

## APPROACH: EDMONTON'S ECONOMIC RECOVERY ROADMAP

### Purpose

The primary objective of *Edmonton's Economic Recovery Roadmap* is to identify a pathway for the City of Edmonton to initiate actions towards economic recovery due to the COVID 19 crisis. The Roadmap introduces areas of focus and work that may be implemented over the immediate, short, medium and long term. The intent is to provide a set of conditions through a framework that may help facilitate Edmonton's economic opportunities and be well positioned to address future economic uncertainties. Many factors like global commodity price fluctuations, supply chain risks, biological risk and climate change will continue to provide new challenges and opportunities for long term sustainable prosperity of Edmonton. It is important to note the execution of *Edmonton's Economic Recovery Roadmap* would unfold within the delivery and implementation of existing City led business support programs and services that will compliment the recovery but address ongoing response to business needs.(i.e Business Retention and Expansion (BRE) area supports).

The Roadmap utilizes an integrated approach that recognizes and aligns two corporate strategic goals identified in *Connect Edmonton*, Edmonton's 2019-2029 Strategic Plan:

- **Regional Prosperity** : Edmonton grows prosperity for our Metro Region by driving innovation, competitiveness and relevance for our businesses at the local and global level; and
- **Climate Resilience** : Edmonton is a city transitioning to a low carbon future, with an opportunity to advance and grow economic conditions for sectors like clean technology.

The integration of economic prosperity and environmental resilience priorities positions Edmonton to capitalize on the anticipated post COVID 19 federal stimulus as well as the focus on key emerging sectors ensures Edmonton's longer term economic sustainability. (i.e advanced manufacturing, agri-business, technology and innovation, green economy)

### COVID 19 Context

Edmonton's regional economic development agency, Edmonton Global has identified key economic impact and strategic considerations for the region. They are as follows:

- **Trade & Export** will be severely disrupted for 2020 but are expected to resume in 2021. Protecting trade and export capacity over the medium and long term will be key to a strong economic recovery over the medium to long term.

- **Supply Chains** are being disrupted around the globe causing shortages in critical products for healthcare delivery and containing the spread of the virus amidst increasing demand, Focusing on development of local supply chains for critical products will help meet immediate demand and stabilize businesses in the short -term.
- **Labour Force and Attraction** are at risk. Supporting businesses' ability to retain as much workforce as possible and retraining and re-skilling latent workforce will improve our competitiveness and viability for investment and trade.
- **Foreign Direct Investment** and greenfield investments are declining significantly. Capital flow coming out of the pandemic will likely be looking for safe landing spots-both in terms of jurisdictions and projects(i.e mergers, acquisitions, infrastructure).
- **Market and Sector Trends** are shifting as a result of Covid-19 including the consumer demand for increased technology services and application which is resulting in ECommerce activity increases.
- **5G** will see larger economic benefits sooner for those who invest early.

The City of Edmonton has developed specific economic recovery considerations for Edmonton.

- **Longer Range Economic Focus** : The Roadmap tools and actions must ensure the future resiliency of Edmonton's local economy . Therefore, supports for advanced manufacturing, agri business, logistics, artificial intelligence, digital connectivity and green economy could be primary drivers to secure Edmonton's economic future. New and growing employment potential exists in emerging sectors.
- **Economic Strategy and Place Brand:** Within the new context and perspectives of COVID 19, we can learn from the business impacts and opportunities. Edmonton requires a robust economic strategy that differentiates it within a new competitive economic reality. The place brand is re-envisioned and acts as an important element to present Edmonton to the marketplace through the recovery, rebuild, re-launch and re-imagining of the marketplace.
- **Leverage External Resources and Supports:** The Roadmap tools and actions maximize external - partnership opportunities, and funding and program supports - for local business recovery. External partners play a vital role to identify what's needed to support business growth into the marketplace over the next few years. Also, partnerships will be critical to co-create local recovery opportunities to reposition Edmonton for its economic recovery.

