

ITEM NUMBER: C 44/08/09

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 18 AUGUST 2009

MC 61/08/09

APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA IN THE OBSERVATORY AREA

Ald. Neilson proposed that additional recommendations (f) and (g) be included in the recommendation to Council as set out below.

The above proposal was duly supported.

RECOMMENDED that:

- (a) in terms of the Special Rating Area By-Law, the City of Cape Town determines the area bounded by Main Road (east side only) from Dane Street to Rochester Road (both sides), Malta Road /Liesbeeck Parkway (west side only), Settlers Way to railway line (north side only), along east side of railway line, Dane Street (north side only) to Main Road to be declared a Special Rating Area
- (b) in terms of Section 8.1(c) of the By-Law, the City of CapeTown approves the application submitted by Mrs. Susan Amery, the registered owner of Erf 26757, Observatory to establish a Special Rating Area in the Observatory area for the limited area and that it be declared a Special Rating Area
- (c) the objections to the establishment of the Observatory Special Rating Area be noted but not upheld for the reasons discussed in the report on the agenda
- (d) the City of Cape Town impose the levying of an additional rate in terms of section 22(1)(b) of the Municipal Property Rates Act at a rate of 0.1211 cents-in-the-rand on residential property value and 0.1556 cents-in-the-rand on commercial property value after Section 10 of the By-Law is met
- (e) in terms of Section 12(6) of the By-Law, a Finance Agreement be concluded between the City of Cape Town and the Observatory Special Rating Area Management Committee.

- (f) recommendations (a) to (e) above be approved, subject to the Special Rating Area By-law being promulgated
- (g) Council review and rescind its decision taken on 27 May 2009, vide item C63/05/09.

1. ITEM NUMBER : MC 61/08/09

2. SUBJECT

APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA IN THE OBSERVATORY AREA:

2. ONDERWERP

AANSOEK OM DIE BEPALING VAN 'N SPESIALE-AANSLAGGEBIED IN DIE OBSERVATORY-OMGEWING

2. ISIHLOKO

ISICELO SOKUMISELWA KWEENTLAWULO ZOBUHLALI EZIZODWA KUMMANDLA WE-OBSERVATORY:

LSU9798

3. PURPOSE

To approve a Special Rating Area (SRA) in the Observatory area.

4. STRATEGIC INTENT

Economic growth and job creation.

5. FOR DECISION BY

This report must be approved by Council.

6. EXECUTIVE SUMMARY

In terms of the Special Rating Area By-Law, Council has received an application to determine a Special Rating Area (SRA) in the Observatory Area.

The application complies with all legal aspects as per the By-Law.

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This report recommends that the application be approved and that a SRA be declared in the Observatory Area.

That the objections are noted but not upheld for the reasons set out in the report.

That an additional rate be levied in terms of Section 22 of the MPRA.

7. RECOMMENDATIONS

Not delegated: For Decision by Council

It is recommended that:

- 7.1 In terms of the SRA By-Law, the City of Cape Town determines the area bounded by Main Road (east side only) from Dane Street to Rochester Road (both sides), Malta Road / Liesbeeck Parkway (west side only), Settlers Way to railway line (north side only), along east side of railway line, Dane Street (north side only) to Main Road to be declared a SRA.
- 7.2 In terms of Section 8.1(c) of the By-Law, the City of Cape Town approves the application submitted by Mrs. Susan Amery, the registered owner of Erf 26757, Observatory to establish a SRA in the Observatory area for the limited area and that it be declared a SRA.
- 7.3 The objections to the establishment of the Observatory SRA be noted but not upheld for the reasons discussed in the report.
- 7.4 The City of Cape Town impose the levying of an additional rate in terms of section 22(1)(b) of the MPRA at a rate of 0.001211 cents-in-the-rand on residential property value and 0.001556 cents-in-the-rand on commercial property value after Section 10 of the By-Law is met.
- 7.5 In terms of Section 12(6) of the By-Law a Finance Agreement be concluded between the City of Cape Town and the Observatory SRA Management Committee.

7. AANBEVELINGS

Nie gedelegeer nie: Vir besluitneming deur die raad

Daar word soos volg aanbeveel:

- 7.1 Dat die Stad Kaapstad ingevolge die Verordening op Spesiale-aanslaggebiede die gebied wat deur Hoofweg (slegs aan die oostekant), Danestraat tot by Rochesterweg (aan albei kante), Maltaweg/Liesbeeck

Parkweg (slegs aan die westekant), Setlaarsweg tot by die spoorlyn (slegs aan die noordekant), langs die oostekant van die spoorlyn, en Danestraat (slegs aan die noordekant) tot by Hoofweg begrens word, as 'n spesiale-aanslaggebied bepaal.

