

STAFF REPORT



TO City Council

SERVICE AREA Finance & Enterprise Services

DATE June 18, 2014

SUBJECT The Enterprise Framework Approach

REPORT NUMBER FIN-DR-14-04

EXECUTIVE SUMMARY

PURPOSE OF REPORT

This report introduces a proposed Enterprise Framework and draft enterprise planning tool that promotes and incents development and financial strategies to leverage significant investment across the municipality. In short, to help move major city building initiatives from the design to implementation stage.

The report complements a staff presentation scheduled for June 18, 2014 that builds on the enterprise investment discussion initiated in November, 2013 and continued on February 26, 2014 as part of the Guelph Economic Investment Strategy.

The report outlines an approach that would insert a new schedule into the annual budget documents that itemises and tracks currently unfunded yet identified major strategic projects and priorities. This 'Enterprise Framework' is an extended matrix to capture additional information, notations and values related to major strategic priority projects. As part of the budget documents, this framework would be readily available for monitoring and tracking by Council and the public. This framework would also begin to inform and be informed by the Strategic Plan priority setting discussions and other budget setting mechanisms. In summary, this approach begins to align adopted or developing policy with financial and enterprise realities.

The report includes communications directions that will help frame the approach and position this initiative as integrated into already well-established City processes and that also provides clarity and foundation to high-profile community objectives.

In addition to helping set the frame for the necessary transformational shift in the approach to City building the report responds to several community discussions, motions of Council, stakeholder interests, etc. surrounding the need for investment that leverages City assets to maximize community value and sustainable development.

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The status and direction of some key Downtown projects, such as Baker District and Parking Master Plan projects, are updated for Council in a companion report to this that explores these initiatives in the context of the frame described here.

KEY FINDINGS

Significant and necessary policy work has been completed to address major growth pressures in sustainable ways and support City building initiatives. These include but are not limited to the Growth Strategy, new Official Plan under Places to Grow, key Secondary Plans approved or in process, Brownfield Redevelopment, etc.

The challenge now exists in the implementation of these City building initiatives in affordable, predictable ways that leverage existing and new assets to create City-wide economic and community benefit consistent with stated planning policy and strategic objectives.

Implementation strategies and programs have already begun (e.g. Downtown Renewal). However, in this preliminary work it is clear that traditional approaches to development cannot achieve the desired outcomes within the targeted time frames. Innovative strategies that foster partnerships, increase assessment growth and provide tangible returns on investment are therefore paramount to successful City building.

Momentum has already commenced as illustrated in the highly successful Tax Increment Based Grant (TIBG) program first utilized in 2012. This momentum needs to continue or risks lessened competitiveness with other municipalities for diminishing resources as well as not achieving sustainable growth.

In the absence of continued investment in transformative projects, the base upon which to draw to provide basic community services diminishes threatening service cuts, major double digit tax rate increases and/or a combination of both in the next 20-30 years.

Innovative approaches have already been considered and in some cases (e.g. TIBG, Brownfield CIP) already been implemented successfully to achieve major City building initiatives. More is required that considers greater integration of efforts to maximize synergies and activate both public and private lands.

This report describes an Enterprise Framework approach that continues the journey recently started to build a vibrant, diverse and sustainable City form.

The Framework tempers qualitative and quantitative objectives of increased assessment growth, economic development and City wide community benefit within practical financial, operational and budget constraints that activate/incent development within established plans.

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It is proposed that the concepts and tools described here continue to be developed ultimately for inclusion in the future year tax and rate supported budgets respecting major strategic priorities of Council.

In time, the application of the Framework will consider key City nodes such as the Guelph Innovation District (GID), emerging suburban nodes as well as central Downtown and will begin to share investment decisions as the City continues to grow.

FINANCIAL IMPLICATIONS

There are no major financial implications.

There is communications support required in an amount of up to \$20,000 to be funded through the Enterprise Services consulting and contracted services accounts.

The Enterprise Framework describes a change of focus to implementation of City building initiatives. Considerations identified here include, from the economic development lens, considerations of Council plans, policies and strategic priorities as well as direct and indirect qualitative and quantitative investment returns such as increased tax assessment, increased employment and improved quality of life factors. The economic perspective is tempered with more traditional financial considerations such as affordability/predictability, financial policy objectives (e.g. debt ratios) and innovative financing solutions (e.g. joint ventures, partnership agreements, alternative financing and procurement approaches, etc.). It is recommended that the Framework and attendant Enterprise Framework tool be further developed for inclusion in the 2015 and future year tax and rate supported budgets and that a Communications and Engagement strategy as described in **Attachment 1** be undertaken as part of this work.

