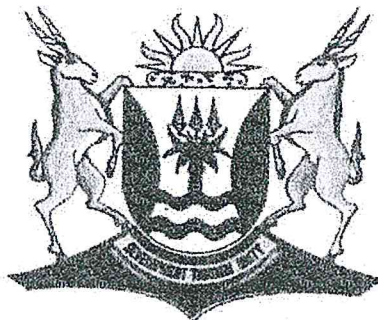


July 2015

IPHONDO
LEMPUMA-KOLONI



PROVINCE OF THE
EASTERN CAPE

Department of Roads and Public Works

CONTRACT NO: SCMU05-13/14-0147

**REGRAVELLING OF ROADS IN THE EMALAHLENI
LOCAL MUNICIPAL AREA: CHRIS HANI DISTRICT**

CLOSE-OUT REPORT

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Issued to:

Province of the Eastern Cape
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July 2015

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**DEPARTMENT OF ROADS AND PUBLIC WORKS
EASTERN CAPE PROVINCE**

CONTRACT NO. SCMU05-13/14/-0147

**REGRAVELLING OF ROADS IN THE EMALAHLENI LOCAL MUNICIPAL AREA:
CHRIS HANI DISTRICT**

CONTRACT CLOSE-OUT REPORT

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A. GENERAL INFORMATION

A.1 ROLE PLAYERS

A.1.1 Employer: Department of Roads & Public Works
Eastern Cape Province
Private Bag X0022
Bhisho
5608

A.1.2 Consultant: AECOM SA (Pty) Ltd*
P.O. Box 15808
Beacon Bay
5205

35 Tecoma Street
cnr Tecoma & Jarvis Road
Berea
East London

A.1.3 Contractor: Big Eye Investments 210 c.c.
P.O. Box 8155
PRETORIA
0043

Note: * AECOM were appointed on 20 January 2014 (which corresponded approximately with the award of the Construction Contract). The appointment SCMU5-13/14-000 CHR: Professional Consulting Engineering Services for Re-gravelling of Roads in the Intsika Yethu and Emalahleni LMA's, Chris Hani District, covered the Contract Administration and Close-Out stages only of two Construction Contracts.

A.2 DESCRIPTION OF THE PROJECT

A.2.1 Location of the Project

The Project was located in the Emalahleni Local Municipality within the Chris Hani District in the Eastern Cape Province.

A.2.2 General Description of the Major Works.

A.2.2.1 Introduction and Contract Overview

The Employer's objective was to undertake regravelling repairs to selected gravel roads in the Provincial Road Network, located in the Emalahleni Local Municipal Area. The main objective was to reinstate the selected roads to an acceptable standard for safe use by the travelling public.

The Department called for re-gravelling construction tenders in August 2013 (Tender Closing Date 19/09/2013) and the Construction Contract was awarded on 30/01/2014. AECOM were however not involved with the design, tender documentation or tender adjudication process.

A.2.2.2 Overview of the Works

The work for this Contract consisted of regravelling repairs to be carried out over a six (6) month period on sections of the DR08599, DR08601, DR08570 and DR08569 roads within the Emalahleni LMA. The work required was to reinstate the selected gravel road sections to a safe and acceptable standard will requiring that certain aspects and activities common to routine and periodic road maintenance procedures, be carried out. The services to be provided generally included ripping, reconstruction and compacting of pavement layers; regravelling tasks where necessary and the restoration of culverts and minor drainage structures.

A.2.2.3

Scope of Works

The original contract period was 6 months and included the regravelling of four roads totalling 76.95kms, as follows:-

- DR08599; 30.5kms
- DR08601; 18.2kms
- DR08570; 5.2kms
- DR08569; 23.05kms

The regravelling repairs to be performed as part of this Contract generally consisted of regravelling road maintenance activities as listed below.

- General

- Establishment of camp/s on site
- Accommodation of traffic

- Road Surface Repairs

- Blade existing gravel to windrow
- Rework and reshape selected layer
- Import additional selected and gravel wearing course (GWC) material
- Rework and reshape gravel wearing course

- Repair Wash Aways

- Remove unsuitable material
- Trim excavation and compact the roadbed
- Import fill and compact
- Import selected layer
- Import gravel wearing course

- Stormwater Drainage

- Clean out side drains and mitre outlets
- Clean out culverts and remove damaged units
- Install new units and additional culverts as required
- Construct headwalls and apron slabs
- Construct erosion protection works, for example stone pitching and gabions

Ancillary Works

- Install hazard markers and other road signs as required.

