



REVISED AGENDA
STANDING POLICY COMMITTEE ON FINANCE
PUBLIC MEETING

Wednesday, December 2, 2015, 2:00 p.m.

Council Chamber, City Hall

Committee Members:

Councillor T. Paulsen, (Chair), Councillor A. Iwanchuk, (Vice-Chair), Councillor C. Clark, Councillor R. Donauer, Councillor E. Olauson, His Worship Mayor D. Atchison (Ex-Officio)

Pages

1. CALL TO ORDER

1.1 Confirmation of Chair and Vice-Chair

At the December 1, 2014 meeting of the Standing Policy Committee on Finance, the Committee resolved:

1. That the appointment of Councillor Paulsen as Chair of the Standing Policy Committee on Finance until December 2015 be confirmed; and
2. That the appointment of Councillor Iwanchuk as Vice-Chair of the Standing Policy Committee on Finance until December 2015 be confirmed.

City Council, at its Organizational Meeting on November 23, 2015, confirmed the following appointments for 2016:

Standing Policy Committee on Finance

- Councillor Clark
- Councillor Donauer
- Councillor Iwanchuk
- Councillor Olauson
- Councillor Paulsen

Recommendation

That the Standing Policy Committee on Finance appoint a Chair and Vice-Chair for 2016.

2. CONFIRMATION OF AGENDA

Recommendation

- 1. That the attached report be considered Urgent Business; Incentive Application - Gemini Freight Systems Inc.; and
- 2. That the agenda be confirmed as amended.

3. DECLARATION OF CONFLICT OF INTEREST

4. ADOPTION OF MINUTES

Recommendation

That the minutes of the Regular Meeting of the Standing Policy Committee on Finance held on October 5, 2015 be adopted.

5. UNFINISHED BUSINESS

6. COMMUNICATIONS (requiring the direction of the Committee)

6.1 Delegated Authority Matters

6.2 Matters Requiring Direction

6.3 Requests to Speak (new matters)

7. REPORTS FROM ADMINISTRATION

7.1 Delegated Authority Matters

- 7.1.1 **Prairieland Park Taxation Exemption (Files CK. 1965-1, AF. 1920-2 x 1965-1)** 6 - 7

Recommendation

That the information be received.

- 7.1.2 **Specific Property Inspections and Information Gathering (Files CK. 1625-1 and AF. 1625-1)** 8 - 10

Recommendation

That the information be received.

7.2 Matters Requiring Direction

- 7.2.1 **Offer to Lease - Mendel Building (Files CK. 620-4 x 600-3, and CS. 600-1)** 11 - 15

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That an Offer to Lease Agreement between the City of Saskatoon and the Children's Discovery Museum on the Saskatchewan Inc. for a portion of the Mendel Building based on the terms as set out in the December 2, 2015 report of the General Manager, Corporate Performance Department be approved; and
2. That the City Solicitor be requested to prepare an appropriate agreement that is based on and consistent with the Terms and Conditions of the Offer to Lease Agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

7.2.2 Landfill Waste Handling Dozer - Award of Request for Proposal (Files CK. 1390-1 and AF. 1390-1) 16 - 18

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Request for Proposal for a Landfill Waste Handling Dozer be awarded to Finning (Canada); and
2. That Purchasing Services, Asset and Financial Management Department, be authorized to issue the appropriate Purchase Order to Finning (Canada) for the procurement of the Landfill Waste Handling Dozer.

7.2.3 SREDA - Business Incentives 2015 Tax Abatements (Files CK. 3500-13, AF. 3500-1 and AF. 1965-1) 19 - 22

Recommendation

That the Standing Policy Committee on Finance recommend to City Council that the tax incentive abatements as determined by the Saskatoon Regional Economic Development Authority (SREDA) be approved.

7.2.4 Land Exchange with Harris Steel Group Inc. (Files CK. 4020-1 x 6050-10, AF. 4020-1 x 6050-1, and LA. 4024-012-007) 23 - 27

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Administration be authorized to enter into a land exchange with Harris Steel Group Inc. as per the terms noted in the report of the CFO/General Manager, Asset & Financial Management, dated December 2, 2015; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

8. URGENT BUSINESS

8.1 Incentive Application - Gemini Freight Systems Inc. (Files CK. 3500-13 and AF. 3500-1)

28 - 31

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the application from Gemini Freight Systems Inc. for a five-year tax abatement on the incremental portion of taxes at 2420/2610 11th Street West, as a result of its expansion in 2016, be approved as follows:
 - 100% in Year 1
 - 80% in Year 2
 - 70% in Year 3
 - 60% in Year 4
 - 50% in Year 5
2. That the City Solicitor be instructed to prepare the appropriate agreements.

9. MOTIONS (notice previously given)

10. GIVING NOTICE

11. IN CAMERA AGENDA ITEMS

Recommendation

That the Committee move In Camera to consider items 11.1 to 11.9.

11.1 Additional Fees (Files CK. 1610-9 and AF. 1610-1)

[In Camera - Economic, Financial and Other Interests]

- 11.2 **Audit Matter (File CK. 1610-9)**
[In Camera - Economic, Financial and Other Interests]
- 11.3 **Internal Audit (File CK. 1600-17)**
[In Camera - Audits and Tests/Economic, Financial and Other Interests]
- 11.4 **Internal Audit (Files CK. 1600-3 and AF. 1600-1)**
[In Camera - Audits and Tests]
- 11.5 **Land Matter (Files CK. 4215-1 and RS. 4000-3)**
[In Camera - Economic/Financial - Land]
- 11.6 **Land Matter (Files CK. 4020-1 x 6050-10, AF. 4020-1 x 6050-1, and LA. 4024-012-001)**
[In Camera - Economic/Financial - Land]
- 11.7 **Land Matter (Files CK. 4110-44 x 4131-1, AF. 4131-1, LA. 4131-16 and LA. 4131-26)**
[In Camera - Economic/Financial - Land]
- 11.8 **Land Matter (Files CK. 4131-1, AF. 4131-1 and LA. 4131-11)**
[In Camera - Economic/Financial - Land]
- 11.9 **Land Matter (Files CK. 4131-32, AF. 4131-1 and LA. 4131-30)**
[In Camera - Economic/Financial - Land]

12. ADJOURNMENT

Prairieland Park Taxation Exemption

Recommendation

That the information be received.

