

Incentive Application – Three Farmers Foods Inc.

ISSUE

City Council approval is required for a five-year tax abatement on the incremental portions of taxes at the Three Farmers Foods Inc. development at 761 66th Street.

RECOMMENDATION

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

1. That the application from Three Farmers Foods Inc. for a five-year tax abatement on the incremental portion of taxes at 761 66th Street, as a result of its development in 2023, be approved as follows:
 - a. 100% in Year 1;
 - b. 80% in Year 2;
 - c. 70% in Year 3;
 - d. 60% in Year 4; and
 - e. 50% in Year 5.

That the City Solicitor be instructed to prepare the appropriate agreements.

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 which 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 Saskatoon's commitment to a business or industry.

In accordance with this Policy, Saskatoon Regional Economic Development Authority (SREDA) 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 Three Farmers Foods Inc. expansion satisfies the requirements of City Council Policy No. C09-014. The highlights include a \$1.1 million investment in their new facility, as well as the creation of a minimum of 30 new full-time equivalent positions.

In the event of a closure and/or failure to comply with the incentive audit requirements, any previous incentive amounts would be added to the property tax roll and subject to tax enforcement proceedings under *The Tax Enforcement Act*, which would result in the City recovering any monies provided. It should also be noted that Three Farmers Foods Inc. does not own the property; however, the property owner has provided written confirmation they are in support of this incentive and understand they would be responsible for any debts owed to the City if the incentive requirements are not met.

FINANCIAL IMPLICATIONS

If approved, the abatement for the first year is estimated to be \$23,759. The total estimated value of the five-year abatement, using 2023 rates, would be \$85,535. 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, Saskatoon 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 – September 22, 2023

REPORT APPROVAL

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