

# Edmonton's Economic Recovery Program

## Support for Edmonton Business

### Recommendation

That the fees within Business Licence Bylaw 13138 be waived by 50 percent (upon request) for the period June 1, 2020 to December 31, 2020.

### Executive Summary

COVID-19 has presented unprecedented challenges for Edmonton's business community. Administration has taken numerous steps related to tax and other deferrals, programs and communication to support businesses during the COVID-19 pandemic. Throughout this time, Administration has been listening to the local business community, learning from what other municipalities have done, and using this information to lead the development of a program to support Edmonton businesses through the relaunch and recovery phases of the pandemic.

Edmonton's Economic Recovery Program is intended to help in the relaunch of the local economy. The Program will use five primary tools: reducing business licence fees (upon request), process improvements, tactical responses to specific needs (such as temporary patios for restaurants), the existing One-on-One Program, and the Edmonton Economic Recovery Grant. These actions are designed to provide efficient and effective support to as many businesses as possible. The proposed criteria for the recovery grant will set clear parameters to evaluate, distribute and track the performance of the financial support provided by the City.

Edmonton's Economic Recovery Grant will be implemented using a phased approach. Phase 1 will use approximately 40 percent of the available resources to primarily support the most immediate and critical needs the business community is facing and is anticipated to run from June 10, 2020 to December 31, 2020. Phase 2 will run from January 1, 2021 to December 31, 2021 and will use the remaining 60 percent of available resources to diversify and help to future-proof local business into economic recovery. Administration will return to Council in Q4 2020 with a progress report of the program.

### Report

COVID-19 has presented unprecedented challenges for Edmonton's business community. As the impacts of the pandemic continue to emerge and as support programs and resources from other orders of government continue to evolve, it is

critical that the City's support for the local business community is nimble, responsible, flexible, and aligned with other supports available.

Edmonton's Economic Recovery Program builds on the work that Administration has done to support businesses through COVID-19 and is undertaken in alignment with the support offered by other orders of government and local agencies as well as the phased recovery approach implemented by the Government of Alberta. The Program also positions the City to leverage existing and new opportunities to support a resilient and diverse economy as a result of COVID-19, now and into the future.

### **Supporting Business through COVID-19 - work done to date**

To provide context, over the last several weeks, the City of Edmonton has taken a number of steps to support businesses through the COVID-19 pandemic. This work has included:

- Property tax delays to allow property owners to delay payments until September 1 with no late penalties;
- BIA levy payment delays until September 1 with no late penalties;
- The development of a central web hub - for all COVID-19 business related updates;
- Redeployment of the City's One-on-One and Business Retention and Expansion teams to support COVID-19;
- Rent deferrals for commercial tenants in City-owned buildings for three months;
- The sponsorship of Things That Are Open, a nation-wide business directory initiated by a local company, Lift Interactive that highlights what businesses are doing to stay open as well as Digital Mainstreet, a platform to support businesses with growing an online presence;
- Ongoing communication with partners including BIAs, the Edmonton Chamber of Commerce, NAIOP Commercial Real Estate Development Association, the Edmonton Independent Hospitality Group, Alberta's Industrial Heartland Association, Edmonton Global and others.

Through this work, a number of learnings have emerged related to the current and future needs of the business community (see Attachment 1 for more detail on what Administration has heard from the business community). Based on this understanding, as well as a jurisdictional scan of resources other municipalities are undertaking and in alignment with resources offered by other orders of government (see Attachment 2 for a summary), Administration proposes a series of actions to support the Edmonton business community going forward, as the economy reopens.

## Supporting Business through COVID-19 - ongoing work and proposed approach

COVID-19 remains a dynamic situation that requires Administration to be nimble and flexible to best meet the needs of the business community. The proposed Edmonton Economic Recovery Program is based on a series of actions that work together to support businesses in different ways. These actions and proposed funding strategy support business recovery through initiatives that are not currently offered by other orders of government. These actions include:

1. waiving business license fees by 50 percent (upon request) until December 31, 2020;
2. process improvements and red tape reduction;
3. tactical responses to specific business needs for relaunch and recovery;
4. the existing One-on-One-Program;
5. the proposed Edmonton Economic Recovery Grant.

