NOTICE OF AN URGENT MEETING OF THE COUNCIL OF STELLENBOSCH MUNICIPALITY
FRIDAY, 2018-11-09 AT 14:00

TO
The Speaker, Cllr WC Petersen (Ms) [Chairperson]
The Executive Mayor, Ald G Van Deventer (Ms)
The Deputy Executive Mayor, Cllr N Jindela

ALDERMEN/
ALDERWOMEN
PW Biscombe
JP Serdyn (Ms)

COUNCILLORS
F Adams MC Johnson
FJ Badenhorst DD Joubert
GN Bakubaku-Vos (Ms) N Mananga-Gugush (Ms)
FT Bangani-Menziwa (Ms) C Manuel
G Cele (Ms) NE Mcombrin (Ms)
PR Crawley (Ms) XL Mdemka (Ms)
A Crombie (Ms) RS Nalumango (Ms)
JN De Villiers N Olayi
MB De Wet MD Oliphant
R Du Toit (Ms) SA Peters
A Florence MM Pietersen
AR Frazenburg WF Pietersen
E Fredericks (Ms) SR Schäfer
E Groenewald (Ms) N Sinkinya (Ms)
JG Hamilton P Sitshoni (Ms)
AJ Hanekom Q Smit
DA Hendrickse LL Stander
JK Hendriks E Vermeulen (Ms)
LK Horsband (Ms)

Notice is hereby given in terms of Section 29, read with Section 18(2) of the Local Government: Municipal Structures Act, 117 of 1998, as amended, that an URGENT MEETING of the COUNCIL of STELLENBOSCH MUNICIPALITY will be held in the COUNCIL CHAMBER, TOWN HOUSE, PLEIN STREET, STELLENBOSCH on FRIDAY, 2018-11-09 at 14:00 to consider the items on the Agenda.

SPEAKER
WC PETERSEN

AGENDA: URGENT COUNCIL MEETING: 2018-11-09/TS
## AGENDA

URGENT MEETING OF THE COUNCIL
OF STELLENBOSCH MUNICIPALITY
2018-11-09

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SUBJECT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>OPENING AND WELCOME</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>DISCLOSURE OF INTEREST</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>APPLICATION FOR LEAVE OF ABSENCE</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>RECRUITMENT AND SELECTION PROCESS OF THE DIRECTOR: COMMUNITY AND PROTECTION SERVICES</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>RECRUITMENT AND SELECTION PROCESS : CHIEF FINANCIAL OFFICER – THIRD ROUND - CHANGES IN SELECTION PANEL</td>
<td>10</td>
</tr>
<tr>
<td>6.</td>
<td>298 SERVICE SITES FOR THE UPGRADEING ON ERF 2181, MANDELA CITY INFORMAL SETTLEMENTS, KLAPMUTS: CHANGE OF SCOPE FOR WEC CONSULT (ANNEXURES 1-2)</td>
<td>12</td>
</tr>
<tr>
<td>7.</td>
<td>298 SERVICE SITES FOR THE UPGRADEING OF INFORMAL SETTLEMENTS ON ERF 2181, MANDELA CITY, KLAPMUTS: CHANGE OF SCOPE FOR WF CONSTRUCTION (ANNEXURES 1-4)</td>
<td>23</td>
</tr>
<tr>
<td>8.</td>
<td>REPORT ON SLOW CAPITAL EXPENDITURE</td>
<td>46</td>
</tr>
</tbody>
</table>
1. **OPENING AND WELCOME**

2. **DISCLOSURE OF INTEREST**

3. **APPLICATIONS FOR LEAVE OF ABSENCE**  
   (3/4/1/6)

4. **RECRUITMENT AND SELECTION PROCESS OF THE DIRECTOR: COMMUNITY AND PROTECTION SERVICES**

   **Collaborator No:**  
   **IDP KPA Ref No:** Good Governance and Compliance  
   **Meeting Date:** 9 November 2018

1. **SUBJECT: RECRUITMENT AND SELECTION PROCESS OF THE DIRECTOR: COMMUNITY AND PROTECTION SERVICES**

2. **PURPOSE OF REPORT**

   To obtain Council approval for the commencement of the recruitment and selection process of the Director: Community and Protection Services.

3. **DELEGATED AUTHORITY**

   Municipal Council

4. **EXECUTIVE SUMMARY**

   The position of Director Community and Protection Services became vacant on 1 November 2018 with the resignation of Mr Gerald Esau. (Resignation letter attached as **APPENDIX 1**). With the current changes to the Portfolio Committee there are three (3) members responsible for the functions in the Directorate. Council to determine which Mayoral Committee members form part of the Selection panel. The selection panel must consist of minimum three (3) members and maximum five (5) members.

5. **RECOMMENDATIONS**

   (a) that Council approves the recruitment and selection processes of the Director: Community and Protection Services;

   (b) that Council approves the selection panel for the Director Community and Protection Services as set out in the Government Gazette 37245 : Local Government Regulations on Appointment and Conditions of Employment of Senior Managers –
AGENDA
URGENT MEETING OF THE COUNCIL
OF STELLENBOSCH MUNICIPALITY
2018-11-09

- The Municipal Manager;
- Members of the Mayoral Committee responsible for the Portfolios under this directorate;
- At least one person who is not a councillor or staff member, and who has expertise or experience in the area.

(c) that an independent external consultant be appointed to assist with the recruitment and selection process in line with abovementioned Regulations; and

(d) that Mr Albert Van der Merwe be appointed as Acting Director: Community and Protection Services for the period 1 December 2018 – 28 February 2019, or until such time that the post is filled.

6. DISCUSSION / CONTENTS

6.1 Background

The position of the Director: Community and Protection Services became vacant on 1 November 2018 with the resignation of Mr Gerald Esau.

6.2 Discussion

During the amendment of the Municipal Systems Act (MSA) S57 dealing with the employment contracts for municipal managers and managers directly accountable to municipal managers, the section dealing with the employment period for the managers accountable to the municipal manager was deleted.

Section 56 of the MSA (7) states that "A person appointed in a permanent capacity as a manager directly accountable to the municipal manager when this section takes effect, must be regarded as having been appointed in accordance with this section."

Chapter 3 of the Regulations on the Appointment and Conditions of Employment of Senior Managers Section, 2014, 8 (1) states that:

No person may be appointed as a senior manager on a fixed term contract on a permanent basis or on probation, to any post on the approved staff establishment of a municipality, unless he or she –
(a) Is a South African citizen or permanent resident; and
(b) Possesses the relevant competencies, qualifications, experience, and knowledge set out in Annexures A and B to these regulations.

It is with the abovementioned legislative prescripts in mind that it is recommended that the appointment period for the Director: Community and Protection Services be advertised for a period not in excess of 10 years. This will ensure the much needed stability in the directorate.

To ensure transparency in the recruitment and selection process, it is further recommended that a recruitment and selection agency be appointed to assist with the process in line with the Regulation on the appointment and conditions of employment of Senior Managers.

6.3 Financial Implications

The post is budgeted for.
6.4 Legal Implications

The applicable regulations are the Regulations on the appointment and conditions of employment of Senior Managers was Gazetted on 17 January 2014. (Gazette No. 37245 dated 17 January 2014).

In terms of the regulations the recruitment, selection and appointment of Senior Manager will be discussed as stipulated in Chapter 3 of the Regulations.

In terms of Section 7.1 when the post of a senior manager becomes vacant, or is due to become vacant, the municipal manager, in the case of a manager directly accountable to the municipal manager, must, upon receipt of official notification that the post of a senior manager will become vacant, obtain approval from the municipal council for the filling of such post in its next council meeting or as soon as it is reasonably possible to do so.

In terms of Section 7.2 a vacant senior manager post may not be filled, unless:
(a)approval to fill the post has been granted by the municipal council; and
(b)the post has been budgeted for.

In terms of Section 8 no person may be appointed as a senior manager on a fixed term contract, on a permanent basis or on probation, to any post on the approved staff establishment of a municipality, unless he or she-
(c)is a South African citizen or permanent resident; and
(c)Possesses the relevant competencies, qualifications, experience and knowledge set out in in the regulations.

