

13.

**CONTRACT SC 1560/2015: PROPOSED AMENDMENT: TRANSPORT OF CONTAINERISED MUNICIPAL WASTE AND CHIPPING OF GARDEN WASTE FOR OVERSTRAND MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE 2018**

8/2/2

H Blignaut  
13 March 2017

(028) 313 5047

Corporate Head Office

### 1. Executive Summary

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of Contract SC1560/2015: Transport of Containerised Municipal Waste and Chipping of Garden Waste for Overstrand Municipality for a Contract Period ending 30 June 2018, 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 & Planning  
Department: Solid Waste Planning

### 3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services  
Creation and maintenance of a safe and healthy environment

### 4. Delegated Authority

None

### 5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)  
Overstrand Municipality Supply Chain Management Policy, as amended  
Overstrand Municipality Contract Management Policy, as amended  
National Environmental Management: Waste Act, 2008 (Act 59 of 2008)

### 6. Background/Discussion/Evaluation/Conclusion

#### Background

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

- “116(3) A contract or agreement procured through the supply chain management policy of a municipality or municipal entity may be amended by the parties, but only after-*
- (a) the reasons for the proposed amendment have been tabled in the council of the 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.”*

Contract SC 1560/2015 for the Transport of Containerised Municipal Waste and Chipping of Garden Waste for Overstrand Municipality for a Contract Period ending 30 June 2018 was awarded to Enviroserv Waste Management Ltd by the Accounting Officer on 10 June 2015, following a recommendation by the BAC on 5 June 2015.

The contract award comprised of four sections, i.e. section A, Preliminary & General Costs, Section B, Transport of Containers, Section C, Chipping of Garden Waste and Loading into Containers, and Section D, Prime Cost Items related to the transport and disposal of hazardous waste (item D.4) and rental of containers for waste water sludge (item D.5).

As part of the contract award, maximum amounts were set for Prime Cost items D.4 and D.5 for the 3 year contract period. These limits represented the estimated amounts anticipated to be spent on these items over the 3 year contract period, as at the time of going out on tender. Due to changing circumstances over the first half of the contract period, it became evident that the maximum amounts approved for Prime Cost items D.4 and D.5 are insufficient for the services to be rendered over the full contract period. It is therefore required to amend the contract, by specifically increasing the maximum amounts for items D.4 and D.5, to represent the updated estimated maximum amounts required for these services.

### **Section 116(3) process**

Date of Advertising: 10 February 2017  
 Method of Advertising: Cape Times, Die Burger,  
 Overstrand Municipality Website  
 Closing Date for Comment: 13 March 2017  
 No comment was received from the public at the closing date.

### **Discussion**

The maximum amounts for Prime Cost Items related to the transport and disposal of hazardous waste (item D.4) and rental of containers for waste water sludge

(item D.5) over the 3 year contract period were initially estimated to be R180 000.00 and R250 000.00 respectively (both amounts excluding VAT).

These services are however demand driven, and influenced by factors such as population growth, public awareness, and operational efficiencies. Revised estimates of these amounts indicate that a maximum of R 650 000.00 and R 360 000.00 (both amounts excluding VAT) respectively are likely to be required for these items. This means an increase of R 470 000.00 and R 110 000.00 respectively for these items, and a total increase in the estimated contract value of R 580 000.00, excluding VAT. The initially estimated contract value over the 3 year period was R 27 398 850, excluding VAT. This means an increase of 2.1% in the estimated contract value.

The reasons for the increase in the estimated amounts required for Prime Cost items D.4 and D.5 are as follows:

- a) A progressive increase in awareness among the public about the need for separate disposal of household hazardous waste, results in gradually increasing volumes of hazardous waste, e.g. asbestos and fluorescent bulbs;
- b) A growing population as well as improved operation of the waste water treatment plants are resulting in growing volumes of waste water sludge to be disposed of, e.g. additional screening sludge containers had to be placed at Gansbaai, and also at the new Eluxolweni Waste Water Treatment Plant.

