



water & sanitation
Department
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



FINALISED
01/08

D33459

Tracking

No

ROUTE FORM

BRANCH: GAUTENG

Reference No.:

TO REQUEST DIRECTOR-GENERAL TO APPROVE DEVIATION FROM NORMAL PROCUREMENT PROCESS TO APPOINT WK CONSTRUCTION TO COMPLETE REMAINING 5% FOR THE CONSTRUCTION OF THE NEW ROTHDENE PUMP STATION RISING MAIN PROJECT UNDER SEDIBENG REGIONAL SEWER SCHEME

DRAFTING OFFICIAL		SUPERVISOR	
Name: Justice Maluleke		Name: Lindiwe Lusenga	
Extension: 1301	Office No.: 1518	Extension: 8726	Office No.: Sed 914
Rank: PH	Date: 30/06/2022	Rank: DDG	Date:

Rank	Date	Name and Surname	Signature	Office No
PH: GAUTENG	01/07/2022	WJ Maluleke		
DDG: PC&IC	05/07/2022	LINDIWE LUSENGA		WB226
DDG: WSM	06.07.2022	RISIMATI MATHYE		SED 942
CFO	2022-07-07	Frans Moatshe		Zwa 709
DG				

* In the case of financial/legal issues

30/07/22 DG

INSTRUCTIONS/REMARKS TO AUTHOR BY DIRECTOR-GENERAL



Rec: 01.08.2022



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

ENQUIRIES: S Maphangula
TELEPHONE: 012 392 1511
REFERENCE: 4/8/3/1/14/3

DIRECTOR-GENERAL

TO REQUEST DIRECTOR-GENERAL TO APPROVE DEVIATION FROM NORMAL PROCUREMENT PROCESS TO APPOINT WK CONSTRUCTION TO COMPLETE REMAINING 3% FOR THE CONSTRUCTION OF THE NEW ROTHDENE PUMP STATION RISING MAIN PROJECT UNDER SEDIBENG REGIONAL SEWER SCHEME

1. PURPOSE

- 1.1 To request Director-General to approve deviation from normal procurement process to appoint WK Construction to complete remaining 3% for the construction of the new Rothdene pump station rising main project under Sedibeng Regional Sewer Scheme.

2. BACKGROUND AND DISCUSSION

- 2.1 The Director General is requested to approve deviation from normal procurement process to appoint WK Construction to complete remaining 3% of the Rothdene pump station rising main project in line with National Treasury Instruction SCM Note 3 of 2021/22 clause 4.1. which state that: " *If in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. 4.2 (a) In this instruction, procurement by other means includes- (a) procurement by other means includes limited building.*
- 2.2 Rand Water was appointed as Implementing Agent (IA) in June 2013 in terms of an Infrastructure Funding Agreement (IFA) between Emfuleni Local Municipality (LM), Rand Water and the Department of Water and Sanitation (DWS) (**Annexure A**). This appointment was for the implementation of the Sedibeng Regional Sanitation Scheme (SRSS). The SRSS comprises of the upgrade of Sebokeng Waste Water Treatment Works (WWTW) by 100 Megalitres per day (ML/d); upgrade of Meyerton WWTW by 15 ML/d; upgrade of the Rothdene Pump station and the Rising Main; upgrade of Rietspruit and Leeuwkuil WWTWs.
- 2.3 Following a due diligence process, Rand Water subsequently appointed consultants and contractors through a ceding process entered into between Rand Water and Emfuleni Local Municipality LM. The ceding process included all contracts that were appointed to undertake various works within the SRSS.



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EC

- 2.4 Some of the works to be undertaken within the SRSS was in Midvaal LM and covered the upgrade of the Meyerton WWTW by 15 ML/d; upgrade of the Rothdene Pump station and the Rising Main. The upgrade of the Meyerton WWTW has not been completed due to civil works contractor being liquidated. The upgrade of the Rothdene Pump Station was completed in 2018. construction of the Rothdene Rising Main commenced on 15 May 2020 following the appointment of WK Construction on 05 March 2020 by Rand Water until 21 May 2021. The Rothdene rising main project has not been completed although the completion date was planned to be on 21 May 2021. However due to unexpected delays, the programme was revised and the completion date was anticipated to be 10 September 2021 (**Annexure B**).
- 2.5 Amid the implementation of the projects, Rand Water communicated its intentions to cede all projects and contracts under SRSS to DWS in July 2020. The assignment transfer and handover agreement between Rand Water and DWS was approved by Acting Director-General on 11 February 2021 (**Annexure C**). It should be noted that Rand Water ceased their responsibility on the project at the end of February 2021. The appointment letter for WK Construction by the department was signed on 15 April 2021 (**Annexure D**). WK Construction confirmed and accepted transfer of their appointment to DWS on 30 April 2021 (**Annexure E**).
- 2.6 Following the approval of the assignment transfer and handover agreement as well as engagements with WK Construction and the appointed consulting firm (GIBB), DWS noted that the revised completion date of 10 September 2021 from 21 May 2021 for the construction of Rothdene Rising Main was not officially approved by Rand Water. The request for the extension of time was never submitted by the appointed consultants (GIBB) to Rand Water but they were informed about it. This meant that the request to extend the completion date from 21 May 2021 to 10 September 2021 should be submitted to DWS for approval. However, it must be noted that the recent completion date is 19 September 2022.
- 2.7 GIBB consulting engineers were requested to submit reasons why the request to approve variation for extension of time on the project was delayed. The response dated 19 May 2021 was submitted and it indicated that they were still awaiting notifications submitted by the contractor to be formulated into claims before undertaking evaluation thereof. Therefore, they could not finalize the matter on time, response is attached as **Annexure F**. It must be noted that the department couldn't have finalized the VO submission without consulting engineers' feedback. Furthermore, it didn't take Gauteng Provincial Operations a year to request for a variation order and item 2.11 below illustrated this point.
- 2.8 Following the response by GIBB a submission to request Variation Order (VO) to incorporate Cathodic Protection measures to protect the steel pipeline, which replaces the HDPE (High Density Polyethylene) pipeline in dolomitic areas, between CH2 853m – CH3 036m and CH3 494m – CH3 823m was drafted in June 2021. The VO comprises of additional scope as well as change in design (**Annexure G**). The change in design was due to the "high-risk" dolomitic conditions found onsite. The submission also included request to approve extension of time for the project, attached as **Annexure H**.
- 2.9 This extension of time is as a result of:
- Exposure of unknown services leading to redesign of the pipeline.
 - Excessive rock excavation associated with the above as the pipeline had to be lowered in several instances.
 - Excessive rock in the pipe jacking that was not evident from Geotechnical investigations at the time of tender.

