

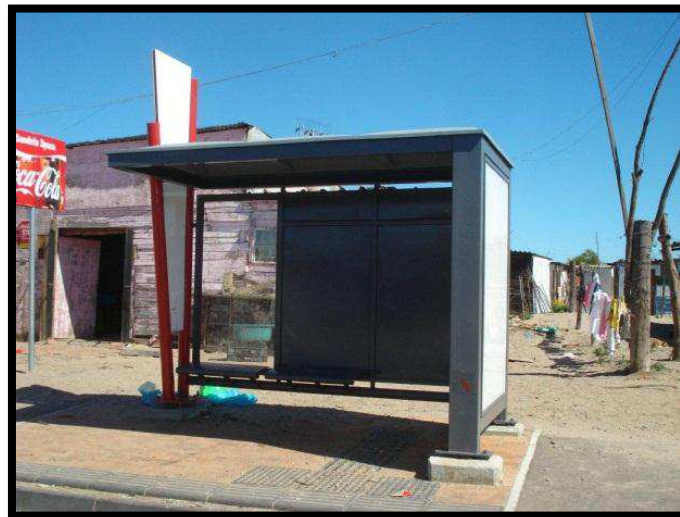
CITY OF CAPE TOWN



# *Integrated Rapid Transit Project*

## *Progress Report No. 32*

*October 2012*



*Cover Picture: IRT Atlantis Feeder Stop*



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## Monthly Project Progress Report

**Project Name:** Integrated Rapid Transport System / MyCiTi  
**Directorate:** Transport, Roads & Major Projects  
**Focus Area:** IRT Project Development and Implementation  
**Product:** Monthly Project Progress Report for October 2012  
 Progress Report No. 32

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DRAFT v1	31 October 2012	Contributors	Initial draft
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FINAL v3	28 November 2012	D. Hugo	Finalised report for distribution

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This Progress Report will be made available on the City of Cape Town's website:  
[www.capetown.gov.za/en/MyCiTi/Pages/monthlyprojectreports.aspx](http://www.capetown.gov.za/en/MyCiTi/Pages/monthlyprojectreports.aspx)

#### PURPOSE

The Progress Report is a document prepared by MyCiTi / IRT Project Team for the purpose of regular recording and presenting the project status to the various City of Cape Town political and administrative oversight committees, the Department of Transport, Department of Finance, PGWC as well as other key stakeholder groups and interested parties.

#### DISCLAIMER

While ever effort has been made to present accurate and current information in this progress report, the City of Cape Town will not be held liable for the consequence of any decisions or actions taken by others who may utilise any information contained herein.

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# 1 Project Overview

The City of Cape Town's Integrated Rapid Transit (IRT) project, referred to as **MyCiTi**, is planned to transform the City's current road-based public transport system through, *inter alia*, the provision of Bus Rapid Transit services in dedicated right-of-way lanes, feeder bus services, automated fare systems, operating service contracts, institutional reform and the transformation of the existing public transport industry.

This monthly summary progress report covers the reporting period for the month ending 31 October 2012. Comprehensive project reports are prepared on a quarterly basis.

The MyCiTi Business Plan was adopted by Council in October 2010 and amended in October 2012. A copy of the initial and amended Business Plan is available on the City of Cape Town's website: log on to <http://www.capetown.gov.za/en/irt> and click on *Business Plan*..

This monthly report deals with Phase 1A, 1B, N2 Express including the initiation of Phase 2 (Note: Phase 3 and 4 are not addressed – refer to the approved Business Plan for further details).

## 2 Project Financial Status

### 2.1 Project Expenditure

The total project recorded expenditure to date as extracted from the City's SAP accounting system is tabulated below:

**Table 1 - Total Project Expenditure to Date**

Department /Phases	All Phases
IRT Implementation Capex	R 2 084 936 401
IRT Operations Capex	R 488 190 392
IRT Implementation Opex	R 306 397 911
IRT Operations Opex	R 354 916 829
<b>Total</b>	<b>R 3 234 441 533</b>

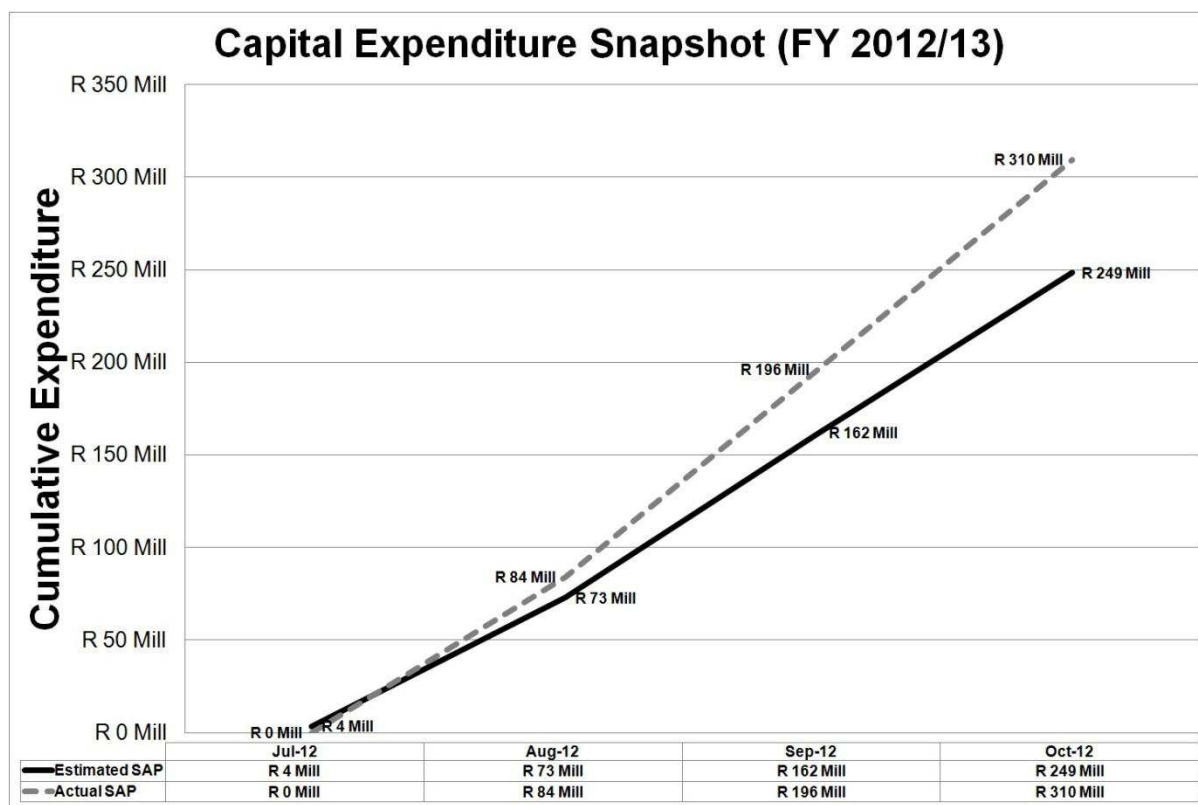
Total project expenditure to date amounts to R 3,23 billion as recorded at the end of October 2012. The estimated (Phase 1A) project implementation expenditure at the completion of Phase 1A at end of 2013 remains R 4,596 billion. No actuals costs have been recorded yet against the other phases: Phase 1B and N2 Express. However, costs for planning and design for these phases and planning for phase 2 have already been incurred as part of the project budget for Phase 1A.

### 2.2 2012/13 Capital Expenditure Report

Table 2 below reflects the budgetary provisions for the IRT project of all phases as approved by Council. The actual expenditure reflected in the tables is as recorded (SAP accounting system) at the end of October 2012.

**Table 2 - Capital Expenditure (FY 2011/12)**

Department	Annual Budget (FY 2012/13)	Budget (Oct 2012)	Actual (Oct 2012)
IRT IMPLEMENTATION (Infrastructure all phases)	R 886 602 219	R 56 191 166	R 63 483 970
IRT OPERATIONS (e.g. vehicle, fare system)	R 1 125 655 212	R 32 391 465	R 49 627 420
	<b>R 2 012 257 431</b>	<b>R 88 582 631</b>	<b>R 113 111 390</b>

**Figure 1 - Cumulative Expenditure as at October 2012**

### 2.3 2012/13 Operating Income and Revenue Report

The FY 2012/13 operating budgets and actual expenditure and revenue (income) as at end of October 2012 are given in Table 3 and Table 4 respectively.

**Table 3 - Operating Expenditure (FY 2012/13)**

Department	Annual Budget (FY 2012/13)	Budget (Oct 2012)	Actual (Oct 2012)
IRT IMPLEMENTATION- (City Funding)	R 52 949 654	R 6 466 198	R 8 799 915
IRT IMPLEMENTATION - OGD (Grant Funding)	R 29 380 429	R 2 584 448	R 1 936 435
<b>Grand Total:</b>	<b>R 82 330 083</b>	<b>R 9 050 646</b>	<b>R 10 736 350</b>
IRT OPERATIONS -( City Funded)	R 170 886 993	R 14 230 054	R 12 160 901
IRT OPERATIONS - OGD (Grant Funding)	R 189 030 871	R 15 871 487	R 11 298 439
<b>Grand Total:</b>	<b>R 359 917 864</b>	<b>R 30 101 541</b>	<b>R 23 459 340</b>

Table 4 – MyCiTi Operating Revenue/Income (FY 2012/13)

<b>Department</b>	<b>Annual Budget (FY 2012/13)</b>	<b>Budget (Oct 2012)</b>	<b>Actual (Oct 2012)</b>
IRT IMPLEMENTATION			
<i>Insurance Recoveries</i>	-	-	R 0
<b>Grand Total:</b>			
<b>IRT Implementation Revenue</b>	-	-	<b>R 0</b>
IRT OPERATIONS			
<i>Fares / user</i>	R 36 100 000	R 3 008 333	R 2 533 270
<b>Grand Total:</b>			
<b>IRT Operations Revenue</b>	<b>R 36 100 000</b>	<b>R 3 008 333</b>	<b>R 2 533 270</b>

### 3 Master Programme

**Master Programme** - Progress is measured against the new Master Programme (REV L) – OCT 2012, which includes the updated version of the previous Master Programme REV K and the programmes for Phases 1B and N2 Express. The revised Master Programme REV L takes the information and rollout sequence approved in the October 2012 Business Plan into account. Master Programme REV L will be the baseline for the roll out of works.

