

P A D C O

**Assistance with the Valuation of Real Property to the
Lusaka City Council**

**Revised Phase 1 Report
Diagnostic, Valuation System Design,
and Bid Packaging**

Prepared by
PADCO, Inc.
Washington, DC

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Section 1

Inception Report on the Conditions and Findings at the Lusaka City Council

Executive Summary

The Lusaka City Council (LCC) has a funding shortfall that restricts its ability to provide adequate and timely municipal services. A major source of revenue for the Council derives from property rates. Revenue is generated from rateable properties by applying a multiplier, or rate, to the rateable value of each property. It is therefore necessary to value each property and record the data on a valuation roll. Periodically, this roll is updated by undertaking a Supplementary Valuation Roll to bring new properties onto the roll or to make amendments to existing entries.

Due to lack of resources, the Chief Valuation Officer (CVO) at the Council has been unable to undertake a Supplementary Valuation exercise for approximately three years. This has created a backlog of properties awaiting valuation, and the situation has been exacerbated by recent government actions that have brought new categories of properties into the rating “net.” The scale of the problem is now such that it will only be possible to undertake the next Supplementary Valuation with the involvement of the private sector.

The Council outsourced a Supplementary Valuation in 1997 and attempted to do so again for a General Revaluation in 1999; however, this failed as no bidders qualified.

These previous outsourcing exercises have been reviewed and were found to be unsatisfactory due to a number of reasons, which may be summarized into five general categories:

- ? inadequate information and level of detail provided to the private sector;
- ? inadequate tender documentation and bid evaluation procedures;
- ? poor performance by the private sector;
- ? inadequate project management by the Council, including lack of monitoring, checks, and quality controls; and
- ? inadequate contracts, which failed to ensure private sector performance and protect the Council.

As a result of these findings, it is apparent that a Supplementary Valuation exercise should be undertaken as soon as possible to bring additional properties onto the roll. However, lessons learned from previous private sector involvement indicate that much tighter control is required to ensure a more efficient, reliable, timely, professional, and transparent process.

To assist in meeting this objective, this report develops a design for a comprehensive competitive bid process, including evaluation and award criteria and implementation plan, for the Council to adopt during the next outsourced Supplementary Valuation.

This study also reviews existing information technology (IT) systems within the Valuation Section and the Computer and Revenue Section responsible for financial accounting. The review finds that the Valuation Section is wholly manual, the Computer Section has a stand-alone billing system, and collection, receipting, and part of the accounting system is manual. To maximize the potential revenue to be generated from the Valuation Roll, it is recommended that an integrated electronic property database and billing, receipting, and accounting system is procured.

The requirements for such a system are set out in Section 2 of this report, initially as a statement of requirements and subsequently as a more detailed specification. An estimate of cost is also provided.

In accordance with the Terms of Reference for this assignment, this report constitutes the agreed deliverables as follows:

- I. Report on the conditions and findings at the LCC that will form the basis for proposing:
- II. a design for a computerized valuation information system, which includes both a valuation system and a financial system;
- III. a design for a comprehensive competitive bid process and implementation plan for the purpose of undertaking a Supplementary Valuation Roll; and
- IV. recommendations regarding the tender award to local contractors.

1 Background

The current initiative follows two previous studies: the *Fiscal Decentralization and Local Government Finance in Relation to Infrastructure and Service Provision in Zambia* and the *Study of Expenditure Assignments and Existing Revenue Base for Local Governments in Zambia — A Case Study for Lusaka* from November 1999, which was supported by NALAD-INESOR/World Bank/ USAID.

The latter study identified a funding gap that severely restricts LCC service delivery. While the LCC received revenue from a number of sources, revenue from property rates formed a substantial portion. However, there had been a significant downward trend in real terms in the past six years, due to high inflation, a political unwillingness to increase the “rate,” and a poor collection and debt recovery record.

This situation has been exacerbated by lost revenue from “new” properties not yet assessed due to the inability of the Council’s Valuation Office to undertake a Supplementary Valuation Roll. In particular, the backlog contains a significant number of new properties due to recent changes in government policies, such as the sale of Government- and Council-owned houses, and including legally owned houses where issuance of certificates of title has been delayed.

The 1999 study recommended that the LCC update the Valuation Roll. In response to this recommendation, USAID has contracted PADCO to provide *Assistance with the Valuation of Real Property to the Lusaka City Council*, of which this document constitutes the Phase 1 Inception Report.

2 Objectives

The objectives of the Inception Report are to identify and evaluate current conditions at the LCC to provide a basis for:

- ? the design for a computerized valuation information system, which includes both the Valuation Section and the Rates Revenue system;
- ? a comprehensive design and implementation plan for a competitive bid to undertake a Supplementary Valuation Roll; and
- ? recommendations regarding the tender award to local contractors.

2.1 Property Rates

The major source of revenue for the LCC is from property rates. Revenue is generated from properties that are deemed to be rateable by applying a multiplier, or rate, to the rateable value of each property. It is therefore necessary to value each property to assess its rateable value. The rateable value of a property, or rating assessment, is based on the estimated price the property would obtain if sold on the open market on the relevant date. Under the 1997 Rating Act, the CVO, who operates within the establishment of the Finance Directorate of the Council, is required to prepare a list (known as the Valuation Roll) of all rateable property in the Council’s rateable area every five years. The Council determines the rate to be levied by Council Resolution, which is then submitted to the Minister for approval. The rate may be changed periodically.

Part III, Section 8, of the 1997 Rating Act provides the legal authority for the Rating Authority to cause a new main roll to be prepared (by undertaking a General Revaluation) not less than once every five years, or such longer period as the Minister of Local Government and Housing may approve. As the last General Revaluation was carried out in 1995, a revaluation is now due.

If the period between General Revaluations is too long, values become outdated and unrealistic, especially in economies that suffer from high inflation. In particular, the Valuation Roll will fail to reflect differential movements in property values that result when certain types of property or properties located in different areas increase or decrease in value relative to each other. New entries are also brought onto the roll during a General Revaluation; however, apart from these, the General Revaluation, per se, may not increase revenue significantly, as the majority of the properties currently exist on the roll and will therefore be reassessed. It is the rate that is applied to the new rateable values that will affect the revenue generated. Where rateable values have increased significantly during the period between revaluations, it is not uncommon for the “rate” or multiplier to be reduced once the roll comes into effect. This, of course, will depend on the general level of inflation and the requirement for revenue from the Council.

It is apparent that a General Revaluation is a large-scale exercise requiring existing properties to be reassessed through the development of new sales research and analysis. The Act also provides that the Council may prepare a Supplementary Valuation Roll annually or half-yearly in order to bring new properties onto the roll or to make other amendments. For the new entries to be assessed on an equitable basis relative to the existing entries, the valuation approach adopts the valuation criteria, or “tone of the list,” of the previous General Revaluation. A Supplementary Valuation exercise is therefore generally less arduous than a General Revaluation both in terms of numbers of properties to be valued and new valuation research to be undertaken.

Due to a lack of resources, the Council’s CVO has been unable to undertake a Supplementary Valuation exercise for approximately three years. This has created a backlog of properties to be valued, and the situation has been exacerbated by recent government actions, such as the sale of Government and Council houses to tenants, that have therefore become rateable. The scale of the problem is now such that it will only be possible to undertake a Supplementary Valuation exercise with the involvement of private sector.

Currently, the Council is using the 1995 General Revaluation undertaken by the CVO with the one Supplementary Valuation carried out in 1997 by the private sector. An attempt to outsource the General Revaluation in 1999 was unsuccessful. The Government Valuation Department is currently carrying out a Supplementary Valuation, Number 2 of 1999, for 19 properties.

3 Lusaka City Council

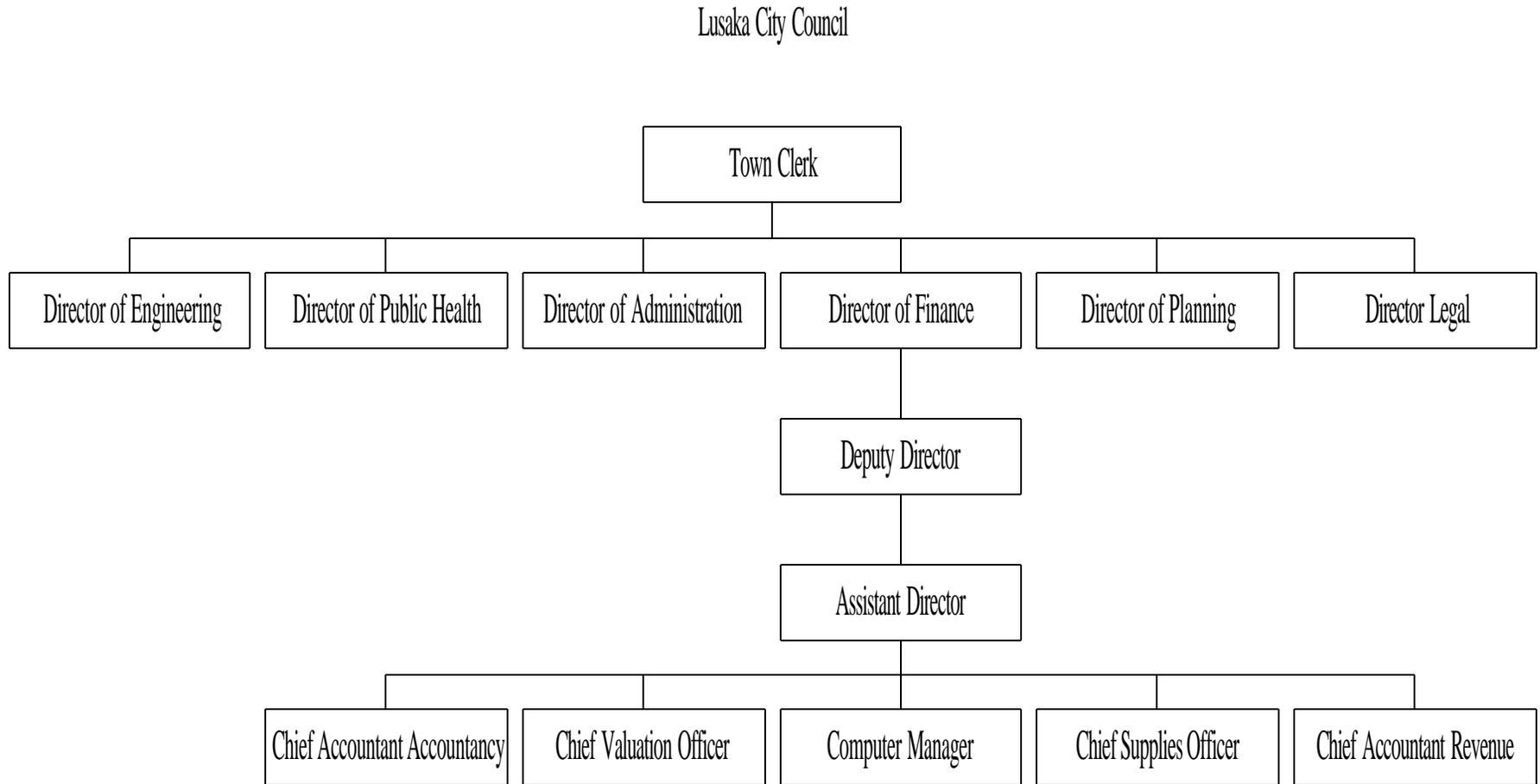
The offices of the LCC are located in the Lusaka Civic Center, on Independence Avenue. The Department of Finance, located in the Civic Center Extension, is responsible for revenue, billing, and collection. The Valuation Section is currently part of the Department of Finance and is responsible for assessing the rateable values of properties. The Computer Section is responsible for data input and issuing bills and the Revenue Section is responsible for the delivery of rates bills and debt collection.

The LCC has a land area of approximately 360 square kilometers and a population of approximately 2.5 million. The Council has a total of 41 Councilors and a staff of approximately 2,700.

The Local Government Act of 1991 and subsequent amendments provide the legal basis for the LCC to establish and maintain an adequate local government system. The Rating Act of 1997 provides for Rating Authorities to set rates based on a property valuation roll. The number of rateable properties currently on the Lusaka roll is approximately 25,000, and the current rate has recently been increased to 0.01. The level of debt recovery is 29 percent for 1998.

The Council is headed by the Town Clerk and comprises Departments of Engineering, Public Health, Administration, Finance, and Planning. The organization structure is shown in the chart overleaf.

Figure 1: Lusaka City Council Organization Chart



Concurrent projects at the LCC include the following.

- ? The **Urban Local Government Capacity Strengthening** (ULGCS) Project supported by Grant Thornton Associates Limited. This project aims at strengthening the capacity of the LCC in the areas of financial control, revenue, and management improvement. The development of an IT strategy forms a major component of the scope of work, though there is no budget allocation for procurement of equipment or software.
- ? The **Sustainable Lusaka Project** (SLP). This program supports the long-term sustainable growth and development of Lusaka through integration of environmental planning and implementation activities at the community level. It is directed initially at communities of high poverty levels in order to reduce poverty and enhance overall city and national economic development. At the city level, the LCC has established Issue Specific Working Groups as working communities to support the Council in addressing pressing issues facing the city. Two working groups are currently operational: Solid Waste Management and Water and Sanitation.

Estimates of the number of existing properties not currently on the valuation roll vary widely. While recent estimates have been as low as 10,000, the CVO calculated this month that the total is close to 25,000, broken down as shown in the following table.

Table 1: Breakdown of LCC Properties Excluded from the Valuation Roll

Type of Property	Quantity
Newly Constructed Properties, Extensions, and Alterations	2,500
Common-Leasehold	3,000
Sale of Council and Government Properties	10,800
Section 19 Properties	700
Peri-Urban Properties	13,000
Total Properties Excluded from Roll	30,000

Given the population of Lusaka, this is probably a conservative estimate that does not take into account all of the informal, unregistered properties in informal settlements.

The projects and the previous studies referred to above deal specifically with the workings and current situation at the LCC. This present study is therefore limited to those areas directly concerned with the objectives of this assistance.

4 Valuation Section

The property valuation section falls under the Director of Finance and is headed by the CVO. The Council is currently considering the elevation of the status of the CVO to Assistant Director in recognition of the importance of the valuation section in generating revenue.

The section is grossly understaffed, the authorized staffing level being 42 and the actual staff totaling just 7. Staffing levels will need to be increased not only to deal effectively with day-to-day functions but also to provide monitoring, checking, and quality control functions when the supplementary valuation exercise is put to the private sector.

Other resources comprise one vehicle and one personal computer (PC) with a printer. The CVO will therefore also require sufficient support vehicles and equipment.

Table 2: Valuation Section Establishment

Post	Authorized	Actual	Proposed
Technical Staff			
Chief Valuation Officer	1	1	1
Deputy Chief Valuation Officer	0	0	1
Valuation Officers	6	4	10
Assistant Valuation Officers	12	0	10
Senior Valuation Assistants	12	0	10
Junior Valuation Assistants	3	1	0
Support Staff			
Accounts Clerks	2	0	0
Chain Men	5	0	0
Secretary	1	1	1
Total	42	7	33

5 Legal Requirements and Procedures for a Property Valuation Roll

Part III, Section 8 of the Rating Act of 1997 requires the Rating Authority, in this case the LCC, to cause a new main roll to be prepared not less than once every five years, or such longer period as the Minister of Local Government and Housing may approve.

The roll must list all rateable property in the Council rateable area. Properties are valued at market (capital) value as of the relevant date for the roll. Owners of rateable property are liable for rates, though the Act provides for certain exemptions. The payable amount is calculated by establishing a “rate,” which is then multiplied by the rateable value to calculate the payable amount. Section 20 of the Rating Act of 1997 allows councils to determine the Ordinary Rate, which is subject to Tribunal and Ministerial (Ministry of Local Government and Housing) approval.

Section 22 of the Act provides for differential rating to be applied to domestic and non-domestic properties, subject to Tribunal or Ministerial approval, depending on the circumstances. Currently, there is no differential rating for properties within the LCC area.

Section 10 of the Act allows the Rating Authority to include new or revised entries, which may arise for a variety of reasons, as discussed in greater detail below, by way of a Supplementary Roll, which should be prepared annually (and, if possible, semi-annually). The properties on the Supplementary Valuation Roll are valued on the same basis as the last General Revaluation Roll, using the same “Relevant Date” in order to maintain an equitable rateable base. This is known as the “tone” of the list.

At the time the current General Valuation Roll came into effect (1995), land in Zambia officially had no value. As a result, a land roll was produced that registers the stand number, the size of the land, and the ownership details, but against which no values are attributed and no levy is raised. A separate roll registers the “improvements” or constructions, which have been made to the land, and these are carefully defined as to what is, or is not, rateable.

This process must be followed for the next Supplementary Valuation Roll, but as land is now officially recognized as having value, land will be valued and included together with improvements on one roll in the next General Revaluation. This will have additional revenue-generating potential.

The 1999 Rating Amendment Act requires all valuations for rating purposes to be carried out through the Government Valuation Department, which may appoint the private sector to carry out the valuation roll, but which may not appoint the CVO to do so. This is a recent and unusual provision and the rationale behind it is unclear. In view of this apparent anomaly, this legislation should be reviewed.

6 Valuation Section Functions and Procedures

The responsibility for preparing the roll lies with the CVO, even though under the 1999 Amendment Act noted above, he may no longer hold the position of Appointed Surveyor. It would appear to be more practical if the CVO were to have complete authority over the creation of a roll, including its outsourcing to the private sector.

The normal workload of the CVO is as follows:

- ? identifying new entries and amendments to the Valuation Roll;
- ? updating property data files;
- ? carrying out inspections and referencing;
- ? undertaking valuations;
- ? updating the roll;
- ? seeking approval of the roll;
- ? notifying the general public and receiving objections; and
- ? defending the roll at the Valuation Tribunal sitting.

These functions are described in further detail below.

6.1 Bringing New Entries onto the Roll

There are a number of ways in which properties become liable for inclusion on the roll. These are categorized below, together with the usual valuation office action. The relevance of these categories is that the information originates from different sources and in different forms and may require different action. When the properties are listed for outsourcing, it would be useful to maintain these categories. Also, the differing information sources are relevant for the proposed computerized information system.

6.1.1 Newly Constructed Properties

All new construction is governed by the Development Control section of the Town Planning Department. The Department issues stand numbers and user zoning. Where plans are approved, a building permit is granted, and, once construction begins, quality is regulated by the Building Inspector, whose staff carry out inspections at specified stages in the building cycle. The Building Inspector may become aware of situations in which buildings have been started without property authority through his own sources or through tip-offs, and the building may be required to be either formalized or demolished.

The onus is on the owner to complete a form stating that the building is complete; this form is then submitted to the Building Inspector. A final inspection is carried out jointly by the Building Inspector, the Fire Officer, and the Health Inspector. The Building Inspector then issues the owner a Completion Certificate for the property, approved and signed by the Director of Planning, and copies are sent to the CVO and the Health Inspector. The Health Inspector then issues the owner with a Certificate of Occupation, a copy of which is sent to the CVO.

Either the Completion Certificate or the Certificate of Occupation will trigger the CVO's procedures for bringing a property onto the Valuation Roll.

Both the Completion Certificate and the Certificate of Occupation, which are in the form of A4 sheets, provide a Valuation Officer with the basic information required to open a property file for that individual property, which will include the stand number, the area of land, the address, the use zone, and the owner's name. This information is then manually transferred to a Valuation Survey Card, an A4 sheet that is used as the database for inspecting and valuing the property.

6.1.2 Extensions, Alterations, and Demolitions

In a process similar to that for newly constructed properties, each extension, alteration, or demolition requires that a Completion Certificate from the Building Department is sent to the CVO, indicating the nature of the change to the existing property. As the file and Valuation Card already exist for these properties, they will be passed to a Valuation Officer for inspection.

6.1.3 Subdivisions

The CVO receives a copy of an Immovable Property Transaction Form from owners of land that has been formally subdivided by the Land Survey Department of the Ministry of Lands and that has been registered at the Lands Registry. The Certificate of Title provides information on land area, and new files and Valuation Cards are opened for the newly created land portions, while an existing file and Valuation Card is passed to a Valuation Officer for amendment.

6.1.4 Common-Leasehold Schemes

A fairly recent system has been created by the Common Leasehold Schemes Act 1994 and the Lands and Deeds (Amendment) Act 1994, under which multiple ownership for individual occupation is created for properties that were formerly owned by a single entity. For example, public enterprises or private corporations holding a large number of domestic dwellings on a single piece of land may sell individual units without creating individual plots through subdivision. Common-leasehold schemes may also be created for the disposal of individual flats, formerly held in a single ownership.

The CVO may be notified of the creation of common-leasehold schemes by the Privatization Agency or by corporate owners, and new files and Valuation Cards are opened and existing cards amended, as appropriate. These must be brought onto the roll by way of a supplementary valuation.

6.1.5 Sale of Council and Government Houses

Following a Presidential Directive in 1996, both the LCC and GRZ are empowered to sell residential properties to sitting tenants. In theory these properties were rateable while in Council and Government ownership; however, little revenue was generated as the Council did not charge itself for its properties and Government, which is supposed to issue a Grant in Lieu of Rates, has historically failed to meet its commitments. Upon sale to sitting tenants these properties become rateable as normal domestic properties, but only upon issuance of Certificates of Title from the Lands Registry Department. These have not been forthcoming, and, due to the backlog in issuing title deeds, the Rating Amendment Act of 1999 now provides for the inclusion of properties without Certificates of Title, but where proof of ownership is established.

The issue has been raised regarding at what point ownership is established: Is it at the issuance of a letter of offer from the authority, the receipt for payment of deposit or final payment, or the invoicing for service charges. The legal process should be firmly established. In theory, the CVO is notified by

receiving a form from the Legal Department, at which time a notice is also received by the Revenue Department to delete the property from the Rent Roll.

Former Council and Government houses theoretically need not be treated as “new” properties, as files and Valuation Survey Cards already exist for them. They have already been referenced, valued, and included on the Valuation Roll, though categorized as exempt from rates. Therefore, the new owner would become rateable once the roll is amended to reflect the new ownership by the CVO submitting a C Form (see appendix) for that property.

