

KALK BAY AND ST JAMES SRA

Frequently Asked Questions

What is a Special Rating Area (SRA)?

A Special Rating Area is a defined geographical area in which at least 60% of property owners in a residential area such as Kalk Bay and St James consent to pay extra rates to supplement public services in their area so as to ensure a safe and clean community environment.

These extra rates are collected by the Council and are paid to a non-profit company (SRA company) which will be responsible for spending the SRA levy exclusively within the SRA area in accordance with a business plan and budget approved by local property owners and the Council.

What do I pay for the services provided by the KalkBay and StJames SRA?

Every property owner in the SRA pays a pro rata share of the approved SRA budget on the basis of a tariff calculated on the latest municipal values of their property. The budget and tariff must be approved by the City Council. The tariffs are differentiated between residential and commercial properties. The amounts payable in the first year are as follows:

The average amount billed per month is R 43.00 (excl VAT) for each R1 million of the municipal valuation of residential rateable properties and R 124.92 (excl VAT) for each R1 million of the municipal valuation of commercial rateable properties. These additional rates, as with normal rates, are billed on a daily basis. The amount invoiced will therefore vary each month depending on the number of days billed. However the total amount for the year is fixed and is calculated by multiplying the property municipal valuation with the approved rate which is R0,000516 for residential and R 0, 001499 for commercial properties. VAT must then be added as the additional rates attract VAT.

Is payment of the additional SRA rates mandatory for all properties within the SRA?

Yes. Now that our SRA has been approved by 60% of the owners of eligible properties in the SRA and by the City Council, payment by all property owners of their SRA rates is mandatory. However, there are exceptions. Property owners who qualify for rates relief (even partial rates relief) are 100% exempted from payment of the SRA levy.

The benefit of routine, regulated monthly payments by all property owners of their pro rata share of the SRA budget is that the SRA is assured of a stable and predictable cash flow, which ensures the viability of the SRA's activities.

How are the SRA additional rates collected?

The City collects the additional rates on behalf of the SRA for free. The additional rate appears as a separate item on the monthly Municipal rates account of every property owner in the SRA. The City pays the SRA company a monthly amount equivalent to one-twelfth of its approved budget less 3% as a provision for bad debts (i.e. the City bears the risk of any additional bad debts). The 3% provision for

bad debts is kept in a separate account exclusively for the KBSJSRA. Seventy five per cent (75%) of the amount by which this retention fund exceeds accumulated arrears at the end of the financial year will be paid by the Council to the SRA company and will be treated by the SRA company as additional income.

The spending of these funds will be approved at the AGM of the SRA.

How will the collected SRA rates be spent?

The approved 5 year business plan and budget of R1,224,000 in the first year are accessible on the SRA website (www.kalkbaystjamesra.org). The current budget is allocated to the following key items:

R800,000 (67%) on public safety services; R80,000 (6%) on cleansing and maintenance of public spaces; R60,000 (5%) on a part time social worker to address social issues and R178,000 (15%) on management and other overhead costs of the SRA.

A public safety contractor has been engaged to provide public safety services throughout the public areas of the SRA (i.e. streets, parks etc) for an interim period of three months, commencing on 15 August 2014. The contractor provides 4 officers to patrol these areas by foot and on bicycle for 24 hours per day, 365 days per year. These patrol officers are properly trained and equipped with two way radios linked to the contractors operations centre, and are backed up by a patrol vehicle.

An initial "blitz" clean-up operation, involving 8 workers, was carried out during August.

Routine cleansing services/maintenance of public spaces will be provided by a team of one or more workers who will concentrate on the areas not routinely maintained and/or cleaned by the City Council on the basis of focusing on each of four identified zones per day and on the fifth day of the week to clean the coast line not routinely serviced by the City Council.

A part time social worker will be engaged to assist address social issues in the SRA.

Who manages the SRA?

The affairs of the non-profit SRA company are managed by a board of directors who are not remunerated for their services. The board is elected by the members of the SRA company. The board appoints a Manager who is responsible for the day to day operation of the SRA's activities. All property owners in the SRA are eligible to be members of the SRA company on application and thereby to participate in the affairs of the SRA,

An interim Board has been established to oversee the establishment of the SRA. Members of the SRA company will be able to vote representatives on to the board at the company's first GM. It is intended that this meeting will be held within the first few months of the company's first financial year.