- Community unrest.
- Delays in getting access to work in the farmland.
- Dolomitic conditions which necessitated the 500m of pipeline to be changed from HDPE to steel.
- Price escalation in terms of the contract.
- Delayed approval of the VO for the Cathodic Protection of the steel pipe.

- 2.10 It should be noted that there are other requests for claims and Variation Orders (VOs) that were submitted and approved prior to ceding projects to DWS. VO-001 was submitted to Rand Water and was approved on 19 November 2020 (**Annexure I**). The VO was a design change which covered the replacement of a section of the HDPE pipe (originally in contract) with a section of steel pipe from CH2700 to CH 3200. The design change was as a result of the geological conditions found onsite. Other Claims are attached as **Annexure J2-J6**. The Rothdene quarter 1 progress report (April – June 2022) which provide progress against project milestones and project expenditure to date is R 96 656 163.88, see attached **Annexure O**.
- 2.11 While the VO was in the system for approval, the project encountered more challenges in terms of the hard rock that caused more delays. Some of the delays on the project has led to the increase in cost and resulted in over expenditure on the project. Furthermore, a project programme was revised with the completion date anticipated to be at the end of August 2022, **Annexure K**.
- 2.12 With the revised date anticipated to be 19 September 2022, the costs to completion were also re-estimated. The original project cost was R68 803 153.88 including VAT and excluding contingencies and Contract Price Adjustment (CPA). With contingencies and CPA, the total amount at the time was R80 100 719.69.
- 2.13. It was estimated that an additional amount R28 035 251.89 will be required to complete the project. Request for additional budget is attached as **Annexure L**. This amount is 37.5% of the original contract amount which was R80 100 719.69.
- 2.14. The project is at 97% to completion with the outstanding work to be undertaken as follows:
- Cathodic Protection of the Steel Pipeline and connection of the new sewer to the Pre-Treatment Works for the Meyerton WWTW as the partial refurbishment of the Meyerton WWTW is at a standstill and thus is not able to receive sewage as per the original design at this stage
 - Pipe Jacking under the R59.
 - One Scour valve chamber.
 - One Air Valve chamber.
 - Approximately 300m of HDPE pipe; and
 - Testing and commissioning of the pipeline.
- 2.15 The VO submission was affected by Covid19 regulations as most officials were working remotely and on a rotational basis which affected tracking status of the document, see attached **Annexure M**. The decentralization and establishment of SCM structures such as regional bid adjudication committee (RBAC) contributed to the delay for approval because the submission was sent back from head office to the regional office for consideration by RBAC. Gauteng RBAC referred the submission to head office for approval in December 2021 due to limitation of delegation. It must be noted that invoices for work done kept on piling and couldn't not be processed because the extension of time and budget were not approved.

2.16 WK contractor issued the department with a notice to terminate the contract and undertake site disestablishment, see **Annexure N**. WK has ceased working pending payment of outstanding invoices for work done totaling R9 522 720.2. upon payment of this amount WK continued to work without approval of the VO which poses a risk of incurred expenditure becoming irregular and unauthorized. It must be noted that above-mentioned invoices were paid through sundry payment because original contract expired on 21 May 2021. Normal processes will be followed to address potential irregular expenditure and National Treasury will be informed accordingly. A submission would be written to internal audit to investigate potential irregular expenditure and National Treasury will be informed accordingly. Gauteng Provincial Operations informed GIBB consulting engineers that WK Construction should stop working until VO submission is approved as part of addressing potential irregular expenditure, see **Annexure P**.

2.17 The variation order submission was tabled before Infrastructure Departmental Bid Adjudication Committee (IDBAC) dated 19 May 2022. IDBAC noted the submission but it was not presented because according to IDBAC WK Construction contract has expired in May 2021 and IDBAC indicated that they do not have the delegation to extend expired contract. A revised variation order submission was presented before IDBAC on 15 July 2022 and the committee recommended for approval of the submission on condition that: -
The end-user had to split the cost for the 37,5% by providing a detailed cost breakdown for:
(a) The scope of work that still needs to be done (3%) as highlighted on paragraph 2.14; and
(b) For the outstanding money that needs to be paid to the service provider.

- The detailed cost breakdown for the scope of work inclusive of VAT is as follows: -
- Original Project Appointment Amount R 80 100 719.69
 - Updated Project Completion Amount R 110 718 558.74 ((Including the CPA, VO's 1, 2 & 3 and Retention))
 - Variations Amount to complete the project R 30 617 839.05
- The breakdown for outstanding invoices is as follows: -
- IPC 25, May - R 1 962 088.06
 - IPC 26, June - R 2 249 277.47

Furthermore, the committee also suggested that Gauteng Provincial Office had to write a letter to Rand Water to request them to account for delaying approving the extension of the contract. The committee's suggestion has been responded to above on item 2.6 and 2.7. IDBAC further mandated committee chairperson to sign the variation order submission outside IDBAC meeting on condition that item 2.17 (a) and 2.17 (b) are addressed on the revised submission.

2.18 The Director General is requested to approve deviation from normal procurement process to appoint WK Construction to complete remaining 3% of the Rothdene pump station rising main project in line with National Treasury Instruction SCM Note 3 of 2021/22 clause 4.1. which state that: " *If in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. 4.2 (a) In this instruction, procurement by other means includes- (a) procurement by other means includes limited building.*

2.19. The request to approve appointment of WK Construction is premised on the following reasons namely: -

- Avoid site disestablishment and establishment costs estimated at R1 million
- Avoid advertisement costs and costs escalation (review/new designs) estimated at R3 million
- Avoid further delay for project completion

FLM

- Avoid paying retention twice which is R20 million instead of R10 million
- DWS bid adjudication committee doesn't have delegation to extend expired contract

2.20 Appointment of WK Construction will save the department an estimated amount of R14 million notwithstanding costs associated with delays for project completion arising from appointment of a new contractor. The department will sign a contract with WK Construction upon approval to complete remaining 3% project scope which is clearly stated on item 2.11 above. The value of the contract will be R28 035 251.89 including VAT and excluding contingencies and Contract Price Adjustment (CPA)

2.21 It is against this background that the Director-General is requested to approve deviation from normal procurement process to appoint WK Construction to complete remaining 3% for the construction of the new Rothdene pump station rising main project under Sedibeng Regional Sewer Scheme.

