

ITEM NUMBER : C 05/03/11

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 02 MARCH 2011

MC 07/03/11 CAPITAL BUDGET 2010/2011: WBS C08.84048-F2: 132kV INTERLOCK REPLACEMENT

KAPITAALBEGROTING 2010/2011: WBS C08.84048-F2: 132 kV-GRENDELVERVANGING

IBHAJETHI YEZIMALI EZINKULU KOWAMA-2010/2011: WBS C08.84048-F2: ENGOKUTSHITSHA KWESIXHOBO SEGIYA ESILI-132 kV

RECOMMENDED that:

- (a) authority be granted to transfer the amount of R2 717 000 from WBS C08.84058-F2: Century City to WBS C08.84048-F2: 132kV Interlock Replacement, in the 2010/2011 financial year
- (b) authority be granted for additional capital expenditure in the amount of R2 717 000 on C08.84048-F2: 132kV Interlock Replacement, to be funded ex CRR, in the 2010/2011 financial year
- (c) the total project cost for WBS C08.84048-F2: 132kV Interlock Replacement be increased from R12 767 350 to R15 484 350.

AANBEVEEL dat:

- (a) magtiging verleen word vir die oorplasing van die bedrag van R2 717 000 van WBS C08.84058-F2: Century City na WBS C08.84048-F2: 132kV-grendelvervanging in die 2010/2011-boekjaar;
- (b) magtiging verleen word vir bykomende kapitaalbesteding ten bedrae van R2 717 000 op C08.84048-F2: 132kV-grendelvervanging, en dat alles in die 2010/2011-boekjaar uit CRR befonds word;
- (c) die totale projekkoste vir WBS C08.84048-F2: 132kV-grendelvervanging van R12 767 350 verhoog word na R15 484 350.

KUNDULULWE ukuba:

- (a) Makunikezelwe igunya lokutshintshelwa kwesixa-mali esingama-R2 717 000 ukususela kwingxowa engu-WBS C08.84058-F2: enge-Century City ukuba sibekwi- WBS C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV kumnyaka-mali wama-2010/2011.

- (b) Makunikezelwe igunya lenkcitho-mali eyongezelekileyo esisixa-mali esingama-R2 717 000 esikwingxowa engu-C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV, apho iya kuthi ixhaswe ngezimali ze-ex CRR, kumnyaka-mali wama-2010/2011.
- (c) Makunyaswe iindleko zizonke zeprojekthi ngokujoliswe kwingxowa engu-WBS C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV, ukususela kwi-R12 767 350 ukuya kwi-R15 484 350.

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REPORT TO [EXECUTIVE MAYOR]

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

1. **ITEM NUMBER :** MC 07/03/11

2. **SUBJECT**

CAPITAL BUDGET 2010/2011: WBS C08.84048-F2 : 132 kV INTERLOCK REPLACEMENT

ONDERWERP

KAPITAALBEGROTING 2010/2011: WBS C08.84048-F2: 132 kV-GRENDELVERVANGING

ISIHLOKO

IBHAJETHI YEZIMALI EZINKULU KOWAMA-2010/2011: WBS C08.84048-F2: ENGOKUTSHITSHA KWESIXHOBHO SEGIYA ESILI-132 kV

3. **PURPOSE**

The purpose of this report is to transfer capital funds and to obtain authority to incur additional capital expenditure to enable the committed project WBS C08.84048-F2 : 132kV Interlock Replacement to proceed in the 2010/2011 financial year.

4. **FOR DECISION BY**

Council

5. **EXECUTIVE SUMMARY**

Errors in the contractor's financial history files have resulted in the committed contract value being higher than anticipated in the mid year budget adjustment. This necessitates the transferring of funds from C08.84058-F2 : Century City where funds are available as a result of savings in the provisions made for variations in the rates of exchange and in the contract price due to variations in SEIFSA indices. No additional funding is required as the changes can be accommodated within the approved 2010/2011 Capital Budget.



