



*City of*  
**Saskatoon**  
Office of the City Clerk

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Saskatoon, SK S7K 0J5 fx 306•975•2784

March 20, 2014

- His Worship Mayor D. Atchison
- Councillor C. Clark
- Councillor T. Davies
- Councillor R. Donauer
- Councillor D. Hill
- Councillor A. Iwanchuk
- Councillor Z. Jeffries
- Councillor M. Loewen
- Councillor P. Lorje
- Councillor E. Olauson
- Councillor T. Paulsen

Dear Committee Members:

**NOTICE OF MEETING  
EXECUTIVE COMMITTEE**

Please take note of the following meeting of the above-noted Committee:

**DATE: MONDAY, MARCH 24, 2014**

**TIME: 1:00 P.M.**

**PLACE: COMMITTEE ROOM "A"**

A copy of the agenda is attached.

**Please notify the City Clerk's Office in advance of the meeting if you are unable to attend.**

Yours truly,

  
**Joanne Sproule**  
City Clerk

JS:jh

Attachment

- cc: City Manager
- City Solicitor (3)
- Director of Government Relations
- Fire Chief
- Director of Media Relations

- General Manager, Asset & Financial Management Department
- General Manager, Community Services Department
- General Manager, Corporate Performance Department
- General Manager, Transportation & Utilities Department

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## AGENDA

(OPEN TO THE PUBLIC)

EXECUTIVE COMMITTEE

MONDAY, MARCH 24, 2014, AT 1:00 P.M., COMMITTEE ROOM "A"

### SECTION A – MINUTES

1. Minutes - of meeting held on March 10, 2014.

### SECTION B – DECISION ITEMS

1. North Commuter Parkway and Traffic Bridge Replacement Projects –  
P3 Business Case and Procurement Approval  
(File No. CK. 6050-10)
- 

RECOMMENDATION: that a report be submitted to City Council recommending:

- 1) that Public Private Partnership (P3) be approved as the delivery model for the North Commuter Parkway and Traffic Bridge Replacement project, subject to the City's approval of a funding application to PPP Canada; and
- 2) that upon receiving funding approval from PPP Canada, and before the procurement process commences, the Administration report further on the final funding plan.

Attached is a report of the General Manager, Asset and Financial Management Department dated March 12, 2014, seeking approval to deliver the North Commuter Parkway and Traffic Bridge Replacement project using the alternative financing and procurement model Public Private Partnership (P3). This approval is required to move the funding application forward in the PPP Canada process.

Representatives from KPMG will be in attendance to make a presentation.

**SECTION C – INFORMATION ITEMS**

1. Capital Project #2407 – IS North Commuter Bridge  
North Commuter Parkway – Legal & Financial Advisors  
(File No. CK. 6050-10)

RECOMMENDATION: that the information be received.

Attached is a report of the General Manager, Transportation and Utilities Department dated March 11, 2014, regarding the procurement of Financial and Legal Advisors for the North Commuter Parkway project.

2. Specific Property Inspections and Information Gathering  
(File No. CK. 1625-1)

RECOMMENDATION: that the information be received.

Attached is a report of the A/CFO & General Manager, Asset & Financial Management Department dated March 12, 2014 notifying City Council that commencing this year, places of public worship will be inspected and questionnaires sent out to ensure assessment records are updated and that places of worship are being treated equitably.

**TO:** City Clerk, Executive Committee  
**FROM:** General Manager, Asset and Financial Management  
**DATE:** March 12, 2014  
**SUBJECT:** North Commuter Parkway and Traffic Bridge Replacement Projects – P3 Business Case and Procurement Approval  
**FILE NO:** CS. 6050-10 and IS. 6050-104-044

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**RECOMMENDATION:** that this report be submitted to City Council recommending:

- 1) that Public Private Partnership (P3) be approved as the delivery model for the North Commuter Parkway and Traffic Bridge Replacement project, subject to the City's approval of a funding application to PPP Canada; and
- 2) that upon receiving funding approval from PPP Canada, and before the procurement process commences, the Administration report further on the final funding plan.

### **TOPIC AND PURPOSE**

The purpose of this report is to seek approval to deliver the North Commuter Parkway and Traffic Bridge Replacement project using the alternative financing and procurement model Public Private Partnership (P3). This approval is required to move the funding application forward in the PPP Canada process.

Another purpose of this report is to inform City Council that if funding is approved by PPP Canada, a final funding plan will be developed and presented to City Council for its approval prior to commencing the procurement process.

### **REPORT HIGHLIGHTS**

1. The pursuit of funding from the federal government for this project is well underway. An application and a business case have been sent to PPP Canada and it is expected that this project will be adjudicated by the PPP Canada Board at the end of March 2014.
2. P3's are an alternative financing and procurement method.
3. A summary of the P3 Business Case is included in this report.
4. That upon receiving funding approval from PPP Canada, but before the procurement process commences, a final funding plan will be developed and presented to City Council for approval.

### **STRATEGIC GOALS**

The application to PPP Canada supports the long-term strategy of increasing revenue sources and reducing reliance on property taxes under the Strategic Goal of Asset and Financial Sustainability.

The construction of the North Commuter Parkway and the Traffic Bridge replacement supports the Strategic Goal of Moving Around as it will optimize the flow of people and goods in and around the city.

## **BACKGROUND**

City Council, at its meeting held on May 21, 2013, during consideration of Clause 2, Report No. 10-2013 of the Executive Committee, regarding the North Commuter Parkway project, adopted the following recommendations:

- “1) that the Administration proceed with the North Commuter Parkway project based on the bridge and arterial roadway configuration recommendations of the Functional Planning Study;
- 2) that the Traffic Bridge Replacement project be combined with the North Commuter Parkway project; and
- 3) that the Administration continue to pursue available funding for this project from the Federal and Provincial Governments.”

