



Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that a **SPECIAL COUNCIL MEETING** of the 2021/2026 term of the Garden Route District Municipality will be held at the CA Robertson Council Chambers on **THURSDAY, 25 APRIL 2024** at **10:00** to consider the items as set out in the agenda.

*Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat 'n **SPESIALE RAADSVERGADERING** van die 2021/2026 termyn van die Garden Route Distriksmunisipaliteit gehou sal word in die CA Robertson Raadsaal **DONDERDAG, 25 APRIL 2024** om **10:00** ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.*

Kukhutshwe isaziso ngokwemiqathango yoMhlathi 29 woRhulumente Basekhaya: Umthetho Wezolawulo loMasipala, 1998, uMthetho 117 wango 1998, sokuba **INTLANGANISO YEBHUNGA** yexesha lika 2021/2026 loMasipala Wesithili se Garden Route izakubanjelwa kwiGumbi leBhunga CA Robertson, **NGOLWESINE, 25 KUTSHAZIMPHUZI 2024** ngentsimbi ye **10:00** ukuqwalasela imiba ebekwe kwi agenda.

ALD GR WOLMARANS
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
 Municipal Manager
Munisipale Bestuurder
 Mphathi Masipala

Date: 25 APRIL 2024
ADDENDUM

AGENDA

1. OPENING AND WELCOMING / OPENING EN VERWELKOMING / UVULO NOLWAMKELO
2. EVACUATION PROCEDURES / ONTRUIMINGSPROSEDURES / INKQUBO YOKUFUDUSWA
3. SILENT PRAYER / MEDITATION / STILLE GEBED / MEDITASIE / UMTHANDAZO OTHULEYO
4. ATTENDANCE OF MEMBERS / BYWONING VAN LEDE / AMALUNGU AKHOYO
 - 4.1 COUNCILLORS PRESENT / RAADSLEDE TEENWOORDIG / OOCEBA ABAKHOYO
 - 4.2 COUNCILLORS WITH LEAVE / RAADSLEDE MET VERLOF / OOCEBA ABAKWIKHEFU
 - 4.3 COUNCILLORS WITHOUT LEAVE / RAADSLEDE SONDER VERLOF / OOCEBA ABANGEKHO KWIKHEFU
5. NOTING OF THE PROVISIONS OF SCHEDULE 7 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES AMENDMENT ACT, 2021 / KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 7 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE AANGEPASTE STRUKTURE WET, 2021 / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 7 (INDLELA YOKUZIPHATHA KOOCEBA) LOMTHETHO WORHULUMENTE BASEKHAYA WESIMO SOMASIPALA OLUNGISIWEYO WANGO 2021
6. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA

7.	COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO
8.	COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO
9.	COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LOMPHATHI MASIPALA

ITEMS FOR DISCUSSION / ITEMS VIR BESPREKING / IINGONGOMA EMAZIXOXWE		
STANDING ITEMS / STAANDE ITEMS / IMIBA EMISIWEYO		
12.1	<p>PROGRESS REPORT ON THE GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY PROJECT/VORDERINGSVERSLAG INSAKE DIE GARDEN ROUTE STREEK AFVALBESTUUR FASILITEIT PROJEK /INGXELO NGOOKUSELE KWENZIWE KWINDOWO YOLAWULO LWENKUNKUMA YENGINGI YE GARDEN ROUTE</p> <p><i>Refer Report from the Acting Executive Manager (G Otto) / Regional Waste Manager (J Gie)</i></p>	1 - 12

1. PROGRESS REPORT ON THE GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY PROJECT/VORDERINGSVERSLAG INSAKE DIE GARDEN ROUTE STREEK AFVALBESTUUR FASILITEIT PROJEK /INGXELO NGOOKUSELE KWENZIWE KWINDAWO YOLAWULO LWENKUNKUMA YENGINGI YE GARDEN ROUTE

24 April 2024

**REPORT FROM ACTING EXECUTIVE MANAGER: COMMUNITY SERVICES (G. OTTO) /
MANAGER: DISTRICT WASTE MANAGEMENT (J. GIE)**

17/5/1/1

2 PURPOSE

The purpose of the report is for Council to note the progress made on the Garden Route Regional Waste Management Facility Project.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

An urgent meeting was held on 29 February 2024 between the GRDM management and the Chief Executive Officer and General Manager of Tefla Group. It was resolved to implement several measures to salvage and expedite the project going forward. Following the meeting, the contractors Contracts Manager and Operations Director for the project were replaced. The Contracts Manager is now on site on a full-time basis. An additional general foreman has also been appointed to beef up personnel on site.