These five tools are outlined below.

### (1) Waiving business license fees

Administration is proposing to waive business licence fees by 50 percent from June 1 through to December 31, 2020 upon request. This action could impact business licence revenue with losses estimated at \$3.1 million in 2020.

Revenue from business licensing funds the Business Licensing Program with excess revenue contributing to general revenues. As part of the Spring SOBA, general revenue funding from Business Licencing was reduced by \$5.6 million for 2020. This reduction reflected anticipated decline in business licence activity due to COVID-19 (i.e. business licence renewals, new licences).

To date, a significant decline in business licence activity has not been observed. However, waiving business licence fees by 50 percent (upon request) for the remainder of 2020 will reduce revenue. Administration anticipates that the original projected decrease of \$5.6 million in SOBA funding will accomodate any revenue reduction and no further revenue decrease is anticipated as a result of a reduction in business licence fees. There is no need to further adjust budget projections for 2020 to accomodate a reduction in business licence fees.

This approach will support Edmonton businesses who need it while retaining funding to operate the Business Licence service. Should Council wish to waive fees for businesses in 2021, a revised budget forecast would be required in November. Due to the large impact to general revenue, a motion by Council to waive the fees outlined

in the Business Licence Bylaw 13138 by 50 percent (upon request) until December 31, 2020 is recommended.

(2) Process improvement and red tape reduction

Administration continues with the Permit and Licensing Improvement initiative to improve permit and licensing services and reduce the time and red tape associated with development permits, building permits, and business licenses. The improvement initiative focuses on services for business owners opening a new business or moving into a new space, homeowners doing renovations, and contractors doing commercial or residential renovations. The customer-centric service improvements aim to improve consistency and timelines of these services.

(3) Tactical responses to needs through relaunch

As the City moves through its Relaunch and Recovery phases, a number of tactical and temporary actions will be undertaken that support business in different ways. Over the coming weeks and months, Administration will be making changes to the ways in which typical work is undertaken, using the Relaunch / Recovery principle of *Responsive and Effective* to streamline processes and be more responsive to emerging needs. For example, Administration recently implemented changes to allow for expanded temporary patios, sidewalk cafes and outdoor retail space with a streamlined process and guidelines to support the Provincial phase 1 relaunch. It is anticipated other changes and activities like this will also occur to support relaunch. The nimble and flexible approach Administration takes to this work will support business through relaunch and reopening.

The One-on-One Program outlined below will serve as a central point of contact and information hub for businesses with questions related to any of these tactical initiatives.

(4) One-on-One Program

The City's existing One-on-One Program serves as a portal for businesses to quickly receive answers to their questions related to COVID-19 (in addition to regular activities related to starting or growing a business). Through a central email address ([businessinfo@edmonton.ca](mailto:businessinfo@edmonton.ca)), the City regularly receives inquiries, triages them appropriately, and responds in a timely manner while documenting key themes to better understand the needs of Edmonton's business community. A central email provides a single touch point for business support inquiries and enables the City to respond in a coordinated and integrated manner. Administration also monitors supports offered from other orders of government, and provides information to businesses on these supports. Administration intends to continue this work, and has

resourcing plans in place to scale the Program based on demand as the City moves through the relaunch phase of COVID-19 recovery.

The One-on-One Program is built to enable Administration to review key themes, questions, trends, and issues that emerge from the businesses that use this service. The Program also monitors actions and supports being undertaken by other orders of government on a regular basis. This provides a continuous feedback loop and provides valuable intelligence the City can leverage in future planning.

#### (5) Edmonton Economic Recovery Grant

The Edmonton Economic Recovery Grant is the fifth tool in the City's Economic Recovery Program. The Grant will provide financial support to businesses and business support organizations through the recovery phase of COVID-19. The Economic Recovery Grant program will give particular consideration to businesses and companies that have been subject to a significant negative downturn related to their overall industry sector. The grant program will also be geared towards recognizing a business that is reshaping services or products in order to meet changing customer expectations, public health requirements, and/or market demand. The key outcome is to achieve long-term business sustainability.