At its meeting on June 17, 2013, the Executive Committee received an informational report from the General Manager, Corporate Services Department, advising that a screening application had been submitted to PPP Canada for funding of 25 per cent of the direct construction cost of this project.

At its meeting on September 23, 2013, City Council approved the award for the North Commuter Parkway Project P3 Business Case to KPMG LLP for a total estimated cost of \$69,500 (plus G.S.T.).

## **REPORT**

### **Application and Business Case has Been Submitted to PPP Canada**

On December 13, 2013, the Administration submitted the draft business case to PPP Canada (P3C). Since then the Administration has maintained on-going dialogue with P3C and is working diligently to keep this application on track. It is anticipated that this project will be presented to P3C's Board at their March 2014 meeting for a funding decision.

### P3s are an Alternative Financing and Procurement Method

P3s are an alternate procurement method for governments to meet public infrastructure needs. Through long-term contracts that encompass design, construction, financing, maintenance, and operation components, governments can access private sector expertise, technology, and capital. P3s provide a way to finance needed infrastructure that may not be affordable for the government to deliver on its own. It means that state-of-the-art infrastructure can come on stream faster, address resident needs sooner, and minimize the impact on property taxes.

P3s are only a tool in the toolkit and may not be the right tool for all projects. P3's are more suitable for projects that are larger, more complex, involve greater risk and are non-routine, like this project. There needs to be a clear understanding of when P3's are the right procurement method.

When determining if a project should be delivered using an alternative procurement method, a business case must be prepared. A P3 business case is part of the due diligence process and is an essential tool in determining how best to procure major infrastructure projects. The intent of the business case is to identify, assess, and make a recommendation on the procurement option that best achieves the project objectives and produces value for money (VfM). The business case analysis will develop a detailed cost breakdown of the implementation and operation of a project over its expected duration under a traditional project model known as a Public Sector Comparator (PSC). The PSC is then compared against the P3 project cost to determine whether a positive VfM is realized. A positive VfM indicates that P3 is a viable procurement method.

### Results of the P3 Business Case

The Business Case for this project shows a potential VfM of 7.5%, or \$26.6 million. It also has determined that the Design-Build-Finance-Operate-Maintain (DBFOM) delivery model should be further pursued. Attachment 1 contains a summary of the Business Case.

### Final Funding Plan

This project requires a significant funding partnership with the federal government. If this project is successful in receiving funding support from P3C, a final funding plan will be developed and presented to City Council for its approval before the procurement process commences. The Administration also continues to pursue a funding partnership with the provincial government on this project.

### OPTIONS TO THE RECOMMENDATION

The Administration has been advised by the Federal Government that funding applications for any project over \$100 million must be vetted through PPP Canada. If PPP Canada deems the project as one that is a candidate for P3 procurement, then funding must come from the P3 Canada Fund.

If P3 delivery for this project is not approved and PPP Canada has deemed it to be an appropriate project for P3 procurement, it is highly likely that all opportunities for federal funding for this project will be forfeited.

### **POLICY IMPLICATIONS**

There are no policy implications.

### **FINANCIAL IMPLICATIONS**

Based on the latest cost estimates developed by CIMA+, Stantec and BTY Group, as well as other assumptions made in the Business Case, the contribution sought from PPP Canada would be in the order of \$60.8 million.

If this project is delivered under a DBFOM procurement method, annual payments will be made to the successful proponent over a 30-year period. Payments will cover construction, maintenance, lifecycle repair and renewal, and project financing. Under the current budgeting process, the capital cost of the project would be budgeted for in the Capital Budget and the lifecycle costs would be funded through the Operating Budget but under DBFOM procurement, these two costs are now combined as one – if the capital cost is accepted, so is the lifecycle cost. The annual payments are similar to a fixed-rate mortgage with maintenance and repair expenses included.

In 2014, a \$750,000 increase was approved to begin building the base for the expected lifecycle costs required for this project. Additional amounts will be included in the 2015, 2016, and 2017 budgets. Until such time as this funding is needed by the project for this purpose (in order to build an operating base to support the annual payment), this funding has been allocated to the Bridge Major Repair Reserve.

### **PUBLIC AND/OR STAKEHOLDER INVOLVEMENT**

There is no public and/or stakeholder involvement required.

### **COMMUNICATION PLAN**

The P3 Business Case has been posted on the City's website. For more information on this project or to view the business case, please visit [www.saskatoon.ca](http://www.saskatoon.ca) under N for North Commuter Parkway Project.

If this project receives funding approval from PPP Canada, a public announcement will be held in conjunction with the Federal Government.

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

### **SAFETY/CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)**

A CPTED review is not required.

**PUBLIC NOTICE**

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

**ATTACHMENT**

1. P3 Business Case Summary

Written by: Linda Andal, Director of Financial Planning

Approved by:   
Kerry Tarasoff, A/CFO & General Manager  
Asset and Financial Management  
Dated: March 13/2014

Approved by:   
Murray Totland, City Manager  
Dated: March 18/14

copy: His Worship the Mayor

## **P3 Business Case Summary**

This project is needed to help alleviate major traffic congestion, improve travel times and reduce fuel consumption for commuters and public transit, thereby reducing greenhouse gas emissions, improving business productivity and enhancing the quality of life for the City's citizens.

The business case for the proposed procurement process includes the results from numerous analytical reviews, from the qualitative market sounding, jurisdictional scan, procurement objective and constraints analysis, to the quantitative VfM assessment and affordability analysis.