An appointment may not take effect before the first day of the month following the month during which the municipal council approved the appointment.

In terms of Section 10 the municipal manager must, within 14 days of receipt of the approval referred to in regulation 7, ensure that the vacant post is advertised.

- A vacant senior manager post must be advertised in a newspaper circulating nationally and in the province where the municipality is located.

- An advertisement for a vacant senior manager post must specify the:
  (a) Job title;
  (b) Term of appointment;
  (c) Place to be stationed;
  (d) Annual total remuneration package;
  (e) Competency requirements of the post, including minimum qualifications and experience required;
  (f) Core functions;
  (g) Need for signing of an employment contract, a performance agreement and disclosure of financial interest;
  (h) The need to undergo security vetting;
  (i) Contact person;
  (j) Address where applications must be sent or delivered; and
  (k) Closing date which must be minimum 14 days from the date the advertisement appears in the newspaper and not more than 30 days after such date.
Cognisance must be taken of Section 12 which makes provision for the manner in which the selection panel must be constituted. Section 12(1) provides that:

“A municipal Council must appoint a selection panel to make recommendations for the appointment of candidates to vacant senior manager posts.

Section 12(2) provides that in deciding who to appoint to a selection panel, the following considerations must inform the decision:
(a) The nature of the post;
(b) The gender balance of the panel; and
(c) The skills, expertise, experience and availability of the persons to be involved.

Section 12(3) provides that the selection panel for the appointment of a municipal manager must consist of at least three and not more than five members, constituted as follows:
(a) The mayor, who will be the chairperson, or his or her delegate;
(b) A councillor designated by the municipal council; and
(c) At least one other person, who is not a councillor or a staff member of the municipality, and who has expertise or experience in the area of the advertised post.

Furthermore Section 12(5) provides that a panel member must disclose any interest or relationship with shortlisted candidates during the shortlisting process and that such a panel member Section 12(6) a panel member must recuse himself or herself from the selection panel if-
(a) His or her spouse, partner, close family member or close friend has been shortlisted for the post;
(b) The panel member has some form of indebtedness to a short-listed candidate or visa versa; or
(c) He or she has any other conflict of interest.

The Regulations dictates in terms of section 7 that a panel member and staff member must sign a declaration of confidentiality to avert the disclosure of information to unauthorised persons.

The Regulations provides for strict time frames which must be adhered to with regard to the Screening of Candidates in terms of section 14 as well as the Interviewing process in terms of section 15. Due regard must be given to Section 17 which deals with the Resolution of the municipal council on appointment of senior managers and reporting as well as the re-employment of dismissed persons in terms of section 18.

6.5 Staff Implications
Vacant S56 Senior Managers

6.6 Previous / Relevant Council Resolutions
None
6.7 Risk Implications

N/A

6.8 Comments from Senior Management

None

ANNEXURES

Annexure 1: Resignation letter of Mr Gerald Esau

FOR FURTHER DETAILS CONTACT:

<table>
<thead>
<tr>
<th>NAME</th>
<th>Geraldine Mettler</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITION</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>DIRECTORATE</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>CONTACT NUMBERS</td>
<td>021 808 8025</td>
</tr>
<tr>
<td>E-MAIL ADDRESS</td>
<td><a href="mailto:mm@stellenbosch.gov.za">mm@stellenbosch.gov.za</a></td>
</tr>
<tr>
<td>REPORT DATE</td>
<td>November 2018</td>
</tr>
</tbody>
</table>
1 November 2018

The Municipal Manager
Stellenbosch Municipality
Plein Street
Stellenbosch
7600

Dear Municipal Manager

RESIGNATION – G ESAU (EMPLOYEE NR 854001)

I herewith submit my resignation as Director: Community & Protection Services at Stellenbosch Municipality effective from the 1st of November 2018 of which my last working day will be 30 November 2018.

I would like to take this opportunity to thank you whole heartedly for the opportunity and support during my time as Director at the municipality. It was indeed a journey under your leadership with all the accomplishments that we have achieved as a management team.

Please continue with the good work in serving the community of Stellenbosch equitably.

Kind Regards

G ESAU

1/11/18.
1. **SUBJECT: RECRUITMENT AND SELECTION PROCESS: CHIEF FINANCIAL OFFICER – THIRD ROUND – CHANGES IN SELECTION PANEL**

2. **PURPOSE OF REPORT**

To notify Council of the change in the Mayoral Committee leading to a change in the selection panel of the Chief Financial Officer (CFO) Recruitment and selection process.

3. **DELEGATED AUTHORITY**

Municipal Council for noting.

4. **EXECUTIVE SUMMARY**

The recruitment and selection process for the 3rd round of the CFO commenced during October 2018, with the advertisement which closed on 15 October 2018.

Councillor Salie Peters was appointed as part of the Selection Panel at a Council meeting held on 25 July 2018.

Council on the 30 October 2018 noted the changes made to the Mayoral Committee as proposed by the Executive Mayor.

5. **RECOMMENDATION**

that Council notes that the changes in the Mayoral Committee led to changes in the selection panel of the Chief Financial Officer, i.e. that Councillor P Crawley (Ms) serves on the selection panel in her capacity as Chairperson of the Financial Services Portfolio.

6. **DISCUSSION / CONTENTS**

6.1 **Background**

During July 2018 Council approved the selection panel for the CFO as per relevant regulations.

The recruitment and selection process for the 3rd round of the CFO commenced during October 2018, with the advertisement which closed on 15 October 2018.

6.2 **Discussion**

During July 2018 Council approved the selection panel for the CFO as per relevant regulations.

Council on the 30 October 2018 noted the changes made to the Mayoral Committee as proposed by the Executive Mayor.
It is therefore necessary to inform council on the change in the selection panel of the CFO recruitment and selection process.

6.3. Financial Implications
N/A

6.4 Legal Implications
Regulation on the Appointment and Conditions of Employment of Senior Manager.

6.5 Staff Implications
Filling of CFO post.

6.6 Previous / Relevant Council Resolutions
Item 7.10.1 18th Council meeting.

6.7 Risk Implications
The process of the recruitment and selection process has to be finalised to ensure stability and continuity within the organisation.

6.8 Comments from Senior Management
The item was not circulated for comment.

FOR FURTHER DETAILS CONTACT:

<table>
<thead>
<tr>
<th>NAME</th>
<th>Geraldine Mettler</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITION</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>DIRECTORATE</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>CONTACT NUMBERS</td>
<td>021 808 8025</td>
</tr>
<tr>
<td>E-MAIL ADDRESS</td>
<td><a href="mailto:mm@stellenbosch.gov.za">mm@stellenbosch.gov.za</a></td>
</tr>
<tr>
<td>REPORT DATE</td>
<td>2018-11-06</td>
</tr>
</tbody>
</table>
1. SUBJECT: 298 SERVICE SITES FOR THE UPGRADING ON ERF 2181, MANDELA CITY INFORMAL SETTLEMENTS, Klapmuts: CHANGE OF SCOPE FOR WEC CONSULT

2. PURPOSE

To obtain the necessary authorization for the intended amendment of a contract concluded with WEC Consult.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

WEC Consult was appointed as the initial Consultants to obtain the land use rights in order to implement the development of Mandela City Informal Settlement upgrading project. The latter appointment included among others the amendment of the existing subdivision plan (original 219 sites), obtaining land use rights and supervision of the construction of Engineering services. The Municipal Planning Tribunal (MPT) approved the land use application for the proposed development on Erf 2181, Mandela City, Klapmuts on 08 May 2017.

During the implementation of the project, community members were dissatisfied with a number of issues and particularly the size of the temporary housing units and serviced sites. After extensive consultation and negotiation processes, many community issues were addressed however, the Site Development Plan (SDP) had to be altered to accommodate community needs. The impact to revise the phase 1 of the Site Development Plan caused a delay of about six months on site.