All activities are programmed and monitored in various sub programmes – which are then consolidated into a Master Programme for the project. A rolled up summary view of latest revision MASTER PROGRAMME Rev L – October 2012 is shown below.

*Notes to the impact rating: A Critical Delay will be a delay on the critical path of the particular phase. Non-Critical delays are rated according to the risk they pose to the completion of the particular project phase. (High, Medium (Med), Low)*

DESCRIPTION	STATUS	NOTES	IMPACT
<b>PHASE 1A</b>			
VEHICLE OPERATOR NEGOTIATIONS & APPOINTMENT	Behind 16 weeks	Compensation and long-term contract negotiations have been delayed due to a longer than expected stakeholders consultation period.	Critical delay (Current critical path of Phase 1A)
STATION MANAGEMENT SERVICES	Behind 5 weeks	The contract was re-tendered. An appeal to the award of the contract is currently delaying the implementation of the service.	Non-Critical
VEHICLE ACQUISITION	Behind 6 weeks	Trunk Vehicle tender - delayed (Not critical yet, but can become critical if delayed further)	Non-Critical (High risk)
LAND PROCUREMENT	On track	In line with the Master Programme.	Non-Critical
CCC - DESIGN	On track	In line with Master Programme	Non-Critical
CCC – CONSTRUCTION & IMPLEMENTATION	On track	In line with Master Programme	Non-Critical
AFC - DESIGN	Behind 4 weeks	Software design and implementation behind schedule	Non-Critical
AFC – CONSTRUCTION & IMPLEMENTATION	Behind 3 weeks	Delay to the EMV & Transit product implementation process	Non-Critical

DESCRIPTION	STATUS	NOTES	IMPACT
EIA / PLANNING APPROVAL	Behind 21 weeks	The heritage process for Adderley Street trunk station plan approval has taken longer than expected in response to public comments.	Non-Critical (Medium Risk)
ATLANTIS CORRIDOR – DESIGN	On track	In line with Master Programme	Non-Critical
ATLANTIS CORRIDOR – CONSTRUCTION	Behind 2 weeks	Delays to civil construction projects and the open feeders	Non-Critical
INNER CITY DESIGN	Behind 4 week	Delayed design due to heritage constraints and changes by VOC.	Non-Critical (Med Risk)
INNER CITY – CONSTRUCTION	Behind 2 weeks	Delays to Inner City open and closed feeder stops.	Non-Critical (Med Risk)
SUPERSTRUCTURES - TRUNK STATIONS & CLOSED FEEDERS	Behind 1 week	Inner City superstructures behind schedule	Non-Critical (Med Risk)
NMT INTEGRATION	On track	In line with Master Programme	Non-Critical
<b>PHASE 1B</b>			
SYSTEM PLANNING	On track	In Line with Master Programme	Non-Critical
INFRASTRUCTURE			
CIVILS	Behind 4 weeks	Delayed due to an appeal	Critical Delay
STATIONS	Behind 4 weeks	Delayed start due to Civil works delay	Critical Delay
FEEDERS	Behind 4 weeks	Delayed procurement	Non-Critical (Float)
AFC	On track	In Line with Master Programme	Non-Critical
CCC	On track	In Line with Master Programme	Non-Critical
BUS PROCUREMENT	On track	In Line with Master Programme	Non-Critical
OPERATIONAL / INDUSTRY TRANSITION	Behind 4 weeks	Delayed Start	Critical Delay
<b>N2 EXPRESS</b>			
SYSTEM PLANNING	On track	In Line with Master Programme	Non-Critical
INFRASTRUCTURE			
CIVILS	Behind 4 weeks	Delayed start of procurement	
STATIONS	Behind 4 weeks	Delayed start due to Civil works delay	
H6 & H6X	On track	In Line with Master Programme	Non-Critical
AFC	On track	In Line with Master Programme	Non-Critical
CCC	On track	In Line with Master Programme	Non-Critical
BUS PROCUREMENT	Behind 6 weeks	Delayed procurement (Current Critical Path)	Critical Delay
OPERATIONAL / INDUSTRY TRANSITION	Behind 10 weeks	Delayed Start (Float in the process)	Non-Critical (High Risk)



**Phase 1A Milestones:**

In summary, below are the projected / revised completion dates (as per the approved Oct 2012 IRT Business Plan) compared to the planned dates of the various Milestones as per the February 2011 amendments to the IRT Business Plan.

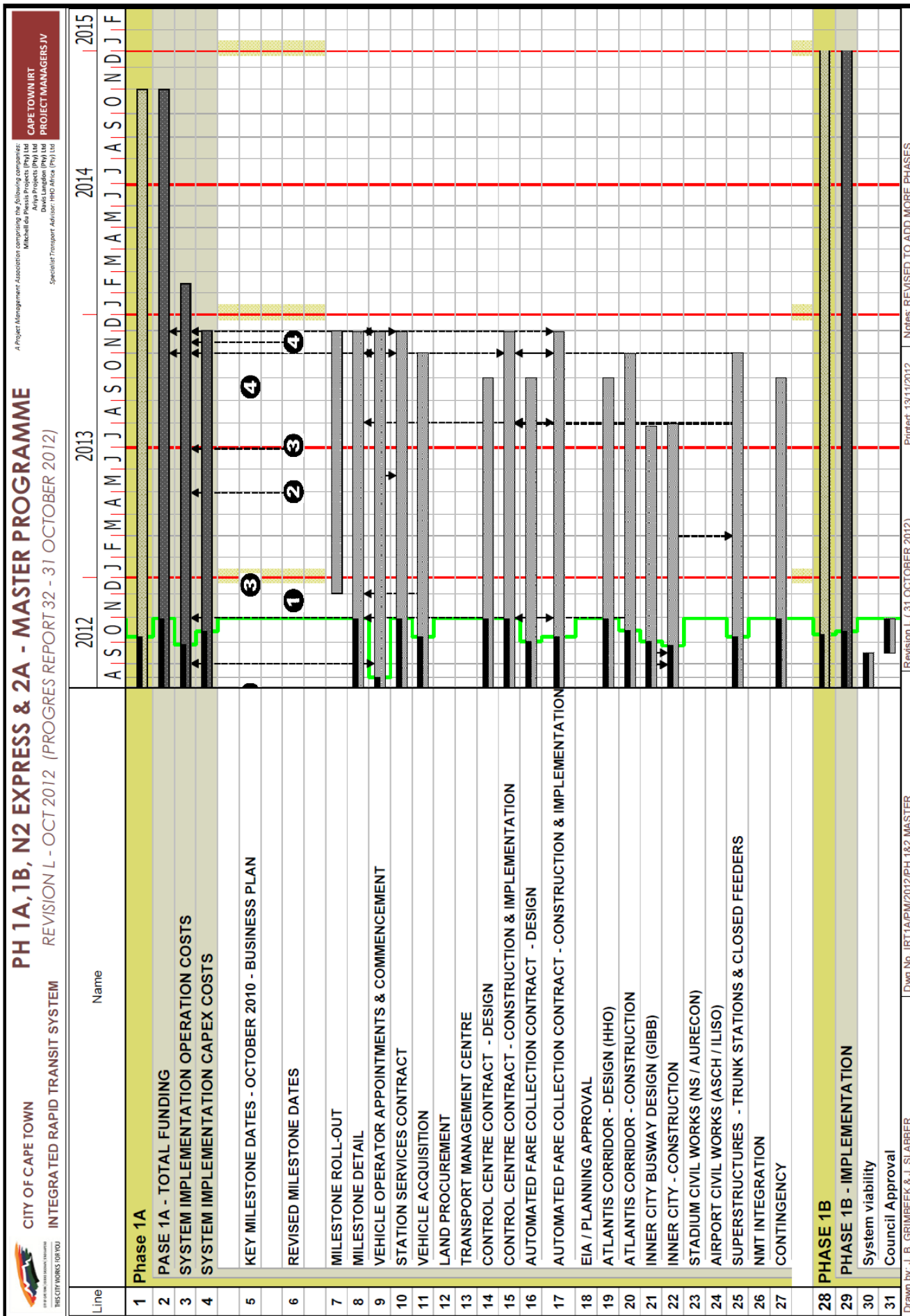
- **Milestone 1**
  - Planned: October 2012
  - Revised/Projected: 1 December 2012 – 4 May 2013
  
- **Milestone 2**
  - Planned: December 2012
  - Revised/Projected: 16 March to 13 April 2013
  
- **Milestone 3**
  - Planned: February 2013
  - Revised/Projected: 11 May to 30 June 2013
  
- **Milestone 4**
  - Planned: November 2013
  - Revised/Projected: 1 November to 30 November 2013

The completion dates for the phases following Phases 1A are as follows:

**Phase 1B** - Projected Completion date: October 2014

**N2 Express** - Projected Completion date: December 2013

The summary programme below is the new Master Programme (REV L) – OCT 2012, which includes the updated version of the previous Master Programme REV K as well as the provisional programmes for Phases 1B and N2 Express.

