



OFFICE OF THE
City Auditor

Planning and Policy Audit

April 2, 2009

The Office of the City Auditor conducted
this project in accordance with the
*International Standards for the
Professional Practice of Internal Auditing*

Planning and Policy Audit

1. Summary for City Council

The focus of this review was strategic. We directed our efforts to evaluating whether or not land use planning and policy activities support the City's Vision. Through this review we also assessed strategic alignment of the Corporate Strategic Plan, master plans, and land use supporting policies and plans. While there is evidence that the strategic goals of these various plans are aligned, there is not enough detail in the plans to allow the City to measure and demonstrate progress toward those goals.

The overall objective of a strategic planning framework is to develop a process through which ideas, planning, and resources are transformed into reality. The City of Edmonton Strategic Plan, "*The Way Ahead*", provides a 30-year vision of Edmonton in the future and a 10-year strategic plan to guide development. All other supporting strategic plans and both operating and capital budgets must support this vision to ensure that corporate priorities are effectively aligned to Edmontonians' priorities. Directing resources at activities that do not contribute to the City's Vision take resources away from activities that do contribute to the City's Vision.

We observed that there is strategic alignment between the City's master plans and the City's Vision. However, we also observed inconsistent terminology and structure within the City's overall planning framework. We also believe that there is a significant gap in the City's strategic planning framework because defined outcomes, targets, and timelines within these documents do not exist or are incomplete. The City must demonstrate progress towards the achievement of the strategic goals as an integral part of this framework. We have directed a recommendation to the Deputy City Manager's Office to address this issue.

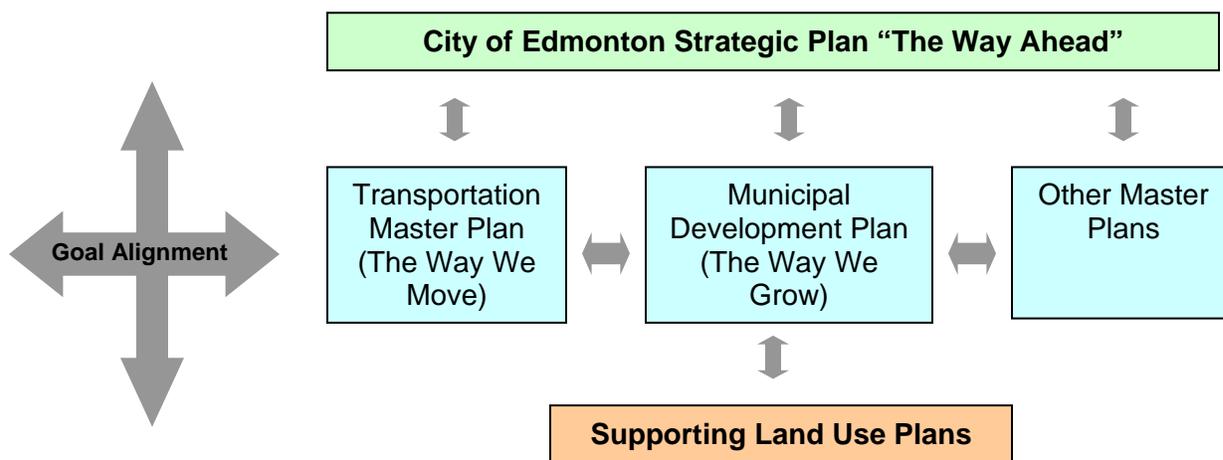
We observed similar gaps in land use policies and plans. There are no defined outcomes and targets and the terminology and overall structure are inconsistent. The draft Municipal Development Plan itself is lacking in defined outcomes and targets. We believe that this gap is best addressed at a corporate level under the leadership of the Deputy City Manager's Office. Another key strategic gap within the City's planning framework is the need for a corporate long-term growth coordination strategy. This strategic gap is being addressed in the draft Municipal Development Plan, which includes a growth strategy to address this need.