- 7.2 Dat die Stad Kaapstad ingevolge artikel 8.1(c) van die verordening die aansoek deur mev. Susan Amery, die geregistreerde eienaar van erf 26757, Observatory, goedkeur om 'n spesiale-aanslaggebied in die Observatory-gebied in te stel, en dat die gebied dienooreenkomstig tot spesiale-aanslaggebied verklaar word.
- 7.3 Dat daar kennis geneem word van die besware teen die instelling van die Observatory-spesiale-aanslaggebied, maar dat die besware om die redes in die verslag van die hand gewys word.
- 7.4 Dat die Stad Kaapstad ingevolge artikel 22(1)(b) van die Wet op Munisipale Eiendomsbelasting 'n bykomende belasting hef teen 'n koers van 0.001211 sent in die rand op residensiële-eiendoms waarde, en 0.001556 sent in die rand op kommersiële-eiendoms waarde, nadat daar aan artikel 10 van die verordening voldoen is.
- 7.5 Dat daar ingevolge artikel 12(6) van die verordening 'n finansiële ooreenkoms tussen die Stad Kaapstad en die bestuurskomitee van die Observatory-spesiale-aanslaggebied aangegaan word.

7. IZINDULULO

Aziqunyaziswanga: iSiqqibo seseBhunga

Kundululwa ukuba:

- 7.1 Ngokwemigaqo yoMthetho kaMasipala ojongene neeNtlawulo zobuHlali eziZodwa, iSixeko saseKapa simisela ummandla okumda we-Main Road (kwicala elingakwimpuma kuphela) ukususela kwiSitalato iDane ukuya kuma kwiNdiela iRochester (kumacala omabini), Malta Road / Liesbeeck Parkway (kwicala elingakwintshona kuphela), Settlers Way ukuya kuma kumzila kaloliwe (kwicala elingakumntla kuphela), ngokunxuse icala elingakwimpuma lomzila kaloliwe, iDane Street (kwicala elingakumntla kuphela) ukuya kuma kwi-Main Road.
- 7.2 Ngokwemigaqo yeCandelo 8.1(c) loMthetho kaMasipala, iSixeko saseKapa masisamkele isicelo esingeniswe nguNkskz. Susan Amery, umnini obhalisiweyo weSiza 26757, e-Observatory ngenjongo yokuwumisela njengommandla oneeNtlawulo zobuHlali eziZodwa kummandla we-Observatory kwindawo elinganiselweyo kuphela kunye nokuba le ndawo mayibhengezwe njengoMmandla oneeNtlawulo zobuHlali eziZodwa.

- 7.3 Maziqwalaselwe izicelo zenKcaso yokumiselwa kommandla oneeNtlawulo zobuHlali eziZodwa e-Observatory kodwa mazingaxhaswa ngenxa yezizathu ekubonisenwe ngazo kule ngxelo.
- 7.4 ISixeko saseKapa masimisele ukuhiawulwa kweqondo elongeziweyo lerhafu ngokwemigaqo yecandelo lama-22(1)(b) le-MPRA ngeqondo elifikelela kwi-0.001211 yeesenti kwirandi kwixabiso lepropati yendawo yokuhlala kunye neqondo elifikelela kwi-0.001556 yeesenti kwirandi kwixabiso lepropati yorhwebo emva kokuba kuthotyelwe umgaqo weCandelo 10 lalo Mthetho kaMasipala.
- 7.5 Ngokwemigaqo yeCandelo 12 (6) lalo Mthetho kaMasipala, makuphethwe iSivumelwano seZimali phakathi kweSixeko saseKapa kunye neKomiti yoLawulo lweeNtlawulo zobuHlali eziZodwa yase-Observatory.

8. DISCUSSION/CONTENTS

8.1 Constitutional, Policy and Legal Implications

The Steering Committee submitted written proof that:

- more than 50% of property owners support the formation of the SRA as per the proposed Motivation Report and Implementation Plan, as required by Section 6 of the By-Law.

The application of the Observatory SRA, attached as Annexure A, complied with all requirements for setting up a Special Rating Areas as per the By-Law for the establishment of special rating areas.

A public meeting, minutes attached as annexure B, to inform and give property owners the opportunity to ask questions was also held on 20 June 2009.

The application has been advertised officially for comments and objections and was available for scrutiny at the offices of the City and the Steering Committee offices within the area.

The comments / objections / concerns are summarized in the schedule attached as Annexure C and include comments and recommended actions from Council which are considered to be in the public interest. Annexure D reflects the comments of the Observatory Steering Committee regarding the objections received.

The City of Cape Town, as with most of the major cities in South Africa, is grappling with the challenge of providing an equitable level of service to all its inhabitants. It acknowledges that property owners within an area require a mechanism to create a friendly environment and to enhance its current service delivery capacity. The SRA model thus allows ratepayers to organize top-up Municipal services in their local area that they themselves pay for and manage.

To enable Council to collect the additional rate (equivalent to the SRA budget of R 2 575 000) a SRA levy was calculated on the total municipal valuation of all properties in this area, of 0.001211 cents-in-the-land for Residential and 0.001556 cent-in-the-land for Commercial property except those properties belonging to owners exempted from paying the additional levy.

All documentation relating to the Observatory SRA application will be available for scrutiny at the Council meeting.

8.2 Environmental implications

Does your report result in any of the following:

No

Yes (if yes, please complete the section below by clicking on the relevant tick boxes)

- Loss of or negative impact on natural space and/or natural vegetation, rivers, vleis or wetlands?
- Loss of or negative impact on the city's heritage, cultural and scenic resources?
- An increase in waste production or concentration, pollution or water usage?
- Development or any construction within 500m of the coastline?

