

### Recreation and Sport Grant Program

#### ISSUE

The City of Saskatoon (City) currently does not have a grant program to address the emerging needs of Recreation and Sport Organizations that own their building and land. This report provides options for a new Recreation and Sport Grant Program.

#### BACKGROUND

##### 2.1 History

At its May 7, 2018 meeting, the Standing Policy Committee on Planning, Development and Community Services received communications from Kory Kohuch, Board of Directors, Curl Saskatoon on behalf of the four curling rinks. Kory Kohuch asked the City to partner with the curling clubs, either through full property tax abatements for their facilities or through a grant so the clubs can redirect this money to upkeep and modernization of their facilities. The matter was referred to Administration for a report on alternative options.

The following Notice of Motion was approved by City Council, at its Regular Business Meeting, held on January 25, 2021.

“Whereas, curling is a sport with a long and storied history in our City and Province that has produced many national and international champions;

Whereas, curling organizations in Saskatoon also provide important community, cultural, and recreational activities that brings people of all ages and abilities together to enhance their quality of life;

Therefore, be it resolved that the Administration meet with Saskatoon curling organizations to discuss potential policy options to ensure the long term financial and operating sustainability of these organizations;

Be it further resolved that the Administration report back to the appropriate Standing Policy Committee no later than the second quarter of 2021.”

City Council, at its Regular Business Meeting, held on June 28, 2021, received the report of General Manager of Community Services on [“The Financial and Operating Sustainability of Saskatoon Curling Organizations”](#), and resolved:

“...Administration to develop a Recreation and Sport Grant Program similar to the Culture Grant Program that provides annual operating funding to recreation and sport organizations through a combination of grant dollars and tax abatements, be approved and that Administration report back to the appropriate committee in time for the 2022/2023 Multi-Year Business Plan and Budget deliberations; and

That Administration be directed to determine and report back on how many organizations would meet the criteria for a Recreation and Sport Grant Program as outlined in the Administration’s report.”

### 2.2 Current Status

There currently is no policy or approved grant program which covers tax abatements or cash grants for Recreation and Sport organizations that own their own facility, building and land. Related to other grant programs within recreation and sport, the City does currently have a number of grant programs for community-based organizations, with the most significant being the Youth Sport Subsidy Program that targets youth sport organizations and provides a 40% subsidy on rental costs for all eligible youth sport organizations.

### 2.3 Approaches in Other Jurisdictions

Administration reviewed similar programs and best practices from other municipalities, which served as a template for the proposed Recreation and Sport Grant Policy. Some key components incorporated into the proposed City's Grant Program, which are outlined in the proposed eligibility requirements and Administrative Guidelines for the policy, include the following principles, the qualifying organization must:

- 1) Be in compliance with Municipal Policies, Bylaws, Codes and Legislation;
- 2) Be a Non-Profit Organization;
- 3) Have alignment with the City's plans and programs including the Official Community Plan and Recreation and Parks Master Plan;
- 4) Own the building and land; and
- 5) Be accessible to the Public.

### **OPTIONS**

Administration has identified three options for consideration with respect to the approach to implementation of the proposed Recreation and Sport Grant Program.

#### **Option 1 – Tax Abatement and Cash Grant Combined**

To provide qualifying Recreation and Sport organizations financial support through a combination of tax abatements and cash grants.

#### **Advantages:**

This would allow qualifying organizations to apply for either a tax abatement or cash grant depending on their situation. A tax abatement would provide a direct benefit to a qualifying organization by reducing their operating expenses. Cash grants have the added flexibility for the organization to leverage the grant with other sources of funding to address financial needs or for capital investment.

#### **Disadvantages:**

- 1) The main disadvantage to this option is it is the most complicated of options to administer, including determining appropriate budget to allocate for the two components of the program and whether one organization can apply for both types of support.
- 2) As with any tax abatement program, there is the risk not all level of taxes would be forgiven. The City would need to obtain prior approval from the Province for any education property tax abatement greater than \$25,000, as this portion of the

tax is subject to the rules contained in *The Education Property Tax Act*. If the Province did not approve, the organization would still be responsible for the education tax portion.

**Option 2 – Provide a Tax Abatement Only**

To provide qualifying Recreation and Sport organizations financial support through tax abatements.

**Advantages:**

- 1) The primary advantage of this option is the qualifying organizations would receive a direct benefit from the City tax portion and as is consistent with the practice for other grant programs the City would apply to the Province for an education-portion property tax abatement where it is more than \$25,000.
- 2) Administration of the program is the most straightforward with the tax amount determined through the property tax process and applying the abatement would be handled internally by way of existing processes. This option would not require additional staff resources to administer the program.