This resulted in changes in specifications and additional costs to the entire professional team, ie. Safety inspector, Environmental Control officer, Site supervision, Project management etc. These costs will exceed the allowed 15% in terms of Circular number 62/2012 (National Treasury) as mentioned in paragraph 6.4.3.

5. RECOMMENDATIONS

(a) that Council notes in terms of MFMA Section 116(3) the reasons for the change of scope/specification of the Mandela City development project;

(b) that the tender amount (B/SM 28/16) for the provision of Professional Services be increased from R2 185 109.00 to R3 738 846.60;

(c) that Council give reasonable notice of intention to amend the contract or agreement in terms of section 116(3)(b)(i);
(d) that the local community be invited to submit representatives to the Municipality in terms of section 116 (3)(b)(ii); and

(e) 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 / CONTENTS

6.1 Background

WEC Consult was appointed as the Professional Consultant in line with the quantum that included all the professional fees to complete the project. It is imperative to note that the project was approved for 298 serviced sites over two financial years. However, during the implementation phase the community dissatisfaction lead to time delays which meant that only 185 sites were fully serviced during this timeframe. The appointment of WEC Consult was for the implementation of serviced sites only and no provision was made for any construction of alternative housing. It is anticipated that a total of 505 households will be accommodated by the end of the project. The balance of 320 sites must still be developed in order to close out the project.

With the experience we gained during the implementation of phase 1 it took us 18 months to complete the servicing and re-location of the first 185 households, once the temporary units are completed. The anticipated timeframe for the balance of 320 sites are 18-24 months taking into consideration all the community dynamics as well as the re-location of the families.

During the implementation of the project, Council advertised a tender for Nutec houses in order to provide the families of Mandela City with better accommodation instead of re-locating them with their existing structures.

6.2 DISCUSSION

The initial awarded tender amount was R2 185 109.00 and the new amount on the proposed tender will be R3 738 846.60 i.e. a difference of R1 553 737.60 from the original tender amount which amounts to 71% of the original tender price (see attached quote from the service provider as ANNEXURE 1).

6.2.1 The following reasons must also be taken into consideration

6.2.1.1 The increase of the original amount of service sites as per original Site Development Plan from 298 to 505 opportunities;

6.2.1.2 It is not practical or cost effective for Stellenbosch Municipality to appoint new service providers for the change in specifications as the service provider has not defaulted on the initial appointment;

6.2.1.3 Project was delayed for about 6 months while the above activities were unfolding and additional time to implement the balance of the project; and

6.2.1.4 Increase of the Subsidy quantum since the project was implemented. See table 1 and 2 below.
Table 1: Original WEC-Consult appointment

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit cost per erf</th>
<th>Original amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety Inspector</td>
<td>R 96.00</td>
<td>R 29,280.00</td>
</tr>
<tr>
<td>Environmental Control Officer</td>
<td>R 96.00</td>
<td>R 29,280.00</td>
</tr>
<tr>
<td>Pre-planning studies: EIA/Specialist studies</td>
<td>R 500.00</td>
<td>R 152,500.00</td>
</tr>
<tr>
<td>Traffic Impact Study</td>
<td>R 98.00</td>
<td>R 29,890.00</td>
</tr>
<tr>
<td>Urban Design</td>
<td>R 300.00</td>
<td>R 91,500.00</td>
</tr>
<tr>
<td>Project Management</td>
<td>R 1,505.50</td>
<td>R 528,054.00</td>
</tr>
<tr>
<td>Geotechnical Evaluation</td>
<td>R 105.00</td>
<td>R 36,829.00</td>
</tr>
<tr>
<td>Contour Survey</td>
<td>R 30.00</td>
<td>R 10,523.00</td>
</tr>
<tr>
<td>Land Survey and pegging</td>
<td>R 300.00</td>
<td>R 105,225.00</td>
</tr>
<tr>
<td>Land Survey examination fee</td>
<td>R 65.00</td>
<td>R 21,808.00</td>
</tr>
<tr>
<td>Town Planning</td>
<td>R 368.20</td>
<td>R 123,531.00</td>
</tr>
<tr>
<td>Civil Engineer: ECSA Gazetted minus 20%</td>
<td>R 2,256.20</td>
<td>R 756,945.00</td>
</tr>
<tr>
<td>Supervision - civil</td>
<td>R 480.00</td>
<td>R 161,040.00</td>
</tr>
<tr>
<td>Social facilitation</td>
<td>R 316.40</td>
<td>R 96,505.00</td>
</tr>
<tr>
<td>Legal fees: Conveyancing certificate</td>
<td>R 40.00</td>
<td>R 12,200.00</td>
</tr>
<tr>
<td><strong>Total unit cost: Indirect cost/quantum amount</strong></td>
<td><strong>R 6,556.30</strong></td>
<td><strong>R 2,185,109.00</strong></td>
</tr>
</tbody>
</table>

Table 2: New proposed WEC-Consult appointment with increase subsidy (in addition to fees in table 1)

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit cost per erf</th>
<th>Original amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety Inspector</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental Control Officer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-planning studies: EIA/Specialist studies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Traffic Impact Study</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Urban Design</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project Management</td>
<td>R 1,586.80</td>
<td>R 507,776.00</td>
</tr>
<tr>
<td>Geotechnical Evaluation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contour Survey</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land Survey and pegging</td>
<td>R 316.20</td>
<td>R 101,184.00</td>
</tr>
<tr>
<td>Land Survey examination fee</td>
<td>R 68.51</td>
<td>R 21,923.20</td>
</tr>
<tr>
<td>Town Planning</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Civil Engineer: ECSA Gazetted minus 20%</td>
<td>R 2,378.00</td>
<td>R 760,960.00</td>
</tr>
<tr>
<td>Supervision - civil</td>
<td>R 505.92</td>
<td>R 161,894.40</td>
</tr>
<tr>
<td>Social facilitation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Legal fees: Conveyancing certificate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total unit cost: Indirect cost/quantum amount</strong></td>
<td><strong>R 4,855.43</strong></td>
<td><strong>R 1,553,737.60</strong></td>
</tr>
</tbody>
</table>

6.3 Financial Implications

The project is an approved housing project and the amendments of the project were discussed with the Provincial Department of Human Settlements. The current amount approved for the Klapmuts project for this financial year is R9 144,000 and a new funding application will be submitted to address the additional funding requirements.

The shortfall of R1 553 737.60 will be requested during the adjustment budget should the Provincial Department of Human Settlements decline our submission.
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.

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. See **ANNEXURE 2** for abstract from Guidelines.

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-

- 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.

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 expended 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**

Senior Management supports the recommendations.

**ANNEXURES**

Annexure 1: Professional fees quotation

Annexure 2: Abstract from Guidelines

**FOR FURTHER DETAILS CONTACT:**

<table>
<thead>
<tr>
<th><strong>NAME</strong></th>
<th>Tabiso Mfeya</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POSITION</strong></td>
<td>Director</td>
</tr>
<tr>
<td><strong>DIRECTORATE</strong></td>
<td>Planning &amp; Economic Development</td>
</tr>
<tr>
<td><strong>CONTACT NUMBERS</strong></td>
<td>021 808 8491</td>
</tr>
<tr>
<td><strong>E-MAIL ADDRESS</strong></td>
<td><a href="mailto:tabiso.mfeya@stellenbosch.gov.za">tabiso.mfeya@stellenbosch.gov.za</a></td>
</tr>
<tr>
<td><strong>REPORT DATE</strong></td>
<td>9 November 2018</td>
</tr>
</tbody>
</table>
ANNEXURE 1
Municipal Manager  
Stellenbosch Municipality  
P. O. Box 17  
STELLENBOSCH  
7599  

Attention: Ms. Myra Francis  

RE: CONSTRUCTION OF CIVIL ENGINEERING SERVICES IN MANDELA CITY, Klapmuts ERF 2181: FEE PROPOSAL FOR PROFESSIONAL SERVICES, PHASE 2 AND 3.

