

MATJHABENG LOCAL MUNICIPALITY



NEW INDOOR SPORT AND RECREATIONAL FACILITY AT MELODING, VIRGINIA PHASE 1 MIG/FS1211/CF/18/19

BUDGET MAINTENANCE REPORT

MAY 2018

PREPARED BY:

FOR:

SVP QUANTITY SURVEYORS

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1. PROJECT SUMMARY

1.1. Project Details

1.1.1. Project

Project Name:	:	New Indoor Sport & Recreation Hall at Meloding
Total Project Budget	:	R 47 177 415.76 (Incl. VAT)
Registered MIG Funding	:	R 45 714 000.00 (Incl. VAT)
Own Funding	:	R 0.00
Additional Funding Required	:	R 1 463 415.76
Variance	:	3.20%

1.1.2. Construction

Contractor

Name	:	Karpah Construction
Contract Price	:	R 39 232 555.00 (Incl. VAT)
Project Award Date	:	14 December 2017
Commencement Date	:	01 February 2018
Contract Completion Date	:	31 January 2020
Contract Termination Date	:	N/A
Total Expenditure	:	R 2 589 004.27
Physical Works Completion	:	7%
Variation Orders	:	Nil

1.1.3. Overall Project Status of Original Works

The Contractor was appointed on the 14th December 2017 and the site handover date was the 1st February 2018. The Contractor is on site and is busy with site works, earthworks and foundations.

Name of Applicant:	Matjhabeng Local Municipality	
Communities to be served:	Meloding	
Descriptive title of project:	New indoor Sport and Recreational Hall at Meloding	
Proposed timeline	Start Date: 01 February 2018	End Date: 31 January 2020

	Cost summary		
Source	Original amount	Additional amount	Amount Revised
Municipal Infrastructure Grant:	R 45 714 000.00	R 1 463 415.76	R 47 177 415.76
Matjhabeng Local Municipality:	R 0.00	R 0.00	R 0.00
Total Project Cost:	R 45 714 000.00	R 1 463 415.76	R 47 177 415.76

Facility Information		
	Existing	Post Construction
Description	None	The Hall is the only facility to be utilized for special occasions, major recreational and sport gatherings, conferences and training/recreational development in the whole of Meloding and surrounding areas.

Applicant	
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Applicant's Representative	
Consultant:	SVP Quantity Surveyors
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2. INTRODUCTION

2.1. Project Title

New Indoor Sport & Recreational Facility at Meloding Virginia Phase1

2.2. Purpose of this Report

Ilifa Africa Consulting Engineers was appointed by Matjhabeng Local Municipality to plan, design, prepare project documentation and undertake construction supervision for the new indoor sport and recreational hall in Meloding, Virginia. The objective of this report is to provide the following:

(a) Justification

The Municipal area does not have such a facility which is sufficient to provide the required capacity for major events. All though the communities are very proud of their facilities, the communities do not have a facility to be utilized to its full potential for special occasions, major recreational and sport gatherings, conferences and training/recreational development. The building is used for school functions, social functions, indoor sports, political rallies and as an information platform. The building not only forms part of the community development, but makes a contribution to our environment both as a work of art and as a living, breathing tourist attraction.

(b) The Stakeholders

- Municipality: Matjhabeng
Project initiation and superintendence
- Communities: Meloding, Virginia
Cause for project implementation
- MIG/COGTA:
Project financiers
- Consultant: Ilifa Africa Enigneers
Project Consultants/Supervision
- Contractor: Karpah Construction
Project construction

3. PROJECT INFORMATION

3.1. *Project Location*

The site is located in Meloding (site no. 12888, 12889, 12890, 12891) situated approximately 4km south east of Virginia in Matjhabeng Local Municipality.

3.2. *Problem Statement and Goals*

3.2.1. Community Needs

The main objective of this project is to provide this community with an indoor recreational facility in order to support the development of skills, communal activities and the amelioration of the community.

This project is the only facility providing the communities with indoor sport and recreational facilities, due to the poor conditions of facilities at schools, community halls, etc. in the area. The uniqueness of this recreational facility will give the community a sense of their own to be proud of.

