

ITEM NUMBER: C 24/05/16

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 17 MAY 2016

MC 60/05/16 INCREASE IN TOTAL PROJECT COST: DU NOON SPRAY PARK - C13.95073

The Mayco Member for Community Services, Ald. B Walker requested that the word "by" in part (a) of the recommendation in the report on the agenda be deleted.

It is **RECOMMENDED** that:

- (a) the total project cost to be increased from R8 000 000 to R10 090 672
- (b) additional capital expenditure in the amount of R2 090 672 on C13.95073: Du Noon Spray Park, in the 2015/16 financial year be approved, ex 4 NT USDG.

REPORT TO MAYORAL COMMITTEE

DATE [TO BE INSERTED BY
COMMITTEE SERVICES]

1. ITEM NUMBER : To be inserted by Executive Support

2. SUBJECT

INCREASE IN TOTAL PROJECT COST – DU NOON SPRAY PARK –
C13.95073

2. ONDERWERP

VERHOGING VAN TOTALE PROJEKOSTE – DUNOON-SPROEIPARK –
C13.95073

2. ISIHLOKO

UKWANDISWA KWEENDLEKO Zeprojekthi zizonke – ENGE- DU
NOON SPRAY PARK – C13.95073

3. STRATEGIC INTENT

This report aligns to Strategic Focus Area 3, Objective 3.1 by providing
access to social services to those who need it.

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

4. PURPOSE

This report requests authority to increase the Total Project Cost of the Du Noon Spray Park project - C13.95073 from R8 000 000 to R10 090 672 in order to be able to comply with the arbitration award.

5. FOR NOTING BY / DECISION BY

- This report is for noting only/information only.
- This report is for consideration/decision by
- Council

6. EXECUTIVE SUMMARY

The City has received an arbitration award which determined the amount due to the contractor in terms of a claim for implementation of the Du Noon Spray Park which took longer than planned resulting in the total project cost being increased due to an adjustment of time related costs. The adjudicator ruled to award R7 712 538.12 in favour of the claimant. The City is legally obliged to comply with this adjudication award. This report seeks authority to increase the total project cost of the Du Noon Spray Park project in order to be able to increase the contract value by the aforementioned amount and pay the contractor as is dictated by the adjudicator's decision. Included in this total is a provision for legal fees. The Legal Department is currently in negotiation with the legal representative of the contractor to determine any interest due, which will be settled from the operating budget.

7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

- a) The Total Project Cost to be increased by from R8 000 000 to R10 090 672.
- b) Additional capital expenditure in the amount of R2 090 672 on C13.95073: Du Noon Spraypark, in the 2015/16 financial year be approved, ex 4 NT USDG.

8. IZINDULULO

Azgunyazsiswanga: isigqibo seseBhufnga:

Kundululwe ukuba:

- a) Makunyaswe inkcitho iyonke yeProjekthi ukususela kuma- R8 000 000 ukuya kwi-R10 090 672.
- b) Makuphunyezwe inkcitho-mali engezimali ezinkulu eyongezelelekileyo esisixa-mali esingama-R2 090 672 kwingxowa engu-C13.95073: enge-Du Noon Spraypark, kumnyaka-mali ka-2015/16, engu-ex 4 USDG.

1. AANBEVELINGSNie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- a) Die totale projekkoste van R8 000 000 na R10 090 672 verhoog word
- b) Bykomende kapitaalbesteding ten bedrae van R2 090 672 op C13.95073: Dunoon-spreipark, in die 2015/16-boekjaar goedgekeur word, uit 4 USDG R2 090 672.

9. DISCUSSION/CONTENTS

The City has received an arbitration award which determined the amount due to Tempani Construction in terms of a claim for implementation of the Du Noon Spray Park which took longer than planned due to the impact of unexpected site conditions and unrest in the area which resulted in time related costs. The City is legally obligated to comply with the award.

