

# Edmonton Screen Industries - Business Case

## Options for the reallocation of funds transferred from the Edmonton Economic Development Corporation Edmonton Film Fund

### Recommendation

That Executive Committee recommend to City Council:

1. That the Economic and Environmental Sustainability Branch 2018 operating expenditure and revenue budgets be increased by \$3,956,531 from a transfer from the Financial Sustainability Reserve, to be used to fund the Edmonton Screen Industries Office in the amount of \$ \_\_\_\_\_, and the Economic Diversification Grant Edmonton in the amount of \$ \_\_\_\_\_.
2. That the City enter into a Subsidy Agreement with Edmonton Screen Industries in the amount of \$ \_\_\_\_\_, and that the agreement be in form and content acceptable to the City Manager.

### Previous Council/Committee Action

At the June 27/28, 2017 City Council meeting, the following motion was passed:

That Administration return to Executive Committee in First Quarter 2018 with a business case that will outline options for the reallocation of the funds transferred from Edmonton Economic Development Corporation, Edmonton Film Fund to the City of Edmonton. The business case will identify how the funds could be utilized for economic development initiatives, including potential funding for the Edmonton Screen Industries Office. The funds are to remain in reserve until an option is approved.

### Executive Summary

This report outlines options for the reallocation of the funds transferred from the Edmonton Economic Development Corporation, Edmonton Film Fund (the "Film Fund") to the City of Edmonton. The current balance of the Film Fund is \$3,956,531.00. The options recommend providing funding for the Edmonton Screen Industries Office and/or the Economic Diversification Grant Edmonton, both of which have the potential to deliver valuable economic development outcomes for the Edmonton region. Allocating resources to the Edmonton Screen Industries Office

and/or the Economic Diversification Grant Edmonton will provide targeted resources to different areas of the economy and meet multiple economic development objectives.

## **Report**

### **Edmonton Screen Industries Office**

The City has approved \$530,000.00 in funding for the Edmonton Screen Industries Office, of which \$265,000.00 has been provided to date (see reports CR\_4357 and CR\_3883 for additional detail). Over the last year, the Edmonton Screen Industries Office Board of Directors has recruited a Chief Executive Officer and has developed a new strategic business case and strategic plan.

The business case/strategic plan requests that the entire balance of the Edmonton Film Fund be allocated to the Edmonton Screen Industries Office. This funding would be utilized to build a screen media industries fund to support local companies and projects, to advocate for and market the Edmonton region, and to support the infrastructure required to enhance creative communities.

The business case associated with this request is included in Attachment 1 of this report.

Additionally, the business case/strategic plan identifies a requirement for additional funding for operations, requested from the City of Edmonton. The amount of this request has not been identified to Administration (see “Financial Implications” below).

### **Economic Diversification Grant Edmonton**

As directed by Council, Administration has prepared a business case for how funds from the Edmonton Film Fund could be utilized for economic development purposes. The proposed Economic Diversification Grant Edmonton is a two-streamed, one-time grant and promotional program not connected to screen industries. It is designed to support existing and new entrepreneurs, as well as local organizations advancing economic development outcomes that align with City of Edmonton priorities. The grant is based on the existing needs of entrepreneurs, businesses scaling up, and the business and community organizations working to support the local economy. It has been developed utilizing best practice research from other jurisdictions as well as through a gap analysis of available support for the local economy in Edmonton (including supports available through the City of Edmonton and other local agencies). Administration would leverage the grant for spin-off benefits for the local economy by incorporating a city-wide campaign focused on telling success stories and sharing lessons learned through the grant program to celebrate and energize small business

and the local economy in Edmonton.

A minimum of \$1.25 million from the Edmonton Film Fund would be required to initiate the Economic Diversification Grant Edmonton. The grant is designed to be scalable pending Council direction with respect to allocation of the existing Edmonton Film Fund. This business case is included in Attachment 2 of this report.