Topic and Purpose

The purpose of this report is to provide information regarding the status for taxation purposes of the property occupied by Saskatoon Prairieland Corporation (Prairieland Park), including Sports on Tap.

Report Highlights

1. *The Cities Act* governs the assessment and taxation of properties within the city.
2. Prairieland Park is exempt from taxation under provisions of *The Cities Act*. The exemption includes Sports on Tap, which is a business wholly owned and operated by Prairieland Park.

Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the assessment and taxation of properties in the City of Saskatoon (City) is open, accountable and transparent and follows the requirements of *The Cities Act*.

Background

At its meeting on September 29, 2014, City Council, when considering the Boundary Alteration Proposal report, approved, in part:

- “2. That the Administration report to the Standing Policy Committee on Finance regarding the assessment issue at Prairieland Park including specific reference to Sports On Tap.”

Report

The Cities Act provides exemptions from taxation for specified property types. An exemption from taxation is given to tax exempt organizations that occupy another exempt organization’s property.

Prairieland Park is a non-profit corporation established as an agricultural society in 1886. Since 1911, it has occupied the land which is owned by the City. Currently, there is a 50-year land and building lease in place between Prairieland and the City that expires in April 2045.

Properties of agricultural societies are exempt from taxation under *The Cities Act*. Likewise, *The Cities Act* exempts property owned by the City from taxation. For this reason, Prairieland Park is exempt with respect to the property it leases from the City.

Sports on Tap is fully owned and operated by Prairieland. Therefore, it is covered by Prairieland Park’s exemption.

Prairieland Park Taxation Exemption

Other Considerations/Implications

There are no policy, financial, environmental, privacy or CPTED implications or considerations, and there is no due date for follow-up or completion.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Darcy Huisman, City Assessor
Reviewed by: Shelley Sutherland, Director of Corporate Revenue
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial
Management Department

Prairieland Park Exemption_Dec 2015.docx

Specific Property Inspections and Information Gathering

Recommendation

That the information be received.

Topic and Purpose

The purpose of this report is to provide the Standing Policy Committee on Finance with the results of the review and planned inspections of places of public worship, which were completed at the end of September 2015.

Report Highlights

1. Property inspections and/or further review of identified properties have been completed.
2. Properties that were once tax exempted as places of public worship but are no longer being used for that purpose will be assessed as taxable.

Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the assessment and taxation of properties in the City of Saskatoon (City) is open, accountable and transparent.

Background

Properties are exempt from taxation if they meet criteria outlined in legislation. Legislation states that a place of public worship is exempt from taxation if it is owned by a religious organization and used as a place of public worship. It also states that the exemption does not apply to any portion of the property that is used as a residence or not used as a place of public worship.

At its meeting of June 1, 2015, the Standing Policy Committee on Finance considered a report from the CFO/General Manager, Asset and Financial Management Department, outlining the progress of the church review. It was resolved that the Administration submit a follow-up report to the Standing Policy Committee on Finance in October or November, 2015.

Report

Inspections and further review has been completed of 49 properties where information provided by the owner did not match current assessment records or where no response was received to the questionnaire which was mailed in April 2014 to owners of these properties.

Specific Property Inspections and Information Gathering

The purpose of the review is to ensure that the assessment records are accurate and to identify uses within the property that are unrelated to public worship. The review has identified:

- Five properties which have commercial occupants and/or uses which are taxable; and
- Six properties which have residential components that are either taxable or require changes to their taxable and exempt amounts.

Necessary changes to the eleven (11) properties will be implemented for the 2016 Assessment Roll.

Public and/or Stakeholder Involvement

Public involvement will be limited to the properties where their taxable assessment or tax status is changing.

Communication Plan

Properties which tax status is changing will be contacted directly by the Assessment Section. Frequently Asked Questions (Attachment 1) about the City's re-inspection of church properties will be available on the City's website.

Financial Implications

The anticipated changes will result in an increase of approximately \$55,000 in taxes levied in 2016.

Other Considerations/Implications

There are no policy, environmental, privacy or CPTED implications or considerations.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Frequently Asked Questions – 2015 Specific Church Property Re-inspections and Data Gathering

Report Approval

Written by: Darcy Huisman, City Assessor

Reviewed by: Shelley Sutherland, Director of Corporate Revenue

Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management

Assessment_Churches_Dec 2015.docx

FREQUENTLY ASKED QUESTIONS

2015 Specific Church Property Re-inspections and Data Gathering

Are properties owned by a religious organization and used as a place of public worship *still* exempt from property taxation?

- Yes. Places of public worship, and associated land owned by a religious organization, are eligible for tax exemption subject to the specific conditions and limits set by provincial legislation through *The Cities Act*.

Why did the City undertake the re-inspection of church properties?

- The City is required to prepare an assessment for all properties so that the property characteristics which are used to create the assessment values are correct. The foundation for correct assessments is accurate property records.
- Most places of worship have not been inspected for many years. Even though these types of properties may be exempt from taxation, there is still a requirement that the assessment values be accurate.
- A physical inspection of the church property, if necessary, will enable the City to prepare accurate assessment with the most up-to-date property characteristics.

Why does the City ask about “any other uses” for the property?

- The City needs to ensure that the current use of the property meets the legislative requirements that provide for exemptions from property taxation. For church properties, this means that any portion of the property not used to support public worship is potentially taxable.

What was the process involved for a church re-inspection?

