



**PUBLIC AGENDA  
STANDING POLICY COMMITTEE ON FINANCE**

**Tuesday, September 8, 2015, 2:00 p.m.**

**Council Chamber, City Hall**

**Committee Members:**

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

**Pages**

- 1. CALL TO ORDER**
- 2. CONFIRMATION OF AGENDA**
- 3. DECLARATION OF PECUNIARY INTEREST**
- 4. ADOPTION OF MINUTES**

**Recommendation**

That the minutes of Regular Meeting of the Standing Policy Committee on Finance held on August 17, 2015 be adopted.

**5. UNFINISHED BUSINESS**

**5.1 WDM (Western Development Museum) Parking Lot (File CK. 465-1)**

**6 - 9**

Attached is a letter dated August 19, 2015; from Ms. Joan Champ, Chief Executive Officer, Western Development Museum, asking for a deferral of the matter to the October 5, 2015 meeting of the Committee.

As background information, the Committee, at its meeting held on August 17, 2015, considered the attached report of the General Manager, Corporate Performance and resolved that consideration of the following motion be deferred to the next meeting of the Standing Policy Committee on Finance to provide an opportunity for the Western Development Museum to meet with the Province regarding their funding request and report back on those discussions:

"that the matter of a potential contribution to the \$1.8 million parking lot project at the Western Development Museum be referred to the 2016 Business Plan and Budget deliberations to consider an amount that would take into consideration fundraising by the Western Development Museum

and any cost-sharing by the Province."

### **Recommendation**

That consideration of the matter be deferred to the October 5, 2015 meeting of the Committee.

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

### **6.1 Delegated Authority Matters**

### **6.2 Matters Requiring Direction**

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

## **7. REPORTS FROM ADMINISTRATION**

### **7.1 Delegated Authority Matters**

- 7.1.1 City of Saskatoon Internal Audit - Road Maintenance - Terms of Reference (File CK. 1600-17) 10 - 18**

#### **Recommendation**

That the information be received.

- 7.1.2 Request for Direct Sale to Prairie Meats - South West Industrial Area (Files CK. 4215-1, AF.4214-1, LA. 4221-015-008) 19 - 23**

#### **Recommendation**

1. That the Director of Saskatoon Land be authorized to offer to Prairie Meats, by direct sale, Parcels L and N, Block 183, Plan to be registered, for the purpose of facilitating an expansion of its current business operations; and
2. That the City Solicitor be requested to prepare the Sale Agreement and that His Worship the Mayor and City Clerk be authorized to execute the Agreement under the Corporate Seal.

- 7.1.3 Request to Sell City-Owned Property - Kensington Neighbourhood (Files CK. 4215-1, x 4110-44, AF. 4214-1 and LA. 4131-26) 24 - 27**

#### **Recommendation**

1. That the Director of Saskatoon Land be authorized to sell three multi-family parcels including Parcel Y and Parcel 225, Plan 102171732 on Kensington Boulevard, and Parcel X, Plan 102193534 on Kensington Lane South in the

- Kensington neighbourhood through a public tender process with reserve bid prices;
2. That if the parcels are not sold through the tender process, they be placed for sale over-the-counter on a first-come, first-served basis;
  3. That the Director of Saskatoon Land be authorized to make minor adjustments to the approved pricing that may be necessary to account for market conditions;
  4. That the Director of Saskatoon Land be authorized to administer development controls for these multi-family parcels; and
  5. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

## **7.2 Matters Requiring Direction**

- 7.2.1 Land Exchange with Circle Drive Alliance Church (Files CK. 4020-1, x 6050-9, AF. 4020-1, 6050-1 and LA. 4022-015-001)** 28 - 31

### **Recommendation**

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

1. That the Real Estate Manager be authorized to enter into a land exchange with Circle Drive Alliance Church; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

- 7.2.2 2015 Neighbourhood Land Development Fund Financial Information (Files CK. 1820-1, 1700-1, AF. 1702-1, 1815-1, and LA. 1815-7)** 32 - 33

### **Recommendation**

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

1. That \$4 million in surplus funds be allocated from the Neighbourhood Land Development Fund; and
2. That the Administration report further with recommended allocations.

**7.2.3 Incentive Application - Saskatchewan Food Industry Development Centre Inc. (Files CK. 3500-13, and AF. 3500-1)**

34 - 37

**Recommendation**

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

1. That the application from Saskatchewan Food Industry Development Centre Inc. (Food Centre) for a five-year tax abatement on the incremental portion of taxes at 2335 Schuyler Street, as a result of its expansion in 2016, be approved as follows:

- 100% in Year 1
- 80% in Year 2
- 70% in Year 3
- 60% in Year 4
- 50% in Year 5

2. That the City Solicitor be instructed to prepare the appropriate agreements.

**7.2.4 Civic Vehicles and Equipment Fund Transfer Request (Files CK. 1815-1, 1390-1 , AF. 185-1 and 1815-1)**

38 - 40

**Recommendation**

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

1. That a one-time transfer of \$3.1 million from the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve to the Civic Vehicles and Equipment Replacement Reserve be approved to fund the emergent replacement of equipment at the City of Saskatoon Landfill;
2. That the City Solicitor prepare an amendment to Bylaw No. 6774, The Capital Reserve Bylaw, to provide for this transfer between these civic vehicles and equipment reserves; and
3. That the Administration report further with recommended amendments to Bylaw No. 6774, The Capital Reserve Bylaw.

**8. URGENT BUSINESS**

9. MOTIONS (notice previously given)

10. GIVING NOTICE

11. IN CAMERA AGENDA ITEMS

**Recommendation**

That the following items be considered *In Camera*.

**Recommendation**

That the Committee move In Camera to consider items 11.1 to 11.3.

11.1 Land Sales (Files CK. 4215-1, x 4131-32, AF. 4131-1 and LA. 4131-30)

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

11.2 Lease Renewal (Files CK. 520-1, AF. 4225-1, and LA. 4235-012-7)

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

11.3 Land Sales (Files CK. 4215-1, AF. 4214-1, and LA. 4217-014-006)

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

12. ADJOURNMENT

465-1



CURATORIAL CENTRE

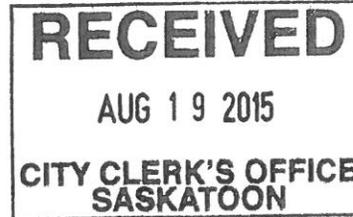
2935 Lorne Avenue

Saskatoon, Saskatchewan S7J 0S5

Phone: (306) 934-1400 Fax (306) 934-4467

email: [info@wdm.ca](mailto:info@wdm.ca)

August 19, 2015



Standing Policy Committee on Finance  
City Hall  
222 3rd Ave North  
Saskatoon, SK S7K 0J5

**Subject: Request for deferral of WDM agenda item until October 5, 2015**

Dear Members of the Finance Committee:

Thank you for the opportunity to speak to the City's Finance Committee on August 17<sup>th</sup>. It is my understanding that the Committee deferred consideration of the following motion to the next meeting of the Committee on Finance (September 8, 2015) to provide an opportunity for the Western Development Museum to meet with the Province and report back on those discussions:

“that the matter of a potential contribution to the \$1.8 million parking lot project at the Western Development Museum be referred to the 2016 Business Plan and Budget deliberations to consider an amount that would take into consideration fundraising by the Western Development Museum and any cost-sharing by the Province.”