### **Public Engagement**

With respect to the Edmonton Screen Industries Office Business case, industry stakeholders were engaged through four working group meetings, two industry surveys and the establishment of a permanent Edmonton Screen Industries Office Industry Advisory Committee which has reviewed the attached Edmonton Screen Industries Office business case. A list of industry stakeholders consulted can be found in Attachment 1, Appendix M.

With respect to the Economic Diversification Grant Edmonton, no targeted or specific public engagement occurred; however, a number of informal conversations were held with existing and new small businesses (through the Open Window Program) and with organizations including Business Improvement Areas. Given that funding has not been secured, Administration has not reached out widely or formally to refine the grant parameters.

### **Financial Implications**

The current balance of the Edmonton Film Fund is \$3,956,531.00, which sits in the City's Financial Sustainability Reserve. Financial implications of the Edmonton Screen Industries Office and the Economic Diversification Grant Edmonton business cases are outlined below. Council can direct what proportion of the funds be allocated, either in full or a partial amount, to each initiative.

#### **Edmonton Screen Industries Office**

Funding for the Edmonton Screen Industries Office would not have financial implications on existing or future City budgets given that this would be one-time funding and would come from a reserve fund not associated with City of Edmonton operating or capital budgets.

The Edmonton Screen Industries Office has indicated an intent to request additional operational funding from the City, which would have implications on the 2019-2022 Operating Budget. The Edmonton Screen Industries Office has indicated that once they know the amount of Edmonton Film Fund capital to be put under their control, they will develop an appropriate operational budget over the next three years.

Administration has recommended that any operational resource requirements be considered within the above mentioned request for funds from the Edmonton Film Fund.

It is anticipated that economic growth in the screen industries as a result of Edmonton Screen Industries Office work would have additional operational impacts on City Administration over time with additional liaison and permitting related support to film production. Administration has recommended that the Edmonton Screen Industries Office serve as the primary point of contact and liaison service for screen industry stakeholders (and that this be reflected in its business plan), which would minimize operational impacts on City Administration.

#### **Economic Diversification Grant Edmonton**

Funding for the Economic Diversification Grant Edmonton would not have financial implications on existing or future City budgets given that this would be one-time funding and would come from a reserve fund not associated with City of Edmonton operating or capital budgets.

Should the Edmonton Screen Industries Office receive the entire requested amount of the Edmonton Film Fund, Administration would not be in a position to advance the Economic Diversification Grant Edmonton.

#### **Corporate Outcomes and Performance Management**

Edmonton Screen Industries Office

<b>Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate and Edmonton region is a catalyst for industry and business growth</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Edmonton has a globally competitive and entrepreneurial business climate	Number of Projects Assisted	TBD	TBD
Edmonton region is a catalyst for industry and business growth	Number of productions attracted		
	Estimated Investment in the Industry		
	Number of local residents hired		
	Number of Partnerships Created or Developed		

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	Number of New Business Approaches or Innovations  Average Revenue  Average Revenue from owned IP  % of Revenue from Outside Canada  Average Labour Expenditure  Average non-Labour Expenditure  Average value of deals  Total Employment Level		
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## Economic Diversification Edmonton Grant

<b>Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate and Edmonton region is a catalyst for industry and business growth</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Edmonton has a globally competitive and entrepreneurial business climate  Edmonton region is a catalyst for industry and business growth	Number of new and existing businesses testing new ideas and concepts  Number of events or resources developed (and participation rates) that support diversification of the local economy  Extent to which Edmontonians acknowledge they support small business  Extent to which program participants agree the program was effective  Grant leverage rate	TBD	TBD

### **Attachments**

1. Edmonton Screen Media - Business Case
2. Economic Diversification Edmonton Grant - Business Case

### **Others Reviewing this Report**

- S. Padbury / R. Kits, Acting Deputy City Managers, Financial and Corporate Services
- M. Sturgeon, Acting Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- L. McCarthy, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Block, Acting Deputy City Manager, Citizen Services