3. IMPLICATIONS

3.1 Personnel

3.1.1 None

3.2 Financial

3.2.1 The project cost was R68 803 153.88 including VAT and excluding contingencies and Contract Price Adjustment (CPA). With contingencies and CPA, the total amount was R80 100 719.69. An additional amount of R28 035 251.89 is required to complete the project, Annexure L.

3.2.2 The required amount is 37.5% of the original contract amount which was R80 100 719.69. Additional required budget will be reallocated from Gauteng RBIG 2022/23 allocation. The DORA project allocation for 2022/23 financial year is R50 000 000.

3.3 Legal

3.3.1 None

3.4 Regulatory

3.4.1 National Treasury Instruction SCM Note 3 of 2021/22 clause 4.1, which state that: "If in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/AA. 4.2 (a) In this instruction, procurement by other means includes- (a) procurement by other means includes limited building.

3.5. Communication

3.5.1. None

4. OTHER COMPONENTS CONSULTED

4.1 Water Services Management Branch

5. **RECOMMENDATION(S)**

6

It is recommended that:

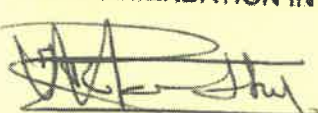
- 5.1 The Director-General approves for deviation from normal procurement process to appoint WK Construction to complete remaining 3% for the construction of the new Rothdene pump station rising main project under Sedibeng Regional Sewer Scheme.


NAME: MR. J. MALULEKE
PROVINCIAL HEAD: GAUTENG
DATE: 29/07/2022

RECOMMENDATION IN PARAGRAPH 5.1 SUPPORTED/NOT SUPPORTED


NAME: MS L. LUSENGA
DEPUTY DIRECTOR-GENERAL: PROVINCIAL COORDINATION AND INTERNATIONAL COOPERATION
DATE: 22/07/2022

RECOMMENDATION IN PARAGRAPH 5.1 ☒ SUPPORTED/NOT SUPPORTED


NAME: Risimati Mathye
DEPUTY DIRECTOR-GENERAL: WATER SERVICES MANAGEMENT
DATE: 22.07.2022

FUNDS AVAILABLE/NOT AVAILABLE


NAME: MR. F. MOATSHE
CHIEF FINANCIAL OFFICER
DATE: 2022/07/27

RECOMMENDATION IN PARAGRAPH 5.1 SUPPORTED/~~NOT SUPPORTED~~


NAME: Paul Nel
IDBAC CHAIRPERSON
DATE: 29/7/2022

5. RECOMMENDATION(S)

7

It is recommended that:

- 5.1 The Director-General approves for deviation from normal procurement process to appoint WK Construction to complete remaining 3% for the construction of the new Rothdene pump station rising main project under Sedibeng Regional Sewer Scheme.

RECOMMENDATION IN PARAGRAPH 5.1 APPROVED/ ~~NOT APPROVED~~


NAME: DR. S PHILLIPS
DIRECTOR-GENERAL
DATE: 30/07/22



MINISTER

WATER AND ENVIRONMENTAL AFFAIRS

REPUBLIC OF SOUTH AFRICA

Private Bag X313, Pretoria, 0001, Tel: (012) 336 8733, Fax: (012) 336 7817
Private Bag X9052, Cape Town, 8000, Tel: (021) 464 1600, Fax: (021) 465 3362

Enquiries: Ms L Mokoena

Telephone: 012 336 6574

Reference: 21/2/1170

Advocate Petlane
Chairperson of the Board
Rand Water
PO Box 1127
JOHANNESBURG
2000

Dear Advocate Petlane

**APPOINTMENT OF RAND WATER AS AN IMPLEMENTING AGENT FOR THE
IMPLEMENTATION OF THE SEDIBENG REGIONAL SEWER SCHEME (SRSS)**

I wish to bring to your attention a crucial decision which was taken at our recent Joint Cabinet Lekgotla which will impact on the way in which we implement the Sedibeng Regional Bulk Sanitation Project.

The decision is based on a recommendation by the PICC to establish an eighteenth SIP: *Water and Sanitation Infrastructure*, which has two focus areas:

- Projects to provide new infrastructure, rehabilitate and upgrade existing infrastructure; and
- Projects to improve management of water infrastructure.

Included in the SIP-18 are a number of catalytic projects which will be managed at a National Level in co-operation with Provincial Governments and Local Authorities.

One of the catalytic projects included in the SIP is the Sedibeng Regional Bulk Sanitation Scheme which is currently being funded by the Department of Water Affairs through the Regional Bulk Infrastructure Grant (RBIG) programme.

Given the importance of this project in unlocking the developmental potential, a further decision was taken to utilise Rand Water Board as the Department's Implementing Agent (IA) for the project.

Following engagements between officials of the Department and a Rand Water team lead by your CEO with regard to the appointment of Rand Water as Implementing Agent, the proposed scope of work for this appointment is reflected in the attached copy of the Terms of Reference (ToR), as **Annexure A**.

For ELM the infrastructure concerned is the Sebokeng WWTW with a capacity of 100MI/day and for MLM is the Meyerton WWTW with a capacity of 10 MI/day. Various solutions were determined which covered short-term, medium-term and long-term. Short-term solution was to refurbish the existing infrastructure in ELM and MLM to significantly reduce the occurrence of spillages of raw sewage, while also maintaining consistently better effluent quality from the WWTW's.

Medium-term solution was to extend the existing infrastructure in both municipalities to address under capacity of their WWTW.

Long-term solution was to construct a new WWTW with a capacity of 150 MI/day around SDM. This new WWTW will link with the Sebokeng WWTW and the Meyerton WWTW. Therefore the SRSS will include the upgrade of Meyerton WWTW by 15 MI/day and Sebokeng WWTW by 100 MI/day WWTWs and the construction of a new WWTW 150 MI/day in Sedibeng.

The SRSS will have the following benefits:

- Significant reduction of the spillage of raw sewage from closure of old pump stations which will lead to reduction in health risks and an improved quality of life
- Improved basic service delivery to Meyerton, Walkerville, Vereeniging and Vanderbijlpark;
- Improved the quality of water in the Vaal and Klip Rivers. The effluent discharged into the Vaal River from the new WWTW is expected to exceed the quality standards
- Further residential development in well located areas in the northern and western areas of Midvaal LM;
- Good Health among people in SDM.

