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# **Constitution Hill Infrastructure Sub- Project**

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**Proposed Contracting  
Strategy for the  
Remaining Bulk  
Infrastructure, Roads,  
Services, Paving &  
Related Works [2004  
Onwards]**

**May 2003**

**Arup**  
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## 1. INTRODUCTION

Since the submission of Proposed Contracting Strategy–2003 and the Supplementary Document to the Proposed Contracting Strategy-2003, the JDA Project Risk Committee have requested a further report on the contracting and procurement strategy concerning the remaining work packages that constitute the Bulk Infrastructure Sub-Project, covering the period 2004 onwards.

The bias of this report has been to concentrate on how the JDA can maximise the use of SMME contractor's in the execution of these various remaining project elements.

This document covers and details the proposed procurement strategy for the appointment of contractors and associated subcontractors for the execution of the remaining work packages. The strategy covers, in principle, the remaining work packages, which will be executed in 2004 onwards.

The objective of the procurement strategy is still that the procurement and tender process must be controlled, consistent, fair, and transparent and achieve the objectives set out in Johannesburg Development Agency's Procurement Policy.

## 2. REMAINING WORK PACKAGES FOR 2004 ONWARDS

The remaining work packages for 2004 onwards have been listed below, however, this list may not be all-inclusive, and the scope may change according to prevailing market conditions.

Section 3, examines the various contracting strategies that are proposed and applicable to the Infrastructure Sub-project.

### 2.1 Work Schedule for 2004

- Super-Basement Structure (Inc. Services) cont.
- Governor's Square
- Rampart Landscaping
- Section 4 & 5 Repairs & Renovations
- Fort Repairs & Renovations
- Kotze Street / King George Street Junction Upgrade

### 2.2 Work Schedule for 2005 onwards

- Bulk Infrastructure, Services, Paving and Related Works [Western Portion]
  - Section 4 & 5 Plaza
  - Womens' Gaol Link Road
  - Precinct Road "A"
  - Precinct Road "B"
  - Precinct Road "C"
  - Precinct Road "D"

- Joubert Street Extension Upgrade
- Sam Hancock Street Upgrade
- Recreation Grounds
- Eco Centre/Attenuation Ponds
- Luminaries [Western Portion]
- Landscaping [Western Portion]

### 3. PROPOSED CONTRACTING STRATEGIES

As identified in the Contracting Strategy for 2003, the report advocated that the Construction Manager strategy was the preferred route to be followed with regard to the implementation of the balance of the work packages for Constitution Hill.

As will be highlighted in Section 4 and 5 of this report, not all the remaining work packages are suited to the Construction Management Route. This is due to the fact that there are some projects, which will require either specialist, input, or are plant intensive and therefore not suitable for labour intensive construction methods.

However, notwithstanding the above, it is our opinion that the projects or work packages that have been identified to be procured in terms of the Construction Management route, will assist in these elements of work being made available to a greater range of SMME emerging contractors. The packages that have been identified can all be achieved by means of labour intensive construction methods.

The work packages that are not suitable for labour-intensive construction will be procured in the standard manner, utilising an open tender enquiry system. This is where an established contractor will respond to the enquiry and submit a tender. As detailed in the previous report, these potential contractors will have to meet the standard empowerment and local labour content as set-out by the JDA. This will encourage established organisations to enter joint venture agreements with emerging contractors, when tendering on work.

The Construction Manager Strategy is discussed in greater detail in the section below.

#### 3.1 Construction Manager Strategy

In this tendering strategy, a construction and materials manager would be appointed by the JDA, and they would in turn appoint a number of emerging contractors. By employing a materials manager, the quality of the materials would be ensured and discounts for bulk ordering would be achieved. The construction manager would therefore be responsible for the programme and co-ordination.

This strategy would reduce the risk of inferior quality, and it would result in a single point of responsibility for the JDA.

