

EM24/2017

MIG BUDGET MAINTENANCE FOR MMAMAHABANE WASTE WATER TREATMENT WORKS (EDI)

PURPOSE

The purpose of this item is table to the committee the application for budget maintenance that is required in the Mmamahabane Waste Water Treatment Work project that is being implemented by the Municipality and funded through the MIG grant.

BACKGROUND

Mmamahabane Waste Water Treatment Works

This project entails the upgrading of the wastewater treatment works to increase the capacity to accommodate extensions and new proposed developments, upgrading of the existing pump station. Adding a pre-treatment inlet works at the pump station to deal with grid and sand and pollution materials in the sewer system. Replacing the old Asbestos pipe outfall sewer line with an acceptable quality and standard of pipe. Adding an additional polishing pond with “VETIVER HYDROPONIC-PHYTOREMEDIATION” grass, this is a pilot project for Matjhabeng. Fence the works with concrete palisade fencing to protect the environment and community. (Also see attached annexure)

FINANCIAL IMPLICATION

Mmamahabane Waste Water Treatment Works

The MIG registered project value is **R 12,953,760.00**. After a public open tender process a contractor was appointed for **R 14 785 504.19** (all inclusive) with professional fees amounting to **R 2 116 491.70** (all inclusive) resulting in a total project cost of **R 16 901 995.89** which is an increase of **R 3 948 235.89** (all inclusive) that is a 30% increase.

The values are based on the second preferred bidder as the previous appointed contractor was terminated. Kindly see the attached letter where the contractor confirms that their rates are still valid. The Municipal Manager is in the process of appointing the second preferred contractor.

MIG registered funds for these projects will not cover the appointed amounts scope of work hence there is a need for budget maintenance.

LEGAL IMPLICATIONS

The Municipal Financial Management no 53 of 2003 section 19;

- (1) A municipality may spend money on a capital project only if-
 - (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);

- (b) the project, including the total cost, has been approved by the council;
 - (c) section 33 has been complied with, to the extent that that section may be applicable to the project; and
 - (d) the sources of funding have been considered, are available and have not been committed for other purposes.
- (2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider-
- (a) the projected cost covering all financial years until the project is operational;
And
 - (b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- (3) A municipal council may in terms of subsection (1)(b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

Water Service Act no 108 of 1997 section 2 (a);

The main objects of this Act are to provide for

- (a) the right of access to basic water supply and the right to basic sanitation necessary to secure sufficient water and an environment not harmful to human health or well-being;

RECOMMENDATION

It is recommended that the Budget Maintenance be approved for the successful completion of the project.

EM25/2017

**REQUEST FOR COUNTER FUNDING FOR PROVISION OF 2KM PAVED ROADS
IN MELODING, VIRGINIA (EDI)**

PURPOSE

The purpose of this item is table to the Executive Committee the request for counter funding for the Provision of 2km Paved Roads in Meloding, Virginia project that is being implemented by the Municipality and funded through the MIG grant.

BACKGROUND

This project entails the construction of 2km paved roads in Meloding to improve the unsurfaced roads and address storm water. Meloding has a road network consisting of 32.8lm of surface roads and 64.1km of unsurfaced roads of which 16km is un-proclaimed. The cost of maintaining the un-surfaced road network places a heavy financial burden to the Municipality as the unpaved gravel roads can be lost by erosion and traffic wear.

This project was registered with MIG in 2016 for an amount of R17 375 336.00 VAT Inclusive. It was then prioritized to be implemented in the 2016/17 and 2017/18 financial years.

DISCUSSION

A Consultant was appointed in October 2015 to prepare technical report, apply for MIG funding and designing of the project on a turnkey basis. The project was then registered and the designs were submitted and approved by the Municipality and the Consultant was paid an amount of R1 020 741.23 and the balance of the project was R16 354 594.77. Unfortunately in November 2016 the Consulting Engineer's services was terminated by the Municipal Manager. A new Consultant was then appointed in May 2017.