I am writing to request that the WDM's agenda item be deferred until the October 5, 2015. I will be away on vacation on September 8<sup>th</sup>, and I would like to be in attendance to speak to the Finance Committee about this matter.

Attached is a report updating the financing for the parking lot project. It shows that the WDM has now split project into phases, with Phase 1 costing a total of \$1,833,733.41. As you can see from the attached, paving the roads and walks makes up the lion's share of this cost. The WDM has raised \$787,000 to date for this project. If the City of Saskatoon and the Government of Saskatchewan would commit each on half of the remaining balance, or **\$523,371.70** each, Phase 1 of the WDM's parking lot project could be completed.

I will report back to your Committee once I have met with Hon. Mark Docherty, Minister of Parks, Culture and Sport, about the WDM's parking lot.

Sincerely,

Joan Champ, Chief Executive Officer



**Saskatoon Parking Lot Project  
Financing Update – August 17, 2015**

The total project cost, as per the most recent Proposed Cost Estimate is **\$2,620,705.16**.  
The WDM is breaking the project into Phase 1 and Phase 2.

<b>Phase 1</b>	<b>Cost</b>	<b>Phase 2</b>	<b>Cost</b>
Site preparation	\$ 147,425	Landscaping	\$123,870
Storm sewer	\$ 150,000	Irrigation (cut?)	\$ 17,120
Roads & walks	\$1,027,630	Site furniture & playgrd	\$341,900
Electrical	\$ 219,000	Contingency (15%)	\$304,041.75
Consulting	\$ 279,718.41		
Testing allowance	\$ 10,000		
<b>TOTAL</b>	<b>\$1,833,773.41</b>	<b>TOTAL</b>	<b>\$786,931.75</b>

Total current funds designated by the WDM for this project is **\$787,000**

- Merv Rumpel - \$335,000 (donation)
- WDM Capital Fund \$100,000 (committed)
- WDM Capital Fund \$300,000 (to be allocated in 2016-2017 fiscal year)
- WDM Volunteers - \$12,000 (donation)
- Private individual - \$40,000 (donation)

**Phase 1 Total**            **\$1,833,773.41**  
 Less WDM funds        \$ 787,000 (committed)  
**Balance**                **\$1,046,743.41**

If the City of Saskatoon and the Government of Saskatchewan would each commit **\$523,371.70**, Phase 1 of the WDM’s parking lot project could be completed.

Phase 2 would be much easier to “sell” to community.

---

---

## WDM (Western Development Museum) Parking Lot

### Recommendation

That the information be received.

### Topic and Purpose

The purpose of this report is to provide an update on the request from the Western Development Museum (WDM) for funding assistance to pave a section of their parking lot.

### Report Highlights

1. The Western Development Museum has requested financial support from the City of Saskatoon to improve the parking lot at the Museum.
2. The City of Saskatoon currently leases the land to the Western Development Museum for \$1/year; the market value of the lease is approximately \$1.1 million.
3. The Lease Agreement between the City of Saskatoon and the WDM states that the WDM is responsible for the operation and the maintenance of the parking lot.

### Strategic Goal

This report addresses the strategic goal of Asset and Financial Sustainability where the services we provide are aligned with what our citizens expect and are able to pay, and we are open, accountable and transparent with decisions related to resource allocation.

### Background

At its meeting on April 20, 2015 the Executive Committee heard Ms. Joan Champ, CEO Western Development Museum, express appreciation to the City for its support. She expressed concerns regarding the disrepair of the current parking lot at the WDM and requested that the parking lot project be placed on the City's project list for capital funding in 2016. It was noted that the parking lot is on City-owned property and Saskatoon Transit utilizes it for its routes.

It was resolved that the matter be referred to the Administration.

### Report

There is a portion of the WDM parking lot that is not paved. The water table below the gravel is extremely high, thus creating problems for vehicles to use this portion of the parking lot. The proposed solution is to address the gumbo conditions with proper subsurface work, and then pave over top. The work proposed would be a large capital expenditure that exceeds the WDM's financial capacity.

The WDM currently leases their land, including the parking lot, from the City of Saskatoon (City) for an annual fee of \$1. The market value is estimated at \$16.3M, and our standard lease rate is 7% of market value per year. The annual lease value of this property is approximately \$1.1 million based on market lease rates. The Western

## **WDM (Western Development Museum) Parking Lot**

---

Development Museum is a legislated agency of the Province of Saskatchewan, and operates within the jurisdiction of the Ministry of Parks, Culture and Sport. The City has encouraged the WDM to share this information with the Province to demonstrate that the City is providing a significant level of support to the WDM.

The terms of the 1988 Lease Agreement between the City of Saskatoon and the WDM include that the WDM is to operate and maintain the parcel during the term of the Lease Agreement.

The estimated cost of the parking lot repair is \$3 million. There is no available funding source from the City of Saskatoon to contribute to these repairs.

### **Options to the Recommendation**

The option is to refer this request to the 2016 Business Plan and Budget deliberations to determine if funding can be re-allocated to support the parking lot project.

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

The Administration has consulted directly with the WDM to advise that the City of Saskatoon does not have a funding source for the parking lot project.

### **Communication Plan**

A communication plan is not required.

### **Other Considerations/Implications**

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

### **Public Notice**

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

### **Report Approval**

Written by: Catherine Gryba, General Manager, Corporate Performance  
Department  
Reviewed by: Blair Bleakney, Solicitor  
Jeff Jorgenson, General Manager, Transportation and Utilities  
Department  
Approved by: Catherine Gryba, General Manager, Corporate Performance  
Department

Administrative Report – WDM Parking Lot.docx

---

# City of Saskatoon Internal Audit Road Maintenance Terms of Reference

City of Saskatoon

*For presentation to  
the Public Committee  
on September 8, 2015*



*City of*  
**Saskatoon**

---

## *PwC Internal Audit for City of Saskatoon*

We are pleased to present our terms of reference for our first internal audit project with the City of Saskatoon (the “City”), which is a Value for Money Review of Road Maintenance. Based on the risk assessment exercise which we performed with the City’s management and councillors, Road Maintenance was identified as a high risk area and as the top priority for internal audit.

The purpose of the project is to identify areas for improvements and cost management, in part by benchmarking against other municipalities in Canada. The project will assist the City’s management and councillors in understanding whether the processes and activities undertaken as part of the Road Maintenance program (the detailed scope of which is included in the terms of reference) are being carried out in the most economical, efficient and effective manner and, if not, to identify the specific areas for improvement.

The project will focus on roadway condition/rehab/maintenance only and will exclude lanes, sidewalk maintenance, and winter operations (the latter two of which are intended to be separate internal audit projects based on the risk assessment exercise and corresponding five-year audit plan).

During the course of the project, we will examine key reports and other documentation and conduct interviews with key personnel within the Transportation & Utilities department including Major Projects, Construction & Design, and Public Works.

We will perform a comparative analysis/benchmarking of the City’s Road Maintenance process and activities with four to five municipalities within Canada, which will provide relevant information and will supplement the recommendations that we make based on our own findings.