A number of delivery models were considered that involve various degrees of private sector responsibility and transfer of risk, including the traditional Design-Bid-Build (DBB) delivery model. The suitability of a P3 delivery model was initially assessed by Brookfield Financial who concluded that a P3 model delivers the highest tangible value to the City. This conclusion was validated by KPMG through a high-level P3 screening assessment that determined that the project satisfies a number of criteria that supports a P3 delivery and market sounding consultations that indicated significant private sector interest towards the size and scope of the project.

Based on the project's objectives and constraints, as well as precedent P3 transportation projects and market sounding results, it was determined that the Design-Build-Finance-Operate-Maintain (DBFOM) delivery model should be further assessed and other alternative delivery models should not be further considered as they do not adequately meet the requirements of the project. A detailed qualitative assessment framework was developed to assess the DBFOM and traditional DBB delivery models based on a weighted scoring methodology. The assessment results demonstrate that the project is well-suited for P3 delivery using a DBFOM model and is more advantageous than the traditional DBB model.

To quantitatively assess the DBFOM delivery model, KPMG conducted a project risk assessment and developed a comprehensive financial model to assess Value for Money and affordability. The results indicated that a DBFOM delivery model is estimated to generate Value for Money of approximately \$26.6 million (net present value). The business case confirms that a DBFOM delivery model is the optimal approach for the project.

Based on the latest cost estimates developed by CIMA+, Stantec and BTY Group, as well as other assumptions made in the business case, the contribution sought by the City from PPP Canada would be in the order of \$60.8 million.

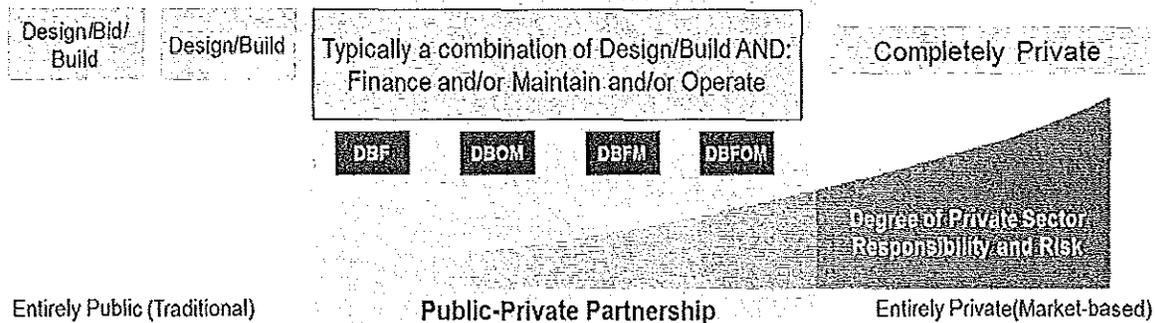
KPMG believes that there is significant interest in this project due to a limited PPP project pipeline in the Canadian marketplace and an attractive project size and scope to the private sector. To maximize competitive pricing tension and to minimize construction inflation uncertainty, it is important to bring the project to market as soon as possible.

## Potential Delivery Models

A number of delivery models were considered for the Project from the City's traditional Design-Bid-Build model to alternative delivery models that involve various degrees of private sector responsibility and transfer of risk. The alternative delivery models considered range from single-firm responsibility for both design and construction (Design-Build), to P3s with a mix of design, build, financing, and operating responsibilities. The DBOM delivery model is not considered since a main priority for the Project is to include private sector financing.

The role of the design and construction firms changes with each delivery model, as do the role and expectations of the public-sector. As the roles of the public and private sector change, so does the overall distribution of the risks associated with the Project. As illustrated in Exhibit 1, the degree of risk transfer increases as the involvement of the private sector increases.

**Exhibit 1: Range of Delivery Models**



Below is a comparison of the delivery models pictured above.

## Public Sector Comparator

The City traditionally delivers its transportation projects using a Design-Bid-Build (DBB) model. As this model would likely be used if the Project is not delivered as a P3, the DBB delivery model is identified as the Public Sector Comparator (PSC).

Under this option, the design and construction services for the Project are procured in a sequential manner. The City will first procure the design of the asset from a private sector design firm. Following the completion of the design documents, the City will then procure the construction works based on the completed design, on a low-bid basis. The City would do so by hiring a general contractor to complete the project in accordance with the design firm's plans and specifications. The City would warrant to the contractor the sufficiency of the design firm's plans and would assume all risks associated with the design. The contractor would look to the City to remedy any inadequacies in the plans, the result of which is usually increased costs. In addition, this procurement arrangement can create design coordination issues that increase construction costs since the

construction firm did not have input in the design. Such increase in construction costs will be borne by the City under this delivery option.

During construction, the City would manage and oversee the general contractor. The City would pay for the construction project through monthly progress payments to construction contractors during the construction period, based on work completed. With this method of payment, construction contractors do not have to obtain significant amounts of private financing to carry out construction. Performance is secured through performance bonding and limited construction warranties. At completion, the City would lead the testing and commissioning process.

Following completion, the assets are turned over to the City, which then assumes full responsibility for operations and maintenance (O&M). The method of budgeting and payment for O&M is carried out according to the City's established practices. Under this delivery model, the City maintains ownership of the assets at all times.

### **Alternative Delivery Models**

In the sections below, a range of viable and marketable P3 delivery models for the Project are described. Both the advantages and disadvantages of the models are identified to qualitatively assess the optimal alternative delivery model based on the Project requirements.

#### **Design-Build (DB)**

Under the DB model, the City would hire a single private sector partner (the "Design-Builder") for the design and construction of the Project. This model integrates the final design and construction roles with one private entity, transferring design and coordination risks to the private sector partner as well as compressing the schedule to the extent that design and construction can proceed concurrently.

The advantage of this model over the traditional model is that there is a single entity responsible for meeting the performance specifications of the Project. The designer and the constructor work together to develop a design that meets the required performance parameters and the construction firm is confident that the design can be implemented efficiently to result in cost savings. In addition, this model facilitates input from all disciplines without the loss of cost control.