- Assessment appraisers conducted a cursory physical review of the physical characteristics of the properties from the office. If there were inconsistencies in the data, the property was identified for a physical inspection.
- A questionnaire was sent to all properties in the group. The questionnaire was designed to gather information related to activities that take place in the property. Those properties where activities were listed as not being directly related to the primary use of the property, as a place of worship, were identified for physical inspections. In addition, properties who did not respond to the questionnaire were identified for physical inspections.
- If notable changes or inaccuracies were found during the inspection, the assessment appraiser was required to update the property record.
- Some property records were reasonably up to date, while others required updating.
- The questionnaire, combined with the physical inspections assisted the Assessment Section in determining the use of the property and the accuracy of the physical data.
- The Assessment Section completed the re-inspection of church properties in September 2015.

Offer to Lease – Mendel Building

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That an Offer to Lease Agreement between the City of Saskatoon and the Children’s Discovery Museum on the Saskatchewan Inc. for a portion of the Mendel Building based on the terms as set out in the following report be approved; and
2. That the City Solicitor be requested to prepare an appropriate agreement that is based on and consistent with the Terms and Conditions of the Offer to Lease Agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

Topic and Purpose

The purpose of this report is for the Administration to receive approval to present an Offer to Lease the Mendel Building at 950 Spadina Crescent East to the Children’s Discovery Museum (the Museum).

Report Highlights

1. An Offer to Lease agreement, with the Museum as the proposed tenant, has been prepared as the next step in the Mendel Building re-use process.
2. The Museum Tenant Area is approximately 2300m², for use as a space for exhibits, programming, events, offices, a retail shop and café.
3. The Mendel Building common area in the form of the lobbies and washrooms will be used and operated jointly by the Museum and the City of Saskatoon (City).
4. The start date for this lease is not yet certain as it is dependent on the opening date for the Remai Modern Art Gallery. This Offer to Lease is being brought forward at this time to enable the Museum to secure funding based on certainty that they will be the Mendel Building tenant.
5. Terms of donor solicitation and recognition are included in the Offer to Lease.

Strategic Goals

Re-use of the Mendel Building supports the Strategic Goals of Asset and Financial Management, Quality of Life, and Sustainable Growth. An alternate source of revenue is proposed to pay for ongoing operations of the building. Expenditures are directed towards amenities in neighbourhoods to enhance and protect property values and to encourage private investment. Winter city activities are proposed. The project supports the City Centre as a cultural and entertainment district and preserves the character of the Mendel Building as a heritage structure.

Background

At its meeting on August 21, 2014, City Council approved the business plan prepared by the Children’s Discovery Museum on the Saskatchewan Inc. and resolved:

- “2. That the City of Saskatoon (City) enter into an Agreement to Lease subject to the general terms and conditions outlined in this report.

3. That the City enter into an agreement for program services with the Museum subject to the general terms and conditions outlined in this report.”

The report identified that the general terms in the Offer to Lease are to include:

- a requirement to meet annual milestones;
- the lease rate structured to match the Civic Building Comprehensive Maintenance (CBCM) reserve contribution; and
- donor recognition to follow the precedent set with the Gordon Howe Bowl project.

Consistent with direction from City Council (August 2010), the City maintains ownership of the building and grounds and the Conservatory will remain under the management and operation of the Parks Division.

Report

Approval of the Offer to Lease is Recommended

The area defined for the tenant in the Offer to Lease is approximately 2,300m², for use as a space for exhibits, programming, events, offices, a retail shop and café. The Mendel Building common area in the form of the lobbies and washrooms will be used and operated jointly by the Museum and the City of Saskatoon (City).

Terms of the Offer to Lease

Noteworthy details of the Offer to Lease are as follows:

- Lease term: 10 years, with the base rent re-set at 5-year intervals to align with the CBCM Program assessments.
- Annual base rent: Lease for the Museum tenant area and a portion of the lobby in 2017 is \$135,000, with a 3.5% annual increase, (on average) over the 5-year interval.
- Parking: The Museum shall have access to parking on the east side of the building, at a rent to be determined.
- Lease Possession Date: The City shall give the Tenant six months advance notice of the actual date that the Premises will become vacant, and then the City and the Tenant shall agree upon a Possession Date.
- Fixturing Period: A Fixturing Period for twelve months from Possession Date is included in order to complete renovations to the building. This means that the Museum does not pay rent, but it is responsible for occupancy costs such as utilities and insurance.
- Occupancy Costs: The Museum shall be responsible for paying its proportionate share of occupancy costs, including utilities and building insurance.
- General Maintenance: The Museum shall pay for non-capital expense items that would generally entail regular maintenance and general expenses within the CDM area.
- Capital Expense Items: The City shall pay for capital expense items, as part of planned regular maintenance, greater than \$5,000 from the CBCM program.
- Property taxes: The City of Saskatoon shall continue to pay property taxes.
- Tenant Alterations: City approval is required.

- Sublease: The Museum must occupy at least 51% of the premises, and can sublease portions of the building to complementary users.
- Progress evaluation: The agreement outlines a requirement to meet milestones and ramifications if they are not met prior to the finalization of the Lease.
- Option to Renew includes one additional 10-year term.
- Naming and Sponsorship: The Museum is not seeking to rename the Mendel Building. Their intent is to offer naming rights for the Children’s Museum Organization and Program (e.g. MegaCorp Children’s Museum, BigInc KidSpark, MrBig’s Museum of Curiosity, etc.). The Museum would operate and display signage (both inside and outside the Mendel Building) based on the donor naming rights. The Children’s Museum would still be located within the Mendel Building, but the name of the Children’s Museum would not have to include “at the Mendel Building”. The Museum shall:
 - have the ability to negotiate naming rights and sponsorships for assets and facilities within the tenant area of the Mendel Building;
 - offer naming rights for specific galleries or exhibits within the facility, or offer sponsorship of specific programming;
 - have the ability to negotiate these agreements and may include terms of up to 20 years, subject to the term of the Lease, and for amounts greater than \$100,000;
 - have the ability to prepare and execute the necessary agreements, in consultation with the Administration; and
 - have the ability to extend or renew necessary agreements at the end of a term.

