

Development Levies Review – Request for Additional Funding

ISSUE

Standing Policy Committee on Finance approval is required for additional funding for the City of Saskatoon's (City) Development Levy Review.

RECOMMENDATIONS

1. That the proposed scope change for the City of Saskatoon's Development Levy Review project that will extend the timeline and also see an increase to the maximum upset cost in the amount of \$10,000 plus applicable taxes, be approved; and
2. That the appropriate documentation be prepared by the Corporate Risk Manager and, following a review by the Office of the City Solicitor, the City Manager and City Clerk be authorized to execute the same on behalf of the City of Saskatoon.

BACKGROUND

At its meeting on May 13, 2019, the Standing Policy Committee on Finance approved a review of the City's development levies by MNP LLP in partnership with Hemson Consulting Ltd. (MNP and Hemson) for a maximum upset cost of \$138,928 plus applicable taxes. The review will address the following eight summarized objectives:

1. Determine whether the City's current approach and principles for funding growth-related infrastructure accomplish overall program objectives.
2. Compare the City's approach to that used by other municipalities, innovative approaches and industry best practice.
3. Determine how development levies are being calculated and whether the calculations are in accordance with an established methodology, formula or process.
4. Confirm that the amounts collected are being used for the purposes intended and are consistent with actual historic costs.
5. Assess the City's long-term sufficiency analysis.
6. Review the City's process for implementing new levies.
7. Evaluate whether stakeholder information needs are being met.
8. Evaluate the City's options regarding financial mechanisms to fund community amenities in infill neighborhoods.

DISCUSSION/ANALYSIS

Early in the fieldwork stage of the review, MNP and Hemson conducted a project kick-off meeting with representatives from the development industry. The discussion at that meeting identified that the development industry does not have strong confidence in the current way in which the development levy system works, and that more communication and in-depth discussion would be beneficial during this review process.

In order to improve transparency and understanding, MNP and Hemson are proposing that the scope of the Development Levy project be expanded to include an Industry Workshop Session that would help address these weaknesses, assist in achieving support for any proposed changes and provide valuable feedback that can be incorporated into the final report.

As MNP and Hemson describe in Appendix 1, they estimate that an additional \$10,000 plus applicable taxes would be required to conduct this Industry Workshop Session. In order to properly incorporate the feedback received during the session, MNP and Hemson also estimate an additional three weeks would be required, extending the final deliverable date from September 30, 2019 to October 18, 2019.

IMPLICATIONS

The Internal Audit Program Reserve has a balance of \$155,579 and therefore has adequate funding for this additional scope.

There are no legal, social or environmental implications identified.

NEXT STEPS

If the additional funding is approved, MNP and Hemson will undertake the necessary actions to conduct the Industry Workshop Session in early October 2019.

APPENDICES

1. Development Levy Review Project Change Order – August 28, 2019

Report Approval

Written by:	Nicole Garman, Corporate Risk Manager
Reviewed by:	Lesley Anderson, Director of Planning & Development Lynne Lacroix, General Manager, Community Services Department
Approved by:	Clae Hack, Interim Chief Financial Officer

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