

D/SM 6/25

DEVIATION: Appointment of Jubelie Project Management (Pty) to finalise the installation of civil services and the procurement process to appoint a contractor for the 170 Top structures



MEMORANDUM

DIRECTORATE: INFRASTRUCTURE SERVICES

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

To / Aan: MUNICIPAL MANAGER

From / Van: DIRECTORATE: INFRASTRUCTURE SERVICES

Job Title: MANAGER – PMU

Date / Datum: 24 JULY 2024

Re / Insake: **DEVIATION: Appointment of Jubelie Project Management (Pty) to finalise the installation of civil services and the procurement process to appoint a contractor for the 170 Top structures**

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. BACKGROUND

Jubelie Project Management (Pty) Ltd was appointed as Project management consultants for township establishment, approval and implementation for the Zone O Housing project, Stellenbosch. A Section (116) process was followed to extend Jubelie's appointment by 36 months. The 36 months expired at the end of the 2023-2024 Financial year. Therefore, the Project Management Unit and the Housing development department requests a deviation to appoint Jubelie Project Management for works that was not completed under their original Service level agreement. The reason the scope of work could not be completed within the 36-month period stipulated in the S (116) was due to informal and illegal structures that were in the way of the construction of service sites and TOP structures. It took almost two years to relocate the families on the first construction phase, due to space constraints, civil unrest, and a variety of demands to accommodate the families on the alternative sites identified as TRA's. These demands by the illegal families on the construction site caused a delay of 2 years.

The families have subsequently been relocated on the first phase (170 service sites) and construction expected to be completed by the 30th of August 2024. The building plans for the top structures have been approved and tender documentation and approvals ready for BSC submission. All these designs, architects, engineers, specialists etc are appointed through Jubelie appointment and therefore it is not practical or cost effective for Stellenbosch Municipality to appoint new service providers for what is merely a continuation of a second phase of their first appointment which related into Zone O. Other service providers would have to start the process over, delaying the overall project and the municipality will most likely not be able to apply for additional grant funds for the additional works. It is imperative to note that the current Service Provider have all the historical information of the site as well as the fact that they are familiar with the Kayamandi community, and it will be not practical for a new Service Provider to gain the trust from the community within the first 6 months of their appointment.

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

It would be impractical or cost effective for Stellenbosch Municipality to appoint new service providers for what is merely a continuation of their appointment by the Stellenbosch Municipality. Due to the aforementioned, the case for this deviation can thus be motivated as. 5) "exceptional case". Jubelie Project management are responsible for the professional services and management of tender BSM 123/21: Zone O, Kayamandi housing project. Jubelie is required to provide the final sign off engineering services compliance certificates (including the provision of as-built drawings), so that a Section 28 clearance certificate can be provided. Without the clearance certificate the municipality cannot proceed with the 170 Top structures. The Section 28 clearance certificate is necessary for the Housing Development department to register the subdivisional erven at the Deeds Office. It would not be reasonable to bring in other professionals to attempt to sign off works completed and/or overseen by Jubelie and their appointed specialists.

A different team of specialist from a new tender process would prevent BSM 123/21 from being completed and a large amount of re-work will need to be done by the new consultants. Jubelie are familiar with the volatile community and our internal structures. A new group of professionals would first have to review all the existing designs and tender documentation completed by Jubelie prior to providing comments and or updates to designs. This will take more time and additional costs. The service sites will stand vacant for a much longer anticipated time, bringing in a large risk factor to vandalism such that has taken place just up the road at the 86 service sites project in Kayamandi. Budget allocation has been made and committed by the provincial department for 50 Top structures that must be completed by 31 March 2025. Therefore, a delay in the top structure tender would make

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it almost impossible to reach the target of 50 Top structures, and a risk of not getting an approved roll-over would put the municipality at financial risk.

The municipality needs to start with the Top structures ASAP, to prevent potential vandalism to services that are currently at 92% completion. The budget aligns with Jubelie's remaining fees as the professional consultant, and any new appointments would delay the construction project which would require the municipality to request budget amendments from the Provincial Government which are not always guaranteed. With the current phase more in the implementation phase of service sites and 170 Top structures on phase 3 of the site, the departments feel that Jubilee needs to complete certain tasks to ensure that a contractor can be appointed for the 170 Top structures.

