

SERVICE LEVEL AGREEMENT

**SETSOTO LOCAL MUNICIPALITY
AND
ZUTARI (PTY) LTD**

**PROFESSIONAL SERVICES FOR THE UPGRADING OF BULK
WATER SUPPLY IN SENEKAL**

E.P. | *EP* | *T.F.D.* | *ACU*

GENERAL CONDITIONS OF CONTRACT

1. DEFINITIONS

In the contract, the following words and expressions shall have meanings indicated, except where the context otherwise requires. Defined terms and words are signified in the text of the Contract by the use of capital initial letters.

Contract

The contract signed by the Parties and of which these General Conditions of Contract form part.

Contract Data

Specific data, which together with these General Conditions and annexed Appendices, collectively describe the risks, liabilities and obligations of the contracting Parties and the procedures for the administration of the Contract.

Contract Price

The price to be paid for the performance of the Services in accordance with Pricing Data.

Day

A calendar day.

Defect

A part of the Services, as performed, which does not comply with the requirements of the Contract.

Deliverable

Any measurable, tangible, verifiable outcome, result or item that must be produced or completed;

Employer

Setsoto Local Municipality as the contracting party named in the Contract who employs Zutari (Pty) Ltd.

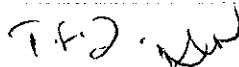
Force Majeure

An event which is beyond the reasonable control of a party and which makes a Party's performance of its obligation under the Contract impossible or so impractical as to be considered impossible under the circumstances.

Key Personnel

Persons who are named as such in the Contract Data who will be engaged in the performance of the Services.

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.

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Others

Persons and organisations who are not Setsoto Local Municipality, Zutari (Pty) Ltd or any employee, Subcontractor, or supplier of Zutari.

Parties

Setsoto Local Municipality and Zutari (Pty) Ltd.

Period of Performance

The period within which the services are to be performed and completed, commencing from the Start Date.

Personnel

Persons hired by Zutari (Pty) Ltd as employees and assigned to the performance of the Service or any part thereof.

Personnel Schedule

A schedule naming all personnel and Key persons.

Pricing Data

Data that establishes the criteria and assumptions that were taken into account when developing the Contract Price and record of the components that make up the Contract price.

Project

The project named in the Contract Data for which the Services are to be provided.

Scope of work

The document which defines Setsoto Local Municipality's objectives and requirements and specifies the Services which must, or may, be provided under the Contract.

Service Provider

The contracting party named in the Contract Data who is employed by Setsoto Local Municipality to perform the services described in the Contract, and legal successors to Zutari (Pty) Ltd and legally permitted assignees.

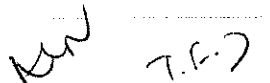
Services

The work to be performed by Zutari (Pty) Ltd pursuant to the Contract as described in the scope of Work.

Start Date

The date on which the Services are to commence as stated in the Contract Data.

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For Setsoto Local Municipality


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Subcontractor

A person or body corporate who enters into subcontract with Zutari (Pty) Ltd to perform part of the Services.

2. INTERPRETATION

- 2.1 Unless inconsistent with the context, an expression which denotes:
- a) any gender includes the other genders;
 - b) a natural person includes a juristic person and vice versa;
 - c) the singular includes the plural and vice versa.
- 2.2 If there is any conflict between the provisions of these General Conditions of Contract Data, the provisions of the Contract Data shall prevail.
- 2.3 The clause shall not limit, alter or affect the meaning of the Contract.

3. GENERAL

3.1 Governing law

This agreement shall be interpreted and applied in accordance with the South African law.

3.2 Change in legislation

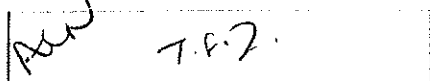
If after the commencement of the Contract, the cost or duration of the Service is altered as a result of change in, or additions to, any statute, regulation or bye-law, or the requirements of any authority having jurisdiction over any matter in respect of the Project, then the Contract will also change.

Price and time for completion shall be adjusted in order to reflect the impact of those changes, provided that, within 14 Days of first having become aware of the change, Zutari (Pty) Ltd furnished Setsoto Local Municipality with detailed justification for the adjustment to the Contract Price or Period of Performance (or both).

3.3 Language

- 3.3.1 The language of the contract and of all communications between Parties shall be in English.
- 3.3.2 All reports, recommendations and reports prepared by Zutari (Pty) Ltd under the contracts shall be in English.

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.

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For Setsoto Local Municipality



For Zutari (Pty) Ltd.

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3.4 Notices

- 3.4.1 Any notice, request, consent, approvals or other communications made between the Parties pursuant to the Contract shall be in writing and forwarded to the address specified in the Contract data. Such communication shall be deemed to have been made when delivered in person to an authorised representative of the party to whom the communication is addressed, or one week after having been sent by registered post, or unless otherwise indicated in the Contract Data, when sent by e-mail or advance notice of such change.
- 3.4.2 A Party may change its address for receipt of communications by giving the other Party 30 Days advance notice of such change.

3.5 Location

The Services shall be performed at such locations as are specified in the Contract Data, and where the location of a particular task is not so specified, at such locations as Setsoto Local Municipality may approve.

3.6 Publicity and publication

Unless otherwise stated in the Contract Data, Zutari (Pty) Ltd shall not release public or media statements or publish material related to the Services or Project within two (2) years of completion of the Services without the written approval of Setsoto Local Municipality, which approval by Setsoto Local municipality shall not be unreasonably withheld.

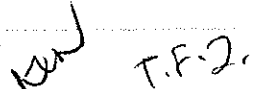
3.7 Confidentiality

Both parties shall keep all sensitive information obtained by them in the context of the Contract confidential and shall not divulge it without the written approval of the other Party.

3.8 Variations

- 3.8.1 Setsoto Local Municipality may, without changing the objectives or fundamental scope of the Contract, order variations to the Services in writing or may request Zutari (Pty) Ltd to submit proposals, including the time and cost implications, for variations to the Services.
- 3.8.2 The reasonable cost of preparation and submission of such proposals and the incorporation into the Contract of any variations to the Services ordered by Setsoto Local Municipality, including any change in the Contract Price, shall be agreed between Zutari (Pty) Ltd and Setsoto Local Municipality.
- 3.8.3 Where a variation is necessitated by default or breach of Contract by Zutari, any additional cost attributed to such variation shall be borne by Zutari.

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3.9 Changes to the Contract Price or Period of Performance

3.9.1 Zutari (Pty) Ltd is entitled to apply to Setsoto Local Municipality for a change in the Contract Price or the Period of Performance in the event that:

- a) a change in legislation takes place in accordance with the provisions of Clause 3.2
- b) a variation to the services is made in accordance with the provisions of Clause 3.8
- c) Setsoto Local Municipality or Others do not perform an action, provide access to people, places, or things or perform work in accordance with the programme (see Clause 3.15);
- d) the contract is suspended in accordance with the provisions of Clause 8.5;
- e) the contract is restarted following a suspension; or
- f) an event occurs which neither Party could prevent and which prevent Zutari (Pty) Ltd from completing the Services or a part thereof.

3.9.2 Zutari (Pty) Ltd shall submit proposals to change the Contract Price or the Period for Completion (or both) to Setsoto Local Municipality within 6 weeks of becoming aware of an event described in 3.9.1 occurring, failing which, Zutari (Pty) Ltd shall not be entitled to a change in the Contract Price or Period of Performance.

3.9.3 Setsoto Local Municipality shall assess the changes to the Contract Price on the effect of the event on the Services based on time-based fees.

3.9.4 Setsoto Local Municipality shall assess the changes to the Period of Performance on the basis of the time that planned completion as shown on the latest approved programme delayed.

3.10 Sole agreement

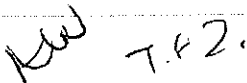
The Contract constitutes the sole agreement between the Parties for the performance of the Services and any representation not contained therein shall not be of any force or effect unless reduced to writing and signed by both Parties.

3.11 Indemnification

Zutari (Pty) Ltd shall, at its own expense, indemnify, protect and defend Setsoto Local Municipality, its agents and employees, from and against all actions, claims, losses and damage arising from any negligent act or omission by Zutari (Pty) Ltd in the performance of the Services, including any violation of legal provisions, or rights of others, in respect of patents, trade-marks and other forms of intellectual property such as copyrights.

3.12 Penalty

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3.12.1 If due to its negligence, or for reasons within its control, Zutari (Pty) Ltd does not perform the Services within the Period of Performance or fail to submit draft reports and documents within the prescribed dates for submission, Setsoto Local Municipality shall not without prejudice to its other remedies under the Contract of law, be entitled to levy a penalty of **R5000.00 per day** for every day or part thereof, which shall elapse between the end of the period specified for performance or submission, or an extended Period of Performance or submission, and the actual date of completion or submission. The maximum amount of penalties that may be claimed from Zutari (Pty) Ltd shall not exceed 10% of the professional fees.

3.12.2 If Setsoto Local Municipality has become entitled to the maximum penalty amount referred to in 3.12.1, the later may after giving notice to Zutari:

- a) terminate the Contract;
- b) complete the Services at Zutari's cost.

3.12.3 Retention Money

This is a professional services agreement and no retention money will be deducted.

3.13 Equipment and materials furnished by Setsoto Local Municipality

3.13.1 Equipment and material made available to Zutari (Pty) Ltd by Setsoto Local Municipality, or purchased by Zutari (Pty) Ltd with funds provided by Setsoto Local Municipality for the performance of the Services shall be the property of Setsoto Local Municipality and shall be marked accordingly. Upon termination or expiration of the Contract, Zutari (Pty) Ltd shall make available to Setsoto Local Municipality an inventory of such equipment and materials and shall dispose of them in accordance with Setsoto Local Municipality's instructions.

3.13.2 Zutari (Pty) Ltd shall, at its own expense, insure the equipment and materials referred to in 3.13.1 for their full replacement value.

3.14 Illegal and impossible requirements


Zutari (Pty) Ltd shall notify Setsoto Local Municipality immediately, on becoming aware that the Contract requires the latter to undertake anything which is illegal or impossible.

3.15 Programme


3.15.1 Zutari (Pty) Ltd shall, within the time period set out in the Contract Data and whenever a programme is amended or revised, submit for Setsoto Local Municipality's approval a programme for the performance of the Services which shall, inter alia, include:

- a) the order and timing of operations by Zutari (Pty) Ltd and any actions, access to people places and things and work required of Setsoto Local Municipality and others;
- b) the dates by which Zutari (Pty) Ltd plans to complete work needed to allow Setsoto Local Municipality and Others to undertake work required of them;

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- c) provisions for float;
- d) the planned completion of the Services or part thereof in relation to a Period of Performance; and
- e) other information as required in terms of the Scope of Work or Contract Data.

3.15.2 Setsoto Local Municipality may, during the course of the Contract, request Zutari (Pty) Ltd to amend the programme. Where this is not practicable, Zutari (Pty) Ltd shall advise Setsoto Local Municipality accordingly and advise the latter of alternative measures, if any, which might be taken.

3.15.3 A programme shall be deemed to be approved if Setsoto Local Municipality fails to approve such programme or give reasons for not approving a programme within three weeks of receipt of request by Zutari (Pty) Ltd to approve a programme.

3.15.4 Zutari (Pty) Ltd shall update the programme:

- a) unless otherwise stated in the Contract Data, every three months to reflect actual progress to date;
- b) whenever a change in Period of Performance or Contract Price is applied for; and
- c) Whenever a change in the Period of Performance is changed by Setsoto Local Municipality and submit such revised programme to Setsoto Local Municipality for approval.

3.16 Price adjustment to time-based fees for inflation

3.16.1 Time-based fees which are stated in the Pricing Data as a unique rate and are not calculated by multiplying the total annual cost of employment contained, shall unless otherwise stated in the Contract Data, be adjusted in terms of 3.16.2 on each anniversary of the Starting Date.

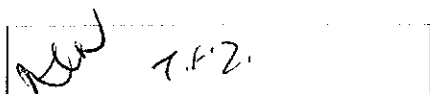
3.16.2 The adjustment to the time-based fees shall be equal to:

$(CPI_n - CPI_s) / CPI_s$

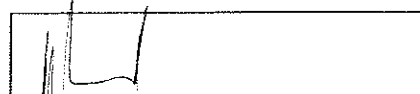
where CPI_s = the indices specified in the Contract Data during the month in which the start date falls

CPI_n = the latest indices specified in Contract Data during the month in which the anniversary of the Start Date falls

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4. EMPLOYER'S OBLIGATIONS

4.1 Information

- 4.1.1 Setsoto Local Municipality shall timeously provide to Zutari, free of cost, all available information and data in Setsoto Local Municipality's possession which may be required for the performance of the Services.
- 4.1.2 Setsoto Local Municipality shall provide Zutari (Pty) Ltd with reasonable assistance required in obtaining other relevant information that the latter may require in order to perform the Services.

4.2 Decisions

Setsoto Local Municipality shall, within fourteen (14) working days, give its decision on any matter properly referred to the latter in writing by Zutari (Pty) Ltd so as not to delay the performance of Services.

4.3 Assistance

4.3.1 Setsoto Local Municipality shall co-operate with Zutari (Pty) Ltd and shall not interface with or obstruct the proper performance of the Services. Setsoto Local Municipality shall as soon as practicable:

- a) authorise Zutari (Pty) Ltd to act as its agent insofar as may be necessary for the performance of the Services;
- b) provide all relevant data, information, reports, correspondence and the like, which become available;
- c) procure Zutari (Pty) Ltd ready access to premises, or sites, necessary for the performance of the Services;
- d) assist in the obtaining of all approvals, licences and permits from state, regional and municipal authorities having jurisdiction over the Project, unless otherwise stated in the Contract Data;

4.3.2 Unless otherwise communicated, the authorised and designated person named in the Contract Data has complete authority in giving instructions and receiving communications on Setsoto Local Municipality's behalf and interpreting and defining Setsoto Local Municipality's policies and requirements in regard to the Services.

