

Dlsn 7/24

DEVIATION: APPOINTMENT OF EVOLUTION TECHNOLOGY GROUP (ETG) FOR PRINTING SERVICES ON A MONTH TO MONTH BASIS UNTIL A TENDER AGREEMENT IS IMPLEMENTED.



MEMORANDUM

DIRECTORATE: CORPORATE SERVICES

CHECK BEFORE SUBMISSION	YES	NO
REGISTERED ON CSD DATABASE	X	
LETTER - SOLE SUPPLIER if applicable.	X	
QUOTE/INVOICE ATTACHED	X	
BUDGET (SAMIRAS)	X	
CASHFLOW	X	
SIGNATURES	X	

To Aan: **BID ADJUDICATION COMMITTEE**

From Van: **R. MOOIDEEN**

Job Title: **SENIOR MANAGER: ICT**

Date Datum: **31 October 2023**

Re Insake: **DEVIATION: APPOINTMENT OF EVOLUTION TECHNOLOGY GROUP (ETG) FOR PRINTING SERVICES ON A MONTH TO MONTH BASIS**

1. PURPOSE

To obtain approval in terms of Supply Chain Management Policy, to deviate from the official procurement process in terms of section 36 of the approved SCM Policy.

REASON FOR DEVIATION: (Mark with x where applicable)	
1.	Emergency. "Emergency dispensation" means emergency as referred to in paragraph 36(1)(a)(i) of this policy under which one or more of the following is in existence that warrants an emergency dispensation; a The possibility of human injury or death; b The prevalence of human suffering or deprivation of rights; c The possibility of damage to property, or suffering and death of livestock and animals; d The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole; e The possibility of serious damage occurring to the natural environment; f The possibility that failure to take necessary action may result in the municipality not being able to render an essential community service; g The possibility that the security of the state could be compromised; or h The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.
2.	Goods or services are produced or available from a single provider
3.	Acquisition of special works of art or historical objects where specifications are difficult to compile.
4.	Acquisition of animals for zoos and /or nature and game reserves
5.	Exceptional case and it is impractical or impossible to follow the official procurement processes
	X

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2. SUBSTANTIATE WHY SCM PROCESS COULD NOT BE FOLLOWED (TO BE REPORT TO COUNCIL)

This is a critical service to the Municipality and as such the Municipality cannot be without the printing service for any space of time. This deviation will ensure that there is no interruption in this critical service that supports the service delivery services within the Municipality. The Municipality appointed Evolution Technology Group (ETG) for printing services on a deviation on 30 June 2023 for a maximum period of 4 months whilst the municipality ensures it's participation on the RT3- 2022 Transversal tender for printing services. The municipality went through the process of selecting a tenderer on the transversal tender and requested from the preferred bidder on the transversal tender a contract. Konica Minolta provided a contract to the municipality on the 11th September 2023 for a period 1 November 2023 to 30 October 2026 (36 months).

The municipality reverted to the tenderer that the contract period cannot go over three (3) financial years. The service provider was engaged to provide the Municipality with a contract commencing 1 November 2023 and ending 30 June 2025 (32 months). Konica Minolta advised that after engaging with National Treasury and as per the terms and conditions of the RT3-2022 contract, the initial contract must be for a period of 36 months. Such response was received on the 30th October 2023 from Konica Minolta to that effect. In view of their unwillingness to budge on the contract period the municipality ill have to do its own tender process. It is impractical or impossible to follow the official procurement processes at this stage to ensure that printing services continue until the new tender is in place due to time constraints and the equipment that is currently in use. The municipality is currently not paying fees for the leasing we are paying just for usage and are therefore saving on leasing fees which make the current arrangement more values for money than having to procure a service provider that will lease the equipment and we pay for the usage.

3. BACKGROUND

The Stellenbosch Municipality applied and was waiting to participate in the RT3-2022 Transversal contract for Printing services. As part of the options available within the contract, Managed Print Solutions (MPS) are services offered to optimize and manage Stellenbosch Municipality's document output. Among the main components covered are a needs assessment, selective or general replacement of equipment, redeployment/optimisation/movement of equipment if needed, service, parts and supplies needed to operate the new and/or existing equipment. The panel of suppliers will also track how the MFP fleet is being used, any problems/challenges, and end-user satisfaction.

