City of Saskatoon

PUBLIC AGENDA
STANDING POLICY COMMITTEE ON FINANCE

Monday, December 4, 2017, 2:00 p.m.
Council Chamber, City Hall
Committee Members:

Councillor A. Iwanchuk, Chair, Councillor R. Donauer, Vice Chair, His Worship Mayor C. Clark (Ex-Officio), Councillor C. Block, Councillor B. Dubois, Councillor M. Loewen

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 Regular Meeting of the Standing Policy Committee on Finance held on October 30, 2017 be adopted.

5. UNFINISHED BUSINESS

6. COMMUNICATIONS (requiring the direction of the Committee)

6.1 Delegated Authority Matters

6.1.1 Statement of Work - Internal Auditor - Parks Internal Audit Project [File No. CK. 1600-14] 6 - 9

A report from PricewaterhouseCoopers LLP, Internal Auditors, is provided.

Recommendation
That the Statement of Work - Internal Auditor - Parks Internal Audit Project, provided by PricewaterhouseCoopers LLP, be approved.

6.2 Matters Requiring Direction

6.3 Requests to Speak (new matters)

7. REPORTS FROM ADMINISTRATION

7.1 Delegated Authority Matters

7.1.1 Internal Audit Budget Information Update – November 2017 [File No. CK. 1600-3 and AF. 1600-1] 10 - 15

Recommendation

That the information be received.

7.1.2 2017 Year-End Update on Key Strategic Risks [File No. CK. 1600-3 and AF. 1600-1] 16 - 57

Recommendation

That the information be received.

7.1.3 Carrying Costs of Serviced Land Holdings [File No. CK 4020-1, AF 4110-1 and LA 4110-1] 58 - 60

Recommendation

That the information be received.

7.1.4 Reoffering of Single-Family Lots – Open Market Sales Approach for 2018 Sales [File No. CK. 4215-1, AF. 4110-1 and LA. 4110-1] 61 - 70

Recommendation

1. That the Director of Saskatoon Land be authorized to reoffer lots in inventory in the Parkridge, Evergreen, Hampton Village, and Rosewood neighbourhoods through an open market (standard terms) sales approach in compliance with the terms and conditions outlined in the report of the CFO/General Manager, Asset and Financial Management dated December 4, 2017; and

2. That payment terms for all single-family lots in inventory include no interest being charged for the first 12 months of the lot being under an Agreement for Sale be approved.

7.1.5 Extension of Single-Family Lot Sales Incentives [File No. CK. 4215-1, AF. 4131-1 and LA. 4110-1] 71 - 77

Recommendation

That the extension of front-driveway and front-landscaping rebate incentives for 2018 single-family lots sales be approved as outlined in this report.

7.1.6 Additional Audit Fees 2016 Year-End – External Auditor [File No. CK. 1610-9 and AF. 1610-1] 78 - 80

Recommendation

That the invoice from Deloitte in the amount of $5,350, plus GST and PST, for additional audit fees for completion of the 2016 year-end financial audit be approved for payment.

7.2 Matters Requiring Direction

7.2.1 Saskatoon Regional Economic Development Authority Inc. – 2017/2018 Report [File No. CK. 1870-10, AF.1870-10 x 3500-1] 81 - 96

Mr. Alex Fallon, President and Chief Executive Officer, Saskatoon Regional Economic Development Authority Inc., has requested to speak with respect to their submitted report which is attached to the Administrative report.

Recommendation

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

1. That a bonus payment of $116,625 to the Saskatoon Regional Economic Development Authority Inc. be approved; and
2. That the Saskatoon Regional Economic Development Authority Inc.'s 2018 Performance Indicators and Targets be approved.

7.2.2 Saskatoon Regional Economic Development Authority Inc. – Business Incentives – 2017 Tax Abatements [File No. CK. 3500-13, AF. 3600-2-1 x 1965-1] 97 - 100

Recommendation

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

7.2.3 Tourism Saskatoon Destination Management Services Agreement [File No. CK. 1870-10 and AF.1870-1] 101 - 103

Recommendation

That the Standing Policy Committee of Finance recommend to

City Council:

1. That the Destination Management Services Agreement between the City of Saskatoon and the Saskatoon Visitor & Convention Bureau Inc. for the term January 1, 2018 to December 31, 2022 be approved; and

2. That the City Solicitor prepare the necessary agreement in accordance with the terms set out in the report of the CFO/General Manager, Asset and Financial Management dated December 4, 2017 and that His Worship the Mayor and the City Clerk execute the agreement under the Corporate Seal.

7.2.4 Municipal Asset Management Program Grant [File No. CK. 1860-1 and AF. 1860-002] 104 - 106

Recommendation

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

1. That the Administration apply for a grant from the Federation of Canadian Municipalities' Municipal Asset Management Program for the Culvert Assessment and Drainage Study project; and

2. That if approved for the grant funding, the City of Saskatoon

    1. commit to conducting the activities proposed in the application to the Federation of Canadian Municipalities; and

    2. increase Capital Project No. 1619 TU – Storm Sewer Trunk and Collection for the amount of approved grant funding and commit the City of Saskatoon's share of this initiative from the already existing 2018 Budget in Capital Project No. 1619.

7.2.5 Property Tax: Recognition of Unique Property Impacts [File No. CK. 1616-1 and AF. 1620-1] 107 - 111

Recommendation

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

7.2.6 Transfer of Unpaid Utilities to Property Tax [File No. CK. 1550-1 x 1920-1 and AF. 1550-1] 112 - 114

Recommendation

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

1. That the Landlord-Tenant Agreement be amended as outlined in the report of the CFO/General Manager, Asset and Financial Management dated December 4, 2017;
2. That the City Solicitor be instructed to amend the Landlord-Tenant Agreement; and
3. That the City Solicitor be instructed to amend the Rules and Regulations sections as required in Bylaw No. 7567, The Waterworks Bylaw, 1996 and Bylaw No. 2685, otherwise known as The Electric Light and Power Bylaw.

7.2.7 An Overview of Municipal Development Corporations [File No. CK. 4000-1, x 1600-24 and CC. 4000-1] 115 - 144

Recommendation

That the report of the City Manager, dated December 4, 2017, be forwarded to City Council for information.

8. URGENT BUSINESS

9. MOTIONS (notice previously given)

10. GIVING NOTICE

11. ADJOURNMENT

Statement of Work

City of Saskatoon Parks Internal Audit Project

Submitted November 28, 2017 for SPC on Finance December 4, 2017

November 28, 2017

November 28, 2017

City of Saskatoon SPC on Finance
222 Third Avenue North
Saskatoon, Saskatchewan S7K 0J5

Statement of Work – Internal Audit Plan – Parks

Recommendation:

1) That the enclosed Statement of Work for the Parks Internal Audit Project be approved.

Please find enclosed the Statement of Work for the above referenced project. Note that the total proposed scope of the project is 525 hours. We anticipate commencing further detailed planning and preparation immediately upon approval of the Statement of Work by the SPC on Finance.

Yours truly,

PricewaterhouseCoopers LLP

Jesse Radu, CPA, CA
Partner

1. Background

The City of Saskatoon (the "City") Strategic Risk Register contains risk QL-1, which is that "The City may not be investing sufficient funds in its parks infrastructure to maintain an acceptable condition and level of service". This risk was identified as a medium priority for City Council, and based on the risk rating exercise conducted by Corporate Risk has a residual risk severity of 3.7 (which represents "medium" residual risk). Internal Audit has been requested to perform a project that will assist in addressing the risk outlined above by. This project is to be carried out subject to the "Internal Audit Services Agreement" dated January 1, 2015 between the City of Saskatoon and PricewaterhouseCoopers LLP and the approved 2017 annual audit plan.

2. Scope

As part of our audit planning, we have taken into account research performed by our team (including information regarding service levels and asset management plans presented to Committees of City Council during the month of October 2017) combined with discussions with relevant stakeholders.

The scoping for this internal audit project will be limited to the largest service line in Parks (Park Maintenance and Design) which has a total forecasted 2017 cost to deliver service of approximately $13.8 million. Furthermore, the scoping will be limited to the three largest programs within that service line: Park and Open Space Maintenance, Sport Field Maintenance, and Irrigation Services, which together represent approximately $11.8 million (or 85%) of the total service line forecasted 2017 cost to deliver service.

Within those three programs, the areas of focus for this project will be primarily 1) Service Levels and 2) Asset Management – both of these areas tie in directly to the Corporate Risk statement in that they are crucial to determining the proper investment of funds and acceptable condition/level of service. Both items were also very recently reported on to Committees of Council and as such should be in auditable state (i.e. not a "moving target").

Service Level analysis would focus on accurate measurement of the services currently provided by Parks', including processes, procedures and controls to measure performance and the identification of gaps between reported and actual service levels. Asset Management analysis would focus on Parks' asset management process and each asset category's life cycle to provide sustainable service delivery while managing risks and minimizing costs. There would be a focus on identifying any control weaknesses in these areas and recommending practical, relevant changes that will improve Parks' ability to strategize and measure in both of these areas going forward.

1. **Service Levels** – Assess the design and effectiveness of Parks' processes, procedures and controls related to determining service levels and measuring actual performance against determined service levels.

   <u>**Objectives:**</u>

   a. To analyze the Parks Divisions reported service levels against actual performance and the ability of the current processes, procedures and controls to capture accurate service level information. In the case of gaps, the objective would be to provide Parks with tangible and implementable recommendations to close those gaps.
   b. To assess individual topic areas that could currently impact the cost of providing acceptable service levels within individual programs. Examples of these potential topic areas <u>could</u> include:
      i. Assessing whether Sports Fields generate sufficient revenue to provide sustainable service delivery; and/or
      ii. Assessing service levels for new parks inventory including the appropriateness of operating impact calculations and the consideration of establishing different service levels for new inventory.

   <u>**Approach:**</u>

   a. Conduct an assessment of actual performance versus reported service levels for Park Maintenance and Design.
      i. Interview relevant Parks' personnel and conduct walkthroughs of the current process in place to understand the procedures, guidelines and mechanisms in identifying and assessing service levels.

ii. Identify and assess effectiveness of internal controls in recording and monitoring of actual performance against stated service levels.
iii. Assess whether Parks' resources are sufficient to manage successful performance of services.

2. **Asset Management** – Assess the design and effectiveness of Parks' processes, procedures and controls related to asset life cycle management decision making (planning, acquisition, operation, maintenance, rehabilitation and replacement or disposal) as appropriate for the nature of the assets being managed. Aspects of this scope area would leverage from Internal Audit's "Capital Planning and Budgeting, Life Cycle Costs and Operating Costs" report from earlier in 2017.

   Objectives:
   a. To assess the effectiveness of the Parks asset management framework, including its compliance with relevant policies and directives of the Council.
   b. To determine whether Parks policies and practices related to asset management planning allow for accurate and complete asset management inventorying.

   Approach:
   a. Through interviews/focus groups with those responsible for Asset Management in Parks, combined with leveraging Internal Audit's "Capital Planning and Budgeting, Life Cycle Costs and Operating Costs" report from earlier in 2017, to conduct an assessment of the effectiveness of the asset management plan framework, including policies, roles and responsibilities, training, and the monitoring and reporting process.
   b. Test the accuracy of the information maintained and used in asset management monitoring and reporting, to account for and track assets from the time of acquisition to disposal, including an understanding of Parks' mechanism for measurement of the operational performance of assets, including functionality, nature of use, physical condition and operational performance.
   c. Assess the accuracy of performance measurement used for decision making, performance monitoring and reporting.

3. Deliverable

The deliverable will consist of a detailed report outlining areas of risk, recommendations, and where applicable roadmaps for implementation for scoping areas outlined on the preceding page.

4. Timeline

Detailed planning and scoping activities have been undertaken in October and November 2017. The intent is to perform the fieldwork for the engagement beginning in December 2017 and concluding in March 2018. This timeline is consistent with the approved 2017 internal audit plan, which has the Parks internal audit project split between 2017 and 2018.

5. Stakeholders

The key stakeholders of the project from the City of Saskatoon Administration are as follows: City Manager, GM of Community Services, Director of Parks, and Director of Corporate Risk.

6. Budget

Our fees are based on actual hours incurred at the agreed upon hourly billing rates in the "Internal Audit Services Agreement" dated January 1, 2015. Specifically, sections 6(4) and 6(6) of the "Internal Audit Services Agreement" specify hourly rates to be charged. We estimate that our fees for the completion of our services under this Statement of Work will be $69,000 plus applicable taxes.

Internal Audit Budget Information Update – November 2017

Recommendation
That the information be received.

Topic and Purpose
The purpose of this report is to provide an update on the internal audit and consulting services provided by PricewaterhouseCoopers (PwC) to date.

Report Highlights
1. The internal auditor is currently working on all projects as approved in the 2017 Internal Audit Plan.
2. As of November 16, 68% of the total budgeted internal audit hours for the year have been completed.

Strategic Goal
Efficient and effective performance of internal audits supports the long-term strategy of being more efficient in the way the City of Saskatoon (City) does business under the Strategic Goal of Continuous Improvement.

Background
Internal audit services are funded through the Internal Audit Program Reserve which had an opening balance of $442,533 for 2017. This is the third year of the five-year contract with PwC.

Report
As of November 16, 2017, 68% of the total budgeted internal audit hours for the year have been completed, and 71% of the total contracted funds for audits have been spent.

There are currently five internal audit projects being conducted by the internal auditor. Planning activities have recently started for the Parks and Recreation audit; fieldwork activities are underway for the Business Continuity, CO2 Reduction Initiatives and Human Resource Management audits; and the Revenue Generation Audit Report is being finalized.

Attachment 1 provides detailed information regarding each project. The Statement of Work describing the scope and approach for each audit/project can be found on the Corporate Risk webpage of the City's website.

Attachment 2 is an update from the internal auditor on the current status of the Internal Audit Plan.

Due Date for Follow-up and/or Project Completion
A budget information update report will be submitted monthly to the Standing Policy Committee on Finance.

Public Notice

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

Attachments

1. Internal Audit Budget Status Report
2. November 2017 Internal Audit Status Report - PwC

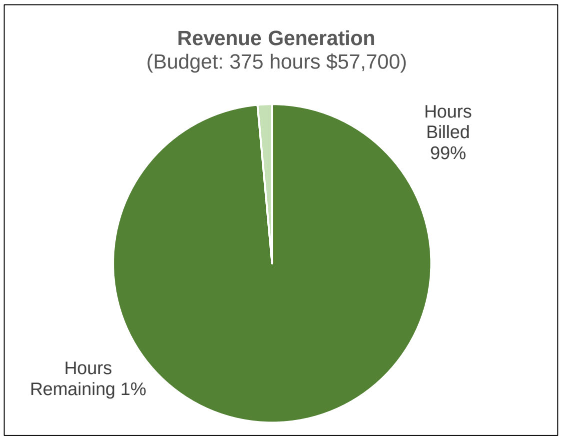
Report Approval

Written by:	Nicole Garman, Director of Corporate Risk
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

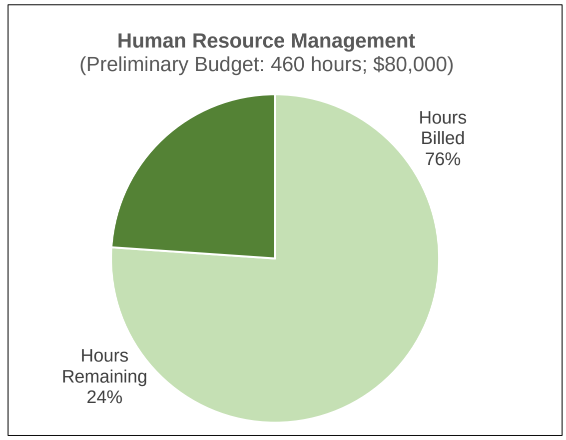
Internal Audit Budget_Nov2017.docx

Internal Audit Budget Status Report

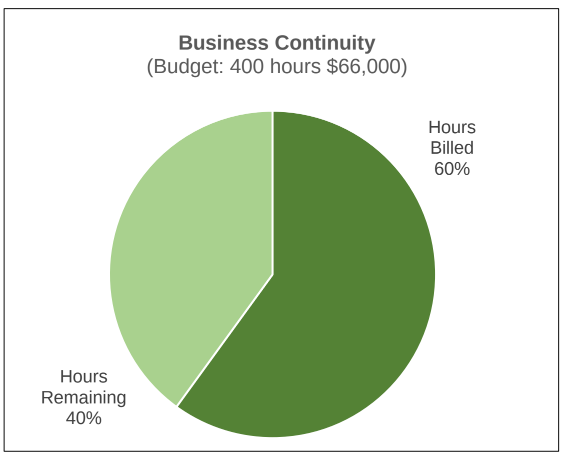
Internal Audit Projects



Notes: Statement of Work approved November 7, 2016. Audit fieldwork complete. Draft audit report being circulated to Administration for review and comment. Anticipated reporting to Committee early 2018.



Notes: Statement of Work approved August 14, 2017. Audit fieldwork underway. Anticipated reporting to Committee early 2018.



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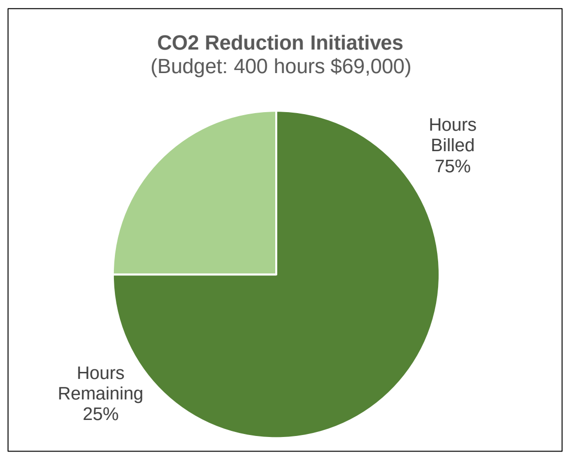
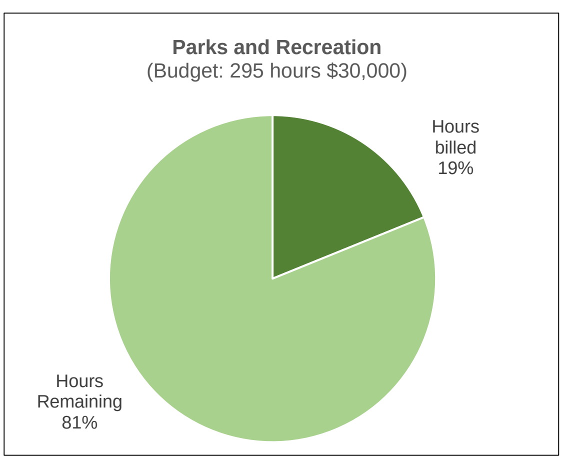
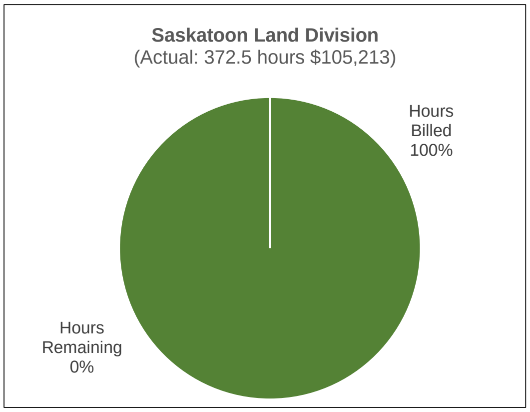


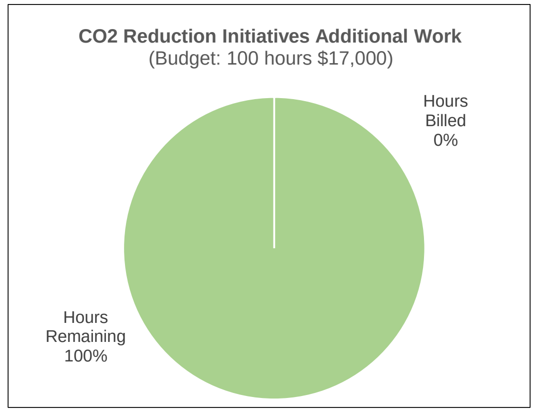
Notes: Statement of Work approved August 14, 2017. Audit fieldwork underway. Anticipated reporting to Committee early 2018.



Notes: Preliminary planning activities have started. Statement of Work to be presented to Committee December 2017.

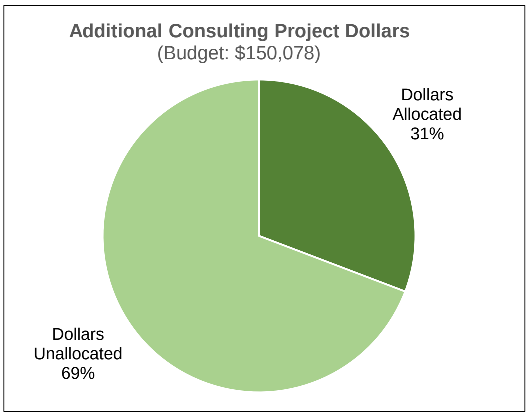
Additional Consulting Projects





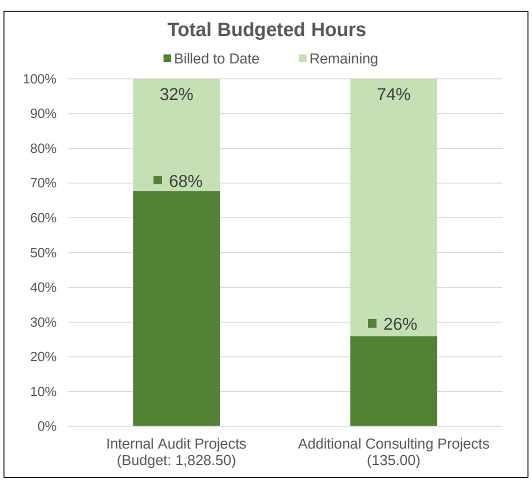
Notes: Audit report presented to Committee on August 14, 2017. Administration agreed with all 21 findings.

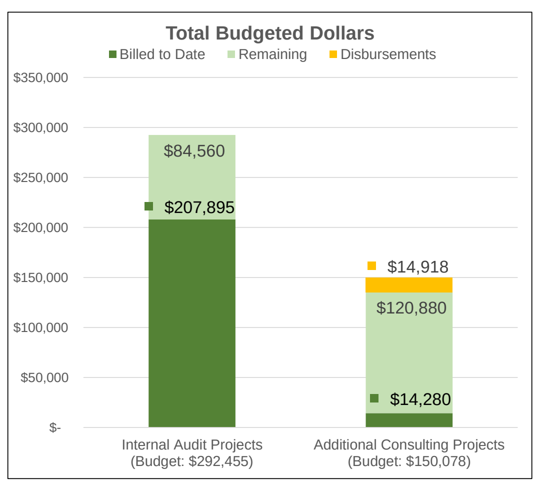
Notes: Statement of Work approved August 14, 2017. Audit fieldwork underway.



Notes: 31% of additional consulting project dollars have been allocated to specific consulting projects and disbursements to date.

Overall Internal Audit Program





Notes: A total of 1,238.0 hours of internal audit work and 35.0 hours of additional consulting work have been billed to November 16, 2017.

Notes: A total of $237,093.13 has been billed to November 16, 2017 for internal audit services, consulting services and disbursements. This represents 54% of the total available funding for 2017.

November 17, 2017

City of Saskatoon Standing Policy Committee on Finance (“SPC on Finance”)
222 Third Avenue North
Saskatoon, SK S7K 0J5

November 2017 Internal Audit Status Report

We are pleased to provide you with an update on the internal audit work that PwC is providing to the City of Saskatoon. There are currently 5 projects underway. As of November 15, 2017 we have achieved a total of 68% (compared to 50% as of October 15, 2017) of the total hours available in the internal audit plan for the 2017 calendar year.

We anticipate having 190 (or 10%) of the remaining hours in the 2017 internal audit plan carry over into early 2018 (please see the Appendix for details), and to have reporting on all projects occur in early 2018. Our progress on the 2017 internal audit plan can be broken down into 3 distinct periods, as outlined in the Appendix. Below please find a brief description of the current status of each project.

Project #1 – Revenue Generation

- This project remains from the 2016 internal audit plan. All hours available in the budget have been utilized. The initial draft report was vetted through various applicable members of the Administration during the summer of 2017, and the updated version reflecting feedback received was provided to certain key stakeholders in the fall of ‘17 for review. We anticipate finalizing the report in Nov/Dec.

Project #2 – Human Capital

- Project workshops began in September 2017 and took place over a 4-week period ending mid-October. In early November we kicked off the second half of the project (Phase II), which leverages from the work that was completed in Phase I in October. We expect to complete approximately 95% of the hours on the project before the end of Dec. ‘17 with reporting to the SPC on Finance in early 2018.

Project #3 – Business Continuity

- Workshops were held in late October with a number of groups from the Administration focusing on the development of draft Business Continuity plans and Business Impact Analysis Assessments and additional workshops are taking place in late November 2017. We expect to complete approximately 90% of the hours on the project before the end of December 2017 with reporting to occur in early 2018. This is dependent on working with Administration on a quick turnaround of Business Impact Analysis assessments.

Project #4 – Carbon Reduction

- Detailed project activities continue and on-site work occurred in late October and early November 2017. We expect to complete approximately 95% of the hours on the project before the end of Dec. 2017 with reporting to occur in early 2018. This is dependent on a quick turnaround of the final project reporting with the Administration.

Project #5 – Parks and Recreation

- Early project planning activities occurred in Sept. & Oct. 2017 and detailed planning and scoping activities continue in November. The total project hours (approx. 495) are split between 2017 & 2018. We’re currently forecasting carryover of approx. 90 project hours into ‘18 but this may increase depending on the ability to execute project fieldwork on a timely basis in late November/December ‘17.

PricewaterhouseCoopers LLP
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T: +1 306 668 5900, F: +1 306 652 1315, www.pwc.com/ca

Appendix – Illustrative Table of Hours Available and Achieved in 2017

Project Description	Total Hours	Adjust Plan *	Revised Total	Period 1 & 2 (Jan 1-July 31) Available	Achieved		Period 3 (Aug 1 - Dec 31) Available	Achieved		Remaining Hours	Expected Carryover
2016 Carryover											
Revenue Generation	280.0	(30.0)	250.0	250.0	250.0		-	-		-	-
Asset Life Cycle Costs	100.0	(70.0)	30.0	30.0	30.0		-	-		-	-
Transit Services	15.0	5.0	20.0	20.0	20.0		-	-		-	-
Human Capital	75.0	(75.0)	-	-	-		-	-		-	-
	470.0	(170.0)	300.0								
2017 Projects											
Human Capital	385.0	75.0	460.0	-	-	b	460.0	350.0		110.0	20.0
Business Continuity	400.0	-	400.0	100.0	68.5	a	331.5	171.5		160.0	60.0
Carbon Reduction	275.0	125.0	400.0	100.0	27.0	a	373.0	273.0	c	100.0	20.0
Parks & Recreation	295.0	(30.0)	265.0	-	-	b	265.0	50.0		215.0	90.0
	1,825.0	-	1,825.0							585.0	190.0
Hours available in period				500.0			1,429.5				
Hours achieved in period					395.5			844.5			
					79%			59%			
Gap in hours for period					(104.5)			(585.0)			

** - Adjustments made to plan to reflect projects under-budget on hours and moved to new projects (approved in SOW's).*

a - Assuming 25% available to perform prior to formal approval of project SOW for planning and pre-fieldwork activities.
b - Fall timing requested by the Administration.
c - 100 extra hrs approved in SOW beyond 400 hours in audit plan/contract; will represent the last 100 hrs of the project.

2017 Year-End Update on Key Strategic Risks

Recommendation
That the information be received.

Topic and Purpose
The purpose of this report is to provide the Standing Policy Committee on Finance with an update on how the Administration is managing the City of Saskatoon's (City) key strategic risks.

Report Highlights
1. Risk Registers have been developed for each strategic risk and updated to reflect 2017 accomplishments, as well as the planned mitigation strategies for 2018 and beyond.

Strategic Goal
This report supports the long-term strategy of creating and encouraging a workplace culture of continuous improvement that encourages innovation and forward-thinking under the Strategic Goal of Continuous Improvement.

The City's Risk Based Management (RBM) Program sets a positive and proactive risk management culture for the Administration through the adoption of a systematic, practical and ongoing process for understanding and managing risk.

Report
In 2015, the City's internal auditor assisted the Administration in conducting a strategic risk assessment in order to identify the key strategic risks being faced by the City. With input from City Council, each strategic risk was prioritized as high, medium or low for the purposes of developing the Internal Audit Plan.