Why was this SRA vehicle chosen to deliver public service delivery benefits to our area?

Many SRAs have successfully addressed community issues by providing enhanced public services. There are 31 existing SRAs in Cape Town, and are used by a wide range of communities (commercial/residential/industrial).

The revenue collection mechanism is effective and low cost (essentially bolted on to the municipality's monthly billing system by the City of Cape Town for free).

Property owners' financial contributions are scaled according to the municipal valuations of their properties, but every property owner gets an equal vote in both approving and dissolving the SRA.

The SRA company is 100% in control of its budget and funds and appoints its own service providers.

What checks and balances are there to ensure that funds are appropriately spent?

The SRA company will be subject to all the checks and balances of companies incorporated under the Companies Act, including full financial audits. Property owners in the SRA are eligible to be members/shareholders in the SRA company and to appoint its board and approve its budget.

SRA company funds must be spent exclusively on SRA matters in accordance with the 5 year business plan and budget approved by SRA property owners, and subsequently by the members of the SRA company.

The SRA company is required to have an annual general meeting, which members of the SRA company are eligible to attend, participate and vote.

Members of the SRA company can vote for the appointment of the Directors they want to represent them on to the company's Board.

Furthermore, the SRA company will be subject to the City Council's Special Rating Area By-Law, SRA Policy and a Finance Agreement with the Council, which will ensure compliance oversight by the Council. This will include compliance by the SRA company with its approved budget and business plan and audit by the Council of the accounts of the SRA company.

They provide this compliance oversight service for free.

Can the funds be appropriated by the City of Cape Town for services elsewhere in any way?

No. It is a fundamental principle that 100% of the SRA rates collected by the City are paid to the SRA company (less a provision of 3% to cover arrears). The additional SRA rates are collected by the City of Cape Town, at zero cost, on behalf of the SRA company.

They are paid over in full to the SRA company (less a 3% retention to cover bad debts) for it to spend exclusively and entirely in the SRA area in accordance with its 5 year business plan.

Do the funds raised by the SRA not increase the risk that the City of Cape Town opts out of its service obligations to me as a ratepayer?

The City is not allowed to do this. However, this possibility is a realistic concern and the SRA must constantly monitor Council service delivery to ensure this does not happen.

The experience reported by many SRAs thus far is in fact the opposite. These SRAs have informed us that they have been able to extract higher service levels from service providers (for example the SAPS, Waste Department, Cleansing Department, Lighting department).

This has been achieved by using the leverage that a SRA implicitly has, by virtue of the fact that it represents all ratepayers in the community and that it is able to build relationships with key personnel at the various service providers.

What comfort do I have that funds will not be wasted on administrative costs and other overheads?

The approved business plan has a low overhead (c.15% of the SRA's total cost base). The SRA intends to secure office premises at a nominal cost and will be run on an asset light basis.

The SRA management is comfortable that this allocation strikes the balance between spending enough to manage operation of the SRA's activities effectively and the obvious desire to allocate as much as possible to providing services to the community.

Will the public safety services you provide make any difference to crime in the area?

Time will tell. But interactions with other SRAs and public safety service providers give us confidence that the budgeted services will have a significant impact in combating crime in the SRA.

Results in the very short time period of operations are encouraging. On the 2nd night of patrolling the area, criminals that had stolen a laptop and jewellery were arrested and subsequently arrested.

What comfort do I get that the 24 hours patrols will cover the whole of the community?

GPS tracking facilities will make it possible to track the patrols and make sure that the entire community benefits from these services.

How will the SRA communicate with me, as a ratepayer?

The SRA will regularly post updates on its website. We also urge all members of the community to sign up to our email communication service (see on the website www.kalkbaystjamesra.org)

How do I communicate any issues that I may have with the SRA?

The website will provide functionality for ratepayers to their post feedback to the SRA.

A key function of the SRA manager will be to collate and address feedback/concerns raised by ratepayers.

The SRA board meets regularly and property owners can address the board regarding queries, complaints or advice for the first 30 minutes at such meetings subject to sending their query or complaint to the Manager 7 days prior to the meeting so that an appropriate response can be prepared.