At the conclusion of the project, a report will be prepared including an executive summary of our findings and recommendations, specific observations relating to the City’s current processes and activities, recommendations for management, and management’s response to our recommendations and advice.

Upon completion of the project, a meeting will be held with management to discuss the results and a draft report will be distributed in advance of the meeting for comments. A summary of the draft report will be discussed with Standing Policy Committee on Finance (“SPCF”) and management, with the final report being issued to key stakeholders and the SPCF.

The project commenced on July 21, 2015 with an initial kick-off meeting with the key stakeholders. The majority of the work was completed in July and August with benchmarking interviews with other municipalities to be completed in late August/early September. The initial estimate was for the project to be complete within approximately 10 weeks. We anticipate that the project will be complete by mid-October, approximately 12 weeks from project commencement. To be clear, project completion denotes a summary of the draft report highlighting key observations and recommendations will be available for discussion with the SPCF.

September 1, 2015

---

# *Appendix*

## Final Scope of Work Road Maintenance Value for Money Review

### BACKGROUND

The roadway infrastructure within the City of Saskatoon (“City”) has not met citizen’s expectations in recent years. Funding did not keep pace with inflation over the past decade, and as a result, the amount of roadways that could be rehabilitated each year was reduced to unsustainable levels, and the road network condition deteriorated. Condition assessments have been conducted periodically and the City has significantly increased funding to ensure more appropriate funding levels are in place.

A number of funding changes have been introduced over the past few years, and Council has made significant investment in roads over that same period of time, including:

- The 2013 Budget introduced a property tax increase of 1.25% over the 2012 tax base dedicated specifically to paved roadways;
- Allocation of ad hoc funding, including allocations from neighborhood land development profits and year-end surpluses;
- Allocation of federal Infrastructure Stimulus Funding; and
- “Building Better Roads,” the most aggressive program of road construction, repairs and maintenance in the City’s history, was introduced in 2014.

City administration is responsible for evaluating the condition of the City's paved roadways and for developing an annual program to maintain them at a minimum long-term cost, with modifications based on approved funding levels. Where feasible, condition assessments are conducted on an annual basis. The assessments are used to determine conditions and to develop annual capital improvement plans. This year, more than \$53 million is budgeted to be spent on roads, including street sweeping, pothole patching, winter maintenance, sidewalk rehabilitation, back lane upgrades, and road construction and repair. The 2016 and 2017 preservation budgets assume that the proposed 1.94% dedicated tax levy will be approved in each respective year with supplemented funding in 2016 to increase the budget to the original amounts established in 2014. In 2017, the funding base will be at the target. The tables below outline the budgets for 2015 and projected budgets for 2016 and 2017.

<b>2015 Surface Preservation Budget</b>	
<b>2014 Budget Carryover</b>	\$700,000
<b>2015 Approved Budget</b>	\$26,245,000
<b>Total 2015 Construction Year Budget</b>	<b>\$26,945,000</b>

<b>2015 Estimated Expenditures</b>	
<b>2015/ 2016 Program Development</b>	\$1,710,000
<b>Building Better Road Communications</b>	\$300,000
<b>Roadway Preservation Projects</b>	\$19,250,959
<b>Patching Program</b>	\$1,500,000
<b>Pavement Marking</b>	\$250,000
<b>Sidewalk/Curb Works Preservation Projects</b>	\$3,921,622
<b>Total Estimated Expenditures</b>	<b>\$26,932,581</b>

## Final Scope of Work Road Maintenance Value for Money Review

<b>2015 Estimated Roadway Treatment Expenditures</b>			
Treatment	Unit Rate Per Treatment Type	Estimated Cost	Treated Lane – KM
Crack Sealing	\$7.00/m	\$351,050	-
Micro-surfacing	\$10.00/m <sup>2</sup>	\$2,885,350	76
Blade Leveling	\$20.00/m <sup>2</sup>	\$326,500	4.3
Patching	\$25.00/m <sup>2</sup>	\$968,675	10.2
UTO	\$25.00/m <sup>2</sup>	\$2,746,750	29
Resurfacing	\$45.00/m <sup>2</sup>	\$7,767,360	45.5
Reconstruction	\$105.00/m <sup>2</sup>	\$2,832,690	7.2
Water/ Sewer Coordinated Road Works	\$65.00/m <sup>2</sup>	\$1,372,584	5.8
<b>Total</b>		<b>\$19,250,959</b>	<b>178</b>

<b>Project 2016/ 2017 Budgets</b>		
	<b>2016</b>	<b>2017</b>
<b>Budget</b>	\$28,730,000	\$28,730,000
<b>2016/ 2017 Estimated Expenditures</b>		
<b>Program Development</b>	\$1,500,000	\$1,500,000
<b>Building Better Roads Communications</b>	\$300,000	\$300,000
<b>Roadway Preservation Projects</b>	\$22,715,000	\$22,690,000
<b>Patching Program</b>	\$1,435,000	\$1,460,000
<b>Pavement Marking</b>	\$250,000	\$250,000
<b>Sidewalk/Curb Works Preservation Projects</b>	\$2,530,000	\$2,530,000
<b>Total Estimated Expenditures</b>	<b>\$28,730,000</b>	<b>\$28,730,000</b>

In an effort to ensure value for money of the City's road maintenance program, the City has approached Internal Audit to perform a value-for-money audit to identify areas for improvements and cost management, in part by benchmarking against other municipalities in Canada.

### OBJECTIVE

The objective of this engagement is to understand whether the processes and activities undertaken as part of the road maintenance program, as scoped immediately below, are being carried out in the most economical, efficient and effective manner and, if not, to identify the areas for improvement.

### SCOPE AND APPROACH

- Our value-for-money audit will focus on the roadway condition/rehab/maintenance only (i.e. the approximately \$26 million in rehab funding, combined with Public Works summer roadway maintenance). Lanes, sidewalk maintenance, winter operations, etc. will not be within the scope of this value-for-money audit.
- We will examine key reports and other documentation (for the past 3 years and current) and conduct interviews with key personnel within the Transportation & Utilities Department including Major Projects, Construction & Design, and Public Works divisions to understand current processes/activities and to identify areas for improvement.

## Final Scope of Work Road Maintenance Value for Money Review

- We will obtain information with respect to:

### A. Economy

- What are the last 3 years, current and future budgeted expenditures? What do they comprise of and how were they determined?
- How does the city compare with respect to per unit expenditures on roads in comparison to other cities? How do other cities fund their road maintenance programs?
- How are costs estimated for treatment type and location?
- What is the contract tendering and awarding process at a high level? Is it giving the City best options from an economy perspective?
- How is it ensured that other aspects (e.g. landscaping, irrigation system, man holes, and electricity cables) of roadways affected by the maintenance work are taken care of? Who is responsible (i.e. contractor) for taking care of these affected areas? Are the costs of taking care of these affected areas factored into the costing of the contract or are they cost plus?