In order to understand each strategic risk, a template for the development of a Risk Register for each strategic risk was developed. Risk Registers record the details related to each risk in one centralized document, including the following:

- City Council's priority for internal audit purposes;
- Corporate Risk Committee's scoring of the risk;
- Corporate Risk Committee's target residual risk zone for the risk;
- root causes of the risk;
- significant impacts that could result if the risk were to occur;
- what is currently being done to manage the risk; and
- additional activities that are planned in the short- and medium-term that will further manage the risk.

On an annual basis, the Administration:

- confirms the accuracy of the information contained in the risk registers;
- ensures that the accomplishments of the current year are properly reflected; and
- updates the additional planned risk management activities for the next one to three years.

At its meeting on November 15, 2017, the Corporate Risk Committee[1] reviewed the most current Strategic Risk Registers and updated the residual risk scores for each (Attachment 1).

The planned mitigation activities for 2018 are being included in the planned activities for the respective departments.

Communication Plan
To effectively communicate the City's RBM Program, key strategic risks, and actions being taken to manage those risks and the Internal Audit Plan, the Corporate Risk webpage on the City's website (saskatoon.ca) will be updated to include this report.

Financial Implications
The financial implications of planned mitigation strategies will be incorporated into future Business Plan and Budget submissions of each responsible department as required.

Due Date for Follow-up and/or Project Completion
Updated Risk Registers will be submitted annually for confirmation and approval to the Standing Policy Committee on Finance, and will also be shared with the internal auditor in advance of the development of the annual Internal Audit Plan.

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

Attachment
1. Individual Strategic Risk Registers – November 15, 2017

Report Approval

Written by:	Nicole Garman, Director of Corporate Risk
Reviewed by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department
Approved by:	Murray Totland, City Manager and Chair, Corporate Risk Committee

2018 Key Strategic Risks Update.docx

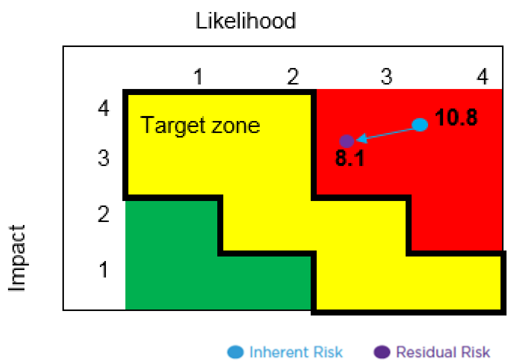
[1] Comprised of the City Manager, General Managers of the four departments, City Solicitor, Fire Chief, Police Chief, Director of Government Relations, and Director of Corporate Risk

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: High

(SG-1) The City may be unable to adequately diversify its revenue sources



Key Impacts

- Higher mill rate, large mill rate increases
- Deferred capital spending, accelerated deterioration
- Increasing infrastructure deficit/deficiency
- Rejected new/expanded/enhanced operating programs/ initiatives
- Decreased level of service

Root Causes

- Legislative constraints
- Lack of political appetite
- Citizen and/or stakeholder opposition

Outcomes of Managing the Risk

- Diversified funding sources that are responsive to growth, adequately finance municipal services and infrastructure are fair, and encourage economic growth and development

Current Risk Management Activities

- Return on Investment from Saskatoon Light & Power and Water/Wastewater Utilities
- Periodic review of service rates at the program level
- Service Level reviews to ensure that current budgeted expenses and revenues align with service expectations
- Continuous Improvement initiatives in order to minimize expenses and reduce pressure on property tax revenue
- Alternative approaches being considered for revenue issues (e.g. lowering admission prices at leisure centers to increase participation and corresponding revenue)
- Long-Term Financial Plan approved by City Council
- Internal audit currently underway
- “30 Day Challenge” engaged civic staff in suggesting ideas to increase revenue or decrease expenses; highly successful with over 600 submissions
- Dedicated levies to fund specific infrastructure deficits
- Service level reports provide options to reduce expenditure requirements and ease the pressure on property tax revenue

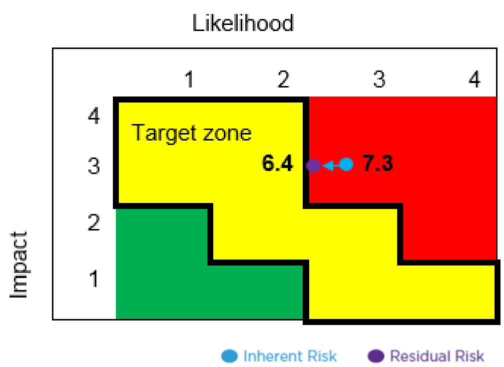
Additional Planned Risk Management Activities

Description	Target
- Annual ”State of Finance” update on Long-Term Financial Plan to be presented to City Council	Ongoing
- Implement recommendations from internal audit	2018+

Strategic Risk Register
(Effective November 15, 2017)

City Council Priority: High

(MA-1) The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service



Key Impacts
- Deteriorating infrastructure/condition/level of service
- Increasing reactive/emergency maintenance activities/costs
- Deferred capital work; accelerated deterioration
- Available funding spent to repair worst conditions rather than invest in preservation treatments
- Increasing infrastructure deficit/deficiency
- Unsafe/inconsistent driving/walking conditions
- Reduced ability to further economic growth and social welfare
- Citizen dissatisfaction, transfer of dissatisfaction to other program areas, negative perception of civic government

Root Causes
- Resource constraints
- Past underfunding of asset renewal
- Rate of inflation and/or growth exceeds budget allocations
- Absence of established asset management plan/life cycle costing process
- Absence of approved service level objectives
- Lack of mutual understanding, gap between citizen expectations and actual services provided

Outcomes of Managing the Risk
- Citizens can move around the city safely and efficiently, in all seasons, with limited disruption/congestion on roads, bridges and sidewalks that are in good condition
- Cost effective program that is trusted, inspires confidence and provides good value for tax dollars
- Quality infrastructure that enhances our community's prosperity, productivity, quality of life and economic development/investment
- Mobility for all citizens is enhanced and encourages active transportation

Current Risk Management Activities
- Ongoing monitoring of infrastructure condition, by type (roads, sidewalks) and by class - Annual Civic Services Survey - City Council-approved Winter Road Maintenance Level of Service - Asset Management Plans prepared for roads, sidewalks and bridges - Annual report on infrastructure condition (roads, sidewalks) to City Council - Annual report on short/long-term infrastructure funding adequacy/deficiency to City Council - Internal audits of (1) summer maintenance and (2) winter maintenance programs completed - Deliver annual maintenance programs - Continue to implement Roadway Financial Management Strategy - Prioritize sidewalk remediation based on risk - Monitor, track and report actual level of service and other accomplishments - Improved integration of sidewalk condition assessment crews and sidewalk repair crews - Bundling of winter tenders to create efficiencies and lower costs - Building Better Roads program - Completed Roadways Civic Service Review - Maintain Snow and Ice Contingency Reserve - Increased funding from existing sources - Engineering and financial staff involvement in road maintenance operations re-established - Centralized & coordinated roadways workflow management process and resource optimization model developed

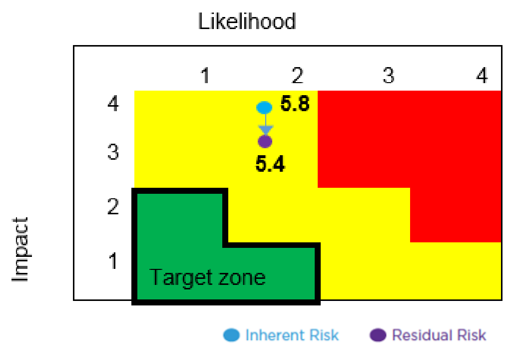
Additional Planned Risk Management Activities	
Description	**Target**
- Prepare/update Asset Management Plans that address inventory, current condition, service level and funding considerations – street signage, traffic signals	2018
- Prepare additional roadways level of service reports for City Council approval – summer maintenance, street signage, traffic signals	2017/18
- Research, develop and implement next phase of roadway asset management system	TBD
- Reassess sidewalk design process and specifications	TBD
- Undergo internal audits – sidewalks, bridges	TBD
- Investigate and incorporate innovative treatments effective in a variety of conditions	2018+
- Monitor, track and report actual level of service and other accomplishments (e.g., piloting GPS study on winter maintenance fleet)	Ongoing
- Enhance Building Better Roads program – summer maintenance program design changes; proactive maintenance approach; redesign of fall sweep program	2017/18
- Develop roadway inventory/level of service driven budget	TBD
- Increase funding from existing sources and/or identify and pursue alternative funding sources	Ongoing
- Develop and/or maintain engagement plan/communication strategy regarding transportation infrastructure investment and maintenance activities	Ongoing

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: High

(A&FS-1) The City may not be prepared to quickly and effectively resume operations in the event of serious incident, accident, disaster or emergency



Key Impacts

- Unable to deliver normal levels of critical civic services for internal and external customers in the hours following a disruptive event
- Property damage
- Loss of revenue, loss of civic assets
- Additional costs incurred
- Negative perception of civic government
- Legal action against the City

Root Causes

- Resource constraints
- Competing priorities
- Lack of risk knowledge/understanding

Outcomes of Managing the Risk

- The City mitigates, prepares for, and responds to credible hazards that impact safety and security of civic staff, processes and continuity of operations
- The City effectively, predictably and cooperatively responds to a disruptive event in a way that maximizes the use of available resources and enables critical business units to return to minimal function within a predetermined period of time

Current Risk Management Activities

- Regional Resiliency Assessment Program (RRAP) completed at four civic facilities
- Corporate security measures under review
- Ongoing comprehensive emergency plan review
- Backup IT centre and uninterrupted power supply (UPS) for IT assets established
- Electrical supply upgraded at City Hall
- Active Threat Workshop completed
- Several individual contingency plans/business interruption plans have been prepared
- Researched, developed and implemented updated spill policies and operations
- Emergency Measures Organization (EMO) has criteria in place to issue EOC alerts
- Incident Command System training regularly offered to identified divisions/departments with a direct role in emergency response (applies to all phases in emergency management)
- notifynow mass notification system implemented and tested twice a year
- Emergency Operations Centre (EOC) established
- New Command Vehicle commissioned
- EOC training provided to key stakeholders on their roles in the recovery process

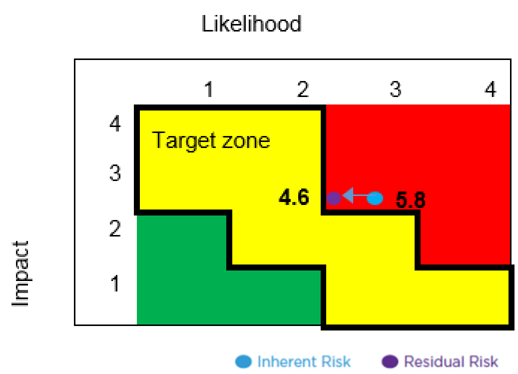
Additional Planned Risk Management Activities	
Description	**Target**
- Conduct RRAP reviews of critical municipal infrastructure	2017/18
- Evaluate, research and update corporate security plans	2017/18
- Corporate-wide Business Continuity Planning (BCP) assessment to prioritize services and recovery tasks	2017/18
- Develop in-house BCP expertise	2017/18
- Launch BCP training program	2017/18
- Develop risk-based BCP development schedule	2017/18
- Undergo internal audit	2017/18
- Launch a communication strategy regarding the City's preparedness	2017+
- Update 2007 Pandemic Business Impact Analysis and associated policy	2018
- Expand Incident Command System training	2018
- Initiate EOC mock exercise	2018
- Expand Incident Command and EOC training	2018

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: High

(CI-1) The City's engagement and communications initiatives and opportunities may not be effectively reaching its citizens



Key Impacts

- Unrealistic expectations
- Expectation gap
- Citizen dissatisfaction
- Decisions that are not well supported or understood
- Poor decision making process
- Perception of less transparency and accountability

Root Causes

- Outdated, ineffective initiatives
- Reluctance to adopt change
- Limited, uncoordinated capacity to execute community engagement opportunities

Outcomes of Managing the Risk

- Citizens actively and effectively participate in processes that result in better decisions that are trusted, transparent and more widely accepted

Current Risk Management Activities

- Online engagement tool launched 2014
- Piloted new approach to community engagement, new third party online citizen budget tool and "leveraging off of an anchor event" program
- New website launched 2015
- Digital Policy and Standards Guide adopted
- Hired Service Saskatoon special projects manager
- Blue pages and website phone numbers updated
- Free public wifi offered in civic facilities
- Service Saskatoon officially launched
- Internet publishing and electronic agenda systems implemented
- Created new online citizen panel
- Created a Sharepoint site to improve coordination and consistency of engagement and along with an automated weekly update
- Established a Community Engagement Section and hired a Community Engagement Manager to provide professional engagement advice on complicated projects and where unanticipated stakeholder/citizen concerns occur
- Hired a temporary Community Engagement Consultant to provide professional engagement support to large corporate initiatives such as environmental initiatives
- Replacing the Shaping Saskatoon program identifier with “Engage! Saskatoon” and creating a one-stop shop webpage at saskatoon.ca/engage for easier access to information and opportunities to provide input
- Internal Process Review of Public Works Customer Service Call Centre
- Citizen service satisfaction survey process piloted

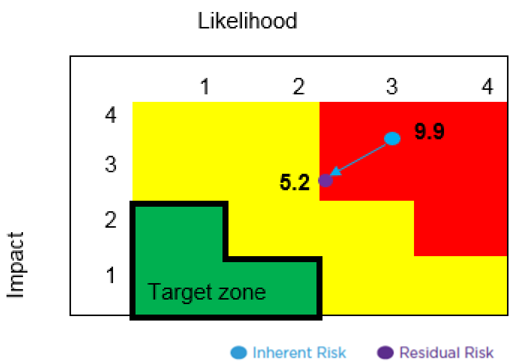
Additional Planned Risk Management Activities	
Description	**Target**
- Continue to develop and build a division structure that supports engagement throughout the corporation	2018
- Develop and implement additional short-term actions such as improving the Citizen Advisory Panel experience, and other online engagement tools	2018+
- Continue the Engagement Civic Service Review to create consistencies and coordination of engagement on a corporate basis	2018
- Recommend and adopt a Council Policy on Public (Community) Engagement	2018
- Begin work on developing a more detailed Engagement Framework for Administration which supports an adopted Council Policy	2019+
- Enhance ability to collect data on engagement such as costs and participation for future analytics	2019+

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-2) The City may not be considering the total costs of asset ownership when making investment decisions



Key Impacts

- Decisions are made with incomplete information
- Higher overall costs, the decision may not be the most fiscally prudent
- More cost-effective projects are deferred
- Lower level of confidence in of the decision making process
- Inaccurate budgeting for future operating and capital costs

Root Causes

- Focus on initial capital outlay
- No consistent costing methodology
- Uncertainty regarding future costs

Outcomes of Managing the Risk

- The most cost effective decisions result from considering the total cost of asset ownership (acquisition, operating, maintenance and disposal)

Current Risk Management Activities

- Asset Management Plans are currently being developed in key asset categories such as Parks, Transit, Roadways and Facilities
- Life cycle costing methodology being applied to all P3 projects
- Internal audit of capital planning and budgeting, life cycle costs and operating costs completed

Additional Planned Risk Management Activities

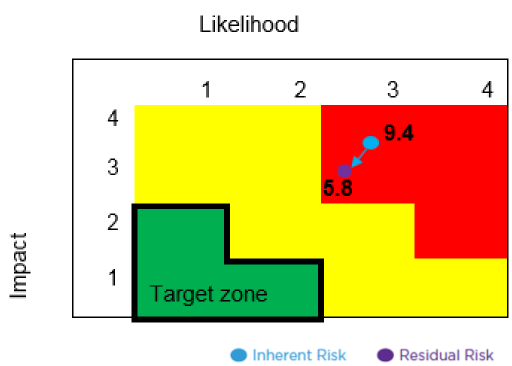
Description	Target
- Incorporate life cycle costing into operating budget process	2018
- Implement recommendations from internal audit	2018

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(SG-2) The City's infrastructure investments may not correspond to growth trends and forecasts for the local or regional economy



Key Impacts

- Under: growth overwhelms existing infrastructure
- Under: stifled economic activity, employment and business opportunities
- Over: significant investment precludes use of funds for alternative priorities
- Over: increasing debt servicing costs

Root Causes

- Absence of overall plan for growth
- Growth Plan not aligned with Strategic Plan
- Unreliable, inaccurate, inconsistent economic/ demographic data upon which to base decisions
- Lack of secure, predictable, long-term funding strategies

Outcomes of Managing the Risk

- Well-functioning and efficient infrastructure that enhances quality of life, promotes environmental responsibility, expands access to vital services and improves economic opportunities for all
- Strategic approach to infrastructure development – enhance existing assets before building new; use infrastructure to influence rate/type of growth
- Investments are aligned with the approved Growth Plan to Half a Million

Current Risk Management Activities

- General urban land development process established (studies, annexation, community plans through to subdivisions, site registrations, building permits)
- Approved concept plans in place and ready to pursue in response to demand
- 3-year land development program/plan prepared and updated regularly
- Utilization of P3 agreements for large infrastructure projects
- City Council has adopted a long-range Official Community Plan to manage growth and change
- Completed, presented and obtained approval of Growth Plan to Half a Million
- Regional Plan being prepared to ensure the City secures a land base for long-range urban growth
- Frequent and ongoing monitoring of market conditions and economic/supply/demand indicators
- Ongoing monitoring of financial resources (reserve sufficiency, cash flows)
- Implementation of the recommendations from the Hemson Consulting Ltd. "Financing Growth Study"
- Long-term infrastructure plan being developed by federal government
- Long-term infrastructure funding commitments received for new infrastructure
- Aligning major infrastructure investments with directions and strategies of Growth Plan to Half a Million
- Developing an engagement strategy regarding growth and infrastructure investment, and specific sub-plans for core initiatives of the Growth Plan to Half a Million

Additional Planned Risk Management Activities	
Description	**Target**
- Long-term infrastructure funding commitments for both new and existing infrastructure	2018-2045

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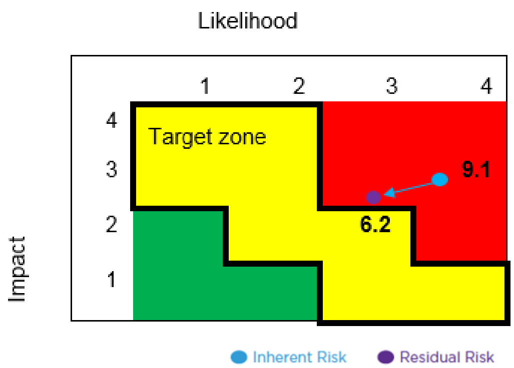
Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(MA-3) The City may not be investing enough money in its public transit infrastructure to maintain an acceptable level of service



Key Impacts

- Deteriorating transit infrastructure/condition/reliability
- Inability to deliver transit services/achieve service levels
- Decreasing ridership/revenue; increasing mill rate support
- Increase infrastructure deficit/deficiency
- Citizen dissatisfaction; transfer of dissatisfaction to other program areas

Root Causes

- Financial constraints; past underfunding of asset renewal and operating hours
- Absence of established asset management plan and life cycle costing process
- Absence of approved service level objectives
- Lack of data analytics and marketing strategies to attract new ridership
- Conflict over trade-off between coverage and frequency
- Lack of public understanding about service level objectives

Outcomes of Managing the Risk

- A safe, reliable, convenient and affordable public transit system that enables residents to access work, education, health care, shopping, social and recreational opportunities
- Quality infrastructure than enhances our community's prosperity, productivity, quality of life and economic development/investment
- Reduction of greenhouse gas emissions, traffic congestion, commute times

Current Risk Management Activities

- Long-term Transit Plan approved by City Council
- Intelligent Transportation System implemented
- Real-time mapping launched
- New Transit website launched
- BRT planning through Planning and Development contract with HDR Inc. will focus on BRT routes, runningways and linkages to the current transit system
- Public engagement sessions have occurred
- Internal audit regarding staff scheduling completed; some recommendations to be put in place in 2018
- Annual Civic Services Survey
- Funding secured from the Public Transit Infrastructure Fund
- Implemented high-frequency transit corridor along 8th Street and 22nd Street
- Saskatoon Transit Fleet Renewal Strategy and Asset Management Plan approved by City Council
- Five-year and ten-year implementation priorities being identified
- Appropriate performance measures being developed

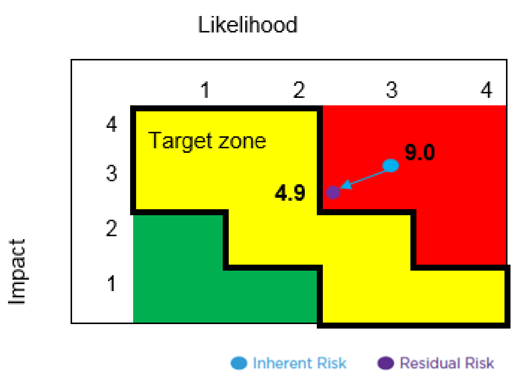
Additional Planned Risk Management Activities	
Description	**Target**
- No additional risk management activities are planned	n/a

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(EL-1) The City's waste and recycling services may not be meeting customer service delivery and environmental stewardship expectations



Key Impacts
- Citizen/stakeholder dissatisfaction
- Transfer of dissatisfaction to other program areas
- Diversion rates do not achieve target levels
- Shortened useful life of existing landfill; accelerated requirement to identify, prepare and fund the establishment of a replacement site

Root Causes
- Contradictory service expectations; expectation gap
- Inappropriate business model

Outcomes of Managing the Risk
- Citizens are satisfied with the waste diversion options available to them and reliability of garbage collection
- Citizens perceive they receive good value for the amount paid
- Useful life of the landfill is maximized, need for a replacement site is deferred indefinitely
- Appropriate waste decisions are made easier

Current Risk Management Activities

- Waste diversion programs that are convenient and easy to use have been launched and further programs are being developed
- "Blue approved" awareness campaign launched to educate citizens on what can and cannot go into recycling bins
- Broader public education and awareness about waste and recycling has been launched under a #YXETalksTrash campaign
- Private contractors procured to support collections operations
- Rental of additional equipment to support the Green Cart program
- Completed a comprehensive community-wide waste study (characterization) to identify opportunities for improved service and diversion
- Full cost for waste services, ROI, and statements of values created to guide decision making
- Developing a new business model to focus on the creation of a sustainable utility
- New optimized routing software implemented in 2016 has reduced the need for expanding the collections fleet and helps identify where service may have been missed
- Integrated collection calls with Public Works' Customer Service system
- Contract in place with collections operators

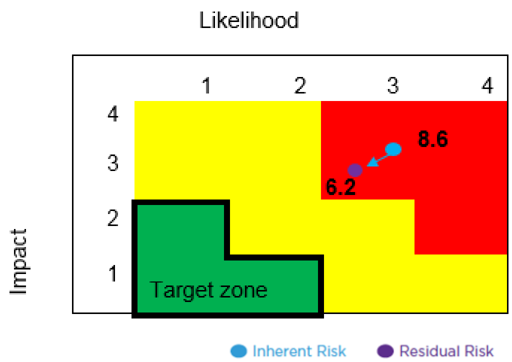
Additional Planned Risk Management Activities	
Description	**Target**
- Develop an updated Waste Diversion Plan	2017
- Implement the recommendations of Blue Ridge Services reducing equipment utilization and extending the landfill life	2018
- Conduct a comprehensive review of the waste business model including opportunities to improve waste service, diversion outcomes and financial sustainability (e.g. utility)	2017/18
- Complete implementation of 2014 landfill financial audit recommendations	2017/18
- Conduct periodic community waste audits	Ongoing
- Implement a community engagement and awareness plan to solicit the cooperation of residents and businesses in improved waste services and diversion	2017/18
- Develop targeted action plans for bringing new services and diversion programs forward as a result of the periodic audits and community engagement	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-6) The City may be using outdated or unsupported software and/or hardware that may fail



Key Impacts

- Vulnerability to security threats (information and infrastructure)
- Failures/crashes; catastrophic data loss
- Data corruption, instability
- Increased downtime, lost productivity, inefficiencies
- Loss of flexibility, responsiveness
- Service disruptions

Root Causes

- Resource constraints
- Competing priorities
- Absence of an IT strategy, governance model

Outcomes of Managing the Risk

- A modern information technology infrastructure that supports program areas in the achievement of business objectives

Current Risk Management Activities

- Capital funds were approved in 2017 to assess the current environment and establish an IT strategy to modernize the infrastructure and applications layer
- Changes in the IT org structure were made to ensure resources are assigned to key accountability areas
- Manual processes and work arounds have been established by business units
- Operational risk is being defined on an ongoing basis and mitigated appropriately based on long-term IT strategies and roadmaps
- Based on current resources structure (people and available operating budgets), a defined COLO model has been developed for applications and services that are deemed essential by the Leadership Team

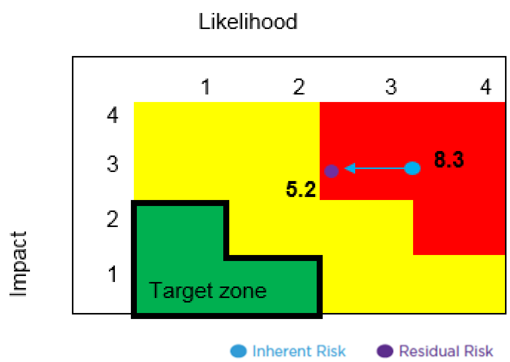
Additional Planned Risk Management Activities	
Description	**Target**
- IT Asset Management Program - Business lines have been presented with information to upgrade their IT hardware (laptops, desktops) and associated operating systems	2017/18
- ERP/EAM Program - Business requirements and review of our current process continue - A market-ready RFP is expected in early 2018 to provide the City with an integrated platform for all core business functions (ERP, EAM, CIS)	Ongoing
- IT Infrastructure Modernization Program – the Dev/Ops business model is ongoing. The data center assessment is completed and the cloud viability study will be included in the ERP/EAM RFP	2017/18
- IT Infrastructure Modernization Program is ongoing. This strategic program will provide a technical roadmap for modernization of critical hardware and applications of the city	Ongoing
- Evaluate infrastructure and develop plans and strategies to accommodate a shift to sustainable, scalable and cost effective IT infrastructure	2017/18
- Business Continuity and Disaster Recovery Planning – documentation development is underway. This information is required to ensure the IT modernization of infrastructure achieves business objectives	Ongoing

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-7) The City's information technology strategy may not be properly aligned with the organization's goals and objectives



Key Impacts

- Information technology is an impediment to achieving business objectives
- Fragmented and reactive approach to technology investments
- Customer dissatisfaction, transfer of dissatisfaction to other program areas
- Negative perception of local government

Root Causes

- Resource constraints
- Decentralized/outdated business/operating/delivery model
- Non-strategic culture, lack of strategic alignment
- Lack of change management, training and communication/ collaboration between IT and the rest of the organization
- Lack of mutual understanding, unrealistic expectations
- Not utilizing already captured data to inform business decisions

Outcomes of Managing the Risk

- IT is a strategic business partner that offers innovative business solutions and empowers its customers to effectively utilize technology to provide services citizens expect and create workflow efficiencies
- An information technology strategy that is closely aligned to business and strategic objectives and critical business processes
- Information technology assists in the management of business information risks (not just IT risks)

Current Risk Management Activities

- Launched new vision and mandate statement
- IT requirements are identified in the annual business planning process
- Introduced a new IT Opportunity Assessment Process and Privacy Information Assessment
- Implemented new organizational structure that is aligned to business units/divisions
- Provided training for IT staff in business analysis, project management and achieving excellence in IT
- IT Business Planning is inclusive of business line outcome
- Hired new positions in IT to support the transformational change:
  - Enterprise Architect
  - Change Management
- Several strategic programs have been created to prepare for this risk
- Introduced a new Service Desk tool and launched Phase 1
- Providing business analysis and alternate options
- Developed business relationship management core competencies
- Numerous activities have been launched to ensure that IT is aligned with business need and outcome

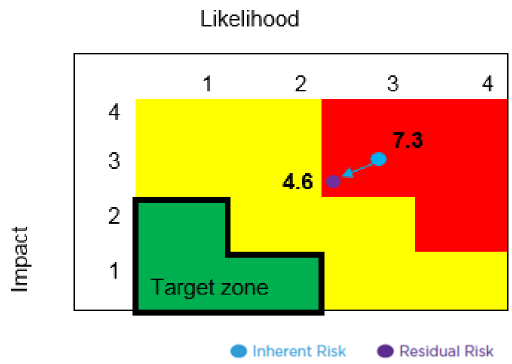
Additional Planned Risk Management Activities	
Description	**Target**
- Develop multi-year Corporate IT strategy that is based on being a strategic business partner enabling the business line outcomes	Undated annually
- The following programs and activities have been created and are ongoing: 1. BRM – Business Relationship Management model launched in 2017. A staff member in IT is accountable to each business line in the City 2. Project On Line & Prioritization has been implement and provides clarity for the IT division to focus on and achieve business line outcomes 3. Service Level Agreement and Service Catalogue – IT continues to develop SLAs and an on line service catalogue for easy access of services and information 4. Change Advisory Board and Solutioning Group consisting of IT staff meets weekly to review ITSM tickets, business requests and provide solutioning options given our current short-/long-term strategy 5. ITIL Foundations – formal processes are being implemented to ensure IT matures in its service delivery 6. Client service delivery – changes to the org structure and dedicating resources to a tiered service delivery for the corporation	Ongoing
- Develop and/or maintain engagement plan/communication strategy regarding IT investment	Ongoing
- Implement cloud based solution	2018
- Continue implementation of Service Desk tool	2018+
- Implement business analysis and process improvements throughout the organization	2018+
- BRM strategy to ensure alignment of IT with business line outcomes	Ongoing

