

Walter, Penny

Subject: FW: Email - Communication - Sherry Tarasoff - Downtown Event and Entertainment District – Revenue Instruments - CK 4130-14
Attachments: 2023-09-13 TIF.pdf

From: Web NoReply <web-noreply@Saskatoon.ca>

Sent: Sunday, September 10, 2023 9:13 PM

To: City Council <City.Council@Saskatoon.ca>

Subject: Email - Communication - Sherry Tarasoff - Downtown Event and Entertainment District – Revenue Instruments - CK 4130-14

--- Replies to this email will go to [REDACTED] ---

Submitted on Sunday, September 10, 2023 - 21:11

Submitted by user: [REDACTED]

Submitted values are:

I have read and understand the above statements.: Yes

I do not want my comments placed on a public agenda. They will be shared with members of Council through their online repository.: No

I only want my comments shared with the Mayor or my Ward Councillor.: No

Date: Sunday, September 10, 2023

To: His Worship the Mayor and Members of City Council

First Name: Sherry

Last Name: Tarasoff

Email: [REDACTED]

Address: [REDACTED] Peterson Cres

City: Saskatoon

Province: Saskatchewan

Postal Code: [REDACTED]

What do you wish to do ?: Submit Comments

What meeting do you wish to speak/submit comments ? (if known):: GPC - September 13, 2023

What agenda item do you wish to comment on ?: 8.3.2 Downtown Event and Entertainment District – Revenue Instruments

Comments:

Please find my comments attached. Thank you.

Will you be submitting a video to be vetted prior to council meeting?: No

Tax-Increment Financing (TIF)

As the KPMG report states:

Stakeholder Impacts

The property taxes paid by individuals in the TIF zone would not be changed as a result of the TIF, as a TIF simply reallocates tax revenues toward a particular project or projects instead of directly increasing taxes. However, citizens of Saskatoon would still be impacted by this revenue tool. Tax increment financing relies on the property tax revenues generated from the increase in taxable assessed value in a designated area. In effect, the taxable assessed value of the entire City is reduced by the assessed value reallocation in the TIF zone. This precludes the increased property tax revenues in the TIF zone from being distributed to the general revenue funds when the TIF period is active. As a result, other properties in the City will need to pay more in property taxes to cover the shortfall in incremental tax revenues anticipated to be generated from the TIF zone.

In other words, while the general tax base is not directly responsible for repaying the debt associated with the Project, their taxes would indirectly be used to cover the incremental tax revenues that would have otherwise been generated in the TIF Zone over the period of time when the TIF is active. Earmarking projected tax revenues for a specific project also limits the standard oversight for funding allocations by elected officials for a set period of time. As a result, the people who live in Saskatoon and pay property taxes (directly through ownership or indirectly through rental costs that have absorbed property taxes) should be aware of, and engaged with, regarding TIF's trade-offs. Further, if the revenues generated through TIF are insufficient, ultimately general revenues will need to cover the shortfall following the completion of the TIF period. On the other hand, new developments related to the DEED could be anticipated to spur additional new development that would lead property values and economic business impacts in the whole region. This incremental growth would not be as significant without a major development. In addition, the City expects infill development Downtown to require limited additional civic infrastructure to support it, and the area is already captured within existing service or civic areas, so the incremental operating costs to service the new development is anticipated to be marginal.

If property taxes are not to be impacted by developing the DEED, then TIF should not be considered as a revenue tool.

The KPMG report states:

Potential Revenue Tool Design

The City of Saskatoon could define a reasonable boundary surrounding the anticipated DEED infrastructure and determine a baseline assessment value. This baseline could then be adjusted for inflation to ensure that the existing properties can continue to financially contribute to Saskatoon's other operating costs over time, although this comes at a cost to the incremental tax revenues, as opting against inflation adjustments to the base AV would result in a larger incremental increase over time simply due to inflationary pressures. The revenue tool could be implemented for a period of 20-30 years, and for the purposes of analysis is assumed to be 25 years. After 25 years, the presumably significant increase in tax revenues could be reallocated to general revenues. The City could negotiate with the Government of

What is the expected lifespan for this new facility?

The KPMG report states:

In Alberta, the CRL is legislated and regulated by the Provincial Government and follows this high-level approval process: (1) The provincial government approves the CRL Regulation, (2) Council approves the CRL Plan and Bylaw, and (3) The Plan and Bylaw are advanced to the Provincial Government for final approval.⁴⁸ Before a bylaw can be passed, cities in Alberta must prepare a community revitalization plan; hold one or more public hearings on the proposed community revitalization plan; and make and keep a record of any public hearings, and make the results of those hearings available to the public.⁴⁹

While not required under Saskatchewan legislation, public hearings on any proposed TIF in Saskatoon would align well with the Council Policy on Public Engagement.

When Edmonton proposed a TIF (Community Revitalization Levy - CRL) for their downtown, a comparison was provided of property and business taxes for Edmonton's Downtown versus the entire city (attached). It illustrated that property and business tax values in Downtown Edmonton had been relatively stable and trending upwards over 10 years. It would be prudent to know the same details for the Downtown neighbourhood as a whole, as well as the details for preliminary TIF zone #1 (I don't support zone #2 as it strays into Riversdale and Caswell Hill).

