

EKURHULENI METROPOLITAN MUNICIPALITY
BID ADJUDICATION COMMITTEE MEETING
2013.05.20

ITEM C-RE 24.2013 (T)

REAL ESTATE DEPARTMENT – FACILITIES MANAGEMENT: AWARD OF A BID FOR CONTRACT RE (FM) 14-2013: REPAIRS AND REFUBISHMENT OF AIRFIELD GROUND LIGHTING SYSTEM AT BRAKPAN AIRFIELD

PURPOSE

To obtain approval for the award of a bid for Contract RE (FM) 14-2013: Repairs and refurbishment of Airfield ground lighting system at Brakpan Airfield.

The Bid Adjudication Committee at its meeting held on 6 May 2013 resolved as follows:

RESOLVED

1. *That the contents of the bid adjudication report by the Acting Head of Department: Real Estate – Facilities Management, for the award of a bid for Contract RE (FM) 14-2013: Repairs and refurbishment of Airfield ground lighting system at Brakpan Airfield, **BE REFERRED BACK** for the department to report on the total expenditure to ensure that the facilities are fully operational as well as the potential rental income per month or annum. The committee also raised the matter of future upkeep and security at the airfield and who will be responsible for such.*

RESPONSE TO QUERIES FROM THE BID ADJUDICATION COMMITTEE REGARDING THE RENEWAL OF THE LEASE IN RESPECT OF THE BRAKPAN AIRFIELD.

The lease in respect of the Brakpan Airfield has expired and the Real Estate Department: Property Management Division is currently in the process of renewing the lease.

In terms of the Terms and Conditions as set out in paragraph 6 of the expired lease agreement, EMM was responsible for all maintenance issues pertaining to the taxiways and runways. By definition the landing lights are considered to be included as part of the taxi- and runways and hence the responsibility of EMM. Should such facilities not be maintained to the specification from the Civil Aviation Authorities, the airport's license may be at risk and the asset could become un-lettable for its intended purpose. The construction of the wall will contribute to better security of runway lights, equipment and buildings on the site and prevent the illegal access to the premises contributing to the current vandalism. Moneys will be recouped through rentals as described hereunder.

It should be noted that EMM cannot enter into a new lease agreement and hand-over the lease premises without such premises and associated infrastructure being complaint to both municipal, OHASA and Civil Aviation standards. Should such maintenance not be done, EMM may be held liable should an incident occur that may result in an injury or fatality. Lack of maintenance can also be regarded as a breach of contract on EMMs' part.

In terms of the regulations of the National Municipal Finance Management Act, Council is obliged to recover a market related rental from the new tenant. This rental value is to be determined by an independent valuer and is influenced by the potential income that could be derived from the leased premises. Such valuation has not been done at this point in time since the lease premises is not compliant.

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The monies that are to be spent at the Brakpan Airfield are in respect of EMMs' maintenance obligations and will be taken into consideration when the entire site and associated infrastructure will be valued by the afore-mentioned professional valuer. The intention is to transfer the compliant site, including the total maintenance burden, to the new tenant from the commencement date of the lease. By improving the facilities and infrastructure at the Brakpan Airport, EMM will benefit from deriving an enhanced rental (income potential of the site is increased) and be released from the current maintenance burden and usual risks associated with an airfield. Furthermore should EMM not hand-over a compliant lease property, it cannot hold the new tenant liable for subsequent maintenance thereof.

By not maintaining its assets, such assets will continue to degrade to the point where EMM will not be able to attract any interest from potential investors, leaving those assets vulnerable to vandalism or the possibility of illegal land invasions. EMMs' responsibility towards maintaining the premises will however not disappear should a lease not be concluded.

It should further be noted that the Brakpan Aero Club currently owes EMM R191 411.89 in arrear rentals and that the repayment of the outstanding amount is currently under discussion with the tenant.

1. BACKGROUND

The Brakpan Airfield is located between the area of Dalpark and the Wattville Informal settlement on the northern side. Over the years the airfield has been plagued by a series of break-ins to the club-house and vandalism of the runway lights in addition to that, livestock that has been grazing in the field and lying around the runways due to the lack of and vandalized barbed wire fencing that is currently barricading the Airfield.

The security or proper boundary wall is going to be built around the Airfield and the runway lights need to be reinstated for the airfield to be operational once again

2. Wards affected:

Ward 31

3. STRATEGIC PRIORITY

IDP Priority:

Strategic priority addressed:

1		Good governance / Public participation
2	X	LED / Poverty Alleviation / Job Creation
3	X	Urban Renewal
4		Safety and Security
5		HIV / Aids
6		Skills development
7	X	Infrastructural and maintenance backlogs

Accountability Statement signed by Acting Head of Department attached as annexure "A"

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4. SCOPE OF WORK

This contract calls for the repairs and refurbishment of Airfield ground lighting system at Brakpan Airfield for EMM by a suitably qualified contractor.

