

Update on the Edmonton Economic Recovery Grant

Recommendation

That revised Edmonton Economic Recovery Grant Policy C623A, as set out in Attachment 1 of the December 7, 2020, Urban Form and Corporate Strategic Development report UFCSD00060, be approved.

Executive Summary

This report provides an update on Phase 1 of the Edmonton Economic Recovery Grant program. In total, the City has supported 609 businesses through the City Stream, and four business associations through the Business Association Stream as of November 3. This totals \$853,396 in support to help the local economy's most immediate and critical needs. Based on learnings to date and the ongoing and emerging realities of COVID-19, Administration is extending Phase 1 of the program into 2021.

Administration is re-evaluating the approach of Phase 2 based on lessons learned, the needs of the business community, and alignment with Edmonton's Economic Strategy. The focus on economic sustainability and diversification remains critical as the City reimagines its work to support the local economy in the most effective ways possible.

Administration is recommending that up to \$930,000 of the \$5.295 million approved for the Edmonton Economic Recovery Grant program be used to provide rebates for the Business Improvement Area Levy for businesses that were temporarily closed because of COVID-19 public health orders. The rebate amount would be a prorated portion of a businesses' 2020 BIA Levy equal to the period of time a business closed as a result of COVID-19 to a maximum of three months. Administration is targeting January 2021 to begin the rebate program. A rebate program would support the excellent service delivery objective of the Corporate Business Plan.

Edmonton Economic Recovery Grant Phase 1 Update

On May 11, 2020, Council approved the redirection of \$5.295 million to fund a business COVID-19 relief program. The program is intended to help businesses recover and relaunch operations following the restrictions of the COVID-19 pandemic. Administration created the Edmonton Economic Recovery Grant to manage the disbursement of these funds.

This grant is part of the Edmonton Economic Recovery Program, which was presented to Council on May 27, 2020 in Urban Form and Corporate Strategic Development

report CR_8298. The policy for the program was later approved by Council through the June 8, 2020 Urban Form and Corporate Strategic Development Report CR_8331 Edmonton Economic Recovery Grant Policy. The grant policy is structured around three principles that have guided grant disbursement:

1. Timely access:

Administration continues to provide timely access to grants in support of the business community. Appropriate levels of oversight are maintained through the evaluation and audit processes. To date the average amount of time from grant intake to disbursement is 2.5 weeks.

2. Nimbleness:

The grant is designed to be flexible. Administration reviews grant performance regularly and has pivoted as required within the existing policy framework. This includes revisiting grant allocation amounts, criteria, and purpose.

3. Balancing priorities:

It is necessary to balance immediate financial needs that local businesses face related to relaunch with longer term priorities related to diversification and local business sustainability. The City must also balance needs versus resources available.

The City Stream offers matching microgrants to individual businesses. Since the program launched on June 15, 2020, the City has received 1,198 applications to the City Stream and provided grants to 609 businesses totalling \$637,000 in COVID-19 relief as of November 3. As this is a matching grant, the total economic benefit to the local economy is estimated at \$1,274,000.

Business associations, groups and organizations are able to apply for larger grants to support local economic development through the Business Association Stream. The City has received 11 applications and provided grants to four organizations totalling \$215,592 in COVID-19 relief. Administration is working with another seven applicants: three to enter into an Agreement, two applications are under review and two are awaiting more information. A list of approved applications is included in Attachment 2. The total number of businesses anticipated to be supported through this stream based on targets identified in signed Agreements is 1,789.

Edmonton Economic Recovery Grant Outcomes

It is important to note that COVID-19 presents many unknowns and that a variety of economic supports are available to meet different needs. As such, it will be difficult to directly link grant performance with specific outcomes (e.g., number of jobs created). Administration is measuring a range of outcomes to help evaluate the effectiveness of the program. Attachment 3, Edmonton Economic Recovery Grant Metrics includes the results of the grant program after four months of operation.

The City has disbursed 33 percent of Phase 1 funds under the City Stream, 41 percent of Phase 1 funding under the Business Association stream has been disbursed, and an additional 30 percent is allocated to approved projects but not yet disbursed. This level of grant performance is on par with the Government of Alberta's Small and Medium Enterprise Relaunch Grant.

Key Learnings

Changing the grant amounts available from \$1,000, \$2,500 and \$5,000, to \$1000:

During the second week of grant administration, we learned that offering various grant amounts created a challenge with respect to determining which applications would receive larger grants and which applications would receive smaller grants. A standardized grant amount made the process fair and helped to ensure that resources would be available to more applicants.

Shift to rolling applications: Administration originally set a weekly intake of 100 applications to manage workload and ability to process applications. Once the initial wave of applications was processed, it was determined that the grant applications could be received on a rolling basis. This made the application process easier for businesses.

Promotion: Given there was no budget for advertising, the program was promoted through the City's social media channels and uptake for the grant corresponded with announcements or social media attention. Administration applied a small budget of \$700 for advertising and promotion, and saw corresponding increases in the number of applications. Administration intends to continue to leverage small and targeted advertisements to ensure businesses are aware of the program.

Grant Funding Accountability Audit

Under the City Stream, Administration audited one in every ten receipt submissions received to date and found:

- 87 percent of grant recipients used the money in accordance with what was approved on their application.
- Of those who did not spend the money on what was stated in their application, 75 percent spent the money on eligible items.
- 80 percent of grant recipients appropriately matched the funding provided.
- The audit found the average total spend by a business was approximately \$3,500.