The concept of using Tax Increment Financing for areas of redevelopment is a good one, however, I **do not** support it for the DEED. Future property taxes should not be used to fund one single project in an area of development that would have happened anyway if left to the private sector. I **would** support the use of TIF for brownfield renewal. Properties, such as the bus barns, that have contamination issues and are not attractive for development because of costs associated with environmental site assessment and remediation could use TIF as a tool to recover those costs and finally get movement on development.

Revitalization in Downtown Edmonton

Effects of an Arena Development in Downtown Edmonton

Recommendation:

That the April 6, 2011, Planning and Development Department report 2011PGM008, be received for information.

Report Summary

This report provides information on:

- context on the development of the Downtown versus the City as a whole
- impact an arena may have as a catalyst for revitalizing downtown and the conditions necessary for success

Report

At the March 2, 2011, City Council meeting, Administration responded to Council's motion to prepare a report on the experience of other cities on a cross section of businesses adjacent to but outside the immediate arena districts of those cities. A report was provided by Drs. D. Mason and M. Rosentraub on the experience of five American cities where sports venues were developed in their respective downtowns. The study included comparisons of the property taxes for the central city (containing the downtown sports venue(s)) versus the surrounding county over a ten year period. The study concluded that there were no adverse impacts to the property values of the central city versus the surrounding county.

Arising from the Council discussion of the March 2, 2011, report, Members of Council made comments and raised questions as to:

- Edmonton's downtown being markedly different from the five American cities cited in the above study focusing on the degree of revitalization the City has already experienced
- whether Administration could provide information on the experience of other cities more comparable to Edmonton
- additional discussion on the conditions necessary for an arena to contribute to the successful revitalization of downtown

To provide additional context about the existing level of development in the Downtown and to further examine potential impacts of a downtown arena, Administration has provided historical information regarding property taxes for the downtown. As well, a more detailed discussion of Edmonton's downtown has been developed based on extensive work already undertaken through the Downtown Plan.

Attachment 1 provides a comparison of property and business taxes for Edmonton's Downtown versus the entire city. The data illustrates property and business tax values in Downtown have been relatively stable and trending upwards over the past decade.

Attachment 2 provides additional information on the degree to which an arena might be a catalyst for revitalizing downtown and the conditions necessary to do so. The report was prepared by Tom Sutherland, FRAIC, Principal for DIALOG and the prime consultant for the Liveable City Design Consortium that assisted Administration in the

preparation of the *Capital City Downtown Plan*. The report reflects the conditions in which an arena in downtown Edmonton can have positive impact on revitalizing the Downtown.

Policy

The Way We Grow, Edmonton's Municipal Development Plan:

- Policy section 3.4.1.5 – Promote the retention and development of major cultural, educational and recreational facilities in the Downtown.

Corporate Outcomes

This report is in response to Council's ongoing consideration of a Downtown Sports and Entertainment Facility. The development of such a facility, particularly within a broader arena district, has the potential to support a number of Council's 10 year goals from *The Way Ahead*, Edmonton's Strategic Plan 2009-2018:

- Improve Edmonton's Livability
- Transform Edmonton's Urban Form
- Diversify Edmonton's Economy

Attachments

1. Property and Business Tax Data – Downtown Versus City Wide, 2000 to 2010
2. *Is a New Arena a Good fit for Downtown Edmonton?* Capital City Downtown Plan – Information Addendum. Prepared by Tom Sutherland, DIALOG

Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer

Property and Business Tax Data – Downtown Versus City Wide, 2000 to 2010

Property Data

Municipal Taxes

Tax Yr	City Wide	Total Muni Taxes by Nghd	% Muni Taxes by Nghd
		Downtown	Downtown
2000	337,267,331	23,152,170	6.86%
2001	358,816,045	23,275,989	6.49%
2002	377,129,631	24,135,959	6.40%
2003	398,227,978	25,225,653	6.33%
2004	432,620,175	26,979,602	6.24%
2005	469,194,982	29,120,484	6.21%
2006	505,611,963	32,194,187	6.37%
2007	564,314,620	38,142,808	6.76%
2008	678,045,879	53,046,330	7.82%
2009	760,247,908	69,131,840	9.09%
2010	850,071,459	85,926,855	10.11%
% Change	152%	271%	

Business Data

Business Taxes

Tax Yr	Total Business Taxes	Total Business Taxes by Nghd	% Business Taxes of Total by Nghd
		Downtown	Downtown
2000	69,697,373	3,004,945	4.31%
2001	72,655,380	3,882,511	5.34%
2002	75,198,241	4,729,397	6.29%
2003	80,403,364	6,125,266	7.62%
2004	85,332,891	6,652,253	7.80%
2005	92,931,853	8,012,056	8.62%
2006	97,765,596	8,320,624	8.51%
2007	105,624,332	9,468,255	8.96%
2008	87,145,551	9,275,591	10.64%
2009	62,587,651	8,559,778	13.68%
2010	33,262,007	5,471,340	16.45%