

## **Incentive Application – McKnight Carwash GP Inc.**

### **ISSUE**

City Council approval is required for a five-year tax abatement on the incremental portions of taxes at the McKnight Carwash GP Inc. development at 125 Aspen Place.

### **RECOMMENDATION**

That the Standing Policy Committee on Finance recommend to City Council:

1. That the application from McKnight Carwash GP Inc. for a five-year Service Fee Abatement on the equivalent incremental portion of taxes at 125 Aspen Place, as a result of its development in 2021, be approved as follows:
  - a. 100% in Year 1;
  - b. 80% in Year 2;
  - c. 70% in Year 3;
  - d. 60% in Year 4;
  - e. 50% in Year 5; and
2. That the City Solicitor be requested to prepare the appropriate agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the corporate seal.

### **BACKGROUND**

Council Policy C09-014, Business Development Incentives, outlines the criteria for which businesses could qualify for tax abatement incentives. The purpose of the policy for business is to:

- encourage them to locate or expand their operations in Saskatoon in order to create long-term, skilled or semi-skilled jobs;
- provide tax relief that will flow to companies creating new jobs;
- place Saskatoon in a competitive position to attract businesses that it would not otherwise occupy;
- increase the long-term viability of a project; or
- demonstrate the City of Saskatoon's commitment to a business or industry.

In accordance with this Policy, SREDA's Board of Directors, through a sub-committee, reviews the applications and brings forward a recommendation to City Council.

### **DISCUSSION/ANALYSIS**

Appendix 1 is a report from Cam Broten, Chair, SREDA Board of Directors, which describes how the McKnight Carwash GP Inc.'s expansion satisfies some of the criteria found in Council Policy C09-014. The letter also speaks to the fact that the expansion

does not meet the criteria established by Section 3.3.1(b) of the policy, specifically that the operation as a retail carwash is not an eligible industry. However, section 3.3.2 of the policy does allow for City Council to waive any criteria in recognition of unique circumstance(s).

SREDA's Board of Directors recommends approval of this application based on their review and perspective that it aligns with the intent of the policy to support business growth, economic development, economic recovery and job creation as well as the unique circumstance of economic reconciliation and TRC call to action #92.

Another factor that should be noted is that this property resides within the Muskeg Lake Cree Nation Urban Reserve, and as such, is not subject to the City's property tax levy and/or tax enforcement activities. Instead, an annual invoice would be sent that equals the municipal and library portion of what the property tax levy would be.

### **FINANCIAL IMPLICATIONS**

If approved, the abatement for the first year is estimated to be \$78,167. The total estimated value of the five-year abatement, using 2021 rates, would be \$281,399. It should be noted that the incremental increase, due to the expansion, fully funds the abatement amounts. In fact, after the first year of the incentive agreement, the City will see a permanent increase in revenue for this property.

### **OTHER IMPLICATIONS**

There are no privacy, legal, social, or environmental implications identified.

### **NEXT STEPS**

If the abatement is approved, an annual compliance audit will be undertaken by SREDA.

### **APPENDICES**

1. Letter from Cam Broten, Chair, SREDA Board of Directors – November 2, 2021

### **REPORT APPROVAL**

Written by: Mike Voth, Director of Corporate Revenue  
Approved by: Clae Hack, Chief Financial Officer