4. PROJECT SCOPE

4.1. *Original scope*

The new recreational and sport facilities at Meloding Stadium (PHASE 1) will consist of:

The Total building area:

i) Ground floor area	1865m ²
ii) Balcony area	850m ²
iii) Double volume area	813m ²
Total area	3528m ²

- a. Hall area
Double volume area with timber floor finish to accommodate any recreational and indoor sports.
- b. Stage with change rooms
The stage will be equipped with curtains and lights and will be spacious to accommodate a musical, etc. Adjacent change rooms at the back of the stage.
- c. Change Rooms and Store
Change rooms with all facilities including showers, lockers, etc. to accommodate the competitors. The store rooms will be utilized for storage of sport equipment, chairs, tables, etc.
- d. Conference Facilities
Conference facilities as a lounge, board room and offices will be available for Local, Municipal, Provincial and National meetings.
- e. Ticket office, Kiosk and Kitchen
A ticket office, tuck shop and kitchen are provided to attend to the catering requirements for recreational and indoor sport gatherings and conferences.
- f. Balcony
The balcony will be at the back and both sides of the hall. The balcony will be consisting of precast concrete pavilion seating. Three entrance foyers with stairways will be provided.
- g. Public Ablutions
Public ablutions with paraplegic facility will be provided.
- h. Site Works
The site works will consist mainly of earthworks, landscaping, paved walkways and parking, external plumbing and drainage and storm water disposal.

5. PROJECT PROGRESS

The overall progress of works for contractor is as summarized below;

The completion of the individual items is as follows:

• Foundations	11%
• Brickwork	0%
• Waterproofing	0%
• Roof Covering	0%
• Carpentry & Joinery	0%
• Ceilings	0%
• Floor Covering	0%
• Ironmongery	0%
• Metalwork	0%
• Plasterwork	0%
• Tiling	0%
• Internal Plumbing	0%
• Glazing	0%
• Painting	0%
• General Site works	27%
• External Plumbing	0%
• Paving & Parking	0%
• Fencing	0%
• Electrical Installation	17%

The overall progress is 7%.

6. PROJECT COST

6.1. *Building Cost*

The building cost of works which was registered by MIG in October 2017 is shown in Table 3 below.

Table 3

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6.2. *Revised Cost of works*

The business plan was compiled in 2016, two years before the commencement date and no pre-tender escalation was allowed for. The escalation to the contractor is calculated according to the Haylett formula and based on the national indexes. The estimated escalation per annum is in general five percent (5%) of project value thus the escalation can be estimated to be 30% increase.

In the original project estimate no site was allocated to the project and allowance was made for normal base and strip footings to all the structures and standard substrate to paved areas in natural ground conditions. After further investigation it became evident that the soil conditions are clay and very poor founding conditions. The engineer designs allowed for the removal of the poor soil and new gravel soil mattress of 2 metres deep under the buildings and 0.8 metres deep under paved areas and allowance for stronger structural and foundations to accommodate the conditions. There was also an increase in the VAT from 1 April 2018.

The revised cost for the project based on the awarded contract of works has been computed at **R 47 177 415.76** including VAT as detailed in Table 4 below.

Table 4

SUMMARY OF SECTIONS FOR NEW MULTI PURPOSE HALL		
SECTION	DESCRIPTION	Tender Amount Total
A	PRELIMINARIES AND GENERAL	R 5 334 211.13
B	FOUNDATIONS	R 952 834.00
	CONCRETE, FORMW & REINF.	R 3 168 940.00
	BRICKWORK	R 1 149 522.00
	WATERPROOFING	R 257 076.00
	ROOF COVERINGS, ETC.	R 462 251.00
	CARPENTRY AND JOINERY	R 149 696.00
	CEILINGS	R 849 821.00
	FLOOR COVERINGS	R 930 450.00
	IRONMONGERY	R 315 145.00
	STRUCTURAL STEEL	R 1 689 380.00
	METALWORK	R 1 693 672.00
	PLASTERING	R 1 060 598.00
	TILING	R 409 320.00
	PLUMBING AND DRAINAGE	R 743 100.00
	GLAZING	R 6 605.00
	PAINTING	R 469 015.00
	SUB TOTAL	R 19 641 636.13
C	GENERAL SITE WORKS	R 3 207 367.00
	EXTERNAL PLUMBING AND DRAINAGE	R 1 077 663.50
	FENCING	R 1 434 452.00
	SUB TOTAL	R 5 719 482.50
D	PROVISIONAL SUMS	R 5 170 000.00
E	ELECTRICAL INSTALLATION	R 2 383 403.30
	SUB TOTAL	R 32 914 521.93
F	CONTINGENCIES	R 500 000.00
	SUB TOTAL	R 33 414 521.93
G	ESCALATION	R 1 000 000.00
	SUB TOTAL	R 34 414 521.93
	VAT 15%	R 5 162 178.29
	TOTAL	R 39 576 700.22
	Basic Professional fees and Disbursements including VAT	R 7 600 715.54
	TOTAL PROJECT COST	R 47 177 415.76