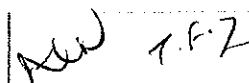
4.4 Service of others

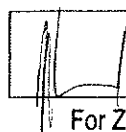
Setsoto Local Municipality shall, at its own cost, engage such Others as may be required for the execution of work not included in the Services, but which is necessary for the completion of the Project.

4.5 Notification of material change or defect

Setsoto Local Municipality shall immediately advise Zutari (Pty) Ltd on becoming aware of:

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- a) any matter other than change in legislation which will materially change, or has changed the Services; or
- b) a material defect or deficiency in the Services.

4.6 Issue of instructions

Where Zutari (Pty) Ltd is required to administer the work or services of Others, or any contract or agreement, on behalf of Setsoto Local Municipality, then Setsoto Local Municipality shall issue instructions related to such work, services, contract or agreement only through Zutari.

4.7 Payment of Service Provider

Setsoto Local Municipality shall pay Zutari (Pty) Ltd the Contract Price in accordance with the provisions of the Contract.

5. SERVICE PROVIDER'S OBLIGATIONS

5.1 General

- 5.1.1 Zutari (Pty) Ltd shall perform the Services in accordance with the Scope of Work with all reasonable care, diligence and skill in accordance with generally accepted professional techniques and standards.
- 5.1.2 If Zutari (Pty) Ltd is a joint venture or consortium of two or more persons, Zutari (Pty) Ltd shall designate one person to act as a leader with authority to bind the joint venture or consortium shall be altered without the prior consent in writing Setsoto Local Municipality, which shall not be unreasonably withheld.

5.2 Exercise of authority

Zutari (Pty) Ltd shall have no authority to relieve Others appointed by Setsoto Local Municipality to undertake work or services on the Project of any of their duties, obligations, or responsibilities under their respective arrangements or contract, unless expressly authorised by Setsoto Local Municipality in response to an application by Zutari (Pty) Ltd in writing to do so.

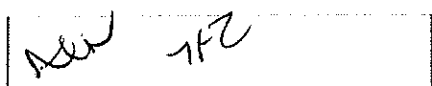
5.3 Designated representative

Unless otherwise communicated, the authorised and designated person named in the Contract Data has complete authority to receive instructions from and give information to Setsoto Local Municipality on behalf of Zutari.

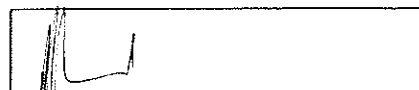
5.4 Insurances to be taken out by Zutari (Pty) Ltd

- 5.4.1 Zutari (Pty) Ltd shall as a minimum and at its own cost take out and maintain in force all such insurances as are stipulated in the Contract Data.

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For Setsoto Local Municipality



For Zutari (Pty) Ltd.

5.4.2 Zutari (Pty) Ltd shall, at Setsoto Local Municipality's request, provide evidence to Setsoto Local Municipality showing that the insurance required in terms of Clause 5.4.1 above has been taken out and maintenance in force.

5.5 Service Provider's actions requiring Employer's prior approval

Zutari (Pty) Ltd shall obtain Setsoto Local Municipality's prior approval in writing before taking, inter alia, any of the following actions:

- a) appointing Subcontractors for the performance of any part of the Services,
- b) appointing Key Persons not listed by name in the Contract Data.
- c) any other that may be specified in the Contract Data.

5.6 Co-operation with Others

If Zutari (Pty) Ltd is required to perform the Services in co-operation with Others the latter may make recommendations to Setsoto Local Municipality in respect of the appointment of such Others. Zutari (Pty) Ltd shall, however, only be responsible for its own performance and the performance of Subcontractors otherwise provided for.

5.7 Notice of change by Service Provider

On becoming aware of any matter which will materially change or has changed the Services, Zutari (Pty) Ltd shall within 14 Days thereof give notice to Setsoto Local Municipality.

6. CONFLICT OF INTEREST

6.1 Service Provider not to benefit from commissions, discounts, etc.

The remuneration of Zutari (Pty) Ltd under the Contract shall constitute Zutari's sole remuneration in connection with the Contract, or the Services, and Zutari (Pty) Ltd shall not accept for its own benefit any trade commission, discount, or similar payment in connection with activities pursuant to the Contract, or in the discharge of its obligations under the Contract, and shall use its best efforts to ensure that the Personnel, any Subcontractors, and agents of either of them shall, similarly, not receive any additional remuneration.

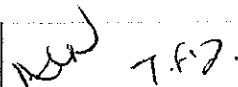
6.2 Royalties and the like


Zutari (Pty) Ltd shall not have the benefit, whether directly or indirectly, or any royalty or of any gratuity or commission in respect of any patented or protected article or process used in or for the purposes of the Contract, or Project, unless so agreed by Setsoto Local Municipality in writing.

6.3 Independence

Zutari (Pty) Ltd shall refrain from entering into any relationship which could be perceived as compromising its independent judgement, or that of Subcontractors or Personnel.

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7. SERVICE PROVIDER'S PERSONNEL


7.1 General

- 7.1.1 Zutari (Pty) Ltd shall employ and provide all qualified and experienced personnel required to perform the Services.
- 7.1.2 Where required in terms of the Contract, Zutari (Pty) Ltd shall provide Key Personnel as listed in Contact Data to perform specific Duties. If at any time, a particular Key Personnel cannot be made available, Zutari (Pty) Ltd may engage a replacement who is equally or better qualified to perform the stated duty, subject to Setsoto Local Municipality's approval, which approval shall not be unreasonably withheld.
- 7.1.3 Where the fees for the Services are time-based, the fee payable for a person provided as a replacement to a named Key Personnel shall not exceed that which would have been payable to the person replaced.
- 7.1.4 Zutari (Pty) Ltd shall bear all additional costs arising out of or incidental to replacement of Personnel, except where such replacement is otherwise provided for in the Contract.
- 7.1.5 Zutari (Pty) Ltd shall take all measures necessary and shall provide all materials and equipment necessary and shall provide all materials and equipment necessary to enable Personnel to perform their duties in an efficient manner.

7.2 Provision of Personnel in terms of a Personnel Schedule

- 7.2.1 Zutari (Pty) Ltd shall, where required in terms of the Contract Data, provide appropriate Personnel for such time periods as required in terms of the Contract and enter all data pertaining to Personnel including titles, job descriptions, qualifications and estimated periods of engagement on the performance of the Services in the Personnel Schedule.
- 7.2.2 Where Zutari (Pty) Ltd proposes to utilise a person not named in the Personnel Schedule, the latter shall submit the name, relevant qualifications and experience of the proposed replacement person to Setsoto Local Municipality for approval. Should Setsoto Local Municipality not object in writing within 10 Days of receipt of such notification, the placement shall be deemed to have been approved by Setsoto Local Municipality.
- 7.2.3 The services shall be performed by the Personnel listed in the Personnel Schedule for the periods of time indicated therein. Zutari (Pty) Ltd may, subject to the approval of the Employer, make such adjustments to the data provided in terms of Clause 7.2.1 above as may be appropriate to ensure the efficient performance of the Services, provided that the adjustments will not cause payments to exceed any limit placed on the Contract Price.
- 7.2.4 Zutari (Pty) Ltd shall, if required in terms of Clause 7.2.1:
- a) forward to Setsoto Local Municipality for approval, within 15 Days of the award of the Contract, the Personnel Schedule and a timetable for the placement of Personnel.

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- b) inform Setsoto Local Municipality of the date of commencement and departure of each member of Personnel during the Course of the Project.
- c) submit to Setsoto Local Municipality for its approval a timely request from any proposed change to Personnel, or timetables.

8. COMMENCEMENT, COMPLETION, MODIFICATION, SUSPENSION AND TERMINATION

8.1 Commencement of Services

Zutari (Pty) Ltd shall commence the performance of the Services within the period stated in the Contract Data.

8.2 Completion

8.2.1 Unless terminated in terms of the Contract, or otherwise specified in the Contract Data, the Contract shall be concluded when Zutari (Pty) Ltd has completed all Deliverables in accordance with the Scope of Work.

8.2.2 Zutari (Pty) Ltd may request an extension to the Period of Performance if the latter is or will be delayed in completing the Contract by any of the following causes:

- a) additional Services ordered by Setsoto Local Municipality;
- b) failure of Setsoto Local Municipality to fulfil its obligations under the Contract;
- c) any delay in the performance of the Services which is not due to the Services Provider's default;
- d) *Force Majeure*; or
- e) Suspension.


8.2.3 Zutari (Pty) Ltd shall within 14 Days of becoming aware that a delay may occur or has occurred, notify Setsoto Local Municipality of its intention to make a request for the extension of the Period of Performance to which the Zutari (Pty) Ltd considers entitled and shall within 30 days after the delay ceases deliver to Setsoto Local Municipality full and detailed particulars of the request.

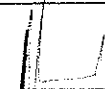
8.2.4 Setsoto Local Municipality shall, within 30 days of receipt of a detailed request, grant such extension to the Period of Performance as may be justified, either prospectively or retrospectively, or inform Zutari (Pty) Ltd that the latter is not entitled to an extension. Should the Zutari (Pty) Ltd find the decision of Setsoto Local Municipality to be unacceptable Zutari (Pty) Ltd shall, nevertheless, abide by such decision in the performance of the Services and the matter shall be dealt with as a dispute of Clause 12.

8.3 *Force Majeure*

8.3.1 The failure of a Party to fulfil any of its obligations under the Contract shall not be considered to be a breach of, or default under, this Contract insofar as such inability

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arises from an event of *Force Majeure*, provided that the Party affected by such an event.

8.3.2 In the event that the performance of the services has to be suspended on the ground of *Force Majeure*, the Period of Performance shall be extended by the extent of the day plus a reasonable period for the resumption of work.

8.3.3 During the period of its inability to perform the Services as a result of an event of *Force Majeure*, Zutari (Pty) Ltd shall be entitled to any payment due in terms of the Contract and shall be reimbursed for additional costs reasonably and necessarily incurred by the latter in suspending, delaying and re-activating the performance of the Services.

8.4 Termination

8.4.1 Setsoto Local Municipality may terminate the Contract:


- a) where the Services are no longer required;
- b) where the funding for the Services is no longer available;
- c) if Zutari (Pty) Ltd does not remedy a failure in the performance of its obligations under the Contract within thirty (30) Days after having been notified thereof, or within any further periods as Setsoto Local Municipality may have subsequently approved in writing;
- d) if Zutari (Pty) Ltd becomes insolvent or liquidated;
- e) if, as the Result of *Force Majeure*, Zutari (Pty) Ltd is unable to perform a material portion of the Services for a period of not less than sixty (60) Days;

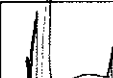
8.4.2 Setsoto Local Municipality shall give Zutari (Pty) Ltd not less than thirty (30) Days written notice of any termination made in terms of 8.4.1 (a) or (b).


8.4.3 Zutari (Pty) Ltd may terminate the Contract, by giving not less than thirty (30) Days written notice to Setsoto Local Municipality after the occurrence of any of the following events:

- a) if Setsoto Local Municipality fails to pay any monies due to Zutari (Pty) Ltd in terms of the Contract not subject to dispute pursuant to Clause 12 within forty-five (45) Days after receiving written notice from Zutari (Pty) Ltd that such payment is overdue; or
- b) if, as the result of *Force Majeure*, Zutari (Pty) Ltd is unable to perform a material portion of the services for a period of not less than sixty (60) days; or
- c) when the Services have been suspended under Clause 8.5 and the period of suspension exceeds the period stated in the Contract Data, or it is clear to Zutari (Pty) Ltd that it will be impossible or impractical to resume the suspended Service before the period of suspension has exceeded the period stated in the Contract Data; or

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.


For Setsoto Local Municipality


For Zutari (Pty) Ltd.


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d) if Setsoto Local Municipality is in material breach of a term of the Contract and fails to rectify such breach within 30 Days of the receipt of written notice requiring the latter to do so.

8.4.4 Upon termination of pursuant to Clauses 8.4.1 or 8.4.3, Setsoto Local Municipality shall remunerate Zutari (Pty) Ltd in terms of the Contract for Services satisfactorily performed prior to the effective date of termination and reimburse Zutari (Pty) Ltd any reasonable cost incident to the prompt and orderly termination of the Contract, except in the case of termination pursuant to events (c) and (d) of Clause 8.4.1.

8.4.5 Should Zutari, being an individual or the last surviving principal of a partnership or body corporate, die or be prevented by illness or any other circumstances beyond its control from performing the obligations implied by the Contract, the Contract shall be terminated without prejudice to the accrued rights of either Party against the other.

8.5 Suspension

8.5.1 Setsoto Local Municipality may temporarily suspend all or part of the Services by notice to Zutari (Pty) Ltd who shall immediately make arrangements to stop the performance of the Services and minimise further expenditure.

8.5.2 When Services are suspended, Zutari (Pty) Ltd shall be entitled to pro-rata payment for the Services carried out and reimbursement of all reasonable cost incident to the prompt and orderly suspension of the Contract.