- **Support City Building** : Economic recovery aligns with the direction established by the City of Edmonton's *City Plan*. The recovery tools and actions complement and support the existing and successful economic programs and services. Partnerships with the development industry and builders facilitate recovery and investment efforts will be critical to future city building effort .
- **Nimble, Flexible and High Impact**: The City prioritizes economic recovery actions and tools that can deliver high and inclusive impacts in a timely responsive execution.
- **Demonstrate Empathy and Equity**: The Roadmap tools and actions do not increase the property tax burden on existing businesses. They strive to bring all Edmontonians along on the journey to economic recovery.
- **Ensure Priority Support For Local Businesses**: The Roadmap tools and actions ensure that local business priorities are key to Edmonton's economic recovery. This assumes current support activities, ongoing commitments and working programs as they are underway will continue. Through programs like Business Retention and Expansion (BRE) , we can emphasize our commitments to Business Improvement Areas (BIA) and many of the current response efforts will carry on as much as they are needed.
- **Position Edmonton's Strengths**: As Edmonton enters an unprecedented time of innovation and change, it must monitor and respond to what other cities and jurisdictions are doing. The City identifies competitive pressures of programs and services being offered elsewhere to provide local businesses every opportunity to be uniquely positioned to compete.

## Approach

Over the next 18 months, the City utilizes a multi-phased approach to deliver priorities for local economic recovery with the timing and execution of the priorities may overlapping as required. Also, the timing of development and implementation will be subject to change as the conditions of community health change through the COVID 19 response. The complete Roadmap would commence simultaneously with the expectation that transition time is needed among phases of work. Emphasis in effort would adjust along a continuum of implementation as required.

The ultimate goal and outcome for Edmonton is to achieve a “V-shaped”<sup>1</sup> recession recovery, however, other scenarios will be examined. These are all subject to COVID 19 effective control and spread as well as aggressive and effective economic policy interventions.

The economic recovery phases reflect urgency, capacity and recovery needs. It should be noted that the current set of economic programs and grants that support a myriad of businesses and industries in Edmonton will be continually evaluated in the context of a COVID 19 recovery. The Roadmap explores options to allocate further resources to deliver economic recovery priorities. In addition, the execution of the Roadmap is adjusted based on an economic relapse brought on by a second wave of COVID 19. See *Attachment 1* for recovery COVID 19 economic impact. Below are the economic recovery phases :

- **Respond:** This phase currently under implementation responds accordingly with Alberta Health Services (AHS) directives for health and safety of citizens. Ensuring safety standards, education and compliance through appropriate delivery of service is a priority and will continue to set the standard for responding. To support businesses in this time of significant downturn and closures there have been a number of relief programs launched by the Federal and Provincial government. Economic recovery tools such as emergency business support loans, federal wage subsidy, rent and lease deferments and provincial mental health support are providing immediate economic relief to Edmontonians. In addition, the City of Edmonton has provided significant relief in areas of property tax penalty deferrals; reduced or eliminated service/user fees; deferred Business Improvement Area (BIA) tax levy; and suspended rent payments for City owned facilities.
- **Relaunch:** The next phase of economic recovery starts with the reopening of Edmonton’s economy, accelerating partnerships, funding opportunities/gaps and facilitating future program delivery. This phase supports the foundational resiliency and preparedness of Edmonton’s economy. Relaunch phase focuses on stimulus funding, internal policy and regulatory changes, program design, workforce realignment and stakeholder engagement. Existing industries in manufacturing, logistics, petrochemical processing, small business will start to re-emerge as evidenced on our vibrant mainstreets, nodes and corridors while new forms and alternative methods of service delivery are tested.

---

<sup>1</sup>**A V shape Economy** suffers a sharp but brief period of economic decline, followed by a strong recovery.

