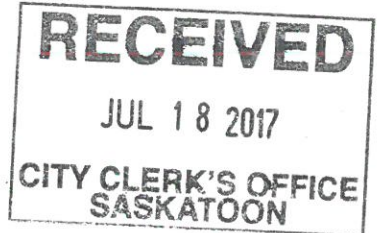


1600-24



July 17, 2017

Chair of the Standing Policy Committee on Finance
c/o City Clerks Office
City of Saskatoon
222 3rd Avenue North

Re: Feedback regarding the PWC Saskatoon Land Internal Audit Report

Councillor Iwanchuk,

Thank you for providing associations and stakeholders such as ourselves the opportunity to review the Internal Audit Report and provide our comments and recommendations for your meeting on August 14th. Our membership represent small, medium and large developers and builders as well as commercial developers.

Let me start out by thanking the committee for undertaking the Audit as a show of leadership in being transparent and open regarding the operations of the Saskatoon Land Branch. Members of our government affairs committee of our association have reviewed the report and met on several occasions to discuss its contents. A general concern was raised as to whom the Land Branch is accountable to as they address each of the recommendations in the report. There is also a concern that true market pricing is not being reflected in the market. Due to the current holdings of the city, it is felt that in reality the city leads and their competitors follow when it comes to setting prices. This is evident in the current market where private developers are reducing prices while the city is not. Additionally we feel that the following points need to be addressed going forward:

1. Although the Auditors report indicated that there are currently no accounting standards being violated, there is a need for a greater level of financial transparency. We strongly recommend a further audit which would speak to the investments of the land branch, related risk factors and rates of return over time.
2. The report only identified specific situations regarding adherence to policies with respect to residential land transactions however there was no mention of adherence to policies related to retail, industrial and commercial land transactions. As many of our membership transact in the commercial market place, insight into practices on

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- commercial land deals would have been welcome.
3. We strongly suggest that a feasibility study be undertaken to determine the possibility of the creation of a Municipal Development Corporation similar to that of Surrey and Calgary. In our opinion the creation of this type of corporation would go a long way in addressing the issues raised in this audit and provide the necessary level of transparency.
 4. Of further concern is the fact that Policy is not being applied in a consistent and/or fair manner to all parties of a public entity. Rules and expectations of openness, transparency and reporting are different than that of a private body. It is obvious that policy needs to reflect practise or policy needs to be changed.

In conclusion, we would like to state that we are not opposed to the principle function of the Land Branch or its ability to be profitable. Our hope going forward as a result of this process that there would be a greater transparency and more detail in the financial reporting; that land values would be truly based on a free market and ideally the creation of a Municipal Development Corporation to enable this entity to function as they need to in the market place. We further feel that it would be prudent that some Directors of the MDC contain individuals with relevant credentials and/or experiences. It is also important that the Directors of the MDC are not in conflict.

Please do not hesitate to reach out for clarification or questions on any of our points.

Sincerely,

Jason Yochim, CEO

*Also requesting
to speak
OK.*

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