4. DISCUSSION

The Municipality successfully requested from all the accredited suppliers listed on the RT3-2022 transversal contract our needs. The Stellenbosch Municipality supplied an analysis questionnaire to all suppliers with request for an optimal managed printing solution including a buy back option to optimize the printing environment.

Konica Minolta South Africa meets our full needs.

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Konica Minolta continued to be engaged around drafting a formal contract based on our needs for publication with the section 33 information statement. Availability of the smaller B6040 printer machines continue to be a delay and not being readily available at this stage in its entirety. The municipality cannot agree with the terms and conditions of the tenderer selected as their terms and conditions will lead to the municipality entering into a contract that extends over three (3) financial years. It is impractical to go out on another tender process at this late stage and the equipment will have to be replaced that is in use. We are also currently only paying for the usage on the printers and not for leasing. An interim tender process will lead to a higher cost as we would have to pay for the leasing of the equipment. The municipality has to put out our own tender given Treasury's unwillingness to enter into a shortened contract period that would enable the municipality to comply with the provisions of three financial years period. We therefore need to enter into a contract through a deviation with the current service provider ETG on a month to month period no longer than 30 June 2024 to enable the municipality to successfully conclude a new tender process. It is the view of the Municipality to look at testing the market by way of drafting a tender for our printing services needs across the WC024 whilst the deviation is in place as it is impractical to follow the normal supply chain process.

5. FINANCIAL IMPLICATIONS

The total cost for the appointment of Evolution Technology (ETG) for the provision of printing services to the Municipality on a month to month basis for no more than 8 months from 1 November 2023 to 30 June 2024 is **R2 380 012.22 inclusive of VAT.** The monthly cost is **R297 501.53** inclusive of VAT. The device rental of the machines is no longer applicable in line with the agreement conditions, the paper usage costs (black and white) and service and support (toner / ink cartridges included). This price is in line with the current prices we pay.

The funding will be serviced from multiple UKEYs across the Directorates

6. RECOMMENDATION

Stellenbosch Municipality greatly relies on print services to fulfil its mandate of serving the public and thus cannot be without such service at any given time. It is impractical to follow the normal procurement processes and it is recommended that Stellenbosch Municipality enters into an agreement with ETG on a month to month basis for no more than 8 months whilst the Municipality tests the market by way of drafting a tender specification addressing our office automation needs.

7. VALUE FOR MONEY (OTHER RATES/VALUES/...)

EVOLUTION TECHNOLOGY GROUP (PTY) LTD submitted a TCO proposal of **R297 501.53** per month for a total of 112 devices for the past 5 months. This compared to a previous monthly with a TCO of R559 787.43 per month.

This will yield a savings of R289 784.36 (50% savings) per month as we are not paying rental which surmounts to a savings of R2 259 137,50 over a period of 8

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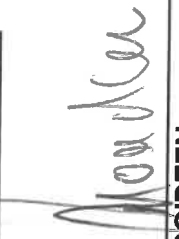
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months. ETG also recommended a rental copy charge of 4 cents per monochrome copy and 25 cents per copy on colour.

8. IT IS RECOMMENDED THAT:

8.1 That a new contract be entered into on a month to month basis for no longer than 8 months from 1 November 2023 to 30 June 2024 or as soon as the tender agreement is implemented;

8.2 That the monthly rental and usage/consumption rates be approved;

8.3 That the new contract be approved for a total of no more than R2 480 012.22 inclusive of VAT


R. MOOIDEEN
SENIOR MANAGER: ICT

Date: 1/11/2023


A de BEER
DIRECTOR: CORPORATE SERVICES

Date: _____

7. SUPPLY CHAIN MANAGEMENT COMMENTS:

..... SCM performed verification on
..... service provider, including CSD confirmation
..... and TAX compliance. y

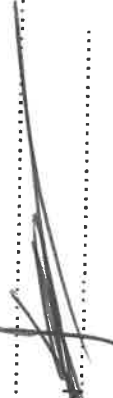
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8. APPROVAL:

REQUEST SUPPORTED / NOT SUPPORTED BY THE STELLENBOSCH MUNICIPAL BID ADJUDICATION COMMITTEE (BAC)		
Name	Signature	Date
AMC DE BEER		01/11/2023
Comments: <i>Supported</i>		
CHAIRPERSON  DATE 01/11/2023		
RECOMMENDATION FROM BID ADJUDICATION COMMITTEE APPROVED BY THE ACCOUNTING OFFICER		
Comments:		
ACCOUNTING OFFICER  DATE 01/11/2023		

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