## 7. Financial Implications (all amounts are excluding VAT)

YEAR	2016/2017	2017/2018
SOURCE OF FUNDING	Operational Budget	Operational Budget
SCOA Description	ContrServ: Haulage	ContrServ: Haulage
SCOA Cost Account	13640201400000	13640201400000
SCOA Unique Key	20150212026662	20150212026662
Budget Provision	R 7 350 090	R 8 055 094
Balance Available	R 1 550 089.77	R 8 055 094
Total Expenditure	R 5 800 000.23	R 8 055 094
Total Expenditure Extension	R 170 000	R 410 000
Total Project Cost	R 27 398 850	
Extension percentage	2.1%	
Escalation (if any)	Formula as per contract	Formula as per contract
Escalation date	Monthly	Monthly

Provision has been made in the Solid Waste Operational Budget, Contracted Services: Haulage, for growth in demand for these services.

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

**Finance**

**10. Annexures**

Annexure A: Addendum to the Contract (*Intent to amend*)

Annexure B: Published Public notice as on 8 February 2017

Annexure C: SCM Compliance Checklist

Annexure D: BAC Minutes of the 5/06/2015

**RECOMMENDATION TO THE COUNCIL:**

1. that **cognisance be taken** of the reasons for the proposed amendment of **Contract SC1560/2015** for the **Transport of Containerised Municipal Waste and Chipping of Garden Waste for Overstrand Municipality for a Contract Period ending 30 June 2018**, 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; and
2. that **cognisance be taken** that no recommendations or representations were received from the local community by closing date, 13 March 2017.

**RESPONSIBLE OFFICIAL :**

**H BLIGNAUT  
J VAN TAAK  
M POTGIETER**

**TARGET DATE FOR IMPLEMENTATION :**

**1 APRIL 2017**

Annexure A: Intent to Amend



OFFICE OF THE DIRECTOR:  
INFRASTRUCTURE & PLANNING

Tel: 020-313 5047  
Enquiries: Henri Bagnard  
Date: 3 February 2017

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract SC1600/2016, which was signed between them on 1 July 2016, and record that this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the totals for Prime Cost Items 4 and 6 in Section D of the Schedule of Quantities, on the same terms and conditions. Refer to the attached Amended Schedule.



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.

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 Bellville on this 6 day of February 2017 in the presence of the undersigned witnesses:

WITNESSES:

1.   
2. 

   
for and on behalf of Enviroserve Waste Management Ltd.  
NAME: A. Oosthuizen FULLSSES, Director M.

Thus done and signed at ..... on this ..... day of ..... 2017 in the presence of the undersigned witnesses:

WITNESSES:

1. ....  
2. ....

.....  
for and on behalf of Overstrand Municipality: Stephen Muller  
Director: Infrastructure and Planning.

## Amended Schedule of Rates:

ITEM	DESCRIPTION	UNIT	RATE (Rand, exc . VAT), Year 1 of Contract, before escalation
<b>SECTION A: PRELIMINARY AND GENERAL</b>			
1	Contractual requirements	Month	
<b>SECTION B: TRANSPORT OF CONTAINERS</b>			
2.1	To Karwyderskraal Landfill from Transfer Station at:		
2.1.1	Hermanus	No.	667.00
2.1.2	Kleinmond	No.	799.00
2.1.3	Betty's Bay	No.	887.00
2.1.4	Hawston	No.	424.00
2.1.5	Voelkip	No.	943.00
2.2	Extra over Items 2.1 for full-scale operation after hours (extended working hours after the first 60 hours)	Hours	
2.3	To Hermanus Transfer Station from Kleinmond Transfer Station for containers containing Source Separated Waste in Clear Bags	No.	961 00
<b>SECTION C: CHIPPING OF GARDEN WASTE AND LOADING INTO CONTAINERS</b>			
3	Mechanical Chipping only of garden waste at:		
3.1	Hermanus	m <sup>3</sup>	78.00
3.2	Kleinmond	m <sup>3</sup>	78.00
3.3	Betty's Bay	m <sup>3</sup>	78.00
<b>SECTION D: PRIME COST ITEMS</b>			
4	Transporting and Disposal of Domestic Hazardous Waste	Sum	650 000 00
5	Rental of containers for sludge at the waste water treatment plants	Sum	360 000 00

