



**PUBLIC AGENDA  
STANDING POLICY COMMITTEE ON FINANCE**

**Monday, April 4, 2016, 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 (Leave of Absence), His Worship Mayor D. Atchison (Ex-Officio)**

**Pages**

**1. CALL TO ORDER**

**2. CONFIRMATION OF AGENDA**

**Recommendation**

That the agenda be confirmed as presented.

**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 March 7, 2016, be adopted.

**5. UNFINISHED BUSINESS**

**6. COMMUNICATIONS (requiring the direction of the Committee)**

**6.1 Delegated Authority Matters**

**6.1.1 2016 Updated Internal Audit Plan - PricewaterhouseCoopers LLP (File CK. 1600-3)**

**7 - 22**

Mr. Jesse Radu, PricewaterhouseCoopers LLP, will be in attendance to present the report.

**Recommendation**

That the 2016 Updated Internal Audit Plan be approved.

**6.2 Matters Requiring Direction**

**6.2.1 Roads Maintenance Program Value for Money Report - PricewaterhouseCoopers LLP (Files CK. 1600-17)**

23 - 85

The following related reports are provided for consideration at this time:

- Roads Maintenance Program Value for Money Report - PricewaterhouseCoopers LLP;
- Administration Response and Timelines - Roads Maintenance Program Value for Money Report - April 4, 2016 report of the General Manager, Transportation and Utilities Department; and
- Roadways Design, Construction, and Maintenance Civic Service Review - November 9, 2015 report of the General Manager, Corporate Performance Department.

Mr. Jesse Radu, PricewaterhouseCoopers LLP, will be in attendance to present the Road Maintenance Program Value for Money Report.

**Recommendation**

That the reports be received as information and forwarded to City Council for information.

**6.2.2 North Central Transportation Planning Committee - Annual Membership Fee (File CK. 155-10)**

86 - 87

**Recommendation**

That the Standing Policy Committee on Finance recommend to City Council that the invoice of \$600.00 for annual membership for the North Central Transportation Planning Committee be paid.

**6.3 Requests to Speak (new matters)**

**6.3.1 Tourism Saskatoon - Fee-for-Service Agreement (File CK. 1870-10)**

88 - 118

A letter dated March 4, 2016 from Mr. Todd Brandt, President and CEO, Tourism Saskatoon, requesting to make a presentation, along with Board Chair, Mr. Dale Grant, regarding the above matter, is provided.

A package from Tourism Saskatoon is provided.

**Recommendation**

1. That the speakers be heard;
2. That the Tourism Saskatoon 2015 Audit Financial Statements be forwarded to City Council for information; and
3. That the remaining submissions from Tourism Saskatoon be received as information.

## 7. REPORTS FROM ADMINISTRATION

### 7.1 Delegated Authority Matters

- |       |   |           |
|-------|---|-----------|
| 7.1.1 | <b>Request for Tax Exempt Status: Proposed Saskatchewan Aviation Museum and Learning Centre (Files CK. 1965-1 and AF. 1965-1)</b> | 119 - 121 |
|-------|---|-----------|

#### **Recommendation**

That the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management be received as information.

- |       |  |           |
|-------|--|-----------|
| 7.1.2 | <b>Corporate Inventory Status - 2015 (Files CK. 1290-1 and AF. 1290-1)</b> | 122 - 125 |
|-------|--|-----------|

#### **Recommendation**

That the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management be received as information.

- |       |   |           |
|-------|---|-----------|
| 7.1.3 | <b>Request to Sell City-Owned Property - South West Industrial Area (Files CK. 4215-1 and AF. 4214-1)</b> | 126 - 130 |
|-------|---|-----------|

#### **Recommendation**

1. That the Director of Saskatoon Land be authorized to sell three parcels (Lot 24, 25 and 26, Block 183, Plan 102193837) in the South West Industrial area to the highest bidder through a public tender process with reserve bid prices;
2. That if the parcels are not sold through the tender process, they be placed for sale over-the-counter on a first-come, first-serve basis;
3. That the Director of Saskatoon Land be authorized to make minor adjustments to the approved pricing that may be necessary to account for changes in the servicing costs and for returned parcels; and
4. 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.

- 7.1.4 103 Pohorecky Crescent - Request for Proposal Update (Files CK. 4215-1, AF. 4131-1 and LA. 4219-012-003) 131 - 137**

**Recommendation**

That the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management Department be received as information.

- 7.1.5 Transfer of Unpaid Utilities to Property Tax (Files CK. 1550-1 and AF. 1550-1) 138 - 141**

**Recommendation**

That the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management Department be received as information.

**7.2 Matters Requiring Direction**

- 7.2.1 Report on Investments - December 2015 (Files CK. 1790-3 and AF. 1790-3) 142 - 150**

**Recommendation**

That the report of the CFO/General Manager, Asset and Financial Management Department, dated April, 2016, be forwarded to City Council for information.

- 7.2.2 Billboard License on City-Owned Land - Request to Change from Poster to Static Digital (Files CK. 4225-1, AF. 290-1 x 4020-1, and LA. 4225-00-1) 151 - 157**

**Recommendation**

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

1. That written consent be provided to Pattison Outdoor Advertising Ltd. to convert an existing static billboard located on ISC Parcel No. 118925130 (north side of Circle Drive West) to a digital billboard;
2. That written consent be provided to Pattison Outdoor Advertising Ltd. to convert a double-sided static billboard located on ISC Parcel No. 203095065 (south side of Circle Drive West) to a single-sided static billboard;
3. That the License Agreements for each billboard be amended to grant Pattison Outdoor Advertising Ltd. an



option to renew for an additional term of five years at market rent; and

4. That the City Solicitor be requested to prepare the appropriate agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

**7.2.3 Wanuskewin Heritage Park Lease of City-Owned Land - Application to UNESCO World Heritage Designation (Files CK. 4225-1 and AF. 4206-1) 158 - 162**

**Recommendation**

That the Standing Policy Committee on Finance recommend to City Council that the reinstatement of a long-term lease with Wanuskewin Heritage Park, including an Option to Purchase, based on the terms contained in the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management, be approved.

**7.2.4 2017 Residential and Condominium Revaluation (Files CK. 1616-2 and AF. 1615-8) 163 - 179**

**Recommendation**

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

1. That the information be received; and
2. That the tax impact of the 2017 provincial reassessment for the residential and condominium class be phased in equally over a two-year period, with 50% in 2017 and 50% in 2018.

**7.2.5 Transportation & Utilities Capital Projects Funding Reallocation (Files CK. 1702-1 and TU. 1700-1) 180 - 183**

**Recommendation**

That the Standing Policy Committee on Finance recommend to City Council that the transfer of funds as indicated below, be approved:

1. \$147,399 from the Arterial Road Reserve be allocated to Capital Project #1462 – Arterial Road – Clarence Avenue;
2. \$259,615 from the Infrastructure Water and Sanitary Sewer Reserve to Capital Project #1615 – Water Distribution; and
3. \$292,148 from the pooled Reallocation of Capital Funds to

**7.2.6 Amendments to Council Policy Nos. C09-033 and C09-006 (Files CK. 4215-1, AF. 4110-1 and LA. 4001-0)**

184 - 225

**Recommendation**

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

1. That the proposed amendments to Council Policy No. C09-033, Sale of Service City-Owned Lands, and Council Policy No. C09-006, Residential Lot Sales – General Policy, be adopted; and
2. That the City Clerk be requested to update the policies as reflected in the April 4, 2016 report of the CFO/General Manager, Asset and Financial Management Department.

**8. URGENT BUSINESS**

**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 11.4.

**11.1 Internal Audit Update (Files CK. 1600-3 and AF. 1600-1)**

*[In Camera - Audits and Tests]*

**11.2 Internal Audit Update (File CK. 1600-3)**

*[In Camera - Third Party Information]*

**11.3 Inquiry - Land Matter (Files CK. 4131-1, AF. 4131-1 and LA. 4110-1)**

*[In Camera - Economic/Financial - Land]*

**11.4 Land Matter (Files CK. 4215-1, AF. 4214-1 and LA. 4217-014-006)**

*[In Camera - Economic/Financial - Land]*

**12. ADJOURNMENT**

*City of Saskatoon*

*2016 Updated Internal Audit Plan  
SPCF Public Meeting*

*Date of Submission: March 29, 2016*

*Date of Meeting: April 4, 2016*

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# *City of Saskatoon Internal Audit Plan*

## *Context - Updating Internal Audit Plan*

# **1**

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## ***Introduction***

- The internal audit plan has been updated to revise the timing of certain projects. The risk assessment exercise conducted in 2015 continues to be valid. This plan represents the proposed project coverage for the next 4 years for the annual calendar year cycle through to December 31, 2019.

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## ***Key Updates***

The internal audit plan has been updated in consideration of the following:

- No new risks have been identified since the internal audit plan approved in July 2015. Accordingly, the individual projects put forward in July 2015 have not changed, although the ordering of certain projects has been modified.
- The 2016 calendar plan now includes 5 projects, increased from 4 in the original plan. This is the result of 250 hours not utilized in 2015 being used in 2016 for a target of 2,800 hours from 2015 and 2016 combined (i.e. 1,400 per year).
- Reordering of certain projects based on: a) logistics and b) facts and circumstances impacting ideal timing of projects in order to maximize usefulness of project to stakeholders and SPCF.

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## ***Risk Coverage***

- A common target for internal audit functions is to address 80% to 100% of high risk areas within a 3 to 5 year cycle, plus emerging issues and management and professional standards requirements.
- In the initial plan presented in July 2015, all high risk areas were covered by projects in the first 3 years of the plan, with some medium risk projects beginning to be incorporated in Year 3 (2017). In the revised plan, this is still the case although some projects addressing medium risk areas have been moved to Year 2 (2016), with the final high risk area being addressed in the first quarter of 2018.
- We have not been presented with any emerging issues to address.



# *City of Saskatoon Internal Audit Plan*

## *Five Year Internal Audit Plan*

# 2

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## ***Key Assumptions***

- Prioritization of the plan is based on inputs through the survey conducted in 2015 and our subsequent discussions with SPCF and the Administration.
- Administration and the SPCF have responsibility for audit priorities based on risk. PwC will be responsible for executing the plan and reporting on audits.
- Administration is expected to provide revised risks for us to update our plan going forward on an annual basis.
- Beside each “Audit Area” in the first column of each of the years, the first number (i.e. 1) indicates the current position of the project within the 5-year audit plan while the second number indicates the previous position

## 2015 - Actual

Audit Area	Scope	Actual Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(1) (1) Risk Assessment and Council Surveys/ Presentation	Initial risk assessment and audit plan preparation - COMPLETED	650	101	N/A	(Assurance & Advisory)
(2) (2) Road Maintenance	Assess the economy, efficiency and effectiveness of road maintenance - TO BE COMPLETED IN EARLY '16	400	67		Value for Money (Assurance)
(3) (3) Snow and Ice Management	Assess economy, efficiency and effectiveness of snow and ice management – COMMENCED IN '15	100	20		Value for Money (Assurance)
	<b>Total achieved '15</b>	<b>1,150</b>	<b>188</b>		
	<b>Carryover to 2016</b>	<b>250</b>			
	<b>Total incl. carryover</b>	<b>1,400</b>			

■ High Risk Areas   
 ■ Medium Risk Areas   
 ■ Low Risk Areas

## 2016 - Proposed

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(3) (3) Snow and Ice Management (Continued)	Assess economy, efficiency and effectiveness of snow and ice management program	325	53		Value for Money (Assurance)
(4) (7) Revenue Generation	Assess potential options with respect to additional revenue generation	400	62		Advisory
(5) (9) Asset Life Cycle Costs	Review current capital budgeting process and identify improvements to incorporate asset life cycle costs including future operating cost impact	425	70		Advisory
(6) (12) Transit Services	Assess economy, efficiency and effectiveness of the transit services	425	70		Value for Money (Assurance)
(7) (17 & 18) Human Capital Planning and Management	Review process with respect to resource management (including decisions with respect to appropriate number of staff) and succession planning for critical positions	75	9		Advisory
	<b>Total proposed '16</b>	<b>1,650</b>	<b>264</b>		
	<b>Total achieved '15</b>	<b>1,150</b>	<b>188</b>		
	<b>Total '15 and '16 combined</b>	<b>2,800</b>	<b>452</b>		

## ***2017 – Planned (subject to change based on annual risk review)***

<b>Audit Area</b>	<b>Scope</b>	<b>Estimated Hours</b>	<b>Fees (\$ 000)</b>	<b>Risk Level</b>	<b>Type of Audit / Assurance / Advisory</b>
(7) (17 & 18) Human Capital Planning and Management (Continued)	Review process with respect to resource management (including decisions with respect to appropriate number of staff) and succession planning for critical positions	430	71		Advisory
(8) (4) Sidewalks	Assess economy, efficiency and effectiveness of sidewalk maintenance	400	67		Value for Money (Assurance)
(9) (5) Bridge Maintenance	Assess economy, efficiency and effectiveness of bridge maintenance	400	67		Value for Money (Assurance)
(10) (6) Business Continuity	Review current disaster recovery and business continuity plans for the City and identify improvements	170	27		Value for Money (Assurance)
	<b>Total planned '17</b>	<b>1400</b>	<b>232</b>		

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

## 2018 - Planned (subject to change based on annual risk review)

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(10) (6) Business Continuity (Continued)	Review current disaster recovery and business continuity plans for the City and identify improvements	230	39	High Risk	Value for Money (Assurance)
(11) (8) Citizen Engagement Process	Review current processes for engaging with citizens and their effectiveness including customer response mechanism.	400	68	High Risk	Operational (Assurance and Advisory)
(12) (11) Budgeting Process	Assess economy, efficiency and effectiveness of budgeting process	350	59	Medium Risk	Value for Money (Assurance)
(13) (10) Infrastructure Investment Evaluation	Review process for evaluating infrastructure investments and management's process to minimize risk of under/over investment	300	51	Medium Risk	Assurance
(14) (13) IT Security	Review current state of privacy of information and overall IT security policies, procedures and practices	120	20	Medium Risk	IT (Assurance)
	<b>Total planned '18</b>	<b>1400</b>	<b>237</b>		

■ High Risk Areas   
 ■ Medium Risk Areas   
 ■ Low Risk Areas

## ***2019 - Planned (subject to change based on annual risk review)***

<b>Audit Area</b>	<b>Scope</b>	<b>Estimated Hours</b>	<b>Fees (\$ 000)</b>	<b>Risk Level</b>	<b>Type of Audit / Assurance / Advisory</b>
(14) (13) IT Security (Continued)	Review current state of privacy of information and overall IT security policies, procedures and practices	230	40		IT (Assurance)
(15) (15) Parks and Recreation	Assess economy, efficiency and effectiveness of parks and recreation facilities	400	69		Value for Money (Assurance)
(16) (16) IT Governance Audit	Review current governance process around IT goals & initiatives and their alignment to business needs	325	56		Operational (Assurance)
(17) (14) Building Maintenance	Assess economy, efficiency and effectiveness of building maintenance	400	69		Value for Money (Assurance)
	<b>Total planned '19</b>	<b>1,355</b>	<b>234</b>		
	<b>Unallocated</b>	<b>45</b>			

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

# Unassigned Risks

Audit Area	Scope	Risk Level	Type of Audit / Assurance / Advisory
Integrated Asset Management System	Review benefits and drivers for an integrated asset management system and create roadmap for implementation	Medium	IT (Advisory)
Systems Integration	Assess business case for integration of IT systems and related benefits that can be achieved by the organization	Medium	Advisory
Staff Turnover and Retention	Assess root causes for high turnover and review current processes to address this within the City	Medium	Assurance
Climate Change Strategy	Evaluate the City's climate change strategy and efforts to manage related risks	Medium	Assurance
Garbage Collection	Assess efficiency and effectiveness of garbage collection function	Medium	Value for Money (Assurance)
Procurement and Sole Sourcing	Assess compliance with procurement and sole sourcing processes for key contracts for the last 2-3 years	Low	Assurance
Regional Growth Plan	Assess the City's current growth plan, related risks and efforts undertaken to align efforts with neighbors	Low	Advisory
CO2 Reduction Initiatives	Review the current environmental strategy of the City and benchmark with other cities to identify what CO2 Reduction initiatives could be considered	Low	Advisory
Fleet Maintenance	Review current condition of fleet across the City and help identify how to manage them more effectively. Advice on how to build a lease vs buy option	Low	Operational (Advisory)
Cross Charging of Costs	Review the current process for cross charging costs from different areas and assess whether the distribution is fair and what can be done to improve the methodology to accurately reflect actual costs	Low	Assurance

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas



# *Next Steps*

# 3

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## ***Next Steps***

- Work with management to organize the rest of the audits.
- Present our audit reports.
- Refresh risks and internal audit plan before December 2016.

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# **Roads Maintenance Program Value for Money Report SPCF Public Meeting**

Date of Submission: March 29, 2016

Date of Meeting: April 4, 2016

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## **1. Executive Summary**

The City of Saskatoon (the City) road maintenance program is continuing to evolve along with the population growth and demographic changes. This value for money review was conducted to determine whether those departments which act as the custodians of the roadways and are entrusted with executing on the spending outlined in section 2.2 (beings Roadways Maintenance within Public Works, Major Projects, and Construction & Design) are achieving economy, efficiency and effectiveness in the manner in which they are operating. ***As a result of performing this value for money review of the road maintenance program, we have concluded that the road maintenance program in place is effective in achieving the objectives set by management and the program is achieving economy and efficiency.***

The City invested over \$53 million in roadways in fiscal 2015 (including street sweeping, pothole patching, sidewalk rehabilitation, back lane upgrades, road construction and repair, and snow and ice management) and continues to budget for growth in future years in order to achieve the desired roadway condition levels and address citizen concerns. Note that section 2.2 below restricts the scope of this review to certain items within the total \$53 million roadways investment. Of particular relevance to this report, the City has reported that in 2015 approximately 220 lane KM of roads were resurfaced (2014 – approximately 200 lane KM) and approximately 163,000 potholes were repaired.

We noted four primary areas in which opportunities for improvement may be realized, as outlined below. It is important to note that any positive impact made on one of economy, efficiency or effectiveness will likely impact one or both of the other areas as well. For example, in general when processes can be modified to increase efficiency it will typically result in monetary savings that can be directed to other areas to increase their effectiveness.

<b>Primary areas of opportunities for improvement</b>
Level of detail and activity-based costing incorporated into budgeting
Development and documentation of internal processes and policies
Cross-line communication and monitoring/reporting of information
Annual and life-cycle roadways maintenance planning and budgeting

Finally, as part of the review, a leading practices exercise was conducted with other comparable Canadian municipalities. Where this benchmarking has produced data directly relevant to our findings, that information has been included herein.

## **2. Background**

### **2.1 Objective**

The objective of this engagement is to understand whether the processes and activities undertaken as part of the road maintenance program are being performed in an economical, efficient and effective manner and, if not achieving full performance in one or more of those areas, to identify the areas for improvement. The basis for evaluation is not a “perfect” or “ideal” state, however is determined primarily based on a) what the City’s stated objectives are for the road maintenance program (for example a service level of ‘B’ for paved roadways as opposed to a service level of ‘A’) and b) what other comparable cities have been able to achieve based on a combination of publicly available information and insight gleaned from our communication with those comparable cities as part of our leading practices exercise.

### **2.2 Program under scope**

This value for money review has focused on only the roadway condition, rehabilitation and maintenance aspects of the full \$53 million 2015 roadway program outlined above. While the full \$53 million 2015 roadway program includes such items as street sweeping, sidewalk rehabilitation, back lane upgrades and snow and ice management, our evaluation of the program excludes those items and focuses primarily on road construction and repair, which represents over half of the 2015 spending. For further details regarding scope, please refer to section 3.1 Note that separate value for money reviews on snow and ice management and sidewalk rehabilitation are currently scheduled to be conducted.

### **2.3 Areas reviewed**

In order to understand whether the processes and activities undertaken as part of the road maintenance program are being carried out in an economical, efficient and effective manner, our review program focused on the following areas:

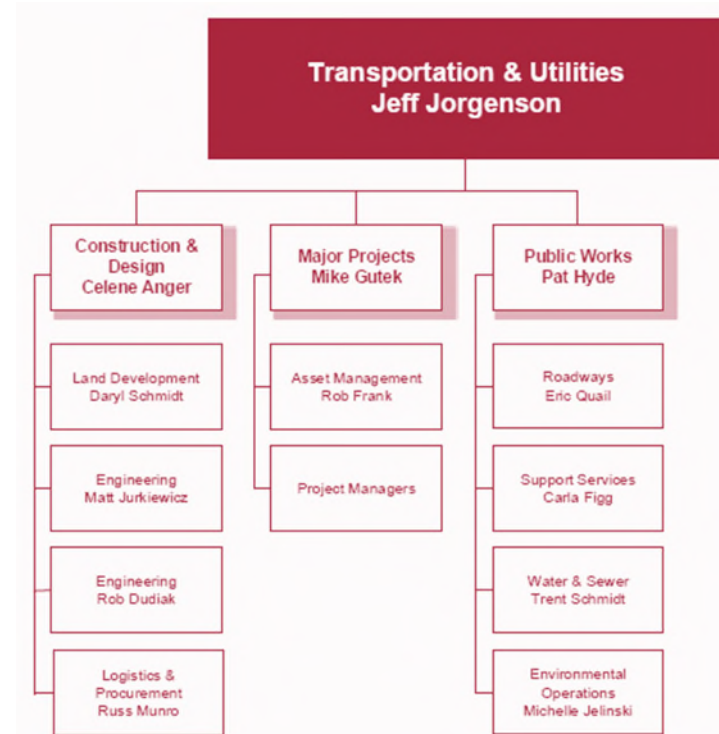
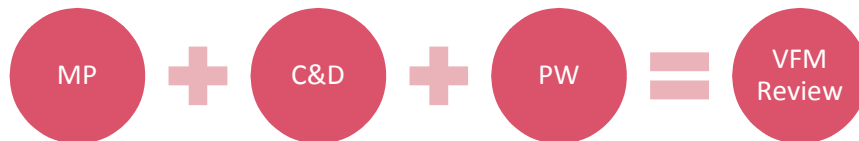
<b>Focus Areas</b>	
1. Budgeting expenditures and costing of contracts	5. Project planning and performance management
2. Contract management	6. Monitoring and reporting
3. Annual capital / maintenance plan	7. Comparative analysis and bench-marking
4. Condition assessment, treatments and quality	8. Stakeholder interviews

Based on those, our primary areas where opportunities for improvement were identified are as follows:

- Level of detail and activity-based costing incorporated into budgeting;
- Development and documentation of internal processes and policies;
- Cross-line communication and monitoring/reporting of information; and
- Annual and life-cycle roadways maintenance planning and budgeting.

### 2.4 Input from sources

PwC met with team members from Construction and Design (C&D), Major Projects (MP), as well as Roadways Maintenance within Public Works (PW) to obtain the information outlined in this report. The information was sought via interviews with all relevant team members and various supporting documentation such as reports, vendor invoices, condition assessments, contracts, financial details, budget documents etc. (please refer to Appendix 2).



### **3. Is spending of road maintenance funding providing highest potential value?**

Economy refers to the components of cost for the provision of services with a view of analyzing potential cost saving opportunities that may exist, either through cost reduction or the elimination of certain components. In essence, do the inputs and processing methods chosen represent the most economical use of public funds for the given performance or, even more simply put, “can we spend less/reduce cost of inputs without negatively impacting efficiency and effectiveness”?

#### **3.1 Budgeting and project scope**

The City has seen continued growth resulting in new roads and new subdivisions, all of which require an increase in the road maintenance funding and a growth of the roadway inventory network that requires future rehabilitation. The asset preservation/rehabilitation budget for MP for 2014 was \$23.6 million and for 2015 the asset preservation/rehabilitation budget is \$26.9 million. These amounts have been determined to be the appropriate budget allocations to allow the City to maintain their roadway infrastructure at the approved level of service.

Note that in terms of the scope for this project, our efforts focused on the \$19.3 million budgeted for roadway preservation projects and the \$1.5 million budgeted for the patching program. The remaining \$6.1 million relates to program development (\$1.7 million), communications (\$0.3 million), pavement marking (\$0.2 million) and sidewalk/curb preservation projects (\$3.9 million) and was not included in the scope of this road maintenance value for money project. Note that a separate value-for-money project is scheduled to be performed on sidewalk/curb preservation projects.

The budget for PW was \$7.9 million for 2014 and increased to \$8.3 million for 2015. This budget amount includes maintenance efforts as they relate to earth streets, paved streets and street cleaning/sweeping performed in the spring. Activities relating to sidewalks, earth dump sites, snow removal, street sanding, dust palliation and drainage are factored into other programs. Note that in terms of the scope for this project, street cleaning/sweeping activities (\$3.3 million) were not in-scope.



### **3.2 Impact of winter maintenance on spring/summer maintenance**

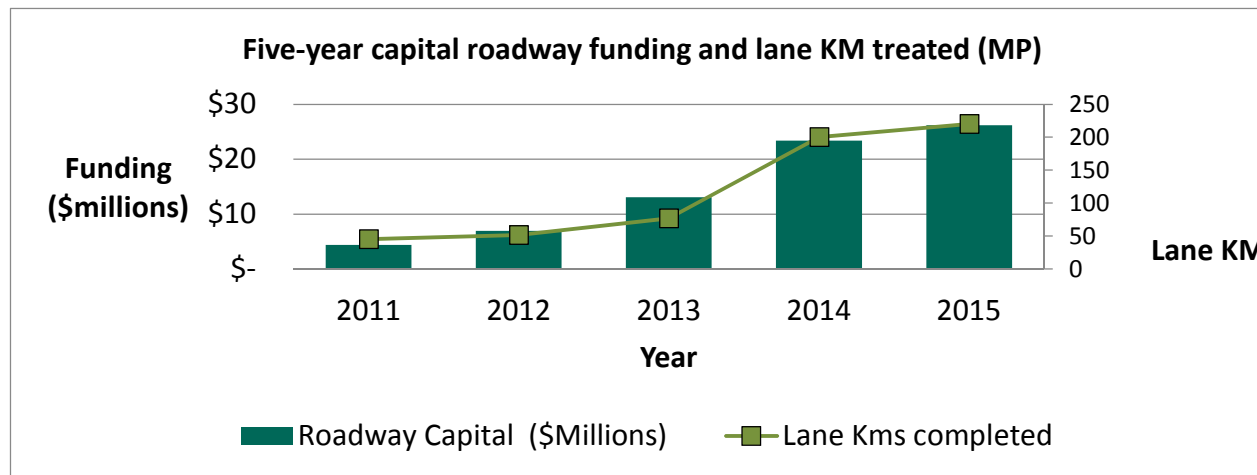
One additional unplanned snow event during the winter can negatively impact the winter maintenance spending, with costs ranging between \$500k to just under \$2 million depending on the extent of the snow event. Although the winter season does not necessarily impact spring/summer road maintenance from a monetary perspective (i.e. the funds are segregated for each type of maintenance), it certainly has an impact on the extent and nature of spring/summer maintenance required and on the type and level of work performed. Severe winter weather could result in increased sanding, salting and snow removal during the winter season and increased run-offs during the thaw cycle. This would impact roadway surfaces and as a result affect the type and level of roadway maintenance to be performed by PW.

This has the ability to cause discrepancies in the spending from year-to-year as the budgets for the City are established in December of each year, prior to being able to know the impact of the current winter season on the spring/summer road maintenance. While there is certainly no accurate method of predicting what a particular winter season will bring in terms of weather, this highlights the impact that unknown winter conditions can have on this particular area of the City's spending.

In the most recent years leading to 2012, expenditures in excess of budgeted amounts in PW had been relatively minor. Generally speaking, years in which there was a smaller snow pack and thus less snow removal efforts allowed for lower winter spending in PW and the additional ability to focus early on planned initiatives for the spring and summer months. These conditions in turn also meant that the labor force required to be available in PW during the winter months was not significant, further reducing spending. In 2012, approximately 30 cm of snow pack was experienced and the significant snow pack combined with the lack of available labor contributed to expenditures in excess of budgeted amounts of approximately \$7 million in PW.

### 3.3 MP capital roadway funding and lane KM treated (2011-2015)

Five-year capital roadway funding and lane KM treated (MP)					
	2011	2012	2013	2014	2015
Roadway capital (\$millions)	\$ 4.38	\$ 6.96	\$ 13.06	\$ 23.40	\$ 26.20
Lane KM's treated	45.1	51.4	76.6	200	220
Average cost per lane KM	\$97,118	\$135,409	\$170,496	\$117,000	\$119,091



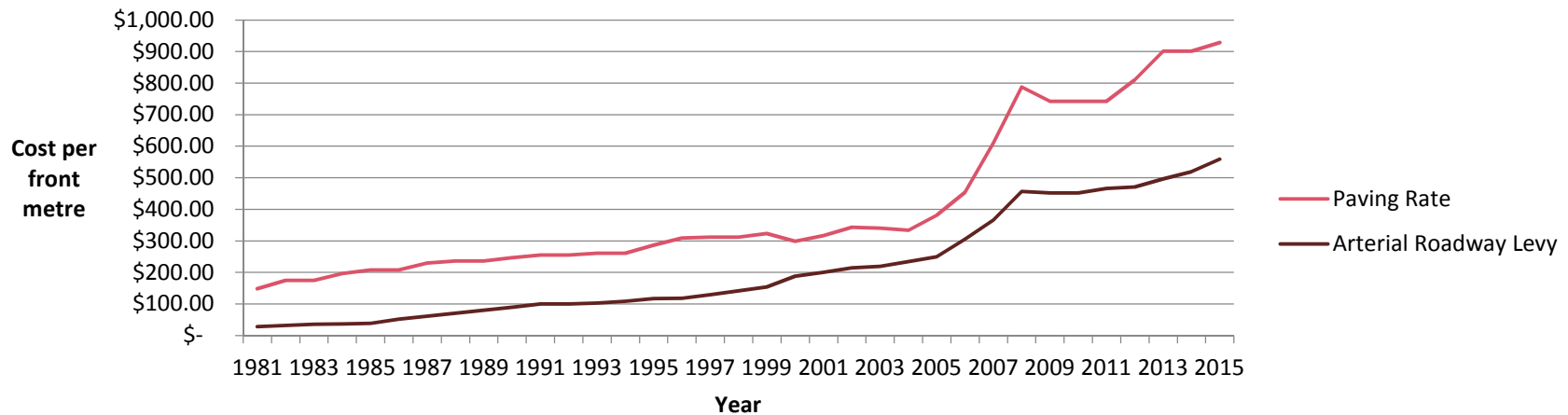
There are approximately 4,005 lane KM of roadways in the City of Saskatoon. In 2011, approximately 1.1% of the city's roadway network was treated through surface treatments. This equates to an approximate 89 year return period before the next surface treatment on the same road. In 2015, approximately 5.5% of the city's roadway network was surface treated, equating to an approximate 18 year return period before the next surface treatment on the same road. The increased funding level and lane KM treated effectively brought the turnaround cycle down by approximately 80%.

The new funding levels have resulted in consistent per lane KM costs for the past 2 years which are significantly lower than those experienced in 2012 and 2013 and should provide for a sustainable network of road inventory that will allow the City to practice a more proactive approach to maintaining the road infrastructure going forward. If the funding levels

for rehabilitation remain at current levels and increases are adjusted through inflation and actual growth, a proactive maintenance plan can be utilized early in roadway life to intervene and extend the life cycle of the infrastructure. If appropriate funding is not allocated between maintenance, preservation, rehabilitation and reconstruction (i.e. MP and PW), then maintenance costs will increase beyond a sustainable level which results in a reactive maintenance plan.

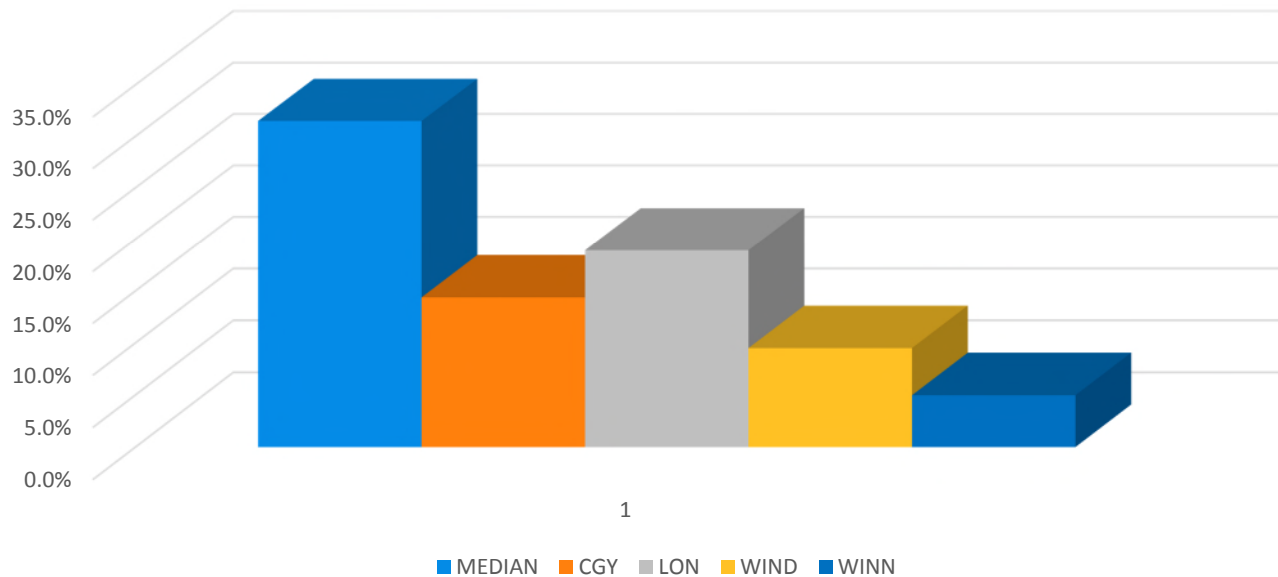
The increased funding is further supported by the fact that rates have been steadily increasing over the past number of years. As an example, within the past 5 years the arterial roadway levy has seen a 24% increase. In the same time frame, residential paving rates have also seen an increase of a similar percentage. These rates are commonly used by the Land Development branch of Construction & Design. The residential paving rate is based on the City's standards for residential services and is calculated based on the cost of past roadways as well as a forecast as to the final cost per front metre of roadways expected to be constructed in any given year, based on the neighborhoods currently in existence. The arterial road levy rate is an offsite levy that applies for the provision of arterial roadways by the City to proposed developments (i.e. provides funds for the cost of design and construction of arterial roads). The levy is based on the City's standards for the construction of arterial roadways (i.e. typically four-lane roadway with center median including turning bays) which serve more than one neighborhood. The cost is based on past roadway contracts as well as forecasts of construction costs.

### Paving and Arterial Rates (1981-2015)



Across Canada, road maintenance costs have been increasing significantly from 2009/10 to 2013/14, according to data available from OMBI Performance Measurement Reports during that period for total road maintenance costs per lane KM. The OMBI single-tier (municipalities responsible for maintaining all types of roads, including arterial, collector and local roads and, in some cases, expressways and laneways) median increased by 31.5% over the period from 2010 to 2014 (which is partially elevated as a result of Montreal being included in the measure for the first time in 2014 – removing the impact of Montreal the increase in the median is less). As seen in the illustration below, Winnipeg experienced a relatively lower increase of 5% from 2010 to 2014 whereas London experienced a higher increase of 19% from 2009 to 2013.

**Increase in Total Road Maintenance Costs per Lane KM from '09/10 to '13/14**





Note that in terms of Saskatoon, it is difficult to draw specific comparisons in this area due to the significant changes in the road maintenance program between 2012 and 2015. In October 2012, the approval of the targeted annual investment of \$25 million to achieve a service level 'B' for paved roadways resulted in a significant increase in annual roadway maintenance costs over a short period of time (i.e. the service level at that time in 2012 was level 'E', with an annual

investment of \$6.3 million to \$9.5 million, which was resulting in a network condition that was deteriorating annually). A service level ‘E’ results in an asset condition of “getting worse” and is defined as “insufficient expenditures to maintain asset condition with asset condition deteriorating annually and some assets needing to be closed or removed from service” while a service level “B” results in an asset condition of “getting better” and is defined as “sufficient expenditures to increase asset condition/value and decrease backlog slowly over time and, once the backlog is eliminated, to maintain condition without a backlog”.

As illustrated in section 3.3, there has been significant variability in Saskatoon from 2011 to 2015 as the types of treatments have changed and the amount of lane KM’s treated each year increases significantly. From 2014 to 2015, depending on the scope of the analysis as illustrated in sections 3.3, 4.4 and 4.5, the total cost of treatment per lane KM has increased between 2% and 8% from 2014 to 2015, which is within reasonable parameters when compared to other municipalities during that timeframe. From 2011 to 2015, the total cost of treatment per lane KM as illustrated in section 3.3 has increased by 23%, which is within the range of the median from the OMBI Performance Measurement Reports as outlined above (i.e. 32%).

### 3.4 Observations, recommendations and responses from administration

Observation 1	Rating
<p>Activity based budgets using detailed inventory unit costing are not currently being used for the spring/summer road maintenance program. The overall total PW budget is being calculated by utilizing prior year information and adjusting for the Municipal Price Index and a growth factor.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>a. The budget for the spring/summer road maintenance work is primarily being driven by inflation and does not appear to fully be capturing the impact of new roads being planned, completed and “handed off” to PW.</li> <li>b. In order for this to occur, detailed information regarding unit costs for the types of road maintenance work currently being performed will need to be fully developed by PW and MP, potentially including a resource allocation model identifying the number of resources needed to maintain specific lane KM’s of roadways.</li> </ul>	
<p><b>Recommendation 1</b></p>	
<p>We recommend that administration implement activity-based budgeting using detailed inventory unit costs to develop the annual spring/summer road maintenance budget. This will assist in determining the level of spending by activity and create a detailed financial history that can be used by PW for trend analysis and other operational improvements. Items such as the impact of weather and the amount of new roads being planned, completed and “handed off” by growth to PW and MP from C&amp;D or T&amp;U should be factored in when determining the request for the annual spring/summer road maintenance/rehabilitation budgets for PW/MP. The growth in inventory should be directly factored in when preparing the annual budget for roadway maintenance.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. Activity based budgeting (ABB) will also require documented levels of service.</p>	

Observation 2	Rating
<p>In 2015, PW estimated that it was able to reduce overtime hours resulting in decreased spending on overtime of \$140k in addition to the overtime savings of \$490k in 2014. The decision resulted in an improvement in economy (i.e. cost savings).</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>Decisions to cut back on spending require careful cost-benefit analysis to ensure predetermined service plans are not being compromised. The decision to cut overtime spending is a secondary discussion to the overarching primary question of how efficiently is PW is managing its overall personnel/resource base (i.e. staffing and payroll section of chart in section 2.5).</li> </ul>	
<b>Recommendation 2</b>	
<p>The decision to cut back on spending should be reviewed in a holistic manner, to ensure that predefined work plans and level of service are not impacted. PW should determine the adequate level of work to be completed and the desired level of service to be provided for their programs to ensure adequate planning from the onset takes place. Development of a work plan in advance will help alleviate expectation gaps felt by program sponsors and citizens.</p>	
<b>Response from administration</b>	
<p>Administration agrees that program specific levels of service will enable the operations to determine the correct labor, equipment and materials resourcing requirements to achieve adequate work levels. This will enable the development of the work plan to be determined in advance while meeting budgetary levels. Utilization of overtime to meet operational requirements with regard to the work plan and levels of service may best be applied by ensuring adequate personnel are in place at regular rates of pay funded by the corresponding reduction in overtime rates of pay.</p>	

### 3.5 Relevant benchmarking from leading practices report supporting observations/recommendations

All municipalities that participated in the benchmarking exercise indicated that:

- Budgets for spring/summer road maintenance were formulated at the activity level;
- Each activity had a planned level of service and cost attributed to it; and
- They have the ability to determine if overages related to increased level of service or other unplanned inefficiencies.

### **3.6 Conclusion on economy**

We concluded based on the evaluation above that the City was achieving satisfactory results in terms of the overall economy of its road maintenance program. The City has invested significantly increased funds from 2011 to 2015 (and in particular from 2013 to 2015 after the approval of spending to achieve service level ‘B’ for paved roadways) and this has resulted in a significant increase in lane KM’s treated from 2011 (45 lane KM or 1.1% of paved roadways) to 2015 (220 lane KM or 5.5% of paved roadways).

In terms of areas for improvement, we identified opportunities for budgeting/costing enhancements as well as a recommendation to continue to review opportunities to manage overtime as a component of total resource planning while not sacrificing any progress in levels of service. Note that these recommendations are intended to result in increases to existing levels of economy being achieved as opposed to being indicative of a lack of economy in the current road maintenance program.



#### **4. Are the processes within the road maintenance program operating efficiently?**

Efficiency refers to how a process is performed and more specifically the right allocation of effort amongst resources (i.e. is it possible to do more with less resources or if the funds expended were to remain the same, can we make better use of those funds to achieve more?). Efficiency focuses on determining the maximum output for any given set of inputs or the minimum inputs for any given quantity/quality of goods and services provided.

##### **4.1 Processes reviewed**

As part of gaining an appropriate understanding of efficiency, we reviewed the following areas/processes:

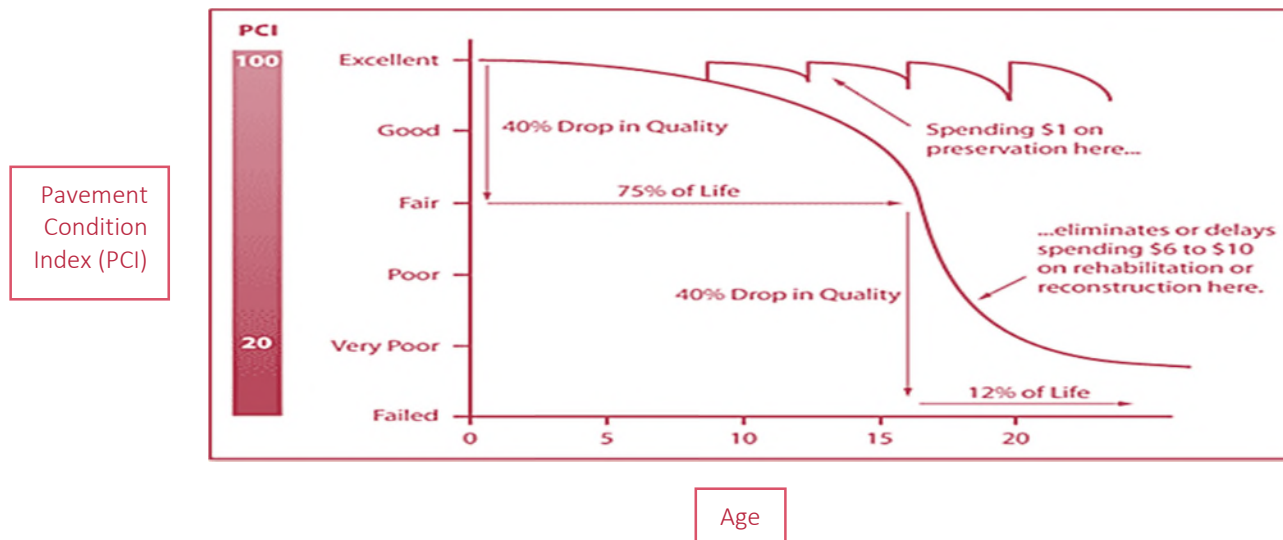
- a. Organizational structure, planning and coordination;
- b. Programs and guidelines;
- c. Levels of service;
- d. Asset management system;
- e. Documentation and prevention of knowledge loss; and
- f. Annual maintenance plans

We understand that Transportation and Utilities (T&U), MP and PW have all experienced significant personnel turnover in the past five to seven years. During this turnover stage, knowledge loss occurred as processes were not formally documented. We also understand from our interaction with stakeholders throughout this review process that the successor teams have invested significant time “learning by doing”, understanding processes and also implementing formal documentation of processes.

The formalization of processes was a necessary response to inefficiencies that were being experienced across the road maintenance program (i.e. scheduling conflicts, lack of communication across divisions, redundancies). The City has been consistently growing over the past number of years and with this growth there has been an increase in the volume of traffic on the City’s roads.. Due to the increased volume of traffic and the aim to address increased citizen complaints regarding road maintenance, the road maintenance program has focused in recent years on becoming better organized, defining programs and guidelines, developing levels of service, obtaining asset management systems and prioritizing maintenance work based on objective guidelines. While there have been significant changes in recent years, there continues to be room for improvement.



## 4.2 Road maintenance cost and benefit



Based on the illustrative diagram above, as road age increases, the road begins to deteriorate, leading to failure if maintenance efforts are not initiated. The diagram also suggests that preservation being performed sooner (at the 10 year point) can ultimately lead to significant cost savings as rehabilitation or reconstruction efforts will be saved. Although not shown in the diagram, maintenance efforts should be initiated along the way (between 0 and 10 years) and should be minor repairs in nature, to ensure road safety is maintained. Taking this into context of the illustration presented above, the decision to engage a crew in pothole repairs impacts the overall efficiency (and opportunity cost) of other PW projects that could be completed in place of the one at hand. The short term treatment options may result in failure due to various factors (weather, road usage, quality of work) and as a result may warrant another repair shortly thereafter, thereby questioning the overall effectiveness of the initial treatment. As the length of the roadway that is to be repaired increases, the overall treatment costs become larger. Hence, the question of how a process is performed and how the resources are being used becomes critical.

