

R 689.00

CAPRICORN DISTRICT MUNICIPALITY



**TERMS OF REFERENCE FOR TOURISM PPP OPPORTUNITY:
REDEVELOPMENT OF MOTUMO TRADING POST INTO A TOURIST
DESTINATION**

BID NO: DPEMS-LED05/2021/20211

CLOSING DATE: 20 SEPTEMBER 2021 @ 11H00

BIDDER NAME: _____

TOTAL BID AMOUNT: _____

RECEIPT NO: _____

**REPRODUCTION FOR SALE OF THIS DOCUMENT WITHOUT THE COUNCIL'S
PERMISSION IS PROHIBITED**

VISIT OUR WEBSITE: WWW.CDM.ORG.ZA

**REQUEST FOR PROPOSALS:
TOURISM PPP OPPORTUNITY
REDEVELOPMENT OF MOTUMO TRADING POST INTO A TOURIST
DESTINATION**



Capricorn District Municipality

The Capricorn District Municipality (hereinafter referred to as “**CDM**”) requests proposals for the commercial use of Motumo Trading Post along the N1 north to Makhado in the Limpopo Province through a public private partnership (PPP) agreement.

This request for proposals (RFP) for bid number DPEMS-LED05/2021/20211 is issued by CDM in accordance with the guidelines for PPP contained in *National Treasury's PPP Toolkit for Tourism*, and in compliance with Treasury Regulation 16 issued in terms of the Public Finance Management Act, 1999.

DISCLAIMER

This **RFP** for “**Redevelopment of Motumo Trading Post into a tourist destination**” contains a brief overview of the project and information on its properties, its requirements and the selection process for the successful Bidder. The purpose of the RFP document is to provide Bidders with information that will assist the formulation of their bid application.

This RFP does not purport to contain all the information that each Bidder may require. The CDM advises each Bidder to conduct its own investigations and analysis and satisfy itself of the accuracy, reliability and completeness of the information in this RFP as well as to obtain independent advice from appropriate sources. The CDM makes no representation or warranty and shall not be liable in any manner whatsoever as to the accuracy, reliability or completeness of the information provided in this RFP.

Intimation of discrepancies in the RFP, if any, may be given, by the Bidders, to the CDM, immediately. If the CDM receives no written communication, it shall be deemed that the Bidder(s) are satisfied with the information provided in the RFP. In particular, the CDM shall not be responsible/liable for any latent or evident defect in the character of the project including, but not limited to the technical and financial feasibility of the project.

Any characteristics or requirement for the project, which may be deemed necessary by the Bidder, should be independently established and verified by the Bidder.

This RFP is not an agreement and is not an offer or invitation by the CDM to any other party. The terms on which the project is to be developed and the right of the successful Bidder shall be as set out in the PPP Agreement (to be signed between CDM and the successful Bidder) in the format broadly set out herein. CDM may, in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumptions contained in this RFP.

CDM reserves the right to accept or reject any or all Applications without giving any reasons thereof. CDM will not entertain or be liable for any claim for costs and expenses in relation to the preparation of the documents to be submitted in terms of this RFP.

The Bidder shall bear all its costs associated with or relating to the preparation and submission of its Bid, including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by the CDM or any other costs incurred in connection with or relating to its Bid. All such costs and expenses will remain with the Bidder. CDM shall not be liable in any manner whatsoever for the same, or for any other costs or other expenses incurred by a Bidder in preparation or submission of the Bid, regardless of the conduct or outcome of the Bidding Process.

The word “Bid” and “Tender” is used interchangeably in the RFP Document.

CONTENTS

SECTION 1: THE PPP OPPORTUNITY	1
1.1. Introduction.....	1
1.2. Overview of the Motumo Trading Post Development	1
1.3. Project vision	3
1.5. Project objectives	4
1.6. Project due diligence	4
1.7. Scope of work.....	7
1.8. Site due diligence	7
SECTION 2: SUBMISSION OF BIDS AND OTHER INFORMATION	9
2.1. Submissions of proposals.....	9
2.2. The date and place for submitting bids	9
2.3. Opening of the Bids	10
2.4. Incomplete bids	10
2.5. Evaluation and Selection	10
2.6. Finalising the PPP agreement	15
2.7. Bid Enquiries and Submission	15
2.8. Bid Timetable	15
SECTION 3: CONDITIONS FOR THE BID	17
Annexure 1: Draft PPP Agreement	20
Annexure 2: Bid Cover Sheets.....	21
Annexure 3: Financial Information	23
Annexure 4: Business and Operational Plan.....	24
Annexure 5: Development and Environmental Proposal	26
Annexure 6: Risk Matrix.....	29
Annexure 7: BEE Proposal	30
Annexure 8: The PPP Fee Offer	34