Does your activity comply with the National Environmental Management Act (NEMA)? (mark by clicking on the tick box)

Yes No

Does your report complement and support the City's approved IMEP strategies? (if yes, please select from list below by clicking on the relevant tick box)

- Biodiversity Strategy and Biodiversity Network
- Coastal Zone Management Strategy
- Energy and Climate Change Strategy
- Environmental Education and Training Strategy
- Heritage Management Strategy
- Air Quality Management Plan
- Integrated Waste Management Strategy
- Invasive Species Strategy

Do the activities/actions arising from your report: (if yes, please select from list below by clicking on the relevant tick box)

- Enhance Cape Town's unique environmental assets?
- Negatively impact on Cape Town's unique environmental assets?

8.3 Legal Implications

- Municipal Property Rates Act No.6 of 2004
- Municipal Financial Management Act No.56 of 2003
- Special Rating By-Law

8.4 Staff Implications

Does your report impact on staff resources or result in any additional staffing resources being required?

- No
- Yes

8.5 Risk Implications

Does this report and/or its recommendations expose the City to any risk? (i.e. does it have any adverse influence on service delivery?)

- No
- Yes

8.6 Other Services Consulted

None

ANNEXURES

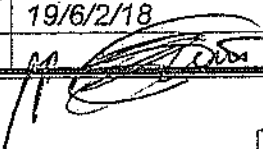
Annexure A - Business Plan of Observatory SRA

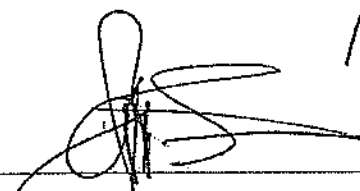
Annexure B - Minutes of Public Meeting

Annexure C - Schedule of objections received and responses from officials

Annexure D - Comments of Observatory Steering Committee

FOR FURTHER DETAILS CONTACT:

| | |
|----------------------|---|
| NAME | Runan Rossouw |
| CONTACT NUMBERS | (021) 400-5148 |
| E-MAIL ADDRESS | Runan.Rossouw@capetown.gov.za |
| DIRECTORATE | Finance: ISL |
| FILE REF NO | 19/6/2/18 |
| SIGNATURE : DIRECTOR |  |


 Legal Compliance
 NAME: JEAN ROMAN (MR.)

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

NON-COMPLIANT

COMMENT: COMPLIANCE IS DEPENDENT ON THE FOLLOWING:

1. The special Rating Page 6 of 7
 Area By-Law is promul-
 gated and comes into
 effect.

DATE

17/08/2009 1044

2. That all the requirements of the Special Rating Area By-Law are met;

3. That Council agrees to review and waive its decision taken on 27 May 2009 pro. this matter. Comment: 23/5/09



EXECUTIVE DIRECTOR FINANCE
MIKE RICHARDSON

DATE

17/8/9

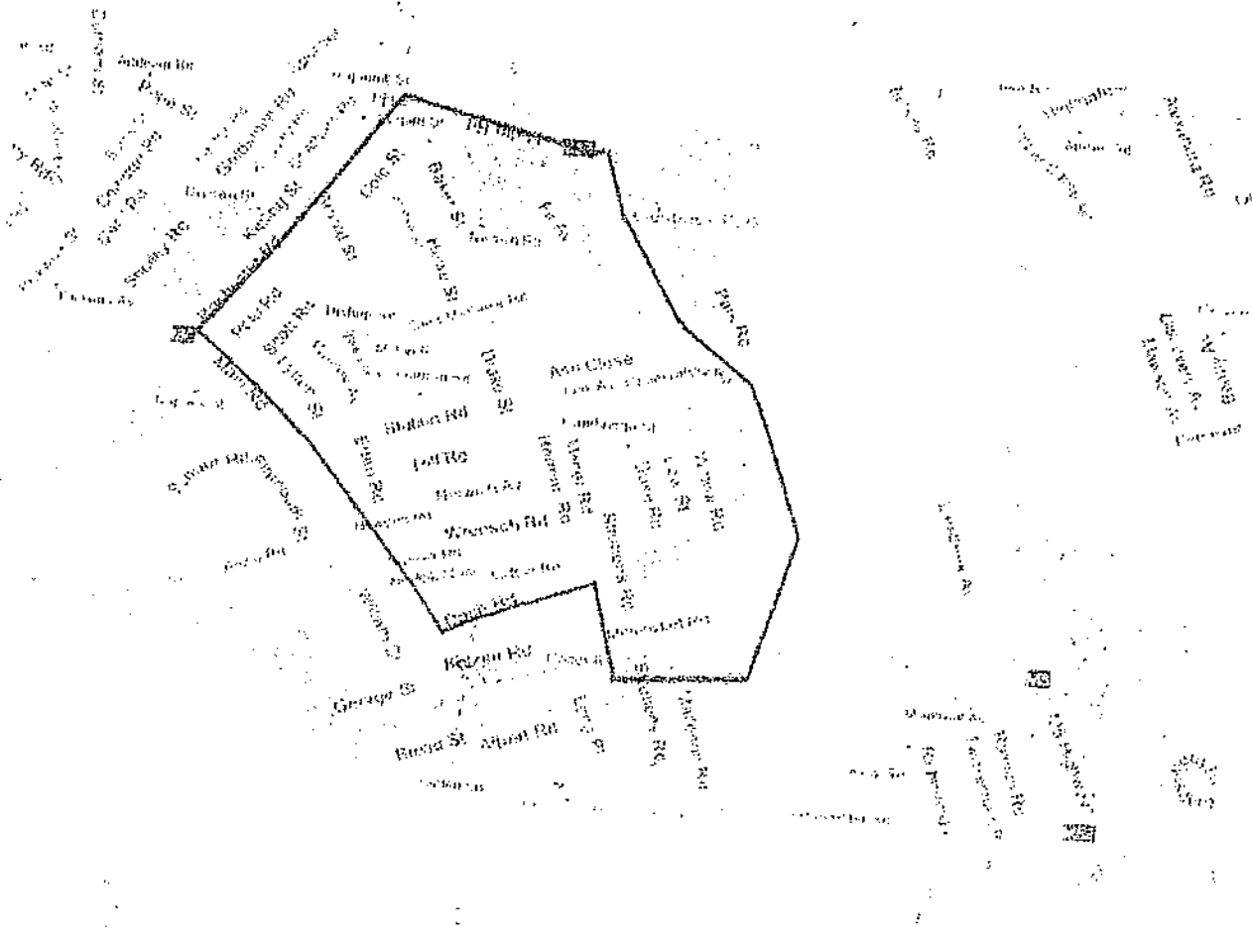
Observatory Improvement District – (OID)