### 4.3 Road preservation, restoration and rehabilitation spending (2014-2015)

The following table highlights work undertaken by MP for roadway treatment and compares 2014 actuals to 2015 actuals. Similar information was not available for PW. Note that 2015 figures represent forecasts based on actuals as of November 2015. Certain treatments (i.e. paver lay) specific to only one fiscal year were excluded from the table. Note that in the final column (K), a '+' indicates an increase in the per lane KM cost of a particular treatment while a '-' indicates a decline in the cost.

	2014 Total Spend (\$)	% of Total '14 Spend	Total '14 Lane KM	% Total Lane KM	'14 Per Lane KM (\$)	2015 Total Spend (\$)	% of Total '15 Spend	Total '15 Lane KM	% Total Lane KM	'15 Per Lane KM (\$)	Change (E to J)
	A	B	C	D	E	F	G	H	I	J	K
Patch	\$ 1,963,046	8.6%	6.4	3.0%	\$ 306,726	\$ 1,365,752	6.1%	6.0	3.1%	\$ 227,625	-25.8%
Micro surface	\$ 3,038,357	13.3%	64.2	30.4%	\$ 47,326	\$ 2,628,110	11.8%	71.8	36.6%	\$ 36,603	-22.7%
Blade level	\$ 375,907	1.6%	6.2	2.9%	\$ 60,630	\$ 848,920	3.8%	11.2	5.7%	\$ 75,796	+25.0%
UTO	\$ 4,386,860	19.2%	55.2	26.1%	\$ 79,472	\$ 2,285,425	10.3%	29.0	14.8%	\$ 78,808	-0.8%
Resurface	\$ 10,522,047	46.2%	73.2	34.7%	\$ 143,744	\$ 11,375,579	51.1%	68.5	34.9%	\$ 166,067	+15.5%
Reconstruct	\$ 2,525,674	11.1%	6.1	2.9%	\$ 414,045	\$ 3,771,523	16.9%	9.7	4.9%	\$ 388,817	-6.1%
<b>Totals</b>	<b>\$ 22,811,891</b>	<b>100.0%</b>	<b>211.3</b>	<b>100.0%</b>	<b>\$ 107,960</b>	<b>\$ 22,275,309</b>	<b>100.0%</b>	<b>196.2</b>	<b>100%</b>	<b>\$ 113,534</b>	<b>+5.2%</b>

The chart shown above presents a trend indicating comparable lane KM costs achieved by MP in 2014 and 2015. The 2015 spending for the particular roadway treatment areas specifically outlined in the chart above decreased slightly from 2015 to 2014 as did the amount of lane KM.

Note that in any given year, the type of treatment plan will vary depending on the particular needs of the roadway (i.e. it is not merely discretionary as to which type of treatment to apply to which roadway in any given year). Despite the variability in individual categories in the table listed above, there was reasonable consistency in the overall treatment as the total cost per lane KM increased by only 5.2% year-over-year (column K). If the costs per lane KM had been exactly the same in 2015 as in 2014 (column K), the cost of treating 196.2 lane KM (column H) in 2015 would have been approximately \$0.2 million (1%) less. All else being equal, this information suggests that efficiency is being maintained year-over-year. Please refer to sections 3.3 and 4.4 for further comments.

#### 4.4 Road preservation, restoration and rehabilitation spending (2015 budget to actual)


The following table highlights work undertaken by MP for roadway treatment and compares 2015 budgets to 2015 actuals (excluding patching). Similar information was not available for PW. Note that 2015 actual figures reported represent forecasts based on actuals as of November 2015. Note that in the final column (K), a '+' indicates an excess in per lane KM costs of treatment compared to budget while a '-' indicates an improvement in per lane KM costs compared to budget.


	BUDGETED 2015					ACTUAL 2015					Change (E to J)
	2015 Total Spend (\$)	% of Total '15 Spend	Total '15 Lane KM	% Total Lane KM	'15 Per Lane KM (\$)	2015 Total Spend (\$)	% of Total '15 Spend	Total '15 Lane KM	% Total Lane KM	'15 Per Lane KM (\$)	
	A	B	C	D	E	F	G	H	I	J	K
Micro surface	\$ 2,885,350	17.4%	76.0	46.9%	\$ 37,965	\$ 2,628,110	12.6%	71.8	37.8%	\$ 36,603	-3.6%
Blade level	\$ 326,500	2.0%	4.3	2.7%	\$ 75,930	\$ 848,920	4.1%	11.2	5.9%	\$ 75,796	-0.2%
UTO	\$ 2,746,750	16.6%	29.0	17.9%	\$ 94,716	\$ 2,285,425	10.9%	29.0	15.2%	\$ 78,808	-16.8%
Resurface	\$ 7,767,360	46.9%	45.5	28.1%	\$ 170,711	\$ 11,375,579	54.4%	68.5	36.0%	\$ 166,067	-2.7%
Reconstruct	\$ 2,832,690	17.1%	7.2	4.4%	\$ 393,429	\$ 3,771,523	18.0%	9.7	5.1%	\$ 388,817	-1.2%
<b>Totals</b>	<b>\$ 16,558,650</b>	<b>100.0%</b>	<b>162.0</b>	<b>100.0%</b>	<b>\$ 102,214</b>	<b>\$ 20,909,557</b>	<b>100.0%</b>	<b>190.2</b>	<b>100%</b>	<b>\$ 109,935</b>	<b>+7.6%</b>


When comparing from budgeted 2015 to actual 2015, a different (but complementary) perspective is reached in terms of efficiency. Although a more efficient cost per lane KM in each of the five categories above was achieved compared to budget, the total cost per lane KM increased as the amount of lane KM reconstructed was 2.5 lane KM more than budgeted (9.7 actual KM in column H less 7.2 budgeted KM in column C) and reconstruction has a significantly higher lane KM cost than other types of treatment. Therefore even while the cost per lane KM of reconstruction was 1.2% more efficient than budget, the additional 2.5 lane KM of reconstruction in 2015 resulted in a higher per lane KM cost for the entire program.

Again, as noted above, in any given year the type of treatment plan will vary depending on the particular needs of the roadway (i.e. it is not merely discretionary as to which type of treatment to apply to which roadway in any given year). Despite the variability in individual categories in the table listed above, there was reasonable consistency in the overall treatment as the total cost per lane KM increased by only 7.6% year-over-year (column K). If the costs per lane KM had been exactly the same in 2015 as was budgeted (column E), the cost of treating 190.2 lane KM (column H) in 2015 would have been approximately \$0.9 million (4%) more. All else being equal, this information suggests that efficiency is being achieved as the actual results represent an improvement compared to budget. Please refer to sections 3.3 and 4.3 for further comments.


#### 4.5 Observations, recommendations and responses from administration

Observation 3	Rating
<p>PW currently does not have a formal detailed activity-based annual maintenance plan and their current budget does not factor in newly developed roads. The plan for the upcoming year should be formalized in advance.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>An effective formal annual maintenance plan within PW requires an annual update to reflect new roads that are now under PW's responsibility. A formal plan should include the planned level of maintenance required to be performed to the roads infrastructure, based on the condition rating index and knowledge of the best timeframes in which to perform preventative maintenance to a new paved surfaces.</li> </ul>	
<p><b>Recommendation 3</b></p>	
<p>PW should develop a formal detailed activity-based annual maintenance plan. The plan should factor in the new roads that are added to the overall inventory as far in advance as possible (given the plans in place within MP). The actual annual road maintenance plan should be formalized as part of the budgeting discussions and MP and PW should work in collaboration to identify an effective planned maintenance program that contains an appropriate mix of strategic preventative maintenance and anticipated reactive maintenance.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. PW is currently working with MP to develop a formal maintenance plan to determine the best practices of what, where and when roadway treatments are most effective for longevity, efficiency and effectiveness. This along with long range planning that incorporates inventory growth will aid the budget process to determine the preventative maintenance requirements and reduce the requirements for reactive mode maintenance.</p>	

Observation 4	Rating
<p>There is insufficient formal communication between the multiple custodians of the road infrastructure. All else being equal, we believe that an increase in the formal communication and planning/reporting between PW and MP would result in increased efficiencies to the road maintenance program, not to mention the overall effectiveness of the program and its ability to maximize achievement of desired results.</p> <p><b>Impact/comments:</b></p> <ul style="list-style-type: none"> <li>• The cross divisional communication structure is limiting access to timely information. Certain reporting/analysis is lagging four to eight weeks behind for PW (i.e. the reporting of utility cut locations). This is further impacting project planning and coordination. Currently the two divisions meet once per month.</li> <li>• The proposed process changes would facilitate synchronization and increase communication via routine meetings across divisional lines. Infusing parts of the two divisions into one would have the potential to remove inefficiencies that are occurring.</li> </ul>	
<p><b>Recommendation 4</b></p>	
<p>We recommend that PW and MP increase their formal level of communication and the synchronization of their planning and reporting. The key objective of improving in this area is to reduce inefficiencies relating to planning and coordination, redundancies of work performed and ultimately preserving/safeguarding the City's monetary resources.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. The level of communication between PW and MP should continue to increase, and adequate staff are in place with the appropriate mandate to ensure this happens. The action plan is to work closely together to create mutually beneficial programs using the network condition data and historical treatment data that was collected as a driver for both programs. While some reactive work will inherently be required on the road network, the majority of maintenance and preservation can be driven with the condition and historical treatment data. This initiative can be achieved through increased communication and planning activities.</p>	

Observation 5	Rating
<p>The current combination of manual efforts and computer systems being utilized by the road maintenance program does not fully collect maintenance location and cost data. There is a lack of a completely synchronized corporate asset activity management system.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>There is limited manual tracking of the impact of road maintenance on road infrastructure (i.e. work performed by PW on the network developed by MP). The process of tracking the impact of road maintenance continues to be quite manual in nature due to the capability of the asset activity management system. Maintenance work and its impact needs to be reported between MP and PW in a timely manner to keep each party informed on a timely basis of the changes being made to the road infrastructure in order to ensure appropriate planning and coordination between the road custodians. This would allow the road custodians to work towards being one full season ahead in their planning and coordination efforts.</li> </ul>	
<p><b>Recommendation 5</b></p>	
<p>We understand that an ERP evaluation project is currently underway by the City. Ideally, in the future PW should have implemented a completely integrated solution which allows PW to adequately track their activities, costs, time spent on projects and any other relevant details. Particularly for PW, this is critical as there are multiple custodians of the road infrastructure and it is critical to report maintenance efforts on road infrastructure to MP. The ultimate solution should factor in the current computer systems and their ability to integrate modules and reports where possible.</p> <p>We understand that this is perhaps a longer-term recommendation due to inherent limitations in the current system and the City-wide evaluation of an ERP system. In the short term, we believe that improvements can be made by merely increasing the level of communication and formal planning/reporting between the various road custodians.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. Tracking of maintenance costs, along with the locations treated, needs to be integrated into a common computer based system, as this will allow this information to be utilized as an additional decision making tool or trigger when selecting roads for surface treatment. Communication efforts will be increased in the short term to begin this process.</p>	



Observation 6	Rating
<p>Full life cycle planning within PW is currently not taking place, in which a new roadway has an annual maintenance plan from the moment it is completed which factors in the anticipated life cycle of the road (i.e. years until major repair/replacement is necessary), the activities that will need to be performed on that road over the duration of the life cycle (regular preventative repairs), and the cost of those activities.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>• There is a lack of formal planning and coordination of preventative maintenance built into the road maintenance program that fully incorporates the impact that new infrastructure has on the program.</li> <li>• By virtue of the nature of each area’s function in the Road Maintenance program, there may always be some degree of co-mingling between MP and PW, however the overall Road Maintenance plan needs to clearly define maintenance work from the preservation/rehabilitation work.</li> <li>• This will facilitate allocation of the funding required to meet the plan set for each team. It will also better enable leadership to hold management of each team accountable to the objectives of their own program, progress of their defined activities and the funding allocated to their program.</li> </ul>	
<p><b>Recommendation 6</b></p>	
<p>We recommend that prioritized, proactive full life cycle planning begin to be implemented (i.e. the Condition Rating Index that is used to prioritize work within MP) on a go-forward basis for new roadways infrastructure in the City which clarifies the scope of PW and MP’s responsibilities for maintenance, preservation and rehabilitation.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation.</p>	

#### **4.6 Relevant benchmarking from leading practices report supporting observations/recommendations**

All municipalities that participated in the benchmarking exercise indicated that:

- Projects are planned in a cross line-of-service environment, which includes all teams (i.e. from Public Works, Operations, and Engineering to City Planning and Construction and Design). The collaborative project planning environment enables them to plan work in a manner which reduces duplication of efforts, redundancies and increases effectiveness of the use of funds. Frequency of meetings between the teams typically ranges from weekly to monthly.
- In the annual capital or maintenance plan, all participating cities use a condition rating index to prioritize the upcoming annual plan. Metrics such as user frustration, increased materials and work costs as well as local or collector roads are factored into the prioritization of work and development of the annual capital/maintenance plan. Further, a complete plan is set in place at the start of the year, including operational (i.e. PW) and capital (i.e. MP) work. Formal tracking of operational work performed is communicated to the team(s) responsible for capital work to ensure the plans are being performed as designed.
- They have defined activities for each group and are in the process of developing a life cycle maintenance plan which identifies the level of maintenance required to their assets from inception onward.

#### **4.7 Conclusion on efficiency**

We concluded based on the evaluation above that the City was achieving satisfactory results in terms of the overall efficiency of its road maintenance program. As indicated in section 3, the City has invested significantly increased funds from 2011 to 2015 (and in particular from 2013 to 2015 after the approval of spending to achieve service level 'B' for paved roadways) and this has resulted in a significant increase in lane KM's treated from 2011 (45 lane KM or 1.1% of paved roadways) to 2015 (220 lane KM or 5.5% of paved roadways). This has been achieved while maintaining generally consistent overall roadway maintenance costs per lane KM in 2014 and 2015 and overall increases in roadway maintenance costs per lane KM from 2011 to 2015 within the range of general municipal trends.

More specifically, when comparing the City's actual road maintenance costs per lane KM in 2014 and 2015, if the costs of treatment per lane KM had been exactly the same in 2015 as in 2014, the cost of treating the same amount of lane KM in

2015 would have been approximately \$0.2 million (or approximately 1%) less. All else being equal, this analysis suggested that efficiency is being achieved. Additionally, when comparing the City's budgeted road maintenance costs per lane KM for 2015 to the actual results achieved for 2015, if the costs per lane KM had been exactly the same in 2015 as was budgeted for 2015, the cost of treating the 2015 actual lane KM would have been approximately \$0.9 million (or approximately 4%) more. All else being equal, this information suggested that efficiency is being achieved as the actual results represent an improvement compared to budget.

In terms of areas for improvement, we identified opportunities for improvement in the following areas: development of a formal annual maintenance plan in PW that factors in new infrastructure and allows for planning of service a year in advance, increased levels of coordination/synchronization between the PW and MP divisions, consideration of the needs of the roadway maintenance program while undertaking ERP planning for the City, and incorporating full life-cycle planning into the roadway maintenance program. Note that these recommendations are intended to result in increases to existing levels of efficiency being achieved as opposed to being indicative of a lack of efficiency in the current road maintenance program.

## **5. Is the road maintenance program meeting its goals and objectives?**

Effectiveness represents whether the desired results are being achieved. The other primary sections of this review, while focusing on economy and efficiency, also by their nature relate to the effectiveness of the roadways maintenance program as well. However, the one aspect of effectiveness that has not been explored previously in this report is the point of view of the citizenship.

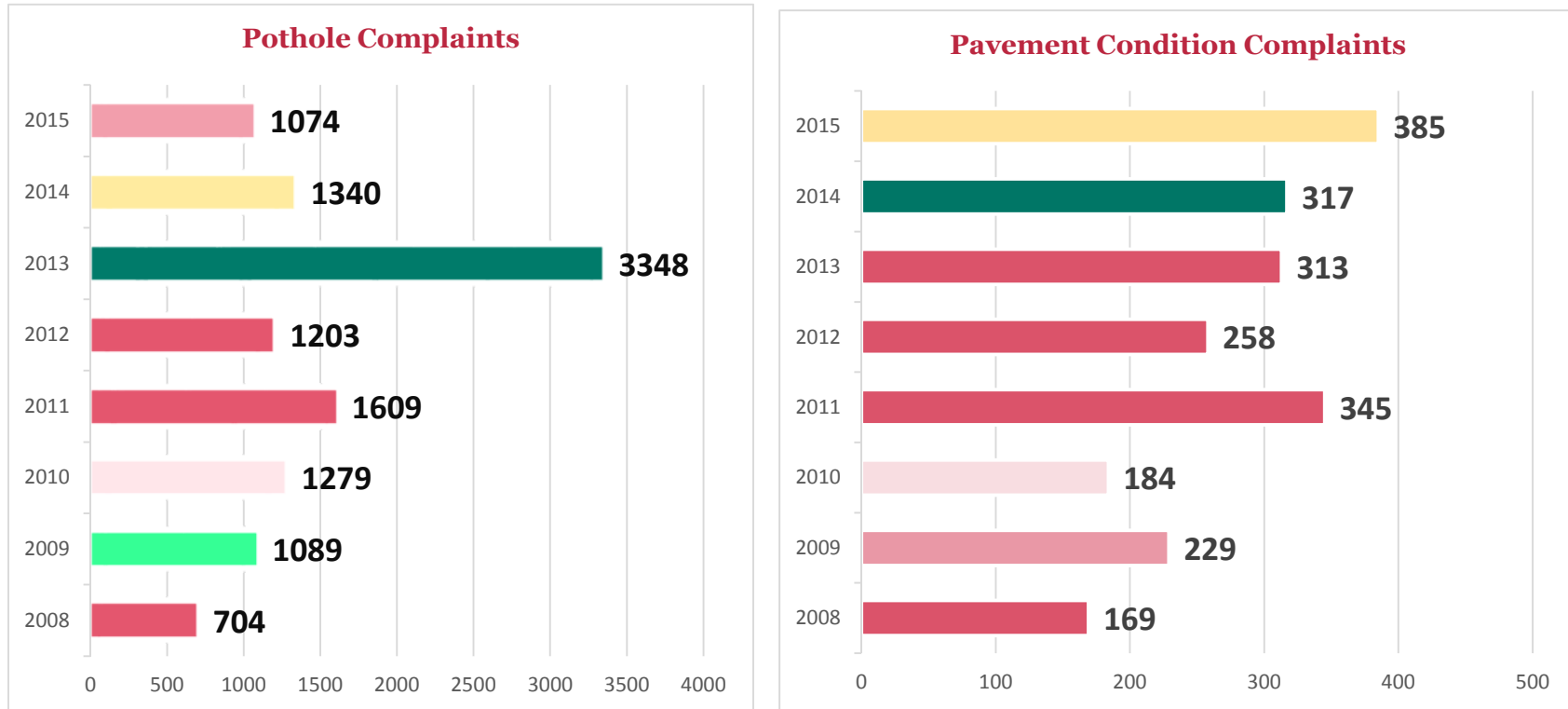
### **5.1 Goals and objectives**

The City defines roadway asset management as a process of monitoring, maintaining, and preserving roads effectively throughout their lifecycle. The objective is to employ effective decision making to optimize a cost effective mix of treatments to maximize the number of roads treated to improve the roadway network as a whole.

In 2014, road maintenance was an area (along with parking and traffic management) that had the lowest citizen satisfaction ratings of all city services. The B Service Level (please refer to section 3.3) for roads is projected to be achieved in 2017. In the meantime, as it pertains to road maintenance, there is still a need for further improvement of tracking and responding to complaints launched by citizens. Road Maintenance satisfaction received a score of approximately 5 out 10 on the **2014 Civic Survey Results**.

Most recently, leading up to the budget deliberations in December of 2015, the Citizen Budget Final Validated Results from October 19 to November 13, 2015 indicated that the only areas of increased investment desired were Road Maintenance (invest up to 2.0% more) and Snow & Ice Management (invest up to 4.0% more).

## 5.2 Pothole and pavement condition complaints (2008-2015)



As noted earlier, severe winter weather can have a significant impact on spring/summer road maintenance. This was the case in 2013, when a total of 3,348 pothole complaints were received by PW following the winter of 2012-13. Severe winter weather impacted the road network and resulted in a significant increase in potholes. In 2014, the amount of pothole related complaints had decreased to approximately 1,300 and further decreased to approximately 1,100 in 2015.

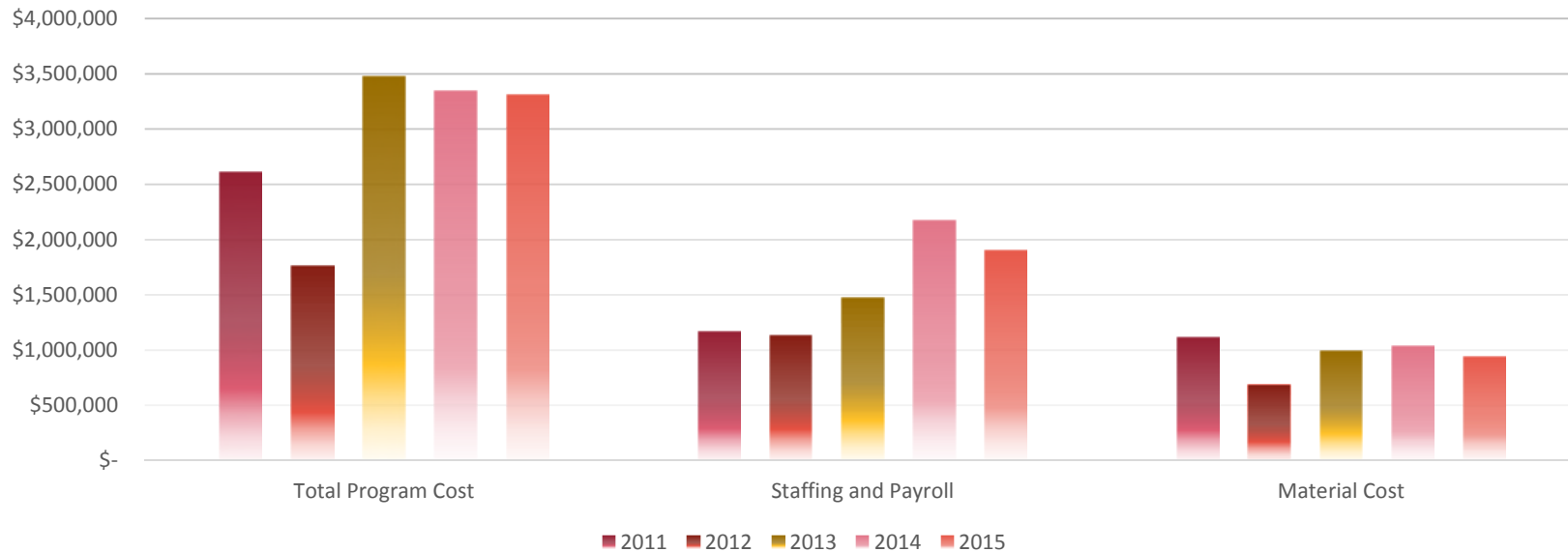
Note that similar trends were experienced by the City of Edmonton over the period 2009 through 2013, particularly during the 2012 and 2013 years. In 2012 the City of Saskatoon experienced a decrease in pothole complaints from 1,609 to 1,203 (improvement of 25.2%) while the City of Edmonton reported a decrease in pothole complaints from 10,973 to 8,677

(improvement of 20.9%). In 2013 the City of Saskatoon experienced an increase in pothole complaints from 1,203 in 2012 to 3,348 complaints (an increase of 178.3%) while the City of Edmonton reported an increase in pothole complaints from 8,677 in 2012 to 23,568 in 2013 (an increase of 171.6%).

A total of approximately 163,000 pothole repairs were reported as being completed by PW in 2015, with 2,845 tonnes of asphalt used, down from 188,000 pothole repairs completed in 2014. As an example for comparison again referencing the City of Edmonton, in 2013 pothole repair crews in the City of Edmonton reported filling over 700,000 potholes (approximately 15,000 tonnes of asphalt) which was a 10-year high (average of approximately 500,000 per year from 2004 through 2013) and this figure decreased to 475,000 in 2014.

Note that as illustrated below, 2012 costs were particularly low due to the reduced number of potholes in 2012, which in turn resulted in the lowest material costs incurred over the 5-year period shown below. Material costs of PW in 2012 were approximately \$0.7 million compared to an average over the 5-year period shown above of approximately \$1.0 million.

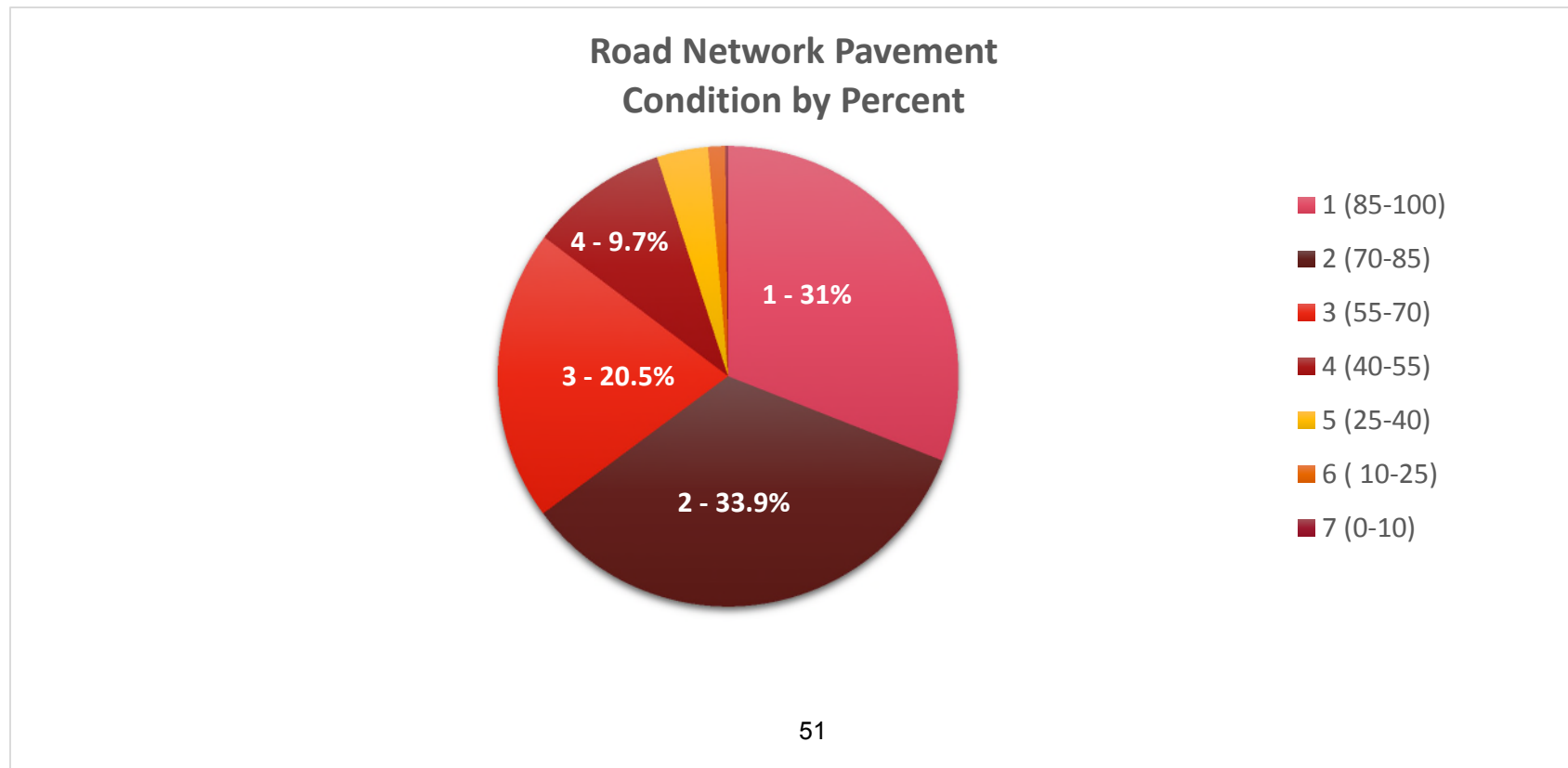
### FIVE-YEAR PW PAVED ROADS SPENDING



### 5.3 Condition ratings

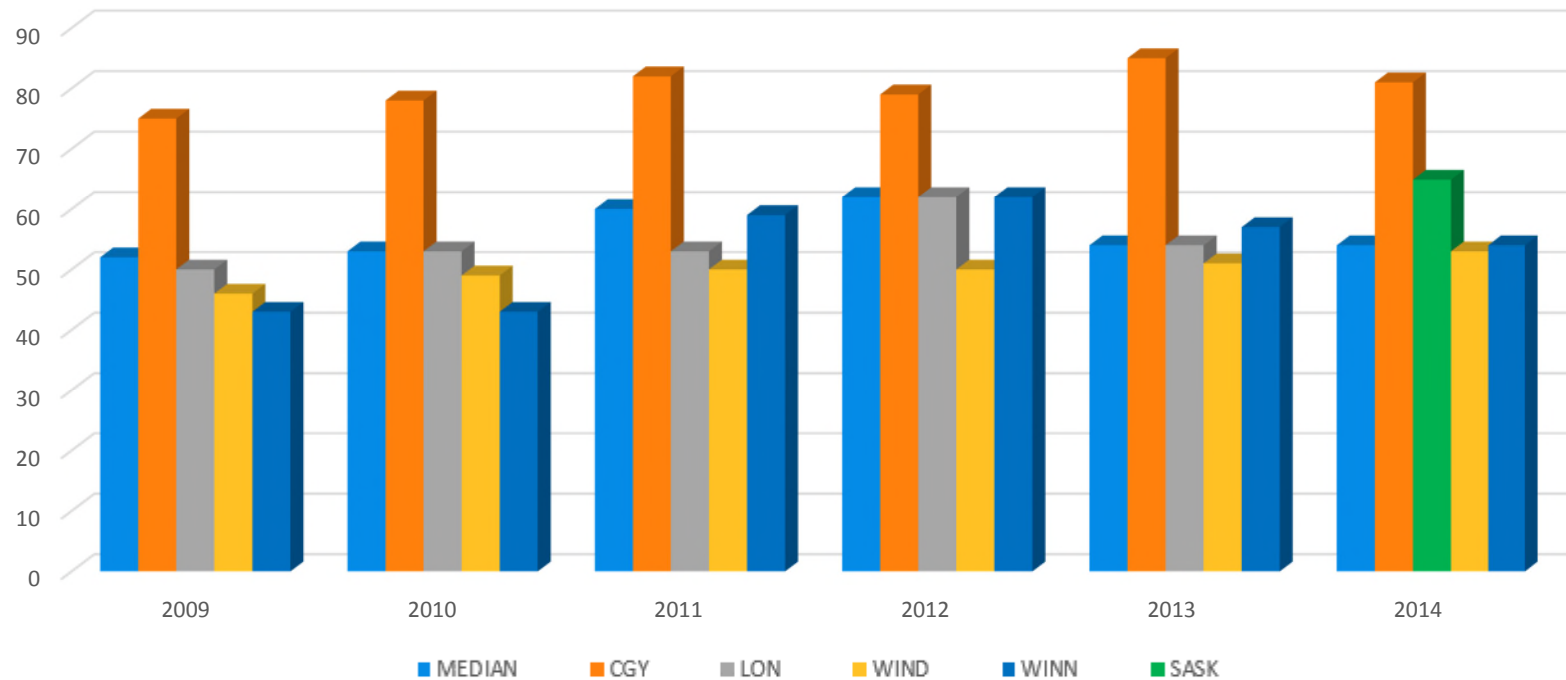
In 2014, a full condition assessment of the entire paved roadway network within the City was undertaken, which will be used to establish a new baseline condition of the network to aid in setting future roadway preservation programs. The City’s surface pavement condition assessment is based on the international standard ASTM D 6433-09 and uses a standard Pavement Condition Index (PCI) and rating scale. The target city wide rating cycle for all paved roadways in Saskatoon is every four years. The City’s roadway network is comprised of approximately 51% of neighborhood roadways (i.e. local roads) and 49% primary roadways (i.e. expressways, arterials, and collectors). The majority of local roadways are now in the 30-60 year age range, with a large amount of existing local roadways constructed in the boom of the 1980’s.

The PCI consists of 7 categories within a range of 0 to 100, with the top two categories requiring a score of 70 or greater. Below are the results of the latest condition ratings from 2014 with category “1” being the best rating (a score of 85 to 100 within the index) and category “2” being the second-highest rating (a score of 70 to 85 within the index). Note that a total of 64.9% of the City’s roadways are within these 2 highest categories.



The condition ratings outlined above compare favorably with data available from OMBI Performance Measurement Reports from 2008 through 2014, which identify the % of paved lane KM where the condition rating is “good” to “very good”. The OMBI single-tier (municipalities responsible for maintaining all types of roads, including arterial, collector and local roads and, in some cases, expressways and laneways) median increased from 51% to 54% over the period from 2008 to 2014. Calgary is an example of a leading municipality in terms of condition ratings with a measure of 81% in 2014 (increase from 75% to 81% over the period from 2009 to 2014). London, Windsor and Winnipeg are all comparable at 53% to 54% as of 2013/14. Please refer to the illustration below:

**% of Road Paved Lane Km Where Condition is Good to Very Good**






#### 5.4 Road maintenance strategy


Treatment Strategy	Treatment
Maintenance	Pothole repair Seam repair
Preservation	Crack sealing Micro-surfacing Blade level Asphalt overlay
Restoration	Resurfacing
Rehabilitation	Reconstruction

The focus of the road maintenance program is on all condition ratings (good, fair, poor and very poor). In 2014, Council added significant funding to achieve a “B” level of service which is intended to improve the condition of the roadways and decrease the backlog of preservation work slowly over time (please refer to section 3.3 for further details). If preventative maintenance is not provided to better rated roads, there will be a larger portion of roads which, over the course of time, will deteriorate from their current “good” rating to become “fair”, “poor” or “very poor”.

Per our review of the current strategy and interaction with stakeholders throughout the performance of the review, it is clear that the execution of the current strategy requires involvement from both PW and MP. Although intermingling of efforts by PW and MP may not be able to be fully eliminated, the strategy needs to continue to be clarified to ensure the goals and objectives of each team are being effectively met. Currently, MP is performing seam repair, crack sealing and patching which are all areas of road maintenance which fit more naturally into the PW portfolio. MP’s current performance of those tasks is seen to be the result of resource constraints and the amount of ‘reactive’ pothole work being done by PW.

## 5.5 Observations, recommendations and responses from administration

Observation 7	Rating
<p>There is a lack of specific quality control criteria being built into the PW road maintenance activities.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>• Citizen satisfaction with spending of taxpayer funds on road maintenance is heavily impacted by the quality of maintenance work being completed. Quality control is essential in ensuring that objectives are effectively being achieved and in ensuring the accountability of the City and its contractors.</li> <li>• Maintaining quality standards, monitoring the quality of the work as it is performed/completed, and ensuring that only the right caliber of talent are obtaining City tenders is integral to the success of objectives being set by all divisions within T&amp;U. PW currently has two temporary engineering technologists on staff who are monitoring quality of the projects undertaken and is in the process of creating formal procedures for pothole maintenance.</li> </ul>	
<p><b>Recommendation 7</b></p>	
<p>We recommend that PW maintain sufficient engineering technologists to allow them to ensure all projects are being looked at from a quality perspective. The existence of an annual maintenance plan will assist in determining the correct level of planned (proactive) activity that will occur during the year and will allow for a determination of how many technologists are necessary to properly monitor quality. Process procedures should be created for all roadway maintenance activities within the scope of PW (in addition to pothole maintenance) to measure quality throughout their projects (such as controls and sampling to verify grading of asphalt material, specifications delivered etc.).</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. Engineering technologists have been hired as temporary inspectors in recent years to achieve this objective. Going forward, these positions will be expanded to ensure that quality control (QC) and quality assurance (QA) continue to be a primary focus. Through the Logistics &amp; Procurement section of C&amp;D that is assigned to PW a project scope has been developed to define both QC and QA between design, operations and administration of such. The inclusion of QA and QC into the tender process is currently in development and will be included in the 2016 spring tenders.</p>	

Observation 8	Rating
<p>There are no vendor pre-qualification criterion in place for PW or MP, which can impact effectiveness of goals/objective and can also have trailing impacts on economy and efficiency.</p> <p><b>Impact/comments</b></p> <ul style="list-style-type: none"> <li>• An important aspect of quality control is implementing standards within the tendering process such that only those vendors meeting the criteria can apply and be successful in securing a tender.</li> <li>• Building a tender to quality specification, factoring in changing technologies and the caliber of talent being brought onto the project should play a significant role in the tendering process. If done in advance, this preventative control will help mitigate situations that can become unpleasant.</li> </ul>	
<p><b>Recommendation 8</b></p>	
<p>We recommend that vendor pre-qualification criterion be drafted in a collaborative workspace, allowing all relevant professionals, engineers, management and any other relevant stakeholders to provide feedback to the process. This will ensure that only vendors of the desired quality level and caliber could be awarded the respective tender. It is understandable that on certain projects, there may be a limited number of vendor applications, which restricts the City’s ability to be extremely stringent in their pre-qualification criteria. To combat this risk, we suggest that the City hold information sessions (in addition to the annual Contractors’ Breakfast) with vendors which allow the City and their vendors to work together and learn about quality control, quality assurance and what the City expects from the workmanship of applicants.</p>	
<p><b>Response from administration</b></p>	
<p>Administration agrees with the recommendation. An information report will be submitted to the appropriate Committee in the first quarter of 2016 providing an update on the changes being made for 2016, which build upon the improvements implemented in 2015. Best practices will be followed, including implementation of a system that measures and pre-qualifies contractors based on financial, quality, safety, and delivery performance metrics.</p>	

### 5.6 Relevant benchmarking from leading practices report supporting observations/recommendations

Each municipality that participated in the benchmarking study is ensuring that quality inspectors, contract administrators or lab and inspection groups were out on some to all projects to ensure work was being conducted to specifications. All municipalities were following some level of guidelines (whether internally developed or provincially regulated). The

collaborative teams in these cities were also looking to further enhance or develop their own internal quality manuals. Fines were imposed on contractors if work was found to be deficient.

### **5.7 Conclusion on effectiveness**

We concluded based on the evaluation above that the City was achieving satisfactory results in terms of the overall effectiveness of its road maintenance program. As indicated in section 3, the City has invested significantly increased funds from 2011 to 2015 (and in particular from 2013 to 2015 after the approval of spending to achieve service level ‘B’ for paved roadways) and this has resulted in a significant increase in lane KM’s treated from 2011 (45 lane KM or 1.1% of paved roadways) to 2015 (220 lane KM or 5.5% of paved roadways). In the Major Projects Asset Preservation report entitled “Projected 2015-2017 Roadway Preservation Plan”, the City has provided specific details of the proposed preservation efforts in each ward in each year, including the street impacted, the treatment type, the lane KM, and the cost estimate. Additionally, pothole complaints were down to 1,074 in 2015 (the lowest amount of pothole complaints in a year since 2008) and current condition ratings compare favorably to those being reported by OMBI single-tier municipalities across the country.

We identified opportunities for improvement in the following areas: enhanced quality control criteria and maintenance of sufficient engineering technologists in PW and the implement of vendor pre-qualification criteria by C&D in the tendering process. Note that these recommendations are intended to result in increases to existing levels of effectiveness being achieved as opposed to being indicative of a lack of effectiveness in the current road maintenance program.




### **6. Overall conclusion**

The City of Saskatoon’s road maintenance program is performing satisfactorily in the areas of economy, efficiency and effectiveness based on the procedures performed during the course of the value for money review. The findings and recommendations put forward in this report represent areas of improvement to enhance certain aspects of the economy, efficiency and effectiveness of the road maintenance program. Where the benchmarking exercise has produced data directly relevant to our findings and recommendations it has been included in this document, and the full leading practices report will be provided to administration under separate cover. We would like to thank all those involved with this project in facilitating the necessary review by our team.

## Appendix 1 – Rating Overview

### Rating Objectives

- Assists City Administration and SPCF in assessing and reviewing results;
- Provides the basis for prioritizing follow-up;
- Facilitates cross business unit comparison;
- Facilitates issues-tracking system usage; and
- Provides a measure of transparency in the rating criteria.

Individual Observations	Impact	Overall Report
<p>Significant finding. High risk of significant impact (e.g. fraud, serious financial/operational/reputational risk, serious safety issues).</p>		<p>Process or internal review area requires improvement in order to achieve efficiency, economy and/or effectiveness. One or more “red” individual findings indicate that urgent attention is required to achieve program objectives.</p>
<p>Less severe finding. Requires process change/improvement to reduce the likelihood of a significant finding in the future.</p>		<p>No significant issues identified during the stated analysis, however in order to potentially make meaningful improvements to already existing efficiency, economy and/or effectiveness the observation and recommendation needs to be implemented.</p>
<p>Low-risk item. Value added process improvement or enhancement.</p>		<p>No significant issues identified during the stated analysis, however the observation and recommendation provide administration with the opportunity to effect positive change.</p>

## **Appendix 2 – Resources Utilized**

1. Building Better Roads – Major Projects Asset Preservation Plan (2015-2017)
2. Building Better Roads – Major Projects Asset Preservation Plan (2014-2016)
3. Roadways Civic Service Review
4. Expressway & Arterial Resurfacing Contracts
5. 2015 Resurfacing / UTO Contract
6. Roadway Treatment Guidelines
7. State of Surface Infrastructure 2014/2015 Draft Report
8. Roadway Condition Assessment Program
9. PW walkthrough of road maintenance program
10. Various pothole repair work data
11. Various details from financial reporting and budgeting system
12. OMBI Performance Measurement Reports
13. City of Edmonton City Streets Audit November 10, 2014
14. Interviews with key personnel within Public Works, Major Projects, Construction & Design

### *Limitations and Responsibilities*

*This report was prepared by PwC at the request of City of Saskatoon and is intended solely for the information of City of Saskatoon management, City Council and the Standing Policy Committee on Finance (“SPCF”) of the City Council. The material within reflects PwC’s best judgment in light of the information available at the time of preparation. The work performed in preparing this report, and the report itself, is governed by and in accordance with the terms and conditions of the Internal Audit Services Agreement between PwC and City of Saskatoon dated January 1, 2015. This report has been prepared for and only for City of Saskatoon pursuant to our statement of work approved on September 8, 2015 and for no other purpose. The existence of this report may not be disclosed nor its contents published in any way without PwC’s written approval in each specific instance. PwC does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. Our work was limited to the specific procedures and analysis described herein and was based on the information made available through January 14, 2016.*

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## **Administration Response and Timelines – PwC -Roads Maintenance Program Value for Money Report**

### **Recommendation**

That the information be received

### **Topic and Purpose**

To provide an update to the PwC Roads Maintenance Program Value for Money report.

### **Report Highlights**

An update is provided on the current status, next steps and timelines to the recommendations in the PwC Roads Maintenance Program Value for Money report.

### **Strategic Goal**

This report supports the Strategic Goals of A Culture of Continuous Improvement, Moving Around, and Asset and Financial Sustainability. Process improvements focus on identification of root cause issues and innovative and creative solutions that will provide optimal service improvements. Increasing efficiency and effectiveness in roadways design, construction, and maintenance ensures people and goods can move around the city quickly and easily.

### **Background**

A value for money review was conducted by PwC to determine whether those divisions which act as the custodians of the roadways and are entrusted with executing on spending (being Roadways Maintenance within Public Works, Major Projects, and Construction & Design) are achieving economy, efficiency and effectiveness in the manner in which they are operating.

### **Report**

Attachment 1 provides an update on the current status, next steps and timelines for each of the eight recommendations in the PwC Roads Maintenance Program Value for Money report.

### **Other Considerations/Implications**

There are no public and/or stakeholder involvement, communications, policy, financial, environmental, privacy, or CPTED implications or considerations

### **Due Date for Follow-up and/or Project Completion**

In addition to the various specific reports that will be brought forward on each item, a specific follow-up report on the status of all Audit recommendations will be brought forward in September of 2018.

