



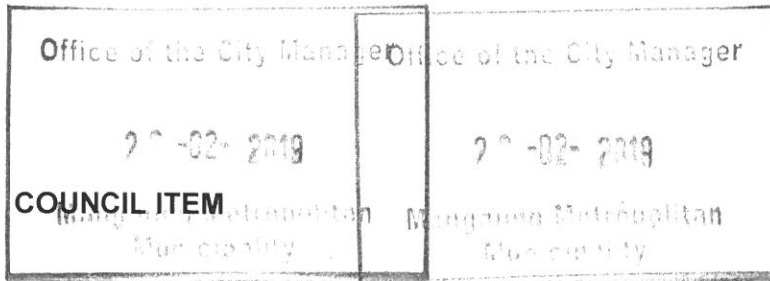
URGENT



**MANGAUNG**  
METRO MUNICIPALITY  
METRO MUNISIPALITEIT  
LEKGOTLA LA MOTSE

DIRECTORATE  
HUMAN SETTLEMENTS &  
HOUSING

Date: 25 February 2019



**REQUEST FOR COUNCIL TO APPROVE THE AMENDMENT OF CONTRACT C415/B1 IN TERMS OF SECTION 116 OF THE MFMA FOR BOTSHABELO SECTIONS M & E, INSTALLATION OF INTERNAL WATER AND SEWER**

**1. PURPOSE**

The purpose of this report is to request approval of Council for the amendment of Contract C415/B1: Botshabelo Sections M&E – installation of internal water and sewer in terms of section 116 of the Municipal Finance Management Act 56 of 2003.

**2. BACKGROUND**

MANGAUNG Metro Municipality similar to all the other Metros within the country, receives yearly conditional grant in the form of Urban Settlement Development Grant (USDG). The strategic goal of the grant as outlined in the grant framework is *“to assist metropolitan municipalities to improve household access to basic services through the provision of bulk, link and internal reticulation infrastructure, with a focus on the poor; and urban land production to support broader urban development, spatial integration and inclusion by supplementing the capital budgets of metropolitan municipalities”*. One of the main conditions of the grant is that ***“50% of the allocation must be spent on the provision of individual services to households living in informal settlements either through on-site upgrades, relocation or integrated development projects”***. This condition of the grant has also been enacted in the Division of Revenue Act (DORA). As such, Mangaung Metro Municipality was given a target of 12 500 households to have access to individual water and sewer connection.

In line with the provisions of the USDG strategic goal and conditions, MMM budgeted for the upgrading of informal settlements and appointed a number of contractors to implement the projects. One of these projects is the Botshabelo Sections M&E identified for the households living in informal settlements

wherein Tsela Tsweu Consulting Engineers were appointed as Consultants and WK Construction as the contractors for a period ending 31<sup>st</sup> October 2018 at a total cost of **R7 830 000** for 135 households.

### 3. DISCUSSIONS

The implementation of the project as mentioned above was moving smoothly whereby the Contractor started with the link pipeline to the identified properties as per approved budget. At a certain stage of the project implementation, the community of the old Section M where the pipeline was supposed to pass stopped the contractor from working. This interruption caused delays to the project however, we realized although the Metro has target of informal settlements to achieve, it should not exclude other residents who reside in the old township areas. This prompted for a number of interactions within the Metro and with the affected community and councilors to try to resolve the problem and it was later agreed that a provision of budget be made to resume the provision of sewer connection to the residents in the old township area. Due to the delays caused by the residents who forced the contractor off-site, an extension of time has been requested to finalize the original project to May 2019.

The Directorate: Human Settlements has explored a number of options to procure the services of the Consultant and Contractor for the provision of sewer in the old township area. Currently, the contract of WK Construction is still in place and it would not make any sense to have two Contractors on the same area as this will cause a lot of chaos on-site. Secondly, WK Construction has already established site and it will be too costly to have another contractor to establish site. After consideration of these matters, it makes more practical and financial sense to extend the scope of work of an existing contract with Tsela Tsweu for designs and WK Construction for installation of infrastructure. Section 16.2.9 of Mangaung 11<sup>th</sup> Supply Chain Management Policy approved on the 31 May 2018 allows for the extension of scope to a maximum of 20% of the original value of the contract for construction related goods, services and or infrastructure projects. In this case, we will require an increase of scope of 76% from the original budget of **R7 830 000** with additional **R6 000 000** to do sewer connections for the residents in the old Section M in Botshabelo.

Section 116 (3) (a) and (b) of the MFMA states as follows:

- *“A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after –*
  - *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*
  - *The local community –*
    - *has been given reasonable notice of the intention to amend the contract or agreement; and*

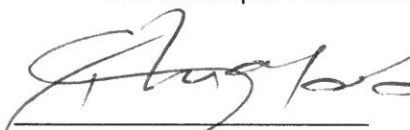
- has been invited to submit representations to the municipality or municipal entity.

In terms of section 116 (3)(a) and (b), a reasonable notice of the intention to amend the contract was advertised for a period of a month, refer to **Annexure "A"** for the newspaper advert. This allowed for the public to raise their objection if any and in this case, there was no objection received by the office of the CFO as was advertised. We are therefore requesting for the application of section 116 of the MFMA for the amendment of contract C415/B1 between Mangaung Metro Municipality, Tsela Tsweu and WK Construction to accommodate for the increase of scope by additional **R6 000 000**.