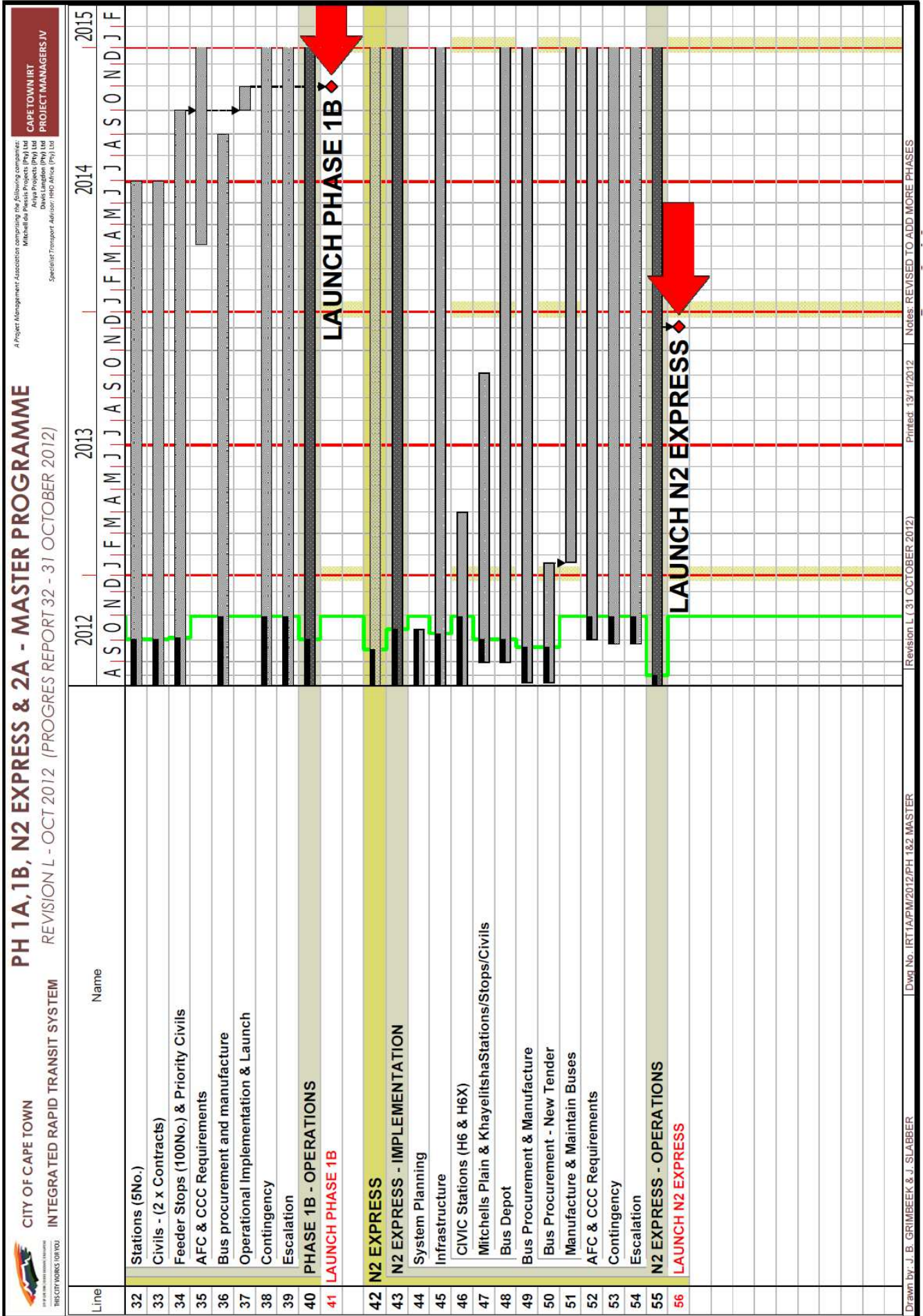


CAPE TOWN IRT PROJECT MANAGERS JV  
 A Project Management Association comprising the following companies:  
 Mithras Africa (Pty) Ltd  
 Anya Projects (Pty) Ltd  
 Davis Langdon (Pty) Ltd  
 Specialist Transport Advisor: HHO Africa (Pty) Ltd

REVISION L - OCT 2012 (PROGRES REPORT 32 - 31 OCTOBER 2012)

Revision L (31 OCTOBER 2012) | Printed: 13/11/2012 | Notes: REVISED TO ADD MORE PHASES

Drawn by: J. B. GRIMBEEK & J. SLABBER | Dwg No. IRT1A/PM/2012/PH 1&2 MASTER



## 4 Progress and Status Update

### 4.1 System Planning

#### 4.1.1 System Plan Overview

As indicated in the last quarterly report, the system plan document has been updated to:

- account for minor amendments of Phase 1A routes;
- include the finalisation of Phase 1B; and
- introduce the N2 express service.

The updated system plan and the viability assessments of Phase 1B and the N2 Express service have been included in the recently approved October 2012 Business Plan. This means that the proposed extensions of the MyCiTi IRT System including Phase 1B and the N2 Express service have also been approved by Council.

It is planned and programmed that Phase 1A be fully operational by November 2013. The detailed operational milestone rollout programme for Phase 1B and other future phases is currently being developed taking cognisance of the experience gained during the implementation of Phase 1A. Phase 1B is planned to begin operating by the end of 2014 and the N2 Express service by December 2013.

#### 4.1.2 Phase 2

The tender for the development of the City's Integrated Public Transport Network (IPTN) incorporating the conceptual design of the Lansdowne-Wetton Corridor (start of Phase 2), which will link Khayelitsha and Mitchell's Plain to Wynberg and Claremont, was advertised and the contract between the City and the successful consultants was concluded on the 30th of October 2012. The above tender was awarded to a consultant team led by Royal HaskoningDHV, formerly known as SSI. The development of the City's IPTN is currently scheduled for completion by mid-2013.

## 4.2 Business Development

### 4.2.1 Business Plans

The business development team finalised the Business Plan for Phase 1A, Phase 1B and N2 Express. The Business Plan was presented to the Finance Committee and Transport Roads and Stormwater Committee and finally approved by Council on 31 October 2012.. The Council approval now enables the detailed planning and infrastructure implementation to proceed according to the planned roll – out schedule. A copy of the full Business Plan is available on the City's MyCiti website.

On the 31 October 2012 the Council resolved as follows;

- “(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 1B and N2 Express;
- (b) Approval is 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;

- (b1) 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;
- (c) 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;
- (d) The principle is 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;
- (e) That costs be contained and fare levels and levels of service be set such that the funding level established in (c) is not exceeded, unless national funding is secured to cover the difference;
- (f) The ED: TR&S, 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 (c) and that, if an alternative solution emerges in discussion with these national departments, they report back to Council for its approval;
- (h2) Confirm the authority provided by Council on 26 October 2011 (Item C33/10/11) 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."

It is further noted that the National Department of Transport, in a letter to the City, has indicated their support to the Business Plan. The following paragraphs extracted from the letter are deemed relevant to illustrate this;

*"We note that in your 2012 MyCiTi Business Plan and in your 2014 MTEF Budget Proposal for the PTIS Grant you have now specified a framework for doing so whereby you are willing to pay up to 50 percent of such costs to a maximum of 4 percent of property rates income. We understand this is supported by a Council resolution of 31 October, 2012.*

*We have no objection to the proposed VoC contracts of 12 years which are aligned with the provisions of the National Land Transport Act. Likewise we support the Station contracts of 6 years. We welcome the CoCT commitment to the allocation of a proportion of rates income to cover operational costs as an important advance and would like to continue engaging with the City on the successful roll-out of the system on this basis."*

#### **4.2.2 Vehicle Procurement Contracts (VPCs)**

The supply of 9 m low floor feeder buses under Contract 371G/2010/2011 is well underway with the City accepting delivery of the first 80 buses. The production of buses will continue to March 2013. Supply logistics remains a concern. Shipping delays being experienced resulting in production falling behind planned targets. Delays were due to excessively high winds in Cape town harbour preventing ships from docking and unloading containers. The delay is not expected to impact on the introduction of bus services but the project team will continue to closely monitor production rates. The buses are being assembled in Elsie's River where approximately up to 180 local personnel have been employed at the assembly plant.

Tenders for the balance of the Phase 1A fleet and the Phase 2 Express service fleet were advertised in mid–October 2012. Tender 140G/2012/13 is for 66 high floor buses to make up the balance of the Phase 1 trunk service fleet requirements and tender 138G/2012/13 is for 40 low-floor trunk services vehicles for the initial Phase 2 rollout.

#### **4.2.3 Vehicle Operator Companies (VOCs)**

The process of negotiating the long term VOC contracts for Phases 1A and 1B continued during the reporting period. The current roll out plan as scheduled in the Business Plan shows Milestone 1 starting in March 2013. For Milestone 1 to commence as planned it is necessary to finalise negotiations with the VOC's by end of November 2012 in order to submit the full contracts to Council in January 2013 for approval in terms of the MFMA Section 33 requirements.

Recent developments have caused delays to the negotiation process and there exists substantial risk that an agreement will not be reached with the VOC's by the end of November 2012 which may in turn delay the start of services in March 2013. The key areas causing the delays are;

- Difficulty in obtaining reliable information on vehicle maintenance,
- Changes in the envisaged shares of the services between the different operators arising from Sibanye Bus Services leaving Kidrogen and joining Golden Arrow Bus Services (GABS),
- Large differences between City and VOC negotiators in respect of staffing levels to provide the services,
- Litigation with GABS. and
- Prolonged negotiations in finalising the compensation to taxi owners.

#### **4.2.4 Fare Collection Contract (AFC)**

Factory Acceptance Test (FAT) was successfully conducted during this month on the software solution for the iFlat and EMV distance based fare structure. However, it must be noted that this testing process takes place under simulated conditions.

By end of October 2012 the software completion was 100% with respect to the IFlat and EMV distance based fare structure and 18% with respect to the development of transit products. Where hardware is concerned, completion was reported as 48% completed w.r.t. stations and 40% w.r.t. buses.

Technical testing of Factory Acceptance Test and Site Acceptance Test (FAT/SAT) continued during the month of October on the software and hardware.

#### **4.2.5 Control Centre Contract (CCC)**

Software Development was 99% done and hardware for bus and station installation was respectively 40% and 60% completed.