We also evaluated the need to update the Zoning Bylaw and concluded that the Administration needs to complete the various Master Plans and supporting policies and plans prior to conducting a major Zoning Bylaw review and update.

2. Objective and Methodology

Our primary objective was to provide assurance that the City's long-term strategic vision is supported by effective city-wide land use plans and policies. In order to meet our audit objectives we analyzed relevant strategic documents to identify areas of alignment or gaps. Figure 1 below illustrates the methodology we used to assess strategic alignment.

Figure 1 – Strategic Alignment



3. Observations

3.1. Strategic Alignment within the Corporation

3.1.1. Goal Alignment

In July 2008, City Council approved the City of Edmonton's new strategic plan, *The Way Ahead: City of Edmonton Strategic Plan 2009-2018*. Underpinning this strategic plan are four guiding principles: 1) Integration of strategic planning, 2) Sustainability in the way we live, 3) Liveability or interconnectedness of our economic, social and natural environments, and 4) Innovation within the culture of our organization. The vision document includes six 10-year strategic goals to move the organization towards this vision. Progress measures have been identified for these long term 10-year strategic goals. Additionally, shorter term 3-year priority goals have been identified for each long term 10-year goal.

The Municipal Government Act requires each municipality to have a Municipal Development Plan. The Municipal Development Plan is the parent document to which all other land use planning documents must align. The Province of Alberta is moving towards implementing a regional planning framework that will require all municipal development plans in each region to align. The City of Edmonton is taking a lead role in

developing this regional planning framework for the Capital Region. Edmonton will need to review its Municipal Development Plan once the Capital Region Growth Plan is approved to ensure that the two plans are aligned.

In 2008, the Planning and Development Department prepared an updated draft Municipal Development Plan entitled, *The Way We Grow*. Similarly, the Transportation Department brought forward a draft Transportation Master Plan, *The Way We Move* in 2008. The Administration developed these two master plans during the same time frame to improve strategic alignment of land use planning and transportation planning. Table 1 below summarizes the structure of these draft master plans and other approved master plans.

Table 1 – Comparing Master Plans

Master Plan	Structure
Municipal Development Plan - <i>The Way We Grow</i> The draft plan was released for public review and comment in October 2008	8 strategic goals, 61 objectives <i>supported by</i> 318 policy statements
Transportation Master Plan - <i>The Way We Move</i> The draft plan was released for public review and comment in October 2008	7 strategic goals <i>applied to</i> 5 modes of transportation <i>to create</i> 20 policy directions
<i>Environmental Strategic Plan</i> The current plan and the Edmonton's Environmental Policy #C512 was approved in May 2006	10 strategies <i>supported by:</i> 52 strategic objectives
<i>Drainage Services Master Plan (2004-2014)</i> The current plan was approved in January 2004.	13 strategies <i>to address:</i> 23 issues that impact drainage services.
<i>Edmonton City Council's Infrastructure Strategy</i> The current plan was approved in January 2005.	6 principle principles, 3 goals with 14 action items

We assessed the alignment of the strategic goals in each of the master plans to each other and believe that horizontal strategic goal alignment exists. We also assessed strategic alignment between the draft MDP and the City of Edmonton Strategic Plan and believe vertical strategic goal alignment exists.

We also reviewed the land use supporting plans shown in Table 2 to assess their vertical alignment with the draft Municipal Development Plan. Based on this review we believe that vertical goal alignment exists between the draft Municipal Development Plan and land use supporting plans.

