



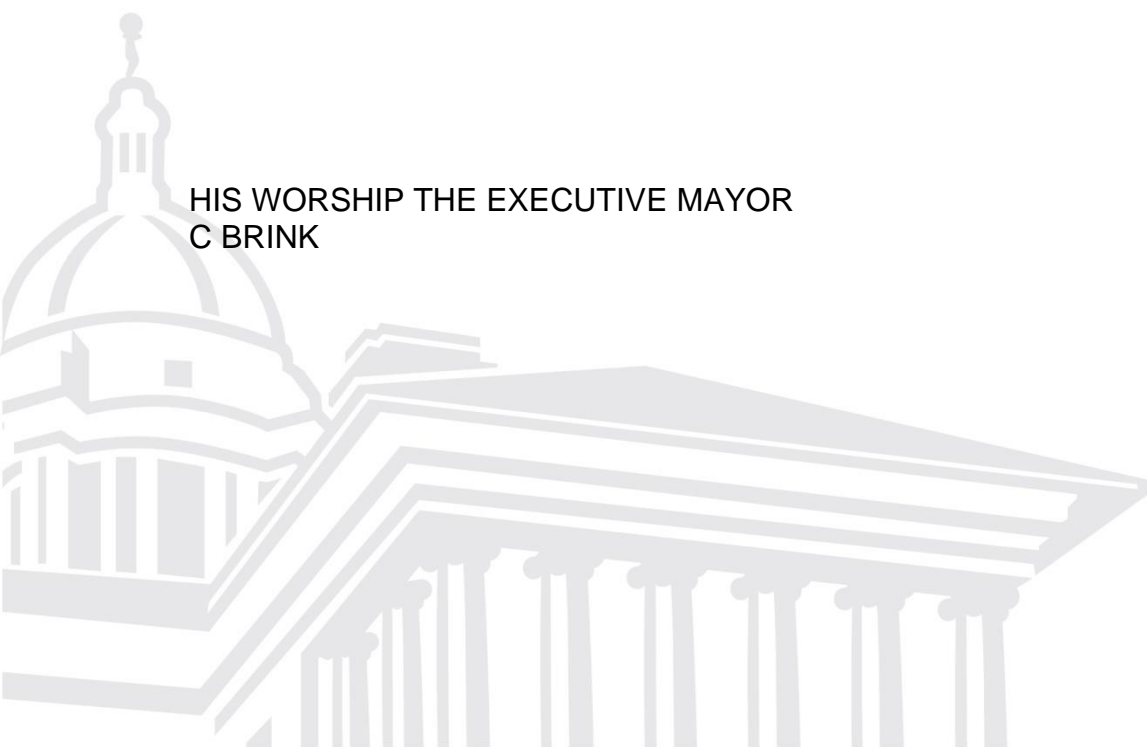
COUNCIL MEETING: 27 MARCH 2024

ANNEXURE A.2

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HIS WORSHIP THE EXECUTIVE MAYOR
C BRINK



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A. SPECIAL MAYORAL COMMITTEE: 16 FEBRUARY 2024: ANNEXURE A.2

I. APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED:

That the matter was not considered.

II. APPROVAL OF THE MINUTES OF THE MAYORAL COMMITTEE: NONE

RESOLVED:

That there was no minutes of the Mayoral Committee meeting approved and confirmed.

A. SPECIAL MAYORAL COMMITTEE: 16 FEBRUARY 2024: ANNEXURE A.2

III. MATTER CONSIDERED

Reference no. 83401/1

Siphumeze Cwayi (5062)

SPECIAL MAYORAL COMMITTEE: 16 February 2024

1. CITY STRATEGY AND ORGANISATIONAL PERFORMANCE DEPARTMENT
REQUEST APPROVAL FOR THE CITY OF TSHWANE METROPOLITAN
MUNICIPALITY (COT) TO ENTER INTO A GRANT AGREEMENT WITH THE
DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA) FOR THE REPAIRS AND
MAINTENANCE WORK OF THE ROOIWAL WASTE TREATMENT WORKS
(From the Mayoral Committee: 14 February 2024)

1. PURPOSE

The purpose of the report is to request approval for the City of Tshwane Metropolitan Municipality (CoT) to enter into a Grant Agreement, with the Development Bank of Southern Africa (DBSA) for the repairs and maintenance work at the Rooiwal Waste Treatment Works.