#### **4.2.6 Station Management Contract (SM)**

The Station Management tender to manage the Phase 1A, 1B and N2 Express stations for a period of 6 years closed on 20 July 2012. After lengthy negotiations with the preferred supplier, on the 22 October 2012 the City's Bid Adjudication Committee (BAC) awarded the contract subject to the mandatory 21 appeal period and the finalisation of the MFMA Section 33 process. Subject to there being no appeals and the Section 33 process proceeding as planned, final award is expected in December 2012 with the contractor commencing operations in March 2012 after a period of mobilisation.

There exists however a high risk of appeals which could cause lengthy delays in the appointment of the contractor.

#### **4.2.7 Advertising Management Contract**

The advertising management contractor was appointed and the City is handing over stops as and when construction is complete. As from 1 November 2012 the contractor will take over responsibility for the maintenance and cleaning of the completed stops as required by the contract.

#### **4.2.8 MyCiti Retail Rental Contracts**

The business development team is currently developing a further contract to secure retail leases with retail businesses to occupy trading outlets at specific stations. These leases will be signed between the City and the retail business but will be managed by the Station Management Contractor under the Station Management Contract.

#### **4.2.9 Landscaping Contract**

The delay in the commencement date of the Station Management Contract has necessitated the advertising of a short-term tender for the maintenance of landscaping along MyCiti routes and at stations.

The maintenance of landscaping is included in the Station Management Contract, which will commence only in March/April 2013, while the current maintenance contracts for this landscaping end in September 2012. The landscaping tender was advertised on 3 August 2012 and was awarded in October 2012. It is expected to take effect on 1 December 2012. There is a risk that the contract start will be delayed by appeals which would result in the landscaping being left unattended for a period. The IRT Operations team is currently looking at measures to mitigate this.



#### **4.2.10 Staffing of the Business Development Division**

The previous cycle of adverts placed to fill positions within the Business Development Division did not yield any suitable candidates. This has necessitated the re advertising of these posts placing the existing staff under increasing pressure.

### **4.3 Industry Transition**

During October a total of 84 operating licences have been successfully cancelled by the PRE in respect of the operators who surrendered their licences for EEC. The same amount of vehicles has also been scrapped through the National Recapitalisation Process by the Taxi Scrapping Administrator (TSA). The EEC process was a very positive step whereby the City gained credibility from the minibus-taxi industry in that it was seen that the City is serious about the Transition of the taxi industry. Furthermore, it also increased momentum in that the operators were now more willing to participate in terms of transition challenges.

All costing surveys have also now been completed and the results enabled the City to make final compensation offers to all the taxi associations affiliated to the 2 VOC's. The two respective VOC's, through their financial advisors and facilitators are currently busy with the interrogation of the inputs the City used to arrive at the final compensation offers. It is envisaged that the City will make a final offer of compensation to the operators by 30 November 2012.

It should be noted that Golden Arrow Bus Services (GABS), who is the third VOC does not form part of the compensation processes as explained in the approved Business Plan. It is envisaged that the buses that are no longer required on MyCiTi routes will be used on routes outside IRT Phase 1, because of GABS holding licenses across Cape Town. GABS provides a service under a subsidised service contract, which is managed by the Provincial Government of the Western Cape.

### **4.4 Infrastructure**

#### **4.4.1 Planning and Design**

All infrastructure planning and detailed design work for Phase 1A is progressing well and is largely completed with the exception of some inner City elements which are pending heritage and environmental assessments. Measured against the Project's overall Master Programme (Rev K – September 2011); the progress at the end of October was 89%, with the planned being 98%.

Planning and design of infrastructure for Phase1B is well underway and Phase 2 will commence once the system planning exercise is sufficiently advanced to permit this.

#### **4.4.2 Construction**

Progress with regards to construction is described under the following categories:

- Bus-ways
- Bus stations and stops
- Depots, workshops and staging areas

The Phase 1A: Atlantis Corridor & Inner City – construction contract progress measured against the Project's overall Master Programme (Rev K – September 2011) at the end of October 2012 was 69%, with the planned being 74%.



### 4.4.3 Bus-ways

A total of 17.5 km of bus-way has been completed between the CBD and West Coast Suburbs with another +/- 11 km currently under construction. Of the four remaining Phase 1A major bus-way contracts their progress as at the end of October 2012 was:

- |                                      |      |
|--------------------------------------|------|
| • Racecourse road – Montague Gardens | 100% |
| • Atlantis and Melkbosstrand         | 100% |
| • Potsdam Road (Killarney)           | 34%  |
| • Blaauwberg Road (Table View)       | 60%  |

A number of smaller Projects within the CBD and environs are underway or pending the outcome of a heritage assessment or finalization of lease / servitude negotiations. These include Projects in Adderley Street, and the V&A Waterfront.

### 4.4.4 Bus Stations and Stops

A total of 16 no. trunk service bus stations have been completed and are in use. The balance of 14 trunk stations within Phase 1A are currently under construction where progress has been assessed between 54% and 100% complete per station, with the exception of the bus stations in Potsdam Road, where construction is pending, the civil contract completion.

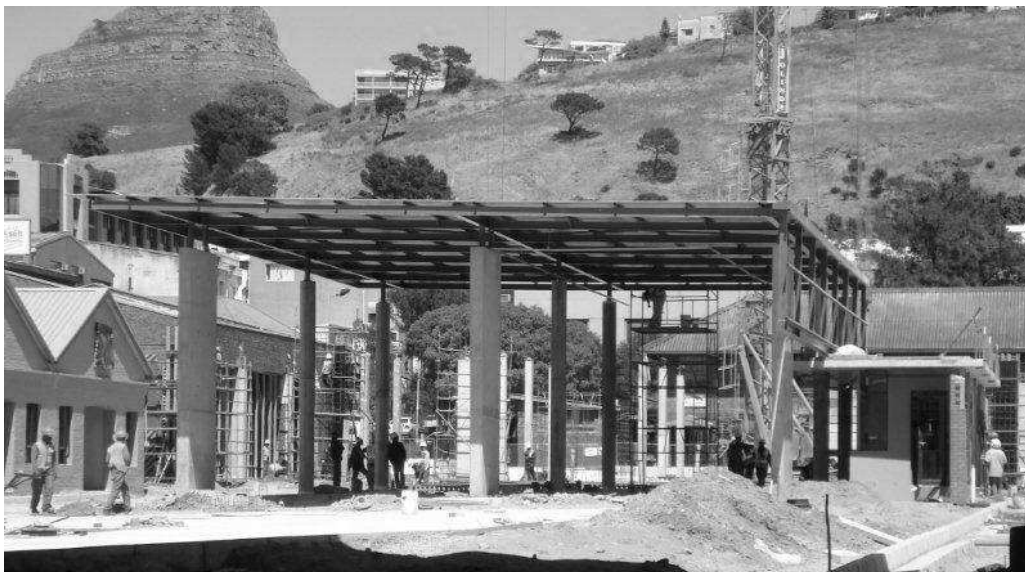
The construction of bus stops (in excess of 500 in total for Phase 1A) is underway and construction is on programme, with exception of the Inner City which is slightly behind. Handover of the bulk of stops in Atlantis, Melkbos and about 50% in Table View took place in October 2012 to the Advertising contractor, who takes on responsibility for the general maintenance of the stops.

### 4.4.5 Depots, Workshops and Staging Areas

Stables Depot, off Potsdam Road is operational.

The extension of the Inner City Depot in Prestwich Street was 56% complete.

Construction of the Atlantis Depot was 82% complete.



**Figure 2 - Inner City Depot under construction- Oct 2012**

#### 4.4.6 Current use of infrastructure

It should be noted that the completed bus-ways between the CBD and Table View, the trunk stations and depots (excluding the Atlantis depot) are all being used by the interim (Milestone 0) MyCiTi service that is currently in operation.

Although largely affected by construction works the Inner City Depot and Foreshore staging area are in use.

#### 4.4.7 Construction Summary Status

During the month of October, the overall progress on the various infrastructure construction projects under IRT Phase 1A can be summarised as follows:

##### 4.4.7.1 Busway Civil Contracts & Stations – Phase 1A

###### 112Q-R27 North at Sandown & Sunningdale Roads

- Practical Completion was achieved on 30 June 2012.

###### 113Q-Non Motorised Transport (Table View / Milnerton areas)

- Works have been completed. The contract has, however, been extended to cater for landscaping maintenance which runs out at the end of November 2012.

###### 128Q-Racecourse Road, Milnerton

- Practical completion was achieved in September 2012.
- Practical completion of the station buildings was achieved at the end October 2012.

###### 262Q- Atlantis & Melkbos Civil Works around Stations

- Station Top Structures completion projected for January 2013.

###### 437Q-Blaauwberg Road

- On programme for completion by June 2013.
- The focus is on the section from Pentz / Raatz to Wood Drive, as the stations are required for operations early 2013. Timeous completion of the signals is critical.
- Noted that construction of Boy de Goede being delayed due to re-location of Eskom cables.

###### 154Q-Potsdam Road

- Works commenced 27 March 2012.
- Completion for Civil works projected for **September 2013**.

###### 390Q-Queens Beach

- Works commenced in May 2012 and are scheduled for completion by June 2013. Approximately 2 months delay has been experienced due to relocation of services which will affect the end date.

###### 390Q-Gardens

- Works were completed in July 2012. Station to be handed over to the IRT Operations for the 1<sup>st</sup> December launch.

###### 390Q Adderley

- A public participation process to relocate the Cenotaph is currently underway. Decision from Heritage Western Cape to be confirmed, once public participation process is completed.

###### 390Q V&A Waterfront Station

- Waiting for the signing of a 'Servitude Agreement' between the CoCT and V&AW regarding infrastructure costs/lease costs.

#### 4.4.7.2 Feeder Stop Contracts – Phase 1A

##### Advertising Contract for Feeder Stops

- The advertising contract has been awarded. Stops are being handed over as practical completion is achieved.

##### 375Q-Table View Feeder Stops

- As at contractual end date, approximately 50% of stops were handed over, the balance is anticipated by end of 2012.