However, there is some concern as to the quality of referencing and valuation that was originally carried out when these properties were not intended to become rateable. Also, it has apparently become common practice for new owners to extend and alter their properties without submitting requests for appropriate consents. Therefore, there is no record of many of the properties that have been altered. It is proposed that all of the properties should be included in the Supplementary Valuation exercise to ensure that all of the property details are correctly captured and recorded.

6.1.6 Section 19 Properties

Under Section 19 of the Act, an owner may serve notice requiring the revaluation of his property where he disagrees with the existing assessment. This has a similar effect to the lodging of an objection; however, there is no time restriction and the review of the assessment takes place at the next Supplementary Roll.

6.1.7 Peri-Urban, Sites and Service, and Agricultural Properties

Prior to the 1997 Act, owners who did not possess a Certificate of Title were not rateable. There are a number of bottlenecks in the process of registering title, one of which is the need for the Surveyor General to undertake a detailed land survey of the property. These delays have resulted in a backlog of owners awaiting registration, particularly in the high-density peri-urban areas where properties may have originally been “informal” developments or part of “sites and service” schemes. As a result, a large number of property owners remain outside the rating net. The Act provides for their inclusion, without Certificate of Title, subject to adequate proof of ownership.

Section 2 of the 1997 Act provides for properties in agricultural areas that are occupied for purposes other than agriculture to become rateable.

Section 6(1)(a) of the Act provides for properties that are held on Statutory Leasehold Tenure and that are included in Statutory Housing Areas to become rateable.

These provisions have caused a large number of properties to be eligible to become rateable. Some of these properties may be old; others are new and others are still under construction. The Building Inspector is currently compiling a list, with the assistance of local Council offices and site foremen, of properties that are considered to be completed and that meet legal requirements.

Once advised by the Building Inspector, the CVO will process these properties in a similar way to “new constructions,” as there is no current file on them and they have not been previously referenced or valued. However, some property owners within these areas have already received Certificates of Completion in the conventional manner and therefore will already be included in the list of new properties. These will have to be identified to avoid double-counting of the backlog.

6.2 Property Inspection and Valuation

Procedures within the Valuation Section for inspection and valuation of “new” properties are well established. Once a valuation file has been “opened,” the job is allocated to a Valuation Officer, who is responsible for the valuation zone, of which there are 40, in which the property falls. The Valuation Officer, along with his technician and chain-man, physically inspects the property to measure it, make a sketch plan, and record details of its construction — a process known as “referencing.” Upon return to the office the technician calculates the area of the buildings and the valuer carries out his valuation, the details of which are entered on the Valuation Survey Card. The valuation for a General Revaluation is based on analysis of property sales at the relevant date. This task involves extensive research to establish a typical level of values for each property type in each valuation zone, known as the “Tone of the List.” Where a Supplementary Valuation Roll is being prepared, there is generally less research undertaken, as the properties for inclusion in the roll will be valued in accordance with the already established “tone.” Upon completion of the valuation, the Valuation Survey Card is submitted to the CVO for his approval.

Once approval has been given, the card is passed to an administrative assistant to manually transfer those details that are required for the Valuation Roll onto a Rates Insertion Sheet (a B Form), which is a master record for each property. Where the property is not a new construction, the proposed changes are recorded on a C Form. The valuation Survey Card is then filed.

B and C Forms for individual properties are collected until about 50 have been accumulated. They are then physically taken to the Data Processing Department located on the ground floor. This is the main computer base for the Council, which is described in further detail elsewhere in this report. The information from the B Forms is then manually entered into the computer rating database, and the forms are returned for filing. A sequential accounting reference number is automatically provided upon entry of the data, by which all accounting issues will be referred. The information on each individual property is recorded on a line-by-line basis in the form of a Valuation Roll, which at this stage is known as a “dummy roll.”

At an appointed cut-off time, the dummy roll is printed out and physically taken to the CVO, who ensures that his officers check each entry against the original B Forms to ensure that the information has been correctly entered. Physical corrections are made to the dummy roll and, once approved by the CVO, it is returned to the Data Processing Section for amendment and reprinting. This process may be repeated two or three times.

6.3 Approval Procedures

Once the CVO is satisfied that all corrections have been made to the dummy roll, he, together with the Director of Finance, formally delivers the Valuation Roll, which is in a printed schedule format hundreds of pages long, at an agreed time and date, to the Town Clerk for signing (Section 14 of the Act).

6.4 Public Advertisement

One copy of the roll is retained by the CVO and two additional copies are displayed at the Council offices for public inspection. In accordance with Section 15 of the Act, the public is then advised by publication in at least one local newspaper that the roll has been signed and is available for public inspection, indicating the time and place. Individual notices are also sent to each owner by recorded delivery, stating name, property address, and residential address (if different).

6.5 Objection Procedures

The above-mentioned notification also advises the public of its right to object (Section 17 of the Act) within a certain time period, and forms for this purpose are made available at the same place that the roll is displayed.

The objection forms are received at the Council offices, usually by hand, and a ledger is kept. Once the deadline for objections had passed, the forms are passed to the CVO, who sorts them according to the reasons given for the objection. Copies are sent to the Secretary to the Tribunal for registration for the hearing. The Act provides for the CVO to attempt to reach agreement with the objector in advance of the Tribunal Hearing. The objector is contacted, usually by telephone, and is invited to visit the CVO to discuss the grounds for the objection. If the objection is based on a valuation issue, the objector usually appoints a private valuer to act as his agent.

Where the objector agrees to withdraw his objection, he completes an agreement form in triplicate, one copy each for the objector, the CVO, and the Tribunal. Where the CVO agrees with the objection, the CVO notifies the Tribunal at the time of the hearing, providing reasons why. Where no withdrawal or agreement is reached, both the objector (or his agent) and the CVO present their case at the hearing of the Tribunal.

The statutory jurisdiction of the Tribunal is contained in Section 30 of the Act.

The composition of the Tribunal is set out in Section 28 of the Act. To form a quorum it must comprise a chairperson (legal practitioner) or vice chairperson (representing the Attorney General), four members (registered valuation surveyors), and three representatives (Ministry of Local Government, Ministry of Lands, and Government Valuation Department).

The Tribunal hears each case and usually reaches a decision during the sitting, which is announced verbally. The objector is issued with an Award Notice. Tribunal decisions are recorded by the Secretary to the Tribunal who drafts a Tribunal Awards Document, which is then signed by the Tribunal members. The Tribunal is at liberty to defer a decision or to carry out a site inspection.

The Tribunal Awards Document is received by the CVO, who then amends the Valuation Roll accordingly by completing a C Form for each of the affected properties. These forms are batched and sent to the data processing department for entry into the Valuation Roll.

7 Chronology of General Revaluation and Supplementary Valuation Rolls

The Council has conducted General and Supplementary Valuations in the past. Those undertaken in the last 11 years are as follows:

- ? 1990 4th Supplementary Valuation
- ? 1991 5th Supplementary Valuation
- ? 1992 6th Supplementary Valuation
- ? 1994 7th Supplementary Valuation
- ? 1995 General Revaluation
- ? 1997 1st Supplementary Valuation — Outsourced
- ? 1999 Failed attempt to outsource General Revaluation

- ? 1999 Outstanding Mini-Supplementary Valuation (19 properties)
Outsourced to Government Valuation Department
- ? 2000 Outstanding Supplementary Valuation and General Revaluation

8 Estimate of Current Backlog of Properties to be Valued

The CVO's estimate of the number of existing properties excluded from the valuation roll is as follows:

New Constructions and Alterations	2,500
Common-Leasehold Schemes.....	3,000
Council and Government Sales.....	10,800
Peri-Urban, Sites and Service, Agricultural.....	13,000
<u>Section 19</u>	<u>700</u>
Total Number of Properties	30,000

9 Current Council Tender Procedures

The LCC has been designated as a "Class A" tender authority by the Zambia National Tender Board. This means that currently the Council can approve in-house tenders of up to Kwacha 130 million.¹ Beyond that limit the Council must approach the Zambia National Tender Board. The limits of the various tender classes are currently as follows.

Table 3: Tender Authority Limits

Class	Upper Limit
A	K 130 million
B	K 350 million
C	K 600 million

Within the Council, the following limits are currently in place.

Table 4: Internal Approval Limits

Authority	Upper Limit
Chief Officers	K 5 million
Town Clerk	K 5 million
Tender Committee	K 130 million

The Tender Committee is made up of all the chief officers and representatives from the Christian Council of Zambia and the Zambia National Tender Board.

The approval stages are as follows.

- ? The User Section raises a requisition for goods or services.
- ? The appropriate departmental authority approves or disapproves, normally subject to budgetary and/or liquidity considerations.
- ? The Supplies Section processes the requisition and:
? for requisitions of less than K 5 million finds a supplier or

¹ At the time of this writing, US\$1 is equal to approximately Kwacha 2,600.

- ? for requisitions of more than K 5 million but less than K 130 million submits to the Council for approval; after receiving approval:
 - advertises or circulates letters for restricted bids;
 - receives bids;
 - evaluates the bids; and
 - submits report and recommendations to the Tender Committee; and
- ? for requisitions of more than K 130 million submits to Council for approval; after receiving Council approval, submits details to the Zambia National Tender Board for processing.
- ? An order is raised or supplier is awarded the contract.
- ? Goods or services are received.
- ? Payment is made.

The comparative activities for the different levels of cost are shown in the table below.

Table 5: Activities at Different Cost Levels

	Less than K 5 m	> K 5 m and < K 130 m	> K 130 m
User Section raises purchase requisition			
Supplies Section calls for quotations			
Item goes to Finance Committee			
Item goes to Council			
Advertise for open tender or selective bidding			
Council provides tender document			
ZNTB provides tender document			
Tenders opened			
Tenders evaluated			
Post-bid negotiations if necessary			
Tender awarded			
Contract signed			
Order made			
Goods/services received			
Goods received note prepared			
Payment made			

10 Previous Outsourcing of Valuation Rolls: Supplementary Valuation 1997 and General Revaluation 1999

The Council outsourced the 1997 Supplementary Valuation to the private sector and attempted to do so again for a General Revaluation in 1999. The Supplementary Valuation was carried out, but the General Valuation was not, as the firms failed to qualify as a result of the Council evaluation process.

Table 6: The Tendering Process — 1997 and 1999

	1997	1999
Council resolution	20 May 1997	
Advertisement	April 1997	29th June 1999
Opening of tenders	11th July 1997	28th July 1999
Number of tenders	6	6
Evaluation of tenders	15 th July 1997	26/8/99 - 15/9/99
Awarding of tenders	5th September 1997	N/A
Awarded to	S.P. Mulenga, Mukonde & D.W. Zyambo	
Specified completion period	6 months (March 1998)	
Actual completion	Zone 1 = 28 December 1998 Zone 2 = 29 December 1998 Zone 3 = 24 February 1999	
Approval by tribunal	27 August 1999	
Billing	2nd half 1999	
Estimated properties	32,000	30,000
Actual/revised estimate	10,519	75,000

10.1 Lessons from the 1997 Tender Process

The Council zoned the city into three different areas and appointed a different Valuation Surveyor for each zone. In the sense that the Supplementary Valuation Roll was eventually produced, the process was successful. The process was, however, flawed in the following respects.

10.1.1 Formulation of the Scope of Work

The Council provided only indicative figures as to the number of properties to be valued in the three different zones. These figures appear to have influenced the Council's reserve prices for the three zones. The actual number of properties valued in these zones varied substantially from the indicative figures provided. The various figures are listed below.

Table 7: Estimated Properties and Costs

	Zone 1	Zone 2	Zone 3	TOTAL
Indicative number of properties	8,000	13,000	11,000	32,000
Actual properties valued	2,263	7,278	978	10,519
Actual/valued	28%	56%	9%	33%
Reserve Price (Kwacha)	80,000,000	100,000,000	90,000,000	270,000,000
Contract Price (Kwacha)	40,000,000	43,000,000	50,000,000	133,000,000
Contract/Reserve Price	50%	43%	56%	49%

10.1.2 Bid Evaluation

A proper evaluation process does not appear to have been established. The report to the tender committee meeting of 15 July 1997 merely stated that three of the six bidders had reasonable business profiles and recommended that post-bid negotiations should be conducted with two of them. The report also recommended that, should the negotiations fail, negotiations should be conducted with another two of the bidders. The following points arise from the report.

- ? The bid prices of the six bidders were not stated for the committee's consideration.
- ? The recommendation to negotiate was applied even to the bidder for Zone 2 who bid at the reserve price. Why was this so?

- ? Only the bidder for Zone 1 bid above (25%) the reserve price. Should this have been the one recommended for negotiation from K 100 million to K 80 million?
- ? The bidder for Zone 3 bid almost 40% below the reserve price. If the Council reserve price was K 90 million, on what basis was that arrived at and how could the assignment be carried out for nearly 40% less? Either the bid price or the reserve price would seem to have been in error.
- ? The contracted prices were, except for Zone 3, negotiated to below 45% of the initial bid price. The negotiations were based on Council affordability rather than contractor competition. It is apparent that the contractors agreed to lower fees, but attempted to cut corners as a result.

The table below provides comparative figures.

Table 8: Bid Prices Compared with Contract Prices

	Zone 1	Zone 2	Zone 3	TOTAL
Reserve price	80,000,000	100,000,000	90,000,000	270,000,000
Initial bid price	100,000,000	100,000,000	55,000,000	255,000,000
Percentage over reserve	25.00%	0.00%	-38.89%	-5.88%
Recommended price to negotiate	43000000	45000000	55000000	143000000
Contract price	40,000,000	43,000,000	50,000,000	133,000,000
Contract price/initial bid price	40.00%	43.00%	72.73%	52.16%

The tender committee was composed of all CVOs and representatives from the Tender Board and the Christian Council of Zambia and was serviced by the Chief Supplies Officer.

10.1.3 Monitoring

The valuation deliverables were supposed to be in by March 1998. These were actually delivered as follows.

Table 9: Deliverables

	Zone 1	Zone 2	Zone 3	Average
Delivery period	6 months	6 months	6 months	6 months
Due date	March 1998	March 1998	March 1998	March 1998
Actual date delivered	28 Dec 1998	29 Dec 1998	24 th Feb 1999	Jan 1999
Actual delivery period	15 Months	15 Months	17 Months	16 months
Delay	9 months	9 Months	11 Months	10 months
Actual delivery period/estimated	250.00%	250.00%	283.33%	266.67%

The payments schedule as initially drafted was:

- ? 40% of the contract sum within 30 days of appointment;
- ? 20% of the contract sum when the contract was half way to completion (what was the indicator for "half way"?);
- ? 20% of the contract sum on delivery of Valuation Roll;
- ? the balance, 20% of the contract sum, on approval of the roll by the Rating and Valuation Tribunal.

10.1.4 Specification of Deliverables

The Tender and Contract Document did not specify in what form the roll would be and whether there would be any other deliverables. The rolls from the three firms were delivered in three different formats: a hard copy, a spreadsheet (Lotus), and a database (dBase).

10.1.5 Quality Control

As three different Valuation Surveyors carried out the valuations in three different zones of the city and there was no liaison among them, there were technical inconsistencies in the assessment of similar properties.

10.2 Lessons from the 1999 Tender Process

10.2.1 Specification of the Scope of Work

The specification of the scope of the task in the tender documents was loose, the number of properties being estimated at between 25,000 and 32,000. The evaluation committee, made up of eminent Zambian valuers, conducted its own research and initially estimated 75,000 properties.

A summary of the specified properties and the actual properties valued in 1997 and the revised specification for 1999, is shown below.

Table 10: Scope of Work — Specified/Revised

	Specified	Revised	Difference
Supplementary 1997	32,000	10,519	21,481
General Revaluation 1999	25,150	50,467	- 25,317

Based on 75,000 properties, the evaluation committee resolved that all the bids were under-resourced for the assignment. The committee noted that the bidders should have conducted additional research to create a more accurate and realistic figure of the number of properties that may have been involved in the revaluation.

10.2.2 Evaluation

In as far as these can be compared, the 1999 evaluation process was, in one respect, an improvement on the 1997 process. An independent evaluation committee was formed that developed relatively clear evaluation criteria.

The evaluation criteria involved the analysis of the proposals in two categories: technical and financial. The two proposals were given equal weight; each was marked out of a possible 100 and the final score for each bidder was the simple average of the two.

However, since the evaluation was based on 75,000 properties while the bids were based on 30,000 properties, all the bids were declared to be under-resourced and consequently all failed to qualify.

11 Cost-Benefit of the 1997 Supplementary Valuation

Some of the costs of the bidding process are not easily accessible. However, as the bid documents were sold to cover the costs of the bidding, this evaluation compares the cost of the valuation, measured by payments to the valuers, to the assessed incremental revenue generated from the new properties brought onto the roll.

11.1 Costs

The direct cost paid to the valuers was K 133 million, as indicated in Table 7, Estimated Properties and Costs, above. Assuming that the roll could have been brought into rate by the second half of 1998, there is also the opportunity cost of the delay, the equivalent of one year's rate income foregone.

There was also a payment of K 13.3 million for the various tribunal sittings for the purpose of approving the roll.

11.2 Benefits

The direct benefit of the exercise is the potential additional income earned from rates from the additional properties brought into rate. This assumes a 100% collection ratio.

11.3 Cost Benefit Ratio

A simple cost benefit analysis shows that, on average, for every Kwacha spent on the payment of the fees for the revaluation more than K 11 would have been earned in the first full year of the additional properties being brought into rate. The table below illustrates this.

Table 11: Cost Benefit Ratio

	Zone 1	Zone 2	Zone 3	TOTAL
Number of properties	2,263	7,278	978	10,519
Value	61,552,016,900	69,143,088,500	32,279,591,000	162,974,696,400
Potential revenue	615,520,169	691,430,885	322,795,910	1,629,746,964
Fees	40,000,000	43,000,000	50,000,000	133,000,000
Cost-benefit ratio				
Cost	1.00	1.00	1.00	1.00
Benefit	15.39	16.08	6.46	12.25
Rate levy	0.01			

11.4 Internal Rate of Return

In a high-interest, high-inflation-rate environment like Zambia's today, cognizance must be taken of the fact that K 133 million spent in 1997 has a higher value than K 133 million earned in 1999. The analysis below shows that the investment of K 133 million in 1997 plus K 13.3 million in 1998 paid for the Tribunal sittings will have generated an internal rate of interest (IRR) of nearly 230% by the year 2002, the year a new valuation roll could be brought into rate at present speed if the process was started now.

It is unlikely that any other Council expenditure could have such a return over such a relatively short period of time.

Table 12: Internal Rate of Return

Year	Cash Flow	Factor @ 229%	Present Value
1997	-133,000,000	1	-133,000,000
1998	-13,300,000	0.303925	-4,042,208
1999	814,873,482	0.092371	75,270,380
2000	1,629,746,964	0.028074	45,753,157
2001	1,629,746,964	0.008532	13,905,546
2002	814,873,482	0.002593	2,113,124
		NPV	-

Even assuming that the Council's debt collection efficiency remains at the 29% found in an earlier report, the IRR is still higher than 100% as shown in the table below.

Table 13: Internal Rate of Return at 29 Percent Rates Collection Efficiency

Year	Cash Flow	Factor @ 108%	Present Value
1997	-133,000,000	1	-133,000,000
1998	-13,300,000	0.481911	-6,409,414
1999	236,313,309.78	0.232238	54,880,936
2000	472,626,619.56	0.111918	52,895,432
2001	472,626,619.56	0.053934	25,490,880
2002	236,313,309.78	0.025992	6,142,165
		NPV	0
Debt Collection at		29%	

12 Computer Section

The Computer Section deals with payroll and billing functions for the whole Council. It is located in a ground-floor wing of the Civic Center.

The billing system is a stand-alone system, which was designed internally, using Council programmers, on a Data B 2 Revelation platform; it took about six months to develop. Until 1996, a mainframe system was operated (with software written in COBOL); however, this was replaced with an IBM server (Nefinity, 9Gb). There are currently eight PCs and two monitors networked to the server. Of the eight PCs, four were purchased in 1996 and are outdated (ICL 800 Mb 16 RAM) and four were purchased in 1999 funded by the Council to be Y2K compliant (IBM 300 GL, Pentium II, 4Gb, 32 RAM). The main printer was purchased in 1996 (Genicom 4840e), and there are two subsidiary printers. The section has a recovery system comprising two zip drives and a server backup.

The Section has an authorized staffing level of 38; however, the actual level of staffing is currently 9.

Rates bills are prepared by the Computer Section based on the Valuation Roll. Rates payable are calculated by multiplying the rateable value for the property, as indicated on the Valuation Roll, by the "rate" adopted by the Council. Bills are sent out at the beginning of June and December each year.

As described above, amendments are made when the Data Control Supervisor receives the paper B and C Forms containing the details of properties to be added to the roll, or amendments to be made to existing

entries, from the CVO. When the outsourced 1997 Supplementary Valuation Roll was delivered, this information was supplied in schedule form, rather than B and C forms.

Receipt of the forms is manually recorded and the forms are then passed through to the computer room for data processing, where the information is input and either a property file is created or an existing one is amended. The property file has a menu that allows a number of functions. For example, by selecting "add new property," a form page appears and the details are entered. This automatically updates fields in other parts of the property file, such as the single line per property valuation roll, and automatically creates an ownership file and a billing file. A sequential account number is also added automatically. For an existing property, various search parameters can be entered, such as valuation number or account number, and the "page" for that property appears, to which amendments may be made.

Properties for which details are entered, but which are exempt from rating are given a separate code. The program selects all properties that are rateable and the relevant fields (such as account number, valuation number, owner's name, property address, billing address, and rateable value) are copied to the billing file.

The billing file is based on the account number, so that more than one property may appear on a selected "page" in the case of multiple properties under single ownership. This window is in the form of a bill on which the current demand is calculated (for the 6-month period) by the "rate" field automatically multiplying the rateable value field. The window also shows the amount of arrears brought forward and the total amount due. The window can be printed out as a bill. These bills can be printed for individual accounts, for the whole roll, for the last supplementary roll, for all properties in one zone, or for various selected fields. It takes approximately four days to print a hard copy of the whole roll (approximately 25,000 properties).

