

SCOPE OF WORK RELATED TO AN INVESTIGATION IN EMFULENI LOCAL MUNICIPALITY RELATED TO BILLING AND REVENUE COLLECTION PRACTICES

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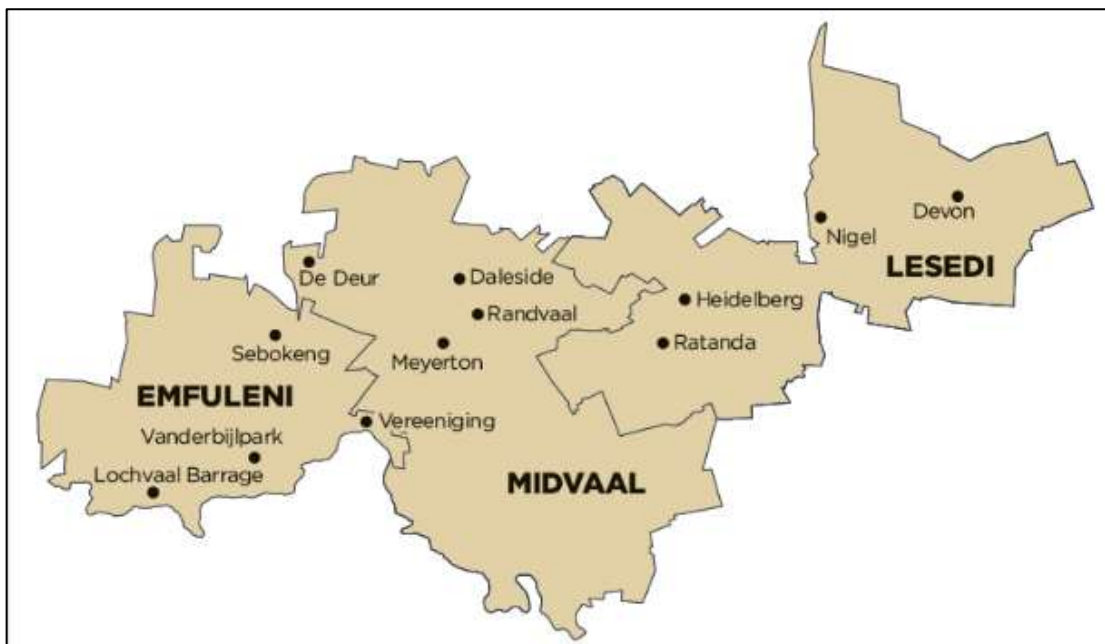
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1. EMFULENI LOCAL MUNICIPALITY

Emfuleni Local Municipality (ELM) is one of three local municipalities that constitute the Sedibeng District Municipality. It is the Western-most Local Municipality of the District, which covers the entire southern area of the Gauteng province and covers an area of 987.45 km².

Emfuleni Local Municipality (ELM) is situated in the south of Gauteng, within the Sedibeng District Municipality. The major centres within Emfuleni are Sebokeng, Vanderbijlpark and Vereeniging.

Metsi-a-Lekoa is the department in Emfuleni Local Municipality responsible for water and sanitation services. Meter reading, billing and revenue collection is the responsibility of ELM Finance Department



2. WATER SUPPLY

Emfuleni receives the bulk of its water from Rand Water Board. The water from Rand Water is supplied through several pipelines from Vereeniging Pump Station, while water is also supplied under gravity from Rand Water's Langerand reservoir to several areas within ELM. Water is purified and distributed to a small area within ELM from the ELM owned Vaalower water treatment works.

Beyond the Rand Water supply points, Emfuleni has water storage and water distribution networks used to supply water to its end users (consumers). In order to improve revenue collection, ELM will embark on a number of initiatives related to the installation of new water meters, as well as the replacement of existing water meters.

Rand Water has been directed by the Minister of Water and Sanitation under Section 63 of the Water Services Act to provide, amongst others, support to the ELM municipality to fulfil its mandate as a Water Services Authority.

A tender will thus be issued by Rand Water to review Billing and Revenue Collection associated with ELM water and sanitation services revenue collection.

3. BILLING AND REVENUE COLLECTION AS PART OF WATER CONSERVATION AND WATER LOSS MANAGEMENT

A Water Conservation and Water Demand Management (WCWDM) intervention will focus on a range of outcomes and will strive to achieve the following benefits:

- Reduced operating cost.
- Improved capital cost efficiency.
- Improved metering and billing.
- Reduced health risks.
- Increased security of supply.
- Less infrastructural damages.
- Reduced hydraulic loads on sewers, sewerage pump stations and wastewater treatment works.
- Improved consumer satisfaction.
- Publicity and willingness to pay.
- Reduced ecological stress.