##### 469Q-Atlantis Feeder Stops

- Practical completion achieved for all stops, and handed over to the Advertising contractor. Approximately 35% of Stops have been vandalised.

##### 319Q- Inner City Feeder Stops

- Currently the contract is running 7 days behind the programme due to contractor-related issues and completion is expected June 2013

#### 4.4.7.3 IRT Depot Contracts – Phase 1A

##### 170Q-Stables Depot

- Handover of the depot to the operator was achieved in June 2012. Currently operational.

##### Inner City Depot

- Works commenced in April 2012. Completion date to be confirmed once the impact of design changes and phasing of construction works has been resolved, but currently projected for July 2013.
- Noted that the contract budget increase due to various design changes and risk realisations has been approved.

##### 43Q – Atlantis Depot

- Contract commenced on 9 January 2012.
- The contractor is currently four weeks behind programme.
- Completion is projected for January 2012.

The overall status of IRT Phase 1A Infrastructure for the Inner City and Atlantis Corridor is indicated in the table below showing current progress versus planned progress:

## INTEGRATED RAPID TRANSIT SYSTEM - PHASE 1A

## ATLANTIS CORRIDOR &amp; INNER CITY - CONTRACT PROGRESS SUMMARY

## OVERALL PROGRESS

1	Report date	31-Oct-12		
		Planned	Actual	<b>NOTE</b>
2	Overall Progress - Design of new contracts	98%	89%	Progress Measured against Intergrated Rapid Transit System Phase 1A Programme Master Rev K, September 2011
3	Overall Progress - Awarded Contracts	74%	69%	

## PROGRESS ON AVERAGE

DESCRIPTION	STATUS							
	Completed/Omitted Stages	MILESTONE	STATUS	CONTRACT START	CONTRACT END	EOT PENDING	PLANNED PROGRESS	CURRENT PROGRESS
<b>DESIGN &amp; TENDER</b>								
<b>BALANCE OF THE ATLANTIS CORRIDOR CONTRACTS</b>								
> R27 North - Sandown & Sunningdale (112Q)	HHO	3	COMPLETE				100%	100%
> Racecourse Road - Montague Gardens (128 Q)	HHO	2	CONSTRUCTION				100%	100%
> Atlantis & Melkbos (262 Q)	HHO	3	CONSTRUCTION				100%	100%
> Potsdam Road	HHO	4	CONSTRUCTION				100%	100%
> Blaauwberg Road	HHO	4	CONSTRUCTION				100%	100%
<b>INNER CITY CONTRACTS</b>								
> Thibault Square (Hans Strijdom & Heerengracht) (86 Q)	GIBB	1	COMPLETE				100%	100%
> Adderley Street	GIBB	1	OMIT				62%	0%
> Gardens Centre	GIBB	1	COMPLETE				100%	100%
> V&A Waterfront	GIBB	1	PRE TENDER				100%	31%
> Queens Beach	GIBB	1	CONSTRUCTION				100%	100%
<b>FEEDER STOPS</b>								
> Tableview Feeders	HHO	2	CONSTRUCTION				100%	100%
> Inner City Feeders	GIBB	1	CONSTRUCTION				100%	100%
> Atlantis & Melkbos Feeders	HHO	3	CONSTRUCTION				100%	100%
<b>IRT DEPOTS</b>								
> IRT DEPOT - Stables	HHO	2	CONSTRUCTION				100%	100%
> IRT DEPOT - Atlantis	HHO	3	CONSTRUCTION				100%	100%
> IRT DEPOT - Inner City Final design	GIBB	1	CONSTRUCTION				100%	100%
<b>CONSTRUCTION</b>								
<b>CIVIC TO TABLE VIEW TRUNK</b>								
> BUSWAYS - ATLANTIS CORRIDOR CONTRACTS		0	COMPLETE				100%	100%
> BUS TRUNK STATIONS (INCLUDING WORLD CUP STATIONS)		0	COMPLETE				100%	100%
> IRT DEPOTS - Inner City & Foreshore		0	COMPLETE				100%	100%
<b>BALANCE OF THE ATLANTIS CORRIDOR CONTRACTS</b>								
<b>BUSWAY</b>								
> R27 North - Sandown & Sunningdale(112Q)	HHO	3	COMPLETE	14-Jan-11	04-Jun-12		100%	100%
> Racecourse Road - Montague Gardens (128Q)	HHO	2	CONSTRUCTION	20-Feb-11	18-Sep-12	2	100%	100%
> Atlantis & Melkbos (262Q)	HHO	3	CONSTRUCTION	25-Oct-11	20-Sep-12	20	100%	100%
> Potsdam Road (154Q)	HHO	4	CONSTRUCTION	27-Mar-12	06-Sep-13		41%	40%
> Blaauwberg Road	HHO	4	CONSTRUCTION	09-Sep-11	21-Jun-13		64%	64%
> NMT	HHO		CONSTRUCTION	14-Jan-11	15-Dec-11		100%	100%
<b>INNER CITY CONTRACTS</b>								
<b>BUSWAY</b>								
> Thibault Square(86Q)	GIBB	1	COMPLETE	19-Aug-10	22-May-11		100%	100%
> Adderley Street	GIBB	1	OMIT	17-Sep-12	26-Jul-13		0%	0%
> V&A Waterfront	GIBB	1	PRE-TENDER	31-Aug-12	29-May-13		0%	0%
<b>TRUNK STATIONS</b>								
Section 4-Civic	ALL	1	COMPLETE	29-Oct-10	30-Jun-12	56	100%	100%
Section 5-Gardens	ALL	1	COMPLETE	09-Jun-11	25-Jul-12	30	100%	95%
Section 6-Racecourse Rd, R27 North, Table View	ALL	3	CONSTRUCTION	01-Feb-12	01-Oct-12		100%	95%
Section 7- Melkbos, Atlantis	ALL	3	CONSTRUCTION	20-Aug-12	14-Dec-12		54%	46%
Section 8- Queens Beach	ALL	1	CONSTRUCTION	29-May-12	01-Mar-13	45	56%	34%
Section 9-Blaauberg Rd	ALL	3	CONSTRUCTION	09-Jul-12	29-Jan-13	40	54%	34%
Section 10-Potsdam	ALL	4	TENDER	30-Nov-12	13-Jul-13		0%	0%
Section 11-V&A Waterfront	ALL	1	TENDER	14-Jan-13	11-May-13		0%	0%
<b>OPEN FEEDER STOPS</b>								
> Table View Feeder	HHO	2	CONSTRUCTION	29-Jul-11	16-Nov-12		97%	94%
> Inner City Feeder	GIBB	1	CONSTRUCTION	17-Aug-11	19-Jun-13		68%	67%
> Atlantis & Melkbos Feeders	HHO	3	CONSTRUCTION	28-Sep-11	15-Oct-12		105%	97%
<b>IRT DEPOTS</b>								
> IRT DEPOT - Stables	HHO	2	CONSTRUCTION	04-Mar-11	21-Mar-12	TBC	100%	100%
> IRT DEPOT - Atlantis	HHO	3	CONSTRUCTION	09-Jan-12	19-Dec-12		93%	82%
> IRT DEPOT - Inner City Extension	GIBB		CONSTRUCTION	10-Apr-12	12-Dec-12	TBC	94%	56%

• IRT1A - 28205/MDA/5.1/October 2012

IRT PROGRESS REPORT • MDA PROJECTS Oct-12

## 4.5 MyCiTi Operations

Since its launch in May 2010 until October 2012, over 4.9 million passenger journeys have been made on the MyCiTi rapid transit system, many of whom use its rapid bus service on the dedicated bus lanes. This includes transport services during the Soccer World Cup, passengers who made use of MyCiTi buses during events at the Cape Town Stadium, passengers on the airport and those who made use of event services offered with chartered buses.

Between January and October 2012, the counting of passengers using the system has been dependant on the recording of the validations made using the **myconnect** card, as opposed to counting paper ticket sales prior to this period. The seasonal trend of customer usage is now becoming more evident.