The progress on the construction can be summarised as follows: Final shaping of slopes and berms for liner anchor trenches of Cell 1 A is nearing completion; The installation of subsoil drainage in Cell 1 A is nearing completion and the installation of portions of the clay liners has commenced; Layer works on the concrete road is in progress;

Shaping on the slopes of the leachate and contaminated water dams is in progress; Portions of the permanent fencing has been erected for testing purposes;

Based on a number of reasons, a reduction in the scope of works to exclude Cell 1 C and D has been considered and agreed upon in principle between GRDM and the contractor. The revised Bill of Quantities, the revised designs and revised costs associated with the proposed reduction in the scope of works is currently being finalised by the consulting engineers. A detailed report will be submitted to Council for approval in this regard.

A revised construction programme was approved by the consulting engineers at the site meeting held on 17 April 2024. This programme indicates that the completion of Phase 1 (an operational cell) will be concluded by the end of November 2024 and the total project concluded by 14 March 2025 (with the reduction in the scope of works). GRDM has formally put the contractor to terms where the imposition of penalties or termination will be implemented should the contractor continue to not adhere to the construction programme going forward. The letter sent to the contractor, dated 19 April 2024, is attached the report as ANNEXURE 1.

The amended Service Level Agreement (SLA) between GRDM and the participating municipalities has been signed by Mossel Bay and George Municipalities. The original Service Level Agreement was signed by Bitou Municipality; the undersigning of the amended SLA is however still being awaited. At this stage, Knysna Municipality is not committed to signing the SLA pending the outcome of the unsolicited bid for Waste-to-Energy and seeking alternative disposal facilities.

The Operations & Maintenance tender was advertised on 03 December 2023 and closed on 15 April 2024. Six tenders were submitted, and the technical evaluation is currently in progress. The participating municipalities will form part of the evaluation processes going forward.

PetroSA has agreed to extend the waste disposal contracts with the participating municipalities with 3 months until the end of May 2024.

The construction progress and the conditions on the PetroSA landfill site will then be reviewed before considering any further extensions. Further negotiations to extend the disposal contracts until end of October 2024 is to be arranged.

5. RECOMMENDATION

That Council notes the contents of the report.

AANBEVELING

Dat die Raad kennis neem van die inhoud van die verslag.

ISINDULULO

Sesokuba iBhunga lithathela ingqalelo ingxelo.

6. DISCUSSION / CONTENTS

6.1 Background

The Regional Waste Management Facility will contain a domestic waste cell (Class B) and a separate hazardous waste cell (Class A) to accommodate hazardous waste with low and medium hazard ratings. Other infrastructure includes roads, stormwater pipelines, leachate storage dam, contaminated stormwater dam, offices, laboratory, weighbridges, a workshop, and security infrastructure. Provision has also been made to accommodate a waste tyre recycling facility by means of a 3-hectare portion of land for long term lease to the Waste Bureau. The Domestic Waste Cell 1, as well as the Hazardous Waste Cell, will both have a lifespan of 20 – 25 years.

6.2 Discussion

As previously reported, subsequent to the persistent delays and apparent lack of urgency demonstrated by the contractor, an urgent meeting was held on 29 February 2024 between the GRDM management and the Chief Executive Officer and General Manager of Tefla Group. It was resolved to implement several measures to salvage and expedite the project going forward. Following the meeting, the contractors Contracts Manager and Operations Director for the project were replaced. The Contracts Manager is now on site on a full-time basis. An additional general foreman has also been appointed to beef up personnel on site.