SECTION 1: THE PPP OPPORTUNITY

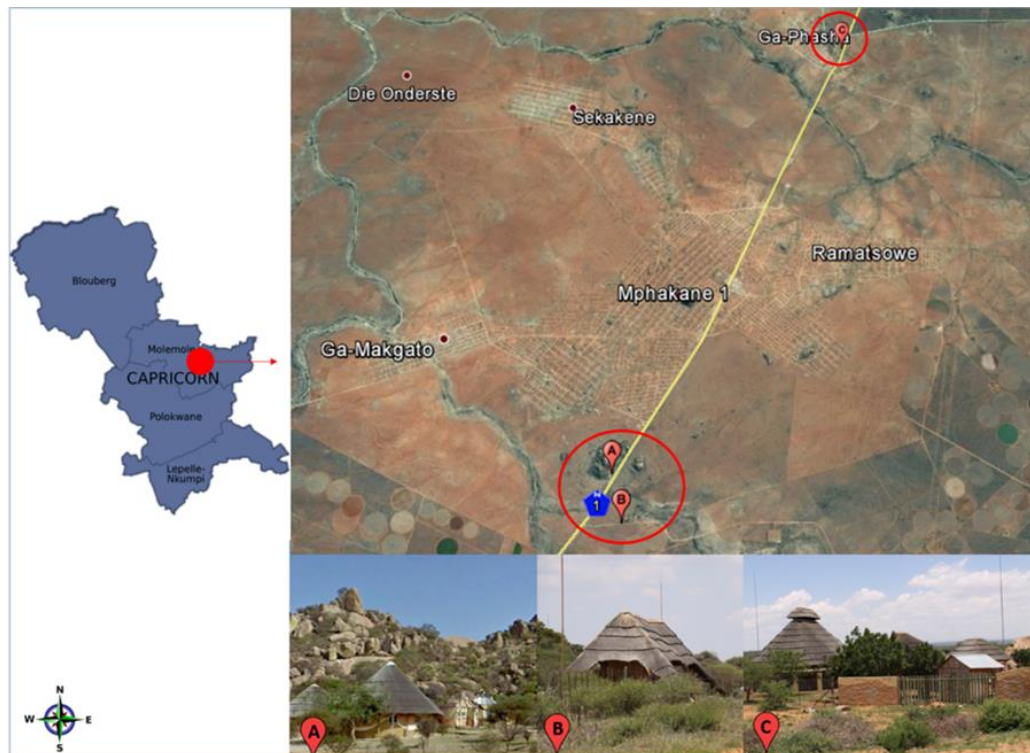
1.1. INTRODUCTION

- 1.1.1. Capricorn District Municipality (CDM) has identified the need to rehabilitate the Motumo Trading Post project, which is currently not operational, as a tourist attraction with the envisaged upgrading of the existing structures along the N1 north to Makhado in the Limpopo Province. In light of this, Urban-Econ Development Economists (Pty) Ltd was commissioned by CDM as a Transaction Advisor to undertake a feasibility study for the project in terms of Section 120 of the MFMA No. 56 of 2003.
- 1.1.2. In terms of this feasibility study, it was suggested that a Public-Private Partnership (PPP) is the best procurement choice for the project as it can potentially and effectively transform Motumo Trading Post into a profitable business venture. The feasibility study was approved by the CDM Council, and the project is now moving into the Procurement Phase of the PPP process.
- 1.1.3. The CDM has recently finalised a community resolution with the Machaka Tribal Authority for properties A (the Conference Facility) and B (the Machaka Game Lodge). This makes the Machaka community the beneficiaries of properties A and B.
- 1.1.4. CDM will make a presentation to Bidders during the briefing session which will take place on the site. The briefing session will be followed by a site tour (i.e. on the same day). No other contact is allowed between Bidders and communities until the announcement of a preferred Bidder. CDM may disqualify a bid if the Bidder fails to abide by this provision of the RFP.
- 1.1.5. This document, therefore, represents the RFP for the redevelopment of the Motumo Trading Post into a tourist destination. It is through this RFP that CDM intends to appoint a suitable developer to redevelop, operate and maintain the Motumo Trading Post premises (hereinafter referred to as the "Project Site"). This appointment has been envisaged to generate recurring revenues to both the preferred Bidder and the CDM, once operational.

1.2. OVERVIEW OF THE MOTUMO TRADING POST DEVELOPMENT

- 1.2.1. Motumo Trading Post was initiated in 2001 as part of government's vision to stimulate the local economy and create jobs for rural residents. At its conceptual phases, Motumo Trading Post was designed to become a tourism hub that would enable travellers to experience Batlokwa art and culture. The location of this site was thought to be ideally situated for travellers to enjoy the breathtaking rock formations of the Motumo Mountains.

- 1.2.2. The project was piloted and funded by the then Department of Environmental Affairs and Tourism (DEAT) between 2006 and 2009. In 2009, the DEAT facilitated the transfer of the DEAT project to the CDM. The transfer was made with the intention of converting Motumo Trading Post into a profitable business.
- 1.2.3. The project lies strategically between the city of Polokwane and the town of Makhado. Motumo Trading Post, although described as one project, consists of three separate sites as discussed below:
- A. The Conference Facility (GPS coordinates: 23°31'45.08"S; 29°42'13.54"E)—The conference centre lies at the bottom of the beautiful Motumo Mountains near Matoks, close to the villages of Ga-Makgato and Mphakane. The site is inclusive of a conference facility (with a maximum carrying capacity of two hundred persons), four breakaway rooms with a carrying capacity of forty people, a kitchen, a restaurant, workshops, a swimming pool, a tennis court, a clubhouse, a lapa and ablution facilities. This facility is located on the farm De Gladde Klipkop 763 LS.
 - B. Machaka Game Lodge (GPS coordinates: 23°32'13.80"S; 29°42'22.64"E)—This 110-hectare nature reserve is situated across the road, opposite the conference facility. The site includes 11 chalets (i.e. two-sleepers). The chalets are located on the farm Klipbok 767 LS.
 - C. The Information Centre at the Tropic of Capricorn (GPS coordinates: 23°26'14.99"S; 29°44'44.23"E)—This site (approximately 350m²) is a further 10km from the conference facility to the north of the N1 highway towards the town of Makhado). The information centre comprises market stalls, an information office and ablution facilities. The Needle of the Tropic of Capricorn is found here; it is 15m high and mounted on a "koppie". The facility is located on the remaining extent of the Grange 471 LS.
- 1.2.4. Map 1 below depicts the location of the three subject sites.
- 1.2.4.1. Note that sites A and B are the primary sites. The two sites are administered by the Machaka Tribal Authority.
 - 1.2.4.2. Site C is administered by the Ramokgopa Tribal Authority.



Map 1: Location of the three sites of the project

1.3. PROJECT VISION

- 1.3.1. To transform Motumo Trading Post into a profitable tourism node so that it is economically, socially and environmentally sustainable.

1.4. PROJECT GOALS

Project Goals	Strategic Objectives
1. To get value for assets associated with the project	To achieve sustainable profit generation within the first three years of operation.
2. To create employment opportunities based on the viability of the project	Provision of economic opportunities. Reserve all low-medium skills job opportunities for beneficiaries (i.e. members of the surrounding communities).
3. To provide skills development and training for beneficiaries	Provide beneficiaries with skills development workshops and training to increase their financial capacity.
4. To improve spatial development and environmental management	To renovate and provide the three properties of the project with the necessary utilities before the first year of operation. To promote ecotourism by conserving the Machaka Game Reserve.
5. To attract international and domestic tourists	To draw at least 200 000 domestic and international tourists to Motumo Trading Post within the first three years of operation by creating and enhancing tourism products associated with the project.

1.5. PROJECT OBJECTIVES

- 1.5.1. To revamp the accommodation facility in the Machaka Nature Reserve
- 1.5.2. To revamp the Conference Facilities
- 1.5.3. To revamp and upgrade the information centre at the Tropic of Capricorn
- 1.5.4. To maximise revenue generation for the municipality through the provision of goods and services from the local area
- 1.5.5. To create sustainable jobs for the local community

1.6. PROJECT DUE DILIGENCE

1.6.1. Land Ownership

- 1.6.1.1. The subject properties are situated on land that is administered by the Department of Agriculture, Land Reform and Rural Development (DALRRD) on behalf of the local communities that are under the leadership of the Machaka and Ramokgopa Tribal Authorities (i.e. the beneficiaries of the project).
- 1.6.1.2. The CDM, alongside the DALRRD, has recently finalised a community resolution with the Machaka Tribal Authority for properties A (the Conference Facility) and B (the Machaka Game Lodge) to enable the successful Bidder to operate the Motumo Trading Post (refer to Annexure 3).
- 1.6.1.3. Note that a community resolution is pending for property C (the Information Centre). This has been delayed by internal affairs at the Ramokgopa Tribal Authority, and once resolved, the property will be incorporated into the scope provided to the strategic partner.