The project went out on tender in January 2017 and after a public open tender process a contractor was appointed for an amount of R16 008 864.96 and there was a shortfall of R1 034 858.48 VAT Inclusive in the budget amount and the amount that the contractor was appointed for due to the money that was paid to the Consultant that was terminated.

LEGAL IMPLICATIONS

This item has been prepared in compliance with the provision of the Municipal Systems Act. 32 OF 2000

FINANCIAL IMPLICATION

Costs Description	Total Current Registration Amount (Incl Vat)	New proposed registration amount (Incl Vat)	Total Shortfall (Incl Vat)
Construction Costs	R15 795 760.20	R16 008 864.96	R213 104.96
Professional fees	R1 579 576.02	R2 401 329.74	R821 753 72
Total	R17 375 336.22	R18 410 194.70	R1 034 858.48

****** Refer to the attached appointment letters and termination letter IN FOLDER EM252017**

OTHER IMPLICATIONS

It is very important that the Executive Committee recommends this counter funding as the available funding will not be enough to complete the project and thus the project will not serve its purpose and might result to Community unrest.

RECOMMENDATION

That the counter funding **BE RECOMMENDED** for the successful completion of the project.

EM26/2017

**CURRENT STATUS OF THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)
CAPITAL PROJECTS IN MATJHABENG LOCAL MUNICIPALITY AUGUST 2017
(EDI)**

PURPOSE

To provide information on the current status of capital projects and related MIG expenditure progress for the month of **AUGUST 2017**

BACKGROUND

The PMU Department is currently in the Infrastructure Directorate, while working closely with the office of the Chief Financial Officer for the purpose of expediting the Municipal Infrastructure Grant (MIG) funding expenditure.

The operational costs is funded from the MIG allocation and has been approved for **R 6 060 800.00** for the current financial year.

DISCUSSION

There are various projects currently being implemented and are on various stages summarized as follows:

STAGE	NUMBER OF PROJECTS
Planning Stage	11
Design Stage	6
Tender Stage	0
Evaluation/ Adjudication Stage	0
Construction Stage	9
Retention Stage	11
Complete beyond DLP/ Retention	0
TOTAL NUMBER OF PROJECTS	37

***** Please refer to the attached implementation plan TO FOLDER EM262017**

LEGAL IMPLICATIONS

Municipal Finance Management Act (MFMA) 56 of 2003
Division of Revenue Act (DORA) 3 of 2016

FINANCIAL IMPLICATION

ALLOCATION	PLANNED EXPENDITURE	CURRENT CUMULATIVE EXPENDITURE	BALANCE TO BE SPENT
R121 216 000.0	R 14 545 920.00 (12%)	R 19 196 793.03 (16%)	R102 019 207.00 (84%)

CHALLENGES AND PROPOSED REMEDY FOR UNDER EXPENDITURE

We are above expenditure target by 4%. We have no challenges to report.

RECOMMENDATION

1. That the EXCO takes note of the report

EM27/2017

SEWER CHALLENGES IN THABONG AND BRONVILLE (EDI)**PURPOSE**

To provide a report on the challenges experienced with sewers in Thabong and Bronville, and request for the approval of the proposed recommendations.

BACKGROUND

The Municipality is responsible for the provision of basic services to its residents. This includes maintenance of the sewer network used to deliver sanitation services to the residents.

The Municipality is currently experiencing an increased number of sewer blockages in Thabong and Bronville, which is overwhelming to the sewer maintenance teams.

