

9. CONTRACT SC 1817/2017: PROPOSED AMENDMENT: RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS

16/3/2

J du Plessis

(028) 316 2630

Hermanus Administration

15 August 2018

1. Executive Summary

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of CONTRACT NUMBER SC1817/2017: RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS, in terms of the enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), to enable Council to make an informed decision whether to consent to the amendment of the contract.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Infrastructure and Planning
Department: Electrical Service

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) [MFMA]
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
Overstrand Municipality Supply Chain Management Policy, as amended
Overstrand Municipality Contract Management Policy, as amended
MFMA Circular No. 73 issued by National Treasury

6. Background/Discussion

Background

Contract SC1817/2017 will terminate on 25 September 2018 or as soon as the civil works are completed whichever is the soonest. A request for an

urgent housing intervention, an emergency housing project in Zwelihle was received.

A meeting was set up to discuss the way forward with the relevant Senior Manager in conjunction with the Contract Management and Supply Chain office. During this meeting the previous process was reflected on, financial status was reported and the options going forward, being either looking at alternatives or following a Section 116 process was discussed.

Section 116(3) of the MFMA provides as follows:

“(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
 (b) the local community-
 (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 (ii) has been invited to submit representations to the municipality or municipal entity.”

The proposed amendment of contract SC1817/2017 was advertised for public comment as follows:

Date of Advertising:	13 July 2018
Method of Advertising:	Die Burger, Cape Times, Overstrand Website
Closing Date for Comments:	13 August 2018

No written or representations comments were received by the closing date of 13 August 2018.

Section 116 (3) of the MFMA should however be read together with MFMA Circular No. 73 issued by National Treasury, May 2013. In terms of the said circular, **the following power/duty was conferred to Council** which is cited as follows:

‘Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality **and deciding whether to consent to the amendment of the contract or agreement.**’

Discussion

It is proposed that contract SC1817/2017 terminating on 25 September 2018, be amended to remain in effect for a period ending 20 February 2019 for the following reasons:

- (a) A request for an urgent housing intervention in Zwelihle was received and all the new housing units need to be electrified.

- (b) To provide enough time for the Overstrand Municipality's successful bidder on tender SC 1817/2017 to electrify the emergency housing development in Zwelihle on the same terms, conditions and rates.

The contract is rates based - the total expenditure, as per the SAMRAS financial system as well as the estimated expenditure for the 5 month amendment is indicated in the table below:

Ref no	SC1817/2017
Service Provider name	VE Reticulation (Pty) Ltd.
Project Description	Electrification of emergency housing project, Zwelihle, Hermanus
Responsible For Service Level Agreement	N/A
Original total Contract Value (Excl. VAT)	R 1 456 262.68
Total Estimated expenditure extension (Excl. VAT)	R 1 061 168.90 (Including 10% contingency)

7. Financial Implications

Source of Funding: INEP

SCOA cost account	: 5 02 5001 065 1
SCOA BKey	: 20170704093142
SCOA Description	: Electrification of low cost housing areas (INEP)
Budget Provision 2018/2019	: R 4 262 000.00
Spent to Date/Committed	: R 0
Balance Available	: R 4 262 000.00
Funds Required (This report)	: R 1 061 168.90

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Supply Chain Management Unit

A compliance check in terms of the Supply Chain Management Policy has been undertaken and verified on 20 August 2018. The Supply Chain Management Unit is satisfied that VE Reticulation (Pty) Ltd complies in all respects.

Contract Management Office

It is confirmed that contract SC1817/2017 is still active and the proposed extension of the contract is supported.

This is the first extension to the existing contract and a Section 116(3) amendment as required by the MFMA is being followed.

The successful amendment of this contract is subject to Council's consent to the proposed amendment of the contract.

10. Annexures

- Annexure A: Public notice of intention to amend the Contract
- Annexure B: Addendum to the Contract (intent to amend)
- Annexure C: SCM compliance checklist
- Annexure D: BAC Minutes of 22 August 2018
- Annexure E: Bill of Quantities

RECOMMENDATION TO THE COUNCIL:

1. that **cognisance be taken** of the reasons for the proposed amendment of Contract number SC1817A/2017: Re-electrification of Mandela Square, Zwelihle, Hermanus, in terms of the enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendment be consented to: for the purpose of electrifying the emergency housing project in Zwelihle;
2. that **cognisance be taken** that no written comments or representations were received from the local community by closing date, 13 August 2018; and
3. that the contract be terminated on 20 February 2019.

