



**PUBLIC AGENDA
STANDING POLICY COMMITTEE ON FINANCE**

Monday, December 1, 2014, 2:00 p.m.

Council Chamber, City Hall

Committee:

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

Pages

1. CALL TO ORDER

1.1 Call to Order

1.2 Confirmation of Chair and Vice-Chair

At the August 18, 2014 meeting of the Standing Policy Committee on Finance, the following motions were passed by the Committee:

1) That Councillor Paulsen be appointed Chair of the Standing Policy Committee on Finance until December 2015 subject to Councillor Paulsen's continued membership on the Committee and confirmation of the appointment at the Committee meeting following the organizational meeting in 2014.

2) That Councillor Iwanchuk be appointed Vice-Chair of the Standing Policy Committee on Finance until December 2015 subject to Councillor Iwanchuk's continued membership on the Committee and confirmation of the appointment at the Committee meeting following the organizational meeting in 2014.

City Council, at its organizational meeting held on November 24, 2014, confirmed the following appointments for 2015:

Standing Policy Committee on Finance

Councillor Clark
Councillor Donauer
Councillor Iwanchuk
Councillor Olauson
Councillor Paulsen

The Committee is now asked to confirm the appointment of Councillor Paulsen as Chair for 2015 and Councillor Iwanchuk as Vice-Chair for 2015.

2. CONFIRMATION OF AGENDA

3. ADOPTION OF MINUTES

- 3.1 Minutes of regular meeting of the Standing Policy Committee on Finance held November 3, 2014.**

4. UNFINISHED BUSINESS

5. COMMUNICATIONS (requiring the direction of the Committee)

- 5.1 Delegated Authority Matters**

- 5.2 Matters Requiring Direction**

- 5.3 Requests to Speak (new matters)**

6. REPORTS FROM ADMINISTRATION

6.1 Delegated Authority Matters

- 6.1.1 Renewal of Lease Agreement with P.R. Developments Ltd. for Parking Lot in Central Business District (Files CK. 4225-1 and TU. 4004-11)**

6 - 7

Recommendation

1. That the Lease Agreement renewal with P.R. Developments Ltd. for the parking lot located at 300, 304, and 312 – 5th Avenue North to be the same terms as the previous agreement, except for the lease rate, be approved;
2. That the lease costs and related expenses continue to be charged to the Parking Services Operating Budget and recovered through rental fees to users; and
3. 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.

- 6.1.2 Request to Sell City-Owned Property - Marquis Industrial Area (Files CK. 4215-1, AF. 4214-1 and LA. 4214-2-2)**

8 - 12

Recommendation

1. That the Director of Saskatoon Land be authorized to sell 8 lots (Lots 1 to 8, Block 949, Plan to be registered) in the Marquis Industrial area to the highest bidder through a public tender process with reserve bid prices;
2. That if the lots 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 changes in the servicing costs and for returned parcels; and
4. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

- 6.1.3 Additional Audit Fees 2013 Year-End - External Auditor (Files CK. 1610-9 and AF. 1610-1) 13 - 15**

Recommendation

That the invoice from Deloitte & Touche for \$9,085.00 (plus GST and PST) for additional audit fees for completion of the 2013 year-end financial audit be approved.

- 6.1.4 2014 Evergreen Neighbourhood Land Development Fund Financial Information (Files CK. 1820-1, x 4110-41, AF. 1702-1, AF. 1815-1 and LA. 1815-7) 16 - 17**

Recommendation

1. That \$10.0 million in surplus funds be declared from the Neighbourhood Land Development Fund; and
2. That the Administration report further with recommended allocations of this \$10.0 million surplus.

6.2 Matters Requiring Direction

- 6.2.1 Leasing of Civic Facility at 1502 - 2nd Avenue North Woodlawn Cemetery Office (Files CK. 600-3, AF. 4225-1 and LA. 4225-014-001) 18 - 20**

Recommendation

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

1. That a Lease Renewal Agreement with Russell Boyko, on behalf of Eternal Memorials, for use of the old Woodlawn Cemetery office located at 1502 – 2nd Avenue North for a term of five years (July 1, 2014 to June 30, 2019), based on the terms as set out in the December 1, 2014 report of the CFO/General Manager, Asset and Financial Management Department be approved; 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.

- 6.2.2 SREDA - Business Incentives 2014 Tax Abatements (Files CK. 3500-13, AF. 3500-1 and 1965-1) 21 - 25**

Recommendation

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

- 6.2.3 City of Saskatoon - Debt Limit Increase (Files CK. 1750-1, AF. 1750-1 and 1702-1)** 26 - 27

Recommendation

That the report of the CFO/General Manager, Asset and Financial Management Department, dated December 1, 2014, be forwarded to City Council for information.

- 6.2.4 Communications to Council - Mel McKnight, Operations/Real Estate Manager, Saskatchewan CBS Outdoor - April 10, 2014 - Proposal to Add Billboard Locations on City-Owned Land (Files CK. 4225-1, AF. 4225-1 and LA. 4225-01-1)** 28 - 34

Recommendation

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

1. That a lease for one billboard location with CBS Outdoor be approved;
2. That Real Estate Services enter into a lease agreement, with a term of five years, for the proposed site; and
3. That the Office of 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.

- 6.2.5 Banking Services Request for Proposal - Award of Contract (Files CK. 1660-3 and AF. 1660-3)** 35 - 37

Recommendation

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

1. That the Royal Bank of Canada be awarded the contract to supply banking services to the City of Saskatoon for a five-year term with an option to extend for an additional two years; 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.

- 6.2.6 Appointment of Internal Audit Services - Request for Proposal - Five-Year Contract (File No. CK. 1600-37)** 38 - 40

Recommendation

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

1. That PricewaterhouseCoopers LLP (PWC) serve as internal auditor for the City of Saskatoon for a five-year term beginning January 1, 2015; and
2. That the City Solicitor prepare the necessary Agreement and that His Worship the Mayor and the City Clerk be authorized to execute the Agreement under the Corporate Seal.