In order to facilitate the payment of R7 712 538.97, the department is required to transfer funds to the value of R2 090 672 into the Du Noon Spray Park project. Funds have been identified for transfer in the current financial year within Sport & Recreation Facilities Upgrade bulk provision C16.95000-F2. These funds are available due to the reprioritization of the Hanover Park Synthetic Pitch project implementation programme. The project was awarded later than anticipated and will be phased over two financial years. The funds to complete the project have been reprovided in the 2016/17 financial year. The transfer of funds will not compromise the implementation of the project in any way.

Authority is sought to increase the Total Project Cost by R2 090 672 from R8 000 000 to R10 090 672.

a. Constitutional and Policy Implications

b. **Sustainability Implications**

Does the activity in this report have any sustainability implications for the City?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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c. **Financial Implications**

Capital:

See capital financial footnote Annexure A attached.

Operating:

Budget Provisions:

[Handwritten Signature]
Operating Budget
16/5/16.

Cost Centre	18030298
General Ledger Number	452290
Cost Centre Description	Sports Ground: Du Noon SF
Budget Provision (2015/16)	R1 492 409.07
Spent to Date / Committed	R 0
Balance Available	R1 492 409.07
Funding Required	R1 492 409.07

[Handwritten Signature]
16/05/2016

Should the interest be finalised between the City and contractor, it will be settled from the existing operating provision of Sport and Recreation.

d. **Legal Implications**

Legal guidance was provided by the following representatives:

Redwaan Hassiem of Legal Services – (021) 400 4124

Maureen Whare of Supply Chain Management – (021) 400 4413

e. **Staff Implications**

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

f. **Other Services Consulted**

The following services were consulted:

Redwaan Hassiem - Senior Legal Advisor – Procurement Law Unit – (021) 400 4124

Maureen Whare – manager Tenders and Contract Administration -
 Supply Chain Management – (021) 400 4413
 Surita Pentz – Manager NHP & Accreditation Management – (021) 400
 3653

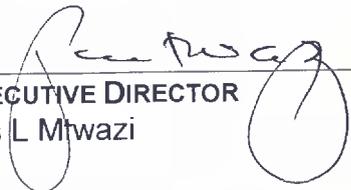
ANNEXURES

Annexure A: Capital Financial Footnote

Annexure B: Tax Invoice T114/27

FOR FURTHER DETAILS CONTACT :

NAME	Reneé Pereira
CONTACT NUMBERS	(021) 400-3704
E-MAIL ADDRESS	Renee.Pereira@capetown.gov.za
DIRECTORATE	Community Services
FILE REF NO	SR5/1/2/1/1 2015/2016
SIGNATURE : DIRECTOR (Delete if not necessary)	


 EXECUTIVE DIRECTOR
 Mrs L Mtshazi

COMMENT:

NAME

DATE

16/5/2016

COMMENT:


CHIEF FINANCIAL OFFICER (EXECUTIVE
DIRECTOR: FINANCE)
KEVIN JACOBY

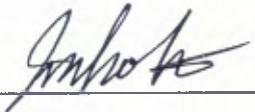
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NAME _____

DATE _____

16 May 2016

REPORT COMPLIANT WITH THE PROVISIONS OF
COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS
AND ALL LEGISLATION RELATING TO THE MATTER
UNDER CONSIDERATION.


LEGAL COMPLIANCE

NON-COMPLIANT

NAME _____

Joan-Mari Holt

TEL _____

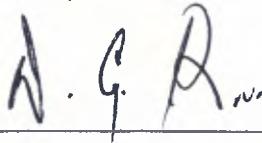
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DATE _____

16/05/2016

COMMENT:

Certified as legally compliant: ^{JMH}
Based on the contents of the report.



EXECUTIVE DIRECTOR: CORPORATE
SERVICES AND COMPLIANCE (ED: CORC)

SUPPORTED FOR ONWARD SUBMISSION
TO MAYOR / MAYCO / COUNCIL

AUDIT/PERFORMANCE AUDIT

NOT SUPPORTED

REFERRED BACK

COMMENT:

DATE _____

16/5/16

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Belinda Walsh

COMMENT:

MAYORAL COMMITTEE MEMBER
COMMUNITY SERVICES

NAME

DATE

16.05.2016