Paper receipts for account payments are received on a daily basis together with the detached bill folio, in batches of not more than 50, with a batch header and a tally roll. These are entered into the billing file by calling up the payments window from the menu. A payment ledger is created into which is entered the amount and date of the payment, together with the batch number. This automatically amends the billing ledger. The paper receipts and bill folios are then returned to the revenue rates section. This input is carried out on a daily basis and is approved on a monthly basis. After six months the whole payments file is printed according to batches; this print-out is sent to the Chief Accountant in the Revenue Section for approval. The payments are then printed by account number, in ascending order, for filing and control. Reminders are automatically printed out after 30 days and a list of debtors is then printed according to the amount of indebtedness, simply listing the name of the ratepayer and the amount due.

The system is capable of management control functions, such as calculating/listing properties in certain categories, e.g., residential, shops, etc. However, since many of the forms received for inputting did not have the code entered into the box; this facility cannot function accurately.

13 Revenue Section

Until recently, bills were normally posted to the owners. However, this resulted in a large proportion of failures through returned or missing mail, or failure of the recipients to respond. Within the past year, this system has been replaced and now most of the bills are hand delivered. This involves manually sorting them into batches corresponding to the 40 zones into which the city has been divided. The bills are then delivered by "mail runners," via bicycle or, for the more distant locations, by vehicle. There are currently 15 bikes and 3 cars available for this service, which takes about six weeks to complete. Each mail runner holds a file and records the deliveries, which have to be signed for. The Section has placed an order for 25

more bicycles and will recruit more mail runners, which it estimates will reduce the delivery time to around three weeks.

Payments are made to the Revenue Section, either at the time of delivery (if delivered by hand) by post or in person at the cashier desks in the Revenue Hall at the Civic Center Extension. Payment may be by cash or check. The majority of residential owners pay in person at the Revenue Hall by cash. Most business owners pay by check, either by post or, more usually, by collectors who visit the businesses by prior arrangement. For the larger corporate owners, banks and hotels, these visits are made by car. There is a penalty of K 50,000 for bounced checks.

The Section head reports that the level of recovery by using this method of hand delivery and hand collection has improved significantly, though as yet we have no empirical evidence to support this.

Payments made in person are handled by cashiers located in the Revenue Hall. This is a large hall located on the ground floor of LCC Building, which is reasonably accessible to the public. The hall is large and accommodates 14 cashier cubicles, of which only 3 are currently operational, as previous functions, such as vehicle licensing, are no longer dealt with from this location. Of the three operating cashiers, one deals with cash deposits, one with deposits by check, and one with non-rating deposits.

For check deposits, manual receipts are issued, whereas for cash deposits there is a stand-alone receipting machine (Europos). The receipt form requires certain details, such as the name, address or box number, and billing type, to be filled in manually and the receipt number, account number, date, and amount are entered into the machine, which then prints directly onto the receipt form. The customer is supplied with one copy of the receipt, one copy is passed for the accounting purposes, and one is retained and stapled to the tear-off portion (folio) of the bill. At the end of each day these are checked by the chief accountant. The following morning the overall balances are checked by the chief accountant, who sends them to the Rates Section of the Revenue Section, where they are balanced and registered in batches of not more than 50 for sending to the Computer Section, where they are entered into the computer billing file. The Computer Section issues a records delivery, which is checked by the Rates Section once they are returned.

The cashiers experience a busy period shortly after bills have been delivered, when it is sometimes necessary to have additional support (one or two people), but usually the two cashiers can handle the workload.

If payment is not received within 30 days, a reminder or Demand Notice is issued (see appendix) that states the amount owed and that payment should be made within 14 days or a Warrant of Distress will be issued. The Demand Notice is issued by the computer department after reconciling payment receipts with the billing file. In reality, these are often issued only about two months after the original bills are printed out. Due to the large number involved, the outstanding amounts are often ranked and only the largest amounts are pursued. These Demand Notices are then collected by the Revenue Section, which delivers them by either bicycle or motor vehicle.

After 30 days have expired, a further check is made by the computer department and the Revenue Section is informed of the accounts that are still outstanding. The Rates Revenue Section manually completes (typing) a Warrant of Distress Form for signing by the Town Clerk. This is then delivered to the Sheriff of the High Court and bailiffs are sent to either enforce payment or seize goods. There appear to be delays in forwarding payments received by some bailiffs.

As the ability to pay may be impaired due to demands resulting from bi-annual billing periods, the LCC allows payment by installments. However, this is not widely used.

During the billing process, there are many notifications from ratepayers with regard to errors or changes in information, such as change of ownership, subdivision, or common leasehold (e.g., Zambia Airways housing) that have not been recorded. This information is reported back to the CVO, who amends the roll by issuing a C Form (assuming adequate proof has been provided, such as Contract for Sale). The Computer Section receives C Forms for changes of ownership, and bills are re-issued and apportioned from the date of change of ownership. However, new subdivisions and common leaseholds cannot become rateable until the next Supplementary Valuation Roll comes into effect (unless the change is related to clerical issues rather than changes in value).

Urban Local Government Capacity Strengthening Project

The ULGCS Project, under implementation by Grant Thornton Associates Limited, aims at strengthening the capacity of the LCC in the areas of financial control, revenue generation, and municipal managerial. Its wide scope encompasses all of the Council's operational systems, including computer information systems.

The generation of revenue through property rates is seen as an important component within the ULGCS Project and, to some extent, there is a degree of overlap between the ULGCS and the present technical assistance. ULGCS is currently in the process of preparing recommendations for the Council. PADCO has therefore carried out its initial review and developed its proposals in close collaboration with the Grant Thornton team on the ground in Lusaka.

14 Summary of Conditions and Findings at the Lusaka City Council

14.1 Conditions and Findings: Valuation Process

- ? The LCC would like to improve its revenue collection in order to improve its service delivery functions. The Council has the potential to raise most of its revenue from property rates; however, a significant portion of the properties within the Lusaka City area are not included in the rate roll.
- ? The roll is not kept up to date. Supplementary Valuation Rolls are not regularly undertaken due to inadequate internal resources and the inability to outsource to private sector firms. Currently, the Council is using the 1995 General Revaluation Roll carried out by the CVO and the 1997 Supplementary Valuation Roll, which was outsourced to the private sector. A limited supplementary valuation of 19 properties is currently under way.
- ? Limited internal resources in the Valuation Section extend to level of staffing, vehicles, computers, and management information systems.
- ? During the past three years, in the absence of the CVO, the appointed deputy did not manage the functions of the Section adequately, making the lack of resources even worse. Management has now improved with the return of the CVO, though the situation would be reversed if he were to leave.
- ? Staff motivation is low due to low salary scales of the Council and late salary payments.
- ? An unusually large number of new entries and amendments to the list is required due to accumulated backlogs, particularly as legislative changes since the last Supplementary Roll have increased the scope for including categories of property that were not previously rated.
- ? Quantifying the actual number and type of properties for each category is difficult as the information is provided from various sources. While recent reports had suggested that these might total in the

neighborhood of 10,000, current estimates by the CVO indicate that this figure would be in excess of 25,000 properties.

- ? The number of properties currently on the roll is approximately 25,000. Therefore, at current estimates, the taxable base would more than double if a successful supplementary valuation exercise were to be undertaken. However, the increase in rateable value (and hence revenue) would not necessarily increase proportionately, as the majority of new entries would be low-value properties.
- ? Previous reports referred to the above-mentioned concern over a low “rate” of 0.005. This has now been increased to 0.01. By the time that the supplementary valuation exercise is complete, the “rate” could be increased again in order to keep abreast of inflation.
- ? The CVO’s current estimate of the likely increase in rateable value that would result from a Supplementary Valuation is in the region of 280 billion Kwacha. At the current “rate” of 0.01, and assuming 100% collection, this would produce a total payable amount of 2.8 billion Kwacha per annum. This equates at current exchange rates to approximately US\$1.0 million per annum.
- ? Doubts have been cast as to the reliability of some of the valuations of properties on the existing roll. As part of the identification of properties to be included in the supplementary valuation, the CVO should also identify any properties that he considers require reviewing.
- ? The attempt to outsource a full revaluation exercise in 1999 was unsuccessful, as the bidding private sector firms failed to qualify on the basis of inadequate proof of capability to undertake the job.
- ? There is an urgent need to carry out either a Supplementary Valuation or a General Revaluation in order to bring the missing properties onto the roll. To undertake a General Revaluation would require a large degree of valuation research and analysis, and a reassessment of the existing 25,000 rateable properties. As there is such a large backlog of properties to be included on the roll, to attempt this as part of a General Revaluation, while also introducing a significant computerization program, would require a substantial additional level of effort. The risk associated with such an ambitious exercise would probably outweigh the potential benefits, since the value-added in terms of additional revenue is primarily through new entries to the roll, not through adjusting the level of assessment.
- ? The General Revaluation, which is due this year, should be delayed until after the Supplementary Valuation has been completed. Whether such a deferral will require a Council resolution is a matter for determination by the Council’s Legal Department.
- ? A supplementary valuation exercise should be undertaken as soon as possible. As neither the Council nor the Government Valuation Department has the resources to undertake such an exercise, this should be outsourced to the private sector.
- ? As this is a Supplementary Valuation Roll, the valuation parameters from the 1995 General Revaluation must be adopted. Therefore, a “tone of the list” approach will be used and this should be provided by the CVO to the private sector. New approaches, such as the inclusion of land values, or mass appraisal techniques, such as “banding,” cannot be introduced in the Supplementary Valuation as it would be inconsistent with the valuation base. However, for the subsequent General Revaluation, land values should be introduced and “banding”-type systems should be considered.
- ? Private sector involvement to date, as seen by the 1997 Supplementary Roll and the attempted 1999 revaluation exercise, has been less than satisfactory. Therefore, any attempt to outsource the next Supplementary Roll requires careful control. Even so, the 1997 exercise did succeed in bringing approximately 10,000 new entries onto the list at relatively little cost to the Council.
- ? Lessons can be learned from these previous exercises, which include the following.
 - ? The scope of work was not clearly defined in either the tender documents or the contracts, in terms of data on the properties to be valued and the timing and format of the deliverables. This

- led to poor-quality work; unacceptable delays; and deliverables being received in three different, and incompatible, formats.
- ? The evaluation and award process in 1997 was weak and undefined, leaving potential for interference. The committee evaluating the 1999 bid developed relatively sophisticated criteria. However, this failed to qualify any bidder, in part due to bidders not being provided with this criteria prior to their submissions.
 - ? The composition and appointment of committee members did not ensure complete independence and transparency.
 - ? There was no mechanism to provide for variations in work assignments. Where additional properties were subsequently identified for inclusion, it led to either the contractor not receiving compensation or refusing to carry out the additional work. Conversely, there was no mechanism to reduce the level of compensation where the number of properties was less than originally required.
 - ? Post-bid negotiations were too aggressive and were used solely to reduce the cost to the Council, rather than as a method of fine-tuning the methodology of implementation, deliverables, and payment mechanisms. Contract prices were all negotiated to about half of their initial bid price, even though these were within the initial reserve. This had the effect of de-motivating contractors who resorted to using shortcuts.
 - ? There was no adequate project management by the private contractors to ensure timely and quality deliverables. This extended to a lack of supervision and checking, which resulted in an unacceptably high degree of error. This included a lack of coordination with other contractors involved in the exercise, resulting in technical inconsistencies, such as similar properties being valued by different contractors at different rateable values. For this reason, the Government Valuation Department recommends that separate awards to individual firms should be avoided if possible. The preferred option would therefore be to work with a consortium.
 - ? Project management by the Council was inadequate. The liaison with the private contractors was poor, the client-contractor relationship was ill defined, and there was little if any attempt to monitor the work or perform a technical quality control function or approval. As a result, deliverables did not comply with deadlines and quality of the deliverables was poor.
 - ? Payment mechanisms were based on the passage of time rather than on approval of deliverables. This resulted in contractors receiving substantial payments in advance of completion of work and a lack of effort to tie up loose ends after receiving payments.
 - ? The contractors previously appeared to enjoy free access to the valuation section, which compromised document control and led to a familiarity with Council staff, which increased the potential for abuse. This could have been prevented if there had been clear lines of communications, with all documentation, queries, and deliverables passing through a senior position. Therefore, the Council staff, working in a checking and quality control environment, should operate as a completely separate body, free from any potential for interference.
- ? Due to the provisions of the 1999 Act, it is proposed that the position of Appointed Surveyor be awarded to the private sector. This creates a level of authority that could preferably have remained in the hands of the Council. It will therefore be even more important that clear lines of authority and responsibility are spelled out in the contractual arrangements. These should provide the CVO with maximum control over quality and approval mechanisms, which will ultimately trigger the payments.
- ? At present estimations, there are 11,000 Council houses and 2,500 Government houses not included, but details of these are already in the property database. These have already been surveyed and valued and could, in theory, be brought onto the roll clerically. However, there are concerns as to the degree of accuracy of the initial exercise and poor record keeping, as these were not at the time intended to be rateable. Further, it is apparent that a large number of these have been altered and extended without

completion certificates reaching the Valuation Section. Therefore, these should be included in the supplementary valuation exercise.

- ? There is a relatively small supplementary roll (Number 2, 1999) currently under preparation by the Government Valuation Department. This roll comprises 19 properties of relatively high value, and it was instigated as a separate exercise in order to include these high-rated properties relatively easily. This exercise has been the cause for some criticism, particularly due to the time it has taken. However, valuation is now almost complete and it would not be appropriate to include these properties in the proposed supplementary valuation exercise.
- ? A flat-tax system has been proposed by the Grant Thornton project team, and this is currently under consideration by the Council. This system would apply a levy to individual properties (grouped by size and category) that are yet to be brought onto the roll. It would therefore be an interim measure to generate revenue from properties that will be included in the Supplementary Valuation. Technically speaking, this type of approach falls outside of the scope of the rating system and it should therefore be treated as a separate exercise. However, some of the information that will be compiled during the supplementary valuation will also be required by the flat-tax exercise and this can easily be supplied. Resources from the Valuation Section, however, should not be recruited to the flat-tax exercise if this would impede the progress of the Supplementary Valuation.
- ? As the proposed supplementary valuation exercise is being considered for funding by USAID, the competitive bid and contract implementation, including payment mechanisms, should be reviewed and approved by USAID, as a part of the process.
- ? Due to problems already identified in coordinating separate valuation firms and the requirement of the 1999 Amendment Act, to the effect that the Appointed Surveyor will be from the private sector, it may be preferable to award the contract to a single bidder or consortium. The contractual nature of the organization, such as partnership share or subcontracting, will need to be specified, and the hierarchy of control to ensure adequate project management, timeliness, and quality control would be significant. It is likely that such a consortium would benefit from a non-valuation specialist project manager or similar professional with specific experience of this type of project, possibly international or with international experience
- ? There is no provision in the law to make additions to the roll without undertaking a full Supplementary Valuation Roll. This causes delays in revenue generation. Supplementary Valuations should be undertaken at more regular intervals in the future (up to two per annum within the provisions of the Act). Alternatively, a more frequent update of the roll could be investigated, as adopted in other countries, though this would require amendments to the Act.
- ? The 1999 Amendment Act provides that land is to become rateable. The interpretation of this clause appears to be that land cannot be included until the next General Revaluation, as a Supplementary Roll Valuation is bound by the “tone of the list.”
- ? The 1999 Amendment Act introduces rateable plant and machinery for the first time. There appear to be a number of anomalies in this section, such as valuing heating and cooling plant, which are included automatically in most valuations that are based on open market values. One of the main provisions is with regard to power generation and distribution plant. This has not previously been attempted in Zambia and there is no expertise to carry out such an exercise. It would probably require the involvement of external specialists. This might be achieved as a separate exercise or provision could be made for an “alternate bid” attached to the bid documents for the supplementary valuation to test private sector initiative. Further, interpretation of this part of the Act has not yet been tested legally and this may be too complicated to attempt as part of the current exercise.

14.2 Valuation Process Conclusion and Recommendations

Resulting from these findings, it is apparent that a supplementary valuation exercise should be undertaken by the private sector as soon as possible in order to bring additional properties onto the roll. However, lessons learned from previous private sector involvement should be incorporated to ensure a more efficient, reliable, timely, professional, and transparent process.

The following conclusions and recommendations are drawn.

- ? The Council must clearly define and classify the number of rateable properties to be valued by the private sector and provide all relevant information to conduct the exercise.
- ? Private sector bids should be more detailed, providing a fully developed methodology, approach, and work plan, and identifying all necessary resources required to complete the task. The bid should therefore be in the form of a proposal rather than a tender, and submittal guidelines should be provided to encourage and assist the private sector.
- ? The request for proposals document must therefore clearly identify the scope of the project. This should include clear delivery requirements, including timings, format, and payment mechanisms.
- ? Capacity within the private sector should be developed by encouraging the formation of consortiums, which may include specialist project managers, particularly as the forthcoming exercise is likely to be of much larger magnitude than any previously undertaken.
- ? The private sector should be invited to participate in a pre-proposal conference to review the entire project and the bid documentation.
- ? The bid process must be clear and transparent. The criteria on which the proposals are to be evaluated should be clearly established and disclosed to bidders in advance in the proposal guidelines. The “two-envelope” system should be adopted based on both technical and financial proposals. Weighting of points awarded should be carefully considered to encourage suitable technical performance.
- ? The evaluation committee must be carefully established and educated in the entire process, and provided with all documentation prior to conducting the evaluation of submitted proposals.
- ? The contract must be very carefully drafted to ensure that the interests of the city are fully protected in accordance with the request for proposal criteria. The contract documents should set out appropriate conditions to reduce risk and to provide a tighter control, including clear lines of responsibility.
- ? The Council must ensure that the CVO and his section are provided with the necessary resources to conduct the exercise in accordance with both the request for proposal and contract documents. This must include the implementation of strict monitoring and control mechanisms.

In order that the conditions, findings, and recommendations are fully implemented by the LCC, a subsequent section of this report addresses the relevant areas in developing a comprehensive Request For Proposal (RFP) document and criteria for the selection of the consultant and the award of contracts. As part of the documentation, samples have been developed that will assist the private sector in maintaining consistency in their submittals and streamlining the evaluation process. A sample contract has also been developed that ties in the provisions of the RFP.

15 Conditions and Findings: Computer Information System

- ? The Valuation Section is totally manual, having just acquired a single stand-alone PC. Systems require manual entries at various points and the transfer of data to the Computer Section for processing is manual.

-
- ? The Valuation Section currently receives information from various departments, in manual format, though some departments are in the process of acquiring computer systems, such as GIS, which at some future stage will be capable of transferring data electronically.
 - ? The Council has developed an in-house stand-alone billing system in the data processing room, which is used for rates, housing, commercial rents, personal levies, and trading licenses. This section has historically had to manually input valuation rolls into the system for billing. The attempt to have the private sector produce electronic rolls was only partially successful due to one batch being delivered manually and the other two being incompatible with the Council system.
 - ? Amendments to property and billing files is by way of manual forms.
 - ? The database is not accessible by the CVO.
 - ? Receipting is also manual and information is keyed in batches to update the system. The number of manual entry points and manual transfers therefore restricts the workflow and causes bottlenecks. These could be reduced significantly with an integrated system.
 - ? The accounting systems are manual and most information is produced using a spreadsheet. An attempt to computerize this by implementing Open Accounts software has not met the requirements of the Council due to unsuitable reporting levels, limited field sizes, limited report writing facilities, and inadequate product support.
 - ? It is not easy to produce timely management information as the systems are not integrated, and it is dependent on information gathering outside of the computerized system.
 - ? Printing of bills is slow and, with many more properties to be included in the next supplementary roll, it will take even longer.
 - ? The delivery of bills and demand notices takes a long time, often up to six weeks during busy periods, due to the inefficient postal service, which is dependent on a hand delivery system. Customers complain of late bills or non-receipt of bills.
 - ? There are only three vehicles used by this section. These are old and in poor condition. Since they are not dedicated for bill delivery, they are subject to being commandeered. This produces a bottleneck in both delivery and collection services. The section estimates that six high-quality, dedicated vehicles are required for efficient operation.
 - ? Most of the hand delivery is carried out by mail runners using bicycles. There are only 15 bicycles, which limits the rate of delivery. The recent purchase of 25 additional bicycles, which could have resulted in halving delivery times, has been foiled by their theft before they were actually put into use. If these are replaced, a greater efficiency will result, although it is still likely to take a number of weeks to complete the six monthly billing exercise, with a corresponding slack period once the deliveries have been completed, for possibly up to two months prior to the next billing period.
 - ? Most payments are received at the cashier desks in the revenue hall at the Civic Center extension. The manual receipting system causes a paper chain from the cashier to the Data Processing Section and back to the Rates Revenue Section, which then requires physical (hard copy) filing.
 - ? There is no facility to deal with real-time customer enquiries, and information systems are laborious and difficult to update.
 - ? Collection is inefficient as illustrated by the collection rate for 1998 at a level of only 29%.
 - ? Debt collection is not vigorous and is usually limited to chasing larger debtors. There is no reprinting/delivery of all outstanding bills; some accounts are therefore in arrears for six months and show up as arrears on the next bill.
 - ? Bailiffs are used; however, there is no mechanism to ensure that they pass on monies collected at an early stage.

- ? Due to the length of time between billing periods (six months), many ratepayers face a problem paying. The Council has a provision to allow monthly payments. However, not many people use this option. They may not be aware of it, because of ineffective public relations and because the system does not reflect payments until the next billing date, rather than immediately adjusting the account. Promoting monthly payments through an integrated receipting system would relieve ratepayer hardships and mitigate Council revenue cash flow problems.

15.1 Computerized Information System Conclusions and Recommendations

As a result of these conditions and findings, we have proposed a design for a computerized information system that will allow for an electronic property database to be developed for use by the CVO to generate an electronic valuation roll. The system will be integrated to ensure a smooth transfer of data from the Valuation Section through the entire financial system providing billing, real-time receipting, and accounting functions.