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(SG-4) The City may not be prepared for the effects of climate change



Key Impacts

- Failure of critical built infrastructure; associated loss of life/injury
- Reactive and more costly corrective/remediation measures
- Loss of/damage to civic assets
- Increasing levels of greenhouse gases

Root Causes

- Resource constraints
- Lack of understanding of importance, components, direction, priority status
- Infrastructure investment decision criteria do not include the value of mitigation/adaptation/resiliency strategies

Outcomes of Managing the Risk

- The City's infrastructure, citizens, ecosystems and economy are protected from, less vulnerable to or more resilient from the impacts of climate change
- Climate change considerations are incorporated into the decision-making, design and maintenance processes in a comprehensive and integrated manner

Current Risk Management Activities

- Predictive model developed with U of S to more accurately predict future rainfall patterns and identify infrastructure constraints
- Information reports regarding climate adaptation strategies received by City Council
- Incorporated Environmental Implications section in Committee and City Council report template
- Participated in the West Yellowhead Air Management Zone
- Superpipe capacity improvements avoid storm water infiltration into sanitary sewer system
- Ad hoc mitigation, adaptation and response strategies
- Revised roadway design standards to address saturated ground/high water table conditions and snow storage requirements; mandatory subsurface drainage for all new roadway construction, discretionary for rehabilitation projects
- Weather Event Response Plans developed in Parks/Urban Forestry
- Hydrant accessibility inspection process in place

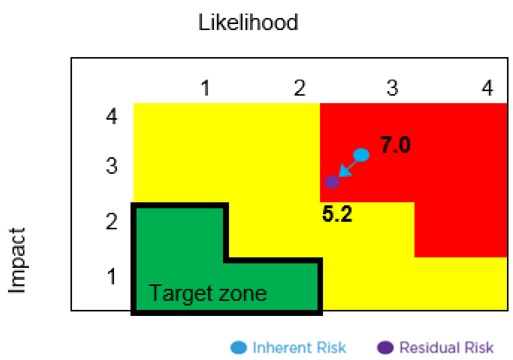
Additional Planned Risk Management Activities	
Description	**Target**
- Incorporate climate adaptation strategies into asset management plans	2018
- Review infrastructure design standards based on Climate Adaptation Plan	TBD
- Draft a Climate Adaptation Plan identifying the strategy for completing the City's climate change response needs	2019
- Develop Storm Water Management Plan and associated policy tools such as low impact development guidelines to reduce impacts to civic "grey" infrastructure and increase the resilience of "green" infrastructure	2018 - 2020
- Develop new landscaping design and construction specifications to ensure all new park development considers severe weather	TBD
- Develop a comprehensive inventory of climate adaptation response needs based on climate change models developed for the Prairies	2018
- Conduct a gap analysis between response needs and current adaptation response plans and initiatives	2017/18
- Engage with community stakeholders to ensure community-wide response plans are in place	TBD
- Retrofit existing parks and green spaces for improved resilience to climate change impacts	TBD
- Business continuity planning underway	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-8) The City's decision making processes may be hampered by information systems and data sets (financial and operational) that are not integrated



Key Impacts

- The wrong decision is made
- Inefficient processes, data re-entry errors
- Redundant applications/systems that waste resources

Root Causes

- System investment decision criteria do not include non-financial costs and benefits
- Decentralized IT business model
- Absence of IT strategy, governance model
- Manual processes/information repositories
- Absence of end-to-end business process analysis
- Lack of enterprise change leadership/management
- Lack of leadership and cascading goals

Outcomes of Managing the Risk

- Relevant, complete and accurate financial and non-financial information is readily available to support the decision making process
- Integrated business information systems that improve productivity, increase efficiencies, decrease costs and streamline processes

Current Risk Management Activities

- Developed a multi-year IT Strategic Business Plan
- Reporting and data services strategy being developed
- Creation of a data warehouse and strategy to deal with legacy systems
- Enterprise change management proposal provided to the leadership team and the corporation
- RFP awarded for the development of a business case for a core ERP system
- Enterprise strategies and programs to encompass asset management, data management and business intelligence are being developed
- Civic Service Reviews identify opportunities to better manage processes and information
- Developed data management plans in three pilot areas (Fire, Transit and Human Resources)

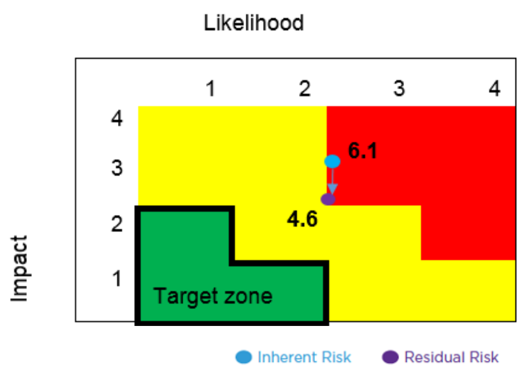
Additional Planned Risk Management Activities	
Description	**Target**
- ERP/EAM Program - Business requirements and review of our current process continue. A market ready RFP is expected in early 2018 to provide the City with an integrated platform for all core business functions (ERP, EAM, CIS)	Ongoing
- Continue to prioritize Project On Line implementation	Ongoing
- Develop a change management process to aid in the identification and resolution of integration opportunities	2018+
- Continue to conduct Civic Service Reviews	Ongoing
- Continue to develop data management plans to improve data utilization and facilitate data analytics/open data concept	Ongoing

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(CI-2) The City's existing strategies may not be attracting, hiring, managing, developing & retaining top talent to support existing and future operations



Note: The scoring for this strategic risk is currently under review. Information presented is related to 2017.

Key Impacts

- Unable to fill key management and/or operational positions in a timely manner, if at all
- Business objectives may not be achieved because key management positions are unstable/vacant and/or adequately trained staff with essential skills are not available to effectively deliver services
- Critical and/or corporate knowledge is lost
- Employees become "surplus" because their skills do not match what is needed
- Decrease in employee morale, both existing and new staff
- Increase in hiring and training costs

Root Causes

- Financial and/or non-financial compensation packages are not competitive
- Failure to capture relevant knowledge/prepare an actionable knowledge base
- Not utilizing data analytics to predict future workforce demands
- Absence of an overall framework
- Technological and business model changes
- Lack of talent pipeline management/succession planning process
- Hiring freezes/caps
- Negative work environment, job dissatisfaction
- Changing public expectations

Outcomes of Managing the Risk

- Leadership talent is identified early and cultivated over time (e.g. training, action learning, mentoring, job rotation, high-potential development programs, etc.)
- The City's human capital (its people) is aligned with its business plans to achieve its mission and strategic goals – the right people with the right skills are in the right job at the right time
- A desirable workplace that maximizes employee retention while implementing and maintaining measures that minimize disruptions when employees resign, must be terminated, retire or transfer

Current Risk Management Activities
- “Investing in Leaders” program continues to offer wide selection of opportunities to staff - “Employee Rewards and Recognition” program being developed - Consistently rated as one of Saskatchewan’s Top 100 employers - Undertook work to identify the City’s current branding within and outside the organization - Implemented mandatory Supervisor 101 program to ensure all supervisors and managers have necessary skills, knowledge and competencies to effectively lead and manage their teams - Succession planning framework has been presented to the Leadership Team and applied to Director and GM positions - Competency frameworks have been developed for Directors and GM’s and are being developed for Supervisors and Managers - Divisional HR plans have been introduced and updated to align HR services with operational needs - Business Intelligence (BI) tools being developed and implemented for diversity, absenteeism, safety, overtime and retention

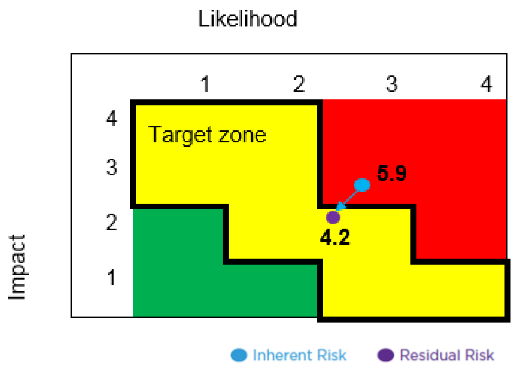
Additional Planned Risk Management Activities	
Description	**Target**
- Finalize and implement “Employee Rewards and Recognition” program	2018
- Individual Development Plan process will be updated and has been piloted with several divisions	2017/18
- Finalize Recruitment and Retention Strategy (drafted in 2016)	2018
- Formal “onboarding” process will be implemented for individuals new to the organization/new to the position	2017/18
- Undergo internal audit	2017/18
- Introducing improved web based solutions for surveys, dashboard and information libraries	2017/18
- Implement a BI tool to enable the production of regular workforce analytics to improve workforce planning capabilities	2018
- Pilot workforce analytic reporting as BI data cubes are completed and put into production and amend reporting as necessary	2018
- Implement a Total Rewards Strategy for Directors and Managers	2018
- Learning Management System to identify and track key training needs and existing talent pools	TBD
- Formal “offboarding” process will be implemented, including mandatory exit interviews	2017/18
- “Stay Surveys” have been introduced with periodic reporting to the Leadership Team	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(QL-1) The City may not be investing enough money in its parks infrastructure to maintain an acceptable condition and level of service



Key Impacts

- Deteriorating park and recreation infrastructure/condition/ level of service
- Increasing reactive/emergency maintenance activities
- Deferred capital work; accelerated deterioration
- Increasing infrastructure deficit/deficiency
- Unsafe conditions (turf, playing surfaces, amenities, pathways, trees – structural weakness, disease)
- Citizen dissatisfaction; transfer of dissatisfaction to other program areas

Root Causes

- Financial constraints
- Past underfunding of asset renewal
- Rate of inflation and/or growth exceeds budget allocations
- Absence of established asset management plan/life cycle costing process
- Absence of approved service level objectives
- Lack of mutual understanding, contradictory service expectations

Outcomes of Managing the Risk

- A safe, clean, accessible and well-maintained park and open space network that provides varied opportunities for both active and passive recreation and leisure activities for citizens of all ages
- Citizens perceive they receive good value for tax dollars
- Quality infrastructure that enhances our community's prosperity and quality of life

Current Risk Management Activities

- Continuing to implement new service delivery model – combined horticultural and turf maintenance crews
- Asset Management Plans prepared for paved trails, irrigation systems and play structures
- Identify Parks levels of service with City Council and citizens
- Prepared Asset Management Plans that address inventory, current condition, service level and funding considerations for additional park assets – sportsfields, paddling pools and spray parks
- Completed Recreation & Parks Master Plan
- Implemented new work management system
- Completed process mapping of service delivery for various Parks services
- Completed Civic Service Reviews – Parks and Urban Forestry
- Annual Civic Services Survey
- Participated in the Special Event Civic Service Review to identify improvements to the Special Event process regarding impact on parks/open spaces
- Increased funding from existing sources

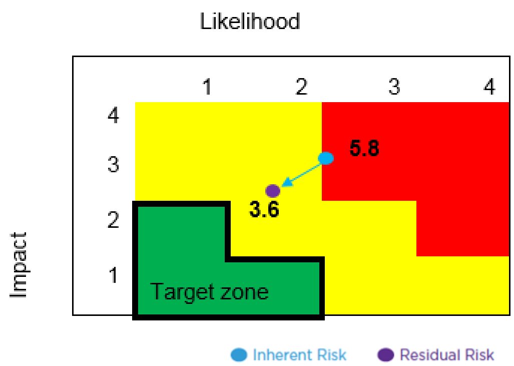
Additional Planned Risk Management Activities	
Description	**Target**
- Continue development of Landscape Design and Development Standards including further research regarding citizen and developer engagement	2018/19
- Continue expansion of new combined crew service delivery model to additional areas	2018
- Establish new satellite maintenance facilities in new development areas	2018
- Complete implementation of the newly installed tree inventory software system	2017/18
- Develop drainage regulatory-compliance model (Community Standards), including consideration of drainage issues that affect parks and recreation spaces	2017/18
- Implement key findings from Urban Forestry Civic Service Review	2018

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-9) The City may not be adequately protecting information created by or entrusted to it



Key Impacts

- Information is exploited for personal gain/economic advantage
- Loss of citizen trust and confidence in the City
- Legal action against the City
- Legislative non-compliance

Root Causes

- Lack of understanding of what information is confidential/ personal
- Absence of policies that govern collection, use, creation and storage of information
- Inadequate security measures
- Intentional/unintentional breach of security measures, release of information (e.g. hacking, employee error)

Outcomes of Managing the Risk

- Every person who has access to confidential/personal information understands and carries out their responsibilities to protect that information throughout its lifecycle
- The public has confidence that information provided to the City is dealt with appropriately

Current Risk Management Activities

- Procedures ensure user accounts are kept up to date (current staff only)
- Procedures ensure user access privileges do not exceed legitimate needs
- A framework of information management/governance policies have been developed
- Confidentiality agreements are required in certain circumstances
- Administrative processes regarding City Clerk's Office handling of information
- Divisional training sessions are provided upon request
- Corporate records training program provided for records coordinators and others dealing directly with records management
- Privacy Impact Assessment Process approved by Leadership Team
- New Access & Privacy Officer hired in 2017
- Implemented Privacy Impact Assessment Process
- IT Security Program:
  1. MTA – Maturity Threat Analysis has been completed
  2. Cyber Security Analysis – completed by the Government of Canada
  3. Data Center Assessment – completed
- Security reviews, inspections and audits conducted on a periodic basis
- IT monitoring tools have been implemented
- Monitoring, intrusion detection and penetration testing protocols exist

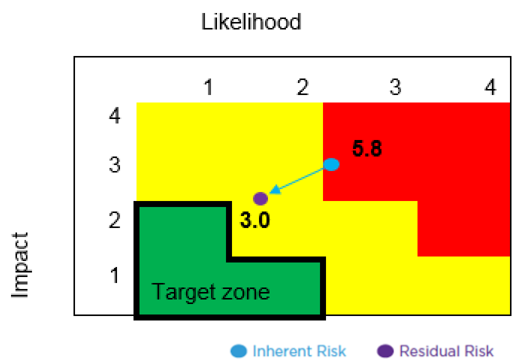
Additional Planned Risk Management Activities	
Description	**Target**
- Review Privacy Impact Assessment Process with stakeholders	2018
- Develop corporate records training program for general staff	2018
- Review and update information management/governance policies	2017/18
- All new employees/contractors to receive training on how to comply with information/ governance policies	2018/19
- Develop detailed policies to support information management/governance framework	2018/19
- Develop IT strategy and technical roadmap for security	2018
- Review and provide input on updated language in tenders/RFPs regarding privacy issues, access to information	2017/18
- Review records classification system and records retention schedules	2017-19
- Develop Privacy Policy (internal) that addresses access and privacy aspects to consider in a hybrid environment, unauthorized release/breach response plan, etc.	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(SG-3) The City may not be consistently considering risk management when evaluating and pursuing strategic initiatives



Key Impacts

- Preventable failures jeopardize project/program/initiative success
- Foreseeable opportunities are missed
- Accepted risk exceeds the organization's risk appetite

Root Causes

- Lack of understanding of importance, process and benefits of risk management
- Unstructured/immature/poorly implemented risk management program
- Risk appetite has not been clearly defined

Outcomes of Managing the Risk

- Project threats are minimized; project opportunities are seized
- Projects are delivered on time, on budget and with quality results

Current Risk Management Activities

- Risk Based Management program was approved by City Council
- Risk Management Policy was approved by City Council
- Risk Based Management workshop conducted
- Leadership Commitment Session held to increase awareness of risk identification, prioritization and mitigation
- Strategic Risk Assessment was completed and approved by City Council
- Developed internal audit plan based on strategic risk assessment
- Strategic Risk Registers prepared and received by SPC on Finance
- 2016 Business Planning process included consideration of key challenges
- 2017 and 2018 Business Planning processes included consideration of strategic risks
- Several risk management guidance documents developed to aid in the preparation of business plans

Additional Planned Risk Management Activities

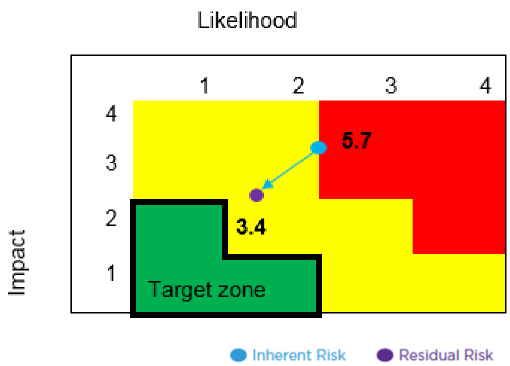
Description	Target
- Finalize Corporate Risk Appetite	2017/18
- Incorporate risk management section in Committee and City Council report template	2018
- Incorporate training on risk management into the corporate training program	2019+
- Conduct operational risk assessment, prepare associated risk registers	2018
- Incorporate operational risk assessments into internal audit plan update	2019
- Business planning process will include consideration of operational and strategic risks	2018+
- Develop a project risk management framework and program	2018
- Implement post-event risk analysis process	2018+

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-5) The City may not be aligning its financial resources in a way that supports its priorities, strategic goals and core services



Key Impacts
- Higher priority services are underfunded; lower priority services are overfunded
- Lower level of confidence in the budgeting process
- Decisions are made with incomplete information

Root Causes
- Budgeting system limitations
- Resource constraints
- Lack of information

Outcomes of Managing the Risk
- A clear, transparent and credible budgeting process that:
  - inspires trust among citizens, City Council and the Administration
  - outlines a plan for achieving priority objectives
  - will use available resources effectively, efficiently and in a sustainable manner
  - serves as a basis for accountable government

Current Risk Management Activities

- Annual business planning process
- Strategic planning process
- Implemented new five-step budgeting process
- Multi-year budgeting consulting project underway
- Service level option reports prepared for City Council to consider during budget deliberations
- Online citizen budget tool
- “Let’s Talk 2020” engagement opportunities obtained information from citizens regarding civic priorities over the next four years
- Annual civic services survey

Additional Planned Risk Management Activities

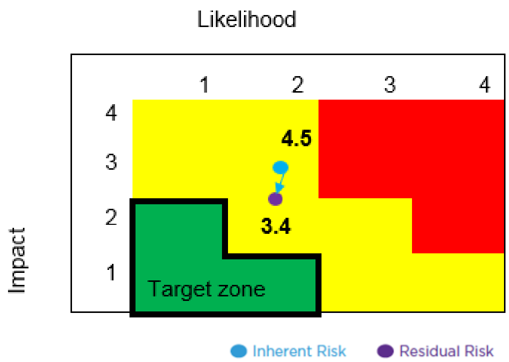
Description	Target
- Research, evaluate and prepare for implementation of a multi-year budgeting process	2018
- Renew the City’s Strategic Plan	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Medium

(A&FS-3) The City may not be investing enough money in its facilities to maintain an acceptable condition and level of service



Key Impacts

- Deteriorating facility condition/availability
- Increasing reactive/emergency maintenance activities/cost
- Deferred facility/equipment replacement; accelerated deterioration
- Available funding spent to repair worst facilities/equipment rather than invest in preventive maintenance
- Increasing facility deficit/deficiency
- Unsafe facility/equipment condition
- Reduced ability for operational programs to deliver service
- Customer dissatisfaction/ transfer of dissatisfaction to other program areas
- Injury, illness or death of employee and/or the public

Root Causes

- Resource constraints
- Past underfunding of asset renewal
- Absence of established asset management plan/life cycle costing process
- Appraised values lag inflationary impacts
- Rate of inflation exceeding annual Municipal Price Index
- Absence of approved service level objectives
- Lack of mutual understanding; unrealistic expectations

Outcomes of Managing the Risk

- Facilities provides quality service in an efficient, timely and professional manner to ensure safe, clean, productive and well maintained civic facilities for employees and citizens
- Quality infrastructure that enhances our community's prosperity and quality of life

Current Risk Management Activities

- Developed customer service agreements for certain customer groups
- Reassessed organizational structure to improve proactive planning and strategic/tactical operation of division – first phase complete.
- Conduct employee engagement survey to improve divisional culture, followed by action plan to improve employee engagement and commitment to cooperation
- Completed implementation of maintenance management system
- Cyclical building condition assessments (5-year cycle)
- Evaluate gaps in facility asset condition assessments and develop strategy to close these gaps (added outdoor pools to 2018 assessments, conducted internal condition assessments based on informal criteria)
- Conduct annual review of Civic Buildings Comprehensive Maintenance Reserve
- Conduct regular customer service meetings to review service and performance
- Completed roll out of new Service Desk tool throughout the organization
- Established an Asbestos Management Program and hired an Indoor Air Quality Manager to administer the program

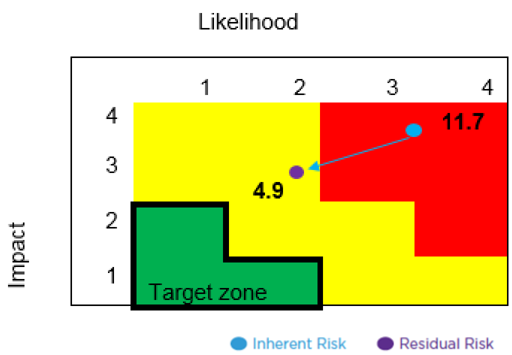
Additional Planned Risk Management Activities	
Description	**Target**
- Continue to develop customer service agreements	2018
- Prepare an Asset Management Plan that addresses inventory, current condition, service level and funding considerations	2017/18
- Integrate maintenance management system with Enterprise Asset Management system	2018
- Develop customer service satisfaction survey and feedback process	2018
- Undertake a comprehensive reserve sufficiency analysis and pursue bylaw amendments as required	2018
- Develop and/or maintain engagement plan/communication strategy regarding facilities planning, purpose and investment	2018

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Low

(SG-6) The future growth of the City and region could be restricted by, or in conflict with, growth in surrounding areas



Key Impacts

- Conflicting, un-coordinated, disjointed stand-alone municipal and First Nation growth plans
- Inability to maximize regional efficiencies and economies of scale
- Fragmented growth plans and conflicting land uses that impose constraints on others

Root Causes

- Lack of cooperation/involvement/commitment/buy-in by municipalities and First Nations in the region
- Sense of competition and desire to retain tax base
- Poor working relationship with regional partners
- Political change and uncertainty

Outcomes of Managing the Risk

- Well integrated regional planning that strengthens each partner municipality and maximizes economic prosperity and quality of life for all

Current Risk Management Activities

- Participated in the Saskatoon North Partnership for Growth (P4G) with the Cities of Warman and Martensville, the Town of Osler and the Rural Municipality of Corman Park
- Have participated with the RM of Corman Park in the Corman Park-Saskatoon Planning District since 1956
- Developed regional land use map and regional servicing strategy
- Developed governance and administrative structures for Regional Plan implementation
- Acquired over 700 acres of future development land in the North and Northeast sectors

Additional Planned Risk Management Activities

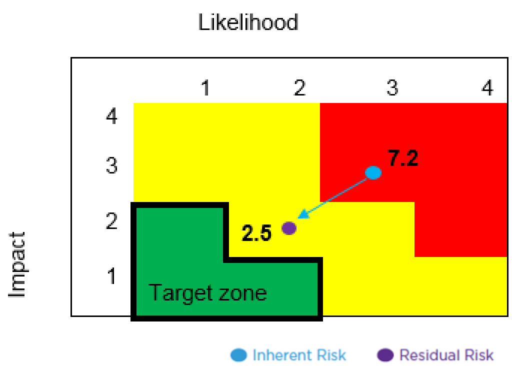
Description	Target
- Liaise with the RM of Corman Park and the Ministry of Government Relations on development proposals in the Planning District	Ongoing
- Engage with First Nations' land development interests in the Saskatoon region	Ongoing
- Conduct workshops on Reserve creation and economic and partnership opportunities	Annually
- Commence discussions on future boundary alterations	2018-20
- Meet with SREDA's Broader Regional Committee	Quarterly

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Low

(A&FS-10) The City may not be investing enough money in its fleet infrastructure to maintain an acceptable condition and level of service



Key Impacts

- Deteriorating fleet condition/availability
- Increasing reactive/emergency maintenance activities/cost
- Deferred vehicle/equipment replacement; accelerated deterioration
- Available funding spent to repair worst vehicle/equipment rather than invest in preventive maintenance
- Increasing fleet deficit/deficiency
- Unsafe vehicle/equipment condition
- Reduced ability for operational programs to deliver service
- Customer dissatisfaction

Root Causes

- Resource constraints
- Past underfunding of asset renewal
- Absence of established asset management plan/life cycle costing process
- Absence of approved service level objectives
- Lack of mutual understanding; unrealistic expectations

Outcomes of Managing the Risk

- Fleet Services provides quality procurement and maintenance services in an efficient, timely and professional manner to ensure safe, reliable and well-maintained vehicles and equipment that support operational program service delivery

Current Risk Management Activities

- Developed customer service agreements for certain customer groups
- Evaluate supervisor capacity and ensure appropriate supervisor/employee and supervisor/duties ratio
- Develop and train supervisors on corporate and regulatory expectations
- Developed Fleet Asset Management Plan identifying funding gap; submitted to City Council for 2017 Budget Deliberations
- Undertaken a comprehensive reserve sufficiency analysis
- Completed Civic Service Review (CSR)
- Circulated customer service survey to all internal customers as part of CSR
- Completed Fleet Services Business Model review
- Completed development of maintenance shop staffing model that matches customer operational needs
- Implementing logistical changes at maintenance shop (entryway, office and parking)
- Updated fleet management technology and training

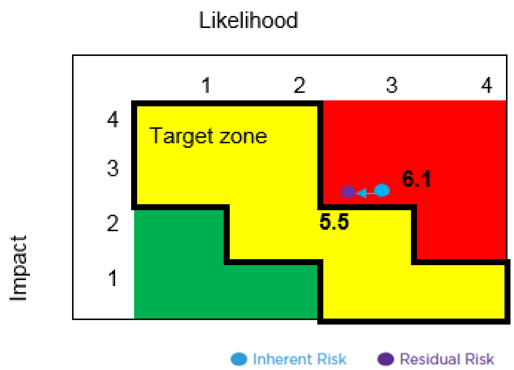
Additional Planned Risk Management Activities	
Description	**Target**
- Developing corporate GPS (Global Positioning System) program to support asset maintenance program and corporate safety and continuous improvement initiatives	2018
- Pursue bylaw amendments as required	2018
- Continue to develop customer service agreements for certain customer groups	2018
- Conduct customer service surveys to all internal customers annually	Annually
- Conduct annual review of rental rates	Annually
- Develop and/or maintain engagement plan/communication strategy regarding fleet investment	2017/18

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Low

(EL-3) The City may fail to identify and pursue corporate CO_2 reduction initiatives



Key Impacts
- Property damage, economic loss and personal injury due to the effects of climate change
- Loss of credibility as an environmental leader
- Increased frequency and intensity of severe weather events – prolonged drought, prolonged wet, intense rain/flooding, damaging winds, heavy snowfall/blizzard, mild winter with freeze/thaw and icing, extreme heat/cold, pests and invasive species

Root Causes
- Failure to meaningfully consider CO_2 implications when evaluating projects/initiatives/options
- Resource constraints
- Absence of a clear vision, near- and long-term goals and strategies to achieve reductions in CO_2 emissions

Outcomes of Managing the Risk
- An efficient, competitive and productive corporation that uses less energy and the energy that is used is from low-carbon sources

Current Risk Management Activities

- Combined heat and power projects at Shaw Centre and Lakewood Civic Centre installed
- Centralized utility management services to identify reduction opportunities
- Renewable energy generation being pursued at the Green Energy Park, including implementing solar power demonstration project at the landfill
- Single-stream recycling in place at most civic facilities
- Landfill Gas Power Generation Facility successfully destroying methane and generating clean electricity
- Launched new garbage, recycling and Green Cart program routing that focusses on optimization/fuel savings
- Reduced energy consumption by 60% with all new street lighting projects using LED fixtures
- Implemented more effective water management practices regarding parks and trees
- Developed new neighborhood design standards and wetlands policy
- Reduction target adopted – reduce City's greenhouse gas emissions by 40% from 2014 levels
- Environmental Implications section in Committee and City Council report template increases staff awareness of CO_2
- Implemented a new Environmental Management System at SL&P consistent with the ISO 14001 Standard

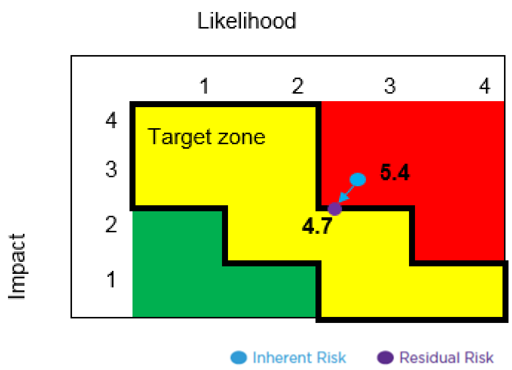
Additional Planned Risk Management Activities	
Description	**Target**
- Develop energy management programs and strategies regarding water, electricity and natural gas	2017/18
- Develop the Corporate Environmental Performance program to further reduce the City's CO_2 footprint, among other environmental impacts	2017/18
- Investigate upgrading of existing street and park lighting to LED fixtures	2017/18
- Investigate options for facilitating solar power development on civic buildings and on private property across Saskatoon	2017/18
- Develop a significant solar energy installation on civic property	2017/18
- Continue to explore options for green energy generation – wind, solar, hydro	TBD
- Sustainable procurement action plan to be updated to increase sustainable purchasing and processes	2018
- Energy Performance Contract is being negotiated to accelerate improving the energy efficiency of civic buildings	2018+
- Develop the 10-year implementation strategy for the Growth Plan to Half a Million to reduce outward growth pressures on civic services and infrastructure that generate increases in CO_2	2017-19
- Develop an Energy & Greenhouse Gas Reduction Business Plan – specific strategies and benchmarks for achieving the corporate greenhouse gas target	2017/18
- Develop and implement a phased-in sustainable purchasing program	2018+
- Develop Storm Water Management Plan and associated policy tools such as low impact development guidelines to reduce reliance on potable water for irrigation and other environmental impacts	2017/18
- New Advanced Traffic Management System to incorporate alternative traffic signal timing plans to reduce vehicle idling and congestion (among other traffic goals)	2018-21

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Low

(EL-2) The City's community education and awareness initiatives regarding carbon footprint may not be affecting change in people's attitudes and behaviors



Note: The scoring for this strategic risk is currently under review. Information presented is related to 2017.