Business plan for the establishment of
an improvement district

Data and identification

- Name OBSERVATORY IMPROVEMENT DISTRICT
- Date February 2008 ²⁰⁰⁹ *RM*
- Municipality City of Cape Town
- Leader The Observatory Civic Association
- Principal contacts
 - Brian Amery
 - David Raphael
 - Kris Marais
 - Rob Gaylard

Map



Boundaries

- Main Road (right hand, east side only included) from Dane Street to Rochester Road
- Rochester (both sides included) up to Malta road
- Malta Road / Liesbeeck Parkway (excluding the area comprising River Club S.A. Observatory and the Courtyard/Wild Fig Complex and associated access roads) to the Settlers Way
- Along Settlers Way to the railway line
- Along the east side of the railway line to Dane Street
- Up Dane Street (right hand, north side only included) to Main Road

Mission

- The OID will manage a substantially improved service delivery to all property owners in the area in collaboration with the city. Observatory will be safe, clean and pleasing to the eye for the benefit of businesses employees, customers, clients, visitors, residents and their children. We will restore the area to its rightful position as a place of Victorian ambience, history, charm and diversity, thus increasing economic activity, jobs and business opportunities in the area.

Goals

Acting in a democratic, open manner, ensuring all contributors have a say:

- To improve the economic wellbeing of Observatory
- To ensure Observatory becomes a desirable area – safe, clean and attractive
- To provide top up professional services linked to specific measurable goals
- To facilitate public and private investment in the area
- To develop a good working relationship with the City

Business benefits

- A safer, secure and more attractive environment will encourage more customers and business clientele
- Tenants' better working environment will secure more favourable leases for business property owners
- A lower vacancy rate as tenants will be attracted to the area
- Lease renewals will be enhanced
- Property values will be enhanced
- All will share equitably in the costs
- The OID will be a proactive link to the Cape Town City management
- The OID will encourage greater diversity and more interesting kinds of business
- We will actively market the Obs brand and showcase local businesses

Residential benefits

- An integrated approach to security has the potential to lower costs of individuals and enhance the bang for the buck
- Cleaning will be substantially improved
- All will share equitably in the costs
- Parks, gardens and the streets in general will be 'greened' and kept tidy and safe
- Graffiti will be immediately cleaned and we will prosecute at every opportunity
- Missing street signs, manhole covers and so forth will be dealt with
- One office in the community centre will be able to handle all related problems in a holistic and co-ordinated manner
- The money raised by the levy is spent exclusively in the area in terms of the approved budget and plan

Motivation for forming OID

The successes of the CIDs in neighbouring suburbs is raising the pressure on Obs to follow suit, undesirable elements leave the better managed suburbs and congregate in the remaining 'soft target' areas such as Obs.

Businesses in the OID area need look no further than established CIDs such as Sea Point. Before inception in July 2002 the Sea Point district was showing signs of serious urban degeneration. After three years of operation the Sea Point CID boasted several key achievements

- A 65% reduction in crime according to SAPS statistics as a result of security patrols
- About 8 tonnes of litter is collected every month over and above the routine refuse collections
- More than R600 million of new investment has been attracted to the area
- Business has been retained in the Sea Point CID
- Positive take up of commercial and residential space has resulted

Levy calculation

- Value of 574 commercial properties R857m
- Value of 2,039 residential properties R1,666m
- Rate in the rand derived by dividing the budget by the values of all participating properties
- Commercial rates currently .00861 cents in the rand
- Residential rates currently .00459 cents in the rand
- ID levy estimated to be about .0012 cents in the rand for residences and .0015 for businesses
- Example: For a residential house with a municipal valuation of R1million annual levy is $1,000,000 \times .12 / 100$ or R1,200 or R100 per month
- Average household around R80 to R100 per month
- Residential contribution $R1,666m \times .0012 = R2.0m$
- Commercial contribution $R857m \times .0015 = R1.3m$

Indigent Policy

- As a minimum we will comply with the criteria as set out in Council's indigent policy
- Those people qualifying will not contribute to the Improvement District levy