### B. Efficiency

- How is it determined which roadways to include in the annual capital improvement plan? How is the budget and funding determined for road maintenance work included in the annual capital improvement plan?
- What are the criteria used to determine the treatment type (crack sealing, micro-surfacing, blade level, paver lay, ultrathin overlays, resurfacing, patching, and reconstruction) for a particular roadway and how are the criteria determined?
- What are the processes/steps undertaken for each treatment type? How is it monitored that the required processes/steps have been followed for the particular treatment type and who monitors it?
- How is the quality of roadway maintenance work monitored (before, during and after) and who monitors it? How is it ensured that the required quality is maintained?
- What degree of preparation does the City do with the approach of spring weather?
- How do different departments/ divisions (e.g. Public Works and Major Projects) coordinate with respect to work done for roadway maintenance to ensure there is no duplication of efforts?

### C. Effectiveness

- What are the key indicators with respect to road maintenance? Are these being met within the City? How does the City compare to other cities with respect to these indicators?
- What are the current service levels for the different asset classes (paved roadways, sidewalks, paved back lanes, gravel back lanes and boundary roads) and how were they determined?
- What is the physical state of the roadways and how is that state monitored, assessed and reported?
- How is citizens' concern and satisfaction monitored and addressed with respect to roadways maintenance?

## Final Scope of Work Road Maintenance Value for Money Review

- Does the City's pavement and structural design specifications represent best practice for both new construction and preservation?
- We will perform a comparative analysis/ benchmarking of the City's road maintenance process and activities with four to five municipalities within Canada. These municipalities could include Edmonton, Calgary, Regina, London and Winnipeg. The comparative analysis/ benchmarking will help provide relevant information regarding what is being done well by the City in comparison to other municipalities and what processes/activities need improvement or can be made better. We will need the City's help in engaging each of these cities with respect to the benchmarking aspect.

### DELIVERABLES

At the conclusion of the project, a report will be prepared that will include:

- An executive summary of our findings and recommendations for the City;
- Specific observations relating to the City's current roads maintenance process and activities;
- Recommendations and advice for management; and
- Management's response to our recommendations and advice.

### REPORTING

#### Draft Report for Closing Meeting

Upon completion of the project, a meeting will be held with management to discuss the results arising from the project. A draft report will be distributed in advance of the meeting for comments.

A summary of the draft report highlighting key observations and recommendations will be discussed with SPCF and management.

#### Final Project Report

A final internal audit report will be issued to Jeff Jorgensen, General Manager, Transportation & Utilities, Pat Hyde, Director of Public Works and will be copied to Murray Totland, City Management and other key individuals, as necessary. The full report will also be issued and presented to the SPCF.

### KEY CONTACTS

The key contacts for this project are:

- Jeff Jorgensen, General Manager, Transportation & Utilities
- Pat Hyde, Director of Public Works
- Mike Gutek, Director of Major Projects
- Rob Frank, Manager of Asset Preservation
- Celene Anger, Director of Construction & Design

We will organize bi-weekly meetings for the key personnel to keep everyone apprised on our progress.

## Final Scope of Work Road Maintenance Value for Money Review

### ENGAGEMENT TEAM, TIMELINES & BUDGET

The engagement team will consist of:

Name	Role	Expected Hours	Contact Details
Arun Gupta	Quality Assurance Partner	20	E-mail: gupta.arun@ca.pwc.com Phone: (780) 441-6717
Jesse Radu	Engagement Partner	27	E-mail: jesse.m.radu@ca.pwc.com Phone: (306) 668-5918
Kamran Rana	Engagement Manager	129	E-mail : kamran.rana@ca.pwc.com Phone : (306) 668-5904
Hany Al-Anwer	Senior Associate	122	E-mail: hany.m.al-anwer@ca.pwc.com Phone: (780) 441-6700 Ext. 3332
Imran Muhammad	Senior Associate	102	E-mail: imran.muhammad@ca.pwc.com Phone: (306) 668-5991
	<b>Total</b>	<b>400</b>	

We expect to start the engagement effective July 6, 2015 and will be performing the majority of our work during July and August. We estimate that our report on the project will be completed by September 15, 2015. The project is expected to cost approximately \$66,600 with respect to fees. In addition we expect to incur out-of-pocket expenses of approximately \$5,000 for this project.



---

---

## Request for Direct Sale to Prairie Meats – South West Industrial Area

### Recommendation

1. That the Director of Saskatoon Land be authorized to offer to Prairie Meats, by direct sale, Parcels L and N, Block 183, Plan to be registered, for the purpose of facilitating an expansion of its current business operations; and
2. That the City Solicitor be requested to prepare the Sale Agreement and that His Worship the Mayor and City Clerk be authorized to execute the Agreement under the Corporate Seal.

### Topic and Purpose

The purpose of this report is to obtain authorization for the direct sale of 2.72 acres of land in the South West Industrial area to Prairie Meats.

### Report Highlights

1. The direct sale of land to Prairie Meats is supported by Council Policy No. C09-033, Sale of Serviced City-Owned Lands, as it is a situation which involves extending an option to purchase to adjacent existing owners to directly purchase lots which would facilitate expansion prior to offering for tender.
2. Saskatoon Land is requesting authorization to enter into a Sale Agreement with terms and conditions agreed to by the purchaser for 2.72 acres of land at fair market value.

### Strategic Goal

This report supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes and the four-year priority of developing funding strategies for expenses related to new capital expenditures including core services such as fire halls, roadways, and underground services, under the Strategic Goal of Asset and Financial Sustainability.

### Background

On December 10, 2013, the CEO/Director of Operations of Prairie Meats inquired about land available for sale adjacent to its existing 2462 Dudley Street property. At that time, the servicing and subdivision of this land were not complete and the request was deferred until the parcels would be fully serviced.

On February 27, 2015, Prairie Meats submitted a request for a direct land sale. Prairie Meats intends to expand its business by constructing a 15,000 square feet meat processing facility on Parcel L with room for a future expansion of 12,000 square feet on Parcel N. The proposed construction would start in April 2016 and create 30 new full-time positions in the Saskatoon labour force upon estimated completion in February 2017.

## Report

### Direct Sale of City-Owned Land

Prairie Meats has requested to purchase 2.72 acres of land (Attachment 1) for the purpose of expanding its business by constructing a 15,000 square feet meat processing facility on Parcel L with room for a future expansion of 12,000 square feet on Parcel N. The direct sale is in accordance with Council Policy No. C09-033, Sale of Serviced City-Owned Lands, as follows:

- “3.2 The Administration may pursue or entertain direct sale, or long-term leases under the City’s Industrial Land Incentives Program, of civic lands when one or more of the following conditions are present:
- c) a situation which involves extending an option to purchase to adjacent existing owners to directly purchase lots which would facilitate expansion prior to offering for tender.”

### Terms and Conditions

Saskatoon Land is requesting authorization to enter into a direct sale agreement for two parcels of a combined 2.72 acres of land at fair market value of \$1,402,500 plus GST.

The terms and conditions for each lot are parallel with the exception of the purchase price, deposit and access restrictions, and are as follows:

Parcel L, Block 183, Plan to be registered:

- Purchase Price – \$603,800 plus GST.
- Deposit – Deposit in the amount of 10% of the purchase price (\$60,380 plus GST) to be paid within 10 business days of approval by the Standing Policy Committee on Finance.
- Access Restrictions – Access will only be permitted from Dudley Street.