Existing Infrastructure

The Thabong and Bronville sewerage infrastructure consists of the following:

- About 500km of sewer pipes,
- More than 50 000 sewer connections,
- More than 8 000 sewer manholes, and
- 4 Sewer Pump Stations
- 2 Waste water treatment plant (Thabong and Witpan)

Human Resources

The Staff compliment for the sewer section responsible for the maintenance of the sewer network in the central area of the Municipality (Welkom, Thabong, Bronville and Riebeckstad) is as follows:

POSITION	JOB GRADE	NO. OF APPROVED POSTS	NO. OF FILLED POSTS	NO. OF VACANT POSTS
Manager: Effluent and Effluent Water	3	1	0	1
Technologist	5/4	1	1	0
Foreman (Acting)	8	1	1	0
Operators	10	6	3	3
Assistant Artisan Gr. I	12/11	2	0	2
Driver Gr. I	12/11	1	0	1
Driver Gr. II	12/11	4	0	4
Artisan Aid	16/15	2	0	2
General Worker	18/17	56	28	28
TOTALS		74	32	42

With the vacancy rate of more than 50%, it is evident that the capability of the staff to perform work satisfactorily is significantly affected.

Vehicles and Equipment

The ability of this staff to perform their functions depend on the availability of the following vehicles and equipment. Currently the availability of vehicles and equipment is as follows:

- 1 x 8 Ton Truck with high-up for lifting of manhole rings and placement of sewer pipes, none available;
- 1 x TLB/ Excavator for repairs of collapsed sewer lines, none available;
- 2 x High Water Pressure Jet Blasters for unblocking and cleaning of sewer lines, none available;
- 6 x LDV Bakkies for Operators, only one (1) is available;
- 2 x LDV Bakkies for Assistant Artisans Grade I, none available;
- 6 x Tool sets for Operators, none available; and
- Sufficient material for maintenance.

DISCUSSION

The Municipality is receiving between 250 and 350 sewer complaints per month from Thabong and Bronville only. The sewer blockages complaints reported are mainly caused by the following:

- Foreign objects;
- Illegal mining activities;
- Operation and Maintenance challenges of Sewer Pump Stations.

Foreign objects in the Sewer Network

There are lots of foreign objects that cause blockages in the sewer network, resulting in spillages from manholes. The cause of presence of the foreign objects in the network is attributed to the users and therefore there is a need for user education. Community Awareness Programs play an important role in educating the community on how to use and maintain their toilets and prevent blockages.

Below are photos showing challenges with foreign objects that are not biodegradable.



Manhole full of foreign objects

**Used motor oil possibly disposed in
the sewer network**

Illegal Mining Activities

Illegal Mining Activities in the area are the biggest challenges that cause blockages in the sewer network. The illegal miners block the sewer line with large objects to gain access to the line for mine sand or silt, which is believed to have some gold deposits. The impact of blockages by illegal miners is very significant and challenging in a sense that the Municipality has no capacity or equipment to remove large objects from the lines, which are regularly blocked by these illegal Miners.

Below are photos showing illegal mining activities causing sewer blockages.



Illegal mining in action after blocking sewer line



Municipal Refuse Bin removed from the sewer line



Large rock in the manhole used to block sewer line is being removed by use of TLB

Operations and Maintenance challenges of Sewer Pump Stations

The Operations and maintenance of sewer pump stations is a challenge due to number of factors ranging from the ageing of equipment to theft and vandalism and to blockages caused by foreign objects and illegal mining activities.

Below are some of the photos showing the effect of non-functional pump stations.



Flooded pump station



Vandalized Electric Panel



Sewer spillage caused by dysfunctional Pump Station

CURRENT STATUS

There is currently a huge number of sewer blockages reported in Thabong and Bronville due to various reasons as discussed above.

Bronville

The two (2) Sewer Pump Stations in Bronville, i.e. Bronville North and Bronville South Pump Stations have experienced operational challenges due to ageing equipment, theft and vandalism and blockages due to foreign objects in the sewer network clogging the pumps. The operational challenges experienced at the Pump Stations resulted in an increased number of blockages within the network in Bronville and Mandela Park.