The proposed design for a computerized information system follows in Section 2 of this report.

Section 2

Proposed Design for a Computerized Valuation Information System

1 Objective

The objective of this proposal is to assist the Council in building a computerized information system that captures property values, applies relevant tax rates to calculate tax liabilities, prints bills, tracks payment and delinquencies, and allows for periodic updates by applying change factors influencing values.

To achieve this objective, and in accordance with the Terms of Reference for this assignment, PADCO has reviewed the existing systems at the Council and has reported these in the Conditions and Findings sections above. It is apparent, from this and previous studies, that while some of the inefficiencies and problems associated with the current rates revenue system fall outside the scope of information technology (IT), many would be improved if a comprehensive and integrated computerized information system were introduced.

To this end, we have attempted to identify problems that might be overcome and to design a sustainable system.

2 Design Conclusions and Recommendations

From our review, we have drawn the following conclusions and made the following recommendations for the design of a computerized information system.

- ? There is a number of fully computerized property data systems currently in operation in other countries, including the United Kingdom. These are capable of multipurpose tasks, such as property sales analysis, valuation application, document tracking, approval mechanisms, etc. The applications have been expensive to develop, designed by large software companies, and implemented initially through heavy dependence on outsourcing to a highly capable private sector. Following this initial implementation, the valuation database can be updated by a limited number of skilled users. The benefits of such a sophisticated, state-of-the-art system would be difficult to justify in the Zambian context, both in terms of cost and the requirements for skilled private sector involvement. Such a system would be over-designed for the task required and the complications associated with implementing such a system constitute a risk to the success of the function required. The benefits of developing a more sophisticated application or a fuller property database may be explored at some stage in the future, and this would build on the IT experience that is proposed under this assignment.
- ? Even where a relatively sophisticated private sector capable of designing and implementing computerized property systems exists, such as in Zimbabwe, bottlenecks occur where the valuation office and financial systems are not integrated and are therefore unable to handle and fully use electronic data.
- ? Low levels of pay, high staff turnover, and general lack of exposure of staff to IT may create incentives for Council staff who gain valuation system management skills to seek higher-paying work in the private sector. This implies that the skills required to operate the proposed system should be easy to develop and replicate to avoid compromising the long-term sustainability of the system.
- ? Other sections and departments of the Council are not yet computerized, although the Engineering and Health Departments have recently acquired AutoCAD and GIS systems, which are not yet operational. Manual inputs will therefore continue with certain data, regardless of which system is designed.

However, the system should be capable of capturing upstream data flow once that source has been computerized.

- ? The private sector in Zambia is limited in its exposure and apparently lacks innovative creativity in using IT for exercises of this nature. Basic hardware and software and the necessary supports are readily available in Zambia, but not more sophisticated applications. Nor is there a valuation sector history of designing sophisticated databases or other models. Therefore, the Council Valuation Section should design and implement a system for its own internal use, which can be easily exported as an application to the private sector. It is important that this is designed for easy use by individuals who possess only basic IT skills. This approach would also ensure that where a number of private sector firms and individuals are involved in the valuation exercise, the electronic deliverables will be in a consistent format as adopted by the Valuation Section.
- ? Valuation Survey Cards should continue to be the control document for all property referencing and valuation calculations. Manual notes are the only practical way of capturing data in the field. The transfer of this information to the cards provides a working point of reference for both the private sector contractors and the valuation office staff. Further, the Valuation Survey Card is required to be physically produced by the valuer when defending valuations at the Rating Tribunal sitting. The input point for transfer of this data into an electronic format should be at the private sector base after all checking of manual systems.
- ? Therefore, the valuation system that would be most practical should be relatively simple and sustainable. It should capture basic owner and property details sufficient to produce the required reports and an electronic valuation roll, capable of being updated, and that can then be transferred for use as the basis of the Financial Accounting Section. This should use a basic database application that is readily available and supported in Zambia and that can be used on standard desktop PCs. Expensive off-the-shelf property valuation and management systems are not required at this point in time. However, this system must be flexible and powerful enough to be subsequently expanded to accommodate the next General Revaluation; in anticipation of this, it must be possible to modify the system based on lessons learned during the forthcoming supplementary valuation exercise.
- ? The financial accounting part of the system should be capable of managing the electronic Supplementary Valuation Roll and any subsequent amendments and additions and should create an efficient and streamlined service of billing, collection, and debt recovery. To omit any of these functions would be to revert to a dependency on manual systems with the inherent risks of delays, bottlenecks, and inefficiencies that would negate the benefits achieved in other parts of the system. The system should therefore reduce the reliance on manual systems as much as possible.
- ? There exist standard application packages that are designed to meet not only rates revenue requirements but also all other local authority requirements, such as general billing and accounting (licenses, rents, etc.), human resources and payroll, geographic information and land management, vehicle management and registry, and road maintenance and management. These systems are adaptable so that the desired number of access points for users and the types of functions can be tailored. The system is then licensed for these users and functions. It is the number of users and functions licensed that affects the cost. The more points of access, the more expensive the system. The proposed system should therefore be limited to performing only the rates revenue functions, but should have the potential for expansion in the future to adopt all of the Council's other requirements.
- ? The system design should therefore be based on the limited number of access points required to fulfill the rates revenue function efficiently, in order to keep costs down. It would then be a relatively simple exercise to provide additional functions and access for users to complete the whole range of Council functions, once funding for that has been provided.

- ? Close liaison with the Grant Thornton project should be maintained in developing and implementing any system in order to ensure compatibility of approach.

3 Proposed Design for the Computerized Information System

Based on the conclusions listed above, a design for a computerized information system has been developed. This has been achieved with the close cooperation of the World Bank-funded Grant Thornton revenue project, which is currently undertaking a review of LCC operations that includes an IT systems requirements analysis. This design therefore builds on certain aspects of work already completed and recommendations already put forward by that team. To this end, this system design is capable of future expansion or integration with any Council-wide systems that they may develop.

The computerized rates information system should be fully integrated and networked; however, for the purpose of identifying its prime functions, it can be separated into two parts. The first part, referred to as the Valuation Support System, will enable the CVO to capture the information required to complete the rating assessment and to establish a computerized valuation roll. The second, referred to as the Financial System, will use the computerized valuation roll as the basis for the calculation of rates due, the issuance of bills, collection of monies, and accounting.

3.1 The Valuation Support System

This system will be in a format that will enable its use as the working tool of the Valuation Section. The initial fieldwork will continue to use field notes as transcribed to Valuation Survey Cards, which are required as manual records and as reference material for defending valuations in Tribunal Sitings. The information that is required to form the basis of the property database will be input by the contracted private sector firm using software supplied by the Valuation Section. This will form part of the deliverables, which when complete will create an electronic Supplementary Valuation Roll.

Due to the length of time since the last Supplementary Valuation Roll was produced, the large number of Council and Government houses that have been sold to tenants, and changes to rating legislation, an unusually large number of new entries will come onto the roll. The information system parameters therefore require a system that is easily understood and workable by the private sector contractors, Council staff, and the general public, whose acceptance and comprehension of the system will represent an important step toward alleviating objections to the valuation entries. Further, it is important that the system is not so complex or sophisticated as to risk long-term sustainability, through changes in staff, which are bound to occur. The parameters of the design are the statement of requirements listed under the following section. The system should also be capable of being expanded.

The manual Valuation Survey Cards will form the control for all property description and valuation data. The completed cards and accompanying files will be delivered to the CVO on a rolling program, either weekly or monthly, together with a manual checking list and the electronic records for each property on diskette. The CVO will pass the cards to appointed staff to be checked against the control list, for completeness of all data fields and accuracy of valuation. Random sampling will be undertaken through field inspections to check the accuracy of property measurements, descriptions, and alterations. The electronic cards will have a system, which will automatically reject the file if critical fields are not completed. Each electronic record will be checked against the cards for accuracy and a checking box will be selected. In addition, the CVO will undertake his own random checks to ensure that his staff are performing the monitoring and quality control functions to the highest level. Only when the CVO is satisfied with each property listing will the file be passed (by selecting the approval box) into a separate directory, which will constitute the "dummy" roll. This roll will be in the form of a list, showing one line per property and will

contain only those data from the property record that are required to constitute a roll. The Valuation Survey Cards and file documents will then be filed in the valuation section records office.

For those properties that have not been approved, the valuation card and file will be returned to the private sector contractor for review, with a comment on a copy of the controlling list stating the required action. Once this has been undertaken, the hard copies will be returned to the CVO together with the amended electronic record. These will again pass through the checking process, after which the electronic record will be approved and passed through to the dummy roll file, and the hard copies will be filed in the record room.

Once the rolling program has been completed and all property valuations approved, four copies of the dummy roll will be printed out listing properties by line sequentially by stand number and forwarded to the Town Clerk for signing as part of the normal approval process. Once the roll has been signed, one copy will be retained by the Town Clerk, one will be returned to the CVO, and two will be made available for public inspection.

The CVO is required by the Act to inform each owner of the inclusion of a new property or change in the roll in the case of existing properties. This will be done by printing the required Statutory Notice, the property owner's details, and the property address being captured from the electronic property record. In addition, a printed copy of the electronic property record will be attached in order to inform the ratepayer of the relevant information. This is intended to reduce the congestion at the Council offices caused by ratepayers physically inspecting the roll.

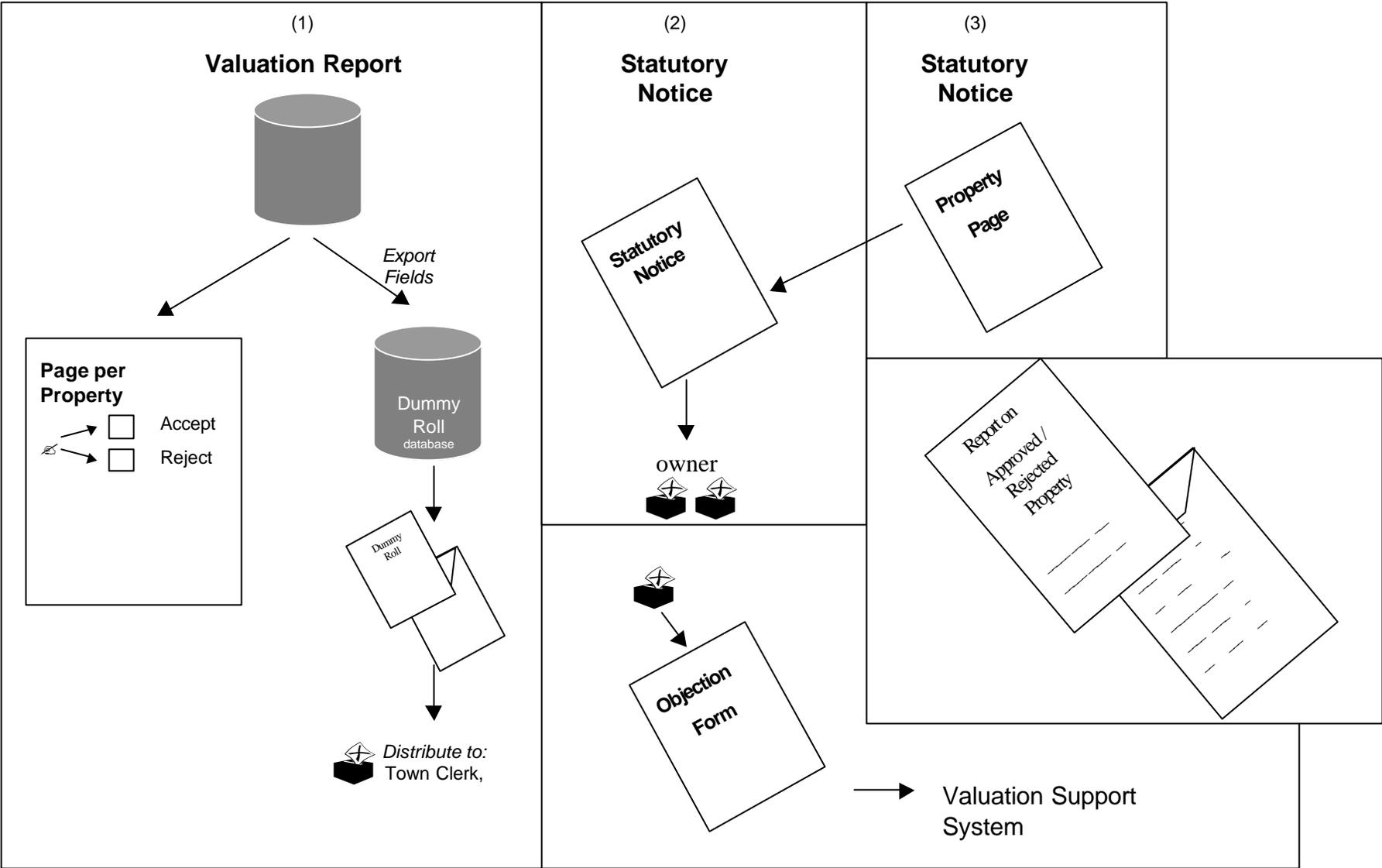
Objection forms will be printed and made available at the Council offices for ratepayers wishing to object to their assessment. These are manual forms that are completed by the property owner. Details from copies of the submitted objection forms will be entered electronically as a management information system to control the objection process prior to the Valuation Tribunal sitting.

The CVO will attend the Valuation Tribunal sitting, and the respective private sector contractor will be required to defend each of the valuations for which valid objections have been submitted.

Once the Tribunal has completed its sitting and assessments have been either confirmed or amended, the Tribunal report will be received by the CVO, who will make amendments to the manual property valuation cards and also the electronic property files and hence will close the Supplementary Valuation Roll, which will then be passed electronically for billing.

Placeholder for Valuation Support System graphic

Valuation Support System



Valuation Support System Requirements

To achieve the objective of designing a computerized property information system capable of performing adequate billing and revenue collection functions, a *valuation support system* capable of capturing data from the valuation exercise undertaken by the private sector and also for LCC internal use will be required.

This system will be used by the private firms involved in the valuation exercise to deliver (as part of their requirements) an electronic copy of the valuation survey cards. The functions of the proposed system will include batch data capture, verification, and help in collating data from the various organizations undertaking the valuations.

Data to Be Maintained by the Valuation Support System

The systems should maintain the following information:

- ? Account Number
- ? Valuation Number
- ? Stand Number
- ? Property Address (one)
- ? Property Address (two)
- ? Suburb
- ? Owner's Name
- ? Owner's Address
- ? Area of Land
- ? Property Type
- ? Present Valuation
- ? Rateable Value
- ? Valuation Zone
- ? Effective Date
- ? Exempt Indicator
- ? Date of Inspection
- ? Name of Valuer
- ? Name of Checker
- ? Check Date
- ? Name of Approval Officer
- ? Approval Date

It is proposed that this information be displayed on a page-per-property layout. This provides a suitable format for a report to be attached to the Statutory Notice sent to property owners advising them of the property's inclusion in the roll.

This format would also be capable of expansion for the future General Revaluation exercise to include such fields as land valuation.

The data's format is designed for use as input to the financial system.

The relevant fields from this property page can be extracted to form the Valuation Roll, which will be presented as a property per line. This would include the following:

- ? Account Number
- ? Valuation Number
- ? Stand Number
- ? Property Address (one)
- ? Property Address (two)
- ? Suburb
- ? Owner's Name
- ? Owner's Address
- ? Area of Land
- ? Property Type
- ? Present Valuation
- ? Rateable Value
- ? Valuation Zone
- ? Effective Date
- ? Exempt Indicator

Reports to be Produced by the Computerized Valuation Support System

The valuation support system should be capable of producing the following reports:

- ? valuation reports for LCC use; page-per-property with automatic flagging/rejection mode where fields have been omitted or incorrectly filled; approval/rejection function; export fields as single line entry into a dummy valuation roll; function for sorting by various categories; printing of hard copy to be approved as per normal Town Clerk operation;
- ? Statutory Notice to be sent to the owner of the property;
- ? Property page to be attached to Statutory Notice;
- ? Reports on approved/rejected properties; and
- ? Objection forms.

Additional Features of the Valuation Support System

The system should be capable of carrying up to 100,000 property files and of exporting the data into the financial system for billing, collection, receipting, and accounting.

The system should also be able to provide a suitable interface to other IT applications used by other sections within the Council, such as the geographic information system currently under development by the Town Planning Department and the wider Council system currently being analyzed by the Grant Thornton project.

The system should have a capability to transfer compressed files on diskette by using proprietary software, such as WinZip or PKware. In addition, an Iomega Zip 250 drive supporting both 100-MB and

250-MB disks is provided for interchange with other systems. A CD-R drive will also be installed to ensure the ability to transfer data to any other computer.

All PCs will include anti-virus software guards. As an anti-virus software requires periodic updates, a modem will be necessary.

The system should have a quick and easy back-up capability on a daily basis. This will require a DDS-4 tape drive and a dozen tapes.

The server should be protected by an uninterruptible power supply (UPS), and power to all computer equipment should be clean or filtered with a spike or power surge protection device.

The system requirements are therefore for a relatively simple property database, which is readily available and easy to use by both the private and public sector. Such a system could be developed using Microsoft Access for delivery to the Valuation Section in the first instance. Users will record data on their own PCs and then transfer their data to the server to be appended to the complete database: a classic "batch processing" operation. Once private sectors firms or consortiums have been contracted, the program would be provided for their operational use. This software is readily obtainable in both the public and private sectors in Zambia.

The following tasks will be necessary for the valuation support system:

- ? Systems Design
- ? Development
- ? Testing
- ? Implementation, including training

Hardware Requirements

The Valuation Section will require the following hardware to operate this system.

Item	Specification	Number/Unit Cost	Cost
Computers	Pentium III 600 Mhz 96 MB RAM 10GB hard disk 100BaseTX Network Card 17" monitor Keyboard Mouse Windows 2000	5 @ 1,500	\$7,500
Modem	56 Kpbs	1 @ \$100	\$100
Hub	8-port hub, 100BaseTX	1 @ \$140	\$140
Networking cables	200-meter Category 5 UTP 100BaseTX standard	6 @ \$20	\$120
CD-R Drive	4x CD-R drive Blank CD-R disks	1 @ \$200 24 @ \$1.50	\$200 \$36
Tape Back-Up	DDS-4 tape drive DDS-4 tapes	1 @ \$2,500 12 @ \$40	\$2,500 \$480

Item	Specification	Number/Unit Cost	Cost
Printers	Laser Jet	1 @ \$480	\$480
	Dot Matrix	1 @ \$800	\$800
Power Protection	Surge protector	6 @ \$25	\$150
	500 VA UPS	3 @ \$300	\$900

All prices refer to cost of purchase in the United States.

Valuation Support System (Accounting) Software

The cost of the software is as follows.

Description	Users	Cost
MS Access for MS Office 2000	5	\$1,000
MS Excel for MS Office 2000	1	\$200
Visual FoxPro v6	1	\$400
PCCillin Anti-Virus	5	\$400

All prices refer to cost of purchase in the United States.

3.2 The Financial System

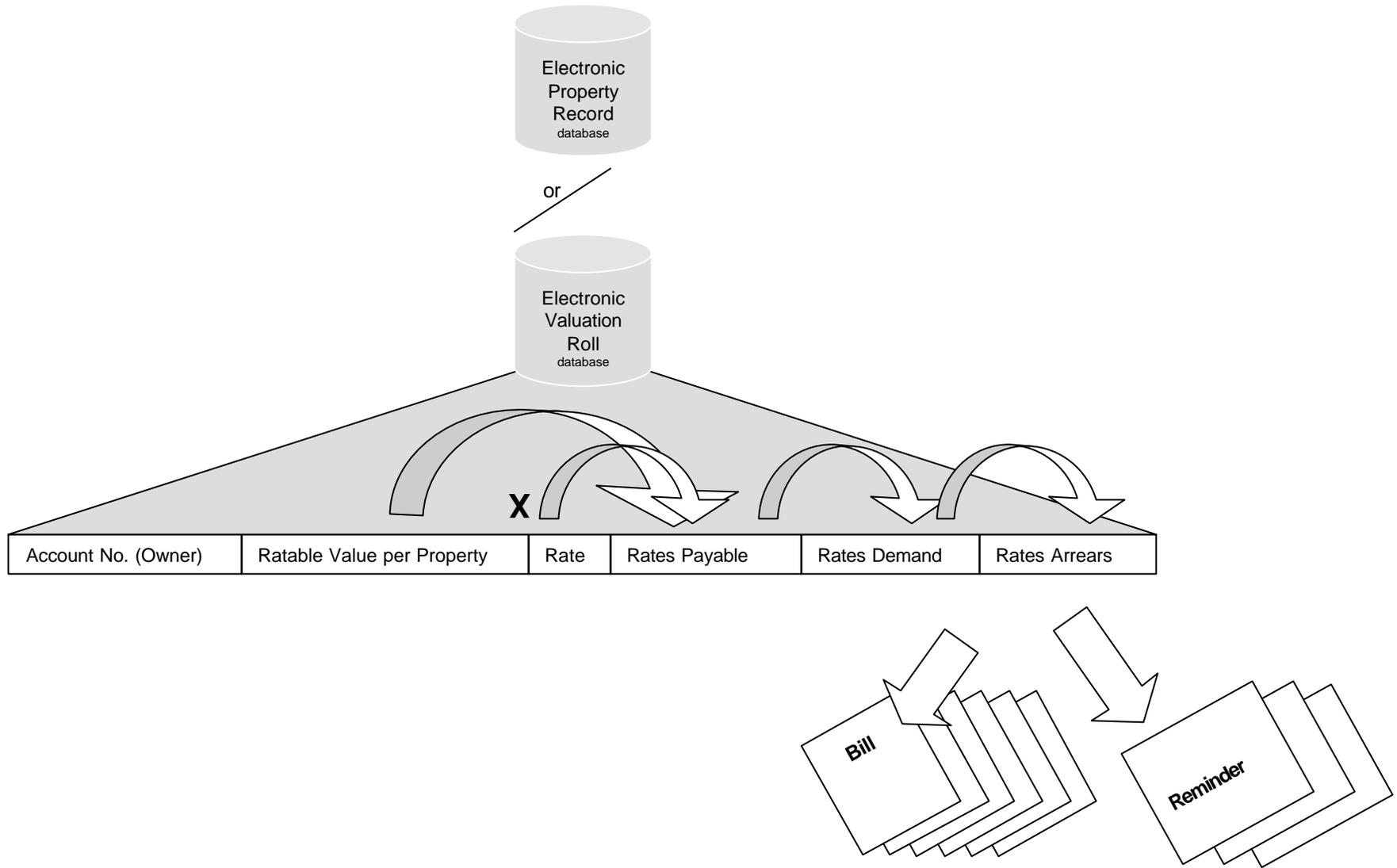
The financial system will be limited to the rates revenue processing, rather than the entire Council revenue requirements. However, it will be capable of adaptation and integration into a wider system as and when this should become necessary. The financial system will therefore be capable of performing billing, collection, online receipting, general ledger, and cash-book functions for all rates activities.