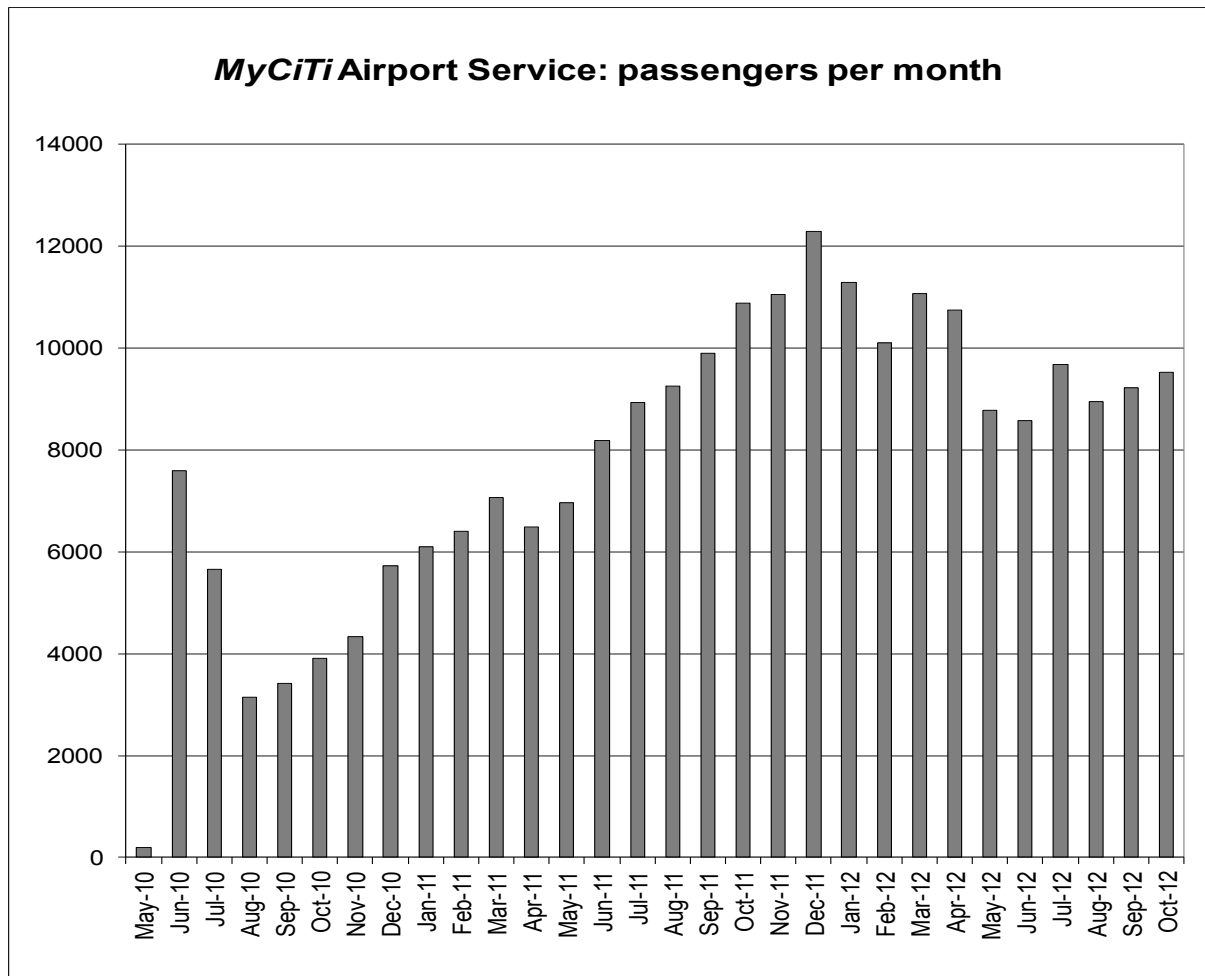
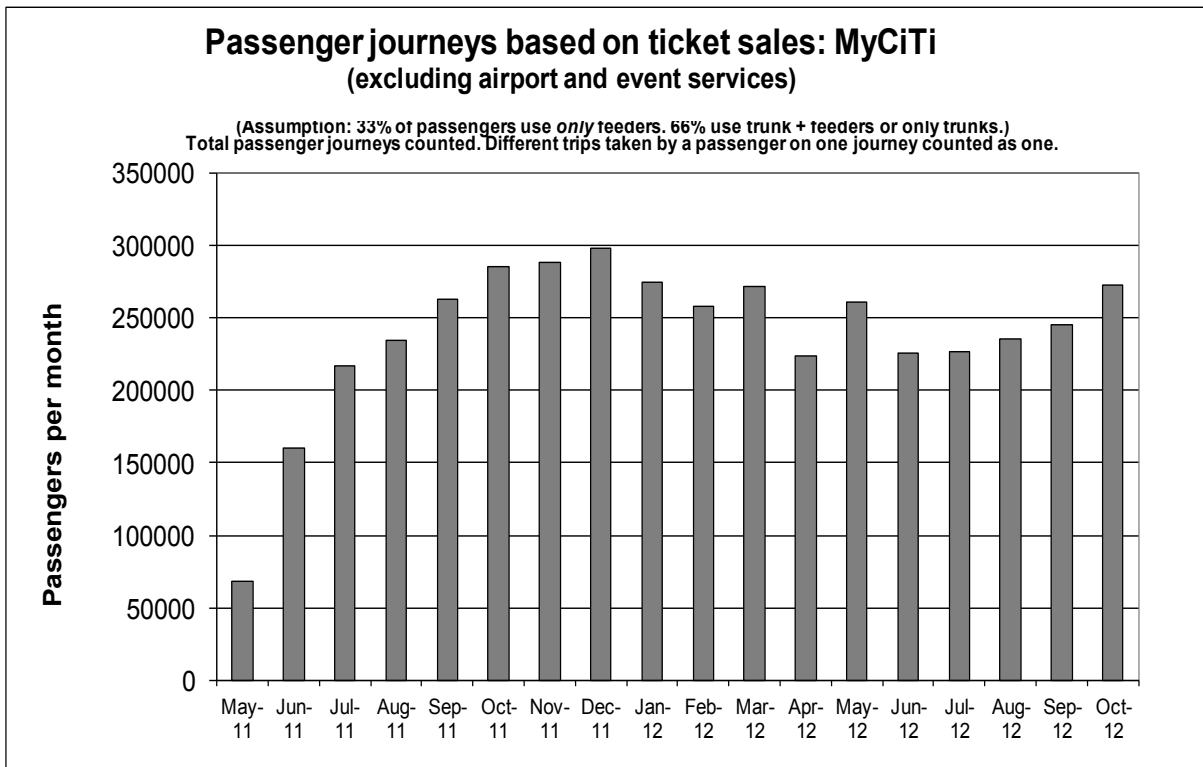


Figure 3- MyCiTi Airport Service: passengers per month



**Figure 4 - MyCiTi Passenger journeys on ticket sales**

The following table indicates the present on-time buses against the set schedules. Transport for London bus norms aim to achieve an on time percentage of 85% or more:

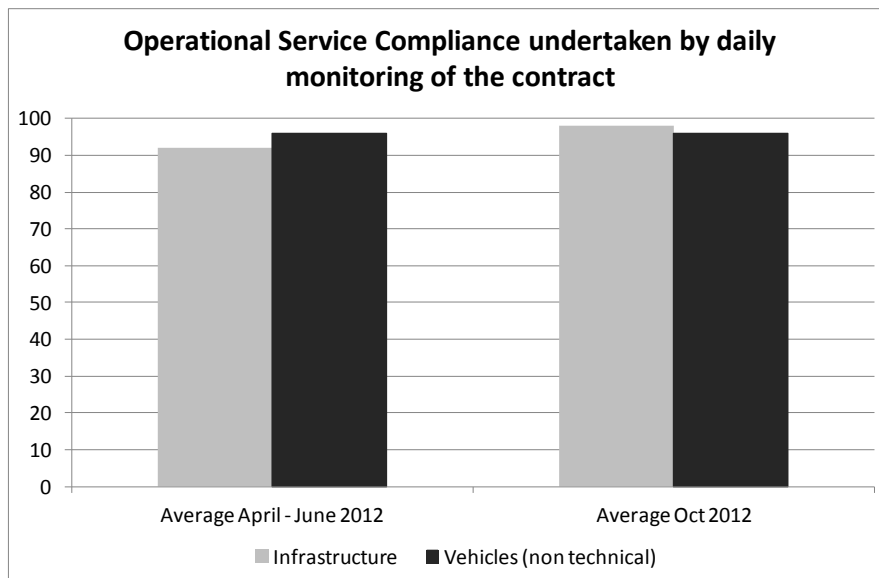
**Table 5- Performance data for Octobe3 2012**

% On-Time (2 min early to 5 min late vs. time table time)						
July to September 2011						
	T1	Airport	F1	F14	F15	F16
<b>Averages</b>	87%	97%	88%	79%	57%	67%
October to December 2011						
<b>Averages</b>	88%	99%	92%	75%	72%	78%
January to March 2012						
<b>Averages</b>	87%	95%	90%	75%	78%	79%
April to June 2012						
<b>Averages</b>	89%	98%	91%	81%	88%	86%
July - September 2012						
<b>Averages</b>	88%	97%	93%	82%	88%	82%
Oct-12						
<b>Averages</b>	89%	97%	95%	79%	87%	80%

\*Note that times are indicated in minutes according to international standards.

The variances would occur between the time range of 2.59min early and 5.59min late.

The following graph indicates the results of observations undertaken using on-the-ground monitoring as well as camera analysis at the TMC to assess the VOC's % compliance against the contract. Compliance is monitored against specific items in the contract.



**Figure 5 - Operational Service Compliance**

#### 4.5.1 Operational Resources

Despite progress having been made on obtaining permanent staff for the IRT organogramme, there are still key vacancies which require the support of the outsourced consultants, especially as a result of the operations planning presently being prepared for the launch of Milestones 1, 2 and 3.

With the fleet increasing in size as a result of the City's receipt of the 9m Optare feeder buses, the incorporation of a dedicated STS resource structure for IRT has been proposed to ensure the fleet vehicles are managed and maintained correctly.

#### 4.5.2 Support functions (provided by other City departments)

*Transport Information Centre:* A key focus to enabling the system to improve relies on the feedback from the general public. Data is being from calls received from the public at the Transport Information Centre. The majority of comments and complaints are related to the implementation of the EMV card (as reflected in "Fare and myconnect queries").