Options to the Recommendation

City Council may choose to modify terms of the Offer to Lease or the Lease Agreement which will be prepared prior to tenancy.

Public and/or Stakeholder Involvement

City-led stakeholder and community feedback for the Mendel Building Re-Use was part of the Kinsmen Park and Area Master Plan project. During that process, it was determined that activities and public programming were desirable for the building in order to maintain the community focus of the current Gallery use. Furthermore, community consultation also revealed a preference for a tenant that could use the building in a way that would not significantly alter its architectural character.

Communication Plan

Changes to Mendel Building operations will be communicated through the City’s website, on-site postings and Public Service Announcements. The City’s project webpage will continue to be updated regularly.

Communications and marketing for the Museum’s development, construction and programming are resourced and managed by the Museum.

Policy Implications

Consistent with the lease rate approved by City Council on August 2014, this report proposes an exception to the *Leasing Civic Buildings to Outside Organizations* Policy No. C03-024. The policy states, “That Civic Buildings may be leased to Outside Organizations at prevailing Market Rates plus all Occupancy Costs”. Sale or lease of City-owned lands at an amount less than market value requires City Council’s approval and a public notice hearing.

Market Rates, by definition, include the Landlord’s carrying costs and profit. The proposed Base Rent offsets the City’s carrying costs for the Museum Tenant area of this building, by covering the CBCM, insurance, regular repairs and maintenance, utilities, and tenant improvements, but it does not include profit. Therefore the policy is not being fully met. The intent for the building’s re-use has been to craft a cooperative approach to the building in order to support the broader program of the Kinsmen Park site and respect for the building’s architectural heritage.

Sponsorship Policy No. C09-028 provides the guidelines to facilitate and support opportunities for entering into sponsorship agreements and naming rights agreements for City-owned assets for the purpose of enhanced financial sustainability. Sponsorship Policy No. C00-028 does not apply to third parties, such as the Museum, that lease property from the City of Saskatoon. However, the Museum wishes to advise City Council of its intended course and therefore terms have been identified within the Offer to Lease as noted in this report.

Financial Implications

Leasing a portion of the Mendel Building to the Museum will ensure a continued source of income to cover the Tenant Area costs.

The City’s contribution to the Museum includes a Cultural Operating grant, subject to approval, estimated at approximately \$25,000, and the Program Services contract at \$70,000.

Other Considerations/Implications

There are no environmental, privacy or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

The Offer to Lease is the next step in outlining and formalizing the terms of the agreement between the City and the Museum for the re-use of the Mendel Building. Following this, finalization of the Lease will occur prior to occupancy of the Mendel Building once it is vacated. A Children’s Museum annual progress report will be submitted to Council following their year-end, in early 2016. The City will create agreements for programming services and building renovations with the Museum and the terms and details will be outlined in due course.

Public Notice

Pursuant to Public Notice Policy No. C01-021, Section 3(i), Public Notice is required for matters that consider the selling or leasing land for less than fair market value and without a public offering.

Report Approval

Written by: Jeanna South, Special Projects Manager
Reviewed by: Brenda Wallace, Director of Environmental and Corporate Initiatives
Approved by: Catherine Gryba, General Manager, Corporate Performance Department

Administrative Report – Offer to Lease – Mendel Building.docx

Landfill Waste Handling Dozer – Award of Request for Proposal

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Request for Proposal for a Landfill Waste Handling Dozer be awarded to Finning (Canada); and
2. That Purchasing Services, Asset and Financial Management Department, be authorized to issue the appropriate Purchase Order to Finning (Canada) for the procurement of the Landfill Waste Handling Dozer.

Topic and Purpose

The purpose of this report is to receive City Council's approval to award the Request for Proposals (RFP) for a Landfill Waste Handling Dozer to Finning (Canada) (Finning).

Report Highlights

1. On September 24, 2015, the City of Saskatoon (City) issued an RFP for a Landfill Waste Handling Dozer.
2. The Administration is recommending that Finning be awarded as the successful proponent of the RFP for a Landfill Waste Handling Dozer.

Strategic Goals

The recommendations in this report support the four-year priority of establishing levels of service for rehabilitation of assets and identifying supporting financial strategies, as well as the long-term strategy of adopting and implementing an asset management and rehabilitation philosophy under the Strategic Goal of Asset and Financial Sustainability..

Background

The Administration has established equipment renewal programs for the City's fleet of vehicles and equipment based upon life-cycle, maintenance and operational costs. Included in the 2016 Fleet Replacement program is the replacement for the Landfill Waste Handling Dozer. Specialized fleet equipment such as the Landfill Waste Handling Dozer requires a minimum of six months from order to delivery period.

Report

Request for Proposals Issued

The Request for Proposals (RFP) for a Landfill Waste Handling Dozer was issued on September 24, 2015, with a closing date of October 8, 2015. The RFP was advertised on the SaskTenders website, and emails were sent to major equipment suppliers informing them the RFP was issued.

Landfill Waste Handling Dozer – Award of Request for Proposal

The equipment specifications and requirements were developed in consultation with the end users and from an internal review of landfill equipment optimization conducted by a consultant.

A Review Committee comprised of civic staff from the Solid Waste, Fleet Services and Purchasing Services Divisions reviewed and evaluated submitted proposals based upon the following section criteria:

Criteria	Points
Total cost of ownership	25
Meet or exceed equipment requirements as per specifications	9
On-site support and service	20
References and demonstrated satisfactory performance	8
Equipment design features	15
Equipment maintenance and operational features	15
Delivery time	5
Completeness and quality of proposal and technical information	3
	100

Award of RFP

Finning was the only proponent submission received. Upon investigation, the Review Committee determined proposals were not received from other potential proponents due to their inability to:

- access equipment (delivery);
- provide required design features; and
- provide adequate on-site support and service.

As Finning met the requirements outlined in the RFP, the Review Committee recommends awarding the contract accordingly.

