

D/SM 11/23

OPERATION AND MAINTENANCE CONTRACT

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



MEMORANDUM

WATER SERVICES DEPARTMENT

To Aan: MUNICIPAL MANAGER
 From Van: JAMES BEUKES
 Job Title: ACTING SENIOR MANAGER: WATER & WASTEWATER SERVICES
 Date Datum: 21 APRIL 2023
 Re Insake: DEVIATION: OPERATION AND MAINTENANCE CONTRACT (REV 1)

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;	X
	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;	X
	f The possibility that failure to take necessary action may result in the municipality not being able to render an essential community service;	X
	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.	X
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	

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

The handling and treating of sewage at the Stellenbosch WWTW and Wemmershoek WWTW is deemed an essential service as part of the provision of sanitation services. The Operation and Maintenance (O&M) of the Stellenbosch Wastewater Treatment Works (WWTW) and the Wemmershoek WWTW has been performed by Stellenbosch Municipality over the past few years. There is a need to appoint a service provider to take over operations and maintenance from the Stellenbosch municipality due to the current staff shortages, skill levels and non-compliance of the wastewater treatment plants to meet environmental laws and regulations.

The Department of Environmental Affairs and Development Planning (DEADP) in terms of section 28(4) of the national environment management act 1998, have issued a Directive to the Stellenbosch municipality to implement various corrective actions in order to achieve compliance for the Wemmershoek WWTW. The time allowed to implement an action plan is 30 calendar days and therefore certain supply chain procedures need to be deviated. **(Directive attached)** The department of Water and Sanitation has subsequently issued a notice of non-compliance for a variety of factors on the 30 March 2023 for the Stellenbosch WWTW. They mentioned that the Stellenbosch WWTW malfunction is affecting the Eerste river and immediate action is required to address these concerns. **(Notice attached)**

Due to the aforementioned, the case for this deviation can thus be motivated for two reasons; as a) an “**emergency**”. The implications of either of the reasons call for the funds to be made available to procure the services of the contractor through the extension of the contract. Option a) calls for an “emergency dispensation” of municipal funds, in accordance with section 36.1 of the Supply Chain Management Policy. Option b) is deemed as an exceptional case and it is impractical or impossible to follow the official procurement processes to timeously appoint an O&M service provider. Urgent action and an immediate response is required by the Stellenbosch Municipality to appoint a professional service provider for Operational and maintenance services at the Stellenbosch and Wemmershoek WWTW.

NB

3. BACKGROUND

The newly constructed Stellenbosch WWTW comprises of a biological nutrient removal process capable of handling up to 35 Ml/day average dry weather flow (ADWF) which ensures compliance with the National Water Act and current Water Use License. The plant is the only WWTW serving the town of Stellenbosch. The handling and treating of sewage at the WWTW is deemed as an essential service which needs to be operated continuously. Thus, the plant needs proper O&M to prevent interruptions to this service and ensure continued compliance with the National Water Act and current Water Use License.

The Wemmershoek WWTW received a Pre-Directive on the 8th of April 2021, and DEADP has not found the remedial measures completed so far to be satisfactory as there are still ongoing sewage spillages occurring and sub-standard effluent being discharged from the waste water plant into the Berg River.

This deviation is submitted with information sharing from the City of Cape Town, Bellville Wastewater Treatment Plant that employs the same technology as lessons learned. As all process is driven by a Programmable Logic Controller (PLC) which transfers the information to a Supervisory Control And Data Acquisition system (SCADA).

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They found a proper understanding of PLC by maintenance staff is imperative for continuous plant operations and limit equipment downtime and operation of the SCADA by process controllers to identify alarms generated.

Proper skills transfer with respect to training that enable staff to identify or distinguished between software and hardware errors lacked. It is there important that Stellenbosch Municipality Water Services Department ensure the investment in the said infrastructure is not compromised. Both the wastewater treatment works are suffering from insufficient and inadequate staffing.

A specialized Service provider will need to be appointed to ensure;

- Compliance with the National Water Act and current Water Use Licence
- Minimal / no impact to the delivery and performance of the WWTW due to poor O&M. Therefore, no complaints from the public (farmers, media and downstream users) on poor effluent quality
- Good operation and maintenance of the plant thus ensuring protection of the Stellenbosch Municipality's capital investment.

4. DISCUSSION

To address the O&M at the two WWTW, whilst ensuring the uninterrupted operations and compliance of the treatment plants. Under this deviation funds will be required to ensure there is an O&M contract in place for the next 36 months. Operational and Maintenance contracts have proven successful in various municipalities in the past.