Your request for a fee proposal for the abovementioned services refer. Our services as discussed with yourself will include the following:

- Project Management
- Land Surveying
- Civil Engineer
- Site supervision

Our total fee for the above services would amount to R 4,855.43 per erf for a total project amount of R 1,553,737.60 excl. VAT. See enclosed fee schedule. Please let me know if there are any queries.

Yours faithfully,  
WEC-Consult (Pty) Ltd

NORMAN VAN DER MERWE Pr.Eng
### Item No 1: Safety Inspector

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Act as Employer’s agent in terms of the Occupational Health and Safety Act, 1993 (Act No 85 of 1993) and the Construction Regulations, 2003.</td>
<td>320</td>
<td>R 101.18</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 2: Environmental control officer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Provide Environmental Management Plan and monthly compliance audits in terms of NEMA</td>
<td>320</td>
<td>R 101.18</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 3: Environmental Assessment Practitioner

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Environmental Impact Assessment and other related specialist studies</td>
<td>320</td>
<td>R 527.00</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 4: Traffic Engineer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Traffic Impact Study</td>
<td>320</td>
<td>R 102.20</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 5: Urban Designer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Urban Design</td>
<td>320</td>
<td>R 316.20</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 6: Project Manager

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Conditional Approval (N4)</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>23%</td>
<td>R 116788.48</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.2</td>
<td>Final Approval (NI)</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>8%</td>
<td>R 40622.08</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.3</td>
<td>Signing agreement (POWC)</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>8%</td>
<td>R 40622.08</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.4</td>
<td>Completion of pre-planning studies (eg geotechnical, EIA, TIA etc)</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>15%</td>
<td>R 76166.40</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.5</td>
<td>Civil Tender approval by Employer</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>8%</td>
<td>R 40622.08</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.6</td>
<td>Civil Contractor on site</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>8%</td>
<td>R 40622.08</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.7</td>
<td>50% complete civil contract</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>15%</td>
<td>R 76166.40</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>6.8</td>
<td>Civil services completion certificate</td>
<td>320</td>
<td>R 1588.80</td>
<td>100%</td>
<td>15%</td>
<td>R 76166.40</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 7: Geotechnical Engineer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Recoverable expense in respect of geotechnical investigations: “GFSH2” requirements</td>
<td>320</td>
<td>R 110.67</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 8: Land Surveyor

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Contour Survey</td>
<td>320</td>
<td>R 316.20</td>
<td>100%</td>
<td>100%</td>
<td>R 101164.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>8.2</td>
<td>Land Survey and Pegging</td>
<td>320</td>
<td>R 316.20</td>
<td>100%</td>
<td>100%</td>
<td>R 101164.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>8.3</td>
<td>Land Survey examination fee</td>
<td>320</td>
<td>R 316.20</td>
<td>100%</td>
<td>100%</td>
<td>R 101164.00</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 9: Town Planner

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Completion of application for land use change to the satisfaction of the City</td>
<td>320</td>
<td>R 388.08</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>9.2</td>
<td>Completion of Public Participation process</td>
<td>320</td>
<td>R 388.08</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>9.3</td>
<td>Approval of land use application</td>
<td>320</td>
<td>R 388.08</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 10: Civil Engineer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Preliminary design</td>
<td>320</td>
<td>R 2378.00</td>
<td>100%</td>
<td>30%</td>
<td>R 229288.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>10.2</td>
<td>Design and tender</td>
<td>320</td>
<td>R 2378.00</td>
<td>100%</td>
<td>30%</td>
<td>R 229288.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>10.3</td>
<td>Working drawings</td>
<td>320</td>
<td>R 2378.00</td>
<td>100%</td>
<td>15%</td>
<td>R 114144.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>10.4</td>
<td>Construction (including completion of all consulting services)</td>
<td>320</td>
<td>R 2378.00</td>
<td>100%</td>
<td>25%</td>
<td>R 190240.00</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>10.5</td>
<td>Site supervision</td>
<td>320</td>
<td>R 505.92</td>
<td>100%</td>
<td>100%</td>
<td>R 161894.40</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 11: Social Facilitator

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1</td>
<td>Social Facilitation</td>
<td>320</td>
<td>R 333.50</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Item No 12: Conveyancer

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Activity Description</th>
<th>Scheduled erf.</th>
<th>Rate per erf</th>
<th>% Stage</th>
<th>% Fee</th>
<th>Total fee</th>
<th>Less previous</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>Legal Fees: Conveyancing certificates</td>
<td>320</td>
<td>R 42.16</td>
<td>0%</td>
<td>0%</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**TOTAL additional fees** R 1553 737.60
rejected. The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract.

5.9.3 Least-cost selection

5.9.3.1 This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, noncomplex projects, and so forth) where well-established practices and standards exist and in which the contract amount is small. Under this method, a "minimum" qualifying mark for the "functionality" is established. Proposals to be submitted in two envelopes are invited. Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are opened in public. The firm with the highest points should then be selected. Under this method, the qualifying minimum mark should be established, keeping in view that all proposals above the minimum compete only on "cost" and promotion of HDs and RDP objectives. The minimum mark to qualify should be stated in the RFP.

5.9.4 Selection based on consultants' qualifications

5.9.4.1 This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the accounting officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references. The selected firm should be requested to submit a combined technical-financial proposal and then be invited to negotiate the contract.

5.9.5 Single-source selection

5.9.5.1 Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.
5.9.5.2 Single-source selection may be appropriate only if it presents a clear advantage over competition.

- for tasks that represent a natural continuation of previous work carried out by the firm,
- where a rapid selection is essential (for example, in an emergency operation),
- for very small assignments or
- when only one firm is qualified or has experience of exceptional worth for the assignment.

5.9.5.3 The reasons 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.

5.9.5.4 When continuity for downstream work is essential, the initial RFP should outline this prospect and if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, subject to satisfactory performance in the initial assignment. For such downstream assignments, the accounting officer should ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the accounting officer, which should then be negotiated.

5.9.5.5 If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process acceptable to the accounting officer should normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

5.9.5.6 Where, in exceptional instances, it is impractical to appoint the required consultants through a competitive bidding process and a South African based consultant is used, the Guidelines on Hourly Fee Rates for Consultants issued by the Department of Public Service and Administration may be used as a benchmark to establish the appropriate tariffs, or to determine the reasonableness of the tariffs.
1. SUBJECT: 298 SERVICE SITES FOR THE UPGRADING OF INFORMAL SETTLEMENTS ON ERF 2181, MANDELA CITY, KLAPMUTS: CHANGE OF SCOPE FOR WF CONSTRUCTION

2. PURPOSE

To obtain the necessary authorisation for the intended amendment of a contract concluded with WF Construction.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

WF Construction was appointed for the installation and/or construction of civil services at Mandela City, Klapmuts. During the implementation of the project, community members were dissatisfied with a number of issues and particularly the size of the temporary housing units and serviced sites. After extensive consultation and negotiation processes, many community issues were addressed however, the Site Development Plan had to be altered to accommodate the community needs. The impact to revise the phase 1 of the Site Development Plan (SDP) caused a delay of about six months on site.

This resulted in changes in specifications and additional costs both for project supervision and construction of civil services which will exceed the allowed 20% in terms of Circular number 62/2012 (National Treasury) as mentioned in paragraph 6.4.3.

5. RECOMMENDATIONS

(a) that Council notes in terms of MFMA Section 116(3) the reasons for the change of scope/specification of the Mandela City development project;

(b) that the tender amount (B/SM 56/17) for the construction of civil services be increased from R15 595 026.16 to R28 498 082.35;

(c) that Council give reasonable notice of intention to amend the contract or agreement in terms of section 116(3)(b)(i);

(d) that the local community be invited to submit representatives to the Municipality in terms of section 116 (3)(b)(ii); and

(e) 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 / CONTENTS

6.1 Background

During 16 May 2017, WF Construction was appointed as the contractor for the construction/installation of civil services for 298 sites on Erf 2181, Mandela City, Klapmuts through B/SM 56/17 at a cost of R15 595 028.16. The site handover was held on 05 December 2017 (see attached site handover minutes as ANNEXURE 1).

