

EDMONTON EDGE FUND

RECOMMENDATION

That the November 23, 2022, Urban Planning and Economy report UPE01516, be received for information.

Requested Council Action	Information Only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Regional Prosperity		
City Plan Values	THRIVE		
City Plan Big City Move(s)	Catalyze and Converge	Relationship to Council's Strategic Priorities	Economic Growth
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Edmonton Economic Action Plan Business Friendly Edmonton C623B Edmonton Economic Recovery Grant 		
Related Council Discussions	<ul style="list-style-type: none"> UFCSD00060 Update on the Edmonton Economic Recovery Grant, City Council, December 7, 2020 		

Executive Summary

- Growing a thriving business has become increasingly more challenging; access to capital, talent and materials at competitive rates are just a few challenges.
- The Edmonton Edge Fund is designed to break down financial barriers for businesses across the globe looking to start, scale, and stay in Edmonton. It is designed to give companies an edge to do something transformative in Edmonton.
- The Edmonton Edge Fund will scale over time. The proposed Phase One of the Edmonton Edge Fund ("Edge Fund") will be a \$5 million grant program to fund local companies who are exploring new and large-scale projects in Edmonton.

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- Administration will bring forward an unfunded service package for the Edge Fund (Phase One) to the 2023-2026 budget deliberations, with a proposed funding source from the appropriated Financial Stabilization Reserve (COVID-19 funds).
- Internally administering the Edge Fund would provide a cost-effective method to fill a current gap in capital available to innovators and entrepreneurs operating in or entering the Edmonton market.
- The total funding available for the Edge Fund may evolve as Administration learns from Phase One.

REPORT

Supporting businesses to innovate is critically important to Edmonton's economy - today and for the future. Edmonton is the fifth largest economy and one of the fastest growing regions in Canada. The City collaborates with its partners to cultivate and maintain Edmonton's edge within the innovation ecosystem, and a healthy innovation ecosystem consists of four elements - 1) leadership, partnerships and ecosystem stewardship; 2) funding and programs; 3) an integrated approach to "physical or geographical" dimensions of the ecosystem; and 4) talent attraction and retention.

In support of these elements - and specifically the second element of funding and programs - Administration is proposing the establishment of the Edge Fund (Phase One) to augment the existing efforts that are underway to support Edmonton's innovation ecosystem. Specifically, the Edge Fund would address a current gap in capital available to local innovators and entrepreneurs operating in or entering the Edmonton market. This fund would especially benefit those early stage companies that are in need of capital.

Administration will bring forward an unfunded service package for the Edge Fund Phase 1 to the 2023-2026 budget deliberations. If approved, the Edge Fund Phase 1 will be a \$5 million grant program, to be launched in 2023. It will support innovative opportunities by awarding non-repayable contributions to qualified local organizations. These organizations will then make investments that drive Edmonton's economic growth, build the economic ecosystem, improve opportunities for further investments and create jobs for Edmontonians. This fund program will enhance Edmonton's competitive edge and Place Brand in appealing to new innovators as well as business growth and retention. It is intended that this Edge Fund program be started by Administration and Administration will work closely with its partners (e.g., Edmonton Unlimited, Edmonton Global) to refine the program and evolve it.

Implementing Phase One of the Edge Fund will provide Administration the opportunity to establish a viable internal governance structure, to assess program uptake and the success of funded projects or initiatives, as well as provide insights into how to establish a sustainable, permanent version of the program. Administration will set up a business advisory committee, primarily composed of external subject matter experts to provide guidance on potential criteria, eligibility of projects, as well as on the long term amount and governance structure of the fund.

The duration of Phase One will also provide Administration a defined time period to identify additional and/or alternative permanent funding sources, and complete advocacy to other levels

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of government. Following the conclusion of Phase One, Administration will provide City Council a report outlining the outcomes of the program, including uptake and requests for any additional required resourcing.

Program Model

The Edge Fund program model would award financial support to local private sector companies, not-for-profit organizations and public institutions proposing local investments. The program is generally consistent with Council Policy C623B Edmonton Economic Recovery Grant, to promote a resilient business community by offering targeted financial assistance based on demonstrated business need with additional details in Attachment 1. This program model will provide opportunities for both startup and scale-up businesses, encouraging Edmonton as an attraction for markets and entrepreneurs from other economic ecosystems.