7. URGENT BUSINESS
8. MOTIONS (notice previously given)
9. GIVING NOTICE
10. ADJOURNMENT

Renewal of Lease Agreement with P.R. Developments Ltd. for Parking Lot in Central Business District

Recommendation

1. That the Lease Agreement renewal with P.R. Developments Ltd. for the parking lot located at 300, 304, and 312 – 5th Avenue North to be the same terms as the previous agreement, except for the lease rate, be approved;
2. That the lease costs and related expenses continue to be charged to the Parking Services Operating Budget and recovered through rental fees to users; and
3. 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 receive approval for the renewal of the Lease Agreement for the parking lot located at 300, 304, and 312 – 5th Avenue North, between the City of Saskatoon (City) and P.R. Developments Ltd. for a five-year term.

Report Highlights

The negotiated renewal rate per stall plus the cost of maintenance, utilities, and property taxes is comparable to other private, electrified parking lots in the vicinity.

Strategic Goal

This report supports the Strategic Goal of Continuous Improvement by providing access for employees whose job requires the use of their private vehicle, to park in close proximity to their work location.

Background

On April 20, 2009, City Council approved a Lease Agreement with P.R. Developments Ltd. to develop a 74 stall parking lot for civic use. The structures on site at 300, 304, and 312 – 5th Avenue North were demolished to make way for the parking lot that was subsequently developed in accordance with specifications set out by the City. During the initial five-year term, use of the lot was shared between civic Administration and the Saskatoon Police Service.

The five-year agreement that commenced November 1, 2009 and ended October 31, 2014, contained a clause that provided the City with an option to renew the lease for an additional five years on the same terms and conditions, except for the rental rate.

Report

This parking lot is used to accommodate employees requiring regular use of their vehicles for work-related purposes.

Renewal of Lease Agreement with P.R. Developments Ltd. for Parking Lot in Central Business District

The primary terms of the agreement are as follows:

- A monthly lease rate of \$160/parking stall has been negotiated for the renewal. This is based on a 74 stall capacity, which translates to a monthly lease rate of \$11,840 for the lot.
- The City is to remain responsible for all maintenance costs, utilities, and property taxes for the duration of the term.
- Monthly maintenance costs average approximately \$710; monthly utilities average approximately \$180 and monthly property taxes are approximately \$1,530.
- The total monthly cost per stall includes lease fees, maintenance and utilities, for a total cost of \$193 per month. This cost is comparable to other private, paved and electrified surface lots in the area.
- All lease costs would be recovered from the users of the parking lot.

Options to the Recommendation

The only other option would be to not approve the renewal of this Lease Agreement. This option is not recommended as alternative parking arrangements would need to be identified to satisfy current civic parking allocation requirements.

Financial Implications

As outlined above, the revised annual lease rate has been negotiated to be \$11,840 per month (\$142,080 per year). Other costs are estimated to be approximately \$29,030 annually. This translates to a total monthly per stall cost of \$193. All costs are to be recovered from the users.

Other Considerations/Implications

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

Due Date for Follow-up and/or Project Completion

The current term expired on October 31, 2014. Conditional on the Standing Policy Committee on Finance approval, the new lease rate has been negotiated and a renewed Lease Agreement will be executed immediately.

Public Notice

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

Report Approval

Written by: Phil Haughn, Parking Services Manager, Transportation Division
Jeremy Sibley, Property Coordinator, Real Estate Services
Reviewed by: Angela Gardiner, Director of Transportation
Approved by: Jeff Jorgenson, General Manager, Transportation & Utilities
Department

Request to Sell City-Owned Property – Marquis Industrial Area

Recommendation

1. That the Director of Saskatoon Land be authorized to sell 8 lots (Lots 1 to 8, Block 949, Plan to be registered) in the Marquis Industrial area to the highest bidder through a public tender process with reserve bid prices;
2. That if the lots 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 changes in the servicing costs and for returned parcels; and
4. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

Topic and Purpose

The purpose of this report is to obtain approval to sell eight industrial lots from Phase 9 in the Marquis Industrial area through a public tender process.

Report Highlights

1. Eight industrial lots from Phases 9 in the Marquis Industrial area will be sold through a public tender process.
2. The parcels will be awarded to the highest bidder upon determination of proper adherence to tender protocol.

Strategic Goal

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

Background

Strong demand remains for heavy industrial land in the city. The last phase consisting of eight lots was brought to the market in June 2014 and sold out within two months. Despite having no heavy industrial inventory available for purchase from the City of Saskatoon (City) at this time, a healthy supply of industrial land remains in the possession of previous purchasers.

Report

Marquis Industrial Tender

The purpose of this report is to obtain approval to sell eight industrial lots in the Marquis Industrial area through a public tender process. Attachment 1 shows the subject lots located on 64th Street East and on Burrton Avenue.

Request to Sell City-Owned Property – Marquis Industrial Area

The eight lots are zoned IH District, the most flexible industrial zoning and allows for a wide range of industrial/commercial uses. The remaining lots in Phase 9 are being held back for release in the future to allow for the current inventory of lots to be absorbed by the market.

Each of the parcels within this tender will be advertised with a reserve bid price. Your Administration recommends that a price range of \$480,000 to \$515,000 per acre be used for establishing the reserve bids.

Proposed parcel prices are outlined in Attachment 2. Factors such as zoning, location, visibility and corner influence are taken into consideration within the final price for each lot. The reserve bid prices are based on a review of comparable industrial land sales in the Saskatoon market, including resale of land recently sold by the City. Increases in the 2014 prepaid rates have also been factored into the pricing. The average price per acre is \$490,600 and the total proposed sales revenue for the phase is \$10.04M.

Tender Award

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

Options to the Recommendation

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

Public and/or Stakeholder Involvement

Public and/or stakeholder involvement is not applicable.

Communication Plan

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

Financial Implications

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

Other Considerations/Implications

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

Due Date for Follow-up and/or Project Completion

Additional follow-up is not required.