Accepted for and on behalf of Enviroserve Waste Management Ltd

Accepted for and on behalf of Overstrand Municipality: Stephen Muller, Director: Infrastructure & Planning

## Annexure B: Public Notice



**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 CONTRACT SC1560/2015 WITH ENVIROSERV WASTE MANAGEMENT LTD. FOR THE TRANSPORT OF CONTAINERISED MUNICIPAL WASTE AND CHIPPING OF GARDEN WASTE FOR OVERSTRAND MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE 2018.**

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 SC 1560/2015 with EnviroServ Waste Management Ltd for the Transport of Containerised Municipal Waste and Chipping of Garden Waste for a contract period ending 30 June 2018. The proposed amendment of the contract is to provide for an increase in the volumes of hazardous waste transported and sludge containers rented.

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 contract. Such comments or representations must be submitted by not later than Monday, 13 March 2017, at 12:00.

Comments or representations must be submitted in a sealed envelope clearly endorsed "**CONTRACT SC1560/2015: COMMENTS ON NOTICE OF AMENDMENT OF EXISTING CONTRACT WITH ENVIROSERV WASTE MANAGEMENT LTD**", 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 physically disabled or who cannot read or write but wish to participate in the process, may visit the Overstrand Municipal Offices, Magnolia Avenue, Hermanus, during office hours, where a staff member will assist that person to transcribe that person's comments or representations.

**Coenie Groenewald**  
Municipal Manager

## Annexure C: SCM Compliance Check

Overstrand Municipality Evaluation in terms of the Preferential Procurement Regulations			
Compliance Check of Tender No.:		SC1520AJE015	
Tender Name:		TRANSPORT OF CONTAINERISED MUNICIPAL WASTE AND CHIPPING OF GARDEN WASTE FOR OVERSTRAND MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE 2018	
Rank number of tenders (in opening order)		1	
Name of tenderer		Environcare Waste Management Pty Ltd	
Authority to sign bid		Authorized	
Valid Tax Clearance Certificate (provide copy date)	MB02	2017/06/02	
TCC Number		0700112018/A000278500	
VAT Registration (provide number)		4300251123	
Income tax number		9090628	
Declaration of Interest	MB02	Declared	
Declaration of Past SCM Practices	MB06	Declared	
Certificate for Payment of Municipal Services	MB015	Declared	
Municipal Account		Declared	
WCA Registration Number		990000173073	
WCA Letter of Good Standing/proof of payment		17/04/18	
Intent to amend the contract		Completed - Signed	
Suppliers database registration		846	
National Treasury Register for Tender Defaulters		Not listed	
National Treasury Database for Restricted Suppliers		Not listed	
E-mail address		rlano@environcare.co.za	
<b>NOTES</b>			
<b>Certification:</b>			
It is hereby certified that the above-mentioned 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.			
Compiled by: (SCM Office)	A Moore		2017/02/27
	Name	Signature	Date
Verified by: (SCM Office)	L de Prez		2017/02/27
	Name	Signature	Date



Minutes of the Proceedings of a Bid Adjudication Committee Meeting held in the  
SCM Committee Room, Hermanus Administration, on Friday, 6 June 2015 at 08:00.

**6.3 TENDER NO. SC 1560/2015: TRANSPORT OF CONTAINERISED MUNICIPAL WASTE AND CHIPPING OF GARDEN WASTE FOR OVERSTRAND MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE 2018**

Upon a proposal by the Director: Management Services, Ms. D Arrison duly seconded by the Director: Community Services, Mr. R Williams, it was

**RESOLVED TO RECOMMEND TO THE ACCOUNTING OFFICER:**

1.1 that as they scored the highest points in terms of Council's Preferential Procurement Policy, preference point system, Tender no. SC 1560/2015: Transport of Containerised Municipal Waste and Chipping of Garden Waste for Overstrand Municipality for a contract period ending 30 June 2018 be awarded to:

Service Provider / Supplier:	Enviroserv Waste Management Ltd	SCM Supplier #	846
Service / Goods Provided:	Haulage and chipping of refuse		
Vote:	Contracted services/Outsourced Services/Chipping	Cost Code:	
Vote:	Contracted Services/Outsourced Services/Haulage	Cost Code:	
Amount (Excl. VAT):	Rates – refer to schedule below	Contingency:	
Escalation Percentage:	Conditions of Contract Clause 3.15 Formula (estimated 0.75% monthly)	Escalation Date:	Monthly
Contract Owner:	S Müller	Contract Champion:	J van Teek
<b>CONTRACT PERIOD:</b>			
Implementation date:	01 July 2015	End date:	30 June 2018
		Period:	3 Years

*Pha Coet  
6 June 2015*

Minutes of the Proceedings of a Bid Adjudication Committee Meeting held in the  
SCM Committee Room, Hermanus Administration, on Friday, 5 June 2015 at 08:00.

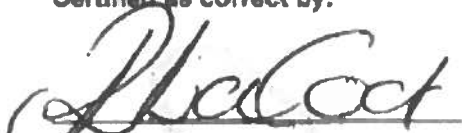
**6.3 TENDER NO. SC 1560/2016: TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE  
AND CHIPPING OF GARDEN WASTE FOR OVERSTRAND  
MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE  
2018**

**Schedule of Rates**

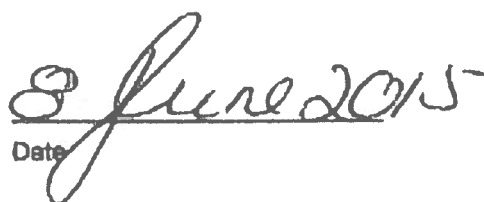
ITEM	DESCRIPTION	UNIT	RATE (Rand, excl. VAT)
<b>SECTION A: PRELIMINARY AND GENERAL</b>			
1	Contractual requirements	Month	-
<b>SECTION B: TRANSPORT OF CONTAINERS</b>			
2.1	To Karwyderskraal Landfill from Transfer Station at:		
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2.1.2	Kleinmond	No.	799.00
2.1.3	Belly's Bay	No.	887.00
2.1.4	Hawelton	No.	424.00
2.1.5	Vaalkop	No.	943.00
2.2	Extra over items 2.1 for full-scale operation after hours (extended working hours after the first 60 hours)	Hours	-
2.3	To Hermanus Transfer Station from Kleinmond Transfer Station for containers containing Source Separated Waste in Clear Bags	No.	981.00
<b>SECTION C: CHIPPING OF GARDEN WASTE AND LOADING INTO CONTAINERS</b>			
3	Mechanical Chipping only of garden waste at:		
3.1	Hermanus	m <sup>3</sup>	78.00
3.2	Kleinmond	m <sup>3</sup>	78.00
3.3	Belly's Bay	m <sup>3</sup>	78.00
<b>SECTION D: PRIME COST ITEMS</b>			
4	Transporting and Disposal of Domestic Hazardous Waste	Sum	180 000.00
5	Rental of containers for sludge at the waste water treatment plants	Sum	250 000.00

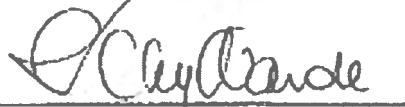
- 2 that the total procurement in respect of items 4 and 5 not to exceed the amount of R 180 000.00 and R 250 000.00 respectively over the 3 (three) year contract period

Certified as correct by:

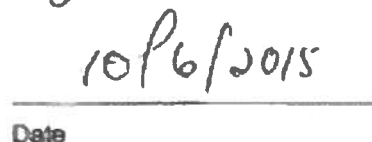


Ms. R La Cock  
Senior Manager: SCM

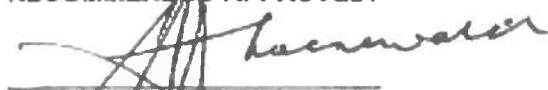
  
Date



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

  
Date

RECOMMENDED APPROVED:



Mr. C Groenewald  
Accounting Officer

  
Date