ELM uses the Department of Water and Sanitation (DWS) Water Loss Spreadsheet monthly to estimate the water losses. The issues to be addressed are diverse in order to understand the sources of the losses, as well as the required actions to reduce losses, and essentially fall within the following categories:

- System Input Volume (SIV).
- Water Exported (WE).
- Water Supplied (WS).
- Authorised Consumption (AC).
- Water Losses (WL).

3.1. ELM CUSTOMER BASE

ELM supplies water and sanitation services to consumers. Data obtained from the ELM monthly water loss spreadsheet highlighted the following related to consumer water connections. Several municipal cross border water services offering must also be taken into consideration.

Households / Consumers served		259 192
Metered water connections		153 426
Domestic	142 852	
Non-domestic	10 574	
Unmetered water connections		92 005
Other (Informal)		13 761

In terms of sanitation and related services, the following aspects should also form part of the billing and revenue collection processes:

- Sewerage discharged into and treated at ELM waste water treatment plants (wwtp) from Midvaal LM and City of Johannesburg.
- Effluent categorised as Industrial Effluent that is discharged into the ELM sewer system by Industries.

As a result of the above, there are three important tariff structures associated with water and sanitation service delivery, namely:

1. Tariffs associated with water consumed.
2. Tariffs associated with sewerage discharged, conveyed and to be treated.
3. Tariffs associated with industrial effluent discharged, conveyed and to be treated.

3.2. REQUIRED INFORMATION

ELM will supply the successful tenderer with all the required information to execute the project. The information and data to be provided will comprise of all relevant information and data to facilitate the successful execution of this project.

4. PROPOSED SCOPE OF WORK

4.1. THE GENERAL WORKING APPROACH

The general working approach should entail the following tasks as outlined in **Table 1** below:

Table 1: General working approach

Phase	Task	Activity	Output
Component A: Inception	Task A1	Inception	D1 Inception Report
Component B: Preliminary Study; Evaluation of the situation	Task B1	Desktop Study	D2 – Baseline Study Report
	Task B2	Assessment	
	Task B3	Gap Analysis	
Component C: Detailed Design Phase; Design of Best Solutions Proposed	Task C1	Detailed Study Report	D3 - Detailed Design Report
Component D: Capacity Building and Support to Operations	Task D2	Capacity Building and Support to O&M.	D4 - Capacity Building Report.

4.2. PROPOSED TASKS

An outline of the activities associated with the various tasks are presented below. It is provided as a guide to the Tenderers. The Tenderers may expand on the activities to provide more detail related to their tender proposal:

Component A: Inception Stage

Purpose	To initiate and launch the project.
Activities	<p>The following activities are to be performed during the Inception Phase:</p> <ul style="list-style-type: none"> • Mobilization of the project team. • Kick-off meeting. • Establishment of the project office.

	<ul style="list-style-type: none"> • Creation of a Project Steering Committee with the important stakeholders. • Meetings with stakeholders: <ul style="list-style-type: none"> ○ ELM Staff; Metsi a Lekoa Management, Planning, Operations and Maintenance. ○ ELM Asset management. ○ ELM Finance Department. ○ Rand Water Team members. • Identification of the data to be provided/collected, listing of the data owners, scheduling of meetings, official request for the data. • Undertaking site visits. • Updating the Project Programme and Workplan.
Output	D1 - Inception report with detailed programme and work plan updated

Component B: Baseline Study Phase

Purpose	An evaluation of the current situation
Activities: B1	<p>The following activities are to be performed during the Baseline Study Phase:</p> <ul style="list-style-type: none"> • Data Acquisition: <ul style="list-style-type: none"> ○ Obtain and gain familiarity with the applicable legislation, regulations and guidelines, tariff structures, billing and financial policies, credit control measures, and the by-laws applicable to ELM. ○ Obtain all consumer data, linked to the billing database, valuation role and GIS. ○ Obtain water consumption billing data for an agreed upon period. ○ Obtain sewer account billing data for an agreed upon period. ○ Obtain cross border water billing account data for an agreed upon period. ○ Obtain industrial effluent account billing records for an agreed upon period. ○ Obtain details of credit control measures. ○ Establish the revenues recovered from customers from all regulated (water, wastewater and treated effluent) and non-regulated activities.
B2	<ul style="list-style-type: none"> • Assessment of the data obtained as part of Activity B1 and commenting amongst others, but not limited to the following: <ul style="list-style-type: none"> ○ The application of applicable legislation, policies and procedures. ○ The billing system being used. ○ The accuracy / comprehensiveness of the billing database. ○ Reporting rules and policies applied related to the reporting of regulated and non-regulated revenue. ○ Revenues recovered from customers from all regulated (water, wastewater and treated effluent) and non-regulated activities. ○ Assessment of revenue from top water consumers. ○ Assessment of revenue from Industrial Effluent Charges. ○ Current framework for reporting of the volume of water delivered to customers considering the meter readings, billing process and estimation rules. ○ How data handling and billing errors are dealt with in general, and as part of the reporting framework. ○ How illegal connections are dealt with. ○ Rules applied for adjustment of bills (volumetric and/or financial) and the reporting year period they relate to. ○ The approach and methodology followed to ensure that a consistent approach between revenue reporting and volumetric reporting for assessing losses is maintained. ○ Identification of uncertainties in the reporting process and the impact of the uncertainties on the reporting methodology, as well as on the Reported % Water Losses.