As mentioned above, community members demanded that the implementation of the development at Mandela City be stopped which resulted in the project being delayed for a period of six months due to the following factors:

- dissatisfaction on a number of issues, particularly the size of the temporary housing unit and service site;
- consultation and protracted negotiation processes in a bit to find common solution on a number of dissatisfaction from members of the community; and
- the amendment of phase 1 of the Site Development Plan (note: the SDP was amended 8 times before being accepted by the community).

Senior Management in the Directorate: Planning and Economic Development of the Municipality held a number of meeting and engagements with the community in order to address the requirements and find solutions that would work for both parties. In order to get the community buy-in to the project, a serviced site was demarcated, platforms prepared and a show house was constructed (see figure 1) and community members were invited to view and comment on the temporary housing unit. It is anticipated that a total of 505 households will be accommodated by the end of the project. The balance of 320 sites must still be developed in order to close out the project.

Figure 1: Mandela City show house of the TRA Unit
With the experience we gained during the implementation of phase 1, it took us 18 months to complete the servicing and re-location of the first 185 households. The anticipated timeframe for the balance 320 sites are 18-24 months taking into consideration all the community dynamics as well as the re-location of the families.

Community members were very unhappy with the location of the show house on the sites and made suggestions / proposals which resulted in the amendment of the SDP.

6.2 Original project proposal

Due to the number of households and settlement density vs the number of sites that were to be serviced at Mandela City, the original proposal was that families be allocated to service sites as follows:

- Two households per plot;
- 1 toilet per plot;
- 1 washing basin per plot;
- individual electricity connections; and
- other municipal services such as refuse collection.

The original subdivision plan made provision for 298 sites and based on the above allocation strategy, 505 housing opportunities (temporary units) were created. Refer to figure 2 hereunder for the SDP.

![Figure 2: Mandela City Site Development Plan](image)

After the consultation and various requests / proposals from the community the original plans were amended in order to accommodate the community's requirements. Table 1 below indicates community requests and proposals and how the Municipality responded to the matter.
Table 1: Current status (Community request and Municipal response)

<table>
<thead>
<tr>
<th>Description</th>
<th>Community request</th>
<th>Municipal response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property size</td>
<td>Communal (current Mandela City)</td>
<td>70m² including 2 structures with 1 toilet</td>
</tr>
<tr>
<td>Size of property</td>
<td>35m²</td>
<td>38m² – 49m²</td>
</tr>
<tr>
<td>Size of structures</td>
<td>11m² – 35m²</td>
<td>18.6m² &amp; 29.7m²</td>
</tr>
<tr>
<td>Size of structures</td>
<td>One size for entire Mandela City</td>
<td>18.6m² &amp; 29.7m²</td>
</tr>
<tr>
<td>House type</td>
<td>Re-use existing structure</td>
<td>New structure</td>
</tr>
<tr>
<td>Doors (front)</td>
<td>Open to inside</td>
<td>Open to outside (can be adjusted)</td>
</tr>
<tr>
<td>Toilets/plot</td>
<td>1</td>
<td>Funding to be applied for</td>
</tr>
<tr>
<td>Washing facilities/plot</td>
<td>1</td>
<td>Funding to be applied for</td>
</tr>
<tr>
<td>Electricity</td>
<td>1/household</td>
<td>All residents (Eskom)</td>
</tr>
</tbody>
</table>

In order to accommodate the community requests / proposals in the current Mandela City Development project, it became necessary to amend phase 1 of the SDP to accommodate the needs of the community.

Hereunder is figure 3 that indicates the amended phase 1 of the SDP.

![Figure 3: Amended phase 1 SDP](image)

The scope of work for the contractor will therefore change. The new design (amended SDP) is from the initial scope and this will have a financial implication on the project (see figure 3 above - for the amended construction / installation of civil services ).

The initial awarded tender amount was R15 595 026.16 and the new amount on the proposed structure will be R28 498 082.35 i.e. a difference of R12 903 056.22 from the original tender amount which amounts to 83.1% of the original tender price (see attached quote from the service provider as **ANNEXURE 2**).
The following reasons must also be taken into consideration

- Project was stopped by the community after they were dissatisfied with the size of the temporary housing unit and service site;
- Municipality entered into negotiations with the community to find a common solution that would work for both parties;
- Community made proposals to the existing approved SDP and that resulted in the amendments of the plan 8 time to address community needs;
- Project was delayed for about 6 months while the above activities were unfolding;
- The increase of the original amount of service sites as per original Site Development Plan from 298 to 505 opportunities;
- Inflation on new contract rates since award of original tender;
- The service provider in terms of the General Conditions of Contract for construction works (GCC) was requested to de-establish the site till further notice, this has contractual cost implications for the client (Stellenbosch Municipality); and
- It is therefore not practical or cost effective for Stellenbosch Municipality to appoint new service provider for the change in specifications as the service provider has not defaulted on the initial appointment.

6.3 **Financial Implications**

Funding approval was received from the Provincial Department of Human Settlements (PDoHS) for the original 298 service sites to the amount of R14 992 248.00 (see attached funding approval, ANNEXURE 3).

There will be a shortfall on the project of R12 903 056.22 but funding application for the additional cost required will be requested from PDOHS.

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.

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. See ANNEXURE 4 for abstract from Guidelines.

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:
(i) The reasons for the proposed amendment have been tabled in the council of the municipality; and

(ii) 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.

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 expended 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

The said item and recommendations are supported by Senior Management.

ANNEXURES

Annexure 1: Site handover minutes dated 6 June 2017
Annexure 2: Quote from the service provider
Annexure 3: Funding approval
Annexure 4: Abstract from Guidelines

FOR FURTHER DETAILS CONTACT:

<table>
<thead>
<tr>
<th>NAME</th>
<th>Tabiso Mfeya</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITION</td>
<td>Director</td>
</tr>
<tr>
<td>DIRECTORATE</td>
<td>Planning &amp; Economic Development</td>
</tr>
<tr>
<td>CONTACT NUMBERS</td>
<td>021 808 8491</td>
</tr>
<tr>
<td>E-MAIL ADDRESS</td>
<td><a href="mailto:tabiso.mfeya@stellenbosch.gov.za">tabiso.mfeya@stellenbosch.gov.za</a></td>
</tr>
<tr>
<td>REPORT DATE</td>
<td>9 November 2018</td>
</tr>
</tbody>
</table>
ANNEXURE 1
CLIENT: STELLENBOSCH MUNICIPALITY

CONTRACT NO: BSM56/17

PROJECT: CONSTRUCTION OF CIVIL ENGINEERING SERVICES IN MANDELA CITY, Klapmuts

CONTRACT PARTICULARS

APPROVED CONSTRUCTION VALUE : R 15 595 026.16 (14% VAT EXCL and 10% Contingencies included)
APPROVED CONSTRUCTION PERIOD : 10 Months
COMMENCEMENT DATE : 6 June 2017

CONTRACTOR : WF CONSTRUCTION

MINUTES NO.1 (SITE HANDOVER MEETING) DATE: 06 JUNE 2017 @ 10H00

1.0 PRESENT

Myra Francis : Stellenbosch Municipality (SM) : 079 453 5052
Norman van der Merwe : WEC-Consult (Pty) Ltd (WEC) : 076 484 4495
Jurie Brand : WEC-Consult (Pty) Ltd (WEC) : 084 613 1633
Riyaad Tootla : WF CONSTRUCTION (WFC) : 079 453 5052

APOLOGIES

Solly Mathokazi : WEC-Consult (Pty) Ltd (WEC) : 072 703 9969
1.1 WELCOME

1.1.1 NvdM welcomed all present

1.2 APPROVAL OF MINUTES OF PREVIOUS MEETING

1.2.1 Nil to approve. This is the first official meeting with the appointed contractor WFC.

1.3 ORGANISATION AND RESPONSIBILITIES

1.3.1 CLIENT: STELLENBOSCH MUNICIPALITY
Mrs. Myra Francis (MF) : Project Manager: New Housing
Mr. Johru Robyn (JR) : Manager: Informal Settlements
Mr. Lester van Stavel (LvS) : Manager: New Housing
Mr. Tyrone King (TK) : Head: Development Services and Project Management