The existing information from the 1995 General Revaluation and the 1997 Supplementary Valuation, contained in the existing database, will be converted and brought onto the new financial system.

The system will be integrated to ensure the smooth transfer of data from the valuation office through the entire financial system.

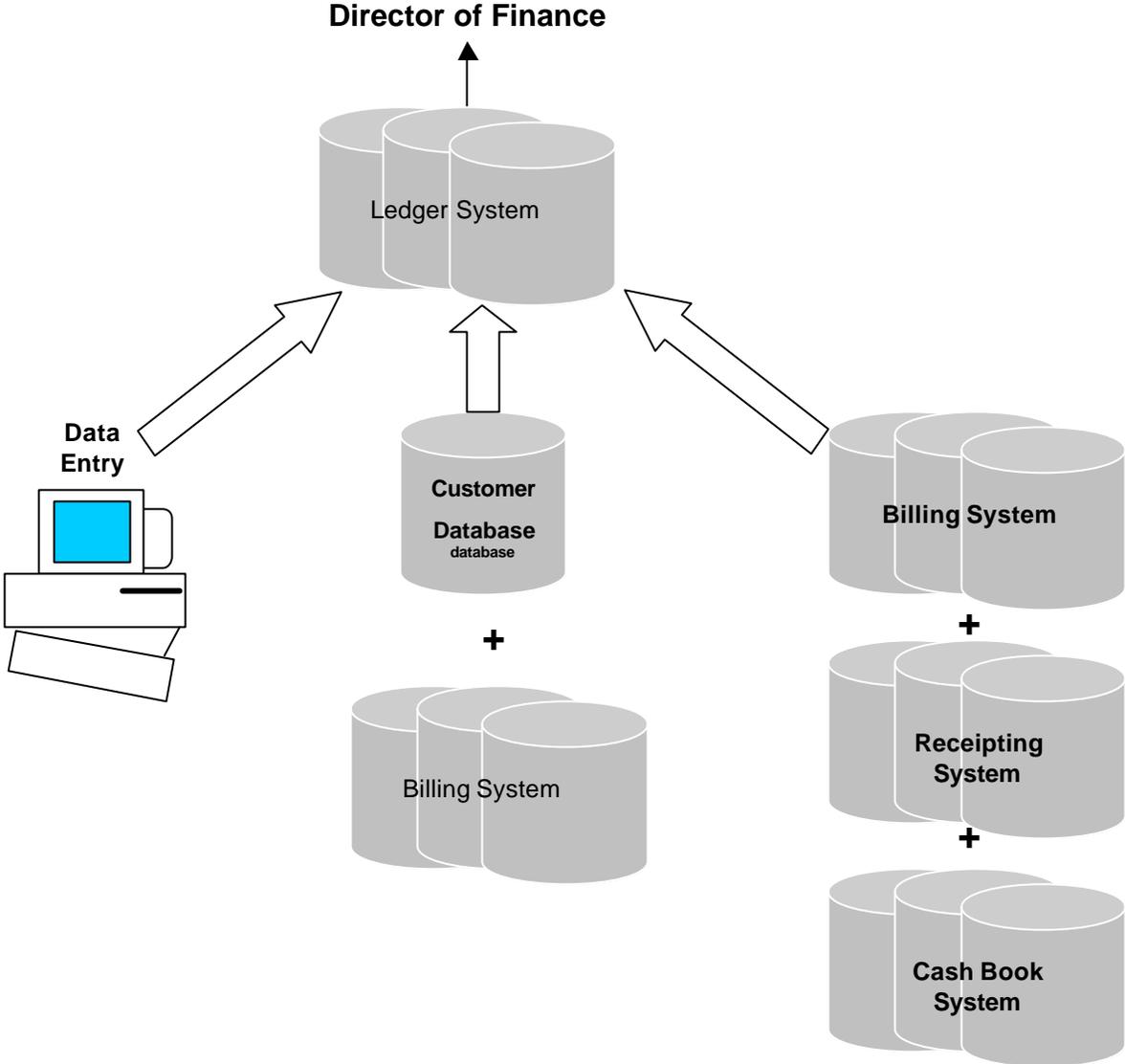
Placeholder for Financial System: Billing System graphic

Financial System: Billing System



Placeholder for Financial System: General Ledger System graphic

Financial System: General Ledger System



3.2.1 The Billing System

Both the electronic property record and the electronic valuation roll contain the information required for customer billing; therefore, these fields may be imported from either record. Additional fields will include an Account Number, as one ratepayer may own a number of properties that will be included on the bill; the “rate” that will be multiplied by the Rateable Value for each property in order to calculate the rates payable; the Rates Demand Column; and the Rates Arrears Column. The billing system will generate and maintain customer records.

Bills and reminder notices will be printed, and delivery will continue under the existing system of hand delivery. The Revenue Section is responsible for bill delivery and, despite recent efforts to improve this system, this is a main point of delay in the billing process.

3.2.2 The Receipting System

Most of the rates payments will continue to be received through the cashier counters in the revenue hall. It is recommended that payment by monthly installment be encouraged to facilitate ratepayer affordability, which should result in a reduction in late payments and defaults. Computerized networked cashier points will enable immediate receipting and will be integrated into the general ledger and will electronically update the revenue accounts. This system will also provide an up-to-date customer enquiry facility.

The 20 Council satellite offices will continue to operate manual collection functions, since these are limited and, though a feasibility study has not been undertaken, they are not perceived to be cost-effective to computerize and would create a security threat.

3.2.3 The Cash Book System

The financial system will be networked to include a dedicated rates cash book system to assist in maintaining bank accounts and reconciling all receipts and payments.

3.2.4 The General Ledger System

The financial system will be networked to include a ledger system for the Director of Finance to accept data directly or through interfaces with the billing system, customer databases, and receipting and cash book systems. This will improve accountability and facilitate database maintenance and preparation of management information reports.

The financial system will therefore:

- ? reduce the level of existing manual inputs and transfers;
- ? improve operational efficiency;
- ? improve the speed of operation;
- ? improve revenue collection;
- ? improve financial control and monitoring, including debtors lists and recovery progress;
- ? provide comprehensive, timely, and accurate management information; and
- ? improve accountability.

3.2.5 Requirements for a Computerized Financial System

To achieve the objective of designing a computerized property information system capable of performing adequate billing and revenue collection functions a *financial system* capable of performing billing, collection, online receipting, general ledger, and cash functions will be required.

On completion of the supplementary roll, the data should be imported into a financial system to assist the LCC bill and collect revenue. The current financial systems are inadequate, as they are batch-based, and accounting systems are still manual and not up to date. The current billing system has resulted in delays in sending bills to customers. For this project to be of benefit to the LCC and to enhance accountability, the acquisition of an integrated financial package will be essential. The following are considered to be the minimum requirements for the financial system.

Software

The financial system will require, at a minimum, the following modules:

- ? a ***billing system*** to assist in generating and maintaining customer records;
- ? a ***receipting system*** to assist cashiers in receipting and payment functions; this system should be integrated into the general ledger and will electronically update the LCC revenue accounts;
- ? a ***cash book system*** to assist in maintaining bank accounts and reconciling all receipts and payments of the Council;
- ? a ***general ledger system*** to assist in maintaining and producing management information reports LCC; and
- ? a ***database system*** to function as the platform on which the accounting/financial system will operate.

Field sizes should support not less than 17-digit amount fields, and there should be an appropriate back-up system.

Software Licenses

The minimum number of licensed users required for each component is as follows.

Module	Users
Database	8
General Ledger	2
Cash Book	2
Billing	4
Receipting	4

There are a number of off-the-shelf packages that can be used with minimal adaptation to fulfill the requirements for such a financial system, particularly ones already tried and tested in similar municipal environments, such as South Africa. These should be well established and reputable and have full support services, e.g., IBM, Oracle, Burco, and Bull SA.

Only if such standard packages cannot be found should system development using widely used relational database management systems and 4GL tools be considered.

Hardware and Networking Requirements

The accounting systems will require a network to provide online/real-time receipting functions. To achieve this, it will be necessary to link the revenue hall to the server in the computer room. The hardware

requirements are outlined below. The new system will incorporate four existing PCs and a server, which are capable of being used with this system. The additional hardware requirements are as follows.

Item	Specification	Number/Unit Cost	Cost
Line printer (bills)		1 @ \$400	\$400
Workstations (cashiers)	Pentium III 600 Mhz 96 MB RAM GB hard disk 100BaseTX network card	4 @ \$1,500	\$6,000
Hub	8-port hub, 100BaseTX	1 @ \$140	\$140
Networking cables	200-meter category 5 UTP 100BaseTX standard	6 @ \$20	\$120
Printers (cashiers)	LaserJet 6	4 @ \$380	\$1,520
Surge Protectors	220V	4 @ \$25	\$100
UPS	500VA	2 @ \$300	\$600

All prices refer to cost of purchase in the United States.

Financial System (Accounting) Software

The cost of the accounting software based on recent quotation for eight user license fees is as follows.

Module	Users	Cost
Database	8	\$18,400
General Ledger	2	\$5,200
Cash Book	2	\$2,600
Billing	4	\$15,600
Receipting	4	\$5,200
PCCillin Anti-Virus	4	\$320
Total		\$47,320

In addition to the above, the software will also require a yearly 18% license fee.

These software prices reflect the purchase price in South Africa.

4 Project Management

Effective project management will require an external project manager to coordinate the various suppliers and to provide quality assurance.

5 Procurement, Development, and Cost Summary

Item	Valuation System (Quantity)	Financial System (Quantity)	Total Quantity	Total Cost
Server	1*	1*	0	
PCs	5	4	9	\$13,500
Hub	1	1	2	\$280
Cables	6	5	11	\$220

Item	Valuation System (Quantity)	Financial System (Quantity)	Total Quantity	Total Cost
Line Printer		1	1	\$400
LJ Printer	1	4	5	\$1,900
DMX Printer	1		1	\$800
CD-R Drive	1		1	\$200
CD-R Disks	24		24	\$36
DDS-4 Tape Drive	1		1	\$2,500
DDS-4 Tapes	12		12	\$500
Modem	1		1	\$150
Surge Protector	6	4	10	\$250
UPS	3	2	5	\$1,500
MS Access	5		5	\$1,000
MS Excel	1		1	\$200
Visual FoxPro	1		1	\$400
Accounting Suite**		2 to 8	2 to 8	\$47,000
PCCillin	5	4	9	\$720
Total				\$71,500

* In another room.

** Accounting Suite prices refer to cost of purchasing software in South Africa. All other prices refer to cost of purchase in the United States.

Design, development, and implementation of the valuation support system will take approximately one month to complete, the financial system about three months.

Recent experience has shown that the monthly support charge for the above systems will be approximately \$350.

The cost for project management based on time inputs is estimated at US\$15,000.

6 Identified Risks Affecting Potential Success of the Proposed Computerized Information System

- ? The system design may not be suitable for integration with the wider requirements of the Council or systems developed as a result of other studies.
- ? Standard packages may require modification to make them useable.
- ? The procurement process may be delayed and therefore have a knock-on effect on the supplementary valuation exercise.
- ? Procurement may be more costly than envisaged.
- ? The design requirements may need to be expanded.
- ? Staff training may not be adequate.
- ? Long-term sustainability may be affected by staff turnover.

Section 3
Comprehensive Design and Implementation Plan for a
Competitive Valuation Bid
and
Recommendations Regarding Tender Award to
Local Contractors

1 Background

As identified in the Inception Report, problems with previous private sector valuation exercises included:

- ? inadequate formulation of Scope of Work;
- ? inadequate definition of deliverables;
- ? poor payment mechanisms and no allowance for variations;
- ? weak evaluation process;
- ? counterproductive negotiations;
- ? weak project control; and
- ? lack of quality control.

The following areas were identified for action:

- ? Having more accurate information of the rateable properties
- ? Working out in some detail the probable cost of conducting the valuation as a basis for negotiating with the private sector firms
- ? Developing transparent tender procedures, including clear and widely known evaluation criteria
- ? Developing appropriate monitoring and control mechanisms
- ? Influencing the private sector to consider forming consortiums for carrying out the valuation of the city
- ? Developing suitable payment mechanisms

Lessons learned from previous private sector involvement should be incorporated to ensure a more efficient, reliable, timely, professional, and transparent process. This may be achieved by:

- ? providing more accurate information of the properties to be valued;
- ? requiring more detailed bids to encourage the private sector to fully develop a proposed methodology and approach, including planned resources and timing for implementation; this should be in the form of a proposal rather than a tender;
- ? developing transparent tender procedures, including clear evaluation criteria, and providing these to potential bidders in advance of the bid;
- ? developing appropriate monitoring and control mechanisms for use by the Council;
- ? promoting increased capacity within the private sector by encouraging the formation of consortiums, which may include specialist project managers, particularly as the forthcoming exercise is likely to be of much larger magnitude than any previously undertaken;

- ? developing clear delivery requirements, including timings and format;
- ? developing suitable payment mechanisms; and
- ? designing detailed bid and contract documents setting out appropriate conditions to reduce the possibility of identified weaknesses and providing a tighter control.

2 Scope of Work

In both the 1997 Supplementary Valuation and the 1999 general valuation invitations, the scope of work to be provided was not accurate. As the proposals to be submitted will depend on the scope of work, it is critical to have accurate information both for the bidders to use and for Council's own control purposes.

Therefore, before the Council advertises for proposals, details, such as numbers, type, and location of the properties to be included, should be specified. These should be included in the legal advertisement, the terms of reference, and the contract.

It is recommended that until this information is compiled, the request for proposals' legal advertisement should not be issued.

2.1 Specification of Deliverables

As the prime deliverable is a Supplementary Valuation Roll, it is absolutely essential to define the format in which this will be provided by the surveyor. It is proposed that an electronic roll be delivered as specified in the Proposed Design for Computerized Valuation Information System section of this report.

2.2 Timing of Deliverables

In the 1997 supplementary valuation exercise, the valuation roll was delivered in three different formats and three different times. This made quality control impossible during the execution of the contract and difficult at the receipt of the roll.

It is proposed that a rolling program for submissions be used, with the valuer contracted to deliver on a monthly basis. The Valuation Section will then carry out checks to ensure that the correct number of properties details are delivered.

2.3 Quality Control

On receiving the monthly number of returns from the contractor, the valuation office would certify the accuracy of the monthly deliveries prior to approving for payment, by:

- ? reconciling the Valuation Survey Cards returned to the ones taken out;
- ? checking that the Valuation Survey Cards are correctly filled in;
- ? checking that the valuation computations agree with the Tone of the List;
- ? conducting random site inspections with the delivered Valuation Survey Cards and inspection notes, to verify that the property details and measurements recorded are correct; and
- ? ensuring that all the required data fields in the electronic property pages are filled in correctly and correspond to the Valuation Survey Cards.

2.4 Payment Mechanisms

The approval of monthly batches by the CVO will trigger payment in accordance with the contractual agreement. Rejected valuations and documents that are not approved will be returned to the contractor.

3 Request for Proposals, Proposal Submissions, and Evaluations

It is recommended that the process of requesting proposals, evaluating the proposals, and awarding a contract occur in the following order, subject to the approval of the Government Valuation Department, for the Council to involve the private sector:

3.1 Request for Proposals

In accordance with the legal requirement, an advertisement should be published in the press inviting proposals from the private sector to undertake the supplementary valuation. The advertisement should include sufficient information and require interested parties to obtain documents from the Council. A sample advertisement is annexed to this report.

3.2 Proposal Documents

The proposal documents should contain details of the work to be completed, the terms of reference, the criteria that will be adopted for evaluating proposals, and general conditions of the contract to be used. A draft RFP has been designed and is annexed to this report.

This document also includes guidelines on the preparation of the submittals to ensure that the logistics of the exercise are fully prepared by bidders and to obtain a degree of comparison when evaluating the proposals. It is recommended that the Evaluation Committee also prepare sample submittals that may be used as a basis for negotiations. This would help avoid the counterproductive post-bid negotiations and would also assist in evaluating individual proposals if only one consortium or firm was to bid.

The tender documents will be distributed to interested registered valuation firms by the Chief Supplies Officer.

3.3 Evaluation Criteria

A two-step process of submittal and evaluation is proposed with the technical and financial proposal being evaluated separately. The Submittal Guidelines section of the draft RFP contains guidelines for preparing both technical proposals (Appendix A) and financial proposals (Appendix B), as well as evaluation criteria (Appendix C).

The evaluation criteria provide weighted scoring. The process for evaluation may be summarized as:

- ? only the financial proposals of the three highest scoring technical proposals will be opened and evaluated and the rest will be sent back unopened;
- ? the submitter with the highest technical and financial score will be selected and invited to negotiate the contract; and
- ? in the event that only one proposal is submitted or qualifies through the technical evaluation, financial evaluation and negotiations will continue based on the Council's preparations.

3.4 Pre-Bid Conference

The proposal system of bidding as proposed here is new to the surveying profession in Zambia. Concerns were expressed at a meeting held between the PADCO team and the Surveyors' Institute of Zambia at which approximately 20 private sector surveyors attended. It is important that this system is thoroughly understood and adopted by the private sector at the pre-bid stage to reduce errors and to ensure that proposals are properly prepared. A pre-bid conference would provide the opportunity for dialogue and for exploration of issues arising from the request for proposals, including the formation of consortiums and

the use of project managers. Such a workshop could be conducted within two weeks of the advertisement, leaving about four weeks for the preparation of proposals prior to submission.

3.5 Proposal Submission

Bidders will deposit the sealed envelopes containing proposals in the Tender Box located at the reception desk. All further enquiries will be referred to the Chief Valuation Officer.

3.6 Evaluation Committee

The role of the Evaluation Committee is critical. The Council should appoint an independent committee and it is proposed that it be comprised of the following:

- ? the Town Clerk;
- ? the CVO;
- ? the Chief Supplies Officer;
- ? the Head of the Government Valuation Department;
- ? an elected Council member, probably the Chairman of the Finance Committee;
- ? a member of the Chamber of Commerce;
- ? a valuation surveyor not involved in the bidding; and
- ? members of the PADCO team, in ex-officio non-voting role.

It is recommended that the committee is present at the opening of the proposals and sits immediately thereafter to undertake the evaluation process. This should preferably take place outside of Lusaka, to avoid interruptions and absenteeism due to other commitments. Also, a rapid selection process will minimize the risk of interference and will promote transparency. Following selection, negotiations on contract provisions should start with the selected contractor as soon as possible. The negotiation process will assume even greater significance, in ensuring an equitable result, if only one firm or consortium qualifies. It is therefore important that the PADCO team is involved during this stage to provide guidance and ensure transparency.

4 Contractual Provisions

A proposed sample contract is attached as part of this report. This should be reviewed and amended by the Council's legal expert. The terms included in the contract will form the basis of negotiation with the selected bidder, which will be subject to further review by the legal expert.

5 Implementation Plan

The following list summarizes the activities, and their sequence, that are required to implement the outsourcing of the supplementary valuation to the private sector.

Stage	Activities	Responsible Office
Formulation of scope of work	<p>The Council should:</p> <ul style="list-style-type: none"> a) identify the properties that will be brought into the supplementary valuation; this should be by identification of stand numbers, location, category, and name of owner/leaseholder; b) produce maps showing where these properties are located; and c) produce “Tone of the List” document. 	CVO
Seek Authority	<p>Council should pass a resolution that should:</p> <ul style="list-style-type: none"> a) resolve to undertake a supplementary valuation through the private sector; b) as the Main Roll will become more than five years old, seek the Minister’s permission to extend the life of the current roll; c) request the Minister to appoint a valuation surveyor in accordance with Section 3 of the Act; and d) seek the consent of the Government Valuation Department to outsource the exercise to the private sector. 	LCC
Resolve to seek proposals	<p>The Council should pass a resolution to invite reputable firms of valuation surveyors to submit proposals for preparation of the supplementary valuation roll.</p>	LCC
Prepare proposal documents	<p>The documents must include:</p> <ol style="list-style-type: none"> 1. an extract of the Council resolution causing the roll to be prepared together with the time of valuation; 2. the list of properties, which should include: <ul style="list-style-type: none"> ✍ name of owner/lease holder; ✍ stand number; ✍ location; and ✍ remarks, if any; 3. maps showing property locations; 4. copy of the Rating Act; 5. the RFP with sample attachments as follows: <ul style="list-style-type: none"> ✍ Sample Technical Proposal; and ✍ Sample Financial Proposal; 6. required format for deliverables: <ul style="list-style-type: none"> ✍ Valuation files, Valuation Survey Cards, inspection notes (hard copy); and ✍ valuation roll: page-per-property in electronic media (Council to provide software). 	LCC/CVO

Stage	Activities	Responsible Office
Advertise	The invitation to submit proposals should include: a) a statement that the invitation is for proposals for the preparation of a supplementary valuation roll; b) the number and type of properties; c) where proposal documents may be obtained; d) the closing date for receiving proposals; and e) that those who purchase proposal documents will be invited to a pre-proposal meeting prior to submitting their proposals.	LCC
Tender documents	Prepare RFP documents ready for distribution.	Legal
Contract documents	Prepare terms and conditions of engagement for negotiation with contractor.	Legal
Pre-proposal conference	Organize the pre-proposal conference.	LCC
Appoint evaluation committee	Orient the committee as to the criteria to be used for evaluation.	LCC
Open proposals	In the presence of bidders, an elected official, and members of the evaluation committee, the proposals will be opened.	LCC
Evaluate proposals	Evaluations should start immediately after opening, preferably off-site.	LCC/Committee
Negotiate	The committee to negotiate with selected bidder.	Committee/Legal
Recommend to Council	The committee recommends selected bidder to Council.	Committee/LCC
Recommend to GRZ	Council approves recommendation and resolves to request the Minister to appoint the Valuation Surveyor.	LCC/GRZ
Receive approval from GRZ		LCC/GRZ
Sign Contract		USAID/LCC
Project Management	a) Provide blank Valuation Survey Cards for all new properties. b) Provide existing files and cards for amendment. c) Receive contractor's valuation documents and provide storage, checking, monitoring, and approval functions. d) Collate approved electronic files for conversion into and electronic valuation roll. e) Submit hard copy of roll for approval.	CVO
Statutory notices and adverts	f) Section 4 Valuation return g) Section 9 Notices and adverts h) Delivery and attestation of the roll i) Section 15 notification of publication of the supplementary roll	LCC/CVO
Valuation Tribunal	Defend roll at Tribunal. Arrange payment for Tribunal sitting. Implement Tribunal decisions - Section 18a.	Appointed Surveyor/CVO/LCC

6 Risks Identified as Affecting the Potential Success of the Valuation Process as Proposed

There are various risk factors, which if not addressed may adversely affect the success of the valuation process. Among these are the following.

