

19/12/2014

BUSINESS PLAN OF THE URBAN IMPROVEMENTS PRECINCTS (RF) NPC

For the period July 2015 to end June 2016

1) DESCRIPTION OF BUSINESS

The Urban Improvements Precincts is a Section 21 Company established to improve the quality of life in specifically defined areas and includes activities such as additional security, street and pavement sweeping, the clearing of litter, improved street lighting and sound landscaping. Any issue that may improve the value of the landlord's property or the lifestyle of the client, whether owner or tenant, will be tackled.

The UIP Company has three Special Rating Areas under its control, namely;

A) THE CBD PRECINCT

The Area bordered by Anton Lembede (Smith), Dr Yusuf Dadoo (Grey/Broad), Monty Naicker (Pine), and Dorothy Nyembe (Gardiner) Streets

Main Criteria -To provide 19 security Crime Monitors plus a control room, operational under the charge of a Security Manager.
-To provide two shifts of 10 cleaning personnel, working under supervision of a Manager and an Assistant Manager.

B) THE NORTH EAST BUSINESS PRECINCT

The area bordered by Soldiers Way, Dr A B Xuma (Commercial), Florence Nzama (Prince Alfred) and Bram Fischer (Ordinance) Roads.

The area bordered by Soldiers Way, Bram Fischer (Ordinance), Sylvester Ntuli (Brickhill) and K E Masinga (Old Fort) Roads.

The area bordered by Dorothy Nyembe (Gardiner) Street, Margaret MnCadi Ave (Victoria Embankment), Beach Walk and Anton Lembede (Smith) Street.

Main Criteria. To provide 5 patrolling security Crime Monitors.

C) THE SOUTH BEACH PRECINCT

The area bordered by Rutherford, Gillespie, Dr Pixley Kaseme (West Street) and the O R Tambo (Marine) Parade.

Main Criteria - To provide 7 security patrolling guards working under supervision of a Supervisor.
- To provide one shift of 6 cleaning personnel working under management.

2) **MARKETING STRATEGY**

A) Target Market

- Ratepayers- consisting of a mix of residential, commercial and business.
- Occupiers- owners, tenants or managing agents.
- General public - to increase awareness of safety and cleanliness and to encourage visits to the CBD.
- Potential new areas within the city centre area

B) Strategies Employed to interact with Members

- Monthly SRA meetings are held with ratepayer representatives and service providers in each of the Precincts. Agendas and minutes are circulated via email and hard copies in other instances.
- Attend various meetings across the spectrum held by the SAPS, Metro Police, iTrump, Business Support, Architectural Services, DSW and other eThekweni Municipality departments as well as the Durban Chamber of Commerce.
- SRA “Window Stickers” application continues as a public relations exercise, to facilitate emergency contact and to establish a common identity.
- The print media such as newspaper advertising and editorials are often used to promote.
- The UIP News Letter, “Your UIP” is distributed to ratepayers and tenants every two months, to educate, inform and promote.

The December 2014 News Letter constitutes our 37st issue.

- When necessary flyers are produced to educate and promote a cause which can be specific to a precinct or in general.
- Our website www.uipco.co.za is operational to educate, communicate and as a source for reports and information.
- Public relations and courtesy calling undertaken with existing and potential clients.
- Open door policy.

C) S.W.A.T. Analysis

a) Strengths:

- Successful history of operation of the three UIP Precincts having been in existence for 14 years.
- Capacity of management team. – Diversity of experience.
- Areas are contained by borders facilitating control of crime and grime.
- Quality of lifestyle of ratepayers and tenants improves.

- Focus is also on maintaining or improving property values of rate payers.
- Services to rate payers is diverse and includes security, lighting, landscaping, malfunctioning of traffic lights, potholes, improvements to pavements, replacement of drain covers and DB covers, fencing requests, rubble and refuse removal, all of which are some examples of activities the UIP is involved with.
- Direct liaison with Municipal Departmental Operational Managers to ensure speedy assistance on snag reports. Contact with UMZ staff simultaneously ensures snags are logged, referenced and acted upon.
- Monthly meetings with client base where our contractor's, and representatives from Business Support, DSW, Metro Police and SAPS ensure issues are dealt with speedily and efficiently.
- Daily liaison with all contracting service providers to ensure results.
- Assistance readily available from the SAP and Metro Police to advise clients of events as they unfold.
- Direct liaison with CCTV control room.
- Visible policing and cleaning.
- We are a Top-Up Organisation: We are in addition to DSW, Metro and SAPS personnel in the area. We have to ensure they are in place and not that we are replacing them!
- We continue with our efforts of making the City more attractive to entice tourists.
- Strict procedural controls in place by the Treasury.
- The extent of services rendered in each Precinct is dependent on the budgets.

b) Weaknesses:

- Potential New Areas:

Time lag to set up new areas. The Procedure is long and cumbersome taking approximately 2 years to set up.

