

EDMONTON ECONOMIC ACTION PLAN

Mobilization of Capital and Red Tape Reduction

RECOMMENDATION

That the April 13, 2022, Urban Planning and Economy report UPE00603, be received for information.

Report Purpose

Information only.

Executive Committee is being updated on the implementation of the Economic Action Plan which includes advances in reducing red tape and increasing investment in the City.

Previous Council/Committee Action

At the April 19/21, 2021, City Council meeting, the following motion passed:

That Administration, in partnership with City-funded economic development partners and other partners where appropriate, return to Committee with an update on implementation of the Edmonton Economic Action Plan, specifically including:

- Update on mobilization of capital in Edmonton, including case-studies and measurements related to captured investment in Edmonton;
- Update on red tape reduction to align with business/investor timelines.

Executive Summary

- This is the first update to Council and Edmontonians on Edmonton's Economic Action Plan that is a 10-year roadmap to building a vibrant, inclusive and sustainable economy.
- The Economic Action Plan is on track to achieve its 10 year goals. The City and its partners, including City-funded organizations, the private sector, community organizations, other orders of government and the post-secondary sector have completed a number of initiatives and investments in 2021 that advance the Economic Action Plan, which contributes to The City Plan.

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- Edmonton competes internationally for capital. Recognizing that capital is mobile, and investments come from many sources, the City and its partners' role in mobilizing capital is to develop policies, provide support and services to businesses and organizations that support businesses, streamline regulatory requirements, and make strategic investments in the community.
- Mobilization of capital, partly indicated by non-residential construction in the Edmonton region, increased in 2020 and began to slow in 2021. Overall, the number and value of non-residential building permits has increased since 2019. In 2021, 2,222 permits were issued with a total non-residential value of \$1.1 billion of investment in Edmonton.
- Edmonton's economy has benefited from a number of announced and commenced private sector investments that build on the strengths of technology, energy production, industrial manufacturing and food and beverage production.
- The City delivered a number of red tape reduction initiatives in 2021 to make Edmonton an easier place to do business. Improvements to regulatory services are estimated to have saved Edmonton's planning and development customers 260,933 days and \$4.6 million in delay costs annually.
- A priority in 2022 is to develop the performance measurement framework in consultation with the City's partners and in alignment with The City Plan.

REPORT

Edmonton Economic Action Plan Overview

The Economic Action Plan (Action Plan) was approved by City Council on April 19, 2021, and is the City's 10 year economic development plan. It helps to advance the implementation of The City Plan and in particular the goal of adding 121,000 net-new jobs by 2030. This Action Plan is aimed at creating jobs, attracting investment and strengthening Edmonton's economy. The economy must be inclusive and sustainable. The City must support made-in-Edmonton technologies, innovation and research. Regionally, the City recognizes that benefits are shared when investment is shared, and must work in step with partners to amplify this work and create a bigger impact. The City must stay nimble to respond to emerging innovations, challenges and opportunities.

Economic Action Plan Implementation

The Action Plan is being implemented across the City, as well as through collaboration with a number of economic development partners, including Edmonton Global, Innovate Edmonton, Edmonton International Airport and Explore Edmonton. This advances work completed by the City's "economic development ecosystem" (Attachment 1) and not the City alone. An integrated and collaborative approach internally and externally remains key to advancing this work. This report is part of a series of four reports that summarize action to date:

- This report includes the overall progress to date and mobilization of capital.

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- The cross-referenced April 13, 2022, Urban Planning and Economy report UPE00910 Permitting and License Improvement Initiative provides an update on the Permit and Licensing Improvements Initiative's 2021 accomplishments and service improvements planned for 2022.
- The cross-referenced April 13, 2022, Urban Planning and Economy report UPE00895 Business Friendly Edmonton provides a status update on Action 18 of the Economic Action Plan, the City's enhanced approach to business retention and expansion.
- The upcoming report UPE00945 Support for Small Businesses Outside of Business Improvement Areas will outline the support Administration provides to businesses outside of the Business Improvement Areas, and is scheduled for May 2022.

A comprehensive list of what has been done to advance the Economic Action Plan can be found in Attachment 2. This attachment focuses on qualitative information to provide a holistic overview of investments, red tape reduction and other Action Plan advances. Below are highlights that show the work that was accomplished in 2021:

- Administration has drafted a Local Procurement Policy, Social Procurement Policy and Indigenous Procurement Policy. These policies will be presented to City Council for approval in 2022.
- The Edmonton Chamber of Commerce Shop Local (Better When It's YEG) Campaign launched a series of initiatives aimed at highlighting the local businesses, makers and creators of the Edmonton Metropolitan region. Resources were used to showcase, promote, amplify, support, enhance small business, and encourage patronage.
- The City is offering several programs that advance Action 10 such as the 2021 Economic Incentive Construction Grant (10 agreements worth approximately \$19 million leveraging \$551 million in investment), Community Revitalization Levies (CRL) (value of building permits in CRL areas in 2021 was \$93.4 million), Storefront Improvement Program (12 grants worth \$386,556, leveraging \$493,634 in private funding for exterior commercial renovations), Development Incentive Program (12 grants worth \$279,908, leveraging \$7.1 million in private funding including new construction & interior renovations), Corner Store Program (20 grants worth \$300,792, leveraging \$2.13 million in construction value) and the Downtown Vibrancy Strategy (\$543,460 in support provided to nine vibrancy projects).
- As part of a funding partnership with the three levels of government including the City of Edmonton, Innovate Edmonton is funding three world-class accelerators, Alberta Accelerator by 500, Plug and Play Alberta, and Community Safety & Wellness (CSW) Accelerator powered by Alchemist. Concurrently, Innovate Edmonton is also funding and launching Alberta's pre-accelerator in partnership with Platform Calgary, with a new suite of programs for early-stage founders, supporting pathways to success and economic diversification.

