

## **Saskatoon Soccer Centre Inc. Tax Abatement Renewal 2021-2025**

### **ISSUE**

This report recommends that the Saskatoon Soccer Centre Inc. be granted a five-year tax abatement with respect to the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre. This would be a renewal of a previous agreement that expired at the end of 2020 and would be subject to Saskatoon Soccer Centre Inc. making the necessary contributions to a dedicated capital reinvestment reserve fund for the two soccer centres.

### **RECOMMENDATION**

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That the Saskatoon Soccer Centre Inc. be granted a five-year tax abatement for the operation of the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre, commencing in 2021 and ending in 2025; and
2. That the City Solicitor be requested to prepare the required tax abatement agreement, and that the Mayor and the City Clerk be authorized to execute this agreement under Corporate Seal.

### **BACKGROUND**

Saskatoon Soccer Centre Inc. (Saskatoon Soccer) was formed by the local soccer community to grow the sport through the development of new facilities. Saskatoon Soccer, a non-profit corporation, spearheaded the fundraising for the majority of the funds to construct the Saskatoon Kinsmen/Henk Ruys Soccer Centre which opened 1998 and then the Saskatoon Sports Centre which opened in 2006.

Lease agreements have been signed with Saskatoon Soccer to lease lands from the City of Saskatoon (City) to operate the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre. The long-term lease agreements allow Saskatoon Soccer to lease municipal reserve land from the City, in order to operate and maintain the facilities they have on site and provide valuable recreational opportunities for indoor soccer as well as other recreational and cultural events in Saskatoon.

At its October 23, 2017 meeting, City Council approved a report from the General Manager, Community Services, recommending that Saskatoon Soccer be granted a five-year tax abatement for operation of the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre commencing in 2016 and ending in 2020. Prior to this, at its December 5, 2011 meeting, City Council approved the tax abatement starting in 2011 and ending in 2015.

This arrangement has a long history and is unique in that the buildings are located on City municipal reserve lands but are owned and operated by a non-profit organization.

## **DISCUSSION/ANALYSIS**

### Saskatoon Soccer Centre Inc. Community Benefit

The Saskatoon Kinsmen/Henk Ruys Soccer Centre and Saskatoon Sports Centre accommodate a wide variety of sports and functions including indoor and outdoor soccer, volleyball, beach volleyball/soccer, ball hockey, football, ultimate disc, lacrosse, rugby, baseball, roller derby and various community and special events. Saskatoon Soccer also offers daily drop-in playgroups for young children, walking groups for seniors and drop-in soccer and sports programs for families. In 2021, a pickleball program will also be launching in partnership with Saskatoon Pickleball Inc. with funding support from the Jack Adilman Grant. Saskatoon Soccer estimates there are approximately 1.6 million visitors annually to both the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre.

Centennial Collegiate and St. Joseph High School utilize Saskatoon Sports Centre's indoor and outdoor fields for high school programming, as well as for junior football and soccer games, as part of the Saskatoon Secondary Schools Athletic Development program. Both recreation facilities are also designated as evacuation reception centres and have been utilized numerous times by the Province of Saskatchewan for residents of northern communities displaced by flood and/or fire emergency events.

### Saskatoon Soccer Centre Inc. Tax Abatement Renewal

*The Cities Act* permits City Council to grant tax abatements for up to five years, providing City Council enters into an agreement with the owner or occupant of any property. The City has long-term lease agreements with Saskatoon Soccer for both the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre.

Previously, City Council granted Saskatoon Soccer two, five-year tax abatements, with respect to the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre, commencing in 2011 and ending in 2015, and again from 2016 to 2020. The standard tax abatement agreement specifies obligations of each party and the consequences of a breach.

### Dedicated Capital Reinvestment Fund

As part of the lease agreement with the City, Saskatoon Soccer is required to contribute to a dedicated capital reinvestment fund, held in trust by the City. The fund is similar to the City's Civic Building Comprehensive Maintenance reserve (CBCM), and covers major capital repairs, renovations, upgrades, or replacements, which may be required for the facilities. Prior to the COVID-19 Pandemic, Saskatoon Soccer contributed \$217,400 in 2019, with scheduled increases of 2% annually. Due to impacts of COVID-19, Administration agreed to a contribution of \$100,000 in 2020, with the balance to be deferred and paid at a later date. At the end of 2020, the reserve had a balance of \$1,950,800. In addition, in 2020, Saskatoon Soccer successfully paid off their mortgage and debenture and has been working with Administration on increasing the annual contribution to fully fund the reserve. Saskatoon Soccer has agreed to increase the annual contribution by an additional minimum of \$400,000, beginning in 2022, assuming normal operations have resumed and the Public Health Order has been

lifted. This contribution will allow continued sustainable operations of the facilities by Saskatoon Soccer and fully fund the reserve within 8 years. Once the fund is fully capitalized, the annual amount will be determined by the condition assessment which is completed every five years to ensure sufficient funds are maintained to protect the long-term sustainability of the assets.

This approach aligns with the practice of non-profit organizations seeking to establish and operate a recreational facility on municipal reserve lands and being granted a tax abatement. The condition being the organization demonstrates there are sufficient funds available to address construction and operating costs, as well as any renovation or replacement needs, as the City does not want to assume responsibility for such costs.

Further, this tax abatement request aligns with previous requests for tax abatements where the non-profit user is operating a recreational facility which has broad community usage for recreation.

### **FINANCIAL IMPLICATIONS**

The tax abatement request is for the total tax, including City, library and education property tax. The table below summarizes the tax abatement related to the portion of City and library property tax required for Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon Sports Centre for 2021.

	<b>Estimated 2021 Property Tax</b>			
	<b>City</b>	<b>Library</b>	<b>Education</b>	<b>Total</b>
<b>Saskatoon Kinsmen/Henk Ruys Soccer Centre</b>	\$99,868	\$10,312	\$56,751	\$166,931
<b>Saskatoon Sports Centre</b>	\$224,087	\$23,117	\$130,510	\$377,714

### **OTHER IMPLICATIONS**

There are no policy, environmental, privacy, or CPTED implications or considerations; a communication plan is not required at this time.

### **NEXT STEPS**

Subject to City Council approval, the City Solicitor will prepare the required tax abatement agreement. In addition, the application to the Province will be completed to request approval to abate the education property tax on each of the above properties. Provincial approval for education property tax abatements is required for any property where the education portion exceeds \$25,000.

### **REPORT APPROVAL**

Written by: Mike Libke, Manager, Special Use Facilities and Capital Planning  
Reviewed by: Andrew Roberts, Director of Recreation and Community Services  
Approved by: Lynne Lacroix, General Manager, Community Services