**Public Notice**

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

**Attachment**

1. Administration Response – Current Status, Next Steps and Timelines

**Report Approval**

Written by: Trent Schmidt, Acting Director of Public Works  
Rob Frank, Engineering Manager, Asset Preservation, Major Projects  
Celene Anger, Director of Construction and Design

Approved by: Jeff Jorgenson, General Manager, Transportation & Utilities  
Department

Finance – TS – Administration Response and Timelines – PwC Roadways Audit Report.docx



	Recommendation	Response	Timeline for Full Implementation
1	<p>We recommend that administration implement activity-based budgeting using detailed inventory unit costs to develop the annual spring/summer road maintenance budget. This will assist in determining the level of spending by activity and create a detailed financial history that can be used by PW for trend analysis and other operational improvements. Items such as the impact of weather and the amount of new roads being planned, completed and "handed off" by growth to PW and MP from C&amp;D or T&amp;U should be factored in when determining the request for the annual spring/summer road maintenance/rehabilitation budgets for PW/MP. The growth in inventory should be directly factored in when preparing the annual budget for roadway maintenance.</p>	<p>Administration agrees with the recommendation. Activity based budgeting (ABB) will also require documented levels of service.</p>	<p>For the past 2 years PW has been tracking job numbers and activities within each program within Timberline.</p> <p>Winter service levels were updated and approved in 2015. Levels of Service are currently being developed and will be submitted to Committee and Council throughout 2016 and 2017, with the final item submitted by August, 2017.</p> <p>In the long term, the City is investigating enterprise Resource Planning and Asset Management tools.</p> <p>For the next 5 year period, Roadways will use existing systems to achieve this objective. A portion of the 2017 operating budget will be developed using ABB and for the 2018 budget, and the entire Roadways budget will be activity based.</p>
2	<p>The decision to cut back on spending should be reviewed in a holistic manner, to ensure that predefined work plans and level of service are not impacted. PW should determine the adequate level of work to be completed and the desired level of service to be provided for their programs to ensure adequate planning from the onset takes place. Development of a work plan in advance will help alleviate expectation gaps felt by program sponsors and citizens.</p>	<p>Administration agrees that program specific levels of service will enable the operations to determine the correct labor, equipment and materials resourcing requirements to achieve adequate work levels. This will enable the development of the work plan to be determined in advance while meeting budgetary levels. Utilization of overtime to meet operational requirements with regard to the work plan and levels of service may best be applied by ensuring adequate personnel are in place at regular rates of pay funded by the corresponding reduction in overtime rates of pay.</p>	<p>By October of 2017, a formal process will be developed which will outline how in-year budget adjustments are made considering budget status and documented service levels.</p>
3	<p>PW should develop a formal detailed activity-based annual maintenance plan. The plan should factor in the new roads that are added to the overall inventory as far in advance as possible (given the plans in place within MP). The actual annual road maintenance plan should be formalized as part of the budgeting discussions and MP and PW should work in collaboration to identify an effective planned maintenance program that contains an appropriate mix of strategic preventative maintenance and anticipated reactive maintenance.</p>	<p>Administration agrees with the recommendation. PW is currently working with MP to develop a formal maintenance plan to determine the best practices of what, where and when roadway treatments are most effective for longevity, efficiency and effectiveness. This along with long range planning that incorporates inventory growth will aid the budget process to determine the preventative maintenance requirements and reduce the requirements for reactive mode maintenance.</p>	<p>A proactive maintenance strategy is underway through the development of defined level of services.</p> <p>In concert with the timelines for documented Service Levels and ABB methodology, the 2017 budget will be partially (approximately 50%) activity based and coordinated between PW and MP. For 2018, the entire budget will be activity based and all maintenance activities related to preservation of assets will be coordinated between MP and PW.</p>

## Administration Response – Current Status, Next Steps, and Timelines

4	<p>We recommend that PW and MP increase their formal level of communication and the synchronization of their planning and reporting. The key objective of improving in this area is to reduce inefficiencies relating to planning and coordination, redundancies of work performed and ultimately preserving/safeguarding the City's monetary resources.</p>	<p>Administration agrees with the recommendation. The level of communication between PW and MP should continue to increase, and adequate staff are in place with the appropriate mandate to ensure this happens. The action plan is to work closely together to create mutually beneficial programs using the network condition data and historical treatment data that was collected as a driver for both programs. While some reactive work will inherently be required on the road network, the majority of maintenance and preservation can be driven with the condition and historical treatment data. This initiative can be achieved through increased communication and planning activities.</p>	<p>This item has been achieved.</p> <p>MP and PW currently meet regularly to discuss and develop proactive maintenance and preservation initiatives and plans. The groups will continue to communicate and work together with the ultimate goal to create mutually beneficial programs and reduce inefficiencies that may exist between the two programs.</p> <p>L&amp;P is currently meeting weekly with MP for Sidewalk condition assessment and development of the 2016 sidewalk maintenance plan. PW and MP are meeting regularly in the monthly preservation meeting.</p> <p>This ongoing coordination will continue to result in improved coordination and efficiencies.</p>
5	<p>We understand that an ERP evaluation project is currently underway by the City. Ideally, in the future PW should have implemented a completely integrated solution which allows PW to adequately track their activities, costs, time spent on projects and any other relevant details. Particularly for PW, this is critical as there are multiple custodians of the road infrastructure and it is critical to report maintenance efforts on road infrastructure to MP. The ultimate solution should factor in the current computer systems and their ability to integrate modules and reports where possible.</p> <p>We understand that this is perhaps a longer-term recommendation due to inherent limitations in the current system and the City-wide evaluation of an ERP system. In the short term, we believe that improvements can be made by merely increasing the level of communication and formal planning/reporting between the various road custodians.</p>	<p>Administration agrees with the recommendation. Tracking of maintenance costs, along with the locations treated, needs to be integrated into a common computer based system, as this will allow this information to be utilized as an additional decision making tool or trigger when selecting roads for surface treatment. Communication efforts will be increased in the short term to begin this process.</p>	<p>An ERP evaluation project is currently underway. Monthly project status updates continue between PW and MP, helping ensure coordination and awareness.</p> <p>At this time, an implementation date of May, 2021 is estimated for Roadways.</p> <p>In the interim, existing systems will be used to satisfy this recommendation, along with increased formal coordination already implemented.</p>

## Administration Response – Current Status, Next Steps, and Timelines

6	<p>We recommend that prioritized, proactive full life cycle planning begin to be implemented (i.e. the Condition Rating Index that is used to prioritize work within MP) on a go-forward basis for new roadways infrastructure in the City which clarifies the scope of PW and MP's responsibilities for maintenance, preservation and rehabilitation.</p>	<p>Administration agrees with the recommendation.</p>	<p>MP, C&amp;D and PW are working together to create an Asset Management Plan to document and identify the groups responsible for each component of the life cycle of the asset right from planning to salvage of the asset. L&amp;P is currently meeting weekly with MP for Sidewalk Condition Assessment and development of the 2016 Sidewalk Maintenance Plan.</p> <p>The next step will be to develop a life cycle plan for our roadway assets (Roads, Sidewalks, Back Lanes, Rural Roads, Pathways and Bike Lanes) and implement a proactive asset management plan by utilizing the appropriate treatments to extend the life cycle of the infrastructure in a cost effective manner.</p> <p>Although interim reports will be brought forward, this is a significant undertaking and is expected to be fully complete by September, 2018.</p>
7	<p>We recommend that PW maintain sufficient engineering technologists to allow them to ensure all projects are being looked at from a quality perspective. The existence of an annual maintenance plan will assist in determining the correct level of planned (proactive) activity that will occur during the year and will allow for a determination of how many technologists are necessary to properly monitor quality. Process procedures should be created for all roadway maintenance activities within the scope of PW (in addition to pothole maintenance) to measure quality throughout their projects (such as controls and sampling to verify grading of asphalt material, specifications delivered etc.).</p>	<p>Administration agrees with the recommendation. Engineering technologists have been hired as temporary inspectors in recent years to achieve this objective. Going forward, these positions will be expanded to ensure that quality control (QC) and quality assurance (QA) continue to be a primary focus. Through the Logistics &amp; Procurement section of C&amp;D that is assigned to PW a project scope has been developed to define both QC and QA between design, operations and administration of such. The inclusion of QA and QC into the tender process is currently in development and will be included in the 2016 spring tenders.</p>	<p>Two Engineering Technologist 12-month temporary postings are currently in place with an additional two 6-month temporary postings to be hired in May, 2016. This is the second year where technologists have been used in this capacity. The summer 2016 positions will be focused on QA and QC, as well as project management and coordination, of the Utility Cut Management Program.</p> <p>T&amp;U will be evaluating the impact of these temporary positions and expects to bring forward a staffing request in the 2017 budget.</p>

## Administration Response – Current Status, Next Steps, and Timelines

8	<p>We recommend that vendor pre-qualification criterion be drafted in a collaborative workspace, allowing all relevant professionals, engineers, management and any other relevant stakeholders to provide feedback to the process. This will ensure that only vendors of the desired quality level and caliber could be awarded the respective tender. It is understandable that on certain projects, there may be a limited number of vendor applications, which restricts the City's ability to be extremely stringent in their pre-qualification criteria. To combat this risk, we suggest that the City hold information sessions (in addition to the annual Contractors' Breakfast) with vendors which allow the City and their vendors to work together and learn about quality control, quality assurance and what the City expects from the workmanship of applicants.</p>	<p>Administration agrees with the recommendation. An information report will be submitted to the appropriate Committee in the first quarter of 2016 providing an update on the changes being made for 2016, which build upon the improvements implemented in 2015. Best practices will be followed, including implementation of a system that measures and pre-qualifies contractors based on financial, quality, safety, and delivery performance metrics.</p>	<p>The fall 2015 contractor engagement session was modified to address the spirit of this recommendation. Further, two separate meetings were held with Water &amp; Sewer and Roadway contractor groups in the fall of 2015. Significant two-way discussion occurred. Specific follow-up items were identified and these meetings will be ongoing at least annually. Both the Administration and contractors noted great benefit of such meetings.</p> <p>A subsequent contractor engagement session focused on safety is scheduled for April 5, 2016. The target audience is contractor safety professionals, site foreman and field personnel.</p> <p>In both the 2015 and 2016 construction seasons, more extensive use of RFP's and prequalification processes was used. For example, water main lining was procured using prequalification 2015, which led to a more successful program than prior years. Also, the Broadway construction work in 2016 was procured using a prequalification process, which required proponents to demonstrate an ability to complete the work in the context of an extremely sensitive business and traffic environment.</p> <p>A report to Committee will be brought forward by June 2016, which will provide information on a broader prequalification process, and will provide an update on an RFP to be issued seeking a formal prequalification system and process. This system is expected to be in place for the 2017 construction year for priority contracts.</p>
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# Roadways Design, Construction, and Maintenance - Civic Service Review

## Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services refer this report to the Standing Policy Committee on Finance recommending:

1. That the information be received in conjunction with the pending audit on Roadway Maintenance and Rehabilitation; and
2. That the report of the General Manager, Corporate Performance Department dated November 9, 2015 be forwarded to City Council for information.

## Topic and Purpose

The purpose of this report is to provide a summary of the Roadways Design, Construction and Maintenance Civic Service Review (CSR). Improvements in process and operations identified in this summary will improve service to citizens through increased effectiveness and will improve efficiency in the delivery of civic services.

## Report Highlights

1. There are two key components of the CSR Process; efficiencies identified by employees delivering the service, and where warranted, recommending new service levels for activities where public expectations are not being met.
2. The Public Works Division has prepared a Winter Road Maintenance - Level of Service document which outlines recommended levels of service for Winter Road Maintenance that will be considered at the Standing Policy Committee on Transportation.
3. The efficiencies include; improved operational planning and coordination of roadways design/development and coordinated maintenance to reduce costs and avoid duplication of efforts, streamlining of IT for the Public Works Call Centre, updated standards and improved training and education for staff, resulting in increased efficiencies of over \$2.1 million.
4. Additional efficiency gains resulting from improvements seen through the Building Better Roads program total over \$1 million to date and are expected to result in substantially greater savings in the long-term.

## Strategic Goals

This report supports the Strategic Goals of A Culture of Continuous Improvement, Moving Around, and Asset and Financial Sustainability. Process improvements focus on identification of root cause issues and innovative and creative solutions that will provide optimal service improvements. Increasing efficiency and effectiveness in roadways design, construction, and maintenance ensures people and goods can move around the city quickly and easily.

## Background

City Council, at its meeting held on December 3 and 4, 2013, approved the Continuous Improvement Strategy which includes the following three components:

- Annual Civic Service Reviews - an operational review process to find ways to control expenditures and to seek efficiencies in the delivery of municipal programs and services.
- Internal Process Reviews - focus on identifying and removing redundancies and waste within existing processes to increase efficiencies in civic operations.
- Building capacity in the corporation through innovation coaches and empowering employees.

See Attachment 1 for the Continuous Improvement Strategy Overview.

## Report

The impact on citizens is a key consideration during the planning, design, construction, and maintenance of civic roadways. Citizens expect to be able to move around the city safely and efficiently with limited disruption, on roads that are in good condition. Effective planning, communication, and budgeting in future roadways design and construction will have a positive impact on citizen satisfaction and ensure they are receiving good value for their tax dollars.

On February 10, 2014, City Council approved the recommendation that the design, construction, and maintenance operations of civic roadways undergo an Annual Civic Service Review in 2014. The review took place in 2014 and the teams began implementing the key findings in 2015.

There were a number of recommendations for improvement from short-term, relatively quick solutions to those that will take longer to implement and may require an investment in order to achieve long-term financial gains. This report outlines the key findings as they relate to improved efficiency and increased effectiveness in roadways planning and operations. Attachment 2 provides a summary of the key findings on efficiency and effectiveness.

### Review for Efficient and Effective Service

Employees at all levels from frontline staff to directors involved in the design of roads, and the construction and maintenance of roadways came together to review each of their operations and identify opportunities to improve overall efficiency and effectiveness within their service lines and better align our services to citizen expectations.

Processes were reviewed so there was clarity of how we are currently delivering our services. This was followed by identifying what our citizens expect, and opportunities to change or redesign our processes so that we are as efficient as possible and effective in delivering what citizens want.

The following issues were addressed in the CSR:

- Safety
- Communication
- Operational Planning
- Budget
- Standards
- Training and Education
- Levels of Service

Attachment 3 is an overview of the CSR. The following provides some highlights of changes being implemented:

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- Optimization Teams established to ensure the impact of design on long-term maintenance is considered at the planning stage for new roadways infrastructure and reflected in the operating budget.
- Prequalification of Contractors resulting in a reduction in the amount of time Inspectors spend following up on contractor issues resulting in potential savings of approximately \$225,000.
- Coordinated operational planning resulting in reduced rework; expected increased efficiencies of \$1.5 million.
- Streamlining of IT systems for the Public Works Call Centre to reduce the amount of time staff spend searching for information, improving the response time to citizens, and allowing staff to address a greater number of inquiries or complaints within the same timeframe. Combined with a reduction in the number of inquiries to the Transportation and Utilities Department in 2015. The value of staff time is estimated to be over \$200,000.
- Improved training and education for staff operating civic vehicles and equipment resulting in reduced damage to equipment caused by motor vehicle collisions, resulting in savings over \$170,000.

### Service Level Review

By defining and approving service levels for civic services, citizens will know what they can expect for this service. The Administration will be submitting a report on Winter Road Maintenance – Levels of Service to the Standing Policy Committee on Transportation. This report outlines recommended levels of service for Winter Road Maintenance.

The Winter Road Maintenance - Levels of Service document identifies the specific tasks and measures for the following winter activities:

- Snow grading
- Snow removal
- Snow storage site management
- Sidewalk and pathway grading
- Roadway Ice Management

Levels of service will be prepared for City Council's consideration on other services such as maintenance for the following: back lanes, potholes, and utility cuts.

### **Communication Plan**

The CSRs provide an opportunity for the public to learn more about the City's operations, the costs to deliver the services, and to provide feedback and input into how the City can deliver any of its services more efficiently. The approved Service Levels will be communicated through 311/Service Saskatoon so citizens know what services they can expect. Citizens will have the opportunity to provide input into levels of service as well as the budget using the Shaping our Financial Future budget tool.

Results from the Civic Service Reviews will be communicated on the City's website in the 'Latest Strides' and/or 'City Spotlight' sections of the *Our Performance* page at [www.saskatoon.ca/strides](http://www.saskatoon.ca/strides).

### **Financial Implications**

As part of the Roadways CSR, it was identified that a review of the operating budget estimates was necessary in order to ensure they accurately reflect the 'operating unit cost per lane kilometre' for roadways maintenance. Unit cost will be utilized in the definition of maintenance service levels to ensure operating budgets accurately reflect the total costs required to maintain the current inventory at the approved service level. Additionally, this will provide accurate information for future operating budget requests to maintain and preserve additional lane kilometres coming online as Saskatoon continues to grow.

The financial implications related to efficiency gains will be quantified and will be reallocated to fund other strategic and operational priorities and/or may contribute to a reduction in the base budget.

### **Other Considerations/Implications**

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

### **Due Date for Follow-up**

The City's Internal Auditor, Pricewaterhouse Coopers, recently completed a Value for Money Audit for Road Maintenance to evaluate the economy, efficiency, and effectiveness of the Roadways Maintenance program. This report will be considered at a future Standing Policy Committee on Finance. The Administration is recommending that the Roadways CSR be considered in conjunction with the Value for Money Audit.

Reports related to key findings implemented by Major Projects, Construction & Design, Public Works and Transportation (i.e. asset and maintenance service levels) will be brought forward to the Standing Policy Committee on Transportation for approval. Action plans and recommendations will be incorporated into the annual business planning and budgeting process for several civic divisions involved in the design, construction, and maintenance of civic roadways.

### **Public Notice**

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

### **Attachments**

1. Continuous Improvement Strategy Overview
2. Summary of Key Findings on Efficiency and Effectiveness
3. Roadways Efficiencies and Effective Service Delivery

### **Report Approval**

Written by: Kim Matheson, Director, Strategic and Business Planning  
Reviewed by: Jeff Jorgenson, General Manager, Transportation and Utilities  
Department  
Approved by: Catherine Gryba, General Manager, Corporate Performance  
Department



## **Continuous Improvement Strategy Overview**

In 2014, the Administration began our Civic Service Reviews (CSR). We have made good progress, and have learned much. One of our learnings has been that there are several components to a complete CSR process. To try and bring some clarity, we are recommending a framework to the overall program.

### Framework for Civic Service Reviews:

#### 1. Service Level

##### a. Asset Service Level

How the assets and services are preserved, renewed, and funded to ensure the quality of life for citizens is sustained or improved, and include:

- Inventory of Asset(s)
- Condition of Asset(s)
- Costs to Preserve Asset(s)
- Gap in Funding
- Funding Plan/Investment Strategy

##### b. Maintenance Service Level

The maximum interval between tasks or activities required to maintain the defined level of service are referred to as Maintenance Service Levels, and include:

- Description of Service
- Definition of Service Level
- Cost to Maintain Asset
- Timelines to Achieve Service Level
- Service Level Approval

#### 2. Efficiency

##### a. Operational Efficiency

A review of current processes identifies opportunities to improve efficiency and increase the effectiveness of the service and /or program. Savings resulting from the improvements will be quantified and reported as part of the overall CSR.

### Knowledge Base for Service Saskatoon

All of this information can be used to prepare our knowledge base for Service Saskatoon and the 311 Call Centre.

### Communication Plan

The CSRs provide an opportunity for the public to learn more about the City's operations, the costs to deliver the services, and to provide feedback and input into how the City can deliver any of its services more efficiently. Citizens will have the opportunity to provide input into levels of service as well as the budget using the Shaping our Financial Future budget tools.

Results from the CSRs will be communicated on the City's website in the 'Latest Strides' and/or 'City Spotlight' sections of the *Our Performance* page at [www.saskatoon.ca/strides](http://www.saskatoon.ca/strides).

## Summary of Key Findings on Efficiency and Effectiveness

Key Finding	Estimated Savings
Prequalification of Contractors resulting in a reduction in the amount of time Inspectors spend following up on contractor issues.	<p>\$225,000</p> <p>Assuming 25% of contracts (potentially 25 contracts a year) require additional time of approximately 300 hours over the course of a difficult contract.</p>
Coordinated planning and scheduling of preservation and maintenance work resulting in reduced rework and reduced maintenance completed on roads that have surpassed their lifespan and require replacement as opposed to repair.	<p>\$1.5 million</p> <p>Related to changes in the detailed design and construction phases</p>
Streamlining of IT systems for the Public Works Call Centre will reduce the amount of time staff spend searching for information, improving the response time to citizens and allowing staff to address a greater number of inquiries or complaints within the same timeframe.	<p>Staff time value of approximately \$165,000 per year.</p>
Reduction in the number of inquiries to the Transportation and Utilities Department results in a decrease in the amount of time spent following up, allowing the time to be reallocated to programming and service delivery.	<p>Staff time value of approximately \$50,000 per year.</p>
Improved Training and Education for staff operating civic vehicles and equipment resulting in reduced damage to equipment caused by motor vehicle accidents	<p>Over \$170,000 in costs related to deductibles and vehicle/equipment replacement</p>
A new de-icing product and modified application technique reduced the amount of sand required by 28% and improved winter driving conditions.	<p>\$250,000 in aggregate costs</p>
Standardized tender process and tender for all roadways contracts reducing the average contractor cost per snow event by 27%.	<p>Over \$715,000 in contract costs</p>

## Roadways Efficiencies and Effective Service Delivery

There are many civic divisions involved in planning, design, construction, and maintenance of roadways. The Roadways Civic Service Review (CSR) focused mainly on the processes for new and existing roadways. Processes related to water and sewer, bridges and sidewalks were not included; however, many of the opportunities to improve effectiveness and efficiency outlined in this report are also applicable to those processes.

### Background

The civic divisions described in the following sections are responsible for the planning, design, construction, maintenance, and preservation of over 4,000 lane kilometres of roadways of various classifications. The table below summarizes the classifications and total number of lane kilometres for each.

<b>Classification</b>	<b>Total Kilometres</b>
Expressway/Ramps	165
Arterial	245
Collector	240
Local	700
Boundary	15
<b>Total Equivalent Lane Kilometres</b>	<b>4,005</b>

### Roadways Planning, Design, Construction, and Maintenance Functions

#### Transportation & Utilities - Major Projects Division:

Major Projects is responsible for providing project delivery services for the Corporation for major projects such as the North Commuter Parkway/Traffic Bridge Project.

It is also responsible for stewarding the asset condition status, rehabilitation programs, and funding levels for our roadways, bridges, and water and sewer collection and distribution system.

#### Construction & Design Division:

Construction & Design delivers municipal infrastructure projects, provides regulatory oversight, maintains infrastructure records, and provides expertise, advice, and guidance on municipal infrastructure. These services allow the City of Saskatoon to provide and maintain a high quality of infrastructure in a safe and cost effective manner to its Citizens.

Construction & Design develops, maintains, and enforces the City's standard construction specifications and drawings for roadway, sidewalk, lane, and water and sewer infrastructure.

### Public Works Division - Roadways Section:

Public Works is responsible for the operation, maintenance, and preservation of roads, lanes, sidewalks, water mains, sanitary sewer mains, storm sewer mains, and waste handling and disposal services.

The Roadways section of the Public Works division provides services for the operation and maintenance of all roadway assets, including roads, bridges, sidewalks, lanes, and pathways. The Section manages annual programs for sidewalk maintenance, paved street maintenance, lanes and earth-street maintenance, drainage, snow and ice control, earth dump sites, and street sweeping. As an example, Public Works maintains approximately 4,005 lane km, at an approximate average annual cost of \$3,500/km. An approximate average cost is provided as roadways maintenance activities are highly variable and actual costs associated with road maintenance may be affected by weather, age and design of roads, heavy-truck traffic, and deferred maintenance as examples.

The Roadways section also assists Major Projects in defining long term funding needs for asset preservation and setting annual programs for major rehabilitation.

### Transportation Division:

Transportation provides planning, design, regulation, and operation of the City's transportation network. The goal of Transportation is to provide for the safe and efficient movement of people, goods, and services within and through the City, in a cost effective manner.

The Transportation Planning Group provides long-range planning and design for the City's transportation facilities to foster Saskatoon's economy and growth while minimizing environmental impact. The Group commissions external consultants to design transportation infrastructure such as bridges and interchanges.

### **Introduction**

The Executive Committee approved the recommendation that the Roadways design, construction and maintenance processes undergo a CSR in 2014. Two main issues were explored during the review: opportunities for operational efficiencies, and the definition of service levels including cost to deliver the service.

During the CSR, the team reviewed the current state of roadways design, construction, and maintenance. They examined what success would look like from the citizen's perspective and finally examined what the processes for design, construction, and maintenance of civic roadways should be.

This report focusses on opportunities for operational efficiencies identified in the CSR, many of which have been implemented or are underway in 2015. The Administration will be submitting a report on Winter Road Maintenance – Levels of Service to the Standing Policy Committee on Transportation. Future reports will address other



3. **Operational Planning** – involving all stakeholders early on in the planning and design process assists in accurately planning and budgeting for the entire lifecycle of a road prior to starting construction.
4. **Budget** – improving accuracy in budgeting by defining unit costs and identifying direct operational impacts at the start of a project will ensure funding is available in the appropriate budget year.
5. **Standards** – ensure standards are up to date and consistent with other divisions or sections. All employees working on roadways design, construction, and maintenance are aware of, and understand all relevant corporate standards.
6. **Training and Education** - providing the necessary training creates an overall knowledgeable staff with employees who can take over for one another as needed, work on teams or work independently as needed. Increased focus on training will also help reduce motor vehicle collisions and associated costs.
7. **Levels of Service** – defined and approved levels of service are reviewed and communicated to citizens, stakeholders, and City Council.

### **Next Steps**

Staff involved in all aspects of roadways design, construction, and maintenance (Planning, Transportation, Construction & Design, Major Projects, and Public Works) continue to identify actions required to implement the suggested improvements. Consideration is given to benefit citizens, cost of implementation, and potential efficiencies to be gained following implementation. The teams have been making strides in improving the overall efficiency and effectiveness of roadways design, construction, and maintenance and have also made significant improvements in citizen satisfaction.

A CSR of Fleet Services was conducted on recommendation of the Roadways CSR. Improvements in the efficiency and effectiveness of Fleet Services CSR is also expected to have a resulting improvement in roadway maintenance efficiencies as well as a cost savings to the organization as equipment breakdowns and downtime are expected to be significantly reduced. The report on the Fleet Services CSR will be submitted to the Standing Policy Committee on Environment, Utilities and Corporate Services in December 2015.

The Roadways CSR Summary has highlighted several key findings that will improve efficiency within the design, construction, and maintenance operations of roadways. Many of the proposed findings will also have a positive impact on the citizens of Saskatoon. The action plans will assist in the business planning and budgeting process each year.

## **Opportunities to Improve Efficiency/Effectiveness and Address Challenges:**

### **1. Safety and Performance**

#### Current Process and Procedure

- An increased number of construction projects - has resulted in an increase in the number of work zone violations (i.e. people disobeying signage and barricades, driving dangerously through active work zones).
- Lack of a formalized process for pre-qualification of contractors - The contracts outline quality, performance, and safety expectations for contractors; however, the inspectors in Construction & Design as well as staff in Roadways, spend a significant amount of time dealing with contractor issues where these expectations are not being met.

#### Changes for More Efficient and Effective Service

- Collaboration with those involved in all aspects of roadways, including Transportation, Communications and Police Services to ensure that public, employee, and contractor safety are front of mind when working on roadways projects. Increased messaging through the media including personal messages from staff working in the field as well as improved training for staff, more rigorous safety inspection requirements throughout each stage of a job, and improved signage and site-marker tools are helping to improve safety for both the staff and public.
- Prequalification of contractors in the Request for Qualifications will help increase the chances of project success on many levels and is also an effective risk management tool.
- The City of Saskatoon is considering a process for pre-qualifying contractors to ensure contractors with the capabilities, capacity, and expertise to perform required services. The risk level of the contracted work will determine the specifications required to work for the City of Saskatoon.

## **2. Communication**

### Current Process and Procedure

- Saskatoon's recent high rate of growth and increased expectations from citizens have added significant pressure to the work within many civic divisions, especially those involved in roadways and resulted in a reduction in planning time and ineffective communication between divisions.
- Centralized communication hub is needed for customer complaints and inquiries, work order completion, and project status reports. The length of time Call Centre staff currently spends on a call varies with the nature and complexity of the call. It is not uncommon for the staff to have to reach out to multiple divisions in order to identify what work may be occurring in an area or to get a status update on a project affecting a roadway.
- The current process for addressing emergency or same-day issues is smooth; the work is dispatched as soon as it is received by Public Works Customer Service and the crews report directly back upon completion, allowing the Customer Service Team to close the call. In the case of non-emergency or routine maintenance, there have been times where multiple crews attend to an area that has been flagged for maintenance and delays in reporting back on completion of work have been experienced, impacting the timeliness of communication in responding to citizens.
- Lack of communication around documented defined levels of service has the potential to result in a lack of confidence in Roadways and promotes a culture of reacting to complaints in an effort to increase citizen satisfaction rather than working within an active plan that the public understands.

### Changes for More Efficient and Effective Service

- With the acquisition of Civic Square East, the Major Projects, Neighbourhood Planning and Construction & Design teams were moved into the same building, creating an opportunity for increased communication, formally and informally.
- The CSR team recommended an Optimization Team for every major project involving key stakeholders that would be involved throughout the project; increasing cohesion between all divisions, with a common goal of equal accountability between all divisions in roadways for the entirety of a project's lifespan.
- Optimization Teams ensure the impact of design on long-term maintenance is considered at the planning stage for new roadways infrastructure and reflected in the operating budget. They also act as a clearinghouse for any issues that arise throughout the project and ensure that all pieces of an application for approval are in place before submission, reducing the time delay and rework associated with resubmissions.
- Changes made during later stages of detailed design occur on an estimated 30% of projects resulting in hundreds of hours of additional design technologist time, and engineering time. As this information is not currently tracked, accurate estimates of



loss are difficult to provide but may be as high as 3,000 hours of design time at an estimated cost of approximately \$100,000.

- Teams are now meeting monthly to discuss planning, scheduling, and any issues arising pertaining to the maintenance and preservation of roadways infrastructure. These meetings will increase efficiency and improve citizen satisfaction through the coordination of work scheduling. Joint communication strategies such as “Pain in the Asphalt”, “Building Better Roads”, “Report-a-Pothole” and other interactive web-mapping apps, provide information for citizens on all of the construction activity taking place across the city and provide an opportunity for citizens to plan an alternate route to minimize travel delays.
- Scheduling has also been adjusted for the Roadways crews; there are two crews as opposed to four. The change has improved cross-communication between crews; improving accuracy in reporting of work completion and reducing the incidents of multiple crews attending the same issue.

### Service Saskatoon

- Work is underway with Service Saskatoon in 2015 to streamline IT systems for the Public Works Call Centre will reduce the amount of time staff spend searching for information, improve the response time to citizens and allow staff to address a greater number of inquiries or complaints within the same timeframe.
- On average staff spend 2.5 minutes per call searching for information; longer if the information is not on their system and they have to reach out to another division. Each staff member takes approximately 85 calls per day which translates into a minimum of 3.5 hours searching for information. The staff time has a value of approximately \$165,000.
- Streamlining the IT systems will improve communication between the Public Works Call Centre and field crews, resulting in improved response time and accuracy of issue and location. Moving from manual to online management of work orders in the field will improve the accuracy in reporting delays and/or work completion.
- Process optimization, improved programming and service delivery, and improved communication and engagement with citizens have resulted in a reduction in the number of inquiries for the Transportation and Utilities Department. Using one channel as an example, there has been a 30% reduction in the number of email inquiries in 2015 as compared to the same time in 2014. The reduction in inquiries results in a reduction in staff time spent on follow up and allows staff to focus on programming and service delivery. The staff time has a value of approximately \$50,000.
- The increased collaboration and communication along with the increased investment in roadways have increased the effectiveness of project planning and implementation and improved productivity; citizens are noticing the difference.

### **3. Standards**

#### Current Process and Procedure

- In the last five to ten years, and in an effort to meet the increasing demands of the City's municipal land development division and private sector land developers, there has been less stringent conformity to process and standards from design and construction. This results in inconsistent application of design, construction, and maintenance standards in roadways.
- As an example, the City's current pavement design standards needed to be improved in order to better accommodate existing soil conditions, water table issues and serviceability in the urban environment as Saskatoon expands, and to ensure the most cost-effective product is delivered to its citizens

#### Changes for More Efficient and Effective Service

- Roadways design specifications have been improved and the City is now designing roads to a higher standard; they are more of an industry standard best practices design methodology that is used throughout North America.
- This new roadway standard will provide higher quality roadways that require less expensive treatments over their lifecycle to maintain their good condition. Investing more up front will result in savings in the future.
- Reviewing and updating corporate design and construction standards regularly will help ensure consistency between crews, private contractors doing work for the City, and inter- departmental work. New staff, especially engineers and planners need to become familiar with the standards and where possible, mentorship opportunities should be created through the pairing of a senior engineer or planner with the new staff members.
- The teams identified the need to create a process and standards manual for project management in all departments and work has begun on this manual. This will help improve consistency across all projects and reduce frustration for new staff that may be unclear or unfamiliar with the City standards.

## 4. Operational Planning

### Current Process and Procedure

- The current design and construction process has not formally considered maintenance impacts until after the roadways have been constructed.
- The current lifecycle of roadways involves at least three divisions with overlap at several phases. This overlap has potential to create inefficiencies through duplication of work and lack of coordination of planning which could result in a road being preserved or maintained that should really be replaced.

### Changes for More Efficient and Effective Service

- At the start of a project, the Optimization Team identifies checkpoints for stakeholders throughout the process through the creation of a Project Charter; allowing more time for planning on the front end, reducing the amount of rework required and associated costs.
- Allowing for more lead-time for planning and design on projects will help teams anticipate issues before they arise with more time for geotechnical engineering and consultation with stakeholders early on; ideally changes occur during the front-end design process, reducing the potential for construction delays.
- Using a standard engineering design/construction cost factor, it is estimated that if a problem can be identified and solved for \$1 in the planning phase, then it would cost \$10 to solve in design, \$100 in construction phase, and \$1,000 if solved after construction is complete.
- The following example, illustrates the impact of this design/construction cost factor on operational planning for roadways:
  - Changes that are required to be made during construction stages occur on an estimated 25% of projects and can result in hundreds of hours of additional inspection, survey, design technologist and engineering time. As this information is not currently tracked, accurate estimates of loss are difficult to provide but may be as high as 3,750 hours of City of Saskatoon staff time estimated cost of approximately \$115,000 plus the incremental contractual costs estimated to cost on average approximately \$1.3 million. Total annual estimate for design changes being required during late detailed design and construction phases is \$1.5 million.
- Changes on an engineering and construction project can be expected, but will likely impact the cost and could result in schedule delays that should be considered. The earlier changes are made in a project, the less costly the change.
- The Construction and Design Division is developing a rigorous tracking methodology from project inception to completion, similar to a consultant model which will provide a more accurate representation of the impact of changes and true project costs.

## **5. Budget Process**

### Current Process and Procedure

- The budgeting process is a complex process that runs concurrently through all phases of roadways design, construction, and maintenance. Capital projects identify the operating impact when they are brought forward for approval; however, it is unclear as to where that operating impact is reflected in the operating budget and if it is adequate to fund the expected level of service.
- Budgets do not account for the entire arterial infrastructure required downstream, such as overpasses at soon-to-be-busy intersections that will have to support increased traffic from new neighbourhoods coming online.
- Lifecycle analysis has not been an upfront consideration in the budgeting process. Maintenance of new roadways or assets is not always factored into the budget for the appropriate year.
- Previous funding levels only allowed for reactive maintenance and rehabilitation, if budgets continue to be maintained at an appropriate level and increases due to network growth and inflation are received the proactive measures required to extend the lifecycle of our roadways can be realized as we continue to move forward.
- The roadways group will continue to report and update on condition and financial requirements of the program to ensure the most sustainable lifecycle methods can be utilized on our roadway infrastructure. While working on the backlog phase of the roadway plan a mix of proactive and reactive work will continue to need to be utilized.

### Changes for More Efficient and Effective Service

- As outlined in the Operational Planning section above, key civic stakeholders need to be involved in a project early on so they are aware of timing and impact to their work-unit or division and can plan accordingly. Formalizing turnover of finished projects between Construction & Design and Public Works Roadways Maintenance will ensure completed roads are added into inventory and that the operating costs of maintenance are allocated to the appropriate cost centre.
- Funding plans for capital projects (i.e. interchanges) need to be in place in advance of pre-work (including lifecycle cost analysis) and to ensure funding is allocated for appropriate years to ensure the money is available in the year it is needed.
- Determining cost per unit for roadways (design, construction, maintenance, and preservation) will improve accuracy in job costing and future funding requests.
- Overall, the cost per unit on design and construction costs are well defined, as the scope of work recently increased some cost efficiencies have been identified due to economies of scale and an increased number of service providers that deliver roadway work. Although a portion of these costs can be attributed to lower oil pricing, economies of scale is also playing an important role in providing further efficiencies towards the roadway construction programs.

## **6. Training and Education**

### Current Process and Procedure

- Traditionally, the City has had the advantage of longer-term employees who typically had several years of experience in design, construction, or operating heavy equipment. Training and education were not as comprehensive as many new hires had previously worked in a similar industry and were generally more experienced or if they were less experienced, they were able to learn on the job under the guidance of long-term employees.
- The economic boom in Saskatoon, competition from the private sector, and an increase in retirements as a result of an aging workforce have contributed to increased turnover among City employees. Therefore, less experienced project management, Construction & Design, and maintenance employees find themselves working under significant pressure to meet the needs of a rapidly growing city with less mentorship than their predecessors, resulting in mistakes and re-dos. Occupational Health and Safety regulations have also evolved during this time, further complicating the situation.
- Equipment operators are younger and less experienced, contributing directly to damaging roadways, breaking equipment, downtime, motor vehicle incidents, and expensive repairs.
- Public and employee safety improves as training and ability of employees increases. Therefore, it is important to invest more into preparing new employees, and improving the knowledge, skills and competency of employees as the City and civic services continue to expand.
- It was identified that training for the operators of heavy maintenance equipment needs to improve. The lack of adequate training for new, inexperienced equipment operators leads to “learning on the job”, where equipment can be damaged as a result of mistakes.

### Changes for More Efficient and Effective Service

- New hire orientation should include cross training between divisions and jobs, a combination of field and office experience for future office workers so they understand how operations functions in the field and a mentorship program. Where possible, balance the number of new and experienced employees working on a project to help maintain consistency in process.
- In 2015, the team built a SharePoint site containing this information which has proved beneficial to the employees working in Construction & Design as well as others they work with.
- In 2014, Public Works started to re-vamp their Powered Mobile Equipment training to improve our operator competency and ultimately reduce the number of incidents.
  - Go-Pro cameras were utilized to film the operation of various pieces of equipment; speed plow, grader, sweeper, excavator, ditch witch. These

have been incorporated into the classroom sessions to help the new trainees have a better understanding of the operation of the equipment and the conditions they will be operating in.

- Further, education was given to the field trainers on how to document their observations of the trainees to assist in identifying areas to focus on for each individual. Frequency of evaluations of our operators by the training department has also been increased. This improved training has resulted in a significant reduction in the number of motor vehicle incidents and reduced associated costs.
- Environmental factors must be considered in contributing to the reduction in the number of incidents, but improved training has played a significant part in a 36% reduction in motor vehicle collisions in 2015 as compared to the same time in 2014.
- Based on 2014 statistics, eliminating total loss incidents (where a vehicle is written off) and reducing damage resulting in payment of a deductible to SGI would have saved approximately \$171,000 in costs related to deductibles and vehicle/equipment replacement in 2014.

## **7. Levels of Service**

### Current Process and Procedure

- While citizen satisfaction implies that expectations have been met, the lack of a documented, defined level of service means that residents do not have a benchmark against which to measure their satisfaction with roadways project management, Construction & Design, and maintenance services.
- The Public Works Roadways Maintenance section is unable to communicate a defined level of service; not knowing the level of service to expect leads to customer complaints based on individual perceptions or expectations.
- Without service levels, individuals come to their own conclusions about what is appropriate roadway service and react according to those perceptions. In an effort to enhance citizen satisfaction without a defined level of service, staff are more reactionary to individual complaints and need to improve on an overall planned approach to achieve approved service levels.

### Changes for More Efficient and Effective Service

- The Public Works Roadways section is actively working on defining service levels for roadways activities as well as defining unit costs which will allow them to accurately track and report out on productivity as well as efficiency gains following each season. As these are developed, reports will be submitted to City Council for approval.
- Once the operational costs and tracking systems are defined and finalized, more information will be in place to realize additional life cycle cost savings by making better informed decisions on roadways that can no longer be maintained in a cost effective manner.
- By approving the Service Level, citizens will know what they can expect for this service. Defined levels of service assist in providing a business case to support funding requirements and future investments.
- The Administration will be submitting a report on Levels of Service for Winter Activities in Roadways maintenance to the Standing Policy Committee on Transportation. The Winter Road Maintenance - Level of Service document identifies the specific tasks and measures for the following winter activities:
  - Snow grading
  - Snow removal
  - Snow storage site management
  - Sidewalk and pathway grading
  - Roadway Ice Management

## **Building Better Roads**

The Building Better Roads program started in 2014 after the 2013 Civic Services Survey identified road conditions as the single most important issue affecting our city. In addition to those identified in the Roadways CSR, several other improvements to roadways have been implemented as a result of the increased focus and investment.

### Utility Cuts and Road Restoration Improvements

- Public Works and Asset Preservation are working together to develop a consistent process across all applicable divisions and to increase the quality of the utility cut road restoration repair. Increased collaboration, elimination of redundancies in the process and duplication of efforts combined with increasing the longevity of the road infrastructure through proactive planning and restoration has the potential to achieve savings in the millions of dollars and improve the ability for citizens to move around the city with ease.

### De-icing Product and Application

- A new de-icing product, Caliber M1000, was tested using two application techniques and determined to be more efficient and cost-effective than previous de-icing programs. When mixed with sand/salt at temperatures below -15°C, it lowered the working temperature of the salt, helping the sand stick to the road for traction. Using Caliber M1000 as a pre-wetting application technique with sand/salt mixture improved the effectiveness even more. Roadway conditions were significantly improved where these processes were applied.
- A new de-icing product improves the effectiveness of salt at colder temperatures, reducing the amount of sand applied to roads and resulted in an overall reduced cost of \$250,000 in de-icing aggregate compared to the previous winter.

### Standardized Roadways Contracts

- The Public Works division in conjunction with the Materials Management division standardized the tender process and tender for all roadways contracts. The contracts now all have general conditions and standard layouts in addition to standardized maps and guidelines.
- Additionally, the two former contract maintenance areas were divided into four and tendered separately. This change created a more competitive bidding process. Tighter time requirements, the removal of a retainer fee and an implemented penalty clause, ensured quality and timely response when contractors were activated.
- The new structure for Area Snow Maintenance Contracts, including the removal of a retainer and smaller maintenance areas resulted in reduced costs of over \$715,000 when compared to 2014 reducing the average contractor cost per snow event by 27%.



### Organizational Structure and Scheduling Changes within the Public Works Division

- In order to alleviate some of the administrative pressures experienced by the Roadways section which resulted in reduced time spent in the field, the Public Works division brought two temporary engineering technicians on board as a resource for the Roadways Superintendents. The focus of the engineering technicians is quality control and program delivery. This has allowed the Roadways Superintendents to spend more time in the field managing the operational staff and ensuring work is being completed as scheduled. The addition of the engineering technicians has also allowed the engineers to spend more time on program review and development as well as definition of service levels for the Roadways programs.
- The organizational changes to date and considerations for future changes, allow the Roadways section to operate on a contractor model which will increase the overall effectiveness and efficiency in the roadways maintenance operations by ensuring the right people are doing the right job at the right time.

### Continued Improvement in the Fall Street Sweeping Program

- In preparation for the Fall Sweep Program, the Parks division and Public Works division collaborated on the cleaning of medians. This increased collaboration resulted in a better product, less disruption for citizens and contributed to the overall success of the program.
- Additionally, the Fall Sweep Program saw an over 50% reduction in the number of tickets issued as a result of vehicles parked on sweeping routes. This program continues to improve year over year with improvements resulting in a significant reduction in the number of complaints received by Public Works Customer Service.

### Increased Funding will Result in Continued Improvement to Saskatoon's Road Network

- The Building Better Roads program is expected to continue bringing improvements to Saskatoon's road network, by slowly reducing the backlog of work required on poor to failed roadways, and performing enough rehabilitation work that the network does not deteriorate. 2016 is year 3 of the 4 year plan to fully fund it to 2013 levels. The program will rely on being continued fully funded with adjustments for inflation and growth yearly. Increased funding will contribute to improve the condition, safety and longevity of the roads.
- The previous roadways funding level guaranteed that the complete network of streets would reach failure condition and have to be rebuilt. The replacement cost for the total road network is approximately \$2.4 billion. The increase in preservation and maintenance activities through the Building Better Roads program with an annual investment of roughly \$30 million per year will yield unmeasurable amounts of savings because the roads will be kept in a reasonable state of repair.

155-10

**RECEIVED**  
MAR 04 2016  
CITY CLERK'S OFFICE  
SASKATOON



**NORTH CENTRAL  
TRANSPORTATION  
PLANNING COMMITTEE**  
Box 972 • SHELLBROOK, SK • SOJ 2E0 • PHONE (306) 747-3762 • FAX (306) 747-2103

# INVOICE

<u>Customer</u>	<u>Particulars</u>
City Clerk's Office City of Saskatoon 222-3 <sup>rd</sup> Avenue North Saskatoon, SK S7K 0J6	Date: 01 March 2016 Invoice No: Payment Due: 31 March 2016

<u>Qty</u>	<u>Description</u>	<u>Unit Price</u>	<u>TOTAL</u>
	Membership Fee for April 1, 2016 to 31 March 2017  <p style="text-align: center;">The Executive wish to thank you for your past support through your paid membership and also wish to thank you for your anticipated continued support in the 2016/2017 year.</p>	Maximum of \$600.00	\$600.00
	<b>TOTAL</b>		\$600.00

*All paid members will receive copies of the approved Executive Minute by e-mail (or posted mail if you indicate you are unable to receive e-mail or you are unable to open Word documents).*

**Please include with your remittance your updated e-mail address.**

*All non-paid members will receive a notice of the next Executive Meeting including the time, date and location if you are able to receive e-mail in Microsoft Word and we have your e-mail address on file.*

*If you have any questions,  
Please feel free to contact any of the Executive Officers.*

Chairperson: Richard Porter @ (306) 747-7694  
 1<sup>st</sup> Vice Chairperson: Raymond Wilfing @ (306) 236-6811  
 2<sup>nd</sup> Vice Chairperson: Louis McCaffrey @ (306) 397-2391  
 Secretary: Beth Herzog @ (306) 747-3762  
 E-Mail: [bethherzog@sasktel.net](mailto:bethherzog@sasktel.net)



NORTH CENTRAL  
TRANSPORTATION  
PLANNING COMMITTEE

BOX 972 • SHELLBROOK, SK • S0J 2E0 • PHONE (306) 747-3762 • FAX (306) 747-2103

## ~ INVITATION ~

### North Central Transportation Planning Committee

Invites you to attend its

## 18<sup>th</sup> Annual General Meeting

Thursday, April 28, 2016 @ 7:00 p.m. CST

Senior's Hall

Main Street

Blaine Lake, SK

All municipalities of the North Central Transportation Planning Area are welcome to attend.