ACTION REQUIRED

City Council to receive the report and approve the recommendations.

RECOMMENDATION

THAT Report FIN-DR-14-04 'The Enterprise Framework Approach' be received;

THAT Council endorses the 'Enterprise Framework' approach and that the tool be further developed for inclusion in Council's strategic planning process;

THAT the Strategic and Capital Planning priority setting discussions for the next term of Council inform use of the Framework; and,

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THAT the Communications and Engagement Strategy as described in Attachment 1 be undertaken as part of this work.

BACKGROUND

On February 26, 2014 Finance & Enterprise Services discussed with Council the development of an approach to funding strategic initiatives based on the following tests:

- Increased assessment growth
- New partnerships
- New jobs
- Return on community investment
- Creating City wide economic and community benefit

At that time, the language was focused on a 'fund' that would support projects that met these tests and would lead to significant economic growth. Downtown projects were highlighted as these were understood enough in context to model return on investment at a macro level.

The financial constraints and policies that such a fund would be required to address in its development were also described. Staff were to return with a recommendation on an approach to creating such a fund within the City's financial framework.

This report is the continuation and evolution of that discussion and identifies the need for a continued transformation to an enterprise approach versus specific fund for implementing development found in the City's various plans, policies and strategic priorities.

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Council and the community it serves as well as other key stakeholders have consistently indicated frustration that traditional approaches to City building no longer work.

Evidence of this frustration is found in several staff discussions with Council which derived motions and resolutions relating to improving capital project priority setting, desire for more fulsome disclosure related to all aspects of development applications, greater transparency for return on investment, improved business case frameworks that consider integrated versus asset specific outcomes, etc.

Similarly, the community and key stakeholders including the other orders of government have consistently expressed through various forums (including most recently the City of Guelph hosted Urban Design Summit) the need for greater flexibility and more business like approaches in the development process.

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And, finally, potential partners in the development community, investment sector and elsewhere continue to be reticent in participating with the City to develop large scale City building initiatives worrying over capacity and true financial commitment of the municipality.

Work has already been undertaken in response to these calls and there has already been some successes on various fronts and at varying scales that take a more enterprise like approach to planning and development. These include implementation of the Integrated Operational Review (IOR) recommendations, highly successful TIBG program, creation of Guelph Municipal Holdings Inc. (GMHI) to leverage City assets and unique one-off approaches such as the recent IMICO marketing strategy for the 200 Beverley Street stranded asset. It also includes active interaction with key stakeholders on major initiatives such as Baker Street and the GID Secondary Plan which not only gains from differing perspectives but develops buy-in and participation by other partners for actual implementation.

Staff hasn't been strong in communicating that this work is already reaping significant returns as most recently witnessed in the downtown Tricar and 5 Arthur projects as well as renewed interest in the Hanlon Creek Business Park and growing interest in the Clair Maltby corridor. This report and the accompanying presentation are therefore provided in part to better communicate efforts and describe a go forward communications strategy to further better inform and engage the community on City building efforts.

This report builds on the conversation first broached with Council in November 2013 and most recently the February 26, 2014 Economic Investment Strategy discussion to expose work already in process and articulated more formally in an Enterprise Framework. This is not intended as a white paper. Instead, the overarching framework described here will be part of the discussion / presentation to Council at its Special Council Meeting of June 18, 2014 where the principles will be explored further. However, this report also introduces some tools for making more explicit the Enterprise Framework approach already in play and to be described in the June 18, 2014 presentation.

The Enterprise Framework Tool

Based on the direction coming from both the January 27, 2014 and February 26, 2014 Guelph Economic Investment Fund meetings of Council, staff are proposing the piloting of a comprehensive tool that would provide Council with a qualitative and quantitative analysis of policy and planning documents whose objectives would require a significant amount of City investment and are directly related to economic growth. These documents would often be related to Community Improvement Plans or significant policy documents such as the Downtown Secondary Plan, or could relate more specifically to an activation site such as the Baker District.

