

<b>16.</b>	<b>URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER</b>
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<b>16.1</b>	<b>GROENDAL (FRANSCHHOEK) INFORMAL TRADING SITE: INCREASE OF PROJECT COST</b>
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Collaborator No: 670189  
 IDP KPA Ref No: (Choose a KPA from 2017 – 2021 IDP)  
 Meeting Date: (27 November 2019)

**1. SUBJECT: GROENDAL (FRANSCHHOEK) INFORMAL TRADING SITE: INCREASE OF PROJECT COST**

**2. PURPOSE**

To obtain Council's approval to obtain authorization for the intended amendment of a contract concluded with Austshomoa (Pty) Ltd to increase the initial order Formal Tender B/SM 42/19 from R2 633 632.76 (Incl VAT) to an estimated R 4 284 415.46 (Incl. VAT) based on the increased scope of Works, thus an additional R 1 650 632.70 (incl VAT) is required. Budget variations is contained in **APPENDIX 1** attached.

**3. DELEGATED AUTHORITY**

Council

**4. EXECUTIVE SUMMARY**

The item deals with the request for approval to increase the scope of the Groendal Informal Trading project in order increase the external civil works to accommodate the proposed new taxi hub on the same property.

**5. RECOMMENDATIONS**

- a) that Council notes in terms of MFMA Section 116(3) the reasons for the increase scope of the Groendal Informal Trading project;
- b) that the tender amount (B/SM 42/19) for the provision of Professional Services be increased with R1 650 632.70 to an estimated R 4 284 415.46);
- c) that the Municipal Manager be authorized to conclude the contract or agreement after (d) above, is finalized in terms of the applicable Act/Regulation.

**6. DISCUSSION / CONTENT**

**6.1 Background**

The project under discussion relates to the establishment of an Informal trading area in Groendal in Franschhoek. The objective of the project is to establish an informal trading facility adjacent to the to-be-built taxi hub. The Municipality envisages that the facility will unlock profitable trading possibilities for traders.

A budget of R3 000 000.00 was allocated in the 2018/2019 financial year for the aforementioned project.

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## 6.2 Discussion

The tender advertisement based on the 80/20 Preference Points System, was advertised on 12 January 2019 as follows: Die Burger, Cape Argus, Municipal website, Municipal Notice Board, I-Tender (CIDB) and the E-Portal.

A compulsory clarification meeting was conducted on Wednesday, 23 January 2019 to give potential bidders the opportunity to acquaint themselves with the particulars of the bid. The closing date was the 15 February 2019.

Austshomoa Services (Pty) Ltd was awarded the tender for the construction of the Groendal (Franschhoek) Informal trading site. Shortly after the award the Infrastructure Services Department gave an indication of their intention to establish a long distance taxi facility on the same property. This was an outcome of a settlement with the local taxi association that the aforementioned facility should be built on the specific property instead of next to the triangle building in town area.

This immediately changed the external civil infrastructure needs for the entire site as the site now has to cater for an increase in facilities.

The original civil services allowed for this project was not designed to accommodate the increased flow to be generated by the bigger facility and therefore these infrastructure service including electricity had to be increased in size.

In order to achieve a cost effective installation and trying to prevent installation of services in an already paved areas, a decision was made to install all services required for the bigger development as part of this project.

Austshomoa Services (Pty) Ltd is currently installing the civil services for the project and it would only be cost effective and save time on the completion of this phase of the project to make use of their presence on site. The next phase of the project will simply tie into the services to be installed in their project.

The in changes in specifications for civil works and additional costs to the entire project, as describe in Appendix 1 attached. These costs will exceed the allowed 20% in terms of Circular number 62/2012 (National Treasury) as mentioned in paragraph 6.4.3.

The public notice (No99/2019) attached as Appendix 2 was published 31 September 2019 for 14 days to inform the public about the amendment to the tender awarded to Austshomoa Services (PTY) Ltd. At closing date 14 October 2019 no comments were received.

## 6.3 Financial Implications

The amount R 1 650 632.70 is the tendered project cost, of which R 543 656.00 is available under UKEY:20190703005788 (Establishment of Informal Trading Sites: Groendal) and R1106 976.70 be viremented from savings under UKEY 20190703005773 (Establishment of Informal Trading Sites: Klapmuts)

## 6.4 Legal Implications

### 6.4.1 **SCM Guide for Accounting Officer**

In terms of paragraph 5.9.5.2, of the SCM Guide for Accounting Officers a **single source selection** may be appropriate, but only if it present a clear advantage over competition; e.g for tasks that represent a **natural continuation** of previous work carried out by the Service Provider.