Similar to the DBB model, the City pays for the asset through progress or milestone payments to the Design-Builder contractor during the construction period based on the value of work completed. With this method of payment, the design-builder does not have to source significant amounts of private financing. Performance security is also limited to less liquid methods including performance bonding and construction warranties.

Also similar to the DBB model, following completion, the asset is turned over to the City, which then assumes full responsibility for O&M work. Under this model, the City maintains ownership of the assets at all times.

### **Design-Build-Finance (DBF)**

Under this model, the private partner is responsible for designing, building and financing the project. This model integrates the final design and construction roles with one private entity, transferring design and coordination risks to the private sector partner as well as compressing the schedule to the extent that design and construction can proceed simultaneously.

The City is required to make a lump-sum payment to the private partner upon substantial completion; the private sector partner must obtain construction financing from third-party lenders or its own equity resources (which would not be expected for a project as large as this Project). The lump-sum payment is designed to pay off design and construction costs, and construction financing obtained by the private partner. This payment mechanism provides a more liquid form of security for the City, since payment for construction is performance based and, therefore, the contractor is not paid until it demonstrates compliance with the City's technical specifications. A regimen is also included to ensure that final completion is achieved as well. Once the project is operational and accepted, the City assumes full responsibility for O&M work. Ownership of the asset generally rests with the private partner until substantial completion, when it is transferred to the City.

### **Design-Build-Finance-Operate-Maintain (DBFOM)**

Under the DBFOM model, the private sector P3 consortium would be responsible for the design, construction, financing, operations and maintenance of the bridge and road infrastructure. This structure enables significant integration among all components of the Project.

The financing component of this option includes both short-term and long-term financing. The long-term financing is needed since the private sector partner would not be fully paid for construction of the asset following completion of construction, but would be paid in installments over the length of the maintenance term. The installments over the length of the maintenance term include:

- A fixed capital repayment component to repay the private sector partner's long-term debt and equity investors for its financing of the construction; and
- A performance-based payment to compensate the private sector partner for its ongoing maintenance work, subject to deductions for failing to meet contractual performance obligations.

The City is considering a model in which it would pay a substantial completion payment. The City will repay the residual capital cost in a blended fashion with the ongoing maintenance and lifecycle payments over the agreed upon maintenance term of 30 years, and the private sector partner would have to meet pre-defined performance standards during this period. Payment for regular and rehabilitative maintenance would occur throughout the maintenance term and would include a performance-based penalty formula.

While the newly constructed assets would be owned by the City, the private sector partner would assume responsibility for the regular maintenance and rehabilitation of the assets over the contract term in accordance with the City's performance specifications. At the end of the operations and maintenance term, the consortium

would transfer control of the assets to the City under agreed-upon terms and conditions, known as hand-back conditions. The hand-back conditions would explicitly outline the expected condition in which the assets must be returned to the City and a stipulated life-expectancy beyond the concession period.

A DBFOM approach allows the City to allocate significant risks related to the capital cost, regular operating and maintenance costs, lifecycle (rehabilitation) costs and performance standards to the private sector. VfM is achieved through a competitive procurement process, private sector efficiencies and a lifecycle approach to ensure an appropriate trade-off between upfront capital expenditures and long term rehabilitation costs. This model can be advantageous compared to the traditional DBB approach as it results in cost and budget certainty, transfers significant risk, and encourages private sector efficiencies.

There are two major drawbacks to this model. The financing costs or the cost of capital under this model typically exceeds that of the City, since private financing includes both equity and private debt, both of which have higher expected rates of return than public debt due to risk premiums and the absence of a City covenant to pay. The complexity of this model is also likely to require increased due diligence, overhead and consultation costs.

### **Project Objectives and Considerations**

#### **Timely and Efficient Project Delivery**

Timely and efficient delivery is an important procurement objective for this Project for which maintaining adherence to the Project timeline is of particular importance. The advantages of a P3 delivery model are that there would be payment and/or other penalties imposed on the private sector if substantial completion is delayed. The private sector recognizes the time value of money and that a small delay in receiving a substantial completion payment can have a major negative financial impact.

Timely delivery of the Project is required to provide additional transportation routes to alleviate major traffic congestion, enable the efficient and timely development of new areas in the northwest part of the City, improve business productivity and enhance the quality of life for the City's citizens. Evaluation of the Project shows significant system-wide benefits through reduced intersection delays, improved travel times, and fuel savings for commuters and public transit and substantially reduced congestion on other corridors.

#### **Remain on Budget**

One of the City's requirements for the Project is cost certainty during construction and throughout the 30 year maintenance term. Shifting the risk of increasing construction costs and other financial risks to the P3 Contractor can ensure cost certainty for the construction, and maintenance of the Project.

#### **Meet High Maintenance and Operations Standards**

The City needs to ensure that its transportation infrastructure is effectively maintained throughout the entire life span of each asset. A DBFOM delivery model avoids the problems associated with deferred maintenance and rehabilitation as the City would stipulate strict performance requirements during the term of the Agreement.