8.5.3 Zutari (Pty) Ltd may by written notice to Setsoto Local Municipality and without prejudice to the right to terminate, forthwith suspend the performance of the whole or any part of the Services if 30 days after the due date for payment of any account Zutari (Pty) Ltd has not received payment of that part of which has not by that time been contested in writing by Setsoto Local Municipality;

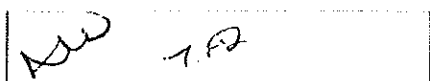
8.6 Rights and liabilities of the Parties.

Completion, suspension or termination of the Contract shall not prejudice or affect the accrued rights or liabilities of the Parties.

9. OWNERSHIP OF DOCUMENTS AND COPYRIGHT

9.1 Copyright of all documents prepared by Zutari (Pty) Ltd in accordance with the relevant provisions of the copyright Act (Act 98 of 1978) relating to Project shall be vested in the party named in the Contract Data. Where copyright is vested in Zutari (Pty) Ltd, Setsoto Local Municipality shall be entitled to use the documents or copy them only for the purposes for which they are intended in regard to the Project and need not obtain Zutari's permission to copy for such use. Where copyright is vested in Setsoto Local Municipality, Zutari (Pty) Ltd shall not be liable in any way for the use of any of the information other than as originally intended for the Project and Setsoto Local Municipality the latter thereby indemnifies Zutari (Pty) Ltd against any claim which may

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.

be made against the latter by any party arising from the use of such documentation for other purposes.

- 9.2** The ownership of data and factual information collected by Zutari (Pty) Ltd and paid for by Setsoto Local Municipality shall, after payment by Setsoto Local Municipality, lie with Setsoto Local Municipality.
- 9.3** Setsoto Local Municipality shall have no right to use any documents prepared by Zutari (Pty) Ltd whilst the payment of any fees and expenses due to Zutari (Pty) Ltd in terms of the Contract is overdue.


10. SUCCESSION AND ASSIGNMENT


- 10.1** Except as defined in Clause 8.4.4 above, each Party binds itself and its partners, successors, executors, administrators, assigns and legal representatives of the other Party and to the other partners, successors, executors, administrators, assigns and legal representatives of the other Party in respect of all obligations and liabilities of the Contract.
- 10.2** An assignment shall be valid only if it is a written agreement by which Zutari (Pty) Ltd transfers its rights and obligations under the Contract, or part thereof, to others.
- 10.3** Zutari (Pty) Ltd shall not, without the prior written consent of Setsoto Local Municipality, assign the Contract or any part thereof, or any benefit or interest thereunder, except in the following cases: -
- a) by a charge in favour of Zutari bankers of any monies due or to become due under the Contract; or
 - b) by assignment to Zutari's insurers of Zutari's rights to obtain relief against any other person liable in cases where the insurers have discharged Zutari's loss or liability.
- 10.4** If Zutari (Pty) Ltd has assigned its Contract or part thereof without authorisation, Setsoto Local Municipality may forthwith terminate the Contract and the third party will have no claim against Setsoto Local Municipality resulting from such termination.

11. SUBCONTRACTING

- 11.1** A Service Provider may not subcontract any work which the latter has the skill and competency to perform, unless otherwise permitted in the Contract Data.

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.


For Setsoto Local Municipality


For Zutari (Pty) Ltd.

11.2 A subcontract, where permitted in terms in terms of Contract Data, shall be valid only if it is a written agreement by which Zutari (Pty) Ltd entrusts performance of a part of the Services to Others.

11.2.1 Zutari (Pty) Ltd shall not subcontract to nor engage a Subcontractor to perform any part of Services without the prior written authorisation of Setsoto Local Municipality. The services to be subcontracted and the identity of the Subcontract shall be notified to Setsoto Local Municipality. Setsoto Local Municipality shall, within 14 Days of receipt of the and a full motivation why such services are to be subcontracted, notify Zutari (Pty) Ltd of its decision, stating reasons, should the latter withhold such authorisation. If Zutari (Pty) Ltd enters into a subcontract with a Subcontractor without prior approval, Setsoto Local Municipality may forthwith terminate the Contract.

11.3 Setsoto Local Municipality shall have no contractual relationships with Subcontractors. However, if a Subcontractor is found by Setsoto Local Municipality to be incompetent, Setsoto Local Municipality may request Zutari (Pty) Ltd either to provide subcontractor with qualifications and experience acceptable to Setsoto Local Municipality as a replacement, or to resume the performance of the relevant part of the Services.

11.3.1 Zutari (Pty) Ltd shall advise Setsoto Local Municipality without delay of the variation or termination of any subcontractor for performance of all or part of the Services.

11.3.2 Zutari (Pty) Ltd shall be responsible for the acts, defaults and negligence of Subcontractors and their agents or employees in the performance of the Services, as they were the acts, defaults or negligence of Zutari, its agents or employees. Approval by Setsoto Local Municipality of the subcontracting of any part of the Contract or the engagement by Zutari (Pty) Ltd of Subcontractors to perform any part of the Services shall not relieve Zutari (Pty) Ltd of any of its obligations under the Contract.

12 RESOLUTION OF DISPUTES

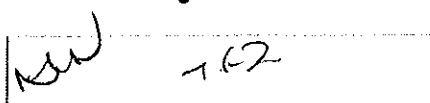
12.1 Settlement

12.1.1 The Parties shall negotiate in good faith with a view to settling any dispute or claim arising out of or relating to the Contract and may not initiate any further proceedings until either Party has, by written notice to the other, declared that such negotiation have failed.


12.1.2 Any dispute or claim arising out of or relating to the Contract which cannot be settled between the Parties shall in the first instance be referred by the Parties to either Mediation or Adjudication as provided for in the Contract Data.

12.2 Mediation

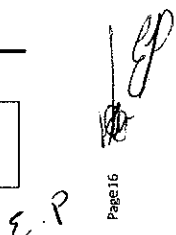
Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.



- 12.2.1 If the Contract Data does not provide for dispute resolution by adjudication, not earlier than 14 days after having advised the other Party, in terms of Clause 12.1, that negotiations in regard to a dispute have failed, an aggrieved Party may require that the dispute be referred, without legal representation, to mediation by a single Mediator. The Mediator shall be selected by agreement between the Parties or, failing such agreement, by the person named for this purpose in the Contract Data. The costs of the Mediation shall be borne equally by both Parties.
- 12.2.2 The Mediator shall convene the Parties and may hold separate discussions with any Party and shall assist the Parties in reaching a mutually acceptable settlement of their differences through means of reconciliation, interpretation, clarification, suggestion and advice. The Parties shall record such agreement in writing and thereafter shall be bound by such agreement.
- 12.2.3 The Mediator is authorised to end the mediation process at any time if in its opinion further efforts would not contribute to a resolution of the dispute between the parties.
- 12.2.4 If either Party is dissatisfied with the opinion expressed by the Mediator or should the Mediation fail, then such Party may require that the dispute be referred to Arbitration or Litigation in a competent Civil Court, as provided for in the Contract Data.

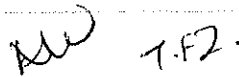
12.3 Adjudication

- 12.3.1 If the Contract Data does not provide for dispute resolution by mediation, an aggrieved Party may refer the dispute to adjudication. Adjudication shall be in accordance with the latest edition of the separately published CIDB Adjudication Procedures.
- 12.3.2 The Adjudicator shall be appointed in terms of the Adjudicator's Agreement bound in the Construction Industry Board's Adjudication Procedure.
- 12.3.3 The Adjudicator shall be any person agreed to by the parties or, failing such agreement, shall be nominated by the person named in the Contract Data.
- 12.3.4 If a Party is dissatisfied with the decision of the Adjudicator, the Party may give the other Party notice of dissatisfaction within 28 days of the receipt of that decision and refer the dispute to Arbitration or Litigation in a competent Civil Court as provided for in the Contract Data. If no notice of dissatisfaction is given within the specified time, the decision shall be final and binding to the Parties.


12.4 Arbitration

- 12.4.1 Arbitration, where provided for in the Contract Data, shall be by a single Arbitrator in accordance with the provisions of the Arbitration Act of 1965 (as amended) and shall be conducted in accordance with such procedure as may be agreed upon between the Parties or, failing such agreement, in accordance with the Rules for the Conduct of Arbitration published by the Association of Arbitrators current at the date the Arbitrator is appointed.

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.

12.4.2 The Arbitrator shall be mutually agreed upon or, failing agreement, to be nominated by the person named in the Contract Data.

13 LIABILITY

13.1 Liability of Zutari (Pty) Ltd

13.1.1 Zutari (Pty) Ltd shall be liable to Setsoto Local Municipality arising out of or in connection with the Contract if a breach of Clause 5.1 is established against Setsoto Local Municipality.

13.1.2 Zutari (Pty) Ltd shall correct a defect on becoming aware of it. If Zutari (Pty) Ltd does not correct the defect within a reasonable time stated in a notification and the defect arose from a failure of Zutari (Pty) Ltd to comply with its obligation to provide the Services, Zutari (Pty) Ltd shall pay to Setsoto Local Municipality the amount which Setsoto Local Municipality assesses as being the cost of having such defect corrected by Others.

13.1.3 All persons in a joint venture or consortium shall be jointly and severally liable to Setsoto

13.2 Liability of Setsoto Local Municipality

Setsoto Local Municipality shall be liable to Zutari (Pty) Ltd arising out of or in connection with the Contract if a breach of an obligation of its terms of the Contract is established. Zutari (Pty) Ltd shall have no separate delictual right of action against Setsoto Local Municipality.

13.3 Compensation

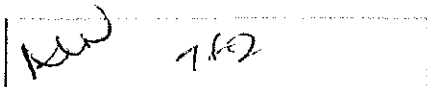
If it is established that either Party is liable to the other, compensation shall be payable only on the following terms:

- a) Compensation shall be limited to the amount of reasonably foreseeable loss or damages suffered as a result of the breach.
- b) In any event, the amount of compensation will be limited the amount specified in Clause 13.5.

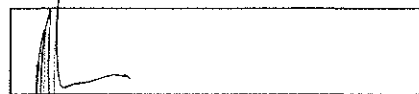
13.4 Duration of Liability

Notwithstanding the terms of the Prescription Act No. 68 (as amended) or any other applicable statute of limitation of liability neither Setsoto Local Municipality nor Zutari (Pty) Ltd shall be liable for any loss or damage resulting from any occurrence unless a claim is formally made within the period stated in the Contract data or, where no such

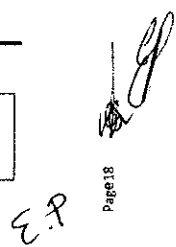
Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.



period is stated, within a period of three years from the date of termination or completion of the Contract.

13.5 Limit of Compensation

13.5.1 Unless otherwise indicated in the Contract Data, the maximum amount of compensation payable by either Party to the other in respect of liability under the contract is limited to:

- a) the sum insured in terms of Clause 5.4 in respect of insurable events; and
- b) the sum stated in the Contract Data or, where no such amount is stated, to an amount equal to the amount of fees payable to Zutari (Pty) Ltd under the Contract, excluding reimbursement and expenses for items other than salaries of Personnel, in respect of non-insurable events.

13.5.2 Each party agrees to waive all claims against the other insofar as the aggregate of compensation which might otherwise be payable exceeds the aforesaid maximum amount payable.

13.5.3 If either Party makes a claim for compensation against the other Party and this is not established, the claimant shall reimburse the other for its reasonable costs incurred as a result of the claim or if proceedings are initiated in terms of Clause 12 for such costs as may be awarded.

13.6 Indemnity by Setsoto Local Municipality

Unless otherwise indicated in the Contract Data, Setsoto Local Municipality shall indemnify Zutari (Pty) Ltd against all claims by the third parties which arise out of or in connection with the performance of the Service save to the extent that such claims do not in the aggregate exceed the limit of compensation in Cause 13.5, if applicable, or are covered by the insurances arranged under the terms of Clause 5.4.

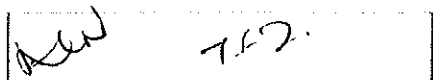
13.7 Exceptions

13.7.1 Clauses 13.5 and 13.6 shall not apply to claims arising from deliberate misconduct.

13.7.2 Zutari (Pty) Ltd shall have no liability whatsoever for actions, claims, losses or damages occasioned by: -

- a) Setsoto Local Municipality omitting to act on any recommendation, or overriding any act, decision or recommendation of Zutari, or requiring Zutari (Pty) Ltd to implement a decision or recommendation with which Zutari (Pty) Ltd disagrees or on which the latter expresses a serious reservation; or
- b) the improper execution of Zutari's instructions by agents, employees or independent contractors of Setsoto Local Municipality.

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.

14 REMUNERATION AND REIMBURSEMENT OF SERVICE PROVIDER

14.1 General

Setsoto Local Municipality shall remunerate and reimburse Zutari (Pty) Ltd for the performance of the Services as set out in the Pricing Data annexed hereto. If not otherwise stated in the said Pricing Data, the following shall apply:

- 14.1.1 Zutari (Pty) Ltd shall be entitled to render interim monthly be entitled to render interim monthly accounts for fees or reimbursement throughout the duration of the Contract. Interim amounts of lump sum fees shall be based on the progress.
- 14.1.2 Amounts due to Zutari (Pty) Ltd shall be paid by Setsoto Local Municipality within thirty (30) days of receipt by the latter of the relevant invoice.
- 14.1.3 If any item or part of an item in the invoice submitted by Zutari (Pty) Ltd is disputed by Setsoto Local Municipality, the latter shall, before the due date of payment, give notice thereof with reasons to Zutari.
- 14.1.4 In respect of Services charged for on a time-basis and all other reimbursable expenses Zutari (Pty) Ltd shall maintain the records in support of such charges and expenses for a period of twenty four (36) months after the completion or termination of the Contract. Within this period Setsoto Local Municipality may, on not less than 14 days' notice, require that a reputable and independent firm of accountants or engineers, nominated by Setsoto Local Municipality at its expense, audit any claim made by Zutari (Pty) Ltd for time charges and expenses by attending during normal working hours at the office where the records are maintained.