The progress on the construction can be summarised as follows:

- Final shaping of slopes and berms for liner anchor trenches of Cell 1 A is nearing completion;
- The installation of subsoil drainage in Cell 1 A is nearing completion and the installation of portions of the clay liners has commenced;
- Layer works on the concrete road is in progress (the contractor is currently focusing on completing the portion of road where the weighbridge is to be installed and layer works up until gravel roads for operations to commence as soon as possible);
- Shaping on the slopes of the leachate and contaminated water dams is in progress;
- Portions of the permanent fencing has been erected for testing purposes;

The procurement of the required materials on site, specifically for the Waste Cells, and the finalisation of cession agreements with the various suppliers remains the single biggest risk to the project at this stage.

Based on the current waste generation figures of the participating municipalities, the estimated landfill airspace for Cell 1 A, B, C and D to be constructed has a lifespan of approximately 20 - 22 years. The Waste-to-Energy and Waste Minimisation initiatives currently being earmarked for implementation by the participating municipalities to drastically divert waste from landfill; the SLAs with the participating municipalities, the debt agreement with Standard Bank, and the Operations and Maintenance tender all being over a period of only ten years, poses significant future risks for GRDM.

Considering the above, a reduction in the scope of works to exclude Cell 1 C and D has been considered and agreed upon in principle between GRDM and the contractor. A reduction in the scope of works will have no financial or legal implications for GRDM. Cell 1 A and B will have a lifespan of approximately 10 to 11 years; the planning and construction of future cells (Cell 1 C and D) would be properly informed by waste disposal data going forward. The revised Bill of Quantities, the revised designs and revised costs associated with the proposed reduction in the scope of works is currently being finalised by the consulting engineers. This will be followed with consultation with the participating municipalities; and if agreed upon will serve before Council for approval and follow the required processes as prescribed by the Municipal Finance

Management Act. A detailed report will be submitted to Council for approval in this regard.

A revised construction programme was approved by the consulting engineers at the site meeting held on 17 April 2024. This programme indicates that the completion of Phase 1 (an operational cell) will be concluded by the end of November 2024 and the total project concluded by 14 March 2025 (with the reduction in the scope of works). GRDM has formally put the contractor to terms where the imposition of penalties or termination will be implemented should the contractor continue to not adhere to the construction programme going forward. The letter sent to the contractor, dated 19 April 2024, is attached the report as ANNEXURE 1.

The amended Service Level Agreement (SLA) between GRDM and the participating municipalities has been signed by Mossel Bay and George Municipalities. The original Service Level Agreement was signed by Bitou Municipality; the undersigning of the amended SLA is however still being awaited. At this stage, Knysna Municipality is not committed to signing the SLA pending the outcome of the unsolicited bid for Waste-to-Energy and seeking alternative disposal facilities.

The Operations & Maintenance tender was advertised on 03 December 2023 and a compulsory briefing session took place on 25 January 2024. The initial tender closing date was on 15 February 2024, however, was extended to 15 April 2024 due to several clarification questions that arose. Six tenders were submitted, and the technical evaluation is currently in progress. As agreed, the participating municipalities will form part of the evaluation processes going forward. The appointment of a service provider will run concurrently with the construction of the facility.

PetroSA has agreed to extend the waste disposal contracts with the participating municipalities with 3 months until the end of May 2024. The construction progress and the conditions on the PetroSA landfill site will then be reviewed before considering any further extensions. Further negotiations to extend the disposal contracts until end of October 2024 is to be arranged.

6.3 Financial Implications

The revised projected cashflow, including the reduction in the scope of works, as received from the contractor on 24 April 2024, is as follows:

Financial year 2023/24	R 71 700 271.23
Financial year 2024/25	R 128 611 339.52

An accurate annual cost recovering tariff can only be determined on conclusion of the finalisation of the reduction in scope of works (incl. reduction in professional fees) and the appointment of the operations & maintenance tender.

6.4 Legal Implications

A prerequisite of the Debt Agreement with Standard Bank is that Service Level Agreements between GRDM and each of the participating municipalities is undertaken. The full access to the loan funding for the construction of the facility is pending the finalisation of the Service Level Agreements.

6.5 Staff Implications

None

6.6 Previous / Relevant Council Resolutions:

Council Item pertaining to the Garden Route Regional Waste Management Facility that served before Council on 27 March 2024.