Difficulty in setting up new residential areas. 66% in number and 51% in value approval required from rate payers base. Many owners do not reside in the area of investigation and the data base of residential addresses received from the Municipality continues to have 4.5% margin of error.

Apathy of the Ratepayer. They believe their existing rates should cover Metro Police Protection and DSW cleaners.

No Incentives by the Municipality. The municipality encourages UIP formations but offer no incentives.

Residential negative influence; Market Research to-date reveals residential nodes as non supporters with emphasis for new SRA's rather to be placed on commercial and retail entities that require only a 51% rates approval with residential owners being zero rated.

- The contribution by each ratepayer to the UIP depends on the precinct budget and the "factor" that is calculated by the Treasury, based on municipal market valuations. Contributions by owners of high value buildings can exceed value of the

services offered.

- With the grant-in-aid (rates receipts) calculations being based on market valuations done in February, and corrections to Valuation's undertaken in June, the negative impact on the budget can have serious implications resulting in budget shortfalls. This in turn leads to cost cutting, which can have a great impact on the operational side of the SRA's because invariably the number of guards in the affected precinct have to be reduced.
- Lack of any real assistance from the Treasury in recovering or investigating arrears.
- Apathy of general public to attend and participate at meetings.
- Difficult financial constraints particularly with owners of residential units who are battling to survive.
- Rates collections by the Treasury occur one month and are paid over the next, resulting in rates initially having to be collected and paid over by the Treasury before cleaning and Security contracts can commence with a new SRA.
- Metro Police and DSW take areas for granted and tend to reduce their workforce in these precincts.
- Outside service providers such as Metro Police, SAPS and Municipal employees often lack dedication and conviction and constantly blame capacity levels as their excuse for poor results and non attendance at UIP Precinct Meetings. They are often incapable of providing the solution, such as effective enforcement of bylaws.(Illegal Traders)

c) Opportunities:

- New Areas to expand the UIP brand.
- Increase public awareness by means of branded marketing and visible policing and cleaning.
- Educating the public, owners and tenants on the benefits of what the UIP has to offer.
- Improve UIP Management Liaison with the Municipality to provide better service delivery and ensure continuous precinct up-grading which has been lacking.
- Just introducing a task force to keep the illegal traders out of the inner city will have a major impact on the cleanliness and safety. Over the years the municipality has been short sighted in this regard.

d) Threats:

- Operate In a market where ratepayers feel the municipality should be taking care of these services at their cost rather than at the cost of the rate payers. Many owners are therefore negative.
- The threat of dissolution exists. A 51% majority vote is required.
- Competition from the security industry.
- Priority Zones\Urban Management areas being established and expanded by the Municipality at no additional cost to Rate payers.
- Rate payers continuously airing their frustrations, expecting the UIP to be the effective force because of the inability of Metro Police and SAPS to take control, especially with the bylaws and liquor licensing of establishments that should not be in

existence.

3) GOALS AND OBJECTIVES

3.1 Goals in first 6 months.

Municipal support at ground level once again remains a priority but every effort will be made in establishing a representative within the municipal management structure that will have the necessary authority to assist the UIP in upgrading the inner city and bring about change to enforce the necessary bylaws.

- Maintain levels of service from existing service providers with regular liaison and spot checks to ensure visibility.
- With the above contracts terminating at the end of June 2015, tender/quotation documents must be sent out in February 2015.
- Continue with the UIP Window Stickers Promotion.
- Encourage retailers, commerce and residential flats to take ownership of their pavements.
- To initiate a greater attendance at SRA meetings by actively calling on all premises in the precincts.
- To ensure all UIP contractors display their corporate and UIP embroidered logos on their overalls or uniforms at all times.
- Continue to get greater co-operation from DSW and Business Support to get the city cleaner.
- To get illegal trader by-law enforcement by Metro Police in place in so doing get the pavements back for the pedestrians.
- With our UIP website now operational we know have to concentrate on getting our face book page operational and effective.
- To appoint a Personal Assistant.

3.2 Goals for the year.

- To continue building a positive relationship with clients in terms of satisfying business needs.
- To run a slick transparent UIP operational system.
- To ensure new or renewed cleaning and security contractors are fulfilling requirements and to establish whether additional training should be undertaken.
- To establish a network of better communication with outside service providers such as SAPS, Metro Police, DSW, iTump, Business Support and other municipal employees and to improve their attendance levels at monthly meetings.
- To react immediately and positively when assistance is sought.
- Ensure the Newsletter remains interesting, informative, educational and effectively distributed.
- To pursue better by-law enforcement across all levels.
- To ensure our website www.uipco.co.za is kept fresh and updated.
- To improve the SRA's Client base from a physical to an electronic communication process.