1.6.2. Land Claims

- 1.6.2.1. The Commission of Restitution of Land Claims (thereby referred to as the Commission) has confirmed that no land claims appear on its database in respect of Properties A and B. This includes the database for claims lodged by 31 December 1998 and those lodged between 1 July 2014 and 27 July 2016 in terms of the Restitution of Land Rights Amendment Act, 2014.

1.6.3. Environment

- 1.6.3.1. The provisions of the Environment Conservation Act No. 73 of 1989 (ECA) were considered at the inception phases (Phase One) of Motumo Trading Post. As such, a Record of Decision in terms of Section 22 of the ECA was obtained with regard

to Phase One of Motumo Trading Post. The following project-specific conditions were extracted from the Record of Decision.

- 1.6.3.2. This authorisation refers only to the activity as specified and described as the development centre at Motumo Trading Post. Any other development associated with this project and listed under Section 21 of ECA is not covered by this authorisation and must therefore comply with the requirements of the Act and Government Notice R 1183.
- 1.6.3.3. The mitigation measures proposed may be altered where monitoring and auditing of the construction and operation of the project show this to be beneficial. Any alterations shall be subject to approval by this department.
- 1.6.3.4. If red data fauna or flora occur in the development area, it must be demarcated as no-go areas for construction workers.
- 1.6.3.5. Construction camps are known to impact negatively on the environment. Criteria must be developed to determine the suitability of various sites for construction camps along the development area. Open fires must not be allowed in the construction camp.
- 1.6.3.6. The mixing of chemicals and other materials must be done in designated areas, concrete aprons or protected linings, with necessary provision made to contain spillage and overflows. The residues of these materials must be removed and the area rehabilitated once the work has been completed.
- 1.6.3.7. Records of monitoring and/or auditing must be made available for inspection to any relevant authority inspecting the development and maintenance.
- 1.6.3.8. All waste generated on-site during the construction of the development shall be stored, handled and disposed of in an environmentally acceptable way, and as directed by this department or any other relevant authority.
- 1.6.3.9. Maintenance of this structure shall adhere to the principles of Integrated Environmental Impact Management.
- 1.6.3.10. In the event of non-compliance by any contractor implicated in this activity, Machaka Traditional Council will be held liable.
- 1.6.3.11. The principles of sustainability and treading lightly must be implemented throughout the lifecycle of the project.
- 1.6.3.12. In the event of non-compliance by the contractor, Machaka Traditional Council must institute a penalty.

- 1.6.3.13. Vehicle access to the development must as far as possible be limited to existing roads. New access roads will be subjected to separate assessment, including inspection and reporting by a qualified botanist.
- 1.6.3.14. New drifts and bridges for access purposes shall only be considered after consultation with this department.
- 1.6.3.15. The conditions stipulated above have been adhered to during and after the construction of Phase One of the project.

1.6.4. **Heritage**

- 1.6.4.1. During the inception phase of the project, the National Cultural History Museum (NCHM) conducted archaeological excavations at sites on the Motumo Trading Post. The primary purpose of this investigation was to determine the impact of the development (i.e. Motumo Trading Post) on the cultural heritage in the area. Following this investigation, the report '*The archaeological investigation of historical and iron age sites on the farm De Gladde Klipkop 763 LS, Sekgosese*' was produced. In this report, the NCHM presented recommendations relative to heritage considerations. These are highlighted below.
- 1.6.4.2. Firstly, it is recommended that plans to develop Motumo Trading Post be continued—the report suggests that ample information and objects have been recovered from the Project Sites.
- 1.6.4.3. Preservation of local people's heritage—it is recommended that a display at Motumo Trading Post will help to inform local inhabitants about their past, while also contributing to the attractiveness of the site as a tourism destination.
- 1.6.4.4. Bidders are therefore advised to take these recommendations into account when implementing the proposed PPP project.

1.6.5. **Utilities**

- 1.6.5.1. The proposed PPP project relies on the Molemole Local Municipality to make provision of the following services:
 - 1.6.5.1.1. Electricity supply;
 - 1.6.5.1.2. Refuse removal.

- 1.6.5.2. Other utilities, including water and sanitation, will be self-supplied on each site, and water tanks have been installed on the Motumo Trading Post sites.

1.6.6. Occupation of the Sites

- 1.6.6.1. The three properties of Motumo Trading Post are not occupied by any person or community.

1.6.7. Other Requirements

- 1.6.7.1. All other legislative requirements will have to be adhered to, including obtaining approved building plans for the proposed development.

1.7. SCOPE OF WORK

- 1.7.1. The Private Party will be required to rehabilitate the three properties of the Motumo Trading Post and convert the facility into an economically viable tourism destination.
- 1.7.2. To achieve this, the Private Party is required to propose a tourism development of their choice, whether this may require a complete demolition and reconstruction of the current properties or a simple revamp of the sites, provided that the newly proposed development fits within the context of the Motumo Trading Post and its surrounds.

1.8. SITE DUE DILIGENCE

- 1.8.1. A compulsory briefing session and a site visit for all interested bidders will be held at the Conference Facility premises of the Motumo Trading Post on **24 August 2021 at 11h00**.
- 1.8.2. For further site due diligence, bidders may also book their own site visits through CDM's contact person. Bidders may also book their own site visits through **Sello Maebela at 015 294 1262 or email: maebelas@cdm.org.za**.
- 1.8.3. Please note that travelling and accommodation costs for this visit will be for the Bidder's own account.
- 1.8.4. Each Bidder will be responsible for his/her own due diligence investigation of the investment opportunities, environmental compliance, proposed PPP agreement terms and all matters relating to this RFP. Neither CDM/Local Communities nor any of their respective staff, agents or advisers make any suggestions or guarantees, directly or indirectly, concerning any matter affecting the RFP, the Project Sites or the tourism opportunities, except for the representation and warranties of CDM that will be set out on the PPP agreement.

- 1.8.5. No verbal agreement or conversation with, nor any verbal clarification from, any officer or employee of CDM or any advisers shall affect or modify any of the terms and conditions contained in this RFP. Only written amendments, supplements or clarifications to this RFP from duly authorised Project Officer of CDM, circulated to each Bidder, should be relied upon as authorised. Communications sent from duly authorised staff of CDM to Bidders via electronic mail shall be deemed as communication in writing.