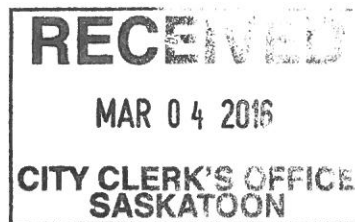
**Elections for Rural Division 1, 3, 5 and Urban 2, 4, 6** will be held and all municipalities in those divisions with paid memberships are welcome to nominate for those divisions up for re-election.

Vacant **Industry** and **First Nation** Seats on the Executive Committee are also up for election.

*Chairperson:* Richard Porter @ (306) 747-7694  
*1<sup>st</sup> Vice Chairperson* Raymond Wilfing @ (306)236-6811  
*2<sup>nd</sup> Vice Chairperson:* Louis McCaffrey @ (306) 397-2391  
*Executive Administrator:* Beth Herzog @ (306) 747-3762  
E-Mail: [bethherzog@sasktel.net](mailto:bethherzog@sasktel.net)

~ Thank You ~

**From:** Todd Brandt <tbrandt@tourismsaskatoon.com>  
**Sent:** Friday, March 04, 2016 8:34 AM  
**To:** City Council  
**Subject:** Form submission from: Write a Letter to Council



Submitted on Friday, March 4, 2016 - 08:33  
Submitted by anonymous user: 142.165.131.158  
Submitted values are:

Date: Friday, March 04, 2016  
To: His Worship the Mayor and Members of City Council  
First Name: Todd  
Last Name: Brandt  
Address: 101 - 202 4th Avenue North  
City: Saskatoon  
Province: Saskatchewan  
Postal Code: S7K 0K1  
Email: tbrandt@tourismsaskatoon.com

**Comments:**

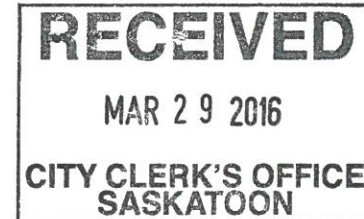
I would like to make a presentation, along with my Board Chair Mr. Dale Grant, to the Governance and Priorities Committee at their meeting at 1:00 on Monday, April 18th. This presentation is to comply with requirements of our existing Fee-for-Service agreement with the City of Saskatoon. A full briefing document will be provided prior to the meeting.

Thank You

The results of this submission may be viewed at:  
<https://www.saskatoon.ca/node/398/submission/73300>

March 23, 2016

To: Policy and Finance Committee – April 4, 2016  
From: Todd Brandt  
Re: Presentation by Tourism Saskatoon



I am pleased to provide you with the following documents in preparation for the meeting. These documents are in keeping with the recommendations from the 2004 Program Audit completed by Bob Prosser and Associates.

Package Index

- 2015 Measures Dashboard - Final
- 2015 Audited Statements
- 2016 World Markets Map and Highlight Sheet
- 2016 Measures Dashboard
- 2016 Operating and Capital Budget summary, including statement of leveraging ratio of City Funding

I look forward to our discussions.

Sincerely,



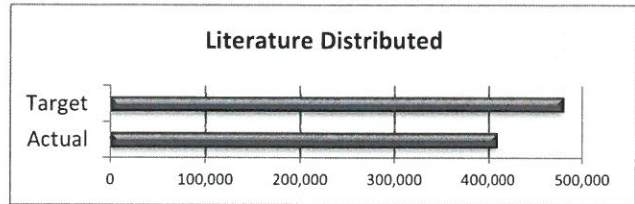
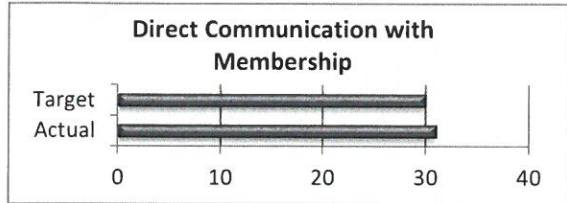
Todd Brandt,  
President & CEO



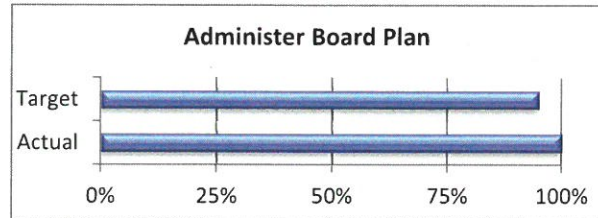
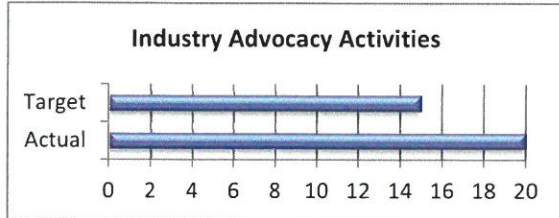


# 2015 Measures - Dashboard - December 31, 2015

## Membership



## Administration/Industry Development

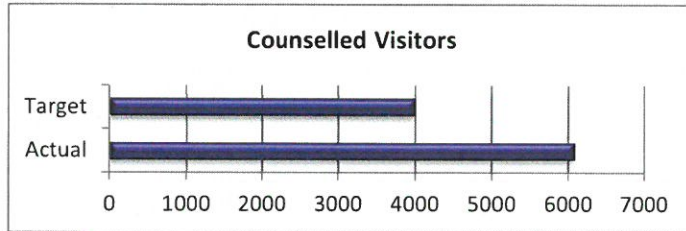


Clean Audit

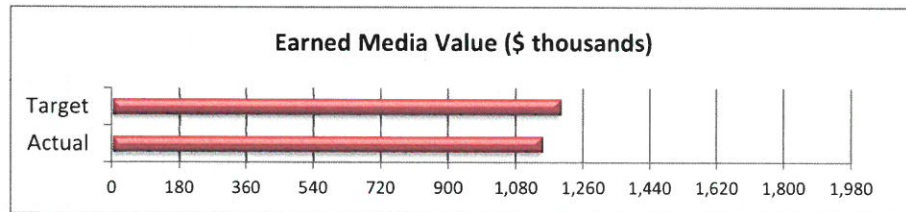


NO

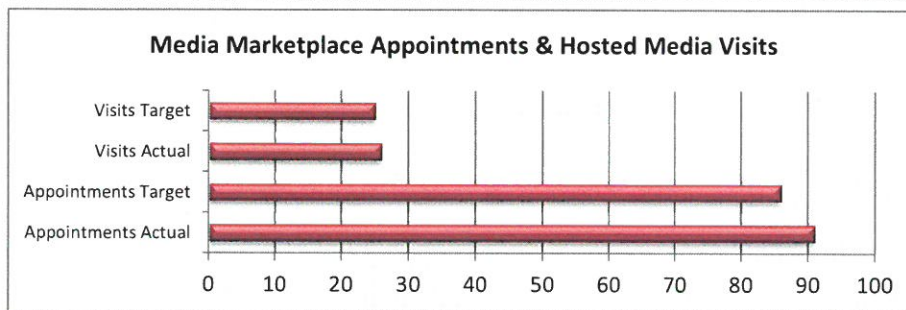
## Visitor Services



## Media



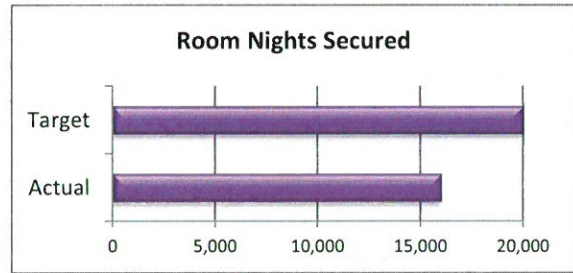
Plus an additional \$3 million - for UFC, Amazing Race & Cineplex Odeon (National)



<i>Klout Score:</i>	Target	55	Actual	54
<i>Facebook Total Reach:</i>	Target	2800	Actual	2313
<i>Facebook Engaged Users daily:</i>	Target	115	Actual	70

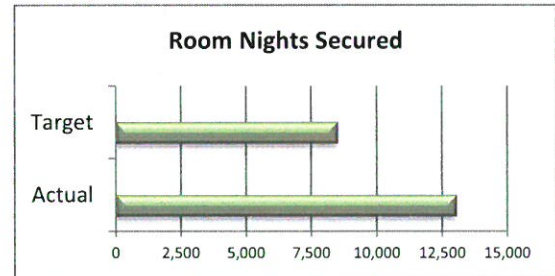
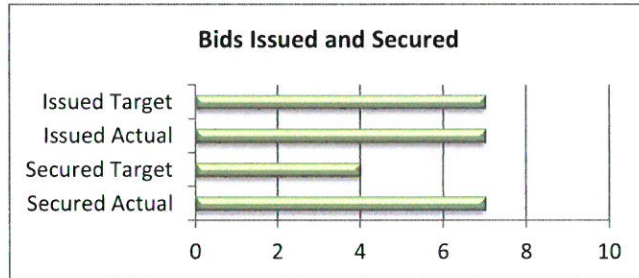
# 2015 Measures - Dashboard - December 31, 2015

## National Conventions and Events

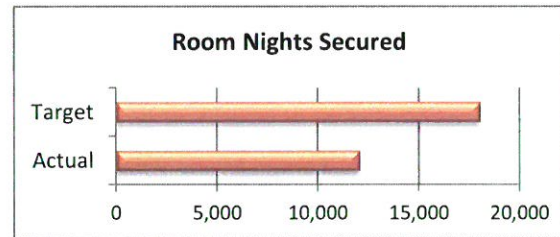
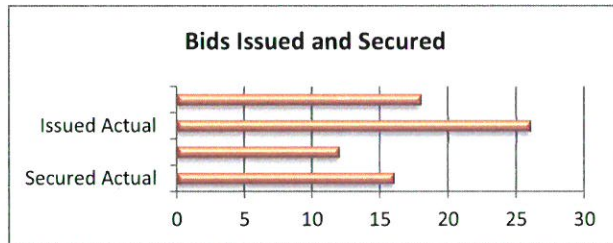


Conduct Sales Appointments Target 45 Actual 40

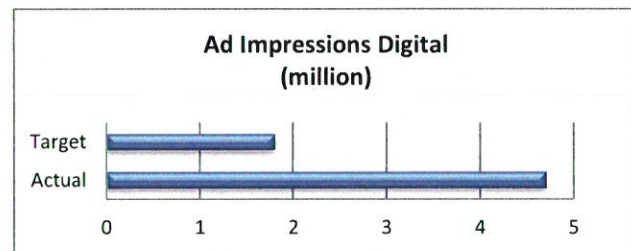
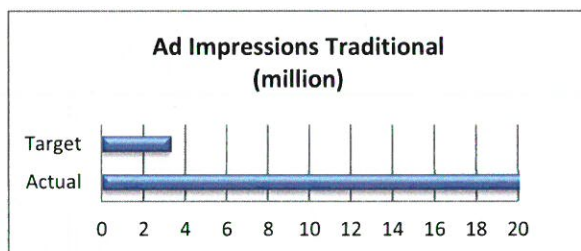
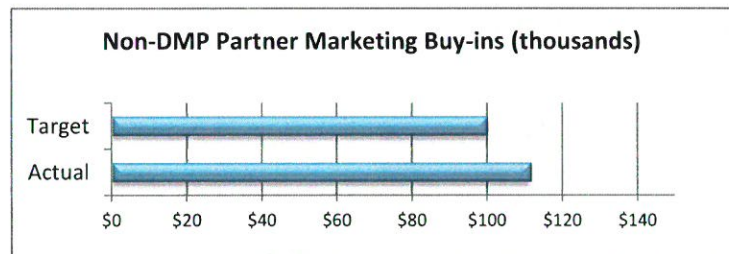
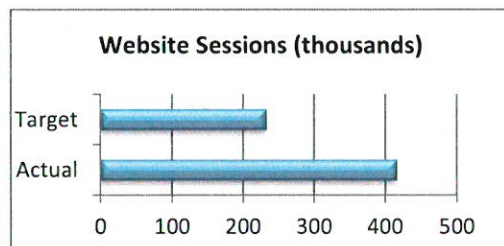
## International Conventions and Events



## Sport Tourism



## Leisure Marketing



Experience Passes issued  
Target: 1700  
Actual: 2900

Travel Trade Marketplace Appointments  
Target: 68  
Actual: 78



Financial Statements of

**SASKATOON VISITOR &  
CONVENTION BUREAU INC.**

Year ended December 31, 2015



KPMG LLP  
500 – 475 Second Avenue South  
Saskatoon Saskatchewan S7K 1P4  
Canada

Telephone (306) 934-6200  
Fax (306) 934-6233  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

To the members

We have audited the accompanying financial statements of Saskatoon Visitor & Convention Bureau Inc. ("the Entity"), which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatoon Visitor & Convention Bureau Inc. as at December 31, 2015, and its results of operations and its cash flows for the year then ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

Saskatoon, Canada  
March 1, 2016

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

# SASKATOON VISITOR & CONVENTION BUREAU INC.

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 489,371	\$ 211,730
Restricted cash and investments (note 10)	404,340	427,712
Accounts receivable - Destination		
Marketing Program	369,256	432,052
Accounts receivable	65,586	17,134
Prepaid expenses and deposits	185,802	269,533
Short-term investments	158,854	155,872
Inventories	1,994	2,281
	<u>1,675,203</u>	<u>1,516,314</u>
Property and equipment (note 3)	180,111	235,148
	<u>\$ 1,855,314</u>	<u>\$ 1,751,462</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 366,581	\$ 144,315
Deferred contributions (note 5)	935,501	1,005,269
	<u>1,302,082</u>	<u>1,149,584</u>
Deferred contributions for property and equipment (note 6)	235,489	254,320
Net assets:		
Operating surplus	228,275	260,517
Equity in property and equipment	89,468	87,041
	<u>317,743</u>	<u>347,558</u>
Commitments (note 7)		
	<u>\$ 1,855,314</u>	<u>\$ 1,751,462</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# SASKATOON VISITOR & CONVENTION BUREAU INC.

## Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Partnership projects and sales (note 8)	\$ 2,946,461	\$ 2,518,606
City of Saskatoon	414,600	405,000
Membership	95,899	86,651
Amortization of deferred contributions	41,631	55,549
In-kind revenue	10,530	5,520
	<u>3,509,121</u>	<u>3,071,326</u>
Expenses:		
Leisure, travel and convention marketing	3,267,076	2,851,744
Membership services	139,510	133,142
Visitor services	121,820	121,481
In-kind expenses	10,530	5,520
	<u>3,538,936</u>	<u>3,111,887</u>
Deficiency of revenue over expenses before the undernoted	(29,815)	(40,561)
Gain on sale of North Centre building	-	22,260
Deficiency of revenue over expenses	<u>\$ (29,815)</u>	<u>\$ (18,301)</u>

See accompanying notes to financial statements.

## SASKATOON VISITOR & CONVENTION BUREAU INC.

### Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	Operating surplus	Equity in property and equipment	Total 2015	Total 2014
Balance, beginning of year	\$ 260,517	\$ 87,041	\$ 347,558	\$ 365,859
Deficiency of revenue over expenses	(32,242)	2,427	(29,815)	(18,301)
Purchase of property and equipment	(8,870)	8,870	-	-
Allocation of deferred contributions	8,870	(8,870)	-	-
Balance, end of year	\$ 228,275	\$ 89,468	\$ 317,743	\$ 347,558

See accompanying notes to financial statements.

# SASKATOON VISITOR & CONVENTION BUREAU INC.

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (29,815)	\$ (18,301)
Items not involving cash:		
Amortization of property and equipment	63,907	78,076
Amortization of deferred contributions	(41,631)	(55,549)
Gain on sale of North Centre building	-	(22,260)
	(7,539)	(18,034)
Change in non-cash operating working capital:		
Accounts receivable	(48,452)	9,644
Accounts receivable - Destination Marketing Program	62,796	95,377
Inventories	287	1,959
Prepaid expenses and deposits	83,731	(130,587)
Accounts payable and accrued liabilities	222,266	(77,748)
Deferred contributions	(69,768)	525,181
	243,321	405,792
Investing activities:		
Purchase of property and equipment	(8,870)	(4,910)
Proceeds on disposal of property and equipment	-	25,000
Purchase of investments	(2,982)	(2,399)
Deferred contributions for property and equipment (note 6)	22,800	22,800
Restricted cash and investments	23,372	(427,712)
	34,320	(387,221)
Increase in cash	277,641	18,571
Cash, beginning of year	211,730	193,159
Cash, end of year	\$ 489,371	\$ 211,730

See accompanying notes to financial statements.



# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements

Year ended December 31, 2015

---

## General:

Saskatoon Visitor and Convention Bureau Inc. (the "Bureau") is incorporated under the *Non-Profit Corporations Act of Saskatchewan* and operates as Tourism Saskatoon with a mission to realize economic benefits for Saskatoon through tourism. The Bureau is not liable for federal or provincial income taxes under the Income Tax Act (Canada).

### 1. Economic dependence:

Ongoing operation of the Bureau is dependent on continuing support of the City of Saskatoon and the membership of the Bureau.

### 2. Significant accounting policies:

#### (a) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Areas that require significant management estimates include the valuations of accounts receivables and the useful lives of property and equipment. Actual results could differ from these estimates.

#### (b) Cash:

Cash consists of cash and cash equivalents with an initial term to maturity of three months or less.

Restricted cash and investments consists of cash received from Destination Marketing Program contributions where the cash received is restricted for purposes of the related agreement for expenditure of the funds received. The Bureau may invest cash received from Destination Marketing Program contributions in short-term investments bearing interest.

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

---

## 2. Significant accounting policies (continued):

### (c) Financial instruments:

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below:

- Cash, restricted cash and short-term investments are measured at fair value. Fair value fluctuations in these assets which may include interest earned, interest accrued, gains and losses realized on disposal and unrealised gains and losses are included in revenue.
- Accounts receivable, accounts receivable - Destination Marketing Program and accounts payable and accrued liabilities are recorded at amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Bureau determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Bureau expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Property and equipment:

Property and equipment are stated at cost. Amortization is provided over the estimated useful lives of the assets using the following methods and annual rates:

Property and equipment	Method	Rate
Information centres	Declining balance	10%
Furnishings and equipment	Declining balance	20%
E-Commerce	Declining balance	30%
Leasehold improvements	Straight-line	10%



# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

---

## 2. Significant accounting policies (continued):

### (e) Net assets:

The Bureau segregates net assets between operating surplus and equity in property and equipment.

Operating surplus represents amounts available for on-going operation of the Bureau.

Equity in property and equipment represents property and equipment less unamortized capital contributions used to purchase property and equipment.

### (f) Inventories:

Inventories of promotional items and various publications for resale are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realized value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

### (g) Revenue recognition:

The Bureau recognizes revenue from grants as earned based on the terms of the agreements. Membership revenue is recognized when received. Revenue from fees, contracts and items for resale are recognized when the services are provided or the goods are sold.

The Bureau recognizes revenue and expenses for contributed products and services that would otherwise have been purchased by the Bureau, at the estimated value of such products and services. The current year's membership revenue includes \$2,507 of in-kind memberships (2014 - \$3,817).

Revenue received for externally restricted special projects where the related costs will be incurred in future periods is deferred on the statement of financial position. These revenues will be recorded on the statement of operations in the period when the related costs are incurred.

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 2. Significant accounting policies (continued):

(h) Allocation of general administration expenses:

The Bureau classifies expenses on the statement of operations by function. The Bureau allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. Administration expenses are allocated based on estimates of staff activities and resource usage.

Administration expenses of \$461,558 (2014 — \$440,819) have been allocated as follows:

	2015		2014	
Leisure, travel and convention marketing	\$	369,246	\$	352,655
Visitor services		46,156		44,082
Membership services		46,156		44,082
	\$	461,558	\$	440,819

## 3. Property and equipment:

	2015		2014	
	Cost	Accumulated amortization	Net book value	Net book value
Furnishings and equipment	\$ 377,718	\$ 344,503	\$ 33,215	\$ 37,332
E-Commerce	399,544	320,643	78,901	106,465
Leasehold improvements	230,275	162,280	67,995	91,351
	\$ 1,007,537	\$ 827,426	\$ 180,111	\$ 235,148

## 4. Accounts payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$21,867 (2014 - \$34,313), which includes amounts payable for GST and PST. Accounts payable also includes \$135,000 relating to a deposit received for the Canadian Country Music Awards.

## 5. Deferred contributions:

The Bureau receives operational and special project funding that has been deferred and will be recognized as revenue on the statement of operations in the year to which the funding relates. All deferred contributions relate to the next fiscal year. Deferred contributions is comprised of funding from the following sources:

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 5. Deferred contributions (continued):

	2015	2014
Destination Marketing Program (note 10)	\$ 773,596	\$ 859,764
City of Saskatoon	125,750	109,350
Canadian Country Music Awards	36,155	36,155
	<u>\$ 935,501</u>	<u>\$ 1,005,269</u>

Restricted cash and investments of \$404,340 (2014 - \$427,712) relates to deferred contributions from Destination Marketing Program (see note 10).

## 6. Deferred contributions for property and equipment:

Deferred contributions for property and equipment is comprised of the unamortized contributions used to purchase property and equipment and the contributions that have not yet been used to purchase property and equipment. The amortization of these deferred contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	\$ 254,320	\$ 292,228
Additional contributions received:		
City of Saskatoon	22,800	22,800
Less amounts amortized to revenue	(41,631)	(55,549)
Less amounts related to sale of North Centre building	-	(5,159)
	<u>\$ 235,489</u>	<u>\$ 254,320</u>

The balance of unamortized capital contributions and unspent contributions related to property and equipment consists of the following:

	2015	2014
Unamortized capital contributions used to purchase assets	\$ 115,345	\$ 148,107
Unspent contributions	120,144	106,213
	<u>\$ 235,489</u>	<u>\$ 254,320</u>

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 7. Commitments:

The Bureau is committed to marketing support bids through the fiscal year 2018 and leases office space and office equipment under long-term operating leases which expire in the fiscal years through 2018.

Future payments are estimated as follows:

	Marketing support bids	Office space	Equipment	Total
2016	\$ 14,500	\$ 72,597	\$ 8,297	\$ 95,394
2017	-	72,597	5,098	77,695
2018	5,000	48,398	2,392	55,790
	\$ 19,500	\$ 193,592	\$ 15,787	\$ 228,879

## 8. Partnership projects and sales:

	2015	2014
Saskatoon Hotel Association	\$ 2,832,529	\$ 2,421,616
Member events, sales missions, advertising and other	104,394	89,423
Sales of specialty items and maps	9,538	7,567
	\$ 2,946,461	\$ 2,518,606

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 9. Financial risks and concentration of credit risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Bureau will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Bureau manages its liquidity risk by monitoring its operating requirements. The Bureau prepares budgets to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Bureau is exposed to credit risk with respect to accounts receivable, short-term investments and restricted cash and investments. The Bureau assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Credit risk related to cash, restricted cash and investments and short-term investments is minimized by dealing with financial institutions that have strong credit ratings.

### (c) Interest rate risk:

The Bureau is exposed to interest rate risk arising from fluctuation in interest rates on amounts invested in interest bearing accounts and short term investments.

## 10. Destination Marketing Program Contributions:

On June 11, 2014 the Bureau signed an agreement with the Saskatoon Hotel Association to provide funding to the Bureau for the Destination Marketing Program to increase total overnight visitation and expenditures in Saskatoon. The agreement is for the period April 1, 2014 to March 31, 2017. Funding received and current expenditures for each of the years ended December 31, 2015 and 2014 are as follows:

# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 10. Destination Marketing Program Contributions (continued):

	2015	2014
Funding:		
Destination Marketing	\$ 3,924,020	\$ 3,521,469
Expenditures:		
Salaries and benefits	505,477	471,886
Saskatchewan market	351,207	385,806
Saskatoon Sports Tourism Inc.	291,326	235,004
Web marketing	275,508	224,398
International market	207,035	130,567
Other market	190,639	113,729
Meetings	175,307	149,849
Joint marketing	175,000	157,753
Printing	151,257	167,217
Convention - Global STEM States Incorporated (i)	139,043	-
Business plan development	121,200	100,262
Alberta market	82,037	69,045
Research	80,992	33,651
Familiarization tours	79,716	91,048
Travel media promotions	75,726	87,708
Manitoba market	36,182	34,773
Writing services	35,043	9,758
Administrative	34,696	36,107
Images	34,052	32,426
Initiatives	30,950	31,361
Memberships	26,569	25,088
Local planners	12,744	13,783
Travel media	11,083	6,923
Consumer shows	6,789	8,235
Campaign design	6,473	11,415
Marketing	5,689	17,863
Travel trade Rendez-vous Canada	4,107	4,558
Saskatchewan Association of Travel Writers	3,929	8,683
Communications and promotions	648	2,809
	3,150,424	2,661,705
Deferred contributions	\$ 773,596	\$ 859,764



# SASKATOON VISITOR & CONVENTION BUREAU INC.

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 10. Destination Marketing Program Contributions (continued):

An analysis of deferred contributions is as follows:

Balance, beginning of year	\$ 859,764	\$ 336,801
Cash received	3,127,052	3,280,045
Accounts receivable, end of year	369,256	432,052
Accounts receivable, beginning of year	(432,052)	(527,429)
Expenditures	(3,150,424)	(2,661,705)
<b>Balance, end of year</b>	<b>\$ 773,596</b>	<b>\$ 859,764</b>
<b>Restricted cash and investments</b>	<b>\$ 404,340</b>	<b>\$ 427,712</b>

Restricted cash and investments are comprised of the following:

Cash	\$ 163,645	\$ 191,395
Short-term investments	240,695	236,317
	<b>\$ 404,340</b>	<b>\$ 427,712</b>

(i) During 2015, Global STEM States Incorporated ("STEM States"), a company based in Australia, held a convention in Saskatoon. As a result of a financial shortfall, the Destination Marketing Program agreed to pay hotels and other local suppliers up to \$140,000 for costs incurred to hold this convention and entered into a loan agreement with STEM States, through the Bureau, to recover these amounts. At December 31, 2015, amounts paid to hotels and other local suppliers was \$139,043. The loan agreement provides for payments of \$3,000 per month until the loan is repaid in full.

The amounts paid to hotels and other local suppliers to December 31, 2015 have been recorded as an expenditure for the Destination Marketing Program. Amounts received as repayments on the loan agreement will be recorded as a recovery of expenditures of the Destination Marketing Program when collected.

## 11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.





# TOURISM SASKATOON 2016 MARKETPLACES



- National Convention and Event Sales**
  - TCU Place Sales Mission and Luncheon Regina, SK
  - CSTA Sales Mission Ottawa, ON
  - Ottawa Sales Mission and Client Event Toronto, ON
  - Toronto Sales Mission, MPI Awards and Client Event Toronto, ON
  - Ottawa Sales and MPI Prestige Award Ottawa, ON
  - Ottawa Sales Mission and MPI Golf Tournament Ottawa, ON
  - Toronto Sales Mission Toronto, ON
  - Ottawa Sales Mission Ottawa, ON
  - CSAE Tete-a-Tete Tradeshow Ottawa, ON
  - Incentive Works Tradeshow Toronto, ON
  - CSAE National Conference and Showcases Toronto, ON
  - CanSPEP Convention Windsor, ON
  - PCMA Canadian Innovation Conference St. John's, NF

- International Convention and Event Sales**
  - Sales Appointments Vancouver, BC
  - IMEX Frankfurt, Germany
  - IMEX America, Las Vegas, Nevada
  - CESSA (Council of Engineering and Scientific Society Executives), Omaha, Nebraska

- Sports Tourism**
  - CSTA Sport Events Congress Ottawa, ON
  - TEAMS Atlantic City, NJ USA
  - Ottawa Sales Trip (December, TBD)

- Travel Media**
  - Canada Media Marketplace San Francisco CA, USA
  - Travel Media Association of Canada Cape Breton Island, NS
  - Go Media Montreal QC
  - TBEX North America (travel blog exchange) Minneapolis, MN
- Travel Trade**
  - American Bus Association Louisville, KY
  - National Tour Association Travel Exchange Atlanta, GA
  - Rendez-vous Canada Montreal, PQ

- Consumer Shows**
  - Calgary Home and Garden Calgary, AB
  - Edmonton Home and Garden Edmonton, AB
  - Calgary Lilac Festival Calgary, AB





# Tourism Saskatoon

## Tourism Saskatoon – Highlight Sheet

1. **Bureau Location and Geographic Region** – Saskatoon and Region
2. **Organizational Status** (public/private, membership, Board of Directors, incorporated)
  - Membership-based Not-For-Profit (450 members)
  - 12-member Board of Directors (new); Policy Governance structure. New bylaws.
  - Conventions Saskatoon Committees and Saskatoon Sports Tourism are key structures for action

### 3. Source of Revenues 2016

• Municipal	\$ 480,200
• DMP (3%)	\$ 3,604,782
• Memberships	\$ 100,990
• Other Investments	\$ 91,300
	<hr/>
	\$ 4,277,272

### 4. Budget Allocation

• Marketing	\$ 3,649,109
• Admin/Operations	\$ 452,767
• Visitor Services	\$ 80,543
• Member Services	\$ 94,853
	<hr/>
	\$ 4,277,272

### 5. Destination Stats

- 1.03 M rooms sold in 2015, down .7% from 2014
- Average occupancy – 2015: 65.1% a drop of 7.2% from 2014. ADR is at \$144/night just above national average.
- Air Traffic was 1.3 M passenger movements, up very slightly from 2014.
- 2.8 million Canadian visitors per year, expenditure \$553 million (28% of provincial industry)



## **6. Marketing Highlights**

- Ninth year managing Saskatoon's Destination Marketing Program. Program under stress due to non-participating properties and soft market
- Generated \$4.08 M in earned media ad equivalency.
- Will participate in 25 trade events and sales missions in Canada, the US and overseas in 2016.
- Integration of SMART content on our website, and conversion of leisure marketing activities integrating EQ.
- Confirmed 6 international congresses (13,200 room nights)
- Bid secured ratio of 62% (national/cultural/sport/international)

## **7. Operational Highlights**

- Accredited by Destination Marketing Association International (since 2009)
- Continue to incubate new events, and formed joint marketing partnerships with 23 other events and attractions.
- Took over 2-year Management contract for the Trails of 1885
- 91% compliance with 202 measures in 2015.
- Green Stem sustainability initiative now has 37 signatories.
- Involved in 19 product incubation projects!

## **8. Major Issues/Trends/Plans**

- Core funding shortfall addressed with City support and self-generated income.
- 8 new hotel properties opening in current 18 month period.
- Loss of direct air service to 2 US hubs a major issue.

## **9. Name & Contact Information**

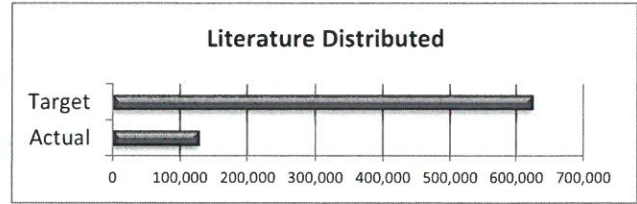
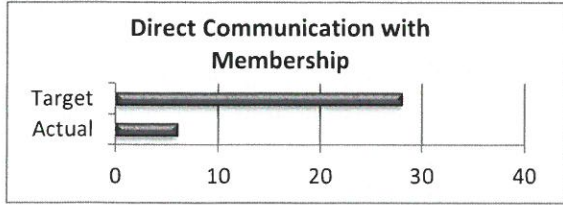
- Todd Brandt  
President & CEO  
101 – 202 4<sup>th</sup> Avenue North  
Saskatoon, SK S7K 0K1

Phone: 306-931-7574

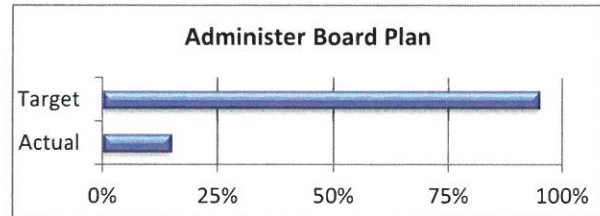
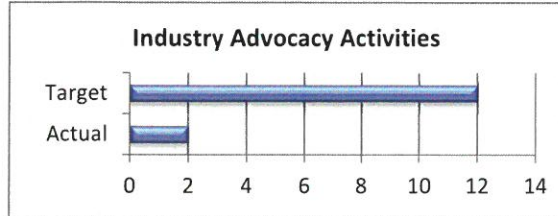
Email: [tbrandt@tourismsaskatoon.com](mailto:tbrandt@tourismsaskatoon.com)

# 2016 Measures - Dashboard - March 2016

## Membership



## Administration/Industry Development

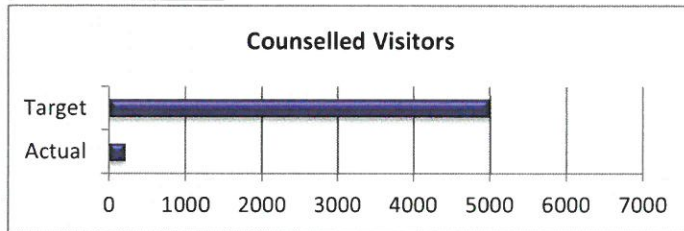


Clean Audit

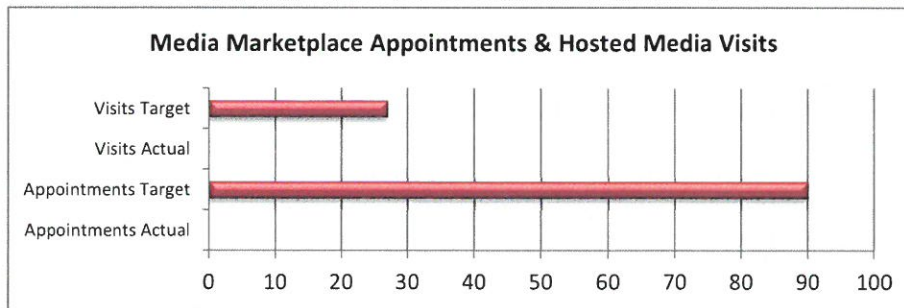
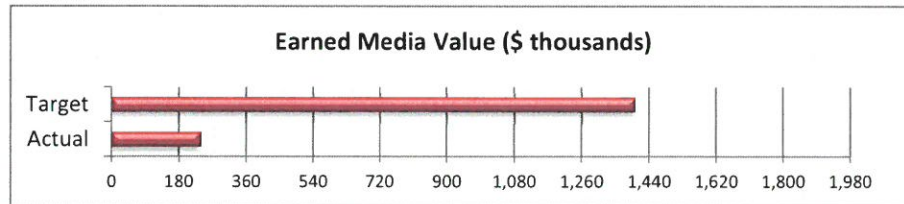
YES

NO

## Visitor Services



## Media



Twitter new followers:

Target 16,000 Actual 12600 New - 433

Facebook new followers:

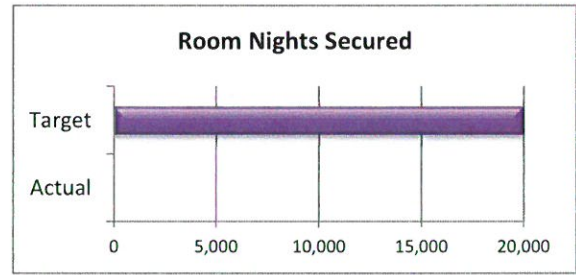
Target 10,000 Actual 7428 New - 248

Instagram new followers

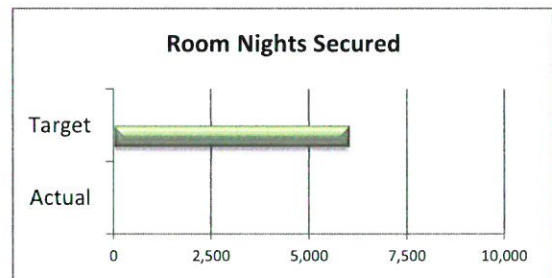
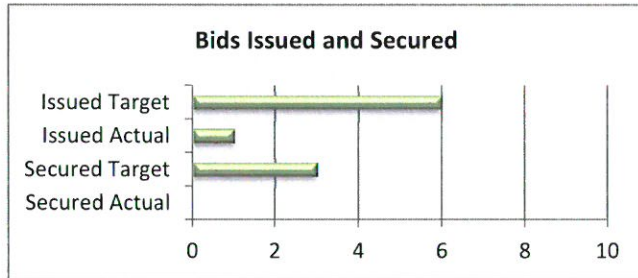
Target 5,000 Actual 3434 New - 437

# 2016 Measures - Dashboard - March 2016

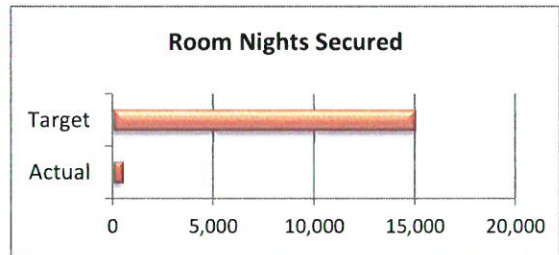
## National Conventions and Events



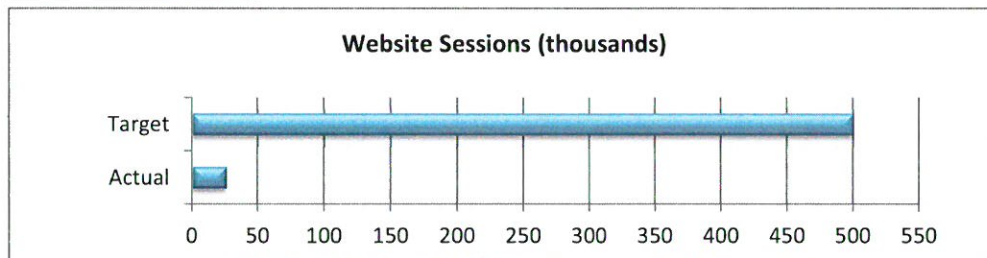
## International Conventions and Events



## Sport Tourism



## Leisure Marketing



Room Nights Booked

Target: 4,600

Actual:

Travel Trade Marketplace Appointments

Target: 72

Actual: 37







**Leveraging Comparison - Year to year**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Budgeted Revenue	873,375	923,574	1,106,385	1,299,977	966,901	1,909,613	2,174,909	3,062,725	2,989,653	2,645,495	2,539,378
City Fee for Service	271,200	321,200	321,200	325,857	328,898	333,832	341,700	353,400	368,100	368,100	372,009
Leveraging Ratio	2.22:1	1.88:1	2.44:1	2.99:1	1.94:1	4.72:1	5.36:1	7.67:1	7.1:1	6.2:1	5.8:1

	2013	2014	2015	2016
Budgeted Revenue	3,050,698	3,236,930	3,642,722	Projected 4,277,272
City Fee for Service	392,000	405,000	414,600	480,200
Leveraging Ratio	6.8:1	6.9:1	7.8:1	7.9:1



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# Request for Tax Exempt Status: Proposed Saskatchewan Aviation Museum and Learning Centre

## Recommendation

That the information be received.

## Topic and Purpose

The purpose of this report is to provide information in response to the Saskatchewan Aviation Historical Society's request for relief from property taxes.

## Report Highlights

1. The Saskatchewan Aviation Historical Society is proposing the construction of an aviation museum and learning centre, and is requesting a tax abatement or exemption.
2. Under *The Cities Act*, museums are not exempt from taxation.
3. Other museums have applied for tax abatement through the Culture Grant Program, and based on meeting the eligibility criteria, have received partial or full tax abatement through the Program.

## Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the City of Saskatoon (City) is open, accountable and transparent regarding the decisions it makes relating to equitable and consistent application of tax exemptions and abatements.

This report also supports the Strategic Goal of Quality of Life where Saskatoon is a welcoming people place, and our community supports art, culture, and recreational facilities and other amenities.

## Background

At its meeting of January 4, 2016 when considering a request from the Saskatchewan Aviation Historical Society that it receive tax exempt status, the Standing Policy Committee on Finance resolved that the matter be referred to the Administration for a report.

## Report

### Proposed Aviation Museum and Learning Centre Requesting Tax Abatement

The Saskatchewan Historical Aviation Society (Society) is a charitable, non-profit organization. Its goal is to preserve aviation history in the province of Saskatchewan.

The Society, with the support of the Saskatoon Airport Authority and numerous other individuals and organizations, is proposing to construct an aviation museum and learning centre at the John G. Diefenbaker International Airport. Phase One of the

project is to commence in the spring of 2016 with the construction of the primary building. The Society is requesting either a tax exemption or abatement.

Museums Not Exempt from Taxation

The City is governed by *The Cities Act* which has no provision for an automatic exemption for museums. For this reason, the property does not qualify for a property tax exemption.

Tax Abatements to Be Funded Through Existing Grant or Incentive Program

Historically, City Council approved tax abatements on an ad hoc manner based on a request from a specific group. Annual approval for an abatement was relatively routine once the initial approval was made.

In 2004, a property tax abatement policy review was conducted with a goal of creating fairness and equity for organizations receiving abatements from the City. City Council established that tax abatements would become part of the City-funded assistance provided to community groups, and that any requests for tax abatements would be allocated through an appropriate grant or incentive program.

Currently, the vast majority of tax abatements are provided through one of the City's existing grant or incentive programs. There are a few exceptions where tax abatements are approved by City Council, which are under special circumstances and for a short-term basis only.

Museums fall into the group of major cultural institutions which are considered for funding assistance under the City's Culture Grant Program (CGP). In the CGP, the funding allocation for organizations (cash and tax abatements) is determined based on program criteria and by a formula approved by City Council. To be eligible for assistance, organizations in the CGP must:

- meet one of the definitions of a Major Arts Institution, Major Festival, Major Heritage or Museum Institution;
- have revenues of \$300,000 or more; and
- serve 5,000 or more people annually.

New applicants must have received at least one Sask Lotteries Community Grant from the City in the two years prior to making an application and cannot have an accumulated deficit that exceeds 10% of revenue.

To determine if the proposed museum meets the criteria for any grant or incentive program, Recreation and Community Development Division staff met with a representative of the Society on February 22, 2016. It was determined that the Aviation Museum currently does not meet the eligibility requirements for the CGP or any other incentive program. The Administration has committed to work with the Aviation Museum to assist them in moving forward to meet the requirement of the CGP.

**Public and/or Stakeholder Involvement**

Stakeholder involvement has been limited to the meeting with representatives of the proposed aviation museum.

**Due Date for Follow-up and/or Completion**

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  
Lynne Lacroix, Director of Recreation and Community Development  
Randy Grauer, General Manager, Community Services Department  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset and Financial  
Management Department

Tax Exempt Status\_Aviation Museum.docx

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## Corporate Inventory Status - 2015

### Recommendation

That the information be received.

### Topic and Purpose

The purpose of this report is to provide the Standing Policy Committee on Finance with information regarding the corporate inventory status at year-end 2015.

### Report Highlights

1. Inventory held at 2015 year-end was \$11,088,629.
2. Saskatoon Light & Power held 68% of the corporate inventory.
3. Overall inventory turnover for 2015 was .83 turn.
4. Compliancy to corporate inventory guidelines met by stores locations.

### Strategic Goal

This review of the corporate inventory status supports the Strategic Goal of Asset and Financial Sustainability by being open, accountable and transparent.

### Report

In accordance with Administrative Policy No. A02-020, Stores – Operations and Utilization, the Administration is required to report once a year on the corporate inventory status.

In 2015, inventory was held at seven locations throughout the City of Saskatoon.

Attachment 1 is a detailed list of locations, value and percentage of value at 2015 year-end. It notes the majority of the inventory value of 68% was held at Saskatoon Light & Power.

Attachment 2 shows the inventory breakdown by store location. In 2015, the amount of slow-moving/inactive inventory increased by \$637,498. This increase was primarily due to material stocked for capital projects at Saskatoon Light & Power.

The major factors that affected the inventory level at Saskatoon Light & Power were:

- demand for street lighting for new areas required high inventory levels; and
- continual incremental increase in the number of transformers and cable required for electrical services due to the increased housing and commercial construction activity.

In 2015, the significant changes in overall corporate inventories were:

- inventory held at year-end increased 5% to \$11,088,629;
- material issues increased 12% to \$9,202,722;
- inventory turnover increased from .77 to .83 turn; and
- slow-moving/inactive inventory increased 12% to \$5,903,497.

A reduction in slow-moving/inactive materials is expected as the capital projects are completed during 2016. Material value due to changes/delays of projects, and variances in breakdown and maintenance requirements will remain.

The Administration will continue to identify and write off material surplus to operations.

Inventory and Asset Recovery Services annually reviews the corporate guidelines for management of inventory with each store and documents compliance to the corporate guidelines. Any deviations, due to operational requirements, are covered by approved compensating procedures.

Inventory and Asset Recovery Services provides support and direction to all departmental stores to improve inventory management and efficiencies.

#### **Other Considerations/Implications**

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

#### **Due Date for Follow-up and/or Project Completion**

A report on the corporate inventory status at year-end 2016 will be presented to the Standing Policy Committee on Finance in April 2017.