Long-term projects will be favoured over short-term ones, as well as initiatives that attracts and retains capital investment into Edmonton. This program also intends to stimulate the local economy through the potential increase in available jobs, investment opportunities and up- and/or down-stream impacts. For example, advancement of a specific sector could include the development of nanomaterials into innovative hardware or artificial intelligence sensors, which could then advance local robotics automation or manufacturing. Each of these integrated systems would benefit and advance with the success from the initial project.

Draft program criteria will include:

- Economic Impact
- Job Creation
- Key Industries and Emerging Sectors
- Innovation and Sector Benefits
- Public and Private Sector Initiatives
- Social Benefits
- Inclusive Growth
- Climate and Environment

Applicants must also receive funding or provide commitments of funding from other parties (e.g., other orders of government, third-party funds, non-governmental organizations (NGOs), or investors) to ensure the viability of the application. Supporting documentation such as business cases, budgets, performance metrics and other reporting requirements will be required as part of the application process. A more detailed description of the proposed application criteria is available in Attachment 2.

Administration will manage the fund internally. This internal governance structure will require a limited number of new resources (as described in the Budget/Financial Implications section), and allow the program to be implemented in early 2023. Administration will set up a business advisory committee to provide guidance on potential criteria, eligibility of projects, as well as on the long term amount and governance structure of the fund. It will also streamline the use of internal channels to advertise and promote the program (e.g., City of Edmonton social media), and simplify referrals to other internal business supports such as Business Friendly Edmonton contacts or alternate City of Edmonton grants available. If Phase One of the program is

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successful, as measured by the achievement of goals and objectives reported by successful applicants, receives positive feedback from applicants and at the request of City Council, Administration could explore alternative governance options and increased funding options for a permanent program.

Budget/Financial Implications

Administration will bring forward an unfunded service package for the Edge Fund (Phase One) to the 2023-2026 budget deliberations (Attachment 3). The proposed funding source is use of the COVID-19 funds held within the appropriated Financial Stabilization Reserve. A portion of this COVID-19 funding has been applied to the budget to address lower transit, recreation and parking revenues early in the cycle as ridership and membership continue to recover. The total funding requests for the remaining balance exceed available funding and funding the Edge Fund Proposal would use the remaining balance within the reserve.

In recognition of these competing priorities, as well as the economic recovery and realities facing the City as well as Edmontonians, Administration will further investigate long-term funding sources for this program. Administration is assessing the potential for ongoing funding from the federal government should this become a permanent program.

The program is anticipated to require one Full Time Equivalent (FTE) to support the startup of the program. Additional expenses to initiate and administer the program will include legal support, internal and external communications, website development, advertising, and the personnel cost associated with selection of grant recipients. These expenses will be paid with the initial funding for the program.

COMMUNITY INSIGHT

The Edmonton Economic Action Plan incorporated input from public, partner and stakeholder feedback gathered during the development of The City Plan and ConnectEdmonton. This input defined a key principle for Edmonton's economy: to remain and become a destination of choice for talent and capital, through focusing on ensuring Edmonton is a preferred destination for people to live and work, as well as entrepreneurs and investors looking to invest in businesses.

Administration also listens and learns from Edmonton's diverse communities through partnerships with other organizations in Edmonton's economic ecosystem. Members of the technology and innovation community have informally expressed that there are gaps in support, including funding gaps, for specific sectors in Edmonton.

This program is a funding initiative that has the potential to bring together the efforts and initiatives by the City of Edmonton, Edmonton Global, Explore Edmonton, Health Cities, Edmonton Unlimited, the Edmonton International Airport and Edmonton's post-secondary institutions to build Edmonton into the most equitable, vibrant, climate-resilient, and prosperous city in Canada.

GBA+

The inclusion of social benefits and inclusive growth as program criteria will champion principles of equity and inclusion in projects and businesses in Edmonton. By focusing on equity,

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Administration can provide support that addresses the diverse needs of entrepreneurs. Some Edmontonians, due to their income, age, gender, immigration status, religion, disability, sexual orientation, race, ethnicity, etc., have not had the same opportunities for growth and prosperity as others. Incorporating equity measures in the planning and implementation of economic actions to address racial, gender and other systemic social inequalities, ensures more equitable and inclusive economic opportunities for all Edmontonians.

ATTACHMENTS

1. Urban Planning and Economy Budget - Grants
2. Draft Program Criteria
3. Edge Fund Service Package 2023-2026