The City has and will continue to follow up with all applicants who did not spend the grant funds in accordance with the program or are missing receipts. Projects approved through the Business Association Stream will begin to report back on the success of their programs in Q4 2021.

City Stream Survey Results

Administration surveyed grant recipients to gather feedback on their experience with the program. As of November 3, Administration received 102 responses which indicated:

- 66 percent said the grant helped employees continue to work.
- 81 percent indicated the grant helped keep their business operational.
- 39 percent of grant recipients, who said their business was closed or only partially open when they applied for the grant, indicated the grant helped their business to reopen.
- 78 percent indicated their staff felt safer as a result of the grant.
- 78 percent said receiving the grant has made their business more resilient.

Edmonton Economic Recovery Grant Next Steps

Businesses continue to struggle as the economic and social effects of COVID-19 impact the local economy. To address this, Administration is extending Phase 1 of the City Stream into 2021 until the \$1,590,000 allocated to this phase is exhausted. The extension will also allow the City to provide rapid and flexible support through a possible second wave of the pandemic, should the need arise.

In keeping with the key principle of balancing priorities in the Edmonton Economic Recovery Grant Policy, Administration is re-evaluating the second phase of the grant program to ensure it is most effective. When the Program launched, Administration made best efforts to predict the COVID-19 impacts on the business community. Given that the COVID-19 pandemic continues to evolve, continuing to disburse Phase 1 grants enables Administration to provide timely and flexible resources to businesses in Edmonton. Administration will bring forward to Council a proposed plan for Phase 2 at the same time as the Economic Strategy in Q1 2021.

Business Improvement Area Levy

Due to COVID-19 restrictions from the Province of Alberta, many businesses were ordered to temporarily close this year. Some of these businesses operate within Business Improvement Areas (BIA). Those businesses contribute to the BIA budget through a business tax levy. Under the BIA bylaws, operating businesses are responsible to pay for the levy. As many businesses were prevented from operating, the case can be made that they should have their BIA levy reduced accordingly. The total impact is estimated at \$930,000, depending on the number of businesses applying and impacted by the closure orders.

Under the proposed approach, Administration would divert some of the funds originally reserved for the Economic Recovery Grant. These funds would be used to rebate a portion of a qualifying business's levy for the period of time a business closed as a result of COVID-19 to a maximum of three months. Including the BIA Levy Rebate aligns with the program principles of Balancing Priorities and Nimbleness.

If approved, Administration would update the Edmonton Economic Recovery Grant procedures to manage this rebate and those updates would follow the principles identified in this report. The procedures would clearly outline which businesses are eligible, information they need to supply and how the rebate will be provided. Administration is targeting January 2021 to have the rebate available to businesses.

Budget/Financial

Administration is recommending that the costs of the Levy rebate program be borne by the existing budget of the Phase 2 of the Edmonton Economic Recovery Grant (EERG) program. The impact predicted to the budget of the EERG is outlined below:

EERG one-time budget: \$5,295,000 (total amount for the program) - \$2,119,500 (total Phase 1 allocation) - \$930,000 = \$2,245,000 (remaining for Phase 2)

The funding allocation in the City and Business Association Streams will remain flexible. Administration may rebalance funds between the two streams in order to best meet program demand and the needs of local businesses. Administration will manage the overall Program budget in a way that ensures the City Stream or Business Association Stream do not draw down on the \$930,000 allocated for the BIA Levy Rebate.

Public Engagement

Public engagement was not formally conducted for this report; however, businesses that received grant funding were surveyed for their feedback on the program. A summary of the 102 responses received to date is included in Attachment 3. Administration continues to build relationships and engage with local businesses, business associations and Business Improvement Areas to overcome the challenges of this pandemic together.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Funding is provided to local businesses efficiently	Average number of weeks from funding application to notifying applicant of outcome	City Stream: 1.1 weeks (June 15 - Nov 3) Business Association Stream: TBD	City Stream - 1 Week (Phase 1) Business Association Stream - TBD (2020)
Support is provided to as many businesses as possible	Number of local businesses receiving support from the Edmonton's Economic Recovery Program	City Stream 609 (June 15 - Nov 3, 2020)	City Stream: 890 (Phase 1)

		Business Association Stream: 1,798 (June 15 - Nov 3, 2020)	
Edmonton's Economic Recovery Program leverages partner funding	Partner funding provided (\$CAD) through the Business Association Stream	\$215,592 in signed agreements \$160,000 in pending agreements	TBD (2020)
Edmonton's Economic Recovery Program helps keep businesses in operation	Percent of businesses responding to the City Stream survey indicate the grant helped to keep their business operational	81 percent (June 15 - Nov 3, 2020)	50% (2021)

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Public Perception	Perception the City has misled businesses that were waiting for larger grants in a Phase 2 of the program.	4 - Likely	2 - Moderate	6 - Low	Communication is being developed to help inform the public about changing priorities and needs.	The City continues to liaise with the business community and will be able to further adjust the program as needed to respond to the emerging need of the business community.
Financial	Reduction in the ability to provide City Stream or Business Association Stream Grants	5 - Almost Certain	1 - Minor	6 - Low	The EERG grant is Nimble and responsive to business needs.	The City may further adjust the program as needed to respond to the emerging need of the business community

Attachments

1. [Revised Edmonton Economic Recovery Grant Policy C623A](#)
2. [Business Association Stream Approved Applications](#)
3. [Edmonton Economic Recovery Grant Metrics](#)

Others Reviewing this Report

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