Copy of Bid Specification Resolution, is attached as **Annexure "B"**.

A Copy of scope of work attached as **Annexure "C"**.

5. ADVERTISING OF BID

Contract number	RE (FM)14-2013		
Bid advertised in:	Sowetan / Star /EMM notice board & website		
Bid Specification date	22 February 2013		
Date Advertised:	01 March 2013	Date Site Inspection:	14March 2013
Closing Date:	19March 2013	Bid Valid until:	17July 2013 (120 days)
Closing time:		10H00	
Bid Box Number:		7	
Number of Bids Taken:		20	
Number of Bidder's who attended the site meeting:		19	
Number of Bids Received:		04	
Extension of validity period		N/A	
Name of Adjudicator:	Kindor Maduna		
Project Manager:	Precious Maluleke		
Scrutinized by:	Anke Benecke/Tommie Meyer		

Copy of advertisement attached as **Annexure "D"**.

5.1 INFORMATION REGARDING BID

Date bid closed	19/3/2013
Date on which bid had to be stamped & copies made (BSC resolution)	26/3/2013
Date bid submitted to Adjudication Section for allocation	26/3/2013
Date allocated to an adjudicator	2/4/2013
Date Project Manager informed that bid is allocated	3/4/2013
Date of bid evaluation at Tender Office	5/4/2013
Date on which report was received from Project Manager	17/4/2013
Date on which report was sent back to Project Manager for corrections	19/4/2013
Date when final departmental report was received	22/4/2013
Date submitted to Tommie Meyer for scrutiny	23/4/2013
Date report submitted to Secretariat for inclusion in BEC Agenda	23/4/2013

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6. COMPULSORY BRIEFING SESSION

A compulsory briefing session was held at 10:00 on Thursday, 14 March 2013 at the Brakpan Airfield, Corner Van Dyk and Jubilee/ Airport Road, Brakpan. Attendance register and minutes attached as **Annexure "E"**.

7. BIDS RECEIVED

The following bids were received:

BID NO	BIDDING ENTITY	ORIGINAL BID AMOUNT (Incl. VAT & Contingencies)	PHYSICAL ADDRESS	POSTAL ADDRESS	PHONE AND FAX NUMBERS
1.	Exelec Systems (Pty) Ltd	R497,643.63	27 Burger Avenue, Lyttelton Manor, 0157	PO Box 50; Irene; 0062	012 664 3018 012 664 7833
2.	Caillim Projects CC	R1,073,819.74	14 Naomi Road; Slaterville; Benoni; 1501	PO Box 24465; Rynfield; 1514	011 965 6363 086 654 0855
3.	Labor Engineering CC	R1,330,117.80	456 Valley Road; Northriding; 2196	PO Box 190; Honeydew; 2040	011 704 5999 086 574 1784
4.	Ukubona 2000 Electrical (Pty) Ltd	R1,831,362.43	72 Voortrekker Road; Edenvale; 1610	PO Box 434; Edenvale; 110	011 452 8900 011 452 6968

8. LATE BIDS RECEIVED

No late bids were received

9. DISCOUNT

No discounts were offered by any of the bidders.

10. ESCALATION

The bid is at a firm price.

11. EXCHANGE RATE

N/A

12. CIDB

Bidders must be registered with the Construction Industry Development Board (CIDB) in a contractor grading designation determined in accordance with the sum tendered for a 3EP class of construction work. Bidders who have a 2EP PE grading could also submit bids.

Copies of CIDB grading as verified from the official CIDB website are attached as **Annexure "G"**

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13. COMBATting OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

13.1 PROHIBITED PERSONS

The National treasury's database and EMM list of restricted bidders were checked and all the bidders including accepted bidders or any of its directors were not listed as a person/s prohibited from doing business with the public sector.

13.2 NON-PERFORMANCE

None of the bidder/s during the last five years has failed to perform satisfactorily on a previous contract with the EMM or any other organ of state. No written notice was given to any bidder/s with unsatisfactory performance that was later rejected.