- ? There is a lack of motivation of Council staff due to low salaries.
- ? There is a problem of retention of Council staff due to poaching.
- ? Council may fail to deliver on its responsibilities, which will include: provision of adequate resources for the CVO; approval of the selected contractor and appointment of the Approved Surveyor; providing property files and cards for existing rateable properties; blank property survey cards for new properties; standard property information; “tone of the list” valuation parameters; serving appropriate notices; appointing and funding the evaluation committee and setting rules of conduct; and payment of the Tribunal.
- ? The Council proposal to elevate the CVO (and valuation section) to Assistant Director Level may not happen, thus creating disaffection. The elevation of the section to full department level should be considered.
- ? The proposed increase in the staffing level through recruitment may not be effected.
- ? Limited capacity or interest of the private sector may result in a single consortium proposal, which may be highly priced and which may not constitute a truly competitive tender unless post-evaluation negotiations are comprehensive.
- ? There is a risk of losing control or of inadequate project management by the CVO
- ? Disputes on valuation issues and other matters between the CVO and the contracted valuer holding the post of Appointed Surveyor may arise.
- ? Political attempts interfere with the process.
- ? Non-performance by the contractor may result in delays or withdrawal.
- ? There are potential cost increases due to late identification by the Council of properties to be included. Recent LCC estimates of the number of properties involved have ranged from 10,000 to 30,000. At 25,000 properties costing between \$5 and \$8 per property to value, the cost of executing the supplementary valuation would be in the \$125,000 to \$200,000 range. The existence of sufficient funding to cover these costs will have to be verified.
- ? Insufficient technical assistance during the implementation phase may reduce the efficacy of the design. The Supplementary Valuation exercise has now developed into a larger scale, as a result of the increased estimate of properties involved and therefore an extended implementation period, the poor previous performance of the private sector and the need to provide greater support during the evaluation process and to the CVO, particularly during the submission of first deliverables.
- ? The CVO may be unable to produce an accurate list of properties to be included, which would result in delays or, if based on inaccurate information, less precise proposals.
- ? The Tribunal may throw out the roll on some point of law, which is not predictable. The Tribunal is quasi-judicial and apparently does not get involved in liaison prior to sitting.
- ? There are unpredictable legal impediments, e.g., collapse of the exercise on a point of law and GVD/interpretation of the Act through misinterpretation of proof of ownership. It is recommended that the Council and GRZ seek legal ruling on what constitutes the point of sale (e.g., the issue of receipts for payment, removal from the rent roll, issue of utility bills, etc.).

Annex A

Draft Request for Proposals Documents

LUSAKA CITY COUNCIL

DRAFT

REQUEST FOR PROPOSAL

**FOR THE PREPARATION OF
SUPPLEMENTARY VALUATION ROLL No. 3 OF 2000**

**FOR
THE CITY OF LUSAKA**

FUNDED BY USAID

MAY 2000

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SECTION I

1.0 INVITATION TO SUBMIT PROPOSALS

PROPOSAL FOR THE PREPARATION OF SUPPLEMENTARY VALUATION ROLL NO. 3 OF 2000 FOR THE CITY OF LUSAKA

- 1.1 The Lusaka City Council has received project funding from USAID in US dollars and hereby requests proposals for the preparation of the supplementary valuation roll as stated above for properties located in the City. The project includes approximately _____ properties as classified below:

CLASS OF PROPERTY	NUMBER OF PROPERTIES
Commercial	
Industrial	
Residential – low density	
Residential – medium density	
Residential – high density	
Statutory Housing Improvement Areas	
Peri-Urban – high density and smallholdings	

- 1.2 The Lusaka City Council, hereby invites all interested registered practising valuation firms to submit sealed proposals for the preparation of a Supplementary Valuation Roll.
- 1.3 Bid documents may be obtained from the Town Clerk, Lusaka Civic Centre, P O Box 30077, Lusaka, Zambia upon payment of a non-refundable fee of K200,000.00 in cash or bank certified cheque, or its equivalent in a freely convertible currency.
- 1.4 For the purpose of inquiries, telephone numbers are 252929 / 252328 / 250877 EXT: 546 or fax number 252141. **HOWEVER, TELEFAX AND OTHER ELECTRONIC PROPOSALS WILL NOT BE ACCEPTED.**
- 1.5 Sealed proposals must be submitted in accordance with the submittal guidelines contained herein.
- 1.6 The closing date for the receipt of proposals is Friday _____, 2000 at 12.00 hours local time and proposals will be publicly opened and acknowledged immediately thereafter, in the Council Chamber on the 1st Floor, Old Wing, Lusaka Civic Centre, Independence Avenue. Late proposals will not be accepted under any circumstances.

SECTION II

2.0 SUBMITTAL GUIDELINES

2.1 All proposals must be addressed to:

The Town Clerk
City of Lusaka
Civic Centre
Independence Avenue
P.O. Box 30077
LUSAKA
ZAMBIA

2.2 Proposals must be placed in the Proposal Box on the 1st Floor, Civic Centre, Old Wing, Independence Avenue, Lusaka. Late proposals shall not be accepted under any circumstances.

2.3 Proposals must be submitted using the "TWO ENVELOPE SYSTEM". The Technical Proposals and the Financial Proposals must be placed in separate envelopes clearly marked "Technical Proposal" and "Financial Proposal", each bearing the name of the bidder and the following information:

(a) **PROPOSAL FOR THE PREPARATION OF A SUPPLEMENTARY VALUATION ROLL NO. 3 OF 2000**

(b) **DO NOT OPEN BEFORE HOURS ON2000**

2.4 Only envelopes containing the Technical Proposals will be opened on.....2000 athours local time. The Financial Proposal of those whose Technical Proposals are successful will be opened at a later date. The Financial Proposals of all unsuccessful proposal submitters will be returned unopened.

2.5 Failure to properly mark the envelopes as indicated in paragraph 2.3 above may lead to the proposal's misplacement or premature opening. Lusaka City Council will assume no responsibility for the misplacement or premature opening of a proposal.

2.6 The original receipt of purchase for the proposal documents must be submitted together with the proposal.

2.7 All inquiries regarding the Request for Proposal Documents should be addressed to the Town Clerk during regular business hours.

2.8 All inquiries of a technical nature regarding this project should be addressed to the Chief Valuation Officer during regular business hours.

2.9 Those submitting proposals should follow all of the instructions contained herein, and supply all information as requested. Failure to comply with these instructions may disqualify a proposal.

Full, accurate, and complete information should be set out as required by this Request for Proposals (including all attachments). The Terms of Reference shall form part of this Request for Proposal Document.

3.0 **Period of Validity of Proposals**

Proposals must contain a statement to the effect that the proposal is valid for a period of ninety (90) days from the closing date for receipt of proposals.

3.1 **Eligibility**

Proposal submitters must provide the following information to verify that they satisfy the requirements to furnish the required services. Conditions for eligibility of the Contractor are:

- a. Certificate of Incorporation or Certificate of Registration, as applicable
- b. Copy of VAT Registration Certificate
- c. Certificate of Registration, as issued by the Valuation Surveyor's Registration Board, for each of the senior members of the project team.
- d. Current Practising Licence, as issued by the Valuation Surveyor's Registration Board, for each of the senior members of the project team.
- e. Proof of Professional Indemnity Insurance
- f. Financial Capability

The above-written eligibility criteria applies to each member of a joint firm or consortium or again to each firm or individual who proposes to sub-contract a part of the service.

3.2 **Technical Proposal**

One (1) original and nine (9) copies of the Technical Proposal shall be submitted in a separate envelope from the Financial Proposal. This section should contain the following information:

- a. Your understanding and interpretation of the Terms of Reference
- b. The proposed technical approach and methodology for conducting the exercise; and all relevant supporting data.
- c. The proposed project staffing and management including a description, composition and structure of the project team (office and field) and a description of how this team will be supervised (Office and field) to ensure internal and external quality control.
- d. Details on the proposed offices (location, organization, furnishing and security) with respect to the project's requirements,

- e. Detailed estimates of required manpower expressed in terms of man-days, broken down by individual team member and area of technical responsibility.
- f. A detailed work plan showing the schedule for accomplishment of the major tasks required to complete the exercise, similar to the example shown in Appendix E.
- g. Details of proposed technical and logistical support such as computers, vehicles and equipment.
- h. Detailed curriculum vitae of the key personnel assigned to the project making use of the format provided in Appendix D (including present position, length of employment with the firm or institution and language capability). Each key person should be clearly identified as either an employee of the firm or as a partner, consultant or as a subcontractor.
- i. Details of the proposed contractual relationship and organizational structure of firms and individuals bidding jointly.
- j. A summary of the total resources that are proposed to be brought together in order to successfully complete the task. The format for this summary should as a minimum provide the information set out in Appendix A.

3.3 **Financial Proposal**

One (1) Original and Nine (9) copies are to be submitted in a separate envelope from the “Technical Proposal”

This proposal should be presented in accordance with the format indicated in Appendix B. It should contain sufficient details to enable the Council to determine the basis of the bid amount and should, at the minimum include:

- a. Detailed estimates of all personnel costs associated with the project, which supports the proposed salaries
- b. Detailed estimates of all transportation related costs
- c. Detailed estimates of all other costs such as; equipment, communications, office supplies, computers, insurance, etc.

3.4 **Council Resourcing**

The Council will provide no labour or facilities unless otherwise provided for in this Request for Proposals.

3.5 **Key Contact**

The proposal should provide the name, telephone number(s), telex number, fax number, and email of the key contact person.

3.6 Withdrawal of Proposals

Proposals may only be withdrawn by written notice properly received in the Office of the Town Clerk at any time prior to award by the Council.

3.7 Modification of Proposals

Except as otherwise decided by the Council, modification of proposals must be received not later than the closing date and time specified for receipt of proposals. Modifications must be in writing and done in accordance with the sealed envelope requirement clearly identifying the proposals being modified, the nature of the modification, as well as the closing date and time for receipt of proposals. Modifications must be delivered in writing to the Office of the Town Clerk. Upon receipt of an amendment, the Town Clerk will acknowledge same in writing.

3.8 Delivery of Proposals

Submitters are reminded that it is their responsibility to ensure delivery of their proposals to the Council not later than the time and date specified. It is the submitter's responsibility to choose a means of delivery, which will ensure receipt by the Council in good time. Proposals received after the time and date specified will not be considered, and will be returned.

3.9 Selection Procedures

An Evaluation Committee appointed by the Council will evaluate proposals in accordance with the following procedures:

4.0 Technical Proposal Evaluation

An evaluation of the Technical Proposal will be carried out separately and independently of any financial consideration. Points will be awarded according to the main technical evaluation criteria set out in Appendix C.

Technical evaluation should identify qualifying, consortiums, firms and individuals, which will be ranked according to the highest score. It is intended that those whose proposals have been judged the best technically qualified according to score will achieve a minimum of seventy percent (70%) of the points available for the Technical Proposal.

4.1 Financial Proposal Evaluation

Following the evaluation of the technical proposals, only the financial proposals of the three top-ranked technical proposals will be opened, and this will be done simultaneously. Points will be awarded for suitably competitive bids, after any necessary corrections for comparisons have been carried out.

The points scored from the technical and financial proposals will be added together and the highest scoring consortium, firm or individual will be invited for negotiations.

4.2 **Contract Negotiations**

The Committee shall be responsible to negotiate a contract with the successful bidder on the basis of their technical and financial proposals. In the event that the Committee and the bidder cannot reach an agreement on the terms and conditions of the contract, the Council reserves the right to terminate negotiations and commence negotiations with the next ranked bidder. The technical and financial proposals as submitted by the selected bidder shall be incorporated into the contract and made a part thereof.

4.3 **Award of Contract**

It is expected that the award will be made on the basis of a fixed price contract, subject to adjustment by mutual agreement due to variations in the number and type of properties to be valued. The Council reserves the right to reject any and all proposals, and to waive information and minor irregularities in proposals received.

4.4 **Subcontracting**

The bidders may include, in their technical proposals, the use of sub-contractors. The names of the sub-contractors, their senior personnel, including curriculum vitae and the tasks to be performed, should be detailed in the technical proposal with justifications so as to enable the Council to review such arrangements.

4.5 **Joint Ventures/Consortiums**

Joint ventures between firms creating consortiums should clearly indicate the contractual arrangement among, identifying tasks to be performed by each firm in the venture. All firms in the venture would be jointly and severally liable for the successful execution and performance of the contract.

SECTION III

GENERAL CONDITIONS OF CONTRACT

4.6 Professional Services

The Surveyor shall carry out the services with due diligence and efficiency and in accordance with the highest professional standards. He shall abide by the Terms of Reference and subsequent instructions pertaining to the Terms of Reference given by Lusaka City Council. The Council is entitled to make amendments to the Terms of Reference without, by doing so, changing the nature or purpose of the services. If, as a consequence hereof, the scope of the services is widened or narrowed, the total remuneration shall be adjusted accordingly and the contract period shall be revised.

4.7 Information

Each party shall promptly inform the other party of any event or situation, which may necessitate an amendment to the agreement between the parties as to the scope, character or execution of the services, or in any other respects to the Contract. The Surveyor shall furnish the Council with such information concerning the services as the Council may from time to time reasonably request.

4.8 Subcontracting, Assignment and Substitution

The Surveyor may not sub-contract, assign, transfer, or substitute any senior personnel, or any interest herein, or any part thereof, except with prior written approval of the Council.

4.9 Reporting and Deliverables

The Terms of Reference will set forth the nature and timing of reports and all deliverables.

5.0 Conflict of Interest:

- a. During the course of this contract, and thereafter, the Surveyor shall not engage in any activities that might lead to a conflict of interest.
- b. At all times, the Surveyor shall act with appropriate propriety and discretion, and in particular shall refrain from making any public statement concerning the project or the services without the prior approval of the Lusaka City Council.

5.1 Confidentiality

Disclosure of project information to any individual, firm, or corporation, other than the Town Clerk and Chief Valuation Officer, and their authorized agents is expressly prohibited, and if done before, during, or after approval of the project, will be considered a violation of the contract.

5.2 **Records**

The Surveyor shall permit duly authorized representative(s) of the Council from time to time to inspect its records and accounts relating to the services.

5.3 **Ownership of Work**

All documents, specifications, reports and relevant data compiled or prepared in the course of the services shall be the property of the Council unless otherwise decided by the Council. Such materials shall be properly sorted and indexed by the Surveyor prior to delivery to the Council. The Surveyor may retain a copy thereof, provided, however, that such material shall not be used by the Surveyor for purposes unrelated to the Contract without prior written approval of the Council.

5.4 **Relationship of the Parties**

Nothing contained in these conditions or in the Contract shall be construed to establish any relationship other than that of independent contractor to the Council.

5.5 **Payment Mechanism**

The basis of remuneration, mode of invoicing and method of payment shall be specified in the Terms of Reference and contract document.

5.6 **Termination**

- a. This contract shall be subject to termination by the Council at any time by summary notice in writing if the Surveyor commits any serious breach or any repeated or continued material breach of his obligations hereunder or shall have been guilty of conduct tending to bring himself or the Council into disrepute.
- b. The contract may also be terminated for convenience by the Council, subject to reasonable notice in writing. In such cases the Council will reimburse the Surveyor for the cost incurred during the period necessary for a prompt and orderly termination of services.

SECTION IV

TERMS OF REFERENCE

5.7 BACKGROUND

The Government of the Republic of Zambia has received project funding from the United States Agency for International Development in US Dollars towards the cost of preparing a Supplementary Valuation Roll No.3 of 1995 for the Lusaka City Council. It is intended that the proceeds of this funding will be used for eligible payments for the provision of property valuation services by the private sector which will include the survey, inspection, valuation, and compilation of a computerized property data base, and shall be packaged in one contract. It is intended that, under a separate contract, the Valuation Section and Revenue Section of the Council will be computerized in order to accommodate the computerized valuation roll which will result from this contract. PADCO has been contracted by USAID to provide technical assistance in the implementation of this project.

The purpose of this current assistance to the Council is to improve its ability to generate revenue through its existing property rating system. This improvement will in turn assist in ensuring a sustainable service delivery system by reducing the gap in funding for the provision of Council services. Revenue is generated from properties that are rateable by applying a multiplier, or rate, to the rateable value of each property. The rateable value of a property, or rating assessment, is based on the estimated price the property would obtain if sold on the open market at the relevant date. The Council determines the rate to be levied by Council Resolution, which is then submitted to the Minister of Local Government and Housing for approval.

Part II, Section 8 of the 1997 Rating Act, as amended, requires the Council to prepare a list (known as the general revaluation roll) of all rateable property in the Council's rateable area every five years. Part II, Section 10, of the Act provides that the Rating Authority, which in this case is the LCC, may include new or revised entries on the rating roll by way of supplementary rolls, which should be prepared every year or half-year.

The specific objectives of this assistance package, and the issues associated with them, are as follows:

a. Assist the LCC in assessing property not currently on the valuation roll.

New entries generally result from the construction of new buildings, changes in legislation introducing new categories of properties; legalisation of properties not previously officially recognised, and the transfer of properties from the public sector to the private sector. New entries are also identified from submissions of copies of occupation certificates from the City Planning Department or by general inspection visits carried out by the Department's representatives. Apart from a mini-Supplementary Roll of nineteen new high value properties, currently being undertaken by the Government Valuation Department, the last Supplementary Valuation was carried out in 1997. As a result of this delay and various changes in legislation an

unusually large back-log of properties need to be brought onto the roll. Successful completion of the supplementary rolls will capture new entries and will broaden the tax base and thus increase LCC revenue for the delivery of services.

b. Assist the LCC in laying the groundwork for the next General Revaluation.

It is intended that the next general revaluation will follow once the forthcoming Supplementary Valuation exercise has been completed. As the planned revaluation will be a large-scale exercise, work undertaken to prepare the Supplementary Valuation Roll will provide an ideal opportunity to develop systems that can support the subsequent larger revaluation.

c. Assist the LCC in strengthening the integrity of the assessment exercise by developing sound methodology and transparent tender procedures; applying even-handed valuation methods; ensuring strict quality control; and using a more professional and transparent appeals process.

Due to a lack of resources in the Council Valuation Section and the unusually large back-log of properties to be brought onto the roll it is considered that the task of undertaking a Supplementary Valuation Roll should be out-sourced to the private sector.

Previous attempts to involve the private sector have not achieved their potential and the forthcoming exercise will need to be managed in such a way as to ensure the application of fair and transparent tendering and evaluation procedures, the development of a sound and consistent valuation methodology, particularly if more than one subcontractor is involved; the utilisation of quality control procedures that will ensure the exercise is undertaken to an appropriate and measurable standard; and the development of an efficient and transparent appeals process to ensure the equitable treatment of the ratepayers.

d. Assist the LCC in building a computerized information system that captures property values, applies relevant tax rates to calculate tax liabilities, prints tax invoices, tracks payments and delinquencies, and allows for periodic updates by applying change factors influencing values.

It is intended that this assistance package will also provide a computerized billing and rates revenue collection system. This part of the assistance is outside the scope of these current Terms of Reference, however, in order that the financial system will obtain maximum benefit, the forthcoming Supplementary Valuation Roll will be produced electronically. The electronic format and the database program will be provided to the winning contractor by the Council.

5.8 SCOPE OF WORK

The scope of this assignment is as follows:

1. Submit and agree a work-plan, including timetable for submitting deliverables, to the Council.
2. Carry out a physical inspection and survey of each property.