6. RECOMMENDATIONS

Not Delegated: for Decision by Council:

Recommended that:

- a) Authority be granted to transfer the amount of R2 717 000 from WBS C08.84058-F2: Century City to WBS C08.84048-F2: 132kV Interlock Replacement in the 2010/2011 financial year.
- b) Authority be granted for additional capital expenditure in the amount of R2 717 000 on C08.84048-F2: 132kV Interlock Replacement, to be funded ex CRR, in the 2010/2011 financial year.
- c) The total project cost for WBS C08.84048-F2: 132kV Interlock Replacement be increased from R12 767 350 to R15 484 350

AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

Aanbeveel dat:

- a) Magtiging verleen word vir die oorplasing van die bedrag van R2 717 000 van WBS C09.84058-F2: Century City na WBS C08.84048-F2: 132kV-grendelvervanging in die 2010/2011-boekjaar.
- b) Magtiging verleen word vir die bykomende kapitaalbesteding van die bedrag van R2 717 000 op C08.84048-F2: 132kV-grendelvervanging, en dat alles in die 2010/2011-boekjaar uit CRR befonds word.
- c) Die totale projekkoste vir WBS C08.84048-F2: 132kV-grendelvervanging van R12 767 350 verhoog word na R15 484 350.

IZINDULULO

Azgunyaziswanga: iSiggibo seseBhunga:

Kundululwe ukuba:

- a) Makunikezelwe igunya lokutshinshtelwa kwesixa-mali esingama-R2 717 000 ukususela kwingxowa engu-WBS C08.84058-F2: enge-Century City ukuba ibekwi- WBS C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV kumnyaka-mali wama-2010/2011.
- b) Makunikezelwe igunya lenkcitho-mali eyongezelekileyo esisixa-mali esingama-R2 717 000 esikwingxowa engu-C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV, apho iya kuthi ixhaswe

ngezimali ze-ex CRR, kumnyaka-mali wama-2010/2011.

- c) Makunyuswe iindleko zizonke zeprojekthi ngokujoliswe kwingxowa engu-WBS C08.84048-F2: engokuTshintshwa kwesixhobo segiya esili-132kV, ukususela kwi-R12 767 350 ukuya kwi-R15 484 350.

7. DISCUSSION/CONTENTS

The contract for the replacement of the interlocking units was approved over three financial years commencing 2008/2009 and ending 2010/2011. The contract is subject to adjustment in respect of variations in the exchange rates and variations in SEIFSA indices. Due to the stability of the Rand against other currencies the allowance included in the contract amount to cater for these variances was too high. As part of the January 2011 Adjustments Budget the budget on WBS C08.840084-F2 was reduced from R10 303 450 to R6 395 000 based on the contractor's projection. It has become evident that there was an arithmetical error in the contractor's financial claim and payment spreadsheet. Consequently, the reduction in the budget was too large and an additional R2 717 000 is now required for the balance of the contract.

The additional expenditure can be met by way of the transfer of funds from project C08.84058-F2: Century City where funds are available as a result of savings in the provisions made for variations in the rates of exchange and in the contract price due to variations in SEIFSA indices.

7.1. Constitutional and Policy Implications

None

7.2. Environmental implications

Does your report have any environmental implications: No Yes

7.3. Financial Implications

The additional expenditure can be met by way of the transfer of funds from project C08.84058-F2: Century City where funds are available as a result of savings in the provisions made for variations in the rates of exchange and in the contract price due to variations in SEIFSA indices

Capital Budget Provisions:

Refer Capital Financial Footnote at end of report.

7.4. Legal Implications

None

7.5. Staff Implications

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

No

Yes

7.6. Risk Implications

None

7.7. Other Services Consulted

Corporate Finance

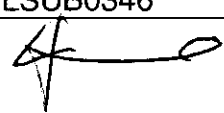
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15 FEB 2011
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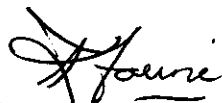
ANNEXURES

ANNEXURE A: CAPITAL FINANCIAL FOOTNOTE

FOR FURTHER DETAILS CONTACT :

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E-MAIL ADDRESS	Mike.hyde@capetown.gov.za
DIRECTORATE	Electricity Services
FILE REF NO	LSUB0346

SIGNATURE: DIRECTOR  supported 15/2/11



CHIEF FINANCIAL OFFICER
or his nominee

Comment:

NAME

K. Fourie

DATE

14/02/2011



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

NON-COMPLIANT

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LEGAL COMPLIANCE

NAME RIAANA SAIED
TEL 021 400 4508
DATE 14 / 02 / 2011

Comment:

Certified as legally compliant:
Based on the contents of the report.

[Signature]

[Signature]

EXECUTIVE DIRECTOR
[Lungile Dhlamini]

Comment:

Supported!

DATE 17/02/2011