### 3.1.1 Aim of the Construction Manager Strategy

The aim of this strategy is to be able to have the option of splitting the work package into a group of small contracts (e.g. paving, piping installation, electrical installation), so to create greater opportunities for SMME. It is also to un-bundle construction contracts into smaller projects in which the emerging smaller contractor can be accommodated. The advantage and overall aim of this strategy should be:

- To provide as much work to as many emerging contractors as possible, in easily manageable amounts.
- To ensure that the sub-projects awarded to these contractors have a reasonably long duration for the contractor to facilitate their development.
- To use an acceptable evaluation system for the appointment of emerging contractors.
- To provide training.
- To provide assistance and mentorship during the construction phase.

The emerging contractors have to be managed, mentored and trained, and this becomes the responsibility of the Construction Manager.

The SMME contractors are procured by the Construction Manager, but are contracted to the JDA directly.

The scope and nature of the work within that package will determine the number and type of SMME emerging contractors for any package of work.

### 3.1.2 Procurement of the Construction Manager

The Construction Manager would be procured by means of an open enquiry or proposal call. It is anticipated that this proposal call will go out towards the end of 2003.

The proposal must specifically address the roles and responsibilities of both a Construction Manager and a Materials Manager, with respect to leading, managing and co-ordinating SMME emerging contractors.

The Construction Manager would also have to be experienced in labour-intensive construction techniques and methodologies and in terms of management and technical training.

### 3.1.3 Roles

The role of the Construction Manager and the Materials Manager are as follows:

- Member of the Infrastructure Sub-project Team.
- Responsible to the Project Manager: Infrastructure Sub-project.
- Contracted directly with the JDA.
- Expedite and ensure the work packages as defined by the Project Manager are implemented and executed in accordance with the relevant time, cost and time budgets.

#### 3.1.4 Responsibilities

The responsibilities of the Construction Manager will be as follows:

- Responsible for preparing tender enquiry in conjunction with the Quantity Surveyor and Project Manager, for a range of SMME emerging contractors per trade.
- Responsible for inviting or sourcing SMME emerging contractors, as and when the need dictates it.
- Responsible for ensuring the quality of the SMME works.
- Responsible for assisting the SMME emerging contractors in drawing up and measuring their claims and contract accounts.
- Manage less formal contracts effectively.
- Upliftment and development of emerging contractors.
- Reduce material losses

## 4. IMPLEMENTATION OF PROPOSED CONTRACTING STRATEGIES

### 4.1 Current JDA Procurement Policy

Generally the JDA Procurement Policy and Procedure lays down sound principles in terms of procurement thus ensuring a transparent process in the appointment or procurement of services which are in line with government guidelines.

Based on above comments, we do not propose to move away from the sound principles as contained in the JDA Procurement Policy and Procedure's.

### 4.2 Proposal for 2004 Onwards

Firstly, we propose that a terms of reference for the procurement of a Construction Manager be drawn up and approved by the JDA. Once approved, we propose that a Construction Manager is sought by means of an open proposal call and duly appointed.

Secondly, we propose that those packages of work earmarked to be implemented by SMME emerging contractors and which are conducive to labour intensive intervention, be procured in terms of the Construction Manager Strategy outlined in section 3.1 above.

Lastly, we propose that those work packages which require specialist input and are plant and capital intensive projects', are procured in the traditional manner. The criteria to be used in selecting the list of tenderers will be based on the JDA Procurement Policy objectives, e.g. Price, Quality, Service and more importantly giving the necessary preference to Black Economic Empowerment enterprises.

The section below details the remaining packages of work, at this point in time, and further outlines the recommended procurement route.

### 4.3 Summary of Work Packages for 2004 and beyond, together with the Associated Contracting Strategy

The table below illustrates the work packages proposed for 2004 and beyond. The packages of work are discussed in more detail in Section 5 of this report:

TENDER PACKAGE	APPROXIMATE CAPITAL COST (Exclusive of VAT, Escalation and Contingencies)	TARGETTING PROPOSAL	PROPOSED TENDERING STRATEGY
<b>Construction Manager</b> [2003]	Cost Still to be Established, not in 2003 Capex Budget	<ul style="list-style-type: none"> <li>Construction Manager responsible for the supervision &amp; management of: <ul style="list-style-type: none"> <li>Various SMME labour-intensive emerging contractor's</li> </ul> </li> <li>Skills transfer and training</li> </ul>	<ul style="list-style-type: none"> <li>Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> </ul>
<b>Governor's Square, Paving, Street Furniture &amp; Related Works</b> [2004]	R 3 337 251.00	<ul style="list-style-type: none"> <li>Construction Manager responsible for the supervision &amp; management of: <ul style="list-style-type: none"> <li>Various SMME labour-intensive emerging contractor's</li> </ul> </li> <li>Skills transfer and training</li> </ul>	<ul style="list-style-type: none"> <li>Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> </ul>
<b>Rampart – Rehabilitation &amp; Landscaping</b> [2004]	R8 085 750.00	<ul style="list-style-type: none"> <li>Construction Manager responsible for the supervision &amp; management of: <ul style="list-style-type: none"> <li>Various SMME labour-intensive emerging contractor's</li> </ul> </li> <li>Skills transfer and training</li> </ul>	<ul style="list-style-type: none"> <li>Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> <li>Specialist contracting on lift-shaft, as design and supply items.</li> </ul>

**CONSTITUTION HILL – INFRASTRUCTURE SUB-PROJECT  
PROPOSED CONTRACTING STRATEGY - 2004**

TENDER PACKAGE	APPROXIMATE CAPITAL COST (Exclusive of VAT, Escalation and Contingencies)	TARGETTING PROPOSAL	PROPOSED TENDERING STRATEGY
<b>Section 4 &amp; 5 – Repairs &amp; Renovations</b> [2004]	R2 500 000.00	<ul style="list-style-type: none"> <li>• Construction Manager responsible for the supervision &amp; management of:               <ul style="list-style-type: none"> <li>• Various SMME labour-intensive emerging contractor's</li> <li>• Skills transfer and training.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>• Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> <li>• Specialist contracting on electrical, wet services and water-proofing items.</li> </ul>
<b>Fort – Repairs &amp; Renovations</b> [2004]	R2 500 000.00	<ul style="list-style-type: none"> <li>• Construction Manager responsible for the supervision &amp; management of:               <ul style="list-style-type: none"> <li>• Various SMME labour-intensive emerging contractor's</li> <li>• Skills transfer and training.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>• Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> <li>• Specialist contracting on electrical, wet services and water-proofing items.</li> </ul>
<b>Kotze Street / King George Street Junction Upgrade, Paving &amp; Related Works</b> [2004]	R2 000 000.00	<ul style="list-style-type: none"> <li>• Construction Manager responsible for the supervision &amp; management of:               <ul style="list-style-type: none"> <li>• Various SMME labour-intensive emerging contractor's;</li> <li>• Skills transfer and training.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>• Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> </ul>

**CONSTITUTION HILL – INFRASTRUCTURE SUB-PROJECT  
PROPOSED CONTRACTING STRATEGY - 2004**

TENDER PACKAGE	APPROXIMATE CAPITAL COST (Exclusive of VAT, Escalation and Contingencies)	TARGETTING PROPOSAL	PROPOSED TENDERING STRATEGY
<b>Bulk Infrastructure, Precinct Roads A, B, C &amp; D, Services, Section 4 &amp; 5 Plaza, Paving and Related Works (Western Portion)</b>  [2005]	R14 388 825.00	<ul style="list-style-type: none"> <li>• Construction Manager responsible for the supervision &amp; management of:                             <ul style="list-style-type: none"> <li>• Various SMME labour-intensive emerging contractor's;</li> <li>• Skills transfer and training.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>• Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> </ul>
<b>Joubert Street Extension Upgrade, Services, Paving &amp; Related Works</b>  [2005]	R5 961 300.00	<ul style="list-style-type: none"> <li>• Final Evaluation of tenderers:                             <ul style="list-style-type: none"> <li>• Utilisation of SMME domestic sub-contractor's;</li> <li>• Preference consideration to BEE company;</li> <li>• Ability/capacity/track record;</li> <li>• Financial standing of company;</li> <li>• Previous experience.</li> <li>• Skills transfer and training;</li> <li>• Price and work methodology statement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public tender enquiry (proposal call) to suitable tenderers for main contractor, thereafter tenderers price the work and submit tender returns.</li> </ul>
<b>Sam Hancock Street Upgrade, Services, Paving &amp; Related Works</b>  [2005]	R2 799 500.00	<ul style="list-style-type: none"> <li>• Final Evaluation of tenderers:                             <ul style="list-style-type: none"> <li>• Utilisation of SMME domestic sub-contractor's;</li> <li>• Preference consideration to BEE company;</li> <li>• Ability/capacity/track record;</li> <li>• Financial standing of company;</li> <li>• Previous experience.</li> <li>• Skills transfer and training;</li> <li>• Price and work methodology statement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public tender enquiry (proposal call) to suitable tenderers for main contractor, thereafter tenderers price the work and submit tender returns.</li> </ul>

