

Incentive Application – Saskatchewan Food Development Centre Industry Inc.

ISSUE

City Council approval is required for a five-year tax abatement on the incremental portion of taxes at the Saskatchewan Food Development Centre Inc.'s (Food Centre) development at 2335 Schuyler Street.

RECOMMENDATION

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

1. That the application from the Saskatchewan Food Development Centre Industry Inc. for a five-year tax abatement on the incremental portion of taxes at 2335 Schuyler Street, as a result of its development in 2020, be approved as follows:
 - 100% in Year 1;
 - 80% in Year 2;
 - 70% in Year 3;
 - 60% in Year 4;
 - 50% in Year 5; and
2. That the City Solicitor be instructed to prepare the appropriate agreements.

BACKGROUND

Council Policy No. C09-014, Business Development Incentives, outlines the criteria for which businesses could qualify for tax abatement incentives. The eligibility requirements for businesses to receive these abatements listed within this Policy are 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, the 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

Eligibility Requirements

Attachment 1 is a report from Jonathan Huntington, Chair, SREDA Board of Directors, which describes how the Food Centre's expansion satisfies the requirements of Council Policy No. C09-014. The highlights include a \$7 million investment in their facilities and equipment as well as the creation of five new full-time equivalent positions.

Financial Implications of the Application

If approved, the abatement for the first year is estimated to be \$26,563. The total estimated value of the five-year abatement, using 2019 rates, would be \$95,627. It should be noted that the incremental property tax 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 property tax revenue for this property.

NEXT STEPS

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

APPENDICES

1. Report from Jonathan Huntington, Chair, SREDA Board of Directors, April 24, 2019

Report Approval

Written by: Mike Voth, Director of Corporate Revenue
Approved by: Kerry Tarasoff, Chief Financial Officer

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