Key Impacts

- Property damage, economic loss and personal injury due to the effects of climate change
- Increased frequency and intensity of severe weather events – prolonged drought, prolonged wet, intense rain/flooding, damaging winds, heavy snowfall/blizzard, mild winter with freeze/thaw and icing, extreme heat/cold, pests and invasive species
- Loss of economic competitiveness to other communities
- Co-benefits are not realized (e.g. reduced air pollutants, reduced traffic congestion, improved range of choice in the housing market, etc.)

Root Causes

- Lack of awareness and understanding of how activities effect greenhouse gas emissions; denial mentality
- Market barriers to technology with positive returns but misaligned beneficiaries
- Lack of access to convenient and affordable alternative solutions

Outcomes of Managing the Risk

- Greenhouse gas emissions must be drastically reduced to avoid a dangerous and irreversible rise in average global temperatures
- A growing, efficient, competitive and productive economy that uses less energy and the energy that is used is from low-carbon sources

Current Risk Management Activities

- Existing conservation education programs (Student Action for a Sustainable Future, healthy yards program, demonstration garden with the food bank and U of S Master Gardeners, backyard composting and rain barrel education, "how to" guides)
- Continue recycling education initiatives to increase the rate of capture for recyclable materials, including the Rolling Education Unit – a mobile trailer used at festivals, events and other public locations to facilitate learning about waste diversion
- Community cash grants program for environmental initiatives
- A community greenhouse gas inventory has been completed and reduction target is being developed (Saskatoon Environmental Advisory Committee)
- Waste diversion target adopted – divert 70% of waste from the landfill
- Signed the Global Covenant on Energy and Climate committing the City to addressing climate change using the tools available to the municipality
- New waste diversion programs being developed (Recovery Park, city-wide Green Cart, waste utility)
- Launched eBill promotional contest to encourage citizens to receive their utility bills online
- Fourth-annual city-wide Curbside Swap

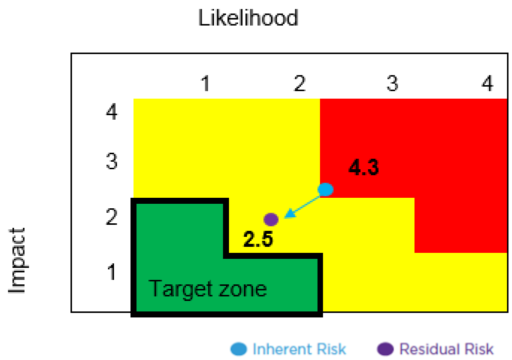
Additional Planned Risk Management Activities	
Description	**Target**
- Partner with Crown utilities and home builders to advance energy efficient housing	2019
- Ensure neighborhood layouts are oriented to take advantage of solar power	2018
- Incorporate community greenhouse gas targets into a new Energy & Greenhouse Gas Reduction Business Plan – specific strategies and benchmarks	2018
- Develop a waste diversion plan – specific strategies and benchmarks	2018
- Implement the Growth Plan to Half a Million, calculating the estimated potential for greenhouse gas reduction associated with realizing the Plan	2018-28
- Develop first phase of Recovery Park	2019
- Develop an annual implementation plan for community greenhouse gas reduction programs and policies focused on conservation and efficiency, improved green spaces to capture carbon, and expanding renewable energy options	2018
- Develop climate adaptation strategy	TBD

Strategic Risk Register

(Effective November 15, 2017)

City Council Priority: Low

(A&FS-12) The City's purchases may not be in accordance with approved policy



Key Impacts
- Inconsistent application of policy requirements
- Negative impact on City's reputation/public image
- Allegations of corruption/collusion/fraud
- Perception of unfairness/preferential treatment
- Exposure to liability in the event of inadequate insurance and/or workers' compensation coverage
- Potential litigation regarding process from unsuccessful proponents

Root Causes
- Lack of knowledge/understanding of policies (due to turnover, ignorance, etc.)
- Ambiguous, subjective, unclear and/or outdated policies
- Adherence to the "letter" of the policy rather than the "intent" in order to bypass the policy
- Inconsistency between corporate policy and departmental/ divisional policy/past practice
- Administrative timelines do not take into account time required to follow policy

Outcomes of Managing the Risk
- Transparent, efficient, effective and fair procurement activities that result in defensible and unbiased procurement decisions that are the best value for the City

Current Risk Management Activities

- RFP awarded for the review of the City's procurement policy and procedures
- Joint education/training sessions have been held with key internal stakeholders
- New P-card policies and procedures have been developed
- Continue phased roll out of P-cards and training sessions throughout the organization
- All sole source decisions must be signed off by applicable General Manager

Additional Planned Risk Management Activities

Description	Target
- Administration and City Council approval of new procurement policies and procedures based on results of Procurement Review	2017/18
- Implement new procurement policy and procedures	2017/18
- Roll out of standardized purchasing templates (e.g. RFQ, RFP, tenders, agreements, etc.)	2017/18
- Provide joint education/training sessions with additional internal stakeholders/user groups	2018+
- Periodic divisional reviews to ensure compliance with new policies	2018+
- Evaluate further centralization of certain inventory and purchasing functions	2018
- Evaluation of the potential for further automating receipt of tender/RFP submissions	2018
- Review and potential revocation of delegated authority privileges for areas of non-compliance	2018+
- Additional targeted training for areas of non-compliance as needed	2018+

Carrying Costs of Serviced Land Holdings

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 carrying costs associated with serviced land holdings.

Report Highlights
1. Saskatoon Land's serviced land inventory consists of industrial, suburban and various downtown/infill parcels.
2. Holding costs consist of maintenance expenditures and grants in lieu of property taxes to the City of Saskatoon (City).
3. Where possible, Saskatoon Land finds interim uses for vacant serviced land to generate revenue and offset holding costs.

Strategic Goal
This report supports the four-year priority of completing an assessment to determine the costs and revenues related to growth under the Strategic Goal of Asset and Financial Sustainability.

Background
At its meeting on May 1, 2017, when considering a report from the CFO/General Manager, Asset and Financial Management Department, regarding revenue and carrying costs of future greenfield development land, the Standing Policy Committee on Finance resolved, in part:

> "3. That the Administration report on the carrying costs of all the serviced land holdings in Saskatoon."

Report
<u>Serviced Land Inventory</u>
The Administration has reviewed holding costs associated with the City's serviced land inventory from 2009 to present. Serviced land inventory consists of industrial, suburban and downtown parcels made up of single-family, multi-family, industrial and commercial parcels. Serviced inventory includes land available for sale over-the-counter, leased parcels and parcels that have not been released to the market for various reasons.

<u>Holding Costs</u>
Many factors contribute to the amount spent on holding costs, including inventory levels, market conditions and location of inventory. As expected, when inventory levels are higher, holding costs also increase, especially in relation to grants in lieu of property taxes paid to the City for titled serviced lots.

Maintenance costs consist of weed cutting, snow clearing, rubble removal primarily caused by illegal dumping, and more recently, security services. In a strong market, inventory levels tend to be lower and construction occurs in a timelier manner aiding in reducing the possibility of illegal dumping. In slower markets, illegal dumping on vacant parcels is more prolific resulting in higher cleanup costs. Costs related to weed cutting and snow clearing are weather dependant and fluctuate based on the amount of rain and snowfall received in the respective seasons.

In order to help reduce overall maintenance costs, Saskatoon Land issues competitive tenders to get the best possible contractor pricing. In 2017, Saskatoon Land also issued a Request for Proposals on security services to discourage illegal dumping and theft from construction sites. These patrols monitor Saskatoon Land's active developments on a daily basis looking for illegal and suspicious activity.

A key mandate of Saskatoon Land is to operate on a level playing field with private developers. In order to help achieve this, property taxes are paid on all inventory in Saskatoon Land development areas. Grants in lieu of property taxes are the greatest carrying cost to the Land Development Fund on inventory, expending just under $1 million dollars in 2016.

<u>Revenue Generation</u>

In order to offset holding costs, interim use of some inventory parcels is possible, generating revenue until such time the parcel can be sold. These uses include surface parking lots or short-term lease to adjacent owners that cover all holding costs.

Industrial inventory offered over-the-counter is available for long-term lease under the City's Industrial Land Incentive program. Under this program, the City collects lease revenue that is used to offset holding costs of serviced land parcels.

Surplus funds received from the interim use of serviced inventory are deposited in the City's General Revenue Fund. Since 2009, revenues generated by interim uses have exceeded total holding cost expenses.

The following table outlines average inventory from January 2009 to October 2017, holding costs incurred and revenue generated from interim uses of serviced land inventory.

Year	Average # of Parcels	Revenue Generated	Holding Costs		
			Grants In Lieu	Maintenance	Totals
2009	364	$ 853,076	$278,589	$ 53,232	$ 331,821
2010	295	$ 917,541	$249,184	$ 54,845	$ 304,029
2011	123	$1,074,836	$122,467	$ 31,403	$ 153,870
2012	123	$1,417,113	$152,673	$ 33,801	$ 186,474
2013	125	$1,670,784	$205,452	$ 44,450	$ 249,902
2014	205	$1,988,072	$278,723	$ 74,396	$ 353,119
2015	561	$2,142,319	$759,953	$111,833	$ 871,786
2016	830	$2,426,823	$994,262	$138,886	$1,133,148
2017 YTD	747	$1,808,137	$868,071	$ 90,554	$ 958,625

Due Date for Follow-up and/or Project Completion

Future Saskatoon Land annual reports will show costs related to maintenance and grants in lieu of serviced land holdings.

Public Notice

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

Report Approval

Written by:	Jeremy Meinema, Finance & Sales Manager
Reviewed by:	Frank Long, Director of Saskatoon Land
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

Carrying Costs of Serviced Land Holdings.docx

Reoffering of Single-Family Lots – Open Market Sales Approach for 2018 Sales

Recommendation

1. That the Director of Saskatoon Land be authorized to reoffer lots in inventory in the Parkridge, Evergreen, Hampton Village, and Rosewood neighbourhoods through an open market (standard terms) sales approach in compliance with the terms and conditions outlined in this report; and
2. That payment terms for all single-family lots in inventory include no interest being charged for the first 12 months of the lot being under an Agreement for Sale be approved.

Topic and Purpose

The purpose of this report is to obtain Standing Policy Committee on Finance approval to sell single-family lots that have been in Saskatoon Land's inventory for an extended period of time through an open market (standard terms) sales approach. This report also requests approval to amend payment terms for all single-family lots sold by Saskatoon Land in 2018 to provide consistency with recent lot releases in Kensington and Aspen Ridge.

Report Highlights

1. As of November 1, 2017, Saskatoon Land's single-family inventory included 145 lots in Parkridge, 30 lots in Evergreen, 5 lots in Rosewood, and 2 in Hampton Village. Many of these lots, particularly in Rosewood and Hampton Village, have been in inventory for an extended period of time.

2. Saskatoon Land is requesting to accept offers on selected lots in order to increase the likelihood of a sale and completion of homes in these areas.

3. Saskatoon Land is requesting to adjust payment terms on all single-family inventory to include no interest being charged for the first 12 months of the lot being under an Agreement for Sale.

Strategic Goals

The recommendations outlined in this report are aimed at encouraging lot sales which supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes, and also supports the four-year priority of developing funding strategies for expenses related to new capital expenditures including core services under the Strategic Goal of Asset and Financial Sustainability.

Background

City Council, at its meeting held on January 23, 2017, approved the open market (standard terms) sales approach as a method for Saskatoon Land to allocate groups of single-family lots to Eligible Contractors. The report indicated that this approach may be beneficial when conditions warrant innovative solutions to move lot inventory in slow markets.

The prices and conditions for the lots to be sold through the open market (standard terms) sales approach were previously approved by the Standing Policy Committee on Finance (Committee). In this instance, the open market (standard terms) sales approach is likely to result in prices that vary from the original approvals, therefore, Committee approval of this sales method is required.

On January 23, 2017, City Council approved a recommendation allowing Saskatoon Land to propose payment terms as part of its "request to sell" reports considered by Committee. Subsequently, on March 6, 2017 and September 5, 2017, Committee approved the terms of sale for Kensington Phase A2 grouped lots and Aspen Ridge Phase 3 lots respectively to include no interest charges for 12 months of the lots being under an Agreement for Sale. Applying these terms to the sale of lots in the remainder of Saskatoon Land's development areas also requires Committee approval.

Report

Current Single-Family Inventory

As of November 9, 2017, Saskatoon Land's single-family inventory included 145 lots in Parkridge, 30 lots in Evergreen, 5 in Rosewood and 2 in Hampton Village. Many of these lots, with the exception of those in Parkridge, have been in inventory for over three years. The lots that are the subject of this report constitute a variety of lot sizes and types, including pie shaped, laned, non-laned, park-backing, buffer-backing, and walk-out.

Saskatoon Land has been looking at various sales approaches and incentives aimed at reducing overall inventory, and making lots held in inventory for an extended time more attractive to potential purchasers. Accepting offers on lots within inventory and implementing less restrictive payment terms were deemed the most suitable approaches to meet these objectives.

Reoffer of Lots in Inventory

Saskatoon Land is requesting approval to reoffer single-family lots within its Rosewood, Evergreen, Hampton Village, and Parkridge neighbourhood inventory through an open market (standard terms) sales approach. Reoffering unsold lot inventory to the market is not specifically outlined in either Council Policy No. C09-033, Sale of Serviced City-Owned Lands, or Council Policy No. C09-006, Residential Lot Sales – General Policy. However, the approach has been used successfully with Committee approval to facilitate the sale of tax title and other surplus property owned by the City of Saskatoon (City). Attachment 1 is a current list of lots proposed to be reoffered, including pricing.

Offers from Eligible Contractors and individual purchasers would be accepted for a limited time period with the highest price received determining the successful proponent, assuming standard terms and conditions are met (Attachment 2). After the initial offer period, unsold lots would remain available over-the-counter for receipt of offers. In considering whether or not to accept a given offer, the following will be considered by Saskatoon Land:

- variance from list price (offers significantly lower than list price that are not considered reflective of market price will not be accepted);
- length of time lot has been available for purchase;
- lot type and locational characteristics; and
- recent comparable sales of similar lots.

Consistent with Council Policy No. C09-033, all offers accepted by Saskatoon Land under the open market approach would be conditional upon approval of the CFO/General Manager, Asset and Financial Management Department.

Payment Terms for Remaining Single-Family Lots
Saskatoon Land is recommending that payment terms for all single-family inventory lot sales include no interest charges for 12 months of the lot being under an Agreement for Sale. On January 23, 2017, City Council approved a recommendation allowing Saskatoon Land to propose payment terms as part of its request to sell reports considered by Committee. Implementing payment terms with no interest charges for 12 months as proposed in this report would decrease builders' carrying costs, allow Saskatoon Land's payment terms to remain competitive, and make all lots sold by Saskatoon Land consistent with the terms of its recent lot offerings.

Options to the Recommendation
The Standing Policy Committee on Finance could choose not to proceed with the use of an open market (standard terms) sales approach for the sale of single-family lots at this time. In this case, lots in inventory will continue to be sold over-the-counter at list price.

The Standing Policy Committee on Finance could choose not to implement payment terms of no interest being charged for the first 12 months of the lots being under an Agreement for Sale. In this case, payment terms would remain 8 months' interest free upon Agreement for Sale.

Communication Plan
Notice of the reoffer period for the subject sites will be advertised in the Saskatoon StarPhoenix a minimum of one Saturday during the offer period. The reoffer period and property sale information will be posted on Saskatoon Land's website.

Financial Implications
Proceeds from the sale of the subject sites will be deposited into the relevant Evergreen, Rosewood, Hampton Village, and Parkridge Neighbourhood Land Development Fund.

Other Considerations/Implications
There are no policy, environmental, privacy, or CPTED implications or considerations, and neither public and/or stakeholder involvement is required.

Due Date for Follow-up and/or Project Completion
Information on the outcome of the open market sale of lots will be made available in a public report documenting all sales completed through the open market approach. This information will be provided to the Standing Policy Committee on Finance in 2018.

Public Notice

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

Attachments

1. List of Properties Requested to be Reoffered
2. Open Market Sales Approach – Terms and Conditions

Report Approval

Written by:	Brad Murray, Land Development Project Manager
Reviewed by:	Frank Long, Director of Saskatoon Land
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset and Financial Management Department

Reoffering Single-Family Sales – Open Market.docx

List of Properties to be Reoffered

Neighbourhood/Phase	Lot	Block	Plan	Civic Address	Lot Type	List Price
Evergreen Phase 6	18	644	102107562	1031 Kloppenburg Bend	Traditional	$186,700
Evergreen Phase 7	26	658	102138599	855 Glacial Shores Manor	Traditional	$182,800
Evergreen Phase 7	54	658	102132447	147 Glacial Shores Court	Traditional	$237,300
Evergreen Phase 7	55	658	102132447	143 Glacial Shores Court	Traditional	$235,900
Evergreen Phase 7	6	664	102135024	123 Arscott Cres	Traditional	$213,000
Evergreen Phase 7	7	664	102135024	127 Arscott Cres	Traditional	$224,900
Evergreen Phase 7	8	664	102135024	131 Arscott Cres	Traditional	$214,100
Evergreen Phase 7	25	664	102135024	347 Arscott Cres	Traditional	$215,700
Evergreen Phase 7	26	664	102135024	351 Arscott Cres	Traditional	$232,200
Evergreen Phase 7	27	664	102135024	355 Arscott Cres	Traditional	$216,400
Evergreen Phase 7	28	664	102135024	359 Arscott Cres	Traditional	$241,700
Evergreen Phase 7	29	664	102135024	363 Arscott Cres	Traditional	$241,700
Evergreen Phase 7	30	664	102135024	367 Arscott Cres	Traditional	$240,700
Evergreen Phase 7	31	664	102135024	371 Arscott Cres	Traditional	$239,700
Evergreen Phase 7	5	667	102135024	214 Arscott St	Traditional	$173,900
Evergreen Phase 7	10	647	102070088	102 Johns Rd	Traditional	$226,600
Evergreen Phase 8	6	672	102146891	527 Boykowich Cres	Park	$237,700
Evergreen Phase 8	2	668	102137633	306 Baltzan Cove	Traditional	$175,600
Evergreen Phase 8	1	672	102146891	547 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	2	672	102146891	543 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	3	672	102146891	539 Boykowich Cres	Walkout	$227,800
Evergreen Phase 8	4	672	102146891	535 Boykowich Cres	Walkout	$225,800
Evergreen Phase 8	5	672	102146891	531 Boykowich Cres	Walkout	$228,100
Evergreen Phase 8	1	673	102146891	579 Boykowich Cres	Walkout	$236,200
Evergreen Phase 8	2	673	102146891	575 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	3	673	102146891	571 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	4	673	102146891	567 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	5	673	102146891	563 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	6	673	102146891	559 Boykowich Cres	Walkout	$227,500
Evergreen Phase 8	7	673	102146891	555 Boykowich Cres	Walkout	$235,800
Hampton Village Phase 4	22	972	101907659	346 Greenfield Terr	Walkout	$215,900
Hampton Village Phase 5	17	978	101962010	215 Hargreaves Green	Traditional	$185,100
Hampton - Westview	11	664	102131592	1524 37th Street	Traditional	$142,600
Parkridge	29	890	102177862	243 Kinloch Cres	Buffer	$188,800
Parkridge	30	890	102177862	247 Kinloch Cres	Buffer	$191,200
Parkridge	34	890	102177862	315 Kinloch Bay	Buffer	$183,300
Parkridge	35	890	102177862	319 Kinloch Bay	Buffer	$178,700
Parkridge	36	890	102177862	323 Kinloch Bay	Buffer	$187,700
Parkridge	37	890	102177862	327 Kinloch Bay	Buffer	$201,800
Parkridge	38	890	102177862	331 Kinloch Bay	Buffer	$189,200
Parkridge	39	890	102177862	335 Kinloch Bay	Buffer	$177,700
Parkridge	40	890	102177862	339 Kinloch Bay	Buffer	$178,900
Parkridge	44	890	102177862	403 Kinloch Cres	Buffer	$157,000
Parkridge	45	890	102177862	407 Kinloch Cres	Buffer	$152,700

Neighbourhood/Phase	Lot	Block	Plan	Civic Address	Lot Type	List Price
Parkridge	46	890	102177862	411 Kinloch Cres	Buffer	$143,100
Parkridge	47	890	102177862	415 Kinloch Cres	Buffer	$136,900
Parkridge	48	890	102177862	419 Kinloch Cres	Buffer	$162,800
Parkridge	49	890	102177862	423 Kinloch Cres	Buffer	$145,900
Parkridge	50	890	102177862	427 Kinloch Cres	Buffer	$133,800
Parkridge	51	890	102177862	431 Kinloch Cres	Buffer	$147,300
Parkridge	52	890	102177862	435 Kinloch Cres	Buffer	$145,800
Parkridge	53	890	102177862	439 Kinloch Cres	Buffer	$164,600
Parkridge	57	890	102177862	515 Kinloch Court	Buffer	$180,100
Parkridge	58	890	102177862	519 Kinloch Court	Buffer	$166,400
Parkridge	59	890	102177862	523 Kinloch Court	Buffer	$160,700
Parkridge	60	890	102177862	527 Kinloch Court	Buffer	$160,400
Parkridge	62	890	102177862	535 Kinloch Court	Buffer	$166,100
Parkridge	63	890	102177862	539 Kinloch Court	Buffer	$189,700
Parkridge	30	892	102177862	522 Fortosky Terr	Park	$165,700
Parkridge	31	892	102177862	518 Fortosky Terr	Park	$146,600
Parkridge	32	892	102177862	514 Fortosky Terr	Park	$163,700
Parkridge	1	894	102177862	102 Fortosky Manor	Park	$161,100
Parkridge	2	894	102177862	106 Fortosky Manor	Park	$161,100
Parkridge	3	894	102177862	110 Fortosky Manor	Park	$161,100
Parkridge	4	894	102177862	114 Fortosky Manor	Park	$161,100
Parkridge	5	894	102177862	118 Fortosky Manor	Park	$161,100
Parkridge	6	894	102177862	122 Fortosky Manor	Park	$161,100
Parkridge	7	894	102177862	126 Fortosky Manor	Park	$161,100
Parkridge	8	894	102177862	130 Fortosky Manor	Park	$161,100
Parkridge	9	894	102177862	134 Fortosky Manor	Park	$165,100
Parkridge	1	895	102177862	434 Fortosky Manor	Park	$153,100
Parkridge	2	895	102177862	438 Fortosky Manor	Park	$153,100
Parkridge	3	895	102177862	442 Fortosky Manor	Park	$161,400
Parkridge	4	895	102177862	446 Fortosky Manor	Park	$161,400
Parkridge	5	895	102177862	450 Fortosky Manor	Park	$161,400
Parkridge	6	895	102177862	454 Fortosky Manor	Park	$161,400
Parkridge	7	895	102177862	458 Fortosky Manor	Park	$161,400
Parkridge	8	895	102177862	462 Fortosky Manor	Park	$161,400
Parkridge	9	895	102177862	466 Fortosky Manor	Park	$161,400
Parkridge	10	895	102177862	502 Fortosky Terr	Park	$161,500
Parkridge	11	895	102177862	506 Fortosky Terr	Park	$160,900
Parkridge	6	896	102177862	202 Fortosky Cres	Park	$183,400
Parkridge	7	896	102177862	206 Fortosky Cres	Park	$182,100
Parkridge	8	896	102177862	210 Fortosky Cres	Park	$174,800
Parkridge	9	896	102177862	214 Fortosky Cres	Park	$169,000
Parkridge	10	896	102177862	218 Fortosky Cres	Park	$160,600
Parkridge	14	896	102177862	274 Fortosky Cres	Park	$153,100
Parkridge	15	896	102177862	278 Fortosky Cres	Park	$153,100

Neighbourhood/Phase	Lot	Block	Plan	Civic Address	Lot Type	List Price
Parkridge	16	896	102177862	282 Fortosky Cres	Park	$153,100
Parkridge	17	896	102177862	286 Fortosky Cres	Park	$153,100
Parkridge	1	897	102177862	427 Fortosky Manor	Park	$160,600
Parkridge	2	897	102177862	431 Fortosky Manor	Park	$160,600
Parkridge	3	897	102177862	435 Fortosky Manor	Park	$160,600
Parkridge	4	897	102177862	439 Fortosky Manor	Park	$153,200
Parkridge	5	897	102177862	443 Fortosky Manor	Park	$153,200
Parkridge	6	897	102177862	447 Fortosky Manor	Park	$153,200
Parkridge	7	897	102177862	451 Fortosky Manor	Park	$153,200
Parkridge	8	897	102177862	455 Fortosky Manor	Park	$153,200
Parkridge	9	897	102177862	459 Fortosky Manor	Park	$153,200
Parkridge	10	897	102177862	463 Fortosky Manor	Park	$152,900
Parkridge	31	890	102177862	303 Kinloch Bay	Traditional	$156,100
Parkridge	32	890	102177862	307 Kinloch Bay	Traditional	$168,700
Parkridge	33	890	102177862	311 Kinloch Bay	Traditional	$177,000
Parkridge	41	890	102177862	343 Kinloch Bay	Traditional	$169,500
Parkridge	42	890	102177862	347 Kinloch Bay	Traditional	$163,300
Parkridge	43	890	102177862	351 Kinloch Bay	Traditional	$156,800
Parkridge	54	890	102177862	503 Kinloch Court	Traditional	$158,300
Parkridge	55	890	102177862	507 Kinloch Court	Traditional	$168,400
Parkridge	56	890	102177862	511 Kinloch Court	Traditional	$166,600
Parkridge	64	890	102177862	543 Kinloch Court	Traditional	$208,100
Parkridge	65	890	102177862	547 Kinloch Court	Traditional	$189,300
Parkridge	66	890	102177862	551 Kinloch Court	Traditional	$183,100
Parkridge	67	890	102177862	555 Kinloch Court	Traditional	$183,100
Parkridge	68	890	102177862	559 Kinloch Court	Traditional	$183,100
Parkridge	69	890	102177862	563 Kinloch Court	Traditional	$177,500
Parkridge	70	890	102177862	567 Kinloch Court	Traditional	$195,600
Parkridge	71	890	102177862	571 Kinloch Court	Traditional	$202,900
Parkridge	72	890	102177862	575 Kinloch Court	Traditional	$181,800
Parkridge	73	890	102177862	103 Fortosky Manor	Traditional	$149,100
Parkridge	74	890	102177862	107 Fortosky Manor	Traditional	$142,700
Parkridge	78	890	102177862	123 Fortosky Manor	Traditional	$147,300
Parkridge	79	890	102177862	203 Fortosky Cres	Traditional	$141,900
Parkridge	80	890	102177862	207 Fortosky Cres	Traditional	$147,400
Parkridge	81	890	102177862	211 Fortosky Cres	Traditional	$166,700
Parkridge	82	890	102177862	215 Fortosky Cres	Traditional	$164,900
Parkridge	84	890	102177862	223 Fortosky Cres	Traditional	$146,400
Parkridge	87	890	102177862	235 Fortosky Cres	Traditional	$146,500
Parkridge	88	890	102177862	239 Fortosky Cres	Traditional	$153,300
Parkridge	89	890	102177862	243 Fortosky Cres	Traditional	$158,300
Parkridge	20	891	102177862	230 Kinloch Cres	Traditional	$156,800
Parkridge	21	891	102177862	234 Kinloch Cres	Traditional	$150,100
Parkridge	22	891	102177862	238 Kinloch Cres	Traditional	$139,300