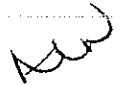
15 AMOUNTS DUE TO SETSOTO LOCAL MUNICIPALITY

Amounts due to Setsoto Local Municipality shall be paid by Zutari (Pty) Ltd within thirty (30) days of receipt of the latter of the relevant invoices. If Setsoto Local Municipality does not receive payment by the due date, Setsoto Local Municipality shall be entitled to charge interest on an unpaid amount, which is payable by Zutari (Pty) Ltd. at the rate stated in the Contract Data, calculated from the due date for payment.

16 PERSONNEL SCHEDULE

Title	Name	Surname	Qualifications	Exp (Yrs)	Project Position
Mr	Jurie	Vermaak	PR Tech Eng.	27	Office Manager
Mr	Werner	Barnard	PR Tech Eng.	18	Technical director
Mr	Ernest	Horn	PR Tech Eng.	7	Technologist

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.

 112.

For Setsoto Local Municipality



For Zutari (Pty) Ltd.

E.R

Mr	Chris	Johnson	PR Tech Eng.	27	Technical Director
Mr	Thabang	Mokoena	B TECH Civil Engineering	8	Civil Technologist
Mr	Gift	Ntandane	B TECH Civil Engineering	7	Engineers Representative
Mr	Mabutho	Thwalela	B TECH Civil Engineering	6	Civil Technologist
Mr	Hape	Khomari	B TECH Civil Engineering	5	Engineers Representative
Mr	Leandro	Blignaut	B TECH Civil Engineering	7	Civil Technologist
Mr	William	Patterson	High National Diploma Civil Engineering	35	Residential Engineer
Mr	Wimpie	Du Plessis	B TECH Civil Engineering	22	Residential Engineer

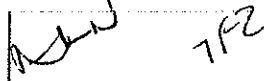
17 CONTRACT DATA

The conditions of Contract are the Standard Professional Services Contract (July 2009) published by the Construction Industry Development Board and includes the attached appendices which form part of the contract.

17.1 PART 1: DATA PROVIDED BY THE SETSOTO LOCAL MUNICIPALITY

CLAUSE	DESCRIPTION
	The Employer is: SETSOTO LOCAL MUNICIPALITY
	The authorised and designated representative of the Employer is: Name: Ms TF ZONDI The contacts for communications are: Telephone: (051) 933 9304 E-mail: engineering@setsoto.co.za Address: Box 116 Ficksburg 9730

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.


17.2 PART 2: DATA PROVIDED BY ZUTARI (PTY) LTD

CLAUSE	DESCRIPTION
	The Service Provider is: Zutari (Pty) Ltd
	<p>The authorised and designated representative of the Service Provider is:</p> <p>Name: Mr Jurie Vermaak</p> <p>The contacts for communications are: -</p> <p>Telephone: 051 408 9600</p> <p>Cell phone: 083 293 2172</p> <p>E-mail: jurie.vermaak@aurecongroup.com</p> <p>Address: 135 Pres. Reitz Avenue Westdene Bloemfontein</p>

17.3 PART 3: KEY DATA

	The Period of Performance is 48 months
	The Start Date is 26 May 2020
	The Contract Price is: 8.5% of Capital Price excluding disbursement of 8.35% . Also refer to Appendix B – Pricing data.
	In the event that the Parties fails to agree on a mediator, the mediator is nominated by President of the South African Institute of Civil Engineering (SAICE)
	In the event that the Parties fails to agree on an arbitrator, the Arbitrator is nominated by Chairperson of the Association of Arbitrators in South Africa
	The amount of Professional Indemnity (PI) Insurance shall be equal to twice the professional fees or R5 million, whichever is the greatest.
	The programme shall be submitted within 30 days after the allocation of funds to Setsoto Local Municipality for each financial year

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.

 1.52

For Setsoto Local Municipality



For Zutari (Pty) Ltd.

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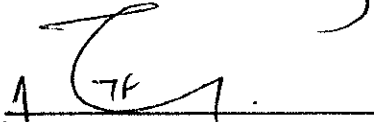
PART 4: APPENDICES

APPENDIX A: DETAILED METHODOLOGY AND PROJECT UNDERSTANDING (27 Pages)

APPENDIX B : PRICING DATA (2 Pages)

APPENDIX C : OFFER AND ACCEPTANCE (3 Pages)


Dated at Ficksburg on this 17 day of June 2020.




STR RAMAKARANE

Municipal Manager: Setsoto Local Municipality

As WITNESSES:-


1. 

Name & Signature

2. Azanda Nontsimi 


Name & Signature

Dated at Blenkensden on this 18 day of November 2020.



FOR: Zutari (Pty) Ltd

As WITNESSES: -

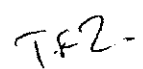
1. W. Bernard 

Name & Signature

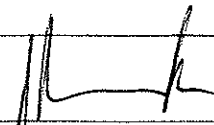
2. Rome (EP Plom)

Name & Signature


Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality

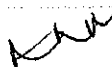



For Zutari (Pty) Ltd.


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APPENDIX A: DETAILED METHODOLOGY AND PROJECT UNDERSTANDING


Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.

For Setsoto Local Municipality



For Zutari (Pty) Ltd.


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**Setsoto Local
Municipality**



SETSOTO LOCAL MUNICIPLAITY

**INVITATION TO SUBMIT AN OFFER IN TERMS OF
BID DOCUMENT**

BID NO: T01 (19/20)

ENGINEERING SERVICES

**APPOINTMENT OF A PANEL OF CONSULTANTS FOR THE
PROVISION OF PROFESSIONAL SERVICES ON MUNICIPAL
INFRASTRUCTURE PROJECTS FOR A PERIOD OF 3 YEARS**

DETAILED METHODOLOGY AND PROJECT UNDERSTANDING

30 August 2019

Prepared by:

aurecon

TFZ
New
E.P.



Report Control Sheet

CLIENT: SETSOTO LOCAL MUNICIPALITY

BID NO: T01 (19/20)

REPORT TITLE:

APPOINTMENT OF A PANEL OF CONSULTANTS FOR THE PROVISION OF PROFESSIONAL SERVICES ON MUNICIPAL INFRASTRUCTURE PROJECTS FOR A PERIOD OF 3 YEARS – DETAILED METHODOLOGY AND PROJECT UNDERSTANDING

AUTHOR(S): E HORN

REPORT STATUS: n/a

PREPARED BY: E HORN

REPORT NUMBER: n/a

DATE: 30 Augustus 2019

Author:

ERNEST HORN
Pr Tech Eng
Senior Civil Engineering Technologist

Handwritten signatures and initials:
- A signature that appears to be "E.H." with a vertical line through it.
- Another signature that appears to be "E.P." with a vertical line through it.
- The initials "E.P." written below the second signature.

**APPOINTMENT OF A PANEL OF CONSULTANTS FOR THE
PROVISION OF PROFESSIONAL SERVICES ON MUNICIPAL
INFRASTRUCTURE PROJECTS FOR A PERIOD OF 3 YEARS**

DETAILED METHODOLOGY AND PROJECT UNDERSTANDING

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1 Project Objectives

The Setsoto Local Municipality has called for tenders for the rendering of professional services on Municipal infrastructure projects for a period of 3 years. As part of the bid submittal all tenderers are requested to submit a project understanding and detailed methodology. This project understanding and detailed methodology should cover the following aspects:

- » Project objectives
- » Scope of work and deliverables
- » Detailed explanation of how supervision of works will be carried out
- » Resources and tools to be used for the entire project life cycle
- » Appropriateness and adequacy of tools and processes to ensure quality control and assurance in all phases of the project

Aurecon South Africa fully appreciates the extent of the services required and is in an excellent position to successfully carry out this assignment.

Aurecon South Africa has worked successfully in the civil engineering sector for more than seventy years and has successfully completed numerous projects of similar nature throughout South Africa and around the world.

Aurecon South Africa is fully aware of the fact that a large emphasis is to be placed on the following factors:

- » suitability of transfer of knowledge and skills;
- » empowerment aspects;
- » benefiting of the community;
- » the requirement that as much as possible of the funds allocated to the project i.e. from design stage to the post construction stage remain in the area;
- » the optimum utilization of available local skills in the project development.

Aurecon South Africa is an ISO 9001 accredited firm, this ensures adherence to an unrivalled quality management system.

Aurecon South Africa's regional office in the Free State province is located in Bloemfontein and currently employees 89 personnel of which 80% are technically qualified as Technicians, Technologists, Civil Engineers and Project Managers in the Civil Engineering Infrastructure sector. Other specialist offices are in Pretoria, Johannesburg and Cape Town which can also offer assistance if/when special circumstances arise.

Aurecon South Africa fully understands the project brief and can assure the Setsoto Local Municipality a successful completion of the project if appointed.

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2 Scope of Work and Deliverables

The various phases/stages for project execution are briefly described below.

2.1 Stage 1: Planning, Studies, Investigations and Assessments:

2.1.1 Consultation with the Client or Client's Authorized Representative:

The Consultant's first priority, once appointed, will be to arrange for a project inception (kick-off) meeting with the Setsoto Local Municipality. The intention of this initial meeting will be to:

- Confirm the scope of the project;
- Identify risks that could affect successful project execution and propose risk mitigation measures;
- Identify the relevant stakeholders and obtain their contact details;
- Agree on a schedule for progress meetings and submission of monthly Progress Reports;
- Agree on a programme for project execution;
- Discuss training/skills transfer requirements for seconded Municipal staff;
- Agree on a date for submission of a detailed Project Implementation Plan (PIP).

The start-up meeting is a vital part of the design process as it identifies the way forward and ensures that all the requirements of the Client are pointed out at the beginning of the design process.

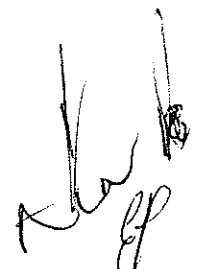
2.1.2 Inspection of the Site of the Project

Information on existing and planned infrastructure will be collected by:

- Doing on-site assessments of all existing and proposed/planned infrastructure. This will include water and sanitation (bulk supply, reticulation networks, pump stations, treatment plants etc.) as well as roads and stormwater infrastructure.
- Interviewing operational, maintenance as well as technical staff to determine current shortcomings/deficiencies as well as future requirements

2.1.3 Preliminary Investigation, Planning and a Level of Design Appropriate to Allow Decisions on Feasibility

- Summarize all data and drawings that can be collected and identify areas where there are information shortfalls.
- Detailed topographical survey of the works.
- Analysis of the water quality data.
- Do civil evaluation of existing civil infrastructure
- Water Demand evaluation and reports where required
- Do structural evaluation of works if/where required
- Do structural evaluation on all civil infrastructure
- Conduct topographical surveys
- If geotechnical investigation is required, the Employer will be notified beforehand



- Preliminary design and report.

2.1.4 Consultation with Authorities Having Rights or Powers of Sanctions

2.1.5 Advice to the Client as to regulatory and Statutory Requirements, including Environmental Management and the Need for Surveys, Analysis, Tests and Site or Other Investigations, as Well as Approvals, Where Such are Required for the Compilation of the Report, and Arranging for These to be Carried out at the Client's Expense

Aurecon South Africa will assist and advise the Client with regards to any statutory requirements, environmental requirements, wayleaves, servitudes, specific surveys and/or analysis/test required. These requirements will also be interpreted where required and detailed reports will be submitted to the Client.

2.1.6 Searching for, Obtaining, Investigation and Collating Available Data, Drawings and Plans Relating to Works

As part of the Preliminary Design phase/stage all relevant existing civil infrastructure will be investigated both on site as well as existing/available design or as-built drawings that can be obtained. All of this data will be analysed and will be incorporated in the design or upgrade of any new or existing civil infrastructure services.

2.1.7 Investigating financial and Economic Implications Relating to the Proposals or Feasibility Studies

The relevant deliverables typically include:

- Collation of required and existing information
- Reports on technical and financial feasibility and related implications
- List of Consents and Approvals
- Schedule of required surveys, tests, analysis, site and/or other investigations etc.

2.1.8 Development of Business Plans to Source Funding from National Department of Treasury, Development Bank of Southern Africa (DBSA), Private Donor Fund Schemes for Infrastructure and any Government Grant regulated by the Division of Revenue Act (DoRA)

Aurecon South Africa will assist the Client in the development as well as the writing of reports and business plans in order to assist in the proposed procurement of funding for the future civil infrastructure projects that form part of this tender/bid.

2.1.9 The Planning, Studies, Investigations and Assessments stage can be summarised by the following Services/Activities

- Assist in developing a clear project brief
- Attend project initiation meetings
- Advise on procurement policy for the project
- Advise on rights, constraints, consents and approvals
- Define the scope of services and scope of work required
- Conclude the terms of the agreement with the client

- Inspect the site and advise on the necessary surveys, analysis, tests and site or other investigations where such information will be required for stage 2, including the availability and location of infrastructure and services
- Determine the availability of data, drawings and plans relating to the project
- Advise on criteria that could influence the project life cycle cost significantly
- Provide necessary information within the agreed scope of the project to other Consultants involved

2.2 Stage 2: Concept and Viability (Preliminary Design)

2.2.1 Establish the Concept Design Criteria

Based on the information provided by the Client, the design team will proceed with the concept development. The design team will also:

- Confirm the design criteria to be used,
- Comment and advise on the preferred civil infrastructure services to be implemented
- Comment and advise on the most suitable and cost-effective civil services for the project,
- Confirm whether further land acquisition or servitudes will be required for the project,
- Advise on the geotechnical and topographical surveys required, and
- Advise on any regulatory authorities' requirements.