4. DISCUSSION

There is no doubt of Jubelie's track record and capabilities to implement housing projects, in particular state subsidized projects. The delay of deliverables for Zone O, Kayamandi, was out of the service providers control and not a true reflection of their capabilities. The communities of Kayamandi are extremely volatile. As part of Jubelie's appointment for the Northern Extension, Zone O and Kayamandi Town Centre they have built relationships with these communities and trust within the communities. It will be to the advantage of the Municipality to continue with them as service providers. Zone O was included in this appointment, and it is in the best interest for the Municipality to proceed with the current service provider for Phase 3. The other two phases that make up a total of 711 sites, will not be achieved under Jubelie's appointment, due to the challenge of illegal structures and families that are densely populated on the proposed service site erf area.

Timeline of Jubelie for the scope of works:

The realistic delivery period is 6 months, and the outstanding work is listed below:

- Complete 170 service sites. (Estimated time completion – August 2024)
- Sign-off of Service sites for Section 28 Clearance certificate application. (August 2024)
- Building plan typology approval for 170 TOP structures. (Complete)
- Tender Specifications submission to BSC – (August 2024)
- Finalize Electrical and Structural Engineering. (August 2024)
- Advertise Tender Document (September 2024)
- Evaluate bid submissions (October 2024)
- Appointment of suitable contractor and commence with construction of 170 **Top** structures (Construction phase, November 2024)
- Project Handover to a new consultant team that will be appointed through the BSM 50/23 engineering roster to finalize the 170 top structures construction project. (31 December 2024).
- The BSM 50-23 tender appointment process will run concurrently with the top structure advertisement tender.

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It must be noted that the Housing administration department will be responsible for the beneficiary administration and marketing of the 170 potential opportunities (top structures) as well as the transfer of houses to the respective owners that will occur after house hand overs.

5. FINANCIAL IMPLICATIONS

Budget has been allocated and gazetted by the provincial department to cover the costs that are in line with the subsidy quantum and provincial allocations per task and deliverable. This will be for the future Top structure construction as well as the professional fees. The allocation has been approved by Council and forms part of our MTREF budget. The professional fees will be in accordance with the project resolution and actual outputs as per the original scope of works.

Extract from Gazzeted Grant Allocations: 7 March 2024

Vote 10: Department of Infrastructure

Category	District Municipality	Demarcation code	Municipality	Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure			Human Settlements Development Grant (Beneficiaries)		
				Provincial/Municipal Financial Year			Provincial/Municipal Financial Year		
				2024/25 Allocation (R'000)	2025/26 Allocation (R'000)	2026/27 Allocation (R'000)	2024/25 Allocation (R'000)	2025/26 Allocation (R'000)	2026/27 Allocation (R'000)
A	Cape Town		City of Cape Town				307 920	313 010	280 330
B	DC1	WC011	Matikana	95	95	99	55 270	34 259	28 200
B	DC1	WC012	Cederberg		100	105	3 820	9 150	6 000
B	DC1	WC013	Bergvliet	140	150	157	30 548	60 788	9 000
B	DC1	WC014	Saldanha Bay	130	140	146	77 057	155 250	116 252
B	DC1	WC015	Swardland	170	190	199	164 948	224 958	229 000
C	DC1	DC1	West Coast District						
Total: West Coast Municipalities				535	675	706	331 643	484 405	388 452
B	DC2	WC022	Witzenberg	1 375	1 400	1 463	25 000	25 400	21 000
B	DC2	WC023	Drakenstein	11 300	12 000	12 540	44 888	37 500	39 500
B	DC2	WC024	Stellenbosch	345	350	366	18 692	79 143	118 500
B	DC2	WC025	Breede Valley	200	260	272	1 807	2 416	
B	DC2	WC026	Langeberg	130	140	146		9 750	300
C	DC2	DC2	Cape Winelands District						
Total: Cape Winelands Municipalities				13 350	14 150	14 787	90 387	154 209	179 300