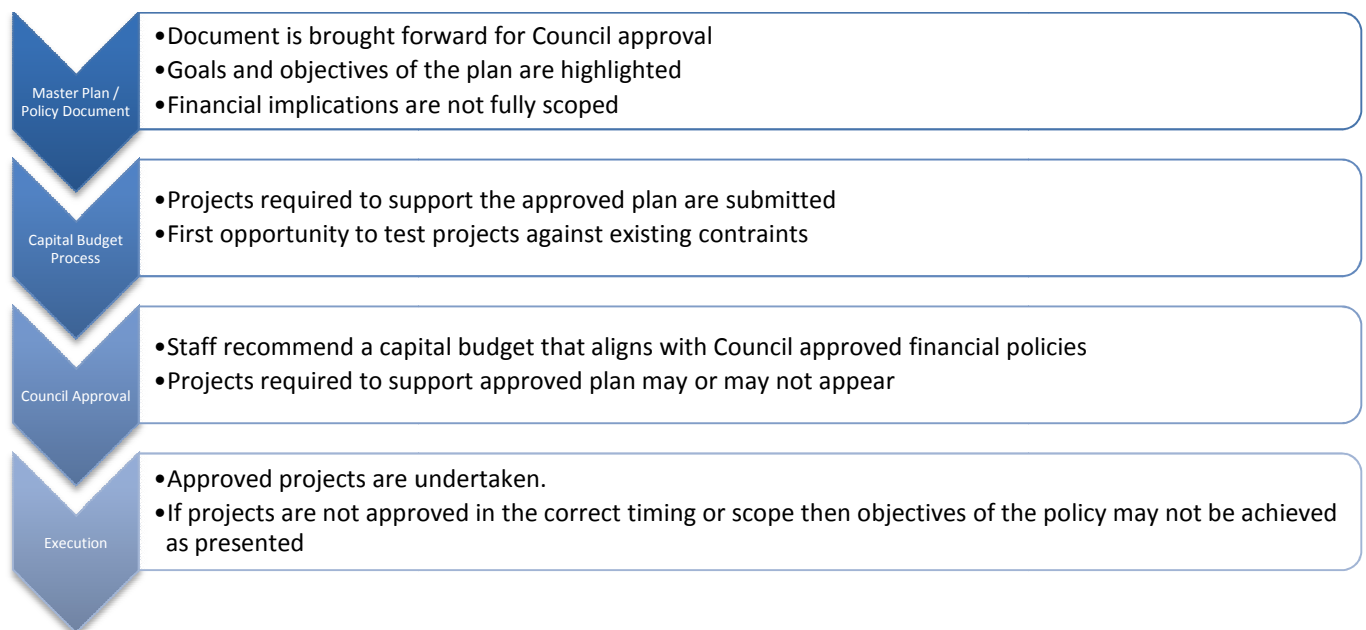
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The outline that follows highlights this approach and tool.

Master Plan/Policy Process: Alignment of Financial & Non-Financial Factors

The process for which a City policy or planning document is approved, funded and executed is a significant undertaking. **Chart One** below demonstrates the current process that is followed. As shown in the chart, a policy document is brought forward to Council that contains a number of goals and objectives that often involve some level of City investment. However, the first opportunity to test this investment against existing City financial policies and constraints is the capital budget process. This creates a disconnect between the qualitative factors, both positive and negative, that the policy development has supported and the financial capacity of the City to execute or support the required level of financial investment. Ultimately, failure to align the financial and non-financial factors earlier in the process lead to expectations not being met by various stakeholder groups, missed leveraging opportunities, failure to optimize planning objectives and poor execution. It further persists in providing lack of clarity to the community.