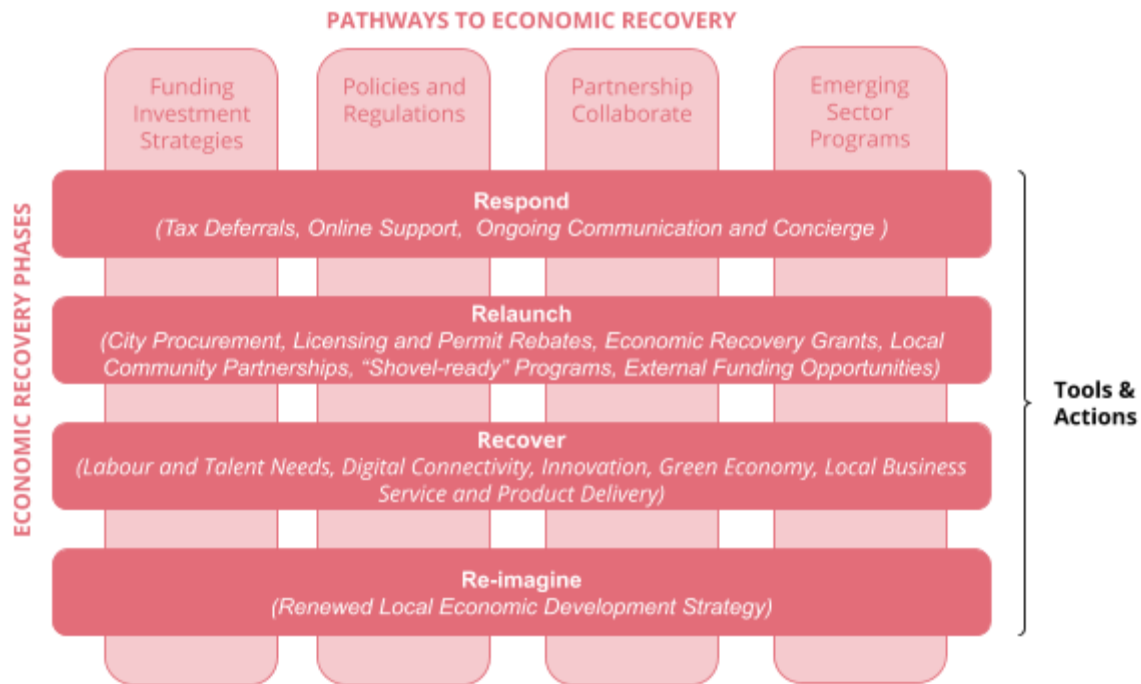
- **Recover:** As noted the program execution and stimulus phase triggers local economic recovery targeting a “V-shaped” economic recovery. The phase strives for an effective intervention through a strong policy response that prevents structural damage; recovery to higher than pre-crisis fundamentals and momentum. Industry and business programs are delivered with minimal delay and maximum impact. This phase leverages partnerships to - grow labour and talent needs; and grow digital connectivity, innovation, green economy, local business service and product delivery.
- **Re-imagine:** This phase transitions Edmonton’s economy to focus on a diversified and resilient future state. Industries in clean technology, renewable energy, agri business food production, and advanced manufacturing and processing, innovation and technology could start to re-define Edmonton’s local economy. The phase sets the stage for the new economic strategy and place brand based on inputs received from business, industry and community leaders. Edmonton’s place brand strategies position it to ensure that investors looking to invest, expand or relocate their businesses consider Edmonton as a competitive choice.

### Pathways to Economic Recovery

The Economic Recovery Roadmap follows a matrix structure with four Pathways to address economic recovery. These integrated Pathways support the four economic recovery phases that are defined in the previous section. The four economic pathways are described below:

- **Funding Strategies and Investment:** This pathway includes building funding options to advocate, collaborate and self-fund Edmonton’s economic recovery. Identify areas for new investment and sources of capital that could enter into the local market.
- **Policies and Regulations:** The pathway includes exploring and recommending changes to internal policies and regulations to fast-track business start-ups; allowing easy transition back into the market for existing business; supply chain connectivity through local procurement; and other relevant industry support for emerging sector growth.
- **Partnership Development and Support:** The pathway delivers programs that build sector level partnership strengths. Capacity building reinforces the local supply chain through growth in existing and emerging sectors, and builds a resilient local economy that further supports local businesses. Partnerships are leveraged and utilized as a major lever to build capacity and sustainability.
- **Emerging Sector Programs:** This pathway focuses on diversifying the local economy. Edmonton’s economy must build and support emerging sectors to minimize future

economic shocks from the energy price fluctuations. Also, existing sector strengths must be reinforced and continued.



**Figure 1: Economic Recovery Roadmap**

Ultimately, the *Roadmap* will inform the development of a **long term economic development strategy for the City of Edmonton**. This strategy will align with the ConnectEdmonton Strategic Goals and in particular integrate Regional Prosperity and Climate Resilience to support a longer-term economic diversification strategy. The economic development strategy will be based on the learnings from the economic recovery roadmap. The strategy will be fully developed when there is a better understanding of the economic impacts of the recovery scenario work which will inform future possibilities, opportunities and constraints in a post COVID 19 world.

