

DEPARTMENT OF WATER AND SANITATION (DWS)

MINUTES OF THE TENDER COMPULSORY BRIEFING MEETINGS:

DWS04-1117WTE: THREE YEAR TERM CONTRACT FOR MECHANICAL AND ELECTRICAL MAJOR PLANT AND MACHINERY INSTALLATION, MAINTENANCE, REPAIR, REFURBISHMENT AND UPGRADE FOR NORTHERN, CENTRAL, EASTERN AND SOUTHERN OPERATIONS (LIMPOPO, MPUMALANGA, NORTH WEST, GAUTENG, FREE STATE, KWAZULU-NATAL, WESTERN CAPE, NORTHERN CAPE)

VENUES OF MEETINGS:

Dates	Venue
04 December 2017	Brandvlei Dam, Worcester (Southern Operations, WesternCape)
05 December 2017	Midmar Dam, Howick (Eastern Operations, KwaZulu-Natal)
06 December 2017	Grootdraai Dam, Standerton (Central Operations, Mpumalanga)
07 December 2017	Doorndraai Dam, Mokopane (Northern Operations, Limpopo)

PROCEDURAL MATTERS

1.1

Present, Welcome and Purpose of the meeting

Chairperson, Mohale Shai (Director: Supply Chain Management (SCM)) welcomed everyone present at the meeting, the purpose of which was to share with bidders the technical and SCM compliance requirements of the bid.

A round of introductions was taken. Refer to Attendance Register (attached as **Annexure A**).
Attendance from DWS:
Mr Mohale Shai (SCM WTE)
Mr Nathi (Mzwandile) Mdletshe (SCM WTE)
Mr Josef Kolarovic (Strategic Assets Management)
Mr Thulani Ngati (Strategic Assets Management)
Representatives from each operational office

1.2

Apologies

None

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2.	<u>ITEMS FOR DISCUSSION</u>	
2.1	<u>Overview of the meeting</u>	
2.1.1	Mr Mdletshe outlined the following— - The meetings are compulsory briefing sessions or meetings for tender DWS04-1117WTE. That means that only bidders who attended the meetings in the areas for which they will be bidding for will be considered for evaluation. - The meetings are held in all four (4) operational areas (southern, eastern, central and northern). However, currently the southern operations only consist of the Western Cape (WC) province as there is an existing maintenance term contract for Eastern Cape for the period of 18 months.	M. Mdletshe

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	• The Department will be using the attendance register and the briefing session certificates to confirm attendance. For joint ventures (JVs), it is a requirement that at least one partner must have attended the sessions; • The intention of the tender process is to appoint as many contractors as possible that qualifies in each area into a term contract that will be used as-and-when required for three years. It seeks to replace a contract that has just expired. • The CIDB requirement for the tender is 9ME. There are electrical elements in the contract and the contractors will be required to either have EP designation or sub-contract the electrical part. • It is a legal requirement that all the documents that are produced from the process become public information, including minutes of meetings, attendance registers and presentations. These will be uploaded into the Departmental website before the closing date. • There are two presentations that will be done, which are technical requirements and SCM compliance requirements including the evaluation criteria; and • The bidders will be allowed to ask questions during the meeting and at any time after the meeting until at least five days before the closing date, preferably through emails.	
2.2	Technical presentation	T. Ngati
2.2.1	(Technical presentation attached) Areas of emphasis – • 7 Parts: • Conditions of contract • General requirements • Specialist sub-contractors • Regulations and standards • Capabilities of the bidder (one page CV template attached should be used) • Contract data • Technical schedules; • Pricing (billed rates. Under labour costs, the standby column must be removed). The grand totals in the pricing schedules are not relevant as this is a rates-based contract. All rates included in the scope of works should be provided, failure will lead to disqualification. • Facilities/workshop specification: radius- 400km for eastern, southern and northern, 1000km for central operations. • Contacts listed under 2.2 of the Conditions of Contract should not be used during tendering process. • The labour rates proposed should be in line with the Basic Conditions of Employment and rate tariffs where applicable. • The minimum requirements for the competent person is as specified in the bid document and defined in the General Machinery Regulations, paragraph 1, subparagraph (b) in Mechanical or Electro-technical (heavy current) Engineering field.	
2.2.2	Questions and Answers (Q&A): • Whether CIDB Grade 9ME is calculated based on the estimated amount of work per cluster? No, grade 9 was calculated, in conjunction with CIDB, as a national grading requirement for the	Bidders and DWS