CONSULTING ENGINEER: WEC-CONSULT
Mr. Francois Klomp (FK) : Project Director
Mr. Norman van der Merwe (NvdM) : Project Leader
Mr. Jurie Brand (JB) : Design Engineer
Mr. Solly Mathokazi (SM) : Resident Engineer

CONTRACTOR: WF CONSTRUCTION
Mr. Riaad Tootla (RT) : Contracts Manager
Mr. Riedwaan Matthews (RM) : Site Agent

OHS CLIENT AGENT: SAFE WORKING PRACTICE
Mrs. Elena Smith (ES) : Health and Safety
1.4 DOCUMENTATION

1.4.1 The following documents will be issued to the contractor by the Engineer:
   a. Letter of appointment to WFC (Copy to be provided to client)
   b. Letter providing WFC access to site (Copy to be provided to client)
   c. Three (3) sets of construction Drawings (Copy to be provided to client)
   d. One (1) copy of signed Tender Document (Copy to be provided to client)

1.4.2 The following documents are outstanding from the Contractor:
   a. Arrangement of insurances and the contractor’s performance guarantee
   b. Construction programme and planned cashflow
   c. Letter of Acceptance of this Project
   d. A letter stating your company’s registration and good standing with the compensation fund or with a licensed compensation insurer
   e. A copy of the “A Notification to the Department of Labour of commencement of works."
   f. Health and Safety Plan
   g. Wayleaves in all areas of Construction (All services)
      • SM electrical and civil dept. to be contacted asap by RT/RM
   h. All quantities are provisional. Contractor to do his own measurement as soon as possible and report back to the engineer if any discrepancies are to be found.

1.4.3 The Site Diary has to be completed on a daily basis and signed by both the RE and the Site Agent. A format of the site diary, site instructions and site request can be provided to the contractor as an example.

1.4.4 Photos of daily progress must be taken by both the RE and WFC

1.4.5 Client confirmed that an ECO officer is required on this project

1.4.6 CLO appointment: WFC to source from Mandela City

1.5 INFORMATION REQUIRED BY:

1.5.1 Employer :
   - Programme and Cashflow
   - Original Guarantee

1.5.2 Engineer :
   - As above under 1.4.2

1.5.3 Contractor :
   - Copy of Signed Contract Document
   - EPWP database
   - Electronic Copy of BOQ

1.5.3 Health and Safety Agent :
   - WFC health and Safety Plan

<table>
<thead>
<tr>
<th>Person</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MIN/N091
1.6 PROGRAMME AND PROGRESS

1.6.1 WFC to submit a construction programme and planned cash flow as accurate as possible to WEC to provide to the client.
1.6.2 WFC established on site at their own risk during the appeal period.
1.6.3 The Contractor indicated that he will commence with construction on 06 June 2017 providing that all outstanding documentation is received.
1.6.4 Progress will be monitored monthly by comparing the progress as per the payment certificate with the construction programme issued.
1.6.5 WFC must keep the programme updated and discuss the progress at each site meeting in terms of a % completed.
1.6.6 Wayleaves must be applied for by the Contractor as soon as possible (All services)
1.6.7 Any expected delays in the contract programme must be notified to the engineer as early as possible to prevent all delays as far as possible. All information provided to the contractor must be scrutinized before construction and accepted to ensure no delays is encountered.
1.6.8 A monthly Contract Meeting will be held every last Tuesday of each month. An electronic invitation for this meeting will be sent to all the parties involved. A technical meeting will then be held immediately after between WEC and WFC.
1.6.9 A technical meeting will also be held on site every other two weeks between NvdM/JB and WFC.

1.7 MEASUREMENT AND PAYMENT

1.7.1 Payment will take place within 30 days of submission of the approved Payment Certificate. The certificate must include all required information before it can be approved.
1.7.2 RM and JB must discuss the planned Payment Certificate quantities by the 20th-25th of each month and then submitted to SM by the 27th of each month once approved.
1.7.3 M.O.S must be approved by the engineer on site before submission.
1.7.4 VO’s must also be applied for and approved by NvdM before continuing with the construction of the V.O. No VO that was not requested and approved will be paid.
1.7.5 No Dayworks will be paid unless applied for and approved.
1.7.6 No claims will be accepted or paid for unless the correct process is followed as per contract.
1.7.7 EPWP labour sheets to be completed with each Payment Certificate and reported to client.

<table>
<thead>
<tr>
<th>Person</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
<td>20/06/17</td>
</tr>
<tr>
<td>RT/RM</td>
<td>20/06/17</td>
</tr>
<tr>
<td>All Meetings</td>
<td></td>
</tr>
<tr>
<td>RM &amp; JB</td>
<td>Each Month</td>
</tr>
<tr>
<td>RM</td>
<td>Each Month</td>
</tr>
</tbody>
</table>
1.8 MATERIALS, BORROW PITS AND WORKMANSHIP

1.8.1 All materials used must be SABS approved and approved by the RE on site.
1.8.2 Details of all suppliers to be used must be provided to the RE for approval.
1.8.3 Tests must be completed on materials on site and all results to be provided to the Engineer:
   • Pipes
   • Mix Design for Concrete wall
   • Valves, Fire hydrant
   • Road Layers

1.9 LABOUR ISSUES

1.9.1 SM to provide the contact details of the designated persons who will provide WFC with a list of local labourers available for employment.
1.9.2 EPWP labour reports to be submitted each month on the format provided by the client.

1.10 DELAYS AND EXTENTION OF TIME

1.10.1 The contractor has to apply in writing for any extension of time as per the GCC 2015.

1.11 CLAIMS

1.11.1 The contractor has to apply in writing for any claims as per the GCC 2015.

1.12 VARIATION ORDERS

1.12.1 VO's must be applied for and approved by Engineer and SM before continuing with the construction of the V.O.

1.13 SITE INSTRUCTIONS (SI)

1.13.1 Nil to date.
1.13.2 Triplicate book is needed on Site.
1.13.3 The Site Instruction (SI) must be seen as a way of communication between all the parties. If anything that was communicated between the Contractor and the RE is not in writing, it will be void.
1.13.4 The format of the site diary, SI and site request will be handed to the contractor as an example of format.
<table>
<thead>
<tr>
<th>1.14</th>
<th>DAYWORKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.14.1</td>
<td>Nil to date. Must be applied for before implemented. No dayworks will be paid if not applied for in writing.</td>
</tr>
<tr>
<td>1.15</td>
<td>ACCOMMODATION OF TRAFFIC</td>
</tr>
<tr>
<td>1.15.1</td>
<td>Traffic on site must be accommodated safely.</td>
</tr>
<tr>
<td>1.16</td>
<td>ACCEPTANCE CONTROL</td>
</tr>
<tr>
<td>1.16.1</td>
<td>The contractor will make use of an Accredited Lab for any control testing.</td>
</tr>
<tr>
<td>1.16.2</td>
<td>Tests must be completed on materials on site and all results to be provided to the Engineer. Ex. Pipe pressure tests, cube tests of any concrete used and other test required as per SANS 1200.</td>
</tr>
<tr>
<td>1.17</td>
<td>SAFETY (OHS)</td>
</tr>
<tr>
<td>1.17.1</td>
<td>The appointed Health and Safety officer is Safe Working Practice</td>
</tr>
<tr>
<td>1.17.2</td>
<td>Agreement and Contract Data C1.5 in the contract document need to be signed by all relevant parties</td>
</tr>
<tr>
<td>1.18</td>
<td>ENVIRONMENTAL ISSUES</td>
</tr>
<tr>
<td>1.18.1</td>
<td>Client confirmed that an ECO officer is required on this project</td>
</tr>
<tr>
<td>1.19</td>
<td>GENERAL</td>
</tr>
<tr>
<td>1.19.1</td>
<td>None</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Person</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RT/MF</td>
</tr>
</tbody>
</table>
**ATTENDANCE REGISTER**

