

Executive Summary:

The Ilisolethu Improvement District is a novel and innovative approach to management and development in the district, which will positively impact Ilisolethu. The tailor-made improvement district will benefit Ilisolethu by fulfilling activities in a realistic and timely manner. In South Africa, many CIDs and Special Rating Areas (SRAs) exist in metropolitans and other large cities and towns. The backbone of these improvement districts is strong investors who contribute to an area's management through financial contributions and the provision of municipal top-up services.

Currently, in Thembalethu, there is a shortage of investors, and the existing ones cannot single-handedly take up all the duties and functions of an improvement district. Therefore, the need for alternative income streams motivated the George Local Municipality to support the development of the Ilisolethu Improvement District (IID). The IID differs from a traditional CID since it will generate revenues from multiple income streams, not dedicated levies from property owners.

The improvement district will have five core powers and functions:

1. Coordination of community interventions:

- Safety and security
- Urban management
- Local economic development
- Sports and recreation
- Social and human development

2. Report operational infrastructure issues:

- The improvement district will assist the local municipality in reporting on operational infrastructure issues. In collaboration with community members, the IID will keep a record book to record infrastructure issues as they arise.

3. Manage selected facilities:

- The management of these facilities will include taking responsibility for the operation of the facilities.

4. Facilitate new investment:

- The IID will recruit and propose potential investors to keep the vibrancy and growth of Thembalethu's local economy.

5. Events management:

- The company will host various events at pre-determined intervals and dates, as set out by the company or the community. The company will manage, fund, and support these events to generate income.

The graphic below illustrates the Ilisolethu Area Management Strategy (AMS) positioning within the overall project milestones. The AMS offers a cross-sectional management tool for the entire project.

1	 An investment plan ▪ Draft a precinct plan ▪ Investment plan for the precinct
2	 Area management strategy ▪ Develop a funding model and management which addresses each project. ▪ Identify streams of funding
3	 Urban Design Framework: Site development plan and land configuration ▪ Conduct technical studies and applications
4	 On-going project management actions.

AREA MANAGEMENT POCKETS:

As shown in the two maps to the right (Figures 22 and 24), the Thembalethu Precinct is divided into six Area Management Pockets and has each been allocated a director and an overall support committee.

Upon completion of the management structure, each director, in collaboration with the management support committees, must identify projects and initiatives which will apply to their area management pocket. The extract below gives an example of what a particular area management pocket plan would look like.

Local economic development, as well as social and human development interventions, will be included. All directors must work together to identify projects and initiatives in facilitating these interventions to avoid working in silos and ensure that the outcomes benefit the whole community.

DIVERSIFIED INCOME STREAMS:

The IID differs from other improvement districts because it generates its own revenue. The following potential income streams for the IID to sustain itself financially have been identified:

1. **Sponsors** (Corporate, Public or NGO)
2. **Recreation and entertainment**
 - Park runs
 - Events management: Markets and events
3. **Outdoor advertisements**
 - Billboards (Iconic multi-purpose and standard)
 - Street Furniture (benches, trash bins, bus shelters, cycle racks, pedestrian crossings, pedestrian walkways)

