

St Francis SRA Business Plan (03 April, 2017)

This Business Plan supports the St Francis application to the Kouga Municipality for a Special Rating Area. The Business Plan includes:

- Motivation Report
- Implementation Plan
- Term Budget

1. Motivation

1.1 Introduction

The infrastructure in St Francis has experienced an extended period of neglect from the Kouga Municipality, resulting in a disintegrating road surface on most of our roads, unmaintained and overgrown stormwater drains which function inadequately, and a sewerage system that saw the progressive replacement of soakaways and conservancy tanks with waterborne sewerage abandoned from 2004 onwards. The conservancy tanks/soakaways pose a significant health and environmental threat to parts of the town as their contents leak into the canals, river, sea and underground water. The emptying of these tanks are expensive and the service at times problematic with vehicles breaking down. The Sewerage/Waste Water treatment plant is running at full capacity outside the holiday season and overflows during the holiday season. We understand that the Kouga Municipality has the funds to upgrade this plant, and the work has been initiated to upgrade the plant.

The River has silted up posing serious risks to boats and their occupants. The Spit has lost some 90% of its dune width, thus posing a severe risk to the canal system and the 550 properties lining the canals. The beach has eroded away to such an extent that it is only the revetments that prevent the beach front properties from being washed away by the sea (as happened to the Anne Avenue ablutions a few years ago).

We have been repeatedly told by the Municipality that it does not have the funds to restore this infrastructure. The situation has reached the point where we, as property owners with an average property value of R3m, will no longer stand by and watch our town disintegrate and our investment decline. We have launched the Saving St Francis Campaign to address the restoration of our infrastructure. We have embarked on a multi-stream fund raising campaign focussing on:

- appealing for donations from existing St Francis Property Owners
- establishing an SRA to raise a levy from all St Francis Property Owners
- seeking Corporate Social Responsibility investment for the upliftment of the Sea Vista township (e.g. the Wind Farms)
- establishing precisely what infrastructure projects the Municipality will fund

- establishing what funding we can source (together with the Municipality) from Provincial and National Government
- establishing what funding we can source for Environmental projects (local and international).

The purpose of this application is to raise funding from an SRA levy that is collected from the Rate Payers by the Municipality and paid over to the St Francis Property Owners Not-For Profit Company (SFPO NPC). This company was established earlier this year to collect and manage donations, and to manage Phase 1 of the Spit and Beach repair projects.

Our research has shown us that the Kouga rates are one of the lowest in the country. In St Francis in the 2015/16 year our rates were 0.6128% (of property value for residential property and 0.6254% for Business/Commercial property. Port Elizabeth's rates for the same year were 0.9737% of property value for residential, 1.3759% for Business/Commercial and 2.4343% for Industrial properties. Approximately 10% of St Francis properties are occupied all year around, leaving 90% unoccupied for at least 10 months of the year. These properties do not consume water and electricity which typically make up some 60% of a monthly Municipal bill. The bottom line is that St Francis is a typical seaside holiday destination that is underfunded by approximately 50% of what you could expect from a normal town with most of its residents living permanently on their properties.

The SRA levy will allow the St Francis property owners to increase their contribution to the cost of running the town's infrastructure, but at the same time ensuring that this additional payment is not diverted to other Municipal spend and continue to neglect St Francis infrastructure. We recognise that the Kouga region is characterised by a lot of poverty. However, a healthy, well serviced and vibrant St Francis Bay will bring a great deal of tourism revenue, property development, additional rates and employment to the region. If it is going to fulfil its role as a key economic driver of growth and employment in the Kouga region then it has to have a presentable infrastructure. The Rivers should be navigable and safe, the Spit must protect the 7.6 kilometres of Canals (a unique feature), the Beach needs to be restored to achieve blue flag status and the revetments converted to sandy dunes; the roads need to be restored, the stormwater drains need to be cleared and maintained, and the sewerage system needs to be converted to water borne to eradicate the serious health risk that exists with 75% of the property serviced by non-water borne sewerage and the frequent/perpetual leaking of these systems into our water resources. The increasing crime in St Francis needs to be addressed using the technology that is available to us today, and that will require the installation of security cameras throughout the area with 24/7 monitoring of all cameras in a Control Centre.

