

## Innovate Edmonton 2021 Funding

### Recommendation

1. That the terms of a grant funding agreement between the City of Edmonton and Innovate Edmonton, for an amount not to exceed \$1,000,000, as outlined in Attachment 1 of the December 7, 2020, Urban Form and Corporate Strategic Development report UFCSD00220, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That \$1,000,000 grant funding be transferred to Innovate Edmonton in 2021, from amounts previously held to fund the corporation within the Corporate Expenditures and Revenues 2021 operating budget.

### Executive Summary

On May 11, 2020, Council approved a motion (CR\_7861) to increase the 2021 expenditure budget for the Financial Strategies within Corporate Expenditures, Corporate Programs by \$5,000,000 to fund an innovation entity once established. Innovate Edmonton has been established and the Board of Directors and CEO have been selected. Administration seeks approval to advance \$1,000,000 of the \$5,000,000 to enable Innovate Edmonton to start operations.

### Report

Edmonton has a unique opportunity to pioneer innovative work. Innovate Edmonton has been established to build on the strengths of an active and creative entrepreneurship ecosystem including vibrant post-secondary institutions. This new entity will support the ecosystem with focused programs and services, and a funding mechanism. Innovate Edmonton will play an important role in enabling a more innovative, diverse and resilient local economy.

Innovate Edmonton will focus on programs and funding that will align with Administration's strategic response to the COVID-19 pandemic and the economic recession to Respond, Recover, and Reimagine. The entity will build a stronger and supportive ecosystem by injecting investor-matched capital so that startups and scaleups can access the funds necessary to carry out their work. To date, a Board has been selected, and a new CEO was recently announced.

In the remainder of 2020, Innovate Edmonton will develop its key strategic documents, programs and budget and internal processes, including legal, human resources and information technology.

## Budget / Financial Implications

At the May 11, 2020 City Council Meeting, Council approved \$5,000,000 within the Financial Strategies budget to be held to fund an Innovation Entity once established. As the entity has now been established and is commencing operations, Administration is recommending that \$1,000,000 of the \$5,000,000 be advanced to allow the entity to start operating and developing key documents, including budget and strategic plan. Before the remaining \$4,000,000 is released, Innovate Edmonton will return to Council in the first quarter of 2021 with a business plan for approval.

## 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>
Edmonton has a globally competitive and entrepreneurial business climate	Startup Value  (represents the market value of current software startups in Edmonton and the market value of companies exiting the startup phase. Source: Startup Genome)	\$35.6 million (2018) \$191.0 million (2019)	No target has been set for this measure.  Targets will be set by Innovate Edmonton
Edmonton has a globally competitive and entrepreneurial business climate.	Edmonton Region Economic Diversity Index  (Source: Conference Board of Canada)	0.89 (2017) 0.90 (2019)	Ongoing: 0.90

## Risk Assessment

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score (with current mitigations)</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
<b>If recommendation is approved</b>						

Financial	The initial grant funds provided to Innovate Edmonton are insufficient to cover initial operating expenses requiring additional funds	2 - Unlikely	1 - Minor	2 - Low	Innovate Edmonton to ensure there are no significant variances while preparing their business plan and request for additional funding	Maintain mutually beneficial relationships with Innovate Edmonton via agreement terms and joint management meetings
<b>If recommendation is not approved</b>						
Customers / Citizens	Technology startups and entrepreneurs are unable to access programs and other supports to get their businesses and ideas started hindering innovation and entrepreneurship	2 - Unlikely	1 - Minor	2 - Low	Innovate Edmonton to work with Edmonton's customers to find alternative programs and resources during the transition period	Maintain mutually beneficial relationships with Innovate Edmonton via agreement terms and joint management meetings

## Attachment

1. Innovate Edmonton Grant Funding Agreement Term Sheet

## 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
- B. Andriachuk, City Solicitor