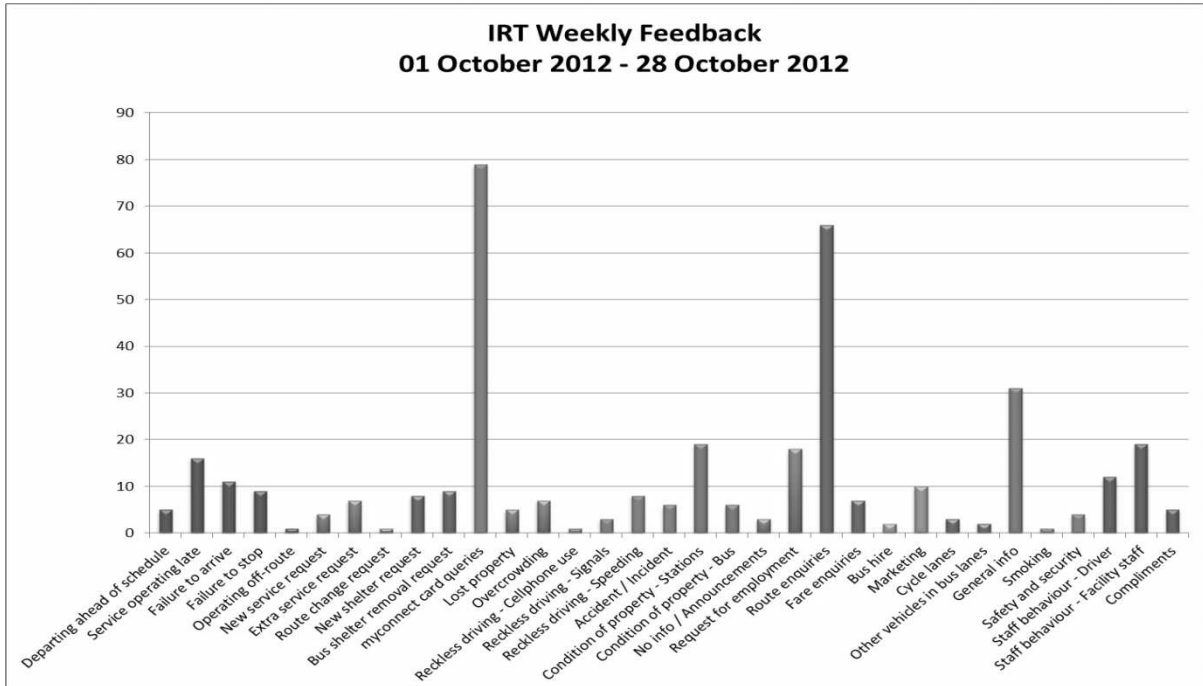


Figure 6 - IRT Weekly Feedback

*Strategic Surveillance Unit* - the following graph indicates the number of unauthorised vehicles observed on the CCTV cameras using the red lane on the R27 between the Civic station and Table View. An overall reduction in transgressions can be seen. A SLA agreement is still to be drafted, however a good working relationship continues.

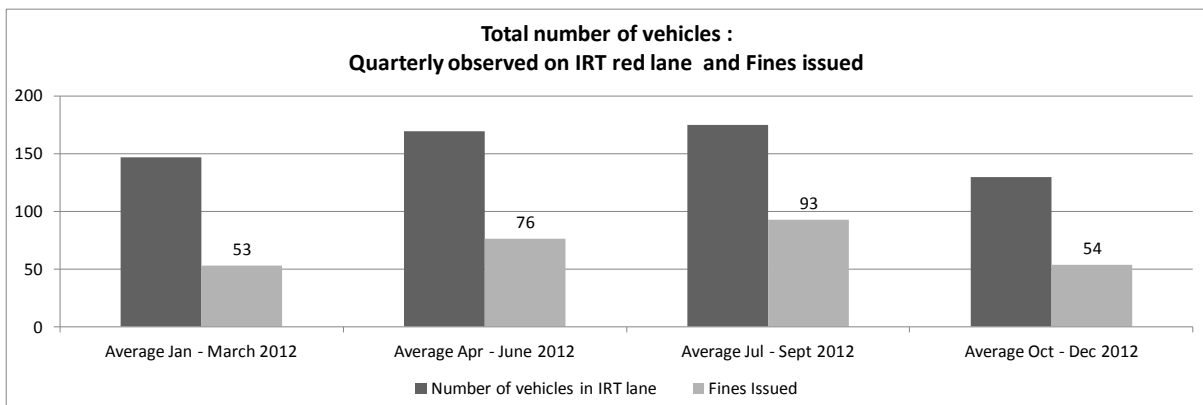
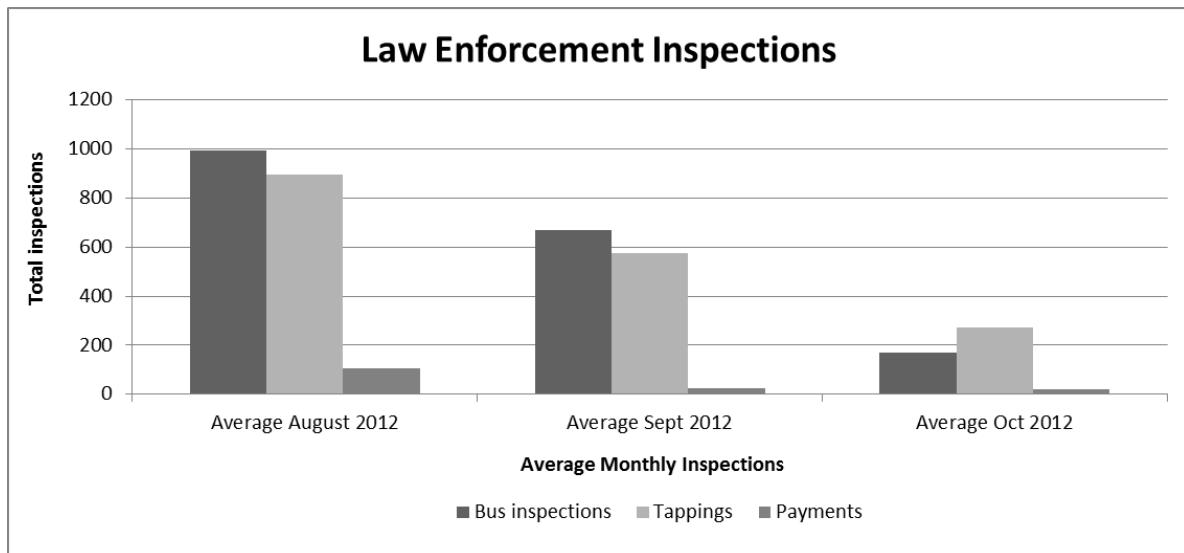


Figure 7 - Vehicles in red lane and fines issued

*Law enforcement* - A good working relationship continues with Law Enforcement whose duties cover both IRT passenger infringements monitoring as well as other by-law enforcement. The number of inspections undertaken has reduced as a result of faulty hand held validators. This is being addressed with the suppliers.





**Figure 8 - Law Enforcement Inspections**

*Roads and Stormwater* – Meetings have been held with Roads and Stormwater to resolve repairs and maintenance of all IRT infrastructure

*Cleansing* – Cleansing continues to empty bins and clean litter along the bus routes and at stops.

*Traffic Services incl. Transport network operation and signals* – A good relationship has been established with support in enforcing the IRT lanes being particularly good. An SLA has been drawn up in conjunction with the Transport department.

## 4.6 Communications, Marketing & Branding

### 4.6.1 Stakeholder interactions:

#### **Sea Point public engagement**

A second public information session was arranged in Sea Point to discuss additional traffic-flow options needed to allow for MyCiTi service being introduced in the area.

#### **Walmer Estate public engagement**

The communication team produced a targeted piece of media explaining MyCiTi services being introduced in the area and clarifying the role of MyCiTi in addressing the ongoing challenges related to rat-running through the area affecting residents.

#### **Century City**

A meeting took place with the Century City Property Company to discuss the rollout of MyCiTi and the possibility of a stakeholder meeting in the area at a later stage.

Presentations for stakeholder engagement were prepared for the mayor, the visit of the Polokwane delegation and for the Cape Town Partnership to provide insight and information about MyCiTi and its development.

### 4.6.2 Direct Marketing activations

Direct marketing activities included two shopping centre activations at the Bayside Mall in Table View and Adelphi Centre in Sea Point, as well as the Cape Town station and Cape Peninsula University of Technology.

2000 belly-banded newspapers were distributed in Table View. Belly-banded newspapers are newspapers that are wrapped with a MyCiTi message. They are distributed in areas where the MyCiTi service is currently in operation and the team wants to increase ridership or in areas where the service is about to launch.

#### **4.6.3 Media releases , advertorials, information materials:**

##### **Advertorials**

A special newspaper advertorial as follow up to the public information session in Vredehoek, and special map explaining the temporary closure of Potsdam Road was produced.

##### **Media releases**

A “Frequently Asked Questions” piece was prepared for the December launch, issues surrounding the design of peninsula stops were addressed and the team began drafting advertorials and wrap content in preparation for the December launch (to be published in November).

Letters to the media dealt with the difficulties that tourists experienced with using the **myconnect** card.

Information requests from stakeholders such as the Mouille Point Ratepayers Association and Oranje Kloof and Vredehoek CIDs were attended to.

The team also edited the Business Plan for the IRT Project team and the copy for the website.

##### **Advertising and Design:**

The communication team was intrinsically involved in the development & roll-out of infrastructure & signage (Dec 2012 / March 2013), an updated campaign for the airport station branding & signage, conceptualised campaign for collaboration with the V&A Waterfront, brand advertising and retailer information advertising.

Work included the design & development of MyCiTi branded items including: T-shirt designs and newspaper bellybands.

##### **Posters and pamphlets:**

Maps and leaflets were produced for the Sea Point public information session and the existing pamphlet explaining services planned for the Sea Point area was updated for distribution at a direct marketing event held at the Adelphi Centre.

A Mini-bus taxi pamphlet was produced that explains the role of the mini-bus taxi industry and opportunities in the MyCiTi project, along with updated information about the City's engagement with the industry and progress with phases and roll-out of N2 express service.

A construction pamphlet for the Century City area was produced that explains more about MyCiTi construction underway and about planned services for the area.

##### **Stakeholder guide**

The team wrote and produced an updated stakeholder guide aimed at councillors, MyCiTi staff and project team and other stakeholders explaining the MyCiTi project, how services operate, who the role players are, the phased implementation of rollout with accompanying maps illustrating these, and changes to the fare system.

##### **Shelter/stop/station signage:**

A signage strategy was drafted and conceptual layouts of shelter and stop signage for December 2012 and the March-May 2013 rollout were designed that package the information requested from various streams of the project as simply as possibly for the benefit of customers.

System maps were also updated.

## E-newsletter

The October edition of the monthly electronic newsletter targeting stakeholders was produced and distributed to all stakeholders on the MyCiTi email database.

## Map updates

A number of maps were updated following the recent finalisation of routes, route names, stop locations and stop names by the operations team.