2.2.2 Prepare Initial Concept Design and Related Documentation

It is proposed that a Design Basis Report/Concept Design Report is produced (summarising the design criteria) for the Employer's approval before the next stage of the project is commences. This report will give clear recommendations regarding the most cost-effective engineering solutions envisaged to meet the Client's project objectives. Included will be a low accuracy (but conservative) cost estimate, based on the recommended scope of work. Further recommendation with regards to surveys, analysis, tests and investigations, which may be required will also be

2.2.3 Establish regulatory authorities' Requirements and Incorporate into the Design

Once the initial aspects of the design criteria have been confirmed with the Setsoto Local Municipality, the regulatory authorities' requirements, environmental assessment, statutory approvals, wayleaves etc. can commence.

2.2.4 Refine and assess the Concept Design to Ensure Conformance with all regulatory requirements and Consents

2.2.5 Establish Access, Utilities, Services and Connections Required for the Design

2.2.6 Prepare Process Designs, Preliminary Designs, and Related Documentation for the Approval by Authorities and Client and Suitable for Costing

2.2.7 Provide Cost Estimates and Life Cycle Costs as Required

2.2.8 Liaise, Co-Operate and Provide Necessary Information to the Client

Once the design has progressed to a suitable stage, the Preliminary Design Report shall be compiled. The Preliminary Design Report shall have more specific information regarding design standards attained. As part of this report it is proposed that a preliminary cost estimate be provided. The estimate will be of such accuracy that it may be used for basic budgetary purposes.

2.2.9 The Typical Deliverables for this Stage Include:

- Concept design
- Schedule of required surveys, tests, and other investigations and related reports
- Preliminary design
- Cost estimates

2.3 Stage 3 – Design Development (Detail Design)

2.3.1 Incorporate the Client's and Authorities Detailed Requirements into the Design

2.3.2 Prepare Designs, Develop Drawings, Including Draft Technical Details and Specifications

During the Preliminary Design Stage the basis for the design will be completed and it will be required during the Detail Design phase to optimise the design further and compile the necessary drawings required for construction purposes.

During this stage the design will be optimized further to ensure the most economically viable option is implemented. The basis for the design will be finalized and the physical design parameters will be agreed with the Client.

2.3.3 Review and Evaluate Designs, Outline Specifications and Exercise Cost Control

2.3.4 Prepare Detailed Estimates of Design Cost

2.3.5 Submit the Necessary Design Documentation to the Local and Other Authorities for Approval

2.3.6 The Typical Deliverables for this Stage Include:

- Design Development
- Detail Drawings
- Specification
- Local and Other Authority Submissions of Drawings and Reports
- Detailed Estimates of Design Costs

2.4 Stage 4 – Documentation and Procurement

2.4.1 Prepare Specifications and Preambles for the Proposed Work

The challenge in a public tender process is to write the specification as such that it does not preclude legitimate tenderers, yet at the same time excludes tenderers not qualified to do the work.

Tender Documentation will be prepared to comply with the Requirements as stipulated. Tender documentation needs to be compiled in the format prescribed by the Construction Industry Development Board (CIDB).

All tender drawings and documents will be compiled to ensure compliance to the standards set out by the Client.

2.4.2 Accommodate Services Design

2.4.3 Check Cost Estimates and Adjust Designs and Documents if Necessary, to Remain Within the Budget

2.4.4 Prepare Documentation for Contractor Procurement

Aurecon South Africa has a specialist Documentation Department that is familiar with the requirements for these documents.

Tender documents will be submitted to the Client for approval before a tender is advertised.

An invitation to tender shall be drawn up for approval by the Client prior to publication in any relevant media.

Contractors will be invited to collect tender documents and will be informed of the date of the pre-bid conference. An AURECON representative involved in the design will conduct the pre-bid site visit and assist the Client in answering any questions relating to the design of the works.

2.4.5 Review Designs, Drawings and Schedules for Compliance with the Approved Budget

2.4.6 Assist in Calling for Tenders and/or Negotiation of Prices

2.4.7 Assist in the Evaluation of Tenders

On receipt of the tenders at the prescribed date and time for the official opening, the tenders shall be opened in public. Following the public opening, the tenders shall be evaluated. The evaluation shall comprise 3 components:

- Technical Evaluation
- Financial Evaluation
- Contractual Evaluation.

The evaluation process shall be concluded with a report recommending the preferred tenderer for final consideration and acceptance by the Client. Included in this report shall be negotiation points with the preferred tenderer.

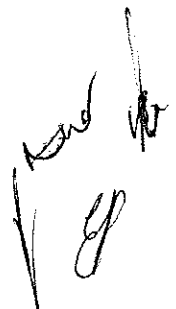
2.4.8 Assist with the Preparation of Contract Documentation for Signature

On approval by the Client of the preferred tenderer, and subject to successful negotiations, the final contract agreement and contract documents will be drawn up for signature by the Client and the successful Contractor.

2.4.9 Assess Samples and Products for Compliance and Design Intent

2.4.10 The Typical Deliverables for this Stage Include:

- Specifications
- Services Coordination
- Working Drawings
- Tender Documentations
- Tender Evaluation and Report
- Tender Recommendations
- Priced Contract Documentation

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2.5 Stage 5 – Contract Administration and Inspection

2.5.1 Attend Site Hand-Over

Upon issuing the Contractor with a Notice to Commence, a pre-construction meeting will be scheduled by Aurecon South Africa as soon as possible. At this meeting the Contractor will present his detailed work program for the project, cash flow projections and proposed construction schedule inclusive of plant and equipment resources, in order that the Engineer and the Resident Engineer may formulate their own schedule for supervision activities.

The Contractor will probably require a period of mobilisation of approximately one month, dependent upon logistics and resource capacities. During this time the construction camp will need to be established, which will include suitable office facilities and all other facilities as stated in the Contract Documentation.

2.5.2 Issue Design Documentation in Accordance with the Documentation Schedule Including, in the Case of Structural Engineering, Reinforcing Bending Schedules and Detailing, Specifications of Structural Steel Sections and Connections

As part of the stage 5 all necessary information required by the Contractor for construction will be issued to the Contractor in accordance with the design documentation, this includes all drawings, specifications, reinforcing steel bending schedules, reinforcing steel detailing etc.

2.5.3 Carry out Contract Administration Procedures in Terms of the Contract

This entails maintaining formal liaison with the Client and the Contractor's Head Office, as well as fulfilling the duties of "the Engineer" as defined in the Conditions of Contract.

2.5.4 Prepare schedules of Preliminary Cash Flow

Using the Contractor's program, the anticipated rate of progress shall be compared with that achieved. Aspects that will pertain to monitoring the rate of progress concerning the Contractor's activities are overall progress made for each month and a description of any problems that have affected the progress, along with the actions and decisions taken in resolving them.

The status of work for each major item, as compared with the construction program will be prepared.

A comprehensive photographic record will be kept on the progress of the works and cross-referenced with details described in the daily and weekly reports prepared.

In addition, regular site, progress and technical meetings between the Engineer and his personnel and Contractor shall be held and formally minuted. This will afford the opportunity for detailed discussion of any problem areas, work plans and other matters affecting the progress of the contract. During these Technical meetings all activities expected for the following week will be discussed including confirmation of the Contractor's needs in maintaining scheduled progress, regarding survey checks, testing, inspection and measurement of quantities. The Resident Engineer shall hold a copy of all minutes taken at these meetings.

On a monthly basis a meeting shall be held involving the Engineer, Resident Engineer, Contractor and representatives of the Client to appraise the progress of the Works. Minutes of the meeting shall be taken for circulation as required. It will not be the intention of these site meetings to discuss details, but to clarify the extent of progress and deal with broader contractual matters. The meetings shall be preceded by an inspection of the site.

2.5.5 Prepare Proactive Estimates of Proposed Variations for the Client Decision Making

Valuations of changes, if required, will be prepared by the Engineer, in consultation with the Client, with sketches, explanations, and requirements for extra compensation and time extension, if necessary. Change of Works Information will only be applicable should there be a substantive change to the scope

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of works, or as detailed in the contract documents. Minor increases in quantities shall be dealt with under the existing measurement contract procedures.

Should variation orders involve amendments to existing pay items or additional pay items; the rates will be negotiated with the Contractor and approved by the Client. Day works operation will be applied as a last resort.

2.5.6 Attend Regular Site, Technical and Progress Meetings

Regular contact with representatives of the Client will be maintained at all times by the Engineer and the Supervision Staff. Representatives of the Client will be invited to attend monthly progress and technical meetings. All minutes of meetings and the progress and financial reports will be submitted to the Client.

2.5.7 Inspect Works for Conformity to Contract Documentation

This entails the physical duties on site, carried out by the Engineer's Representative (as the Resident Engineer, RE, as he is traditionally referred to) and his supervision team. Their duties include:

- Quality Control for Contractual compliance;
- Progress maintaining and reporting;
- Financial control, including measurement and payment certification;
- Dealing with claims and disputes;
- Compiling contract records and as-built drawings.

The construction supervision duties are to a large extent integrated into various work processes and procedures, most of which are contained in a formal Site Management System, which forms part of the overall Quality Assurance Plan and are briefly described below.

2.5.8 Adjudicate and Resolve Financial Claims by the Contractor(s)

The calculation of quantities for payment purposes by the Contractor, shall be verified and agreed and will be in line with the specifications. Detailed quantity records shall be retained on site for inspection.

In consultation with the Client, a pro forma payment certificate shall be prepared for use on the contract. Interim measurement shall be made on the last Monday of each month, or as mutually agreed with the Contractor.

2.5.9 Assist in the Resolution of Contractual Claims by the Contractor(s)

Contractual claims usually arise out of changed circumstances and missing information. The Engineer and his staff will attend diligently to the Contractor's needs for information to avoid delays to the works.

The General Conditions of Contract stipulate procedures for submission and evaluation of claims. These procedures will be followed strictly. The review of claims shall be the responsibility of the Engineer. The recommendations of the Engineer regarding claims will be discussed with the Employer prior to finalisation. Should the claims be of such nature that legal advice is required; the Client will be approached for approval prior to proceeding.

Tasks involving adjudication or reference to the tribunal, mediation and arbitration are specifically excluded from the supervision consultancy services and any work in this regard will be deemed extra.

2.5.10 Establish and Maintain a Financial Control System

- Measurement of Works

The Contractor's calculations of quantities for payment purposes will be verified and agreed by the supervision staff, and detailed quantity records will be retained on site for inspection. In consultation with the Setsoto Local Municipality, a pro-forma payment certificate will be prepared for use on the contract.

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Interim measurement will typically be made on the last Monday of each month, at a time agreed with the Contractor. All interim payment certificates will be submitted to the Engineer for final approval.

Final quantities for all completed work will be agreed on a regular basis both to ensure that accuracy of interim certificates and revised estimates, and to minimise delays during the closeout of final quantities at the end of the contract.

- Payment Certificates

When the Contractor submits interim payment certificates they will be reviewed, for conformity with actual work carried out in the previous month and checked for any arithmetical mistakes. Revisions deemed necessary will be made in consultation with the Contractor prior to the Certificate being forwarded to the Setsoto Local Municipality for approval and payment.

- Update of cost

Based on the measurement of Works during the progress of the Contract, final estimated quantities for large pay items will be scrutinised and updated on a regular basis.

A financial analysis of the Contract shall be prepared showing disbursement schedules and payments already made. The status and description of contract variation orders will be included in the estimate update statistics. Included in the estimate will be details of the Consultant's disbursements and final projected costs.

The evaluation of the final construction costs shall be summarised for inclusion in the regular progress records, with details contained in an appendix

- Variation Orders

Variation Orders (VOs) will be prepared by the Engineer's Representative in consultation with the Engineer and the Project Manager, with sketches, motivation and requirements for extra compensation and time extension, if necessary. VO's will only be applicable should there be a substantive change to the scope of works or as detailed in the contract documents, or if new rates are required.

Minor increases in quantities shall be dealt with under the existing re-measurement contract procedures. VO's will be issued, and countersigned by the Contractor to cover any modifications to the drawings, specifications or contract conditions after which they will be submitted to the Setsoto Local Municipality for approval before proceeding. Should these VO's involve variation in existing pay items or additional pay items, the rates will be negotiated with the Contractor.

Day works operations will be applied as a last resort.

- Claims Review/Advice

As per General Condition of Contract, the Contractor shall be instructed to submit notice of any possible claims as soon as practicably possible and to follow up with such details, as are required to substantiate the claim, soon after.

The Engineer and the Engineer's Representative shall make a review of any claims submitted by the Contractor for extension of time and/or extra compensation. Using official records, discussions with site staff, daily reports and contract documents, a comprehensive study shall be made of all matters relating to the claim.

A report shall be submitted to the Setsoto Local Municipality detailing the nature of the claim itself, the Consultant's appraisal, conclusions and recommendations as to the validity and quantum of the claim, the Setsoto Local Municipality's ruling / confirmation. Should legal advice be needed, the Setsoto Local Municipality hall be consulted and approval sought before proceeding.

Tasks involving legal argument, mediation and arbitration are not specifically included in the consultancy services and any work in this regard will be deemed additional work.

2.5.11 Clarify Details and Descriptions During Design as Required

During the site hand-over stage of the project the Engineer's Representative/Residential Engineer will conduct a design check which will also include the verification of quantities on site.