**CONSTITUTION HILL – INFRASTRUCTURE SUB-PROJECT  
PROPOSED CONTRACTING STRATEGY - 2004**

TENDER PACKAGE	APPROXIMATE CAPITAL COST (Exclusive of VAT, Escalation and Contingencies)	TARGETTING PROPOSAL	PROPOSED TENDERING STRATEGY
<b>Recreation Grounds</b> [2005]	R11 585 000.00	<ul style="list-style-type: none"> <li>• Final Evaluation of tenderers:               <ul style="list-style-type: none"> <li>• Utilisation of SMME domestic sub-contractor's;</li> <li>• Preference consideration to BEE company;</li> <li>• Ability/capacity/track record;</li> <li>• Financial standing of company;</li> <li>• Previous experience.</li> <li>• Skills transfer and training;</li> <li>• Price and work methodology statement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public tender enquiry (proposal call) to suitable tenderers for main contractor, thereafter tenderers price the work and submit tender returns</li> </ul>
<b>Eco Centre / Attenuation Ponds</b> [2005]	Cost Still to be Established, not in 2003 Capex Budget	<ul style="list-style-type: none"> <li>• Construction Manager responsible for the supervision &amp; management of:               <ul style="list-style-type: none"> <li>• Various SMME labour-intensive emerging contractor's;</li> <li>• Skills transfer and training.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction Manager appointed by end of 2003, by means of a Public tender enquiry (open proposal call);</li> <li>• Thereafter, various suitable SMME emerging contractors appointed by means of either an open proposal call or by invitation and contracted directly with the JDA, but directly responsible to the Construction Manager.</li> </ul>
<b>Luminaries for King George / Kotze St Junction, Joubert St Ext, Sam Hancock St, Governor's Square, Section 4 &amp; 5 Plaza and Precinct Roads A, B, C &amp; D.</b> [2005]	R2 450 000.00	<ul style="list-style-type: none"> <li>• Final Evaluation of tenderers:               <ul style="list-style-type: none"> <li>• Utilisation of SMME domestic sub-contractor's;</li> <li>• Preference consideration to BEE company;</li> <li>• Ability/capacity/track record;</li> <li>• Financial standing of company;</li> <li>• Previous experience;</li> <li>• Skills transfer and training;</li> <li>• Price and work methodology statement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public tender enquiry (open proposal call) to suitable tenderers for main contractor, thereafter tenderers price the work and submit tender returns.</li> </ul>

TENDER PACKAGE	APPROXIMATE CAPITAL COST (Exclusive of VAT, Escalation and Contingencies)	TARGETTING PROPOSAL	PROPOSED TENDERING STRATEGY
<p><b>Landscaping for King George / Kotze St Junction, Joubert St Ext, Sam Hancock St, Governor's Square, Section 4 &amp; 5 Plaza and Precinct Roads A, B, C &amp; D.</b></p> <p>[2005]</p>	<p>R1 500 000.00</p>	<ul style="list-style-type: none"> <li>• Final Evaluation of tenderers:               <ul style="list-style-type: none"> <li>• Utilisation of SMME domestic sub-contractor's;</li> <li>• Preference consideration to BEE company;</li> <li>• Ability/capacity/track record;</li> <li>• Financial standing of company;</li> <li>• Landscaping Specialist;</li> <li>• Price and work methodology statement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public tender enquiry (open proposal call) to suitable tenderers for main contractor, thereafter tenderers price the work and submit tender returns.</li> </ul>

## 5. PROPOSED WORK PACKAGES FOR 2004 ONWARDS

The scope of work and the recommended contracting strategy for the proposed work packages for 2004 and beyond are briefly described below.