# 5 Health & Safety

## 5.1 Building & Civil Contracts

The activities on construction sites are subject to the requirements of the Occupational Health and Safety Act No. 85 of 1993. It is a condition of every contract that the contractor ensures that all work will be performed, and all equipment, machinery and/or plant used, in such a manner as to comply with the provisions of the Act and the regulations promulgated there under. Each contractor is required to appoint a competent person whose duty it is to enforce compliance. The Health and Safety practitioner appointed by the City of Cape Town considers, for approval, health & safety plans submitted by contractors; monitors compliance; issues instructions to bring about improvements where required, and prepares monthly reports, of which the table below is a summary:

**Table 6 - Summary of Building & Civil Works: OH&S Compliance Report**

CONTRACT	CONTRACTOR	PERCENTAGE GENERAL COMPLIANCE		COMMENTS
		September 2012	October 2012	
112Q/2010/11: Atlantis IRT Corridor: R27 from Blaauwberg Road to Sandown Road (North).	Martin & East	none	none	E&A completed its services
128Q/2010/11: Transport Corridor along Racecourse Road from R27 to Omuramba Road	Exeo Khokela Civil Engineering Construction	87,1%	53%	Close-out audit Prohibitions – lifting machinery
154Q/2011/12: Atlantis IRT Corridor: Potsdam Road from Blaauwberg Road to Usasaza Road, Dunoon	Martin & East	95,8%	83,1%	Prohibition – pedestrian accommodation
262Q/2010/11: Atlantis IRT Infrastructure: Trunk Route Stations, Roadworks and Services in Melkbosstrand and Atlantis	Martin & East	99%	78,3%	Close out audit
375Q/2010/11: IRT System Phase 1A: Construction of Bus Stop Infrastructure in Table View and Milnerton	Civils 2000	80,3%	75%	Prohibitions – lifting machinery
437Q/2010/11: Atlantis IRT Corridor: Blaauwberg Road from R27 to Potsdam Road	Martin & East	94,7%	98%	none

CONTRACT	CONTRACTOR	PERCENTAGE GENERAL COMPLIANCE		COMMENTS
		September 2012	October 2012	
469Q/2010/11: IRT System Phase 1A: Construction of Bus Stop Infrastructure in Atlantis and Melkbos	Exeo Khokela Civil Engineering Construction	85,5%	70%	Prohibition – working in traffic
390Q 08/09: IRT Major Station Superstructures Contract	Group 5	90.5%	89.6%	Hazard compliance decreased by 5% during Oct '12 site inspections. Administrative H&S systems compliance improved.
391Q10/11: IRT Open Feeders Bus Stops Contract	Group 5	89.6%	93.5%	An increase in hazard compliance on the Feeder Stop sites assessed during Oct '12. Administrative H&S systems compliance remains high.

Note: The "Percentage General Compliance" refers to a score based system of independent "Safety Agent's" assessing compliance with OH&S requirements, which include, inter alia: on-site construction practice, provision of safety and protective equipment, on-site documentation etc.

## 5.2 Operational MyCiTi Contracts

"The new Stables IRT bus depot and Civic Centre station were inspected by the different IRT stakeholders for OHS compliance. The stakeholders include the MyCiTi OHS team, Eco-Safety Systems, Disaster Risk Management, Fire department, Environmental & Heritage Department and CoCT Corporate OHS. A meeting was held at the Stables depot where a risk assessment format was agreed upon to document the current OHS compliance issues for both the depot and the station. An integrated risk assessment report is busy being compiled by Eco-Safety Systems, using the reports from each discipline and will be submitted on the 26/11/2012. The next risk management meeting will take place on the 04/12/2012 to finalise the reports."

## 5.3 Project Office

As required in terms of the Occupational Health & Safety Act, the monthly inspection of the project office facilities and environment was undertaken in October 2012 - no non-compliance issues were noted.

## 6 Risk Management

A comprehensive risk register is prepared on a monthly basis for the City's review and approval. Mitigation measures are agreed upon and action is taken in line with the detailed recommendations contained in the report.

The overall risk profile for the period end September to end October 2012 has decreased marginally. The major risks listed in the Risk Assessment Report are the following:

### 6.1 Delays to the negotiation process of the Interim Vehicle Operating Contracts – Interim and Long Term.

#### Primary Risk

The current process for the Phase 1& Phase 1B long-term agreement is programmed to be completed by the end of February 2013. This is based on multiple variables that cannot be accurately quantified.

The rescheduled process allows for alternate options if the initial negotiations are not successful. The alternate solutions might exceed the float allowed.

It is more likely that Milestone 1.3 to 1.6 will be postponed until the long term agreement is in place.

#### Mitigating measures

The possibility of including the agreement for approval in the 7 January 2013 Council meeting is being investigated.

There is a secondary negotiation strategy should the current negotiations with the VOC's end in deadlock. The roll out might need to be adjusted, but it will not have an effect on the current operations.

If the secondary negotiations should fail, there are two contingency plans in place to ensure that the process continues. The failure of the secondary negotiation process will have a more significant effect on the roll out programme.

#### Secondary Risks

Metered taxi operations at proposed Adderley Street interim stop to be relocated. The negotiation process has not started yet.

#### Mitigating measures

Resources to be allocated to start the negotiations with the Adderley Street metered taxi operators. As an alternate mitigation measure, the operating licences for this route could be reviewed.

### 6.2 Financial Management of OPEX

#### Primary Risk

The operational cost was assessed and taking the SLA's (Service Level Agreements) into account, revised to be within the available budget. The implementation of the project has brought about an increase in operating cost, which currently remains manageable. There are still elements of the operational process that needs to be clarified and finalised through inter-departmental SLA's and the

Station Management Contract. The increasing deficit between income and expenditure is however of concern.

#### **Mitigating measures**

The City is in negotiation with NDOT to clarify the utilization of funds with regards to on-going operational costs. The operational expenditure model will be updated to determine a more accurate projection, as soon as there is clarity on the implementation of the SLA's.

Other mitigation measures include a review of the fare revenue model and the business plan.

### **6.3 Financial Management of CAPEX**

#### **Primary Risk**

The actual costs of the planned infrastructure projects are exceeding original estimates, resulting in deviation from projected spending targets. The overall contract may exceed the original estimated budget if the proposed savings identified, are not realised.

Not spending as planned, due to variations in the contract value or delays can lead to underspending of funds allocated to a specific financial year. Under spending can result in a reduction in future funding (DORA) allocations).

In order to proceed with multi-year procurement processes to achieve the projected project spend, guarantees of future funding allocations from N.D.O.T. is crucial.

#### **Mitigating measures**

The capital costs of the projects were updated, indicating that the committed contracts are being managed predominantly within the revised spending targets. This has been achieved through on-going value engineering and on projected saving targets for each project component.

The actual capital expenditure is tracked monthly and evaluated against projections of the overall cash flow to highlight possible risk areas in advance. The cashflow is reported on a monthly basis.

#### **Secondary Risk**

Not spending as planned, due to delays that exceed the allowed float in the Master Programme. Severe delays are currently experienced on the payment of Compensation to the VOC's and the payment of scrapping allowances. In addition the cost of scrapping and the amount of vehicles to be scrapped are increasing.

Not spending the funds, result in the IRT Phase 1A project deviating from its projected cashflow, which can lead to the underspending of funds allocated to a specific financial year. Under-spending can result in a reduction in future funding allocations.

The risk rating of this particular risk item has increased, due to uncertainty regarding timelines for the negotiation process.

#### **Mitigating Measures**

All effort is being made to expedite the industry transition negotiations. An on-going delay on reaching an agreement on Compensation is currently being experienced. The City is actively pursuing individual operators to urgently finalize the compensation agreements.

Early compensation for operators who agree to the terms of the long term contract will be allowed. The additional cost envisaged for the scrapping of vehicles to be quantified as soon as possible.

## **6.4 Delays to the procurement of Trunk Vehicles**

### **Primary Risk**

The vehicles required for the balance of Phase 1A is in the process of being procured. The procurement programme indicates a delay of approximately 2 month, which can delay the launch of Milestone 4 to December 2013.

The launch of specific sections of the IRT system depends on the delivery of the buses.

Not delivering according to the contractual production schedule can in addition result in under-spending.

The procurement of the trunk vehicles has become critical and cannot be delayed any further.

### **Mitigating Measures**

The aim should be to shorten the tender adjudication period and get the manufacturer appointed as soon as possible. The manufacturing process to be monitored very closely to ensure that the process does not slip any further.

## **6.5 Institutional capacity to deliver / Resource requirements**

### **City Resources – The procurement of resources in line with the approved organogram**

Only a portion of the planned organisational structure for IRT Operations has been appointed. Taking the procurement lead time of the City into account, most of the remaining resources will be procured just before or after the launch of Milestone 1, leaving very little time for training/orientation of the staff.

The launch of Milestone 1, together with negotiations for the N2 Express service will increase the pressure on the current staff complement substantially.

### **Mitigating measures**

Procure / support of resources from other City departments / directorates. Additional Professional Services to be considered to allow a smooth transition from current professional services to the permanent employees.

### **Business Plan / Industry Transition & Operation tender - delayed procurement**

The Business Plan/Industry Transition/Operation tender is essential to increase the capacity of the Business Planning / Industry Transition and IRT Operations team. The resources are critical to ensure the effective roll-out of the future phases.

### **Mitigating measures**

The procurement of the Business Plan/Industry Transition contract to be re-scheduled and tracked to ensure that the contract is in place as soon as possible.

Extension of existing Business Planning team contract.

## 6.6 Risk Profile

With reference to the Monthly Risk Profile below please note the following:

- The Monthly Profile is an average risk rating, taking the initial and mitigated values into account.
- An increase in the profile can be due to an increase in the amount of high risk items or be indicative of a need for more effective mitigation.
- The risk profile will improve with the confirmation of mitigating solutions that were or can be applied.

City of Cape Town - IRT Phases 1A, 1B & N2 Express <b>RISK ASSESSMENT REPORT</b> REPORT 17 - 31 OCTOBER 2012 (V1)	CAPETOWN IRT PROJECT MANAGERS JV RISK PROFILE GRAPH
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**Figure 9 - Monthly Risk Profile**