2. PURPOSE AND OBJECTIVES OF THE PROJECT

The purpose and objectives of the project is to:

- Deliver an effective solution that will eradicate the pollution into the Vaal River and its tributaries
- Create regional bulk sanitation infrastructure for the Southern Gauteng Region to address under capacity of WWTW
- Institute interim measures to address immediate/emergency problems
- Facilitate local economic development and job creation
- Assist the WSAs to eradicate water and sanitation service delivery challenges, inhibiting both social and economic development in the region
- Create and sustain institutional capacity to provide regional bulk sanitation services

3. SCOPE OF WORK

The scope of work will be divided into 3 components:

- Extension of the Sebokeng WWTW by 100 MI/day in Emfuleni
- Extension of Meyerton WWTW by 15 MI/day in Midvaal
- Construction of new 150 MI/day WWTW in Sedibeng
- Post construction operation and maintenance

- Secure off-budget funding to supplement funds provided through the Department's budget

5. METHODOLOGY AND APPROACH

Within fourteen (14) days from the Commencement Date, the Implementing Agent shall submit a Work Plan to DWA indicating the methodology for performance of the services to be provided and for ascertaining the dates for submission of routine deliverables. The Work Plan should include a Project Quality Plan, a Risk Management Plan, a cash flow forecast and a detailed programme for performance of the Services. The work plan will be updated on at least an annual basis (schedule to the funding agreement).

In addition, the programme shall be capable of accurately reporting historic and future cash flows for effective monitoring of the Services. Such programme shall be considered as the basis for assessment of the Implementing Agent's progress with the services to be provided. However, the consent of DWA to such programme shall not relieve the Implementing Agent of any of his duties or responsibilities under the Contract.

6. DURATION OF THE APPOINTMENT

The Implementing Agent will be appointed for the duration of 5 years until 2017 for the construction of the infrastructure, unless extended by agreement between the parties in writing.

The Implementing agent will also be responsible for the post construction operation and maintenance of the works.

7. MANAGEMENT AND REPORTING

The National Department of Water Affairs will be accountable for the implementation of the project and Rand Water will be the implementing agent on behalf of the Department.

The oversight of the project will be carried out through collaborative structures in the form of the Steering Committees while a Technical Committee will be established for the day to day management of the implementation.

- **Political Steering Committee (PSC):** This committee will be Chaired by the Minister of Water and Environmental Affairs and include representation by the Premier of Gauteng, the MEC for Local Government and the Executive Mayors of the City of Johannesburg, Sedibeng District Municipality, Emfuleni Local Municipality, Midvaal Local Municipality, Lesedi Local Municipality and the Chairperson of the Board of Rand Water. The roles and responsibilities of this committee are to perform general oversight over the project and to monitor the implementation of mandates and to consider and approve recommendations from the Project Steering Committee. The committee will meet on a quarterly basis.
- **Project Implementation Committee (PIC):** This Committee will be chaired by the Chief Operations Officer of the Department of Water Affairs and includes representation from the Offices of the Principals represented in the Political Steering Committee and the CEO of Rand Water. The roles and responsibilities of the committee are to perform all tasks assigned by the PSC, manage technical inputs

9. EMPOWERMENT

The commitment of DWA to the Government's BBBEE policy shall be noted and adhered to by the Implementing Agent. Prospective Service Providers are encouraged to form a partnership, joint-venture or consortium between themselves in order to provide the necessary range of skills required and to support the DWA in achieving its BBBEE targets. The Implementing Agent must demonstrate a commitment to share the services with HDIs and shall be required to report regularly on the value of work undertaken by HDIs. This commitment must also be indicated through an involvement by the HDIs in the management of any partnership, joint venture or consortium to be formed.



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Private Bag X313, Pretoria 0001 / Sedibeng Building, 185 Francis Baard Street, Pretoria.
Tel: 012 336 7500 Fax: 012 323 4470 or 012 326 2715

Enquiries: S Mthembu

Telephone: 012 392-1301

Reference:02/2021

WK CONSTRUCTION (PTY) LTD
16 Industry
OLIFANTSFONTEIN
1666

Dear Mr. K. Kusel

**CONFIRMATION OF TRANSFER OF APPOINTMENT FOR THE CONSTRUCTION OF NEW
ROTHDENE PUMP STATION RISING MAIN IN MAYERTON, GAUTENG**

Pursuant to the transfer Agreement dated 11 February 2021 concluded between the Department of Water and Sanitation (DWS) and Rand Water (RW). DWS herewith has the pleasure to confirm continuation of the appointment of WK Construction (PTY) LTD from Rand Water by DWS for the above project.

Terms and Conditions of the Appointment:

The Conditions of Contract, Scope of Services and Remuneration shall be based on the terms set out by Rand Water as stated in the Rand Water's letter of award work, dated 05 March 2020 related to the above project.

The Department of Water and Sanitation (the Department) assumes the role and responsibilities of the Client. The Client's address shall be *Sedibeng Building, Department of Water & Sanitation, 185 Francis Baard Street, Pretoria, 0001*

Your company is allocated work for R68,803,153.88 (Sixty-eight million eight hundred three thousand one hundred fifty-three rands and eighty-eight cents) less payments already received from Rand Water. The date of your appointment by DWS will be from 01 March 2021.

Programme:

You are required to submit within 10 days of this letter a Progress Report to the Department detailing:

1. The current status of each of the components of the project;
2. An updated project programme;
3. An updated estimate of the Construction Value;
4. An updated cash flow forecast based on the programme;
5. Priority items requiring the immediate attention of the Department.

It would be appreciated if you could acknowledge receipt of this letter in writing.

Yours faithfully

Ms D MOCHOTLHI
ACTING DIRECTOR-GENERAL

DATE: 15/04/2021



WK CONSTRUCTION (PTY) LTD
CIVIL ENGINEERING & BUILDING CONTRACTORS
REG N° 1985/002185/07
VAT N° 4310130226
info@wkc.co.za www.wkc.co.za

HEAD OFFICE
PRIVATE BAG X14
OLIFANTSFONTEIN
1665
T +27 11 206 2000
F +27 11 316 3857

COASTAL OFFICE
P.O. BOX 515
HUNTERS RETREAT
6017
T +27 41 372 1728
F +27 41 372 1732

Ref. 37720/300421.01jl

30 April 2021

DEPARTMENT OF WATER AND SANITATION
PRIVATE BAG X313
PRETORIA
0001

Dear Ms Mochotlhi

**CONFIRMATION OF TRANSFER OF APPOINTMENT FOR THE CONSTRUCTION OF THE NEW
ROTHDENE PUMP STATION RISING MAIN IN MEYERTON, GAUTENG**

We herewith acknowledge receipt of your letter dated 15 April 2021. It should be noted that this letter was only received during the meeting held at your offices on 29 April 2021.