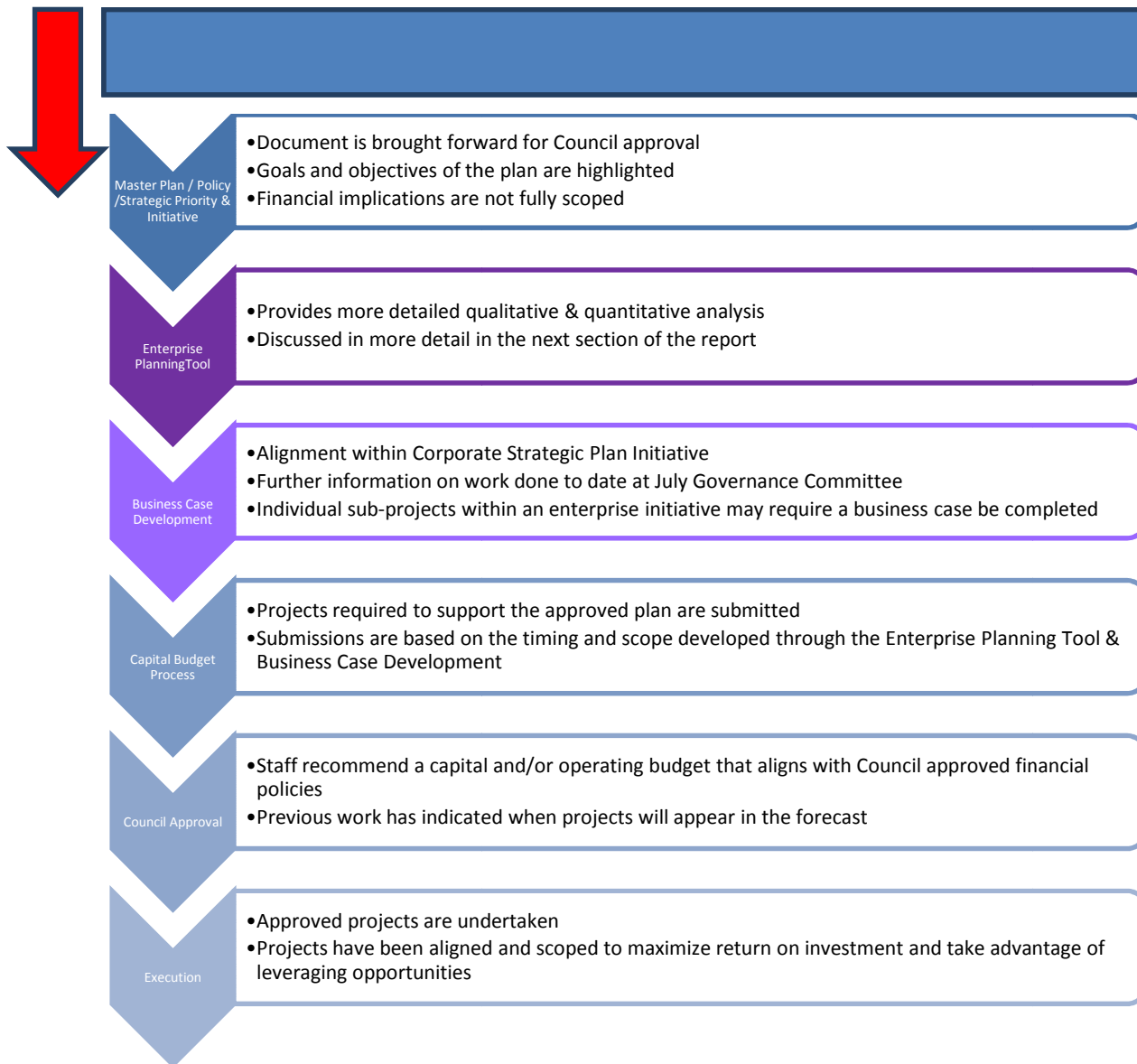
Chart One: Existing Process



Ideally, between the policy development and capital budget process, more rigorous work should be carried out to ensure that the timing, scope and cost of the projects were evaluated against existing City financial policies and constraints in combination with qualitative factors and business case development undertaken to fully vet options. This process is outlined in **chart two** below.

Chart Two: Proposed Process

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Enterprise Tool

Overview:

This report is proposing the piloting of a new tool that would be utilized in advance of any budget submission. The purpose of the tool would be to provide a “road-map” that aligns the qualitative (or non-financial factors) and quantitative (or financial factors) analysis of a policy document that requires significant City investment. By providing this analysis in advance, staff are anticipating that more detailed scoping and option consideration would be undertaken prior to the budget process. The timing, scope and cost of projects would be benchmarked against the existing City policies and constraints to provide a high level summary of what

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challenges existing in terms of inserting projects into the capital forecast and any forecasted operating budget impacts. It is being proposed that this tool be used to initially scope planning and policy documents that are led by the Enterprise department and have significant City investment. Examples of work that this would relate to are the Downtown Secondary Plan and the Baker District work that is currently being undertaken. Other nodes might be the GID and other emerging suburban nodes.