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Further in terms of paragraph 5.9.5.3 the reason for a single source selection should be recorded and approved by the Accounting Officer or his/her delegate prior to the conclusion of a contract.

#### **6.4.2 Municipal Finance Management Act (MFMA)**

In terms of Section 116(3) of the MFMA a contract or agreement procured through the supply chain management policy of the municipality 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.

#### **6.4.3 Comments from Legal Service**

In order to ensure uniformity in application of the MFMA Section 116(3), the National Treasury issued MFMA Circular number 62/2012 where it is stated that contracts for construction related goods or services may be expanded or varied by 20% of the original contract value, and service providers for general goods or services may be expanded or varied by 15% of the original contract value, though internal process. Any expansion or variation in excess of the aforementioned thresholds must be reported to Council and dealt with in terms of the provision of Section 116(3) of the MFMA.

The item and recommendations are supported.

#### **6.5 Staff Implications**

None

#### **6.6 Previous / Relevant Council Resolutions:**

None

#### **6.7 Risk Implications**

This report has no risk implications for the Municipality.

#### **6.8 Comments from Senior Management**

##### **Director Planning & Economic Development**

Supported

##### **Chief Financial Officer**

Supported

##### **Municipal Manager**

Supported

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**APPENDIXES****Appendix 1:** Franschhoek Transport Facility Progress Report**Appendix 2:** Public Notice: No 99/2019**FOR FURTHER DETAILS CONTACT:**

<b><i>NAME</i></b>	Tabiso Mfeya
<b><i>POSITION</i></b>	<b><i>Director</i></b>
<b><i>DIRECTORATE</i></b>	<b><i>Planning &amp; Economic Development</i></b>
<b><i>CONTACT NUMBERS</i></b>	<b><i>021 808 8491</i></b>
<b><i>E-MAIL ADDRESS</i></b>	<b><i>tabiso.mfeya@stellenbosch.gov.za</i></b>
<b><i>REPORT DATE</i></b>	<b><i>28-10-2019</i></b>

# **APPENDIX 1**

## **FRANSCHHOEK TRANSPORT FACILITY PROGRESS REPORT**



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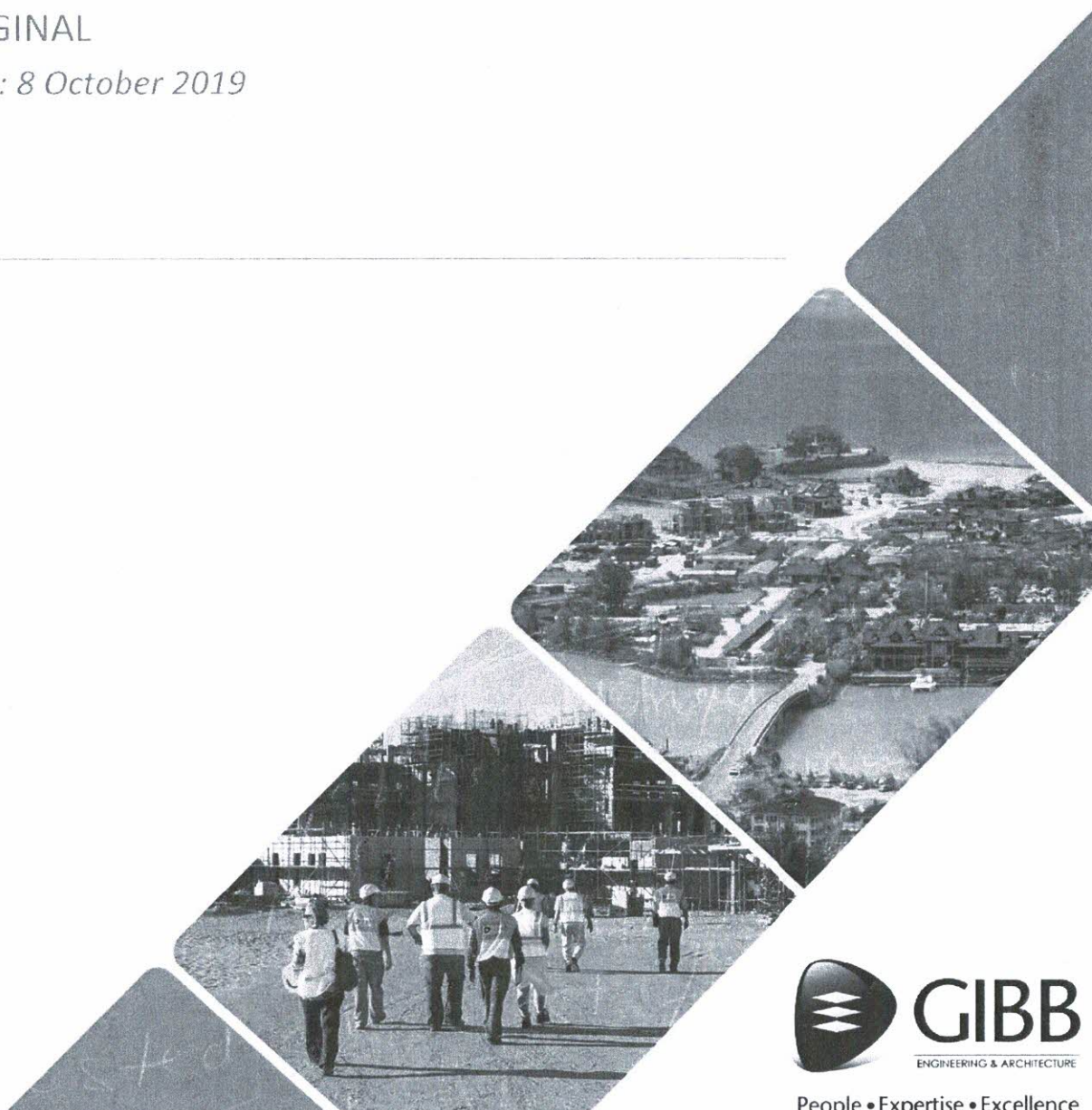
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**FRANSCHHOEK TRANSPORT FACILITY PROGRESS  
REPORT**