Parcel N, Block 183, Plan to be registered:

- Purchase Price – \$798,700 plus GST.
- Deposit – Deposit in the amount of 10% of the purchase price (\$79,870 plus GST) to be paid within 10 business days of approval by the Standing Policy Committee on Finance.
- Access Restrictions – Access shall be no closer than 20 metres from the Parcel L access measured from the edge of the pavement of each driveway. Two accesses to Parcel N may be considered subject to approval by the Transportation & Utilities Division upon review of a detailed site plan.

Parcel L and N, Block 183, Plan to be registered:

- Price Includes – All direct and offsite service levies. The Purchaser is responsible for their own service connection to street mains and other shallow buried utilities (e.g. gas, power and telephone).
- Subdivision – City of Saskatoon (City) to undertake costs associated with the subdivision of the parcels.
- Condition of Land – Land will be sold as is, grades will not be adjusted by the City.
- Costs – Each to pay own legal and title fees.
- Utility Relocation – Purchaser responsible for relocation of any existing utilities.
- Easements – Purchaser to agree that the City and other utility agencies will register easements for new and existing utilities within the parcel. Location of new utilities will be determined through the subdivision process and the Vendor will provide documentation of such easements.
- Property Taxes – Payable upon the first day of the month following possession.
- Conditions Precedent – Subject to approval by the Standing Policy Committee on Finance.
- Closing – Execution of Sale Agreement due within 45 days of Standing Policy Committee on Finance’s approval. Payment of balance in full to be the later of the following: within 90 days of Standing Policy Committee on Finance’s approval, or within 30 days of completion of parcel subdivision.
- Possession Date – Upon payment of the balance in full and issuance of title for Transfer in Trust.
- Additional Note – GST on the purchase is not required if the City is provided with a GST Certificate.

**Options to the Recommendation**

The only other option would be not to proceed with the direct sale of land and offer the parcels for sale via public tender.

**Public and/or Stakeholder Involvement**

The purchase price and terms of the sale have been discussed with Prairie Meats and were agreed to on August 5, 2015.

**Financial Implications**

The proceeds from the sale of this land will be deposited to the Property Realized Reserve.

**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**

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

**Public Notice**

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

**Attachment**

1. Map of Proposed Direct Sale Sites - Prairie Meats

**Report Approval**

Written by: Chelsea Mamer, Staff Accountant

Reviewed by: Frank Long, Director of Saskatoon Land

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

Direct Sale\_Prairie Meats.docx

PRAIRIE MEATS



Asset & Financial Management - July 2015

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

---

## Request to Sell City-Owned Property – Kensington Neighbourhood

### Recommendation

1. That the Director of Saskatoon Land be authorized to sell three multi-family parcels including Parcel Y and Parcel 225, Plan 102171732 on Kensington Boulevard, and Parcel X, Plan 102193534 on Kensington Lane South in the Kensington neighbourhood through a public tender process with reserve bid prices;
2. That if the parcels are not sold through the tender process, they be placed for sale over-the-counter on a first-come, first-served basis;
3. That the Director of Saskatoon Land be authorized to make minor adjustments to the approved pricing that may be necessary to account for market conditions;
4. That the Director of Saskatoon Land be authorized to administer development controls for these multi-family parcels; and
5. That the City Solicitor be requested to prepare the appropriate agreement and that his Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

### Topic and Purpose

The purpose of this report is to obtain approval to sell and administer development controls for three multi-family parcels in the Kensington neighbourhood through a public tender process.

### Report Highlights

1. Three multi-family parcels in Kensington are proposed to be sold through a public tender process with reserve bid prices ranging from \$1,737,400 to \$3,834,000.
2. The multi-family parcels will be sold through a public tender process. The parcels will be awarded to the highest bidder upon determination of proper adherence to tender protocol.
3. A number of development controls are being proposed for these parcels in order to enhance neighbourhood character and create harmony among various building forms. The sites will also be subject to an architectural review process based on Saskatoon Land's Architectural Controls for Multi-Family Districts.

### Strategic Goal

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

### Background

City Council, at its meeting on April 16, 2012, approved the Kensington Neighbourhood Concept Plan. Three multi-family parcels in Phase 3 have been serviced, priced, and are ready to be tendered in the fall of 2015.

## Report

### Multi-Family Parcels and Pricing

Saskatoon Land is requesting approval to price and sell three multi-family parcels, which are shown on Attachment 1 within the red dashed borders.

Reserve bid prices for two street townhouse parcels, and a group townhouse parcel has been determined using a comparable analysis of pricing for similar parcels in the Saskatoon market, and the unique site and situational characteristics of each parcel. Each of the parcels within the tender will be advertised with a reserve bid price. The Administration recommends that a per acre price of \$900,000 for Parcel X and a front metre price range of \$10,800 to \$11,400 be used to establish the reserve bids.

Proposed parcel prices are outlined in the following table:

Block	Area/Length	Price	Total
Parcel X	4.26 ac	\$900,000/ac	\$3,834,000
Parcel Y	188 m	\$10,800/m	\$2,030,400
Parcel 225	152.4 m	\$11,400/m	\$1,737,400
Total Projected Sales Revenue			\$7,601,800

m=front metre

Based on these prices, total proposed sales revenue is projected at \$7,601,800.

### Tender Award

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

### Multi-family Architectural Guidelines and Development Controls

As with all multi-unit dwelling sites within the Kensington neighbourhood, these sites will be subject to an architectural review process based on Architectural Controls for Multi-family Dwelling Districts 2013. In addition to these guidelines, architectural controls will be applied to each site, as listed on the following page.

Kensington Boulevard Walkout Site – Block 225:

- 1) All dwelling units must be constructed with a minimum single-wide attached garage. The garage must be constructed at the same time the dwelling is built.
- 2) Attached garages must be paired together when viewed from the street.
- 3) The garage doors of each dwelling unit shall have some decorative features, to be approved and evaluated by Saskatoon Land.
- 4) Vinyl Siding is not permitted as an exterior building material on any of the elevations of any dwelling units.

Parcel X:

- 1) Vinyl Siding is not permitted as an exterior building material on any of the elevations of any dwelling units.

Parcel Y:

- 1) All dwelling units must include a single wide garage with access from the rear lane only, constructed at the same time as the dwelling unit.
- 2) The garage shall be located at a minimum of 1.2 metres from the rear property line and include a paved apron that connects it to the rear property line.
- 3) Vinyl Siding is not permitted as an exterior building material on any of the elevations of any dwelling units.

**Options to the Recommendation**

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

**Public and/or Stakeholder Involvement**

These sites are consistent with the approved Neighbourhood Concept Plan. Public and/or stakeholder involvement is not required.

**Communication Plan**

Notice of the public tender will be advertised in The Star Phoenix a minimum of two Saturdays prior to the tender, pursuant to Council Policy C09-006, Residential Lot Sales – General Policy, and will be posted on the City 's website.

**Financial Implications**

Proceeds from the sale of this land will be deposited into the Kensington Neighbourhood Land Development Fund.