The SRA will in no way set up the SFPO NPC as a surrogate Municipality. This is not its intention. It will work closely with the Municipality in assisting with financing and managing projects in cooperation with the Municipality. We know that the leadership of the Municipality has a daunting task to deliver services to all of the citizens of the Kouga region. We understand the political and economic pressure they face. We do not think that we can achieve real progress if we adopt a threatening role, but instead a cooperative role. It is this spirit of cooperation that underpins this SRA application.

1.2 Vision

The vision for St Francis is to create a World Class Lifestyle Destination.

1.3 Mission

Our mission is to restore our infrastructure to a standard required to support a world class life style destination.

1.4 Goal

Our goal is to achieve our mission over a period of 10 years.

1.5 Diagram Showing SRA Boundaries

The diagram below shows the boundaries of the St Francis Bay area included in the demarcated area that will be subject to the SRA levy.

1.6 Proposed Management Structure

The St Francis Property Owners Association represents the rate payers in the St Francis Bay area. As such it has motivated to the property owners the set up of a Special Rating Area to raise the additional funding required by both the SFPO and the Municipality to restore our infrastructure. The SRA levy will be paid to the SFPO NPC. The SFPO NPC is a Not For Profit Company that has already been set up and is operational.

The SFPO NPC consists of a Board of Directors which includes 5 Directors: Wayne Furphy (Chairman), Christopher Gray, Paul Pezarro, Gert Vorster, Peter Mountford.

The Company's employees consist of Gregory Miller (full-time employee responsible for managing all projects), and Paul Pezarro (part-time contractor responsible for financial management). The office support is provided by the SFPO Association.

The Company has a Technical Committee consisting of property owners who have volunteered their time to oversee the procurement and projects undertaken by the company. This committee consists of: Christopher Gray (Chairman), Craig Northwood (CEO of UWP Consulting Engineers), and Deon Pienaar (Consulting Engineer, GJP International).

The SFPO NPC is currently funded by donations from our property owners. We have collected R4.5m to-date.

1.7 Services

The SNPO NPC will provide both project management services and ongoing service delivery. The project management services will drive the infrastructure restoration projects ie the road restoration, both arterial and streets, storm water drain clearance, and conversion of sewerage from conservancy tanks to water borne sewerage. The service delivery will provide : ongoing river dredging and beach (including the spit) nourishment, and security camera monitoring. The ongoing maintenance of the roads, storm water drains and sewerage system would remain with the Kouga Municipality.

1.8 Financial Impact

1.8.1 Levy Rate Calculation

The rate of the levy is proposed to be 50% of the existing property rates. The justification for this is:

- St Francis is significantly underfunded for the quality of infrastructure the property owners demand. This would also bring the St Francis rates up to an amount comparable to Port Elizabeth
- The infrastructure is so badly worn and neglected that it will take a significant investment to restore it. This is not a maintenance programme, it is a re-capitalisation of the infrastructure
- The restoration needs to happen in a 10 year timeframe and not a 10-20 year timeframe.

1.8.2 Exemption Criteria

There are exemption criteria that need to provide relief for those property owners who simply cannot afford the levy. These include:

- Sea Vista township properties
- Senior citizens who are on a fixed income and request relief from this levy. These applicants will need to be subjected to a means test to verify that their income and wealth cannot bear the additional levy. This means test will be conducted in confidence by a Financial Planner on behalf of the property owner and an assessor on behalf of the SFPO NPC.

1.9 List of all Rateable Properties

The list of rate payers has been provided to the SFPO by the Kouga Municipality on 15 March, 2017.

1.10 Proof of Consent from Rate Payers

1.10.1 **Proof of Consent** : An electronic file and a hardcopy file containing all the proof of consent documents will be submitted once we have collected the consent forms agreeing to the levy from the majority of property owners.

