

TS31/2017

COUNTER-FUNDING FOR UPGRADING OF VIRGINIA WASTE WATER TREATMENT PLANT PHASE 2 (EDI)

PURPOSE

To request the Section 80 Committee to recommend to the Mayoral Committee and subsequently to Council to approve counter-funding for the Upgrading of Virginia Waste Water Treatment Plant project for which partial MIG funding was recommended by Department of Water and Sanitation as the Sector Department due to the fact that only 85.6% of the population of Virginia and Meloding is considered poor and hence qualify for MIG funding.

BACKGROUND

The Municipality (MLM) has embarked on a bucket eradication programme. As a result, there is now a need to increase the treatment capacity at the Virginia Sewage Treatment Works (STW). An updated Technical Report, dated 14 November 2014 was submitted to the Department of Water and Sanitation (DWS). The submitted report covered the scope of work of services required to increase the STW capacity. Due to limited MIG funding, there was a proposal for the work to be carried in two phases. The first upgrade (Phase 1) work on the existing STW is currently under way- however, it only covers certain portions of the initial scope of work.

A MIG business plan was submitted to Department of Cooperative Governance and Traditional Affairs (CoGTA), requesting funding of R41 790 175.33 Incl. VAT for the project. The funding is to cover for the following:

- Replace flow measurement equipment
- Refurbish second Bioreactor, including:
 - Replace A-recycle pumps
 - Construct conduit to improve BNR performance
 - Replace vertical shaft mixers (2) and aerators (6)
 - Refurbish baffles and replace overflow weir, hand railings, concrete and joints
 - Replace 50% RAS and WAS pipework
- Refurbish the remaining two existing SST's
- Refurbish the remaining half of the existing RAS pump station including existing MCC replacement with new MCC
- Install disinfection unit for final effluent
- Refurbish sludge treatment – gravity thickener and drying beds
- Refurbish the works return pump station
- Site wide: improvement of security fence, site roads and main administration building
- Install stand-by generator

Department of Water and Sanitation (DWS) recommends to CoGTA partial funding of R35 772 390.00 (incl VAT) for the project.

*** *Attached on page 1 to page 5 of the Annexures* is the letter from Department of Water and Sanitation.

The approval of the R35 772 390.00 (incl VAT), constitute a shortfall of R6 017 785.33 (incl VAT) that must be funded by the Municipality.

LEGAL AND POLICY POSITION

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

Capital projects

- (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 IMPLICATIONS

DESCRIPTION	AMOUNT(R) (Incl)
TOTAL TO BE FUNDED – MIG	R35 772 390.00
Shortfall	R6 017 785.33
TOTAL PROJECT COST	R41 790 175.33

The amount of **R6 017 785.33** must be funded by the municipality from own funding.

OTHER IMPLICATIONS

It is very important that the Executive Committee recommends this counter funding to the Mayoral Committee for approval by Council as the funding recommended by MIG will not be enough to complete the project and thus the project will not serve its purpose and might result to Community unrest.

RECOMMENDATION

1. That the Section 80 Committee **TAKE NOTE** of the report
2. That the Section 80 Committee **RECOMMENDS** to the Mayoral Committee to approve the Counter-Funding of **R6 017 785.33** to implement the project.

TS32/2017

COUNTER-FUNDING FOR UPGRADING OF THE WELKOM LANDFILL SITE (EDI)

PURPOSE

To request the approval of counter-funding for the Upgrading of the Welkom Landfill Site project.

BACKGROUND AND DISCUSSION

The Welkom Landfill Site is the main solid waste disposal site serving the Municipality. This landfill site while still functional does not have adequate support infrastructure.

A MIG business plan was submitted to Department of Cooperative Governance and Traditional Affairs (CoGTA), requesting funding of R18 021 120.00 Incl. VAT for the project for which partial MIG funding of R11 713 728.00 (incl VAT) was recommended by Department of Water and Sanitation as the Sector Department due to the fact that only 65% of the population of Matjhabeng is considered poor and hence qualify for MIG funding.. The funding is to cover for the following:

- Upgrade access road and paving
- Upgrade access control
- Provision of 2 weigh bridges
- Refurbishment of cloak rooms and control office
- Repair perimeter fencing
- Construct a covered material recovery centre
- Upgrade wash bay facility
- Provide carports, outside (street) lighting and security features
- Small office at weighbridge with electricity connection

*** *Attached on page 6 to page 9 of the Annexures* is the letter from Department of Water and Sanitation.

The approval of the R11 713 728.00 (incl VAT), constitute a shortfall of R6 307 392.00 (incl VAT) that must be funded by the Municipality.

LEGAL AND POLICY POSITION

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

Capital projects

- (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 IMPLICATIONS

DESCRIPTION	AMOUNT(R) (Incl)
TOTAL TO BE FUNDED – MIG	R11 713 728.00
Shortfall	R6 307 392.00
TOTAL PROJECT COST	R18 021 120.00

The amount of **R6 307 392.00** must be funded by the municipality from own funding.

OTHER IMPLICATIONS

It is very important that the counter funding is approved as the funding recommended by MIG will not be enough to complete the project and thus the project will not serve its purpose and might result to Community unrest.

RECOMMENDATION

1. That the report **BE NOTED**
2. That the Counter-Funding of **R6 307 392.00** to implement the project **BE APPROVED**.

TS33/2017

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

PURPOSE

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

PMU has its own staff complement and an appointed service provider appointed to provide technical assistance to the PMU. The operational costs including salaries and tools of trade 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	5
Design Stage	8
Tender Stage	3
Evaluation/ Adjudication Stage	0
Construction Stage	10
Retention Stage	10
Complete beyond DLP/ Retention	2
TOTAL NUMBER OF PROJECTS	38

*** Please refer to the attached implementation plan *as SEPARATE COVER 1* for the status / progress of projects

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
R 121,216,000.00	R 24,243,200.00 (20%)	R 30,782,291.60 (25%)	R 90,433,708.40 (75%)

CHALLENGES AND PROPOSED REMEDY FOR UNDER EXPENDITURE

We are above expenditure target by 5%. We have no challenges to report.

RECOMMENDATION

1. That the Section 80 Committee **TAKES NOTE** of the report

TS34/2017

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

PURPOSE OF REPORT

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

BACKGROUND

*** *Attached on pages 10 to page 69 of the Annexures* are the following:

Executive Summary/Narrative Report

SUBMITTED FOR CONSIDERATION