SECTION 2: SUBMISSION OF BIDS AND OTHER INFORMATION

2.1. SUBMISSIONS OF PROPOSALS

- 2.1.1. Bids and all related correspondence and documents must be in English.
- 2.1.2. Bidders must submit two envelopes. Mark each envelope clearly- Envelope 1 and Envelope 2. Attach the bid cover letter, in the format given in 'Annexure 2: Bid cover sheets', to the front of each envelope. (See Pages 21 - 22)
- 2.1.3. Envelope 1 must contain **three** copies of:
 - 2.1.3.1. the financial information, in the format given in 'Annexure 3, Page 23: Financial information'
 - 2.1.3.2. a business and operational plan, in the format given in 'Annexure 4, Page 24-25: Business and operational plan'
 - 2.1.3.3. a development and environmental proposal, in the format given in 'Annexure 5, Pages 26 -28: Development and environmental proposal'
 - 2.1.3.4. a completed risk matrix, in the format given in 'Annexure 6, Page 29: Risk matrix'
 - 2.1.3.5. a BEE proposal, in the format given in 'Annexure 7, Pages 30 – 33: BEE proposal'
 - 2.1.3.6. a tax clearance certificate, issued by the South African Revenue Service (SARS) within six months of the bid date, for each South African member of the bidder.
- 2.1.4. Envelope 2 must contain **three** copies of:
 - 2.1.4.1. a mark-up of the draft PPP agreement, provided in 'Annexure 1, Page 20: Draft PPP agreement', clearly indicating any amendments that the bidder proposes
 - 2.1.4.2. the PPP Fee Offer, in the format given in 'Annexure 8, Page 34: The PPP Fee Offer'
 - 2.1.4.3. the B-BBEE status level of contributor (as part of the company documents).
- 2.1.5. All information provided in the bid must be valid for 90 business days from the bid date.
- 2.1.6. Submitting a bid implies that the bidder knows and understands all the terms and conditions set out in this RFP and under the applicable laws of the Republic of South Africa, and that the bidder accepts these terms and conditions.

2.2. THE DATE AND PLACE FOR SUBMITTING BIDS

- 2.2.1. Bids must be submitted to the Tender Box at 41 Biccard Street, Polokwane, 0699, at 11:00 on or before the 17 September 2021.

- 2.2.2. Submissions delivered after 11:00 on the closing date of the bid shall be regarded as invalid and returned to the Bidder, unopened.

2.3. OPENING OF THE BIDS

- 2.3.1. The bids will be opened by CDM's project evaluation committee (PEC) at 11:00 on 17 September, 2021 in the presence of CDM's legal and financial advisors.
- 2.3.2. The bid secretariat will separate envelopes 1 and 2 from all the bids. All the second envelopes will be locked away in the safekeeping of the CDM until they are needed.

2.4. INCOMPLETE BIDS

- 2.4.1. The PEC, in consultation with its financial and legal advisors, will check Envelope 1 of each bid to see whether the all the documentation that this RFP requires, has been submitted correctly.
- 2.4.2. If a bid is not complete or something in it is not clear, the PEC may, but is not obliged to, ask bidders for more information. Bidders will receive such requests for more information in writing. No substantial changes to the bid will be asked for or allowed, except if there is a clear mistake in the bid.
- 2.4.3. A bid that is not complete or requires clarification may be disqualified without a request for further information. This is the CDM's decision.

2.5. EVALUATION AND SELECTION

- 2.5.1. The three main elements of the bid and the two-envelope system
 - 2.5.1.1. Bids will be evaluated on three main elements: Functionality, BEE and the PPP fee offer.
 - 2.5.1.2. Envelope 1 is for the functionality and BEE elements and is opened first. Bidders must score at least 70% for functionality and at least 65% for BEE proposal. Envelope 2 is for the PPP fee offer and the mark-up of the draft PPP agreement, and will only be opened and evaluated if those minimum thresholds are met.
- 2.5.2. The weighting of the elements
 - 2.5.2.1. Functionality will be weighted at 70% of the overall bid score
 - 2.5.2.2. BEE proposal will be weighted at 10% of the overall bid score.
 - 2.5.2.3. The PPP fee offer will be weighted at 20% of the overall bid score.

2.5.3. The provisions of the Preferential Procurement Policy Framework Act, 2000 (PPPFA) apply.

2.5.4. How functionality is evaluated

2.5.4.1. CDM will evaluate functionality in terms of the elements set out in the functionality scorecard below. Details of the format and information required for each element are contained in Annexures 3 to 6.

2.5.4.2. The functionality aspects of a bid will be scored out of 100 points. Functionality is composed of the elements and weights as outlined in the Table below.

2.5.4.3. Functionality scorecard

	Functionality evaluation criteria	Scoring	Max Sub-total	Max total
1	Financing plan			
1.1	Has the bidder secured adequate finance to implement the project?	Fully = 5 Partially = 3 Not at all = 0	5	
1.2	Are all the members of the bidder solvent and liquid?	Fully = 5 Partially = 3 Not at all = 0	5	
1.3	Was audited financial statements or a notarised statement of assets produced by the bidder?	Fully = 5 Partially = 3 Not at all = 0	5	
1.4	Did the bidder produce a cash flow forecast which contained the minimum as prescribed in the RFP and are the figures in the cash flow forecast realistic?	Fully = 5 Partially = 3 Not at all = 0	5	
1.5	Was funding allocated/planned for the building/refurbishment of the conference centre, Machaka game lodge and the tourism information centre?	Fully = 5 Partially = 3 Not at all = 0	5	
				25
2	Business and operational plan			
2.1	Objectives, the concept and product and service to be offered	Clear objectives and concept proposal = 5 Fair objectives and concept proposal = 3 Unclear objectives and concept proposal = 0	5	
2.2	Type of current operation and similarity to the PPP opportunity	PPP experience = 5 Similar experience = 3 No experience = 0	5	
2.3	Size of current operations i.e. number of beds/number of attendees/other tourism activities	10+ years' experience = 5 5-10 years' experience = 3 1-4 years' experience = 2 0 years' experience = 1	5	
2.4	The bidder's track record on and knowledge of existing products or activities offered in the tourism industry	Excellent = 5 Good = 4 Fair = 3 Poor = 2	5	

	Functionality evaluation criteria	Scoring	Max Sub-total	Max total
		None = 0		
2.5	Detailed description of products or activities envisaged for the development of sites and how these will be managed	Excellent = 5 Acceptable = 3 Poor = 0	5	
2.6	Does the thinking behind the business plan demonstrate the bidder's commercial knowledge of the target market for this product?	Fully = 5 Partially = 3 Not at all = 0	5	
2.7	Do the bidder's planned operating standards and staffing qualifications meet those specified in the RFP?	Excellent = 5 Acceptable = 3 Poor = 0	5	
				35
3	Development and environment proposal			
3.1	Design Plan with sufficient detail regarding the design, location and orientation of structures on the Project Site	Excellent – 5 Good – 4 Fair – 3 Poor – 2 None - 1	5	
3.2	Has the bidder understood and planned for all the environmental impact assessment (EIA) requirements?	Fully = 3 Partially = 2 Not at all = 0	3	
3.3	Is the Skills Transfer Plan within the RFP specifications?	Yes = 3 Partially = 2 No = 0	3	
3.4	Are the visual impacts of the planned facility within the RFP specifications?	Yes = 3 Partially = 2 No = 0	3	
3.5	Is the Community Beneficiation Plan within the RFP specifications?	Yes = 5 Partially = 3 No = 0	5	
3.6	Are the bulk infrastructure use plans (water, electricity, fuel supply, telecoms, roads, airstrips) within the RFP specifications?	Yes = 3 Partially = 2 No = 0	3	
3.7	Are waste management plans within the RFP specifications?	Yes = 3 Partially = 2 No = 0	3	
3.8	Are fire management plans within the RFP specifications?	Yes = 3 Partially = 2 No = 0	3	
3.9	Is there commitment to abide by the CDM rules/regulations, environmental guidelines and codes of conduct?	Yes = 2 No = 0	2	
				30
4	Risk matrix			
	Does the bidder commit to the RFP's required risk allocation for the project?	Fully = 10 Adequately = 5 Unacceptably = 0	10	10
	Total functionality points			100
	Minimum threshold			70