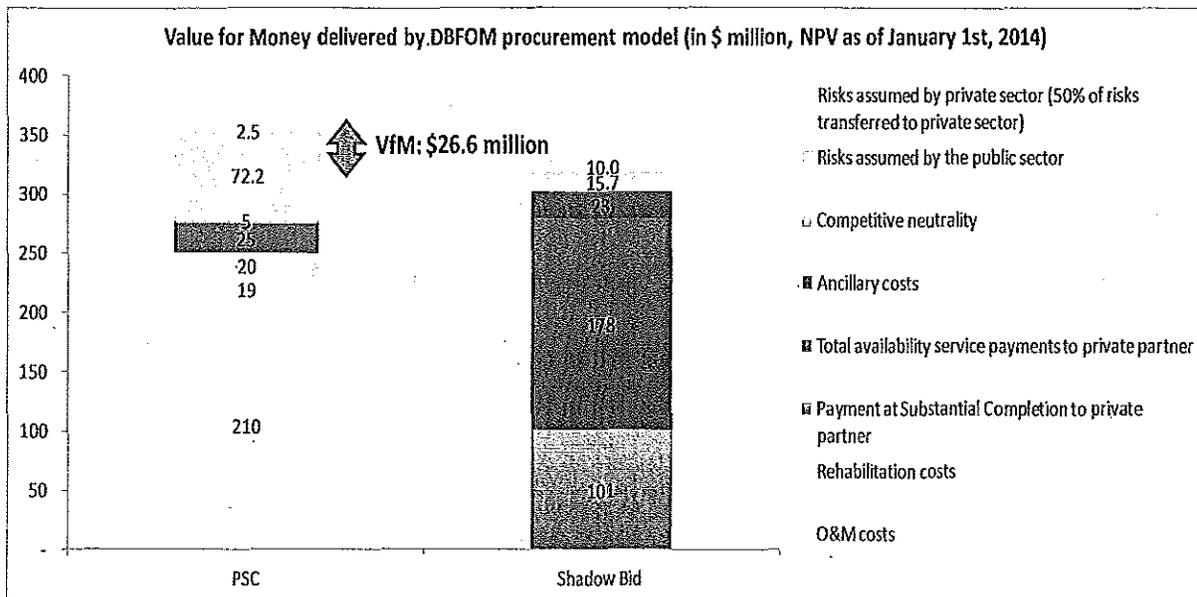
**Achieve Value for Money**

The City wants to see robust competition among private sector contractors, financiers and maintenance providers to ensure the Project is delivered and maintained at a competitive price and generates VfM. Additionally, competition can facilitate innovation among the private sector bidders, potentially revealing improved designs or processes not already specified in the Project requirements to create further efficiencies and long-term cost savings.

**Preliminary Value for Money Assessment**

The following exhibit provides a visual overview of the VfM results and the cost components of each procurement model. The estimated amount of VfM delivered by the DBFOM procurement model is \$26.6 million or 7.5% of the PSC costs.

**Exhibit 2: Visual overview of the VfM results**



Based on the results of this quantitative assessment and the overall qualitative evaluation presented in the previous sections of this business case, the DBFOM procurement model can be confirmed as the preferred delivery model for the North Commuter Parkway and Traffic Bridge Replacement Project.

**TO:** City Clerk, Executive Committee  
**FROM:** General Manager, Transportation & Utilities Department  
**DATE:** March 11, 2014  
**SUBJECT:** Capital Project #2407 – IS North Commuter Bridge  
North Commuter Parkway – Legal & Financial Advisors  
**FILE NO:** CS. 6050-10 and IS. 6050-104-044

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**RECOMMENDATION:** that the information be received.

### **TOPIC AND PURPOSE**

This report is to advise City Council that in order to maintain project schedule, the Administration needs to proceed with procuring the Financial and Legal Advisors for the North Commuter Parkway project, with the intent of awarding the commissions and proceeding with the development of the P3 Request for Qualification (RFQ) and Request for Proposal (RFP) documents.

### **REPORT HIGHLIGHTS**

1. The North Commuter Parkway project team has been drafting the P3 technical performance specifications for the project to ensure the RFP is ready as soon as possible.
2. The critical path on the project schedule relies heavily on allowing the proponent access to work in-river each year during a specific window from July 15 to September 15. The North Commuter Parkway project will likely require three of these windows to complete the works in line with conventional construction practices, similar to what was done on the Circle Drive South Bridge.
3. The Administration is proceeding with procuring the Financial and Legal Advisors for the North Commuter Parkway project, with the intent of awarding the commissions and proceeding with the development of the P3 RFQ and RFP documents, alongside the technical advisors that are already commissioned to ensure completion of this project in the shortest period possible.
4. Based on the experience of P3 Canada with other projects, they have suggested Administration revisit the original project schedule. This, in conjunction with recent experience with the P3 procurement process on the Civic Operations Centre, indicates a 2018 completion to be the most realistic, provided a funding announcement is received in the next few months.

### **STRATEGIC GOAL**

The construction of the North Commuter Parkway supports the City of Saskatoon Strategic Goal of Moving Around as it will optimize the flow of people and goods in and around the city.

## **BACKGROUND**

City Council, at its meeting held on May 21, 2013, during consideration of Clause 2, Report No. 10-2013 of the Executive Committee, regarding the North Commuter Parkway project, adopted the following recommendations:

- "1) that the Administration proceed with the North Commuter Parkway project based on the bridge and arterial roadway configuration recommendations of the Functional Planning Study;
- 2) that the Traffic Bridge Replacement project be combined with the North Commuter Parkway project; and
- 3) that the Administration continue to pursue available funding for this project from the Federal and Provincial Governments."

At its meeting on June 10, 2013, City Council approved the award of technical advisory services for the North Commuter Parkway to CIMA+ at a total estimated cost, on a time and materials basis, to an upset limit of \$4,016,143.95 (including P.S.T. and G.S.T.).

At its meeting on June 17, 2013, the Executive Committee received an informational report from the General Manager, Corporate Services Department, advising that a screening application had been submitted to PPP Canada for funding of 25 per cent of the direct construction cost of this project.