13.3 PERSONS IN THE SERVICE OF THE EMM

The identification number/s as provided by the recommended bidder/s in it/their bid document/s was/were verified against the database of CIPC (Companies and Intellectual Property Commission, previously called CIPRO) for the correctness of identification numbers. The verified identification number/s were checked against the EMM database of Employees and the following was established:

13.3.1 No owner/s of a bidding entity is an employee/s of the EMM;

13.3.2 In the cases where the bidding entity is not a natural person, none of its directors, managers, principal shareholders or stakeholder, is a person in the service of the EMM;

13.3.3 No advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest, appeared on the EMM database of Employees.

13.4 PERSONS IN THE SERVICE OF THE STATE OTHER THAN THE EMM

There were no declarations indicated in this regard in the bid documents.

14. CORRESPONDENCE WITH BIDDERS

No correspondence was entered into with any of the bidders

15. PRINCIPLE AND METHODOLOGY UTILISED

The 90:10 preference point systems for acquisition of services or goods with a rand value above R1million was followed in the evaluation process. The bidder scoring the highest number of points will be considered for the award of the bid.

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16. LOCAL PRODUCTION AND LOCAL CONTENT

This bid does not form part of a sector or sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content

17. BID EVALUATION FORM NO.1: GENERAL ACCEPTABILITY

The Supply Chain Management Policy requires that a bidder must have a (Yes) Y in the four columns after the bidding entities name and must have a minimum of 8 out of 10 points in the next five columns in order to be considered able to execute the works. If this is not the case, the bid must be rejected. If any criteria were rated as zero, the bid must also be rejected, even if the required 8 out of 10 points are achieved.

Bid No.	BIDDING ENTITY	CIDB	Meeting Technical Specifications	Compliance with Bid Conditions	Valid Tax Clearance Certificate	Infrastructure & Resources Available	Size of Enterprise & Current Work Load	Staffing Profile	Previous Experience	Financial Ability	TOTAL	Accept (A) or Reject (R)
WEIGHTING		Y/N	Y/N	Y/N	Y/N	2	2	2	2	2	10	A/R
1.	Exelec Systems (Pty) Ltd	Y	N	N	Y	-	-	-	-	-	0	R
2.	Cailim Projects CC	Y	Y	Y	Y	2	2	2	2	2	10	A
3.	Labor Engineering CC	Y	Y	Y	Y	2	2	2	2	2	10	A
4.	Ukubona 2000 Electrical (Pty) Ltd	Y	Y	Y	Y	2	2	2	2	2	10	A

18. REASONS FOR REJECTION

BID NO	BIDDING ENTITY	REASONS FOR REJECTION
1.	Exelec Systems (Pty) Ltd	

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BID NO	BIDDING ENTITY	REASONS FOR REJECTION
		items on the Bill Of Quantities.(e.g. Installation of cable, trenching and excavations, etc.)

19. COMPARISON OF BID PRICES

BID NO	BIDDING ENTITY	ORIGINAL BID AMOUNT (Excl. VAT, CONTIGENCIES & Escalation)	FIRM PRICE BID	CORRECTED BID AMOUNT (Excl. VAT,CONTIGENCIES & Escalation)
2.	Cailim Projects CC	R856.315.58	Y	R856.315.58
3.	Labor Engineering CC	R1,060,700.00	Y	R1,060,700.00
4.	Ukubona 2000 Electrical (Pty) Ltd	R1,460,416.61	Y	R1,460,445.36

Differences in corrected bid prices arise from arithmetic errors, see attached annexure "N" – Pricing schedule spreadsheet and corrected price schedule

20. ALLOCATION OF PREFERENCE POINTS

Bids were adjudicated by using a point system as advertised, on the basis of:
90:10- Contract value above R1 000 000.00

Number of points for Price – maximum of 90 points
B-BBEE points – maximum 10 points

21. Bid adjudication form No.2: Allocation of specific goals

BID NO	BIDDING ENTITY	Number of points into BEE Scorecard	Number of points for price	Total number of points	B-BBEE Status Level of Contributor	Comments
	Weighting 90:10	10	90	100		
2.	Cailim Projects CC	8	90	98	3	
3.	Labor Engineering CC	5	68.52	73.52	4	
4.	Ukubona 2000 Electrical (Pty) Ltd	0	26.51	26.51	0	Copy of B-BBEE Certificate not certified

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22. TOTAL ESTIMATED VALUE OF PROPOSED CONTRACT

The estimated value of the proposed contract amounts to **R1,073,819.74** (VAT & Contingencies included) made up as follows:

Contract price	:	R	856,315.58
Contingencies	:	R	85,631.56
Sub-total	:	R	941,947.14
Escalation	:	R	0.00
Sub Total excluding VAT	:	R	941,947.14
14% VAT	:	R	131,872.60
Total Estimated Project cost	:		<u>R.1,073,819.74</u>

23. FUNDING

Budget

It is confirmed that the following amount was provided on the 2012/13 Capital Budget:

Vote Number	Description	Adjusted Budget	Available Budget
1330306041008	Refurbishment of Lettable Facilities	R8,130,000	R8,034,022

The following provision has been made on the approved multi-year Capital Budget:

Financial Year	Description	Budget	Proposed New Budget
2013/2014	Refurbishment of Lettable Facilities	R12,000,000	R15,000,000
2014/2015	Refurbishment of Lettable Facilities	R14,000,000	R16,000,000

Copy of Comments from Finance attached as annexure "M"

24. COMPANY AND DIRECTOR DETAILS OF ACCEPTABLE BIDS ON FORM 2

2. CAILIM PROJECTS CC

PO Box 24465
 RYNFIELD
 1514
 Telephone Number: (011)9656363
 Fax Number: (086)6540855



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Directors / Members & Shareholding

Bid NO.	COMPANY	NAME OF DIRECTOR	ID NUMBER	HDI STATUS	% EQUITY OWNER SHIP	SMME Status	BBB-EE score card	Disabled
2.	CAILIM PROJECTS CC			Y N	BF - 51% WF - 49%	Medium	QSE 3	-

Total operational staff to be employed

Cailim Projects CC has two Directors, one is a Marketing and Public Relations and the other one has a qualification in Basic Book Keeping. They also have a Project manager, two Site Supervisors, a site agent and a site engineer who is an Electrician and 6 general.

The bidder intends adding 25 more people to their permanent staff during the course of this project.

Capability, resources and experience

The bidder has experience in Electrical fencing, substation maintenances etc, with amounts ranging from R0,2mil to R30mil.

Alternative offers

No alternative bids were been submitted by the bidder.

Financial ability

Funds will be made available internally

3. LABOR ENGINEERING CC

PO Box 190
 HONEYDEW
 2040
 Telephone Number: (011) 7045999
 Fax Number: (086) 5741784

Directors / Members & Shareholding

Bid NO.	COMPANY	NAME OF DIRECTOR	ID NUMBER	HDI STATUS	% EQUITY OWNER SHIP	SMME Status	BBB-EE score card	Disabled
3.	LABOR ENGINEERING CC			N N	WM WF	Small	QSE 4	-



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Total operational staff to be employed

Labor Engineering CC has two Directors, one is an Electrical Engineer and the other one has a Higher National Certificate in Engineering. They also have two Project Managers, both with technical certificates and one of the Directors will also be Engineer on site.

The bidder intends adding t25 more people to their permanent staff during the course of this project

Capability, resources and experience

The bidder has experience in LED lights, high mast lights, etc., with amounts ranging from R1,2mil to R8mil.

Alternative offers

No alternative bids were been submitted by the bidder.

Financial ability

Funds will be made available internally

4. UKUBONA 2000 ELECTRICAL (PTY) LTD.

PO Box 434
 EDENVALE
 1610

Telephone Number: (011)452 8900
 Fax Number: (011)4526968

Directors / Members & Shareholding

Bid NO.	COMPANY	NAME OF DIRECTOR	ID NUMBER	HDI STATUS	% EQUITY OWNERSHIP	SMME Status	BBB-EE score card	Disabled
4	UKUBONA 2000 ELECTRICAL (Pty) Ltd			Y	BM - 35% BF - 35% BM - 30%	Small	QSE	-

Total operational staff to be employed

Ukubona 2000 Electrical (Pty) Ltd has three members, one who is a qualified Electrical Engineer, a Project manager, a site supervisor, two electricians, and a SHEQ



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Capability, resources and experience

The bidder has experience in replacement of luminaires, transformers, etc with amounts ranging from R0,782mil to R7.5Mil.

Alternative offers

No alternative bids were been submitted by the bidder.

Financial ability

Funds will be made available internally.

25. MARKET RELATED RATES/BID

The bid amount of the recommended bidder is cost effective and market related. Prior to going out on tender, EMM engaged with Quantity Surveying consultants to source out market rates to determine what the value of the project will be for budget purposes and the estimate was R900,000.00 which is above the tendered amount of R856,315.58 (Excl. Contingences & VAT.)

26. CONCLUSION

From the allocation of preference points, Cailim Projects CC scored the highest number of points and should therefore, be considered for appointment.