RESPONSIBLE OFFICIAL :**J DU PLESSIS
C ROETS****TARGET DATE FOR IMPLEMENTATION :****31 AUGUST 2018**



NOTICE/KENNISGEWING/ISAZISO

NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) FOR THE PROPOSED AMENDMENT OF THE EXISTING AGREEMENT WITH VE RETICULATION (PTY) Ltd FOR RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS

Notice is hereby given in terms of Section 116 (3) (a) and (b) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) that it is the intention of the Overstrand Municipality to amend the existing contract with VE Reticulation (Pty) Ltd. The proposed amendment of the contract is to make provision for electrification of low cost housing areas (INEP).

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the agreement. Such comments or representations must be submitted by not later than Monday, 13 August 2018 at 12:00.

Comments or representations must be submitted in a sealed envelope clearly endorsed "SC1817A/2018: COMMENTS ON NOTICE OF AMENDMENT OF EXISTING AGREEMENT IS TO MAKE PROVISION FOR THE ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)" and be deposited in tender box no. 7.

All submissions must be addressed to:

The Municipal Manager
Tender box no 7
Overstrand Municipality
Magnolia Avenue
Hermanus
7200

Persons who are physical disabled or who cannot read or write but wish to participate in the process, may come during office hours to the Municipal Offices, Magnolia Avenue, Hermanus where a staff member will assist that person to transcribe that person's comments or representations.

C Groenewald
Municipal Manager

KENNISGEWING INGEVOLGE ARTIKEL 116(3) VAN DIE WET OP PLAASLIKE REGERING: MUNISIPALE FINANSIËLE BESTUUR, 2003 (WET 56 VAN 2003) VIR DIE VOORGESTELDE WYSIGING VAN DIE BESTAANDE OOREENKOMS MET VE RETICULATION (Edms) Bpk VIR HER-ELEKTRIFISERING VAN MANDELA PLEIN, ZWELIHLE, HERMANUS.

Kennis geskied hiermee ingevolge artikel 116(3) (a) en (b) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (Wet 56 van 2003) dat die Munisipaliteit Overstrand van voornemens is om die bestaande ooreenkoms met VE Reticulation (Edms) Bpk te wysig. Die voorgestelde wysiging van die ooreenkoms is om voor siening te maak vir elektrifisering van laekoste behuising areas (INEP).

Kennis geskied verder ingevolge artikel 21 en 21A van die Wet op Plaaslike Regering: Munisipale Stelsels, 2000 (Wet 32 van 2000), dat die plaaslike gemeenskap en geaffekteerde partye genooi word om kommentaar of vertoë oor die voorgestelde wysiging van die ooreenkoms aan die Munisipaliteit te lewer. Hierdie kommentaar of vertoë moet teen nie later nie as Maandag, 13 Augustus 2018 om 12:00 ingedien word.

Alle kommentare of vertoë moet ingedien word in 'n verseëld koevert, duidelik gemerk "SC1817A/2018: KOMMENTAAR OP KENNISGEWING VAN WYSIGING VAN BESTAANDE OOREENKOMS VOORSIENING TE MAAK VIR ELEKTRIFISERING VAN LAEKOSTE BEHUISING AREAS (INEP)." en geplaas word in Tenderbus nr. 7.

Alle voorleggings moet gedresseer word aan:

Die Munisipale Bestuurder
Tenderbus nr. 7
Munisipaliteit Overstrand
Magnolialaan
Hermanus
7200

Personne wat fisies gestremd is of nie kan lees of skryf nie, maar aan die proses wil deelneem, kan gedurende kantoorure na die Munisipale Kantore, Magnolialaan, Hermanus kom, waar h personeelid hulle sal help om die kommentaar of vertoë neer te skryf.

C Groenewald
Munisipale Bestuurder

ISAZISO SECANDELO-116(3) LOMTHETHO KARHULUMENTE WENGINQI: UMTHETHO WOLAWULO MALI KAMASIPALA, NO.56 WANGO-2003 OKUBA UJONGE UKULUNGISA ISIVUMELWANO NO MNIKI NKONZO UVE RETICULATION (Pty) Ltd, UKUFAKELWA KWAKHONA KOMBANE EMANDELA SQUARE, ZWELIHLE, HERMANUS.