2.5.5. BEE Proposal Scorecard

2.5.5.1. CDM will evaluate the bidder's BEE proposal (details of the format and information required are in 'Annexure 7: BEE proposal') and will allocate scores according to the methodology and weightings in the BEE scorecard in 'Annexure 7: BEE proposal'.

2.5.5.2. BEE is scored out of 100 points. A bidder must score 65% or more for BEE, or the bid may be disqualified. This is the institution's decision.

2.5.6. How PPP fee is evaluated

2.5.6.1. Under the PPP agreement, the PPP fee income to CDM shall be, as given in Annexure 8 of the document, whichever is higher of:

2.5.6.2. The minimum PPP fee, which increased annually by CPIX.

2.5.6.3. The variable PPP fee of at least 5%-10% of gross revenue earned by the Private Party in each project year.

2.5.6.4. Each PPP Fee Offer will be inspected by CDM's financial and legal advisors to verify that it has been submitted in the form corresponding to the requirement. A PPP fee offer that does not conform to the requirements of Section 8 will disqualify the bid.

2.5.6.5. The points for the PPP fee offer are calculated using the prescribed price formula in the regulations to the PPPFA. The maximum points will be awarded to the qualified Bidder that makes the highest PPP offer, and the remaining points will be allocated pro-rata to the remaining qualified Bidders. Bidders should be aware that a minimum fee might be applied; if the minimum is not reached, the contract might not be awarded.

2.5.6.6. The PPP fee proposal is scored out of 100 points. Points for the Bid shall be awarded for:

(a) Price; and

(b) B-BBEE Status Level of Contributor (as in the company documents)

The maximum points for this bid are allocated as follow:

	POINTS
PRICE	80
B-BBEE STATUS LEVEL OF CONTRIBUTOR	20
PPP FEE SCORE	100

$$P_s = 80 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where:

P_s = Points scored for price of bid under consideration

P_t = Price of bid under consideration

P_{min} = Price of Lowest acceptable bid

2.5.7. How B-BBEE is evaluated

- 2.5.7.1. If the minimum threshold for functionality is met by the Bidders, Envelope 2 will be opened.
- 2.5.7.2. The Preferential Procurement Policy Framework Act, 2000 (PPPFA) amended in 2017 will apply with an 80/20 split between the PPP Offer and B-BBEE, respectively.
- 2.5.7.3. Bidders are required to submit their existing B-BBEE rating. The following will apply to Bidders.
 - 2.5.7.3.1. The B-BBEE certificate of the majority shareholder in the consortium will be used for evaluation of the Bidder's existing B-BBEE rating; or
 - 2.5.7.3.2. In case of a signed Joint Venture Agreement between the shareholders in the consortium, a Joint Venture B-BBEE certificate must be submitted for evaluation of the Bidders existing B-BBEE rating.
- 2.5.7.4. The provision of the Preferential Procurement Policy Framework Act 2000 (PPPFA) Preferential Procurement Regulations 2017 will apply for the calculation of the score out of 20 for Bidder's existing B-BBEE rating, as per the following table.

Scores for Bidder's existing B-BBEE rating

B-BBEE Status level of contributor	Number of Point
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

2.5.8. The overall score

- 2.5.8.1. CDM will calculate the overall score of each qualified bid, using the following formula.

$$a * (\text{functionality score} / 100) + b * (\text{BEE score} / 100) + c * (\text{PPP fee score} / 100) = d$$

a is the weighting 70% for functionality
b is the weighting 10% for BEE proposal
c is the weighting 20% for PPP fee
d is the bidder's overall score

2.5.9. The preferred bidder

- 2.5.9.1. The bidder that receives the highest overall score will be appointed the preferred bidder. The bidder that receives the second highest overall score will be appointed the reserve bidder.

2.6. FINALISING THE PPP AGREEMENT

- 2.6.1. CDM will negotiate the marked-up PPP agreement submitted by the preferred bidder.
- 2.6.2. If CDM and the preferred bidder fail to come to agreement on the PPP agreement within six weeks, the CDM may withdraw the appointment of preferred bidder and begin negotiations with the reserve bidder.

2.7. BID ENQUIRIES AND SUBMISSION

All matters related to the specification of this contract shall be directed to Ellen Mashakoe at mashakoe@cdm.org.za. All matters relating to Supply Chain Management should be directed to Ms Violet Masemola at 015 294 1210/ masemolav@cdm.org.za; Mr Tiro Pilusa at 015 294 1039/ pilusat@cdm.org.za.

2.8. BID TIMETABLE

The tender shall take place per the timetable set out below. CDM reserves the right to modify the timetable at any time. CDM shall not incur any liability whatsoever in exercising any rights in this article or otherwise granted RFP or available under the laws of the Republic of South Africa.

ACTION	DATE
Briefing session and site visit	August 24, 2021
Bid closing date	September 20, 2021
Institution Approval: IIB	December 31, 2021
Announcement of preferred Bidder and reserve Bidder	December 15, 2021
Negotiations	November 18, 2021 – November 30, 2021
Institution Approval: III	December 15, 2021
Signature of PPP agreement	December 31, 2021