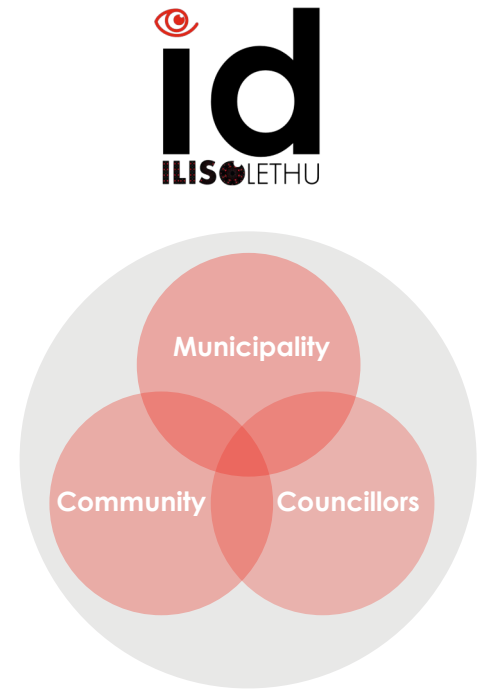


Figure 22: Area management pockets



Figure 24: Management example

CORE IMPERATIVES AND OPERATIONAL STRUCTURE

In constituting the IID, there are several core imperatives that all stakeholders must abide by to ensure the longevity and success of the company. These core imperatives are illustrated to the right in the figure.

The figure represents the operational structure to the left, as all three parts are based on sound legislative compliance. Municipalities, councillors, and the community are equally accountable throughout.

	Buy-in and support from all role players Having committed role players who buy into the company's vision, purpose, and roles will ensure steadiness. Conversely, role players who do not buy into the company can hamper development and make the IID a burden instead of a tool. In this case, the identified role players are the directors, management support committee, municipality, councillors, and community.
	Leadership The improvement district must function at the level of excellent and practical leadership. As John C. Maxwell said: "Everything rises and falls on leadership". This quote emphasises the need for good leadership because nothing works without it. One way of realising this is by having the municipality choose the directors, CEO and PA.
	Democratic process A democratic process will distribute the power and give ordinary civilians a say. Moreover, following a democratic process will gain the community's support and create a sense of belonging. The benefits of this are twofold. First, the community will likely buy into a process when they feel represented. Secondly, directors and management support committees will not make big decisions without the community's involvement, ensuring further representation and success.
	Transparency Transparency within the IID context means that the company acts openly and honestly. In this context, all activities should be trustworthy enough to bear public scrutiny. If the company is transparent, it can be held accountable by the community and the municipality, facilitating appropriate conduct.
	Fair representation The composition of the company's management must represent all community members' interests fairly, in good faith and without discrimination and negligence. Fair representation ensures limited bias and that individual interests do not dominate the company.
	The will to make it work All role players must support the improvement district and have the will to see it succeed. Without this commitment, there is a risk of the improvement district underperforming, failing to expand or being unable to attract investors.

Ilisolethu Area Management Strategy

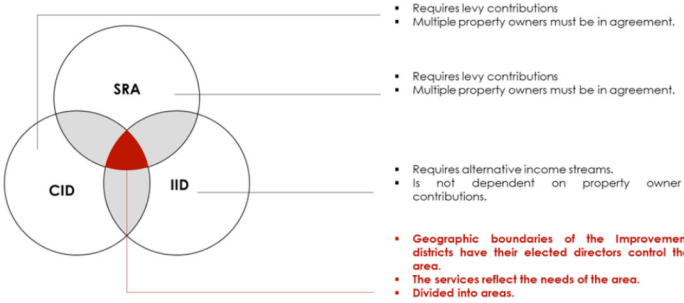
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Key Information:

In a similar vein to a Central Improvement Districts (CIDs), the Ilisolethu Improvement District (IID) operates as a non-profit organisation under the guidance of a board of directors. Despite this, the CID in the Ilisolethu district is struggling to secure funding from private owners who are wary of the lack of investors. In light of this, the IID will create a Section 21 organisation to generate profits and elect a Board of Directors from various sectors within the district.

The Ilisolethu Area Management Strategy positions the Ilisolethu Improvement District as an instrument for managing the area under study. The proposal suggests a new outlook for improvement districts in a neighbourhood like Thembalethu, thereby committing them to a set of functions to fulfil tasks that typical SRAs and CIDs would perform.

The diagram below illustrates the commonalities and distinctions between the IID and other forms of improvement districts.



Project Details:

Location:	Western Cape
Time-frame:	12 months
Project lead:	Reinier Minny, Annemarie Loots
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Project Sponsor:	Department of National Treasury
Client:	George Municipality