**CONTRACT NO.** : BSM 56/17  
**PROJECT** : CONSTRUCTION OF CIVIL ENGINEERING SERVICES IN MANDELA CITY, Klapmuts  
**MEETING** : Site Handover Meeting  
**DATE:** 06 JUNE 2017  
**Time:** 10:00

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Address</th>
<th>Contact Details</th>
<th>Representative</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEC</td>
<td>Stellenbosch</td>
<td>Tel. No. 084 613 6363</td>
<td>E-mail junecwecconsult.co.za</td>
<td>Janie Brand</td>
</tr>
<tr>
<td>Wec Consult</td>
<td>Stellenbosch</td>
<td>Tel. No.</td>
<td>E-mail normancwecconsult.co.za</td>
<td>Norman van der Merwe</td>
</tr>
<tr>
<td>WEC</td>
<td>Windpark Ave, Ocean Park</td>
<td>Tel. No. 021 705 2012</td>
<td>E-mail <a href="mailto:admin@wecconsult.co.za">admin@wecconsult.co.za</a></td>
<td>Kamo 1234</td>
</tr>
<tr>
<td></td>
<td>Stellenbosch</td>
<td>Tel. No. 021 201 8760</td>
<td>E-mail mynawecconsult.co.za</td>
<td>Myron Francis</td>
</tr>
<tr>
<td></td>
<td>Stellenbosch</td>
<td>Tel. No. 071 453 5052</td>
<td>Fax No.</td>
<td></td>
</tr>
</tbody>
</table>
01st November 2018

Lester van Stavel
Stellenbosch Municipality
P. O. Box 17
STELLENBOSCH
7599

Attention: Ms. Myra Francis

RE: CONSTRUCTION OF CIVIL ENGINEERING SERVICES IN MANDELA CITY, Klapmuts ERF 2181: REVISED FUNDING FOR PHASE 2 AND 3

Your request for a revised quotation for civil works at Mandela City in support of the increased funding request refers.

Attached hereto is the summary page from our quotation which gives a breakdown of phase 2 and 3 of the works. The initial awarded tender amount was R15 595 026.16 and the new amount on the proposed services will be R28 498 082.38 i.e. a difference of R12 903 056.22 from the original tender. The additional cost is based on the 320 additional connections on site as per specifications provided by the Consulting Engineer, WEC Consult.

The remaining works to phase 1 includes installation of all toilet structures and realignment of service connections. With the above figures in mind the total additional funding required to complete the works is calculated below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original tendered amount</td>
<td>R 15 595 026.16</td>
</tr>
<tr>
<td>Additional amount for phase 2 and 3 (302 sites)</td>
<td>R 12 903 056.22</td>
</tr>
<tr>
<td><strong>Total project value</strong></td>
<td><strong>R 28 498 082.35</strong></td>
</tr>
</tbody>
</table>

World Focus 226 CC t/a WF Constructions
Reg No. 2003/076530/23 VAT No. 4810219966

Member: Riyaad Tootla
Please let me know if there are any queries.

Yours faithfully,

World Focus 226 cc T/A WF Constructions

Riyaad Tootla
The Municipal Manager  
Stellenbosch Municipality  
P O Box 17  
**STELLENBOSCH**  
7599

Attention: Mr Lester van Stavel

KLAPMUTS HOUSING PROJECT: Application for the approval of the ([I] increase the project with an additional 79 sites from 1067 to 1146 sites; ([II] additional funding for a retaining wall associated with the 298 sites; and ([III] revised financial details of a phased project, in terms of the integrated residential development programme (IRDp); Project No. 2053/1137 and HSS No: W11030002

I have the pleasure to inform you that your application has been approved per resolution number 1789 dated 13 July 2017 as set out below:

(a) Revised financial details of a phased project consisting of 1146 sites, in the amount of R41 743 152.00 (i.e. R33 899 064.00 previously approved increased by R7 844 088.00), based on the 2010/2011, 2011/2012 & 2014/2015 subsidy quanta:

<table>
<thead>
<tr>
<th>PHASE</th>
<th>SITES</th>
<th>CATEGORY</th>
<th>SUBSIDY QUANTUM</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>536</td>
<td>Services</td>
<td>2010/2011</td>
<td>R16 567 224.00</td>
</tr>
<tr>
<td>Phase II</td>
<td>312</td>
<td>Services</td>
<td>2011/2012</td>
<td>R10 183 680.00</td>
</tr>
<tr>
<td>Phase III</td>
<td>298</td>
<td>Services</td>
<td>2014/2015</td>
<td>R13 492 248.00</td>
</tr>
<tr>
<td>Retaining wall</td>
<td>298</td>
<td>Services</td>
<td></td>
<td>R 1 500 000.00</td>
</tr>
<tr>
<td>Total</td>
<td>1146</td>
<td></td>
<td></td>
<td>R41 743 152.00</td>
</tr>
</tbody>
</table>

(b) Revised financial details of Phase II reduced from 531 to 312 sites, in the amount of R10 183 680.00 (based on the 2011/2012 subsidy quantum):

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SITES</th>
<th>AMOUNT PER SITE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy</td>
<td>312</td>
<td>R23 403.00</td>
<td>R 7 301 736.00</td>
</tr>
<tr>
<td>Geo-tech Variance</td>
<td>312</td>
<td>R  9 237.00</td>
<td>R 2 881 944.00</td>
</tr>
<tr>
<td>Total</td>
<td>312</td>
<td>R32 640.00</td>
<td>R10 183 680.00</td>
</tr>
</tbody>
</table>

(c) Financial details of Phase III for the installation of civil engineering services (A Grade level) to 298 sites (including the additional 79 sites), in the amount of R13 492 248.00, based on the 2014/2015 subsidy quantum; and
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SITES</th>
<th>AMOUNT PER SITE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy</td>
<td>298</td>
<td>R43 626.00</td>
<td>R13 000 548.00</td>
</tr>
<tr>
<td>Geo-tech Variance</td>
<td>298</td>
<td>R 1 650.00</td>
<td>R 491 700.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>298</td>
<td><strong>R45 276.00</strong></td>
<td><strong>R13 492 248.00</strong></td>
</tr>
</tbody>
</table>

**NOTE:**

An amount not exceeding **R45 276.00** may be utilised for servicing the erven. If this amount is exceeded, your Council is liable for the difference and not the Beneficiary.

**NOTE:**

A Geo-technical Variance of **R1 650.00 per erf** has been recommended in line with the Department's variance calculator;

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AMOUNT PER SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Groundwater:</strong> dewatering of Service trenches during construction</td>
<td>R 482.76</td>
</tr>
<tr>
<td><strong>Topography of the Site:</strong> Increase depth of sewer trenches and install pump stations where necessary</td>
<td>R1 017.52</td>
</tr>
<tr>
<td>Professional Services Fees</td>
<td>R 150.02</td>
</tr>
<tr>
<td><strong>TOTAL ROUNDED</strong></td>
<td><strong>R1 650.00</strong></td>
</tr>
</tbody>
</table>

(d) Allocation of additional funding for a retaining wall associated with the 298 sites, in the amount of **R1 500 000.00**;

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SITES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retaining wall: 2m high x 380m long</td>
<td>298</td>
<td><strong>R1 500 000.00</strong></td>
</tr>
</tbody>
</table>

**WITH THE FURTHER CONDITIONS:**

(e) Your Council to ensure that the construction of the retaining wall is in line with the design as produced by the competent person;

(f) All the other previously approved conditions to remain unchanged and in effect; and

(g) The existing Contract Agreement to be amended accordingly.

Yours sincerely

[Signature]

HEAD OF DEPARTMENT: HUMAN SETTLEMENTS
DATE: 14-07-2017
The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract.