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	• contract. No amount of work can be guaranteed and DWS cannot guarantee the estimated budgets that has been earmarked for each of the clusters as most of the money to be used for possible projects is funded through revenue, an amount of which cannot be pre-determined. Whether the company bid for one cluster or more, the requirement is that it must have a minimum of 9ME. • Why has the Department increased the CIDB requirement from 7ME to 9ME as this will disadvantage many companies, including the contractors in the existing contract? The contract was advertised two months ago at 7ME and EP. While grade 7 limits contracts to the maximum of R40m, the DWS did not view the system of allocation under this contract as one single contract. The view of CIDB is that the consolidation of all orders in the whole term contract (3 years) should be considered when determining the maximum value. That means that, if the requirement is grade 7, all orders in the contract should not be more than R40m. The other view was that DWS cannot require both ME and EP in the same tender as the main requirements. On advice from CIDB, the advertised tender was cancelled, requirement reviewed and bid re-advertised at 9ME. The electrical component has also been specified as a sub-element. • Whether a bidder can propose an alternative to the item listed? In cases where there are better alternatives, a bidder must complete Annexure 1 (Proposed alterations to specification) to indicate each of the alternative item. DWS will assess the alternatives proposed and agree if they are acceptable. • How will the bidders know the projects where retention money will be applicable? The appointed contractor will inform when the order is allocated if retention money is applicable. • In cases where the project will run over the agreed time, what would the measures be to ensure that the project is completed and the contractor is paid? It is the responsibility of the contractor and the DWS project manager to assess and determine the duration of the contract vs the scope of work. When the period is not sufficient, the proper administrative tasks should be performed to align the two, including the amendment of the construction programme, variation approval and amendment and/or extension of the purchase order. • Point 1.8 of the Conditions of Contract states that only when it is "feasible" will the Department implement the 30% compulsory sub-contracting. What does that mean? The PP Regulations instructs that, for all bids above R30m, a 30% compulsory sub-contracting should be specified as a pre-qualification requirement. In contracts that are less than R30m, and where "feasible", a compulsory sub-contracting may be specified. It is the expressed fact that this contract will exceed R30m, therefore sub-contracting is compulsory. Point 1.8 of the Conditions of Contract should be amended to mean the above. • Whether electricity and water will be provided on sites? The availability of services differs from site to site. The contractor will be advised of the availability prior to the order. If the services are not available, the contractor will be required to include that into the quotation. • Whether the bidder can change the sub-contractors during the contract? Sub-contractors can be replaced but, while doing this, the B-BBEE level, designation status (pre-qualification) and	

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	• capacity of the sub-contractor cannot be compromised or reduced. • Whether a bidder may propose one workshop for more than one cluster. This may be done subject to compliance with the radius distances that have been specified. • How will the contractor be paid for providing training? If training is required, the Contractor will be required to quote for it. • Should rates be firm or non-firm? The decision should be taken by the bidder, however, it is allowed for contracts longer than a year to have non-firm rates. • Whether the travelling time can be less than 70%? The 70% threshold is the maximum allowed for travelling time. The bidders are allowed to propose an improved rate. • Whether any mark-up can be applied to accommodation? No, the contractors cannot apply mark up to items they do not provide (accommodation, food or fuel). • How will the 3 quotation system be applied? The principle is that contractors must quote within the market value of each item. In cases where 3 quotes are requested, the additional quotes may be requested when DWS views the 3 quotes to be uncompetitive. If possible, and contractors are using private establishments, bidders may be required to request 3 quotes. The quotes should be attached to the invoices. • How will requesting additional quotations from sub-contractors work and will this only include nominated sub-contractors? The principle above applies. The initial request will be required from nominated sub-contractors. However, if the Department deems them uncompetitive, additional quotes from other companies other than the nominated sub-contractors may be requested. • How should bidders deal with items or labour costs in the pricing schedule that are repeated? Bidders should provide rates for all items, including the ones that seems to be repeated. • Whether toll rates can be claimed? If there are toll gates to or from the site, these should be claimed under actuals. • Is the Operational area the same as the Operational cluster? Yes • Part 4 section 1.15 and 1.17 - Can the pricing of RFO be claimed or should it be included in overhead cost? Admin work such as the preparing of quotations should be included in overhead costs. Refer to Part 4 "paragraph 13.1", first paragraph. • Part 4 section 14 - Can workshop equipment listed in this section be charged if utilised on site? Workshop equipment cannot be charged separately, bidder will quote/charge for the actual work required (e.g. during the repair of a pump: contractor cannot claim each tool/equipment used at their workshop, workshop tools and equipment for repairing the pump cannot be claimed on an hourly or daily rate, they shall form part of the pump repair price). In cases where equipment is to be used on site (e.g. mobile crane for rigging purposes) approval will be granted or declined during the quoting stage. Refer to Part 6 paragraph 6.3 "Equipment Costs" • Part 5 Section 8.2 - Does these meetings include on site meetings with the project manager etc or is it only for top management monthly meetings? (Monthly coordinating meetings/Monthly Projects' meetings shall form part of the overhead costs). Provision for project site meetings and site inspections shall be made during quoting stage, agreement in terms of how many site meetings, number of contractor personnel, etc. will be finalized during	

