



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

August 11, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Graham Atkinson, Manager Business Development
DEPARTMENT: Community Development and Enterprise Services
RE: Canal Drive Development Project

Purpose

The purpose of this report is to seek Council approval for Grant Program 1 – Municipal Tax Increment Rebate in Economic Development Community Improvement Plan in support of the Canal Drive Development Project by the applicant 11880004 Ontario Limited at 00000 Canal Drive, Sault Ste. Marie, ON.

Background

Program Overview

The purpose of the Economic Development Community Improvement Plan (CIP) support is to diversify the local economy and stimulate job growth by attracting new businesses and expanding existing ones.

As part of the Community Development Fund, Economic Development CIP program support is designed to reduce business costs by providing financial incentives for improvements to land or buildings of targeted industry sectors. The approval of an application and the amount of municipal tax increment rebate received is determined on a discretionary basis according to the program's criteria.

The key program criteria are as follows:

Criteria 1: Targeted Industry Sector

Criteria 2: Building and/or Land Related

Criteria 3: Economic Impacts

Proposed Project

The Canal District Background

As outlined in the application, the proponents (operating as the THC/SIS Group) highlight their ongoing role in the redevelopment of the Canal District in Sault Ste. Marie. The area has undergone a significant transformation from a former industrial site into a prominent destination for dining, entertainment, and tourism. Since acquiring the historic Machine Shop property in 2016, the applicant states that they have introduced a range of amenities intended to support economic

revitalization in the downtown core. These include hospitality and recreational offerings such as a microbrewery, several restaurants, a climbing wall, a skating rink, and event venues that have hosted a variety of festivals and community events. The group emphasizes a focus on heritage preservation alongside new development intended to enhance the visitor experience and contribute to local economic activity.

The Canal Drive Development Project Overview

In the application, the proponents describe a multi-phase tourism development project intended to expand year-round recreational offerings within the Canal District. The initiative is positioned as a strategic response to a current gap in extended visitor engagement, particularly during seasonal events such as the Agawa Canyon Tour Train in the fall and Bon Soo in the winter. According to the applicant, the proposed development—titled *The Ice Slides*—is intended to provide a consistent, weather-independent attraction that enhances the City's existing tourism infrastructure.

Analysis

Increased Capacity/Improved Tourism Amenities

As outlined in the submission, Stage 1 involves the installation of a four-lane, chiller-equipped ice slide designed to serve as both a stand-alone draw and a complementary feature for festivals and community events. The applicant notes that the project aligns with broader municipal goals to promote tourism and support economic growth by positioning Sault Ste. Marie as a leading adventure destination in Northern Ontario. The Ice Slides are expected to attract local, regional, and cross-border visitors, with promotional efforts to be supported through strategic partnerships.

Stage 2 of the project includes construction of a two-storey facility that will feature a range of family-oriented interactive activities, including climbing walls, simulators, and an indoor putting course. The building will also incorporate interpretive exhibits highlighting the city's history in rail and automotive industries. A second-storey lookout will offer views of the St. Marys River, and landscaped outdoor spaces are planned to support casual recreation and picnicking opportunities.

Stage 3 involves development of a second building that will house a butterfly emporium, where visitors can observe live butterflies in a controlled environment designed to showcase their life cycle and natural beauty. The applicant indicates that each phase of the project is intended to enrich the visitor experience, extend overnight stays, and contribute to the city's tourism economy by offering wholesome and engaging attractions for a wide range of audiences. The full scope of business activities after all three stages are executed will include the following:

- Refrigerated ice slides (Bon Soo and other community events)
- Infrastructure upgrades/leasehold improvements

- Family-oriented interactive activities
- Climbing wall
- Simulators
- Interpretive exhibits (rail museum)
- Car museum
- River observatory (to view marine activity)
- Butterfly emporium
- Bakery
- Restaurant
- Indoor putting park
- Market
- Outdoor adventure elements

Key Activities and Costs

The project’s key activities will include:

- Environmental Site Assessment (ESA)
- Site Preparation and Civil Work
- Stage 1 – Ice Slides Installation
- Stage 2 – Construction of Family Activity Centre (Two-Story Building)
- Stage 3 – Construction of Butterfly Emporium

Breakdown of Project Costs

Site Preparation	Environmental Site Assessment	Initial site review to evaluate conditions and confirm suitability for redevelopment	\$1,500,000
Site Preparation	Civil Work	Groundwork, installation of utilities, servicing, grading, drainage, and foundational work.	
Leasehold Improvements	New facility and infrastructure	Staged construction of proposed installations and new buildings	\$5,000,000
Leasehold Improvements	Upgrades to existing infrastructure		\$1,000,000
Equipment			\$500,000
Operational Costs			\$2,000,000
Total			\$10,000,000

Job Creation

The proposed development is expected to generate substantial employment opportunities within the community. During the construction and development phases, the project is anticipated to create more than 50 direct jobs at start-up and

approximately 100+ with growth. These positions are expected to span a range of sectors and skill levels, including trades, general labour, professional services, and student employment.