2. STRATEGIC PRIORITIES

- Prioritisation of the electrical grid and water infrastructure;
- A business-friendly city that promotes employment and economic growth; and
- A professional public service that drives accountability and transparency.

3. BACKGROUND

South Africa is currently facing service delivery problems related to the provision of basic services including water, sanitation and electricity. The task of basic service delivery is on municipalities as they are directly responsible for maintaining healthy living conditions and improving the quality of life for communities, as per the Municipal Systems Act, 2000.

Effective and reliable delivery of services is one of the biggest challenges that the country faces across all municipalities. Added to this are financial challenges that municipalities generally, and the City of Tshwane specifically, are facing which leads to inability to deliver basic services and maintain infrastructure.

The City of Tshwane has had to utilise partnerships with strategic organisations and funding institutions to augment its limited financial resources. The City has identified the DBSA as one such strategic partner and seeks to enter into a long-term relationship to resolve some of the service delivery and infrastructure-related challenges to improve the City's economy.

The Development Bank of Southern Africa is one of the leading African Development Finance Institutions, wholly-owned by the government of South Africa. The DBSA was established in 1983 to perform a broad economic development function within the homeland constitutional dispensation that prevailed at the time. In 1994, the new dispensation resulted in the transformation of the role and function of the DBSA. In

1997 the DBSA was reconstituted in terms of the [Development Bank of Southern Africa Act](#), as a development finance institution (DFI).

4. DISCUSSION

Considering the magnitude of the city's needs for infrastructure maintenance, expansion and upgrades even in energy and electricity; roads and transport; the Mayoral Committee (MayCo) approved a Memorandum of Understanding (MoU) with the Development Bank of Southern Africa (DBSA) in July 2023. The MoU covered the following areas of collaboration:

- Infrastructure planning, management and maintenance in water and sanitation; energy and electricity; roads and transport; city properties
- Infrastructure project expansion, refurbishment and upgrades
- Implementation of infrastructure projects as Implementing Agent
- Project management for implementation of capital projects
- Asset Management
- Smart city initiatives
- Service delivery improvement initiatives
- Mobilisation of funding for service delivery and capacity building
- Any other areas of mutual interest that the Parties may identify and agree to collaborate on

Urgent attention was needed for the expansion, renovation, and modernization of water and wastewater treatment facilities, particularly the Rooiwal wastewater treatment facility. The approved Memorandum of Understanding, are being utilised to renovate and enlarge the Rooiwal Waste Water Treatment Works, and in accordance with section 110(2) of the Local Government: Municipal Finance Management Act, 2003, DBSA was designated as the project's implementing agent.

With regards to Infrastructure project expansion, refurbishment and upgrades, the City applied to the DBSA for the Grant by submitting the Application. As part of the overall grant of R64.5 million applied for by the city, a non refundable grant of R25 Million was approved by the DBSA to the city for repairs and maintenance to the Rooiwal WWTW. A Grant Agreement was a pre-requisite for the funds to be disbursed to the city. The funding will be utilised it terms of the Maintenance Plan.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the content of the report.

The purpose of the report is to request approval for the City of Tshwane Metropolitan Municipality (CoT) to enter into a Grant Agreement with the Development Bank of Southern Africa (DBSA) for the repairs and maintenance work at the Rooiwal Waste Water Treatment Works.

The comments of the Group Legal Counsel should indicate whether this request is in line with the requirements of existing policies, guidelines, financial by-laws, and applicable legislation.

It is indicated in the report that the Grant Amount from DBSA is up to R64 500 000 of which R25 000 000 will be directly funded by the DBSA and the difference will be sourced from different funders by DBSA.

It is important to note that no budget amendments/revisions can be done outside of a budgeting process. Group Financial Services therefore advise that City Strategy and Organisational Performance must include the grant funding in its departmental budget submission for either the 2023/24 Adjustments Budget or the following MTREF, once final approval has been granted. The grant agreement must also be submitted to the Budget Office.