Request to Sell City-Owned Property – Marquis Industrial Area

Public Notice

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

Attachments

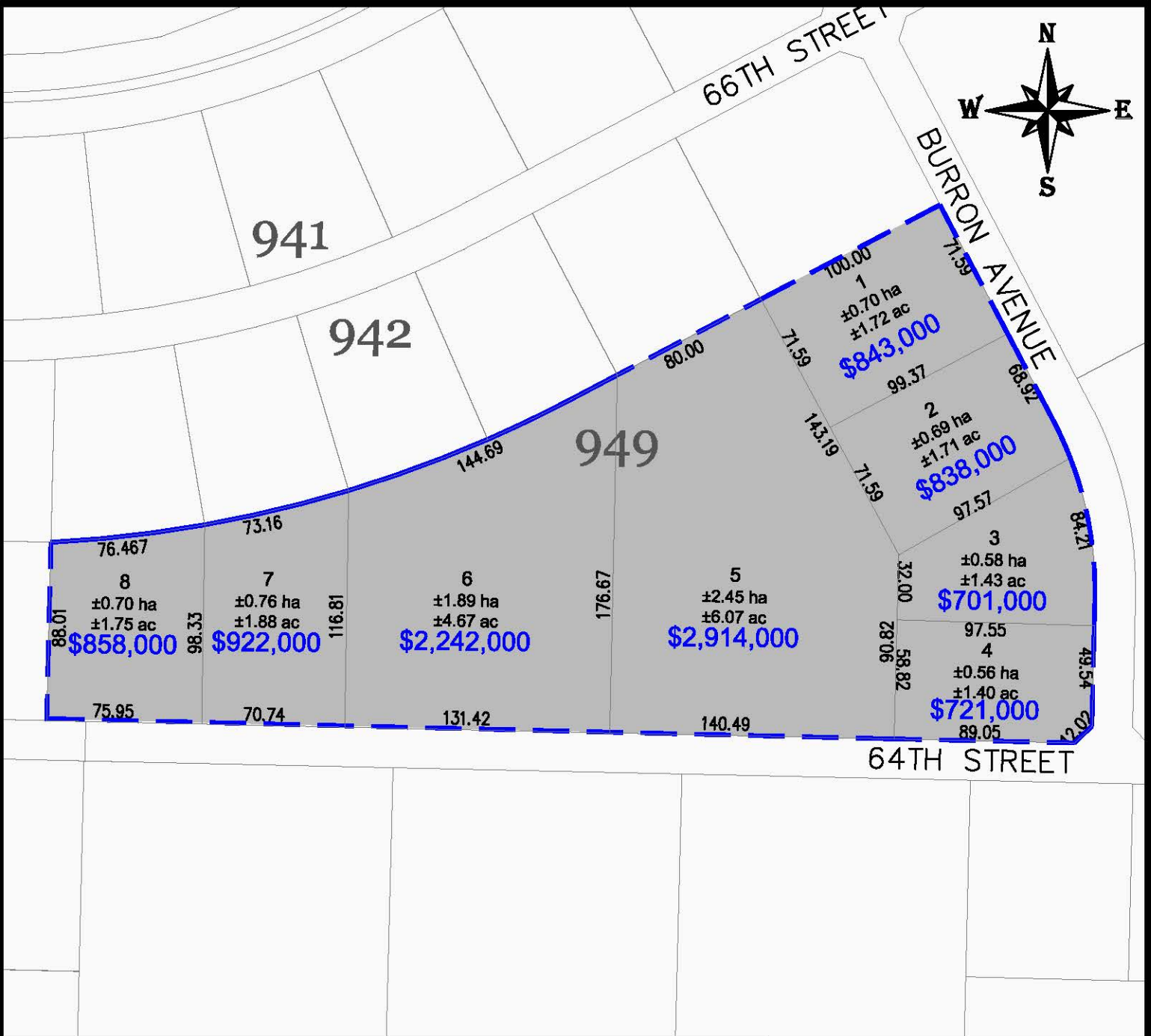
1. Marquis Industrial Lots to be Priced (Phase 9)
2. Marquis Industrial Phase 9 Price Listing

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

Marquis Industrial Phase 9 Pricing.docx

Marquis Industrial Lots to be Priced (Phase 9)



LEGEND



SUBJECT SITES

942

BLOCK NUMBER



HEAVY INDUSTRIAL

\$ 700,000

PROPOSED PRICE



Saskatoon Land - October 2014

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

Marquis Industrial Price Listing

Phase	Lot	Block	Zoning	Area (ac)	Price/acre	Total
9	1	949	IH	1.72	\$490,000.00	\$843,000.00
9	2	949	IH	1.71	\$490,000.00	\$838,000.00
9	3	949	IH	1.43	\$490,000.00	\$701,000.00
9	4	949	IH	1.40	\$515,000.00	\$721,000.00
9	5	949	IH	6.07	\$480,000.00	\$2,914,000.00
9	6	949	IH	4.67	\$480,000.00	\$2,242,000.00
9	7	949	IH	1.88	\$490,000.00	\$922,000.00
9	8	949	IH	1.75	\$490,000.00	\$858,000.00
Total						\$10,039,000.00
Average					\$490,600.00	

Additional Audit Fees 2013 Year-End – External Auditor

Recommendation

That the invoice from Deloitte & Touche for \$9,085.00 (plus GST and PST) for additional audit fees for completion of the 2013 year-end financial audit be approved.

Topic and Purpose

The purpose of this report is to obtain the Standing Policy Committee on Finance's approval for the payment of additional fees resulting from the 2013 year-end audit by Deloitte & Touche to cover time that is out of scope of the external audit contract.

Report Highlights

The City of Saskatoon 2013 year-end audit required an additional amount equivalent to \$9,085 to complete the necessary audit work as outlined in the report.

Strategic Goal

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

Report

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

The additional fees identified were the result of the auditors having to reallocate resources during the year-end audit caused by complications in the audit process which civic staff required additional time to work through. Deloitte & Touche did provide a discount that was collectively agreed upon between the Administration and the Auditor.

The Administration believes the additional cost is reasonable and recommends payment of the invoice (Attachment 1).