Control and winding up

- Control will be through a section 21 company
- Any ratepayer can be a member
- Members elect a board of directors
- Dissolution is by reversing the creation process, i.e. 50% of the residents voting
- The City can also close the ID if they think we are performing badly

Services to be provided

In terms of the relevant By-Law the OID will enter into a City Improvement District Service Agreement with the City and will access the prevailing City Council service levels within the OID area and formulate the extent of top-up services to be provided by the OID

- **Management** The board of directors of the section 21 company will either appoint an individual or a company to run the OID. The incumbent will interact with the ratepayers and the City and manage staff and sub-contractors, ensuring adherence to agreed levels of service. The budget is for a salary of R15,000 per month, an assistant at R7,000 per month and overheads of R10,000 per month to cover audit, stationery, 'phones and so forth.
- **Recommendations** OID management will also play a co-ordinating role in the OCA parking project(s) and the running of the community centre. It will lobby to gain control of other council properties in the area such as Malta sports ground. It will prepare and implement a rolling three year strategic plan for the area incorporating the wishes of the community.

Services to be provided (cont)

Safety and security

• **Needs**

- Maintenance of order including compliance with By-Laws
- Increased visible security presence paying attention to littering, public drinking, and all the other small items
- Adequate communications
- Co-ordination with Woodstock CPF, ONW, SAPS, Metro police and private security firms
- Drug awareness programs

• **Recommendations**

- Establish a central control room
- Facilitate the establishment of a satellite police station in Observatory
- Deployment of foot and bicycle patrols backed by patrol vehicles
- Foster partnerships/integration with other forces, particularly Metro police
- Regular patrols by Metro traffic police to enforce rules
- Securing and patrolling the subways with assistance from Metrorail

Services to be provided (cont)

Maintenance and cleaning

- **Needs**

- Supplemental cleaning including street sweeping, drain cleaning, litter removal, public toilets, control of dumping and compliance with By-Laws
- Improved general maintenance of poles, benches, litter bins, signage, pavements and so on
- Graffiti removal
- Improved landscaping and tree-well maintenance

- **Recommendations**

- Street sweeping
- Litter collection
- Recycling/waste management
- Public toilet management, cleaning and security
- Maintenance program
- In house/sub-contract capabilities possibly using local NGOs

Services to be provided (cont)

Marketing and communications

- **Needs**

- A cohesive and complimentary marketing and communications effort
- The development and marketing of the Obs brand

- **Recommendations**

- Develop/enhance a newsletter
- A permanent exhibition showcasing local business' products
- Communication with the media and the public on the successes of the OID and local businesses
- Co-ordination of all the area specific webpages and relevant links
- Management of the annual Obzfest

Services to be provided (cont)

Homeless/Displaced people

- **Needs**
 - A cohesive strategy for addressing the problems caused by homelessness
 - Enhancement of the city's existing efforts in this regard

- **Recommendations**
 - Design and implement a strategy in co-operation with the council and the many NGOs working in this field in the Obs area
 - 'Broken window' enforcement of existing by-laws on loitering, sleeping on the streets, public drunkenness, begging and so forth
 - Facilitate the creation of a shelter providing one place for the homeless to sleep

Services to be provided (cont)

Parks and gardens

- **Needs**

- Parks and gardens to become safe and attractive places
- Dedicated ‘gardeners’
- Contract mowing
- Irrigation
- Plantings – trees, shrubs and flowers
- Broken wire mesh fencing to be replaced with railings
- Plan for the Liesbek river area

- **Recommendations**

- Communities to take control
- Maintenance plan
- Planting festival days

Other matters

- **Informal Trading Management.** Informal trading standards need to be jacked up with legitimate traders encouraged in a controlled way and illegitimate (Drugs) dealers chased away
- **Capital Improvements.** Appropriate provision must be made by the City for capital items such as beautification of the parks and gardens, brick paving of pavements, appropriate (victorian style) street lighting and poles, street furniture etc. The OID will also investigate alternate sources of funding for such projects
- **Traffic Management.** A comprehensive traffic management plan is necessary with appropriate one-way systems, street sign painting, parking lines, pedestrian only areas, speed humps, access controls, secure parking areas and so forth

**OBSERVATORY
2009/10
PROPOSED BUDGET**

| EXPENDITURE | AS PER BUSINESS PLAN | | PROPOSED BUDGET | | VARIANCE |
|-----------------------------|----------------------|---------------|------------------|---------------|----------|
| | | % | | % | |
| 1. Employee Related | 231,000 | 8.97 | 231,000 | 8.97 | 0 |
| Salaries | 231,000 | | 231,000 | | 0 |
| 2. Contracted Services | 1,682,880 | 65.35 | 1,682,880 | 65.35 | 0 |
| Security | 1,200,000 | | 1,200,000 | | 0 |
| Cleansing | 482,880 | | 482,880 | | 0 |
| 3. Depreciation | 0 | 0.00 | 0 | 0.00 | 0 |
| 4. Repairs and Maintenance | 0 | 0.00 | 0 | 0.00 | 0 |
| 5. Services Accounts ex CCT | 0 | 0.00 | 0 | 0.00 | 0 |
| 6. Interest Paid | 0 | 0.00 | 0 | 0.00 | 0 |
| 7. Other | 661,120 | 25.67 | 661,120 | 25.67 | 0 |
| Gardens | 80,000 | | 80,000 | | 0 |
| Lights, Signs & Furniture | 90,000 | | 90,000 | | 0 |
| Management | 120,000 | | 120,000 | | 0 |
| Marketing & Communication | 47,870 | | 47,870 | | 0 |
| Pavements & Roads | 96,000 | | 96,000 | | 0 |
| Social Development | 150,000 | | 150,000 | | 0 |
| Other: 3% Retention | 77,250 | | 77,250 | | 0 |
| TOTAL EXPENDITURE | 2,575,000 | 100.00 | 2,575,000 | 100.00 | 0 |

