



REPORT TO SUBCOUNCIL 5

1. ITEM NUMBER : **05SUB 19/9/2019**

2. SUBJECT

REPORT TO SUBCOUNCIL 5: ACTIVITIES PLANNED TO BE EXECUTED BY THE TRANSPORT DIRECTORATE WITHIN THE SUBCOUNCIL 5 AREA: FINANCIAL YEARS 2019/20 TO 2021/22

3. PURPOSE

The purpose of this report is to respond to a request from Subcouncil 5 Chairperson, Councillor Courtney Van Wyk, for a report for submission to the Subcouncil 5 meeting to be held on **Wednesday, 18 September 2019**, with regard to the activities planned to be executed by the Transport Directorate within the Subcouncil 5 area.

4. FOR INFORMATION

At the direction of the Subcouncil 5 Chairperson: Cllr Courtney Van Wyk, a report was requested for submission to the Subcouncil 5 meeting in terms of **Subcouncil delegation part 24 (1)(5)**.

5. EXECUTIVE SUMMARY

There are three projects within the Subcouncil 5 area, in respect of which capital funding was approved by Council at its meeting in May 2019 for the 2019/20 to 2021/22 Medium Term Revenue and Expenditure Framework (MTREF) period.

All of these projects form part of the Transport Directorate's Roads: Rehabilitation programme, the focus of which is a boundary to boundary upgrade of the existing concrete roads in low income areas, including stormwater upgrades and the provision of new, or upgrading of existing, footways.

The three projects in respect of which funding was approved are as follows:

WBS Element	WBS Element Description	Approved Budget 2019/20	Approved Budget 2020/21	Approved Budget 2021/22	Fund Source Desc
CPX.0013213-F1	Rd Rehab:Bishop Lavis	15 000 000	20 000 000	0	4 NT USDG
CPX.0013218-F1	Rd Rehab:Bonteheuwel/Uitsig	11 500 000	10 000 000	0	1 EFF: 2
CPX.0013218-F2	Rd Rehab:Bonteheuwel/Uitsig	5 500 000	21 000 000	0	4 NT USDG
CPX.0013220-F1	Rd Rehab:Kalksteenfontein	10 000 000	5 000 000	0	4 NT USDG

In total R42 000 000 and R56 000 000 has been approved for the upgrading of concrete roads in the Bishop Lavis, Bonteheuwel/Uitsig and Kalksteenfontein areas in the 2019/20 and 2020/21 financial years respectively.

6. RECOMMENDATIONS

It is recommended that activities planned to be executed by the Transport Directorate within the Subcouncil 5 area in the 2019/20 to 2021/22 MTREF period **BE NOTED**.

7. DISCUSSION/CONTENTS

Funding in the amount of R48 000 000 for the rehabilitation/upgrading of concrete roads in Bonteheuwel and Uitsig, spread across two financial years (R17 000 000 in financial year 2019/20 and R31 000 000 in financial year 2020/21) was approved by Council at its meeting in May 2019.

Similarly, funding in the amount of R15 000 000, also spread across two financial years (R10 000 000 in financial year 2019/20 and R5 000 000 in financial year 2020/21) was approved for the rehabilitation/upgrading of concrete roads in Kalksteenfontein.

Both of these projects form part of the Transport Directorate's Roads: Rehabilitation programme.

The source of funding for these two projects is primarily from the Urban Settlements Development Grant (USDG) allocation made to the City in terms of the Division of revenue Act (DORA). Supplementary funding (R21 500 000) for the Bonteheuwel/Uitsig project was made available from internal (EFF) funding sources with R11 500 000 in 2019/20 and R10 000 000 in 2020/21 financial years.

A tender for the rehabilitation of Class 4 and 5 roads in Bonteheuwel/Uitsig, and another for the rehabilitation of concrete roads Kalksteenfontein, were advertised at the beginning of the 2019 calendar year, both with a contract required by date of 01 July 2019. The evaluation of the submissions received for both projects has taken longer than anticipated due to clarification on a

number of issues required and is still underway at present. Given the confidentiality of the tender evaluation process, more detail cannot be offered at this stage.

It is noted that prior tender processes in respect of each of these projects had to be cancelled due to non-responsiveness of the tenders received. In the main, the non-responsiveness of the tenders received was due to key specified personnel not meeting the requirements.

In addition, funding in the amount of R35 000 000 for the rehabilitation/upgrading of concrete roads in Bishop Lavis, spread across two financial years (R15 000 000 in financial year 2019/20 and R20 000 000 in financial year 2020/21) was approved by Council at its meeting in May 2019. The source of this funding is the Urban Settlements Development Grant (USDG).

This particular project has a history to it as follows:

Contract 115Q/2015/16 for the Rehabilitation of Various Roads in Bishop Lavis commenced in April 2016, with a contract value of R109 378 325. The appointed contractor was liquidated in January 2018 having completed approximately 50% of the work. Thereafter, a prolonged period of engagement with the appointed liquidator (via his representative) ensued.

The City and the appointed liquidator explored possible solutions to the matter. The liquidator proposed to take over the project on the same terms and conditions alternatively the contract be assigned. However, the liquidator indicated that they could not complete the outstanding works within the value calculated using the original rates of the liquidated contractor and requested that a contribution from the City in this regard be made. The negotiations yielded no positive results.

Currently, this matter has been handed over to the City's Legal Services department for action at the end of May 2019.

7.1. Constitutional and Policy Implications

The supply chain management processes in respect of each of the projects discussed herein are governed by the City's Supply Chain Management Policy and underlying legislation pertaining thereto:

- Supply Chain Management Policy adopted by Council 29 March 2017 (C22/03/17).
- Municipal Finance Management Act (MFMA) and accompanying regulations.

7.2. Sustainability implications

Does the activity in this report have any sustainability implications for the City?

No ☒ Yes ☐

Given that these projects relate to the rehabilitation/upgrading of existing infrastructure; no environmental authorisations are triggered. In terms of the principles of adopting and implementing the principles and underlying approaches to sustainable development and ensuring the integration of environmental issues, it is noted that these projects both improve and or formalise the management of stormwater run-off in the areas in question, as well as recycle materials in so far as is possible (the existing concrete roads cracked and are retained as the base in the new pavement structure).

7.3. Financial Implications

Capital Budget Provisions:

The capital budget provisions as approved by Council at its meeting in May 2019 are as provided in the executive summary to this report.

The operating impact of these projects (the future repairs and maintenance of the roads in question) is provided for in the Transport Department's repairs and maintenance budget.

7.4. Legal Implications

As noted above, and impasse has been reached in respect of the line department's engagements with the liquidator, the purpose of which was to see the outstanding work through to completion. The assistance of the City's Legal Services Department has been requested in order to bring closure to the original contract, before any further action is taken to complete the outstanding works.

7.5. Staff Implications

Does your report impact on staff resources or result in any additional staffing resources being required?

No ☒

Yes ☐

7.6 Other Services Consulted

Legal Services Department: Ms Buyiseka Mtati - 021 400-4099
(Legal Services Department to vet this report)

ANNEXURES

None.

FOR FURTHER DETAILS CONTACT:

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DIRECTOR:
IMPLEMENTATION

INFRASTRUCTURE

Comment:

NAME NOMZAMO MNQETA

DATE