## Implementation Approach

### Economic Recovery Scenarios

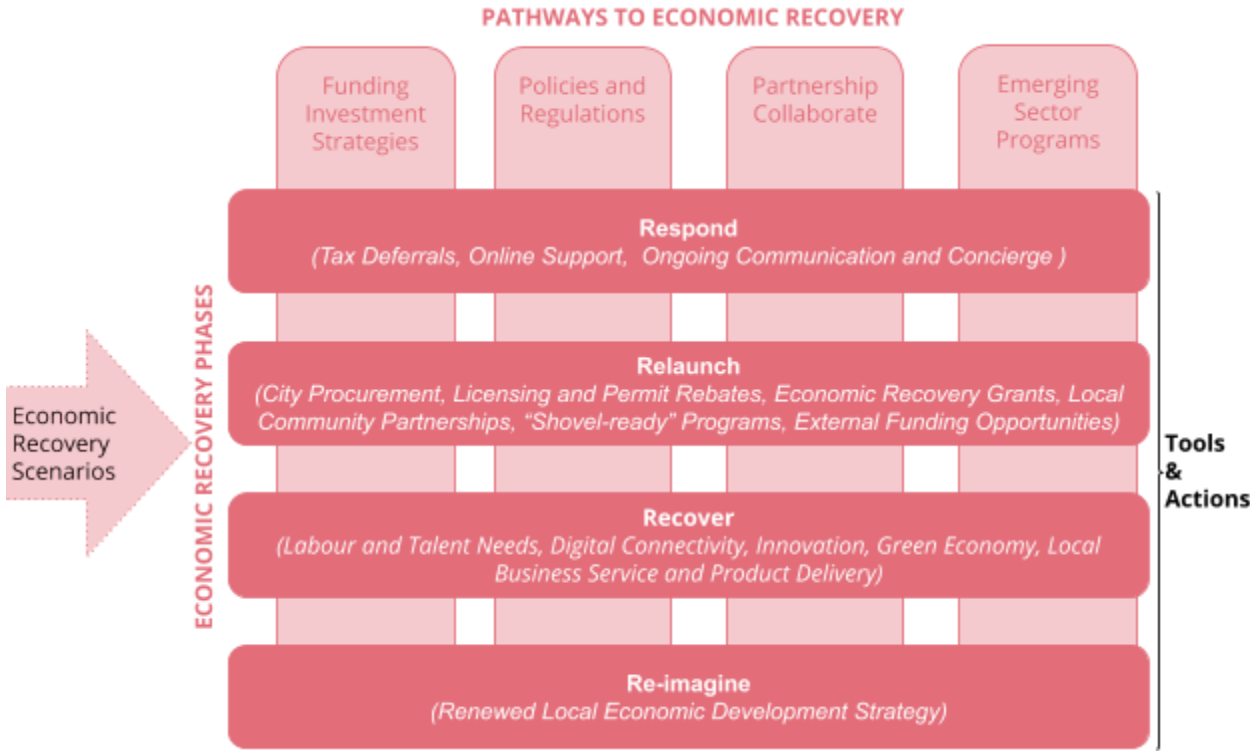
In order to effectively develop the economic recovery roadmap, scenarios that lead to a V-Shaped, U-shaped and W-shaped post COVID 19 economic recovery must be considered and developed. The three possible scenarios to Edmonton's economic recovery are below:

- **V-shaped recession** is where the economy suffers a sharp but brief period of economic decline with a clearly defined path, followed by a strong recovery. V-shapes are the normal shape for recession, as the strength of economic recovery is typically closely related to the severity of the preceding recession. This scenario also assumes that the virus doesn't come back in a second wave.
- **U-shaped recession** is longer than a V-shaped recession, and has a less-clearly defined through. GDP may shrink for several quarters, and only slowly return to trend growth. This scenario assumes a longer period of Covid19 lockdown and a more protracted period of time before it can begin to open up.
- **W-shaped recession**, (also known as a double-dip recession), the economy falls into recession, recovers with a short period of growth, then falls back into recession before finally recovering, giving a "down up down up" pattern resembling the letter W. This scenario would assume as Covid 19 flattens and the economy begins to open, there could be a second wave that would trigger the next recession period.