Table 2 – Land Use Supporting Plans

Name	Structure
<i>New Downtown Plan (Draft)</i> (General guidelines to specific area redevelopment)	36 Goals 103 Strategies 377 Policies 48 Objectives 38 Development Intents
<i>Residential Infill Guidelines (Draft)</i> (Specific planning and design guidelines on achieving development within established residential areas)	8 Themes/categories 45 Guidelines
<i>The Quarters (Draft)</i> (General guidelines to specific area redevelopment)	1 Vision 7 Guiding Principles 11 Objective Statements 17 Policy Statements
<i>Historic Management Resource Plan</i> (High level strategy on how to protect Edmonton's historical resources)	5 Activities 24 Policy Statements 94 Action Statements
<i>Smart Choices Concept Plan</i> (Identifies a variety of ideas to advance Edmonton land development strategy)	11 Principles 9 Ideas

3.1.2. Plan Structure

Our analysis of these master plans and supporting plans indicates that their structures and terminology are not consistent. The draft Transportation Master Plan and Municipal Development Plan were developed at the same time, but the structure and terminology (as shown in Table 1) are quite different between these two documents.

We observed that the master plans and supporting plans use terminology such as policy statements, policy directions and guidelines interchangeably. Some of these plans identify strategic goals, while others do not. These inconsistencies make it difficult for stakeholders to understand how or whether these plans fit together to achieve corporate goals. They also make it difficult to understand the relationships between the authority or level of importance of differing plans. Developing consistent strategic plans will enhance communication between areas and add clarity to the strategic planning process.

Similarly, the land use supporting plans shown in Table 2 illustrate the complexity that developers face in creating development plans to meet customer needs while satisfying the City's requirements. We found that there are many policy-type statements written at a very abstract or idealistic level, the interrelationships of which are not easily understood. For example, the New Downtown Plan contains 377 policy statements. The hierarchy of policy statements within land use supporting plans themselves and to other plans is inconsistent.

3.1.3. Outcomes and Targets

The level of direction provided in the City’s vision, master plans, supporting plans, and business plans impact goal alignment and ultimately the way in which actions are implemented. We believe that specific outcomes and targets are key elements in providing clear direction for the City. Specific targets need to be set to ensure clear expectations for each plan, create a challenge for the Administration and provide a means to gauge the degree of their success.

We compared Edmonton’s and Calgary’s vision documents. Both vision documents provide a high-level future vision of life within their respective cities. The plans differ in that Calgary’s vision has a much longer planning timeframe (100 years) with 28 strategic goals and outcomes with specific targets and timeframes. Edmonton’s vision has a 30-year time frame with 6 strategic goals and general progress measures, but no targets. Table 3 uses three examples to illustrate the different approaches to identifying outcomes. Edmonton has identified general outcomes without specific targets and timeframes. Calgary has included specific targets and timeframes for each outcome.

Table 3 – Comparison of Outcomes

Edmonton Goals & Outcomes	Calgary Systems-Goals & Outcomes
<p><u>Transform Edmonton’s Urban Form</u></p> <ul style="list-style-type: none"> Percent of population that is within 400/800 metres of a transit node/corridor. 	<p><u>Built Environment & Infrastructure System – Transportation</u></p> <ul style="list-style-type: none"> By 2016, we increase the residential population within walking distance (600 metres) of LRT stations and major transit nodes by 100 per cent.
<p><u>Preserve & Sustain Edmonton’s Environment</u></p> <ul style="list-style-type: none"> City-wide energy used (total, per capita, sector) 	<p><u>Natural Environment System – Air</u></p> <ul style="list-style-type: none"> By 2036, energy consumption is reduced by 30 per cent based on 1999 use.
<p><u>Improve Edmonton’s Liveability</u></p> <ul style="list-style-type: none"> Citizens perceive that Edmonton is a very liveable city. (Residents’ perception of safety in their neighbourhoods, downtown and on public transit.) 	<p><u>Social System – Peace, safety and security</u></p> <ul style="list-style-type: none"> By 2016, 95 per cent of Calgarians report that they feel safe walking alone in their neighbourhoods and walking alone downtown after dark.