At its meeting on August 14, 2013, City Council received an informational report from the General Manager, Infrastructure Services Department, advising that the Administration had proceeded with procurement of a P3 Business Case Advisor and that the target completion date would be delayed if PPP Canada and Provincial funding was not confirmed and the Design-Build-Finance-Maintain (DBFM) Request for Proposal process was not initiated prior to April/May 2014. The report also advised that the construction of the project must begin by early 2015 to meet the original target deadline. This would require that the DBFM Request for Qualification be issued by January/February 2014.

At its meeting on September 23, 2013, City Council approved the award for the North Commuter Parkway Project P3 Business Case to KPMG LLP for a total estimated cost of \$69,500 (plus G.S.T.).

At its meeting on December 16, 2013, City Council received an informational report from the General Manager, Transportation & Utilities Department, providing a project status update.

## **REPORT**

### **Schedule Constraints**

The North Commuter Parkway project team has been drafting the P3 technical performance specifications for the project to ensure the RFP is ready as soon as possible. The critical path on the project schedule relies heavily on allowing the proponent access to work in-river each year during a specific window from July 15 to September 15. The North Commuter Parkway project will likely require three of these windows to complete the works in line with conventional construction practices, similar to what was done on the Circle Drive South Bridge. The Administration is proceeding with procuring the Financial and Legal Advisors for the North Commuter Parkway project, with the intent of awarding the commissions and proceeding with the development of the P3 RFQ and RFP documents, alongside the technical advisors that are already commissioned to ensure completion of this project in the shortest period possible.

### **Benefits of this Approach**

Proceeding with procuring the Financial and Legal Advisors at this time will save two months towards the critical path of the project schedule. The terms of contracts with these advisors will include provisions to allow the City to terminate the individual contracts, should the funding announcement not occur.

### **Overall Project Schedule**

Based on the experience of P3 Canada with other projects, they have suggested Administration revisit the original project schedule. This, in conjunction with recent experience with the P3 procurement process on the Civic Operations Centre, indicates a 2018 completion to be the most realistic, provided a funding announcement is received in the next few months.

## **OPTIONS TO THE RECOMMENDATION**

The option is to wait until full approval of the project is received and evaluate the schedule at that time which could result in the project completion being extended beyond 2018.

## **POLICY IMPLICATIONS**

There are no policy implications as the award of the RFP will still go to City Council for final approval.

## **FINANCIAL IMPLICATIONS**

Further to the December 16, 2013 report to Council, the proposed project capital budget is \$252,640,000. Administration is continuing to develop a funding plan based on this cost. When complete, the plan will be sent to City Council for approval.

## **PUBLIC AND/OR STAKEHOLDER INVOLVEMENT**

Stakeholder involvement will be required at various stages of the project. Community events will be planned in order to engage and educate the public. The Administration will coordinate with applicable stakeholders as necessary.

## **COMMUNICATION PLAN**

A communications agency has been retained through the Technical Advisor for the project, and a phased-in communications plan will be developed for the life of the project. Webpages for the North Commuter Parkway and Traffic Bridge Replacement have been updated, and will continue to be updated as new information is made available. Regular project updates will be provided to City Council by the Project Manager, and more broadly to the general public, through the media.

## **DUE DATE FOR FOLLOW-UP AND/OR PROJECT COMPLETION**

The Administration is currently operating on a realistic target completion date for the North Commuter Parkway project of October 2018. Every opportunity to deliver this project in 2017 will be pursued.

## **ENVIRONMENTAL IMPLICATIONS**

The opening of the North Commuter Parkway Bridge will divert considerable traffic from the congested bridges and arterial roads to the south, and the Traffic Bridge will provide an alternate route for crossing the river in the downtown core. The Traffic Bridge will also include pedestrian and bike lanes on both sides of the bridge and connect with the city's network of pedestrian and bicycle paths to support this environmental priority. With the opening of these two bridges, traffic congestion will be reduced and travel times will be shorter for vehicles and public transit, resulting in reduced greenhouse gas emissions and improved air quality.

These benefits are estimated in the table below:

Benefits	300,000 population	400,000 population
AM peak hour delay reduction	2,641 hours	15,284 hours
PM peak hour delay reduction	4,122 hours	25,571 hours
Fuel savings from idling engines (1.8 L/hr)	12,000 L per day	74,000 L per day
CO <sub>2</sub> emissions reduction from fuel savings	28 tonnes per day	175 tonnes per day

These benefits are estimated in the table below:

Benefits	300,000 population	400,000 population
AM peak hour delay reduction	2,641 hours	15,284 hours
PM peak hour delay reduction	4,122 hours	25,571 hours
Fuel savings from idling engines (1.8 L/hr)	12,000 L per day	74,000 L per day
CO <sub>2</sub> emissions reduction from fuel savings	28 tonnes per day	175 tonnes per day

At a population of 300,000, traffic reductions across the city's other river bridges is expected to be reduced by up to 27% after completion of the North Commuter Parkway project as commuters find more optimal commuting routes through the city.

### PRIVACY IMPACT

There are no privacy implications.

### SAFETY/CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)

A preliminary CPTED review was completed at the Committee's September 5, 2013, meeting. Additional CPTED reviews will be undertaken on staged design submissions during the procurement period.

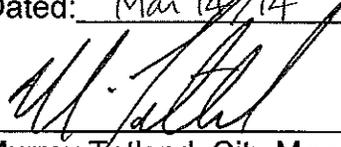
### PUBLIC NOTICE

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

Written by: Dan Willems, Special Projects Manager, Major Projects

Reviewed by: Mike Gutek, Director of Major Projects

Approved by:   
 for Jeff Jorgenson, General Manager  
 Transportation & Utilities Department  
 Dated: Mar 14/14

Approved by:   
 Murray Totland, City Manager  
 Dated: Mar 18/14

Copy: His Worship the Mayor

**TO:** City Clerk, Executive Committee  
**FROM:** A/CFO & General Manager, Asset & Financial Management  
Department  
**DATE:** March 12, 2014  
**SUBJECT:** Specific Property Inspections and Information Gathering  
**FILE NO:** AF 1625-1

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**RECOMMENDATION:** that the information be received.