The COVID-19 pandemic has created extreme volatility and unknowns. Successfully forecasting the future economic recovery is near impossible as the COVID 19 virus is very new for our scientific and research communities and very little is known about the virus' behaviour. Utilizing a scenario based approach provides the best opportunity to understand and develop a complete strategy for economic recovery. Scenarios would be driven by assumptions about how the COVID 19 virus behaves in light of lockdown procedures, and the success rate of health and safety interventions. The scenarios would consider transitioning efforts and activating policy as it relates to opening the local, provincial and national economies.

Scenarios must consider economic assumptions including but not limited to economic contraction and growth, local to global impacts, potential consumer behaviours/demand, local small business and industry trends, and global trade.

The scenarios are superimposed on the economic recovery phases and priority pathways identified in the previous section. The scenarios guide the development of optimal tools and actions for local economic recovery.



**Figure 2: Economic Recovery Roadmap (with Scenarios)**

**Conclusion**

The implementation of Edmonton’s Economic Recovery Roadmap would require the formation of a *City of Edmonton COVID 19 Economic Recovery Task team*. The Task team would also work with external agencies like Edmonton Global, Chamber of Commerce.

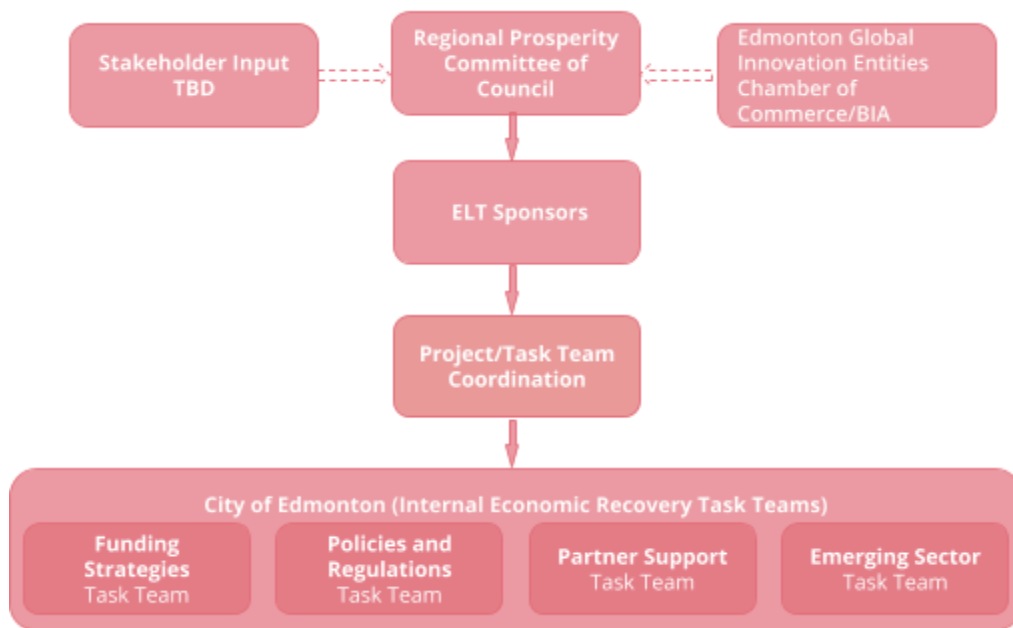
Deliverables may include:

- Define and streamline assumptions and economic recovery scenarios;
- Further define local economic re-launch efforts, actions and tools;
- Define economic recovery focus, strategies and key partnerships for implementation;



- Identify necessary economic programs, methods of delivery and opportunities for acceleration; and
- Prioritize Roadmap actions and tools through targets and deliverables.

The *City of Edmonton COVID 19 Economic Recovery Task team* is led by City of Edmonton’s senior leadership with oversight on the development of the necessary priority economic recovery actions and tools. The City of Edmonton may allocate necessary staff resources and governance structure to ensure the reliable, effective and efficient delivery of economic recovery of actions and tools.