6.3 Comparison of Additional Cost

ESTIMATED PROJECT COST FOR NEW MULTI PURPOSE HALL				
	DESCRIPTION	BUSINESS PLAN	CONTRACT COST	VARIANCE
1	Sport and recreational hall	R 21 950 000.00	R 19 477 425.00	-R 2 472 575.00
2	Site works	R 4 500 000.00	R 5 719 482.50	R 1 219 482.50
4	Electrical and mechanical installation	R 2 700 000.00	R 2 383 403.30	-R 316 596.70
	SUB TOTAL	R 29 150 000.00	R 27 580 310.80	-R 1 569 689.20
5	Preliminaries and General	2 950 000.00	R 5 334 211.13	R 2 384 211.13
	SUB TOTAL	R 32 100 000.00	R 32 914 521.93	R 814 521.93
6	Contingencies, Escalation, etc.	R 1 600 000.00	R 1 500 000.00	-R 100 000.00
	SUBTOTAL	R 33 700 000.00	R 34 414 521.93	R 714 521.93
7	14% VAT	R 4 718 000.00		-R 4 718 000.00
	15% VAT		R 5 162 178.29	R 5 162 178.29
	TOTAL	R 38 418 000.00	R 39 576 700.22	R 1 158 700.22
8	Professional fees including VAT	R 7 296 000.00	R 7 600 715.54	R 304 715.54
9	Total Contract Cost			R 47 177 415.76
10	Total Business Plan			R 45 714 000.00
11	Total Variance	R 45 714 000.00	R 47 177 415.76	<u>R 1 463 415.76</u>

The compositions of the fees are as follows:

PROFESSIONAL FEES					
		DESCRIPTION	VALUE OF WORK	PERCENTAGE	PROFESSIONAL FEE
	1	Project Manager, Land Surveying, Health and Safety, Geotechnical and Fire Consultant	R 39 576 700.22	2.50%	R 860 363.05
	2	Architect	R 39 576 700.22	9.50%	R 3 269 379.58
	3	Quantity Surveyors	R 39 576 700.22	6.50%	R 2 236 943.93
	4	Structural/Civil Engineers	R 10 096 184.50	12.00%	R 1 211 542.14
	5	Mechanical and Electrical Engineer	R 100 000.00	13.00%	R 309 842.43
	6	Disbursements	R 39 576 700.22	0.50%	R 172 072.61
		TOTAL FEES			R 8 060 143.74
		Less Discount			R 1 450 825.87
		TOTAL FEES		19.00%	R 6 609 317.86
		VAT 15%			R 991 397.68
		REVISED TOTAL FEES			R 7 600 715.54

Contract Project Cash Flow

Period	MIG	Cumulative Total-MIG	Cumulative Total per Fin year
July 2017	-	-	-
August 2017	-	-	-
September 2017	-	-	-
October 2017	-	-	-
November 2017	-	-	-
December 2017	-	-	-
January 2018	4 888 963.20	4 888 963.20	4 888 963.20
February 2018	435 886.31	5 324 849.51	5 324 849.51
March 2018	1 078 829.61	6 403 679.12	6 403 679.12
April 2018	388 466.42	6 792 145.54	6 792 145.54
May 2018	685 821.94	7 477 967.48	7 477 967.48
June 2018	2 800 000.00	10 277 967.48	10 277 967.48
July 2018	1 800 000.00	12 077 967.48	1 800 000.00
August 2018	2 000 000.00	14 077 967.48	3 800 000.00
September 2018	2 000 000.00	16 077 967.48	5 800 000.00
October 2018	1 800 000.00	17 877 967.48	7 600 000.00
November 2018	1 800 000.00	19 677 967.48	9 400 000.00
December 2018	800 000.00	20 477 967.48	10 200 000.00
January 2019	800 000.00	21 277 967.48	11 000 000.00
February 2019	1 800 000.00	23 077 967.48	12 800 000.00
March 2019	1 800 000.00	24 877 967.48	14 600 000.00
April 2019	1 800 000.00	26 677 967.48	16 400 000.00
May 2019	1 800 000.00	28 477 967.48	18 200 000.00
June 2019	2 500 000.00	30 977 967.48	20 700 000.00
July 2019	1 800 000.00	32 777 967.48	1 800 000.00
August 2019	1 800 000.00	34 577 967.48	3 600 000.00
September 2019	2 000 000.00	36 577 967.48	5 600 000.00
October 2019	1 800 000.00	38 377 967.48	7 400 000.00
November 2019	1 800 000.00	40 177 967.48	9 200 000.00
December 2019	1 500 000.00	41 677 967.48	10 700 000.00
January 2020	1 576 192.78	43 254 160.26	12 276 192.78
February 2020	-	43 254 160.26	12 276 192.78
March 2020	-	-	-
April 2020	3 923 255.50	47 177 415.76	16 199 448.28
TOTAL	47 177 415.76	-	