Thabong

The sewer blockage on the outfall sewer line next to the R73/R730 Highway Interchange caused by illegal mining activities has resulted in most houses and roads in Thabong being flooded with sewer, putting many lives exposed to serious health hazards. T8 Sewer Pump Station in the township, is unable to pump collected sewerage to Witpan Waste Water Treatment Works due to this blockage next to the interchange.

The sewer from households is now back flowing to the houses, thus causing uncontrollable sewer spillages and resulting in serious health hazards.

Below are the photos that show sewer spillages in Thabong caused by blockages:



Sewer spillage next to R73/R730 Highway Interchange due to blockage caused by illegal mining activities



Roads flooded and damaged by the raw sewerage from overflowing manholes due to the blockage



Unpleasant damages resulting from dysfunctional sewer network due to blockage next to the Interchange

INTERVENTIONS OR ACTIONS TAKEN TO RESOLVE THE ABOVE CHALLENGES

The following interventions or actions were taken so far to resolve the above challenges:

Refurbishment of sewer pump stations in Bronville and Thabong

Four (4) Sewer Pump Stations in Thabong and Bronville (*i.e. Bronville North, Bronville South, Old Thabong and T8 Pump Stations*) were recently refurbished by the appointed Service Provider to ensure their functionality and improve efficiency.

Please see FOLDER EM272017 which is a report dated 07 September 2017, with all the details regarding the refurbishment work carried out by the Service Provider. The cost for this refurbishment work was R2 491 981.00 (Vat included).

CLEANING OF SEWER LINES IN MANDELA PARK AND BRONVILLE

A High Water Pressure Jet Unit was hired to clean and unblock sewer lines in Mandela Park and Bronville after the Bronville North and Bronville South Pump Stations were refurbished. Most blockages were unblocked and sewer spillages reduced.

Below are photos showing work done by the jet unit:



Unblocking of sewer lines by High Water Pressure Jet Unit



Sewer line in Bronville before and after the repairs of Bronville South Pump Station and cleaning of the line

Unblocking of sewer blockage on the outfall sewer line next to R73/R730 highway interchange

The Municipal Sewer Maintenance Team made several attempts to unblock the sewer blockage on the outfall sewer line next to R73/R730 Highway Interchange with the use of sewer rods but there is no success to date. The main challenge discovered is the presence of large objects in the

line inserted by the illegal miners to proceed with their activities of removing settled sand or silt in the line and washing it to take out gold deposits believed to be in the line.



Flooded sewer manhole on the outfall sewer line **Blocked manhole next to the interchange**

Because of this blockage, the whole sewer network in Thabong, which relies on the T8 Sewer Pump Station and this outfall sewer line, is not functioning, meaning all the households from The Indoor Sports Centre to Doornpan in Ward 17 are in the risk of flooding from sewer spillages. The other impacts experienced due to this blockage are as follows:

- The Municipality is in contravention of National Water Act and National Environmental Act, whereby the environment is being polluted by this sewer spillage. Letters of Directives have already been issued by the Department of Water and Sanitation regarding this spillage;
- There is Sedibeng Water bulk water pipelines next to this sewer spillage and there is a possibility of contamination of drinking water by sewerage from blockage;
- The Municipality may face possible litigation from Green Scorpions because of this spillage.

To unblock this outfall sewer line, which is about 700mm in diameter, and the maintenance team has taken the following steps:

- ✓ Blocking of the sewer line with the sand bags at the manhole that is upstream of the blockage;
- ✓ Pumping out excess sewerage in the sewer line to gain access into the line for removal of large objects that caused blockage;
- ✓ Bypassing T8 Pump Station by use of Mobile Trailer Pump to minimize the impact of sewer spillages in the township due the sewerage pushing back into the houses because of this blockages.

The methods above will continue until the sewer outfall sewer line is opened. Further on, an eco-combination unit has been arranged to start work by the 16 September 2017.