Enterprise Tool:

The tool is organised by grouping projects around strategic initiatives, and establishing their contribution to city-building principles and directives. Also captured is their current municipal, upper level of government, private sector, fundraising and leveraging funding, real or potential, as well as the identification of funding gaps and which projects are 'close' to being activated and others that still have significant challenges.

The tool also allows for the identification of project groupings to make explicit interdependencies as well as opportunities to achieve more through projects being strategically aligned.

At this point, the tool is in its piloting stage and would be open to refinement and adaptation to new policy and priority setting measures.

The proposed tool is included as **Attachment 2**.

Next Steps

If the concept is supported by Council, Staff will continue to refine and add to the Enterprise Planning Tool.

Staff will also consider the use of this tool to assist in the next term of Council's Strategic Plan development and priority setting.

CORPORATE STRATEGIC PLAN

3. City Building

- 3.1 Ensure a well-designed, safe, inclusive, appealing and sustainable City.
- 3.2 Be economically viable, resilient, diverse and attractive for business.
- 3.3 Strengthen citizen and stakeholder engagement and communications

DEPARTMENTAL CONSULTATION

This report has had extensive collaboration with a cross-departmental working team as well as the Executive Team.

FINANCIAL IMPLICATIONS

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There are no major financial implications resulting from this report.

There is communications support required in an amount of up to \$20,000 to be funded through the Enterprise Services consulting and contracted services accounts.

However, the tool being recommended will provide a method of aligning policy and planning documents which are developed by the Enterprise department that involve significant City investment with City financial policies and provide initial information related to timing, scope and the cost of these projects. This tool will also provide an overview of both the qualitative and quantitative benefits and challenges of these projects to assist in decision making.

COMMUNICATIONS

Corporate Communications and the CAO Office have worked with 3rd party strategy experts to develop the high level messaging described in **Attachment 1** and the Engagement Strategy described in **Attachment 3**.

ATTACHMENTS

- ATT-1 Communications High Level Messaging
- ATT-2 Proposed Enterprise Framework Template
- ATT-3 Communications and Engagement Strategy

Ian Panabaker, Corporate Manager, Downtown Renewal
Report Author

Approved & Recommended By

Al Horsman
CFO / ED Finance & Enterprise
T (519) 822-1260 x5606
E al.horsman@guelph.ca

KEY MESSAGES AND BACKGROUND

THEMES

**City Building:
The Emerging
Enterprise Approach**

Opportunity

Benefits

BROAD MESSAGES

**Guelph is proactively
shaping its future.**

**Now is not the time to be complacent.
Guelph must continue its forward-thinking approach
to city building to maintain our global competitiveness.**

**Done well, city building
benefits everyone.**

SUPPORTING MESSAGES

- An enterprising city ties its growth to building a diverse and vibrant local economy, while delivering the highest returns to residents and businesses.
- The bottom line is that we need to be more innovative in how we build prosperity. An enterprise framework will help Guelph be economically sustainable, affordable and livable. We must strategically manage key assets and generate viable opportunities with partners to build our city.

- To “do more with less,” we have to do business differently. The most creative, innovative and successful cities in the world depend on partnerships: between city and business, city and academia, city and neighbourhoods and, above all, the city and the public it serves. Successful partnerships are how we plan to accomplish more with less.
- The most vibrant and prosperous global cities are those which invest in fostering leading-edge, innovation economies. Guelph must do more to secure jobs in this space.

- If we seize the opportunities created by a legacy of good, forward-thinking planning we can leave our children a legacy that even Galt could never have dreamed.
- Our principled approach to growth, combined with our focus on community engagement and environmental sustainability, provides the basis for what comes next.
- City building contributes to a high quality of life, good neighbourhoods and opportunities for all residents.
- Guelph residents said no to sprawl. We’re not growing our boundaries. Instead, we’re transforming the value of the land we already have and we’re doing so where our community can realize the highest returns.
- We’re moving away from a culture of ‘building new’ to a culture of renovating and improving what we’ve got.

BACKGROUND AND SUPPORTING INFORMATION

- The City of Guelph will explore new options for city building, including alternative delivery models.
- John Galt broke away from the traditional notion of organic city development—where a city grows in reaction to its needs—by envisioning a fully planned city. We are continuing that legacy.