Yours sincerely

**KARL KÜSEL
CHIEF EXECUTIVE OFFICER
WK CONSTRUCTION (PTY) LTD**

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SACAS SACAS
ISO 9001:2015 OHSAS 18001:2007

DIRECTOR: K.R. KÜSEL (CEO) / J.P. MONAHADI (NON EXECUTIVE DIRECTOR)

COM 4.0.1

Rev 08/2019

IP150J_1

VARIATION ORDER (VO) No.

002

Page 1 of 3

Dated: 04 June 2021

GIBB Project No.

J30231U



REASON FOR VARIATION ORDER

☒ Additional Work

☒ Design Change

☐ Specs Change

☐ Omitted Work

Contract No.:

RW01509-18

Contract Description:

The Construction of New Rothdene Pump Station Rising Main in Meyerton, Gauteng

Contractor:

WK Construction

EXPENDITURE WILL BE FUNDED FROM

☐ Savings

☒ Contingencies Allowed

☐ Additional Funds

DESCRIPTION OF WORK

THE INCORPORATION OF CATHODIC PROTECTION MEASURES TO PROTECT THE STEEL PIPELINE, WHICH REPLACES THE HDPE PIPELINE IN DOLOMITIC AREAS, BETWEEN CH2 853m – CH3 036m and CH3 494m – CH3 823m:

Quotations were requested from four (4) Professional Service Providers (PSP) for the Cathodic Protection (CP) requirements for the 500 meters of steel pipeline. Two quotations have been received back and have been reviewed

It is therefore recommended that the CP work continue after approval of the VO. The above amount includes the costs associated with the design and construction of the CP system. It is pertinent to note that this is a variation to the original scope.

REASON FOR CHANGE

The HDPE pipeline changed to steel pipe between the above mentioned chainages due to the "high-risk" dolomitic conditions found after further Geotechnical studies were done. As a result of this change we have to incorporate a Cathodic Protection System in order to prolong the lifetime of the steel pipeline.

Time Variation (Days):

0

ITEM	DESCRIPTION OF WORK	UNIT	QUANTITY	RATE*	Add	Omit
1	Add: Design and Construction of the Cathodic Protection system	No	1	509 809.66	R 509 809.66	
2	Percentage for adjustment of Provisional Sums [Refer Page 101 in Commercial Part of the Contract Document & FIDIC Clause 13.5(b)]	%	509 809.66	10%	R 50 980.97	
				Sub-Total	R 560 790.63	R -
				VAT	R 84 118.59	R -
				TOTAL	R 644 909.22	R -

* Rates are current and therefore not subject to escalation.

Summary of Contingency Fund

Total Contingency Budget	R 5 982 882.95
Add Net effect of items added - VO No. 002	R 560 790.63
Add Net effect of items omitted - VO No. 002	R -
Total Variation Orders Added to Date (VAT excl.)	R 4 623 510.00
Total Variation Orders Omitted to Date (VAT excl.)	R 2 284 515.00
Remaining Contingency Fund	R 3 083 097.32

CONTRACTOR:

CONSULTANT:

FUNDING AGENT:

EMPLOYER:

DATE: 04 June 2021

DATE: 04 June 2021

DATE:

DATE:



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

MAIN ACCOUNT ☒

WTE ☐

CONTRACT/TENDER NUMBER: RS55 (RW 01509/18)

VARIATION ORDER NO.: DWS01/GB002

WTE SAP CONTRACT NUMBER:

Time only ☐ Cost only ☐ Time and Cost ☒	Project Manager : Simon Maphangula Tel no. : 012 392 1511
Programme name. : Water Services Infrastructure Grant Branch : Provincial Coordination and International Cooperation Chief Directorate/Region : Gauteng	Contractor/PSP : WK Construction (Pty) Ltd Address : Private Bag X14 Olifantsfontein 1665 Tel no. : 011 206 2000 E-mail address : info@wkc.co.za

DETAILS OF THIS VARIATION:

Description of work for the variation	Initial contract duration		Extended period		Variation Amount (incl. VAT) R	Variation %
	Start date	End date	Start date	End date		
1. Extension of completion time for the construction of the Rothdene Pump Station Rising Main	05/05/2020	21/05/2021	22/05/2021	06/09/2022	R30 000 000	37.5%
2. The incorporation of Cathodic Protection measures to protect the steel pipeline, which replaces the HDPE pipeline in dolomitic areas, between CH2 853m – CH3 036m and CH3 494m – CH3 823m					R644 909.22	0.94%

FINANCIAL STATUS OF CONTRACT:

Original contract amount:	R68 803 153.88 (incl. VAT)
Original contract amount including variations:	R80 100 719.69
Amount paid to date:	R60 631 514.93
Outstanding amount:	R19 469 204.76

PREVIOUS VARIATIONS INCLUDING THIS VARIATION:

VO no.	Extended period		Variation amount	*Variation %
	Start date	End date		
TOTAL				

*Variation percentage calculation: $\text{Variation amount} / \text{Original contract amount} \times 100$

APPROVALS: (See Delegations dated 01 July 2016 Clause 173.A)

Proposed	Recommended	Approved
.....		
Project Manager	DBAC Chairperson	Director-General
Date:	Date:	Date:

DECLARATION

[Signature]

Ref. 37720/110521.01jl

11 May 2021

GIBB ENGINEERING & ARCHITECTURE
WOODMEAD NORTH OFFICE PARK
54 MAXWELL DRIVE
WOODMEAD
JOHANNESBURG
2191

Attention: Mr. Dave Clark

Tel: +27 11 519 4600

Sir

CONTRACT NUMBER: RW 01509/18**CONSTRUCTION OF THE NEW ROTHdene PUMP STATION RISING MAIN IN MEYERTON****CLAIM FOR EXTENTION OF TIME DUE TO SITE ACCESS ISSUES – WETLAND RM21 - RM26**

With reference to FIDIC Conditions of Contract for Construction Clause 20.1 [Contractor's Claims] we hereby submit our claim based on the following additional Clauses:

- Clause 1.9 Delayed Drawings or Instructions
- Clause 2.1 Right of Access to the Site
- Clause 4.10 Site Data
- Clause 8.4 Extension of Time for Completion
- Clause 8.5 Delays Caused by Authorities

We refer to our various claim notifications related to site access issues and in particular our claim notification dated 26 October 2020. Mention was made in this notification about the access issues in the wetlands and in particular the wetland between RM 26 and RM 21.

