLAN: PHASES 1A, 1 BAND N2 EXPRESS OF CAPE TOWN'S MyCiTi INTEGRATED RAPID TRANSIT SYSTEM**

**RECOMMENDED that:**

- (a) the 2012 MyCiTi Business Plan for Cape Town's MyCiTi Integrated Rapid Transit (IRT) system, covering Phases 1A, 1B and N2 Express (referred to as "*the 2012 MyCiTi Business Plan*") be approved by Council as a basis for the continued implementation of Phase 1A and the implementation of Phases 1 Band N2 Express
- (b) approval be granted to plan, design and implement the necessary infrastructure, acquire such property, purchase such fleet and contract such operators and professional services, as required to provide the services as described in the Business Plan, subject to approved budgets, compliance with legal requirements and following prescribed procurement processes
- (c) all MyCiTi capital costs, as well as MyCiTi operating costs related to the design, planning and implementation of the MyCiTi system, as provided for in terms of the Public Transport Infrastructure and Systems Grant (PTISG) framework conditions as set out in the Division of Revenue Act (Act 5 of 2012) (DORA), be covered from the PTISG
- (d) MyCiTi recurrent costs be covered between PTISG funding and Council's own funds, at a percentage breakdown where the City never contributes more than 50% of such costs, with the proviso that, as required by the PTISG framework conditions contained in DORA, Council's own contribution may not be less than the difference between direct vehicle operational costs and system revenue, unless national government agrees to an arrangement that is more favourable to the City,
  - subject to the condition that the City's commitment to funding be capped at 4% of property rates income;
  - where MyCiTi recurrent costs are defined as including all operating costs arising from: (1) automated fare collection; (2) control centre; (3) station management; (4) MyCiTi marketing; (5) management and oversight of MyCiTi operations by Directorate: IRT Operations; (6) services by other City departments arising as a result of the provision

of MyCiTi services; (7) the difference between direct vehicle operational costs and system revenue (including fare and advertising revenue); including legitimate secondary charges for support services but excluding depreciation where capital assets are grant-funded.

- (e) the principle be adopted that non-core costs incurred by other departments indirectly related to MyCiTi services, such as costs related to cleansing and landscaping, but actually more related to improvement of municipal services in areas serviced by MyCiTi, not be treated as MyCiTi operational costs, except for an initial period as required for the relevant departments to budget appropriately for such costs in future years, but that, after such initial period the costs be absorbed by the City, as set out in more detail in the 2012 MyCiTi Business Plan
- (f) costs be contained and fare levels and levels of service be set such that the funding level established in (d) above is not exceeded, unless national funding is secured to cover the difference
- (g) the Executive Director: Transport, Roads & Stormwater, in consultation with the Chief Financial Officer, engage with National Department of Transport and National Treasury with a view to establishing an agreed approach in the long term that limits the City's contribution to MyCiTi to a maximum of approximately the level established in recommendation (d) above and that, if an alternative solution emerges in discussion with these national departments, they report back to Council for its approval
- (h) the Compensation Policy attached as Annexure F to the 2010 Business Plan be rescinded and the Compensation Policy attached as Annexure F to the 2012 MyCiTi Business Plan, be adopted and applied to Phases 1 A, 1 B and N2 Express
- (i) authority be granted to the Executive Director: Transport, Roads and Stormwater to determine, in consultation with the Chief Financial Officer, the compensation to be offered to minibus taxi operators, and to determine the process to be followed regarding the offer and payment of such compensation, including the authority:
  - (i) to effect amendments to Annexure F of the 2012 MyCiTi Business Plan as may be necessary to ensure the successful conclusion of the compensation process, provided that -

1. the total amount of compensation to be paid in

accordance with the amended Annexure F does not exceed the amounts for compensation payments approved by Council;

2. any such amendments be noted at the first possible Council meeting, taking into account dates of closure of agendas for Council and its committees.
- (ii) to exercise any authority reasonably necessary for, or incidental to, the effective implementation of the Compensation Policy, including the authority to sign any compensation offer on behalf of the City, subject to proviso (i)(1) above.
  - (j) Confirm the authority provided by Council on 26 October 2011 (item C 33/10/11) to proceed with all works (inclusive of acquisition of land, procuring of vehicles, construction of depots/staging areas and other infrastructure works) necessary for the fast track implementation of Phase 2, subject to budgetary provisions and funding being in place.