Neighbourhood/Phase	Lot	Block	Plan	Civic Address	Lot Type	List Price
Parkridge	23	891	102177862	402 Kinloch Cres	Traditional	$149,700
Parkridge	24	891	102177862	406 Kinloch Cres	Traditional	$151,100
Parkridge	25	891	102177862	410 Kinloch Cres	Traditional	$149,600
Parkridge	27	891	102177862	418 Kinloch Cres	Traditional	$144,200
Parkridge	28	891	102177862	422 Kinloch Cres	Traditional	$150,900
Parkridge	29	891	102177862	426 Kinloch Cres	Traditional	$154,300
Parkridge	30	891	102177862	430 Kinloch Cres	Traditional	$159,800
Parkridge	31	891	102177862	434 Kinloch Cres	Traditional	$155,500
Parkridge	32	891	102177862	438 Kinloch Cres	Traditional	$154,300
Parkridge	33	891	102177862	442 Kinloch Cres	Traditional	$167,800
Parkridge	34	891	102177862	602 Kinloch Cres	Traditional	$167,800
Parkridge	35	891	102177862	606 Kinloch Cres	Traditional	$150,500
Parkridge	38	891	102177862	618 Kinloch Cres	Traditional	$143,900
Parkridge	39	891	102177862	622 Kinloch Cres	Traditional	$157,300
Parkridge	1	892	102177862	247 Fortosky Cres	Traditional	$177,200
Parkridge	2	892	102177862	251 Fortosky Cres	Traditional	$184,700
Parkridge	3	892	102177862	255 Fortosky Cres	Traditional	$139,100
Parkridge	4	892	102177862	259 Fortosky Cres	Traditional	$128,000
Parkridge	12	892	102177862	303 Fortosky Cres	Traditional	$111,500
Parkridge	16	892	102177862	319 Fortosky Cres	Traditional	$117,200
Parkridge	17	892	102177862	323 Fortosky Cres	Traditional	$117,200
Parkridge	18	892	102177862	327 Fortosky Cres	Traditional	$128,500
Parkridge	20	892	102177862	335 Fortosky Cres	Traditional	$138,200
Parkridge	21	892	102177862	558 Fortosky Terr	Traditional	$133,800
Parkridge	22	892	102177862	554 Fortosky Terr	Traditional	$129,900
Parkridge	24	892	102177862	546 Fortosky Terr	Traditional	$131,200
Parkridge	26	892	102177862	538 Fortosky Terr	Traditional	$140,500
Parkridge	27	892	102177862	534 Fortosky Terr	Traditional	$127,500
Parkridge	28	892	102177862	530 Fortosky Terr	Traditional	$140,200
Parkridge	29	892	102177862	526 Fortosky Terr	Traditional	$146,500
Parkridge	6	893	102177862	623 Kinloch Cres	Traditional	$129,900
Parkridge	8	893	102177862	574 Kinloch Court	Traditional	$165,400
Parkridge	9	893	102177862	570 Kinloch Court	Traditional	$162,100
Parkridge	10	893	102177862	530 Kinloch Court	Traditional	$154,700
Parkridge	11	893	102177862	526 Kinloch Court	Traditional	$149,700
Parkridge	12	893	102177862	522 Kinloch Court	Traditional	$152,000
Parkridge	13	893	102177862	518 Kinloch Court	Traditional	$153,300
Parkridge	1	896	102177862	403 Fortosky Manor	Traditional	$144,600
Parkridge	2	896	102177862	407 Fortosky Manor	Traditional	$149,800
Parkridge	3	896	102177862	411 Fortosky Manor	Traditional	$143,100
Parkridge	4	896	102177862	415 Fortosky Manor	Traditional	$143,100
Parkridge	5	896	102177862	419 Fortosky Manor	Traditional	$164,100
Parkridge	11	896	102177862	222 Fortosky Cres	Traditional	$136,300
Parkridge	12	896	102177862	226 Fortosky Cres	Traditional	$136,300

Neighbourhood/Phase	Lot	Block	Plan	Civic Address	Lot Type	List Price
Parkridge	13	896	102177862	230 Fortosky Cres	Traditional	$136,300
Rosewood Phase 1	124	12	102037799	123 Hastings Lane	Traditional	$202,100
Rosewood Phase 2	19	16	102098842	802 Werschner Crt	Park	$240,800
Rosewood Phase 2	21	16	102098842	810 Werschner Crt	Park	$238,900
Rosewood Phase 2	71	12	102098842	739 Hastings Cove	Traditional	$229,300
Rosewood Phase 2	72	12	102098842	735 Hastings Cove	Traditional	$229,200
Montgomery Place	41	13	101345048	1215 Dundonland Ave	Traditional	$210,000

Open Market Sales Approach – Terms and Conditions

1. Deposit/Possession:
   i) Deposit amount of 13% is due within five (5) business days of offer acceptance.
   ii) 0% interest for the first twelve (12) months of the lots being under an Agreement for Sale.
   iii) Full payment of the lot is due in twelve (12) months.
   iv) After twelve (12) months, a further payment of 5% on the purchase price is required to extend an additional four (4) months.
   v) The purchaser shall have the right of possession upon the effective date of the Agreement for Sale.

2. Conditions Precedent:
   i) Approval of the sale by the CFO/General Manager, Asset and Financial Management Department.

3. Special Terms and Conditions:
   i) 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.
   ii) Development on these lots will be reviewed for consistency with Saskatoon Land's architectural and development controls.
   iii) Upon entrance into the Agreement for Sale, lot purchases will be considered final sales. Return of any of the lots will not be permitted.
   iv) Eligible Contractors must be in good standing on Saskatoon Land's Eligible Contractor List.
   v) Individual Purchasers must be in compliance with Council Policy Number No. C09-006, Residential Lots Sales – General Policy, stating individuals are entitled to purchase only one City-owned lot every three years.
   vi) The purchaser covenants and agrees to construct a dwelling on each lot, with the dwellings being completed within three years of the effective date of the Agreement for Sale as evidenced by a substantial completion of the dwelling unit.
   vii) 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.

Extension of Single-Family Lot Sales Incentives

Recommendation
That the extension of front-driveway and front-landscaping rebate incentives for 2018 single-family lots sales be approved as outlined in this report.

Topic and Purpose
The purpose of this report is to receive Standing Policy Committee on Finance approval to extend Saskatoon Land's single-family lot incentive program to lots sold in 2018.

Report Highlights

1. Saskatoon Land's single-family lot incentive rebate provides lot purchasers with a maximum rebate of $6,000 for front-driveway surfacing completed within one year of building permit issuance and a maximum rebate of $2,000 for front landscaping completed within one year of building permit issuance.

2. Based on 2016 lot sales, the rebate program has a participation rate of approximately 70% and is anticipated to increase as a number of lots sold in 2016 still remain eligible for the rebate program.

3. In 2016, single-family lot sales increased by 97% upon implementation of the rebate program. When combined with 2017 single-family lot sales data, 254 single-family lots have been sold since establishment of the rebate program resulting in a total sales revenue of $37.98M.

4. The Administration reviewed lot incentives currently being offered by other local developers in the city. Dream Development (Dream) and Arbutus Properties (Arbutus) also offer similar landscaping incentives.

5. The Administration is recommending the incentive program be extended to 2018 inventory sales and new lot offerings.

6. The Administration is proposing one change to its front-landscaping requirement terms in order to accommodate other forms of landscaping enhancements in cases where mandatory tree installations have been problematic due to site constraints.

Strategic Goal
This report supports the four-year priority of identifying targeted opportunities to implement specific continuous improvement tools within departments under the Strategic Goal of Continuous Improvement.

Background
City Council, at its meeting on August 18, 2016, approved that the front-driveway surfacing and front-landscaping rebate program be implemented to encourage sales of

single-family lots in inventory as well as lots sold by lot draw for the period January 1, 2016 to December 31, 2016.

Furthermore, at its meeting on January 9, 2017, the Standing Policy Committee on Finance approved the extension of the rebate incentives for single-family lot sales in 2017.

Report

Single-Family Lot Rebate Program Summary
Saskatoon Land initiated its single-family lot, front-driveway and front-landscaping rebate incentive program in August 2016. Since its initiation, Saskatoon Land has sold 254 single-family lots.

The rebate program provides lot purchasers with a maximum rebate of $6,000 for front-driveway surfacing completed within one year of building permit issuance, and a maximum rebate of $2,000 for front landscaping completed within one year of building permit issuance.

Incentive Program Participation Rates
As of November 6, 2017, Saskatoon Land has received a total of 125 rebate applications (78 front-driveway and 47 front-landscaping rebate applications).

Included are 36 lots where both rebate types were applied for and 53 lots where only one rebate was applied for a total of 89 applicants. Based on 2016 lot sales, the rebate program has a participation rate of approximately 70% and is anticipated to increase as a number of lots sold in 2016 still remain eligible for the rebate program. The rebate program participation rate for lots sold in 2017 is difficult to accurately quantify at this point as the majority of homes under construction on lots sold in 2017 are not at stages where driveway and landscaping work would typically be completed. However, a participation rate comparable to the 2016 figure is anticipated for lots sold in 2017.

As of November 6, 2017, rebates have been issued for an approximate total of $462,000. Since the inception of the rebate program, 254 single-family lots have been sold resulting in a total sales revenue of $37.98M. Prior to implementation of the rebate program in 2016, Saskatoon Land sold 39 single-family lots between January 2016 and August 2016 for a total sales revenue of $6.8M. After implementation of the rebate program for the duration of 2016, Saskatoon Land sold 77 single-family lots between August 2016 and December 31, 2016 for a total revenue of $11.8M. Given the above information, single-family lot sales increased by 97% following implementation of the rebate program in 2016. Examples of completed front yards are noted on Attachment 1.

Incentive Programs Offered by Other Local Developers
As part of Saskatoon Land's evaluation of its single-family lot rebate incentive program, Saskatoon Land reviewed incentives currently being offered by other local developers in the city. Of the developers reviewed, Dream and Arbutus currently offer similar incentives.

On lots sold in the Brighton neighbourhood, Dream provides a basic front-landscaping package to its customers, which consists of topsoil, sod and one tree. The landscaping work is completed by Dream once home construction is substantially complete. Arbutus also employs a similar approach on lots sold in the Meadows area of the Rosewood neighbourhood.

The Administration is recommending the continuation of the incentive rebate for the following reasons:

- Other local developers offer more lucrative payment term options and providing the incentive rebate allows Saskatoon Land to compete on equal footing with these developers.

- The incentive rebate results in improved streetscapes that are more aesthetically pleasing earlier in the neighbourhood build-out.

- The front-driveway incentive results in reduced debris on streets and reduced probability of sediments entering the storm water catch basins.

- Existing Saskatoon Land single-family inventory and the subsequent home sales on these lots will be competing against other home sales where similar incentives were previously offered by private developers.

Extension of Incentive Program

The Administration is recommending the incentive program be extended to 2018 inventory sales and new lot offerings. As builder inventory levels draw down, continuation of the program will encourage builders to consider Saskatoon Land development areas for their next purchase. The incentives offered would remain as follows:

- maximum rebate of $6,000 for front-driveway surfacing completed within 1 year of building permit issuance;
- maximum rebate of $2,000 for front landscaping completed within 1 year of building permit issuance;
- only Eligible Contractor and individual lot purchasers are eligible for rebate incentives;
- under no circumstance would the rebate provided exceed actual invoiced cost; and
- rebate to be 50% of the amount if completed within 2 years of building permit issuance for both front-driveway surfacing and front landscaping.

At the end of 2018, the Administration will provide a further update report on the results of the front-driveway surfacing and front-landscaping program, including uptake on the rebate incentives. The Administration will also examine the feasibility of making front-landscaping improvements a mandatory requirement for all new homes built in Saskatoon Land development areas.

<u>Revised Landscaping Requirements</u>
The Administration is proposing one change to its front landscaping requirement terms. Current terms include a requirement for the installation of at least one tree in order to be eligible for the landscaping rebate. Based on feedback received on the rebate program, the Administration recommends broadening this requirement to also allow for shrubs, planting beds, hardscaped features and other landscape elements that may be permitted at the Administration's discretion in cases where tree installation may be difficult due to lot size constraints, as shown on Attachment 2.

Options to the Recommendation
The Standing Policy Committee on Finance could choose not to approve the continuation of the single-family lot incentive program. The Administration does not recommend this option as it may lead to potential lower sales and would prohibit Saskatoon Land from competing effectively with other developers that are offering similar incentives.

Public and/or Stakeholder Involvement
Feedback from Saskatoon Land's Eligible Contractors on the use of the rebate incentive programs will be requested as part of Saskatoon Land's annual builder survey in the near future.

Information on continuation of the front-driveway surfacing and front-landscaping rebate incentives has been provided to the Saskatoon and Region Home Builders' Association.

Communication Plan
If the proposed extension to the incentive program is approved, Saskatoon Land will distribute information to its Eligible Contractors. The information will also be available to the public on Saskatoon Land's website.

Financial Implications
Extending the incentive rebates for front-driveway surfacing and front-yard landscaping in 2018 is projected to result in the sale of 390 lots generating approximately $56.55M with expected costs as follows:

Incentive Rebate Costs	Amounts
Landscaping Costs 100% Uptake	$ 234,000
Driveway Costs 100% Uptake	$1,638,000
Total Incentive Cost	**$1,872,000**

Costs for the program to continue in 2018 have been accounted for under each neighbourhood land development fund. Land proforma targets are not expected to be significantly impacted by extending the program.

Other Considerations/Implications
There are no policy, environmental, privacy or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

A report will be presented in fall 2018 to the Standing Policy Committee on Finance to provide an update on the outcome of the incentives and potentially request that front-landscaping improvements be a mandatory requirement for new homes built in Saskatoon Land development areas within a certain time period.

A separate report will be presented to the Standing Policy Committee on Planning, Development and Community Services in early 2018 which will address potential requirements for single-family lot landscaping requirements on a city-wide basis.

Public Notice

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

Attachments

1. Single-Family Lot Incentives - Highlights
2. Landscaping Incentive Rebate Terms and Conditions

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

Extension of Single-Family Lot Sales Incentives.docx

ATTACHMENT 1

SINGLE-FAMILY LOT INCENTIVES - HIGHLIGHTS

FRONT-YARD LANDSCAPING REBATES

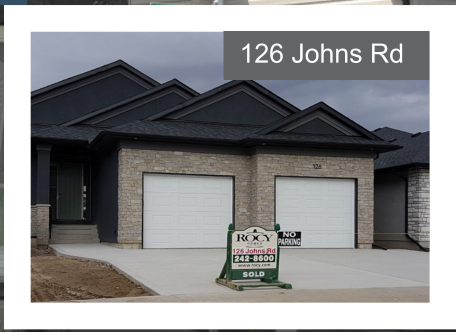
627 Hastings Cr

658 Fast Cr

650 Fast Cr

638 Boykowich Cr

FRONT-DRIVEWAY REBATES



126 Johns Rd

634 Boykowich Cr

216 Glacial Shores Cove

saskatoonland.ca

City of Saskatoon
Saskatoon Land

Landscaping Incentive Rebate

Limited time offer!

Front-yard landscaping incentives are available on lots offered for sale by Saskatoon Land in the Aspen Ridge, Evergreen, Hampton Village, Kensington, Parkridge and Rosewood neighbourhoods.

Rebate Schedule & Amounts
To be eligible for this rebate, builder and individual lot purchasers have a two-year timeframe to complete their front-yard landscaping starting from the date the building permit is issued for construction of the principal building on site.

Cash back incentives.

Year 1*
$2000
cash back!

Year 2^
$1000
cash back!

**Completion within one year of building permit issuance date.*
^Completion within two years of building permit issuance date.

No rebate is available for front-yard landscaping completed beyond two years of the building permit issuance date.

Material Scope & Standards
The rebate material scope includes materials and services rendered for the installation of sod, artificial turf, topsoil, trees, shrubs, plant materials, hardscaped elements, irrigation components and edging. The following minimum standards apply:

- Topsoil installed to a minimum depth of 4”;
- Sod (seeded lawns are not acceptable);
- A minimum of one tree of a species suitable for Saskatoon’s climate and soil types must be planted in the front yard of the following minimum size:
  - Deciduous trees must have a minimum 1 3/4” caliper measured 6” above ground; and
  - Coniferious trees must be a minimum 6’ in height.

In lieu of providing a tree, other landscape elements may be considered at the discretion of Saskatoon Land. Rebates for xeriscaped front yards will be reviewed on a case-by-case basis at the discretion of Saskatoon Land.

Additional Audit Fees 2016 Year-End – External Auditor

Recommendation
That the invoice from Deloitte in the amount of $5,350, plus GST and PST, for additional audit fees for completion of the 2016 year-end financial audit be approved for payment.

Topic and Purpose
The purpose of this report is to receive Standing Policy Committee on Finance approval for the payment of additional fees resulting from the 2016 year-end audit to compensate for time that is out of scope of the external audit contract.

Report Highlights
1. As the City of Saskatoon's (City) 2016 year-end audit required additional work by the external auditor, the net amount of $5,350, plus GST and PST, is being invoiced.

Strategic Goal
This report supports the long-term strategy of protecting the City's credit rating by ensuring sound financial policies and practices under the Strategic Goal of Asset and Financial Sustainability.

Background
The 2016 Audited Financial Statements were approved at the regular meeting of City Council on June 26, 2017.

Report
Deloitte, the City's external auditor, is under an agreement that is awarded through a Request for Proposals process to fulfill the annual audit for the City's consolidated financial statements. The fees to conduct the audit are included as part of the audit agreement, and are based on a normal scope of the work required to complete the annual audit. Any additional work outside of this scope is billed on an exception basis.

The additional fees were largely attributable to additional work required for restatement disclosures in the Consolidated Financial Statements. This restatement was required due to changes on the prior year's figures in regard to contributed Tangible Capital Assets that were transferred from the Province of Saskatchewan to the City.

Options to the Recommendation
There are no options to the recommendation.

Financial Implications
The amount of the invoice is considered out of scope from the original contract and therefore is unbudgeted. The net impact will be $5,350, plus taxes.

Other Considerations/Implications

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

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.

Attachment

1. Deloitte Invoice No. 4514381

Report Approval

Written by:	Kyra Macfarlane, Corporate Accounting Manager
Reviewed by:	Clae Hack, Director of Finance
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

Additional Audit Fees 2016.docx

Deloitte.

Deloitte LLP
122 - 1st Avenue South
Suite 400
Saskatoon, SK S7K 7E5

Tel: (306) 343-4400
Fax: (306) 343-4480
www.deloitte.ca

Attention: Clae Hack, Director of Finance and Supply
Via Email: clae.hack@saskatoon.ca
City of Saskatoon
222 3rd Avenue North
Saskatoon SK S7K 0J5

Date:	October 25, 2017
Invoice Number:	4514381
Client/Mandate Number:	821051/1000004
Billing Partner:	A. Coutts

GST/HST Registration Number: 13324 5290

Invoice

Professional services rendered:

- Additional billing related to the City's December 31, 2016 audit and accompany prior year TCA matters.

Our Fee	$	5,000.00
Administrative Expenses @ 7%		350.00
Subtotal	$	5,350.00
GST @ 5%		267.50
PST @ 6%	$	321.00
Amount Payable (CAD)	**$**	**5,938.50**

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Saskatoon Regional Economic Development Authority Inc. – 2017/2018 Report

Recommendation
That the Standing Policy Committee on Finance recommend to City Council:
1. That a bonus payment of $116,625 to the Saskatoon Regional Economic Development Authority Inc. be approved; and
2. That the Saskatoon Regional Economic Development Authority Inc.'s 2018 Performance Indicators and Targets be approved.

Topic and Purpose
This purpose of this report is to obtain City Council approval for the annual bonus payment to Saskatoon Regional Economic Development Authority Inc. (SREDA) based on its 2017 performance measures, as well as approval of SREDA's 2018 Performance Indicators and Targets. This is consistent with the reporting requirements outlined in the Funding Agreement between the City of Saskatoon (City) and SREDA.

Report Highlights
1. Based on the performance measure targets, SREDA's bonus payment for 2017 is $116,625.

Strategic Goal
As identified in the Funding Agreement, the services performed by SREDA are required to be consistent with both the City's Strategic Plan, in particular, the Strategic Goal of Economic Diversity and Prosperity, as well as SREDA's Strategic Goals.

Background
At its 2017 Budget Deliberations meeting, City Council approved a revised Funding Agreement with SREDA based on the previous formula of $3 per capita.

At its meeting on December 12, 2016, City Council adopted SREDA's 2017 Performance Indicators and Targets.

In addition, SREDA shall report on its achievement of the agreed-upon performance measures. If the City and SREDA agree that SREDA has met the performance measures, a bonus payment shall be provided.

As per the Funding Agreement, SREDA will table its annual report containing audited financial statements to City Council by no later than May 31.

Report
Attachment 1 is a copy of SREDA's Annual Report which includes SREDA's 2017 Key Performance Indicator Results, outlining the approved performance measures, targets,

results, and ratings. The ratings are calculated by pro-rating the weighting based on actual results. The total for 2017 is 93.3%.

The Funding Agreement provides for a bonus payment of up to $125,000 annually, based on the successful achievement of the agreed-upon annual performance measure targets. Accordingly, the bonus payment to SREDA for 2017 is $116,625 (93.3% of the maximum bonus). The funding source is from industrial property sale proceeds that reside within the Property Realized Reserve.

Also included in SREDA's Annual Report is its 2018 Performance Indicators and Targets. Future reporting will be in line with the timelines specified in the Funding Agreement.

Options to the Recommendation
There are no options related to the bonus payment to SREDA, as this is outlined within the Funding Agreement. However, City Council can ask for additional information relating to the 2018 targets.

Policy Implications
The recommendations are consistent with the Funding Agreement between the City and SREDA.

Financial Implications
Funding for the bonus payment exists within the Property Realized Reserve.

Other Considerations/Implications
There are no environmental, privacy, or CPTED implications or considerations. Neither public and/or stakeholder involvement nor a communication plan is not required.

Due Date for Follow-up and/or Project Completion
SREDA will submit its 2018 performance measures in December 2018 for City Council approval of its annual bonus payment.

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

Attachment
1. SREDA Annual Report to the City of Saskatoon – 2017 Performance Results/2018 Target & Budget

Report Approval
Written and
approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

SREDA 2017_2018 Report.docx

SREDA

ANNUAL REPORT TO THE CITY OF SASKATOON

2017 Performance Results
2018 Target & Budget

Table of Contents

About Us

Purpose Statement

Strengthening and growing the local economy.

Values

Excellence, Partnerships, Team, Trust

Role

SREDA helps strengthen and grow the local economy by providing programs and services in the areas of business attraction, business expansion; entrepreneurship, regional planning; economic forecasting and analysis, and marketing the Saskatoon Region.

---

6 Pillars of Economic Development

Marketing the Saskatoon Region*
SREDA promotes the Saskatoon Region as the best place to work, live and invest in order to support the Region's population growth goals.

Regional Economic Development & Planning*
SREDA coordinates effective regional planning to encourage and support growth across the Region.

Business Attraction
SREDA works to attract new investment and businesses to the Saskatoon Region to create jobs and a competitive economy.

Business Expansion
SREDA manages the Business Development Incentives Policy to assist companies looking to establish or grow a business in Saskatoon.

Entrepreneurship
Our Square One program provides support to entrepreneurs & SME's across Saskatchewan.

Economic Forecasting & Analysis
SREDA provides timely, relevant and digestible information on the Region's economy to assist stakeholders with decision making and long term planning.

**Priority for 2018*

2017 SREDA RESULTS

Key Performance Indicators Results

NO.	KPI	TARGET	YTD	WEIGHTING	STATUS
Business Attraction					
1.1	Attract 8 companies to the Saskatoon Region to explore establishing an office/facility.	8	9	10%	10%
1.2	$14M of investment attracted to the Saskatoon Region	$14M	$26M[1]	10%	10%
Business Expansion					
2.1	Support the expansion of 2 local businesses in the Saskatoon Region	2	2	10%	10%
2.2	Support the creation of 10 new jobs in the Saskatoon Region through business expansions	10	7[2] 50[3]	10%	10%
Entrepreneurship					
3.1	Assist in the establishment of 25 new businesses in the Saskatoon Region	25	32	10%	10%
3.2	Provide support to at least 4 Aboriginal entrepreneurs to launch/expand their business in the Saskatoon Region	4	5	10%	10%
Regional Economic Development & Planning					
4.1	Ensure the North Saskatoon Partnership for Growth Regional Plan endorsed in April 2017	April 2017	Endorsed May 10	5%	5%
4.2	Host a Regional Business Opportunities Tour - market the Saskatoon Region to businesses and investors	Tours	6	10%	10%
Economic Forecasting & Analysis					
5.1	Issue the Quarterly Saskatoon Region Economic Dashboard and track/grade the Saskatoon Region economy	4	4	5%	5%
5.2	Provide economic research and analysis on at least 5 key business/economic issues affecting the Saskatoon Region	5	7	5%	5%
Marketing the Saskatoon Region					
6.1	Market the Saskatoon Region to 8,000 non-Saskatchewan residents to support population growth targets	8,000	11,800[4]	5%	5%
6.2	Implement a marketing campaign that promotes the Saskatoon Region's strong and diversified economy	Campaign	Development Stage	10%	3.33%[5]
12			**TOTAL**	**100%**	**93.3%**

1. *Actual to October 31, 2017 was $22.8M; estimate to December 31, 2017 is $26M.*
2. *DSI Underground employment increase as per Business Development Incentive Application.*
3. *Estimate of Brandt Properties Ltd. 2018 employment increase at new Saskatoon manufacturing facility.*
4. *Actual to October 31,2017 was 9,920 views; estimate to December 31, 2017 is 11,800*
5. *Draft marketing plan has been completed. Timing of Phase 2 (Plan Development) and Phase 3 (Plan Implementation) has be extended due to capacity issues.*

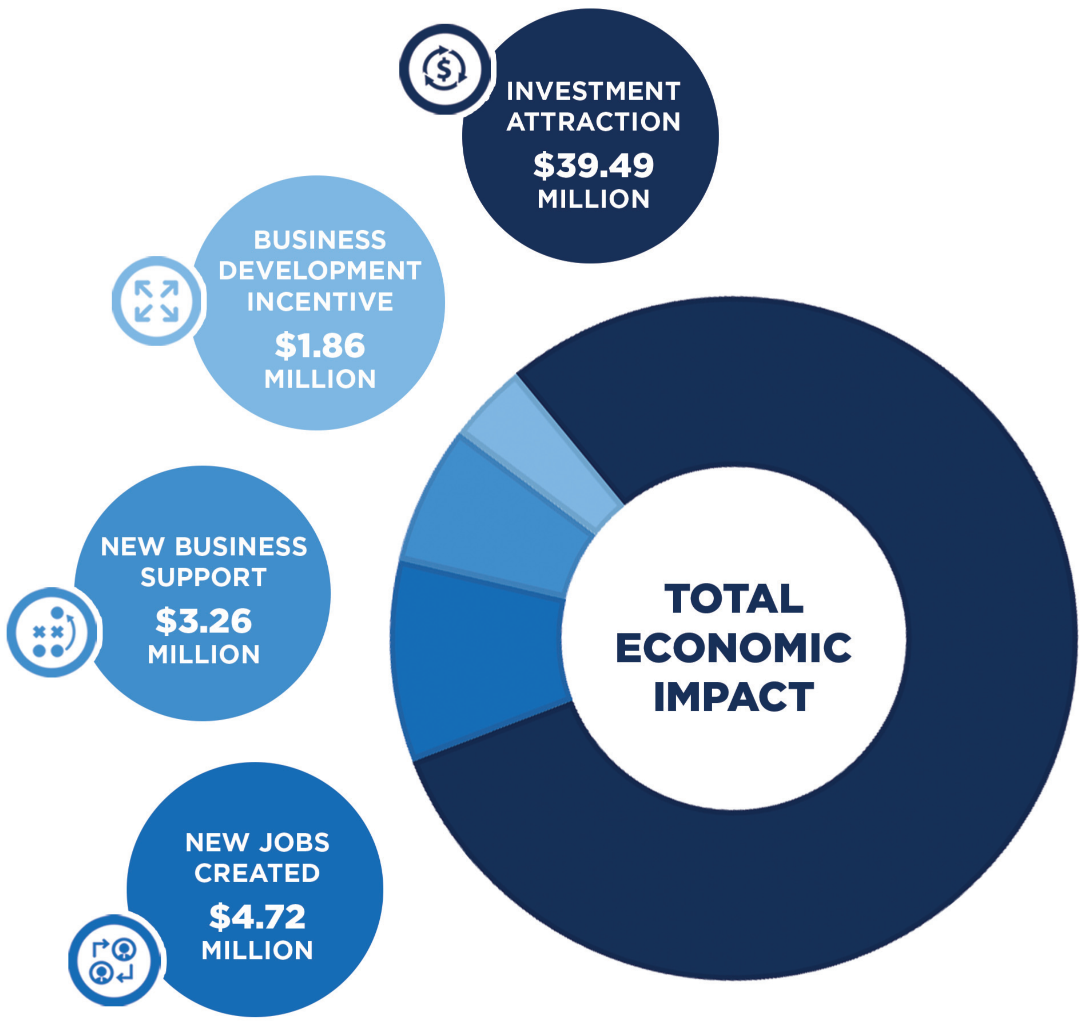
Economic Impact & Return on Investment Results

"SREDA is pleased to report our 2017 economic impact of $49.3 million and an ROI of 26:1. The SREDA team had another successful year of delivering intiatives and programs to strengthen and grow the Saskatoon Region economy. A highlight of the year was being chosen as one of Canada's top-performing economic development agencies by Site Selection Magazine."
Alex Fallon, President and CEO of SREDA

2017 ECONOMIC IMPACT
$49.3 MILLION

ECONOMIC IMPACT **ROI 26:1**

For every $1 invested in SREDA, SREDA helped generate $26 of economic impact in the Saskatoon Region economy.