- Businesses are no longer tied to physical locations and are rapidly seeking innovative, forward-thinking cities who will partner with them.
- Meanwhile, cities are facing serious issues: environmental sustainability, economic rejuvenation and youth unemployment, as well as continued pressure to grow their populations without expanding their boundaries.
- All of these challenges come at a time when governments are under pressure to reduce spending and taxes. Some choose to slash services while others duck and cover. These approaches will only set us back.

- Guelph continues to evolve from John Galt’s days, harnessing economic investment that will lead Guelph into the future in a secure, sustainable and inspiring way.
- Downtown is where we are starting our 21st century city building. We are founding our new Guelph where it all began and we’ll work our way back out to our boundaries.
- Increased density reduces the negative impacts—poor air quality, stressed water supply, compromised environment—of urban sprawl on the quality of life for all Guelph residents.

TACTICS

- Dedicated web section
- Video/infographic
- Public open houses
- Media engagement
- Social media campaign
- Community updates
- Ongoing Council updates

CITY BUILDING

John Galt, the city's original planner, brought the best in city design practice to the founding of Guelph. To continue to uphold this legacy, the City is taking an enterprising approach to city building and reaching out/engaging citizens to create a secure and sustainable future for all of Guelph.



1

INTEGRATED PLANNING (COMPLETE)

1827–Present

Guelph founded with the symbolic felling of a tree on April 23, 1827

Laying the ground work

- Community Energy Initiative
- Prosperity 2020
- Growth Management Strategy
- Downtown Secondary Plan
- Downtown Community Improvement Plan
- Finance and Enterprise Services
- Guelph Wellbeing
- Open Government
- Guelph Municipal Holdings Inc.
- Guelph Innovation Secondary Plan

2

IMPLEMENT, PLAN AND ENGAGE

June 2014

Proposed Enterprise Framework

June–December 2014

Public engagement

- Baker District development
- Parking Master Plan (sustainable financial model)
- Placemaking: Streetscape, Built Form and St. George's Square (design)
- Regional transportation

3

CONSOLIDATE, INFORM, DEBATE AND APPROVE

2015

Council Strategic planning

January–March 2015

Public engagement

- Enterprise Framework priorities
- 2015 Budget process
- 10-year Capital Budget

4

DELIVER, MEASURE AND ADJUST

2015–2018 and beyond

COMMUNICATIONS AND ENGAGEMENT PLAN OVERVIEW



An enterprise framework for better city-building and greater economic prosperity

BACKGROUND

Guelph has been built through a unique legacy of long term design thinking. The City continues to use this approach as it develops new strategies to remain competitive and attractive in the 21st century.

Finance and Enterprise Services was established to proactively implement the community's vision through sound financials coupled with enterprising approaches, and we are seeing the results.

The Enterprise Framework continues to build on this practice and puts more focus on major city building initiatives that bring resiliency and economic growth to the community.

KEY STAKEHOLDERS

	Stakeholder
Internal	Mayor and Council City employees
External	Guelph taxpayers Guelph residents in new growth areas Residents living in the older core areas Downtown businesses Downtown Guelph Business Association Downtown Advisory Committee Potential Baker Street development partners (YMCA, Conestoga College, Innovation Guelph, University of Guelph, and Guelph Public Library)

COMMUNICATION AND ENGAGEMENT GOAL

Community members and stakeholders (both in and beyond downtown) are engaged in and know about the City's enterprise framework, and understand that it's intended to leverage additional investments which will benefit the whole community.

KEY MESSAGES

BROAD MESSAGES

OPPORTUNITY

- 1 Now is not the time to be complacent. Guelph must continue its forward-thinking approach to city building to maintain our global competitiveness.

CITY BUILDING: THE EMERGING ENTERPRISE APPROACH

- 2 Guelph is proactively shaping its future.

BENEFITS

- 3 Done well, city building benefits everyone.

TACTICS

A series of communications products will be designed to support engagement opportunities between now and March 2015. Others will promote awareness and understanding of Guelph's emerging enterprise framework.

CONTACT INFORMATION

Ian Panabaker, Corporate Manager, **Downtown Renewal**
T 519-519-822-1260 x 2475, E ian.panabaker@guelph.ca

Michelle Rickard, Communications Officer, **Corporate Communications**
T 519-822-1260 x 2283, E michelle.rickard@guelph.ca