Report on Progress

A priority for Administration in 2022 is to develop a framework that will ensure consistent reporting on the Action Plan's performance measures. Administration will incorporate the data and metrics tracked by partners (internal and external) into consistent Action Plan performance

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measures. The draft performance measures outlined in the Economic Action Plan are tied to the outcomes identified in The City Plan and ConnectEdmonton.

Update on Mobilization of Capital in Edmonton

Edmonton competes globally for investment because capital is mobile, meaning it can be invested anywhere and institutional investors with large pools of capital have sophisticated approaches for investment decisions. The City and its partners' roles in mobilizing capital is to develop policies, provide support and services to businesses and business associations, streamline regulatory requirements and make strategic investments in the community. These foundational activities create the environment in which time to market is minimized, taxes are competitive, land is made available and attractive for development and quality of life in the city is improved. Ultimately, this results in a city which is attractive to investors and highly-skilled talent.

Administration is using the number and value of non-residential building permits issued as an indicator of the mobilization of capital in the Edmonton region. Building permit values provide an indication of intended construction expenditure in Edmonton and this information is used by a wide range of economists and planners as a leading indicator of economic activity and investments.

Attachment 3 contains data on the number and value of building permits issued in Edmonton. This data suggests that generally, capital investment activity in Edmonton's non-residential construction sector increased in 2020 and began to slow in 2021. Overall, the number of non-residential building permits has increased since 2019, but the average value per permit decreased from 2020 to 2021.

Capital Mobilization Case Studies

Investment comes in many forms: an entrepreneur looking to start a business, a successful small business that is ready to scale, a large industrial investment, or institutional investors seeking to make acquisitions. Administration will enhance business retention, expansion and investment attraction activities through the Business Friendly Edmonton initiative (see cross-referenced April 13, 2022, report UPE00895 Business Friendly Edmonton). The City's Client Liaison Unit is available to support large complex investments, and the City partners with Edmonton Global to support the attraction and commitment of new investors in the region.

Attachment 3 compiles mobilization of capital case studies that demonstrate significant captured investment in the Edmonton Metro Region, which also contribute to advancing the Action Plan. These projects will contribute to future growth as the impacts of the projects provide economic spin off, supply chain benefits and economic resiliency in the long-run.

Air Products intends to build a new \$1.3 billion net-zero hydrogen complex in Edmonton. This development will be operational by 2024 and will create 2,500 new jobs. Air Products viewed Edmonton as being competitive, both provincially and nationally, when it comes to taxes and streamlined processes for a major city.

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Polykar Inc. is developing a 50,000 square foot plastic manufacturing facility in the city, worth \$20 million. This is an example of how Edmonton Global and the City worked in partnership to collaboratively support an investment lead. Edmonton Global facilitated a pre-investment consultation with the City and Polykar Inc. to ensure a transparent and smooth permit process. The development permit was approved in a record 41 days.

Red Tape Reduction

Reducing red tape and streamlining services reduces barriers to investment in Edmonton. It improves quality of life and economic vibrancy by making it easier to build homes and attract and grow businesses. Improvements made to the permit and licensing processes between 2018 and 2021 saved businesses 260,933 days and \$4.6 million annually. Please see cross-referenced April 13, 2022, report UPE00910 Permit and Licensing Improvement Initiative for an update on an initiative designed to reduce barriers to investment in Edmonton.

COMMUNITY INSIGHT

Administration has collaborated with many of the City's partners to understand how their work advances the Action Plan. Perspectives shared include a desire within the economic development ecosystem for better information sharing, integration and collaboration. Additionally, building a viable future-based economy, which includes decarbonization, industry diversification and reputation building all take time and a coordinated effort.

GBA+

Administration used Gender-Based Analysis Plus (GBA+) in the development of the principles and actions of the Action Plan in order to account for the racial, gender, and other systemic inequities some Edmontonians continue to experience in accessing opportunities to prosper. This equity lens was applied to all the actions and resulted in equity considerations being directly incorporated into some of the actions.

Administration also continues to support partners' actions to advance equity, such as the Business Friendly Edmonton initiative, which directly supports the implementation of Action 3, to "support building capacity and access to resources for entrepreneurs from marginalized communities, such as racialized entrepreneurs, and newcomers."

Specific to the implementation of the Action Plan, Administration has two focus areas:

- In developing the Action Plan, reliable disaggregated data sources were identified as gaps that would need to be addressed, in order to measure how underrepresented groups are participating in the economy, especially in evaluating job creation figures. Administration will prioritize this data gathering in 2022 to ensure underrepresented groups are not experiencing unintended consequences arising from the Action Plan.
- Through discussion with partners, Administration learned that entrepreneurs who are women or gender minorities, racialized or newcomers may not identify with all of the terms used in the Action Plan. Continuing to use these terms may negatively impact the City's reputation as being inclusive. In order to ensure the City language remains relevant, Administration will work with

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partners' diversity, inclusion and equity experts to better understand the implications of the language used, and may adapt the language written in the Action Plan. Administration recognizes inclusive language is ever-changing and what is considered inclusive now may not be considered inclusive in the future. Administration will frequently revisit these conversations and update the language as necessary.

ATTACHMENTS

1. Edmonton's Economic Development Ecosystem
2. Indicators of Implementation Progress
3. Mobilization of Capital Indicators and Case Studies