SECTION 3: CONDITIONS FOR THE BID

- 3.1. The employer and each Bidder submitting a Bid offer shall comply with these terms and conditions of Bid. In their dealings with each other, they shall discharge their duties and obligations timeously and with integrity, and behave equitably, honestly and transparently.
- 3.2. Only those bidders who have the necessary experience and skills are eligible to submit bids.
- 3.3. The bidder must attach following with the tender:
 - 3.3.1. The legal registration certificates of the business entity.
 - 3.3.2. Tax access code (pin) issued by the South African Revenue Services to verify your tax matters.
 - 3.3.3. B-BBEE certificate or SWORN affidavit from Commissioner of Oath
 - 3.3.4. Proof of registration with professional authorities (where applicable) proof of registration with the central supplier database (CSD)
 - 3.3.5. Proof that municipal rates and taxes are not in arrears/lease agreement/ letter from traditional council
- 3.4. The bidder must complete the attached forms (failure to do so will result to disqualification):
 - 3.4.1. MBD 1- Invitation to Bid
 - 3.4.2. MBD 3.1- pricing Schedule – Firm Prices (Purchases)
 - 3.4.3. MBD 3.2- pricing Schedule – Non-Firm Prices (Purchases)
 - 3.4.4. MBD 4 - Declaration of Interest
 - 3.4.5. MBD 6.1 - Preference Points Claim Form in Terms of the Preferential Procurement Regulations 2017
 - 3.4.6. MBD 7.2 - Contract Form - Rendering of Services
 - 3.4.7. MBD 7.3-Contract Form-Sales of Goods /Works
 - 3.4.8. MBD 8 - Declaration of Bidder's Past Supply Chain Management Practices
 - 3.4.9. MBD 9 Certificate of Independent Bid Determination
- 3.5. The Bidder must attend a compulsory clarification meeting at which Bidders may familiarize themselves with aspects of the proposed work, services or supply and raise questions. Details of the meeting are stated in the tender advert.
- 3.6. The bid price must remain valid for a period of 90 days calculated from the closing days.
- 3.7. The offer shall be open for acceptance by the Municipality during the validity period of 90 days.

- 3.8. The bidder or any of its directors has not:
- 3.8.1. Listed on the register of bid defaulters in terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the state.
 - 3.8.2. Abused the employers supply chain management system.
 - 3.8.3. Failed to perform on any previous contract and has been given a written notice in this effect.
 - 3.8.4. All information and details must be legible/ readable.
- 3.9. If the bidder fails to fulfil the contract when called upon to do so, the municipality may, without prejudice to its other rights, withdraw or cancel the contract that may have been entered into between the bidder and the Municipality.
- 3.10. Each communication between the Municipality and a Bidder shall be to or from the Municipality only, and in a form that can be read, copied and recorded. Writing shall be in the English language. The Municipality shall not take any responsibility for non-receipt of communications from or by a Bidder. The name and contact details of the Municipality are stated.
- 3.11. Accept that the employer will not compensate the Bidder for any costs incurred in the preparation and submission of a Bid offer, including the costs to demonstrate that aspects of the offer satisfy requirements.
- 3.12. The Municipality may accept or reject any variation, deviation, bid offer or alternative Bid offer, and may cancel the Bid process and reject all Bid offers at any time before the formation of a contract. The employer shall not accept or incur any liability to a Bidder for such cancellation and rejection but will give written reasons for such action upon written request to do so.
- 3.13. No bids will be considered from persons in the service of the state (as defined in regulation 1 of the local government: municipal supply chain management regulations).
- 3.14. Bid documents may not be retyped, redrafted or copied. Only original copy from the municipality will be accepted.
- 3.15. Use of correctional fluid is prohibited
- 3.16. Any alteration made by the bidder must be initialled.
- 3.17. The bidder must ensure that all pages of the tender documents are initialled.
- 3.18. Successful bidder will be required to enter into formal contract with the municipality.

3.19. The Municipality address for the delivery of the bid offer package is:

Location of Bid box	Tender Box
Physical address	41 Biccard Street, Polokwane, 0699
Identification details	RFP Document Motumo Trading Post

3.20. The closing time for submission of bid offers is as stated in the bid notice and invitation to bid.

3.21. Late, Telephonic, telegraphic, telex, facsimile or e-mailed bid offers will not be accepted.

3.22. CDM is not obliged to accept the lowest or any tender submission.

3.23. Bid will be opened immediately after the closing time at the municipal Offices, at 41 Biccard Street, Polokwane.

ANNEXURE 1: DRAFT PPP AGREEMENT

The Bidder must fill in the draft agreement and clearly indicate possible alternative suggestions it wishes to incorporate into such agreement. The purpose is to establish a clear and win/win relationship amongst the parties. (The Draft PPP Agreement and Feasibility Studies will be handed out to the bidders on the day of the briefing session on a soft copy)

ANNEXURE 2: BID COVER SHEETS

Cover sheets which include the following information must be attached to each envelope:

Bid for the commercial use of Motumo Trading Post through a PPP agreement

ENVELOPE 1: FUNCTIONALITY AND BEE BIDS

Name of bidder:

Postal address:

Street address:

Telephone:

Cell phone:

Fax:

Contact person:

Email address:

Signature of bidder:

Date:

Capacity in which bid is signed:

*Signature of this document means that the bidder accepts the terms and conditions of this bid.
Failure by the bidder to sign this form may disqualify the bid.*

Bid for the commercial use of Motumo Trading Post through a PPP agreement

ENVELOPE 2: PPP FEE OFFER AND MARKED-UP DRAFT PPP AGREEMENT

Name of bidder:

Postal address:

Street address:

Telephone:

Cell phone:

Fax:

Contact person:

Email address:

Signature of bidder:

Date:

Capacity in which it is signed:

*Signature of this document means that the bidder accepts the terms and conditions of this bid.
Failure by the bidder to sign this form may disqualify the bid.*

ANNEXURE 3: FINANCIAL INFORMATION

Bidders must provide the following information.

1. The financing plan

Indicate how much capital will be needed, where it will come from (own capital, grants, loans) and the expected amount and terms (interest rate, repayment period, security) of any proposed loans. Specify whether the necessary financing has been secured and provide appropriate proof.

2. Indicate the amounts proposed for capital investment and specifically for the following

Upgrading or rebuilding of the conferencing facility, Machaka Game Lodge and tourism information site (hard and soft infrastructure); and maintenance of the development sites to industry best practice standards.

3. A recent auditor's report confirming that all the members of the bidder are solvent and liquid

If a member of the bidder does not produce audited financial statements, it must produce a notarised statement of assets.

4. A simplified cash flow forecast (net of VAT) for the proposed term (number of years) of the PPP agreement

Suggested format for the cash flow forecast

	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5*
	R'000	R'000	R'000	R'000	R'000	R'000
Cash inflows						
Owners' capital						
Loans received						
Grants received						
Cash from sales and other operating revenue						
Cash from other sources						
<i>Total cash inflow (A)</i>						
Cash outflows						
Project costs and start-up expenses						
Salaries, wages and staff costs						
All other operating costs and expenses						
Loan repayments						
Replacement of equipment and vehicles						
<i>Total cash outflow (B)</i>						
Net cash flow						
[A – B] before PPP fees and tax						

* Adapt for the proposed term of the PPP

ANNEXURE 4: BUSINESS AND OPERATIONAL PLAN

Bidders should provide the following information, with back-up evidence wherever possible.