**TOPIC AND PURPOSE**

The purpose of this report is to notify City Council that commencing this year, places of public worship will be inspected and questionnaires regarding income and expenses for same will be sent in the spring of 2014 to ensure assessment records are updated and that places of worship are being treated equitably.

**REPORT HIGHLIGHTS**

1. Places of worship are to be inspected starting in 2014.
2. Questionnaires for income and expense related to the operation of the property will be sent to properties with places of worship.
3. This forms only part of an ongoing property reinspection process and a continual review of property assessments.

**STRATEGIC GOAL**

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the property assessment base upon which the property tax is levied is accurate, equitable, and in keeping with applicable legislation.

**BACKGROUND**

Property inspections are needed to ensure that the information on file that is used to create assessments is reasonably accurate and up to date. These are completed on an as needed basis as resources allow. Inspections of exempt properties have historically been of a lower priority than taxable properties. Some of these properties have not been inspected in decades. Physical inspections are the preferred means to review properties for this purpose.

Properties are exempt from taxation if they meet criteria outlined in legislation. Many properties are exempt based on a combination of ownership and use. Legislation states that places of worship are exempt from taxation if they are owned by a religious organization and used as a place of public worship. Legislation states that the exemption does not apply to any portion of the property that is used as a residence or not used as a place of public worship.

Dated assessment records need to be reviewed in conjunction with a property inspection to ensure that all places of worship are being treated equitably. Presently, the assessment records may only possibly identify residential portions of properties owned by religious organizations. Any other uses are not differentiated in the records.

Some partial inspections were completed several years ago, but not all properties were reviewed. A complete inspection of the inventory of all such properties is meant to ascertain other uses and determine what is common in characteristics and common in use to these types of properties. This is needed prior to any changes being considered or implemented.

## **REPORT**

Commencing in 2014, Assessment and Taxation will initiate on-site property inspections of 150 places of worship that are located within the city. It is anticipated that these inspections will commence upon completion of the Assessment Appeals which are scheduled to be completed in the late spring of 2014.

These properties are somewhat unique relative to other commercial properties in that they are meant to serve unique purposes and may be exempt from taxation based on use.

In conjunction with the physical inspections, other use related information will be requested in a process that is similar to the annual information requests made to all other commercial properties. The additional information may highlight any possible income that was received by the properties from a use that was not related to operation of the property as a place of public worship. This will assist in determining any predominant use for the subject properties.

Periodically, and as resources allow, Assessment and Taxation undertakes reinspections of properties in an ongoing effort to ensure that property records are reasonably accurate and up to date. This is required to create accurate and equitable assessment values upon which property taxes are levied.

This group of properties is not the only property group to be reinspected in the near future with an ad-hoc review, but may be viewed as a more controversial sub-group of the broader commercial property inventory that have also been designated as requiring inspections for this year.

## **PUBLIC AND/OR STAKEHOLDER INVOLVEMENT**

No public involvement is required. Stakeholders will be limited to the properties identified as requiring inspections.

## COMMUNICATION PLAN

- The church properties to be re-inspected will be notified of the need for inspection of their property by mail. Church property owners will receive an *overview letter* that explains the re-inspection process (see Attachment 1). This letter will accompany the City of Saskatoon *2014 Commercial Property Information - Request Form* (see Attachment 2).
- A '**Frequently Asked Questions**' overview for the property owners will be included with their notification. Property owners will be invited to call in to pre-arrange their inspection times and will be made aware of a phone number they can call should they have any additional questions (see Attachment 3).
- The City of Saskatoon website **saskatoon.ca** will be updated with background information and FAQ's on the church property re-inspection process. We will include the *2014 Commercial Property Information-Request Form* as a PDF should property owners need further reference.
- **Social media** will be well monitored from an issues management standpoint once the public knows of the plan for property re-inspections, and when the on-site property inspections of places of worship start. It is anticipated that the re-inspection of church properties will commence in late spring once all notices have been sent to church property owners.

## DUE DATE FOR FOLLOW-UP AND/OR PROJECT COMPLETION

Completion of the review by property inspections is dependant on the availability of assessment appraisers to complete the inspections and the availability of assessment appraisers is dependant on other work of greater priority such as assessment related work for new construction, existing taxable property inventory work, revaluation related tasks and assessment appeals. A target date for inspection completion is projected for the spring of the following year (2015). A review of the results will take place upon completion and changes (if any) will be implemented following the complete review of all such properties.

## PUBLIC NOTICE

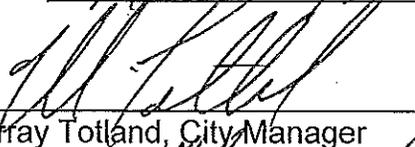
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

## ATTACHMENTS

1. Overview Letter
2. 2014 Commercial Property Information – Request Form
3. Frequently Asked Questions Overview

Written by: Les Smith  
Director of Assessment & Taxation

Approved by:   
Kerry Tarasoff A/E/O & General Manager  
Asset & Financial Management Department  
Dated: March 13 / 2014

Approved by:   
Murray Totland, City Manager  
Dated: Mar 17 / 14

copy: His Worship the Mayor



April XX, 2014

«Rgstr\_Owner»  
 «Non\_Address\_Information»  
 «Mailing\_Addr\_Deliv\_Addr1»  
 «Mailing\_Addr\_Deliv\_Addr2»  
 «Mailing\_Addr\_Deliv\_Addr3»

«NBHD» Varied

Dear Sir/Madam:

**Re: PROPERTY INSPECTION – «Roll\_Number» - «Civic\_Address»**

All property in the City must be assessed. Accurate assessment values require reasonably up to date property characteristics. Your property is one of a group of properties being re-inspected this year to ensure that information on file is correct. Over the coming months appraisers from the Assessment & Taxation will be completing on-site inspections to meet this requirement. Please contact the division over the next few months at 306 975-3227 to arrange for an appointment or for any additional information regarding this request.

