

ITEM (06/2014)

Municipal Manager's Report to Council on the Deviation from and ratification of minor breaches from the Procurement processes for May and June 2014

PURPOSE

To submit a report to Council on the deviation from procurement processes, extension of tenders and ratification of minor breaches from the procurement process for May and June 2014.

BACKGROUND

In terms of Section 36 of the Supply Chain Management Policy: Deviation from, and ratification of minor breaches of, procurement processes:

- (1) *"The accounting officer may –*
- (a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
- (i) *in an emergency;*
 - (ii) *if such goods or services are produced or available from a single provider only;*
 - (iii) *for the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - (iv) *acquisition of animals for zoos and/or nature and game reserves;*
 - (v) *in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
- (b) *ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.*
- (2) *The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements."*

Attached as Annexure A (pp1-3) please find the instances for May and June 2014 where the prescribed procurement processes were not followed but the deviations were approved in terms of the Municipal Manager's delegated powers.

RECOMMENDED TO MUNICIPAL COUNCIL:

1. that Council takes note of the item as per Annexure A (pp1-3) where the official procurement process was dispensed with, for reasons as mentioned in the report, with the approval of the Municipal Manager, for May and June 2014.
2. That above be included by the Chief Financial Officer as a note to the 2013/2014 annual financial statements.

L MAHUMA
ACTING MUNICIPAL MANAGER

DATE:.

DISPENSING WITH CALLING FOR TENDERS FOR MAY AND JUNE 2014

ANNEXURE A

Department	Description	Reason	Approved Company	Amount (including VAT)
Integrated Environmental Management	Urgent Remedial Work required at Luipaardsvlei Landfill Site Phase 4	<p>Tender IEM (H) 22/2013 for the construction of a new cell at Luipaardsvlei Landfill under phase 4 was completed in December 2013. The heavy rains in Dec 2013 and Jan 2014 caused a lot of damage which can be outlined as follow:</p> <ul style="list-style-type: none"> • Damage to the access road leading to contaminated stormwater ponds • Damage to contaminated stormwater channel • Slope of the landfill is eroded • Erosion of slit and solid waste in the stormwater containment pond. <p>These damages have led to some areas being inaccessible within the landfill thus normal operations are hampered. The capacity of the stormwater containment pond has decreased drastically due to the slit and solid matter eroded into the pond during the rain. As a result there is a overflow of contaminated stormwater from the pond into nearby properties which is a serious non-compliance matter. The need to conduct the remedial work is urgent and a compliance issue. Further delay with remedial work could expose he municipality to heavy penalty for breach of waste license conditions.</p> <p>Section 36 (1) (a) (v): Impractical to follow normal procurement processes.</p>	<p>Fountain Civil Engineering was the contractor that completed the project in December 2013 and in the best position to finalise the remedial work in time as on budget as they are familiar with the site.</p> <p>Consulting Engineers: ProPlan</p>	R 900 000 MIG allocation available

<p>Infrastructure Services</p>	<p>Repair and Maintenance of Lesira-Teq Water meters on an as and when required basis for a period of one year</p>	<p>54% of all Mogale City's residents are using prepaid water meters. These meters are usually under a warranty for a year and all meters failing within this period are repaired free of charge. However, the majority of meters break outside the warranty period. As Lesira-Teq is the sole provider of the Lesira Teq meter, they are the only service provider than can repair the said meter. It is the intention to completely phase-out the use of this specific type of meter – but currently there are still a number of these meters operational in various areas that require repairs. Lost tokens must also be replaced as well as the Tag Readers.</p> <p>Section 36 (1) (a) (ii): Sole Provider.</p>	<p>Lesira-Teq (Pty) Ltd</p>	<p>Total estimated expenditure for a period of one year R 200 000</p>
<p>Infrastructure Services</p>	<p>Emergency Repair work to main feeder supply cable between Condale substation and Krugersdorp North</p>	<p>The electricity distribution network components are mainly consisting of copper as a conductive material. The second-hand trading value of copper is approx. R 75/kg. Traditionally the most vulnerable network were street lighting and low voltage networks. Lately there has been a rapid growth in vandalism of the high voltage substations and network. The municipality has placed security guards at several of the 33kV Substations which assist to lower the damages within substations. These measures have however directed the vandalism to High Voltage Networks outside the main substations, such as mini substations, switching stations, overhead lines and main feeder cables.</p>	<p>CBI African Cables</p>	<p>Estimated expenditure R 1m Actual expenditure to be reported to Council once available</p>

The latest damage was done on the only remaining old oil pressure 33kV supply cable between Condale and Krugersdorp North Substations. This resulted in an immediate power failure for hours. As an interim measure the load has been divided between Spruit Substation, Krugersdorp North and only the one transmission line from Condale. This substation is now completely reliant on one circuit 33kV cable and if that gets damaged, a large area will be without electricity for an undetermined period.

The repairs on the cable are highly specialized work that requires unique equipment and testing to repair. The only company in SA that is still equipped to repair such cable for Eskom and City Power is CBI Africa Cables. The accurate cost cannot be determined without proper testing, fault tracing and examination. Africa Cables is also appointed by MCLM in terms of tender I (E)22/2012 for the supply of cables.

Section 36 (1) (a) (i): Emergency.