26. COMMENTS BY RELEVANT DEPARTMENT

Attached as Annexure "M"

27. SUMMARY OF ALL ANNEXURES ATTACHED

Annexure "A"	Accountability Statement
Annexure "B"	Copy of the Bid Specification Committee resolution
Annexure "C"	Copy of Scope of Work
Annexure "D"	Copy of the Advertisement
Annexure "E"	Copy of original attendance register and minutes
Annexure "F"	Copies of valid original Tax Clearance certificates
Annexure "G"	Copies of CIDB registration for the required grading & Technical certificates
Annexure "H"	Copies of correspondence relating to the communication with bidders N/A
Annexure "I"	Copies of B-BBEE Score Card
Annexure "J"	N/A
Annexure "K"	Copies of % Sub-contracted
Annexure "L"	Copy of Joint venture agreement(s) where applicable N/A
Annexure "M"	Comments from relevant departments

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Annexure "N"	Copies of Price Schedules and corrected Pricing schedules/spreadsheets.
Annexure "O"	Total points calculations
Annexure "P"	Copies of ALL Declarations
Annexure "Q"	Copies of Financial Statements – N/A
Annexure "R"	Copy of Tender Office Checklist

COMMENTS OF THE BID EVALUATION COMMITTEE

- *The expenditure to BE FINANCED against the Capital Budget Vote number 1330306041008 (Refurbishment of Lettable Facilities) in the 2012/2013 financial year and the relevant vote numbers in the 2013/2014 financial year.*
- *It is noted that the item was advertised on 1 March 2013 and the closed on 19 March 2013*
- *It is noted that the tender validity expired on 17 July 2013*
- *The principal approval to go out on tender was granted by the Bid Specification Committee at its meeting held on 22 February 2013*
- *Section 33 of the Municipal Financial Management Act does not apply.*
- *Section 78 of the Systems Act does not apply*
- *The item was presented by Precious Maluleke from Real Estate Department*

The Bid Evaluation Committee at its meeting held on 2 May 2013 resolved to recommend as follows:

RECOMMENDED

1. **That** the contents of the bid adjudication report by the Acting Head of Department: Real Estate – Facilities Management, for the award of a bid for Contract RE (FM) 14-2013: Repairs and refurbishment of Airfield ground lighting system at Brakpan Airfield, **BE NOTED.**
2. **That** bid no. 2, **Cailim Projects CC**, of 14 Naomi Road, Slaterville, Benoni, 1501, Telephone number 011 9656363; Fax number 086 6540855; **scoring the highest number of points** for Contract: RE(FM) 14-2013: Repairs and refurbishment of Airfield ground lighting system at Brakpan Airfield **BE ACCEPTED** and **APPROVED** at a total estimated contract amount of **R856 315.58** (Excluding VAT and contingencies) at the fixed rates as set out in **Annexure "N"** attached to this report, subject to the provision of a satisfactory prescribed guarantee, which must **BE SUBMITTED** to the Acting Chief Financial Officer **PRIOR** to commencement of the works but not later than **14 days** after having been informed of the award of the bid.

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3. That the expenditure in 2 *supra* **BE FINANCED** against the Capital Budget Vote number 1330306041008 (Refurbishment of Lettable Facilities) in the 2012/2013 financial year and the relevant vote numbers in the 2013/2014 financial year.
4. That the City Manager or his nominee **SIGNS** the relevant contract documents whereafter the department **MUST SUBMIT** the original bid document/s to the Tender Office for safekeeping
5. That the successful and unsuccessful bidders **BE NOTIFIED** by the Tender Office accordingly
6. That Cailim Projects CC **BE REQUESTED** in writing by the Tender Office for a copy of their latest Municipal Account/s to confirm payment for services rendered by the relevant Local Authority/ies are not in arrears for more than 3 months and that it be **SUBMITTED** to the Finance Department **PRIOR** to commencement of the works, but not later than **14 days** after having been informed of the award of the bid.
7. That the Acting Head of Department: Real Estate, **ENSURES** that the necessary Contractor's All Risks and Public Liability Insurances as prescribed by the Council's Insurer for the contract, are **OBTAINED** and **MAINTAINED** by the contractor at its own cost throughout the contract period and that copies thereof **BE SUBMITTED** to the Acting Chief Financial Officer **PRIOR** to commencement of the works, but not later than **14 days** after having been informed of the award of the bid.
8. That the Acting Head of Department Real Estate – Facilities Department in collaboration with Corporate Legal Services, **ENSURES** that a Service Level Agreement be entered into between the EMM and Cailim Projects CC **PRIOR** to commencement of the contract but not later than **14 days** after having been informed of the award of the bid and that a copy thereof be submitted to the Tender Office for safekeeping.
9. That it **BE NOTED** that the contractor's appointment letter will only **BE ISSUED** after the signed original bid document which constitutes the contract between the bidder and the EMM have been submitted to the Tender Office.
10. That the Project Manager **ENSURES** that the contract does not commence **PRIOR** to the submission of the documents referred to in recommendation 2, 6, 7 8 & 9.