Public and/or Stakeholder Involvement

Public and/or stakeholder involvement is not required.

Financial Implications

The \$9,085.00 of the invoice is considered out of scope from the original contract and therefore is unbudgeted. The net impact (net of GST) will be \$9,539.25 (includes PST).

Other Considerations/Implications

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

Due Date for Follow-up and/or Project Completion

No further 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. Deloitte & Touche Invoice 3613684 - July 3, 2014.

Report Approval

Written and

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

Additional Audit Fees_2013 YE.docx



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 Suite 400,
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City of Saskatoon
 Attention: Kerry Tarasoff
 City Hall
 222 Third Avenue N
 Saskatoon, SK S7K 0J5

Date: July 3, 2014
 Invoice No: 3613684
 Client No: 821051
 Billing Partner: A. Coutts
 GST Registration no: 133245290

Invoice

01-5521-145

Professional services rendered	
Billing with respect to delays incurred during the audit of the consolidated financial statements of the City of Saskatoon for the year ended December 31, 2013.	\$9,085.00
Final progress billing with respect to the audit of the consolidated financial statements of the City of Saskatoon for the year ended December 31, 2013.	2,100.00
Administration fee to cover expenses such as photocopying, telecommunications, courier/postage, etc.	782.95
	\$11,967.95
GST at 5%	598.39
PST at 5% for Saskatchewan	598.39
Amount payable	\$13,164.73

RECEIVED

JUL 10 2014

FINANCE BRANCH
 CORPORATE ACCOUNTING

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

2014 Evergreen Neighbourhood Land Development Fund Financial Information

Recommendation

1. That \$10.0 million in surplus funds be declared from the Neighbourhood Land Development Fund; and
2. That the Administration report further with recommended allocations of this \$10.0 million surplus.

Topic and Purpose

The purpose of this report is to declare an additional \$10.0 million allocation from the Neighbourhood Land Development Fund.

Report Highlights

1. A \$10.0 million surplus from the Evergreen neighbourhood is being recommended for allocation from the Neighbourhood Land Development Fund.
2. The Neighbourhood Land Development Fund continues to have a positive outlook.
3. Neighbourhood pro formas are prepared using current pricing and cost estimates, which can change quickly based on changing market conditions.

Strategic Goal

This report supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes, as well as 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, \$109.3 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

Neighbourhood Land Development Fund

The city's strong economy has resulted in a growth rate of 3% to 4% per annum. Due to this growth, sales of serviced land parcels in the Evergreen neighbourhood have exceeded expectations. These conditions have resulted in strong financial performance and higher than expected return on investment (ROI) in Saskatoon Land's current neighbourhood developments.

The ROI from the Neighbourhood Land Development Fund to date is \$109.3 million. This includes the majority of the profits from Willowgrove and Hampton Village, as well as initial 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 Evergreen neighbourhood total \$10.0 million, increasing the total ROI to date to \$119.3 million.

New Neighbourhood Developments

The outlook for the Neighbourhood Land Development Fund continues to be positive. Kensington, the newest west side development will have its third lot draw this fall and will be followed by Parkridge, which is serviced and will be brought to the market in early 2015. In the northeast, Evergreen is nearing completion, with all single-family lots being brought to market and approximately 100 acres of multi-family, institutional and commercial land still to be released. The fall of 2015 will also see the first phase of single-family lots in Aspen Ridge released to the market.

Pro formas

Pro formas are prepared for every neighbourhood. The pro formas for these developments are prepared using the best known current information, but are based on present day cost estimates and require certain judgments. While most costs are now fixed in completed areas, some enhancement costs will remain beyond the sellout periods until the neighbourhood vision is fulfilled. Experience has shown that quick swings in housing demand can occur thereby increasing carrying, marketing, and administrative costs.

Public and/or Stakeholder Involvement

There is no public and or stakeholder involvement.

Financial Implications

The Administration will report further on how 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 or 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 at the 2015 Budget Review.

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

2014 Evergreen Neighbourhood Land Development Fund Financial Information Dec 1 Finance.docx

Leasing of Civic Facility at 1502 – 2nd Avenue North Woodlawn Cemetery Office

Recommendation

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

1. That a Lease Renewal Agreement with Russell Boyko, on behalf of Eternal Memorials, for use of the old Woodlawn Cemetery office located at 1502 – 2nd Avenue North for a term of five years (July 1, 2014 to June 30, 2019), based on the terms as set out in the following report be approved; 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

To receive approval for a five-year lease renewal of the City of Saskatoon-owned property located at 1502 – 2nd Avenue North, which is currently occupied by Eternal Memorials.

Report Highlights

1. The tenant wishes to renew their existing lease of the civic facility at 1502 – 2nd Avenue North.
2. The terms of the Lease Agreement entail a five-year period for the old Woodlawn Cemetery office.

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 exploring alternative sources of revenue to pay for ongoing operations under the Strategic Goal of Asset and Financial Sustainability.

Background

The old Woodlawn Cemetery office is located at 1502 – 2nd Avenue North. The property is a single-storey, wood-frame structure with a concrete basement. This civic facility was no longer being utilized for civic operations; therefore, in 2004, the City issued a tender for lease of the former cemetery office stipulating that bidders must be firms actively involved in the funeral-related industry.

Eternal Memorials was the only business that submitted an offer and has been leasing the old Woodlawn Cemetery office from the City since 2004. The lease agreement has since been renewed in 2009, and the current lease term expired on June 30, 2014.

Report

Tenant Wishes to Continue Leasing City Facility

Russell Boyko of Eternal Memorials has been leasing the old Woodlawn Cemetery office from the City for ten years and would like to continue the lease for another five-year term expiring on June 30, 2019. Continued leasing of this civic facility generates a stable source of income and ensures the building is maintained over the foreseeable future, until such time that the City is ready to use it or dispose of it.

