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**ELUNDINI LOCAL MUNICIPALITY
EXPRESSION OF INTEREST: LONG TERM LOAN**

ELM-2/009/2021-2022

The Elundini Municipality invites registered banking institutions who are registered as bank in terms of the Banks Act, 1990 (Act No. 94 of 1990); to provide the Municipality with long-term loan of R30 000 000.00 (Thirty Million Rands) which was approved by the council resolution CON/91/21 over a period of 36 months. Section 46 of the MFMA permits a municipality to incur long-term debt in accordance with and subject to any applicable provisions Act, including section 19, and only for the purposes of Capital Expenditure on property plant and equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution including costs referred to in subsection 4.

Contract will be based on the National Treasury General Condition of Contracts. The bids will be evaluated on the basis of the Preferential Procurement Policy Framework Act (Act No. 5, 2000), and the regulations pertaining thereto (2017) PRICE AND B-BBEE: Price 80, B-BBEE 20

Tender documents may be obtained from the Elundini Local Municipality SCM Unit upon payment of a non-refundable amount of R250 (two hundred and fifty Rand), either paid in cash or by means of electronic funds transfer (EFT) to the Elundini Local Municipality. The cash amount is to be paid at the cashier's office between the hours of 08:00 and 16:00, prior to the collection of the tender documents from the SCM unit. The tender documents will be available from **Thursday, 30 September 2021**.

NB: For EFT payment deposit at ELM FNB cheque account No: 62159933772 and use this reference no. 020114350000. Proof of payment to be sent to: kwaneles@elundini.gov.za. Upon receiving proof payment, Elundini Municipality will email the tender document to the service providers who are unable to make collections.

Stage 1 of Evaluation – Eligibility Criteria: Certified copy of Registration in Terms of Bank Act, 1990

Bidders with non-compliant with the above requirement will be disqualified and not be considered for further evaluation.

Stage 2 of Evaluation – compliance with the Specification

A detailed specification will be available on the website and on the tender document

Stage 3 of evaluation – Price and Preferential Points

STAGE 3 OF EVALUATION – PRICE & B BBEE	
PRICE	80
BBBEE POINTS	20

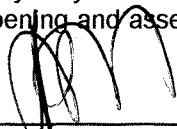
The scope of work, detailed specification including mandatory documents (eligibility criteria) and bid conditions will be uploaded on ELM Website. www.elundini.elundini.gov.za and will be also attached in the tender document.

Queries relating to the issue of these documents may be addressed to Ms H. Mduzulwana, Tel No. 045 932 8125 or email: hlobikazi@elundini.gov.za Technical enquires for this tender may be addressed to Ms F. Mbaliswana Tel No. 045 932 8123 or email: funekam@elundini.gov.za

Completed bid documents and supporting documentation are to be placed in a sealed envelope endorsed with **RELEVANT PROJECT NAME AND BID NUMBER** must be delivered to the **Elundini Local Municipality, at No. 1 Seller Street, Maclear, Finance Department, Cashier's reception area, and placed in the Tender Box not later than 12H00 Noon on Tuesday, 02 November 2021** at which time the tenders will be opened in public.

Telegraphic, telephonic, telex, facsimile, e-mail and late tenders will not be accepted.

Tenders may only be submitted on the tender documentation that is issued. Requirements for sealing, addressing, delivery, opening and assessment of tenders are stated in the tender data and tender documents.



KHAYALETU GASHI
MUNICIPAL MANAGER

BID CONDITIONS AND INFORMATION

1. Bidders must adhere to the bid conditions , otherwise the bid will be disqualified.

2. Agreement

The successful bidder will be expected to sign the service Level agreement within 30 days of the date of notification by the Elundini Municipality that his/her bid has been accepted.

3. Completion of Bid Documents

- a) The original bid document must be completed fully in black ink and signed by the authorised signatory to validate the proposal. All the pages must be initialled by the authorised signatory. Failure to do so may result in the invalidation of the bid.
- b) By initialling and signing the bid document you agree to the terms and conditions of this bid and you understand that the ELM is administered by ELM Supply Chain Management Policy , MFMA Act 56 of 2003 and MFMA SCM Regulations and shall act in accordance with the said legislative prescripts.
- c) Bid documents may not be retyped or altered in any way, Bidder must complete the original issued bid document and original issued returnables .
- d) Tender documents must be completed with non-erasable ink. Any tender document completed with pencil will not be acceptable and shall be disqualified.
- e) Ensure that there are no errors or omissions.
- f) Bids price submitted must include vat where applicable.
- g) Failure to comply with any of the above will result in the invalidation of the bid.

4. Alteration or Qualification of Bid

- a) No unauthorised alteration of this set of bid documents will be allowed after the closing date. Any unauthorised alteration will disqualify the proposal automatically. Any ambiguity has to be cleared with contact person for the bid before the closure date.
- b) The submission should be entirely legible. Any changes made to the original text of bid should be crossed through and signed for. DO NOT USE CORRECTION FLUID as this may invalidate your submission

5. Signatory

- (a) A copy of the recorded Resolution taken by the Board of Directors, members, partners or trustees authorising the representative to submit this bid on the bidder's behalf must be attached to the Bid Document on submission of same.
- (b) A bid shall be eligible for consideration only if it bears the signature of the bidder or of some person duly and lawfully authorised to sign it for and on behalf of the bidder.