Options to the Recommendation

Option 1: City Council may choose to lease the Waste Handling Dozer rather than purchase it. Based upon estimates provided by the supplier, the monthly lease charges of the unit would exceed Fleet Service's monthly service rate by 40%, and extra costs would pay for the unit over the course of its life-cycle. The Administration does not recommend this option due to increased end costs.

Option 2: City Council may choose to continue to operate the existing Waste Handling Dozer beyond its expected life expectancy. Maintenance and repair costs continue to exceed the monthly service costs with existing equipment. The Administration does not recommend this option due to increased operational costs and down-time which would jeopardize operations.

Financial Implications

The net cost to the City for the purchase of the Waste Handling Dozer based upon Finning’s proposal is as follows:

Equipment	Price
2015 Cat D7E Waste Handler	\$950,207
GST	47,510
PST	47,510
Contract Price	1,045,227
GST Rebate	(47,510)
Net Cost to City	\$997,717

There is sufficient funding within Civic Vehicles and Equipment Reserves for this procurement.

Other Considerations/Implications

There are no environmental, policy, privacy, or CPTED considerations or implications. Neither public and/or stakeholder involvement nor a communication plan is required.

Due Date for Follow-up and/or Project Completion

Upon approval of the RFP award, Finning will be advised and Purchasing Services will complete the necessary documentation.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Jimmy Chan, Specifications Engineer, Fleet Services
Reviewed by: Jason Kennon, Fleet Services Manager
Tim Halstead, Director of Facilities and Fleet Management
Approved by: Kerry Tarasoff, Acting City Manager

SREDA – Business Incentives 2015 Tax Abatements

Recommendation

That the Standing Policy Committee on Finance recommend to City Council that the tax incentive abatements as determined by the Saskatoon Regional Economic Development Authority (SREDA) be approved.

Topic and Purpose

The purpose of this report is to receive City Council's approval to process tax abatements to businesses approved under Council Policy No. C09-014, Business Development Incentives.

Report Highlights

1. SREDA has confirmed that seven eligible businesses have fulfilled the agreed upon terms and conditions to receive their 2015 tax incentive abatements.

Strategic Goal

This report supports the long-term strategy of working collaboratively with economic development authorities to promote Saskatoon as a great place to live, work and raise a family, under the Strategic Goal of Economic Diversity and Prosperity.

Background

Council Policy No. C09-014, Business Development Incentives, makes incentives available to business meeting the eligibility requirements. Throughout the year, as applications are received, SREDA requests City Council to approve tax abatements for business incentive purposes. The incentives are based on the value of new construction, the creation of a specified number of jobs, and the maintenance of certain financial requirements. On an annual basis, following the approval of the incentive, staff from SREDA meet with each company to ensure that all of the requirements are being fulfilled.

Report

Staff from SREDA have met with each of the businesses eligible to receive a tax abatement for 2015. Reviews were conducted to determine if the terms and conditions outlined in the individual agreements were met. Attachment 1 is a letter from SREDA with the results of its 2015 audit. The letter identifies those companies that have met all conditions of their incentive agreements for 2015.

Options to the Recommendation

There are no options as the incentives are identified within the agreements between the City of Saskatoon and the applicable business.

Public and/or Stakeholder Involvement

Public and/or stakeholder involvement is not required.

Financial Implications

Property tax abatements approved under Council Policy No. C09-014 result in the deferral of the increased taxes that the new construction creates. As a result, there is no immediate impact, other than deferral. The abatements decline over a five-year period.

Other Considerations/Implications

There are no environmental, privacy, policy, or CPTED implications or considerations, and a communication plan is not required.

Due Date for Follow-up and/or Project Completion

City Council's approval to process tax abatements is required by December 31 in order to apply the abatement to the current tax year.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Letter from David Gauthier, Executive Vice President & Director of SREDA Insights, dated November 12, 2015

Report Approval

Written by: Jeff Knittig, Manager, Assessment & Tax Administration
Reviewed by: Shelley Sutherland, Director of Corporate Revenue
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

SREDA 2015 Tax Abatements.docx



Suite 103, 202 Fourth Ave N | Saskatoon SK | S7K 0K1
 PH. 306.664.0720 | www.SREDA.com | www.livingsaskatoon.com

November 12, 2015

Mr. Kerry Tarasoff, FCPA, FCMA
 CFO/General Manager, Asset and Financial Management
 City of Saskatoon
 222 3rd Avenue North
 Saskatoon, SK S7K 0J5

Re: 2015 Property Tax Abatements

Dear Mr. Tarasoff:

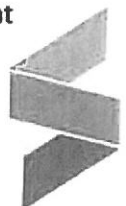
This letter will confirm that the following companies comply with the terms and conditions outlined in each of their Business Development Incentives agreements with the City of Saskatoon and qualify for tax abatements in 2015:

Crestline Coach Ltd.	126 Wheeler Street
Deca Industries Ltd.	310 and 322 Robin Way, and 222 Robin Crescent
Federated Co-operatives Ltd.	607 46 th Street East
Industrial Machine & Mfg. Inc.	3315 Miners Avenue
Lean Machine & Metal Fabrication Inc.	3607 Wheeler Avenue
Maple Leaf Foods Inc.	100 McLeod Avenue
WBM Office Systems	104-3718 Kinnear Place

Note: Industrial Machine & Manufacturing Inc. is currently experiencing a temporary reduction in their workforce. They are seeking new business and will be contacted in 9 months to ensure that the issue is rectified.

Eligibility is **PENDING** for the following 5 companies:

- DynalIndustrial Inc. (3326 Faithful Avenue) has recently changed primary ownership and is now operating under DynalIndustrial LP. The company has requested an assignment of the tax abatement agreement to the new legal entity. If the City approves the assignment, it should be noted that there has been a temporary workforce reduction that will have to be rectified within 9 months. The company is compliant with the other terms and conditions of Section 3 of its agreement.
- Howatt Enterprise Ltd. has been approved for an abatement by the City of Saskatoon in 2015, but is not expected to begin receiving abatements until 2017.
- The Saskatchewan Food Industry Development Centre Inc. has been approved for an abatement by the City in 2015 but will not begin to receive abatements until the expansion is complete.