### 5.1 Governor's Square, Paving, Street Furniture & Related Works [2004]

This work package is suitable for the use of emerging contractors.

### 5.2 Rampart – Rehabilitation & Landscaping [2004]

The Ramparts will have a very large labour intensive component. All the landscaping will be labour intensive, and therefore this work package is suitable for the use of emerging contractors. A specialist contractor will have to be procured for the lift-shaft item, as a design and supply item, if the design and budget is approved in its current form.

### 5.3 Section 4 & 5 – Repairs & Renovations [2004]

We believe that there is a potential for emerging contractors. Any repair associated with foundations, roofing, waterproofing, wet services or electrical would require specialised contractors, however clearing vegetation; cleaning etc. can be carried out by emerging contractor.

### 5.4 Fort – Repairs & Renovations [2004]

We believe that there is a potential for emerging contractors. Any repair associated with foundations, roofing, waterproofing, wet services or electrical would require specialised contractors, however clearing vegetation; cleaning etc. can be carried out by emerging contractor.

- 5.5 Kotze Street / King George Street Junction Upgrade, Paving & Related Works [2004]**
- This work package is suitable for the use of emerging contractors. Special care would have to be taken in terms of quality, as the road would eventually be handed back to the JDA.
- 5.6 Bulk Infrastructure, Precinct Roads A, B, C & D, Services, Section 4 & 5 Plaza, Paving and Related Works (Western Portion) [2005]**
- This work package is suitable for the use of emerging contractors.
- 5.7 Joubert Street Extension Upgrade, Services, Paving & Related Works [2005]**
- The Joubert Extension will remain an asphalt road, due to its gradient and the importance of the road. This upgrade will need to be a conventional tender, as the disruption to traffic must be minimal and the laying of asphalt requires plant. Special care would have to be taken in terms of quality, as the road would eventually be handed back to the JDA.
- 5.8 Sam Hancock Street Upgrade, Services, Paving & Related Works [2005]**
- This upgrade will need to be a conventional tender, as plant will be required to achieve the levels and gradient of the road. Special care would have to be taken in terms of quality, as the road would eventually be handed back to the JDA.
- 5.9 Recreation Grounds [2005]**
- This is very plant intensive and will be conventional tendering strategy.
- 5.10 Eco Centre / Attenuation Ponds [2005]**
- This work package is suitable for the use of emerging contractors.
- 5.11 Luminaries for King George / Kotze St Junction, Joubert St Ext, Sam Hancock St, Governer’s Square, Section 4 & 5 Plaza and Precinct Roads A, B, C & D. [2005]**
- This work should be put out to public tender in the conventional way, as it is a specialist item. Preference will be given to SMME companies, specialists in this field and organisations that have a significant empowerment component.
- 5.12 Landscaping for King George / Kotze St Junction, Joubert St Ext, Sam Hancock St, Governer’s Square, Section 4 & 5 Plaza and Precinct Roads A, B, C & D. [2005]**
- This work should be put out to public tender in the conventional way, as it is a specialist item. Preference will be given to SMME companies, specialists in this field and organisations that have a significant empowerment component.

## 6. CONCLUSION AND RECOMMENDATION

It is our recommendation that the packages of work for 2004 onwards be procured in the manner as pre-scribed in this report.

Based on the above, it is believed that the implementation of this strategy proposal (Proposed Strategy proposal – 2004 Onwards) will assist in accommodating the emerging smaller contractor on various smaller projects on the Constitution Hill development. We further believe that this strategy will ensure that the remaining work packages are completed within the acceptable time, cost and quality constraints and will have exceeded the required Black Economic Empowerment objectives of the JDA.

We therefore propose that this Project Procurement Strategy be approved by Johannesburg Development Agency to ensure delivery of the work packages for 2004 onwards.

Once the Bulk Infrastructure Sub-Project has been completed, there will be many more opportunities to achieve empowerment in the remaining building projects on the Constitution Hill development.

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