| INCOME | | | | | |
|------------------------------|------------------|--|------------------|--|--|
| 1. Levy Income | 2,575,000 | | 2,575,000 | | |
| 2. Other | | | 0 | | |
| TOTAL INCOME | 2,575,000 | | 2,575,000 | | |
| (SURPLUS) / SHORTFALL | 0 | | 0 | | |

| CID Budget Split | | | | | |
|---------------------|------------------|-----|------------------|-----|----------|
| | BUSINESS PLAN | | PROPOSED BUDGET | | VARIANCE |
| Commercial | 1,030,000 | 40% | 1,030,000 | 40% | 0 |
| Residential | 1,545,000 | 60% | 1,545,000 | 60% | 0 |
| Total Budget | 2,575,000 | | 2,575,000 | | 0 |

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OBSERVATORY

3 YEAR BUDGET AS PER BUSINESS PLAN

| | 2009/10 | % | 2010/11 | % | 2011/12 | % |
|-----------------------------|------------------|----------------|------------------|----------------|------------------|----------------|
| EXPENDITURE | | | | | | |
| 1. Employee Related | 231,000 | 8.97% | 249,480 | 8.97% | 269,438 | 8.97% |
| Salaries | 231,000 | | 249,480 | | 269,438 | |
| 2. Contracted Services | 1,682,880 | 65.35% | 1,817,510 | 65.35% | 1,962,911 | 65.35% |
| Security | 1,200,000 | | 1,296,000 | | 1,399,680 | |
| Cleansing | 482,880 | | 521,510 | | 563,231 | |
| 3. Depreciation | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 4. Repairs and Maintenance | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 5. Services Accounts ex CCT | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 6. Interest Paid | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 7. Other | 583,870 | 22.67% | 630,580 | 22.67% | 681,026 | 22.67% |
| Gardens | 80,000 | | 86,400 | | 93,312 | |
| Lights, Signs & Furniture | 90,000 | | 97,200 | | 104,976 | |
| Management | 120,000 | | 129,600 | | 139,968 | |
| Marketing & Communication | 47,870 | | 51,700 | | 55,836 | |
| Pavements & Roads | 96,000 | | 103,680 | | 111,974 | |
| Social Development | 150,000 | | 162,000 | | 174,980 | |
| 8. Bad Debt Provision 3% | 77,250 | 3.00% | 83,430 | 3.00% | 90,104 | 3.00% |
| TOTAL EXPENDITURE | 2,575,000 | 100.00% | 2,781,000 | 100.00% | 3,003,480 | 100.00% |
| INCOME | | | | | | |
| 1. Levy Income | 2,575,000 | | 2,781,000 | | 3,003,480 | |
| 2. Other | 0 | | 0 | | 0 | |
| TOTAL INCOME | 2,575,000 | | 2,781,000 | | 3,003,480 | |
| (SURPLUS) / SHORTFALL | 0 | | 0 | | 0 | |
| BUDGET GROWTH | 0.00% | | 5.00% | | 8.00% | |

SECURITY

THIS WILL BE IMPLEMENTED WHEN THE CID IS UP AND RUNNING TO ADD EXTRA SECURITY TO THE OBSERVATORY AREA.

SAFER ROUTES TO AND FROM EMBARKING AND DISEMBARKING FROM PUBLIC TRANSPORT.

BUSINESS NEXT TO THESE ROUTES TO BE CONTACTED.

| DEMARICATION OF CID | START DATE |
|---|------------|
| VISIBLE SIGNAGE | JULY'08 |
| DESIGN TO BE DISCUSSED WITH STEERING COMMITTEE | JULY'08 |
| QUOTES TO BE OBTAINED FOR MAKING OF CID SIGN | JULY'08 |
| LOCATION TO BE DETERMINED IN CONJUNCTION WITH THE CITY OF CAPE TOWN | JULY'08 |

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MINUTES OF CID PUBLIC MEETING – 20 JUNE 2009

Present: Mark Truss (Chair -Chief Exec. Greenpoint/Oranjekloof CID); Runan Rossouw (CID Coordinator, City Council), Brian Amery (main speaker), Rob Gaylard (Minutes) and about 70 ratepayers of Observatory.

1. Welcome and opening address (Brian Amery)

Mr Amery has been leading the CID initiative in Observatory and is one of the interim directors of the Section 21 company that will be legally responsible for the OBSID (Observatory CID or SRA).

Mr Amery welcomed those present and introduced the chair of the meeting, Mr Truss.

The CID initiative: Mr Amery outlined the history of the initiative to form a CID in Observatory, and sketched the way in which the legal requirements had changed during this time (a period of some 18 months). A new by-law was passed at the Council meeting in May 2009, in terms of which 50% approval was required for a predominantly residential CID. This by-law will be promulgated soon, and a new application will then have to be made in terms of the new by-law. The old by-law required 75% approval for a residential CID, and to date consent forms have been signed by just over 50% of ratepayers in Observatory.