#### **Public Notice**

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

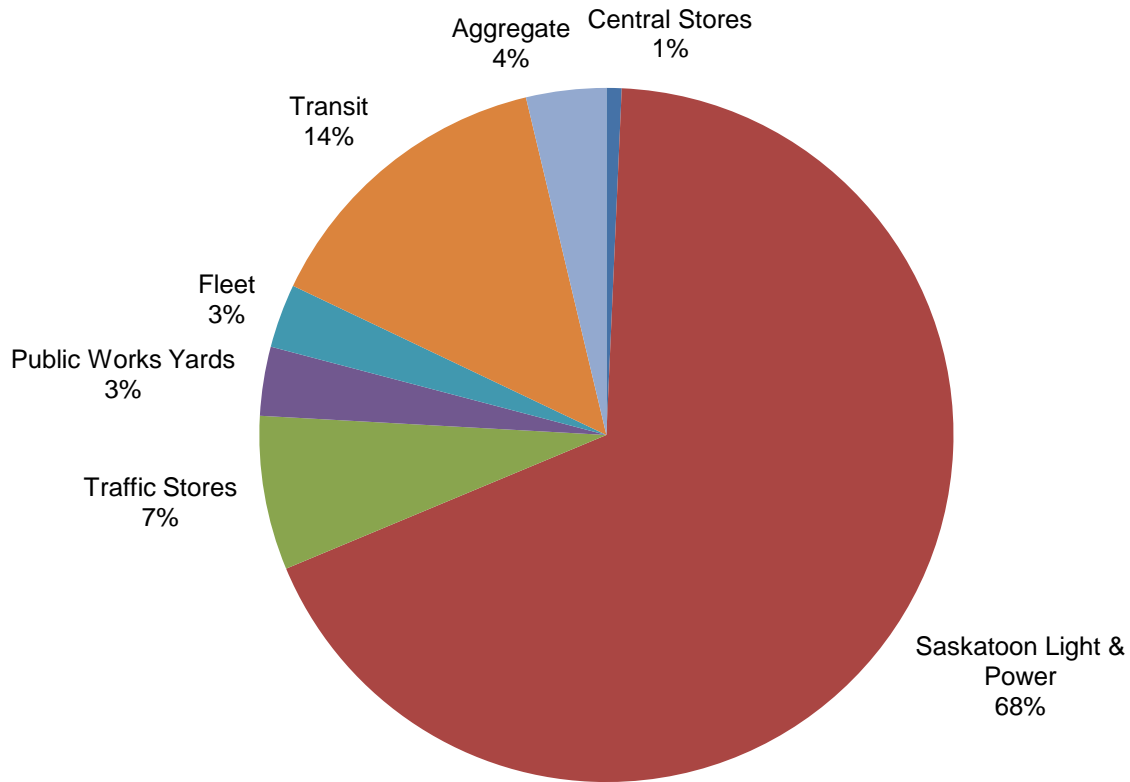
#### **Attachments**

1. Corporate Inventory Levels
2. Corporate Inventory Indicators

#### **Report Approval**

Written by: Keith Beck, Manager, Inventory and Asset Recovery Services  
Reviewed by: Linda Rauckman, Director of Materials Management  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

**Corporate Inventory Levels  
December 31, 2015**



December 31, 2015

Central Stores	\$	78,078
Saskatoon Light & Power	\$	7,540,560
Traffic Stores	\$	795,594
Public Works Yards	\$	356,334
Fleet	\$	329,928
Transit	\$	1,574,936
Aggregate	\$	413,199
<b>Total</b>	<b>\$</b>	<b>11,088,629</b>



## Corporate Inventory Indicators

## Inventory Value

Store Location	2013	2014	2015
Central Stores	\$ 85,825	\$ 56,109	\$ 78,078
Saskatoon Light & Power	\$ 7,273,602	\$ 7,635,100	\$ 7,540,560
Traffic Stores	\$ 497,581	\$ 693,056	\$ 795,594
Public Works Stores	\$ 299,695	\$ 341,508	\$ 356,334
Transit	\$ 1,289,654	\$ 1,376,207	\$ 1,574,936
Fleet Stores	\$ 278,909	\$ 311,880	\$ 329,928
T&U Aggregate	\$ 45,119	\$ 127,107	\$ 413,199
<b>Total</b>	<b>\$ 9,770,385</b>	<b>\$ 10,540,967</b>	<b>\$ 11,088,629</b>

## Yearly Issues

Store Location	2013	2014	2015
Central Stores	\$ 106,985	\$ 123,282	\$ 146,954
Saskatoon Light & Power	\$ 5,692,777	\$ 4,297,814	\$ 4,047,814
Traffic Stores	\$ 688,161	\$ 863,958	\$ 846,623
Public Works Stores	\$ 1,125,711	\$ 1,113,127	\$ 1,334,875
Transit	\$ 1,291,315	\$ 1,024,003	\$ 2,126,283
Fleet Stores	\$ 816,597	\$ 770,012	\$ 700,173
T&U Aggregate	n/a	n/a	n/a
<b>Total</b>	<b>\$ 9,721,546</b>	<b>\$ 8,192,196</b>	<b>\$ 9,202,722</b>

## Slow-moving/Inactive

Store Location	2013	2014	2015
Central Stores	\$ 46,043	\$ 15,873	\$ 31,381
Saskatoon Light & Power	\$ 5,197,228	\$ 4,781,977	\$ 5,263,378
Traffic Stores	\$ 289,763	\$ 336,406	\$ 512,633
Public Works Stores	\$ 104,210	\$ 131,743	\$ 96,105
Transit	n/a	n/a	n/a
Fleet Stores	n/a	n/a	n/a
T&U Aggregate	n/a	n/a	n/a
<b>Total</b>	<b>\$ 5,637,244</b>	<b>\$ 5,265,999</b>	<b>\$ 5,903,497</b>

## Summary of changes from 2014 to 2015

- Total inventory value increased \$547,662 (5%)
- Inventory issues increased \$1,010,526 (12%)
- Slow-moving/inactive material increased \$637,498 (12%)
- Overall turnover increased from .77 to .83 turn

## Notes:

- Turnover ratio is calculated by dividing the value of material issues into the year-end inventory value. The turnover rate indicates the amount of the overall value of inventory used during the year.
- Slow-moving/inactive includes material that has turned less than once in the year (the amount in stock is greater than the amount used during the year) and stock on hand that has no issues during the year.
- Water Treatment inventory is not shown - inventory limited to safety; only new and used parts. Chemical inventory controlled by mechanical process.

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## Request to Sell City-Owned Property – South West Industrial Area

### Recommendation

1. That the Director of Saskatoon Land be authorized to sell three parcels (Lot 24, 25 and 26, Block 183, Plan 102193837) in the South West Industrial area to the highest bidder through a public tender process with reserve bid prices;
2. That if the parcels are not sold through the tender process, they be placed for sale over-the-counter on a first-come, first-serve basis;
3. That the Director of Saskatoon Land be authorized to make minor adjustments to the approved pricing that may be necessary to account for changes in the servicing costs and for returned parcels; and
4. 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 approval to sell three industrial lots in the South West Industrial area through a public tender process.

### Report Highlights

1. Three industrial parcels in the South West Industrial area will be sold through a public tender process.
2. The parcels will be awarded to the highest bidder upon determination of proper adherence to tender protocol.

### Strategic Goal

The sale of these parcels supports the four-year priority of continuing to create and support a business-friendly environment and increase the tax base that is non-residential under the Strategic Goal of Economic Diversity and Prosperity.

### Background

In June 2014, Saskatoon Land subdivided two parcels into five separate parcels within the South West Industrial Area. The subdivision was completed to accommodate a direct sale and better site configuration of the other owner of the site. As a result of the subdivision, Saskatoon Land received 3.42 acres of serviced industrial land to bring to the market.

The recent completion of the Circle Drive South Project and subsequent construction of the Dawes Avenue connection to 11<sup>th</sup> Street West have provided significant value improvements to lands in the South West Industrial area. Strong demand remains for industrial land in this area of the city.

## **Report**

### **South West Industrial Tender**

The purpose of this report is to obtain approval to sell three industrial parcels in the Southwest Industrial area through a public tender process. Attachment 1 shows the subject lots located on 11<sup>th</sup> Street West, Dawes Avenue and Dudley Street.

The three parcels are zoned IL1 District (Light Industrial), which has a high degree of flexibility in terms of permissible land uses and development provisions. In addition to a number of permitted industrial land uses, the IL1 District permits retail uses below 5,000 square metres in gross floor area.

Each of the parcels within this tender will be advertised with a reserve bid price. The Administration recommends that a price range of \$525,000 to \$610,000 per acre be used for establishing the reserve bid price. Proposed parcel prices are outlined in Attachment 2. Factors such as zoning, location, visibility and corner influence are taken into consideration within the final price for each lot. The reserve bid prices are based on a review of comparable industrial land sales in the Saskatoon market, including the sale of land recently sold by the City of Saskatoon (City). Increases in the 2015 prepaid rates have also been factored into the pricing. The average price per acre is approximately \$572,000, and the total proposed sales revenue for the three parcels is \$1,956,000.

### **Tender Award**

Tenders will be awarded to the highest bidder over the reserve bid price. If there is any uncertainty regarding the bids received, the appropriate reports and recommendations will be presented to City Council. Lots that do not sell through the tender process will be made available for sale over-the-counter on a first-come, first-serve basis from Saskatoon Land.

### **Options to the Recommendation**

The only option would be to not proceed with the sale of the land at this time.

### **Communication Plan**

Notice of the public tender will be advertised in The Star Phoenix a minimum of two Saturdays prior to the tender and will be sold pursuant to Council Policy No. C09-033, Sale of Serviced City-Owned Lands. The tender will also be posted on the City's website.

### **Financial Implications**

Proceeds from the sale of this land will be deposited into the Property Realized Reserve.

### **Other Considerations/Implications**

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

Public and/or stakeholder involvement is not applicable.

**Due Date for Follow-up and/or Project Completion**

There is no due date for follow-up and/or project completion.

**Public Notice**

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

**Attachments**

1. Map - South West Industrial Parcels to be Priced
2. South West Industrial Parcels Price Listing

**Report Approval**

Written by: Ian Williamson, Planner 16  
Reviewed by: Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department

Request to Sell City Property\_SW Industrial.docx

# South West Industrial Parcels to be Priced



Subject Lots

\$ 500,000

Proposed Price



Saskatoon Land - Feb 2016

NOTE: The information contained on this map is for reference only and not to be used for legal purposes. Information contained on this map is subject to change without notice. This map may not be reproduced without the expressed written consent of Saskatoon Land.  
DRAWING NOT TO BE SCALED.

## South West Industrial Price Listing

<b>Civic Address</b>	<b>Lot</b>	<b>Block</b>	<b>Zoning</b>	<b>Area (ac)</b>	<b>Price/acre</b>	<b>Total</b>
2521 Dawes Ave	24	183	IL1	0.904	\$610,000	\$ 552,000
2327 11th Street W	25	183	IL1	1.550	\$580,000	\$ 899,000
2426 Dudley Street	26	183	IL1	0.961	\$525,000	\$ 505,000
<b>Total</b>						<b>\$1,956,000</b>
<b>Average</b>					<b>\$572,000</b>	

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## 103 Pohorecky Crescent - Request for Proposal Update

### Recommendation

That the information be received.

### Topic and Purpose

The purpose of the report is to provide an update on the multi-family site located at 103 Pohorecky Crescent (Parcel C, Plan No. 102030219) in the Evergreen neighbourhood, which was sold through a Request for Proposal (RFP) process by Saskatoon Land in 2013.

### Report Highlights

1. Due to changes in the housing market, North Ridge Development Corp. (North Ridge) has revised its proposal to include a greater number of townhouse-style condominium units and a lower number of apartment-style condominium units.
2. North Ridge is proposing an enhanced level of environmental performance through Energy Star certification for all townhouse units within the project.

### Strategic Goal

The sale of 103 Pohorecky Crescent supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes under the Strategic Goal of Asset and Financial Sustainability. The proponent's enhanced commitment to the development of an environmentally sustainable project helps reduce greenhouse gas (GHG) emissions, supporting the Strategic Goal of Environmental Leadership.

### Background

City Council, at its meeting held on March 26, 2012, approved Saskatoon Land's recommendation to sell 103 Pohorecky Crescent through an RFP process, which called for the development of an innovative and environmentally sustainable multi-family project.

Four submissions were received and were evaluated on the basis of sustainable building and site elements, density, architectural merit and proponent qualifications. This site was awarded to North Ridge, as its proposal demonstrated significant commitments towards the development of an environmentally sustainable multi-family project. North Ridge's project included the presence of a large on-site storm pond, intended to serve as a site amenity, while providing a storm water management function and a commitment to achieve a Residential Environmental Assessment Program (REAP) Gold performance level.

REAP is green building rating system designed by the University of British Columbia (UBC) for the purpose of guiding the development of residential buildings. The program was modelled after the US Green Building Council's LEED Green Building Rating System. REAP addresses building performance with respect to sustainable sites, water efficiency,



energy conservation and GHG reductions, materials and resources, construction, indoor environmental quality, and innovation and design.

North Ridge's proposal submission included a mixture of apartment-style and townhouse-style condominium units, totaling 224 multi-family dwelling units (Attachment 1). With the substantial scale of this project, build-out was expected to occur over several phases.

## **Report**

### **North Ridge's Proposed Changes**

North Ridge proposes to revise its initial proposal to include a greater number of townhouse-style condominium units and a reduction in apartment-style condominium units. The proposed revision results in a total of 150 dwelling units, which is a decrease of 74 dwelling units (Attachment 2).

North Ridge's early design work for this project was initiated in 2012. Between 2012 and the present date, conditions have changed significantly in the Saskatoon housing market. North Ridge's proposed changes stem from its analysis of current real estate market characteristics, which points towards a four-year supply of apartment-style condominiums. North Ridge anticipates that the proposed changes better positions them to respond to current market demand (Attachment 3).

### **Enhanced Level of Environmental Performance**

The Saskatoon Land RFP Evaluation Committee has re-evaluated North Ridge's revised proposal against the initial RFP evaluation criteria and the revised proposal still produces the highest score. North Ridge also proposes to further enhance its commitment towards the development of an environmentally sustainable site. In addition to achieving a REAP Gold performance level, all townhouse units will be Energy Star certified. North Ridge will also explore Energy Star certification for the apartment units.

On the basis of its enhanced environmental commitment and the fact that North Ridge's revised proposal still yields the highest score, Saskatoon Land supports North Ridge's revised proposal.

## **Environmental Implications**

The proponent's commitments to achieve a REAP Gold performance level and Energy Star certification for the townhouse units helps reduce GHG emissions, leaving a smaller carbon footprint.

## **Other Considerations/Implications**

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

## **Due Date for Follow-up and/or Project Completion**

There is no due date for follow-up and/or project completion.

## **Public Notice**

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



**Attachments**

1. Initial Proposal Site Plan
2. Revised Proposal Site Plan
3. Letter - Request from North Ridge to Revise Proposal, dated March 16, 2016

**Report Approval**

Written by: Matt Grazier, Senior Planner

Reviewed by: Frank Long, Director of Saskatoon Land

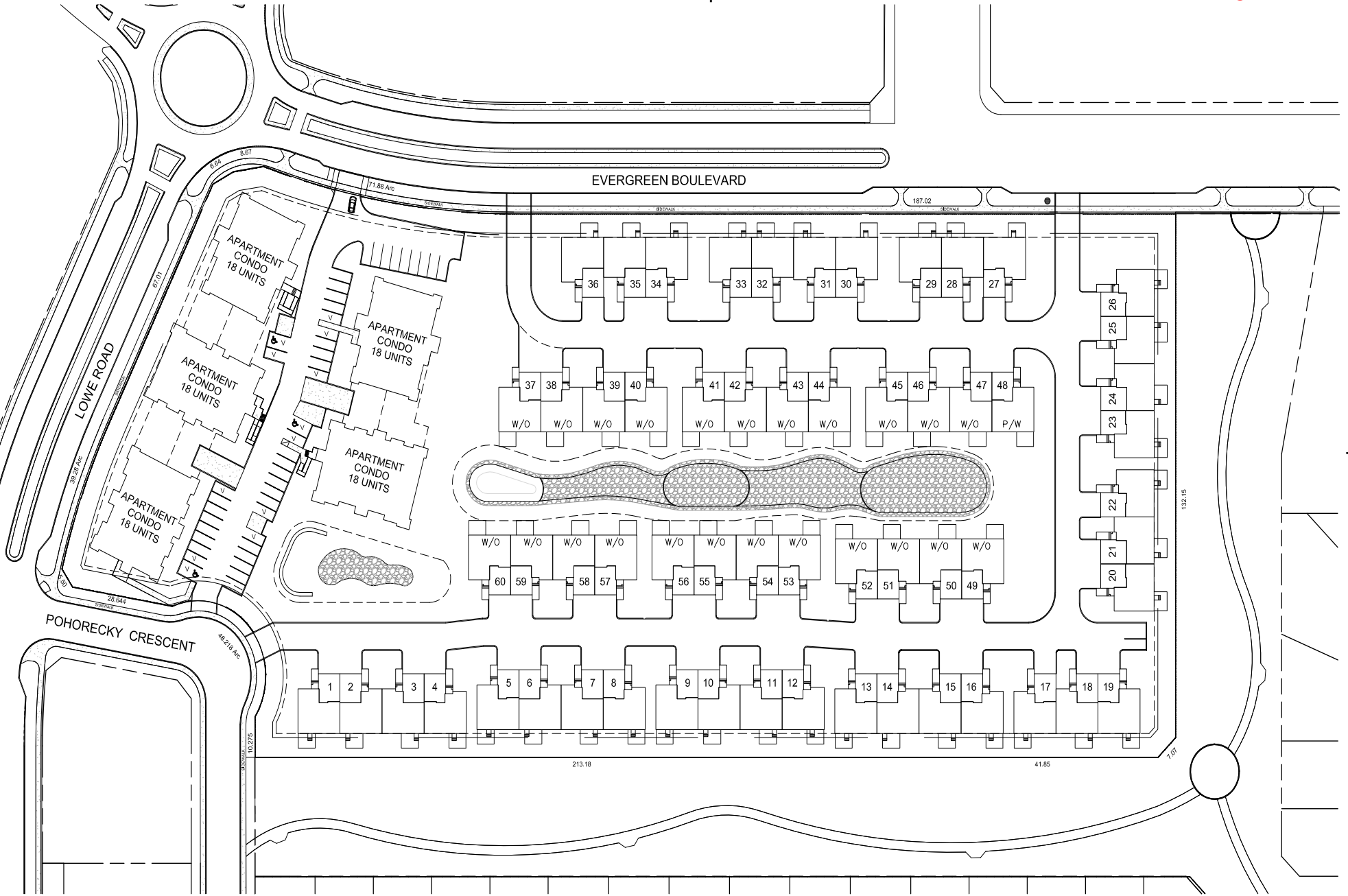
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management  
Department

103 Pohorecky Cres\_RFP Update.docx

Evergreen Boulevard

187.022





THE PINES - TOWNHOUSE OPTION 4 (REV. 18) 150 UNITS TOTAL

103 POHORECKY CRES.

SITE COVERAGE = 29.8% (30% MAX.) MAR. 2, 2016  
 60 BUNGALOWS  
 90 APT. CONDOS  
 150 TOTAL



March 16, 2016

Hello Matt,

**RE: Evergreen RFP – 103 Pohorecky Crescent – Request To Reduce Number Of Units For The Development From 224 To 150**

North Ridge Development Corporation would like to request your approval to reduce the number of units on our Evergreen Multi-Family Project, The Pines, from the current 224 units, that consists of 180 apartment style condominiums and 44 bungalow townhomes, to 150 units, consisting of 90 apartment style condominiums and 60 bungalow townhomes (See attached site plan Option 4, Revision 18.) We believe this change is warranted in order for us to compete in the multi-family market in Evergreen in this current economic climate.

During the last 12 months, home sales - predominantly for apartment style condominiums and townhomes - have been suffering throughout the Saskatoon market, based on CMHC statistics gathered and analyzed by North Ridge on a regular basis. Currently, we believe there is more than a four year oversupply of apartment style condominiums and the market for townhomes has slowed due to the weaker economy. As a result, we have put our apartment style condominium building (103 Pohorecky Crescent) that we planned to construct first on this site and applied for building permit on hold, and we have proceeded with a four unit bungalow style townhome building instead.

In light of these market conditions, we believe the market appeal for bungalow townhomes on our Evergreen site will be stronger than for apartment condominiums and have redesigned the site accordingly. We believe the mix of apartment style condominiums and townhomes in this revision are optimized within the maximum site coverage permitted while also meeting the density targets desired by the City of Saskatoon for this site.

We are anticipating applying for permits for the townhouse units, which replace the apartment units north of the pond, in about November or December of 2016. Our hope is the market will be receptive to The Pines development townhome product with a steady absorption rate to warrant continuous production thereby building out the townhomes in about 24 months, or so. However, we will be opening our first townhome show suites around June 2016 and if demand for the townhome units north of the pond is strong, we may wish to apply for permits in June or July, of 2016, or sooner.

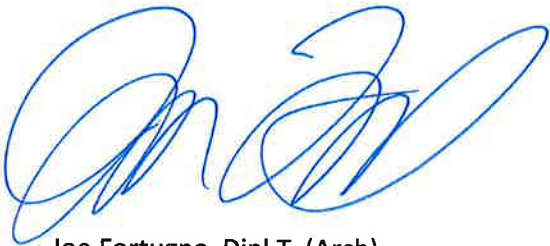
We are committed to producing an environmentally sustainable project and have worked with our consultants to incorporate the REAP elements, such as the pond for storm water management, into the revised site plan. In addition, we will commit to go beyond the REAP level and ensure the townhomes will be built to an Energy Star specification.

Furthermore, we have enhanced the exterior façades of the townhome units, facing Evergreen Boulevard and Elaine Hnatyshyn Park, with varying roof lines and design details to ensure consistency while producing a desirable and quality development.

I hope these changes are satisfactory and meet with your approval. If you require additional information or wish to discuss further, please do not hesitate to contact me.

Best regards,

NORTH RIDGE DEVELOPMENT CORPORATION

A handwritten signature in blue ink, appearing to be 'Joe Fortugno', written in a cursive style.

Joe Fortugno, Dipl.T. (Arch)

Manager of Design, Estimating, and Project Management

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## Transfer of Unpaid Utilities to Property Tax

### Recommendation

That the information be received.

### Topic and Purpose

The purpose of this report is to provide the Standing Policy Committee on Finance with information on the process of transferring a tenant's unpaid utility (excluding electrical) charges to the property owner's tax roll.

### Report Highlights

1. An amendment was made to *The Cities Act* in May 2014 that allows for the transfer of unpaid utility charges (excluding electrical) of a tenant to the property's tax account.
2. *The Cities Act* protects property owners through requiring appropriate communication be sent.
3. Many landlords have already adjusted their internal business practises to work within the legislation.

### Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by being open, accountable and transparent, particularly when it comes to the collection decisions the City of Saskatoon (City) makes.

### Background

*The Cities Act* has historically included a clause which allows for unpaid charges for a utility service to be transferred to the tax roll where the utility account customer and the property owner were the same person.

In May 2014, *The Cities Act* was amended to allow unpaid charges for utility service (excluding electrical) to be added to the tax roll where the utility customer was not the owner of the land (i.e. tenant unpaid utility charges to the landlord). This change to *The Cities Act* broadens the responsibility of property owners and the rights of collection to utility providers.

To date, unpaid charges for utility services were added to the tax roll on 50 separate accounts totaling \$22,615.96.

### Report

#### Legislation

*The Residential Tenancies Act, 2006*, defines utilities as a service that a rental property is to receive and requires that:

- provision of utility services is mandatory in order to rent a property;
- any arrangement related to the payment of utility services should be specified in the landlord/tenant agreement; and
- a landlord can treat the non-payment of utilities the same as non-payment of rent, allowing for the termination of a rental agreement.

*The Cities Act* provides that a landlord bears the responsibility of an unpaid utility service to a property they own.

*The Residential Tenancies Act (RTA)* and *The Cities Act* have a certain harmony. The *RTA* provides that a landlord is responsible for ensuring service to the property, and the parties can address who will handle the utility accounts. *The Cities Act* provides that the service is to a particular property and regardless of to whom the bill goes, the property owner has not transferred the entire risk of the account to the City, as unpaid amounts may be transferred to the tax account for the property. Without the ability to transfer the unpaid amounts, the citizens of Saskatoon as a whole would take on this liability through a mill rate impact.

#### Notification to Property Owners

*The Cities Act* requires a number of steps that must occur before a transfer can take place:

- notification of arrears is provided to the tenant and property owner;
- a registered letter is delivered to the tenant and owner at least 30 days prior before the transfer would take place; and
- any deposits held by the provider would be applied to the arrears;
- the service is discontinued if, in the opinion of the municipality, it is possible and reasonable to do so.

It is also important to note that the transfer of unpaid utility amounts is a last resort and is only undertaken when the City has exhausted all other collections methods.

#### Current Experience

This amendment to *The Cities Act* can be viewed as positive for a number of reasons including:

- The protection provided to the City as the utility service provider. Disconnection of services is costly and is not necessarily a year-around option. In effect, *The Cities Act* clarifies that when a landlord makes a business decision to rent a property, the landlord then bears the responsibility for utility service provided to his or her property.

## Transfer of Unpaid Utilities to Property Tax

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- Property owners now have an increased incentive in maintaining the property (e.g. maintaining the plumbing to fix leaks).
- Tenants are more likely to remain in good standing with the utility provider to ensure their landlord is not notified.
- Landlords can encourage further utility use that benefits the property (e.g. watering lawns and gardens).

Conversely, the ability to transfer unpaid utility charges of a tenant to the property owner may not be seen positively by all property owners who feel they may be held responsible to ensure payment for a service that they did not personally use.

### Options for Property Owners

Options do exist to further protect property owners and many landlords have adjusted to the amendment proactively by:

- putting utility accounts under their name and adding the charges to the rent;
- requiring confirmation of payment from the tenant;
- adding their name to the utility account, allowing for access to all billing information; and
- requiring a deposit to cover unpaid utility charges.

By utilizing the options above, property owners will have access to all the relevant information they require in order to address delinquent utility accounts held by their respective tenants.

It should be noted that an optional Landlord-Tenant Agreement exists which allows for the automatic transferring of utility accounts from a tenant to a landlord should the tenant vacate the property. This agreement eliminates the fees typically associated with the transfer of a utility account from one party to another. If there are outstanding arrears on the account, the City continues to attempt to collect from the tenant; however, if this is unsuccessful, the same process of transferring unpaid non-electrical amounts to the property owners' tax account is unchanged.

### **Communication Plan**

The following communications were undertaken prior to the implementation of process changes due to the amendment:

- Meetings were held with representatives from the Saskatchewan Landlord's Association and the Saskatchewan Rental Housing Industry Association.
- In 2014 and 2015, an insert was included with all property tax notices detailing the change to *The Cities Act*.

Ongoing communication will continue through notifications sent with the 2016 tax notice and other means that may be identified through various landlord organizations.

### **Due Date for Follow-up and/or Project Completion**

There is no due date for follow-up and/or project completion at this time.



## Transfer of Unpaid Utilities to Property Tax

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### **Public Notice**

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

### **Report Approval**

Written by: Michael Voth, Revenue Collections & Customer Service Manager  
Reviewed by: Shelley Sutherland, Director of Corporate Revenue  
Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department  
Approved by: Jeff Jorgenson, Acting City Manager

Transfer of Unpaid Utilities.docx

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## Report on Investments – December 2015

### Recommendation

That the report of the CFO/General Manager, Asset and Financial Management Department, dated April 4, 2016, be forwarded to City Council for information.

### Topic and Purpose

The purpose of this report is to inform City Council of recent interest rate developments and trends, investment activity, and portfolio compliance and performance.

### Report Highlights

1. Interest rates moved lower during the year.
2. Civic portfolios increased their holdings of high-quality municipal bonds.
3. Compliance and performance measures remain favourable.

### Strategic Goal

This report supports the long-term strategy to protect the City of Saskatoon's (City) credit rating under the Strategic Goal of Asset and Financial Stability. The high level of cash and investments translates into increased financial flexibility which has a favourable impact on the credit rating process.

### Report

#### Interest Rates Decline in 2015

Bond yields declined for all maturity terms with the largest decreases experienced in the two to five-year term. The slowing Canadian economy influenced the Bank of Canada to reduce the overnight financing rate from 1.00% to 0.50%. Stock markets performed poorly during the year urging some investors to re-allocate funds from stocks to cash and/or bonds. An increase in the demand for bonds moves prices higher and yields lower.

<b>Canada Bond Yields</b>	<b>Dec-14</b>	<b>Apr-15</b>	<b>Sept-15</b>	<b>Dec-15</b>
2-Year	<b>1.06%</b>	0.65%	0.44%	<b>0.47%</b>
5-Year	<b>1.37%</b>	0.99%	0.70%	<b>0.67%</b>
10-Year	1.78%	1.58%	1.48%	1.40%
30-Year	2.33%	2.17%	2.23%	2.15%

#### Municipal Bond Holdings Increase

Total municipal bond holdings increased by 9.5% with federal government and corporate bond holdings declining year over year. During the year, municipal yield spreads over federal government bonds widened substantially as more investors opted for the safety and marketability of federal bonds. As a result, the City was able to acquire some high-quality municipal bonds at very attractive yield levels. Some of the

issuer names acquired included Peel Region (AAA), Waterloo Region (AAA) and Durham Region (AAA) together with offerings from the cities of London (AAA), Toronto (AA), Ottawa (AA) and Winnipeg (AA). In addition, the City was able to purchase \$2 million City of Saskatoon debentures with an interest rate of 2.45% maturing on December 18, 2018 in the secondary market. Municipal bonds provide minimal risk of default while offering higher yields than provincial and federal bonds. These type of bonds are well suited for civic portfolios where premium interest can be realized over a relatively short time horizon (e.g. one to five years).

<b>Bond Type</b>	<b>Dec-14</b>	<b>Dec-15</b>	<b>Variance</b>
Federal	15.4%	10.7%	-4.7%
Provincial	17.7%	18.2%	0.5%
Municipal	28.5%	38.0%	<b>9.5%</b>
Corporate	26.1%	22.1%	-4.0%
Internal	12.3%	11.0%	-1.3%

#### Portfolio Compliance and Performance

The investment of civic funds is governed by Council Policy Nos. C12-002, C12-003, and C12-009 which are collectively referred to as Corporate Investment Policy. Detailed compliance reports are forwarded to the Investment Committee on a monthly basis for approval.

The primary performance objectives and results, relating to the investment of civic funds, are outlined as follows:

- Capital preservation of the corporation’s financial assets
  - The Policy objective states that all bonds held by the civic portfolios have a minimum credit rating of “A” which has been achieved, as shown in Attachment 1.
- Funding the day-to-day cash flows of the City
  - Civic expenditures were funded in a timely manner in 2015. Liquidity (cash and short-term investments) as a percentage of total securities holdings ranged from 9.8% to 28.0% during the year. The range of liquidity percentages may be explained by fluctuations in total securities held and the timeliness of corporate cash flows. The Policy objective states that a minimum liquidity level of 15% be maintained.

- Maximizing return subject to Council Policy No. C12-009, Portfolio Management
  - The budget variance measures the success in attaining the Investment Manager’s interest income projections:

2015	Budget	Actual	Variance
Interest on Investments	\$10,293,000	\$10,336,600	(\$43,600)
Bank Interest	\$262,500	\$719,100	(\$456,600)
<b>Total</b>	<b>\$10,555,500</b>	<b>\$11,055,700</b>	<b>(\$500,200)</b>

Low money market yields combined with a banking contract that provides attractive deposit rates has deemed it advantageous to increase cash balances on deposit instead of investing surplus funds in the short-term market. This strategy accounts for the large positive variance in bank interest earnings.

- The income return of the combined General Account bond and money market portfolios is compared to a benchmark comprised of government and corporate yields which closely match the average term of the portfolio:

	2012	2013	2014	2015
Income Return **	2.75%	2.53%	2.57%	2.53%
Benchmark	1.63%	1.56%	1.46%	1.36%
<b>Excess Return</b>	<b>1.12%</b>	<b>0.97%</b>	<b>1.11%</b>	<b>1.17%</b>

\*\* Income Return is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts) as a percentage of the weighted average value of the General Account long-term and short-term portfolios.

### Due Date for Follow-up and/or Project Completion

The next Report on Investments will be presented to City Council in April 2017.

### Public Notice

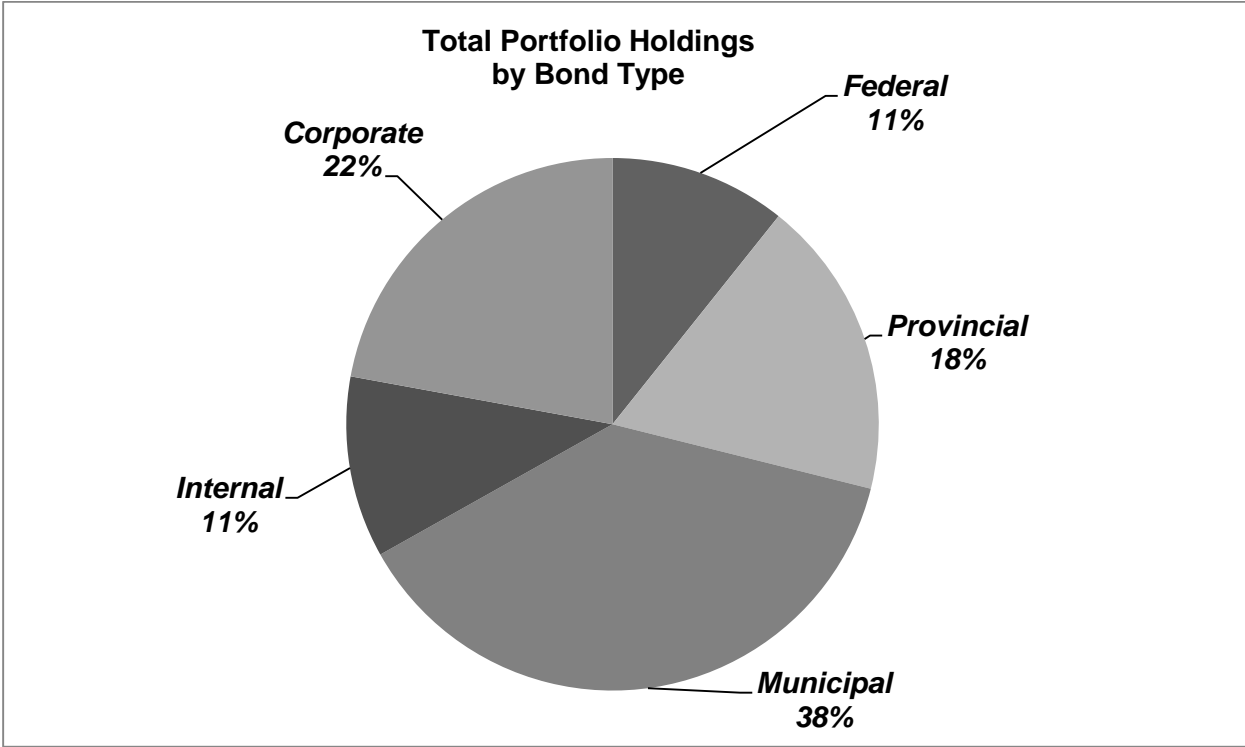
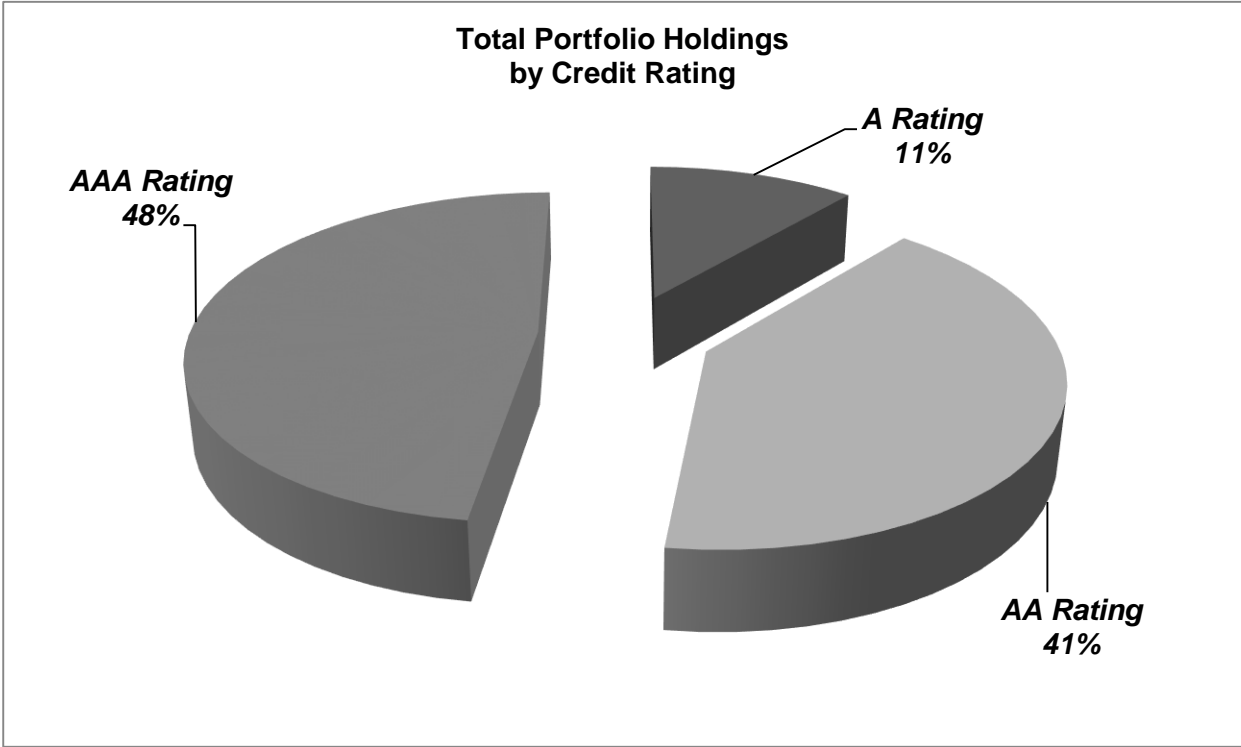
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

### Attachments

1. Total Portfolio Holdings by Credit Rating and Bond Type
2. General Account Long-Term Investments as at December 31, 2015

### Report Approval

Written by: Murray Gronsdal, Investment Manager  
 Reviewed by: Investment Committee  
 Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department



SECURITY	INTEREST RATE	MATURITY TERM	PAR VALUE	%	UNIT COST	BOOK VALUE	%
<b>2016</b>							
CADILLAC FAIRVIEW FINANCE TRUST DEBENTURE	3.240	25-Jan-16	500,000		99.995	499,975.00	
PROVINCE OF NEW BRUNSWICK FLOATING RATE NOTE	3 mo. BA+4bp	22-Feb-16	3,000,000		100.000	3,000,000.00	
BANK OF NOVA SCOTIA DEPOSIT NOTE	3.610	22-Feb-16	5,000,000		103.050	5,152,500.00	
PROVINCE OF MANITOBA FRN	3 mo. BA+16bp	19-Apr-16	5,000,000		100.205	5,010,250.00	
TORONTO DOMINION BANK FRN	3 mo. BA+20bp	21-Apr-16	4,500,000		100.000	4,500,000.00	
NATIONAL BANK DEPOSIT NOTE	3.580	26-Apr-16	2,000,000		100.000	2,000,000.00	
NB MUNICIPAL FINANCE CORPORATION	1.350	15-May-16	1,500,000		99.921	1,498,815.00	
CITY OF WINNIPEG COUPON	1.350	15-May-16	1,257,750		98.218	1,235,336.90	
PROVINCE OF ALBERTA FRN	3 mo. BA+11bp	27-May-16	6,000,000		99.989	5,999,364.41	
YORK REGION DEBENTURE	4.750	1-Jun-16	2,000,000		99.760	1,995,200.00	
EXPORT DEVELOPMENT CANADA	4.300	1-Jun-16	4,000,000		99.652	3,986,096.00	
ROYAL BANK OF CANADA FLOATING RATE NOTE	3 mo. BA+36bp	17-Jun-16	3,000,000		100.000	3,000,000.00	
NATIONAL BANK OF CANADA FLOATING RATE NOTE	3 mo. BA+25bp	23-Jun-16	7,600,000		100.044	7,603,360.00	
CANADIAN IMPERIAL BANK OF COMMERCE FRN	3 mo. BA+24bp	14-Jul-16	3,000,000		100.000	3,000,000.00	
NIAGARA REGION DEBENTURE	1.950	31-Jul-16	1,346,000		99.828	1,343,684.88	
CANADA HOUSING TRUST FLOATING RATE NOTE	3 mo. BA+6bp	15-Sep-16	6,000,000		99.900	5,994,000.00	
PROVINCE OF MANITOBA FRN	3 mo. BA+15bp	15-Sep-16	10,000,000		99.434	9,943,440.00	
CANADIAN WESTERN BANK FLOATING RATE NOTE	3 mo. BA+42bp	26-Sep-16	4,000,000		100.020	4,000,780.00	
REGIONAL MUNICIPALITY OF DURHAM	1.900	16-Oct-16	2,000,000		99.991	1,999,820.00	
DISTRICT MUNICIPALITY OF MUSKOKA	2.150	17-Oct-16	485,000		99.812	484,088.20	
CAISSE CENTRALE DESJARDINS MID TERM NOTE	2.281	17-Oct-16	1,000,000		100.000	1,000,000.00	
COUNTY OF WELLINGTON DEBENTURE	2.000	30-Oct-16	458,000		99.885	457,473.30	
CITY OF WINNIPEG COUPON	1.480	15-Nov-16	1,056,138		97.328	1,027,917.99	
WATERLOO REGION DEBENTURE	1.950	26-Nov-16	528,000		99.847	527,192.16	
PROVINCE OF SASKATCHEWAN RESIDUAL	2.843	30-Nov-16	1,976,000		85.730	1,694,024.80	
CITY OF SASKATOON DEBENTURE	2.000	18-Dec-16	3,359,000		101.280	3,401,995.20	
			<b>80,565,888</b>	<b>20.6</b>		<b>80,355,313.84</b>	<b>20.7</b>
<b>2017</b>							
ROYAL BANK OF CANADA DEPOSIT NOTE	3.660	25-Jan-17	2,000,000		100.147	2,002,938.00	
PSP CAPITAL INC. MID TERM NOTE	2.260	16-Feb-17	3,000,000		102.150	3,064,500.00	
CANADA HOUSING TRUST FLOATING RATE NOTE	3 mo. BA+20bp	15-Mar-17	11,100,000		100.237	11,126,270.00	
TORONTO DOMINION BANK DEPOSIT NOTE	1.824	3-Apr-17	2,000,000		100.000	2,000,000.00	
NATIONAL BANK OF CANADA DEPOSIT NOTE	2.019	13-Apr-17	800,000		100.000	800,000.00	
CITY OF QUEBEC DEBENTURE	1.800	1-May-17	3,600,000		99.216	3,571,760.00	
CENTRAL 1 CREDIT UNION FLOATING RATE NOTE	1.720	1-May-17	5,500,000		100.042	5,502,300.00	
CITY OF WINNIPEG COUPON	1.530	15-May-17	1,257,750		96.502	1,213,753.91	
PROVINCE OF SASKATCHEWAN COUPON	2.020	30-May-17	4,256,250		93.030	3,959,589.38	

SECURITY	INTEREST RATE	MATURITY TERM	PAR VALUE	%	UNIT COST	BOOK VALUE	%
CANADA HOUSING TRUST BOND	2.050	15-Jun-17	5,000,000		101.702	5,085,100.00	
PROVINCE OF BRITISH COLUMBIA COUPON	4.542	18-Jun-17	8,000,000		61.656	4,932,480.00	
PEEL REGION DEBENTURE	2.050	20-Jun-17	3,500,000		99.893	3,496,255.00	
CITY OF TORONTO DEBENTURE	5.050	18-Jul-17	1,000,000		99.728	997,280.00	
NIAGARA REGION DEBENTURE	2.200	31-Jul-17	1,393,000		99.953	1,392,345.29	
CREDIT UNION CENTRE LOAN	5.250	1-Aug-17	789,358		100.000	789,358.25	
CANADA HOUSING TRUST FLOATING RATE NOTE	3 mo. BA+11bp	15-Sep-17	15,000,000		99.948	14,992,263.00	
REGIONAL MUNICIPALITY OF DURHAM	2.250	16-Oct-17	1,000,000		99.916	999,160.00	
COUNTY OF WELLINGTON DEBENTURE	2.200	30-Oct-17	468,000		99.929	467,667.72	
CITY OF GUELPH DEBENTURE	2.750	9-Nov-17	1,485,000		100.775	1,496,508.75	
NB MUNICIPAL FINANCE CORPORATION	3.150	19-Nov-17	1,233,000		99.751	1,229,929.83	
WATERLOO REGION DEBENTURE	2.200	26-Nov-17	542,000		99.906	541,490.52	
PROVINCE OF SASKATCHEWAN COUPON	4.589	30-Nov-17	4,156,250		60.388	2,509,876.25	
			<b>77,080,608</b>	<b>19.7</b>		<b>72,170,825.88</b>	<b>18.6</b>
<b>2018</b>							
PROVINCE OF MANITOBA FRN	3 mo. BA+24bp	2-Apr-18	10,000,000		100.035	10,003,500.00	
TORONTO DOMINION BANK DEPOSIT NOTE	2.171	2-Apr-18	300,000		100.000	300,000.00	
CITY OF WINNIPEG COUPON	1.720	15-May-18	1,248,644		94.446	1,179,294.31	
YORK REGION DEBENTURE	4.550	27-May-18	1,000,000		111.130	1,111,300.00	
FINANCEMENT - QUEBEC FLOATING RATE NOTE	3 mo. BA+39bp	1-Jun-18	5,000,000		100.000	5,000,000.00	
NB MUNICIPAL FINANCE CORPORATION	2.200	14-Jun-18	2,000,000		99.633	1,992,660.00	
PEEL REGION DEBENTURE	2.300	20-Jun-18	1,000,000		99.925	999,250.00	
TOYOTA CREDIT CANADA INC. MTN	2.750	18-Jul-18	600,000		99.986	599,916.00	
CANADIAN IMPERIAL BANK OF COMMERCE DEPOSIT NOTE	1.700	9-Oct-18	10,000,000		100.264	10,026,430.00	
PROVINCE OF ONTARIO GREEN BOND	1.750	1-Sep-18	500,000		99.823	499,115.00	
REGIONAL MUNICIPALITY OF DURHAM	2.550	16-Oct-18	1,000,000		99.814	998,140.00	
CITY OF WINNIPEG COUPON	1.880	15-Nov-18	1,150,750		93.073	1,071,037.55	
MUNICIPAL FINANCE AUTHORITY OF B.C.	5.100	20-Nov-18	2,000,000		99.628	1,992,560.00	
CITY OF MONTREAL DEBENTURE	5.000	1-Dec-18	5,500,000		110.604	6,083,240.00	
			<b>41,299,394</b>	<b>10.6</b>		<b>41,856,442.86</b>	<b>10.8</b>
<b>2019</b>							
TORONTO DOMINION BANK DEPOSIT NOTE	2.447	2-Apr-19	2,000,000		100.000	2,000,000.00	
ROYAL BANK OF CANADA FLOATING RATE NOTE	3 mo. BA+41bp	9-Apr-19	5,000,000		100.000	5,000,000.00	
BANK OF MONTREAL FLOATING RATE NOTE	3 mo. BA+41bp	11-Apr-19	3,000,000		100.000	3,000,000.00	
PROVINCE OF SASKATCHEWAN COUPON	2.782	30-May-19	4,256,000		85.522	3,639,816.32	
CITY OF REGINA DEBENTURE	5.000	2-Jun-19	5,000,000		111.840	5,592,000.00	
REGIONAL MUNICIPALITY OF PEEL DEBENTURE	2.250	10-Jun-19	2,000,000		99.944	1,998,880.00	