Clearing and Grubbing of the area between RM 26 and RM 21 (CH 1579.54 to CH 1424.60) commenced on the 24th of August 2020. Excavation work commenced for the pipe trench and Scour Valve 1 on the 25th of August 2020. Work was stopped on the 26th of August 2020 as a result of the Water Use Licence not being in place. We were told at the time that this was in the process of being resolved permission to resume work in the wetland areas were imminent. As a result of this feedback received, the open excavations were barricaded to make the area safe. It should be noted that the Water Use Licence granting permission to work in the wetlands have to date not been issued to us.

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**SACAS** **SACAS**
ISO 9001:2015 OHSAS 18001:2007**DIRECTOR: K.R. KÜSEL (CEO) / J.P. MONAHADI (NON EXECUTIVE DIRECTOR)**

As a result of this issue, work had to be suspended in this area and resources had to be moved to a different area as to continue with work. The area from RM 21 to RM 19 was surveyed and prepared for work as to minimize the impact of this stoppage. Resources was moved to this area on the 31st of August 2021. This was done in an attempt to mitigate the impact of the delay.

A further delay and disruption was caused as we were instructed to backfill the open excavations. Resources had to be moved back to this area to backfill the excavation opened up for Scour Valve 1 and the surrounding pipe trenches in particular. This operation was concluded on the 6th of March 2021. Another day was lost as a result of this delay and disruption.

More time and money will be lost as a result of the re-work that is now needed to re-do the work that was already done as far back as August 2020.

The critical paths on our programme was affected as a result of this. We now claim for the extension of time as well as the associated costs. A total of 5 days Extension of Time is claimed as a result of delays and disruption already suffered on the critical path as a result of this event. It should be noted that the reasons for the delays encountered to date is of an ongoing nature and the impact of the resulted delays will only be known once the issues are resolved.

The cost for this delay can be calculated as follows:

The compensation in terms of sub Clause 8.4 of the Particular Conditions of Contract for delays incurred as priced and allowed for in the Contract as per items A1.5.1 to A1.5.3 in the Bill of Quantities related to Plant, Labour and Supervision amounts to R 40 475.24 per day.

$R\ 40\ 475.24 / \text{day} \times 5 \text{ Days} = R\ 202\ 376.20$ excluding VAT

We trust that the above meets with your approval and should you have any queries please do not hesitate to contact us.

Yours faithfully



JANNIE LOOCK
Senior Contracts Manager

For and on behalf of WK Construction (Pty) Ltd

Our Ref: J39080-E065/dh/jp/dc/20210519

19 May 2021

Project Manager
Department of Water & Sanitation
Private Bag X313
Pretoria
0001

Johannesburg

Woodmead North Office Park
54 Maxwell Drive
Woodmead 2191
PO Box 2700
Rivonia 2128

Tel: +27 11 519 4600
Email: marketing@gibb.co.za
Web: www.gibb.co.za

Attention: **Mr Patrick Maseko,**
By Email: MasekoP@dws.gov.za

Dear Sir,

CONTRACT NO: P03779: CONSULTANCY SERVICES RELATED TO THE PLANNING OF THE SEDIBENG REGIONAL SANITATION SCHEME (SRSS) AND THE DETAILED DESIGN AND IMPLEMENTATION OF THE NEW INFRASTRUCTURE RELATED TO SUCH SCHEME.

ROTHDENE PUMP STATION AND RISING MAIN UPGRADES - NOTIFICATIONS AND CLAIMS FROM THE CONTRACTOR AND SUBSEQUENTLY AN EXTENSION OF TIME.

With reference to the MS Teams meeting held on 13 May 2021, herewith a register of Notifications of Intention to claim, and claims received to date from the Contractor, WK Construction. Some of the notifications may lead to claims once the Contractor has determined that the claim can be quantified.

The Engineer will analyse all claims as per the FIDIC Conditions of Contract for Construction Works 1999 (FIDIC), and the provisions of the Contract. In terms of the Delegation of Duties in the Contract, the FIDIC Engineer is not permitted to rule on these claims. The Engineer will thus make recommendations to the Employer, the Department of Water and Sanitation (DWS). DWS will advise as to their decisions and GIBB will implement these decisions in terms of the Contract.

We have received a number of notifications which may or may not lead to a claim. These notification can only be evaluated once they have been formulated into a claim by the Contractor, as stated above.

We believe, that in some instances, there are grounds for the granting of an extension of time. Some claims may run concurrently. In some instances the claims may run concurrently with the Contractor's own delays, or may not be related to Critical Path activities.

To date we have received four (4) claims. Currently these claims are being evaluating, and the possible extension of time amounts to 26 working days. This revises the Taking-Over Certificate date to 28th of June 2021. The costs associated with the extension of time to the 28th of June will be covered by the Bill Items A1.5.1 to A.1.5.3, which means no additional funding is required.

GIBB Holdings Reg: 2002/019792/07

Directors: Mrs N. Magomola (Chairperson), Mr R. Vries, Mr B. Hendricks, Mr M. Mayat, Mr B. Ondego (Kenyan)

GIBB (Pty) Ltd, Reg: 1992/007139/07 is a wholly owned subsidiary of GIBB Holdings.
A list of divisional directors is available from the company secretary.