J38200

ORIGINAL

*Date: 8 October 2019*



People • Expertise • Excellence

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**KAYAMANDI AND FRANSCHHOEK TRANSPORT FACILITY PROGRESS REPORT**
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## Contact Information

*Please contact the undermentioned should you require further information.*

<b>GIBB (Pty) Ltd</b>	
<b>Address: Choose an office Office</b>	Cape Town 8th Floor The Link 19 DF Malan Street Cape Town 8001  Tel: +27 21 469 9100 Fax: +27 21 424 5571
<b>Website</b>	<a href="http://www.gibb.co.za">www.gibb.co.za</a>
<b>Contact Person</b>	Kaashifa Aziz
<b>Contact number</b>	021 469 9110
<b>Cell number</b>	
<b>Fax Number</b>	
<b>Email</b>	kaziz@gibb.co.za

## Revision Status

Rev No.	Issue Date	# Pages	Revision Description	Prepared By	Reviewed By	Approved By
0	13/09/2019		Original	KA	AM	PG
1	8/10/2019		General Revision	ANM	KA	PG



## 1 Introduction

GIBB (PTY) Ltd was appointed for the by Stellenbosch Municipality for the Design of a Public Transport Facility in Franschhoek.

The project is divided into two Phases namely:

- **Phase 1:** The construction of the informal trading site on the eastern boundary of the site under the B/SM 42/19 Contract.
- **Phase 2:** The construction of the transport facility, taxi operation buildings and local economic development (LED) units on western boundary of the site.

This report will only discuss the programme and progress of Phase 1.

## 2 Phase 1: Construction of LED Units

### 2.1 Programme and Progress

#### 2.1.1 Contractor

Austshamoa Services (Pty) Ltd was awarded the contract for the construction of Phase 1. Construction commencement date was 01 July 2019.

The duration of the contract is 4 months.

#### 2.1.2 Programme and Progress

• <b>Contract Value</b>	<b>R 2 290 115.44 excluding VAT</b>
• <b>Contract Period</b>	<b>4 months</b>
• <b>Commencement Date</b>	<b>01 July 2019</b>
• <b>Tendered Completion Date</b>	<b>31 October 2019</b>
• <b>Total Amount Certified to Date</b>	<b>R 271 682.70 excluding VAT</b>
• <b>Last Certified Date</b>	<b>22 August 2019</b>
• <b>Time Elapsed to Date</b>	<b>37.5%</b>
• <b>Percentage Certified to Date</b>	<b>11.9%</b>

The contractor has completed the underground subsoil drainage, foundations are completed and they have commenced with substructure foundation brickwork.