The Edmonton Economic Recovery Grant is a proposed funding program that would support a wide range of businesses through a two-stream and two-phased approach, all guided by core criteria to ensure grant resources are used in the most effective way possible. It is important to note that there are businesses that are performing well and in some cases thriving within the current economic conditions, thus would not be eligible or qualify for this program. This program while providing alignment with other support programs would also not duplicate or add additional resources to programs that are already made available to businesses through other orders of government. These criteria, which align with the City's ConnectEdmonton strategic goals, the City's corporate recovery strategy, and areas of focus that would have the most impact, include:

1. **Jobs:**  
New positions or return-to-work potential.
2. **Financial Sustainability:**  
Supporting short-term impacts to help keep businesses open.
3. **COVID-19 Impact:**  
Impacts related to the relaunch of business as a result of COVID and demonstrate declining market and revenues, reduced overall business activity that would require changes to the delivery of products and or services (i.e.

configuring workstations or provisions of personal protective equipment) that have potential to reduce transmission.

4. **Partner Leverage:**

Number of partners involved and/or financial or in-kind/time contributions.

5. **Economic Diversification:**

Impact on contributing to a diverse economy.

6. **Business Transformation:**

Adopting e-commerce and digital technology, innovative forms of marketing, or other business pivots to help business succeed.

7. **Tangible Placemaking Benefits:**

Contribution to mainstreet vibrancy.

8. **Environment Alignment:**

Supporting climate resilience

Grant applicants would be required to demonstrate they meet multiple criteria as listed above. The criteria enables Administration to set clear parameters to evaluate and distribute the grants, as well as define the metrics to regularly review grant performance (see Attachment 3). To ensure that program dollars impact as many businesses as possible, in the most effective and efficient way possible, two program streams are proposed:

(1) City Stream

Under this stream of funding, the current Storefront Improvement Grant Program and Development Incentive Program policy and procedures would be used to implement the Economic Recovery Grant. Note that the Storefront Improvement Grant is fully committed for 2020 and the Development Incentive Grant has approximately \$500,000 remaining for 2020 once the reserve and projects at the pre-application stage are accounted for. The parameters of the Storefront and Development Incentive grants, including purpose and geography, would be expanded significantly. The existing grant program is a proven, efficient system for administering business development grants and has all the appropriate oversight and systems in place for effective distribution. Leveraging these existing programs would minimize start-up time and make best use of existing resources and expertise. Under this stream of funding, independent businesses struggling to cover the costs related to re-opening or pivoting a business as a result of COVID-19 would be eligible to apply. Funding could be used for business costs related to proposing, altering or changing service and/or product delivery in order to adhere to health guidelines while keeping employees and customers safe. This stream of funding would require matching contributions from the business. The grant amount for businesses would range from \$1,000-\$25,000.

## (2) Business Association Stream

Under this stream of funding, business associations could apply for grant funding to deliver a project or program that directly meets the Edmonton Economic Recovery Grant Program criteria. Under this stream, business associations would be expected to use the funding for an economic development activity that has goals aligned with the Program criteria identified above. Business associations could include groups that the City already has relationships with, or new business support groups that have emerged since the pandemic began. By supporting business associations, the City can leverage external expertise and resources. The grant amount for business associations would range from \$10,000-\$75,000.

### *Phased Approach*

The Edmonton Economic Recovery Grant Program will use a phased approach as the impacts of COVID-19 on business will continue to emerge in the months and years ahead. This approach enables funding to be deployed in the short term to support immediate recovery, and in the medium term as further COVID-19 effects on business are identified. This approach also allows the City to evaluate impacts, adjust, pivot and be nimble in response to evolving business needs, as well as to take both a short and a longer term approach to supporting business. These phases correspond with Edmonton's Economic Recovery Roadmap (see attachment 4).