Terms of the Lease Agreement

Noteworthy details of the Lease Agreement are as follows:

Annual Basic Rent:

- \$15,000 annually for Years 1 and 2 (\$1,250 per month)
- \$18,000 annually for Years 3 to 5 (\$1,500 per month)

Leased Area:

- 744 square feet of main floor retail/office space plus full basement

Lease Term:

- Five-year lease term: July 1, 2014 to June 30, 2019

Other Terms of the Lease Agreement:

- Tenant shall maintain general liability insurance of \$2M
- Tenant is responsible for paying property taxes
- City is responsible for paying utility charges

Options to the Recommendation

An option would be to not approve the lease renewal and instead, reissue a tender for lease of the property. This option is not recommended as Eternal Memorials has been a good, long-term tenant who maintained the property well and, in turn, has provided a continued source of revenue to the City. The proposed renewal rate is considered reflective of market value for the property; therefore, it is expected issuance of a new tender would not realize any additional financial benefit to the City.

Public and/or Stakeholder Involvement

Discussions took place with Woodlawn Cemetery Administration and they are in support of the lease renewal.

Financial Implications

Continuing to lease the old Woodlawn Cemetery Office will ensure a continued source of income and maintenance of the building until 2019.

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

If approved, the proposed lease renewal will expire on June 30, 2019.

Public Notice

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

Report Approval

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

Lease of 1502 2nd Ave N - Woodlawn Cemetery Office.doc

SREDA – Business Incentives 2014 Tax Abatements

Recommendation

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

Topic and Purpose

To receive City Council's approval to process tax abatements to businesses approved under City of Saskatoon Council Policy No. C09-014, Business Development Incentives.

Report Highlights

1. SREDA has confirmed that nine eligible businesses have fulfilled the agreed upon terms and conditions to receive their 2014 tax incentive abatements.

Strategic Goal

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

Background

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

Report

Staff from SREDA have met with each of the businesses eligible to receive a tax abatement for 2014. Reviews were conducted to determine if the terms and conditions outlined in the individual agreements were met. Attachment 1 is a letter from SREDA with the results of its 2014 audit. The letter identifies those companies that have met all conditions of their incentive agreements for 2014, and also includes a 10-year Statistics Report grouped by policy objective.

Options to the Recommendation

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

Public and/or Stakeholder Involvement

Public and/or stakeholder involvement is not required.

Financial Implications

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

Other Considerations/Implications

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

Safety/Crime Prevention Through Environmental Design (CPTED)

A CPTED review is not required.

Due Date for Follow-up and/or Project Completion

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

Public Notice

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

Attachment

1. Letter from Bernie Ness, Director, Business Development, SREDA - dated November 7, 2014.

Report Approval

Written by: Joanne Stevens, Manager, Assessment & Tax Administration
Reviewed by: Les Smith, Director of Assessment & Taxation
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

November 7, 2014

Ms. Marlys Bilanski
 General Manager, Corporate Services Department
 City of Saskatoon
 222 3rd Avenue North
 Saskatoon, SK S7K 0J5

Dear Ms. Bilanski:

RE: 2014 Property Tax Abatements

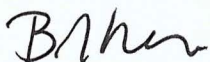
This letter will confirm that the following companies comply with the terms and conditions outlined in each of their incentive agreements with the City of Saskatoon, therefore qualifying for tax abatements in 2014:

Cameco Corporation	1131 Avenue W South
Crestline Coach Ltd.	126 Wheeler Street
Deca Industries Ltd.	310 & 322 Robin Way, and 111 Robin Cres.
DynaIndustrial Inc.	3326 Faithfull Avenue
Federated Co-operatives Limited	607 46 th Street East
Industrial Machine & Mfg. Inc.	3315 Miners Avenue
Lean Machine Metal Fabrication Inc.	3607 Wheeler Avenue
Maple Leaf Foods Inc.	100 McLeod Avenue
WBM Office Systems	104-3718 Kinnear Place

Lastly, please find attached the original copies of this year's company visits along with key documentation for your review. I kindly request you forward this information back to my attention once your review is complete.

If you have any questions regarding the 2014 Property Tax Abatements, please contact me at 664-0728.

Regards,



Bernie Ness
 Senior Director, Business Development

Enclosure

copy: Joanne Stevens, Manager, Assessment & Property Tax Administration



Success

Statistics Report - SREDA Administered Incentives

Business Development Incentive Policy C09-014

Policy Objective	Measure	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Encourage businesses to locate or expand their operations in Saskatoon in order to create long term, skilled or semi-skilled jobs	Number of applications:											
	• Number received						4	0	7	4	2	2
	• Number approved	7	9	6	8	0	0 ¹	0	4	3	2	0
	• Number declined	0	0	2	0	0	0	0	2 ²	1 ³	0	2 ⁴
	Number of approved applications related to:											
	• Location (i.e., new to Saskatoon)	2	2	1	2	N/A	2	0	0	0	0	0
	• Expansion	5	7	5	6	N/A	2	0	4	3	2	2
	Number of jobs created:											
	• Proposed at time of application	537	612	175	437	N/A	95	0	32	N/A	236	140
	• Actual jobs created	592 est.	590 est.	TBD	TBD	N/A	TBD	0	0	903	450	243
Provide tax relief that will flow to companies creating new jobs	Total value of abatements applied to current year	\$1.17M	\$941K	\$997K	\$692K	N/A	\$699K	0	N/A	N/A	N/A	N/A
Place Saskatoon in a competitive position in attracting businesses that it would not otherwise occupy	GDP growth in Saskatoon (Conference Board of Canada)											
	• Annual	3.9%	4.4%	3.8%	4.9%	5.4%	0.8%	3.8%	3.9%	2.9%	6.5%	2.9% ^f
	• Ranking in Canada (Out of 28CMAs)	4	3	3	1	1	6	13	2	5	1	4

¹ Alstom Power, BHP Billiton, InfraReady Products, and Standard Machine were recommended for approval by SREDA's Incentive Sub-Review Committee in February, 2010

² One of the two declined is due to an assessment that was done on expansion improvements and these resulted in no new incremental increase in property tax values.

³Not approved due to applicant applied for program after construction was completed.

⁴Both applications declined due to applying for Tax Abatement Program after construction was completed.