2.5.12 Prepare Valuations for the Payment Certificates to be Issued

When the Contractor submits interim statements, they will be reviewed for conformity with actual work carried out in the previous month and checked for any arithmetical mistakes. Revisions deemed necessary shall be made in consultation with the Contractor and subsequently forwarded to the Client for approval and payment after certification by the Resident Engineer and the Engineer.

Interim Payment certificates will be limited to a minimum amount as specified in the Contract Documents.

2.5.13 Witness and Review of all Tests and Mock Ups Carried out Both on and Off Site

All construction activities will be monitored and inspected on a routine basis by the Resident Engineer within the parameters of the Specifications and the Aurecon South Africa Quality Management System. Methods of construction, where applicable, shall be checked for compliance with the specifications. If not in compliance, the Resident Engineer will issue a non-compliance report to instruct the Contractor to find remedies or make adjustments as required. Daily reports describing the operation, work area, problems encountered, corrective measures taken, personnel and equipment on site and quantity of work performed, shall be prepared by the Resident Engineer.

The Resident Engineer will check that all equipment is in a good and safe working condition and adequate labour is being provided for all construction operations. This operation is first of all the responsibility of the Contractors Safety Officer and Site Agent and the Resident Engineer will only step in if operations are carried out in an unsafe fashion. An inventory of equipment used on all sites, inclusive of plant standing due to mechanical breakdowns, will be updated regularly. Copies of all daily reports shall be kept by the Resident Engineer.

Quality Assurance Procedures will be maintained during the course of the works, with regard to layer thicknesses, material quality and compaction to ensure proper construction and drainage. Critical details on structures, such as concrete strengths, formwork, positioning of reinforcing, installation of bearings and joints will be specifically monitored. The Contractor will be required to conform, in all cases, to the specifications. During the course of the works, the Council will be properly informed of any major problems, as they arise through the applicable communication channels

Quality control testing will be conducted on all construction materials as specified in the contract documents. The Resident Engineer may request that additional tests be performed in various locations to ensure uniformity of materials throughout the works. Tests that are carried out in addition to the specified tests contained in the specifications will be paid through the Contract under a Prime Cost Sum. In special cases, requests may be made for a unique test to be carried out to evaluate particular situations encountered. If the provision of unique and seldom used equipment on site is not economically feasible, arrangements will be made to do the testing commercially off site. The costs for this will be recovered through the Prime Cost amount to be allowed in the Construction contract.

2.5.14 Check and Approve Contractor Drawings for Designs

Where any designs are required to be conducted by the Contractor or any of the Contractor's Sub-Contractors, Aurecon South Africa will check and verify the required design as well as the shop drawings.

2.5.15 Update and Issue Drawings Register

As part of the Aurecon South Africa Quality Management System an updated drawing register together with transmittal notes/Issue Slips is maintained for all drawings that are issued to the Contractor.

2.5.16 Issue Contract Instructions as and when Required

All contract/site instructions will be issued by the Residential Engineer/Engineer's Representative if and when required. These contract/site instructions will be done in accordance with the General Conditions of Contract.

2.5.17 Review and Comment on Operation and Maintenance Manuals, Guarantee Certificates and Warranties

During the latter stages of the contract, the Contractor is responsible for the compilation of Operation and Maintenance Manuals. These Operation and Maintenance Manuals will be checked and reviewed by Aurecon South Africa. These Operation and Maintenance Manuals will also include the required Guarantee and Warranties certificates.

2.5.18 Inspect the Works and Issue Practical Completion and Defects Lists

In accordance with the Contract Documents, once the contract is substantially complete, a final inspection of the works, will be carried out by the Engineer together with representatives of the Contractor and the Client. A list of outstanding works will be compiled and handed to the Contractor, who will undertake to complete them in a specified time. Once this outstanding work has been completed, the Taking Over Certificate will be issued.

2.5.19 Arranging for the Delivery of all Test Certificates, Including Electrical Certificates of Compliance, Statutory and other Approvals, As-Built Drawings and Operating Manuals

Complete as-built drawings will be prepared for the whole project. Surveys, where necessary, will be made with the co-operation of the Contractor's staff to obtain detailed completion information. This will be done as soon as work is completed on each section or structure, to ensure that the as-built drawings reflect accurate detail of the work done and are kept up to date.

Two set of prints and good reproducible transparencies and five sets of electronic format of the as-built drawings will be submitted to the Client within a period of 84 days from substantial completion

2.5.20 The Typical Deliverables for this Stage Include:

- Predicted cash flows
- Drawing registers
- Estimates for proposed variations
- Contract instructions
- Financial control reports
- Valuation for payment certificates
- Progressive and draft final accounts
- Practical Completion
- Defects Lists
- Electrical Certificates of Compliance

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2.6 Stage 6: Close Out

2.6.1 Inspect and Verify the Rectification of Defects

In accordance with the Contract Documents, once the contract is substantially complete, a final inspection of the works, will be carried out by the Engineer together with representatives of the Contractor and the Client. A list of outstanding works will be compiled and handed to the Contractor, who will undertake to complete them in a specified time. Once this outstanding work has been completed, the Taking Over Certificate will be issued.

The services that will be provided during the defects liability period for the contract are:

- Periodic inspection of any required repairs of the works by the Contractor;
- Final inspection on completion of the defects liability period;
- Recommend final acceptance of the works by the Client;
- Issue of a Defects Liability Certificate;
- Prepare release of bonds and retention money; and
- Compile a Final Contract Report.

2.6.2 Receive, Comment and Approve Relevant Payment Valuations and Completion Certificates

During the Close Out Stage the Contractor's final payment certificate will be compiled and issued. This payment Certificate will also include the retention money to be paid back to the Contractor as per the Tender Documentation.

2.6.3 Prepare and/or Procure Operation and Maintenance Manuals, Guarantees and Warranties

During the Close Out Stage of the contract, the Contractor is responsible for the compilation of Operation and Maintenance Manuals. These Operation and Maintenance Manuals will be checked and reviewed by Aurecon South Africa. These Operation and Maintenance Manuals will also include the required Guarantee and Warranties certificates.

2.6.4 Prepare and/or Procure As-Built Drawings and Documentation

Complete as-built drawings will be prepared for the whole project. Surveys, where necessary, will be made with the co-operation of the Contractor's staff to obtain detailed completion information. This will be done as soon as work is completed on each section or structure, to ensure that the as-built drawings reflect accurate detail of the work done and are kept up to date.

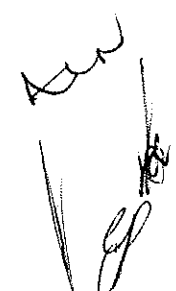
Two set of prints and good reproducible transparencies and five sets of electronic format of the as-built drawings will be submitted to the Client within a period of 84 days from substantial completion.

2.6.5 Conclude the Final Accounts Where Relevant

The Engineer will prepare a draft of the Project Completion Report for the contract and submit this to the Council approximately two weeks before the end of the construction period. The completion report will contain all the relevant information together with a summary of the monthly progress reports. In addition, photographs will be provided for all phases of the construction. Recommendations will be made of any changes in procedures, methods or standards based on important occurrences that occurred during construction. The draft Project Completion Report will be finalised to include comments from the Client and any final details relating to the takeover of the works and submitted to the Client within two (2) months of the issue of the Taking Over Certificate.

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2.6.6 The Typical Deliverables for this Stage Include:

- Valuations for payment Certificates
- Works and completion lists
- Operation and Maintenance Manuals, guarantees and warranties
- As-Built drawings and documentation
- Final Accounts
- Managing the Defects Liability Period

2.7 Additional Services that Form Part of the Scope of Work

2.7.1 Setting out or staking the works and indicating any boundary beacons and other reference marks

Aurecon South Africa will assist the Contractor in setting out/staking out the works including the setting

2.7.2 Design Monitoring

Aurecon South Africa will maintain a full-time presence on site during construction. The Residential Engineer/Engineers Representative will constantly review work procedures, design materials, check

2.7.3 Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

Aurecon South Africa will arrange formally and in writing, that the Contractor needs to provide documentary evidence of compliance with all the requirements of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

2.7.4 EPWP and COGTA Requirements

Aurecon South Africa will assist the Setsoto Local Municipality to ensure compliance with the requirements of the EPWP Programme (Assist with business plan, beneficiaries, identification of EPWP works)

Aurecon South Africa will report back to the Setsoto Local Municipality on a monthly basis e.g. photographic progress report. The progress report will also indicate the relevant progress on site measured against the Contractor's construction Program. These progress report can by utilized by the Setsoto Local Municipality when reporting to Funding Agents etc. is required. Aurecon South Africa will also compile the close out reports when the project reaches completion.

3 Water Infrastructure: Fee Proposal

The below fee calculation is based on a capital cost of a project not more than R10mil:

The fees will be based on a percentage (%) of the construction costs.

Proof of Professional Indemnity amount cover will be submitted at appointment.

Our fee calculation is based on ECSA fees 2015:

ITEM	PERCENTAGE (%)	
Engineering Design Fees	8.5%	
Geotechnical Investigation	0.41%	
Survey	0.34%	
Disbursements	0.25%	
Environmental Report	2.45%	
Construction Monitoring	4.9%	
Description	Amount	Receipt Number
Water Infrastructure and Related Works	R 1500.00	01460981

The below sketch indicates that for municipal services it will require a Category "C". This indicates a average limit of 9% fees:

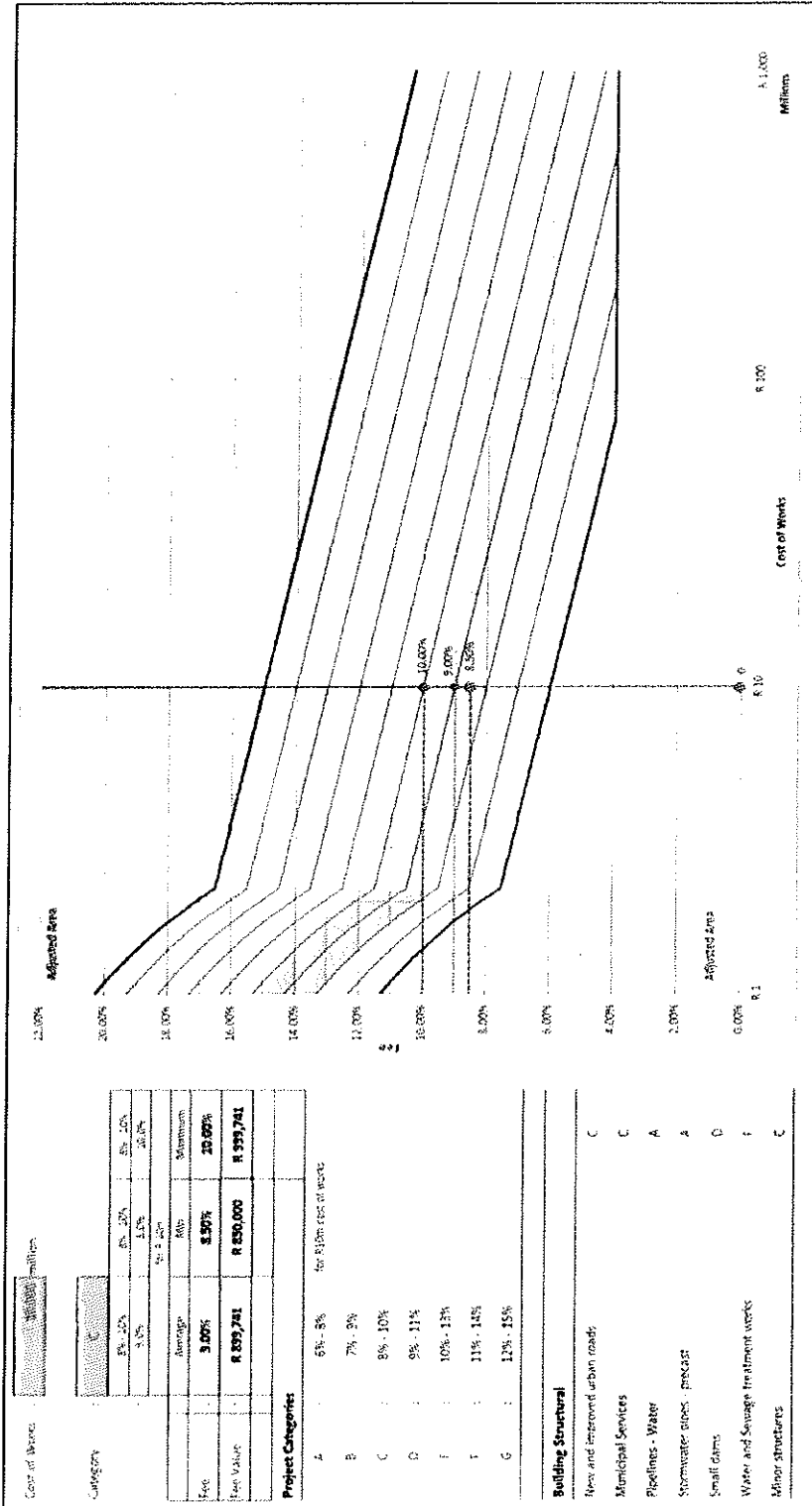
Table 4-5: Guideline Fee for different Project Categories for a R10 million works value

Fee Category	Typical Lower Limit		Typical Upper Limit	
	Based on a R10 million works value			
A	6.0%	to	8.0%	
B	7.0%	to	9.0%	
C	8.0%	to	10.0%	
D	9.0%	to	11.0%	
E	10.0%	to	13.0%	
F	11.0%	to	14.0%	
G	12.0%	to	15.0%	
M	2.0%	to	4.0%	
N	Not appropriate to estimate fees based on cost of works			

Our calculations will show a minimum fee calculation of 8.5% on a R10mil project. Which still falls in the limitations presented under the ECSA fees, Table 4-5.