As this is an emergency project and an exceptional case, the following is proposed:

- Appointment of a qualified and suitable service provider from the quotations received from three qualified service providers. **(Quotations attached)**

Quotations from 3 service providers are attached, with a financial summary of the options written below excl vat. Option 1 and a Option 2.

Option 1 includes full staffing contingent without the need for the current Stellenbosch municipal staff on each wastewater plant. Option two is an alternative option with a much less staffing contingent but will require the current staff on each treatment plant to assist the appointed service provider with its operations. Stellenbosch Municipality will provide oversight in Management structures.

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Totals for a period of 1 year (Option 1)

SERVICE PROVIDER	Wemmershoek WWTW	Stellenbosch WWTW	Total 1 Years
KAINOS	R10 080 748,00	R15 137 107,00	R25 217 855,00
WSSA	R13 380 257,66	R16 371 487,61	R29 751 745,27
VEOLIA	R17 457 660,00	R28 057 920,00	R45 515 580,00

Totals for a period of 1 year (Option 2)

SERVICE PROVIDER	Wemmershoek WWTW	Stellenbosch WWTW	Total 1 Year
KAINOS	R6 269 248,00	R9 731 938,00	R16 001 186,00
WSSA	No Offer	No Offer	NA
VEOLIA	R6 965 160,00	R9 272 280,00	R16 237 440,00

Totals for a period of 3 years (Option 1)

SERVICE PROVIDER	Wemmershoek WWTW	Stellenbosch WWTW	Total 3 Years
KAINOS			R70 368 912,00
WSSA	R40 140 772,98	R49 114 462,83	R89 255 235,81
VEOLIA	R52 372 980,00	R84 173 760,00	R136 546 740,00

Totals for a period of 3 years (Option 2)

SERVICE PROVIDER	Wemmershoek WWTW	Stellenbosch WWTW	Total 3 Years
KAINOS	R6 269 248,00	R9 731 938,00	R44 160 516,00
WSSA			R89 255 235,81
VEOLIA			R48 712 320,00

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DAYWORKS (D) – Only in Emergencies where Stellenbosch Municipality cannot assist!					
No.	DESCRIPTION	Unit	Dayworks Nett Rate ®		
			VEOLIA	ZANA MANZI	KAINOS
D.1	Suction tanker - 10 000 litre Establish and de-establish	Per Event	R 2,853.60	4 740.00	R15 000,00
D.2	Suction tankers - 10 000 litre	Hourly	R 1,177.00	5 610.00	R7 500,00
D.3	Suction tanker - 6 000 litre Establish and de-establish	Per Event	R 2,615.80	3 900.00	R14 000,00
D.4	Suction tanker - 6 000 litre	Hourly	R 1,177.00	3 588.00	R7 000,00
D.5	TLB - Transport to and from site	Km	R 195.80	245.00	R21,00
D.6	TLB	Hourly	R 981.20	828.00	R21 500,00
D.7	Operational Manager	Hourly	R 981.20	668.00	R750,00
D.8	Maintenance Manager	Hourly	R 784.30	665.00	R750,00
D.9	Qualified Technician - Maintenance	Hourly	R 653.40	860.00	R450,00
D.10	Qualified Electrician - Maintenance	Hourly	R 523.60	338.00	R350,00
D.11	Qualified fitter - Maintenance	Hourly	R 392.70	293.00	R200,00
D.12	General Assistant - Maintenance	Hourly	R 326.70	63.00	R150,00
D.13	Vehicle cost - LDV - Rate per km	Km	R 6.53	7.94	R4,50
D.14	Sludge Pump – 150mm Establish and de-establish	Per Event	R 1,584.00	1 922.00	R7 200,00

Contingencies 5%

A total of 5% of contingencies to be added to the successful bidders tender price to accommodate for Operational and Maintenance in the event of emergencies. Such as when plant and equipment is not available from the Stellenbosch municipality or an active tender. This request from the service provider must be approved by the Municipality.