1. Special purpose vehicle constitutional information

While bidders are not required to form a special purpose vehicle (SPV) for the purpose of bidding, the preferred bidder will have to do so to enter into the PPP agreement. Bidders must therefore demonstrate that they have an appropriate plan to create an SPV by providing as much of the following information as possible:

- Bidder's name, address, telephones and fax numbers, and the trading name if this is different from the registered name
- Proposed directors of the SPV and their responsibilities
- Place of registration (if applicable) and registration number (if applicable)
- Memorandum and articles (or equivalent constitutive documents) (if applicable)
- Shareholders' agreement (if applicable)
- Direct shareholder(s) and their percentage shareholding or other beneficial interest or participation (if there is more than one class or share or funding, give the percentages to be held by each).

2. Rationale, background and capacity

- The bidder's objectives
- The bidder's track record on and knowledge of existing products or activities offered in the tourism industry, including the size of existing operations in terms of turnover
- Detailed description of products or activities envisaged for each one of the three sites of the Motumo Trading Post and how these will be managed
- Current operating standards, including an outline of any operations and procedures manuals
- Proposed organisational and staffing structures, including:
 - management policies
 - measures to transfer knowledge and expertise
 - labour plan, including details of numbers of permanent and part-time staff that will be employed, staff recruitment policies, and employment policies
- Memberships and registrations (list any awards, accolades or ratings)
- Curriculum vitae of shareholders, directors, management and staff

3. Market analysis

- The bidder's track record in and knowledge of the market, including existing relationships with tour operators and the travel trade (include references)
- Target market (geographical, income, nature of activity, and so on)
- Marketing channels

- Product branding plans
- Time taken to establish market
- Growth in occupancy
- Pricing range
- Competitive analysis

ANNEXURE 5: DEVELOPMENT AND ENVIRONMENTAL PROPOSAL

Bidders should provide the following information, with back-up evidence wherever possible.

1. Design Plan

- 1.1. The Proposal must contain a Design Plan with sufficient detail regarding the design, location and orientation of structures on the Project Sites to enable the evaluation of the visual impacts of the proposed development, including but not limited to:
 - 1.1.1. A map showing the location of the Project Site.
 - 1.1.2. A photograph or architect's drawing of the development 'footprint'.
 - 1.1.3. Conceptual and layout architect's drawings of structures and associated infrastructure.
 - 1.1.4. Sketch drawings showing the overall appearance, the planned theme of the facilities, the internal and external décor, soft furnishings, signage, and the landscaping and gardening, if relevant.
 - 1.1.5. CDM will not prescribe the dimensions or physical boundaries of the Project Sites. The Bidder will submit conceptual drawings as part of its Design Plan that will indicate the footprint or extent of the development. This should form part of the bid and will form part of the EIA process.

2. Environmental impact assessment requirements

- 2.1. Demonstrate understanding of and adequate plans for complying with the EIA requirements.

3. Skills transfer plan

- 3.1. The Bidder must provide a Skills Transfer Plan for the local communities. The bidder is required to outline the Skills Transfer Plan as part of this proposal. As a minimum, this should involve providing training and capacity building for the beneficiaries.

4. Visual impacts

- 4.1. Provide detailed conceptual drawings for the proposed development.
 - 4.1.1. Any new designs and concept plans that the bidders propose should be in line with the existing designs of the three sites, or at worst, fit in with the rural/traditional/authentic designs.

5. Community Beneficiation Plan

- 5.1. The Bidder must provide a Community Beneficiation Plan for the beneficiaries. The bidder is required to outline Community Beneficiation Plan as part of this proposal. As a minimum, this should involve employment creation for the beneficiaries.

6. Bulk infrastructure

6.1. Electricity

6.1.1. Identify electricity source(s).

6.1.2. Provide location(s) of infrastructure needed for these source(s), including approximate alignment of supply and reticulation networks.

6.1.3. Describe efforts to ensure they comply with national and □[name of institution] requirements.

6.2. Water

6.2.1. Identify water source(s).

6.2.2. Estimate total extraction requirement.

6.2.3. Describe intended water conservation and recycling measures in design and operation.

6.3. Roads and tracks

6.3.1. Acknowledge that while the operator may use existing roads and tracks within Motumo Trading Post, it will take responsibility for maintaining these to CDM's satisfaction.

6.3.2. Accept the terms and conditions for road development and maintenance as set out in the CDM's guidelines.

7. Waste management

7.1. Liquid wastes

7.1.1. The liquid waste management plan must make provision for the development and operational phases.

7.1.2. Detail the proposed wastewater management system capable of ensuring that liquid wastes meet or exceed South African water quality regulations prior to discharge or reuse, including an estimate of the approximate volume of wastewater the project will produce daily and a description of the method of disposal, treatment and recycling the bidder intends to install.

7.1.3. Confirm that monthly wastewater monitoring will be undertaken, and these reports made available to CDM.

7.1.4. Confirm that fuels, solvents and other liquid wastes will be stored in vessels equipped with secondary containment structures, removed from the Motumo Trading Post, and disposed of in compliance with national, local and CDM requirements.

7.2. Solid wastes

7.2.1. The solid waste management plan must make provision for construction and operational phases.

7.2.2. Estimate volumes of solid waste, by different waste categories, that the development is expected to generate.

7.2.3. Describe the operator's proposed methods for disposing of and/or recycling solid wastes.

7.2.4. Acknowledge that landfills are not permitted.

8. Fire management

8.1. Agree to subject final designs and safety specifications of all structures to a fire safety audit carried out by a qualified fire safety expert.

8.2. Agree to develop and maintain an adequate fire perimeter around all permanent structures by means other than burning.

9. Commitments

9.1. Acknowledge that the operator must comply at all times with all the relevant CDM environmental regulations, which may change from time to time.

ANNEXURE 6: RISK MATRIX

Type of risk	General description of risk	Project-specific risk	Mitigation measures	Allocation of risk (institution/ private party/ shared)
Financing	The required capital for CAPEX and OPEX may not be able to be raised; loans may not be able to be repaid; tax obligations may not have been fully taken into account or may change; fluctuating inflation, interest rates, and currencies may affect assumptions			
Supporting infrastructure	Supporting infrastructure may be inadequate to sustain the enterprise			
Planning, design and construction	Planning consents may not be acquired or granted; the design may not be fit for the purpose; construction may not be completed on time and in budget			
Utilities	Utilities may not be fully available or may cause delays			
Environment and heritage	Liability for losses caused by environmental or heritage damage or delays			
Maintenance	The costs of maintenance to required standards may vary from projections or maintenance may not be carried out			
Operations	Any factors (other than force majeure) that may impact on operations			
Market, demand, volume	The demand for the product may be less than projected			
Political	Unforeseeable conduct by any government institution may adversely affect the project, or the government may expropriate private party assets			
Communities	Unforeseeable behaviour of the communities may adversely affect the project			
Force majeure	Unexpected events beyond either party's control			

ANNEXURE 7: BEE PROPOSAL

Bidders should provide the following information, with back-up evidence wherever possible.