UMasipala weNgingqi yase-Overstrand, wazisa ukuba unqwenela ulungisa isivumelwano no- mniki nkonzo u-VE Reticulation (Pty) Ltd, oko kusenziwa ngokwemimiselo yeCandelo-116(3) (a) no (b) kaMasipala weNgingqi: umthetho woLawulo Mali, No.56 wango-2003. Olu lungiso lucetywayo lwesivumelwano sesokulungiswa kombane wengingqi yezindlu zamaxabiso aphantsi (INEP).

Isaziso sintikwa ngakumbi mgokommiselo yeCandelo 21 no 21A kaMasipala weNgingqi: umthetho weNkqubo zoMasipala, 2000 (Umthetho 32 ka2000) ukuba abantu basekuhlaleni nabanye abantu abachaphazelekayo bayamenywa ukuba bathumele izimvo zabo okanye izinto abazibhalileyo ngokumayela nokulungiswa kwesi sivumelwano siphakanyiswayo. Ezo zimvo okanye izinto abazibhalileyo kufuneka zingeniswe ngo Mvulo, 13 Agasti 2018 ngo 12:00.

Izimvo okanye izinto ezibhalileyo mazifakwe kwimvulophu eywiniweyo ebhalwe ngokucacileyo "SC1817A/2018: IZIMVO KWISAZISO SOKULUNGISA ISIVUMELWANO ESESIKHONA SOKUFAKELWA KWAKHONA KOMBANE WASE MANDELA SQUARE, ZWELIHLE, HERMANUS" zifakwe kwi Bhokisi yeZiniki-maxabiso no. 7.

Zonke izibhalo zithunyelewe ku:

Umphathi kaMasipala
Bhokisi yeZiniki-maxabiso no 7
UMasipala weNgingqi yase-Overstrand
Magnolia Avenue
Hermanus
7200

Abantu abakhubazekileyo kunye nabantu abangakwaziyo ukubhala kodwa bengqwenela ukuthatha inxaxheba kulomba, bayacelwa beye kwiOfisi zika Masipala eMagnolia Avenue, eHermanus apho kukho umntu ozokubanceda ngokubhala izimvo okanye iziphakamisizo zabo.

C Groenewald
UManejala kaMasipala



OFFICE OF THE DIRECTOR:
INFRASTRUCTURE & PLANNING

Enquiries: JH Du Plessis
Date: 09 July 2018

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract SC1817/2017 with VE Reticulation (Pty) Ltd for the Re-electrification of Mandela Square, Zwelihle, Hermanus, which were signed between them on 20 February 2018 and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the 20 February 2019 on the same terms and conditions.

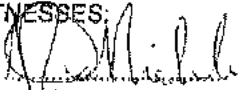
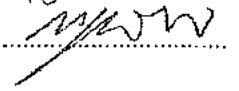
The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions.

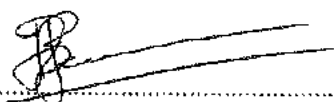
The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Mossel Bay this 9th day of July 2018
in the presence of the undersigned witnesses

WITNESSES:

- 1. 
- 2. 




for and on behalf of NAME:, Director

Thus done and signed at this day of 2018
in the presence of the undersigned witnesses

WITNESSES:

- 1.
- 2.

.....
for and on behalf of Overstrand Municipality:
S. Müller, Director Infrastructure and Planning

Overstrand Municipality Evaluation in terms of the Preferential Procurement Regulations			
Compliance Check of Tender No		SC1817A2017	
Tender Name: Frainlog:		RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELHLE, HERMANUS	
Rank number of tenderer (in opening order)		Max Points	
			VE Refikulation (Pty) Ltd
Name of tenderer			
Initial Cost estimate by user department (Incl. VAT)			1 596 900.00
Authority to sign bid			Authorised
Valid Tax Clearance Certificate (provide expiry date)	MBD2		2018/12/04
TCC number			0700/22017/A001869674
VAT Registration (provide number)			4930220473
Income tax numbers			9022054161
Declaration of interest	MBD4		Declared
Declaration of Past SCM Practices	MBD9		Declared
Certificate for Payment of Municipal Services	MBD15		Declared
Municipal Account			Declared
WCA Registration Number			FEM207203 / 980000385443
WCA Letter of Good Standing/proof of payment			2018/05/31
CDB Grading	SEP		7EP
Suppliers database registration			7EP1
National Treasury Register for Tender Defaulters			Not listed
National Treasury Database for Restricted Suppliers			Not listed
WCSD "in the service of the state"			Not listed
E-mail address			info@overrefikulation.co.za
NOTES			* VE Refikulation has an interest in VE Management Services (Pty) Ltd.
<p>Certification: It is hereby certified that the abovementioned information have been compiled from the applicable tender documents and that verifications required in terms of the Supply Chain Management Policy have been undertaken and that the recommended tenderer(s) comply in all respects, except if and where specifically indicated otherwise.</p>			
Compiled by: (SCM Office)	A. Moore		2018/08/06
	Name	Signature	Date
Verified by: (SCM Office)	L. du Preez		2018/08/06
	Name	Signature	Date