1.10.2 **Public Consultation** : An important part of the SRA (Special Rating Area) application process is the requirement for consultation with the local community who are affected by the SRA. This process began in St Francis Bay in September 2015 when the first meetings were held with residents who were actively involved in leading a number of Associations in St Francis, including the SFBRA's Chairman Nigel Aitken and his Committee, the SFBHOA (Riparians) Chairman Richard Foulds and Louis Fouche, the Kromme Joint River Committee Chairman Norman Dyer, and a group of property owners who were preparing a court action against the Kouga Municipality. The task team of Chris Gray and Wayne Furphy delivered a presentation to these groups. It was agreed that the SFBRA as the Rate Payers Association for St Francis Bay was the appropriate organisation to lead the proposed SRA application.

- **Public meetings**

- Public Meeting # 1 : The first public meeting was held on 25 November, 2015 at The Links. The show of hands indicated an overwhelming support for the proposal to restore our infrastructure, including the River, Beach, Spit, Roads, Storm Water Drains and Sewerage.
- Public Meeting # 2 : The second public meeting was held on 16 December, 2015 at the Bowls Club, and the proposal was accepted by an overwhelming majority by raised hands (180 present with 176 in favour and 4 against the proposal). We appealed for donations to raise the money for the restoration of our infrastructure, prior to committing to an SRA levy application.
- Public Meetings # 3, 4 and 5 : We embarked on a roadshow of 3 public meetings in July 2016, appealing for donations. Public meetings were held in Johannesburg (Inanda Country Club) on 21 July (150 attendees), followed by St Francis (The Links) on 25 July (120 attendees), and Port Elizabeth (Old Greys Club) on 26 July (60 attendees). Overwhelming support was given at each meeting by show of hands.
- Public Meeting # 6 : Our sixth public meeting was held as part of our AGM on 22 December, 2016. By this time it was clear that we were not going to raise the required funding to restore our infrastructure from donations. 80 donors had contributed R4.5m. The feedback we had received from many property owners that the only way to fund the restoration was through a levy applicable to all property owners. The only legal way in which we could do this was through the SRA legislation. We presented this at this public meeting and received an

overwhelming show of hands supporting this proposal. The Kouga Municipality Mayor Elza van Lingen and Councillor Ben Rheeder, both shared the speaker's platform with the SFPO Committee.

- **Electronic Media**

- Websites : The SFPO Association replaced the SFBRA website, with two new websites : one website for the SFPO Association (www.stfrancispropertyowners.co.za) and another for the SFPO NPC (www.npc.stfrancispropertyowners.co.za). We placed all of our SRA information on these sites.
- Facebook : We launched a Facebook campaign to encourage debate and questions and answers.
- WhatsApp : Individual property owners set up a couple of WhatsApp groups to track the progress of the voting. A limited amount of debate has taken place but this media is really not suitable for extensive interaction. It serves the purpose of creating awareness and keeping individuals connected in a group with a common interest.
- Emails : Emails have been used extensively to communicate with property owners. These include :
 - Monthly SFPO Association Newsletter : 15 monthly newsletters have been written and distributed since January 2016 updating all property owners who we have on our SFPO email list.
 - One on one emails answering questions from individuals by Committee members.
 - A number of property owners and residents have assisted with reaching out to property owners and encouraging them to submit their consent forms. Some have written their own emails, compiled voting statistics, etc.
 - Letters have also been sent with month-end statements to a number of the private estates property owners via their Administrators, including all of the Port Village private estates, and the Water Club estate. The letters explain to the property owners the SRA levy and how it will affect them.

- **Telephone**

We set up a Call Centre facility in the office at home (Mrs Lyn Aitken) to call property owners. Mrs Mickey Freund offered to help. We also assembled a team of volunteers including Andrew Bowren, Peter Maskew, Brian Codling and a number of others to phone property owners and encourage them to submit consent forms to the SFPO.

