

ITEM NUMBER: C 06/05/17

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 16 MAY 2017

MC 20/05/17 APPLICATION TO AMEND THE BUSINESS PLAN OF THE LLANDUDNO SPECIAL RATING AREA (LSRA)

It is **RECOMMENDED** that:

- (a) Council approve, in terms of section 14(1) of the Special Rating Area By-law, 2012, as amended, the amendment of the Business Plan from 1 July 2017 to 2020
- (b) City of Cape Town imposes the levying of an additional rate of R 0.000612 on all properties in the Llandudno Special Rating Area as from 1 July 2017 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004
- (c) Council condone any non-compliance with any provisions, of Chapter 1 in terms of section 14(4) of the Special Rating Areas By-law, 2012, as amended.



REPORT TO : Council

DATE : 2017 -05- 16

LC18179

1. ITEM NUMBER MC 20/05/17

2. SUBJECT

APPLICATION TO AMEND THE BUSINESS PLAN OF THE LLANDUDNO
SPECIAL RATING AREA (LSRA)

ISIHLOKO

ISICELO SOKULUNGISWA KWESICWANGCISO SOKUSEBENZA SOMMANDLA
ONGERHAFI EZIZODWA (LSRA)

ONDERWERP

AANSOEK OM WYSIGING VAN DIE SAKEPLAN VAN DIE LLANDUDNO-
SPESIALE-AANSLAGGEBIED (LSRA)

LSU H5695

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

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4. DISCUSSION

The establishment of the LSRA was approved by Council on 29 May 2014 vide item C 46/05/14 for implementation as from 1 July 2014. The initial security demands from the community required extensive interventions which could not be provided on the limited budget which in total amounted to some R368 267. Due to increased crime levels and a desire of the LSRA Board to enhance the safety in the public space they launched a program to interact with the community to gather support. This was done with the oversight of the City as it culminated in a members meeting of the LSRA Non-Profit Company (NPC) where 50% plus one of members were required to vote in favour of the resolution to have it passed. The voting revealed significant support for the increased service by 111 for and 56 against based on a show of hands and 355 for and 154 against using the weighted voting system as embodied in the LSRA NPC Memorandum of Incorporation (MOI). The process was compliant with the dictates of the SRA legislation requirements.

The SRA By-law states in s14(4), which deals with the amendment of a business plan, that Council may condone a deviation in amending the LSRA Business plan as per Chapter 1. Whilst Chapter 1 calls for a full objection process the LSRA Board held a members meeting in terms of its MOI as per s11.1.4 and s11.10.1 given the urgency and timing of this initiative which if it were successful would have been postponed for implementation on 1 July 2018. The current concerns regarding the safety of the local residents and visitors had caused the community to treat the matter as urgent despite some protestation from a portion of the community. Further to the above the LSRA Board resolved to allow an extension for membership applications to accommodate late applications as some property owners claimed to have been unaware of this opportunity which resulted in the membership increasing from 68 to 177 members as at the members meeting held on 6 April 2017. Membership applications that were incomplete but attached to emails or identification confirmed or delivered in person were accepted. The Board also disregarded the regulation that prevents members from voting if they have arrears for more than 60 days as these arrears were deemed insignificant. The above facilitated and enabled as many owners as possible to become members and to participate to ensure a transparent and inclusive process.

The process included advertisements in the Cape Times and Die Burger, two informal question and answer sessions attended by approximately 70 residents per session, a banner at the main intersection of Llandudno and Fishermen's Bend roads, posting notification of the meetings on the LSRA website and Facebook, emailing residents on two occasions, dropping hard copies of the notice of the

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meeting to some older residents believed to be unaware of the meeting and one-to-one meetings between Board members and individuals requesting more information.

The minutes of the meeting held on 6 April 2017 are attached as annexure A whilst the presentation is attached as annexure B and the attendance register as annexure C.

Whilst the Companies Act, under which auspices the meeting was held, is clear on the process and the implementation of the majority vote some residents have objected on various grounds. The objections are included verbatim in annexure D of which the first 3 have detailed responses from the LSRA Board which covers the rest of the objections as they contain similar concerns / allegations.

The objections include allegations that:

- The process is illegal. The process was conducted under the oversight of the City's officials to ensure compliance and as such was not illegal.
- Many residents were unaware of the meeting. This matter is dealt with adequately earlier in this report where the communication process was found to be extensive and inclusive.
- The proxy is invalid as the information is incorrect. The proxy referred to the average impact of R650 per R10m of property value which culminated in R49 per R1m of property value as per the presentation. The entire campaign was based on the higher amount and extensively communicated hence the reference to the average impact which resulted in R510 per R10m of property value or R51 per R1m of property value. The actual impact is much less for many of the residents.
- The MOI is illegal as one person signed for all the incorporators. This is legal as the MOI provides that it may be signed by the Board member or on their behalf.