Refurbishment of the T8 Pump Station

A project to refurbish T8 pump station and assessment of the linking outfall sewer is in the process of registration for MIG funding, to the value of approximately **R13million**. The designs for the project have been completed and the Tender will be advertised by the 22 September 2017.

Sewer maintenance and cleaning of sumps term contracts

As the sewer maintenance team is under staffed and resourced, a tender for term contracts of sewer maintenance and cleaning of pump stations sumps was advertised, in order to supplement the available resources for improved service delivery. The tender is closing on the 26 September 2017.

LEGAL IMPLICATIONS

Section 19 (1) of the National Water Act states that:

“An owner of land, a person in control of land or a person who occupies or uses the land on which:

- (a) any activity or process is or was performed or undertaken, or;*
- (b) any other situation exists;*

which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing or recurring”.

Section 28 (1) of National Environment Management Act states that:

“Every person who causes, has caused or may cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorized by law or cannot reasonably be avoided or stopped, to minimize and rectify such pollution or degradation of the environment”.

FINANCIAL IMPLICATIONS

The total costs spent by the Municipality to resolve the above challenges:

- Refurbishment of four (4) sewer pump stations in Thabong and Bronville
= R2 491 981.00
 - Hiring of Combination Unit for unblocking sewer lines in Thabong and Bronville
= R1 248 642.00
- TOTAL O&M BUDGET = R3 740 623.00**

- Cost for the refurbishment of the T8 Pump Station **MIG funded** = ±R13mil
- Cost for term contracts and community awareness campaign/ user education not yet known

RECOMMENDATIONS

It is hereby recommended as follows:

- 8.1. That the report **BE NOTED**.
- 8.2 That National intervention **BE SOUGHT** to deal with the issues of illegal mining in the area.
- 8.3 That a Community Awareness Program on the use of sewers must **BE IMPLEMENTED** with the assistance of an outsourced expert and guided by the Department of Water and Sanitation.
- 8.4 That all vacancies in the sewer section **BE FILLED** for improved service delivery.
- 8.5 That vehicles and equipment listed on section 2 above **BE MADE AVAILABLE** for improved service delivery.

EM28/2017

PROGRESS REPORT ON THE SUNELEX SOLAR PLANT PROJECT - SEPTEMBER 2017 (EXECUTIVE MAYOR) (19/3/2/1)

PURPOSE

To present to Council the current progress on the Sunelex Solar Plant Project for the month of **September 2017**.

BACKGROUND

Sunelex was appointed through an unsolicited bid for the establishment of a photovoltaic (PV) proposition for a 500 MW solar electric generating facility in Matjhabeng Local Municipality.

The Solar Plant project comprises of two stages, namely; the Development stage and the Construction Stage. The Development Stage of the project comprises of work such as the development of a feasibility study, Environmental Impact Study, conducting of other studies to determine the design of the plant, Sourcing of funds, completion of the MFMA section 33, 43 and 120 processes, etc. Whereas the Construction stage is the physical implementation of the project, which is divided into two phases; one being to build the 200MW at Kalkuil farm 153 (1157 ha) and the second one being the building of a manufacturing plant for solar electricity components.

The farm in which the first phase of Construction will be located belongs to the Municipality but Harmony has surface rights in favor of mining operations on it. However, the land would not have future operations and thus it has been identified as the best option for the project.

Council took a number of resolutions about the project over a period of time since 2015 as follows:

In a Council sitting held on 31 March 2015, the following was resolved:

- That the progress on the development of the Sunelex project be noted.

In a Council sitting held on 01 September 2015, the following was resolved:

- That the progress on the development of the Sunelex project be noted.
- That Council declares the Sunelex project as an emergency Economic Priority Project.
- That ESKOM be consulted if power will go through the ESKOM grid to establish the method of implementation.
- That the CFO should establish the authenticity of the Proof of Funds letter by HSBC bank which is attached in page 355 of the Annexures.

In a Council sitting held on 26 November 2015, the following was resolved:

- That the progress with the development of the Sunelex project be noted.