First CID levy is expected in October: the Council's financial year runs from July, and in order to initiate a CID or SRA (Special Rating Area) this year, ratepayers will be charged a triple CID levy in October (for July, August and September). Ratepayers may choose to make voluntary additional payments to the Council at the end of each of these months, based on the rated value of their properties, and assuming a levy of R10 for every R100 000 of the value of their property. Ratepayers would be receiving value for their money as this October payment would enable the CID to make an effective start and perhaps pay outright for certain items that would otherwise have to be rented (e.g. motor vehicles).

Pensioners: anyone who qualifies for relief in terms of the Council's indigent policy will not have to pay the levy. There is a sliding scale that starts with an income of R8000 per month. Anyone who qualifies for a reduction in their rates will be exempt from the additional CID levy. Application must be made to the Council.

Section 21 Company: a Section 21 company has already been formed as required in terms of the by-law, with four interim directors: Brian Amery, Bovain MacNab, David Raphael and Justin Ashley. Ratepayers must apply for membership of the Section 21 Company and they will then be able to elect the first Board of Directors (9 Directors in all). They will be elected by vote of company members at a meeting to be called in the near future. Nominations can be made to Brian Amery (please ensure that the nominee is an Observatory ratepayer and is available and willing).

Questions were then taken from members of the audience.

1. Edwin Angless asked Mr Amery to outline the portfolios or areas of responsibility to be covered by the different directors, which he did.
2. Julie Suberg asked about the advisability of cancelling one's security company contract. Mr Amery replied that individual householders would have to take a

- decision, based on their particular circumstances and needs. He advised adopting a 'wait and see' approach.
3. Wendy Steytler asked if approval was a 'done deal'. Runan Rossouw replied that approval was conditional on a successful application being made in terms of the new by-law.
 4. Bidy Green asked a question about 'governance' and 'special projects'. Mr Amery replied that 'governance' included transparency, following due process, obtaining the necessary audits, etc. 'Special projects' would include what ratepayers wanted done in their particular areas.
 5. Margaret Waumsley (i) asked Mr Amery to identify himself, which he did. (ii) She asked what the salary of the CEO or CID Manager would be. Mr Amery replied that a salary of R15 00 per month had been budgeted for. (iii) Mrs Waumsley asked if it was true that Mr Amery was being paid rental for two rooms of his house during the process to initiate a CID, Mr Amery replied that he had been paid no rental for any rooms in his house. This was confirmed by Justin Ashley, one of the interim CID directors, speaking from the floor. (iv) Mrs Waumsley asked about the number of times ratepayers may have been approached to sign consent papers. Mr Cowley explained the process. The ratepayer or homeowner was often out and if was sometimes necessary to go back several times in order to speak to him or her. (v) Mrs Waumsley asked if it was true that pensioners would be exempted from the CID levy. She said she had been told this by Rob Gaylard. In reply Mr Rossouw repeated the information that Mr Amery had given in his opening remarks, and explained that the process entailed application to the Council. Mr Amery explained that the Proportional Councillor for Observatory, Mr Chapple, would also assist with applications. A pensioner, speaking from the floor, confirmed Mr Rossouw's account of the application process.
 6. Sheila Mothobi, a pensioner and a ratepayer, asked if pensioners who had been exempted from payment of the CID levy would be eligible for election as a Director. Mr Amery and Mr Rossouw conferred and it was agreed that they would be eligible. Mr Amery said he would welcome such applications.
 7. Two ratepayers asked about the possibility of getting a recycling scheme going, and Mr Amery confirmed that this would be investigated. The possibility of involving the Junior School in a recycling scheme was mentioned. Sacha Polkey informed the meeting of an existing company that charges R70 a month for recycling.
 8. Anton Twigg asked about the relationship between OBSID, the Observatory Civic Association and the Observatory Neighbourhood Watch. Mr Amery replied that they would work closely together in a cooperative and supportive relationship. He mentioned particular individuals in the community whose voluntary efforts had made an important contribution to these organisations and to the campaign for an OBSID.
 9. Julie Suberg wished to dispel any impression that may have been created by a previous questioner. She said that the community was grateful for the sustained voluntary efforts of Mr Amery and other residents to gain the necessary approval for a CID in Observatory. She asked Mr Amery to estimate the number of hours a

day he had spent on this initiative. Mr Amery replied that this fluctuated, but he often spent up to 5 hours a day on this effort - for a period of over a year. The ratepayers present indicated their support for and appreciation of these efforts by means of applause.

10. Richard Burnett, a commercial property owner, expressed the support of the business community for this effort. Mr Amery also indicated that the support of Black River Parkway had been important in giving momentum to this initiative.

The meeting closed at 12.00.