The applicant has indicated a commitment to engaging local businesses and vendors wherever possible, supporting the retention of local dollars and reinforcing broader community economic benefits. Job opportunities are expected to evolve across the project's multiple phases, from initial site work through to construction of facilities and attraction installation.

Further details on job types, timing, and duration will be confirmed through continued dialogue with the applicant as project planning progresses.

The Canal District anticipates that the following fifty job areas at start-up will be directly attributable to this upgrade and expansion:

- Trades
- General Labour
- Professional Services
- Student Employment

The applicant further notes that local businesses will be engaged throughout all phases of the development, with plans to establish partnerships with hotels and other tourism operators to offer "stay and play" packages in coordination with other nearby attractions.

The following analysis summarizes the criteria of the Economic Development Fund and how the proposed project aligns with the requirements of the EDF.

Economic Development Fund Key Criteria

The proposed project aligns well with the Economic Development Program.

Significant Investment	Yes , \$10,000,000 to be spent on the project
Located in the City	Yes , Canal Drive
Good Financial Standing	Yes , attestation to be provided from accountant
Target Industry	Yes , Tourism
Building Related	Yes , New Development/Leasehold Improvements
Economic Benefits	Yes , Job Creation/Retention 100 FTE and Part-Time

Staff recommended that the rebate be provided conditionally, subject to the following:

- Confirmation that funding from the Northern Ontario Heritage Fund Corporation (NOHFC), applied for independently from this request, is approved;

- Demonstration that job creation targets identified in the application are substantially met, with a minimum threshold of 80% of the proposed 50 additional direct jobs realized;
- Evidence of meaningful partnerships with other local businesses (tourism operators, hoteliers, etc.) and community stakeholders, as outlined in the project proposal.

These conditions align with the commitments described in the applicant's submission under the Economic Growth Community Improvement Plan and are intended to ensure public investment supports measurable economic outcomes.

Financial Implications

The financial implication of this request will be realized through a rebate of the municipal property tax increment resulting from the project's development. The rebate represents a temporary reduction in the additional tax revenue that would otherwise accrue to the City as a result of increased property assessment values following redevelopment. This tax incentive is intended to support private investment aligned with the City's strategic economic development goals, with the expectation of long-term gains to the overall tax base once the rebate period concludes.

The financial implication will be the loss of a portion of the incremental municipal property tax revenue over the proposed three-year rebate term. This incentive is intended to stimulate private investment that aligns with the City's strategic goals for economic growth and long-term tax base expansion.

Strategic Plan / Policy Impact / Climate Impact

While the project has alignment with the Economic Development CIP, it also has strong alignment with the City of Sault Ste. Marie's existing Strategic Plan.

The following identifies four key areas of the Strategic Plan and how the proposed Economic Development Fund project aligns with it:

1. Quality of Life – Vibrant Downtown Area;
2. Community Development – Catalyzing partnerships with other stakeholders and local businesses;
3. Community Development – Create Social and Economic Activity;
4. Community Development – Maximize Investment.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Manager of Business Development dated August 11, 2025 concerning Canal Drive Development be received and that Council approve a Municipal Tax Increment Rebate in the amount of \$100,000/year over a three-year term through the Economic Growth Community Improvement Plan, utilizing the Economic Development Program to support the expansion project

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proposed by 11880004 Ontario Limited subject to the following conditions being met:

- Confirmation that funding from the Northern Ontario Heritage Fund Corporation (NOHFC), applied for independently from this request, is approved;
- Demonstration that job creation targets identified in the application are substantially met, with a minimum threshold of 80% of the proposed 50 additional direct jobs realized;
- Evidence of meaningful partnerships with other local businesses (tourism operators, hoteliers, etc.) and community stakeholders, as outlined in the project proposal.

Respectfully submitted,

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