6. Submission of Bid

- (a) The bid must be put in a sealed envelope, or envelopes when the two-envelope system is specified, clearly marked with the bid number, title as well as closing date and time and placed in the Tender Box at the Elundini Local Municipality Municipality **by not later than 12h00 on Tuesday,02 November 2021.**
- (b) Faxed, e-mailed and late bids will not be accepted. Bids may be delivered by hand, by courier, or posted at the bidder's risk and must be received by the deadline specified above, irrespective of how they are sent or delivered
- c) Clearly mark the back of the envelope with your bidder's name and address .

7. Opening, Recording and Publications of Bids Received.

- a) Bids will be opened in public immediately after the bid closure date, or at such time as specified in the bid documents. If requested by any bidder present, names of the bidders, and if practical the total amount of each bid and of any alternative bids will be read out loud.

- b) Bids received in time recorded and entered in a register which is open for public inspection.
- c) Late bids will be registered and returned unopened unless the bidder did not clearly specify their address at the back of the envelope.

8. Tax Clearance Certificate , Tax Matters and VAT

- a) Tender offers will only be accepted if the tenderer provides written proof from SARS that the tenderer either has no Tax obligations or has made arrangements to meet outstanding Tax obligations.
- b) Upon submission of a bid/quote the bidder automatically grants confirmation that SARS may, on an ongoing basis during the contract term disclose the bidders Tax Compliance status to the municipality
- c) Prices must always be VAT inclusive where applicable.

9. Evaluation of Bids

Bids will be evaluated in terms of their responsiveness to the bid specifications and requirements as well as such additional criteria as set out in the bid document.

10. Acceptance or Rejection of a Bids

The Elundini Municipality reserves the right to withdraw any invitation to submit a bid and/or to re-advertise or to reject any bid or to accept a part of it. The Elundini Municipality does not bind itself to accepting the lowest bid.

11. Registration on Accredited Supplier Database

It is expected of all prospective service providers who are not yet registered on the Central Supplier Database to register online (www.csd.gov.za) and verify their company information Elundini Municipality Database Department. The Elundini Municipality reserves the right not to award proposals to prospective suppliers who are not registered on the CSD (Central Supplier Database).

12. BBBEE Certificate

For the proof of B-BBEE status level of contributor the bidder must submit an original or certified copy of a valid verification certificate from a verification agency accredited by SANAS and recognized as an Accredited B-BBEE Verification Agencies (www.sanas.co.za/afdirectory/bbbee_list.php) or original or certified completed AFFIDAVIT downloaded from www.thedti.gov.za/economic_empowerment/bee_codes.jsp

13. Tender offers will only be accepted if:-

- a) the financial offer is market related (See Regulation 6 (9) and section 7 (9) of the 8(9) OF Preferential Procurement Regulation 2017.
- b) the tenderer or any of its directors/shareholders is not listed on the Register of Tender Defaulters in terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the public sector terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the public sector;
- c) the tenderer has not:
 - i) abused the Employer's Supply Chain Management System; or
 - ii) failed to perform on any previous contract and has been given a written notice to this effect; and
 - iii) the tenderer has completed the Compulsory Declaration and there are no conflicts of interest which may impact on the tenderer's ability to perform the contract in the best interests of the employer or potentially compromise the tender process.

14. Requirements for the Joint Venture

- a) J V agreement,
- b) original or certified copy of consolidated BBBEE certificate, and
- c) letter of signatory.

15. Site / Information Meetings

None

16. Procurement Policy

- a) Bids will be awarded in accordance with the Preferential Procurement Regulations, 2017 pertaining to the Preferential Procurement Policy Framework Act, No 5 of 2000.
- b) The latest General Conditions of Contract and any Special Conditions of Contract will apply
- c) The Elundini Local Municipality Supply Chain Management Policy will apply. This policy is obtainable from Elundini Local Municipality offices in Maclear and is available on ELM Website: www.elundini.gov.za

17. Expenses Incurred in Preparation of Bid

The Elundini Municipality shall not be liable for any expenses incurred in the preparation and submission of the bid.

18. Wrong Information Furnished

Where a contract has been awarded on the strength of the information furnished by the bidder which, after the conclusion of the relevant agreement, is proved to have been incorrect, the Elundini Municipality may, in addition to any other legal remedy it may have, recover from the contractor all costs, losses or damages incurred or sustained by the Municipality as a result of the award of the contract.

19. Validity Period

Bids shall remain valid for **90 days** after the bid closure date.

20. General and Special Conditions of Contract

The General Conditions of Contract as well as any Special Conditions of Contract that may form part of this set of bid documents will be applicable to this bid in addition to the conditions of bid.