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Aurecon Fee Proposal Calculation below:



Cost of Works	R 850,000
Category	C
Rate	9.50%
Fee Value	R 809,741

Project Categories	Rate	Fee Value
A	6% - 8%	for other cost at work
B	7% - 9%	
C	8% - 10%	
D	9% - 11%	
E	10% - 13%	
F	11% - 14%	
G	12% - 15%	

Building Structural	Category
New and improved urban roads	C
Municipal Services	C
Pipelines - Water	A
Stormwater pipes - precast	A
Small dams	D
Water and Sewage treatment works	F
Minor structures	C

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 E.P.
 A.C.W.
 [Signature]

4 Detailed Explanation of How Supervision of the Works will be Carried Out

All the construction activities will be monitored and inspected on a routine basis by the site supervisory staff. Methods, where applicable, will be checked for compliance with the specifications. If not in compliance, the Engineer's Representative will instruct the Contractor to make remedies or adjustments as needed. Daily reports describing the operations, work areas, problems encountered, corrective measures taken, Contractor's personnel and equipment on site, and the quantity and quality of the work performed will be prepared by the Engineer's Representative.

The Engineer's Representative will endeavour to ensure that adequate labour, and equipment in good condition is being provided by the Contractor for all construction operations. An inventory of equipment used on all sites, inclusive of plant standing due to mechanical breakdowns, will be maintained and updated regularly. The Engineer's Representative will keep copies of all daily reports.

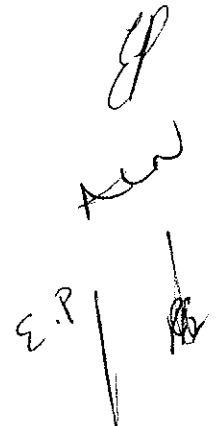
A crucial element of the Quality Assurance / Control process will be the use of a pipeline quality assurance specialist / inspector to monitor the testing on steel pipelines (if relevant), including Holliday tests on the steel plate, inspections and x-rays of the factory seam welds on the pipes and on the on-site installation welds surface preparation and application of both factory and site applied coatings and linings on pipes and specials; and verification of material / coating / lining thicknesses. In general, it is proposed that this specialist inspector will monitor and observe tests as to be carried out by the contractor and his suppliers.

General quality control testing will be conducted on all construction / materials as required by the contract documents. These will include bedding / blanket material tests, concrete compressive cube tests, compaction tests, pipeline pressure tests and other miscellaneous tests as required on a routine or periodic basis. Water retention tests will be carried out where appropriate. All testing not included in the tendered rates will be executed via provisional sums allowed for in the construction contract. Quality control will be maintained during the course of the works with regard to lot sizes, material quality, compaction, and type of materials, to ensure proper construction. The Contractor will be required to conform, in all cases, to the specifications. During the course of the works, the Setsoto Local Municipality will be properly informed of any major problems as they develop.

The Engineer's Representative will also carry out checking surveys and measurements to monitor that the pipes (including jacked pipes) are being laid according to the designed levels, as well as monitor all pipes and joints and carry out internal visual inspections where pipe diameter allows.

As noted elsewhere, the Aurecon Site Management System (BVQI ISO 9001 approved) is applied on all of our contracts. The Contractor is effectively also forced to follow this Quality System, since he has to comply with all the relevant procedures therein, as used on site. This includes aspects such as those mentioned above, as well as the following:

- **Site Inspection Request Book:** The Contractor has to request inspections and these must be signed off before he can proceed with subsequent operations. This applies to bedding, pipeline installation and testing, blanket, backfilling, levels, etc.
- **Daily Site Diary:** A number of daily records and comments have to be noted in this diary.
- **Meetings:** The monthly site meetings also involve an inspection of the works, and any defects or problems with quality are minuted.
- **Material tests:** Material tests are done on materials such as bedding and selected fill.
- **DCP/Troxler tests:** These are carried out to monitor the compaction of backfilling.
- Concrete cube compressive strength tests.

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- **Level checks:** Levels are surveyed on firstly the bedding and then on the pipes at 20 m intervals to verify the correct vertical alignment (within the specified tolerances).
- **Visual inspections:** Visual inspections are carried out regularly throughout the day, including of pipes before installation, pipes / joints after installation, internal visual inspections of large diameter pipes, chambers, manholes, etc.
- Site Instructions are issued regularly as required to address quality of work.
- A number of further procedures (such as for failure reports) are incorporated in the Site Management System. Inputs from the Contractor are obtained where required and these procedures have to be conformed to by the Contractor.
- Pipeline testing is done in accordance with the relevant specifications and the Setsoto Local Municipality requirements.
- Near the completion of the work, comprehensive defects inspections, practical completion inspections and ultimately completion inspections are carried out, with corresponding defects lists. These defects have to be properly corrected before being signed off and the work being certified.
- As-built surveys have to be done and submitted by the Contractor, for compilation of the As-built drawings by the Engineer. The positions and levels of constructed elements are again checked at this stage.
- the Setsoto Local Municipality of Works is involved throughout the construction period.
- All work is checked against the specific tests to be done and the applicable tolerances in terms of the appropriate codes / specifications.
- Comprehensive records are kept (as part of the Site Management System) in the site filing. These records are then further processed / stored as required.
- A hard copy of the Aurecon Site Management System is kept on site, should the Client wish to acquaint themselves more fully with this document. Books made up of the relevant forms in daily use are also kept in the site office.
- Records are also kept of further tests which might be done by outside laboratories and pressure tests as appropriate

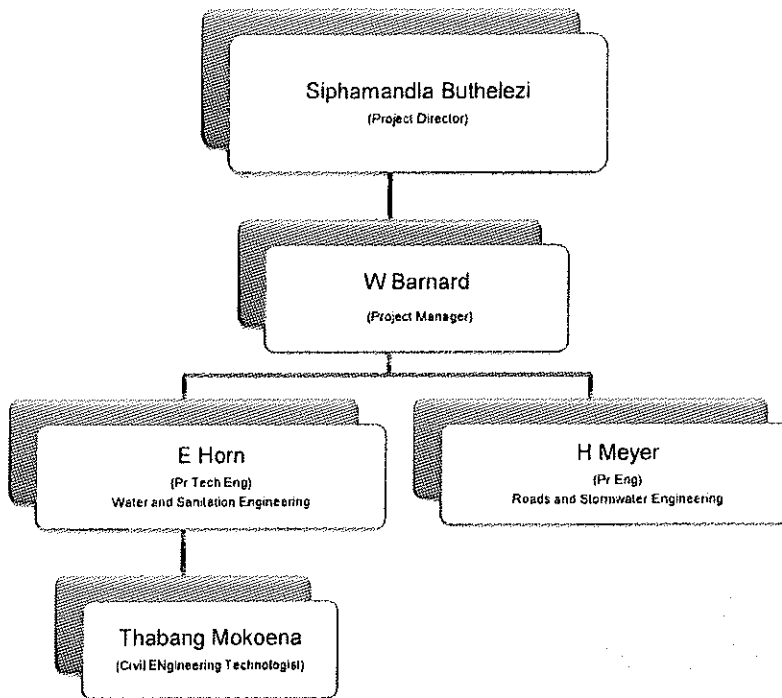
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5 Tools and Resources to be Used for the Entire Project Life Cycle

5.1 Design team organogram

The team structure proposed for the assignment is captured in the organogram below.

Figure 1 - Proposed Team Organogram (Stages 1 to 3)



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5.2 Proposed team

The professional team proposed for the assignment has all the prerequisite skills necessary for the successful design and construction contract administration of the project. The design team we are proposing has a combined experience level of over 62 years alone, which will be of huge benefit in implementing the project within the timeframes required and at the desired quality.

The civil engineering team of our Bloemfontein office has a further 10 technical staff members to draw upon if the need should arise for additional assistance in meeting the project goals. Aurecon has ample experience in the water field, and we are also able to draw upon industry experts from other centres to assist with technical or contractual issues that may arise in the design and construction of pipelines.

The team will also be supported by staff not necessarily indicated in the organogram or the table below, for services such as project management support, as the needs may arise.

The table below summarises the key staff proposed for this assignment.

Table 1 – Key Personnel

Name	Proposed position	Area of expertise	Highest qualification	ECSA Reg. no.	Years experience
Siphamandla Buthelezi *	Project Director / Engineer	Civil Engineering	Pr Tech Eng; Pr CPM; MSAICE; MBA	201370164	20
Werner Barnard*	Technical support /Project management – Local Office	Water and sanitation design, implementation & Project Management	B Tech Pr. Tech Eng	200970086	18
Ernest Horn*	Technical support and Design/Civil Infrastructure	Water and sanitation design, implementation & Project Management/Civil Infrastructure	B Tech Pr Tech Eng	2019300375	9
David vd Westhuizen*	Technical Support and Design/Civil Infrastructure	Roads and Stormwater design, implementation. Civil Infrastructure	B Eng Pr Eng	20180181	7
Thabang Mokoena*	Civil Engineering Technologist	Civil Infrastructure	B Tech Candidate Technologist	Candidate	8

* Personnel currently based in the local Aurecon office (Bloemfontein).

Detailed Curriculum Vitae of the above key staff are included in the Annexures to our proposal file.

6 Appropriateness and Adequacy of Tools and Processes to Ensure Quality Control and Assurance in all Phases of the Project

The project will be executed in terms of Aurecon's Quality Management System based on internal, ISO 9001 and ISO 14001 procedures which addresses project execution procedures, environmental issues, management of non-conformances, corrective and preventative actions, progress management, financial management, control of data and quality records and internal as well as external quality auditing.

Construction Quality will be monitored by the Aurecon Technical Team. Work will not be accepted if it does not conform to acceptable standards and the specification. The Team will also draw from its experience and make recommendations within reason to the Ministry of Health Lesotho where it believes it can contribute to improve norms and standards.

Aurecon's Quality and Environment Management Systems are delivered through a global framework known as the Aurecon Methodology. The Aurecon Methodology is based on PMBOK® and standardises the way we engage our clients and deliver projects, from inception to completion.

From a quality perspective, this means that we plan quality management pro-actively, perform adequate quality assurance and conduct quality control checks throughout the project. Internal technical co-ordination meetings will be routinely scheduled at which the project team will assess progress, address technical challenges and re-program the way forward.

Close communication and interaction will also exist between Aurecon and the client representatives, from the Setsoto Local Municipality. This will be to ensure that all parties requirements and expectations are met and addressed. Quality will be reported on at monthly meetings. Quality of workmanship is of utmost importance to Aurecon and thus the lessons learnt under similar projects have been taken seriously. Quality is one of the matters which will be given highest importance in the project team.

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EP
[Signature]

7 Skills transfer

The aim of our training / knowledge transfer program is to enhance the capacity of our young engineers in all components of this assignment, by means of "on-the-job" training and formal training.

On-the-job training is a structured process that must provide trainees with the knowledge and skills to perform their job tasks.

It takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained and has proven a very effective method.

We firmly believe in empowering individuals and will purposefully target skills development as a key component of our submission.

Training will include in a formal proposal, but not be limited to, site investigations, feasibility studies, environmental and social impact studies, preliminary design, detailed design (including geometric and pavement design), materials investigation, structural design, drainage design, quantities estimation and tender documentation.

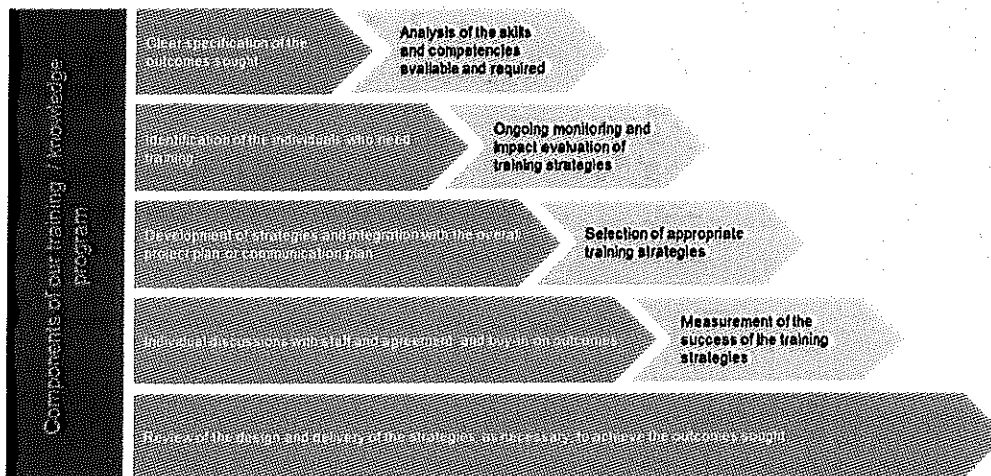
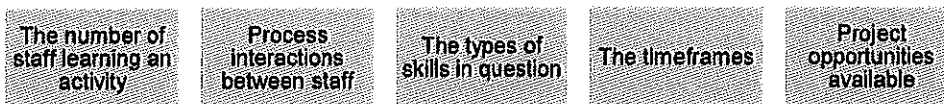


Figure 2: Components of our training / knowledge program.

The skills transfer plan should be continuously reviewed and updated as the assignment progresses.