Many of the detailed objections are based on individuals misunderstanding the MOI and the SRA model. There are claims of a division in the community and some of the objectors have also called for a delay in implementation and to rescind the decision which is a moot point as the majority of the members of the LSRA NPC have voted overwhelmingly to support the security initiative as proposed in the amended Business Plan (refer annexure E) and the meeting was conducted in terms of the Companies Act which calls for a majority. The increased security costs resulted in the budget increasing from R566 090 as approved at the recent AGM to R2 500 000 (341%). The impact on the individual owners will differ as they contribute proportionately based on the value of their property. The new cent-in-the-rand of R0, 000612 will be implemented on 1 July 2017.

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- b) The City of Cape Town imposes the levying of an additional rate of R 0.000612 on all properties in the Llandudno Special Rating Area as from 1 July 2017 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004.
- c) That Council condone any non-compliance with any provisions, of Chapter 1 in terms of s14(4) of the Special Rating Areas By-law, 2012 as amended

Azigunyaziswanga: isigqibo seseBhunga:

Kundululwe ukuba:

- a) IBhunga maliphumeze ngokwecandelo-14(1) loMthetho kaMasipala ongoMmandla weeRhafi ezizodwa wango-2012 njengoko ulungisiwe, ukulungiswa kweSicwangciso sokuSebenza ukususela kowo-1 Julayi 2017 ukuya ku-2020.
- b) ISixeko saseKapa masinyanzelise umrhumo olixabiso elongezelelekileyo elili-R 0.000612 kuzo zonke iipropati ezikuMmandla weRhafi eziZodwa wase-Llandudno ukususela ngowo-1 Julayi 2017, ngokungqinelana necandelo-22(1)(b) loMthetho wobuRhulumente boMmandla ongamaXabiso eePropati zikaMasipala (MPRA) ongunomb.6 wangowe-2004.
- c) Ukuba iBhunga malamkele nakuphina ukungathotyelwa kwawo nawuphina kwimimiselo yeSahluko-1, ngokungqinelana necandelo -14(4) loMthetho kaMasipala ongoMmandla ngeRhafu ezizodwa wango-2012 njengoko ulungisiwe.

Nie gedelegeer nie: vir besluitneming deur die Raad

Daar word aanbeveel dat:

- a) Die Raad ingevolge artikel 14(1) van die Verordening op Spesiale-aanslaggebiede, 2012, soos gewysig, die wysiging van die sakeplan vanaf 1 Julie 2017 tot 2020 goedkeur.
- b) Die Stad Kaapstad die heffing van 'n bykomende tarief van R0,000612 vir eiendomme in die LSRA vanaf 1 Julie 2017 oplê ingevolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Wet op Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004.
- c) Dat die Raad enige nienakoming van enige bepalings van hoofstuk 1, artikel 14(4) van die Verordening op Spesiale-aanslaggebied, 2012, soos gewysig, kondoneer.

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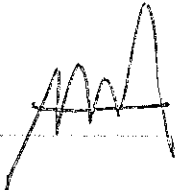

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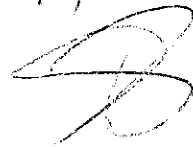
ANNEXURES

- Annexure A - Minutes of meeting held on 6 April 2017
- Annexure B - Presentation at members meeting on 6 April 2017
- Annexure C - Attendance register of meeting held on 6 April 2017
- Annexure D - Objections
- Annexure E - Proposed Business Plan – 6 April 2017 (including 2017/18 Implementation Plan, Proposed 2017/18 Budget and 5 year budget)

FOR FURTHER DETAILS CONTACT

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DIRECTORATE	Finance	FILE REF NO	
SIGNATURE : DIRECTOR		3/5/17	

EXECUTIVE DIRECTOR

NAME	<i>K. Jacobs</i>	COMMENT:
DATE	<i>3 May 2017.</i>	
SIGNATURE		

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EXECUTIVE DIRECTOR: FINANCE

NAME Kevin Jacoby

COMMENT:

DATE

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 Joan-Mari Holt

COMMENT:

DATE 04/05/2017

SIGNATURE *JM Holt*

Certified as legally compliant: *JMH*
Based on the contents of the report.