

ITEM NUMBER: C 12/03/17

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 20 MARCH 2017

MC 20/03/17 APPLICATION TO EXTEND THE TERM OF THE OBSERVATORY IMPROVEMENT DISTRICT (OBSID) FROM 01 JULY 2017 TO 30 JUNE 2022

It is **RECOMMENDED** that:

- (a) the extension of the Observatory Improvement District's (OBSID's) term from 01 July 2017 to 30 June 2022, be approved, in terms of section 15 of the Special Rating Area By-law, 2012, as amended
- (b) the OBSID's new 5-year Business Plan for the period 01 July 2017 to 30 June 2022, be approved
- (c) the City of Cape Town imposes the levying of an additional rate on properties in the OBSID from 01 July 2017, in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004.



REPORT TO : Council

DATE : 2017-03-20

1. ITEM NUMBER MC 20/03/17

2. SUBJECT

APPLICATION TO EXTEND THE TERM OF THE OBSERVATORY
IMPROVEMENT DISTRICT (OBSID) FROM 1 JULY 2017 TO 30 JUNE 2022

AANSOEK OM DIE TERMYN VAN DIE OBSERVATORY-
STADSVREBETERINGSDISTRIK VAN 1 JULIE 2017 TOT 30 JUNIE 2022 TE
VERLENG

ISICELO SOKWANDISWA KWEXESHA LOKUSEBENZA KWESITHILI
SOPHUCULO LOLUNTU SASE-OBSERVATORY (OBSID) UKUSUSELA
NGOWO-1 JULAYI 2017 UKUYA KOWAMA-30 JUNI 2022

LSU H4318

3. DELEGATED AUTHORITY

In terms of delegation

This report is

- Committee name:
- The Executive Mayor ito Delegated authority
- The Executive Mayor together with the Mayoral Committee (MAYCO)
- Council

DISCUSSION

The Observatory Improvement District (OBSID) was established in 2009, has subsequently had one term extension and is now applying for their second renewal of term as the current term expires on 30 June 2017.

In terms of Section 15 of the Special Rating Area By-law - promulgated as per Provincial Notice No.7015/2012 as amended (SRA By-law), Council received an

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application to extend the term of the OBSID from 1 July 2017 to 30 June 2022 (attached as annexure A).

Included with the application is a new Business Plan which consists of a Motivation Report that defines the need and framework required to provide the top-up municipal services, an Implementation Plan proposing relevant action steps to implement the services and the 5 year Budget which reflects the funding required to provide these services.

The Business Plan proposes enhanced social responsibility with more intervention opportunities for homeless persons and improved safety and security to create a safe and welcoming environment for the volumes of people making their way through the suburb to work, school or university or when using the entertainment strip during their leisure time. The proposed budget increase for the first year is 20.95% and there after a year on year increase between 7.5% and 8%. The OBSID budget is funded by the property owners and collected by the City in a sustainable manner as additional rates. This is as per the MPRA section 22 which facilitates some cross subsidisation as contributions are proportionately based on property values. The additional rates are modelled and capped to ensure affordability and sustainability in continued service delivery.

Although the budget increase is 20.95% for the first year the SRA additional rate requirement will only increase with 13.6% due to the OBSID including the use of accumulated surplus funds in the budget over the five year term. This will move the budget to a higher level without the property owners carrying the full impact of the increase. The impact of the increase in the SRA additional rate will be limited to 9% on residential properties due to the growth in the valuation base as a result of new developments in the area.

Chapter 1 of the SRA By-law requires that property owners are included in a consultation process before the renewal application is submitted to the City. Accordingly the Annual General Meeting (AGM) held on 10 December 2016 was advertised in the daily newspapers on 18 November 2016 (refer annexure B). The term extension formed part of the agenda of the AGM and all relevant documents were made available through the OBSID website to all property owners.

The term extension as per the new OBSID Business Plan (1 July 2017 to 30 June 2022) was supported and approved unanimously by the members of the OBSID as per the AGM draft minutes – point 7 (refer annexure C) as informed through the successes achieved in the previous term as evidenced in the Chairman's Annual Report.