5. EVALUATION

The department evaluated all three tender proposals and quotations. The service provider who is compliant with experience and has the lowest financial cost is Kainos Projects Africa and provides 70% more staff under option 2 than the next best financial offer. Kainos Projects Option 2 offers a staff contingent of 40 (Stellenbosch x 23 and Wemmershoek x 17) operational and maintenance personnel whereas Veolia offer a much smaller staff contingent of 10 (5 x per plant) for both wastewater treatment plants under Option 2. The department feels that the 10 personals indicated by Veolia under option 2 is vastly lower than the 40 personnel that Kainos provide under the same option. WSSA did not provide an Option 2. Veolia offer a staff contingent of 83 personnel for Option 1, and both Kainos and WSSA offers the full complement of 85 personnel for both wastewater treatment plants under Option 1. After reviewing the Dayworks rates a few items have been excluded due to the vast price comparison between the three service providers. Therefore items D.1;D.2;D.3;D.4;D.5;D.6 and D.14 are not included and will not form part of the contract. The municipality must utilize their own tenders and plant to assist on the excluded items.

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6. FINANCIAL IMPLICATIONS

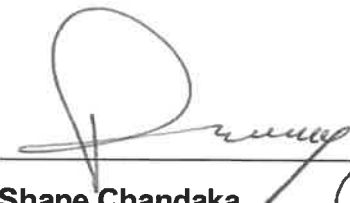
The financial implications is the approved amount of the appointed service provider plus the 5 percent contingencies on the relevant option taken.

7. RECOMMENDATION

Due to the urgency required to the O&M of the Stellenbosch WWTW and Wemmershoek WWTW it is recommended that the appointment of Kainos Projects Africa be made for option 2 for a 12-month period.

8. IT IS RECOMMENDED THAT:

Stellenbosch Municipality obtains an “**emergency dispensation**” of municipal funds. The funds will be utilised to appointment of Kainos Projects Africa (Service Provider) for the operational and maintenance works at Stellenbosch WWTW and Wemmershoek WWTW for a period of 12 months.


Shane Chandaka (21/04/2023)
Director: Infrastructure Services

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8. SUPPLY CHAIN MANAGEMENT COMMENTS:

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RECOMMENDATION BY THE BID EVALUATION COMMITTEE		
Name	Signature	Date

9. APPROVAL:

RECOMMENDATION SUPPORTED / NOT SUPPORTED BY THE STELLENBOSCH MUNICIPAL BID ADJUDICATION COMMITTEE

Name	Signature	Date
Harry Mitchell		21/04/2023
S. Chandaka	Online	21/4/2023
A de Beer	Online	21/4/2023
A. vd Merwe	Online	21/4/2023

Comments: The BAC supports the appointment of Karios Projects Africa in terms of OPINION for a period of 12 months. The BAC recommended that the department go out on an open tender process during this 12 month period.

CHAIRPERSON..... DATE 21/4/2023

RECOMMENDATION FROM BID ADJUDICATION COMMITTEE APPROVED BY THE ACCOUNTING OFFICER

Comments: Department to immediately start with a tender process for water then 3yrs. Followed MAMA and advertised for 30 days. Situation is critical and made worse by the resignation and death of employee @ waste water works in Wemmershoek. The department have experienced various spills recently and critical assistance is needed to assist and prevent the spillage. Various disciplinary cases against.

ACCOUNTING OFFICER..... DATE 21/4/2023

Waste water staff is underway and one recently lead to dismissal. Senior manager also involved in system. Waste water facility is a critical infrastructure and the situation is made worse by continuous breakdown shedding for prolonged hours. Treatment plants and generators not designed for time and urgent human intervention and monitoring needed. Environmental impact and various consequences in not doing this. Deviation in process.

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10 Supply Chain Management Process:

Steps	Action
1.	User department initiates request to deviate using deviation template; document to be sent to Principal Clerk. (Renae Bergstedt)
2.	Principal Clerk (Renae Bergstedt) load information onto Deviation register with the following details:
3.	Information received to be sent to Database Administrator VIA assigned practitioner for Vetting of Supplier
4.	Completed documents to be sent to SCM Administrator via assigned Practitioner to be placed on the agenda for Bid Evaluation Committee (BEC)
5.	Recommendation of the BEC to be added on the agenda for Bid Adjudication Committee (BAC)
6.	Deviation as well as minutes sent for the approval by the Accounting Officer (MM)
7.	Office of Municipal Manager will contact SCM for the collection of the approved or not approved deviation
8.	Principal Clerk load information onto Deviation register
9.	Email sent to user- department with the approved minutes / deviation (Renae Bergstedt)
10.	Department initiates request on Flexgen
11.	Senior Buyer allocates the requisition to SCM Practitioner that dealt with the specific deviation
12.	SCM Practitioner completes order approval form
13.	Duly completed and signed order approval forms submitted to Paula Ribeiro to complete and update the contract register
14.	Order approval form is signed; contract register amended with approved amount, POE is scanned and saved on server.
15.	Fully completed, approved form is submitted to Senior buyer for order.