5.9.3 Least-cost selection

5.9.3.1 This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, non-complex projects, and so forth) where well-established practices and standards exist and in which the contract amount is small. Under this method, a "minimum" qualifying mark for the "functionality" is established. Proposals to be submitted in two envelopes are invited. Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are opened in public. The firm with the highest points should then be selected. Under this method, the qualifying minimum mark should be established, keeping in view that all proposals above the minimum compete only on "cost" and promotion of HDIs and RDP objectives. The minimum mark to qualify should be stated in the RFP.

5.9.4 Selection based on consultants' qualifications

5.9.4.1 This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the accounting officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references. The selected firm should be requested to submit a combined technical-financial proposal and then be invited to negotiate the contract.

5.9.5 Single-source selection

5.9.5.1 Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.

Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities
5.9.5.2 Single-source selection may be appropriate only if it presents a clear advantage over competition.

- for tasks that represent a natural continuation of previous work carried out by the firm;
- where a rapid selection is essential (for example, in an emergency operation);
- for very small assignments, or
- when only one firm is qualified or has experience of exceptional worth for the assignment.

5.9.5.3 The reasons 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.

5.9.5.4 When continuity for downstream work is essential, the initial RFP should outline the prospect and if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, subject to satisfactory performance in the initial assignment. For such downstream assignments, the accounting officer should ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the accounting officer, which should then be negotiated.

5.9.5.5 If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process acceptable to the accounting officer should normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

5.9.5.6 Where, in exceptional instances, it is impractical to appoint the required consultants through a competitive bidding process and a South African based consultant is used, the Guidelines on Hourly Fee Rates for Consultants issued by the Department of Public Service and Administration may be used as a benchmark to establish the appropriate tariffs, or to determine the reasonableness of the tariffs.
8. REPORT ON SLOW CAPITAL EXPENDITURE

Collaborator No:  
IDP KPA Ref No: Good governance and Compliance 
Meeting Date: 9 NOVEMBER 2018

1. SUBJECT: REPORT ON SLOW CAPITAL EXPENDITURE

2. PURPOSE OF REPORT

To inform Council of the current capital expenditure and the challenges being faced with the spending thereof.

3. DELEGATED AUTHORITY

Municipal Council

4. EXECUTIVE SUMMARY

The municipality is currently facing extreme pressure with the slow expenditure of the capital budget. This report will focus on the challenges being faced and factors that lead to these challenges and possible solutions to address slow expenditure.

5. RECOMMENDATIONS

(a) that the Council notes the concerns raised with the slow capital expenditure;

(b) that Council notes that the Municipal Manager will headhunt in certain instances where vacancies exist and cannot be filled on several occasions, i.e. the Senior Manager: Infrastructure Planning, Development Services and Implementation and appoint same if a suitable candidate is identified in line with the relevant requirements of the post;

(c) that Council notes the initiatives implemented by the Municipal Manager and Administration to ensure effective spending of the capital budget;

(d) that Council notes the challenges being faced by the administration to spend an annual increasing capital budget with the current amount of critical vacancies within the Municipality; and

(e) that Council consider the challenges faced with the current capital budget and consider same in the adjustments budget process.

6. DISCUSSION / CONTENTS

6.1 Background

The Demand Management Plan (DMP) was introduced last year to enhance better planning and financial prudence. Notwithstanding this, departments still failed to keep to planned dates they provided in terms of the DMP.

This led to under expenditure, due to late finalization of tenders and departments not adhering to due dates as per the DMP. This in turn had a knock on effect on all other SCM processes including appeals being lodged upon completion of a tender
process. This is a direct result of poor planning not taking into account the SCM process and appeal period.

Poor planning still is the primary reason, as well as projects that are planned to start late in the financial year, due to the planning process, design and project establishment planned in the first quarter.

According to the DMP, most expenditure will occur in the 3rd and 4th quarter which will result in a hockey stick effect on expenditure at the end of the financial year. Something we tried to avoid with the introduction of the DMP.

Staff morale could also play a role due to the delay in placement and organisational redesign. Although staff shortages are being addressed, albeit placement process, shortages of skilled personnel in especially the Engineering department and SCM have an influence on low expenditure.

6.2 Discussion

Initiatives being implemented to ensure acceleration of the capital expenditure include:

Demand Management Plan (DMP)

The Supply chain department is continuously monitoring the Demand Management plan, ensuring that the departments stick to set submitted deadlines for advertising, relevant SCM processes and awarding of capital tenders.

The progress on the DMP is included as a standing item on the Directors agenda for every 2nd Tuesday.

Follow-ups are done regularly with the relevant departments to ensure that they are adhering to the set deadlines.

Monitoring from Municipal Manager

The Municipal Manager is in constant communication with the various Directors with regards to their capital spending. Meetings are held with the Director with his relevant Managers responding for Capital Expenditure.

The Municipal Manager have also started attending the monthly Section 71 engagements of the various directorates in assisting with the tracking of the capital expenditure.

The Municipal Manager issued a directive to only approve leave of the Directors for the December holiday if the capital expenditure is 20% actual by 15 December 2018.

Capital Planning Forum

A Capital Planning Forum has been established, with the Chairperson being the CFO. The first meeting will be held on 23 October 2018.

Based on the feedback from my departmental sessions, the most expenditure will only occur at the end of November 2018 for this quarter.
The Administration is utilizing all its resources to ensure that the Capital expenditure is expedited in line with the set targets within the SDBIP, however there is an extreme concern and have to highlight possible under expenditure to you.

Human resources

One of the key positions that will escalate expenditure is the post of Senior Manager: Infrastructure Planning, Development Services and Implementation. This post has been advertised on numerous occasions, unfortunately with no success.

This post, within the Infrastructure Department, is critical for the design and planning, project management and the management of information services and environmental management.

Given that this position is responsible for amongst others:

- Implementation in respect of infrastructure services;
- Infrastructure provision to accommodation new development

And the fact that management of Infrastructure planning development services is critical, the majority of Engineering Capital budget is linked to this post.

The incumbent will be responsible for the management of Infrastructure Planning, Development Services and Implementation in respect of infrastructure services and infrastructure provision to accommodate new development of private and public property within the WC024 in a structured, effective, sustainable and responsible manner to ensure the achievement of strategic goals.

The filling of this post is therefore critical for the successful expediting of capital expenditure, especially within the Infrastructure Services. It is for this reason that a headhunting process will be followed to expedite the filling of the vacancy with the most suitable candidate.

Comparative analysis of Capex budget

The figure below illustrates the capital actual expenditure of the years 2013/2014 – 2018/19. It can clearly be seen that the expenditure for 2018/19 October is more than the previous years’ actual expenditure for October, bearing in mind that the capital budget for the past years have increased substantially.
Financial year | Capital Budget
---|---
2013/14 | 187,940,297
2014/15 | 251,030,778
2015/16 | 437,183,145
2016/17 | 482,580,383
2017/18 | 499,855,135
2018/19 | 587,748,280

With the above analysis in mind, coupled with the recently approved revised water tariffs, which has an implication on our income, Council has to consider the possibility of budget cuts in the adjustments budget process.

6.3 **Financial Implications**

No financial implication.

6.4 **Legal Implications**

N/A

6.5 **Staff Implications**

Vacant position

6.6 **Previous / Relevant Council Resolutions**

None
6.7 **Risk Implications**

Slow capital expenditure and the implementation of infrastructure services. Under spending of capex.

6.8 **Comments from Senior Management**

None

FOR FURTHER DETAILS CONTACT:

<table>
<thead>
<tr>
<th>NAME</th>
<th>Geraldine Mettler</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITION</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>DIRECTORATE</td>
<td>Municipal Manager</td>
</tr>
<tr>
<td>CONTACT NUMBERS</td>
<td>021 808 8025</td>
</tr>
<tr>
<td>E-MAIL ADDRESS</td>
<td><a href="mailto:mm@stellenbosch.gov.za">mm@stellenbosch.gov.za</a></td>
</tr>
<tr>
<td>REPORT DATE</td>
<td>November 2018</td>
</tr>
</tbody>
</table>

THE AGENDA HAS BEEN DISCUSSED WITH THE SPEAKER, CLLR WC PETERSEN (MS), AND SHE AGREES WITH THE CONTENT.