Site Selection Magazine Award

"Three years ago SREDA set the bold goal of transforming the organization into the best economic development agency in Canada. Today, with the release of Site Selection Magazine's list of top Canadian economic development groups, I am proud to say we have accomplished this goal. Looking ahead SREDA will continue to build on this momentum by remaining committed to delivering economic development initiatives that further strengthen and grow the Saskatoon Region economy, with a few unexpected twists along the way."
Alex Fallon, President and CEO of SREDA

2018 PRELIMINARY BUDGET

Revenue

SREDA	REVENUE
City of Saskatoon (Base)	$794,100
City of Saskatoon (Performance)	$110,000
Regional Members	$70,000
Private Sector Investors	$160,000
Government of Saskatchewan - SINP	$60,000
Fee for Service	$10,000
Federal Government	$40,000
Sponsorship	$50,000
Other Revenue	$25,000
P4G Regional Plan Funds	$214,100
TOTAL REVENUE	**$1,533,200**
SQUARE ONE	
Federal Government (Base)	$655,308
Sponsorship	$20,000
Other Revenue	$50,000
TOTAL INCOME	**$725,308**
TOTAL SREDA REVENUE	**$2,258,508**

Expenses

SREDA	EXPENSES	SALARY & BENEFITS
Salaries	$774,774	-
Rent	$75,000	-
Administration	$70,000	$118,737.84
Operations (HR, IT, Finance)	$60,000	-
Management/Projects	$65,000	-
P4G Regional Plan Projects and HR	$204,100	-
SUBTOTAL	**$1,248,874**	**-**
Pillar 1: Business Attraction	$80,000	$125,902
Pillar 2: Business Expansion	$10,000	$125,676
Pillar 3: Entrepreneurship	$15,000	$30,097
Pillar 4: Economic Forecasting & Analysis	$50,000	$129,377
Pillar 5: Regional Economic Development & Planning	$40,000	$93,532
Pillar 6: Marketing the Saskatoon Region	$50,000	$151,452
TOTAL EXPENSES	**$1,493,874**	**$774,774**
SQUARE ONE		
Salaries	$418,274	-
Rent	$44,867	-
Operations (HR, IT, Finance)	$21,250	-
Administration	$100,000	-
Economic Development Regina - Contract for Services	$120,000	-
TOTAL EXPENSES	**$704,391**	**-**
TOTAL SREDA EXPENSES	**$2,198,265**	

TOTAL SREDA REVENUE	**$2,258,508**
TOTAL SREDA EXPENSES	**$2,198,265**
SURPLUS	**$60,242**
SREDA 2018 Net Income	$39,326
SQUARE ONE 2018 Net Income	$20,916

2018 TARGETS

Key Performance Indicators

PILLAR	PERFORMANCE INDICATOR	%
Business Attraction	1.1 Attract 4 companies to the Saskatoon Region to explore establishing an office/facility.	10
	1.2 Attract $16M of investment into the Saskatoon Region	10
Business Expansion	2.1 Assist local companies with expansion plans utilizing the Business Development Incentives Policy – support the creation of 20 new jobs	10
	2.2 Recommend changes to the City of Saskatoon on the Business Development Incentives Policy	10
Entrepreneurship	3.1 Assist in the establishment of 25 new businesses in the Saskatoon Region	10
	3.2 Provide assistance to over 4,000 entrepreneurs across Saskatchewan to start or grow a business	10
Regional Economic Development & Planning	4.1 Deliver one economic development project/initiative to each of SREDA's 13 Regional Members	5
	4.2 Hold 6 Regional Business Opportunities Tour to market the Saskatoon Region to businesses & investors	10
Economic Forecasting & Analysis	5.1 Release the Quarterly Saskatoon Region Economic Dashboard and track/grade the Saskatoon Region economy	5
	5.2 Provide economic research & analysis on at least 5 key business/economic issues affecting the Saskatoon Region	5
Marketing the Saskatoon Region	6.1 Implement a marketing campaign that promotes the Saskatoon Region to businesses, investors and the general public.	5
	6.2 Ensure the Saskatoon Region is promoted in at least two international markets, across Canada and receives at least 4 positive media articles about the region's strong and diversified economy.	10
TOTAL		**100**

Economic Impact Target

1 Year = 365 Opportunities

SREDA – Business Incentives – 2017 Tax Abatements

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

Topic and Purpose

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

Report Highlights

1. SREDA has confirmed that 11 eligible businesses have fulfilled the agreed upon terms and conditions to receive 2017 tax incentive abatements. The total abatement amount is $393,431.10.

Strategic Goal

This report supports the long-term strategy of working collaboratively with economic development authorities to promote Saskatoon's regional economy to grow and diversify, demonstrating long-term sustainability, under the Strategic Goal of Economic Diversity and Prosperity.

Background

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

Report

Staff from SREDA have met with each of the businesses eligible to receive a tax abatement for 2017. Reviews were conducted to determine if the terms and conditions outlined in the individual agreements were met. Attachment 1 is a letter from SREDA with the results of its 2017 audit. The letter identifies those companies that have met all conditions of their incentive agreements for 2017. The total abatement amount is $393,431.10.

Options to the Recommendation

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

Public and/or Stakeholder Involvement

Public and/or stakeholder involvement is not required.

Financial Implications

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

Other Considerations/Implications

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

Due Date for Follow-up and/or Project Completion

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

Public Notice

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

Attachment

1. Letter from Joanne Baczuk, Director, Business Development and Economic Analysis, dated November 6, 2017

Report Approval

Written by:	Pamela Kilgour, Manager, Property Tax and Support
Reviewed by:	Shelley Sutherland, Director of Corporate Revenue
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

SREDA 2017 Tax Abatements.docx

SREDA
SASKATOON REGIONAL
ECONOMIC DEVELOPMENT AUTHORITY

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

November 6, 2017

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

Re: 2017 Property Tax Abatements

Dear Mr. Tarasoff:

This letter is to confirm that the following companies comply with the terms and conditions outlined in each of their Business Development Incentives Agreements with the City of Saskatoon and qualify for 2017 tax abatements:

- Deca Industries Ltd. (310 and 322 Robin Way, and 111 Robin Crescent)
- Federated Co-operatives Ltd. (607 46th Street East)
- Lean Machine & Metal Fabrication Inc. (3607 Wheeler Avenue)
- Maple Leaf Foods Inc. (100 McLeod Avenue)
- WBM Office Systems (104-3718 Kinnear Place)
- Howatt Enterprise Ltd. (220 Gladstone Crescent)
- The Saskatchewan Food Industry Development Centre Inc. (2335 Schuyler Street)
- ABC Canada Technology Group Ltd. (1801 Quebec Avenue)
- 9 Mile Legacy Brewing Company (229 20th Street West)
- Axiom Industries Ltd. (3603 Burron Avenue)
- Fire Sand Real Estate LTD. (3639 Burron Avenue)

The following company was not incompliance with the terms and conditions outlined in its Business Development Incentives Agreement and will not be eligible for a 2017 tax abatement:

- Gemini Freight Systems Inc.

SREDA
SASKATOON REGIONAL
ECONOMIC DEVELOPMENT AUTHORITY

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

The following two companies were approved for a Business Development Incentive by the City of Saskatoon in 2017 and are expected to begin receiving their tax abatement in 2018:

- Brandt Properties Ltd.
- DSI Underground Canada Ltd.

Please contact me at 306-664-0728 or at jbaczuk@sreda.com if there are any questions regarding these reports.

Sincerely yours, with thanks,

Joanne Baczuk
Director, Business Development

Tourism Saskatoon Destination Management Services Agreement

Recommendation
That the Standing Policy Committee of Finance recommend to City Council:
1. That the Destination Management Services Agreement between the City of Saskatoon and the Saskatoon Visitor & Convention Bureau Inc. for the term January 1, 2018 to December 31, 2022 be approved; and
2. That the City Solicitor prepare the necessary agreement in accordance with the terms set out in this report and that His Worship the Mayor and the City Clerk execute the agreement under the Corporate Seal.

Topic and Purpose
The purpose of this report is to receive City Council approval for the extension of the existing Destination Management Services Agreement between the City of Saskatoon (City) and the Saskatoon Visitor & Convention Bureau Inc. (Tourism Saskatoon).

Report Highlights
1. The Draft Destination Management Services Agreement has been approved by the Tourism Saskatoon Board of Directors at its regular board meeting on November 7, 2017.
2. The fee structure continues to be based on the incremental growth in taxable commercial and industrial property assessments as this provides a reasonable measurement in regards to the success of tourism initiatives.

Strategic Goal
This report supports the Strategic Goal of Asset and Financial Sustainability through the open, accountable, and transparent disclosure of costs associated with rental rates and occupancy costs.

Background
The Destination Management Services Agreement between the City and Saskatoon Tourism expires on December 31, 2017. The previous agreement was for a period of five years and was in effect from January 1, 2012 to December 31, 2017. This Agreement was approved at the March 12, 2012 regular meeting of City Council.

Report
<u>Destination Management Services Agreement</u>
A draft Destination Management Services Agreement was approved by the Tourism Saskatoon Board of Directors at its regular board meeting on November 7, 2017.

The draft Agreement is similar to the previous Agreement with minor changes and updates to wording and terminologies. The scope, context and funding arrangement within the Agreement remains unchanged. The overall Agreement requires Tourism Saskatoon to:

1. Operate at least one Visitor Information Centre year round;
2. Provide a comprehensive visitor information program to visitors of the facilities, attractions and events in Saskatoon;
3. Undertake initiatives such as advertising in publications to attract visitors from various markets;
4. Conduct site visits for the purpose of familiarizing travel influencers with the City and its facilities; and
5. Attract special events, service conventions and events to Saskatoon that will utilize the City's facilities such as TCU Place, SaskTel Centre, sport facilities, and other local facilities.

The fee structure continues to be based on the incremental growth in taxable commercial and industrial property assessments as it provides a reasonable measurement in regard to the success of Tourism Saskatoon's initiatives. For example, as tourism increases, investment in hotels, restaurants and other tourism related infrastructure also increases. This growth results in an overall increase to Tourism Saskatoon funding. The funding increases for Tourism Saskatoon over the term of the existing Agreement are as follows:

Year	Grant ($000's)	Change ($000's)	% Change
2012	$406.7	$15.8	4.0%
2013	$414.8	$ 8.1	2.0%
2014	$427.8	$13.0	3.1%
2015	$437.4	$ 9.6	2.2%
2016	$503.0	$65.6	15.0%
2017	$525.0	$22.0	4.4%
2018*	$532.9	$ 7.9	1.5%

*Proposed and included in the 2018 Preliminary Budget

It is important to note that the 2016 increase of 15.0% is a result of the 2016 Business Plan and Budget Deliberations, where Tourism Saskatoon requested an increase of $65,600 or 15.0% in order to address ongoing deficits as a result of decreased provincial funding and higher operating costs related to occupancy. This request was approved and included in the 2016 Budget.

Options to the Recommendation

City Council could choose not to approve the Agreement at this time and direct the Administration to renegotiate certain aspects of the Agreement such as the funding formula. The Administration does not recommend this option, as the current Agreement has been working successfully with the existing linkages between the current funding formula and Tourism Saskatoon's performance.

Public and/or Stakeholder Involvement
The Administration has been in discussions with Todd Brandt, President/CEO of Tourism Saskatoon, over the past several months in order to develop the current Draft Agreement.

Financial Implications
The $7,800 increase to the 2018 grant has been included in the 2018 Preliminary Business Plan and Budget. Therefore, there are no additional financial implications to consider.

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
The Administration will report back prior to the expiration of the proposed agreement with additional renewal or extension options.

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

Report Approval
Written by:	Clae Hack, Director of Finance
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

Tourism Saskatoon Destination Management Services Agreement 2017.docx

Municipal Asset Management Program Grant

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

1. That the Administration apply for a grant from the Federation of Canadian Municipalities' Municipal Asset Management Program for the Culvert Assessment and Drainage Study project; and
2. That if approved for the grant funding, the City of Saskatoon:
    a. commit to conducting the activities proposed in the application to the Federation of Canadian Municipalities; and
    b. increase Capital Project No. 1619 TU – Storm Sewer Trunk and Collection for the amount of approved grant funding and commit the City of Saskatoon's share of this initiative from the already existing 2018 Budget in Capital Project No. 1619.

Topic and Purpose
The purpose of this report is to inform City Council of the application process for the Municipal Asset Management Program (MAMP) and to receive approval for the Administration to proceed with an application for the MAMP for the Culvert Assessment and Drainage Study project.

Report Highlights
1. The MAMP supports Canadian municipalities and communities in making informed infrastructure investment decisions based on stronger asset management principles.
2. The Administration is proposing to apply for the Culvert Assessment and Drainage Study for grant funding from MAMP.
3. If MAMP funding is approved, the City of Saskatoon's (City) portion of funding for this initiative will be from existing Capital Project 1619 TU – Storm Sewer Trunk and Collection.

Strategic Goals
This report supports the long-term strategies of reducing the gap in funding required to rehabilitate and maintain the City's infrastructure and adopting and implementing a corporate-wide asset management and rehabilitation philosophy under the Strategic Goal of Asset and Financial Sustainability.

Background
The MAMP is a 5-year, $50 million program funded by Infrastructure Canada. Subject to funding availability, applications will be accepted on a continuous basis until June 2020.

Report

Overview of the Municipal Asset Management Program

The MAMP provides funding for projects that will help Canadian cities and communities enhance asset management practices. The types of initiatives that are eligible under the MAMP are:

- asset management assessments;
- asset management plans, policies and strategies;
- data collection and reporting;
- training and organizational development; and
- knowledge transfer.

Funding is available for Canadian municipal government and municipal partners applying in association with a municipal government.

Available funding is up to 80% of total eligible expenditures of a project to a maximum of $50,000 and the project must be completed within 11 months from the date of the Federation of Canadian Municipalities' (FCM) approval. Recipients may only apply for one project in each fiscal year (April – March), and projects in other years may be submitted, subject to availability of funding. However, FCM will try to ensure maximum reach across Canada by giving preference to first-time applicants.

Culvert Assessment and Drainage Study

The Administration is proposing to apply for a Culvert Assessment and Drainage Study project under the MAMP. This project meets the eligibility requirements, can be completed within the timeframe allowed and was scheduled as part of the 2018 Capital work. This project will involve:

- collecting data on the elevations and condition of over 600 culverts in the Montgomery Place neighbourhood and inputting the data into the corporate information system. Individual culvert inventory information and ratings will then be in digital format which will be accessible to civic employees;

- drafting policies outlining public and private responsibilities for maintaining, preserving and funding culverts and drainage in the Montgomery Place neighbourhood and preparing these policies for future City Council consideration; and

- preparing a flyer for Montgomery Place residents reminding residents of actions they should take to maintain the condition of culverts and drainage.

There will be a cross-functional team established to manage and oversee the project. This team will be made up of members from the following divisions: Major Projects and Preservation, Finance, Transportation, Saskatoon Water, Building Standards and Community Standards.

Project Funding
The total estimated costs for this project is $62,000 of which a maximum of $50,000 is expected to be funded from the MAMP. The City's portion of the costs are an estimated $12,000. The Capital Project No. 1619 TU – Storm Sewer Trunk and Collection 2018 budget allocation contains sufficient funding to complete this work. If the funding application for MAMP is approved, the Capital Budget will need to be increased for the amount of MAMP funding expected and the City's share of the project will be allocated from the 2018 approved budget for Capital Project No. 1619 TU – Storm Sewer Trunk and Collection.

Options to the Recommendation
City Council can choose not to endorse the application of the Culvert Assessment and Drainage Study project. The Administration does not recommend this option as the MAMP program is a good opportunity to obtain funding for projects that are necessary, and will be undertaken as part of the City's ongoing Asset Management Plan initiative.

Financial Implications
The financial implications are addressed in the body of this report.

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

Due Date for Follow-up and/or Project Completion
The Administration will report back to the Standing Policy Committee on Finance and City Council upon receiving notification of the decision regarding MAMP funding.

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

Report Approval

Written by:	Kari Smith, Manager of Financial Planning
Reviewed by:	Clae Hack, Director of Finance
	Angela Schmidt, Manager of Storm Water Utility, Saskatoon Water
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

FCM Municipal Asset Management Program.docx

Property Tax: Recognition of Unique Property Impacts

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

Topic and Purpose
The purpose of this report is to provide information regarding the property assessment process and possible tools to address individual property circumstances.

Report Highlights
1. In Saskatchewan, legislation requires the mass appraisal approach for assessment of residential property. It does not allow and has no means for single-property appraisal.
2. Saskatchewan legislation has established a four-year reassessment cycle.
3. In Saskatoon, City Council has approved tax abatements as incentive to support City Council-approved goals or to provide assistance or grants to social or cultural groups.

Strategic Goal
This report supports the long-term strategy of ensuring Saskatoon has a competitive tax regime with solid, clear and reasonable public policies under the Strategic Goal of Economic Diversity and Prosperity.

Background
At its June 26, 2017 meeting, City Council adopted the following recommendation contained in the report of the Standing Policy Committee on Finance:

> "That the Administration report back on how to address issues of gross inconsistencies of properties that are not addressed through the assessment process including, but not limited to, the approach used in other Canadian cities."

Report
Property Assessment
Assessment is governed by provincial legislation that defines the method used to develop the assessed values, the valuation date and the assessment cycle that is to be used by all municipalities.

All provinces use mass appraisal in the development of assessments, but Saskatchewan legislation differs from other provincial legislation in that single-property appraisal techniques cannot be used to change an assessment on appeal. This is different than other provinces where the use of single-property appraisal techniques are permitted to vary an assessment on appeal.

Mass appraisal is defined in *The Cities Act* as "the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing."

Sales and other market data are used in the development of assessment models. Positive or negative influences such as location, noise, odours, etc., are captured in the sales data and impact the assessments for a particular group.

Legislation is specific in that single-property appraisal techniques cannot be used to vary an assessment. This is because the process and purpose of single-property appraisal is very different than that of mass appraisal. Mass appraisal considers the valuation of the population of properties. Single-property appraisal is concerned with the valuation of one property, without the requirement of using common data or statistically testing the results.

Adjustments made within the mass appraisal system must be quantifiable, consistent and defendable. For example, where damage to a specific property is visible and the area quantifiable, the assessor may remove the affected area from the assessment. This may be the case where basement development was required to be completely removed due to water damage.

Property owners who believe an error exists in the data used for their particular property assessment may appeal the value with an independent judicial body, the Board of Revision. The Board hears the evidence of both the property owner and the City Assessor and renders a decision. Should the Board determine an error in application of the assessment rules has occurred, it will find in favour of the property owner and provide direction to the City Assessor. Either party may appeal the decision of the Board to the Saskatchewan Municipal Board. All decisions are applied retroactively to the appeal year.

The legislated appeal process ensures the established and legislated assessment rules are applied fairly and consistently.

<u>The Assessment Cycle</u>
Legislation provides authority to the Saskatchewan Assessment Management Agency to set the reassessment date and cycle length. Since 1997, reassessment has been on a four-year cycle, meaning that the process is completed every four years. A shorter cycle would potentially mitigate some of the large assessment shifts that occur within the four-year cycle.

In summary, the property assessment process results in similar properties being valued similarly, resulting in similar tax levies. The relevant data and factors are not analyzed and manipulated to attain a desired outcome. The assessment process is not a tool to provide property tax relief to an individual or grouping of properties due to seemingly unique circumstances, unless there is market evidence to support the adjustment.

<u>Property Tax Abatement</u>

Administration did not learn of any tools used in other jurisdictions for adjustments due to unique circumstances. However, *The Cities Act* allows City Council to abate taxes for various reasons that may help support the goals of City Council. Legislation does not limit or circumscribe the boundaries of any abatement program. That decision is one for City Council to make. Historically, tax abatements have been approved as:

- incentive to achieve City Council-approved initiatives; or
- to provide assistance to social and cultural organizations.

As well, abatements are typically tied to the recipient performing a task or continuing to provide a broad benefit to the community. For example, the tax abatement for building rental properties was tied to the project being completed and the building remaining for the purposes of rental versus being converted to a condominium when occupied. The abatement for properties such as the soccer centres is tied to the building being used as a community soccer centre.

Abatements to provide assistance to a property owner or group of owners because of an individual circumstance will differ fundamentally from those approved in the past and would represent a change in policy.

Possible mechanisms to initiate the abatement include:

- individual requests from property owners directly to City Council that would then be considered at the time of the request;
- development of a property tax abatement policy for individual circumstances; and
- development of an assistance/grant/compensatory policy to address these individual circumstances.

Challenges would include:

1. Defining eligibility criteria:

    - The possibilities are numerous.

    - *The Cities Act* does provide guidance through Sections 303 and 306 which limits liability and recognizes that the municipality does not act as an insurer against potential damages to property through municipal works that do not perform with perfection in every scenario. The Administration assumes that City Council would not want to choose a mechanism that would, in effect, override the statutory protection the City of Saskatoon (City) has in place, or, circumvent a legal liability course that an individual may choose to follow. Any abatement program that, in effect, overrides these statutory protections would be problematic as it would be something of a precedent.

- It is likely that many property owners who do not qualify under the predetermined criteria will believe their unique circumstances are as important as those approved by Council. In other words, there is a floodgates issue to consider. Subjectivity as to what is deemed unique will lead to difficulty in determining whether or not the impact that has already been reflected in the market values.

- For any mechanism, the types of issues to consider in determining which eligibility criteria for qualification could include the following:

  - Section 197 of *The Cities Act* states that the appeal of an assessment can be made by a person with an interest in the property if they believe an error has been made in the valuation, classification or preparation of the assessment roll or notice. That appeal process would have to be exhausted to ensure that there is not double recovery.

  - Determination that an individual has either exhausted or chosen to not pursue a litigation path, or has demonstrated that no such path exists.

  - Determination that very specific individual circumstances are present that may include the operational role of the City that affected those circumstances.

  - Determination of the impact of the individual circumstances such as loss of use of the property, damage to the property or something less. If a specific degree of severity is set, the program would need to identify with whom the onus to demonstrate that the qualifications for the program is met lies.

  - For the situation where the individual circumstances could be partly or wholly addressed through changes to the property by the individual, terms of any financial relief provided by the City may need to be tied to the individual making these changes.

  - Boundaries for the individual circumstances would need to be created. In some situations, there may be no discreet limit to what properties are affected, but there may be an epicentre and then a diminishing impact, and the mechanism must address this scenario.

  - A time limit or duration may need to be established prior to consideration.

  - Eligibility criteria may differ for each of residential properties, commercial properties and revenue properties.

  - Additional consideration would be required in determining the criteria list for the amount of the abatement or assistance.

    - Criteria would include whether the frequency of the application or consideration is annual or something else.

2. Anticipating the revenue requirement to fund the abatements:

    - The number of requests to come forward, while unpredictable, is likely be significant depending on whether established criteria excludes nuisances such as noise, smell, dust, ground shifting, impact from construction, etc.

3. Ensuring the process is seen as fair and equitable to all property owners:

    - Approved abatements will affect the mill rate for all tax payers. The abatement amount awarded to those approved will be funded from the taxes paid by all other property owners.

    - An administrative adjudication process will be required regardless of mechanism chosen. It would also be necessary to consider whether there should be an appeal process created, unless City Council is to be the sole arbiter of these.

Policy Implications
Abatements of this type are not included in current policy.

Financial Implications
Abatements approved will not have a funding source and will impact the annual mill rate. The tax base does not change, and the expense of the abatement or grant would be paid by those property owners not receiving the grant. The amount would depend upon the number of abatements City Council chose to approve.

Due Date for Follow-up and/or Completion
There is no due date for follow-up and/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:	Shelley Sutherland, Director of Corporate Revenue
Approved by:	Kerry Tarasoff, CFO/General Manager, Asset and Financial Management

Recognition_Unique Property Impacts.docx

Transfer of Unpaid Utilities to Property Tax

Recommendation

1. That the Standing Policy Committee on Finance recommend to City Council:
2. That the Landlord-Tenant Agreement be amended as outlined in this report;
3. That the City Solicitor be instructed to amend the Landlord-Tenant Agreement; and
4. That the City Solicitor be instructed to amend the Rules and Regulations sections as required in Bylaw No. 7567, The Waterworks Bylaw, 1996 and Bylaw No. 2685, otherwise known as The Electric Light and Power Bylaw.

Topic and Purpose

The purpose of this report is to advise City Council of the modified procedures regarding the transfer of a tenant's unpaid utility (excluding electrical) charges to the property owner's tax roll, and to receive approval for the required amendments to the Landlord-Tenant Agreement and Bylaw Nos. 7567 and 2685.

Report Highlights

1. *The Cities Act* allows Saskatchewan cities to transfer a tenant's unpaid utilities (excluding electricity) to the property owner's tax roll.
2. Other utility service providers, which are not able to transfer unpaid utilities to the owner's tax roll, have implemented several different collections processes to mitigate the financial risk of unpaid utilities.
3. The City of Saskatoon (City) has modified its collections procedures to reduce the need to transfer a tenant's unpaid utility account balance to the property's owner's tax roll.

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 makes.

Background

At its meeting on April 24, 2017, when considering a report from the CFO/General Manager, Asset and Financial Management Department, regarding the transfer of unpaid utilities to property tax, City Council resolved that the Administration bring back modified procedures regarding the transfer of tenant utility accounts to the tax accounts of landlords, such that City procedure is more reflective of those in place with other utilities such as SaskEnergy.

Report

<u>Current Legislation</u>

The Cities Act allows Saskatchewan cities to transfer a tenant's unpaid utilities (excluding electricity) to the property owner's tax roll. Other utility service providers, such as SaskEnergy, are governed by other legislation, which has led them to adopt procedures that attempt to mitigate the financial risk involved in providing service to non-property owners.

<u>Revised Procedures for the City of Saskatoon</u>
The transfer of a tenant's unpaid utility account balance (excluding electrical) to the property owner's tax roll will not occur where:

1. The landlord enters into a Landlord-Tenant Agreement with the City. For several years, the City has offered a Landlord-Tenant Agreement which allows landlords the ability to automatically assume responsibility for the account should the tenant vacate the premises. The Administration is recommending that the Agreement be amended to include a clause that allows an account eligible to be disconnected for arrears be automatically placed in the landlord's name. Unpaid balances, however, remain the responsibility of the tenant.

   This amendment will allow the City to take action during the winter months where disconnecting service is not feasible. The City will continue to collect on the tenant's unpaid arrears regardless if the account has been transferred to the owner.