21. Municipal Rates, Taxes and Charges

The bidder to provide their municipal account of rates and taxes of both the Bidding entity and its directors' in its Bid Document submission. Any bidder which is or whose directors are in arrear with their municipal rates and taxes due to any Municipality within South Africa for more than three months and have not made an arrangement for settlement of or same before the bid closure date will be disqualified.

If the bidder is renting the office a Lease Agreement must be attached to the bid document

OR Affidavit from SAPS stating that the bidder is not obliged to pay municipal rates with a letter from a ward councilor is submitted with the tender document.

22. Contact with Municipality after Bid Closure Date

Bidders shall not contact the Elundini Municipality on any matter relating to their bid from the time of the opening of the bid to the time the contract is awarded for additional information or amendments of bids. Any effort by the firm to influence the Elundini Municipality in the bid evaluation, bid comparison or contract award decisions may result in the rejection of the bid.

23. Vetting Of The Supplier/Due diligence

- Tenderers must furnish the municipality with the details of similar services, which they have satisfactorily completed in the past to allow vetting process. Failure to do so will invalidate the bid.

Terms of Reference for Expression of Interest: Long Term Loan

Project Description

The Elundini Local Municipality requires services of an institution registered in terms of Banks Act of South Africa 94 of 1990 to provide a long term loan facility to the municipality for a period of 36 months.

Project Background

Elundini Municipality has been faced with a problem of spiralling electricity distribution losses. To curb these losses, the municipality has embarked on a project of installing smart meters. To finance this project, the municipal council has approved a project of procurement and installation of smart meters

DETAILED SPECIFICATION:

1. Legislative mandate

Section 46 of the MFMA permits a municipality to incur long-term debt in accordance with and subject to any applicable provisions of the Act, including section 19, and only for the purpose for the purpose of Capital Expenditure on property plant and equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection 4.

2. Approved capital budget

Council, at a special meeting held on 24 June 2021, under resolution CON/91/21, APPROVED THE ORIGINAL BUDGET OF THE MUNICIPALITY FOR THE 2021/22 MTREF as well as the incurring of an external loan to the total amount of R30 000 000 (Thirty Million Rands) for acquisition and installation of smart meters in the municipality.

3. Loan specifications

The requirements of Elundini Local Municipality in providing loan funding are as follow;

a. Loan amount

Elundini Local Municipality requires loan funding to fund Smart meters amounting to R30 000 000.

b. Drawdown of loan

Drawdown of the loan is required on 1 January 2022

c. Repayment period of loan

The repayment period of the loan will be over a period of 36 months.

d. Capital repayment terms of loan

The loan capital will be repaid in monthly instalments on the last day of the month, with first instalment falling due 30 days after the drawdown.

e. Interest repayment

Interest will accrue from the date of disbursement and payable on a monthly basis in energy calculated daily on the reducing capital balance.

f. Early repayment

The tenderer must provide for the option to repay a capital portion not be utilised fully based on actual capital expenditure, without any penalty.

g. Denomination of loan

The loan must be denominated in South African Rand.

h. Loan security

The loan will be secured by funds held separately on an investment account held by our primary bankers by issuing a guarantee to that effect

To be included in pricing schedule, and draft agreement

i. Interest rate

The loan will be based on fixed interest rate linked to prime at inception and will remain fixed for the duration of the loan term.

4. Information required

The following information is required to be submitted in the bid:

4.1 Pricing

The bid must provide firm prices for the loan in the form of a fixed margin as informed by the pricing schedule

4.2 Cash flows

The bid must include schedules of cash flow over the period of the loan showing capital redemption and interest payable by Elundini Local Municipality as informed by the pricing schedule.

4.3 Credit approval

Bidders are required to obtain their credit committee's approval in advance for the loan amount for which they are submitting an offer. Evidence of this approval must be submitted with the bid.

5. Draft agreement

The bid must also include a draft agreement stipulating the salient terms and conditions of the agreement.

6. Evaluation and adjudication:

The 80/20 preference point system as contained in the Preferential Procurement Regulations NO. r32 of 20 January 2017 (B-BBEE) will be used in the evaluation and adjudication of this tender.

The preferential points system applied is as follows:

Price	80
B-BBEE status level of contribution	20
Total	100

7. Registered under Bank Act 1990

All bidders should be registered under the banks Act of South Africa (no. 94 of 1990).

8. Validity of offer

Offers must be valid for 90 days.

9. Disbursement

No disbursement conditions shall apply.

10. Pricing schedule

The bidder must provide an amortisation schedule that corresponds with the abovementioned total repayment amount over the 36 month period.

11. SUPPORTING DOCUMENTATION FROM TENDERER

- Draft Loan Agreement
- Amortization Schedule
- Certified Copy of Registration In Terms Of Bank Act, 1990
- Tax Clearance Certificate
- B-BBEE Certificate
- Municipal Account statement/Lease Agreement

NOTE:-

(No pricing or pricing adjustment documentation can be attached to the tender

Any pricing or pricing adjustment documentation which is attached by the tenderer by the tendered will not be considered

The schedules supplied by Council must be used for all pricing matters.)