Minutes of the Proceedings of a special meeting of the Bid Adjudication Committee held in the SCM Committee Room, Hermanus, on Wednesday, 22 August 2018 at 16:00.



Minutes of the Proceedings of a special meeting of the
Bid Adjudication Committee, held in the
SCM Committee Room, Hermanus
at 16:00 on Wednesday, 22 August 2018.

OFFICIALS PRESENT:

Committee Members:

Ms. S G Reyneke-Naude	Director: Finance (Chairperson)
Mr. N Michaels	Director: Protection Services
Mr. S Müller.	Director: Infrastructure and Planning
Mr. R Williams	Director: Community Services
Mr. S Madikane	Director: Economic Development & Tourism
Mr. C Le Roux	Deputy Director: Finance & SCM

Technical Advisors:

Mr. R de Jager	Senior Administrative Officer: SCM
Ms. S Immelman	Principal Clerk: Procurement
Mr. C Roets	Manager: Contracts & Logistics
Mr. N Mbuqe	Manager: Purchases
Mr. K du Plessis	Senior Manager: Electro-technical Services

Minutes of the Proceedings of a special meeting of the Bid Adjudication Committee held in the SCM Committee Room, Hermanus, on Wednesday, 22 August 2018 at 16:00.

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4. ADJUDICATION OF TENDERS/CONTRACTS:

4.1 CONTRACT NO. SC 1817/2017: PROPOSED AMENDMENT: RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS

The Director: Infrastructure & Planning, Mr S Müller vacated his chair as committee member of the Bid Adjudication Committee for the duration of the adjudication of this item.

Upon a proposal by the Director: Protection Services, Mr. N Michaels duly seconded by the Deputy Director: Finance & SCM, Mr. C Le Roux it was

RESOLVED TO RECOMMEND TO THE ACCOUNTING OFFICER:

- 1.1. That it be noted that no representations were received from the local community against the intention to amend contract SC1817/2017;
- 1.2. That the reasons provided for the proposed amendment of contract SC1817/2017 be regarded as acceptable and valid and it be recommended to Council to consent to the amendment of the said contract, and
- 1.3. That Contract number SC1817/2017: RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS be amended as Contract number SC1817A/2017, the details of which is set out in the table below:

1.4.	Service Provider / Supplier:	VE Reticulation (Pty) Ltd.	SCM Supplier #	1151
	Service / Goods Provided:	Electrification of emergency housing project, Zwelihle, Hermanus		
	Vote:	Item description	Electrification of low cost housing areas (INEP)	
		Cost account	5 02 5001 065 1	Business key 20170704093142
	Amount (Excl. VAT) including 10% contingencies:	R 1 061 168.90	Contingency:	10%
	Amount in words:	One million and sixty one thousand one hundred and sixty eight rand and ninety cents.		
	Escalation Percentage:	N/A	Escalation Date:	N/A
	Contract Owner:	S Müller	Contract Champion:	JH Du Plessis
	CONTRACT PERIOD:			
	Implementation date (Amendment):	Date of signing of contract	End date:	20 February 2019

- 1.5. This amendment is subject to Council considering the reasons for the proposed amendment of the contract, and consent to the amendment of the contract.

4.1 CONTRACT NO. SC 1817/2017: PROPOSED AMENDMENT: RE-ELECTRIFICATION OF MANDELA SQUARE, ZWELIHLE, HERMANUS

Certified as correct by:



Mr. C Le Roux
Deputy Director: Finance & SCM

22 August 2018

Date



Ms. SG Reyneke-Naude
Director: Finance (Chairperson)

22/8/2018

Date

RECOMMENDATION APPROVED / NOT APPROVED



Ms. D Arrison
Acting Accounting Officer

23/8/2018

Date