Phase 1: Anticipated June 10, 2020 - December 31, 2020 ( $\pm 40$  percent of available resources)

- It is anticipated that Phase 1 grant allocation would primarily support the most immediate and critical needs the business community is facing, particularly as businesses begin to reopen. Though grant allocation would be strategic, this phase would provide more immediate funding to support business as they pivot through the re-opening phase.

Phase 2: Anticipated January 1, 2021 - December 31, 2021 ( $\pm 60$  percent of available resources)

- It is anticipated that Phase 2 grant allocation would focus on the longer term, less immediate and more strategic work that diversifies the economy, and creates sustainable opportunities to meet a changing marketplace. This will, in turn, advance the work identified in Edmonton's Economic Recovery Roadmap. (Attachment 4)

### **Next Steps and Timeline**

With respect to Edmonton Economic Recovery Grant, Administration will finalize grant criteria, develop an application and review process, and associated communications in

accordance with the phased approach described above. Administration will return to the next City Council meeting with a policy to administer the funding that utilizes applicable portions of the existing frameworks of the Storefront Improvement Policy C216C and Development Incentive Program Policy C553C for approval.

Phase 1 implementation would be targeted to commence June 10, 2020, with an online application for both businesses and partners accessible from the City of Edmonton website. The application period would be rolling as per phases identified above. Administration will report back to Council in Q4 with a progress report identifying the early success measures of the program.

Should Council pass the recommendation to reduce business licence fees by fifty percent (upon request) until the end of the year through a motion, Administration will undertake the necessary steps to implement.

**Budget/Financial**

On May 11, 2020, City Council approved the redirection of \$5.295 million of 2020 budget from Corporate Expenditures, Corporate Programs to Economic and Environmental Sustainability Branch, Urban Form and Corporate Strategic Development, on a one-time basis, to fund a business COVID-19 relief program (the Edmonton Economic Recovery Program).

Waiving Business Licence fees by 50 percent for all businesses (upon request) until December 31, 2020 would result in a revenue loss estimated at \$3,100,000 however as part of the Spring SOBA, general revenue funding from Business Licencing was reduced by \$5.6 million for 2020.

**Public Engagement**

Formal public engagement was not undertaken for this initiative as the City has been in regular communication with the business community throughout the pandemic. Administration has used the feedback gathered through this communication to inform actions taken to date, as well as future actions. Administration will continue to liaise with the business community to ensure any actions are achieving their desired outcomes.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome(s):</b> Edmonton has a globally competitive and entrepreneurial business climate			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>



Funding is provided to local businesses efficiently	Number of days from funding application submission to funds disbursed.	TBD	TBD (2020)
Support is provided to as many businesses as possible.	Number of local businesses receiving support from the Edmonton's Economic Recovery Program	TBD	TBD (2020)
Edmonton's Economic Recovery Program leverages partner funding.	Partner funding provided (\$CAD) through the Partner Stream	TBD	TBD (2020)
Individual Businesses are Thriving	Business Survey through BIA Economic Indicators	TBD	Stable from 2019

### Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If the recommendation is approved by Council						
Financial	The City would have to absorb a decrease in general revenue.	4 - Likely	1 - Minor	4 - Low	Manage expenses.	Additional red tape reductions and process improvements.
If the recommendation is not approved by Council						
Customers	Businesses request additional support from the City.	3 - Possible	2 - Moderate	6 - Low	Work completed to date and currently underway intended to support Edmonton's local economy.	Implementation of Edmonton's Economic Recovery Program.
Public Perception	Perception the City is not doing enough to support businesses through the pandemic	2 - Unlikely	2 - Moderate	4 - Low	The City has consolidated business support information to a central web hub for all COVID-19 business	The City continues to liaise with the business community and will respond as further COVID-19 effects on

					related updates.	business are identified
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**Attachments**

1. Themes we are hearing
2. Support From Other Orders of Government
3. Edmonton Economy Recovery Grant - Proposed Metrics
4. Edmonton's Economic Recovery Roadmap

**Others Reviewing this Report**

- M. Persson, Deputy City Manager and Chief Financial Officer, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- R. Smyth, Deputy City Manager, Citizen Services
- B. Andriachuk, City Solicitor