**Please be advised that City of Saskatoon employees possess picture identification for recognition purposes.**

The Saskatchewan Assessment Management Agency Act provides the authority for an assessment appraiser to enter a property for the purposes of making a valuation. The pertinent section is quoted below:

**ASSESSMENT APPRAISERS****Right of entry, etc.**

23(1) Where an assessment appraiser is engaged in a valuation and produces proper identification, the assessment appraiser shall be given free access, at all reasonable times and on the assessment appraiser's reasonable request, to all property for the purpose of making a proper valuation.

Assessment & Taxation is also gathering additional information regarding any use(s) being made of the property or its parts by persons who are not the owners of the property. Attached please find and complete a questionnaire meant for this purpose.

Thank you in advance for your anticipated co-operation.

Yours truly,

A handwritten signature in cursive script that reads 'Les Smith'.

**Les Smith**  
 City Assessor

## 2014 Commercial Property Information – Request Form

Assessment & Taxation collects information on property. Your property falls under the category of a commercial property. Please carefully fill out the form in its entirety. Feel free to submit additional information on a separate sheet of paper if needed. Sign and date the last page. Call our office at (306) 975-3227 if you have any questions.

### Section A: General Information

Property Address: «Civic_Address»	Roll #: «Roll_Number»
Property Owner: «Purchaser»	Property Type: «PPT»
Phone #: _____	
Building Name (if applicable)	

**Section B: Property Characteristics**

5. Type of Space	Floor # (Circle: Basement, Main, or Upper)	Size (ft <sup>2</sup> )	1. Available for Public Rent ( Circle: Yes or No)	2. Frequency (No. of Days)	3. Total Actual Annual Rent	4. Occupant
	Basement; Main; Upper		Yes / No			
	Basement; Main; Upper		Yes / No			
	Basement; Main; Upper		Yes / No			
	Basement; Main; Upper		Yes / No			
	Basement; Main; Upper		Yes / No			

For the 12 months ended \_\_\_\_\_, 20\_\_.

- 1. **Available for Public Rent** - indicate if the space is rented or leased to the general public or *never* rented or leased to the general public.
- 2. **Frequency** - indicate the number of days rented in the 12 months of the 2013 fiscal year.
- 3. **Total Actual Annual Rent** - if space is rented out to the public, indicate the total actual annual rent for the 12 months of the 2013 fiscal year
- 4. **Occupant** - indicate occupants present for more than a month.
- 5. **Type of Space** – indicate one of the following Hall, Auditorium, Multi-Purpose, Kitchen, Office, Classroom, Residence, Meeting Room, Gym, *Other (Specify) below:*

\*If more space is required copy this page as necessary.\*



## 2014 Specific Church Property Re-inspections and Data Gathering

### FREQUENTLY ASKED QUESTIONS

This **FREQUENTLY ASKED QUESTIONS** accompanies the *Property Information – Request Form* sent to church properties undergoing re-inspection.

**Are places of public worship owned by religious organizations - still exempt from property taxation?**

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

**Why is the City re-inspecting this church property? Why is this happening now?**

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

**What is involved with the re-inspection? When will the City start doing this?**

- For most properties, the assessment appraiser making the inspection will need to conduct a cursory physical review of the property both externally and internally. This will ensure that the property record information is correct.
- If notable changes or inaccuracies are found during the inspection, the assessment appraiser may be required to take measurements and notes to update the property record.
- Some property records are reasonably up- to- date, while others may require updating. All places of worship are being reviewed over the coming year.
- The physical inspections of church properties will be combined with a questionnaire that will be sent to all properties in the group. The questionnaire is designed to gather information related to activities that may take place in the property – those activities that may not be directly related to the primary use of the property as a place of worship. The questionnaire, combined with the physical inspections will allow the Assessment and Taxation division to determine the use of the property and its components.
- The City of Saskatoon will start re-inspecting church properties April, 2014

### How much time is required for the inspection?

- Properties are highly variable. The inspection time can vary from less than an hour for a smaller property where there are no notable changes, to one or two hours for larger properties where there may have been some changes.
- For some properties, required information is missing so it will be gathered for the first time. An example of this type of potentially missing information is the space allocations within the property, etc. This may lengthen the inspection time needed.

### Why is the City asking about 'any other uses' for the property?

- The City needs to ensure that the current use of the property meets the legislative requirements and limits that provide for exemptions from property taxation. Even though these types of properties *may be* exempt from taxation through the criteria listed in *The Cities Act*, there is still a requirement that the assessment values be accurate.

### Why is a church classified as a commercial property?

- Provincial legislation and regulations define property classes for assessment and taxation purposes. These are:
  - a) Non-arable (Range) Land and Improvements
  - b) Other Agricultural Land and Improvements
  - c) Residential
  - d) Multi-unit Residential
  - e) Seasonal Residential
  - f) Commercial and Industrial
    - *Includes all property not specifically included in another class of property*
  - g) Elevators
  - h) Railway Rights of Way and Pipeline

Churches are not specifically included in any of the classifications other than commercial, so are classified as commercial.

### What if we have more questions?

- If you have additional questions and would like more information about the re-inspection of church properties, please call 306 975-3227
- The City of Saskatoon website [saskatoon.ca](http://saskatoon.ca) will be updated with background information regarding the re-inspection of church properties. The Property Information-Request Form will also be available for download from the website should you need to share with others.