1. Commitments

Make commitments in the 'bid offered' column in the BEE scorecard below. These will become binding in the PPP agreement.

2. Scores

Insert scores in the far right-hand column of the BEE scorecard below. CDM will confirm the scoring on the basis of supporting information provided and may use an accredited BEE rating agency for this purpose.

3. Supporting information

- Bidders are responsible for providing information to support their scores.
- Provide names, BEE credentials and contact details of black shareholders, black managers and black women managers.
- Where possible, provide these details for black enterprises or black people targeted for subcontracting and procurement.
- Give the anticipated number of construction and operating jobs.
- Agree to the required ownership participation of the Machaka and Ramokgopa Tribal Authorities.

4. BEE scorecard

Indicator			Indicators to measure BEE achievement	Target	Bid offered	Evaluation	Score
	Weighting	Sub-weighting		Target			
	A	B		C			
Ownership	15%	15%	Percentage share of economic benefits as reflected by direct shareholding by black people	15%		Meets target – 15 Less than target - 0	
						Score out of 15	
Strategic representation	14%	3.0%	Black people as a percentage of board of directors	30%		Meets target – 3 Less than target - 0	
		3.0%	Black women as a percentage of board of directors	15%		Meets target – 3 Less than target – 0	
		2.0%	Local people as a percentage of board of directors	15%		Meets target – 2 Less than target – 0	

Indicator			Indicators to measure BEE achievement	Target	Bid offered	Evaluation	Score
	Weighting	Sub-weighting		Target			
	A	B		C			
		3.0%	Black people as a percentage of executive management	30%		Meets target – 3 Less than target – 0	
		3.0%	Black women as a percentage of executive management	15%		Meets target– 3 Less than target – 0	
						Score out of 14	
Employment equity	14%	1.5%	Black people as a percentage of management	35%		Meets target –1.5 Less than target – 0	
		1.5%	Black women as a percentage of management	18%		Meets target– 1.5 Less than target – 0	
		1.5%	Local people as a percentage of management	15%		Meets target – 1.5 Less than target – 0	
		1.5%	Black people as a percentage of supervisors, junior and skilled employees	45%		Meets target – 1.5 Less than target – 0	
		1.5%	Black women as a percentage of supervisors, junior and skilled employees	23%		Meets target – 1.5 Less than target – 0	
		1.5%	Local people as a percentage of supervisors, junior and skilled employees	35%		Meets target – 1.5 Less than target – 0	
		1.5%	Black people as a percentage of total staff	53%		Meets target – 1.5 Less than target – 0	
		1.5%	Black women as a percentage of total staff	28%		Meets target– 1.5 Less than target – 0	
		2%	Local people as a percentage of total staff	50%		Meets target – 2 Less than target – 0	
						Score out of 14	
Skills development	20%	5%	Percentage of payroll spend on skills development (including skills development levy) on all accredited training	3%		Meets target – 5 Less than target – 0	

Indicator			Indicators to measure BEE achievement	Target	Bid offered	Evaluation	Score
	Weighting	Sub-weighting		Target			
	A	B		C			
		5%	Percentage of skills development spend on all black employees	75%		Meets target – 5 Less than target - 0	
		5%	Number of learnerships as a percentage of total employees	2%		Meets target – 5 Less than target – 0	
		5%	Number of black learners as a percentage of total learners	80%		Meets target – 5 Less than target - 0	
						Score out of 20	
Preferential procurement	15%	10%	Spend on BEE compliant companies as a percentage of total procurement spend	40%		Meets target – 10 Less than target - 0	
		5%	Spend on local BEE compliant companies as a percentage of total procurement spend	20%		Meets target – 5 Less than target - 0	
						Score out of 15	
Enterprise development	14%	7%	The sum of percentage spend of post-tax profits on enterprise development and percentage employee time contributed to enterprise development over total management time	1%		Meets target – 7 Less than target - 0	
			Enhanced revenue and/or cost savings and/or twinning initiatives facilitated for black owned SMMEs, as a percentage of revenue	1%		Meets target – 7 Less than target - 0	
						Score out of 14	
Social development and industry specific	8%	3%	Percentage CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation, community tourism and marketing activities to develop local black tourist market (or percentage management time over total employee time)*	1%		Meets target – 3 Less than target - 0	
		2%	Percentage of new recruits with no prior work experience	10%		Meets target – 2 Less than target - 0	

Indicator			Indicators to measure BEE achievement	Target	Bid offered	Evaluation	Score
	Weighting	Sub-weighting		Target			
	A	B		C			
		3%	Status of TOMSA levy collector	Yes		Meets target – 3 Less than target - 0	
						Score out of 8	
Total points BEE	100	100				Score out of 100	
Minimum threshold						65	

* Proviso: Private parties to tourism PPP agreements with an expected turnover of less than R5 million per annum are exempt from the ownership indicator, as provided in the Tourism BEE Charter and Scorecard.

ANNEXURE 8: THE PPP FEE OFFER

1. Important Note to Bidders

Information on the PPP fee offer must be contained in Envelope 2 and is **not** to be submitted in Envelope 1 with the functionality and B-BBEE proposals.

Bidders must present the PPP fee in the form of a letter on the Bidder's letterhead as follows, inserting the Bidder's name and percentage of gross revenue for the variable CPPP bid as indicated:

2. Form of Letter

To: CDM, PO Box 4100, Polokwane, 0700

[Name of Bidder] hereby commits to pay to CDM/Local Communities the higher of:

- a) The Annual Lease Rental and
- b) The variable PPP fee expressed as a percentage of aggregate gross revenue as defined in the PPP agreement for the relevant project year.

The Annual Lease Rental, which will be adjusted annually by CPIX (6%):

- R130 800.00 for FARM DE GLADDE KLIPKOP 763 LS (Machaka Game Reserve)
- R120 700.00 for FARM DE GLADDE KLIPKOP 763 LS (Motumo Trading Post)
- R28 600.00 FARM THE GRANGE 471 LS (Tourism Information Centre), if and when the Ramokgopa Community Resolution is resolved
- 75% discount in the first year, 50% in the second year and 25% in the third year

The variable PPP fee bid by [name of Bidder] is 5%-10% of gross revenue. [Name of Bidder] hereby warrants that the committed minimum PPP fee and the variable PPP fee shall be included in the CPPP agreement, if accepted by CDM.

For indicative purposes only, our projection of fees payable to CDM /Local Communities is:

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross revenue (net VAT)					
Percentage of gross revenue due as variable CPPP fee (same for each year)					
PPP fee due					
Variable CPPP fee					

*Adapt for the proposed term of the PPP.

The person signing below is a duly authorised representative of the Bidder with full power and authority to submit this financial offer and commit the Bidder to its terms.

Signed: _____

Name: _____

Title: _____