3. Prepare accurate and concise field notes and complete a Valuation Survey Card for each property, completing all the data fields on the Valuation Survey Cards using pencil/ballpoint pen. The Council will provide the Cards.
4. Measure the external dimensions, and where appropriate, the internal dimensions, of every rateable property, identifying individual structures, draw these as a plan on the reverse side of the Valuation Survey Card and compute the gross area of each structure in square meters.
5. Identify every rateable property by its property/stand number.
6. Make a physical inspection of the area to be valued to ascertain the street names where current topographic plans do not show any street names and mark it on the plans. If no street name can be found, but an adjacent street has a name, the plot on the unnamed street may be identified as 'off' the named street.
7. Determine separate legal ownership, including the legal owner's name.
8. Maintain original site inspection notes and office records in a logical sequence as a matter of established Valuation practice. These original surveys may be required in the event of later appeals or disputes for written presentation to the Rating Valuation Tribunal.
9. Compute individual Rateable Values of every property, using the Tone of the List provided by the council. Establish and agree with the Chief valuation Officer the level of values or Tone applicable to properties in newly rateable areas or categories. Agree valuation methodology with the Chief Valuation Officer for special properties such as petrol filling stations etc.
10. Perform the valuation process in accordance with the provisions contained in the Rating Act number 12 of 1997 as amended by the Rating Amendment Act number 9 of 1999 and the contractual obligations of the Surveyor to perform to acceptable standards of integrity and professionalism.
11. Deliver completed Valuation Survey Cards, together with any property file, site notes and other documents, in batches to the Council's Valuation Office at the anticipated output of _____ properties per week/month
12. Indicate on a 1:500 survey cadastral plan as provide by the Council all properties which have been valued and return the plan with the valued batches.
13. Enter all relevant property details into an electronic database and deliver together with the valued batches. The program for the electronic database will be provided by the Council.
14. Provide a summary report indicating the number and types of properties valued, the approaches and methods that have been adopted if different to those set out in this contract and attendant documents, and an explanation of valuation criteria used.
15. Make such amendments to the Valuation Survey Cards, electronic database and other documents as required by the Chief Valuation Officer as part of his monitoring, quality control and approval procedure. Such amendments may be required in the event of:
 - (a) Incorrect name and/or address of the property owner
 - (b) Confused property identification, number not cross-referenced correctly from the field survey plan on to the Valuation Survey Cards
 - (c) Insufficient and incorrect construction details
 - (d) Inaccurate measurements
 - (e) Incorrect area calculations due to mathematical errors

- (f) Untidy and illegible field notes and plans, which may necessitate re-inspection and re-measuring of the development
 - (g) Incorrect valuation approach or assumptions
 - (h) Any other occurrence which may indicate that the validity of the work has been jeopardised.
16. Once the Supplementary Valuation Roll has been completed to the satisfaction of the Chief Valuation Officer, he will submit it for Council approval, following which he will be responsible for sending the required statutory notices to each leaseholder and for publishing the Roll as required by law.
 17. Deal with referred objections arising from property owners, revisit the affected properties, and, if necessary defend the Rateable Values ascribed to each property at the Rating Valuation Tribunal sitting. Following the determination by the Tribunal, make such modifications and amendments to the documents as necessary.
 18. Deal with any unresolved issues and outstanding queries for a period of six months after Rating Valuation Tribunal.

5.9 DELIVERABLES

The Field Work to be completed at the rate of _____ properties per week/month by submitting accurately completed Valuation Survey Cards, site notes, property files and other documents, together with the cadastral plan and computerized property database (diskette version) submitted to the Council's Valuation Office.

6.0 PAYMENT MECHANISMS

Payment for services rendered under this contract will be based on monthly invoices reflecting the percentage of work completed and delivered by the Surveyor. The Council will make these payments no later than 30 days after receiving a monthly invoice. A ten per cent retention will be withheld from each monthly billing and will be paid to the Surveyor upon completion of implementation of the determinations of the Rating Valuation Tribunal, which shall not exceed six months.

SECTION V
APPENDICES

Appendix “A” Sample Technical Proposal

**Technical Proposal Submittal Guidelines
for Estimating Required Resources**

Assignment Summary Data

Number of Properties by Category: _____

Number of Field Teams: _____

Number of People Per Field Team: _____

Average Number of Properties Per Day Per Field Team: _____

Total Number of Field Team Man-Days: _____

Estimated Days for Completion: _____

Manpower Estimates

TEAM POSITIONS	QUANTITY	MAN DAYS
Appointed Surveyor		
Project Manager		
Valuers		
Field Technicians		
Office Technicians		
Clerical Staff		
Others (specify)		

Transport Estimates

VEHICLE AND TYPES	QUANTITY	DAYS

Computers

TYPE AND CAPACITY	ESTIMATED DAYS USEAGE

Communication facilities available

Telephones Numbers: _____

Fax Numbers: _____

Email Addresses: _____

Other Equipment likely to be used (Please Specify)

Appendix "B" Sample Financial Proposal

Financial Proposal Submittal Guidelines for Estimating Resource Costs

Summary of Costs

Preliminary Expenses		
Manpower		
Transport		
Computers		
Communications		
Printing and Stationery		
Other Equipment Costs		
Other Costs		
Total Costs		
Add		
Contingency @	%	
Profit @	%	
	<i>Total Bid Price</i>	

Preliminary Expenses:

ACTIVITY	COSTS

Manpower Estimates

TEAM POSITIONS	QUANTITY	MAN DAYS	RATES	COSTS
Appointed Surveyor				
Project Manager				
Valuers				
Field Technicians				
Office Technicians				
Clerical Staff				

TEAM POSITIONS	QUANTITY	MAN DAYS	RATES	COSTS
Others (specify)				
Total				

Transport Estimates

VEHICLE AND TYPES	QUANTITY	DAYS	RATES	COSTS
Total				

Computers

TYPE AND CAPACITY	DAYS OF USAGE	RATES	COSTS
Total			

Communication

TYPES	COSTS
Local Calls	
Local Faxes	
Postage	
Other (Specify)	
Total	

Printing

DOCUMENT TYPE	QUANTITY	RATES	COSTS

		Total	

Other Equipment likely to be used (Please Specify)

EQUIPMENT	COSTS
Total	

Other Incidental Costs (Please Specify)

TYPES OF COSTS	COSTS
Total	

Appendix “C” Evaluation Criteria

Technical Proposal Evaluation Criteria

The technical evaluation of proposal will be undertaken making use of the following criteria.

	<i>Score Item</i>	<i>%</i>
1	General property valuation experience of the bidder (consortium, firm or individual).	5%
2	Specific rating valuation experience of the bidder (consortium, firm or individual).	5%
3	Experience, qualifications and competence of key staff and other staff members	20%
4	Understanding of the terms of reference	5%
5	Methodology and Approach, and adequacy of the proposed Work Plan	20%
6	Allocation of resources including human, equipment and information technology	10%
7	Proposed delivery/ completion period.	5%
9	Presentation and completeness of proposal	5%
	Total Score	75%

Note: Negative points will be used only in extreme cases.

Financial Proposal Evaluation Criteria

Up to a maximum of 25% will be awarded on the basis of the financial proposal. Technical and financial ratings will be pooled and the highest evaluated bid shall be recommended to the Council.

Appendix “D” Sample Curriculum Vitae

CURRICULUM VITAE

KEY MEMBER OF (PROPOSAL NAME) TEAM

Name of Staff: _____

Profession: _____

Years with Firm _____

Nationality: _____

Proposed Position (s) on Team: _____

Detailed Tasks Assigned: _____

Key Qualifications:

[Under this heading, give an outline of staff member’s experience and training most pertinent to the assigned work on the team. Describe the degree of responsibility held by staff member on relevant previous assignments and give dates and locations.]

Education:

[Under this heading, list college / university and other professional and special education of staff member, giving names of institutions, dates attended and qualifications obtained.]

Experience Record:

[Under this heading list all the professional positions held, provide dates, names of employing organization, brief description of duties performed and name of reference familiar with work.]

Languages:

[Indicate proficiency: in speaking, reading, and writing for or each language by ‘excellent’, ‘good’, ‘fair’ or ‘poor’]

Signature of Team Member:

Date: _____

Please attach copies of appropriate licences if any

Annex B

Draft Legal Advertisement

Inviting Proposals for Insertion in Local Newspaper

Draft Advertisement

CITY OF LUSAKA

REQUEST FOR PROPOSALS

PROFESSIONAL SERVICES

FOR THE

SUPPLEMENTARY VALUATION ROLL NO. 3 OF 2000

The Lusaka City Council has received project funding from the United States Agency for International Development in US dollars and hereby requests proposals for the preparation of the above supplementary valuation roll of property located in the City. The project includes approximately _____ properties as classified below:

CLASS OF PROPERTY

NUMBER OF PROPERTIES

Commercial

Industrial

Residential – low density

Residential – medium density

Residential – high density

Statutory housing improvement areas

Peri-Urban – high density and smallholdings

The Lusaka City Council, hereby invites all interested registered practising valuation firms to submit sealed proposals for the preparation of a Supplementary Valuation Roll. Bid documents may be obtained from the Town Clerk, Lusaka Civic Centre, P O Box 30077, Lusaka, Zambia during regular business hours upon payment of a non-refundable fee of K200,000.00 in cash or bank certified cheque, or its equivalent in a freely convertible currency.

Proposals must be submitted using a “Two Envelope System” being a separate Technical Proposal and Financial Proposal, each in sealed envelopes. These must be clearly marked on the outside of the envelope, and bear the name of the bidder and the title “Proposal for the Preparation of a Supplementary Valuation Roll No. 3 of 2000”. Proposals should be addressed to: Office of the Town Clerk, Civic Centre, P.O. Box 30077, 10101 Lusaka, Republic of Zambia and may be mailed, or delivered by hand to the Office of the Town Clerk during regular business hours. All proposals must be delivered by no later than 12.00 noon, Friday _____, 2000. Late proposals will not be accepted under any circumstances and will be returned unopened.

For the purpose of inquiries, telephone numbers are 252929 / 252328 / 250877 EXT: 546 or fax number 252141. HOWEVER, TELEFAX AND OTHER ELECTRONIC PROPOSALS WILL NOT BE ACCEPTED.

The Lusaka City Council reserves the right to reject any or all proposals, or accept the proposal and award a contract to the successful firm whose proposal is in the best interest of the Council. Interested parties can obtain further information from the Office of the Chief Valuation Officer prior to the submission of their proposal. The City will make available all valuation records and other relevant documents required to complete the assignment.

All interested professional firms must include Registered Valuation Surveyors under the Valuation Surveyors Regulations Board (Valuation Surveyors Act, Chapter 207). Proposals must be accompanied by a Statement of Qualifications and include the following information:

- ? The firm's general experience in property valuation and surveying
- ? The firm's specific experience in property valuation for rates
- ? A brief description of relevant experience, including
- ? A list of available personnel specifically assigned to the project with their qualifications and competencies clearly defined
- ? A list of the firms facilities, equipment and other support services committed to the completion of the project

All proposals properly received will be publicly opened and acknowledged in the City Council Chamber at 12:00 noon on _____, ____2000. All interested parties are invited to attend.

Office of the Town Clerk
Civic Centre
10101 Lusaka
Republic of Zambia

Annex C

Draft Contract

To be submitted for legal drafting and for use as the basis
for contract negotiations with the selected bidder

Draft Contract

CITY OF LUSAKA

CONTRACT FOR PROFESSIONAL SERVICES FOR THE SUPPLEMENTARY VALUATION ROLL No. 3 OF 2000

WHEREAS, the Lusaka City Council is desirous of retaining the professional services of a consultant to prepare the Supplementary Valuation Roll No. 3 of 1995; and

WHEREAS, this Agreement by and between the Lusaka City Council, a body corporate, constituted under the Local Government Act of the laws of Zambia, hereinafter referred to as the "Council", and _____, hereinafter referred to as the "Surveyor".

**WITNESSETH THE COUNCIL AND THE SURVEYOR FOR THE CONSIDERATION
STATED HEREIN AGREE AS FOLLOWS:**

1. GENERAL PROVISIONS

ARTICLE I

SCOPE OF SERVICES

GENERAL STATEMENT: The Surveyor shall upon and subject to these Conditions carry out and complete the rating work described by or referred to in the Request For Proposals, Scope of Work, Terms Of Reference, specifications, and in these Conditions in every respect to the reasonable satisfaction of the Council. The proposal and any and all documents as submitted by the Surveyor are hereby incorporated and made a part of the contract as if set forth fully herein, and are attached as Exhibit "A".

COMMENCEMENT: The Surveyor shall commence the rating exercise within thirty days (30) after the signing of the Contract and shall proceed with the work with due expedition and without delay except as may be expressly sanctioned or ordered by the Council or be wholly beyond the Surveyor's control. Therefore, the project shall commence on or before _____, __, 2000 and shall be completed on or before _____, __, 2001.

TIME OF COMPLETION: Subject to any requirement of the Contract documents as to completion of any portion of the rating exercise before completion of the whole, the whole of the rating exercise shall be completed within the time stated calculated from a date prescribed by the Council in a written order to commence the rating exercise or such extended time as may be allowed under Article XXIV thereof.

CERTIFICATION OF COMPLETION: As soon as in the opinion of the Council the rating exercise shall have reached completion the Council shall on receiving a written undertaking by the Surveyor to finish any outstanding work during the Defects Liability period issue a Certification of Completion in

respect of the rating exercise and the Defect Liability Period shall commence from the date of such Certificates.

ARTICLE II **COMPENSATION**

METHODS AND TERMS OF PAYMENT: Payment for services rendered under this contract will be based on monthly statements reflecting the percentage of work completed by the Surveyor. The Council will make these payments no later than thirty (30) days after receiving a monthly invoice. Ten (10) per cent retention will be withheld from each monthly billing and will be paid to the Surveyor upon completion of implementation of the Rating Valuation Tribunal decisions. The contract sum shall include all expense for Tribunal appearances by the Surveyor.

CONTRACT SUM: The Council will pay to the Surveyor a sum not to exceed _____ Kwacha (_____) exclusive of VAT (hereinafter referred to as 'the Contract Sum') or such other sum as shall become payable hereunder at the times and in the manner in the said Conditions. Any adjustment(s) to the contract sum must be mutually agreed to, in writing, in advance, by both parties.

CERTIFICATES REQUIRED: The Surveyor shall be entitled to a certificate from the Council at the end of each stage of the amount due to him from the Council. The Council as far as possible shall make payment within thirty (30) days of the issue of Certificate.

1. The amount so due as aforesaid shall be the total value of the acceptable work duly executed less any instalments previously paid under this Article. Provided that such Certificates shall only include the value of the said services as and from such time as they are reasonably properly and not prematurely brought upon the Council.
2. The Surveyors shall (subject to Article V hereof) be entitled to a certificate for one moiety of the retention fund upon completion of the work or any such sums as may be otherwise agreed
3. Upon the approval of the Supplementary Valuation Roll by the Tribunal or upon completion of making good defects under Article IV hereof whichever is later the Council shall issue a Final Certificate of the value of the rating exercise executed by the Surveyor and such Final Certificate save in cases of fraud, dishonesty or fraudulent concealment relating to the rating exercise or materials or to any matter dealt with in the certificate and save as regards all defects and insufficiencies in the rating exercise or materials which a reasonable examination would not have disclosed shall be conclusive evidence as to the sufficiency of the said works and materials and of the value thereof subject to the provision of Article II, Section 7.
4. Save as aforesaid, no certificate of the Council shall of itself be conclusive evidence that any works or materials to which it relates are in accordance with this Contract.

5. Provided always and it is hereby agreed, that unconditional approval of the roll by the Tribunal shall be conclusive evidence that the rating exercise has been carried out in accordance with the Contract.

6. Notwithstanding anything to the contrary in these General Conditions of Contract contained, the Council may deduct from the amount due or payable under certificate whether interim or final any amount howsoever arising, owing or payable under this or any other contract or otherwise by the Surveyor to the Council.

7. Notwithstanding anything to the contrary in these general Conditions of Contract contained the right is reserved to recover from the Surveyor within a period of six months of the issue of the Final Certificate any overpayments which may be revealed arising from the arithmetical errors in the compilation of any Certificate or Variation Order issued under the Contract and any errors in the copying or transcribing of such documents or arising from the omission previously to recover the cost of any materials sold or supplied to the Surveyor in connection with the Contract. Provided that any underpayment, which may be so, revealed arising out of the foregoing shall be paid to the Surveyor.

CONTRACT SUM ADJUSTMENTS: No variation shall vitiate this Contract. All variations authorized by the Town Clerk or subsequently sanctioned by him in writing shall be measured and valued by the Town Clerk who shall give the Surveyor opportunity to be present with him on the rating exercise at the time and to take such notes and measurements as he may require. The Surveyor shall be supplied with a copy of the measured Bill in respect of such extras and omissions and the valuation thereof unless previously or otherwise agreed shall be made in accordance with the following rules:

1. The prices in the original Contract Agreement shall determine the valuation of extra work of similar character executed under similar conditions as work priced therein.

2. The said prices, where extra works are not of similar character or executed under similar conditions as aforesaid shall be the basis of prices for the same so far as may be reasonable failing which a fair valuation thereof shall be made based upon prices for similar work in the locality current at the time the extra works are executed.

3. Where extra work cannot be measured or valued, the Surveyor shall be paid in accordance with the prices contained on the Day Work clause in the Financial Proposal as approved by the Council.

4. The prices in the original Contract Agreement shall determine the valuation of items omitted, provided that if the omissions vary the conditions under which any remaining items of work are carried out, the prices for such remaining items shall be valued under 2. hereof.

5. If as a result of an instruction materially to increase or decrease the scope of work, or postpone the commencement of the work, the Surveyor considers his rates and prices are no longer applicable, he must give immediate written notice of his intention to claim an adjustment thereon and submit full details in writing of his claim within thirty days of the date of the instruction. The Town Clerk shall consider the claim and may reject the same or make such allowances as he considers being fair and reasonable.

6. The measurement and valuation of the rating exercise shall be completed as far as possible within four weeks of completion of the rating work. Interim measurements and valuation shall be made whenever necessary to enable the Town Clerk to issue Certificates under Article II, Section 7 thereon.

ARTICLE III
ASSIGNMENT OF CONTRACT

ASSIGNMENT, SUBCONTRACTING, TRANSFERRING: This Contract is personal to the Surveyor and the Surveyor shall not directly or indirectly transfer, assign or sublet the Contract or any part, share or interest therein without the written consent of the Council provided that such permission shall not be unreasonably withheld to the prejudice of the Surveyor; and no subletting shall relieve the Surveyor from the full and entire responsibility of the Contract or from active superintendence of the rating exercise during its progress. Provided always that the provision of labor on a piecework basis shall not be deemed to be a subletting under this Article.

ARTICLE IV
SUBMISSION OF COMPLETED WORK

SUBMITTAL PROCESS: Periodically during the project, but not less than monthly, as valuations are completed, the Surveyor will submit these to the Chief Valuation Officer for his quality control review. If approved by the Chief Valuation Officer, he will recommend release of payment and issuance of the Certificate to the Director of Finance.

PHYSICAL INSPECTION REQUIRED: All valuations shall be made with a physical inspection of the interior and exterior of the subject property. In no case may the Surveyor use information from the Chief Valuation Officer's records in lieu of an interior and exterior inspection. This will be considered a violation of the contract. This restriction will be strictly adhered to and any violation will be just cause for the Chief Valuation Officer to request that the Surveyor cancel the employee's appointment and remove him from the field. The Chief Valuation Officer and his staff will make random spot checks throughout the City to verify that interior and exterior inspections are being conducted. The Surveyor shall be responsible for the valuation of all rateable properties up to and including _____, _____, 2001.

DEFECTS AND FAULTS: Any defects, or other faults, which may appear within the rating exercise, after the delivery of the Supplementary Valuation Roll, shall be made good by the Surveyor, at his own cost.

ARTICLE V
PENALTIES

LIQUIDATED DAMAGES: If the Surveyor fails to complete the rating exercise by the date stated in the Technical Proposal as submitted and approved to these Conditions or within any extended time fixed under these Conditions and the Town Clerk certifies in writing that in his opinion the same ought

reasonably so to have been completed the Surveyor shall pay the Council a sum calculated at the rate stated in the said Technical Proposal as submitted and approved as Liquidated and Ascertained Damages for the period during which the said work shall so remain or have remained incomplete and the Council may deduct such damages from any moneys otherwise payable to the Surveyor under this contract.

1. The payment or deduction of such damages shall not relieve the Surveyor from his obligation to complete the rating exercise or from any other of his obligations and liabilities under the Contract.
2. Provided that if before the completion of the whole of the rating exercise any part of the rating exercise has been certified by the Council as completed pursuant to Article I hereof and occupied or used by the Council the liquidated damages for delay shall for any period of delay after such certification be reduced in the proportion which the value of the part so certified bears to the value of the whole of the rating exercise.

ARTICLE VI **INSURANCE AND WORKMEN'S COMPENSATION**

SURETIES: The Surveyor shall at his own expense if required, provided two good and sufficient sureties or obtain the guarantee of an Insurance Company or Bank (any such surety to be approved by the Council) to be jointly and severally bound together with him to the Council in the sum provided in the Contract Agreement for the due performance of the Contract.

PROFESSIONAL INDEMNITY: The Surveyor shall within thirty (30) days of notification of its appointment as Valuation Surveyor provide the Council with a professional indemnity policy to indemnify the Surveyor's firm against any claims that Council may have against it for the breach of any of its obligations under the Rating Act No. 12 of 1997 and the contract document. In no event will the Council enter into this contract without prior receipt of the aforesaid policy.

THIRD PARTY INJURIES: It is recorded that the Surveyor is an independent contractor and the Council shall not be liable in any way for the defects or actionable wrongs committed by the Surveyor or his employees in carrying out this contract.

1. The Contractor shall be solely liable for and shall indemnify the Employer in respect of and shall insure against any liability loss claim or proceedings whatsoever arising under any Ordinance or law (other than the Workmen's Compensation Ordinance) or at Common Law in respect of personal injury to or the death of any person whomsoever arising out of or in the course of the rating exercise unless due to any act or neglect of the Council or of any person for whom the Council is responsible.
2. The Contractor shall be liable for and shall indemnify the Council against and shall insure against any liability loss claim or proceedings in respect of any injury of damage whatsoever to any property real or personal in so far as such injury or damage arises out of or in the course or by reason of the execution of the works and provided always that the sum if due to any negligence omission or default of the Contractor his servants or agents or to any circumstances within the Contractor's control and subject

also as regards loss or damage by fire whether to the works or to any other subject also as regards loss or damage by fire whether to the works or to any other premises to the provisions contained in these conditions.

PATENT INFRINGEMENTS: The Surveyor shall pay all royalties and expenses and be liable for all claims in respect of the use of any patent rights, trade marks, or other protected rights and hereby indemnifies the Council against any claims there from.

ARTICLE VII **QUALITY AND PROGRESS CONTROL**

If at any time during the contract period the quality and/or progress of the work shall not be satisfactory, the Council reserves the unilateral right to terminate the contract and upon written notice directed to the principle place of business of the Surveyor shall thereafter be responsible only for the reasonable value of the services thereto rendered, and in no event a sum greater than the ratio of completed work to the whole work contemplated by the contract.