The lack of defined outcomes with targets and timeframes represents a significant gap in the City’s strategic planning framework. Edmonton’s strategic planning framework lacks defined outcomes with targets in the City of Edmonton Strategic Plan as well as all master Plans. We believe defined targets and timeframes are an essential element for good governance since they provide the means for the organization to demonstrate it is successfully moving forward towards the defined vision.

The Administration, led by the Deputy City Manager’s Office, recognizes that strategic plan alignment is important and has created a committee (Transforming Edmonton Implementation Committee) to ensure alignment of key strategic documents. In addition to achieving strategic alignment, we believe that this committee is well-positioned to address the issue of inconsistency in the overall corporate strategic planning and lack of defined outcomes and targets.

Recommendation #1 (Deputy City Manager's Office)

The OCA recommends that the Deputy City Manager's Office develop standards on plan structure, and terminology and the need for outcomes and targets as part of the City's budget, strategic and supporting plans.

Management Response and Action Plan:

In 2009, the Deputy City Managers Office is leading the development of outcome based performance measures throughout the corporation. These outcome based measures will demonstrate effective progress towards Council Vision and the City of Edmonton Strategic Plan.

The Deputy City Manager's Office current efforts are focussed on working with departments and business areas to establish new outcome based measures and targets. A standard approach is being used to provide consistency for department and business area level outcomes such that appropriate linkages can be made to the goals and performance measures identified in the City of Edmonton Strategic Plan.

Through the Transforming Edmonton Implementation Committee, the Administration is in the process of developing a planning framework that links strategic planning with business and operational planning. The framework aligns the strategic plan, the 10-year plans, and operational plans, tying them to both performance measures and budget resources.

To fully integrate the budget allocations with the Strategic Plan, a number of initiatives have begun. In December 2008, a Budget Committee, led by Finance and Treasury, was established to make recommendations on improving the budget development process. In early February 2009, Administration presented Council with the integrated planning and budgeting approach that would be used for 2010-11. The focus of the approach is to use the strategic plan to guide budget allocations for 2010 and beyond.

The integrated planning and budgeting process consists of four steps: clarifying priorities, identifying alternative strategies, developing an implementation plan, and review and approval. Each step contains a series of actions to integrate the strategic plan and the budget. Integration of strategic and financial planning processes will provide an essential link between organizational priorities and deployment of resources and will be reflected in the creation of a corporate business plan.

The Transforming Edmonton Implementation Committee will also review the issue of consistency in plan structure, alignment and context, and terminology within strategic and supporting plans with the aim of developing standards or guidelines for the corporation to apply.

Planned Implementation:

Work is already underway and being applied through 2009 with continued refinement and development expected through to December 2010

3.2. Planning and Policy Branch

On July 3, 2008, the General Manager of the Planning and Development Department announced a new department organizational structure, which included a newly created Planning and Policy Branch. The new Planning and Policy Branch has the specific mandate to provide policy direction on land use planning for the City of Edmonton.

The Planning and Policy Branch is responsible for developing and maintaining City-wide land use policy including the City's Municipal Development Plan, which is the cornerstone of all City land development planning. The Municipal Development Plan is a statutory or legislated requirement of the Municipal Government Act, which contains specific plan content requirements. The Municipal Government Act also grants municipal councils the powers to develop a zoning bylaw, which serves as the key tool to implement approved land use policies.

In this report, we identified the need for outcomes and targets within the City's strategic planning framework. We believe that this must be done at both the corporate plan level and the master plan level. A Municipal Development Plan that incorporates specific outcomes and measures is required to ensure that City land development aligns to the City's long-term strategic goals and is less subject to strong market influences.

An example of strong market influence is exhibited by the South Edmonton Common development. Stimulating economic activity in tough economic times was achieved through land zoning changes to facilitate retail development. These short term actions impacted the City's planning processes by accelerating the 23rd Avenue and Gateway Boulevard Interchange development.