Vote 10: Department of Infrastructure

Category	District Municipality	Demarcation code	Municipality	Provincial Contribution towards the Acceleration of Housing Delivery			Title Deeds Restoration Grant			Informal Settlements Upgrading Partnership Grant		
				Provincial/Municipal Financial Year			Provincial/Municipal Financial Year			Provincial/Municipal Financial Year		
				2024/25 Allocation (R'000)	2025/26 Allocation (R'000)	2026/27 Allocation (R'000)	2024/25 Allocation (R'000)	2025/26 Allocation (R'000)	2026/27 Allocation (R'000)	2024/25 Allocation (R'000)	2025/26 Allocation (R'000)	2026/27 Allocation (R'000)
A	Cape Town		City of Cape Town				8 267	4 000				
B	DC1	WC011	Matikana	4 378						3 123	27 035	
B	DC1	WC012	Cederberg				24	88		5 936		6 012
B	DC1	WC013	Bergvliet				140	99				
B	DC1	WC014	Saldanha Bay				275	514		20 042	36 672	4 000
B	DC1	WC015	Swardland				30	26		18 686	3 000	3 000
C	DC1	DC1	West Coast District									
Total: West Coast Municipalities				4 378			469	727		47 787	66 707	13 012
B	DC2	WC022	Witzenberg	7 788						1 532	8 187	1 413
B	DC2	WC023	Drakenstein				523	1 826		2 500	14 385	14 385
B	DC2	WC024	Stellenbosch				803	369		18 550	16 000	16 000
B	DC2	WC025	Breede Valley				1 457	786		2 609	8 000	
B	DC2	WC026	Langeberg				203	352		35 099	6 000	7 380
C	DC2	DC2	Cape Winelands District									
Total: Cape Winelands Municipalities				7 788			2 986	3 333		60 290	52 572	39 178

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6. Scope of Works

Jubelie will be responsible for the following functions from the Subsidy quantum's as well as the civil services subsidy quantum for electrical planning fees, already gazetted and allocated in the form of an INEP grant allocation of R910 000.00 this financial year.

- Site Supervision until service sites are complete.
- Land Surveying & pegging.
- Pre- Engineering electrical designs (INEP grant)
- Structural engineering fees for additional retaining structures. (ISUP grant)

The cost implication of the appointment for the services is as follows and indicated in their quotation: (Annexure 2)

Quotation				
Service	Fund Source	Cost	Total	
Site Supervision Level 3	ISUP Grant	R257 936,00	R257 936,00	
Structural Engineering - Additional retaining systems.	ISUP Grant	R750 000,00	R750 000,00	
Pre-Electrical Engineering - 711 sites	INEP Grant	R910 000,00	R910 000,00	
Land Surveyor - Pegging of Erven and SG Office	ISUP Grant	R270 230,17	R270 230,17	
Sub Total			R2 188 166,17	
Add 15% VAT			R328 224,93	
Sub Total Inclusive of Vat			R2 516 391,10	

6. RECOMMENDATION

The municipality requires the professional services from Jubelie Project Management, as it was within their original scope in their approved Service level agreement. Unfortunately, the deliverables could not be met due to delays in the relocation of families and therefore we require an additional time to complete phase three of the works. (170 Top structures). It is therefore not practical or cost effective for Stellenbosch Municipality to appoint new service providers for what is merely a continuation of a second phase of their first appointment which related into the Zone O, housing project.

To recommend the appointment of Jubelie Project Management (PTY) Ltd, to conclude professional services and management of tender BSM 123/21: Zone O, Kayamandi housing project and scope of works listed above. This will allow the final required approvals and works to be completed, to allow for a contractor to be appointed for the top structures. The appointment duration would be until 31 December 2024.

7. VALUE FOR MONEY

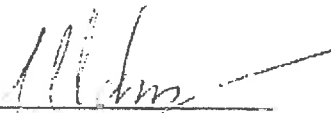
The appointment of Jubelie Project management for the completion of their original appointment for the development of the 711 sites in Zone, which was divided into three phases took much longer than anticipated. This was due to the fact the Zone O area is so dense and that we had to start with the phase 3 instead of phase 1. The phase 3 consist of the 170 sites that are in completion phase and therefore we will not be able to continue with a new Service Provider as per the MPT lay-out approval.

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The fact that Jubilee rendered Value for money to date with a professional team that delivered all the designs of the entire development will make it impractical for a new team to sign off existing works completed to date. The contractor and site supervision team are on site, and it is deemed not practical or possible to change the design and civil team just prior to project completion of the service sites and designs associated with the top structures.

The Municipality will follow a new competitive bidding process, to appoint a suitable service provider to project manage the Top structures tender and provide the required professionals to sign off the Top Structures.