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	• Part 6 section 5.7 – Does it include associates and sub-contractors? Only within your Company or Joint Venture. • Part 6 section 6.1 – Skilled labour is not mentioned on the level column, but is listed on page 12 of Staff numbers. Should we include skilled labour under 6.1. Do not include skilled labour under 6.1. • Part 6 section 6.1 (Overtime) – Overtime should have two columns for Saturday and Sunday overtime? This was raised at the site meeting – we require feedback. As described under Part 6: "Overtime shall be in accordance with the Basic Conditions of the Employment Act". For bidding purposes do not modify the table/overtime column, only complete the hourly rate for normal overtime (fill in the Saturday rate ONLY!) Sunday/Public holiday rate forms part of the contract and will be considered during overtime agreement stage. • Part 6 section 6.1 (Travelling time) – When is the 70% travelling time applicable?, as normal labour rates still gets paid by the contractor if travelling takes place during normal work hours. Bid DWS 04-1117 WTE is a rates based term contract and the Contractor will be paid as per the "actual work done", travelling from your workshop offices to site shall be claimed at a rate of 70% of the normal time for each labour level travelling to site. • Part 6 section 6.2 (trailer) – Can we charge for a trailer or should it be included in our rates? During RFQ/Quoting stage the contractor shall indicate the requirement (with motivation indicating benefit) for a trailer, trailer rate will be considered during RFQ/Quoting stage. • Closing date was mentioned on site as 1 February 2018, but not mentioned in the presentation attached on the DWS website. Clarity is required. As indicated during the briefing session, DWS is working on extending the closing date to 1 February 2018. Since Government Printers has closed, the extension can only be advertised in January 2018. • Do sub-contracting companies [other than for B-BBEE purpose] need to be registered with CIDB? Yes all sub-contractors must be CIDB registered. • The tender requires the Contractor to go into an agreement with a sub-contractor. With whom is a sub-contract agreement required and with whom is an Association Agreement required? Main contractor must sign sub-contracting agreements with sub-contractors. If the companies are in a JV, a JV agreement must signed. • The tender requires the contractor to obtain 3 x quotes for any sub-contracting work. Does the 3 x quote requirement also apply to the "30% PPPFA" sub-contractor? DWS reserves the right to ask for more quotations from any sub-contractor if it feels that the quote is not market competitive. • Can a JV partner that complies with the "30% PPPFA" sub-contracting criteria also be accepted as the "30% PPPFA" sub-contractor? One company cannot be both a JV partner and a sub-contractor. • Functionality criteria – Every qualification in evaluation refers to 'mechanical' or can it be a qualification division that is relevant / of the same level? It must be mechanical qualification under the	

