

Incentive Application – Drake Meats Inc.

ISSUE

City Council approval is required for a five-year tax abatement on the incremental portions of taxes at the Drake Meats Inc. development at 919 71st Street East.

RECOMMENDATION

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

1. That the application from Drake Meats Inc. for a five-year tax abatement on the incremental portion of taxes at 919 71st Street East, as a result of its development in 2024, be approved as follows:
 - a. 100% for Year 1 through 5; and
2. That the City Solicitor be instructed 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 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 Drake Meats expansion satisfies the requirements of City Council Policy [No. C09-014](#), Business Development Incentives. The highlights include a \$45.6 million investment in their new facility, as well as the creation of a minimum of 123 new full-time equivalent positions within the first year.

As per Policy No. C09-014, any expansion that sees the creation of over 100 FTE's is eligible for an abatement of 100% of the incremental property tax increase for a period of five years.

FINANCIAL IMPLICATIONS

If approved, the abatement for the first year is estimated to be \$63,845. The total estimated value of the five-year abatement, using 2023 rates, would be \$319,225. It should be noted that the incremental increase, due to the expansion, fully funds the abatement amounts.

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 – March 6, 2024

REPORT APPROVAL

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