- That the CFO should establish the authenticity of the Proof of Funds letter by HSBC bank which is attached in page 268 of the Annexures.

In a Council sitting held on 29 June 2016, the following was resolved:

- That Council takes note of the general progress with the development of the Sunelex project.
- That Council takes note of the Feasibility Study in relation to the project as was submitted by Sunelex.
- That the Municipal Manager be authorized to engage with regard to all outstanding legal agreements pertaining to the project subject to recommendations of the Transactional Advisor and the ratification by the National Treasury including:
 - a) Tripartite Agreement
 - b) Land Lease Agreement
 - c) Power Purchase Agreement
- That the Municipal Manager be authorized to negotiate the appropriate incentives with the developer in collaboration with National Treasury, the Department of Trade and Industry and the Department of Energy to optimize the benefit for the Municipality.
- That Councilors should submit their questions, remarks and inputs at the Offices of the Executive Mayor and the Municipal Manager via the following e-mail addresses: tumelo.makofane@matjhabeng.co.za, bulelwam@matjhabeng.co.za, as well as to matshidiso.seekoei@matjhabeng.co.za by Tuesday, 05 July 2016 at 12h00.
- That all inputs submitted by Councilors be included in the recommendations when the item is re-submitted to Council.

In a Council sitting held on 20 July 2016, the following was resolved:

- That Council takes note of the SUNELEX progress report.
- That the Municipal Manager, in his engagement with Sunelex Agreement should take into cognisance of the following:
 - a) That the Municipality will only buy the electricity from Sunelex in accordance with its needs and that the excess energy produced will be the concern of Sunelex.
 - b) That the Municipality will only purchase electricity from Sunelex if it is at a cheaper rate than Eskom's rate at that specific period of the day and less than the off-peak tariff of Eskom. It was further emphasized that averages should not be used by SUNELEX.
 - c) That no other Agreements should be signed until the Power Purchase Agreement has been agreed to by the Municipality and the Developer.

- d) That the Municipal Manager can conclude the Power Purchase Agreement and the Land Lease Agreement.
- e) **“That clauses relating to Insurance, Guarantee and, Buyer’s Responsibilities (as indicated in paragraph 8.2 of the draft Power Purchase Agreement) be revised and/or removed where necessary.”**

Council resolved that matter in ‘e’ has already been resolved.

- f) **That the Maintenance of the Plant be done by Sunelex and not by the Municipality until the plant is handed over to the Municipality.”**

Council resolved that the matter in ‘f’ has already been resolved.

In a Council sitting held on 31 May 2017, the following was resolved:

- That Council **TAKES NOTES** of the progress on the Sunelex project.
- That all outstanding matters pertaining to the project **BE FAST TRACKED**.
- That a technical team headed by the Executive Director: Infrastructure be **ESTABLISHED** and submit quarterly reports to Council.
- That the exact contract as prescribed in Section 33 (1) (c) (ii) of the MFMA **MUST BE SERVED** before Council as soon as possible, for Council to pronounce itself on it before it authorises the Municipal Manager to sign it on behalf of the Municipality.

DISCUSSION

The project is currently on the Developmental Stage, whereby the process in terms of section 33 of the MFMA has been completed and an application submitted to the National Treasury, which in turn they supported.

*** Attached on **FOLDER EM272017** find the set of correspondence between the Municipality and the National Treasury in relation to the section 33 application.

*** Attached on **FOLDER EM272017** find the current Project Status Report

*** Attached on **FOLDER EM272017** find the presentation of Messrs Sunelex named “Sunelex Solar Energy Project Offering” as submitted to the Executive Committee on the 5 September 2017.

*** Attached on **FOLDER EM272017** find the Department of Energy (DOE) Media Statement Dated the 1st September 2017 in relation to the Power Purchase Agreements between Power Producers and Eskom.