WADE VAN DER MERWE
MANAGER: PMU

Date: 24/07/2024


MYRA FRANCIS
SENIOR MANAGER: IPDI

Date: 24/07/2024


LESTER VAN STAVEL
MANAGER: HOUSING DEVELOPMENT

Date: 24/7/2024


ANTHONY BARNES
DIRECTOR: PLANNING AND ECONOMIC DEVELOPMENT

Date: 25/7/2024

ANNEXURES:

Annexure 1: Jubilee Project Management, Service Level Agreement.

Annexure 2: Jubilee Project Management, Quotation

Annexure 3: Provincial Department of Infrastructure - Resolution Approval letter

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WADE VAN DER MERWE
MANAGER: PMU

Date: 24/07/2024


MYRA FRANCIS
SENIOR MANAGER: IPDI

Date: 24/07/2024


LESTER VAN STAVEL
MANAGER: HOUSING DEVELOPMENT

Date: 24/7/2024

ANTHONY BARNES
DIRECTOR: PLANNING AND ECONOMIC DEVELOPMENT

Date: _____

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8. SUPPLY CHAIN MANAGEMENT COMMENTS:

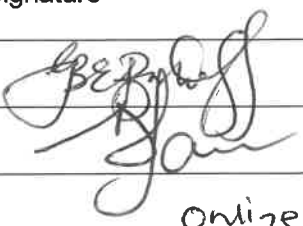
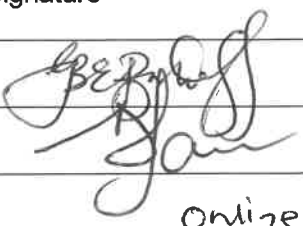
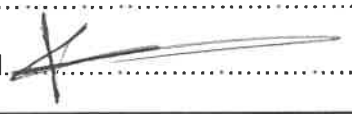
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9. APPROVAL:

REQUEST SUPPORTED / NOT SUPPORTED BY THE STELLENBOSCH MUNICIPAL BID ADJUDICATION COMMITTEE		
Name	Signature	Date
G. Boshoff		26/7/24
D. Jacobs		26/7/2024
A de Beer	online	26/7/2024
A Barnes	online	26/7/2024
S Chandaka	online	26/7/2024.
Comments: <u>Support the deviation.</u>		
CHAIRPERSON.  DATE <u>26/07/2024</u>		
RECOMMENDATION FROM BID ADJUDICATION COMMITTEE APPROVED BY THE ACCOUNTING OFFICER		
Comments:		
ACCOUNTING OFFICER.  DATE <u>30/7/2024</u>		



Annexure 1



STELLENBOSCH

STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

DIRECTORATE: PLANNING AND ECONOMIC DEVELOPMENT

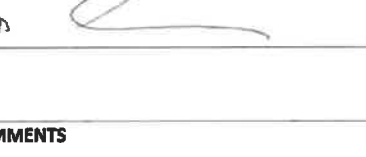
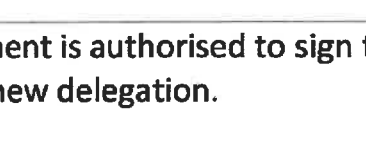
DOCUMENT ROUTE FORM

Including "For noting" Reports

DOCUMENT TYPE

ITEM	DEVIATION (EXCLUDING COUNCILLORS)	CONTRACT (EXCLUDING COUNCILLORS)	x	REPORT (COUNCILLORS INPUT)	OTHER	POWER OF ATTORNEY FORMS
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SUBJECT: SERVICE LEVEL AGREEMENT: B/SM 16/16, APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR TOWNSHIP APPROVAL AND IMPLEMENTATION FOR THE ZONE O HOUSING PROJECT, STELLENBOSCH

REQUESTED SIGNATORY	SUPPORTED/ NOT SUPPORTED/ APPROVED	SIGNATURE/COMMENTS	DATE
PROGRAMME MANAGER (S OCTOBER)	Supported		20.11.2020
MANAGER: HOUSING DEVELOPMENT (L VAN STAVEL)	SUPPORTED		20.11.2020
CONTRACT MANAGER (M MGOGOSHE)	S		20/11/2020
DIRECTOR: PLANNING AND ECONOMIC DEVELOPMENT (A BARNES)	Supported		23-11-2020
MUNICIPAL MANAGER (G METTLER)	N/A		

COMMENTS

The Director: Planning & Economic Development is authorised to sign the agreement in accordance with delegation item H01 of the new delegation.