SECURITY	INTEREST RATE	MATURITY TERM	PAR VALUE	%	UNIT COST	BOOK VALUE	%
REGIONAL MUNICIPALITY OF PEEL DEBENTURE	2.550	20-Jun-19	3,800,000		104.477	3,970,126.00	
INTERNAL LOAN - CAPITAL PROJECT 2160	4.500	1-Jul-19	1,584,370		100.000	1,584,369.90	
NEWFOUNDLAND & LABRADOR COUPON	3.960	17-Oct-19	2,100,000		69.960	1,469,160.00	
CITY OF OTTAWA DEBENTURE	3.050	19-Oct-19	1,000,000		107.960	1,079,600.00	
REGIONAL MUNICIPALITY OF WATERLOO DEBENTURE	2.050	6-Nov-19	2,000,000		99.854	1,997,080.00	
CITY OF MONTREAL DEBENTURE	5.450	1-Dec-19	6,000,000		104.875	6,292,500.00	
NB MUNICIPAL FINANCE CORPORATION	2.150	8-Dec-19	600,000		99.769	598,614.00	
			<b>38,340,370</b>	<b>9.8</b>		<b>38,222,146.22</b>	<b>9.9</b>
<b>2020</b>							
CITY OF LONDON DEBENTURE	2.650	9-May-20	2,994,000		105.020	3,144,298.80	
PROVINCE OF SASKATCHEWAN COUPON	3.063	30-May-20	6,006,000		81.678	4,905,580.68	
CITY OF OTTAWA DEBENTURE	3.050	31-May-20	1,553,000		105.428	1,637,296.84	
REGIONAL MUNICIPALITY OF HALTON DEBENTURE	2.600	2-Jun-20	2,000,000		99.763	1,995,260.00	
BANK OF NOVA SCOTIA DEPOSIT NOTE	2.130	15-Jun-20	1,000,000		99.972	999,720.00	
REGIONAL MUNICIPALITY OF PEEL DEBENTURE	2.800	20-Jun-20	1,700,000		107.264	1,823,488.00	
TORONTO DOMINION BANK DEPOSIT NOTE	2.563	24-Jun-20	1,200,000		100.000	1,200,000.00	
REGIONAL MUNICIPALITY OF NIAGARA DEBENTURE	4.650	30-Jun-20	1,000,000		116.470	1,164,700.00	
CANADIAN IMPERIAL BANK OF COMMERCE DEPOSIT NOTE	1.850	14-Jul-20	3,000,000		99.815	2,994,450.00	
ROYAL BANK OF CANADA DEPOSIT NOTE	1.920	17-Jul-20	2,000,000		100.000	2,000,000.00	
BANK OF NOVA SCOTIA DEPOSIT NOTE	2.090	9-Sep-20	5,000,000		100.130	5,006,510.00	
BANK OF MONTREAL DEPOSIT NOTE	2.100	6-Oct-20	5,000,000		100.089	5,004,468.00	
SOUTH COAST B.C. TRANSPORTATION AUTH BOND	3.800	2-Nov-20	800,000		99.926	799,408.00	
REGIONAL MUNICIPALITY OF WATERLOO DEBENTURE	3.250	21-Nov-20	2,200,000		109.519	2,409,418.00	
NB MUNICIPAL FINANCE CORPORATION	2.400	8-Dec-20	1,231,000		99.867	1,229,362.77	
			<b>36,684,000</b>	<b>9.4</b>		<b>36,313,961.09</b>	<b>9.4</b>
<b>2021</b>							
CITY OF SASKATOON DEBENTURE	4.700	14-Feb-21	75,000		108.470	81,352.50	
ROYAL BANK OF CANADA DEPOSIT NOTE	2.860	4-Mar-21	1,500,000		99.987	1,499,805.00	
CITY OF LONDON DEBENTURE	2.900	9-May-21	1,000,000		104.920	1,049,200.00	
REGIONAL MUNICIPALITY OF PEEL DEBENTURE	2.750	10-Jun-21	1,000,000		99.754	997,540.00	
CITY OF OTTAWA DEBENTURE	3.400	19-Oct-21	1,598,000		107.118	1,711,745.64	
CITY OF OTTAWA DEBENTURE	3.400	22-Oct-21	1,000,000		99.840	998,400.00	
COUNTY OF WELLINGTON DEBENTURE	2.100	4-Nov-21	314,000		99.893	313,664.02	
REGIONAL MUNICIPALITY OF WATERLOO DEBENTURE	2.550	6-Nov-21	4,977,000		104.010	5,176,577.70	
NB MUNICIPAL FINANCE CORPORATION	3.300	20-Nov-21	2,000,000		99.624	1,992,480.00	
CITY OF SASKATOON DEBENTURE	3.350	27-Nov-21	1,135,000		105.830	1,201,170.50	
NB MUNICIPAL FINANCE CORPORATION	2.600	8-Dec-21	1,166,000		99.822	1,163,924.52	



SECURITY	INTEREST RATE	MATURITY TERM	PAR VALUE	%	UNIT COST	BOOK VALUE	%
CITY OF BRANDON DEBENTURE	4.750	30-Dec-21	534,000		109.140	582,807.60	
			<b>16,299,000</b>	<b>4.2</b>		<b>16,768,667.48</b>	<b>4.3</b>
<b>2022</b>							
REGIONAL MUNICIPALITY OF NIAGARA DEBENTURE	2.300	9-Jul-22	1,982,000		99.807	1,978,174.74	
CITY OF OTTAWA DEBENTURE	3.600	22-Oct-22	2,551,000		99.749	2,544,596.99	
COUNTY OF WELLINGTON DEBENTURE	3.200	30-Oct-22	2,500,000		104.827	2,620,675.00	
COUNTY OF WELLINGTON DEBENTURE	2.350	4-Nov-22	321,000		99.974	320,916.54	
REGIONAL MUNICIPALITY OF WATERLOO DEBENTURE	3.100	26-Nov-22	1,700,000		104.349	1,773,933.00	
			<b>9,054,000</b>	<b>2.3</b>		<b>9,238,296.27</b>	<b>2.4</b>
<b>2023</b>							
TORONTO HYDRO CORPORATION DEBENTURE	2.910	10-Apr-23	1,000,000		99.983	999,830.00	
REGIONAL MUNICIPALITY OF NIAGARA DEBENTURE	2.550	9-Jul-23	2,000,000		100.000	2,000,000.00	
CITY OF TORONTO DEBENTURE	3.900	29-Sep-23	4,800,000		103.698	4,977,510.00	
PROPERTY REALIZED RESERVE - LAND ACQUISITION	4.250	1-Oct-23	26,618,903		100.000	26,618,903.00	
REGIONAL MUNICIPALITY OF WATERLOO	3.750	24-Oct-23	2,000,000		99.802	1,996,040.00	
CITY OF VANCOUVER DEBENTURE	3.750	24-Oct-23	2,000,000		99.884	1,997,680.00	
COUNTY OF WELLINGTON DEBENTURE	2.550	4-Nov-23	328,000		99.921	327,740.88	
			<b>38,746,903</b>	<b>9.9</b>		<b>38,917,703.88</b>	<b>10.0</b>
<b>2024</b>							
CITY OF LONDON DEBENTURE	3.450	9-May-24	2,300,000		99.598	2,290,754.00	
CITY OF TORONTO DEBENTURE	3.400	21-May-24	3,192,000		102.070	3,258,070.40	
REGIONAL MUNICIPALITY OF HALTON DEBENTURE	3.450	2-Jun-24	1,000,000		99.857	998,570.00	
PROVINCE OF SASKATCHEWAN BOND	3.200	3-Jun-24	10,000,000		107.610	10,761,000.00	
INTERNAL LOAN - CAPITAL PROJECT 2160	5.250	1-Jul-24	6,752,221		100.000	6,752,221.48	
INTERNAL LOAN - CAPITAL PROJECT 1787	5.250	1-Jul-24	5,984,494		100.000	5,984,493.97	
COUNTY OF WELLINGTON DEBENTURE	2.700	4-Nov-24	336,000		99.770	335,227.20	
			<b>29,564,715</b>	<b>7.6</b>		<b>30,380,337.05</b>	<b>7.8</b>
<b>2025</b>							
CITY OF TORONTO DEBENTURE	2.450	6-Feb-25	3,000,000		98.391	2,951,730.00	
SOUTH COAST BC TRANSPORTATION AUTH BOND	3.050	4-Jun-25	2,000,000		101.473	2,029,460.00	
CANADIAN NATIONAL RAILWAY COMPANY BOND	2.800	22-Sep-25	600,000		99.680	598,080.00	
MUNICIPAL FINANCE AUTHORITY OF B.C. DEBENTURE	2.650	2-Oct-25	12,625,000		99.599	12,574,373.75	
COUNTY OF WELLINGTON DEBENTURE	2.850	4-Nov-25	346,000		99.724	345,045.04	

<b>SECURITY</b>	<b>INTEREST RATE</b>	<b>MATURITY TERM</b>	<b>PAR VALUE</b>	<b>%</b>	<b>UNIT COST</b>	<b>BOOK VALUE</b>	<b>%</b>
CANADA HOUSING TRUST BOND	2.250	15-Dec-25	2,000,000		99.697	1,993,940.00	
<b>NO DEFINED MATURITY DATE</b>			<b>20,571,000</b>	<b>5.3</b>		<b>20,492,629</b>	<b>5.3</b>
EQUITY BUILDING PROGRAM (As per Investment Agreement with Affinity CU)	3.540	N/A	<b>3,000,000</b>	<b>0.8</b>	100.000	<b>3,000,000.00</b>	<b>0.8</b>
<b>PORTFOLIO TOTAL</b>			<b>391,205,879</b>	<b>100.0</b>		<b>387,716,323</b>	<b>100.0</b>

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## Billboard License on City-owned Land - Request to Change from Poster to Static Digital

### Recommendation

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

1. That written consent be provided to Pattison Outdoor Advertising Ltd. to convert an existing static billboard located on ISC Parcel No. 118925130 (north side of Circle Drive West) to a digital billboard;
2. That written consent be provided to Pattison Outdoor Advertising Ltd. to convert a double-sided static billboard located on ISC Parcel No. 203095065 (south side of Circle Drive West) to a single-sided static billboard;
3. That the License Agreements for each billboard be amended to grant Pattison Outdoor Advertising Ltd. an option to renew for an additional term of five years at market rent; and
4. That the City Solicitor be requested to prepare the appropriate agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

### Topic and Purpose

The purpose of this report is to receive approval to allow Pattison Outdoor Advertising Ltd. (Pattison) to convert an existing billboard structure located on City of Saskatoon (City) owned land adjacent Circle Drive North from poster to static digital, and to allow Pattison to remove the east poster facing on a second billboard on City-owned land to satisfy current separation requirements (Attachment 1).

### Report Highlights

1. The City has existing billboard license agreements in place with Pattison that allow for sign alterations upon written consent from the City, and can be amended to restructure rent and grant a renewal option.
2. The proposed conversions would yield additional revenue of approximately \$40,000 over the term of the agreements.

### Strategic Goal

This report supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes under the Strategic Goal of Asset and Financial Sustainability.

## **Background**

At its meeting held on September 29, 2014 City Council resolved that the Real Estate Manager be authorized to purchase the abandoned spur line between 39<sup>th</sup> Street and 46<sup>th</sup> Street in the Airport Business Area from the Canadian National Railway Company (CN). Pattison had lease agreements in place for two billboard structures located on the land. These leases were initially intended to be assigned to the City as per the Sale Agreement. However, CN later determined that the leases would have to be terminated and renegotiated directly between Pattison and the City.

On August 20, 2015, City Council resolved that the Real Estate Manager be authorized to enter into market-rate licence agreements with Pattison for seven existing billboard poster faces situated on redundant CN spur lines. Agreements were entered into for one single-sided billboard on ISC Parcel No. 118925130 and one double-sided billboard located on ISC Parcel No. 203095065.

## **Report**

### Sign Alterations Allowable with Written Consent

Section 5(2) of the Agreements between Pattison and the City states:

“Enlargements, additions, or any reconstruction of the billboard structure is not permitted without prior written consent of the City and approval from the appropriate authority.”

Since the commencement of the Agreements, Pattison has requested to convert the 10' x 40' one-sided east facing poster billboard located on ISC Parcel No. 118925130 (north of Circle Drive) to a 14' x 48' east facing static digital billboard (Attachment 2).

In addition to written consent required by the Agreements, the conversions are required to comply with Appendix A – Sign Regulations of Zoning Bylaw No. 8770. To conform with current site separation requirements, the east facing poster face on the billboard located on ISC Parcel No. 203095065 (south of Circle Drive) would have to be removed. Additionally, Pattison has a billboard located on privately owned land situated nearly 200 meters east of the proposed digital billboard. It is expected that Pattison would have to either move the structure or remove the east facing poster face of this billboard. Furthermore, Pattison is responsible for any permits required or fees payable to facilitate the conversions.

The current Agreements would be amended to reflect the proposed changes to the billboard structures and rents payable, and also to grant Pattison the option to renew for an additional term of five years at market rent. All other terms of the Agreements are to remain unchanged, and Pattison is still responsible to remove the billboard structures and restore the land to a clean and tidy condition at the termination or expiration of the Agreements. In the event that the City would require the land prior to the expiration of the term(s), the Agreements contain a termination clause that allows the City to cancel the License on 60 days' notice.

**Additional Revenue**

If the proposed recommendations are approved, the City would receive approximately \$40,000 in additional net revenue over the term of the Agreements which expire December 31, 2019 (approximately \$10,000 per year). Rents payable under the City's billboard license agreements increase at a rate of 2.5% per year. After the expiration of the term, rent would be renegotiated at market rent and the City would continue to realize positive net revenue.

**Options to the Recommendation**

City Council could choose not to approve the conversion. This option is not recommended as it foregoes all additional revenue.

**Public and/or Stakeholder Involvement**

Pattison has a billboard structure located on privately owned land nearly 200 meters east of the proposed digital location. To accommodate the conversion, it is likely that Pattison will have to either move this structure east or remove the east facing poster. Pattison has indicated that they have discussed the available options with the property owner.

Pattison was directed to speak with a City Bylaw Inspector and understands that any changes must comply with Appendix A – Sign Regulations of Zoning Bylaw No. 8770 and that Pattison is responsible for any necessary permits and fees. The alterations, as proposed, satisfy such regulations.

The Transportation Division has been consulted to identify any concerns in allowing the conversion to proceed, and does not foresee any problems with allowing the static digital sign to replace the poster sign in this location.

**Financial Implications**

Approving the proposed conversion would yield additional revenue of approximately \$40,000 over the term of the Agreements, or approximately \$10,000 per year, and increasing with each successive year. Additional revenue will be deposited into the General Revenue account. No cost is to be borne by the City for the requested change.

**Other Considerations/Implications**

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

**Due Date for Follow-up and/or Project Completion**

This proposal is open-ended with follow-up to occur at earliest convenience. If approved, the current Agreements would be amended and written consent provided prior to any changes being implemented.

**Public Notice**

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

**Attachments**

1. Map Showing Proposed Billboard Conversions
2. Letter from Pattison – Billboard Conversion Proposal – Circle Drive North, received March 17, 2016

**Report Approval**

Written by: Jeremy Sibley, Property Agent, Real Estate Services  
Reviewed by: Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

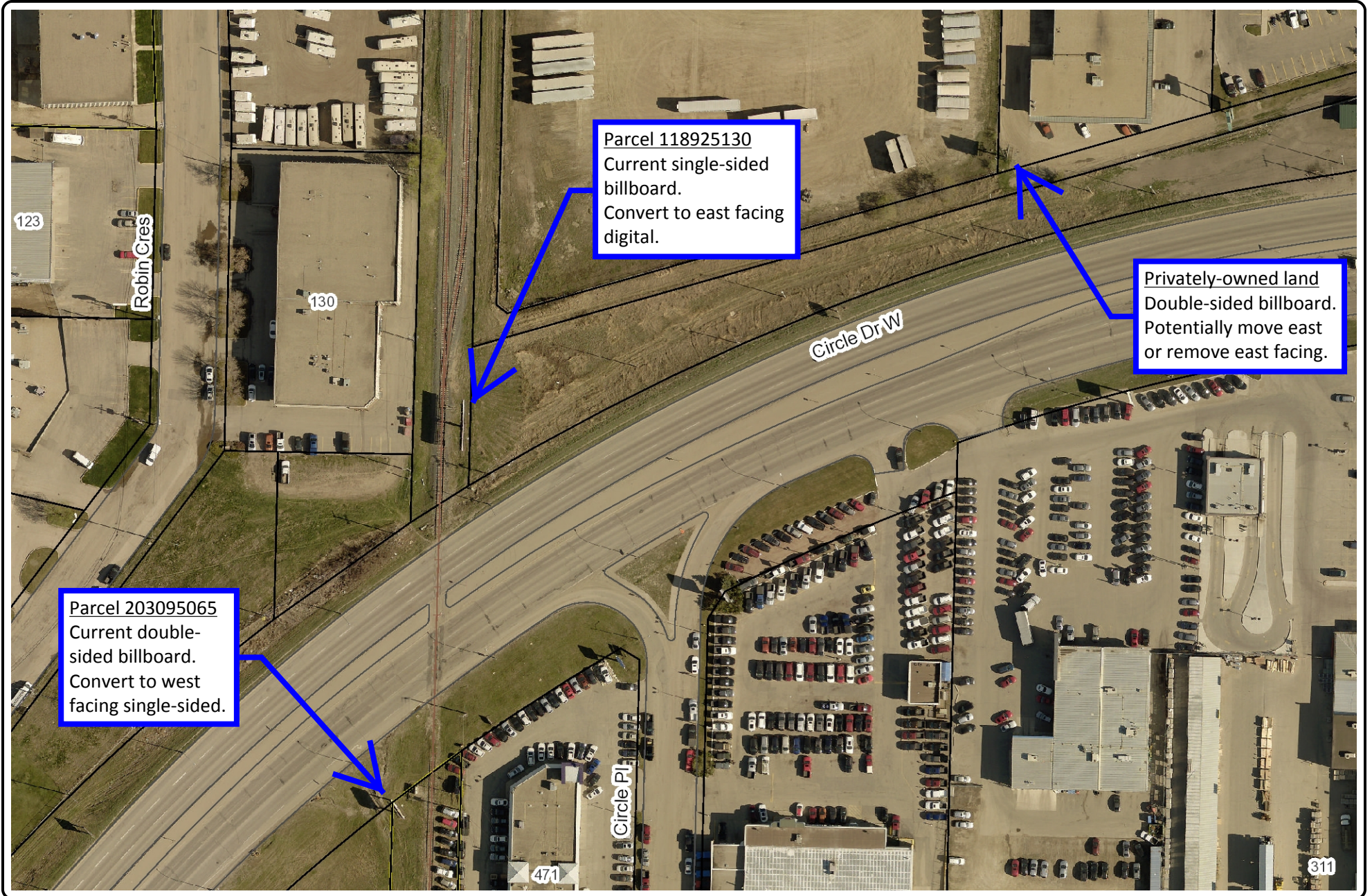
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Map Showing Proposed Billboard Conversions



Map Showing Proposed Billboard Conversions ATTACHMENT 1



Parcel 118925130  
Current single-sided billboard.  
Convert to east facing digital.

Privately-owned land  
Double-sided billboard.  
Potentially move east or remove east facing.

Parcel 203095065  
Current double-sided billboard.  
Convert to west facing single-sided.

Map Showing Proposed Billboard Conversions

ATTACHMENT 1





City of Saskatoon  
City of Saskatoon - City Hall  
222-3rd Ave North, Saskatoon, SK  
S7K 0J5

City of Saskatoon:

**RE: Billboard Conversion Proposal – Circle Drive North**

Prior to City of Saskatoon ownership, Pattison Outdoor Advertising was working with CN to convert a billboard on CN property to a digital billboard. Now that the property transfer is complete we would like to continue pursuing this billboard conversion and ask for the cities permission to enter a new license agreement for a digital sign. The current structure is a 10'x40' static billboard located on Circle Drive between Avenue C and Airport Drive. The proposal is to convert this billboard to a 14'x48' static digital billboard (static images, not moving copy). In order to accommodate this conversion we plan on removing the east face of the billboard across the street (also on city property) and move a billboard located 701 Cynthia Street to meet separation requirements (shown in the attached site map). This plan meets bylaw requirements and would allow for the billboard conversion without negatively impacting billboards located on private properties in the area. To cover the capital investment of converting the billboard we would like to add an extension on the current 5 year term.

Pattison Outdoor Advertising is seeking approval to continue pursuing this conversion.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Hnatuk", with a long horizontal flourish extending to the right.

Andrew R. Hnatuk  
Leasing Manager, Saskatchewan

\*Enclosure





Move east or remove East face to create 200m separation

Convert to 14'x48' static digital

Remove East Face

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## **Wanuskewin Heritage Park Lease of City-Owned Land – Application for UNESCO World Heritage Designation**

### **Recommendation**

That the Standing Policy Committee on Finance recommend to City Council that the reinstatement of a long-term lease with Wanuskewin Heritage Park, including an Option to Purchase, based on the terms contained herein be approved.

### **Topic and Purpose**

The purpose of this report is to receive approval to reinstate a long-term lease agreement with Wanuskewin Heritage Park (WHP), including an option to purchase for the SE and NE 35-37-5-W3 and portion of SW ¼ of 35-37-5-W3, comprising the area east of the future realigned Wanuskewin Road, estimated to comprise approximately 374.26 acres, based on the terms identified within this report.

### **Report Highlights**

1. WHP has undertaken a major campaign for revitalization of the Park and is in the process of applying for UNESCO World Heritage Designation.
2. The Administration recognizes the significance of WHP's revitalization vision and the benefits the development could bring to the city and region, with or without a UNESCO designation.
3. WHP has reiterated its request for reinstatement of a long-term lease that would include an option to purchase the lands east of the future aligned Wanuskewin Road. The Administration is of the view that a lease of the lands, with conditions, is the best way forward to achieve both the City of Saskatoon's (City) and WHP's objectives.

### **Strategic Goal**

This report supports the long-term strategy of strengthening relations with Aboriginal organizations and the four-year priority of developing partnerships and programs with cultural organizations that will assist in enhancing economic, employment and training opportunities under the Strategic Goal of Quality of Life.

### **Background**

- The City has owned the land immediately west of WHP since 1981.
- The book value of the 428.15 acres is \$1.2 million.
- Market value of the land is estimated at \$25,000 per acre.
- A lease signed in 2006 between the City and WHP for \$1 per year for 99 years was terminated in 2012.
- WHP has since undertaken a vision for a major revitalization of the Park.
- WHP has initiated the process of applying for the UNESCO World Heritage Designation (UWHD) in consideration of that vision.

**Wanuskewin Heritage Park Request for City-Owned Land – Application for UNESCO World Heritage Designation**

- WHP has advised the success of the revitalization project and the foundation of the UWHD application hinge on securing the adjacent City-owned lands, and that this is a time-sensitive issue.
- WHP approached the City to assist with its vision and application for a UWHD by entering into a new long-term lease for the land that would include an option to purchase the lands within the next 10 years.

This report provides an update and associated recommendation relative to those discussions with WHP.

**Report**

Campaign for Renewal and Expansion of WHP

WHP has developed a comprehensive renewal vision to expand and revitalize the heritage park, comprised of several components including:

Site Improvements	Cultural Spaces
<ul style="list-style-type: none"><li>• Interpretive Centre Building Upgrades</li><li>• Exterior Interpretive Sites:<ul style="list-style-type: none"><li>○ Medicine Wheel</li><li>○ Tipi Settlement</li><li>○ Canoe Landing</li><li>○ Bison Jumps</li><li>○ Portable Archaeology Exhibit</li></ul></li><li>• Sweat Lodge Sites</li><li>• Powwow Area</li><li>• Amphitheatre</li><li>• Trail Enhancements and Extensions</li></ul>	<ul style="list-style-type: none"><li>• Exhibitions and Displays</li><li>• Great Hall</li><li>• Indigenous Art Gallery</li><li>• Education Centre<ul style="list-style-type: none"><li>○ Archaeology Lab and Classrooms</li></ul></li></ul>
	Visitor Experiences
	<ul style="list-style-type: none"><li>• Bison Encounters</li><li>• Children’s Playground</li><li>• Camping Facilities</li></ul>

An integral component to WHP’s vision is to establish a bison herd consisting of approximately 50 animals that would be situated on the City-owned lands that were previously leased to WHP for that purpose. WHP is now prepared to move forward with that vision and is asking the City to reinstate the 99-year lease and would like to have an option to purchase the land within a period of 10 years.

To receive the acknowledgment and recognition of the significance of the Park and the improvements being made as part of the revitalization project, WHP has initiated the process of applying for the UWHD.

WHP’s official request is for the long-term lease agreement to be reinstated and that they be provided an option to purchase the lands within the next 10 years.

Benefits of the Revitalization Project and UNESCO Application

The Administration recognizes the significance that a UNESCO designation could bring to the city and region, such as increased international attention, recognition, and tourism for the area; raising cultural awareness; and providing economic spinoffs. Although achieving UWHD designation is WHP’s ultimate goal and the campaign team is very confident it will occur, they are steadfast that the historical and cultural significance of

the Park and its desirability as a tourism site will not be diminished in any way in the event WHP's application is unsuccessful. From WHP's perspective, the UWHD designation would be an added bonus to the renewal project and is not a requirement for its success.

Request for Reinstatement of Long-term Lease of City Lands with Option to Purchase

It is apparent that WHP's plans are moving forward and are at a point where they need clarity around the issue of the land required to meet its vision. WHP has reiterated its request for reinstatement of a long-term lease on the adjacent City-owned lands at a lease rate of \$1 per year. In addition, WHP has requested that the lease include an option and first right of refusal to purchase the lands within the next 10 years at a price to be mutually agreed upon at the time the option would be exercised. The proposed lease will require WHP to substantially complete its renewal vision, including establishment of the bison paddocks within a reasonable time period. In addition, development to occur on the land will be very limited to non-intensive uses that support the WHP program.

As part of the terms and conditions of the agreement, an appropriate recognition agreement is to be developed in collaboration with WHP to recognize the City's significant contribution in support of its revitalization vision and application for the UNESCO World Heritage Designation.

It is expected that at some time in the future, Wanuskewin Road will need to be realigned to accommodate the proposed Perimeter Highway. The Administration and WHP have agreed that if City Council approves WHP's request for the land, the City would retain the lands west of the realigned Wanuskewin Road with the roadway serving as the divider from the Park. A current conceptual drawing (Attachment 1) of the realignment indicates approximately 374 acres would be available to WHP for lease or possible purchase. Lands west of the Wanuskewin Road realignment would be developed with sensitivity to the Park and could include land uses that would be complimentary and beneficial to WHP.

**Public and/or Stakeholder Involvement**

Discussions have been held on several occasions with WHP regarding the somewhat conflicting goals of both parties relative to the subject lands. The Administration has identified to WHP the significance of these lands in terms of development and the contribution to the significant servicing costs of this area and the impact that removing these lands from the development stream would present to the City. WHP understands the City's stance, much in the same that the Administration understands how significant land holdings play into WHP's ultimate goal of achieving its vision for the Park.

**Communication Plan**

Pending approval, an appropriate communication plan will be developed in consultation with WHP to recognize the City's significant contribution in support of its revitalization vision. To kick off the importance of this agreement, a joint public relations event would be coordinated for the official signing ceremony and would be promoted through a news release and shared on the City's website and social media channels.

### **Policy Implications**

Sale or lease of City-owned lands at an amount less than market value requires City Council approval and a public hearing.

### **Financial Implications**

In previous reports, the Administration has outlined the significance of these lands in terms of development and its contribution to the significant servicing costs in this area. A high-level servicing investigation by the Transportation and Utilities Department determined that it would be cost effective to extend trunk services on the east side of the Canadian National Railway (CNR) rail line as opposed to the west. Most of the efficiencies on the east side of the railway result from ability to extend storm water trunks directly to the South Saskatchewan River.

While a long-term lease would result in lost development opportunity for the City's Land Development business line and the subsequent loss in tax revenues, it would provide a positive economic benefit for the community as a whole through increased tourism and spin off benefits from the designation.

### **Other Considerations/Implications**

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

### **Due Date for Follow-up and/or Project Completion**

Direction issued by the Standing Policy Committee on Finance will determine required follow-up. Notable terms of the lease would be documented in the public report requesting City Council approval.

### **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. Direction of the Standing Policy Committee on Finance will determine if Public Notice will be required.

### **Attachment**

1. Drawing Showing City Lands in Relation to WHP

### **Report Approval**

Written by: Keith Pfeil, Manager, Real Estate Services  
Frank Long, Director of Saskatoon Land

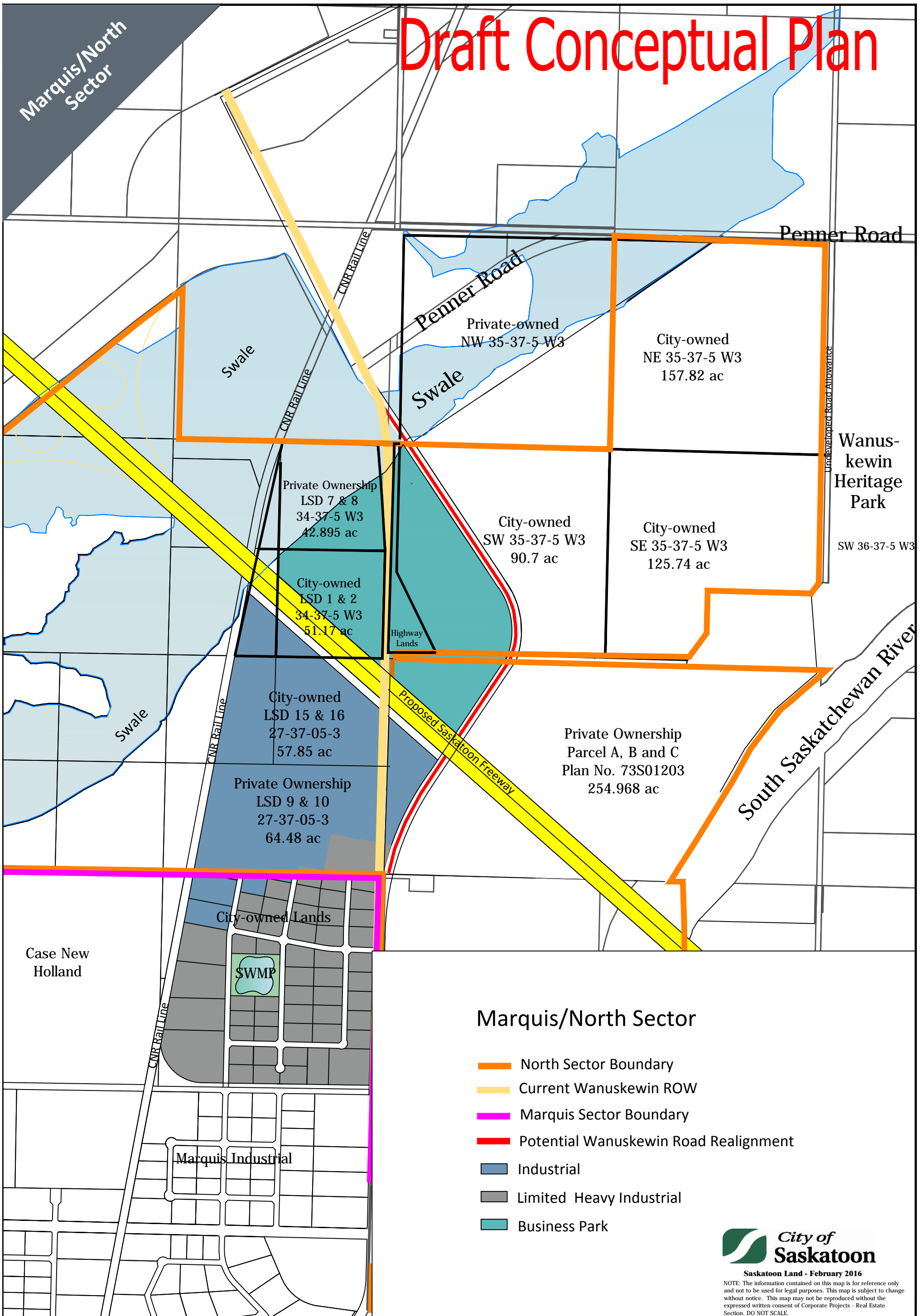
Reviewed by: Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department

Approved by: Murray Totland, City Manager

WHP Request\_City Land Apr 2016.docx



# Draft Conceptual Plan



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## 2017 Residential and Condominium Revaluation

### Recommendation

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

1. That the information be received; and
2. That the tax impact of the 2017 provincial reassessment for the residential and condominium class be phased in equally over a two-year period, with 50% in 2017 and 50% in 2018.

### Topic and Purpose

The province of Saskatchewan is undergoing a legislated revaluation of assessed values in 2017. This report provides information on the potential assessment and tax shifts in the Saskatoon residential and condominium sector as a result of the revaluation.

### Report Highlights

1. The purpose of a property revaluation is to recalculate property values to a more current valuation date.
2. The aggregate assessment and tax shifts are not as large or variant as to what Saskatoon experienced in the past revaluation cycle.
3. Historically, the difference in assessed values between revaluation cycles have been phased in.
4. In order to report the revaluation results months in advance, it is necessary to make some assumptions and limiting conditions.

### 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 are open, accountable and transparent.

### Background

Provincial statute in Saskatchewan requires that a revaluation of all properties be completed every four years in order to determine new assessment values. This four-year cycle began in 1997, and 2017 is the sixth revaluation under this schedule. A revaluation is meant to recalculate assessment values to reflect a more current valuation date.

The next legislated assessment revaluation is 2017, and the new valuation date for assessed values is January 1, 2015. This report presents the preliminary residential and condominium shifts due to updating the assessment values to the new valuation date. The multi-unit and commercial values are currently being determined. Shifts within these property classes will be available at a later date.

**Report**

Purpose of a Property Revaluation

The assessments in place from 2013 to 2016 were based on January 1, 2011 market levels. The 2017 assessments will be based on market levels as of January 1, 2015 and will be in place until the next revaluation in 2021.

The Aggregate Assessment Shifts and Tax Shifts

On a city-wide basis, aggregate residential and condominium property assessment has increased approximately 11.5% between the 2011 and 2015 valuation dates. City Council's direction in past revaluations was to begin each revaluation on a revenue neutral basis at the property class level with no shifting of taxes between property classes. In other words, the increase in value at the property class level was to be offset by a corresponding reduction in the effective tax rate for that property class.

Revenue neutrality is utilized for the following reasons:

- Within property classes, it allows for an equitable phase in plan under which the only portion of a tax increase or decrease eligible for phase in is the change due only to the updated assessment values.
- Overall, it provides City Council with the base for annual mill rate reviews, and provides complete transparency with regard to changes in property taxes due to mill rate decisions.

The table below indicates the change in assessed values for the residential and condominium property class. Also included is the offsetting change to the effective tax rates that would need to occur in order to ensure that the total revenue required from the residential/condominium class will be the same in 2017 as it was for 2016.

Property Group	2016 Assessment	2017 Assessment	% Change	2016 Effective Tax Rate	2017 Revenue Neutral Tax Rate	Net Tax Change
Residential & Condominium	\$24.64659B	\$ 27.48368B	11.5%	0.9287%	0.83283%	Nil

Note: The Revenue Neutral Tax Rate was calculated by using the 2016 City and Library rates. The Education Property Tax for 2016 is unknown at this time. For the purposes of this report, the 2015 Education Rate was used in the Revenue Neutral Tax Rate calculation.

Based on the revaluation, aggregate assessment values for the residential property class have increased by 11.5%. In order to ensure revenue neutrality, the effective tax rate has decreased by 11.5%.

There will be tax shifting within this property class for individual properties whose assessed value increased or decreased by more than 11.5%. For example, if a property assessment increased by 20% but the tax rate only decreased by 11.5%, the result is a tax increase to that property. On the other hand, a property's assessment which increased by 2% will see a tax reduction because the tax rate decreased by 11.5%.



The Administration has completed its initial analysis of this shifting and discovered that the vast majority of properties will see taxation increases or decreases in the range of plus or minus 10% as a result of the revaluation. These results are presented in Attachment 1.

**Phase In**

The following chart outlines past phase in periods, as approved by City Council, to mitigate the effects of revaluation:

<b>Reassessment Year</b>	<b>Aggregate Residential Shift</b>	<b>Phase in Period (years)</b>
2005	13.0%	2
2009	33.0%	2
2013	83.0%	4
2017	11.5%	2 (recommended)

The Administration is recommending a continuation of the past practice of phasing in tax shifts up and down due to revaluation. For the 2017 revaluation, it is recommended that the assessment shifts be phased in over a two-year period, since the shifts are not as substantial as in the past.

**Limiting Conditions**

The reported shifts are preliminary and may change as assessment values are finalized.

The 2016 Education Rate is unknown at this time. For the calculation of the effective tax rate contained within this report, the 2015 Education Rate was used.

**Options to the Recommendation**

City Council could choose to either not phase in the effect of the revaluation, or approve a different phase in schedule.

**Communication Plan**

A detailed communication plan has been developed to support the 2017 reassessment. Communications activities and key messages will ensure that residential and commercial property owners are informed of the 2017 reassessment process including what reassessment is, how residential assessments are calculated, how the appeal process works and what can be appealed, what the shift will be, understanding the concept of revenue neutral, and important timelines.

Due to marginal shifts in value and no changes in valuation methodology, as well as considerable savings in mailing costs, a preview assessment letter will not be sent to residents this year. Communication activities are planned in order to provide residents with timely, easy to understand information on the 2017 reassessment process and its relation to property taxes.

Communication tools and tactics to be considered include: the development of a new reassessment video to join the existing budget/property tax video series, a YouTube video series on assessment/taxation, public information meeting(s), updated 2017

Residential Property Assessment brochure to accompany the 2017 Reassessment Notice, addition of new reassessment information and Frequently Asked Questions to the City's website ([saskatoon.ca](http://saskatoon.ca)), social media messaging, City Page insertions in the [Saskatoon StarPhoenix/Bridges](#), and PSAs.

Following the City's dedication to a digital first strategy, messaging will be developed to promote the depth of informative property information found online using the Property Assessment & Tax Tool.

### **Policy Implications**

The policy implications are similar to previous revaluations, whereby City Council has sought to keep the impact of revaluation, overall by class of property, revenue neutral.

### **Financial Implications**

There is no further known financial implications other than the approved capital budget for revaluation which includes costs for additional mailings (assessment notices to all property owners), consultant fees and work associated with increased appeal activity.

### **Other Considerations/Implications**

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

### **Due Date for Follow-up and/or Project Completion**

A report on multi-unit and commercial assessment will be presented to City Council in November 2016.