Increase the long term viability of a project	Total value of new investment																
	• Proposed at time of application	\$26.9M	\$18.11	\$10.3M	\$53.5M	N/A	\$255M	0	\$49.53M	\$78.45M	\$114.3M	81.62M					
	• Actually invested	\$26.45	\$18.11	\$10.3M	\$53.5M	N/A	N/A	0	N/A	N/A	\$114.3M	81.62M					
	Number of businesses																
	• Complied with ongoing conditions	12	15	18	20	21	22	19	13	12	10	9					
	• Did not comply with ongoing conditions	1	1	1	1	1	2	1	1	1	1	0					
Demonstrate the City's commitment to a business or industry	Number of approved applications related to:																
	• Manufacturing	4	5	5	7	N/A	N/A	0	2	9	8	5					
	• Processing	1	0	0	1	N/A	N/A	0	0	1	1	1					
	• Technology	0	0	0	0	N/A	N/A	0	0		1	1					
	• Telecommunications	0	0	0	0	N/A	N/A	0	0								
	• Data processing	0	1	0	0	N/A	N/A	0	0								
	• Mining	~	~	~	~	~	~	~	0	1	1	1					
	• Energy	~	~	~	~	~	~	~	0								
	• Oil & Gas	~	~	~	~	~	~	~	0								
	• Transportation & Logistics								2	1	2	1					

City of Saskatoon - Debt Limit Increase

Recommendation

That the report of the CFO/General Manager, Asset and Financial Management Department, dated December 1, 2014, be forwarded to City Council for information.

Topic and Purpose

The purpose of this report is to advise City Council of the Saskatchewan Municipal Board's decision regarding the debt limit increase request.

Report Highlight

The Saskatchewan Municipal Board (SMB) has advised the Administration that the Local Government Committee has established a new debt limit for the City of Saskatoon (City) at \$558M.

Strategic Goal

Managing debt and the current debt limit relates to the long-term strategy of protecting the City's credit rating under the Strategic Goal of Asset and Financial Sustainability.

Background

The SMB re-established the previous debt limit of \$414M on December 21, 2012.

At its August 21, 2014 meeting, City Council resolved:

“that pursuant to Section 133 of *The Cities Act*, the Administration be authorized to request an increase to the debt limit to accommodate planned borrowing and Public Private Partnership (P3) debt.”

Report

On September 8, 2014, the Administration submitted an application to the SMB requesting authorization to increase the maximum amount of debt, which may be incurred by the City and be outstanding at any given time.

On October 15, 2014, the SMB advised the Administration that the debt limit was established at \$558M and it will be in effect until December 31, 2017. Prior to December 31, 2017, the Administration will be required to submit a request to the Local Government Committee to have the debt limit established for a further period effective January 1, 2018.

Establishing a term expiration date provides the SMB an opportunity to determine if the debt limit it has established continues to be fiscally sustainable for the municipality. It also provides assurance to the financial institutions that rely on the Board's establishment of the debt limit that the debt limit is periodically reviewed.

Public Notice

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

Report Approval

Written by: Kari Smith, Financial Analyst
Reviewed by: Linda Andal, Director of Financial Planning
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial
Management Department

Debt Limit Increase 2014 Followup Council Report.doc

Communications to Council

From: Mel McKnight, Operations/Real Estate Manager,
Saskatchewan CBS Outdoor

Date: April 10, 2014

Subject: Proposal to Add Billboard Locations on City-Owned
Land

Recommendation

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

1. That a lease for one billboard location with CBS Outdoor be approved;
2. That Real Estate Services enter into a lease agreement, with a term of five years, for the proposed site; and
3. That the Office of 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

To receive approval for a five-year lease with CBS Outdoor (CBS) for a static billboard structure on City of Saskatoon-owned land.

Report Highlights

1. One of the three billboard locations proposed by CBS is to be considered.
2. The billboard lease would generate approximately \$33,130 in revenue over the duration of the five-year term.
3. Billboard installation would not impede the current or future use of the recommended location.

Strategic Goal

This report supports the long-term strategies of reducing reliance on residential property taxes and protecting the City's credit rating under the Strategic Goal of Asset and Financial Sustainability.

Background

In a letter dated April 10, 2014 (Attachment 1), CBS addressed His Worship the Mayor and Members of City Council proposing three new billboard locations on City-owned land. This proposal was received and forwarded to Real Estate Services to review and make a recommendation.

The City has been leasing billboard locations to CBS for over a decade and has other similar agreements in place with other billboard companies. The 2014 per-poster-face fee is \$3,075. This rate, along with a 2.5% increase every year over a five year term, was previously negotiated and came into effect on January 1, 2013. This rate was based on a comparison of billboard rates in other Canadian cities.

Proposal to Add Billboard Locations on City-Owned Land

There are an estimated 158 billboards located in Saskatoon, with Circle Drive North having approximately 20 structures. Current zoning allows for billboards to be located within most industrial and commercial areas. The majority of billboards are located on privately-owned land.

Report

One Billboard Location for Consideration

Three billboard locations have been requested by CBS; the first two locations are on the south side of Circle Drive North near Airport Drive (Attachment 2), and the third location is on the south side of 25th Street East, west of Ontario Avenue (Attachment 3). Due to separation requirements, only one location along Circle Drive could be accommodated, as shown on Attachment 2.

The location along 25th Street East was not supported by the Partnership, and concerns were raised by civic staff as not being a good fit within the North Downtown and City Centre Plans.

Billboard Lease Revenue

In 2015, revenue from the two recommended poster faces (one double-sided billboard) could generate approximately \$6,300. This revenue would increase to approximately \$6,460 in 2016, and amount to approximately \$33,130 over the duration of the five-year term.

Revenue would be deposited into the City's General Revenue Account until the Administration can report back to the Standing Policy Committee on Planning, Development & Community Services regarding linking billboard revenues to improving public space and completing a review of how revenue is generated.