2. The Administration is also recommending that where one meter serves more than one dwelling (i.e. duplexes, main floor/basement suites, etc.), the account will be in the landlord's name and the landlord is responsible for payment.

   This amendment will allow the City to fairly respond to cases where not all residents of a multi-unit dwelling keep their account in good standing.

The transfer of a tenant's unpaid utility account balances (excluding electrical) from a tenant's account to a property owner may still occur where:

1. The landlord refuses to enter into a Landlord-Tenant Agreement.
2. The landlord does not respond to the City when issues arise with utility services provided to the property.
3. It can be verified that the landlord did not properly maintain the property (i.e. not fixing leaks).

The above amendments were discussed with and supported by the Saskatchewan Landlord's Association as well as a number of landlords.

Options to the Recommendation
City Council can choose not to approve the recommended amendments; however, doing so would be contrary to previous direction.

Communication Plan
Should City Council approve the recommendations in this report, all current property owners who have already entered into a Landlord-Tenant Agreement will be directly contacted and informed of the upcoming changes.

Ongoing communication with property owners and tenants, including adding supporting information and *Frequently Asked Questions* to the City's website, will be updated to explain the revised processes.

Public and Stakeholder Involvement
The Administration has met with a representative of the Saskatchewan Landlord's Association to discuss these potential amendments. The Association supports the modified procedures.

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

Due Date for Follow-up and/or Project Completion
All landlords who have a current Landlord Agreement will be contacted within two months of City Council approval.

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

Transfer of Unpaid Utilities_Dec 2017.docx

An Overview of Municipal Development Corporations

Recommendation
That the report of the City Manager, dated December 4, 2017, be forwarded to City Council for information.

Topic and Purpose
The purpose of this report is to provide an overview and analysis of existing Municipal Development Corporations (MDCs) to, in large part, determine their applicability to Saskatoon. This report and its attachment review the “forms, functions, and finances” of MDCs so as to provide a good understanding of the various aspects of them.

Report Highlights
1. In general, there are three types of models that cities have implemented to manage land assets: the in-house model, the corporate model, and the public-private model.

2. Some general observations about MDCs are that they can:
   - be structured as for-profit or not-for-profit corporations;
   - have broad or narrow mandates, depending on the objectives or motivations of the City for land development;
   - perform functions in a defined area of the city or dispersed throughout it;
   - operate in conjunction with an in-house land development function; and
   - take anywhere from 18 to 36 months to become operational.

3. City Council would need to consider several factors in creating an MDC, such as purpose, mandate, structure, functions, and finances. In doing so, a detailed business case would likely be needed to fully determine the benefits, costs, and other implications of establishing an MDC.

Background
At its August 14, 2017 meeting, the Standing Policy Committee (SPC) on Finance considered a report from the City of Saskatoon’s Internal Auditor, entitled “Saskatoon Land Internal Audit Report”. The audit report provided several recommendations aimed at improving various procedures or functions at Saskatoon Land.

One suggestion was to explore the possibility of establishing a Municipal Development Corporation for Saskatoon Land. Specifically, the Internal Auditor suggested that:

> *“…Saskatoon Land, the City of Saskatoon, and the SPC on Finance further contemplate this alternative. While the majority, if not all, of the recommendations in this report could be achieved in part or in full in the absence of a municipal land corporation, the creation of a municipal land corporation to house Saskatoon Land would assist with practically and meaningfully implementing several of the recommendations made in this report.”*

At its meeting on August 28, 2017, City Council adopted the following recommendations, in part, of the Standing Policy Committee on Finance:

> "1. That the Administration further explore what opportunities and options could exist for the City of Saskatoon to create a Municipal Land Development Corporation including the possibility of including infill development; and
> 2. That a report be provided to the Standing Policy Committee on Finance no later than December 31, 2017 on any appropriate recommendations for a potential new governance model for land development by the City of Saskatoon."

Report

What are some Models of Land Development in Canadian Cities?

- City governments own or control large holdings of land. Land is considered to be an asset, just like roads, bridges, and parks.
- As such, City governments have created an organizational system, or structure, to manage government property assets and deploy them for achieving government objectives. In doing so, research indicates that Cities have adopted three general models to manage government land assets: (1) the in-house model; (2) the corporate model; and (3) the public-private partnership model. The advantages and disadvantages of these models are addressed in Attachment 1.
- Saskatoon Land, for example, would be considered an in-house model, while an MDC is considered to be the corporate model.
- The public-private partnership model provides the opportunity for a City to work directly with the private sector to govern land management. It is important to note that municipalities may develop joint ventures or partnerships with the private sector using either in-house or corporate models to represent their interests.
- This does not mean that the three models are mutually exclusive. In fact, the research indicates that some jurisdictions (e.g. Calgary and Toronto) use a combination of all three models to manage land assets. The choice of model generally depends on the nature and type of land development.
- Despite these different models, this report focuses exclusively on the corporate model, or more precisely, the MDC.
- In the last decade, some Canadian municipalities - Toronto, Surrey, and Calgary - have implemented some variations of this model, while others - Edmonton and Regina - have rejected it.
- The Administration has conducted an extensive review and analysis of four MDCs currently operating in Canada: The Surrey City Development Corporation (SCDC), Build Toronto (BT), Calgary Municipal Land Corporation (CMLC), and Winnipeg's CentreVenture Development Corporation (CVDC). While similar corporations exist in other cities, most notably Ottawa, these four provide a representative sample of the various types of MDCs that have been created by Cities to deliver an economic development strategy or a neighbourhood/district revitalization plan. The details of this review and analysis are provided in Attachment 1.

Before addressing the specific direction from Committee and Council, this report first provides some general observations of MDCs, based on the research and findings in Attachment 1.

<u>What General Observations can be Made About Municipal Development Corporations?</u>

- An MDC is defined as a legally incorporated entity that is wholly-owned by an incorporated municipality, led by an independent Board of Directors, engaged in land and/or real estate development. They also have their own professional staff that is considered to be separate from the City government.
- An MDC model works at "arm's length" from the general municipal government to manage the development of public land assets. It has the potential to create uplift in land values and shape the built environment to generate profits or achieve some broader city-building objectives.
- In jurisdictions where it has been implemented, the MDC was created to address a specific purpose, whether it be economic development or neighbourhood revitalization. Simply put, the MDC is a "special purpose vehicle" to enhance municipal land development for broader objectives.
- MDCs may be established to govern a single development or multiple development projects. Their activities can be limited to a "defined" area in the city or "dispersed" throughout the city. CVDC and CMLC are examples of single project governance, or "defined" area MDCs. CMLC is in the process of expanding its mandate to become a more dispersed model. SCDC and BT have broader mandates and their activities are dispersed throughout the city.
- MDCs can be established to govern greenfield (undeveloped raw land) development and/or redevelopment projects. The four MDCs reviewed for this report have activities that include redevelopment projects. CMLC and SCDC are also involved in greenfield developments, but CVDC and BT are not. In BT's case, this reflects the unavailability of City-owned raw land.
- MDCs are given a mandate to provide financial and non-financial "value". Each of the four MDCs reviewed have mandates to deliver on financial, social, environmental, and cultural objectives. Efforts are made in each City to align the objectives of the MDC with the objectives of the municipality. However, only the CVDC is a not-for-profit MDC.
- In general, the establishment of an MDC in most cases does not preclude the need to maintain an in-house model. Only the City of Surrey relies on its MDC to develop land for municipal purposes. The other three Cities have in-house land development models devoted to acquiring and developing land for municipal purposes.
- MDCs can be used to stimulate joint ventures with the private sector. The MDCs in the four cities each have a mandate to partner with the private sector.
- The financing and land transfer arrangements for MDCs vary by jurisdiction. For example, the CMLC uses a form of Tax Increment Financing to finance most of its development. CMLC and CVDC do not provide a dividend to their respective shareholders (the municipal corporation), and CVDC largely receives its funding through grants from the City of Winnipeg. In Toronto, City lands were transferred to BT for a nominal sum; whereas in Surrey, the City holds shares with the expectation of returning the value of the contributed asset. Both BT and SCDC provide annual dividends to their respective shareholders.

- The timelines and costs associated with establishing an MDC also vary by jurisdiction. Establishing an MDC requires a number of legal steps to be undertaken, such as approval of Articles of Incorporation and the adoption of a Unanimous Shareholder Agreement. Thus, the timeline to create an MDC ranges from 18 to 36 months depending on the requirements set out by legislation and regulation. Because the MDC requires its own Board of Directors, staff, offices, etc., start-up costs can range from $1 million to $2 million, and also require annual operating and capital budgets to be put in place.
- Political and stakeholder attitudes towards MDCs are varied. A review of the creation and operation of the four MDCs reveals ongoing public debates about the appropriateness of an MDC, especially for a dispersed, profit-motivated MDC. For example, BT recently restructured its operations due to lack of industry and political confidence. The existence of the SCDC was questioned by mayoralty candidates in the last municipal election. Private sector opposition was one of the reasons why the MDC model was rejected in Regina and more recently, Edmonton. However, the defined MDC, which has more of a city-building focus - such as CMLC and CVDC - have received more positive support.

Given these observations, what considerations should be given to establishing an MDC in Saskatoon?

<u>What Key Considerations Should Be Given to Potentially Establishing an MDC in Saskatoon?</u>

1. **Explain the Purpose:** Research indicates that MDCs have been created as a "special-purpose vehicle" to implement an economic development strategy or a neighbourhood revitalization plan. City Council would need to decide what purpose or objectives they want to use an MDC to fulfill or achieve. Research suggests that creating an MDC to simply address a perceived transparency or governance concerns of an in-house land development function should not be the driving force behind creation of the MDC. Rather, it should be used as a vehicle to achieve some broader objectives.

2. **Define the Mandate**: Research indicates that there are two main motivations for establishing an MDC: (1) profit motivations or (2) city building, but a blend of the two is also consistent with their mandate. While all four of the MDCs studied for this report aim to achieve some degree of "city-building objectives", some, such as SCDC and BT, are more focused on the profit making than city building. CMLC strikes a good balance between profit making and city building, while CVDC is entirely focused on city building since it is a non-profit MDC.

3. **Create the Structure:** Research reveals that MDCs have a governance structure that is an independent, non-political board, but accountable to its shareholder, the City. In other words, the MDC should be an arms-length entity that is structured in such a way to allow for flexibility and entrepreneurial activity. It is critical to success to have a strong independent board with representation from experienced real estate practitioners. This does not mean that there is not political representation on the board, but that this it is limited to one or two members. CMLC and CVDC have only the mayor serve on the board, while the rest of the membership comes from private industry or the broader community. SCDC has no elected officials on its board,

while BT has three elected officials. In addition, board size ranges from six to ten members in the MDCs studied for this report.

4. **Establish the Functions:** Research reveals that MDCs generally try to operate in a similar manner to a private developer, with the exception of non-profit MDCs. That is, they attempt to maximize the development potential of raw land. However, MDCs should also achieve city-building objectives. Depending on its mandate, the MDC will be involved in a mix of land development and investment activities. These activities can include land sales and acquisitions; development planning; partnerships project management and asset management; and, marketing and engagement. A clearly established set of functions will determine the types of activities the MDC is engaged in, and may also help to mitigate any potential development risk.

5. **Determine the Land and Financing Strategy:** Research indicates that in order for an MDC to work, it requires land that is appropriate for development and financing tools to become self-sufficient. Thus, when selecting the assets to be transferred to the MDC, it is important to ensure that the MDC has the ability to create value through planning, engineering, or development. The MDC should not be burdened with properties that do not have a potential upside. In terms of the financial strategy, land should be transferred at market value to ensure clarity regarding the financial performance of the MDC. Cities have used various approaches to fund MDCs, including the use of cash transfers, loans payable, and the underwriting of third-party loans. CMLC and CVDC both have access to some version of Tax Increment Financing to help fund development in their mandate area.

Given the above considerations, Administration believes it is premature at this stage to simply recommend the creation of an MDC for Saskatoon. There remains some unanswered questions as to what City Council would like to achieve with an MDC; namely: (1) should it be for-profit or not-for-profit? (2) should it focus on city-building objectives and what are those objectives?; and (3) should it be a defined or dispersed model? In essence, City Council needs to determine the goal or vision that it wishes to achieve from a development perspective, then consider whether an MDC is the right “vehicle” to achieve that goal.

For example, as City Council works toward adopting a new vision for development in Downtown Saskatoon, it may want to consider using an MDC as a special purpose vehicle to achieve this vision. This would be a similar approach to what has been used in Calgary and Winnipeg. Once that downtown vision is solidified, the next logical step would be to undertake a detailed business case to determine the potential effectiveness of using an MDC to drive the outcomes that City Council may want to achieve. The business case would help to identify the appropriate mandate, as well as the governance, financial, legal, and administrative implications of establishing an MDC in Saskatoon.

As this report and supporting research have indicated, simply rolling Saskatoon Land into an MDC would not seem to be the desirable objective for the City of Saskatoon at this point. Saskatoon Land already performs many of the functions that a for-profit MDC does. This does not mean that some transparency and governance improvements cannot be made, but constructing an MDC for this purpose is not a leading practice. The Administration supports further reviewing the financial reporting and structure of Saskatoon Land to ensure it meets City Council's expectation around transparency and public accountability.

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.

Attachment
1. Forms, Functions, and Finances of Municipal Development Corporations

Report Approval
Written by:	Mike Jordan, Director of Government Relations
Reviewed by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management
	Randy Grauer, General Manager, Community Services
	Frank Long, Director of Saskatoon Land
Approved by:	Murray Totland, City Manager

An Overview of Municipal Development Corporations.docx

ATTACHMENT 1

THE FORM, FUNCTION, AND FINANCES OF MUNICIPAL DEVELOPMENT CORPORATIONS

A Discussion Paper

Prepared By Mike Jordan

Director of Government Relations

December 4, 2017

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[1] INTRODUCTION

The appropriate role of city governments in urban land development can be difficult to determine. In many sectors of a local economy, governments role is generally limited to that of a regulator, unless some type of "market failure" requires more active government intervention to provide a good or service. However, when it comes to land development the approach is mixed.

In some Canadian cities, land development is predominantly undertaken by the private sector. Here, the city primarily acts as the development regulator through the use of various policy instruments, such as bylaws, land use plans (zoning), permitting, etc. If the City does develop land, it is limited to public amenities and the primary infrastructure network.

In other Canadian cities, the local government has taken a more active role by engaging in land development activities that can typically mirror that of the private sector. Here, they play a dual role as both the regulator and land developer, which can sometimes create the perception of conflict. Nonetheless, cities have implemented various models to manage and develop local land assets.

According to the literature, there are three general models or structures of how government land assets are managed in Canada:

> (1) the "in house model"- performed by specific government department;
> (2) the "corporate model" – performed by a government-established land development company or a special purpose corporation; and
> (3) the "Public-Private Partnership model" – performed through an agreement or partnership with an actor in the private sector.

Despite the existence of the three different models, it does not mean that they are mutually exclusive. In other words, the adoption of one model does not exclude the adoption of another. In fact, cities have taken the "hybrid" approach whereby they use both an in-house model and the corporate model to develop land.

This paper, however, focuses exclusively on the corporate model, or more precisely a derivative of that model called, Municipal Development Corporations (MDCs). Briefly, the corporate model, or MDC, works at 'arm's length' from the general city government to manage the development of public land assets. For the purposes of this analysis, an MDC is defined as a legally incorporated entity, which is wholly-owned by an incorporated municipality, led by an independent Board of Directors, engaged in land and/or real estate development. This means that other development corporations such as federal, provincial, and local partnerships (e.g., Toronto Waterfront and the North Portage Development Corporation in Winnipeg) are excluded from the analysis.

In the last decade, a few Canadian municipalities—Toronto, Surrey, and Calgary—have implemented some variations of this model, while others—Edmonton and Regina—have rejected it. In jurisdictions where it has been implemented, the research shows that the MDC was created to help address a specific purpose, whether it be economic development or neighbourhood/district revitalization. Simply, the MDC is a “special purpose vehicle” to enhance municipal land development.

Unfortunately, there is a lack of independent study in the academic literature on the positive or negative impact that such corporations have on municipal land development and by extension, the City to which they serve. However, anecdotal evidence suggests that the MDC can been a useful model in which to pursue the strategic development objectives of a city.

Despite the gap in the academic literature, this paper presents some research and analysis on MDCs in an attempt to provide a basic understanding of their form, function, and finances. It relies on primary sources of information such as annual reports, financial statements, business plans, corporate bylaws, and City Council/ Committee reports.

The paper does not recommend any models for the immediate implementation at the City of Saskatoon. Instead, it provides analysis of various approaches, issues and options for the reader to consider. Stated another way, the paper presents “building blocks” rather than “blueprints” that should be the foundation to the formation of an MDC. The building blocks approach is useful in that it provides considerations or “blocks” that can be stacked together to achieve any potential city objectives or outcomes to be driven by a special purpose vehicle.

Therefore, in order to clarify and provide a better understanding of the use and role of MDCs in land development, this paper is organized as follows:

- Section two begins by providing some context on the three models of land development. This will help to provide appropriate perspective on how different models work including the potential advantages and disadvantages of each. This section sets the stage for a detailed review of MDCs in Canada.
- Section three focuses on the corporate model and provides a comparative overview and analysis of the form, function and finances of selected MDCs operating in Canada. This overview will show some of the similarities and differences in how various cities have created their MDCs, what they use them for, and how they pay for their activities.
- Section four turns to address some of the key considerations that should be given to establishing an MDC. In keeping with theme of this paper, these considerations will focus on the form, function and finances.
- Section five summarizes the paper and offers some concluding observations that the City may wish to consider with respect to its role in land development.

[2] MODELS OF MUNICIPAL LAND DEVELOPMENT

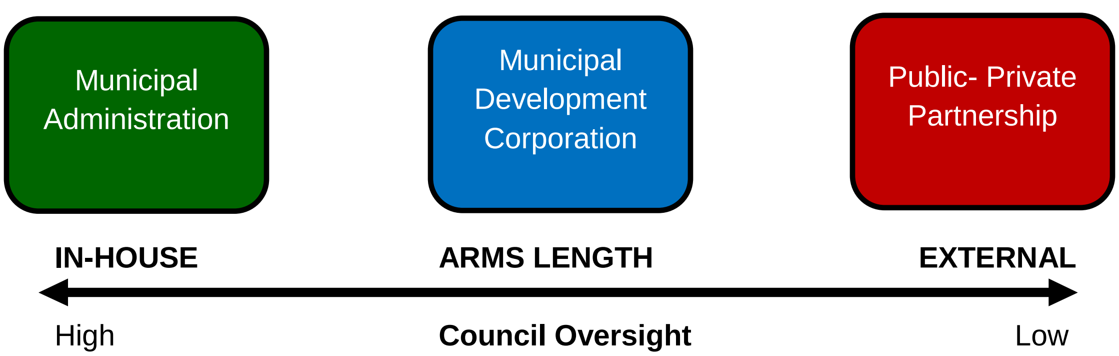
2.1 Introduction

City governments own or control large holdings of land. Land is considered to be an asset, just like roads, bridges, and parks. Thus, according to one analyst, "establishing an organizational system that would manage government property assets and deploy them for achieving government objectives is one of the tasks of governmental asset management."[1] The research reveals that there are three broad options available to municipalities with respect to governing land development assets; namely:

(1) the "in house model"- which is performed by specific government department;
(2) the "corporate model" – which performed by a government-established land development company or a special purpose corporation, and
(3) the "Public-Private Partnership model" – which is performed through an agreement or partnership with an actor in the private sector.

To put these models in perspective, it is useful to conceptualize them along a continuum or a spectrum. . Figure 1 presents the three options along such a continuum.

FIGURE 1: MUNICIPAL LAND DEVELOPMENT MODELS



As the figure illustrates, as one moves along the continuum, the oversight of a City Council is reduced.

Thus, the purpose of this section is to provide an overview of each model so that the reader has a good understanding what they are, including any potential benefits and shortcomings. As this section shows, while each model has its advantages and disadvantages, it is not to say that they are mutually exclusive. In fact, the research indicates that some jurisdictions (e.g., Calgary) use a combination of all three models. However, the choice of model generally depends on the nature and type of land development.

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[1] See Olga Kaganova, International Experiences on Government Land Development Companies: What Can Be Learned? IDG Working Paper No. 2001-01. The Urban Institute Centre on International Development and Governance, 2011.

2.2 The In-House Model

The in-house model involves a city department or business unit providing the land development function. This is the model that the City of Saskatoon uses for its land development function and it is also used in small to mid-sized in cities like, Red Deer and Lethbridge. Larger cities that have established MDCs also use the in-house model for some land development functions. For example, Calgary uses an in-house model for industrial and commercial development.

2.2.1 Advantages:

- ease of coordination with other municipal initiatives; enhanced interdepartmental participation and cooperation regarding City Council directed priority projects;
- alignment with the strategic priorities of the municipality;
- leveraging internal expertise in areas such as legal services, human resources, accounting, engineering, and property appraisals;
- simplicity in establishment – these models are easy to set up as they do not involve the legal and financial implications associated with municipal corporations and public-private-partnerships;
- direct line-of-sight for municipal councils; and
- ability to leverage the City’s considerable financial resources.

2.2.2 Disadvantages:

- less flexibility relative to other private sector models, as in-house models must adhere to City procurement, financial, and operational requirements which may not be as reactive or adaptable as in other models;
- perceived as conflict as the in-house model is closer to the regulator than other models; and
- lack of separation from direct political oversight.

2.3 The Public Private Partnership Model

The public-private partnership model provides the opportunity for a city to work directly with the private sector to govern land management. This model suggests that the City is less active in land development and permits the private sector to become more involved. It is important to note that municipalities/cities may develop joint ventures or partnerships with the private sector using either in-house or corporate models to represent their interests. In fact, this approach is used in several cities, but it depends on the nature of the development.

2.3.1 Advantages:

- increased operational capacity;
- greater flexibility with respect to financing;
- reduced financial risk for the municipality if financial investment is shared between public and private partners;

- synergies created through blending of public and private sector skills, knowledge, and expertise;
- access to specialized expertise that may not be available with in-house or arm's-length models; and
- separation from direct political oversight.

2.3.2 Disadvantages:

- reduced opportunity for the municipality to directly influence project outcomes;
- potential difficulty aligning development objectives with other municipal initiatives and priorities;
- potential increased legal and operational costs;
- procurements undertaken by the joint venture in which the municipality does participate would be subject to trade agreement requirements; and
- reduced flexibility for the municipality with respect to development revenues.

2.4 The Corporate Model

The corporate model is often referred to as "an arm's-length" governance model. It is delivered through the establishment of a corporation, which is wholly-owned by the municipality, and commonly referred to as an MDC. The corporate model has gained some popularity in recent years and being used in cities like Calgary, Surrey and Toronto (see Section 3 for more details).

2.4.1 Advantages:

- greater flexibility with respect to financing;
- limitation of financial risk for the municipality;
- increased legal and operational flexibility relative to in-house models;
- potential to diverge from municipal policies, Bylaws or Provincial regulations that may bind Administration; and
- access to specialized, private sector expertise that may not be available with in-house models.

2.4.2 Disadvantages:

- reduced opportunity for the municipality to directly influence project outcomes;
- potential difficulty aligning development objectives with other municipal initiatives and priorities;
- requirement to pay back all outstanding City working capital contributions; and
- reduced flexibility for the municipality with respect to development revenues.

It should also be noted that the corporate model, or MDC, is exempt from income taxation provided that: (a) the City maintains a minimum 90% share of the MDC; and (b) at least 90% of income earned by the MDC comes from property within the geographical boundaries of the city.

2.5 Conclusion

The section has reviewed three primary models of municipal land development, including their respective advantages and disadvantages. The main conclusion that can be drawn from this analysis is that no model is superior to the other. Each has its particular strengths and weaknesses. A decision on which model to implement should likely be based on a sound business case, determined by mandate and context.

For example, a City may adopt different models to manage its approach to residential land development versus industrial land developments. This choice may emerge for a variety of reasons, such as different financial risks, public acceptance, alignment with City objectives, and need for market intervention.

That said, the common practice in Canada is to use a combination of in-house delivery and the corporate model. This is because land development for a given parcel can involve: a myriad of stakeholders, is subject to specific and unique mandates from Council, and requires close collaboration between various city departments.

As this paper reveals in the next section, the corporate model, or MDC, can offer some distinct advantages in particular situations. They can offer the prospect of both an improved governance model for decision-making and delivery systems that are more effective and efficient in maximizing the value of assets to be developed and sold.

[3] AN OVERVIEW OF SELECTED MUNICIPAL DEVELOPMENT CORPORATIONS

3.1 Introduction

This section provides an overview and analysis of four different MDCs: The Surrey Centre Development Corporation, Build Toronto, the Calgary Municipal Land Corporation, and Winnipeg's CentreVenture Development Corporation (for a comparative analysis, see appendix 1). More specifically this section will address the form, function, and finances of the MDCs.

While all four are structured under the corporate model-as explained in section 2, there are some important differences between them that are worth noting. For example, Surrey and Toronto are dispersed models, while Calgary and Winnipeg operate in a defined area. Winnipeg uses a non-profit model, while the other three are for-profit models. In terms of the for-profit MDCs, Calgary is more oriented toward city building objectives than both Surrey and Toronto.

3.2 Surrey City Development Corporation[2]

Form

The Surrey City Development Corporation (SCDC) was incorporated in 2007 and is a wholly-owned subsidiary of the City of Surrey. According to its annual report, the SCDC is "one of the building blocks that the City of Surrey is using to make the City a more vibrant, sustainable and complete community" The SCDC emerged as the result of an economic development strategy that was adopted by City Council in 2005. SCDC can be described as a dispersed, for profit MDC.

SCDC is governed by an independent six-member Board of Directors that is appointed by its shareholder, the City of Surrey. The Board is composed of two representatives of the City Administration (the City Manager and Chief Financial Officer) and four independent directors from the private sector. The independent directors are private sector professionals with experience in diverse aspects of real estate, urban development and finance.

The role of the Board is to:

- ensure that the business activities of the Corporation comply with the mandate from the City of Surrey.
- approve the annual budget and business plan and major new business ventures and investments, and
- monitor the performance of management of the Corporation

The SCDC's operations are managed by ten staff members. It is led by a President and Chief Executive Officer who is appointed by the Board. The City is not involved in the day-to-day management of SCDC. Rather, it has indirect control as the Shareholder through a Partnering Agreement outlining the Company's directives and authorities. SCDC aligns its goals with the City of Surrey by way of the Partnering Agreement.

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[2] Information derived from, https://scdc.ca/

Function

SCDC's mandate is to help advance the City's financial, social, business and community goals through the development of the City's surplus land holdings, strategic acquisition of properties ripe for redevelopment, and the acquisition of income generating properties.

It provides real estate consulting advice to City Council and is empowered to partner with private sector partners on economic and land development projects. SCDC is involved (on its own or in partnership with the private sector) in residential, commercial mixed-use industrial development, and redevelopment projects.

SCDC undertakes the following activities:

- real estate development projects on City-owned sites which help achieve the City of Surrey's objectives;
- acts as a catalyst to accelerate beneficial development throughout the City;
- partners with private sector partners on real estate development projects;
- provides real estate consulting advice to help the City achieve its vision for the various neighbourhoods throughout the City; and
- provides an annual dividend to the City of Surrey.

SCDC also plays a role in the development of public infrastructure. For example, SCDC assisted in providing development management services for the design and construction of the Surrey City Hall which is a major component of the City's vision to create a vibrant, active, pedestrian-friendly City Centre.

Finances

SCDC was created with an initial rollout including multiple years of negative operating profit due to the lag period before property revenues could be realized. The City of Surrey supported the Corporation through $4 million in interest free cash transfers and over $30 million in loans payable. Land was generally transferred at book value to the SCDC with the City then providing a mortgage or being given preferred shares. SCDC generates the majority of revenue from property sales, with lease and external consulting fee revenues as external sources.

According to its 2016 annual report, SCDC generated an operating surplus of $18.7 million, resulting from net income of $20.9 million and operating expenditures of $2.1 million.[3] As a result of the surplus, SCDC paid down debt and issued a $4.5 million dividend to the City of Surrey. Cumulatively, since 2013, SCDC has paid $18 million in dividends to the City.

In terms of its portfolio, SCDC held assets totalling $97.3 million, with $66.3 million of real estate development assets and $31 million in income producing properties in 2016. SCDC's net debt was $66.7 million in 2016.

[3] See https://scdc.ca/media/2016-Annual-Report.pdf for more details.

3.3 Build Toronto[4]

Form

Build Toronto (BT) was incorporated in 2009 as a wholly-owned subsidiary of the City of Toronto. BT is an arm's length real estate corporation established by the City of Toronto to fully leverage its surplus and underutilized real estate. It was officially launched in 2010 as the City's independent real estate and development corporation. BT can be described as a dispersed, for-profit MDC.