A.3 DURATION OF THE CONTRACT AND PROGRAMME

A.3.1 Significant Dates

Date of Advertising for Tenders*	:	30 August 2013
Tenderer's Site Inspection Meeting*	:	09 September 2013
Tender Closing Date* (Extended)	:	26 September 2013
Date of Signing of Offer & Acceptance	:	04 February 2014
Contract Commencement Date	:	15 April 2014
Original Contract Period	:	6 months
Original Contractual Completion Date	:	15 October 2014
Extended Contract Period	:	2½ months
Extended Completion Date	:	31 January 2015
Contract Terminated	:	28 November 2014
Date of Completion Certificate	:	N/A
Final Approval Certificate Date	:	N/A

Note: * The road condition assessment, preparation of tender documents, tender procedure and adjudication, etc, were done by the Department.

A.3.2 Progress versus Programme

Work progress during the contract was extremely poor. At the site meeting on 13th November 2014 the Contractor reported "...that 6.2kms of regravelling, 9m³ of gabion repairs and 7No. SW culvert installations were done to date. No additional road bed prep had been done".

This constitutes approx. 8% of work completed after approx. 7½ months (125% of time elapsed). The Contract was subsequently Terminated on 28/11/2014 for various reasons including poor progress.

A.4 SITE PERSONNEL

A.4.1 Contractor

Director in Charge of the Contract	(i)	Simon Ntuli
Contracts / Project Manager	(i)	Andries du Preez
	(ii)	Abdul Jareehag
	(iii)	Sipho Matloga

Site Agent	(i)	William Krampah
Assistant Site Agent	(i)	Andries du Preez
OH&S Officer	(i)	Phakamisa Ntlokwana
replaced by	(ii)	Abongile Mboniswa
replaced by	(iii)	Ashley Hurst

Note: It is evident from the above that the Contractor had a very high turnover of site staff.

A.4.2 Consultant / Engineer

Engineer	(i)	Gareth Mitchell
Engineer's Representative	(i)	Siseko September
Safety Officer	(i)	Travis Howes (Newground Projects)

A.4.3 Employer

District Roads Engineer	(i)	Randall Moore
Project Manager (DRPW)	(i)	Bongo Mbebe
Secondment to Project Manager	(i)	Gavin Flanagan
OH&S	(i)	Peter Castle / William Pierce-Jones

B. **CONSTRUCTION INFORMATION**

B.1 **DEVELOPMENT OF ABEs**

B.1.1 Development of ABEs

The development of ABEs and SMMEs was not a contractual requirement.

B.2 **COMMUNITY LIAISON**

B.2.1 Project Steering Committee

A formal project steering committee was not utilised, however the local Councillors were extensively consulted.

B.2.2 Community Liaison Officer

A Community Liaison Officer (CLO) was utilised in this Contract for community liaison, employment of local labourers, etc.

B.3 **CLAIMS AND DISPUTES**

B.3.1 Claims

No Claims were submitted during the Contract.

There was numerous contractual correspondence and meetings regarding the Contractor's under-performance and eventual Contract Termination.

B.4 TARGETED PROCUREMENT

B.4.1 Tendered and Achieved Procurement Goals

Targeted Procurement documents were not used as part of the tender procurement process. The following local resources target was however tendered by the Contractor:-

Description	Specified Target (Tender Document)	Contractor's Tendered Target	Actual Achieved by Contractor (to end Oct. 2013)	Achieved Increase to Tendered
Local Resource Goal (LRG)	N/A	19.5% R3,000,000.00	Unsubstantiated	N/A

B.4.2 Employment of Local Labour

The following labour employment figures were achieved during the Contract:-

Description	No. People Employed	No. Person Days	% of Total Person Days
Men	9	-	-
Women	6	-	-
Youth	8	-	-
Disabled	0	-	-
Total	15	-	-

A total of 15 local labour employees were employed.