- Gemini Freight Systems Inc. has been recommended for an abatement by SREDA and approval will be sought from the City of Saskatoon in December 2015. Abatements will not be due until the expansion is complete.
- ABC Canada Technology Group Ltd. has been recommended for an abatement by SREDA and approval will be sought from the City of Saskatoon on November 23, 2015. Abatements will not be due until the expansion is complete.

We are happy to report that 186 net new jobs were created by the 8 companies audited this year.

Please contact me at 306-664-0727 or at dgauthier@sreda.com if there are any questions regarding these reports.

Sincerely yours, with thanks,

David Gauthier
Executive Vice President & Director of SREDA Insights



Land Exchange with Harris Steel Group Inc.

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Administration be authorized to enter into a land exchange with Harris Steel Group Inc. as per the terms noted in this report; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

Topic and Purpose

The purpose of this report is to obtain authorization for the exchange of lands between Harris Steel Group Inc. (Harris Steel) and the City of Saskatoon (City) to satisfy land requirements for the North Commuter Parkway (NCP) project. In addition to the land requirements for the NCP project, this land exchange would provide for significantly improved vehicular, pedestrian, and cyclist safety along Wanuskewin Road, and includes the transfer of 8.07 acres of privately held riverbank land into publicly owned Municipal Reserve.

Report Highlights

1. This land exchange with Harris Steel would allow for the optimal location and length of the eastbound turning lane from Wanuskewin Road onto the future NCP bridge.
2. 8.07 acres of riverbank land that is currently owned by Harris Steel would be transferred to the City for designation as Municipal Reserve.
3. All of the Harris Steel site egresses onto Wanuskewin Road would be permanently closed and relocated to Kinnear Avenue, which would improve vehicular, pedestrian and cyclist safety along Wanuskewin Road.

Strategic Goal

The NCP project supports the long-term strategy of optimizing the flow of people and goods in and around the city under the Strategic Goal of Moving Around. In addition, the transfer of 8.07 acres of riverbank land to the City for Municipal Reserve supports the long-term strategy of improving access to ecological systems and spaces, both natural and naturalized, under the Strategic Goal of Environmental Leadership.

Background

City Council adopted the functional plan for the NCP project at its May 21, 2013 meeting. The Integrated Growth Plan identified the desire to provide an additional river crossing for commuter traffic between east-side neighbourhoods and the north-end employment area.

The functional plan includes a turning lane off Wanuskewin Road onto the future NCP bridge eastbound; the construction of this turning lane requires a portion of land from the Harris Steel property.

On September 1, 2015, the Harris Steel site was annexed into City Limits in an unserviced state.

Report

Attachment 1 depicts the land exchange dealings discussed in this report. All areas and egresses referred to in the report are indicated on Attachment 1.

Land Exchange Allows for Optimal Turning Lane

A review of projected traffic volumes along Wanuskewin Road and the NCP bridge have indicated that a suitable sized turning lane be constructed for the northbound traffic on Wanuskewin Road that is turning eastbound onto the NCP bridge. To accommodate the required turning lane, 0.013 acres (Area B) of the Harris Steel property (Parcel B, Plan No. 63S17126, Ext 0) would be required for conversion into public roadway, which in turn necessitates the closure of the north access/egress to the Harris Steel property.

Municipal Reserve Lands

The Harris Steel property is one of a few Saskatoon non-residential properties which have land ownership rights adjacent to the river's edge. This proposed land exchange will transfer 8.07 acres (Area E) of Harris Steel land into Municipal Reserve land, which would be open to the public for access.

In recognition of Harris Steel being agreeable to the transfer of 8.07 acres of their site into Municipal Reserve status land, the City would provide a charitable tax receipt to Harris Steel, the value of which was determined through an independent market value appraisal.

Permanent Closure of Egresses onto Wanuskewin Road

In an effort to increase safety along Wanuskewin Road, the two Harris Steel site egresses (Egress #1 and #2) onto Wanuskewin Road would be permanently closed and relocated to Kinnear Avenue (Egress #3) as part of this proposed land exchange. In conjunction with the relocation of the Harris Steel site accesses from Wanuskewin Road to Kinnear Avenue, 0.38 acres of the Wanuskewin Road right of way and Municipal Buffer would need to be closed and consolidated into the Harris Steel site (Area A).

As part of the permanent closure of Harris Steel's two egresses onto Wanuskewin Road, the City would be required to construct a new site access road from Kinnear Avenue into the Harris Steel site. This site access road is shown on Attachment 1 as the Harris Site Road and would be 9 metres in width and constructed of gravel. The construction of the gravel road would be tendered with a spring construction date.

In addition to constructing a new site access road for Harris Steel, the City would be required to fence the east and south property lines of Area D, and relocate the gate from Egress #1 to Egress #3. Harris Steel would be responsible for fencing the west portion of their site along Wanuskewin Road.

Relocating the Harris Steel site access to Kinnear Avenue would remedy safety concerns relating to the use of their current south access to and from their property,

particularly with the expected significant increase in traffic volumes on Wanuskewin Road once the NCP bridge is open.

Other Noteworthy Terms of the Agreement

- The agreement is conditional upon the approval of the subdivision, consolidation and road closure process that would be required as part of this land exchange.
- The City would be responsible for subdivision and title transfer costs.
- A right of first offer on the Harris Steel site would be offered to the City should Harris Steel intend to sell their property.
- A 0.81 acre parcel will be created (Area C) in the City's name to potentially help provide access to the City parcel that is north of the Harris Steel property.
- Harris Steel would not be required to pay any off-site levies or other infrastructure charges until their site is further subdivided (Area D) or they wish to connect to City services.
- Road construction and fencing would need to be completed by August 1, 2016.
- In the event a public access road is constructed in the future on the lands shown as Area C, Harris Steel would be entitled to two access points along the east side of their site from such road.