The proposed term extension was circulated to all relevant Service Departments requesting them to ensure compliance in terms of the IDP. Only Social

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Development and Early Childhood Development Directorate responded indicating that the OBSID social development programme supports an indicator in the SDBIP of SDECD (refer annexure D). No other comments were forthcoming from any of the Departments so it is assumed that the proposed new OBSID Business Plan aligns with the functions of the respective Departments with whom they will interact should the application to extend the term be successful.

- 4.1. Financial implications None Opex Capex
- Capex: New Projects
 - Capex: Existing projects requiring additional funding
 - Capex: Existing projects with no additional funding requirements

Legal Compliance

4.2. Staff Implications Yes No

5. OUTCOMES OF DISCUSSIONS WITH MAYCO MEMBER

No comment.

6. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

- a) Council approve, in terms of section 15 of the Special Rating Area By-law, 2012, as amended, the extension of the Observatory Improvement District (OBSID) term from 1 July 2017 to 30 June 2022.
- b) Council approve the OBSID's new 5 year Business Plan for the period 1 July 2017 to 30 June 2022.
- c) The City of Cape Town imposes the levying of an additional rate on properties in the OBSID from 1 July 2017 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004.

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Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- a) die Raad ingevolge artikel 15 van die Verordening op Spesiale-aanslaggebiede, 2012, soos gewysig, die verlenging van die termyn van die Observatory-stadsverbeteringsdistrik van 1 Julie 2017 tot 30 Junie 2022, goedkeur.
- b) die Raad Observatory-stadsverbeteringsdistrik se nuwe vyfjaar-sakeplan vir die tydperk 1 Julie 2017 tot 30 Junie 2022, goedkeur;
- c) Die Stad Kaapstad die heffing van 'n bykomende tarief op eiendomme in die Observatory-stadsverbeteringsdistrik ingevolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004 plaas vanaf 1 Julie 2017.

AZIGUNYAZISWANGA: ISIGQIBO SESEBHUNGA:

Kundululwe ukuba:

- a) IBhunga maliphumeze, ngokwecandelo-15 loMthetho kaMasipala ongoMmandla ongeerhafu ezizodwa wango-2012 njengoko ulungisiwe, ukwandiswa kwexesha lokusebenza kweSithili soPhuculo loLuntu sase-Observatory (OBSID) ukususela ngowo-1 Julayi 2017 ukuya kowama-30 Juni 2022.
- b) IBhunga maliphumeze isicwangciso sendlela yokusebenza esitsha seminyaka emihlanu se-OBSID kwisithuba esisusela kowo-1 Julayi 2017 ukuya kowama-30 Juni 2022.
- c) ISixeko saseKapa masinyanzelise umrhumo olixabiso elongezelekileyo kwii-propati ezikummandla we- OBSID ukususela ngowo-1 Julayi 2017, ngokungqinelana necandelo-22(1)(b) loMthetho wobuRhulumente boMmandla ongamaXabiso eePropati zikaMasipala (MPRA) ongunomb.6 wangowe-2004.

ANNEXURES


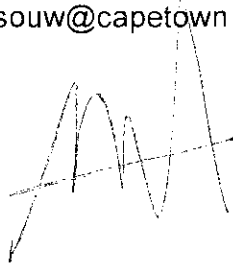
- Annexure A: OBSID Business Plan for the period 1 July 2017 to 30 June 2022
- Annexure B: Advertisements of AGM

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Annexure C: OBSID AGM agenda and draft minutes
Annexure D: Email to relevant Service Departments

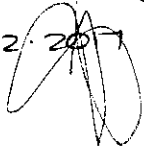
FOR FURTHER DETAILS CONTACT

NAME Runan Rossouw CONTACT NUMBER 021 400 5148
E-MAIL ADDRESS Runan.Rossouw@capetown.gov.za
DIRECTORATE Finance FILE REF NO
SIGNATURE: DIRECTOR



EXECUTIVE DIRECTOR

NAME Kevin Jacoby COMMENT:
DATE 17.02.2017
SIGNATURE



EXECUTIVE DIRECTOR: FINANCE

NAME Kevin Jacoby COMMENT:
DATE 17.02.2017
SIGNATURE



LEGAL COMPLIANCE

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION. NON-COMPLIANT

NAME *Kevin Jacoby* COMMENT:
DATE 23/02/2017
SIGNATURE *Kevin Jacoby*

3/17
Certified as legally compliant based on the content of the report

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