SCHEDULE OF OBJECTIONS RECEIVED REGARDING ESTABLISHMENT OF OBSERVATORY IMPROVEMENT DISTRICT

| From: | Comments and Objections: | Responses: |
|--|--|---|
| 1. Ms D A Segrott | a) Object because they felt that the notice should provide them with the most basic information pertaining to the application. | a) The objector did not make use of the contact details on the notice to contact the Council or the applicant. If they did the documentation would have been provided to them. |
| 2. Sandy Pienaar | a) The objector seemed to agree with the SRA objectives and requested better implementation without paying towards it. | a) The SRA model exists to assist Council in up - lifting an area by way of a well organised and managed process that unfortunately comes with a cost. |
| 3. Ms B May and 4. Valerie P Smith. | Refer to a letter in the Tatler written by VB Smith urging people to object. Ms B May only states that she has grave reservations about the proposal and that Council is abrogating its responsibility. Valerie P Smith extracted selective points from the article. | a) The letter in the Tatler contains the following statements: i) Setup cost is rates money – Council does not contribute towards establishment cost. The application is funded by property owners promoting the SRA model at own risk. ii) Council must provide the services – The services to be funded by the SRA levy will be top up services and Council will still provide the current basic services. iii) Services to be provided is unclear – The Business Plan sets out the objectives. Once approved the SRA Board will contract with a service provider to implement the proposed services. iv) 50% support required for establishment may be legal but not just – All property owners have the opportunity to formally object. Only 7 used this opportunity while >50% support the SRA in writing. b) Not consulted - The applicant extended the public participation well beyond the legal requirements. This process is well documented c) Beneficiaries would be the Cape Town Partnership – The CTP does not have any interest in the Observatory SRA. |

| | | |
|---------------|--|--|
| 5. D Ward | <ul style="list-style-type: none"> a) Council should provide the services b) Consultation process c) Affordability d) Real issues in Observatory | <ul style="list-style-type: none"> a) The services to be funded by the SRA levy will be top up services and Council will continue to provide the current basic services. b) An extensive public awareness process was followed that exceeded the legal requirements. If more information was required it could be obtained from Council or the steering committee. c) The SRA Policy allows that indigent property owners may apply to Council to be exempted. d) Most of the concerns could be addressed by the SRA once it is in operation and working relationships are established with Council and other organisations such as SAPS. |
| 6. M Waumsley | <ul style="list-style-type: none"> a) Incorrect postal address on notification. b) Council official and Councilor biased in favor of the proposal. c) Obtaining of signatures in support of SRA d) SRA will enrich the chair of the steering committee | <ul style="list-style-type: none"> a) Notwithstanding the incorrect postal address, objection letters addressed to the incorrect address were received by Council. b) Legal frame work applicable to establish a SRA dictates establishment process and officials comply accordingly. c) The form used to obtain written support required the person that signed it to declare that he/she is the owner or have proxy to sign on behalf of the owner and that they studied the content of the Business Plan (dated). d) The manager of the SRA will be appointed by the SRA section 21 Company Board once established. If the elected Board feel that it be the same person as who chaired the steering committee they must justify it to their members. |
| 7. APH Morkel | <ul style="list-style-type: none"> a) Consultation process b) Require proof of support | <ul style="list-style-type: none"> a) The applicant extended the public participation well beyond the legal requirements. This process is well documented b) Support documentation for inspection was available at Council and SRA offices. |

**RESPONSE TO OBJECTIONS RECEIVED FROM
OBSERVATORY STEERING COMMITTEE**

Valerie Phipps-Smith

1. *I was not notified.....* this seems to be a common theme amongst the objectors, We can only assume a failure rate of 6 in 2000 is what happens in life today. There have been countless postal and leaflet drops as well as all the required advertisements and press articles. I have spoken to the objector's tenant who told me that he was aware of the Obsid and had discussed it with his landlady three months ago.
2. *...just instructed to pay up... by whom?*
3. *Ms P-Smith point 2.* She clearly knows more than we do as to why CIDs were designed, her point, in our opinion is not valid.
4. *Her point 3 – the City should provide.* We recognise that this is simply not practical. The City provides a community with the opportunity to top up services and our community has chosen to follow that route.
5. *50% is unethical..* Has Ms P-Smith ever heard of a democracy?
6. *Her point 5 is the same as point 3*
7. *Her point 6 - I do not believe that the strategies against crime will have any effect.....* The community does so believe and this is supported by the experience of all the other existing Improvement Districts.
8. *The levy is a large and unjustified increase in the rates.* As a percentage the increase can be considered as large but not unjustified. Because the levy is ring fenced within our suburb we estimate that the amount spent in our suburb will increase fourfold vs the 9% of our rates currently spent in our suburb.
9. *No means to unwind..... Our rates have been used to promote the Obsid* It would appear that Ms P-Smith is ill-informed.
10. We are not prepared to comment on the last point.

Sandy Pienaar

We have to admit to confusion around this objection. We have a signed form of support from Ms Pienaar on our file. The second line seems to be in support of our plans and nothing else contained therein is in any conflict with our aims. In her final paragraph this objector calls for 'implementing the measures we already have in place, more effectively with a proactive approach' this is exactly what we intend to do.

D Ward

This objector is not an owner according to our database. His objection is so all encompassing we cannot address all the issues he raises.

Poirier Investments / Segrott

We will forward the details of the scheme to this ratepayer which should settle their conditional objection

B May

Merely supports V Phipp-Smiths position which we have refuted above.

A P H Morkel

Another objector who "knows nothing about the CID apart from ...". We find it strange that he is a member of the Section 21 Company and to quote his application "have knowledge of the security industry and would like to be involved on that side"

M Waumsley

This person's objections have been dealt with fully in the past.