- **Print**
The monthly newsletters have also been printed in three local media : Info Ads (a free monthly publication), St Francis Chronicle (a free monthly newspaper), and St Francis Today (a daily internet based newspaper).
- **Monthly Municipal Rates Account**
We have advertised on the Kouga Municipality monthly account sent to all rate payers, encouraging all property owners to submit their consent forms, starting March 2017.
- **Face to Face Meetings**
 - All Committee members have held many face to face meetings with property owners, individually and in small groups, explaining the SRA proposal.
 - We have been invited to present at meetings with groups of people at the Seniors Golf Day at St Francis Bay Golf Club, the Tennis Club, and the Mens' Business Breakfast at the St Francis Bay Golf Club.
 - We have attended several private Estate AGMs including the Marina Village AGM, The St Francis Court AGM, and the Port Villages' AGM.
 - We have met with the Chairman and several Board members of The Links. We have met with the Chairman of the Rivertide, Candlewoods, and the Kromme River Mouth estates.
 - We have hosted information tables outside the Spar during the Christmas holiday season, and at a number of the Saturday Morning market days.
 - We have received many telephone calls from property owners who were seeking clarity on the SRA proposal.
- **Post**
We have not gone to the expense of using the postal system to reach the property owners, other than via the monthly municipal account for those accounts that are still posted.
- **Posters**
We have used posters extensively to encourage property owners to submit their consent forms. This is obviously limited to residents and visitors to the town. These posters have been placed in various business premises around the town.
- **St Francis Vision 2030**
We initiated and completed a project in which we used the combined brain power of some 40 residents and business owners in St Francis to formulate a Vision for we collectively wanted St Francis to develop into in the next 10-15 years. It was clear from this Vision that if we wanted to realise the potential we had unearthed that we will need to restore our infrastructure.

1.11 Proof of Notice of Public Meetings

To be included.

1.12 Minutes of Public Meetings

To be included.

1.13 Compilation Date

To be included once this document is finalised.

2. Implementation Plan

The Implementation Plan is divided into two phases, the pre-operational phase and the operational phase.

2.1 Pre-Operational Phase

The Pre-Operational Phase covers the period of preparation for the SRA up to 30/06/2017.

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|--|---------------------------|
| a) Gauge preliminary support of Property Owners | Complete (12/2015) |
| b) Research SRA application | Complete (03/2016) |
| c) Set up SFPO NPC | Complete (06/2016) |
| d) Raise initial funding from Donations | Ongoing (started 04/2016) |
| e) Sign KM MOA for Phase 1 of Spit and Beach repairs | Complete (09/2016) |
| f) Hire a Project Manager | Complete (07/2016) |
| g) Establish Cost of Infrastructure Restoration | |
| • Phase1 Spit and Beach | Complete (03/2017) |
| • Phase 2 River, Spit and Beach | In-progress |
| • Roads | Complete (03/2017) |
| • Storm Water Drains | Complete (01/2017) |
| • Sewerage | Complete (12/2016) |
| • Security Cameras | In-progress |
| h) Engage with KM re SRA application | |
| • Initial discussion with Municipal Manager | 05/02/2016 |
| • Sent SRA documentation (from CoCT) to KM | 20/02/2016 |
| • No further response from KM | |
| • Re-engaged with KM on SRA application | 27/10/2016 |
| • Collect Rates information from KM | 15/03/2017 |
| • Calculate proposed levy as % of Rates | 03/04/2017 |
| i) Preparation and submission of SRA application | |
| j) Assess funding options to accelerate the infrastructure restoration | |
| k) KM provide "Conditional" Approval on condition | |
| • Finalisation of Levy % | |

- 50% plus 1 of the vote by property owners for the SRA
- l) KM to write and pass SRA By-Law and SRA Policy
- m) Present SRA submission to Property Owners via
 - Public meeting and vote
 - Email and vote
 - Post and vote
- n) Communicate results to KM to finalise SRA approval
 - Approved : Implement SRA agreement
 - Rejected : Assess the need for the SFPO NPC
- o) Operationalise Levy collection and payment 01/07/2017

2.2 Operational Phase

The Operational Phase starts on 01/07/2017.

- 1) Phase 1 of Spit and Beach repairs
- 2) Phase 2 River/Spit/Beach Engineering Solution selection
- 3) Phase 2 River/Spit/Beach Implementation
- 4) Arterial Roads restoration
- 5) Street Committee driven road restoration
- 6) Stormwater drain maintenance
- 7) Sewerage conversion to water borne
- 8) Security Camera Implementation

3. Term Budget

The budget attached is still a work in progress.



Term
Budget.01.04.2017.xls