Messrs Sunelex response on the above DOE Media Statement can be indicated in verbatim also as per their presentation in the Annexures as follows:

“

- Sunelex is the IPP, but does not offer power to Eskom;
- The Municipality is the off taker;
- Eskom is experiencing infrastructure limitations – inability to evacuate power where only Eskom power ‘suppliers’ are located;
- The project falls outside the DOE IPP;
- Project not affect by Eskom’s policy on power offtake ”

LEGAL IMPLICATIONS

The Municipal Manager has already signed the power purchase agreement and the land lease agreement as authorized by Council on 20 July 2017.

POLICY/LEGISLATIVE POSITION

- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- Land Act (Act No. 68 of 1981);
- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);
- Local Government: Municipal Finance Management Act (Act No. 56 of 2003);
- Spatial Planning and Land Use Management Act 16/2013;
- National of Regulator of South Africa (NERSA) Requirements:
- Eskom Regulations;
- Occupation Health and Safety Act 85/1993;
- Electrical Distribution Regulations;
- Department of Energy (DOE) requirements and policies;
- SANS and NRS standards

FINANCIAL IMPLICATIONS

The capital cost for the construction of the project, including the manufacturing plant will be borne by Sunelex with funding from the HSBC.

OTHER IMPLICATIONS

The project has good socio-economic benefits;

- * Local SMMEs will be empowered,
- *Over 2000 jobs will be created during the construction stage of a three (3) year and necessary accredited training undertaken, and
- *Recent partnership with Huawei where Five (5) Engineers will be trained in China, centre of excellence built and training facility built on site.

RECOMMENDATIONS

1. That Council **NOTES** the progress of the Sunelex project.

- 2 That all outstanding matters pertaining to the project be **FAST TRACKED**.

EM29/2017

UPGRADING OF WELKOM AIRPORT (EDI)

PURPOSE

The purpose of this item is request council to allocate a budget for the upgrading of Welkom Airport

BACKGROUND AND DISCUSSION

The tarmac in the Welkom Airport has dilapidated to a point it will become hazardous to the users of the runway. The project is in the 2017/2022 IDP but it was not allocated a budget in the 2017/18 financial year and the consultant has now made progress on the project. The municipality currently has received layout drawings and detailed designs of the runway to be upgraded.

Due to the urgency of the project and the current progress, it is therefore requested that during budget adjustment the project be allocated a budget of R4 000 000.00, to enable the start of construction.

LEGAL IMPLICATIONS

As per Section 19 of the Municipal Finance Management Act 56 of 2003, the following;

- (1) A municipality may spend money on a capital project only if-
 - (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);
 - (b) the project, including the total cost, has been approved by the council;
 - (c) section 33 has been complied with, to the extent that that section may be applicable to the project; and
 - (d) the sources of funding have been considered, are available and have not been committed for other purposes.
- (2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider-
 - (a) the projected cost covering all financial years until the project is operational;
 - And
 - (b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- (3) A municipal council may in terms of subsection (1)(b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme

FINANCIAL IMPLICATION

R4 000 000.00 be allocated from the municipalities own funds to enable the start of urther funds will be allocated in the new 2018/2019 financial year according to the contract amount after appointment of the Contractor.

RECOMMENDATION

It is hereby recommended that an allocation of R4 000 000.00 **BE APPROVED** and allocated in the budget during budget adjustment for the refurbishment of the airport runway.

EM30/2017

MONTHLY REPORT: DIRECTORATE INFRASTRUCTURE FOR THE MONTH OF AUGUST 2017 (12/1/2/4) (EDI)

PURPOSE OF REPORT

To submit the August 2017 monthly report on activities of the Civil Engineering and Electrical Engineering Departments as well as PMU in the Infrastructure Directorate.

BACKGROUND

*Attached on **FOLDER EM302017***

Executive Summary/Narrative Report
Council and Mayoral Committee Resolutions Audits

SUBMITTED FOR CONSIDERATION