Billboard Installation/Future Use of Land

The billboard would be installed in accordance with Appendix A of Zoning Bylaw No. 8770; CBS is responsible to ensure compliance. A billboard installed at this location along Circle Drive would be installed within an IL1 zoning district, and be on vacant City-owned land being held to accommodate a future interchange. Due to this intended future use, CBS has agreed to a clause in the agreement that would require them to remove the structure and restore land to its original condition, at their cost, given 60 days' notice of termination.

The billboard at the corner of 25th Street East and Ontario Avenue would be located in a parking lot zoned RA1 within The Partnership boundaries; a billboard at this location is not supported by The Partnership.

Options to the Recommendation

One option would be to approve the installation of a billboard at the downtown location in addition to the supported location along Circle Drive. With this option, the City would maximize revenue but ignore the stance of The Partnership.

A second option is to not approve any of the locations and forego all potential revenue.

Public and/or Stakeholder Involvement

City of Saskatoon Bylaw Compliance Officers have been contacted to address the separation requirements, and have no further concerns with the revised site location along Circle Drive.

The Transportation and Utilities Department has been contacted as a proposed location is to be located within right of way for a future interchange. They would approve a billboard at this location subject to verbiage in the agreement for removal of the structure at the proponents cost when the interchange project proceeds.

Saskatoon Light & Power has no concerns with the Circle Drive location.

In regard to the potential installation of a billboard along 25th Street East, The Partnership has indicated that they do not support the construction of any billboard structures in the area as it is believed to create visual clutter.

City representatives heading the North Downtown and City Centre projects have expressed concern with a new billboard installation in the 25th Street East area.

Financial Implications

Adopting the recommended lease agreement would yield yearly revenue of approximately \$6,500. No cost is to be borne by the City for this project.

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

In the event that an agreement is established, the renewal of such would be presented in five years' time.

The Administration is also to report back to the Standing Policy Committee on Planning, Development & Community Services by January 30, 2015 regarding linking billboard revenues to improving public space and completing a review of how revenues are generated.

Public Notice

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

Attachments

1. Letter from CBS to City Council, dated April 10, 2014
2. Map - Proposed Circle Drive Locations
3. Map - Proposed 25th Street East Location

Proposal to Add Billboard Locations on City-Owned Land

Report Approval

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

CBS Proposal_Billboard Locations on CoS Land.docx



April 10th, 2014

To: His Worship the Mayor and Members of City Council

From: CBS Outdoor Canada 127 Cardinal Crescent Saskatoon SK S7L 6H5

Per: Mel McKnight Operations/Real Estate Manager Saskatchewan

CBS OUTDOOR PROPOSAL to ADD BILLBOARDS LOCATION on CITY OWNED LAND

I (Mel McKnight) have been consulting with the City Land Branch to lease 3 sites on City owned land for the installation of back to back 10' x 20' static billboard displays and have been asked to present CBS Outdoor's proposal to City Council.

Location 1 & 2 are South of Circle Drive near Airport Drive intended for viewing by Circle Drive traffic heading in both directions, these billboards will have a separation of at least 200 metres and will conform to the City of Saskatoon Sign Bylaws. (See Attached Site Plan)

Location 3 is on the corner property South of 25th Street and West of Ontario Avenue intended for viewing by traffic on 25th Street heading in both directions and will conform to the City of Saskatoon Sign Bylaws. (See Attached Site Plan)

CBS Outdoor has other agreements with the City of Saskatoon and the 2014 rental per billboard faces is \$3075.00 and increases 2.5% annually, this proposal is for 6 faces x \$3075.00 = \$18,450.00 revenue in 2014 for the City of Saskatoon, we normally have a 5 year agreement with The City of Saskatoon, so over the 5 year term of the agreement CBS Outdoor would provide \$117,854.07 in revenues to the City of Saskatoon.

CBS Outdoor is asking for approval to proceed with a lease agreement for this proposal.

Thank you for your consideration of CBS Outdoor's proposal, should there be any questions raised please contact me at 306-244-6114 or mmcknight@cbsoutdoor.ca.

A handwritten signature in black ink, appearing to read "Mel McKnight".

Map - Proposed Circle Drive Locations



Printed: June 5, 2014
Scale: 1:5,462

Map - Proposed 25th Street Location



Approximate proposed location,
ISC Parcel # 202735469

Printed: June 5, 2014
Scale: 1:1,366

Banking Services Request for Proposal - Award of Contract

Recommendation

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

- 1) That the Royal Bank of Canada be awarded the contract to supply banking services to the City of Saskatoon for a five-year term with an option to extend for an additional two years; 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

To receive approval from City Council to secure banking services for the City of Saskatoon (City) for a term of five years with an option to extend the contract for an additional two year term.

Report Highlights

1. The duration of the banking services contract has been extended from a three-year term to a five-year term; the option to extend the contract for an additional two years remains intact.
2. The Evaluation Committee issued a Request for Proposal (RFP) for Banking Services, evaluated, and provided a recommendation.

Strategic Goal

The recommendation in this report supports the long-term strategy of increasing productivity by being more efficient in the way we do business under the Strategic Goal of Continuous Improvement.

In addition, this report also supports the long-term strategy of protecting the City's credit rating under the Strategic Goal of Asset and Financial Sustainability.

Background

The City's current banking services contract with the Royal Bank of Canada was approved by City Council on November 30, 2009. The contract, commencing April 1, 2010, was structured as a three-year contract with an option to extend the term of the contract for an additional two years. The option to extend the contract was subject to the mutual agreement of both parties. In October 2012, the City and the Royal Bank of Canada mutually agreed to extend the term of the contract for an additional two years. This decision was based upon:

- no change in pricing for the two-year extension; and
- a high level of customer service demonstrated by the Royal Bank of Canada during the previous three years. The two-year extension is set to expire on March 31, 2015.

Report

Duration of Banking Services Contract Extended

Your Administration has extended the term of the banking services contract to five years from three years. The option to extend the term of the contract for an additional two years by mutual agreement of both parties remains.

The decision to extend the term of the banking services contract was based upon:

- an expectation of a minimal change in the pricing of bank services by extending the contract term from three to five years; and
- increased resources required for transitioning core banking services and electronic banking services between financial institutions.