6.4 Funding for the additional costs

It is now the intention for the Municipality to apply for MIG funding in the sum of **R 1 463 415.76** (Including VAT) additional funding to undertake the works of this contract.

7 BENEFICIARIES AND BENEFITS

7.3 Number of Beneficiaries and Households

Direct beneficiaries are residents in Meloding and Virginia area. There are no recent and accurate figures on the actual population in these areas. However, according to the WSDP the expected population growth rate will be less than 1% over the next 5 years.

The total number of beneficiary households according to the Municipality is 42 000 in the areas mentioned above.

7.4 Labour intensive construction methods

In the provision of this new sport and recreational facilities at Meloding, labour opportunities will be available to local labourers due to the fact that various non-specialized construction methods will be used to construct the above-mentioned works.

The erection of new buildings, fencing and paving is suitable for Labour Intensive methods.

Therefore where possible, with due consideration of quality and financial implications, labour-intensive methods of construction will be used on this project.

Task rates and expected production rates will be confirmed prior to implementation of the project. Local skills will also be used wherever possible and only key personnel and artisans will be "imported" by the contractor.

7.5 Job creation

The contractor will select labour from the local community. The selected labour will be given an opportunity to prove that they can complete the task that they have been chosen for within a reasonable time period.

Artisans will be chosen from the community with the provision that a maximum of 30% of all labour required will be contracted from other parts of the Northern Free State. Should there be problems with obtaining suitable local labour; the contractor will be allowed to make alternate arrangements for the labour required for the completion of the project.

7.6 Project related training including capacity building

A skills training course by an accredited trainer will be carried out during the construction period to empower the local community. In total 20 persons will be trained which will involve 200 person training days. The project is expected to transfer skills on water pipeline construction, valve installation, shuttering and cast in-situ concrete works to members of the community who will be employed on the project.

8 PROJECT MANAGEMENT STRUCTURE

Local Authority

Matjhabeng Local Municipality

Consultants

Ilifa Africa Consulting Engineers

Implementing Agents

Matjhabeng Local Municipality

- Project administration and takeover

Community

The community will monitor the implementation of the project through the Project Steering Committee.

Contractor/s

Karpah Construction

9 IMPLEMENTATION PLAN

9.1 Conformity to master and local plans

The project conforms to local and master plans that aim to provide the beneficiary communities with all the basic services at an acceptable standard level of service and quality.

9.2 Project Time Table

STAGE	ITEM TO TRACK	TARGET DATE
1	Design Report Approved	23/10/2017
2	Tenders Awarded	14/12/2017
3	Contract Signed	31/01/2018
4	Contractor on Site	01/02/2018
5	Contractual Conditions met	31/01/2020
6	Construction Completion Date	31/01/2020
7	Final Payment (Retention Payment is Final)	30/04/2020

10 CONCLUSION

In conclusion the report recommends the approval of the following;

- The scope of work as outlined in the business plan for registration and the scope of work in the current contract is not of similar nature and magnitude.
- Due to the changes in scope and poor soil conditions, escalation and increase in the VAT, the total revised budget for the project in the amount of **R 47 177 415.76** including V.A.T for the implementation of the project.

We recommend the above Budget Maintenance Technical Report for New Indoor Sport and Recreational Hall in Meloding, Virginia for approval in the total project additional amount of **R 1 463 415.76** including VAT.

Yours faithfully

Mr Thabiso.Tsoaeli
MUNICIPAL MANAGER