This example also helps to illustrate the need for the City to have a long-term growth coordination strategy. The draft Municipal Development Plan identifies managing growth as a key strategic area and articulates a growth strategy to address this need. Within this growth strategy, the draft Municipal Development Plan identifies numerous policies that exist to partially accomplish this strategy, such as transit-oriented development plans and industrial land strategies.

The proposed draft Municipal Development Plan further identifies the need to conduct additional policy development, such as a staging and phasing strategy in new and developed neighbourhoods and growth-management area studies. Systematic assessments of growth-based commitments to future infrastructure and service expenditures would improve financial and business planning effectiveness and informed land development decisions. A forward-looking approach to growth coordination would aid financial management, facilitate evaluation of development alternatives, and improve the City's capacity to meet the expectations of residents in new communities for timely infrastructure and service provision.

Within the Planning and Policy Branch, land-use policy is generally developed using the following process cycle:

1. Conduct an environmental scan inclusive of applicable legislation, higher-level policy, current and emerging trends and issues, the effectiveness of current policy and regulation, and directional gaps.
2. Examine and test alternative policy approaches to address trends, issues and directional gaps.
3. Select one approach, develop it, test it with stakeholders and refine it.
4. Seek and obtain policy approval.
5. Implement the policy - this may include development of additional specific policy documents and new or amended regulation as contained in the Zoning Bylaw.
6. Monitor the effectiveness of the policy relative to its implementation, etc.
7. Consider adjustments to existing policy, develop additional policy, and amend affected regulation as necessary (i.e., return to step 1).

The Zoning Bylaw

The Zoning Bylaw is a tool the City uses to implement many of its land-use policies. The Zoning Bylaw should reflect the development philosophy of the Municipal Development Plan and other relevant higher level policies and guidelines.

The Current Planning Branch, within the Planning and Development Department, is responsible for maintaining and applying the Zoning Bylaw. The last major Zoning Bylaw update occurred early in 2001 with only minor amendments since then to address emerging issues.

In addition to the work around the new Municipal Development Plan, the Planning and Policy Branch is working to complete a number of higher level policy and guideline documents, which will necessitate Zoning Bylaw amendments.

The Planning and Policy Branch and the Current Planning Branch have expressed interest in conducting a comprehensive Zoning Bylaw review and update.

We believe that enhancements to the City's master plans should be the first priority, followed by a review and finalization of the land use policies and plans before conducting a full Zoning Bylaw update.

Recommendation #2 (General Manager, Planning and Development)

The OCA recommends that the Planning and Policy Branch evaluate the status of current land use policies and plans, identify how changes will impact the Zoning Bylaw, and establish dates to update the Zoning Bylaw as necessary.

Management Response and Action Plan:

The Planning and Development department endorses this recommendation in principle. In 2008 the department requested a \$300,000 service package for 2009 to scope the methodology for updating the Zoning Bylaw. In making this request the department anticipated potential changes to the Zoning Bylaw to reflect the development philosophy of the new MDP and other higher level policies, and recognized the demand for the Edmonton Zoning Bylaw to reflect best practices. The scoping study would confirm those elements to be retained and identify those areas of potential change in the Zoning Bylaw. The study findings would also determine the funding, resources, and business processes necessary to undertake and implement appropriate amendments on an ongoing basis. Council did not approve this service package.

Without this Service Package, the Department will explore a number of options to address potential changes to the Zoning Bylaw in 2009. These options include:

1. Reallocation of staff;
2. Reallocation of discretionary consulting money; and
3. Advancement of another Service Package for 2010.

Based on current economic conditions, Planning and Development will be challenged to meet a number of priorities (inclusive of a review of the Zoning Bylaw) relative to reallocating resources.

If the department cannot appropriately reallocate its resources or obtain a Service Package to review the Zoning Bylaw, then the department will continue to maintain the Zoning Bylaw on a largely reactive basis and identify and incorporate changes in an incremental basis over the short term.

Planned Implementation: December 2010