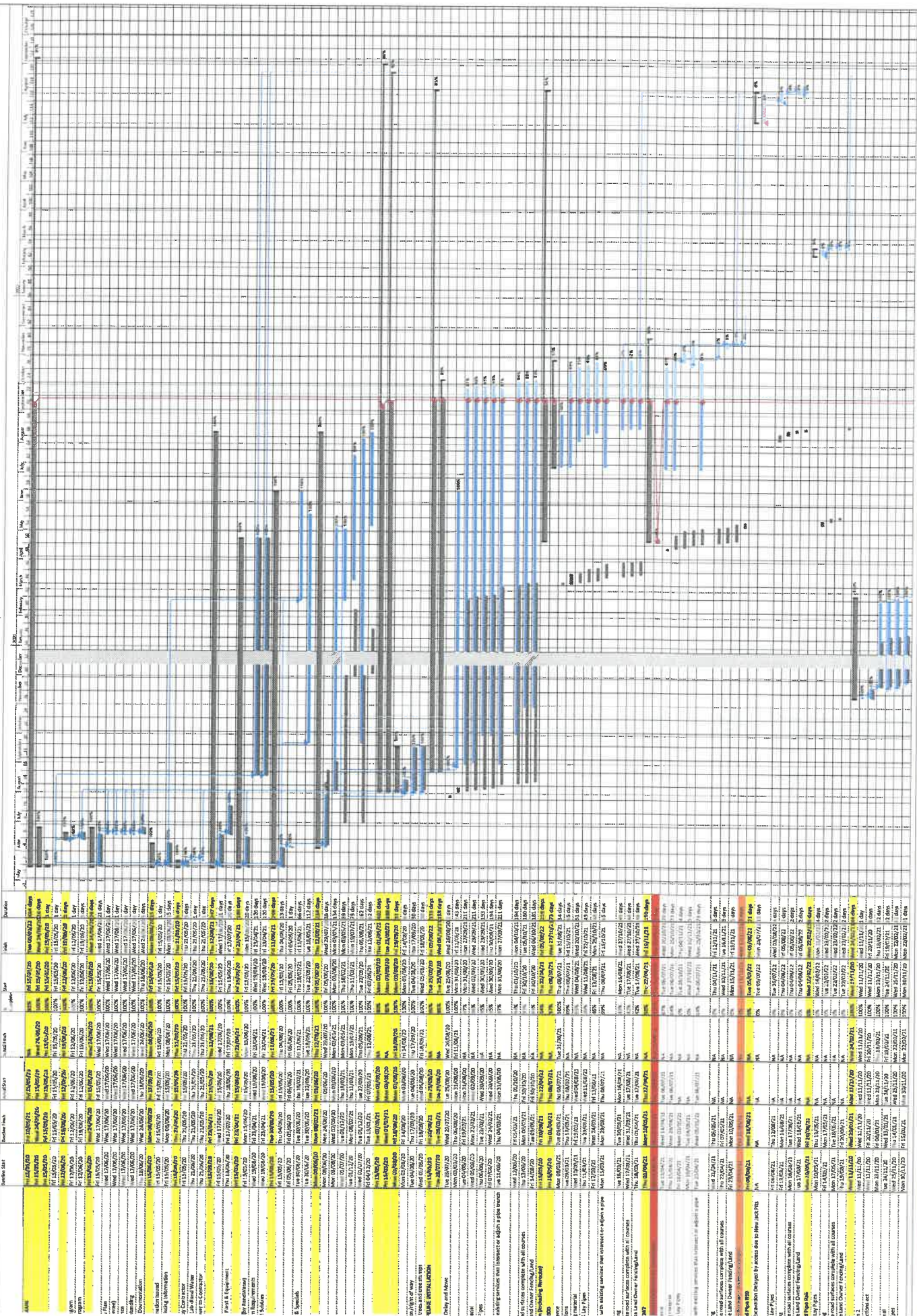
Should you be in agreement this will be included in Payment Certificate No 14 (June 2021).

Yours faithfully
for GIBB (Pty) Ltd



Mr Dave Clark
Pr Eng

Cc: Mr James Pollock (GIBB)
Ms Moria Dikgale (DWS)
Attachment – WK Claim Ref: 37720/110521,01jl







Sedibeng Regional Sanitation Scheme (SRSS) Purchase Orders

Project Description	Contractor	Contract Value Incl. Contingency, CP A and VO Exl. VAT	Expenditure (Incl. Retention)	Remaining Commitments	Retention Remaining	Appointment Date	Original Completion Date	Revised Completion Date	Termination Date
UPGRADING OF THE SEBOKENG WASTE WATER TREATMENT WORKS - MODULE 6 AND SLUDGE HANDLING FACILITY - CIVIL WORKS	CMC di Ravenna SA	Contract Value	227,748,994.42						
		Contingencies	22,774,899.44						
		CPA	37,578,584.08						
		VO	103,000,000.00	3,184,338.59		25-Sep-2012	14-Aug-2016	15-Dec-2021	N/A
		Total	391,102,477.94	3,184,338.59					
ENGINEERING DESIGN AND FEASIBILITY STUDY OF THE EXTENSION TO THE SEBOKENG WASTEWATER TREATMENT WORKS	Zutari (Pty) Ltd (Aurecon)	Contract Value	49,432,614.00						
		Contingencies	4,943,261.40						
		VO1	5,216,500.00						
		VO2	2,939,881.31						
		VO3	1,999,281.95	472,811.26		15-Nov-2010	Depends on appointment of contractors as per Aurecon Design	15-Dec-2021	N/A
		Total	62,532,256.71	472,811.26					
THE UPGRADE OF THE SEBOKENG WASTE WATER TREATMENT WORKS: MODULE 6 AND SLUDGE HANDLING FACILITY - MECHANICAL WORKS	PCISA	Contract Value	110,890,270.50						
		Contingencies	11,089,027.05						
		FOREX (ROE Escalation)	8,872,539.75						
		CPA	9,424,354.89						
		VO1	2,202,670.38						
		VO2	1,329,840.54						
		VO3	6,682,711.13	4,766,169.47					
		Total	150,491,414.24	4,766,169.47	5,544,513.53	19-Sep-2014	30-Sep-2016	15-Dec-2021	N/A
THE UPGRADE OF THE SEBOKENG WASTE WATER TREATMENT WORKS: MODULE 6 AND SLUDGE DEWATERING PLANT - ELECTRICAL WORKS	Enzani Technologies (Pty) Ltd	Contract Value	91,280,338.02						
		Contingencies	9,128,033.80						
		CPA	11,260,613.58						
		VO	7,252,042.93	487,095.33	5,020,418.60	27-Feb-2017	4-Apr-2018	15-Dec-2021	N/A
		Total	118,921,028.33	487,095.33					