It has been your Administration's experience that during previous banking contracts, the pricing of the two-year extension has resulted in no change or a minimal adjustment in the pricing of bank services. Therefore, by extending the contract from three to five years, it is your Administration's expectation that there would be a limited price risk to the City.

Issuance of RFP, Evaluation, and Recommendation

An RFP for Banking Services was issued on September 3, 2014. Two submissions were received, from the Toronto Dominion Bank and the Royal Bank of Canada, before the closing date and time. In early October, an Evaluation Committee, comprised of civic staff from Corporate Revenue, began reviewing the Proposals received. Following this review, and with input from representatives of Corporate Revenue, Purchasing Services, and the City Solicitor's Office, it was determined that the Toronto Dominion Bank submission was non-compliant. As a result, the Evaluation Committee is recommending that the other proponent, the Royal Bank of Canada, be awarded the banking services contract.

Options to the Recommendation

The alternative to the recommended action would be to reject all proposals and re-issue the RFP for this service, but as the Royal Bank was found to be compliant, this is not a recommended course of action.

Public and/or Stakeholder Involvement

There is no public and/or stakeholder involvement required at this time.

Financial Implications

Over the five-year term, the recommended action is estimated to result in a net credit to the City for \$437,000, calculated as shown below.

Gross Banking Charge	\$1,754,000
Interest Credited	<u>(\$2,191,000)</u>
Net Banking Charge	(\$437,000)

Banking Services Request for Proposal – Award of Contract

This is the result of an expected interest credit to be received on the average cash balances in the City's combined operating accounts, which ends up being more than the fees related to the banking contract.

The gross banking charge is the total cost of all banking services (core and electronic) supplied to the City. The net banking charge is the residual charge remaining when the interest credited is applied against the gross banking charge.

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

Following City Council's approval of the recommendation, the next due date for follow-up will be in late 2019. At that time, your Administration will decide on whether to solicit the Royal Bank of Canada for pricing for a two-year extension or to issue a new RFP for Banking Services.

Public Notice

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

Report Approval

Written by: Murray Gronsdal, Investment Manager

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

Approved by: Murray Totland, City Manager

RFP for Banking Services 2014.docx

Appointment of Internal Audit Services Request for Proposal – Five-Year Contract

Recommendation

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

1. That PricewaterhouseCoopers LLP (PWC) serve as internal auditor for the City of Saskatoon for a five-year term beginning January 1, 2015; and
2. That the City Solicitor prepare the necessary 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 request authorization to engage PricewaterhouseCoopers LLP (PWC) as the City of Saskatoon's (City) internal auditor for a five-year contract beginning January 1, 2015.

Report Highlights

1. On October 7, 2014, the City issued a Request for Proposal (RFP) for Internal Audit Services.
2. Your Administration, on behalf of the Standing Policy Committee on Finance, is recommending PricewaterhouseCoopers LLP (PWC), the Preferred Proponent, be awarded the contract for the Internal Audit Services.

Strategic Goals

Internal audit and risk management programs support the Strategic Goal of Asset and Financial Sustainability by reviewing costs and revenues to ensure smart spending in all programs, as well as identifying risk in ongoing planning and operations.

Internal audit and risk management programs also support the long-term strategy of creating and encouraging a workplace culture of continuous improvement that encourages innovation and forward-thinking under the Strategic Goal of Continuous Improvement.

Background

At its meeting of October 6, 2014, the Standing Policy Committee on Finance extended the current internal auditing contract to December 31, 2014. At the same meeting, the Administration received authorization to issue an RFP for Internal Audit Services on behalf of the Standing Policy Committee on Finance.

Report

The RFP for Internal Audit Services was issued on October 7, 2014, with a closing date of November 7, 2014.

**Appointment of Internal Auditor
Request for Proposal – Five-Year Contract**

The Administration received five responses to the RFP from the following firms:

- Deloitte LLP;
- Garman, Weimer & Associates Ltd.;
- KPMG LLP;
- MNP LLP; and
- PricewaterhouseCoopers LLP (PWC).

The RFP Review Committee and the Standing Policy Committee on Finance evaluated the proposals received based upon the following criteria as detailed in the RFP:

1. The Proponents demonstrated knowledge and experience in the internal audit of similar size municipalities and other large entities. This includes qualifications and expertise of partners and staff to be assigned to the internal audit. Education, position in firm, years and type of experience will be considered from the résumés submitted.
2. The Proponents internal audit plan and philosophy related to the City and related entities, including financial system audits and risk based program audits and evaluating and auditing exposures to risk.
3. Total internal audit fees based upon the 1,400 hours of work per year.
4. Interview.

The RFP award was not based solely on one factor. All four factors were considered in the determination of the successful candidate.

After reviewing the scores, the RFP Review Committee and the Standing Policy Committee on Finance determined the proposal submitted by PricewaterhouseCoopers LLP (PWC) best meets the selection criteria as detailed in the RFP. Therefore, your Administration, on behalf of the Standing Policy Committee on Finance, is recommending that the City engage the services of PricewaterhouseCoopers LLP (PWC) as internal auditor for a service fee of \$223,650 (plus applicable taxes and special assignment fees) for the first year of service, plus an increase of 2% for each subsequent year of the five-year contract.

The key business terms that will be in the Agreement are:

- auditing financial systems;
- auditing in conjunction with the Risk Based Management Program;
- auditing special projects;
- suggesting and assisting with modifications and improvements to risk management programs; and
- identifying and evaluating exposures to risk and audit management.

Options to the Recommendation

There are no other options.

**Appointment of Internal Auditor
Request for Proposal – Five-Year Contract**

Financial Implications

The service fee of \$223,650 is within the current budget in the Corporate Governance and Finance Business Line.

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

Pending City Council's approval, the contract will commence January 1, 2015, for a five-year term.

Public Notice

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

Report Approval

Written by: Kari Smith, Financial Analyst

Reviewed by: Linda Andal, Director of Financial Planning

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

Approved by: Murray Totland, City Manager

Internal Audit Contract Award.docx