Output	D2 – Baseline Study Report.
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Component C: Detailed Stage

Purpose	Detailed Study Report
Activity: C1	<p>The following activities are to be performed during the Detailed Design Stage:</p> <ul style="list-style-type: none"> Reporting on all aspects of the project, while also focusing on: <ul style="list-style-type: none"> Identified gaps and deficiencies found. The current tariff structures used. Credit Control. Debtor days and improvements. Revenue enhancement. Making recommendations on the reporting compliance in the short and medium term considering the available data. Providing a road generic road map setting out key milestones to improve the meter reading, billing, management and reporting of revenues, losses and actions to reduce overall revenue losses. Identification of any policy, legal or regulatory factors that could adversely impact the ability of ELM with billing and revenue collection, proposing mitigation and remedial measures.
Outputs	D3 – Detailed Study Report

Component D: Capacity Building Phase

Purpose	Capacity Building
Activity: D1	<p>During this Project, staff and areas where transfer of skills can be achieved must be identified. The ideal would be if such key identified staff from the Client can assist the Consultant in certain areas of the project, also in ensuring that data / information is obtained, facilitating skill enhancement.</p> <p>The extent of the required skills transfer initiatives should be discussed and agreed upon by the parties to secure meaningful outcomes.</p>
Outputs	D4 – Capacity Building Report

5. ADDITIONAL INFORMATION REQUIRED / NOTES

The tenderer should provide the following documents / schedules in support of their tender proposal:

1. A Project Programme indicating the time allocated to the various work stages and their respective activities, start date, duration, end date, relationships, milestone date for deliverables, etc.
2. An Organogram by the Consultant indicating the resources to be used, as well as relationships / reporting lines.
3. A Resource Utilisation Schedule, indicating the allocation of the various resources and their time allocated to the various work stages, activities and deliverables.
4. CVs of the key personnel.
5. Experience related to similar previously completed projects, details of the completed projects related client, high level Scope of Work, project value, Start and completion dates, project value, etc.
6. The costed proposal must make allowances for travelling, accommodation (if required and to be detailed in terms of estimated costs, etc), printing, etc. Such costs to be verified during execution by proof of payment.

The Tenderer should note that:

- Only ELM personnel are permitted to operate valves.
- All premises to be visited must be accompanied by an ELM official.
- All required Health and Safety procedures should be complied with.
- All information be treated as confidential.

6. ANNEXURE A (BOQ)

Item	Description	Unit	Quantity	Rate	Amount
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1 General Phase

1.1	Company Overhead Costs	Sum	1		
1.2	Project Management	Months			
1.3	Monthly Project Meetings	Months			

2 Inception Phase

2.1	Meetings with Stakeholders	Sum	1		
2.2	Data Acquisition	Sum	1		
2.3	Planned Site visits	No			
2.4	Updating the Project Programme and Workplan	Sum	1		
2.5	Other aspects / activities associated with the Inception Stage (Note that details must be provided under a separate cover letter)	Sum	1		
2.6	Submission of Inception Report and Client approval thereof	Sum	1		

3 Baseline Study Phase

3.1	Data Acquisition (Activity B1)	Months			
2.6	Submission of Baseline Study Report and Client approval thereof	Sum	1		

4 Detailed Study Phase

4.1	Reporting on all aspects of the Project (Activity C1)	Months			
4.2	Submission of Detailed Study Report and Client approval thereof	Sum	1		

5 Capacity Building Phase

5.1	Identification of Needs, Interviews.	Sum	1		
5.2	Obtain the necessary supporting information	Sum	1		
5.3	Submission of Capacity Building Report and Client approval thereof	Sum	1		
5.4	Supply of detailed documents in support of proposed training and skills transfer initiatives	Sum	1		
5.5	Undertaking Capacity Building of ELM staff	Sum	1		
5.6	Documentary proof of training provided, supplying details related to every trainee's attendance and results achieved, issuing of certificates	Per Person	Rate only		

Sub-Total 1

Contingency %

Contingency Amount

Sub-Total 2

VAT at 15%

TOTAL