Project Description	Contractor	Contract Value Ind. Contingency, CP A and VO Exl. VAT	Expenditure (Incl. Retention)	Remaining Commitments	Retention Remaining	Appointment Date	Original Completion Date	Revised Completion Date	Termination Date
CONSTRUCTION OF A PERIMETER FENCE AT SEBOKENG WASTE WATER TREATMENT WORKS (WWTW) - PERIMETER FENCE	Prephili Trading (Pty) Ltd	Contract Value	12,722,124.42						
		VO	5,063,796.33	2,237,884.25					
		VO Contingencies	1,778,592.07	1,778,592.07	2,230,459.04	16-Sep-2015	16-Apr-2016	15-Dec-2017	23 Dec 2017 Terminated
		Total	19,564,512.82	4,016,476.32					
THE CONSTRUCTION OF A NEW ROTHEDE PUMP STATION RISING MAIN IN MEYERTON	WK Construction (Pty) Ltd	Contract Value	59,828,829.46	33,897,871.17					
		Contingencies	5,982,882.95	3,698,367.95					
		CPA	3,841,087.32	2,914,181.22	984,937.63	5-Mar-2020	30-Sep-2021	N/A	N/A
		Total	69,652,799.73	40,510,420.34					
THE EXTENSION OF MEYERTON'S WASTEWATER TREATMENT WORKS - CIVIL WORKS	Mpumalanga Renovations and Maintenance Services CC (MRMS)	Contract Value	76,177,556.88	9,558,700.96					
		Contingencies	7,617,755.69						
		CPA	1,852,632.57	1,852,632.57	3,225,263.73	24-Dec-2014	8-Nov-2016	18-May-2018	8-May-2018 Termination Date
		Total	85,647,945.14	11,411,333.53					
THE MECHANICAL EXTENSION OF MEYERTON'S WASTEWATER TREATMENT WORKS	Africa Water Projects and Construction (AWPC)	Contract Value	19,672,508.77	1,131,107.89					
		Contingencies	1,967,250.88	1,967,250.88					
		CPA			927,070.09	7-Apr-2016	17-Feb-2017	28-Aug-2018	N/A
		Total	21,639,759.65	3,098,358.77					
SEDIBENG REGIONAL SEWER SCHEME: ENGINEERING SERVICES FOR THE UPGRADING OF THE MEYERTON WASTEWATER TREATMENT WORKS	GIBB (Pty) Ltd	Contract Value	40,431,385.59	15,416,430.63					
CONSULTANCY SERVICES RELATED TO THE PLANNING OF THE SEDIBENG REGIONAL SANITATION SCHEME (SRSS) AND THE DETAILED DESIGN AND IMPLEMENTATION OF THE NEW INFRASTRUCTURE RELATED TO SUCH SCHEME	GIBB SRSS	Contract Value	246,366,309.00	83,366,914.42					

Project Description	Contractor		Contract Value Incl. Contingency and CPA Exl. VAT	Expenditure	Remaining Commitments	Retention Remaining	Appointment Date	Original Completion Date	Revised Completion Date	Termination Date
THE CONSTRUCTION OF A 1,38 KM LONG, 710MM DIAMETER HDPE GRAVITY MAIN TO PUMPSTATION 2 AT EMPULENI LOCAL MUNICIPALITY, GAUTENG	Jorian Construction (Pty) Ltd	Contract Value	9,710,990.76	6,421,765.22	3,289,225.54					
		Contingencies	971,099.07	91,303.00	879,796.07	443,697.42	27-Jun-2019	7-Dec-2019	29-Mar-2020	12-Nov-2020 Terminated
		Total	10,682,089.83	6,513,068.22	4,169,021.61					
The CONSTRUCTION OF CIVIL WORKS ASSOCIATED WITH THE UPGRADE OF PUMP STATION 34 AT LEEUEWKUIL WASTEWATER TREATMENT WORKS, EMFULIENI LOCAL MUNICIPALITY, GAUTENG	Falcon Suppliers (Pty) Ltd	Contract Value	11,218,595.73	1,877,743.00	9,340,852.730		27-Jun-2019	29-May-2020	N/A	21-Oct-2019 Terminated
		Contingencies	1,121,859.57		1,121,859.573	99,887.16				
		Total	12,340,455.30	1,877,743.00	10,462,712.30					
UPGRADE OF NEW RIVER PUMPSTATION AND BULK OUTFLOW LINE FROM SAVANNAH CITY DEVELOPMENT (RIETSPRUIT OUTFALL SEWER)	Resimati	Contract Value	26,200,000.00	-	-	-	31-Jan-2013	Depends on appointment of contractors as per Risimati design	N/A	N/A



WK CONSTRUCTION (PTY) LTD
CIVIL ENGINEERING & BUILDING CONTRACTORS
REG N° 1965/002185/07
VAT N° 4310130226
info@wkc.co.za www.wkc.co.za

HEAD OFFICE
PRIVATE BAG X14
OLUFANTSFONTEIN
1665
T: +27 11 206 2000
F: +27 11 316 3857

COASTAL OFFICE
P.O. BOX 515
HUNTERS RETREAT
6017
T: +27 41 372 1728
F: +27 41 372 1732

Ref. 37720/170322.01jl

17 March 2022

GIBB ENGINEERING & ARCHITECTURE
WOODMEAD NORTH OFFICE PARK
54 MAXWELL DRIVE
WOODMEAD
JOHANNESBURG
2191

Attention: Mr. Dave Clark

Tel: +27 11 519 4600

Sir

CONTRACT NUMBER: RW 01509/18

CONSTRUCTION OF THE NEW ROTHDENE PUMP STATION RISING MAIN IN MEYERTON

TERMINATION NOTICE

With reference to FIDIC Conditions of Contract for Construction, Clause 16.2 [Termination by Contractor], we hereby give notice of our intention Terminate the Contract based on the following additional Clauses:

- Clause 14.7 – Payment
- Clause 14.8 – Delayed Payment
- Clause 16.1 – Contractor's Entitlement to Suspend Work
- Clause 16.2(c) – Termination by Contractor

Our Termination Notice is based on the following:

Payment related to the December 2021 Payment Certificate (Certificate Number 20) is still not made. This is despite numerous attempts made by The Contractor to resolve this issue. As a result of the payment issue, The Works was suspended on Friday 4 March 2022.

Notice related to our entitlement to terminate the Contract was communicated on the 3rd of March 2022. This letter serves as our formal notice that in terms of clause 16.2(c), we shall be entitled to terminate the Contract if the amount due is not received. We will advise you of the possible termination by further notice.

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ISO 9001:2015 OHSAS 18001:2007

DIRECTOR: K.R. KÜSEL (CEO) / J.P. MONAHADI (NON EXECUTIVE DIRECTOR)

Should you have any queries please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jannie Loock', written over a faint, light-colored rectangular stamp or watermark.

JANNIE LOOCK
Senior Contracts Manager

For and on behalf of WK Construction (Pty) Ltd

IP150J 3



VOs Issued as at (Date): 04 June 2021

VO No.	Issue Date	Reference / Details	Add	Omit
001	16/11/2020	Replace a section of the HDPE (originally in contract) pipe with a section of Steel Pipe	R 4 623 510.00	R 2 284 515.00
002	04/06/2021	Design and Construction of the Cathodic Protection system:	R 560 790.63	R -
TOTAL			R 5 184 300.63	R 2 284 515.00

Name Mr D Clark

Mr D Clark

Date 04 June 2021

Distribution: Ms M Dikgale - DikgaleM@dws.gov.za

Mr P Maseko - MasekoP@dws.gov.za

Mr P Mfoloe - MfoloeP@dws.gov.za

Mr J Pollock - jpollock@gibb.co.za

Mr D Heunis - dheunis@gibb.co.za