The best mix of strategies will be chosen according to:



The strategies differ according to the extent to which they are interactive, rich in content, structured and reusable. There is a range of channels that are part of the normal communication process on

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 EP
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 W

assignments, including project meetings. As skills transfer is an objective of the municipalities, these communication channels are incorporated into a skills transfer plan and complemented with deliberate skills transfer strategies, such as work shadowing, mentoring and secondment.

7.1 Mentorship

Our proposed technical experts will take ownership for training and knowledge transfer to the young professionals/engineers and local partners, through all phases of the project. Our approach to skills transfer creates long-term value by enhancing client capabilities, encourages a learning organisation, and facilitates an on-going partnering relationship.

The effort that Aurecon puts into capacity building and training proposal indicates Aurecon's intent and initiatives to be implemented throughout the course of the project with respect to capacity building and training of young professional persons.

We recognise that the project for which Aurecon is submitting this proposal will be executed in a relatively short period when compared to the long operational period of the intended product (i.e. the infrastructure). The continued success of these up-front initiatives will require the further long-term support from the Setsoto Local Municipality and its partners and must therefore be aligned with the objectives and approach of the Setsoto Local Municipality. We wish to execute the capacity building and training in partnership with the Setsoto Local Municipality.

Since it is also important for Aurecon to transfer skills and knowledge to our own young professionals, we have developed several formal and informal training programmes, which are offered internally. These programmes have been tried and tested and are in line with what is happening in the market. Besides our own young graduate engineers that are appointed each year, Aurecon has already taken in several graduate engineers from National and Local Government as part of the Skills Exchange Programme and, as a result, is already very familiar with the processes to be followed.

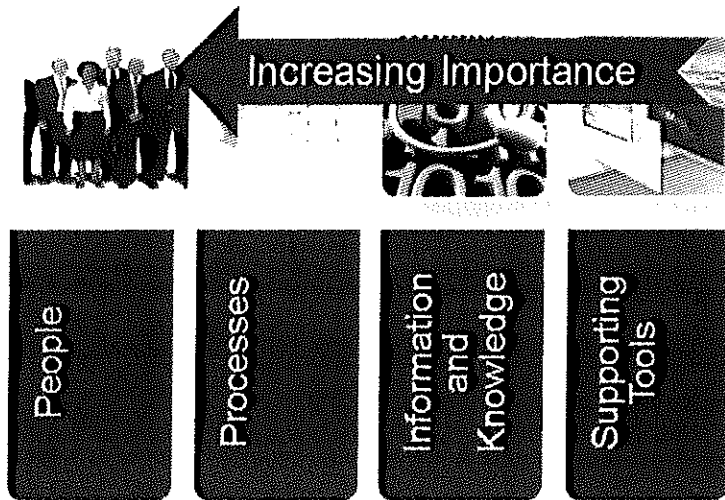
We, at Aurecon, realise the challenge faced by the Setsoto Local Municipality to increase skills and capacity within the sector for both water resources management and water services. To this end, Aurecon is committed to our strategy for future endeavours focusing on prioritising skills development and capacity building at all levels. This includes collaborating with preselected strategic partners as well as engaging with any lower category partner nominated by the Setsoto Local Municipality.

gp

AKW
E.P. [signature]

7.2 Formal training

As shown below, one can have the best supporting tools, information and knowledge on a database, even the correct processes in-place. However, it is the individual people skills and competencies which will make the young engineer a success.





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APPENDIX B : PRICING DATA

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.

TFZ

For Setsoto Local Municipality

[Signature]

For Zutari (Pty) Ltd.

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Page 25

3 Water Infrastructure: Fee Proposal

The below fee calculation is based on a capital cost of a project not more than R10mil:

The fees will be based on a percentage (%) of the construction costs.

Proof of Professional Indemnity amount cover will be submitted at appointment.

Our fee calculation is based on ECSA fees 2015:

ITEM	PERCENTAGE (%)	
Engineering Design Fees	8.5%	
Geotechnical Investigation	0.41%	
Survey	0.34%	
Disbursements	0.25%	
Environmental Report	2.45%	
Construction Monitoring	4.9%	
Description	Amount	Receipt Number
Water Infrastructure and Related Works	R 1500.00	01460981

The below sketch indicates that for municipal services it will require a Category "C". This indicates a average limit of 9% fees:

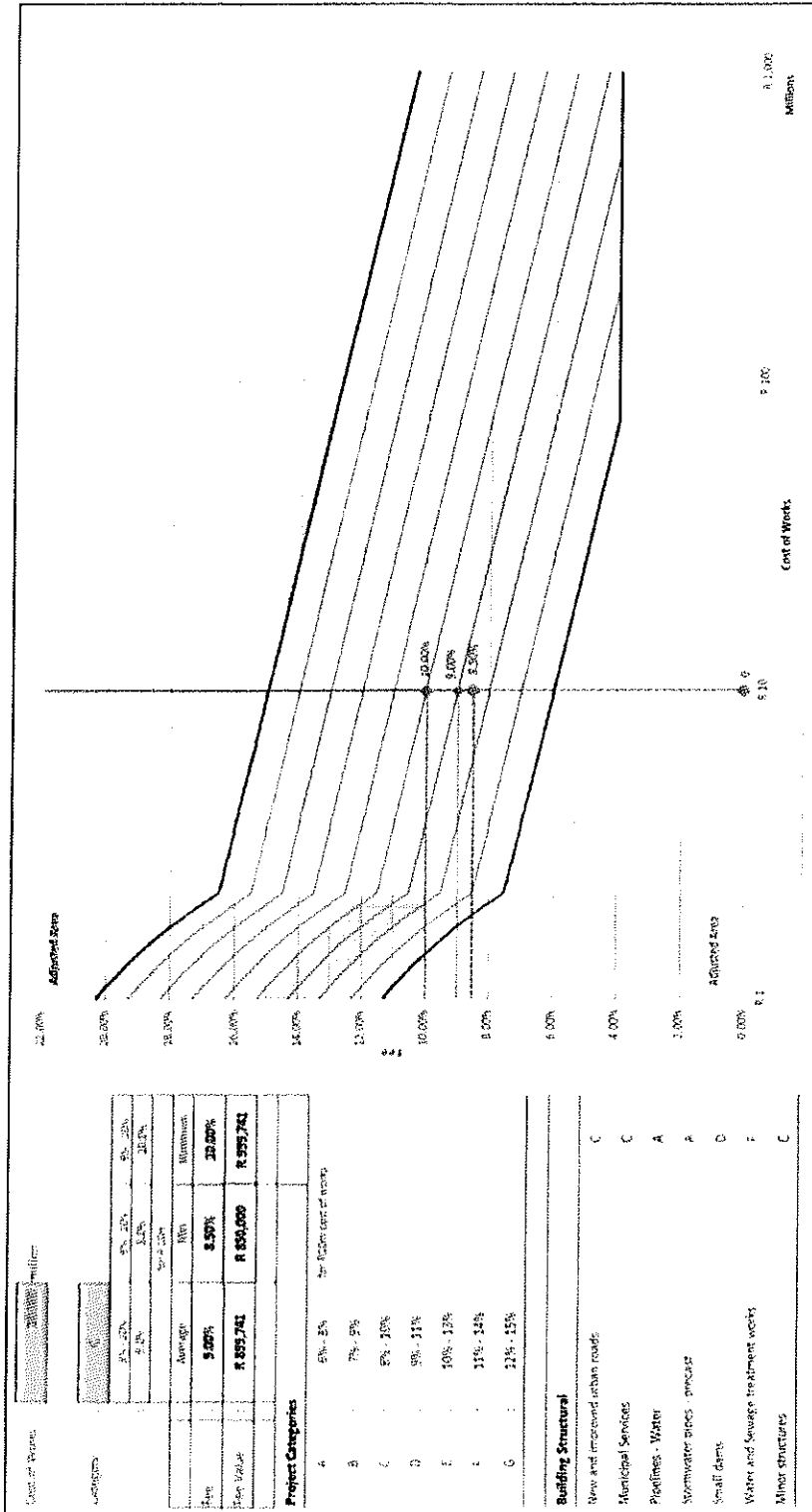
Table 4-5: Guideline Fee for different Project Categories for a R10 million works value

Fee Category	Typical Lower Limit		Typical Upper Limit	
	Based on a R10 million works value			
A	6.0%	to	8.0%	
B	7.0%	to	9.0%	
C	8.0%	to	10.0%	
D	9.0%	to	11.0%	
E	10.0%	to	13.0%	
F	11.0%	to	14.0%	
G	12.0%	to	15.0%	
M	2.0%	to	4.0%	
N	Not appropriate to estimate fees based on cost of works			

Our calculations will show a minimum fee calculation of 8.5% on a R10mil project. Which still falls in the limitations presented under the ECSA fees, Table 4-5.

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 [Signature]

Aurecon Fee Proposal Calculation below:

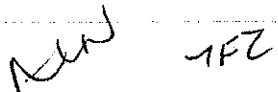


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Handwritten signature: ALW

APPENDIX C : OFFER AND ACCEPTANCE

Service Level Agreement: Setsoto Local Municipality and Zutari (Pty) Ltd.



For Setsoto Local Municipality



For Zutari (Pty) Ltd.

EP 3.7

Handwritten signature



SETSOTO

LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
MASEPALA WA LEHAE

Head Office

27 Voortrekker Street

FICKSBURG

Tel: (051) 933 9300

Fax: (051) 933 9309

(051) 933 3321

E-mail: engineering@setsoto.co.za

OFFICE OF THE MUNICIPAL MANAGER

P.O. Box 116

FICKSBURG

9730

Tel: (051) 933 9302

Fax: (051) 933 9309

E-mail: manager@setsoto.co.za

YOUR REF: bloemfontein@aurecongroup.com

OUR REF: T01(19/20)

25 May 2020

Aurecon Group (Pty) Ltd

Private Bag X11

Brandhof

BLOEMFONTEIN

9324

Tel: 051 4089 600/083 293 2172

Attention: JHW Vermaak

**RE: APPOINTMENT FOR RENDERING PROFESSIONAL SERVICES FOR THE
UPGRADING OF BULK WATER SUPPLY IN SENEKAL**

This letter serves to notify you that your company has been appointed by the Setsoto Local Municipality for the above referenced project. The appointment is in accordance with the scope of services as described in the latest published guideline scope of service and tariffs of fees for the Persons **Registered in terms of the Engineering Profession Act 2000(Act 46 of 2000) and Gazzetted (No. 38324), 04 December 2015, Board Notice 138 of 2015** for rendering of professional services according to the following stage;

- Inception
- Preliminary Design Stage
- Detailed Design Stage
- Documentation and Procurement Stage
- Construction Administration and Supervision

All correspondence to be addressed to Head Office /Alle korrespondensie gerig moet word aan Hoofkantoor
/Mangolo ohle a lebiswe Ntlokolo

"Re sebeletsa katleho"
www.setsoto.info.co.za

JHE
E.P
KHW
V

- Close out Stage

Aurecon Group (Pty) Ltd will be required to enter into a service level agreement (SLA) with Setsoto Local Municipality which will focus on the timely delivery of the aforementioned infrastructure and the accompanying scope reduction provision if you fail to meet the deadline.

Director Engineering Me TF Zondi will provide further details and please note that you may not proceed with the work before receiving instruction from the Director Engineering Services office

You will be required to furnish Setsoto Local Municipality with **ACCEPTANCE LETTER** within 5 working days after the receipt of this letter.

Hope you will find the above in order.

Yours faithfully


.....
MR STR RAMAKARANE
MUNICIPAL MANAGER

All correspondence to be addressed to Head Office /Alle korrespondensie gerig moet word aan Hoofkantoor
/Mangolo ohle a lebiswe Ntlokgolo

"Re sebeletsa kalleho"
www.setsoto.info.co.za

TFZ
EP
E.P
K...
V

Bloemfontein
Hydro Park
135 President Reitz Ave
Westdene
Bloemfontein 9301

T +27 51 408 9600
F +27 51 447 8976
E bloemfontein@arecongroup.com
W arecongroup.com

arecon

Private Bag X11
Suite 70
Brandhof
South Africa

27 May 2020

111826/COR/JV/L052

Setsoto Local Municipality
PO Box 116
FICKSBURG
9730

ATTENTION: MR STR RAMAKARANE

Sir,

**APPOINTMENT FOR RENDERING PROFESSIONAL SERVICES FOR THE
UPGRADING OF BULK WATER SUPPLY IN SENEKAL – ACCEPTANCE LETTER**

1. Your attached letter of appointment (Ref no. T01 (19/20)) received on 26 May 2020 has reference.
2. We thank you for the appointment and hereby accept the appointment. We are looking forward in working with you and assisting you in achieving your project objectives.
3. We hereby wish to confirm that our team welcomes a meeting with your Me T Zondi to discuss any formal instruction as indicated by the Director Engineering Services.
4. We trust that you will find it in order. However, should you have any queries, please do not hesitate to contact our Mr Werner Barnard.

Yours faithfully



J. VERMAAK Pr Tech Eng
Office Manager: Bloemfontein
pp Aurecon

enclosed: Appointment Letter to Aurecon SA (PTY) LTD

Aurecon South Africa (Pty) Ltd Reg No 1977/003711/07
Board of Directors (07/2016)
NN Gwagwa (Chairperson)*, MJ Breed, ZB Ebrahim*,
NVB Magubane*, F Nell, GJ Swiegers *Non-Executive Director

ISO 9001 Certified
Member of CESA and ASAQs
Member of the Ethics Institute of South Africa
Silver Founding of the Green Building
Council of South Africa

*under licence from Aurecon Group Brand (Pte) Ltd Reg no 200903592H

EP *7FZ* *E.P.*
Leading. Vibrant. Global.