



MANENBERG PHASE C : MOTIVATION FOR ADDITIONAL COSTS AS A RESULT OF UNFORSEEN ABNORMAL GANG VIOLENCE

1. BACKGROUND

The refurbishment of the Community Residential Units (CRU's) in Manenberg is part of the Region 1 appointment of AECOM SA (Pty) Ltd in September 2008 as Implementing Agents for the City of Cape Town (CCT). As the Manenberg area consists of 1 584 units it was agreed firstly to do the refurbishment of the smaller areas first to build up sufficient stock of the living containers in the Temporary Accommodation Village (TAV), and secondly to test the procedures and customise it to enable a tested and proven approach regarding the community and the technical work to be executed when it was time to address Manenberg.

Furthermore, due to the mere no of units in Manenberg it was decided to divide the CRU refurbishment work in three separate contracts, A, B (both 480 units)and C (624units). Whereas Manenberg A was awarded to Good Hope Construction (GHC) and Manenberg B to Haw & Inglis Manenberg C was awarded to Filcon Projects. Due to a long list of defaults in their work their contract was terminated in April 2014. As GHC was at the brink of completion at Phase A AECOM as the Region 1 appointed Implementing Agent decided to award the balance of Phase C to GHC by means of a Variation Order.

2. SECURITY RISKS

Manenberg is the most notorious gang infested area in the Cape Metropole. These gangs are in continual conflict with each other fighting for turf and territory. In Phase C the tension is very high due to not less than 8 different gangs laying claim to various areas. While a number of incidents were recorded since the beginning of the contract it was absorbed by the contractor who although not satisfied with the situation managed to handle it within his stride and accepting that it was no more than the normal risks encountered.

3. PRESENT SITUATION

Since about June of last year the friction amongst the gangs increased steadily leading to more and more incidents with the contractor, GHC, who managed to still proceed with his work up to only two of the thirteen courts remaining , Eva and Dina. Unfortunately the gang violence has by November 2014 escalated dramatically into threatening incidents of site personnel. The contractor notified the Implementing Agent officially in terms of the contract documentation of the gravity of the circumstances, the delays experienced as well as the possible suspension of the works. At a special meeting convened on 5 November 2014 at the offices of the CCT Executive Director Human Settlements it was agreed that special arrangements will be made by the city to avail a contingent consisting of Metro-police, Anti-land invasion and Law Enforcement on Monday, 10 November at Manenberg C while the contractor assist the tenants in the TAV to relocate to their completed units in Erica and Francisca Courts. Despite their undertakings none of the security entities pitched either on Monday or the



MANENBERG PHASE C : MOTIVATION FOR ADDITIONAL COSTS AS A RESULT OF UNFORSEEN ABNORMAL GANG VIOLENCE

1. BACKGROUND

The refurbishment of the Community Residential Units (CRU's) in Manenberg is part of the Region 1 appointment of AECOM SA (Pty) Ltd in September 2008 as Implementing Agents for the City of Cape Town (CCT). As the Manenberg area consists of 1 584 units it was agreed firstly to do the refurbishment of the smaller areas first to build up sufficient stock of the living containers in the Temporary Accommodation Village (TAV), and secondly to test the procedures and customise it to enable a tested and proven approach regarding the community and the technical work to be executed when it was time to address Manenberg.

Furthermore, due to the mere no of units in Manenberg it was decided to divide the CRU refurbishment work in three separate contracts, A, B (both 480 units)and C (624units). Whereas Manenberg A was awarded to Good Hope Construction (GHC) and Manenberg B to Haw & Inglis Manenberg C was awarded to Filcon Projects. Due to a long list of defaults in their work their contract was terminated in April 2014. As GHC was at the brink of completion at Phase A AECOM as the Region 1 appointed Implementing Agent decided to award the balance of Phase C to GHC by means of a Variation Order.

2. SECURITY RISKS

Manenberg is the most notorious gang infested area in the Cape Metropole. These gangs are in continual conflict with each other fighting for turf and territory. In Phase C the tension is very high due to not less than 8 different gangs laying claim to various areas. While a number of incidents were recorded since the beginning of the contract it was absorbed by the contractor who although not satisfied with the situation managed to handle it within his stride and accepting that it was no more than the normal risks encountered.

3. PRESENT SITUATION

Since about June of last year the friction amongst the gangs increased steadily leading to more and more incidents with the contractor, GHC, who managed to still proceed with his work up to only two of the thirteen courts remaining , Eva and Dina. Unfortunately the gang violence has by November 2014 escalated dramatically into threatening incidents of site personnel. The contractor notified the Implementing Agent officially in terms of the contract documentation of the gravity of the circumstances, the delays experienced as well as the possible suspension of the works. At a special meeting convened on 5 November 2014 at the offices of the CCT Executive Director Human Settlements it was agreed that special arrangements will be made by the city to avail a contingent consisting of Metro-police, Anti-land invasion and Law Enforcement on Monday, 10 November at Manenberg C while the contractor assist the tenants in the TAV to relocate to their completed units in Erica and Francisca Courts. Despite their undertakings none of the security entities pitched either on Monday or the



following day. Although the relocation continued the contractor's personnel was again threatened and they had to endure a lot of abuse. The contractor has subsequently indicated that he is suspending all work till the 12 January 2015.

4. Cost Implications (All amounts exclusive of VAT)

4.1 Cost to repair vandalism to Eva and Dina Courts

Due to the gang violence Eva and Dina Courts were vandalised after the tenants relocated to the TAV. This vandalism is predominantly at Eva Court and is estimated at R 7 500 000.00. This amount will increase without doubt if the level D security is not approved.

4.2 Costs incurred due to temporary suspension of work as a result of gang violence

As a result of the gang violence the contractor on Manenberg C, Good Hope Construction (GHC), could not proceed with normal activities as his personnel were threatened, his material stolen, his scaffolding removed and, his site office and TAV's vandalised. The decommissioning of the site and Extension of Time to restart on 12 January 2015 amounts to R 3 143 676.85 – refer to attached calculations indicating R 710 113.84 for decommissioning of site and R 2 433 563.01 for reopening of site on 12 January 2015.

4.3 Level D Security

In view of the fact that the contractor needs a period of about two months to complete the last two courts in Manenberg C, i.e. Eva and Dina, the contractor has on request submitted a quotation for arranging Level D security who should be able to provide security commensurate with the threats posed by the gangs. This quotation is attached and provides for protection till at least end of March 2015 affording the protection of the City's assets and allowing the contractor to complete Manenberg C. The quotation amounts to R 3 474 240 or R 24 640 per calendar day. It is recommended that this security be arranged as soon as funding is approved allowing presence at least till end of March 2015 at an estimated cost of R 4 692 160.00.

4.4 Security Fence for Eva and Dina Courts

After the tenants in these two courts relocated to the TAV the courts were available for refurbishment. As the gang members started to vandalise these courts the CCT requested AECOM to instruct GHC in terms of Section 12 of the National Building Regulations to erect temporary fencing around the two courts. This cost adds up to R 367 560.00.

4.5 Other Costs

A 10% contingency has been added to the sum of the above and our fee at 3.2% as per agreement with the City. The total additional amount applied for equals R 17 826 496.10 excluding VAT – see overleaf.



The calculation on the next page reflects the total estimated additional cost.

A handwritten signature in black ink, appearing to read "J. Vorster".

SW VORSTER

For AECOM SA (Pty) Ltd

2015/01/30

Date