BTs creation emerged from two reports titled, "Prosperity Agenda" and the "Blueprint for Fiscal Stability and Economic Prosperity."[5] Both reports indicated a need for substantive change in how the City attracts new investment and uses its under-utilized real estate holdings to regenerate Toronto. As such, BT was created as a result of an economic development strategy.

BT is governed by an 11 member Board of Directors that is appointed by its shareholder, the City of Toronto. Unlike the Boards of other MDCs, BT has a larger contingent of dependent (or City) directors. The Board is composed of the following members:

- the Mayor, or a Council Member who the Mayor recommends as a designate and is appointed by City Council;[6]
- the Chair of the City's Economic Development Committee;
- the Chair of the City's Planning and Growth Management Committee; and
- 8 citizen members, or independent Directors.

The independent directors are composed of professionals with experience in diverse aspects of real estate, urban development, construction and finance.

As set out in the Shareholder-approved remuneration schedule, annual compensation for BTs Board of Directors is as follows:

- Citizen Chair: $40,000 annual retainer (no meeting fees);
- Citizen Vice-Chair, if the Mayor is Chair: $30,000 annual retainer (no meeting fees);
- Citizen Vice-Chair, if a Citizen is Chair: same remuneration as for a Citizen Member;
- Citizen Member: $5,000 annual retainer plus $500 per meeting fee, up to a maximum total annual remuneration of $15,000; and
- No remuneration is paid to Council Members on the Board.

The Board of Directors is responsible for supervising the management of the business affairs of BT, including the following specific activities:

- developing City and City agency surplus lands and excess real estate with development potential;

[4] Information derived from http://buildtoronto.ca/
[5] See https://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-15926.pdf for more details.
[6] The Mayor is the Chair except where a Mayor's designate is appointed in which case the Mayor's designate is the Vice-Chair and City Council appoints one of the citizen members as the Chair.

- working with other sectors in urban regeneration;
- remediating brownfields;
- catalyst development;
- recommending to the City optimal use of City real estate holdings; and
- using financial incentive tools as provided by the City.

BTs operations are managed by approximately 10 staff members. It is led by a President and Chief Executive Officer who is appointed by the Board. The City is not involved in the day-to-day management of BT. Rather, its relationship with The City of Toronto is governed by the Unanimous Shareholder Agreement. As the sole Shareholder, The City of Toronto has the exclusive right to appoint the directors and the auditor for BT, amend its articles of incorporation, and write its bylaws.

Function

According to its 2016 Annual Report, the mandate of BT is to "unlock the value in under-utilized lands and use the available land base of the City and its agencies to attract targeted industries, stimulate the creation of desirable employment, and regenerate neighbourhoods."[7] BT is involved in residential and non-residential land development, primarily on redevelopment sites. It does not undertake greenfield development, but is empowered to acquire and dispose of properties and to enter into joint ventures with private and public sector organizations.

As a result of its mandate, BT undertakes the following activities:

- developing surplus and underused City land to attract commercial development, boost growth and foster employment;
- collaborating with City Councillors, City staff, community members and development stakeholders to develop projects that address both City-Building and financial goals;
- revitalizing neighbourhoods where people can afford to live, where the public space encourages interaction and where sustainable development can support Toronto's growing needs;
- improving through remediation and investing in historically contaminated sites that would otherwise remain underutilized;
- developing sites around transit that encourage environmentally friendly means of transportation;
- creating new connections and help the City sustain itself in the long term; and
- generating a reasonable net financial return by unlocking the value of properties given to it by the City.

BT also works in partnership with the City's Real Estate Services Division to identify opportunities to develop surplus or underutilized city land. It also works closely with Invest Toronto, the City's arm's-length economic development corporation.

[7] See http://buildtoronto.ca/wp-content/uploads/2017/07/BuildToronto_2016AnnualReview.pdf for more.

Finances

Similar to SCDC, BT was created with an initial rollout that included multiple years of negative operating profit, though with expenses more heavily weighted to staffing, feasibility analysis/studies, legal fees, and office lease payments. The City of Toronto provided a $10 million repayable loan to fund initial operations. The City transferred surplus land to BT at a nominal value, which is not a leading practice as land for other MDCs is typically transferred at market value. BT also took out a $200 million land loan to provide both development and equity capital which was guaranteed by the City. BT generates a large share of its revenues from real estate sales, while the remaining comes from rental income.

According to its 2016 Financial Statement, BT generated revenues of 52.4 million.[8] As a result, it paid a $25 million dividend to its Shareholder, the City of Toronto in 2016. Cumulatively, since its inception, BT has paid $95 million in dividends to the City. It also generated net income of $12.7 million in 2016. In terms of its portfolio, BT held assets totalling $296.2 million and total debt of $33.4 million.

3.4 Calgary Municipal Land Corporation[9]

Form

The Calgary Municipal Land Corporation (CMLC) was incorporated in 2007 and is a wholly-owned subsidiary of the City of Calgary. It was created exclusively to implement the Rivers District Community Revitalization Plan, a public infrastructure program that aimed to facilitate the reclamation and redevelopment of the Rivers District in Calgary[10]. This means that CMLC's activities are confined to the Rivers District. Thus, CMLC can be described as a defined, for-profit MDC.

CMLC is governed by a ten-member Board of Directors that is appointed by its shareholder, the City of Calgary. The Board is composed of one member from City Council, the Mayor, and nine independent directors from the private sector. The independent directors are private sector professionals with experience in diverse aspects of real estate, urban development, construction and finance. As set out in the Shareholder-approved remuneration schedule, annual compensation for CMLC's Chairman of the Board is $30,000, while independent directors receive $15,000. The Mayor is not compensated for his role as a Director.

The Board performs several governance roles for CMLC such as:

- responsibility for the overall stewardship of CMLC;
- approving all significant decisions that affect the Corporation and reviews the results;

[8] See http://buildtoronto.ca/wp-content/uploads/2015/01/Final-with-signed-by-version-BTI-Consolidated-FS-2016-Secured.pdf for more details.
[9] Information derived from http://www.calgarymlc.ca/documents.
[10] The Rivers District covers approximately 500 acres on downtown Calgary's east side. See, CMLC's 2017-2019 Business Plan, found at note 8.

- responsibility to manage the business affairs of CMLC within the business plans and budgets approved annually by Council; and
- accountable for the effective management of the business operations and outcomes of CMLC within the approved Corporate Plan and mandate.

CMLCs operations are managed by 20 staff members. It is led by a President and Chief Executive Officer who is appointed by the Board. The City is not involved in the day-to-day management of CMLC. Rather, its relationship with The City of Calgary is governed by the Unanimous Shareholder Agreement. As the sole Shareholder, The City of Calgary has the exclusive right to appoint the directors and the auditor for CMLC, amend its articles of incorporation and write its bylaws.

Function

According to its 2016 Business Plan, CMLC's current mandate is: "CMLC, created and owned by the City of Calgary, exists to achieve the City's objectives for urban densification and community renewal, infrastructure investment and placemaking." This mandate was revised in 2016 and will give CMLC greater latitude to expand its city-building activities. It is anticipated that in 2018, CMLC will begin to expand its activities beyond the Rivers District.

Nonetheless, in its current role CMLC often collaborates with City departments to assist in planning and community engagement. It should be noted that other land development by the City of Calgary is governed through an in-house model. The City's Office of Land Servicing and Housing is active primarily in business and industrial land development.

As a result of its mandate, the CMLC undertakes the following activities:

- land development activities related to the East Village development;
- manage investment in land and infrastructure for optimal financial returns;
- managing improvements in municipal infrastructure in the Rivers District;
- managing certain municipal building projects, such as the Central Library; and
- providing consulting services for planning, designing, branding, land strategy and public engagement

CMLC does not compete with private sector developers. Instead it supports the growth and liveability of Downtown Calgary through infrastructure improvements to the overall Rivers District area and land development activities in East Village.

Finances

One of the main drivers behind the creation of CMLC, was its ability to utilize Tax Increment Financing (TIF) through the use of a Community Revitalization Levy (CRL) to help fund re-development (and operations) of the Rivers District. The CRL is an innovative funding system that funnels property tax revenue increases resulting from redevelopment in the Rivers District into a fund for infrastructure improvements.

The CRL continues to be CMLC's primary source of revenue and has appeared on the property tax bills for residents living within the Rivers District since 2008. The CRL generated $38.4 million in 2016. In fact, 95 percent of CMLC's revenues come from the CRL.

In terms of creating the CMLC, the development land in The Rivers District was transferred to the CMLC at book value of approximately $8 million. The City of Calgary then provided a mortgage tied to this land. The City provided the CMLC with an initial $10 million start-up loan to fund operations and also secured additional debt to fund the infrastructure costs.

According to its 2016 annual report, CMLC generated an operating surplus of $14.1 million, resulting from revenues of $40.2 million and operating expenditures of $26.1 million.[11] CMLC does not pay a dividend to its shareholder and uses its profits to provide future services. In terms of its portfolio, CMLC held land and development assets totalling $432.9 million in 2016. CMLC's net financial assets were $118. 1 million in 2016.

3.5 Winnipeg's CentreVenture Development Corporation[12]

Form

CentreVenture Development Corporation (CVDC) was created in 1999 and is a non-profit corporation, wholly-owned by the City of Winnipeg. It was incorporated without share capital under the laws of the Province of Manitoba. The goal of the Corporation is to promote and foster economic, residential and cultural growth and development in the downtown district of the City of Winnipeg.

CVDC emerged from two initiatives: (1) CentrePlan which produced several recommendations to improve Downtown Winnipeg; and (2) a task force created by Economic Development Winnipeg that was charged with evaluating the downtown Winnipeg's weaknesses and strengths.

The task force recommended that the City create an arms-length agency with resources and authority to revitalize the downtown and help to implement the CentrePlan recommendations.[13] The CentrePlan vision document became the umbrella policy document which provides the vision for CVDC and the activities it undertakes. As such, CVDCs activities were, and still are, limited to a defined areas in downtown Winnipeg. Thus, CVDC can be described as a defined, not-for-profit MDC.

According to its Corporate Bylaw, CVDC is governed by a nine member volunteer Board of Directors that is appointed by Winnipeg City Council. The Board is composed of one member from City Council, the Mayor, who acts as the Honourary Chairperson and eight independent directors who are members of the Community. The independent directors are private sector and

[11] See 2016 Annual report at http://www.calgarymlc.ca/documents.
[12] Information obtained from http://www.centreventure.com/about
[13] See http://clkapps.winnipeg.ca/dmis/docext/viewdoc.asp?documenttypeid=2&docid=3533, for background relating to CVDC.

community professionals with experience in diverse aspects of real estate, urban development, construction, and finance. Unlike the for-profit MDCs profiled earlier, CVDC does not compensate Board members for their participation. However, they are compensated for expenses relating to their functions as Board members.

CVDCs operations are managed by approximately 10 staff members. It is led by a President and Chief Executive Officer who is appointed by the Board. The City is not involved in the day-to-day management of CVDC. Rather, CVDC's relationship with the City of Winnipeg is expressed through the corporate bylaw and other policy directives.

Function

CVDC's mandate is to "to stimulate downtown revitalization by creating an environment for business and government to collaborate with downtown stakeholders and to promote the downtown to investors, developers, businesses and residents."[14] As result of its mandate, CVDC performs the following functions:

- develops and implements strategies to identify and capitalize on economic development opportunities in Winnipeg's downtown;
- expedites development in Winnipeg's downtown by supporting private-public cooperation and innovative partnerships; and
- encourages new retail, entertainment, housing and commercial ventures, along with public sector investment in public spaces, amenities and services.

These functions are performed within CVDC's mandated area in downtown Winnipeg.[15] Clearly, CVDC has a limited set of functions when compared against the for-profit MDC's described in this section.

Finances

When CVDC was established, the City of Winnipeg gave it, at effectively no cost, a land bank comprised of surplus City land in the downtown. The land bank provided it with land that could either be contributed or sold to facilitate individual redevelopment transactions in the downtown. By the end of 2008, CentreVenture had fully depleted the land bank as planned and generated approximately $3 million as a result of land sales.

The City also provided CVDC with a grant of $10 million dedicated to its Urban Development Bank (UDB). The UDB was set up to be used as a mechanism for financing loans, mortgages, making strategic land acquisitions for future development and community investments in projects. However, this funding has been eroding ending with a balance of $4.2 million in 2016.

According to its 2016 Financial Statements, CVDC generated $2.7 million in revenues and $2.56 million in expenditures. [16] It produced a surplus of $144,682 which was allocated to

[14] See CVDC 2014-2016 Corporate Business Plan.
[15] The mandated area is approximately 10 acres, see note 12 for more.
[16] See note 12 for access to financial statements.

general operations and the UDB. Because CVDC is a not-for-profit corporation, it does not provide a dividend to the City of Winnipeg.

The bulk of CVDC's revenues come from various conditional government grants. CVDC receives annual operating funding of $300,000 from the City of Winnipeg. The remaining revenues come from land and property sales as well as rental income.

CVDC also administers a TIF program on behalf of the City and province to help finance development in the Downtown Residential Development Program.[17] In other words, CVDC does not generate this revenue for its use, but acts as the program administrator on behalf of the provincial and city governments. The TIF generated about $5.7 million in 2016.

In terms of its portfolio, CVDC total assets were values at $30.3 million in 2016. However, its net financial assets were $4.9 million in 2016.

3.6 Conclusion

This section has provided an overview and analysis of the form, function, and finances of select MDC's operating in Canada. Perhaps the most important conclusion is that MDCs have been created drive an economic development strategy or a district or neighbourhood revitalization plan. Such plans often dictate the structure, activities, and ability of MDCs to invest in projects. However, several other important conclusions can be drawn.

First, in terms of their form MDC's can be: (a) for-profit or not-for-profit corporations; and (b) defined or dispersed models, meaning that they can either operate in a specific boundary in a city or they can operate at various locations throughout the City. For example, SCDC and BT are for profit corporations that operate throughout the City. CMLC is a for-profit corporation that operates in a defined area—although that is about to change. CVDC is a not-for-profit corporation that operates in downtown Winnipeg only.

The establishment of an MDC in most cases does not preclude the need to maintain an in-house model. Only the City of Surrey relies on its MDC to develop land for municipal purposes. The other three Cities have in-house land development models devoted to acquiring and developing land for municipal purposes—meaning land to support city or community projects and services.

MDC's also have independent boards of directors, although their independence varies by jurisdiction. BT and SCDC have more City representation on the Boards than do CMLC and CVDC. CVDC's Board is made of up of volunteers (other than the Mayor) and is the only MDC who does not compensate board members for their participation. .

Second, in terms of functions, the primary objective of an MDC is to spur land development. Thus, they can achieve this by being active participants in land development or help to encourage development by other organizations. Their functions are typically generated from the

[17] The DRDG Program is funded by the City and Province and provides grants to developers of residential/mixed use projects in the downtown. The grants provided are based upon the annual incremental taxes generated by the development in the first full year following completion.

mandate that the shareholder has provided them. Thus, one of the main functions of an MDC is to pursue “city building objectives.”

More specifically, MDCs are given a mandate to provide financial and non-financial “value”. Each of the four MDCs reviewed have mandates to deliver on financial, social, environmental, and cultural objectives. Efforts are made in each City to align the objectives of the MDC with the objectives of the municipality.

MDCs can be established to govern greenfield (undeveloped raw land) development and/or redevelopment projects. The four MDCs reviewed for this report have activities that include redevelopment projects. CMLC and SCDC are also involved in greenfield developments, but CVDC and BT are not. In BT’s case, this reflects the unavailability of City-owned raw land.

Third, in terms of their finances, MDC’s can have access to various financial tools to encourage development. While they all generate funding from land sales, some are endowed with greater abilities to raise revenues. For example, CMLC utilizes the CRL to fund the bulk of its activities. CVDC relies on government grants, while SCDC and BT rely on primarily on land sales. In all cases, surplus lands have been transferred to the MDC; however, in one case (BT), this was done at a nominal values rather than market values. The research has also shown that two of the four MDCs, BT and SCDC, provide annual dividends to their respective shareholders.

Finally, in conducting the research on the form, function, and finances of each MDC two other key issues have emerged that were not addressed directly in the analysis, but bear mentioning: (1) timelines and costs to establish; and (2) political and stakeholder attitudes towards MDCs.

First, the timelines and costs associated with establishing an MDC vary by jurisdiction. Establishing an MDC requires a number of legal steps to be undertaken, such as approval of Articles of Incorporation and the adoption of a Unanimous Shareholder Agreement. Thus, the timeline to create an MDC ranges from 18 to 36 months depending on the requirements set out by legislation and regulation. Because the MDC requires its own Board of Directors, staff, offices, etc., start-up costs can range from $1 million to $2 million, and also require annual operating and capital budgets to be put in place.

Second, political and stakeholder attitudes towards MDCs are varied. A review of the creation and operation of the four MDCs reveals ongoing public debates about the appropriateness of an MDC, especially for a dispersed, profit-motivated MDC. For example, BT recently restructured its operations due to lack of industry and political confidence. The existence of the SCDC was questioned by mayoralty candidates in the last municipal election. Private sector opposition was one of the reasons why the MDC model was rejected in Regina and more recently, Edmonton. However, the defined MDC, which has more of a city-building focus, such as CMLC and CVDC, have received more positive support.

Given this overview and analysis, what considerations should be given to creating an MDC? The next section will address some issues that a city should strongly consider if it decides to adopt this model.

[4] Key Considerations for the Creation of an MDC

4.1 Introduction

The overview and analysis of the form, function, and finances of MDC's in the previous section noted some important similarities and differences between the MDCs established in various cities. As a result of that analysis, the purpose of this section is to provide an overview of five issues that should be addressed if a City wishes to set up an MDC: purpose, mandate, structure, function, and fiscal tools.

4.2 Explain the Purpose:

Research indicates that MDCs have been created as a "special-purpose vehicle" to implement an economic development strategy or a neighbourhood/district revitalization plan. City Council would need to decide what purpose or objectives they want to use an MDC to fulfill or achieve. Research suggests that creating an MDC to simply address a perceived transparency or governance concerns of an in-house land development function should not be the driving force behind creation of the MDC. Rather, it should be used as a vehicle to achieve some broader objectives, such as city-building objectives.

4.3 Define the Mandate:

Research indicates that there are two main motivations for establishing an MDC: (1) profit motivations or (2) city building, but a blend of the two is also consistent with their mandate. While all four of the MDCs studied for this report aim to achieve some degree of "city-building objectives", some, such as SCDC and BT, are more focused on the profit making than city building. CMLC strikes a good balance between profit making and city building, while CVDC is entirely focused on city building since it is a non-profit MDC.

4.4 Create the Structure:

Research reveals that MDCs have a governance structure that is an independent, non-political board, but accountable to its shareholder, the City. In other words, the MDC should be an arms-length entity that is structured in such a way to allow for flexibility and entrepreneurial activity. It is critical to success to have a strong independent board with representation from experienced real estate practitioners.

However, this does not mean that there is not political representation on the board, but that this it is limited to one or two members. CMLC and CVDC have only the mayor serve on the board, while the rest of the membership comes from private industry or the broader community. SCDC has no elected officials on its board, while BT has three elected officials. In addition, board size ranges from six to ten members in the MDCs studied for this report.

The City will still have oversight of the MDC's operations through the Board of Directors as well as the external auditor, but its relationship with the City should be similar to that of any other private entity's relationship with the City.

4.5 Establish the Functions

Research reveals that MDCs generally try to operate in a similar manner to a private developer, with the exception of non-profit MDCs. That is, they attempt to maximize the development potential of raw land. However, MDCs should also achieve city-building objectives. Depending on its mandate, the MDC will be involved in a mix of land development and investment activities. These activities can include land sales and acquisitions; development planning; partnerships project management and asset management; and, marketing and engagement. A clearly established set of functions will determine the types of activities the MDC is engaged in, and may also help to mitigate any potential development risk.

Although the operations or functions of each MDC varied from each other, there were some common themes that can be explored:

- land development focus: The focus of each MDC varied depending on its mandate and the opportunities in its specific market. CMLC is primarily focused on land development while SCDC does to a lesser extent.
- vertical construction focus: BT and SCDC are largely focused on vertical construction opportunities, while the others less so.
- partner with private sector: There are a number of challenges that can occur when an MDC actively competes with the private sector. In most cases, the MDC's choose to partner with private sector groups to reduce risk and limit the potential challenges or objections from the market. Partnering with private sector developers is a core part of the strategy for SCDC and BT, for example. This allows them to reduce their risk and leverage industry expertise.

4.6 Determine the Land and Financing Strategy:

Research indicates that in order for an MDC to work, it requires land that is appropriate for development and financing tools to become self-sufficient. Thus, when selecting the assets to be transferred to the MDC, it is important to ensure that the MDC has the ability to create value through planning, engineering, or development. The MDC should not be burdened with properties that do not have a potential upside.

In terms of the financial strategy, land should be transferred at market value to ensure clarity regarding the financial performance of the MDC. Cities have used various approaches to fund MDCs, including the use of cash transfers, loans payable, and the underwriting of third-party loans. CMLC and CVDC both have access to some version of a TIF regime to help fund development in their mandate area.

It should be recognized that an MDC will require funding for the acquisition of this land and to cover the operating losses in the initial years. Thus, the MDC would likely not be in a position to pay shareholder dividends in the initial years. Only two of the MDCs studied in this report, BT and SCDC, pay dividends to their respective shareholders.

4.7 Conclusion

It is clear that there are some fundamental issues that need to be considered in creating an MDC. This section has identified five key issues—although there may be more—that any municipality or city should consider before embarking on creating an MDC to develop land: purpose, mandate, structure, function, and fiscal tools. Clearly, the purpose, or the why, is the most important element as it provides the rationale or motivation for the creation of an MDC.

As such, it is premature at this stage to simply recommend the creation of an MDC for Saskatoon. There remains some unanswered questions as to what City Council would like to achieve with an MDC; namely:

(1) should it be for-profit or not-for-profit?
(2) should it focus on city-building objectives and what are those objectives?; and
(3) should it be a defined or dispersed model?

In essence, City Council needs to determine the goal or vision that it wishes to achieve from a development perspective, then consider whether an MDC is the right “vehicle” to achieve that goal. For example, as City Council works toward adopting a new vision for development in Downtown Saskatoon, it may want to consider using an MDC as a special purpose vehicle to achieve this vision. This would be a similar approach to what has been used in Calgary and Winnipeg.

Once that downtown vision is solidified, the next logical step would be to undertake a detailed business case to determine the potential effectiveness of using an MDC to drive the outcomes that City Council may want to achieve. The business case would help to identify the appropriate mandate, as well as the governance, financial, legal, and administrative implications of establishing an MDC in Saskatoon.

[5] Summary and Concluding Observations

The main objective of this paper was to provide an overview of the form, function, and finances of MDCs. In doing so, this paper set some appropriate context to explain the different models of land development. As section two shows, there are three models that cities (or governments) have adopted with respect to managing land assets: (1) in-house; (2) corporate; and (3) public-private partnership.

Indeed, each model has its advantages and disadvantages. The choice of model generally comes down to the nature and purpose of what a city/municipality wants to achieve from its land development function. However, as section two reveals, the more the land development function moves “out of house” the less political (or council) oversight there is. This can be a good or bad thing, depending on how closely the models align with the objectives of the city and community.

Because more cities are starting to utilize the corporate model, section three undertakes a detailed review of the form, function and finances of four MDCs operating in the cities of Surrey, Toronto, Calgary, and Winnipeg. Among other things, that section reveals:

- MDCs have been established as a “special purpose vehicle” to deliver a neighbourhood revitalization plan, a land development plan, or an economic development strategy. They have not been created to simply improve the governance aspects of a municipal land development function;
- MDCs can either be for-profit or not-for-profit Corporations, with the shareholder being the City government that created it.
- MDCs are either: (a) “dispersed models” meaning that they have the ability to develop land and real estate assets throughout the entire municipal boundary; or (b) “defined models”, meaning that their activities are restricted to developing land within a defined area in a city.
- MDCs have independent Boards of Directors appointed by a municipal council. They are typically composed of a blend of private and public sector representatives.
- MDCs have a professional staff, typically a chief executive to lead it, who is employed separately from the shareholder government.

Another revealing point that emerges from the analysis in section three is that special purpose vehicles, or MDCs, offer some distinct advantages in particular situations. They can offer the prospect of both an improved governance model for decision-making and delivery systems that are more effective and efficient in maximizing the value of assets to be developed or sold. They can also be useful for delivering a particular strategy or focused development.

In section four, this paper offers some key issues that any city or municipality must consider in establishing an MDC. Research has found that one of the key challenges with some MDC’s is that there can be a lack of clarity regarding the performance or actual benefit created by the entity. Thus, the purpose, or the why, is the most important element as it provides the rationale and motivation behind the creation of the MDC.

That is why it is premature to recommend that Saskatoon should adopt an MDC. Saskatoon currently provides a land development function that uses an in-house model. This is not an uncommon approach. In fact, according to one leading researcher on the topic:

The in-house model is the most prevalent municipal model in Canada as it leverages a municipality's existing resources, policies, procedures and reporting relationships and affords local politicians the level of control over the administration that they often demand. Even when cities launch into alternative models, they are likely to keep the existing in-house model intact.[18]

As this report and supporting research have indicated, simply rolling Saskatoon Land into an MDC would not seem to be the desirable objective for the City of Saskatoon at this point. Saskatoon Land already performs many of the functions that a for-profit MDC does. This does not mean that some transparency and governance improvements cannot be made, but constructing an MDC for this purpose is not a leading practice.

That said, there may be an option worth considering. As touched on earlier in this report, Edmonton City Council rejected the idea of creating a for-profit MDC as a result of strong industry opposition. Instead, Edmonton maintained their in-house land development function, but made some refinements to its model by creating a "Real Estate Advisory Committee" (REAC) composed of the Administration and members of the private and community development industry. The REAC was created in 2016.

The purpose of the REAC is to act as an "advisory group that informs the review of City real estate holdings and provides insights to maximize the value to the City on market development potentially of surplus City land."[19] This approach has allowed the in-house land and real estate function to Administration to combine in-house expertise with the expert opinion of private land/real estate developers who offer valuable knowledge of the Edmonton market.

This concept may be worth exploring for Saskatoon as a measure to improve the governance and transparency and more generally, the way in which Saskatoon's in-house land development function operates. This approach could be implemented in approximately 6-12 months. In the meantime, City Council could still pursue the creation of an MDC to drive a particular strategy or development plan, once that strategy or plan is defined.

[18] Excerpt from James McKellar, Best Practices for Municipal Land Development, prepared for the City of Ottawa, 2008.
[19] Obtained from City of Edmonton, Report CR_3620.

APPENDIX 1:

A SUMMARY OVERVIEW OF MUNICIPAL DEVELOPMENT CORPORATIONS				
Facts	**Surrey Centre Development Corporation**	**Calgary Municipal Land Corporation**	**Winnipeg CentreVenture Development Corporation**	**Build Toronto**
Year of Incorporation	2007	2007	1999	2008
Shareholder	City of Surrey	City of Calgary	City of Winnipeg	City of Toronto
Development Area	Dispersed	Defined	Defined	Dispersed
Mandate	*For profit MDC that exists to: (1) develop City-owned land and other acquired land for financial profits; (2) build an income producing real estate portfolio; and (3) help advance the City's financial, social, business and community objectives.	*For profit MDC that exists to achieve the City's objectives for urban densification and community renewal, infrastructure investment and placemaking. *Implement and execute the Rivers District Community Revitalization Plan.	*Not for Profit MDC that exists to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown	* For Profit MDC that exists to: (1) develop and/or facilitate private commercial development of land; (2) work with the City, investors, or private partners to maxmize the value and development potential of lands and act as a catalyst for the development of infrastructure and services.
Board Members	6	9	10	10
Are Members of Council on the Board	No, 2 members of Administration	Yes, Mayor only	Yes, Mayor as Honourary Chair	Yes, 3 Members of Council
Staff Members	10	20	7	10
Primary Revenue Sources	Land value generation/sales Income generating property Joint-venture partnerships	Community Revitalization Levy (Tax Increment Financing) Land value generation/sales Some income generating property Consulting	Tax Increment Financing Government Grants Land Value generation/sales	Land value generation/sales Income generating property Joint-venture partnerships
Fiscal Indicators	2016 Financial Statement: Revenue = $20.9 million Annual Surplus = $12.8 million Dividend = $4.5 million Total Assets = $97.3 million	2016 Financial Statement: Revenue = $40.2 million Annual Surplus = $14.1 million Dividend = $0 Total Assets = $432.9 million	2016 Financial Statement: Revenue = $2.7 million Annual Surplus = $0.144 million Does not pay Dividends Total Assets = $30.3 million	2016 Financial Statement: Revenue = 52.4 Million Dividend = $25 million Total Assets = $296.2 million