### 2.2 Finance

#### 2.2.1 Major Variations

Additional funding is required to complete the Construction of Phase 1. As described in the letter dated 20 August 2019, *Motivation for Additional Funding*. Contract B/SM 42/19 for the Construction of Franschhoek (Groendal) Informal Trading Site contract was awarded to Austshamoa Services for R 2 290 115.44 (Excl. VAT). The revised estimated construction value

based on the increased scope of works is R3 725 578.66 (Excl.VAT), thus an additional R 1 435 463.22 (Excl VAT) is required.

The increase in scope of work is due to the following:

1. The layout of the LED facility had to fit into the proposed layout of the planned development of the site causing in an increase in the LED kiosk block footprint which incorporates ablution facilities, refuse yard and management office, resulting in approximately 25% building footprint increase.
2. The surface of the LED kiosk block was water-logged due to waste-water from the neighbouring back-yard residents discharging on the site requiring the installation of sub-surface and surface drainage to mitigate water-logged conditions allowing construction to proceed.
3. Poor founding conditions with an underground water flow, coupled with wet conditions (the contract awarded in July rainy season) requiring extensive interventions to intercept sand-slurry flows and rising water table encountered at building foundation level.
4. Over excavation of the work footprint to ensure safe work environment.
5. Earthworks and the importation of commercial soil for the construction of soil raft to replace saturated in-situ soils unsuitable for reuse to provide appropriate founding conditions to the building platform associated with universal access requirement including the removal of unsuitable material off site.
6. Increase in installation of external civil services to enable the occupation of the LED units and to accommodate the proposed Taxi Management and Admin Buildings for the site.
7. Encroachment of illegal structures along the western boundary resulting in:
  - a. Shift in the LED footprint
  - b. Expensive retaining
  - c. Relocation/re-routing of services
8. Clearing of rubble along the northern boundary.
9. Locating existing services on site.
10. The provision of HVAC to kiosks and the installation thereof.
11. A provisional amount for wayleave applications

### 3 Budget Variations

<b>Franschoek Phase 1 Budget Comparison</b>			
<b>Section 1</b>	<b>Description</b>	<b>Tendered BoQ</b>	<b>Modified BoQ (using tendered rates)</b>
Section 1	Bill 1 - Preliminaries	R 422 525.13	R 422 525.13
Section 2	Bill 1 - Earthworks (Provisional)	R 162 705.27	Incl Item below
Section 2	Bill 2 - Concrete, Formwork and Reinforcement	R 131 945.68	R 466 642.39
Section 2	Bill 4 - Masonry	R 112 630.25	R 194 086.82
Section 2	Bill 5 - Waterproofing	R 2 168.82	R 8 525.50
Section 2	Bill 6 - Roof Covering, etc	R 128 691.06	R 46 166.28
Section 2	Bill 7 - Carpentry and joinery	R 48 726.70	R 80 942.40
Section 2	Bill 8 - Ceilings	R 12 696.20	R 23 716.00
Section 2	Bill 9 - Ironmongery	R 8 642.70	R 24 318.50
Section 2	Bill 10 - Structural Steelwork	R 219 906.50	Incl Item below
Section 2	Bill 11 - Metalwork	R 8 899.00	R 149 869.36
Section 2	Bill 12 - Plastering	R 36 465.00	R 204 155.00
Section 2	Bill 13 - Tiling	R 22 233.64	R 26 555.10
Section 2	Bill 14 - Plumbing and Drainage (Provisional)	R 132 394.85	R 145 081.17
Section 2	Bill 15 - Electrical Installation (Provisional)	R 110 000.00	R 388 107.75
Section 2	Bill 16 - Paintwork)	R 38 390.00	R 53 547.80
Section 2	Bill 17 - External Works (provisional)	R 392 383.93	R 1 004 650.49
Section 2	Bill 18 - HVAC Installation		R 71 500.00
	Way Leaves		R 50 000.00
	Builder's Work In Connection With Specialist Installations		R 10 000.00
	Prime Cost Amounts		R 16 500.00
	<b>TOTAL OF PRICED ITEMS</b>	<b>R 1 991 404.73</b>	<b>R 3 386 889.69</b>
	Allow 15% contingencies to be expended as directed by the Engineer and to be deducted in whole or in part if not required	R 298 710.71	
	Allow 10% contingencies to be expended as directed by the Engineer and to be deducted in whole or in part if not required		R 338 688.97
	<b>NETT TOTAL OF TENDER</b>	<b>R 2 290 115.44</b>	<b>R 3 725 578.66</b>
	Add 15% for VAT	R 343 517.32	R 558 836.80
	<b>GROSS TOTAL OF TENDER</b>	<b>R 2 633 632.76</b>	<b>R 4 284 415.46</b>
	<b>DIFFERENCE</b>		<b>R 1 650 782.70</b>