**Disadvantages:**

- 1) The main disadvantage is this does not ensure all level of taxes would be forgiven. The City would need to obtain prior approval from the Province for any education property tax abatement greater than \$25,000, as this portion of the tax is subject to the rules contained in *The Education Property Tax Act*. If the Province did not approve, the organization would still be responsible for the education tax portion.
- 2) The tax abatement may not meet the expressed needs of the organizations and does not provide the flexibility of a cash grant.

**Option 3 – Provide a Cash Grant Only**

To provide qualifying Recreation and Sport organizations financial support through a cash grant.

**Advantages:**

The primary advantage of this option is the flexibility of a cash grant that qualifying organizations could use to leverage funding with other sources to support operating costs and/or invest in capital improvements to their facilities.

**Disadvantages:**

- 1) The main disadvantage is, depending on funding available, the amount of the cash grant provided may not meet the expressed needs of the organizations.
- 2) Organizations would be responsible for their full property tax obligations and would not have the benefit to also access the option to abate the education portion of their property tax.

**RECOMMENDATION**

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

1. That Option 2 - the proposed Recreation and Sport Grant Program be a tax abatement-only program, be approved as presented; and
2. That the Recreation and Sport Tax Abatement Policy, in Appendix 1, be approved as presented.

**RATIONALE**

Administration has developed the proposed Recreation and Sport Program Policy (see Appendix 1) and the supporting Proposed Eligibility Requirements and Administrative Guidelines for the Recreation and Sport Grant (see Appendix 2). These guidelines would be used to guide the approach to providing financial support, in the form of a tax abatement, to qualifying organizations in recognition of their contribution to the quality of life in Saskatoon and their role in providing recreation and sport programs for Saskatoon residents and visitors. Should Committee or Council approve a different option for providing funding, Administration would undertake to update the Policy and Administrative Guidelines to reflect the change.

After reviewing the programs and best practices in other municipalities and for the reasons identified in this report, Administration is recommending the tax abatement only option to get this grant program underway. Subject to approval of the proposed grant program and subsequent approval of funding during the 2022/2023 Business Plan and Budget deliberations, Administration would implement the grant program. Administration would also review the effectiveness of the program after two years and report back if needed with any amendments or improvements.

It is important to note that every application for such a tax abatement under this proposed new grant program, as with all tax abatements, still requires City Council approval. This would occur annually during approval of the Operating Budget, similar to other existing grant programs of this nature. The policy merely establishes criteria for the consideration of all such tax abatement requests.

The proposed Recreation and Sport Grant Program provides support to eligible organizations by providing funding to offset the City's portion of their property tax and application for abatement of the education tax portion, thus reducing overall operating expenses. This allows organizations to allocate those funds elsewhere to support their operations through reinvestment. The Policy-based process ensures requests for tax abatements are treated in a fair, consistent and transparent manner.

A funding request to support the Recreation and Sport Grant Program has been submitted for consideration by City Council during the 2022/2023 Business Plan and Budget deliberations. Administration has conducted a review based on the information currently available and now estimates the number of organizations that would qualify for this grant program, to be approximately 6 to 8 with an estimated level of funding

required to be approximately \$200,000. Therefore, the funding request included in the 2022/2023 Business Plan and Budget of \$200,000 in 2022 would be sufficient to fund the program.

### **FINANCIAL IMPLICATIONS**

The financial implication of approving this tax abatement grant program is estimated to be \$200,000 per year. A request for a two-year phase in of the funding at \$200,000 in 2022 and \$200,000 in 2023 has been included for consideration at the 2022/2023 Business Plan and Budget deliberations. This amount was based on a preliminary estimate of the program needs, to meet the timeline for submission of Budget Options, and was prior to the development of the policy and based on other municipalities funding models.

At the upcoming November budget deliberations, Administration will be requesting the second phase of the funding request of \$200,000 be withdrawn. Council could decide to allocate the requested \$200,000 of funding in either 2022 or 2023, this would then determine the effective date of the grant program.

### **ADDITIONAL IMPLICATIONS/CONSIDERATIONS**

There are no environmental, privacy, or CPTED implications or considerations.

This newly proposed Recreation and Sport Grant Program would be targeted to non-profit sport or recreation groups that own their own facilities and land, and would be in addition to the already existing sport related grants, like the Youth Sport Subsidy Program. Applicants would be evaluated on other funding already received from the City including Youth Sport Subsidy.

### **COMMUNICATION ACTIVITIES**

Pending approval by City Council, of the proposed policy, eligibility criteria and the requested funding to support the grant program, Administration would then promote public awareness of the Recreation and Sport Grant Program. This new grant program would also be highlighted and referenced on the Community Services webpages.

### **APPENDICES**

1. Recreation and Sport Tax Abatement Program Draft Policy
2. Eligibility Requirements and Administrative Guidelines for the Proposed Recreation and Sport Grant

### **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