

August 26, 2024

His Worship the Mayor & Members of City Council  
City of Saskatoon  
222 3rd Avenue North  
Saskatoon, SK S7K 0J5

Dear His Worship the Mayor & Members of City Council,

**Re: Downtown Event and Entertainment District Funding Strategy**

Since the inception of the Downtown Event and Entertainment District (DEED) project, the NSBA has been a strong supporter of this bold vision for Saskatoon's future. We commend the City Administration for the diligent efforts made to avoid any increase in property taxes as a means of financing the project.

It is critically important to recognize the DEED project is not just about the present, it is a forward-thinking initiative that recognizes Saskatoon's growth trajectory and the need to position our city as a vibrant and competitive jurisdiction. The anticipated total project cost of approximately \$1.22 billion is substantial, but we believe the cost of inaction would be far greater. A failure to move forward could leave Saskatoon lagging behind, missing out on opportunities to attract world-class events, businesses, and new residents. While we are broadly supportive of the project, there are specific concerns we have in the proposed funding strategy that we would like to highlight, particularly regarding the reliance on the accommodation industry, the proposed Amusement Tax and the unknowns regarding future TIF's.

The proposal to include a 3.65 per cent accommodation tax or surcharge as part of the funding strategy raises concerns within our association. The Saskatoon hotel industry, which currently contributes to the Destination Marketing Fund through a voluntary three per cent room surcharge, has been disproportionately impacted in recent years and is still recovering. Introducing an additional mandatory tax would raise the combined surcharge rate to 5.9 per cent, placing Saskatoon among the highest in Canada. This would have significant repercussions, making Saskatoon a less attractive destination for conferences and events, and ultimately setting back both the industry and the city.

Similarly, the proposed 9.5 per cent amusement tax on tickets for events at TCU Place, SaskTel Centre, and the new event centre is concerning. Saskatoon's total ticket surcharges would be higher than those in other jurisdictions. This could deter promoters from bringing their events to Saskatoon, a scenario that the NSBA strongly wishes to avoid. We urge the Administration to carefully reconsider this aspect of the funding strategy to ensure it does not harm the city's attractiveness as a destination for major events.

Regarding proposed Tax Incremental Financing, although it is a good leverage tool and a sound strategy, we urge you to be cautious in this potential development. If it creates an uncompetitive marketplace, it could potentially negatively impact the DEED. As we are at the very early stages of this potential funding tool, we will reserve further judgment until more details become available. Bottom line with all our concerns is that we need to be competitive with other jurisdictions.

The NSBA supports the DEED project and recognizes its potential to shape Saskatoon's future. However, we encourage the Administration to continue consulting with stakeholders and other jurisdictions to explore alternative funding mechanisms that do not place undue burdens on key industries. We believe that by continuing to seek additional revenue sources and project savings, as outlined in the funding strategy, Saskatoon can achieve its goals without compromising its status as an affordable and business-friendly city.

In closing, the NSBA understands that the financial commitment required for the DEED project is significant, but the price of not proceeding would be even greater. This project is a long-term investment in the future of Saskatoon—a future in which our city will be larger, more diverse, and more prosperous. We also recognize the importance of support from other levels of government and the vital role of private partnerships, such as the one with OVG360, which will contribute \$170 million in net cash flow over 25 years.

We encourage the City Council to continue its work on the DEED project, keeping the focus on innovative funding strategies that minimize the impact on local industries and maximize the benefits for all Saskatoon residents. We recognize it is a huge task, but the NSBA remains committed to supporting and looks forward to continuing collaboration with the city to bring this vision to life.

Sincerely,



Keith Moen  
Executive Director