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	mechanical sub-criteria and electrical qualification under the electrical sub-criteria.	
2.3	SCM requirements	
2.3.1	• Points of emphasis:- • Phased evaluation process will be used. Bidder must be competent or meet requirements in a previous phase in order to be evaluated further in other phases or stages; • The Preferential Procurement Regulations of 2017 are applicable, which specify compulsory sub-contracting as a pre-qualification requirement. Functionality is also applicable for this tender to evaluate the capability of the bidder. • Administration compliance: Tax compliance will be verified through the CSD and SARS system (it is compulsory for bidders to be tax compliant and CSD registered) Details of the company must be fully completed on SBD 1 (except the bid price), SBD 3.2 is replaced by the pricing schedules that must be fully completed, Bidders must fully and honestly declare on SBDs 4, 8 and 9. SBD 9 pertains to bid rigging and other competition matters. Bidders that are in a horizontal relationship, as outlined in the Competition Regulations, cannot bid for the same tender. Company registration certificate must be issued in terms of the 2008 Companies Act with Directors or members visible in the certificate. Pre-qualification (Compulsory sub-contracting): 30% of the work must be sub-contracted to designated categories of enterprises listed in the specification that are at least 51 black-owned and either EMEs or QSEs. These sub-contractors should be CSD registered and CIDB registered. The status of these enterprise should be clearly visible in the CSD reports of these enterprises. Mandatory requirements: CIDB 9ME (8ME PE will not be recognised, in line with the CIDB Regulations and Practice Note 32) COIDA or a private insurer (this must be a registered FSB) Proof of registration with UIF can either be print out from the system or UIF number in the tax clearance certificate (TCC) Template JV agreements are available in CIDB website. All partners must meet all compliance requirements (tax, CSD, CIDB, individual SBD 4, 8 and 9, individual company registration certificates). Template CV in the tender document must be used. Relevant qualifications must be clearly listed in the CV and related technical schedule (Annexure 4). Bidders must only list relevant experience (Annexure 2) and reference letters. Templates of sub-contracting agreements are available in the CIDB website. Sub-contractors will not be recognised without the agreements. Sub-contractors should not be treated like suppliers who will only be supplying without any installation. Local content and production There are items that are listed for local content and production.	M. Mdletshe
2.3.2		
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3.2.5	The minimum percentages are minimums that have been designated by the Department of Trade and Industry (DTI). Bidders may propose an improved local content in the Annexures. DTI conducts an independent verification of figures that have been provided at bidding stage. It is a requirement that bidders must indicate their percentage local content and production figures, in the form of percentages. Local content and production must consider the whole value chain of the production of that item and must be in a position to substantiate it at the time of the verification. SBD 6.2 must be fully completed. The exchange rate used must be sourced from the website of the SA Reserve Bank (SARB) - a printout with each rate used must be attached to the SBD form and returned with the bid documentation. Annexure C and its supporting Annexures D and E must also be fully completed and submitted with the bid documentation. Bidders must keep copies of these Annexures and only submit the originals. Copies will be useful for bidders when DTI conducts the verification. Q&A:- • Whether having lower rates will put a bidder in an advantage? No, bidders are evaluated based on the phased system and have to qualify for all the phases and meet the minimum threshold that has been set for functionality in order to be evaluated until the last stage, which is price (rates) and BBBEE. • If the works or the quantum cannot be guaranteed, why should bidders go to all the "hassle" to comply with compulsory sub-contracting? Sub-contracting in terms of the PP Regulations for all procurement above R30million is a legal requirement from 1 April 2017. It is not hassle but a tool to effect transformation and development in the infrastructure development industry in particular. Sub-contracting for preferential procurement should be treated in the same spirit as specialist sub-contractors. The Department will conduct the contractors' performance management, including the performance to managed develop the sub-contractors. • How should sub-contracting be differentiated? Sub-contracting is divided into 2. The sub-contractors associated with compulsory sub-contracting (minimum 30% in terms of PPR) and specialist sub-contractors (maximum 25% in terms of PPR and SBD 6.1). Bidders should indicate which sub-contractors are designated and which are specialist. The requirements indicated above apply for all sub-contractors (CSD, CIBD, sub-contracting agreements). Yes, Should all sub-contractors submit compliance documents? Yes, see the response above. • What happens if any of the sub-contractors does not qualify (e.g. tax, CSD, etc)? Unfortunately, that sub-contractor will not be considered for the purposes of evaluation. The disqualification of the sub-contractor may affect the bid of the main contractor. Contractors must ensure and assist their JV partners and sub-contractors to meet the requirements. • Should JVs and sub-contractors submit individual SBD forms? Sub-contractors are not required to submit SBDs but must submit their CSD registration, copies of TCC, and sub-contracting agreements. SBD 1, 3.2, 6.1 and 6.2 should be completed as a JV	M. Mdletshe and All