6.7 Risk Implications

Imminent environmental and health disaster in the Garden Route District if the Regional Waste Management Facility is not established soon.

The loan funding to be secured by GRDM will be funded through billing the participating B-Municipalities. If the participating B-Municipalities are not able to pay, or payments are delayed, it will directly impact GRDM's ability to repay the loan.

ANNEXURE 1



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OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	N Davids
Reference:	14/1
Date:	19 April 2024

Tefla Group (Pty) Ltd
P O Box 3121
KEMPTON PARK
1620

matimbam@tefla.co.za

Sir

BREACH OF CONTRACT : GRDM 24/21-22 : CONSTRUCTION OF A NEW REGIONAL WASTE MANAGEMENT FACILITY AND ASSOCIATED INFRASTRUCTURE

The Service Level Agreement (SLA) entered into between the Parties, refers.

At a site meeting held on 13 December 2023, you were requested to submit a realistic program and cashflow by 24 January 2024. The program received on 6 February 2024 was rejected as being unrealistic, as well as the subsequent programs dated 21 February 2024; 29 February 2024; 20 March 2024 and 28 March 2024. The programs were not only unrealistic, but also incomplete as all sections of work were not included.

We are of the view that there is a lack of urgency from your company in supplying information (program, cashflow, etc. as can be seen from the abovementioned); the finalisation of sub-contractor appointments; the procurement of materials - this is an ongoing issue; the finalisation of a number of material cession still outstanding; contract project management and support from Head Office to Site is not adequate for a project

of this size and nature; payments of sub-contractors/service providers are still problematic (hence the lack of progress on site); and the lack of suitable plant on Site to construct the works.

With the abovementioned in mind, we wish to raise our serious concern with regards to the rate of progress on Site in terms of the General Conditions of Contract (GCC) 2015 especially clause 5.7.1. In terms of Clause C3.5.2.3 – failure to maintain construction programme contained in Part C3.5, Management of the Works of the Contract, you are hereby instructed in terms of clause 5.7.1 of the GCC, to submit to the Engineer for approval, a method statement within seven (7) days from the date of this letter, indicating the necessary steps required to expedite the Works as to complete the Works by the Phased Due Completion Dates.

You have failed to comply with the provisions of clause 5.14 of the SLA, whereby you must, on a monthly basis in electronic format and hard copy, and by the 5th day of the following month, submit updated realistic cash-flow; progress report; an adjusted programme, whether or not any progress of work has fallen behind programme, including showing the percentage complete.

We have evaluated progress on site at numerous occasions and are of the view that additional resources must be allocated to this contract immediately to expedite the work. A complete list of plant and labour are kept by our site staff and indicates that additional resources are required.

Writer also draws your attention to clause 5.13.1 of GCC as well as clause 5.16 of the SLA, which states that you will be liable for a penalty in the amount of Thirty Thousand Rand (R30 000,00) per day should you fail to complete Phase 1 of the Works and/or Ten Thousand Rand (R10 000,00) per day for failure to complete Phase 2 of the Works. The imposition of such penalty does not relieve you of your obligation to complete the Works, or from any obligations and liabilities under the Contract.

In terms of clauses 3.2.2, 9.2.1.3.4 AND 9.2.1.3.6 we may, after giving you fourteen (14) days written notice, terminate the contract. Should we exercise this option by terminating the Contract, the following will occur:

• Calling up of Suretyship	R31 998 394,96
• Calling up remainder of R10 m Advance Payment Guarantee	R 7 978 934,48
• GRDM to retain retention monies up to COP No 0	R 1 954 797,30
• Applicable penalties for completion of Phase 1 (26 February 2023) to the date of this letter at R30 000,00/ calendar day amounts to 53 days	<u>R 1 590 000,00</u>
TOTAL	R43 522 126,74

Should you fail to adhere to the abovementioned, the contract will be terminated and you will be held liable for all costs incurred. It is also important to note that there is an obligation on us to report you/your company to National Treasury for poor performance. The implication hereof is that the company may be included in the list of service providers that are barred from doing business with the state.

Yours faithfully



MONDE STRATU
MUNICIPAL MANAGER