**Other Considerations/Implications**

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

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

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

**Public Notice**

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

**Attachment**

1. Kensington Multi-Family Tender Map

**Report Approval**

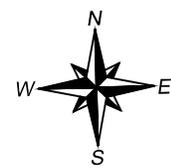
Written by: Ian Williamson, Planner 16  
Reviewed by: Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department

Kensington Multi-Family Phase 3 Pricing.doc



**Legend**

- |  |                              |  |                       |  |                            |
|--|------------------------------|--|-----------------------|--|----------------------------|
|  | Single Family                |  | Black Chain Fence     |  | Subject Sites              |
|  | Multi-Family                 |  | Aluminum Fence        |  | Civic Address              |
|  | Lots With No Roof Slope Req. |  | Residential Care Home |  | Block Number               |
|  | Park & Open Space            |  | 1                     |  | Bus Stop                   |
|  | Buffer/Berm                  |  | 123                   |  | Mail Box                   |
|  | Wet Pond                     |  |                       |  | Temporary Water Circulator |
|  | 1.5m Easement                |  |                       |  | Fire Hydrant               |
|  | 3.0m Easement                |  |                       |  | Garage Location            |
|  | 5.0m Easement                |  |                       |  | Corner Garage Location     |
|  | Light Standard               |  |                       |  |                            |



Note: The Saskatoon Land does not guarantee the accuracy of this plan. Lot dimensions and the location of other features are compiled from available information and are subject to change without notice. Park and buffer renderings are for illustrative purposes only and does not represent what will be constructed. To ensure accuracy, please refer to the Registered Plan of Survey. Distances are in meters unless shown otherwise. Park design and municipal buffer landscaping is not finalized and subject to change. Do not scale.

---

---

## Land Exchange with Circle Drive Alliance Church

### Recommendation

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

1. That the Real Estate Manager be authorized to enter into a land exchange with Circle Drive Alliance Church; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

### Topic and Purpose

The purpose of this report is to obtain authorization for the exchange of 1,167 square meters of City-owned land for 1,167 square meters of land owned by Circle Drive Alliance Church (CDAC) to satisfy land requirements for the Circle Drive South project near the intersection of Preston Avenue and Circle Drive.

### Report Highlights

1. A land exchange agreement has been reached with the CDAC to accommodate the Circle Drive South project.
2. Significant terms of the agreement include no financial outlay for the lands, which provides benefit to the rate payers in reducing land acquisition costs for the Circle Drive South roadway project.

### Strategic Goal

The Circle Drive South project supports the long-term strategy of optimizing the flow of people and goods in and around the city under the Strategic Goal of Moving Around.

### Background

The intersection of Preston Avenue and Circle Drive underwent significant upgrades as part of the Circle Drive South project. These upgrades required a number of temporary traffic routes to accommodate construction. Once the final eastbound merge lane onto Circle Drive was created, it was identified that a portion of the ditch was on CDAC property.

### Report

#### Land Exchange Agreement

In completing the remaining subdivision work for the Circle Drive South project, it was identified that an area comprising 1,167 square meters of Surface Parcel No. 166183757, Parcel F, Plan No. 78S27733, Extension 2 was needed from the CDAC to accommodate ditch requirements for Circle Drive South, east of Preston Avenue.

It was identified that a cost-effective solution for securing the 1,167 square meters of land would be to exchange an equivalent area of adjacent City-owned lands with CDAC. The 1,167 square meters of City-owned land being exchanged is part of Surface Parcel No. 120222346, Parcel E, Plan No. 78S27733, Extension 0 are situated

## Land Exchange with Circle Drive Alliance Church

---

immediately adjacent to the CDAC lands. Both lands are situated on the south side of Circle Drive, east of Preston Avenue.

It should be acknowledged that the CDAC group has been very cooperative and excellent to work with to reach a land exchange agreement subsequent to the land being incorporated and utilized in the now active roadway.

### Significant Terms of the Agreement

A land exchange agreement has been negotiated with CDAC. Noteworthy terms of the agreement include:

- City Council approval by September 29, 2015;
- subdivision approval;
- a no cost exchange of lands;
- lands are being transferred on an “as is” basis; and
- the City is responsible for all subdivisions and ISC costs.

### **Options to the Recommendation**

The only other option is to deny the land exchange, which is not recommended as the land is required for the ditch alongside Circle Drive.

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

The requirement for this land has been discussed with the various City Departments involved with the Circle Drive South project.

### **Financial Implications**

Costs associated with the exchange of these lands would be charged to the Circle Drive South project.

### **Other Considerations/Implications**

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

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

The project has been completed and no follow-up is required.