**Figure 3: Governance: Edmonton’s Economic Recovery Roadmap**

### Next Steps

The following next steps have been identified to implement *Edmonton’s Economic Development Roadmap* and will be added into the discussion and consideration with the Council working group

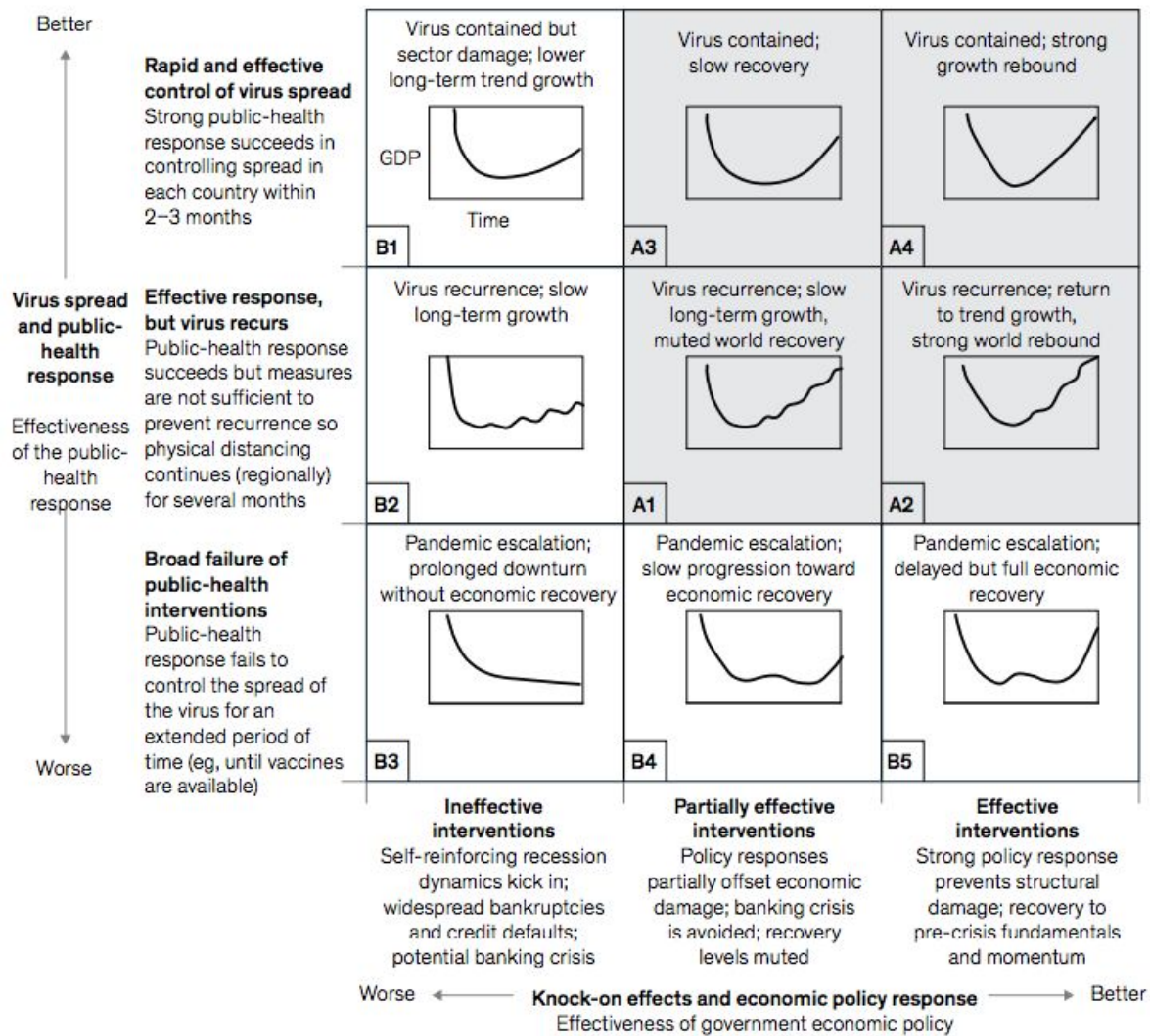
- **Refine** scenarios, pathways and phases for Edmonton’s economic recovery.
- **Finalize** the governance structure for local economic recovery.
- **Identify and recruit** the relevant stakeholders that may include industry and business leaders that can participate in the local economic recovery .

- **Allocate** internal resources to support Edmonton’s economic recovery efforts .
- **Prioritize** economic recovery strategies, tools and actions for Edmonton’s economic future .
- **Define** the key success factors for economic recovery scenarios.

**Attachment 1**

**Scenarios for the economic impact of the COVID-19 crisis**

**GDP impact of COVID-19 spread, public-health response, and economic policies**



Source: **Source Mckinsey Partners-Business Insider**