Options to the Recommendation

An option would be to shorten the eastbound turn lane from Wanuskewin Road onto the future NCP bridge and avoid the Harris Steel property altogether. This option would forgo the opportunity to improve vehicular, pedestrian and cyclist safety along Wanuskewin Road, as Harris Steel would continue to access their site from their two egresses onto Wanuskewin Road. With this option, Harris Steel would retain ownership of the riverbank lands.

Public and/or Stakeholder Involvement

The financial, construction, and legal logistics of this proposed land exchange have been discussed with the necessary City departments.

Financial Implications

The costs would be charged to the NCP project, and are included in the budget for NCP Capital Project 2407.

Other Considerations/Implications

There are no policy, environment, privacy or CPTED implications or considerations, and a communication plan is not required.

The North/Northwest Natural Area Screening Study, 2012, which was completed as background for the North Sector Plan identified a homestead site on the portion of the Harris Steel site that would be converted to Municipal Reserve. It is recommended that a Historical Resources Impact Assessment be completed for the Valley Crest Homestead site prior to any site improvements of the lands shown as Areas E and C.

Due Date for Follow-up and/or Project Completion

Follow-up is not required.

Land Exchange with Harris Steel Group Inc.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required at this time. As part of the subdivision process, public notice would be given for the closure and consolidation of the portion of Wanuskewin Road and the Municipal Buffer that is being considered as part of this land exchange.

Attachment

1. Land Exchange Drawing – Harris Steel Group Inc.

Report Approvals

Written by: Scott McCaig, Real Estate Services

Reviewed by: Keith Pfeil, Manager, Real Estate Services

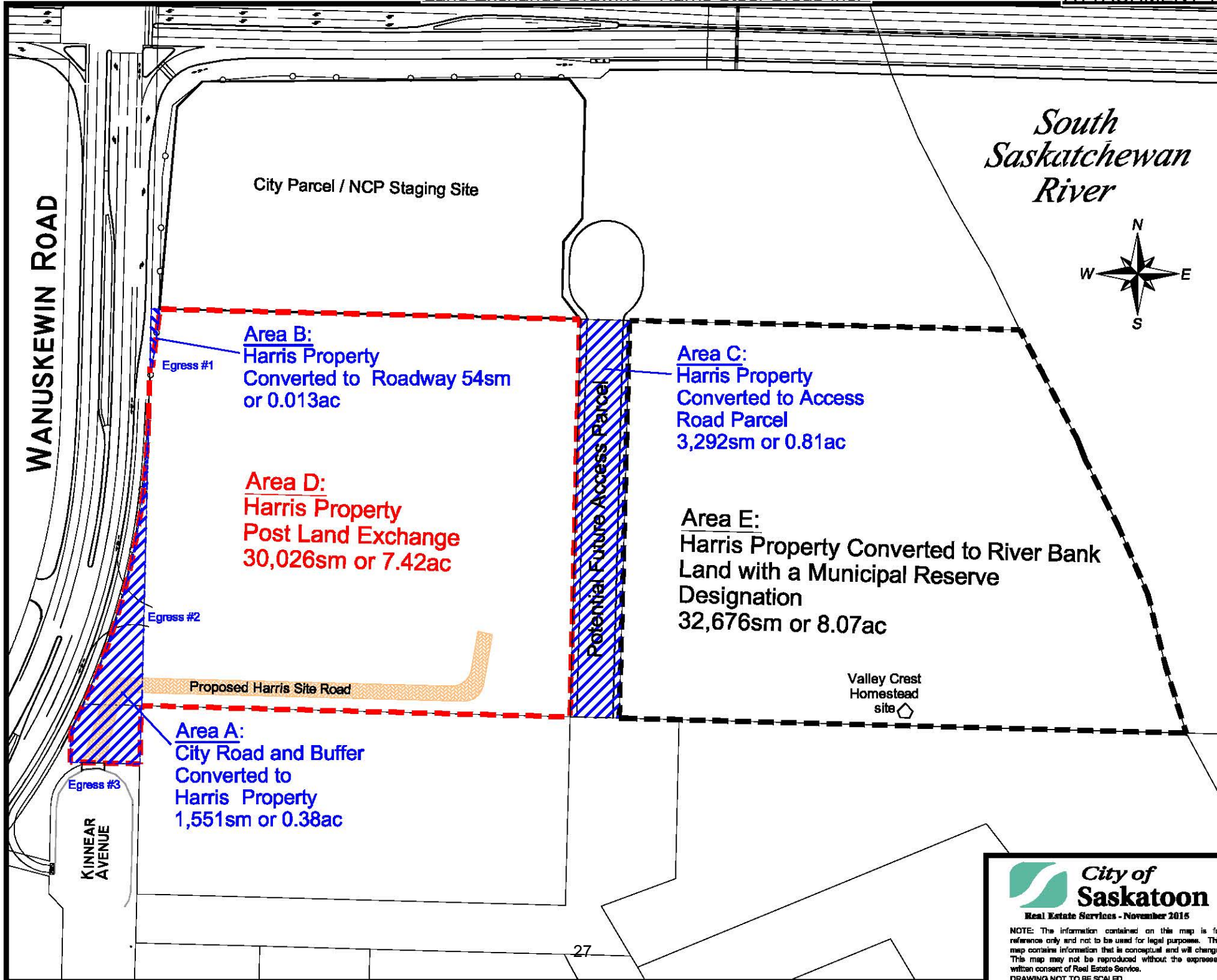
Dan Willems, North Commuter Parkway Project Manager

Frank Long, Director of Saskatoon Land

Kerry Tarasoff, CFO/General Manager, Asset & Financial Management
Department

Approved by: Murray Totland, City Manager

Harris Steel Land Exchange.docx



Real Estate Services - November 2015

NOTE: The information contained on this map is for reference only and not to be used for legal purposes. This map contains information that is conceptual and will change. This map may not be reproduced without the expressed written consent of Real Estate Services.
DRAWING NOT TO BE SCALED

Incentive Application – Gemini Freight Systems Inc.