DELAYS AND EXTENSIONS: If in the opinion of the Town Clerk the rating exercise is delayed:

1. By force majeure; or
2. By reason of any exceptionally inclement weather; or
3. By reason of such loss or damage by fire; or
4. By reason of civil commotion, declaration of a state of emergency, local combination of workmen strike or lockout affecting any of the trades employed upon the rating exercise; or
5. By reason of the Town Clerk's instructions given in pursuance of Article VIII of these Conditions; or
6. Because the Surveyor has not received in due time necessary instructions from the Town Clerk for which he shall have specifically applied in writing; or
7. By delay on the part of other contractors, suppliers or tradesmen engaged by the Council in executing work not forming part of this Contract; or
8. By delay due to the inability of the Surveyor to obtain delivery of equipment, stationery or materials, provided such delay is not resultant upon the Surveyor's neglect to place orders at the appropriate time.

In any such case, the Town Clerk shall make a fair and reasonable extension of time for completion of the rating exercise upon the occurrence of any such event causing delay. The Surveyor shall immediately give notice thereof in writing to the Town Clerk, but shall nevertheless perform expeditiously and shall do all that may reasonably be required to the satisfaction of the Town Clerk to proceed with the rating exercise.

ARTICLE VIII **INTERPRETATIONS OF SPECIFICATIONS AND CONTROL**

TOWN CLERK'S INSTRUCTION: The Surveyor shall (subject to these Conditions) forthwith comply with all instructions issued to him by the Town Clerk in writing in regard to any matter in respect of which the Town Clerk is expressly empowered by these Conditions to issue instructions.

CONTRACT DISCREPANCIES: Should there appear to be any discrepancies, ambiguities, or want of agreement in description, dimensions, qualities or quantities in the contract, the Surveyor shall be obligated to refer the matter to the Town Clerk for decision before proceeding to execute the contract or part thereof in respect of which the said discrepancies, ambiguities or want of agreement appear to exist.

ARTICLE IX **CONFIDENTIAL NATURE OF CONTRACT**

NON-DISCLOSURE: Disclosure of valuation information to any individual, firm, or corporation, other than the Town Clerk and Chief Valuation Officer, and their authorized agents is expressly prohibited, and if done before, during, or after approval of this project, will be considered a violation of the contract.

ARTICLE X **APPLICATION OF LAW**

CONFORMANCE TO THE LAW: The contract shall in all respects be construed in accordance with the laws of the Republic of Zambia and any difference that may arise between the Council and the Surveyors in regard to the contract shall be resolved in accordance with the laws of the Republic of Zambia.

ARBITRATION: Provided always that in case any dispute or difference shall arise between the Council and the Surveyor, either during the progress of after completion or abandonment of the rating exercise as to the construction of this Contract or as to any matter or thing of whatsoever nature arising there under or in connection therewith (including any matter or thing left by the Contract to the discretion of the Council or the withholding by the Council of any certificate to which the Surveyors may claim to be entitled or the measurement and valuation mentioned in Article II of these Conditions or the rights and liabilities of the parties under Articles XXIII and XXIV of these Condition) then either party shall forthwith give to the other notice in writing of such dispute of difference and such dispute or difference shall be and is hereby referred to the arbitration and final decision of an Arbitrator or Arbitrators as provided under the Arbitration Act (Chapter 180 of the Laws) in force in the Republic of Zambia to be agreed upon between the parties and the award of such Arbitrator or Arbitrators shall be final and binding on the parties. Such reference except on the question whether or not Certificate has been improperly withheld or is not in accordance with Article II of these Conditions shall not be opened until after the completion or alleged completion or abandonment of the rating exercise unless with written consent of the Council and the Surveyor. Without prejudice to the generality of his powers the Arbitrator shall be desirable in order to determine the rights of the parties and to ascertain and award any such award which ought to have been the subject of or included in any Certificate and to open up review and revise any Certificate opinion decision requisition or notice and to determine all matters in dispute which shall be submitted to him and of which notice shall have been given as aforesaid in the same manner as if no such Certificate opinion decision requisition or notice had been given.

SURVEYOR BANKRUPTCY: In the event of an order being made for the sequestration of the Surveyor's Estate, whether provisional or final or in the event of an application being made for such order, or in the event of the Surveyor's main application for the surrender of his estate, or if he shall enter into, make or execute any deed of assignment or other composition or arrangement with, or assignment for the benefit of his creditors, or purport to do so, or if the Surveyor, being a company, shall pass a resolution, or if the Council shall make an order for the liquidation of such Company, the Council shall have the right summarily and without recourse to law, to determine the Contract without payment of any compensation to the Surveyor, and without prejudice to the right of Council to sue the Surveyor, for any damages sustained by it in consequence of one or other of the aforementioned events.

GRATUITIES AND COMMISSIONS PROHIBITED: If the Surveyor, or any person employed by him, is found to have either directly or indirectly offered, promised or given to any Council member or person in the employment of the Council commission, gratuity, gift or other consideration the Council shall have the right summarily and without recourse to law and without prejudice to any other legal remedy which may have in regard to any loss or additional cost of expenses to disqualify any tender or offer for the Surveyor to carry out the rating exercise or cancel the contract without paying any compensation to the Surveyor.

2. CONTRACT SPECIFICATIONS

ARTICLE XI **SCOPE OF WORK**

The scope of this assignment is as follows:

19. Submit and agree a workplan, including timetable for submitting deliverables, to the Council.
20. Carry out a physical inspection and survey of each property.
21. Prepare accurate and concise field notes and complete a Valuation Survey Card for each property, completing all the data fields on the Valuation Survey Cards using pencil/ballpoint pen. The Council will provide the Cards.
22. Measure the external dimensions, and where appropriate, the internal dimensions, of every rateable property, identifying individual structures, draw these as a plan on the reverse side of the Valuation Survey Card and compute the gross area of each structure in square meters.
23. Identify every rateable property by its property/stand number.
24. Make a physical inspection of the area to be valued to ascertain the street names where current topographic plans do not show any street names and mark it on the plans. If no street name can be found, but an adjacent street has a name, the plot on the unnamed street may be identified as 'off' the named street.
25. Determine separate legal ownership, including the legal owner's name.

26. Maintain original site inspection notes and office records in a logical sequence as a matter of established Valuation practice. These original surveys may be required in the event of later appeals or disputes for written presentation to the Rating Valuation Tribunal.
27. Compute individual Rateable Values of every property, using the Tone of the List provided by the council.
28. Perform the valuation process in accordance with the provisions contained in the Rating Act number 12 of 1997 as amended by the Rating Amendment Act number 9 of 1999 and the contractual obligations of the Surveyor to perform to acceptable standards of integrity and professionalism.
29. Deliver completed Valuation Survey Cards to the Council's Valuation Office at the anticipated output of _____ properties per week/month
30. Indicate on a 1:500 survey cadastral plan as provide by the Council all properties which have been valued and return the plan with the valued batches.
31. Enter all relevant property details into an electronic database and deliver with the valued batches. The program for the electronic database will be provided by the Council.
32. Provide a summary report indicating the number and types of properties valued, the approaches and methods that have been adopted if different to those set out in this contract and attendant documents, and an explanation of valuation criteria used.
33. Make such amendments to the Valuation Survey Cards, electronic database and other documents as required by the Chief Valuation Officer as part of his monitoring, quality control and approval procedure. Such amendments may be required in the event of:
 - (i) Wrong name and/or address of the owner
 - (j) Confused property identification, number not cross-referenced correctly from the field survey plan on to the Valuation Survey Cards
 - (k) Insufficient and incorrect construction details
 - (l) Inaccurate measurements
 - (m) Incorrect area calculations due to mathematical errors
 - (n) Untidy and illegible field notes and plans, which may necessitate re-inspection and re-measuring of the development
 - (o) Incorrect valuation approach or assumptions
 - (p) Any other occurrence which may indicate that the validity of the work has been jeopardised.
34. Once the Supplementary Valuation Roll has been completed to the satisfaction of the Chief Valuation Officer, he will submit it for Council approval, following which he will be responsible for sending the required statutory notices to each leaseholder and for publishing the Roll as required by law.
35. Any Objections arising from property owners will be referred back to the Surveyor to revisit the property, and, if necessary defend the Rateable Value ascribed to that particular property at the Rating Valuation Tribunal sitting.

ARTICLE XII

PUBLIC RELATIONS

SURVEYOR COMPLIANCE: During the progress of the work, the Surveyor and its employees will endeavour to promote understanding and amicable relations with ratepayers and the public. Newspaper articles and other publicity shall be presented for clearance to the Town Clerk before public release.

COUNCIL COMPLIANCE: The Chief Valuation Officer and the Surveyor shall cooperate in maintaining good public relations throughout the project.

COMMUNICATIONS: The Surveyor shall furnish qualified speakers and the Chief Valuation Officer shall arrange speaking appearances before periodic meetings of interested civic groups, club and public meetings so that the purposes, methods, and procedures of the valuation program may be explained to as large a representative group of rate payers as possible. The employees of the Surveyor and the Chief Valuation Officer shall work together to maintain the full cooperation of all ratepayers by treating each inquiry with courtesy and supplying all necessary information to every interested ratepayer. However, each field valuer shall be instructed to refrain from discussing with the property owner, tenant, or occupant the possibility of any increase or decrease in the valuation of the real property and/or buildings, or make any mention of any possible discrepancies. Any discrepancy noted in the field shall be noted on the valuation card and directed to the attention of the Chief Valuation Officer or the Supervisor in charge upon return to the office for investigation. This restriction will be strictly adhered to and any violation will be just cause for the Chief Valuation Officer to cancel the employee's appointment and remove him from the field.

ARTICLE XIII **PERSONNEL**

REQUIREMENTS: The Surveyor shall submit the curriculum vitae submitted under their Technical Proposal, which includes the names, residence addresses, education, and prior experience of each employee for verification and approval of the Chief Valuation Officer before the employee commences work. The Chief Valuation Officer may upon written notice to the Surveyor, require that the Surveyor removes from this project any person whose work is deemed unsatisfactory to the Chief Valuation Officer. The Surveyor shall provide each of its field representatives with identification cards containing in addition to the usual information, a photograph of the employee. The Surveyor shall supervise the operation of the Surveyor's staff for the entire project, and shall make himself available to the Chief Valuation Officer and Town Clerk for consultation throughout the project.

ARTICLE XIV **EMPLOYEES**

All of the employees of the Surveyor shall be professional in manner, appearance, and where appropriate, trained in modern valuation techniques.

ARTICLE XV **RECORDS, COMPUTATIONS TO BECOME PROPERTY OF CITY**

OWNERSHIP: Ownership of the roll by the Surveyor and all working papers prepared by it shall vest in the Council and shall be delivered to the Council together with the Valuation Roll or on request by the Council to the Government Valuation Department for custody.

SUBMITTALS: The original or suitable copy of all records and computations of the Surveyor in respect to any appraisal of property in the city shall be left in custody of the Valuation Section of the Council. These shall include if applicable, but not be limited to: maps, materials and wage cost investigations and schedules, field and office cards with property valuation data, valuation research and analysis data, including market sales evidence, rental schedules, capitalization rate data, operating statements of income properties, depreciation and obsolescence data and tables, all written statements to the public or press groups or individuals concerning the nature of the project, any letters or memoranda to individuals or groups explaining methods used in valuations, all data processing information pertaining to the project, and any and all other information related to the project.

SURVEYOR ACCESS: Provided that after the Valuation Roll has been delivered by the Surveyors the same may, with consent of the Council, have access to its working papers.

ARTICLE XVI **COUNCIL AND STAFF COOPERATION**

The Council, Chief Valuation Officer, Valuation Staff, and all city departments, will co-operate and render all reasonable assistance to the Surveyor through the office of the Chief Valuation Officer. The Chief Valuation Officer and the other department managers from which assistance is requested shall determine the extent of, and reasonableness of such assistance. The Chief Valuation Officer and his employees may accompany the Surveyor's staff into the field at any time during field inspections to verify property data.

ARTICLE XVII **VALUATION SURVEY CARDS**

PREPARATION OF SURVEY CARDS: The City will provide new valuation record cards for all new properties to be entered on the roll. The cards for all properties currently on the roll will be provided for updating as required. The Surveyor shall complete the cards including all items of information in connection with the construction, age, zoning, condition, depreciation, outline sketch of all improvements, pricing data of each property, owner's name and address, valuation number, and shall be used to record all pertinent information relative to the valuation. The Surveyor shall be responsible to properly maintain, preserve and return the Council's existing records utilized in the performance of this contract.

ARTICLE XVIII **FINAL FIELD REVIEW**

A final field inspection and review of all properties shall be made upon completion of field and office computations by experienced and qualified Surveyor employees. The purpose of the final review and inspection will be to account and adjust for factors which may have a direct bearing on the rateable value and/or equitable relationship to other properties.

ARTICLE XIX
PROPERTY OWNER NOTIFICATION AND OBJECTION RESOLUTION

OBJECTION RESOLUTION: It will be the responsibility of the appointed Surveyor in conjunction with the Council to notify the property owners of the Surveyor's ratings. This will be done at the beginning of the exercise as required by Section 4 b. and Section 9. of the Rating Act and at publication of the supplementary valuation roll as provided by Section 15 of the Act. The Surveyor will endeavour to resolve all objections before the sitting of the Tribunal. Surveyor's personnel will be available to conduct sufficient objection resolution meetings with the ratepayers.

ARTICLE XX
DEFENSE OF VALUES

SURVEYOR APPEARANCE: The Surveyor shall be available to appear at the hearings of the Rating Valuation Tribunal to facilitate the settlement of objections or complaints and to defend the values. In the event of appeal to the courts, the Surveyor shall be present at the hearings to testify as a witness, to outline the steps taken and give his opinion of the value of the property which has been or is the subject of appeal, without additional cost to the Council provided such appeal is commenced within one year after the completion of the contract.

ARTICLE XXI
TRIBUNAL HEARINGS

SURVEYOR'S SUBSEQUENT APPEARANCE: The Surveyor shall attend all hearings of the Rating Valuation Tribunal at which the Supplementary Valuation Roll and objections thereto are heard and considered. The Surveyor shall defend the roll before the Tribunal and carry out all instructions, which the Tribunal may give respecting the amendment or re-submission of the Roll.

1. Re-submission of the Supplementary Valuation Roll and/or implementation of Tribunal decisions shall be effected within thirty (30) days of the Tribunal instructions and upon failure by the Surveyor so to do, an amount of K_____ (_____ Kwacha) per day shall be payable by the Surveyor provided that the total damage shall not exceed _____ per cent (___%) of the contract sum.
2. This notwithstanding, the surveyor shall not be required to pay such penalty in the event of delays in sitting of the Tribunal or for any other delays caused by matters beyond the control of the Surveyor.
3. Subject to Article VII of these Conditions in respect to the extension of the contract period, the contract sum shall be reduced by one (1) per cent per day for each and every day after the date of delivery, or such extended period as may apply pursuant to the aforementioned Article VII during which the Valuation Roll shall not have been delivered.

ARTICLE XXII
MATERIALS AND INFORMATION TO BE PROVIDED BY THE CITY

The Surveyor shall be required to use certain specified equipment, stationery and other materials in the rating exercise, which will be supplied by the Council. Every effort will be made to supply the equipment, stationery or materials promptly but no responsibility will be accepted by the Council for loss or delay suffered by the Surveyor should delay occur in the supply of the equipment, stationery or materials.

ARTICLE XXIII
CONTRACT DEFAULT BY SURVEYOR

If the Surveyor defaults in any of the following respects;

1. If without reasonable cause he wholly suspends the rating exercise before completion;
2. If he fails to proceed with the work with reasonable diligence;
3. If he refuses or persistently neglects to comply with a notice in writing from the Town Clerk requiring him to correct defective work materials and by such refusal or neglect the rating exercise are materially affected.

If he shall continue such default for fourteen (14) days after a notice by registered post specifying the default has been given to him by the Town Clerk, the Council may without prejudice to any other rights or remedies thereupon, by notice by registered post determine the employment of the Surveyor under this Contract provided that, notice in pursuance of this Article shall not be given unreasonably or vexatiously and, shall be void if the Council is at the time of the notice in breach of this Contract.

4. Bankruptcy of Surveyor.
If the Surveyor commits an act of bankruptcy or being a company enters into liquidation whether compulsory or voluntary the Council may without prejudice to any other rights or remedies by notice by registered post determine the employment of the Surveyor under this Contract.
5. In either of the cases for which the two preceding sections provide the following shall be the respective rights and duties of the Council and Surveyor.

The Council may employ and pay another Surveyor or other person or persons to carry out and complete the rating exercise and he or they may enter upon the office and use all equipment, stationery and materials thereon and may purchase all materials necessary for the carrying out and completion of the rating exercise.

- (b) The Surveyor shall if so required by the Council assign to the Council without further payment the benefit of any agreement for the supply of stationery and materials and/or for the execution of any works for the purposes of this Contract and the Council shall pay for any such materials or works supplied or executed under such agreement after the said determination the price fixed by such agreement insofar as it has not been already paid by the Surveyor.

- (c) The Surveyor shall during the execution or after the completion of the rating exercise under this Article remove from the office as and when required within such reasonable time as the Council may in writing specify any equipment, stationery or materials belonging to or hired by him and in default the Council may (without being responsible for any loss or damage) remove and sell any such property of the Surveyor holding the proceeds less all costs incurred to the credit of the Surveyor
- (d) Until after completion of the rating exercise under this Article the Council shall not be bound by any provision of this Contract to make any payment to the surveyor but upon such completion as aforesaid and the verification within a reasonable time of the accounts of expenses properly incurred by the Council and if such amount added to the moneys paid to the Surveyor before such determination exceeds the total amount which would have been payable on due completion in accordance with this contract the difference shall be a debt payable to the Council by the Surveyor and if the said amount added to the said moneys be less that the said total amount the difference shall be a debt payable by the Council to the Surveyors but in no case shall the Surveyor benefit by defaulting.

ARTICLE XXIV
CONTRACT DEFAULT BY COUNCIL

If the whole or substantially the whole of the rating exercise (other than work required under Article IV of these Conditions) is delayed for three months by one or more of the causes other than local combination of workmen strike or lockout which are named in Article VII of these Conditions the Surveyor may without prejudice to any other rights or remedies thereupon by notice by registered post to the Council determine the employment of the Surveyor under this Contract.

Upon such determination then without prejudice to the accrued rights or remedies of either party or to any liability mentioned in Article VI of these Conditions which may accrue either before they shall have removed his equipment, stationery or materials or by reason of so removing same the respective rights and liabilities of the Surveyor and the Council shall be as follows:

- (1) The Surveyor shall be paid by the Council:
 - (a) The Contract value of the rating exercise completed at the date of such determination subject to Article XXV of these Conditions;
 - (b) The value of work begun and executed but not completed at the date of such determination the value being ascertained mutatis mutandis in accordance with Article II of these Conditions;
 - (c) The cost of materials, stationery or other goods properly ordered for the rating exercise for which the Surveyor shall have paid or of which the Surveyor is legally bound to accept delivery, and on such payment by the Council any

materials, stationery or other so paid for shall become the property of the Council;

- (d) Any loss or damage caused to the Surveyor owing to such determination. Provided that in addition to all other remedies the Surveyor upon such determination may take possession of and shall have a lien upon all un-utilized stationery materials intended for the rating exercise which may have become the property of the Council under this contract until payment of all moneys due to the Surveyor from the Council.

ARTICLE XXV **DEFINITIONS**

For purposes of the Request For Proposals, Specifications, and Contract, and all documents related to this project, the definitions listed below shall apply.

“Approved” or “Approval” shall mean approved or approval by the Councils representative defined in the specification.

“Council” shall mean Lusaka City Council

“Certificate” shall mean a document as prescribed by the Council to verify payment to the Surveyor.

“Committee” shall mean the Proposal Evaluation Committee as appointed by the Council.

“Contract” shall mean and include the Contract Agreement, General Conditions of Contract, any proposal, the letter of acceptance, work specifications and data sheet, special conditions or any agreement entered into in terms of the rating exercise.

“Contractor” shall mean the Surveyor.

“Contract sum” shall mean the price(s) proposed or offered by the “Surveyor” and accepted by the Council for the execution of the contract.

“Date of Delivery” shall mean the date stipulated in the contract for the delivery of the Supplementary Valuation Roll.

“Delivery” shall mean delivery in compliance with the terms and conditions of the contract at the point of delivery specified in the contract and in accordance with Section 14 of the Rating Act of 1997 as amended.

“Month” shall mean a calendar month.

“Office” shall mean the building, room or any other place in which the documents are to be stored or utilized.

“Surveyor” shall mean a registered valuation surveyor or holding a valid practising license and who shall be appointed by the Minister of Local Government and Housing pursuant to Section 3 of the Rating Act of 1997 as amended, to prepare the supplementary valuation roll No. 3 of 1995 (name of firm) and shall include their legal personal representative, heirs, successors and assignees.

“Town Clerk” shall mean the Chief Executive of the Council.

“Tribunal” shall mean the Rating Valuation Tribunal set up under Part V of Rating Act No. 12 of 1997 as amended, of the Laws of Zambia.

THIS AGREEMENT IS HEREBY ENTERED INTO BY AND BETWEEN, The Lusaka City Council, a body corporate, constituted under the Local Government Act of the Laws of Zambia (Hereinbefore referred to as “the Council”) of the one part, and _____, whose registered office is situated at _____ (Hereinbefore referred to as “the Surveyor”) of the other part.

IN WITNESS WHEREOF, the parties have hereto have set their respective hands and seals this _____ day of _____, 2000.

**THE COMMON SEAL OF
THE LUSAKA CITY COUNCIL
WAS HEREUNTO AFFIXED
IN THE PRESENCE OF:**

The Mayor _____

The Town Clerk _____

Signed for and on behalf of the Surveyor:

Name and Title

Name and Title

In the presence of:

Name _____

Address _____

Occupation _____