#### 4. RECOMMENDATIONS

**We therefore recommend that Council:**

- takes note that Tsela Tsweu and WK Construction are appointed through the supply chain process of MMM for the installation of internal water and sewer in Botshabelo Sections M & E under contract C415/B1 at a cost of **R7 830 000** until the end of November 2018;
- takes note that the above project is funded from USDG for upgrading of informal settlements;
- takes note that this project excluded the residents of the old Section M while the pipeline passes through the settlement;
- approve that funding of **R6 000 000** be availed to provide sewer connection to the old Botshabelo Section M settlement;
- approve the extension of scope of work of contract C415/B1 by **76%** in terms of section 116 of the Municipal Finance Management Act;


  
**Adv. MJN Phaladi**  
**Head: Human Settlements**

28.2.19

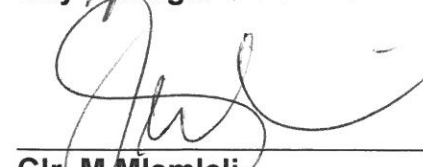
Recommended/ ~~not recommended~~

  
**S Mofokeng**  
**Acting Chief Financial Officer**

Recommended/ ~~not recommended~~

  
**Adv. T Mea**  
**City Manager** 14/03/2019

Approved/ ~~not approved~~

  
**Clr. M Mlamleli**  
**Executive Mayor**

Computer diagnostic @R150

ALL CAR/TRUCK FAST! FAIR! RELIABLE! SERVICE TO U  
WE WILL BEAT ANY WRITTEN QUOTE!!



METRO MUNICIPALITY

METRO MUNISIPALITEIT

LEKGOTLA KA MOTSE



## PUBLIC NOTICE



### NOTICE OF PROPOSED AMENDMENTS TO CONTRACT

Notice is hereby given in terms of section 116 (3) of the Municipal Finance Management act 56 of 2003, of the proposed amendments on the contract for the installation of internal water and sewer in Section M and E in Botshabelo informal settlements contract.

Section 116(3) of the abovementioned Act stipulates that:

"A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—

- 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
- the local community—
  - has been given reasonable notice of the intention to amend the contract or agreement; and
  - has been invited to submit representations to the municipality or municipal entity.

Subsequent to tender processes and implementation of the above-mentioned project, a need has been identified to extend the scope of original contract in order to ensure viability and effective service delivery.

| Contract Number | Service Provider          | Scope of the Original Contract  | Contract Amount | Proposed contract amendments  | Revised Contract Amount |
|-----------------|---------------------------|---|-----------------|---|-------------------------|
| C415/B1         | WK Construction Pty (Ltd) | <b>Botshabelo Section M&amp;E – Installation of internal water and sanitation:</b><br>The scope of work includes the following: <ul style="list-style-type: none"> <li>Installation of internal bulk water and sanitation for 135 households in informal settlements.</li> <li>Individual water and sewer connections to 135 households in informal settlements.</li> <li>Construction of toilet structures.</li> </ul> | R 7 830 000     | The additional work involves the following: <ul style="list-style-type: none"> <li>Connection of internal sewer network and individual connections to 100 households - Section M in Botshabelo</li> </ul> | R 13 830 000            |

Queries and questions may be directed to the Office of the Chief Financial Officer on 051 405 8625.

The local community and other interested persons are invited to submit comments or representations in respect of the proposed contracts amendments, to the Municipality. Such comments or representations must be received by no later than 14<sup>th</sup> January 2019 via Fax at (051) 405 8787 or E-mail: [sabata.mofokeng@mangaung.co.za](mailto:sabata.mofokeng@mangaung.co.za) or [kolisang.rapulungoane@mangaung.co.za](mailto:kolisang.rapulungoane@mangaung.co.za) or must be delivered at Finance Department Room 214, Bram Fischer Building for attention: Mr. Sabata Mofokeng or Mr. Kolisang Rapulungoane.

CITY MANAGER  
ADV. TANKISO MEA

Issued by MMM Communications

[www.mangaung.co.za](http://www.mangaung.co.za) (For Mangaung Metropolitan Municipality Official)

Call Centre - 0800 111 300

## SMALL

### IKAGENG LOANS:

Take out a loan with and stand chance to prizes in our weekly draw.

Enquiries:

Contact the following number:

073 686 1692  
078 765 7638  
073 172 1286  
074 227 8059  
073 225 7940

Fax: 086 219 786

email: [ikagengphones@gmail.com](mailto:ikagengphones@gmail.com)

Sms: your number, surname and initials

Administration client welcomed.

### LEEUEW BUILDING SERVICES



House extensions, g building, roofing & tiling (inside only).  
BRICK GATES: I use my services ing December get Build Cement!!!  
073 6081 465 leeuw@gmail.com (NOT ADVERT)

### LEBO'S HAIR SALON



### SPECIAL!!!!

Bump R250, Nails R90 and more!

Lebo Hair Salon land pela Shoprite opposite Roots- Le lon, 0780094916 - Lebo Rockland