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the application from Gemini Freight Systems Inc. for a five-year tax abatement on the incremental portion of taxes at 2420/2610 11th Street West, as a result of its expansion in 2016, be approved as follows:
 - 100% in Year 1
 - 80% in Year 2
 - 70% in Year 3
 - 60% in Year 4
 - 50% in Year 5
2. That the City Solicitor be instructed to prepare the appropriate agreements.

Topic and Purpose

The purpose of this report is to obtain City Council approval for a five-year tax abatement on the incremental portion of taxes at Gemini Freight Systems Inc. expansion at 2420/2610 11th Street West.

Report Highlights

1. Gemini Freight Systems Inc. has met the eligibility requirements of Council Policy No. C09-014, Business Development Incentives.

Strategic Goal

This report supports the long-term strategy of creating a business-friendly environment where the economy is diverse and builds on our city and region's competitive strengths under the Strategic Goal of Economic Diversity and Prosperity.

Background

City Council approved Council Policy No. C09-014, Business Development Incentives, on October 15, 1991, with the most recent updated approved on March 26, 2012.

The purpose of this policy is to make incentives available to businesses which meet the eligibility requirements listed within this Policy to:

- encourage them to locate or expand their operations in Saskatoon in order to create long-term, skilled or semi-skilled jobs;
- provide tax relief that will flow to companies creating new jobs;
- place Saskatoon in a competitive position in attracting businesses that it would not otherwise occupy;
- increase the long-term viability of a project; or
- demonstrate the City of Saskatoon's commitment to a business or industry.

In accordance with this Policy, the Saskatoon Regional Economic Development Authority (SREDA) Board of Directors, through a sub-committee, reviews the applications and brings forward recommendation to City Council.

Report

Attachment 1 is a report from Wanda Hunchak, Chair, SREDA Board of Directors. The report is self-explanatory and provides the required information for City Council to consider the request from Gemini Freight Systems Inc. for a five-year tax abatement.

Options to the Recommendation

City Council has the option of denying the tax abatement; however, that would be contrary to the Policy.

Financial Implications

The tax abatement will be offset by an equivalent amount of incremental property tax until it expires in year five. The impact in the first year is estimated at \$67,852. The total estimated value of the five-year abatement is \$244,267.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations. Neither a communication plan nor public and/or stakeholder involvement is required.

Due Date for Follow-up and/or Project Completion

A further follow-up report is not required; however, the abatement will be subject to an annual compliance audit undertaken by SREDA.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Report from Wanda Hunchak, Chair, SREDA Board of Directors, November 25, 2015

Report Approval

Written by: Shelley Sutherland, Director of Corporate Revenue

Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

Incentive App_Gemini Freight Systems Inc.docx



MEMO

**TO: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management
 City of Saskatoon**

**FROM: Wanda Hunchak, Chair
 SREDA Board of Directors**

RE: Incentive Application Review

DATE: November 25, 2015

The Saskatoon Regional Economic Development Authority’s Board of Directors reviewed a tax incentive application from Gemini Freight Systems Inc. and has determined that it meets the eligibility requirements of the City of Saskatoon Business Development Incentives Policy, C09-014.

Gemini Freight Systems Inc. has purchased property at 2610 11th Street West that will be combined with its existing property at 2420 11th Street West. Gemini is constructing a new 12,600 sq. ft. building on the property that will house a new truck wash bay for its affiliated company, Taurus Truck and Repair Ltd. The current wash bay employs 10 people and a minimum of 5 new FTEs will be added once the new wash bay is complete. The company began construction in July 2015 and plans to be complete by the end of 2015.

The Saskatoon Regional Economic Development Authority’s Board of Directors approved the following resolution on November 25, 2015:

Recommendations

THAT the Board of Directors approves the recommendation by the Incentive Review Committee for SREDA to submit the Gemini Freight Systems Inc.’s tax incentive application to the City of Saskatoon for approval.

The Board’s recommendations are forwarded to City Council for consideration and approval. A summary of the tax abatement application from Gemini Freight Systems Inc. is attached for reference, along with the Eligibility Criteria Checklist.

Wanda Hunchak, Chair



City of Saskatoon
Business Development Incentives Application

COMPANY: Gemini Freight Systems Inc.
JOBS CREATED: Minimum of 5 full time or equivalent jobs
INVESTMENT: \$3.8 Million

COMPANY BACKGROUND:

Gemini Freight Systems Inc. (“Gemini”) is a land and building holdings company owned by Steven Balzer. Gemini leases property and buildings to its affiliated companies, including: Epp’s Trucking Inc. (composed of Transall Express, Epp’s Trucking and Biggar Transport Divisions) and Taurus Truck and Trailer Repair Ltd. (“Taurus”). Taurus currently operates a truck wash bay at 2420 11th street West that employs 10 FTEs.

EXPANSION PROJECT DESCRIPTION:

Gemini has purchased land at 2610 11th Street East that it will combine with the 2420 property. Construction of a new 12,600 sq. ft. wash bay began in July 2015 and the expansion is anticipated to be completed by the end of 2015. The total \$3.8 M in expansion costs include \$1.5 M in new property at 2610 11th Street West, \$2.15 M for building construction and asphalt and \$150,000 for equipment. It is anticipated that 5 new jobs will be created immediately by Taurus once the wash bay is completed, with the likelihood of additional hires in the future.

ESTIMATED VALUE OF TAX ABATEMENT:

Total estimated increase in property taxes as a result of the expansion project is \$67,852. Total estimated value of the 5-year tax abatement is \$244,267 calculated at the following rate:

- Year 1 @ 100% \$67,852
- Year 2 @ 80% \$54,282
- Year 3 @ 70% \$47,496
- Year 4 @ 60% \$40,711
- Year 5 @ 50% \$33,926