5.2 COMMENTS OF THE GROUP HEAD: GROUP LEGAL AND SECRETARIAT SERVICES

In terms of Section 11 (3) (a) (b) & (n) of the Local Government: Municipal Systems Act, 2000 (hereafter referred to as the “MSA”), a municipality exercises its legislative or executive authority by developing and adopting policies, plans, strategies and programs, including setting of targets for delivery, promoting and undertaking development and doing anything else within its legislative and executive competence.

Section 15 of the Municipal Finance Management Act 56 of 2003 provides that a Municipality may, except where otherwise provided in this Act incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

The approved Memorandum of Understanding, are being utilised to renovate and enlarge the Rooiwal Waste Water Treatment Works, and in accordance with section 110(2) of the Local Government: Municipal Finance Management Act, 2003,

Having regards to the previously mentioned and with specific reference to the context of the report, Group Legal Services Department takes cognizance of the report and to support the approval of the recommendations thereof subject thereto that:

- Section 15 of the MFMA should be complied with in terms of appropriation of funds in accordance with the approved budget;
- That the MOU be referred to our contract management section for vetting before signature by the City Manager;
- All financial implications which may emanates as a result of this agreement must be managed within the limitations of the approved Medium- Term Revenue Expenditure Framework of the relevant department to ensure that the affected departments do not exceed their budget allocation in the applicable financial year; and
- That the provisions of the Corporate System of Delegation in so far as it relates to the signing powers of such document are adhered to.

5.3 COMMENTS OF THE GROUP HEAD: WATER AND SANITATION

The effluent discharged from the Rooiwal WWTW serves as raw water for the production of drinking water at the Temba WTP. This places an obligation on Rooiwal to produce the highest effluent quality possible. To achieve this, expansion of the plant as well as regular repairs and maintenance is required. A range of chemicals is also added as part of the treatment process.

Rooiwal WWTW is hydraulically and organically overloaded, and also experiences a huge maintenance backlog due to lack of funding. Chemical dosing is not optimal for the same reason. The grant agreement with the DBSA will assist to implement the required maintenance at the plant including improving the chemical dosing. Expansion of the plant with an additional 130 Ml/d treatment capacity is, however, still required to ensure effluent compliance.

The report to enter into a grant agreement with the DBSA is thus supported by the Water and Sanitation Department.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

Given the nature of work to be done, various competent service providers will be appointed by the City whilst the DBSA will play a project management role.

6.2 FINANCES

The Grant Amount from DBSA is up to R64 500 000.00. R25 000 000. 00 (Twenty-Five Million Rand) will be directly funded by DBSA and the difference will be sourced from different funders by DBSA.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

Legislatively, the City is guided by Chapter 3 of the Constitution of the Republic of South Africa, where it outlines the principles of co-operative governance as well as the Intergovernmental Relations Act 13 of 2005. This Act implores all spheres of government to work together and to integrate as far as possible their actions in the provision of services, the alleviation of poverty and development of the people and country.

6.4 COMMUNICATION

With regards to communication regarding the project, the City shall first obtain written approval from the DBSA and supply it with a copy of the proposed communication, who shall review the proposed communication and notify the City, within 30 (thirty) calendar days after receipt, in writing whether the DBSA consents to such communication.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

The Grant Agreement originates from a Memorandum of Understanding (MoU) the was approved by the Mayoral committee in July 2023.

7. CONCLUSION

The conclusion of the Grant Agreement with the DBSA will enable the exploration of collaborative efforts towards addressing the City's constraints on the provision of service delivery infrastructure, specifically at the Rooiwal Waste Water Treatment Works.

IT WAS RECOMMENDED (TO THE MAYORAL COMMITTEE: 14 FEBRUARY 2024):

That approval be granted for the City Manager to sign the Grant Agreement with the Development Bank of Southern Africa (DBSA) for the repairs and maintenance work at the Rooiwal Waste Treatment Works.

During the consideration of the report, it was agreed:

That the report be deferred to the Special Mayoral Committee meeting scheduled for Friday, 16 February 2024.

In view of the above:

IT WAS RESOLVED (BY THE MAYORAL COMMITTEE: 14 FEBRUARY 2024):

That the report be deferred to the Special Mayoral Committee meeting scheduled for Friday, 16 February 2024.

RESOLVED:

That approval be granted for the City Manager to sign the Grant Agreement with the Development Bank of Southern Africa (DBSA) for the repairs and maintenance work at the Rooiwal Waste Water Treatment Works.