

TS03/2019

**MONTHLY REPORT: DIRECTORATE INFRASTRUCTURE FOR THE MONTH OF
FEBRUARY 2019 (EDI) (12/1/2/4)**

PURPOSE OF REPORT

To submit to the Infrastructure/Technical Section 80 Committee the February 2019 monthly report on activities of the Civil Engineering and Electrical Engineering Departments as well as PMU in the Infrastructure Directorate.

BACKGROUND

The Infrastructure Directorate is often referred to as “*the face of the Municipality*” because it is mainly responsible for the provisioning of basic service delivery; being water, sanitation, roads and electricity, directly to the communities of the Municipality. It is therefore expected that these services must as far as possible be efficiently provided without as little interruptions as possible that may inconvenience the community.

*** *Attached on Annexure 1, pages 1 to 43 Annexures are the Monthly Report for February 2019.*

SUBMITTED FOR CONSIDERATION

TS04/2019

NYAKALLONG/ALLENRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES: REQUEST FOR BUDGET MAINTENANCE (EDI) (19/8/1/6)

PURPOSE

The purpose of this item is to present before the Infrastructure/Technical Section 80 Committee the current status and progress report on the replacement of old galvanized steel pipes with uPVC in Allanridge and Nyakallong Townships under Vukuphile Learner Contractor in compliance with Municipal Systems Act 32 of 2000; Section 73 (1), and to request approval of the budget maintenance.

BACKGROUND

The replacement of old galvanized steel pipes with uPVC in Allanridge and Nyakallong Townships project is currently being implemented by the Municipality through MIG funding. The project was registered in 2018/2019 financial year. This project entails the following scope of work:

Allanridge:

- The replacement of 893m of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.

Nyakallong

- The replacement of 1.7 km of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.
- Maintenance of water meters

****** Attached find relevant documentation on annexure 2, pages 1 to 57**

DISCUSSIONS

Upon going out on tender the MIG registered value of the project was R 682 316, 78. The Vukuphile Learners successful bidders tender prices is R 5 435 744, 15 and professional fees is R 986 535, 67 which is a total of R 6 422 279, 82. The revised total project cost is R 7 690 399, 86 due to price escalations:

- The learner contractors have under- priced the BOQ for the above mentioned project and the contractors risk a chance of making losses and ending up with the debt with the possible results of being blacklisted by not finishing the work due to insufficient funds on the available budget. The municipality has made a decision to balance the rates for the learner contractor based on the advice from the engineer on the project.

- The project was reserved for the learner contractors under the EPWP program as part of the learnership however there was no assistance in pricing the BOQ due to public works internal logistics and the contractors worked alone for the first time as public works could not provide mentors as committed initially.
- The consultant recalculated the priced BOQ and found the errors which led to the BOQ to be priced again to meet the market value priced materials.
- The Consultant proposed that the awarded contract amounts be amended to suit the recommendation. The revised contract amount is R 7 690 399, 86 thus the additional funding of R 1 268 1198, 83 is needed of which R 260 036, 88 will be available from MIG budget allocation and R 1 008 082, 95 is need for counter funding from municipality.
- The project was registered in October 2017 while the VAT was 14% and it also affected the BOQ price when it was increased to 15% in April 2018.

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2) (b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

FINANCIAL IMPLICATIONS

| ITEM | DESCRIPTION | APPROVED AMOUNT | AMMENDED SCOPE AMOUNT | VARIANCE |
|---|---|-----------------------|-----------------------------|-----------------------|
| 1 | Site Clearance | R 233 460,00 | R 236 483,75 | R 3 023,75 |
| 2 | Excavations | R 326 844,00 | R 595 431,01 | R 268 587,01 |
| 3 | Excavations in rock | R 90 174,00 | R 89 515,00 | R 659,00 |
| 4 | Breaking of existing services | R 45 000,00 | R 182 115,00 | R 137 115,00 |
| 5 | Supply & Lay 250mm Dia. Upvc Class 12 pipe | R 603 450,00 | R 1 391 073,38 | R 787 623,38 |
| 6 | Supply & Lay 110mm Dia. Upvc Class 12 pipe | R 408 000,00 | R 105 999,03 | R 302 000,97 |
| 7 | Bedding | R 172 501,00 | R 138 995,00 | R 33 506,00 |
| 8 | Backfilling | R 68 092,50 | R 319 603,50 | R 251 511,00 |
| 9 | Road Crossing | R 32 500,00 | R 184 162,18 | R 151 662,18 |
| 10 | Construction of Valves & Meter Boxes | R 300 000,00 | R 63 990,95 | R 236 009,05 |
| 11 | Supply & Installation of Valves & Meters | R 378 000,00 | R 111 075,93 | R 266 924,07 |
| 12 | Reinstate Existing Services (Paving) | R 33 600,00 | R 23 072,50 | R 10 527,50 |
| 13 | Reinstate Existing Services (Concrete Slab) | R 16 800,00 | R 3 820,00 | R 12 980,00 |
| 14 | Reinstate Existing Services (Grass) | R 2 310,00 | R 250,00 | R 2 060,00 |
| 15 | Repair of leaking at house connections were necessary | R 130 000,00 | R - | R 130 000,00 |
| 16 | Installation of New Flow Meters at houses including connections | R 356 900,00 | R - | R 356 900,00 |
| Sub-Total 1 | | R 3 197 631,50 | R 3 445 587,23 | R 247 955,73 |
| Plus: Preliminary & Generals | | R 799 407,88 | R 1 853 910,00 | R 1 054 502,12 |
| Sub-Total 2 | | R 3 997 039,38 | R 5 299 497,23 | R 1 302 457,85 |
| Plus: Contingencies | | R 999 259,84 | R 529 949,90 | R 469 309,94 |
| Sub-Total 3 | | R 4 996 299,22 | R 5 829 447,13 | R 833 147,91 |
| Plus: Allowance for Professional Fees (Excl. Vat) | | R 865 381,29 | R 857 857,10 | R 7 524,19 |
| Total Project Costs | | R 5 861 680,51 | R 6 687 304,23 | R 840 672,10 |
| Plus: Vat | | R 820 635,27 | R 1 003 095,63 | R 126 100,82 |
| Total Estimated (Incl. Vat) | | R 6 682 315,78 | R 7 690 399,86 | R 1 008 082,95 |

OTHER IMPLICATIONS

The project will not be completed successfully without cost adjustments, thus affecting its intended purpose and effective use.

RECOMMENDATIONS

It is recommended:

- That the budget maintenance of an additional amount of **R 1 008 082, 95** be approved to increase the project value to **R 7 690 399, 86**.