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	• but SBD 4, 8 and 9 should be completed by each member of a JV. • Whether a JV partner may be used by another bidder as a sub-contractor? No, this will breach competition regulations as the bidders are in a horizontal relationship. • Whether JVs should form incorporated or unincorporated agreements. DWS cannot dictate the form of partnerships that companies will form. However, it is our advise that the unincorporated JVs should be formed as it will only bind companies to a JV for the purposes of this contract only. • Which CVs should be submitted? Only the CVs of project team and technical staff should be submitted. • Whether a bidder will be disqualified if details of a particular key personnel are not submitted? The bidder will not be disqualified but will lose the points associated with the personnel under Ability and Capability (Functionality). The more points are lost the more likely the bidder will not meet the set minimum functionality threshold. The bidders must ensure that they find all the technical personnel that will be needed for the project. Bidders must ignore the requirement for the submission of the proof of qualifications and professional registration, the CV will suffice for the purposes of evaluation and adjudication. However, this information will be verified and companies are allowed to share professionals and technical personnel. • Whether the track record of sub-contractors will also be considered. The evaluation of bids will assess the track record of the whole partnership (partners and sub-contractors). Some experience and technical expertise might be sourced from sub-contractors, this include some elements of the facilities or workshop. All these will be evaluated as one bid. • What is the purpose of the briefing session certificate? In conjunction with the attendance register, the purpose of the certificate is to prove the attendance of the meetings. Bidders should ensure that they fill in the certificate and sign them, have one of the Engineers to sign it and submit it with their bids. • How should a company with more than one branches submit bids if it intends to tender for more than one areas or cluster? Only one national bid per company should be submitted. The bid document should then indicate the clusters that are tendered for. The briefing session certificates of all areas tendered for should be attached into that one bid document. • Do sub-contractors have to attend the briefing sessions. No, the main contractor is required to attend. • How the name of a new consolidated JV differs from the name that appears in the attendance register? In cases where the name differs, the bidder, under SBD 1, should indicate that name of the company that attended the briefing session, which is part of the JV. This information will also be extracted from the briefing session certificate. • Whether the consolidated BEE certificate is a requirement? In a case of a JV, a consolidated B-BBEE verification certificate is a requirement. Although the Department has relaxed the requirement for compliance certificates and registered JVs at this stage, the requirement for consolidated B-BBEE certificates for JVs cannot be lowered as it is a regulatory requirement. DWS understands the time it takes to do B-BBEE verification and	

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2.3	Administrative issues • certification for JVs. Failure to obtain such will not disadvantage the bidders. • Whether the rates for local content should include the mark-up? No, the rate should only include the production costs associated with that item excluding mark-up. • What is the significance of local content requirement? The purpose of the designation for local content and production is to promote local production of products thereby sustaining existing jobs and creating new ones, building local business, promoting investments and innovation. The DTI has designated specific items with minimum target for local production. Looking at the whole value of the production of each item, the bidder or the manufacturer must assess their local manufacturing process against the target that has been set. After the appointment, the DTI will conduct an independent verification on the awarded companies for them to substantiate their stated or claimed percentage. SDB 6.2 and all its Annexures must be fully completed. SCM officials and DTI are available to assist bidders in completing the documents. • Under Past Experience, will the experience, for example electrical, in the mining industry be considered? The required relevant experience that has been specified is in the water industry. • May a bidder source elements of a workshop from more than one facility? In cases where not all elements of the workshop facilities are available in one workshop, a bidder may nominate another facility to supplement the other as long as it is still within the radius as indicated above. DWS will inspect all facilities indicated by the bidder. In cases where these facilities are outsourced, the bidders should attach agreements or support letters.	
2.4	CLOSURE The Chairperson thanked everyone for their attendance and	Administrative issues It was emphasised that – • the contact details are as indicated in the presentation not the bid document. • no enquiries will be responded to during the festive holidays. • enquiries must be sent until at least 5 days before the closing date. • enquiries must be sent through the emails, and these will be shared with other bidders. • the Department is planning to extend the closing date to 01 February 2018. The bidders must work towards this date but the confirmation will be advertised in the DWS website, Government Tender Bulletin, Tender and eTender. • The bidders must monitor these means of communication for all the changes and documentation that will be issued before the closing date. • The closing time is 11h00, the tender box opens 24 hours but in cases of big documents these should be submitted inside the tender office during office hours (these instructions should be communicated to couriers).
2.4		CLOSURE The Chairperson thanked everyone for their attendance and

SCM OFFICIAL
DATE: 2018/01/08

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	participation. The meeting closed.	