## 4 Claims

The contractor has submitted notification of intention to claim for inclement weather and community protest disruption and unscheduled work associated with stabilising unsuitable founding conditions. These are currently being assessed.

No provision is allocated for the cost of claims. It is anticipated this will be paid from the contingency amount.

## 5 Conclusion

The contractor is behind in programme for the following reasons:

1. Inclement weather experienced during July and August.
2. Unscheduled work required to deal with ground water conditions
3. Community protest action.

However, the contractor has employed additional resources to ensure they remain on programme, alternatively catch-up with programme.

# **APPENDIX 2**

## **PUBLIC NOTICE**

**99/2019**



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## **NOTICE NO. 99/2019**

### **NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) FOR THE AMENDMENT TO THE TENDER AWARDED TO AUSTSHAMOA SERVICES (PTY) LTD (B/SM 42/19) FOR THE CONSTRUCTION OF THE GROENDAL INFORMAL TRADING SITE, FRANSCHHOEK**

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 Stellenbosch Municipality to amend the existing contract:

**Number:** B/SM 42/19

**DESCRIPTION: AMENDMENT TO THE TENDER AWARDED TO AUSTSHAMOA SERVICES (PTY) LTD (B/SM 42/19) FOR THE CONSTRUCTION OF THE GROENDAL INFORMAL TRADING SITE, FRANSCHHOEK.**

**Contractor: Austshamoa Services (Pty) Ltd**

**Reasons for the proposed amendment:** Austshamoa Services (Pty) Ltd was awarded the tender for the construction of the Groendal Informal Trading site. At the commencement of this project the current property was identified to also accommodate a transport hub which will include a taxi rank facility with boardrooms and offices. The increased footprint necessitated an increase in civil services. Since Austshamoa Services (PTY) Ltd was appointed as the contractor and is currently involve in building civil works on the site it would be prudent and cost effective to extend the scope of their contract to include the additional civil services. This is the most cost effective route to follow to ensure no wasteful expenditure to complete the project.

This will result in additional cost and specification changes that exceed the allowed 15% in term of Circular number 62/2012 (National Treasury)..

The tendered price which was accepted by Stellenbosch Municipality on 02 March 2018, needs to change given the reasons above, with more than 15% of the tendered value.

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 interested/affected parties are invited to submit comments or representations to the Municipality in respect of the above. Such comments or representations must be received within 14 days of advertisement via electronic mail to the e-mail address provided below, or be delivered to the undersigned to the mailing address provide hereunder. 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, Supply Chain Department, Plein Street, Stellenbosch where a staff member will assist that person to transcribe that person's comments or representations.

Comments and/or representations must be submitted to the following e-mail address: [s116.contracts@stellenbosch.gov.za](mailto:s116.contracts@stellenbosch.gov.za), with the subject line entitled "**B/SM 42/18: COMMENTS ON NOTICE OF: AMENDMENT TO THE TENDER AWARDED TO AUSTSHAMOA SERVICES (PTY) LTD (B/SM 42/19) FOR THE CONSTRUCTION OF THE GROENDAL INFORMAL TRADING SITE, GROENDAL.**"

The closing time for the submission of representations and/or comments must be received within 14 days of advertisement at 12:00. Any comments or representations received after this time and date will not be considered.

All enquiries regarding this intent can be directed to the following official:

Name & Surname : Widmark Moses  
 Department : Local Economic Development & Tourism  
 Telephone Number : 021 808 8974  
 E-mail address : [widmark.moses@stellenbosch.gov.za](mailto:widmark.moses@stellenbosch.gov.za)  
 Physical address : Stellenbosch Municipality  
 Department: Local Economic Development & Tourism  
 58 Andringa Street  
 Stellenbosch  
 7600

**Geraldine Mettler**  
**Municipal Manager**