### **Public Notice**

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

### **Attachment**

1. 2017 Reassessment – Preliminary Residential and Condominium Impact

### **Report Approval**

Written by: Darcy Huisman, City Assessor

Reviewed by: Shelley Sutherland, Director of Corporate Revenue  
Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department

Approved by: Murray Totland, City Manager

2017 Revaluation.docx

# **2017 Reassessment**

## **Preliminary Residential and Condominium Impact**

Standing Policy Committee on Finance – April 4, 2016

City Council – April 25, 2016

# 2017 Revaluation

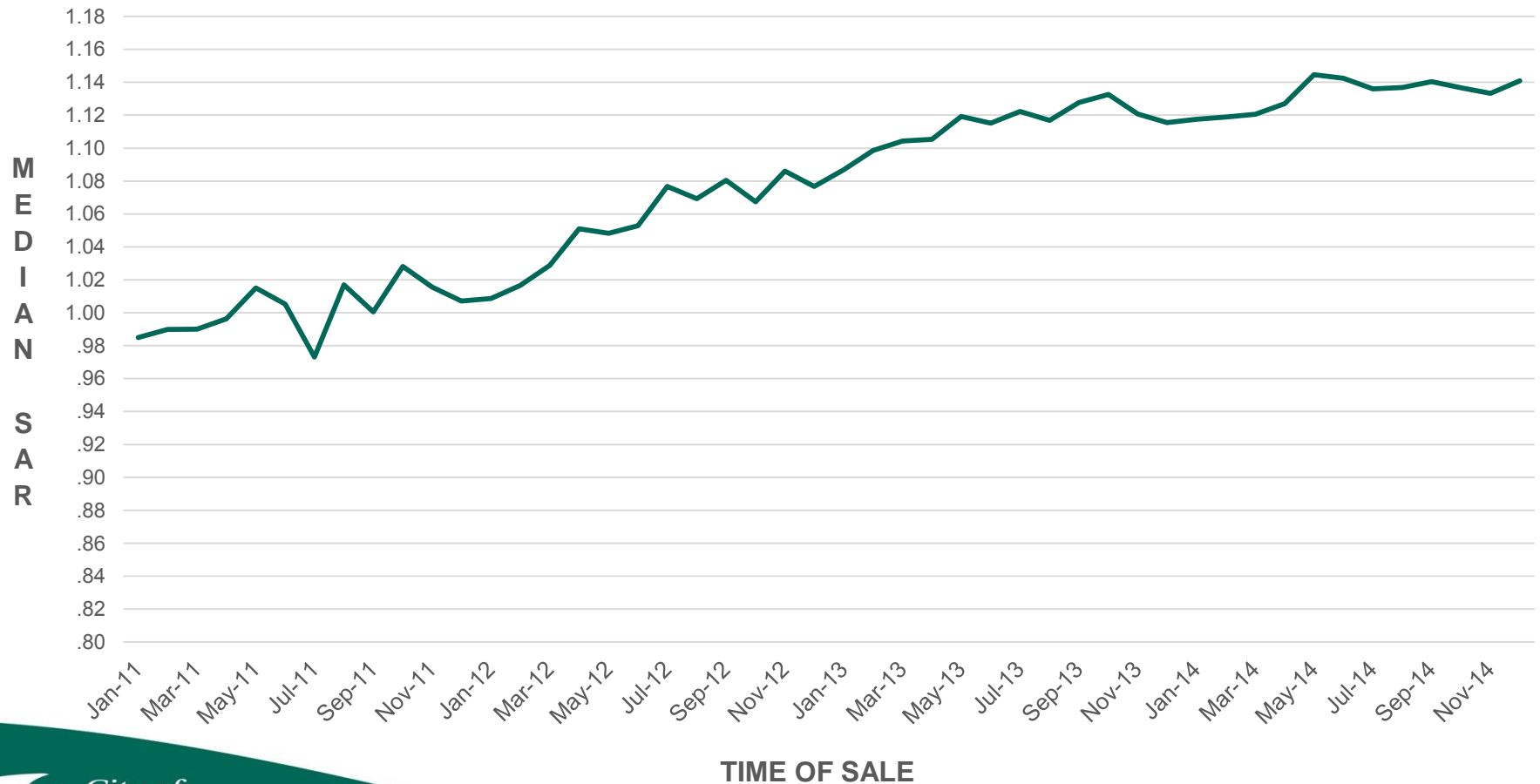
## Residential/Condominium

- Every four years province wide
- Saskatoon experienced modest property value increases between last revaluation date of January 1, 2011 and January 1, 2015
- Residential and condominium property +11.5%
  - consistent between 2012 and mid 2014
  - slight upswing in the market for modestly priced homes in mid 2014
- Residential condominiums vs. single-family housing (2012 – 2014)
  - condominiums  $\approx$  4%
  - single-family  $\approx$  13%
- Increases in single-family housing market fairly consistent

# Changes in the Market Place for Single-family Housing

(average price movement relative to underlying 2016 values)

## Single Family Median SAR (2011 - 2014)



# 2017 Aggregate Results and Resulting Revenue Neutral Effective Tax Rates

Property Class – Residential and Condominium

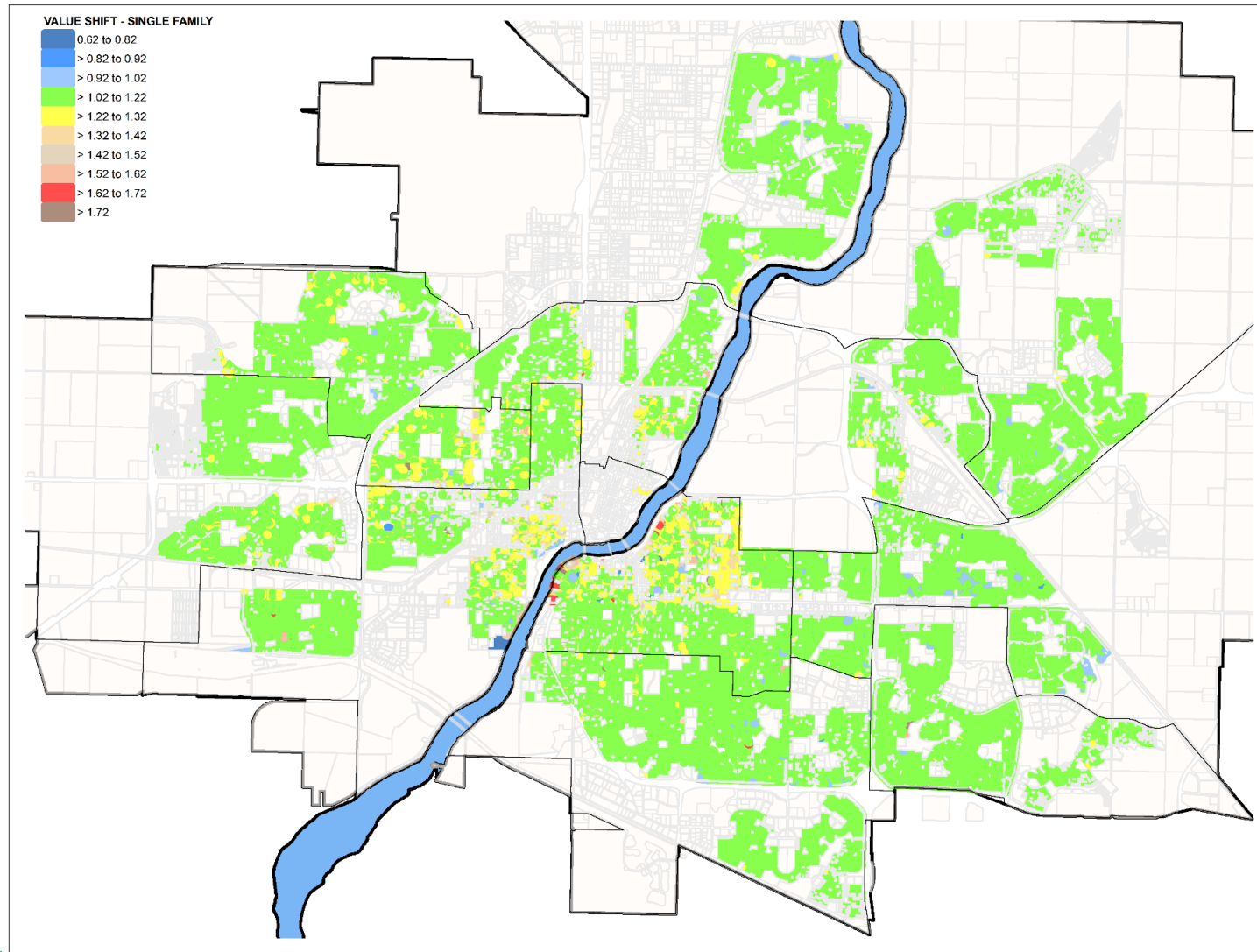
2016 Assessment	2017 Assessment	Percentage Change
\$24.64659B	\$27.483680B	11.5%
2016 (ETR)	2017 ETR (neutral)	Net Aggregate Tax Change
0.9287%	0.8328%	NIL

# Historical Changes

For comparison purposes (combined overall increases):

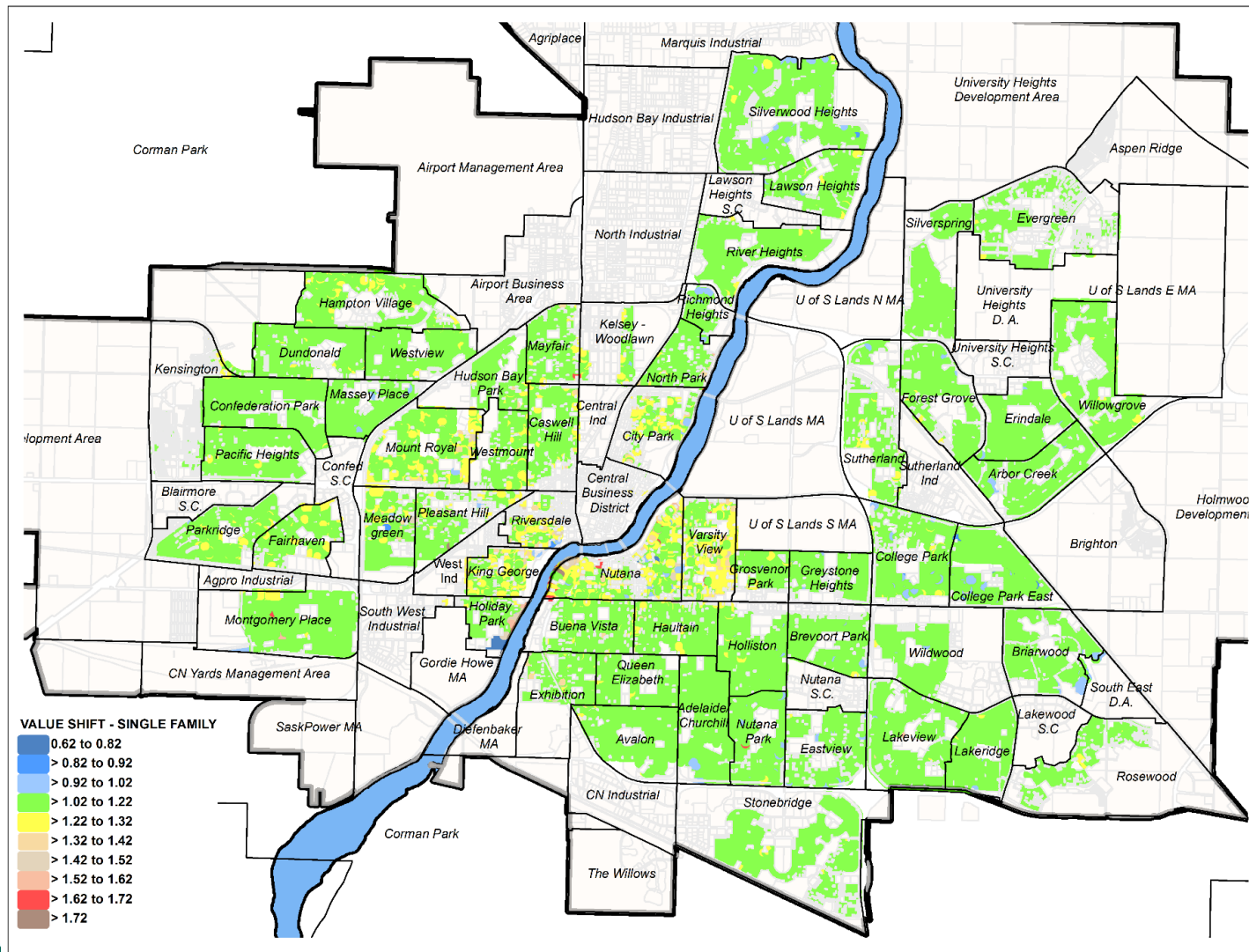
- 2005 – average increase: 13% (same residential property group); reduction in ETR
- 2009 - average increase: 33%; reduction in ETR
- 2013 - average increase: 83%; reduction in ETR
- 2017 - average increase: 11.5%
  - Properties with an assessment increase greater than the average will experience a tax increase
  - Properties with an assessment increase less than the average will experience a tax decrease

# 2017 Revaluation – Value Shift Ratio

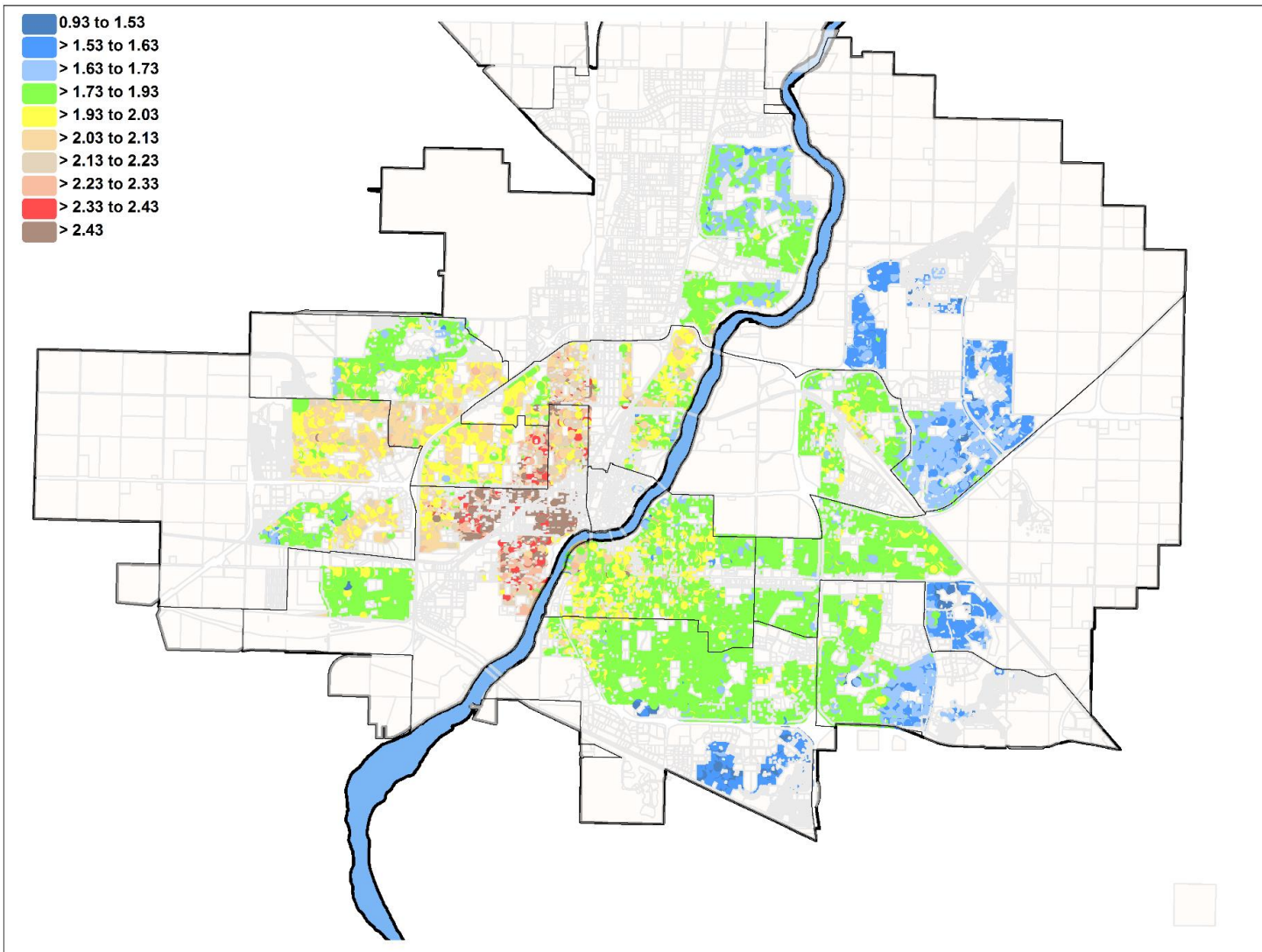




# 2017 Revaluation – Value Shift Ratio by Neighbourhood

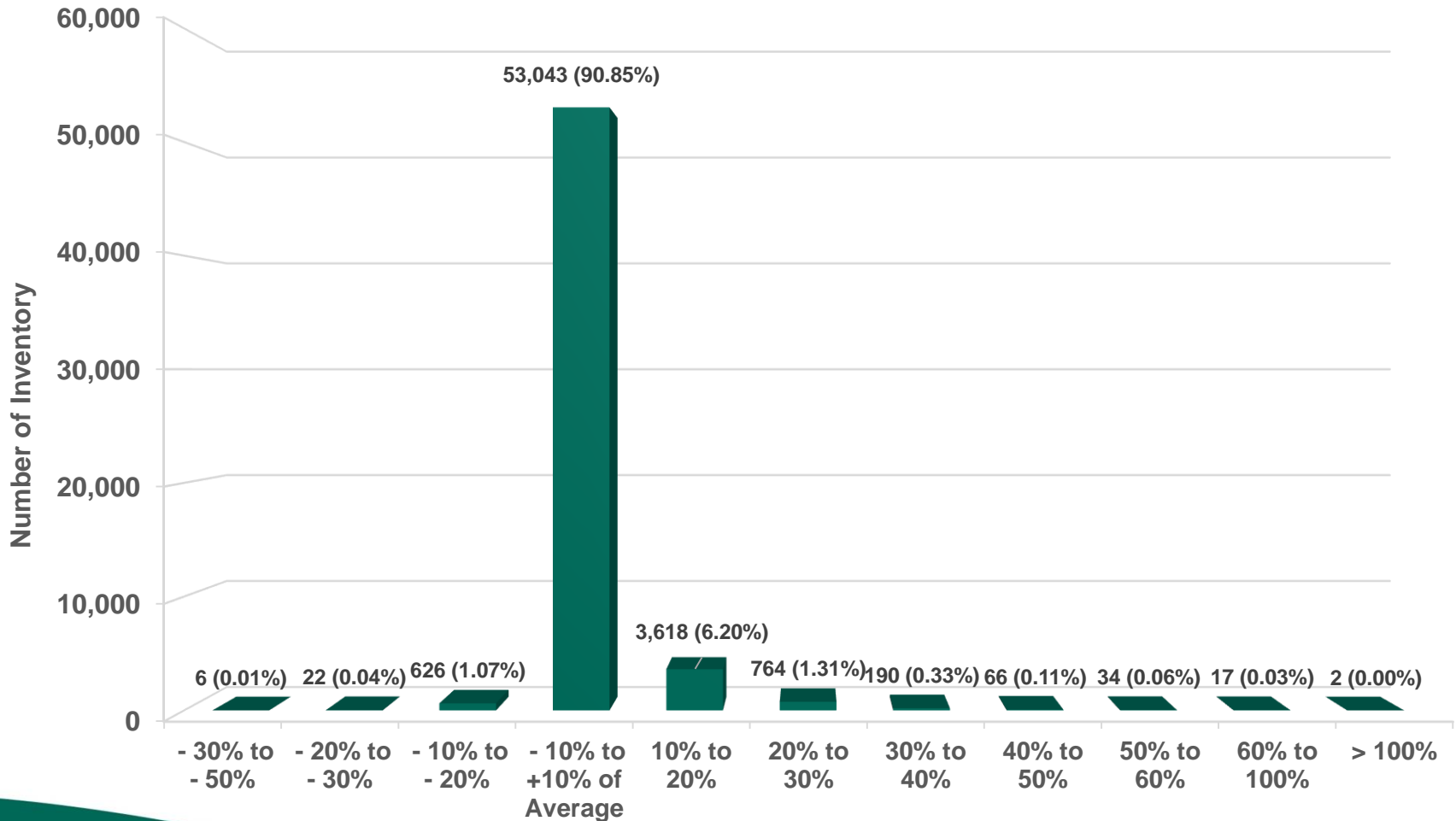


# 2013 Revaluation – Value Shift Ratio



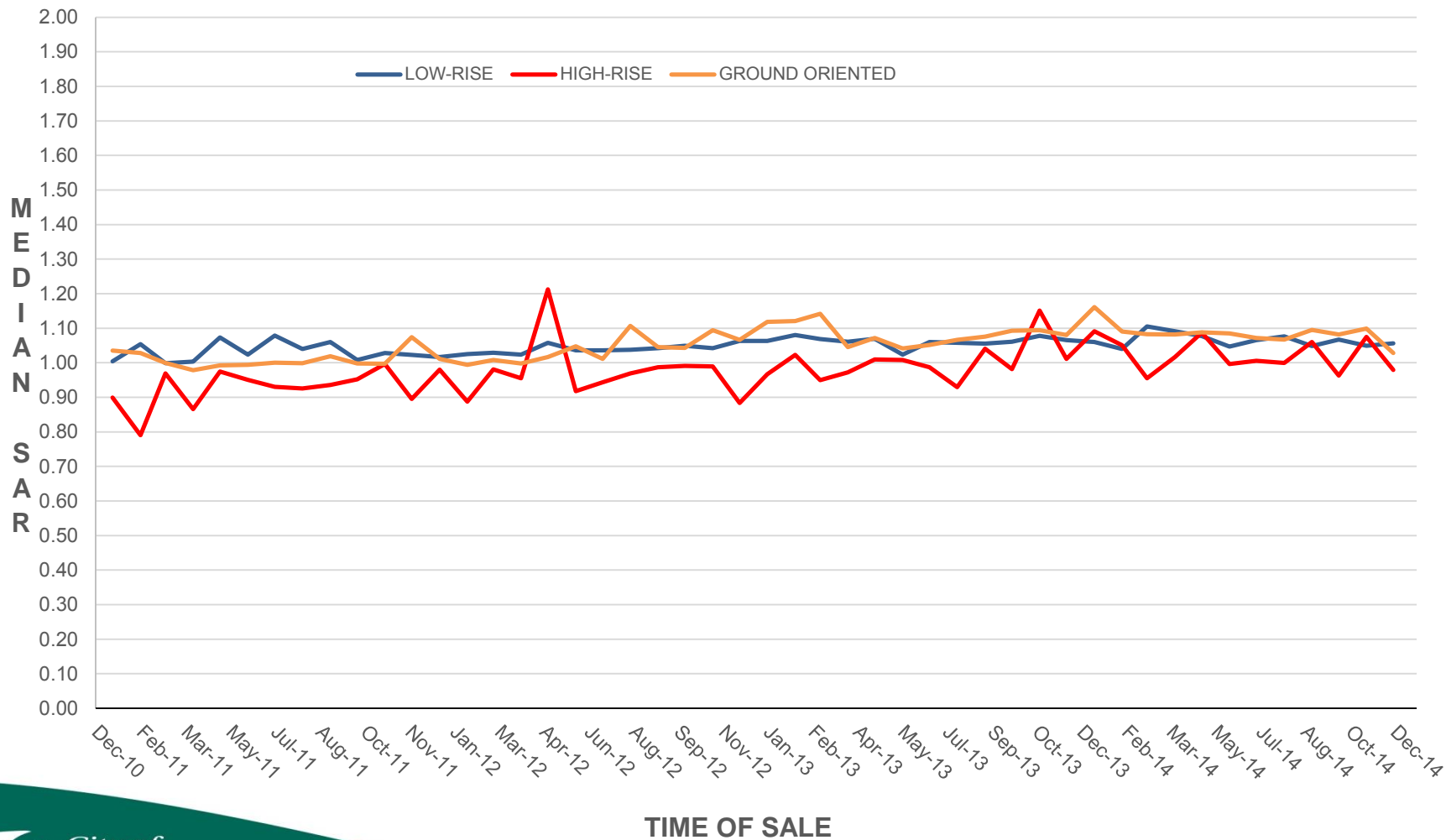
# Value Shifting (Housing) – Relative to Revenue Neutral

(number of housing units that will experience tax shifts)



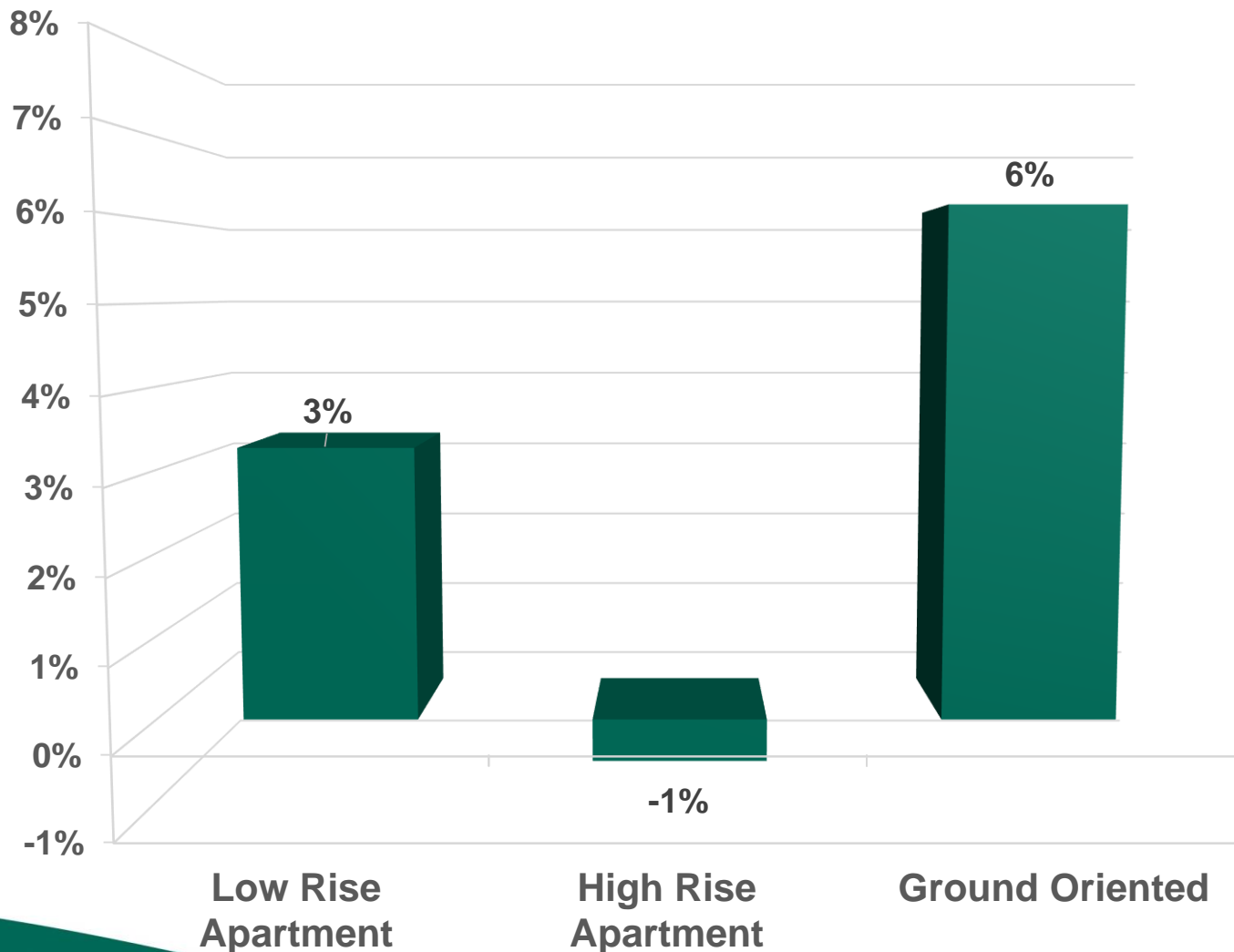
# Changes in the Market Place - Condominiums

(average price movement relative to underlying 2016 assessment values)



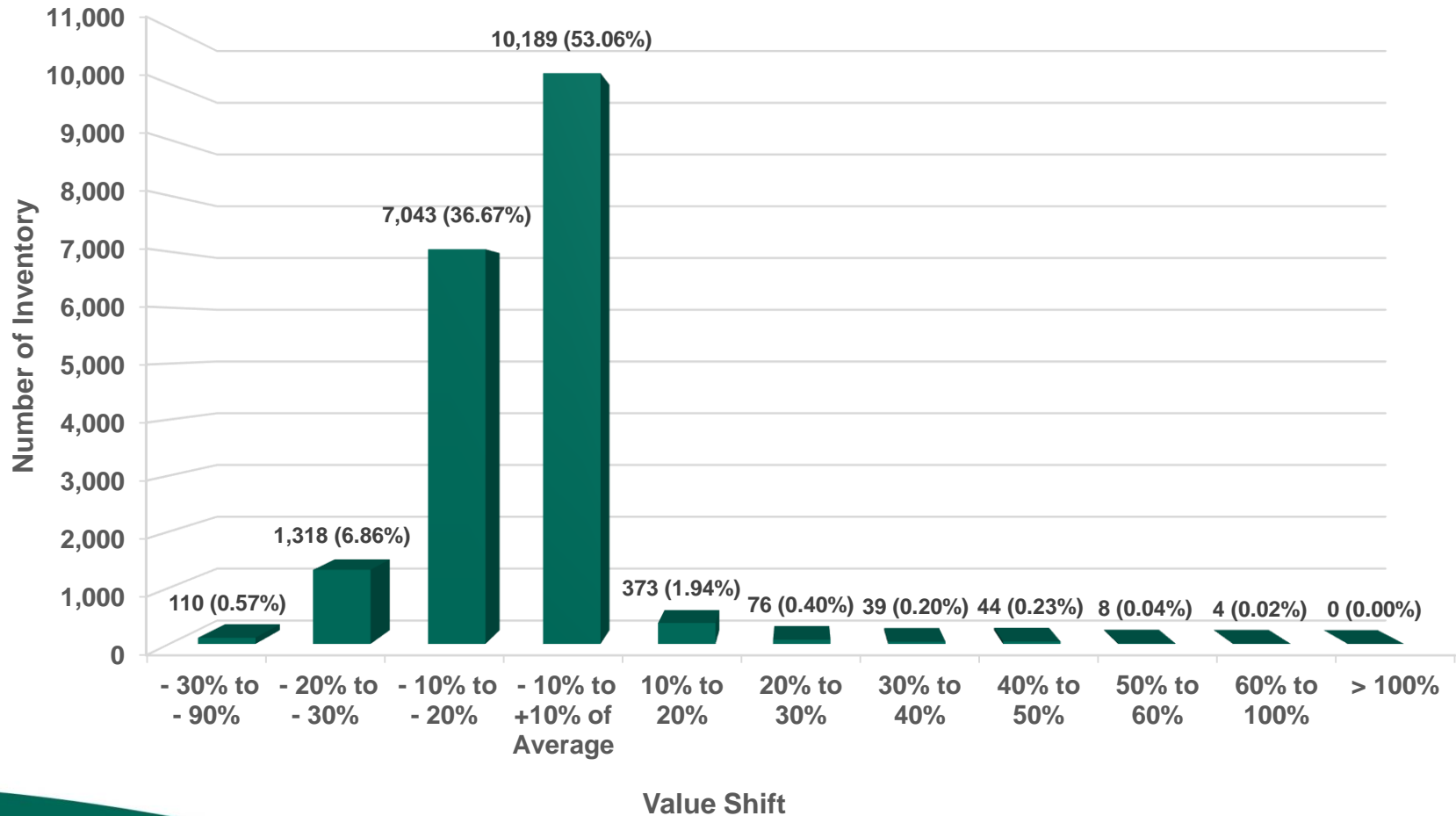
# Value Shifting - Residential Condominiums

(residential condominiums by three major types)



# Value Shifting (Condominium) – Relative to Revenue Neutral

(number of condominium units that will experience tax shifts)



# Next Steps

- Preparing valuation models for the commercial sector
- Release of commercial valuation trends and findings to focus groups (hotels, retail, shopping centres, rental apartments and warehousing)
- Tax Policy decisions (fall 2016)
- Assessment Notices and 60-day appeal period (January 2017)

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## Transportation & Utilities Capital Projects Funding Reallocation

### Recommendation

That the Standing Policy Committee on Finance recommend to City Council that the transfer of funds as indicated below, be approved:

- a) \$147,399 from the Arterial Road Reserve be allocated to Capital Project #1462 – Arterial Road – Clarence Avenue;
- b) \$259,615 from the Infrastructure Water and Sanitary Sewer Reserve to Capital Project #1615 – Water Distribution; and
- c) \$292,148 from the pooled Reallocation of Capital Funds to Capital Project #2003 – Highway 14 and Highway 7 Grade Separation.

### Topic and Purpose

The purpose of this report is to provide City Council with information on Administration's review of 48 capital projects, and to obtain City Council approval to fund three specific project over expenditures.

### Report Highlights

1. During a comprehensive review, a total of 48 capital projects were found to be complete and can be closed.
2. Three of these projects require City Council approval to fund over expenditures.

### Strategic Goal

The recommendations in this report support the Strategic Goal of Asset and Financial Sustainability. Allocating resources to civic assets ensures that they are well-managed and well-maintained, meeting the needs of citizens.

### Background

A review of capital programs, primarily from the previous Infrastructure Services Department, has resulted in the closure of 48 projects. Of these completed projects, 25 are under spent and funds will be returned to the appropriate reserves; 20 were over-spent by an amount that does not require City Council approval to fund; and the remaining three require City Council approval to fund the amount over-expended.

### Report

Some of the more significant under expenditures identified include the following:

- A return of \$1,387,500 to the Property Realized Reserve, \$206,250 to the Infrastructure Water and Sanitary Sewer Reserve and \$206,250 to the Infrastructure Storm Water Reserve due to diverting water and sanitary sewer



## Transportation & Utilities Capital Projects Funding Reallocation

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servicing for the 25<sup>th</sup> Street Extension to the 26<sup>th</sup> Street system instead of the original plan to divert to the 24<sup>th</sup> Street system.

- A return of \$1,585,924 to the Infrastructure Storm Water Reserve from remnant funding remaining from multiple projects.
- A return of \$986,481 to the Infrastructure Water and Sanitary Sewer Reserve from remnant funding remaining from multiple projects.
- A return of \$788,620 to the Bridge Major Repair Reserve due to contractor costs coming in less than anticipated on the rehabilitation of the Idylwyld Drive over Taylor Street northbound and southbound overpasses, as well as on the preservation of the Circle Drive over 14<sup>th</sup> Street southbound structure.

As well, a comprehensive review of the reserves has been undertaken which considers the 2015 year-end balance in the reserve, the effect of the capital closures mentioned above, the 2016 contributions to the reserves, as well as the approved 2016 capital program which draws from these reserves. This review has revealed that there is sufficient funding in the affected reserves to accommodate these capital project closures.

The majority of the projects affected are annual programs that typically receive funding every year. The work in these capital projects is not bound solely by the calendar year, as work often carries over year-to-year.

Three projects require City Council approval to fund over-expenditures as follows:

### Capital Project #1462 – Arterial Road – Clarence Avenue

Capital Project #1462 has a net over expenditure of \$147,399 considering allocations to the project in 2006. This project involved the construction of the Clarence Avenue arterial roadway to a four-lane status from the railway overpass to the then proposed Circle Drive overpass.

During construction, a design modification was required at the corner of Melrose Avenue and Clarence Avenue to provide a larger radius at the intersection to accommodate right turn movement for large trucks from southbound to westbound. This design change increased quantities involved in the road work.

The Administration is recommending that funding from the Arterial Road Reserve in the amount of \$147,399 be allocated to allow closure of this project.

### Capital Project #1615 – Water Distribution

Capital Project #1615 has a net over expenditure of \$259,615 considering allocations to the project in 2011, 2012, 2013 and 2014. This project provides for the rehabilitation or replacement of water mains as well as emergency and planned water connection replacements.

The Administration is recommending that the over expenditure of \$259,615 be funded from the Infrastructure Water and Sanitary Sewer Reserve.

**Capital Project #2003 – Highway 14 and Highway 7 Grade Separation**

Capital Project #2003 has a net over expenditure of \$292,148 considering allocations to the project in 2009. This phase of the project consisted of construction of an at-grade diamond intersection at Highway 14 and Highway 7.

There are two reasons for the over expenditure in this project. The inclusion of a retaining wall on the northbound ramp behind the commercial development was not included in the original estimate; the cost to construct this retaining wall was approximately \$200,000. As well, the widening of Highway 14 westbound required extensive use of pit-run aggregate as base instead of clay due to wet subgrade conditions; a change order was secured for this aggregate but ended up over expended by approximately \$200,000.

The Administration is recommending that pooled funding from the Reallocation of Capital Funds in the amount of \$292,148 be allocated to fund the over expenditure.

**Financial Implications**

There is sufficient funding in the Arterial Road Reserve to fund the outstanding balance in Capital Project #1462 – Arterial Road – Clarence Avenue. Returns to source made available through this process exceed the required funding for this project.

There is sufficient funding in the Infrastructure Water and Sanitary Sewer Reserve to fund the outstanding balance in Capital Project #1615 – Water Distribution. Returns to source made available through this process exceed the required funding for this project.

There is sufficient funding in the reallocation pool to fund the outstanding balance in Capital Project #2003 – Highway 14 and Highway 7 Grade Separation. The reallocation pool is still anticipating an additional \$1,074,000 to be received in 2016 from the Building Canada Fund. Once these funds are received, the planned reallocation pool transactions will be complete and a report will be brought forward with recommendations on how to allocate the remaining surplus, currently projected at approximately \$5 million.

**Other Considerations/Implications**

There are no options, public and/or stakeholder involvement, communications, policy, environmental, privacy, or CPTED implications or considerations.

**Due Date for Follow-up and/or Project Completion**

There will be no follow-up report.

**Public Notice**

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

## Transportation & Utilities Capital Projects Funding Reallocation

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### Report Approval

Written by: Shelley Korte, Director of Business Administration  
Approved by: Jeff Jorgenson, General Manager, Transportation & Utilities  
Department

Finance SK – T\_U Capital Projects Funding Reallocation

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## Amendments to Council Policy Nos. C09-033 and C09-006

### Recommendation

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

1. That the proposed amendments to Council Policy No. C09-033, Sale of Service City-Owned Lands, and Council Policy No. C09-006, Residential Lot Sales – General Policy, be adopted; and
2. That the City Clerk be requested to update the policies as reflected in this report.

### Topic and Purpose

The purpose of this report is to obtain City Council approval to amend Council Policy Nos. C09-033 and C09-006. The amendments will provide alternative options for disposing of serviced City-owned multi-family, institutional, industrial, and commercial lands through an open market approach and to allow the public tender of single-family lots.

### Report Highlights

1. The competitive public tender and lot draw process are the predominant methods used by Saskatoon Land in offering serviced land parcels and single-family lots to the market.
2. To facilitate additional flexibility in offering serviced multi-family, institutional, industrial and commercial land to market, the Administration is proposing amendments to Council Policy No. C09-033. These amendments will add open market (standard terms) and open market (with criteria) approach as two new land disposition methods to the Policy.
3. The Administration is recommending that competitive tendering of single-family lots be added to Council Policy No. C09-006 in order to provide additional flexibility in offering newly created single-family lots to the market.
4. Several housekeeping updates to the land sales policies are being proposed to reflect current organizational structure and procedures.

### Strategic Goals

This report supports the long-term strategy of increasing productivity by being more efficient in the way the City of Saskatoon (City) does business under the Strategic Goal of Continuous Improvement.

This report also supports the long term strategy of creating a business friendly environment where the economy is diverse and builds on our city and regions competitive strengths under the strategic goal of Economic Diversity and Prosperity.

## Background

The City's ability to sell land is governed by the relevant sections of *The Cities Act (The Act)* and Council Policy Nos. C09-033 and C09-006. *The Act* provides that the City is like any owner of property and it can sell or lease its lands on the terms that it deems to be advantageous. The key limit is that *The Act* requires the City to ensure that it has achieved market value, or that the land sale must be in accordance with its policies on this matter.

The City is free to decide the timing for a sale, how the land is to be sold, and how it arrives at a determination of fair market value. The one limitation *The Act* imposes is found in Section 38.2(2). This section provides that if the City is selling land for less than fair market value and there has been no public offering, the sale must be in accordance with the relevant City Policy, or City Council must have approved a departure from that policy.

At present, in offering multi-unit residential, commercial, institutional, and industrial properties to the market, Council Policy No. C09-033 requires that a competitive bidding practice (public tender) appropriate to the category of land being sold be used to the extent that is practical. Direct sale or lease of industrial land can be used under limited situations as noted within Section 3.2 of the Policy. Should parcels not be sold through the competitive bidding process, they are to be sold over the counter on a first-come, first-served basis.

For single-family lots, Council Policy No. C09-006 requires that newly created lots be sold through a public lot draw process. Lots not sold through the lot draw are offered over the counter on a first-come, first-served basis. In 2014, City Council approved a trial departure from the policy that allowed the Administration to offer groupings of single-family lots via public tender. Six groupings of lots in the Kensington and Evergreen neighbourhoods were offered to the market, and all groupings received bids with most selling above reserve bid price.

## Report

### Current Land Sales Approach

Using the current approach of offering serviced City-owned land through a competitive bidding process has proven to be a satisfactory method for releasing land parcels to market; however, a review of other cities' land disposition methods has identified alternate methods for consideration. The primary method in which the City of Calgary releases land to the market is known as an open market sales approach. The Administration is recommending a similar land disposition method be added to Council Policy Nos. 09-033 and 09-006. This way, the City still achieves market value, but is also able to consider other factors to arrive at the best offer for the land.

### Open Market (Standard Terms) Sales Approach

Under this approach, the sales price and standard terms of sale for a given phase of development parcels would be proposed by the Administration for consideration by the Standing Policy Committee on Finance, as is currently the process under a competitive bidding public tender. In using this approach, the Administration would set an asking price, and standard terms/conditions that would be required of interested proponents,

then entertain offers on land for a given period of time. The offers would be non-binding on both parties allowing the City to choose a purchaser with whom to negotiate a Sales Agreement. If no offers were submitted during the initial release period, offers would be considered on a first-come, first-served basis.

As part of the offer submission, potential purchasers would be required to submit a standard application form for the proposed development. Attachment 1 contains the sales information package and standard terms the City of Calgary makes available during the offer period. It provides prospective purchasers information regarding the site including price, zoning, terms and conditions of sale and the process of making an offer. Saskatoon Land's current tender packages already contain most of this information and it would not be difficult to adjust procedures to this new method. Attachment 2 shows a draft application form that would be required for the Administration to consider any offer on land parcels under this approach.

It is generally accepted that best price offered is the main criteria for selecting the preferred proponent, however, any offer received would not be binding on either party which would allow the City to negotiate a Sales Agreement with a purchaser. The purchaser would need to be in compliance with the City's Standard Terms and Conditions that will be clearly stated in the property information sales package made available to all interested parties. If an acceptable market price is received and all conditions and terms are met, Saskatoon Land would recommend approval to the CFO/General Manager, Asset and Financial Management Department, who would be delegated the authority to approve or deny the sale. In weighing and considering acceptance of any price submitted, the Administration will ensure market value is received and that investment/proforma targets for a specific development area are met. Parcels would remain available over-the-counter until an acceptable offer at market price is received.

#### Open Market (with Criteria)

This land sales approach is being recommended for use when the City has a desire to achieve a specific development objective. This process would be beneficial when there is an economic development strategy to attract the right business to a particular location (i.e. cluster of specific businesses) or where there is a desire to achieve a specific performance objective or a high-profile development (i.e. River Landing). It could also be used where the City wants to specify criteria to be used in determination of the sale of the property. Criteria could include developer experience, an appropriate business case, building architecture, and other types of similar criteria.

In this case, asking price and defined criteria including development objectives would be proposed by the Administration for consideration and approval by the Standing Policy Committee on Finance. Similar to a Request for Proposal (RFP) process, proponents would need to submit offers/proposals that demonstrate ability to meet defined criteria and performance objectives within a set time period. Letter of credit, non-refundable deposit, performance bond, and/or a buy back option within the Sale Agreements would be used by the City to ensure compliance with the specified criteria.

Development proposals received under the open market (with criteria) approach would be reviewed by the Administration to determine the best combination of price offered and proposal for the given land parcels. The CFO/General Manager, Asset and Financial Management Department, would be delegated the authority to select and award the winning proposal based on the criteria originally approved by the Standing Policy Committee on Finance.

Both new approaches provide Saskatoon Land with more influence on how City land development areas will take shape, yet still allow flexibility for land purchasers to move forward with their planned improvements. Some additional benefits to using these new approaches include:

- Additional flexibility and transparency in offering serviced land parcels to market.
- Ability to consider and influence building development proposals on City-owned parcels.
- More accurate determination of market price may be identified and achieved in the offers received from interested parties.
- Less likelihood of land speculation occurring when the new processes are being used.

Implementing these two new land sale methods into policy would provide the Administration with the following four methods for selling serviced multi-family, institutional, industrial, and commercial land parcels:

- competitive public tender;
- open market;
- open market with criteria; and
- direct sale negotiation.

Prior to bringing serviced multi-family, institutional, industrial and commercial land parcels to market, the Administration will propose the preferred method of land sale asking price for consideration and approval by the Standing Policy Committee on Finance. Use of the new open market processes would be done in limited circumstances initially. If the new methods are determined to benefit the City and future land purchasers, the Administration could choose to expand use of land sales methods to more land offerings.

#### Public Tender of Single-Family Lot Groupings

Use of the trial public tender process to offer groups of single-family lots to the market has proven to be a valid alternative to the lot draw for allocating single-family lots. The Administration is recommending that competitive tendering of single-family lots be added to Policy No. C09-006 to provide additional flexibility in offering newly created single-family lots to the market.

The process can be used to the City's benefit in times when market demand for single-family lots is high or, alternatively, to market bulk groupings of lots when conditions warrant innovative solutions to move lot inventory in slow markets.

Feedback from the representative Builder Steering Committee indicated that there are no significant concerns with use of the public tender process for releasing lots, as long as the lot draw process remains the predominant method for allocating lots. Use of the public tender process for single-family lot groupings will be determined when request to sell reports are considered by the Standing Policy Committee on Finance.

#### Housekeeping Updates

In addition to the recommended amendments noted above, several changes have also been suggested to reflect current operational structure and procedures.

To accommodate requests from Eligible Contractors to trade or assign purchased single-family lots, the Administration is recommending assignment of Agreements for Sale upon approval of the Director of Saskatoon Land and payment of a \$100 administration fee. Attachments 3 and 4 reflect all suggested amendments.

#### **Options to the Recommendation**

City Council could choose not proceed with the recommended policy changes and continue offering serviced land parcels to market through the competitive bidding, direct sale, and lot draw process.

#### **Policy Implications**

If the recommendations in the report are approved, Council Policy Nos. C09-033 and C09-006 will be amended to reflect the changes.

#### **Public and/or Stakeholder Involvement**

Saskatoon Land consulted with a representative Builder Steering Committee regarding the use of the public tender process to allocate groupings of single-family lots. Neither Committee members or the Saskatoon and Region Homebuilders' Association raised significant concerns.

Saskatoon Land Staff have met with several multi-family homebuilders and Real Estate brokers on the new land sales methods for multi-family, institutional, industrial, and commercial lands. Information letters summarizing the new processes were sent to several Saskatoon Land customers for comment (Attachment 5). Feedback received has been included in Attachment 6.

#### **Communications Plan**

Materials will be developed to inform stakeholders of the changes to the land sales methods, outlining the new process as well as how it will benefit both the City and its customers. Planned activities include adding information to the City's website, letters to stakeholder groups, and developing a hand-out of frequently asked questions.

#### **Financial Implications**

The recommended policy changes are not expected to result in significant financial implications. During the trial period of tendering single-family lots, it was demonstrated that increased returns could be realized under the right economic conditions as most lot groupings were sold above reserve bid price. The two new open market methods both have the potential to realize offers above asking price, however, predicting final



outcomes will be difficult until the processes are implemented and may depend on the current economic climate.

**Other Considerations/Implications**

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

**Due Date for Follow-up and/or Project Completion**

Further updates on feedback received on the new land sales approaches will be provided in future Saskatoon Land Annual Reports.

**Public Notice**

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

**Attachments**

1. City of Calgary Sales Information Package
2. Draft Land Sale Application Form
3. DRAFT - Council Policy No. C09-033, Sale of Serviced City-Owned Lands
4. DRAFT - Council Policy No. C09-006, Residential Lot Sales General Policy
5. Letters Requesting Comments from Multi-Family Builders and Real Estate Brokers
6. Letters and Emails Submitted in Request for Feedback

**Report Approval**

Written by: Frank Long, Director of Saskatoon Land  
Reviewed Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department  
Approved by: Jeff Jorgenson, Acting City Manager



# ROYAL VISTA

## BUSINESS PARK

## SALES INFORMATION PACKAGE

### I-B LOTS

(REVISED JANUARY, 2015)

**Note: Please review all documents thoroughly.  
Contents are subject to verification by the Office of Land Servicing & Housing**

TABLE OF CONTENTS

1.0 Background..... 3  
2.0 Lots for Sale..... 4  
3.0 Terms and Conditions..... 5  
4.0 Making an Offer ..... 7  
5.0 Frequently Asked Questions..... 8

Attachments:

Attachment A: Lot Sizes and Asking Prices

Attachment B: Purchaser Application Form and Fundamental Terms and Conditions

Attachment C: Engineering & Servicing Requirements

Attachment D: Architectural and Development Design Guidelines. Note that these guidelines are registered as a charge against the Certificate of Title to the Property

Attachment E: I-B Land Uses

Other Attachments: Maps/Subdivision Plans

## 1.0 Background – Royal Vista Business Park

### Location

South of 112<sup>th</sup> Avenue NW and East of 85<sup>th</sup> Street NW  
Calgary, Alberta

### Features

The 134 acre Royal Vista Business Park includes:

24 fully serviced Industrial Business lots  
1 fully serviced Commercial Lot  
8 fully serviced Direct Control (Light Industrial) lots

Other planned features:

- Convenient access to Stoney Trail (part of the Calgary Ring Road) and immediate access to Country Hills Boulevard, which quickly connects Royal Vista Business Park to Calgary International Airport
- 18 acres of public open space including natural wetland areas enhanced by walking paths and seating areas
- Regional pathway with pedestrian and bicycle connections to surrounding areas
- Future Fire Hall (currently under construction)
- Close to retail, recreational, medical and educational amenities
- Calgary Transit service through the Business Park with bus connections to LRT
- Architectural and development controls that will create a business environment conducive to success.