### **Public Notice**

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

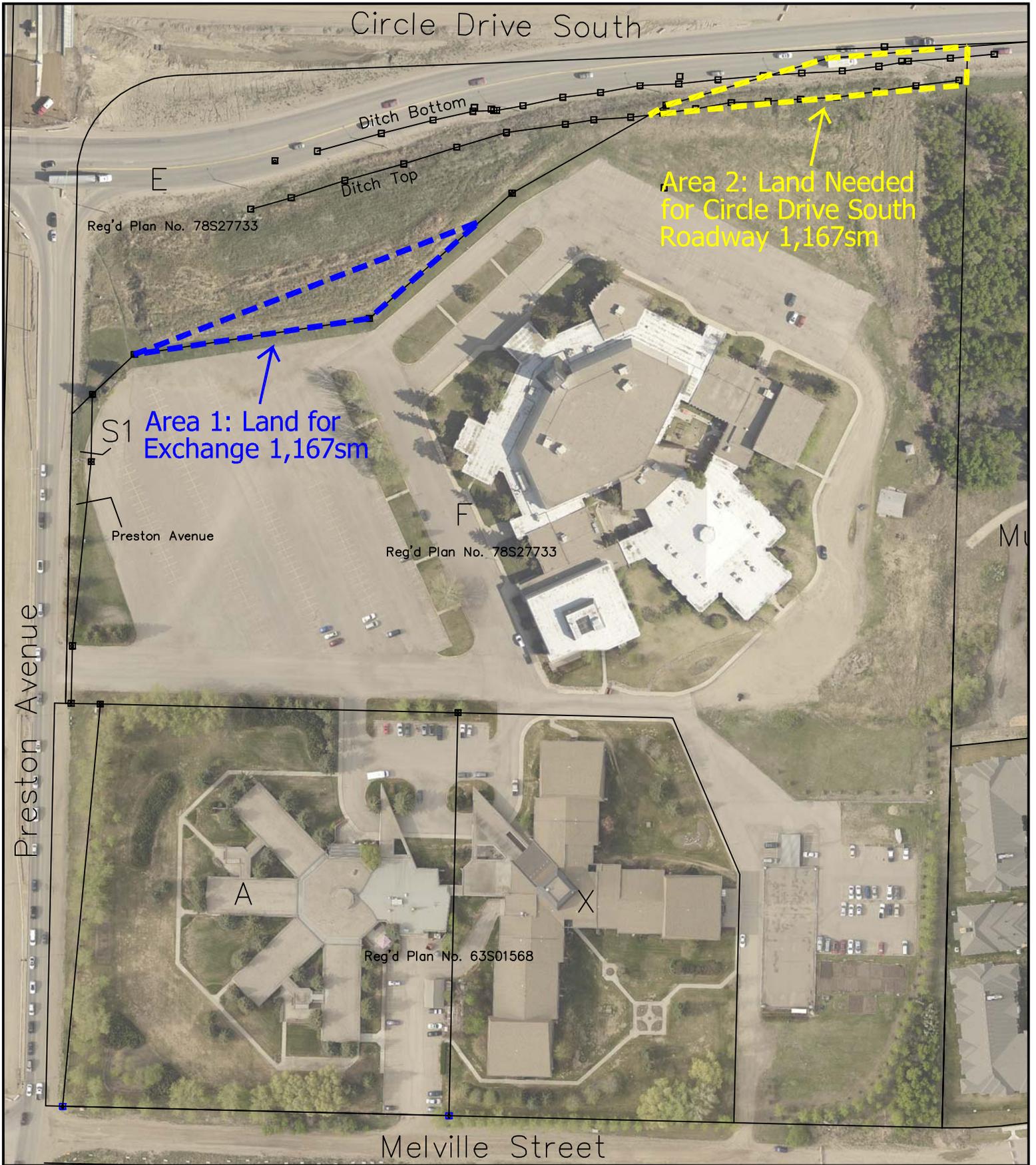
### **Attachment**

1. Land Exchange Drawing – Circle Drive Alliance Church

**Report Approvals**

Written by: Scott McCaig, Real Estate Services  
Reviewed by: Doug Drever, Circle Drive South Project Manager  
Keith Pfeil, Manager, Real Estate Services  
Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department

Land Exchange\_Circle Drive Alliance Church.docx



Note, Photo is from 2013 - Road Work has Changed Since That Time

Area 1 = Circle Drive Alliance Church area required for Circle Drive South = 1,167sm

Area 2 = City Land for exchange = 1,167sm



Note: The City does not guarantee the accuracy of this drawing. To ensure accuracy, please refer to the Registered Plan of Survey. This drawing is not to scale. Distances are in metres unless shown otherwise. Do not scale.

---

---

## 2015 Neighbourhood Land Development Fund Financial Information

### Recommendation

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

1. That \$4 million in surplus funds be allocated from the Neighbourhood Land Development Fund; and
2. That the Administration report further with recommended allocations.

### Topic and Purpose

The purpose of this report is to declare an additional \$4 million allocation from the Neighbourhood Land Development Fund.

### Report Highlights

1. Over the last five years, the City of Saskatoon (City) has realized record land sales.
2. A \$4 million surplus from the Rosewood neighbourhood is being recommended for allocation from the Neighbourhood Land Development Fund.
3. The total allocation and return on investment (ROI) from the Neighbourhood Land Development Fund to date is \$123.3 million.

### Strategic Goal

This report supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes and the four-year priority of developing funding strategies for expenses related to new capital expenditures including core services, such as fire halls, roadways and underground services under the Strategic Goal of Asset and Financial Sustainability.

### Background

To date, \$119.3 million has been allocated from the Neighbourhood Land Development Fund from the Hampton Village, Willowgrove, Evergreen and Rosewood developments. These allocations have funded various capital projects and operating programs.

### Report

#### Record Land Sales

Over the past five years, the City of Saskatoon has realized record land sales that can be attributed to a strong local economy and sustained population growth. More recently, a moderation in population growth and completion of an accelerated land development program has contributed to more balanced residential inventory levels that meet set performance targets for residential land.

The previous high rate of growth and the timely release of land parcels have resulted in strong financial performance and higher than expected ROI from the Rosewood project.

To date, 90% of the expected revenue from the development project has been realized. Only two development parcels have yet to be serviced and brought to market.

#### Return on Investment and Allocation

The total ROI from the Neighbourhood Land Development Fund to date is \$119.3 million. This includes development profits from Willowgrove and Hampton Village, as well as previous allocations from Evergreen and Rosewood. The Willowgrove and Hampton Village developments are near completion and final allocations from these areas will be forthcoming in the near future. Surplus funds currently available from the Neighbourhood Land Development Fund from the Rosewood neighbourhood total \$4 million, increasing the total ROI to date to \$123.3 million.

Development pro-formas are prepared for every Saskatoon Land development project. The pro-formas are developed using the best known current information, but are based on present day cost estimates and require certain judgments. While most costs in the City's area of Rosewood have been realized, some minor enhancement costs will remain beyond the sellout periods until the neighbourhood vision is fulfilled. Sufficient funds will be retained to accommodate these expected future costs.

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

Public and/or stakeholder involvement is not required.

#### **Financial Implications**

The proceeds from this allocation will be used to fund various capital projects and operating programs.

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

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

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

Allocation of the funds will be determined in a future report for the 2016 Business Plan and Budget review meetings in December 2015.

#### **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 and Sales Manager  
Reviewed by: Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial  
Management Department  
Murray Totland, City Manager

---

## Incentive Application – Saskatchewan Food Industry Development Centre Inc.

### Recommendation

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

1. That the application from Saskatchewan Food Industry Development Centre Inc. (Food Centre) for a five-year tax abatement on the incremental portion of taxes at 2335 Schuyler Street, as a result of its expansion in 2016, be approved as follows:
  - 100% in Year 1
  - 80% in Year 2
  - 70% in Year 3
  - 60% in Year 4
  - 50% in Year 5
2. That the City Solicitor be instructed to prepare the appropriate agreements.

### Topic and Purpose

The purpose of this report is to obtain City Council's approval for a five-year tax abatement on the incremental portion of taxes at the Food Centre's expansion at 2335 Schuyler Street.

### Report Highlights

1. The Food Centre has met the eligibility requirements of Council Policy No. C09-014 – Business Development Incentives.

### Strategic Goal

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

### Background

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

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

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

In accordance with this policy, the SREDA Board of Directors, through a sub-committee, reviews the applications and brings forward a recommendation to City Council.

**Report**

Attached is a report from Wanda Hunchak, Chair, Saskatoon Regional Economic Development Authority (SREDA) Board of Directors. The report is self-explanatory and provides the required information for City Council to consider the Food Centre's request for a five-year tax abatement.

**Options to the Recommendation**

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

**Financial Implications**

The tax abatement will be offset by an equivalent amount of incremental property tax until it expires in year five. The impact in the first year is estimated at \$22,689. The total estimated value of the five-year abatement is \$81,679.

**Other Considerations/Implications**

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

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

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

**Public Notice**

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

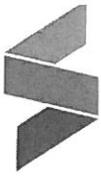
**Attachment**

1. Report from Wanda Hunchak, Chair, SREDA Board of Directors, July 29, 2015

**Report Approval**

Written by: Shelley Sutherland, Director of Corporate Revenue

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



**MEMO**

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

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

**RE: Incentive Application Review**

**DATE: July 29, 2015**

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

Saskatchewan Food Industry Development Centre Inc. has purchased two adjacent properties at 2335 Schuyler Street and 122 Buckle Avenue. The company’s expansion plans include adding 10,467 sq ft to an existing 21,600 sq foot building on the 2335 Schuyler Street location. The company plans to break ground and begin development of the new building in September 2015 with November 2016 as the planned completion date.

The company current has 19 full time employees and plans to add 5 FTEs in Saskatoon due to the expansion.