- To have municipal structures in place that supports the UIP concept and can be held accountable.

4) **ORGANISATIONAL STRUCTURE**

Management: The General Manager Colin Burnett reports to the Chairman Denis Cockhead, the Vice Chair Okkert Brits, as well as the balance of the board of directors comprising Amarnath Hurjan, Visvanathan Naidoo, Ebrahim Vadachia, Ettiene Erlank and Riaz Osman.

Because of the workload, and a need to expand, the Board has taken the decision that an operational employee will join the Urban Improvements Precincts (RF) NPC, during the course of the first six months of 2015.

Special Rating Areas Chairpersons

The Central Business District Precinct Committee will continue to be chaired by Colin Burnett until a suitable replacement is found.

Provision has also been made for this person to join the board if suitable.

The North East Business District Precinct Committee is chaired by Okkert Brits, GM of the City Lodge Durban.

The South Beach Precinct Committee is chaired by Ebrahim Vadachia, Chairman of Mt Blanc and Vice Chair of the South Beach CPF.

Our SRA Municipal coordinators are Kevin Abbott (Policy) and Nerisha Pillay (Finance).

The General Manager works closely with the Chairman and Service Providers in the various SRA's, whose needs vary according to the location and type of operation.

Assets- The office is central to all three Special Rating Areas, and is located at 2209 Embassy Building, 199 Anton Lembede Street, Durban.

The office is home to two desks, five chairs, two bookcases, a wooden cupboard, a fridge, a steel filing cabinet, a desktop computer and 4 in 1 printer.

A Reserve Fund of less than 30% of budget need is maintained.

5) **FINANCIAL PLAN**

PLEASE REFER TO THE BUDGETED INCOME AND EXPENSE SCHEDULES FOR THE 2015/2016 FINANCIAL YEAR, DATED 19th DECEMBER 2014 AS ATTACHED.

A) Method of Financing:-

The financing for the 2015/2016 financial year will take the form of contributions by means of assessed rates revenue and from interest earned on the Money Market.

Liaison with the Treasury on financial issues remains a challenge regarding the timely pay-over of rates collected the previous month, as well as the lack of assistance given with establishing the reasons for the arrears as well as non receipts of assessed rates over the years. This poor service will be taken up with more senior management early in 2015.

With Council setting a maximum ceiling of 30% to budget for any reserves, our limit of R2, 502,900 will not be reached.

When considering the proposed consolidated 9.87% increase requested from Council, applicable to the Grant in Aid (assessed rates receipts) for the 2015/16 financial year, various factors need to be taken into consideration.

These are:

- 1) Once again the 2014\2015 budget request had to be reduced by R350,000 which affected the CBD as a result of reduced Market Valuations taking effect between February and June 2014. This impacted severely on the CBD operation resulting in our compliment of Crime Monitors having to be reduced by three from 22 to 19 in that precinct.
- 2) The employment of a Personal Assistant for which R156,000 has been allocated. This represents 2.1% of the consolidated increase.
- 3) The introduction of a "Arrears Reserve" (Bad Debt) of R110,000 to stop the drain on the Money Market. This represents 1.46% of the consolidated increase.
- 4) The balance of 6.31% is applicable to the rest of the administration and contractor increases

Accordingly, as requested in our attached Budgeted Income & Expense For The 2015/2016 Financial Year, a Total Grant increase (assessed rates) of 9.87% (R742,580) is requested, with individual Precinct increases reflected as:

CBD	:	9.65%
NEB	:	10.36%
SBP	:	10.11%

It should be noted that all ratepayers were made aware of the annual increase in percentage and rand terms in letters sent out on 1st September 2014, with the majority indicating their support.(Only two objections)

- B) Investment Account:- Since the establishment of the Urban Improvements Precincts company in July 2000, an accumulation of funds over this period has resulted in the Current Money Market Reserve of R1,674,000 at the 30th November 2014.
 - C) Capital Financing: - Not required.
 - D) Major Contracts: - All service provider contracts terminate on 30th June 2015. Through the normal tender/quotation Process, new three year contracts, renewable annually will be awarded for the period July 2015 to June 2018.
 - E) Monthly Expenses: - Management Accounts reflecting the consolidated position and for each SRA are produced monthly and year-to-date
 - F) Matters Raised by Members:- A Monthly Report is compiled.
 - G) Audited Financial Statements - The 2013/2014 Audit was completed in September 2014 by SPN Auditors and Accountants, and signed Annual Financial Statements are attached hereto.
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