## 2.0 Lots for Sale

All remaining lots in Royal Vista Business Park are being sold on the open market by direct negotiation including advertising on the [www.calgary.ca/realestate](http://www.calgary.ca/realestate) website until sold. The City reserves the right not to accept any offer.

All sales require approval by the General Manager of Asset Management and Capital Works, who has delegated authority on behalf of Council to approve the transactions. There is no restriction on the number of lots that may be purchased. Multiple lots purchased that are adjacent to each other must be consolidated by plan of survey on closing. Purchasers can enter into negotiations directly with The City or through a licensed real estate broker of their choice.

### Asking Price

Available land for sale in Royal Vista Business Park and the asking price is outlined in Attachment A – Lots for Sale and Asking Price. Asking Prices may be adjusted from time to time without notice so it is advisable to check the website at the time of making a submission.

### Land Use

Refer to Attachment E for a list of permitted and discretionary uses for the I-B lots. The I-B lots fall under the Industrial Business District of Land Use Bylaw 1P2007. A copy of the Land Use Bylaw is available at [www.calgary.ca/landusebylaw](http://www.calgary.ca/landusebylaw). The Land Use on the remaining lots have recently been amended to allow for expanded height. The new height is 24m, increased from 16m.

The Office of Land Servicing & Housing has no influence on planning and development applications submitted to the Approving Authority and subsequent approval conditions. All inquiries regarding land uses should be made through the Development and Building Approvals business unit by calling 3-1-1 (out of town call 1-403-268-2489). It is recommended that due diligence be carried out prior to submitting an offer to determine if your proposed use(s) and development will meet the requirements of the Land Use Bylaw.

### Architectural and Development Design Guidelines

Royal Vista Business Park is subject to Architectural and Development Design Guidelines which are registered on Title to the individual lots. Refer to Attachment D for a copy of the Guidelines.

### 3.0 Terms and Conditions

Building Commitment:	Commence Construction within 24 months of the Closing Date ("Building Commitment Date").  "Commence Construction" is defined as the completion of all footings and either the structural slab or foundations required for the development.
◆ <i>Extensions</i>	One 6 month no-fee extension Two further 6 month extensions shall be granted at a cost of \$7,500.00 per acre for each extension. Any extensions to the building commitment shall also extend the Option period.
◆ <i>Default</i>	A registered Option to Repurchase shall be granted to The City which shall be exercisable for one (1) year commencing from the Building Commitment Date. If the Purchaser has not Commenced Construction within the timeline, The City may exercise the Option.
Payment Terms:	5% deposit upon acceptance of Vendor's proposal letter in response to Purchaser Application Form with balance due on the Closing Date.
Service Connection Fee:	A prepayment towards the Service Connection Fee shall be due and payable on Closing. The Fee shall be \$95,000.00 for the first lot, and \$40,000.00 for each additional adjacent lot purchased and consolidated.
Due Diligence Period:	45 days from Corporate Approval. Due diligence condition must be waived or satisfied in writing. No extensions shall be granted.
Assignment/Transfer:	Substitutions to corporate names or requests for alternate corporations to hold title will only be accepted until the due diligence period is waived. <b>NO CHANGE OR SUBSTITUTION OF A CORPORATE NAME WILL BE ALLOWED THEREAFTER.</b> A purchaser corporation must be either a registered Alberta Corporation or a corporation extra-provincially registered in Alberta.
Minimum Cost of Development:	The minimum cost of development to construct the building must be 1.75 times the value of the land purchased.

Finder's Fee:

It is not necessary to use a licensed real estate broker when purchasing industrial land from The City. However, at the discretion of the Office of Land Servicing & Housing, Finder's Fees will be paid to a licensed brokerage registered under the *Real Estate Act* where they are considered a "cause of sale" as follows:

3% on sales to \$1,000,000.00  
2% on the balance

No Finder's Fee is payable to a realtor who is a purchaser or director of the purchaser corporation. Nor will Finder's Fees be paid on any transactions that do not close. Finder's Fees plus GST are payable after Closing.

## 4.0 Making an Offer

### How to make an offer to purchase

**Step one:** Become familiar with the restrictions and responsibilities related to purchasing a lot in the Royal Vista Business Park outlined in all attachments.

**Step two:** Obtain the documents required to accompany the Purchaser Application Form.

### To be considered, a submission must be complete and include the following:

- Completed Purchaser Application Form (Attachment B)
- Alberta Corporate Search carried out within the last 30 days for the Corporation that is to appear on Title
- Letter from the Purchaser acknowledging realtor representation (*if applicable*)
- Description of proposed development, including specific uses anticipated for the site

### SUBMISSION DELIVERY:

**In person, by courier, or email:**

Office of Land Servicing & Housing  
6<sup>th</sup> Flr., 133 – 6<sup>th</sup> Avenue SE  
Calgary, AB T2G 4Z1  
Phone: (403) 268-8979

Attention: Angela DeCaria, Senior Sales Negotiator  
[Angela.decaria@calgary.ca](mailto:Angela.decaria@calgary.ca)

OR

Attention: Simon Reddish, Sales Negotiator  
[Simon.reddish@calgary.ca](mailto:Simon.reddish@calgary.ca)



## 5.0 Frequently Asked Questions

### What happens if the Purchaser Application Form is accepted?

The Industrial Land Sales Representative will respond with a proposal letter outlining the fundamental terms and conditions for signature as to acceptance by the proposed purchaser. The accepted proposal letter shall be returned to the Industrial Land Sales Representative together with a deposit cheque representing 5% of the purchase price.

Once signed and returned, the Industrial Land Sales Representative will then prepare a Land Report which is presented to the Management Real Estate Review Committee for approval by the General Manager of Asset Management and Capital Works, as delegated authority on behalf of City Council. Upon approval, the Purchaser will be informed in writing and the due diligence period begins.

Prior to the Purchaser entering upon the Property to commence their due diligence, The City will provide written consent to access City-owned land.

At the time of closing/possession, the remainder of the purchase price together with the Servicing Fee is due and payable. Title to the Property is transferred to the Purchaser upon payment in full.

The sale is subject to the parties formalizing an Agreement of Purchase and Sale and Option to Repurchase prepared by The City of Calgary Law Department.

Once the Land Report is approved and the due diligence condition has been waived, The City's Law Department prepares the Agreement of Purchase and Sale and Option to Repurchase and forwards it to the Purchaser's solicitor for review and execution by the Purchaser.

Default under the terms of the Agreement of Purchase and Sale and Option to Repurchase has serious consequences. Purchasers need to ensure they are familiar with their responsibilities as described in the executed agreements.

### Where do I obtain engineering and servicing information?

Engineering information is available by contacting 403-268-2216. The cost of service connections and driveway crossings are the Purchaser's responsibility. On Closing, the Purchaser is required to pay \$95,000.00 for the first lot, and \$40,000.00 for each additional adjacent lot purchased and consolidated (the "Fee") as a prepayment towards service connections and driveway crossings.

One copy of the development site servicing plans must also be submitted to The City of Calgary to ensure they will tie in to existing utilities. For submission details call 403-268-2216 (business) or 403-537-3099 (fax). It is recommended this be done early in the development permit application process. Refer to Attachment C - Engineering and Servicing Requirements for further information in this regard.

**When can I apply for a development permit?**

Once the due diligence period has been waived, the Purchaser can move forward with development plans. It is mandatory the Purchaser's development permit drawings are approved by the Royal Vista Design Review Committee (RVDR) to ensure compliance with the Architectural and Development Guidelines prior to making a development permit application. The Purchaser will then be provided with the authority to apply for a development permit. Refer to Attachment D - Architectural and Development Guidelines for further information.



## Submitting an Application

**Step 1:** Become familiar with the restrictions and responsibilities related to purchasing a lot/parcel from Saskatoon Land outlined in the attachments.

**Step 2:** Obtain the documents required to accompany the Purchaser Application Form.

Completed Purchaser Applications can be sent to either:

Jeremy Meinema at [jeremy.meinema@saskatoon.ca](mailto:jeremy.meinema@saskatoon.ca)

Colleen Hassen at [colleen.hassen@saskatoon.ca](mailto:colleen.hassen@saskatoon.ca)

or by courier to the above noted at:

201 3rd Ave N  
Saskatoon, SK S7K 2H7



[www.saskatoon.ca](http://www.saskatoon.ca)

# Industrial Purchaser Application Form

## Document Checklist

- Completed Industrial Purchaser Application Form
- Saskatchewan Corporate Search carried out within the last 30 days for the corporation that is to appear on title
- Letter from the purchaser acknowledging licensed real estate representation
- Brief description of proposed development, for information purposes only, including:
  - Proposed land use(s); and
  - Construction time lines.

## Industrial Purchaser Application Form

Please complete this form if you are interested in purchasing land from Saskatoon Land. The information you provide is not an offer or a contract and does not constitute an interest in land. The purpose of this form is to provide information to Saskatoon Land regarding a desire to purchase property.

The completion and tendering of the form in no way obligates the applicant to purchase the property in question and is not in any way binding upon Saskatoon Land. It is for information purposes only.

Saskatoon Land will review the form and contact you to confirm whether or not Saskatoon Land will consider your application for negotiation. Saskatoon Land reserves the right to negotiate with only those parties it determines, in its sole discretion. Saskatoon Land reserves the right to amend or abandon any property listing without accepting any Industrial Purchaser Application Form.



Property Requested			
Lot		Block/Parcel	Plan #
Civic Address			
ISC Parcel #			
Purchase Price Total (\$)		Per Acre (\$)	
Contact Information			
Name to Appear on Title			
Contact Person			
Phone #		Fax #	
Email			
Address			
City			
Province/State		Postal/Zip Code	
GST Registration #			
Lawyer Information			
Name & Firm			
Phone #		Fax #	
Email			
City			
Address			
Province/State		Postal/Zip Code	



## Industrial Purchaser Application Form

### Licensed Realtor Involvement (if applicable)

\*If using a licensed real estate associate, all negotiations must take place through them. Licensed realtors involved in the transaction that are directors or shareholders of the company purchasing the property will not receive any form of commission.

Associate's Name & Firm	
Associate's Phone #	
Associate's Fax #	
Associate's Email	

The proposed corporation that is to hold title to the property must be either a corporation incorporated in Saskatchewan or a corporation extra-provincially registered in Saskatchewan. The ability to change the corporation that is to hold title can only be made prior to offer acceptance. No change of a corporate entity will be allowed thereafter.

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

This information is collected under the authority of Section 33 of the *Freedom of Information and Protection of Privacy Act* and for the purpose of property sale transactions within the City of Saskatoon. It is protected by the privacy provisions of the *Freedom of Information and Protection of Privacy Act*.

## Standard Terms & Conditions (please refer to the accompanying lot information package for further information)

### 1. Deposit/Closing Date/Possession/Adjustment Date:

- (i) 10% deposit due within 10 days of offer acceptance.
- (ii) Sixty (60) days following acceptance of the Saskatoon Land proposal letter or as agreed to between the vendor and purchaser.

### 2. Conditions Precedent:

- (i) Approval of the sale by the General Manager of Asset and Financial Management.

### 3. Special Terms and Conditions:

- (i) A building commitment will be imposed for the commencement of construction to be satisfied within thirty six (36) months from the closing date.
- (ii) The purchaser to grant the vendor an option to repurchase as security for the fulfillment of the building commitment which will be registered on title on the Closing Date.
- (iii) The property is sold "as is" and the purchaser shall assume all responsibility and liability including any environmental matters existing as of the Closing Date.
- (iv) Real Estate Commissions to be paid based on the following:
  - 5% for the first \$1 million.
  - 3% for any amounts above \$1 million to a maximum payment of \$150,000.
- (v) The property is subject to architectural controls which may be registered on title.
- (vi) The purchaser further agrees to grant the City of Saskatoon, Saskatchewan Telecommunications, Saskatchewan Power Corporation, SaskEnergy Incorporated, and any utility agency any easements, which may be required by any or all of the said agencies at no cost.



# CITY OF SASKATOON COUNCIL POLICY

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**NUMBER**  
C09-033

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<b>POLICY TITLE</b> <i>Sale of Serviced City-Owned Lands</i>	<b>ADOPTED BY:</b> <i>City Council</i>	<b>EFFECTIVE DATE</b> <i>February 10, 2003</i>
		<b>UPDATED TO</b> <i>December 3, 2007</i>
<b>ORIGIN/AUTHORITY</b> <i>Clause 3, Report No. 1-2003 of the Land Bank Committee and Clause 3, Report No. 20-2007 of the Executive Committee</i>	<b>CITY FILE NO.</b> <i>CK. 4215-1</i>	<b>PAGE NUMBER</b> <i>1 of 4</i>

## 1. PURPOSE

To establish general guidelines to be followed by the Administration in pursuing the sale, or responding to requests for direct purchase or long-term lease, of city-owned lands.

## 2. DEFINITIONS

- 2.1 Newly Created Lots – new lots developed under the City’s Land **Development Business Line Bank Program** and sold through **Saskatoon Land, Asset and Financial Management** the Land Branch, Community Services Department.
- 2.2 Long-term Lease – a lease of industrial land as outlined in the Industrial Land Incentives Program, City Council Policy - C09-009.

## 3. POLICY

When the City of Saskatoon decides to sell land, it will do so using competitive bidding **or open market approaches** ~~practices~~ appropriate to the category of land being sold and to the extent it is practical and prudent to do so. The Administration may entertain or pursue direct sale or lease of land under limited situations and provided appropriate controls are in place to prevent speculation.

- 3.1 The competitive bidding **approaches** ~~practices~~ for various categories of land are as follows:
- a) Residential lots
    - i) Newly created lots **can be** ~~are~~ sold to individuals and contractors through a public lot draw process in conformance with City Council Policy C09-006 - Residential Lot Sales.

# CITY OF SASKATOON COUNCIL POLICY

NUMBER C09-033
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POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Sale of Serviced City-Owned Lands</i>	<i>February 10, 2003</i>	<i>December 3, 2007</i>	<i>2 of 4</i>

- ii) **Newly created lots can be sold in bulk groupings to contractors through a public tender process.**
  - iii) Lots not sold at the completion of the lot draw process will be sold on a first-come, first served basis. **If lots are offered through public tender prior to a lot draw, unsold lots can be sold through a lot draw or over the counter on a first-come, first-served basis.**
  - iiii) Lots that have been identified for marketing purposes by the **Director of Saskatoon Land Manager** for sale to eligible **contractors homebuilders** for show homes in conformance with City Council Policy C09-010 – Residential Lot Sales – Show Home Policy.
- b) Multiple Unit Residential, Institutional, Commercial and Industrial properties
- i) Newly created lots and parcels are sold through a public tender process.
  - ii) Lots or parcels, which have not been sold at the completion of the public tender process, will be sold on a first-come, first-served basis.
- c) Tax Title Property
- i) Unless such lands are retained for civic use purposes, these properties are first sold through a public tender process.
  - ii) Such properties, which have not been sold at the completion of the public tender process, will be sold on a first-come, first-served basis.

### 3.2 **Newly created Multi-Unit Residential, Institutional, Commercial and Industrial properties can be offered for sale through open market (standard terms) or open market (with criteria) approaches as follows:**

- a) **Open Market (standard terms) - lots or parcels are offered for sale publicly in an open and transparent manner based on standard terms. Applications for purchase will be accepted by the City. The City, at its sole discretion, will identify a potential purchaser from these applications based on compliance with the standard terms and price.**



# CITY OF SASKATOON

## COUNCIL POLICY

NUMBER  
C09-033

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Sale of Serviced City-Owned Lands</i>	<i>February 10, 2003</i>	<i>December 3, 2007</i>	<i>3 of 4</i>

**A Sale Agreement for the sale of the property may then be negotiated between the parties.**

- b) **Open Market (with criteria) – lots or parcels are offered for sale publicly with a defined set of criteria and performance objectives. Proposals are submitted and evaluated in accordance with a proponent’s ability to meet the defined criteria and are considered binding on both the City and Proponent once accepted.**

3.23 The Administration may pursue or entertain direct sale or long-term leases under the City’s Industrial Land Incentives Program of civic lands when one or more of the following conditions are present:

- a) A business interest is proposing a development for which a serviced site currently does not exist and which is of a configuration or size, which would not normally be for sale through public tender.
- b) A business interest is seeking a site, which is of a configuration, or size, which requires the combination of a number of adjacent sites or contiguous sites.
- c) A situation which involves extending an option to purchase to adjacent existing owners to directly purchase lots which would facilitate expansion prior to offering for tender.
- d) A situation where direct sales would create an impetus for sale or relocation to a new form of land use site.
- e) A situation where it is in the City’s interest to undertake an initiative to purchase a property and provide in exchange a suitable comparable property in another location.
- f) A situation where a remnant parcel is not needed by the City and could be sold to an adjacent property owner.
- g) A situation where it is in the City’s interest to sell a particular parcel of un-serviced land to a developer or a land exchange between the City and a land developer.

# CITY OF SASKATOON COUNCIL POLICY

NUMBER C09-033
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POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
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- h) A situation where a registered non-profit corporation is seeking a site for development of a community center or similar project or a housing project directed at the provision of affordable housing units or special needs housing.
- i) A situation where a utility company or government agency requires a site for a specific purpose.
- j) A situation where a disposable parcel of land is suitable for affordable housing purposes or special needs housing and has been offered through the Saskatoon Housing Initiatives Partnership.

## 4. RESPONSIBILITIES

### 4.1 City Council

- a) Receive and consider recommendations from the **Standing Policy Committee on Finance** ~~Land Bank Committee~~ for amendments to this policy; **and**
- b) Approve amendments to this policy when and as required; ~~and~~
- e) ~~Approve specific proposals for direct sale or long-term lease.~~

### 4.2 ~~Land Bank Committee~~ Standing Policy Committee on Finance

- a) Receive and consider recommendations from ~~the~~ **Saskatoon Land, Asset and Financial Management** ~~Community Services Department~~ for amendments to this policy;
- b) Provide recommendations to City Council for amendments to this policy when and as required; and
- c) ~~Recommend~~ **Approve** specific proposals for direct sale or long-term lease.

# CITY OF SASKATOON COUNCIL POLICY

NUMBER
C09-033

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Sale of Serviced City-Owned Lands</i>	<i>February 10, 2003</i>	<i>December 3, 2007</i>	<i>5 of 4</i>

4.3 ~~Community Services Department – Land Branch~~ **Asset and Financial Management Department - Saskatoon Land**

- a) Prepare and submit recommendations for amendments to this policy when and as required;
- b) Recommend to the **Standing Policy Committee on Finance** ~~Land Bank Committee~~ **the preferred land disposition method for newly created lots and** specific proposals for direct sale or long term lease; and
- c) **Recommend sale of land parcels under the open market approaches for approval of the CFO/General Manager, Asset and Financial Management Department; and**
- ed) In negotiating a fair market value for the direct sale or long term lease of lands, the **Director of Saskatoon Land Manager** shall ensure that such value is comparable to other land sales in the vicinity taking into account such factors as size, configuration, location characteristics and environmental and serviced condition. In the case of land exchanges, the **Director of Saskatoon Land Manager** shall ensure that an independent market appraisal has been completed as part of the negotiation process.

# CITY OF SASKATOON COUNCIL POLICY

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NUMBER  
C09-006

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<b>POLICY TITLE</b> <i>Residential Lot Sales – General Policy</i>	<b>ADOPTED BY:</b> <i>City Council</i>	<b>EFFECTIVE DATE</b> <i>September 9, 1991</i>
		<b>UPDATED TO</b> <i>September 9, 2013</i>
<b>ORIGIN/AUTHORITY</b> <i>Land Bank Committee Report No. 6-1991, with amendments up to and including Land Bank Committee Report No. 5-2013; Clause 2, Report No. 17-2013 of the Executive Committee</i>	<b>CITY FILE NO.</b> <i>CK. 4110-36 and 4214-1, 1500-1</i>	<b>PAGE NUMBER</b> <i>1 of 5</i>

## 1. PURPOSE

To allow the City to be competitive in marketing City-owned residential lots.

## 2. DEFINITIONS

2.1 Newly-Created Lots - new lots developed under the City's Land Development Business LineBank Program and sold through the Saskatoon Land, Asset and Financial Management DepartmentBranch.

## 3. POLICY

### Lot Draws

Newly-created lots will, subject to the terms and conditions outlined in this policy, be sold to individuals and contractors through a public lot-draw process. The draw will be advertised twice in the local newspaper prior to the lot-draw taking place. Any lots which are not sold at the completion of the draw will be sold on a first-come, first-served basis.

3.1 Use of Lots - Lots sold to individuals are to be used only for construction of personal residences. Lots sold to contractors are to be used for the construction of homes for resale.

3.2 Number of Lots - The City will determine the number of lots which will be drawn for by both individuals and contractors.

a) Individuals are entitled to purchase only one City-owned residential lot every three years.

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- b) The number of lots to be sold to an individual contractor will be governed by City Policy No. C09-001 - “Residential Lot Sales - Contractor Allocations.”
- c) Lots sold during the public lot-draw process are to be allocated on the ratio of 90% for Eligible Contractors and 10% for Individuals.

### **3.3 Public Tender – Bulk Lot Groupings**

**Groupings of newly created lots can be sold to Eligible Contractors in good standing through a competitive public tender process.**

#### **3.34 Payment Terms - A minimum down-payment of 13 percent of the purchase price together with all applicable taxes is required at the time of purchase.**

- a) The prime rate of interest, as set by the City Treasurer on the date of sale (i.e. the date that the receipt is issued), will be charged on the unpaid balance of the purchase price.
- b) The unpaid balance of the purchase price is due and payable in eight months from the date of purchase. If the outstanding balance is not paid in full at this predetermined date, the rate of interest will increase by another five percentage points and will be applied to the unpaid balance.

#### **3.4 Transferring Down-payments - At any time prior to issuing the Transfer of Title, a purchaser may, upon the approval of the **Director of Saskatoon Land Manager**, transfer the down-payment from one lot to another.**

#### **3.5 Assignments - Agreements for sale ~~can be~~ cannot be assigned upon approval of the **Director of Saskatoon Land**.**

# CITY OF SASKATOON COUNCIL POLICY

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- 3.6 Cancellations – When a cancellation occurs before the lease-option agreement has been signed, the purchaser’s down-payment and any taxes paid during the lease period will be fully refunded. When a cancellation occurs after the lease-option agreement has been signed, the purchaser will be charged rent at a rate of 1 percent per month of the selling price for the period during which he/she possessed the lot. The purchaser will receive a refund equal to the difference between the down-payment (including any taxes paid during the lease period) and the rent charged.
- 3.7 Residency Requirement – Individual purchasers are required to maintain the property for their personal residence for a period of four years, commencing upon the time of Title transfer.
- 3.8 Time Frame to Build Requirement – Purchasers are required to build a fully completed residence by obtaining a clear Final Building Inspection within three years, commencing upon the date of the Agreement for Sale.
- 3.9 Enforcement of Residency and Time Frame to Build Requirements
- a) Individual Purchasers - A \$50,000 forgivable mortgage related to both requirements will be registered against each lot sold to an individual purchaser. Forgiveness will be granted for the residency requirement in equal monthly instalments over the final thirty-six months of the four year term that the requirement has been met. No forgiveness will be granted during the first twelve months of the residency term or during the complete term of time frame to build requirement.

The Administration, at its discretion, may consider an extension of up to one year, on the condition the individual adds a year to their residency requirement. The following criteria would be used to determine whether the extension would be granted:

- i) the site has passed inspection at the framing stage of construction;
- ii) the timeline of construction has increased past the original Three Year Time Frame to Build Requirement due to illness, death, marriage breakdown, job transfer, or seasonal construction limitations; and

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- iii) that the individual submits a written request to the **Saskatoon Land Branch**.
- b) Eligible Contractors - Violators of the Time Frame to Build Requirement will be temporarily removed from the Eligible Contractor Listing, until such time as the violation has been rectified in full. Responsibility of the build requirement remains with the original purchaser term regardless of future changes in ownership. The Administration, at its discretion, may extend the Three Year Time Frame to Build Requirement for an Eligible Contractor should all of the following conditions be satisfied:
- i) that the Eligible Contractor has no more than one lot purchased from the City in violation of the Three Year Time Frame to Build Requirement;
- ii) that the Eligible Contractor has purchased at least one single family residential lot from the City in the 12 months preceding from the date of violation of the requirement; and
- iii) that the Eligible Contractor submit a written request for the extension, providing sufficient explanation and supporting documentation identifying the reason for the request and indicating the proposed steps to complete construction, including a completion date that shall not exceed 12 months from the date of request.

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- c) City Mortgage Appeals Board – A Review Board will consider all requests for forgiveness of City Mortgages. All decisions of the Board are final. Forgiveness may be granted where the owner must sell the mortgaged property due to any of the following:
- i) Marriage breakdown;
  - ii) Job transfer involving a move out of Saskatoon;
  - iii) Change of employment involving a move out of Saskatoon;
  - iv) Death of a signatory;
  - v) Any other unanticipated event which, in the Board’s view, make it fair and reasonable to forgive the indebtedness under the mortgage (e.g. serious illness, loss of employment).

Should a request for an extension on the Three Year Time Frame to Build Requirement be denied by the Administration, the individual would be permitted to appeal this decision in front of the Mortgage Appeals Board, whose decision would be final. The Board would consider other unanticipated events and provide up to a one year extension when in the Board’s view, it is “fair and reasonable.”

## 4. RESPONSIBILITIES

### 4.1 Saskatoon Land Branch

- a) Administer the sale of City-owned residential lots in accordance with the terms and conditions set out in this policy.
- b) Recommend changes to this policy, when required, to City Council through the ~~Land Bank~~ **Standing Policy Committee on Finance**.

### 4.2 Standing Policy Committee on Finance ~~Land Bank Committee~~

- a) Receive and consider recommendations from the ~~the~~ **Saskatoon Land Branch** for amendments to this policy.



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- b) Provide recommendations to City Council for amendments to this policy.

#### 4.3 City Council

- a) Receive and consider recommendations from the **Standing Policy Committee on Finance** ~~Land Bank Committee~~ for amendments to this policy.
- b) Approve amendments to this policy when and as required.



Saskatoon Land [www.saskatoon.ca](http://www.saskatoon.ca)  
201 Third Avenue North  
Saskatoon, SK S7K 2H7

tel (306)975-3278  
fax (306)975-3070

February 17, 2016

Dear Real Estate Broker

Thank you for taking time to discuss the new land sales processes being considered by the City of Saskatoon (City). As discussed during our brief phone call, Saskatoon Land is proposing to add new land sales methods to City Council's land sales policy. As a valued broker who facilitates land sales on behalf of the City, we are interested in your feedback on the proposed changes.

Under current policy, industrial/commercial lands can be sold by competitive public tender to the highest bidder or over the counter at the reserve bid price on first come, first-served basis. To provide additional flexibility in offering serviced industrial and commercial land to the market, the Administration is suggesting the addition of two processes, which includes, open market (standard terms) and open market (with criteria). Rather than simply selecting the highest bidder for a particular land parcel, the new approaches would allow the Administration to weigh offers on land parcels and consider elements other than price submitted in a given offer.

#### Open Market (standard terms)

Characteristics of this method include a sales process that is conducted in a fair, open and transparent manner. Under this approach, asking price and standard terms of sale for a given phase of serviced land parcels would be set by the City. Proponents would provide a certain time period to respond to the land release and submit an offer. While price offered would be a major factor in the consideration of any land offer, the Administration would be able to look at other factors when considering an offer. The process would be similar to that used by a private developer in that no one offer would have to be accepted and negotiations between the City and proponents making the preferred offer would take place. In submitting an offer, completion of a standard application form would be required by the City. Standard terms used in this approach would be identified in the land offering information package and may include compliance with minimal architectural requirements, build commitment, payment terms and conditions precedent.

### Open Market (with criteria)

This method is similar to the request for proposal (RFP) approach used by the City in the past on some land releases for attainable housing projects. Under this approach Saskatoon Land will identify a general vision for the land parcel and outcomes expected through clearly defined criteria.

This process will be beneficial when there is an economic development strategy to attract the right business to a particular location for commercial/industrial properties or to achieve specific housing objectives under the City's Housing Business Plan. In selecting preferred proponents, offers received would be considered by the Administration on pre-defined criteria to determine best combination of price offered and proposal for the respective land parcels. In some circumstances, Saskatoon Land could propose to fix the price of the land parcels and award based on proposal qualities alone. In using this process, Saskatoon Land would expect successful proponents to follow through with construction of improvements that are generally consistent with what was submitted; however, some level of flexibility would be afforded to builders/developers in meeting the overall criteria as long as the integrity of the original project award is maintained. It is generally expected that this land disposition approach would be used in limited situations and that the open market (standard terms) and current competitive bidding approaches would be used most often.

We appreciate you taking time to consider these proposed changes and provide your feedback. Should you have any questions on either of the new processes, please do not hesitate to contact me. In order to meet our report deadline for the Standing Policy Committee on Finance scheduled for March 7, 2016 we are requesting written comments by February 19, 2016.

Sincerely,

**Jeremy Meinema, CPA (CGA)**  
Finance and Sales Manager

February 17, 2016

Dear Multi-Family Builder:

Thank you for taking time to meet and discuss the new land sales processes being considered by the City of Saskatoon (City). As discussed during our brief meeting, Saskatoon Land is proposing to add new land disposition methods to City Council's land sales policy. As a valued multi-family customer, we are interested in your feedback on the proposed changes.

Under current policy, multi-family lands can be sold by competitive public tender to the highest bidder or over the counter at the reserve bid price on first come, first-serve basis. To provide additional flexibility in offering serviced land to the market, the Administration is suggesting the addition of two processes, which includes, open market (standard terms) and open market (with criteria). Rather than simply selecting the highest bidder for a particular land parcel, the new approaches would allow the Administration to weigh offers on land parcels and consider elements other than price submitted in a given offer.

#### Open Market (standard terms)

Characteristics of this method include a sales process that is conducted in a fair, open and transparent manner. Under this approach, asking price and standard terms of sale for a given phase of development parcels would be set by the City. Proponents would be provided a certain time period to respond to the land offering and submit an offer. While price offered would be a major factor in the consideration of any land offer, the Administration would be able to look at other factors when considering an offer. The process would be similar to that used by a private developer in that no one offer would have to be accepted and negotiation between the City and proponents making the preferred offer would take place. In submitting an offer, completion of a standard application form would be required by the City. Standard terms used in this approach would be identified in the land offering information package and include compliance to architectural/development controls, build commitment, payment terms and conditions precedent. Proponents whose offers are desirable would be contacted for negotiation to purchase.

### Open Market (with criteria)

This method is similar to the request for proposal (RFP) approach used by the City in the past on some land releases for attainable housing projects. Under this approach Saskatoon Land will identify a general vision for the land parcel and outcomes expected through clearly defined criteria.

This process will be beneficial when there is an economic development strategy to attract the right business to a particular location for commercial properties or to achieve specific housing objectives under the City's Housing Business Plan. In selecting preferred proponents, offers received would be scored by the Administration on pre-defined criteria to determine best combination of price offered and proposal for the respective land parcels. In some circumstances, Saskatoon Land could propose to fix the price of the land parcels and award based on project qualities alone. In using this process, Saskatoon Land would expect successful proponents to follow through with construction of a development that is generally consistent with what was submitted; however, some level of flexibility would be afforded to builders/developers in meeting the overall criteria as long as the integrity of the original project award is maintained. It is generally expected that this land disposition approach would be used in limited situations and that the open market (standard terms) and current competitive bidding approaches would be used most often.

We appreciate you taking time to consider these proposed changes and provide your feedback. Should you have any questions on the either of the new processes, please do not hesitate to contact me. In order to meet our report deadline for the Standing Policy Committee on Finance scheduled for March 7, 2016 we are requesting written comments by February 19, 2016.

Sincerely,

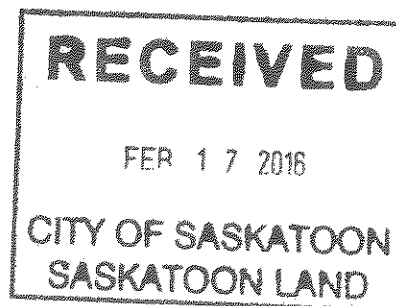
**Frank Long**  
Director of Saskatoon Land



Via Courier

February 17, 2016

Frank Long, Director of Saskatoon Land  
 City of Saskatoon  
 Saskatoon Land  
 201 Third Avenue North  
 Saskatoon, SK S7K 2H7



Dear Frank,

**Re: New Land Sales Processes – City of Saskatoon**

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Thank you for your letter and discussion around the potential new land sales processes being considered by Saskatoon Land. The following are our thoughts (in point form) on the two potential options you have presented.

**Open Market (standard terms)**

- Generally support this option for a number of reasons.
- Allows for good quality developers to secure land and help shape/set the tone for neighborhoods.
- Might ensure that developers develop with an eye for the long-term rather than just short-term gains, if they know their past experience and developments might be taken into account.
- Allows for the potential easing of land prices. We continually have to outbid the last land sale in order to secure land. This is creating somewhat of a false market, which is not sustainable for "affordable" housing in the long-term. Land Prices are being artificially raised in order to secure land to keep business going and people employed.

**Concerns**

- What "other factors" are considered when looking at an offer. As long as these are clearly defined beforehand, this should be acceptable.
- Potential for personality conflicts to arise. We know and expect that civic staff is to be impartial in these matters, but personalities and egos do come into play, it is simply human nature.

**Suggestions**

- Propose that at least 60% of the multi-family land be sold this way.
- Some mechanism where a developer can be assured of those developing around them. Possibly certain developers could be grouped. Certain builders do not build to the same level of quality and we have experienced a decline in sales when located near or next to them.

.../2



Frank Long, Director of Saskatoon Land  
City of Saskatoon  
February 17, 2016

**Open Market (with criteria)**

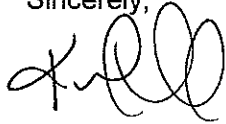
- Generally support this idea with one major qualifier. This be used in very limited circumstances; such as to provide for some special housing need. If it is used frequently, then it is really dictating to the market what the market should be. It should only be used to fill in gaps within the market place.

**Concerns**

- By selling this land cheaper it could give one builder an unfair market advantage over another who is selling very similar products.
- If land is discounted then the actual housing units should be built within the City, so that the economic benefit remains in the city and not with a factory in another jurisdiction.

Please contact me should you have any questions or require clarifications on any of these matters.

Sincerely,



Karl Miller  
President



February 19, 2016

Frank Long  
Director of Saskatoon Land  
201 3<sup>rd</sup> St East  
Saskatoon, SK S7H 1L2

Dear Mr. Long,

Thank you for your letter dated February 10, 2016. We are pleased to be involved in the consultation process of this new initiative.

Upon initial review, we believe there is good merit in the City's proposal. As the leading developer of affordable and entry-level housing in Saskatoon, one of the most significant challenges we have faced in recent years is acquiring land at cost effective prices. We would generally welcome innovative approaches that do not rely solely on price alone. When land acquisition is based solely on price, oftentimes we are not able to compete in bidding wars with developers that build significantly more expensive homes and can afford to pay more for land.

In response to your letter, we offer the following comments on the two new approaches.

#### **Open Market Model (With Criteria)**

We believe the City's RFP process has worked well, and we encourage the City to issue more parcels under that style of process. In fact, in November, 2014, Innovative issued a letter to this effect, outlining the fact that new RFP land for attainable housing had not been made available through the RFP process since May 2012 and that the market would welcome the opportunity to compete on additional parcels offered through this process. Although competitive, the RFP criteria are always clear and transparent, and we feel it brings out the best projects that developers have to offer.

With respect to the criteria outlined in the RFP process, one concern worth noting relates to recent energy efficiency claims of builders. In the past, energy efficiency has been one of the criteria in the City's RFPs, however the City has never requested exact specifications or final certification from builders. This has allowed builders to potentially receive credit for merely offering isolated features such as LED light bulbs and low-flow shower heads, or not following through with proposed commitments altogether. The reality is that for energy efficiency criteria to hold merit, a builder and the units they build must be registered with recognized energy efficiency program such as the Energy Star program. Innovative Residential has invested significant dollars to ensure that all our multi-family units are fully Energy Star certified, and yet it seems that the RFP process and incentive programs sometime do not fully account for this.



**Open Market Model (Standard Terms)**

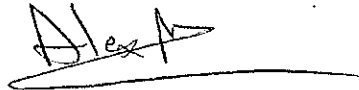
With respect to the Open Market model, we do not yet have enough details to be in a position to offer our full support. While we would welcome the opportunity to purchase land on criteria other than price, we request further clarification on the proposed process and criteria. The proposal states that the process will be conducted fairly and transparently, however in order to be fully transparent, the criteria and vision used to evaluate offers to purchase should be clearly explained in advance. We believe that if the process and criteria are not made fully clear in advance, it can potentially result in issues when the City inevitably has to deny a developer the ability to purchase land. While we understand the desire to operate like a private sector land developer, the reality is that the City is a public entity that acts in additional governmental roles that a private developer does not, and so some conflict of interest can result. Even if there is no conflict of interest, there may be the perception of a conflict of interest.

We believe there is opportunity to make this proposal work, however given that this has the potential to be a very significant change in direction for the City's land program, we request the opportunity to be further engaged in the process to help identify how the criteria, goals, and decision making process would work.

Sincerely,



Tyler Mathies  
Co-Founder and CEO



Alex Miller  
Co-Founder and CEO, Operations

## Long, Frank (AF - Saskatoon Land)

---

**From:** McClocklin, Tom <Tom.McClocklin@colliers.com>  
**Sent:** Tuesday, February 23, 2016 12:30 PM  
**To:** Long, Frank (AF - Saskatoon Land)  
**Subject:** Land Sales Process

Frank,

I am responding to your letter of February 10<sup>th</sup> regarding proposed changes to the land sales process the City of Saskatoon currently follows.

### Current Tender Process

- The current process followed through direct tender to the highest bidder has many positive attributes including simplicity and transparency to all parties involved. It eliminates negotiation, influence and any grayness in the process and has proven to maximize value to the City. Many times bids are above the reserve price for the most desirable parcels of land due to the competitive process. One additional comment on the reserve bid process is that it provides stability in land pricing.

### Open Market (standard terms)

- This process we believe could be most effective when used in conjunction with the Tender process. Properties would be brought to market by tender and if no bids at the reserve price and standard bid terms were received then this process could be used allowing for potential purchasers to propose alternate terms – such as price and timing.
- The open market process on its own (without the tender first) will put the City in the position of possibly having to choose one purchaser over another and “pick a winner” thereby reducing some of the transparency that currently exists. This may result in Saskatoon Land being put in some difficult positions in dealing with buyers/developers.

### Open Market (with criteria)

- We understand there may be situations that arise whereby the city wants to accomplish certain goals and therefore a process such as this would be required. We understand this will be rare in its use.

### Other comments

- Direct Sales rules – it would be beneficial to clarify the direct land sales rules to our industry. There seems to be a lack of clarity under what circumstances the city may consider a direct sale. If it were clarified it would help us communicate with prospect purchasers of land and present more opportunities to the City for consideration.

Thank you for the opportunity to provide input and we would be pleased to discuss further.

Regards,

**Tom McClocklin** CPA, CA  
President and Managing Director | Saskatchewan  
Direct +1 306 664 1210 | Mobile +1 306 221 2665 | [View my profile](#)  
[Tom.McClocklin@colliers.com](mailto:Tom.McClocklin@colliers.com)

### Colliers International

728 Spadina Crescent East | Saskatoon, SK S7K 3H2 | Canada  
Main +1 306 664 4433 | Fax +1 306 664 1068



## Meinema, Jeremy (AF - Saskatoon Land)

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**From:** Kevin Clackson <kevin@thecommercialgroup.ca>  
**Sent:** Monday, February 22, 2016 10:45 AM  
**To:** Meinema, Jeremy (AF - Saskatoon Land)  
**Subject:** Re: New Sales Method

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Morning Jeremy, sorry for the delay in responding to the proposed revisions as outlined in your attached. I see the options as good additions to current policies; but have some concerns that it would allow the administration to decide to sell or not parcels, that were being purchased by speculators/developers, thereby restricting sales. This is not a function that I believe is beneficial to the growth of the City, as developers and speculators drive many sales of lands in all facets of our City. Selling lands and generating revenues for the City and the increased tax base is important, and by placing any type of restrictions on land sales will only hamper not help the growth of our City.

Happy to discuss other thoughts and ideas, and appreciate the opportunity to voice my opinion.  
Regards,

### Kevin Clackson

Client Advisor / Broker

306 221 0692

[kevin@thecommercialgroup.ca](mailto:kevin@thecommercialgroup.ca)

The Commercial Group



[thecommercialgroup.ca](http://thecommercialgroup.ca)

The Commercial Group Saskatoon Real Estate Corp.

"why fit in when you were born to stand out" ~ Dr. Seuss

**From:** John Kachur [<mailto:john.kachur@icrcommercial.com>]

**Sent:** Friday, March 04, 2016 9:16 AM

**To:** Long, Frank (AF - Saskatoon Land)

**Subject:** Summary New Land Sales Methods

Dear Frank,

We appreciate yourself and Jeremy taking the time to meet with us and giving us the opportunity to voice our opinions regarding some of the proposed sales procedures in Open Market and Open Market Standard Terms. Although we feel that the City has done a tremendous job in maintaining and monitoring the supply and demand in our land market and have a good foundation in place, we do feel there is a place for these methods to some degree.

With the Open Market Standard Terms we feel that it is important that this method be used on “prime” parcels. There are “good” parcels and what are “prime” parcels. Major Corners on high traffic streets for instance are where we feel this might be applied best. Further to that, we feel that a timeframe with which to develop for 5 years is appropriate as the market will often dictate when a Developer decides to build. As for having a development plan, there would have to be some flexibility in that what a developer might envision building initially at the time of acquiring the land, might not be what the market calls for 2-5 years down the road, depending on supply and demand, or lack thereof of a certain product. The plan today might not be the plan tomorrow as even though Saskatoon is growing, we are still a small market compared to other larger Canadian cities and things change quickly. We also don’t want an abundance of a certain product as that will have a negative effect on the market as well. So, if a developer was required to submit a plan at the time of acquiring the land, he should have some flexibility in altering that development down the road if need be. The other issue is that many developers are reluctant to “show their cards” sort of speak and sharing their ideas openly, so you wouldn’t want to deter these types of developers from stepping forward. They don’t want a competition in these cases, they trust the zoning bylaws and architectural guidelines and requirements to set the bar for what they need to do or follow. As long as the playing field is equal, this system holds merit. We do understand that the City may qualify the developer and the offer they choose, but this should be something that has process and structure and cannot be deemed unfair. We see the importance of keeping up a standard in a certain area or location as being imperative to neighboring investors and developers, so see this method as helping achieve that.

On the Open Market With Criteria, we still feel there is a place for this type of process as well. The RFP type of process opens the door to a wealth of ideas. Again flexibility would be of importance as sometimes the initial plan is not always the one that makes the most sense.

Sincerely,

The ICR Partners

Best regards,



**John Kachur**, Partner  
Senior Sales Associate  
ICR Commercial Real Estate  
840 - 48th Street East  
Saskatoon, SK S7K 3Y4  
P 1.306.933.2929 x412 C 1.306.261.7343  
E [john.kachur@icrcommercial.com](mailto:john.kachur@icrcommercial.com)

Disclaimer - March 4, 2016 This email and any files transmitted with it are confidential and intended solely for **Long, Frank (AF - Saskatoon Land)**. If you are not the named addressee you should not disseminate, distribute, copy or alter this email. Any views or opinions presented in this email are solely those of the author and might not represent those of **ICR Commercial Real Estate**. If you wish to stop receiving emails from ICR, please reply to this message and change the subject line to **UNSUBSCRIBE**. [ICR Privacy Policy](#)

**From:** Chris Luczka [<mailto:chris.luczka@baydo.ca>]  
**Sent:** Thursday, March 17, 2016 3:49 PM  
**To:** Long, Frank (AF - Saskatoon Land)  
**Cc:** 'Stephen Gray'; [archive@baydo.ca](mailto:archive@baydo.ca)  
**Subject:** RE: Baydo Feedback Letter

Hi Frank,

First, I want to say thank-you for asking for feedback on the proposed changes to the multi family land purchase process. I am glad to see that the city land branch is taking steps to ensure that multi-family land is being sold to qualified builders, and for allowing the building community to have a voice.

As a land developer, you have a vision for the neighbourhood. It is impossible to achieve that vision if you do not have a level of trust and standard of competency for people that are building large pieces of it. The current sealed bid process does not take either of these factors into consideration.

I feel that this new process is a positive change. It will help eliminate speculative land purchasers who have no intention to build projects. There are many pieces of land which have been sold for years and have no signs of development. These speculative purchases delay the completion of our new communities and tarnish the image of the neighbourhood.

As an active builder, we prefer the "open market" sales process where we do not have to bid an exorbitant price to ensure that we have future land to build on. We will continue to build quality products, as long as we have consistent access to quality land. As a client of the Saskatoon Land Branch for the past 5 years, we have purchased parcels of land over the counter, through the RFP process, and through sealed bid. I think the new processes would be a good change and will bring the Saskatoon land branch more in line with the way other developers in the city sell land (North Ridge, Dream, and Arbutus).

Thanks again, and I look forward to seeing these new changes implemented as soon as possible.

Regards,

**Chris Luczka | V.P. Finance**  
**Baydo Development Corp**  
104 - 502 Cope Way  
Saskatoon, SK S7T 0G3

[chris.luczka@baydo.ca](mailto:chris.luczka@baydo.ca)  
Direct: 306-986-0245  
Fax: 306-974-1737