The Saskatoon Regional Economic Development Authority’s Board of Directors approved the following resolution on July 29, 2015:

**Recommendations**

*THAT the Board of Directors approves the recommendation by the Incentive Review Committee for SREDA to submit the Saskatchewan Food Industry Development Centre’s tax incentive application to the City of Saskatoon for approval.*

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

Wanda Hunchak, Chair



**City of Saskatoon**  
**Business Development Incentives Application**

COMPANY: Saskatchewan Food Industry Development Centre Inc.

JOBS CREATED: 5 full time or equivalent jobs

INVESTMENT: \$13.4 Million

**COMPANY BACKGROUND:**

Saskatchewan Food Industry Development Centre Inc. (Food Centre) is an instrument of the Province of Saskatchewan, providing a tool for agricultural economic development. The Centre accomplishes its work through the provision of agri-food R&D services, investment attraction, support for innovation and entrepreneurship, responsive service delivery and technical skills advancement through training.

Although the Food Centre has been extremely successful since its inception in 1997, industry access to the facility that is leased from the University of Saskatchewan has become a constraint to meeting the industry and province’s needs. With the help of the incentive program, the Food Centre has decided to invest in expanding its operations in Saskatoon on a site that will allow additional growth in future years.

**EXPANSION PROJECT DESCRIPTION:**

Saskatchewan Food Industry Development Centre Inc. has purchased two adjacent properties at 2335 Schuyler Street and 122 Buckle Avenue. The company’s expansion plans include adding 10,467 sq ft to an existing 21,600 sq foot building on the 2335 Schuyler Street location. The company plans to break ground and begin development of the new building in September 2015 with November 2016 as the planned completion date.

All tax incentives related to this application will be utilized by Saskatchewan Food Industry Development Centre Inc.

**ESTIMATED VALUE OF TAX ABATEMENT:**

Total estimated increase in property taxes as a result of the expansion project is \$22,689. Total estimated value of the 5-year tax abatement is \$81,679 calculated at the following rate:

- Year 1 @ 100% \$22,689
- Year 2 @ 80% \$18,151
- Year 3 @ 70% \$15,882
- Year 4 @ 60% \$13,613
- Year 5 @ 50% \$11,344

---

## Civic Vehicles and Equipment Fund Transfer Request

### Recommendation

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

1. That a one-time transfer of \$3.1 million from the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve to the Civic Vehicles and Equipment Replacement Reserve be approved to fund the emergent replacement of equipment at the City of Saskatoon Landfill;
2. That the City Solicitor prepare an amendment to Bylaw No. 6774, The Capital Reserve Bylaw, to provide for this transfer between these civic vehicles and equipment reserves; and
3. That the Administration report further with recommended amendments to Bylaw No. 6774, The Capital Reserve Bylaw.

### Topic and Purpose

The purpose of this report is to receive City Council's approval for a one-time transfer of funds between the Civic Vehicles and Equipment Reserves in order to fund emergent replacement of equipment at the City of Saskatoon (City) Landfill.

### Report Highlights

1. The City's Landfill operations have three essential pieces of equipment in urgent need of replacement.
2. The Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve has a surplus of \$3.1M.
3. The Administration is recommending a one-time transfer of \$3.1M from the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve to the Civic Vehicles and Equipment Replacement Reserve in order to procure the necessary Landfill equipment, which requires an amendment to Bylaw No. 6774.
4. A future report will be forthcoming to amend the Civic Vehicles and Equipment Reserves within Bylaw No. 6774 to improve administrative efficiency.

### Strategic Goal

The recommendations in this report support the long-term strategy of adopting and implementing a corporate-wide asset management and rehabilitation philosophy under the Strategic Goal of Asset and Financial Sustainability.

### Background

Fleet Services provides equipment management services for the corporation's vehicles and equipment fleet. These services include purchasing, leasing, maintenance/repair, and replacement after equipment has reached the end of its useful life cycle.

## Civic Vehicles and Equipment Fund Transfer Request

---

There are three reserves in Bylaw No. 6774 governing civic vehicles and equipment:

1. Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve
2. Civic Vehicles and Equipment Replacement Reserve
3. Civic Vehicles and Equipment Stabilization Reserve

### Report

The City's Landfill operations have three essential pieces of heavy duty equipment in need of replacement:

	Replacement Cost
Track Dozer	\$ 850,000
Trash Compactor	\$ 900,000
Track Loader	<u>\$ 450,000</u>
	\$2,900,000

This equipment has been identified within the Civic Vehicles and Equipment Replacement Reserve plan, but insufficient funds reside within this reserve for the procurement of the equipment.

Annual surpluses from Fleet Services operations have been accumulating within the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve, as stipulated within Bylaw No. 6774, and now amount to \$3.1 M. However, in accordance with the bylaw, these funds can only be used for the purchase of additional equipment to the fleet.

The Administration is recommending a one-time transfer of \$3.1M from the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve to the Civic Vehicles and Equipment Replacement Reserve in order to procure the necessary Landfill equipment. This transfer requires a Bylaw amendment to the existing Capital Reserve Bylaw No. 6774, as a resolution of City Council cannot override the Bylaw.

In terms of the Bylaw amendment, it would provide that a third category of expenditures is permitted from the Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve, namely, the purchase of additional vehicles and equipment through a transfer of funds to the Civic Vehicles and Equipment Replacement Reserve or the Civic Vehicles and Equipment Stabilization Reserve, so long as City Council approves of such transfers.

A future report will be presented recommending amendments to Bylaw No. 6774 to consolidate and update the three existing Civic Vehicles and Equipment Reserves within the Bylaw which will improve administrative efficiency, reflect current departmental operations, and general housekeeping items such as updates to organizational names and structure.

### Options to the Recommendation

An option to the recommendation is to lease the Landfill equipment. External leased costs versus internal costs to own equipment are shown on the following page.

---

## Civic Vehicles and Equipment Fund Transfer Request

Unit	Monthly Internal Ownership Costs	Monthly External Lease Costs	External vs. Internal Costs Difference	Life cycle (Years)	Total Savings
Track Loader	\$7,200	\$14,000	\$6,800	7	\$571,200
Track Dozer	\$8,870	\$16,000	\$7,130	7	\$598,920
Trash Compactor	\$4,910	\$22,000	\$17,090	15	\$3,076,200
Totals	\$20,980	\$52,000	\$31,020		\$4,246,320

The Administration does not recommend this option as it increases monthly departmental costs and, over the course of the normal life-cycle of the equipment, owning the equipment could save \$4,246,320.

### Public and/or Stakeholder Involvement

Consultation for this request involved Public Works and the Asset and Financial Management Department.

### Policy Implications

City Council resolution cannot override the process and rules contained within Bylaw No. 6774, The Capital Reserve Bylaw. As a result, an amendment to the Bylaw to allow for this one-time transfer is required. Permanent changes to the Bylaw are being proposed and will be the subject of a future report.

### Financial Implications

The Civic Vehicles and Equipment Asset Disposition/Acquisition Reserve has sufficient funding for the procurement of the Landfill equipment.

### Other Considerations/Implications

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

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

A follow-up report will be forthcoming recommending changes to the Civic Vehicles and Equipment reserves within Bylaw No. 6774.

### Public Notice

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

### Report Approval

Written by: Tim Halstead, Director of Facilities & Fleet Management  
Reviewed by: Jason Turnbull, Director of Business Administration, Asset & Financial Management Department  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department