B.5 HEALTH AND SAFETY


B.5.1 H & S Audits

Monthly audits were done using the Department of Roads and Public Works Standard OH&S Audit Sheet in accordance with the OH&S Act Construction Regulation. AECOM were appointed as Agent and in turn appointed Newground Projects who did the monthly audits.

Newground were appointed because of being the highest points (80/20) in an invited tender (3No. tenderers invited). The Department assisted at the start of the contract by having Mr Pierce-Jones check and approve the Contractor's OH&S Plan and File, prior to the appointment of Newground.

No notifiable accidents or incidents were reported during the Contract.

The Contractor received numerous financial Penalties for various safety transgressions, totalling R59,400.00 (excl. VAT), and their performance on safety and their general attitude towards site safety can be described as extremely poor.

 No OH&S Close-out procedure was conducted due to the Contractor having been Terminated.

B.6 GRAVEL BORROW PITS

B.6.1 Borrow Pit EMPs

A shale borrow pit located at km1.3 on the left hand side of road DR08569 was used for most of the duration of the Contract, and rehabilitated by filling in the borrow pit floor with oversize/unsuitable material and by returning the overburden to the open faces and finishing off. All the material from this borrow pit was processed through a single-stage crusher.

B.6.2 Suitability of Gravel Materials

Soil test results received for crushed gravel from borrow pit DR08569 km1.3 complied in terms of maximum allowed size and CBR, with about ½ the results falling with the E (Good) and about ½ the results falling in the B (Ravels and Corrugates) TRH20 evaluations.

C. FINANCIAL

C.1 General Financial Details

C.1.1 Original Contract Award Value

Net Value of Work	R12,861,285.00
Add 5% for Contingencies	R 643,064.25
Net Total Contract Award Value	R13,504,349.25
Add 14% VAT	R 1,890,608.90
Total Contract Award Value	<u>R15,394,958.15</u>

C.1.2 Construction Budget and Expenditure

The following comprise the budget and expenditure details (all amounts include 14% VAT):-

Original Budget (pre-tender)	unknown
Original Estimate (pre-tender)	unknown
Contract Award Value	R15,394,958.15
Final Expenditure	<u>R 2,294,498.52</u>
Under-Expenditure	<u>R13,100,459.63 (85.1%)*</u>

*Note: Contract Terminated after approx. 7½ months.

C.1.3 Professional Fee (Expenditure)

The following figures for Professional Fees and Disbursements (all amounts include 14% VAT):-

Original Budget	R2,187,753.48
Extended Budget (VO1)	R 200,000.00
Total Extended Budget	<u>R2,387,753.48</u>
Final Fee/Disbursement Expenditure	<u>R2,387,680.46</u>
Under-Expenditure	<u>-R 73.02</u>

total cav - final ex = under-exp.

Note: Professional Fee/Disbursements is for two Construction Contracts and an expenditure cash flow schedule is attached as Annexure C.

C.1.4 Total Project Cost

Total Construction	R2,294,498.52
Total Fee/Disbursement Cost (at 50%)	<u>R1,193,840.23</u>
Total Project Cost (incl. 14% VAT)	<u>R3,488,338.75</u>

The average monthly project cost over the 7½ months period was therefore R465,111.83. The percentage of the Fee/Disbursement costs compared to the Construction costs is not a normal reflection due to the extremely poor progress by the Contractor during the Contract.

C.1.5 Variation Orders


Nil.

D. **CONCLUSIONS AND RECOMMENDATIONS**


D.1 Recommended Alterations to Department Standard Documentation

Nil.

D.2 Conclusions and General Recommendations

 The Contractor, Big Eye Investments 210 (Pty) Ltd, under-performed in all aspects of the Contract including poor progress, poor safety and poor overall attitude, and showed a clear lack of understanding of even basic construction norms. Some key indicators of this are as follows:-

- Progress:
 - 14.9% Expenditure after 7½ months (125% of time lapsed).
 - Only 6.2kms of completed road (8%) after 7½ months.
- Safety:
 - Penalties of R59,400.00 (excl. VAT).
- High Site Staff Turn-over:
 - Refer Item A.4.1.

 It is recommended that the Department consider excluding this contractor for award of future construction contracts.

blacklisted