

Edmonton Economic Recovery Grant Phase 2

Edmonton Economic Action Plan Grant

Recommendation

That Executive Committee recommend to City Council:

That the revised Edmonton Economic Recovery Grant Policy C623B, as set out in Attachment 1 of the April 26, 2021, Urban Form and Corporate Strategic Development report UFCSD00243, be approved.

Executive Summary

The Edmonton Economic Recovery Grant was designed to provide effective and efficient grant funding to support Edmonton businesses and the local economy through a two-phase approach. Phase 1 was developed to help lessen the immediate impacts of COVID-19. Phase 2 will be used to incentivize the long-term diversification of Edmonton's economy by supporting the implementation of actions contained in the Edmonton Economic Action Plan through the Economic Action Plan Grant. Administration will incorporate the lessons learned from Phase 1 into Phase 2 of the Edmonton Economic Recovery Grant program, including using a Gender-Based Analysis+ lens and remaining nimble to the ongoing needs of the business community.

Administration will use the remainder of the one-time Edmonton Economic Recovery Grant of \$2.08 million for Phase 2 and is targeting to launch the Edmonton Economic Action Plan Grant in June, 2021. Phase 1 City Stream applications will continue to be accepted concurrently until the Phase 1 budget is fully allocated.

Report

Phase 1 of the Edmonton Economic Recovery Grant

On June 8, 2020, the Edmonton Economic Recovery Grant ("EERG") policy was approved by Council as a COVID-19 recovery initiative and a mechanism for long-term economic diversification (June 8, 2020, Urban Form and Corporate Strategic Development report CR_8331, Edmonton Economic Recovery Grant Policy). Phase 1 of the EERG program helped Edmonton's businesses recover and relaunch following the restrictions of the COVID-19 pandemic. In Phase 1, the City offered a combination of microgrants for businesses, larger grants for organizations to help businesses pivot, recover, and stay open, and a Business Improvement Area (BIA) levy rebate for businesses located within a BIA.

City Stream: In total, 1,082 businesses accessed the \$1,000 microgrants through the City Stream totalling \$1,110,000 in COVID-19 relief as of March 30. Since this program continues to be popular and businesses continue to be affected by the impacts of COVID-19, Administration will accept applications for the City Stream until Phase 1 funding is fully depleted. Administration anticipates that the approximately \$480,000 left in the City stream budget will be allocated before Q4 2021.

Business Association Stream: The Business Association Stream (BA Stream) was developed to support economic organizations that have a broader reach and can support many businesses through COVID-19 recovery. The BA Stream originally had a budget assigned to Phase 1 (\$529,500) and Phase 2 (\$794,250) of the EERG. The Phase 1 budget has been fully committed; therefore, Administration has started allocating funds from the Phase 2 budget. Through the BA Stream, the City received 28 applications and signed agreements with six organizations totalling \$408,941. In addition, there are agreements pending for another \$287,237 in grants which would leave \$628,822 for the remainder of the BA Stream. The total number of businesses anticipated to be directly and indirectly supported through the granted programs of this stream is estimated at 1,789. A report on the performance of the BA Stream will be prepared in Q4 of 2022 as projects have one year from the receipt of funding to complete their project, and three months following project completion to report on performance. With the implementation of the Edmonton Economic Action Plan Grant, the BA Stream will end on May 31st, and the remaining funding will be allocated to the Action Plan Grant at that time.

BIA Levy Rebate Stream: This stream was approved by City Council on December 7, 2020 (Urban Form and Corporate Strategic Development report UFCSD00060, Update on the Edmonton Economic Recovery Grant). This rebate provides financial support to businesses located within a BIA that were temporarily closed because of COVID-19 public health orders. To fund this rebate, Council approved the reallocation of \$930,000 of the EERG Phase 2 budget to this stream. Approximately \$22,000 in COVID-19 relief was provided through this program between January 1, 2021 and February 28, 2021. At the time of writing this report, Administration does not know the outcome of the April 19, 2021, Financial and Corporate Services report FCS00546, COVID-19 Funding Requests 2021, presented to City Council, which considers how to use the remaining BIA Levy Rebate and options for relief to BIAs in 2021.

Attachment 2 provides a description of Phase 1 successes, outcomes, progress, feedback, and the Administration-led audit of grant recipients.

Phase 2 of the Edmonton Economic Recovery Grant (The Edmonton Economic Action Plan Grant)

As shared with Council last on June 8, 2020 (Urban Form and Corporate Strategic Development report CR_8331, Edmonton Economic Recovery Grant Policy), Phase 2

of the EERG would be focused on supporting long-term economic diversification instead of immediate COVID-19 recovery. Administration committed to integrating the second phase of the grant with the Edmonton Economic Action Plan ("Action Plan"), Edmonton's 10-year economic development plan (April 12, 2021, Urban Form and Corporate Strategic Development report UFCSD00208, Edmonton Economic Action Plan). The Action Plan is one of the drivers of The City Plan and includes a range of strategic economic development activities that Administration and its partners will undertake.

Administration intends to activate actions in the Edmonton Economic Action Plan through Phase 2 of the EERG by providing one-to-one matching funding to projects and initiatives that align with the following actions from the Action Plan:

Action 3: Support building capacity and access to resources for entrepreneurs from marginalized communities, such as racialized entrepreneurs, and newcomers.

Action 5: Support projects aimed to strengthen or eliminate gaps within existing local supply chain networks.

Action 6: Leverage Edmonton's digital infrastructure, including Open Data, fibre optic network and the innovation corridor, to link research, educational and technology organizations.

Action 10: Develop tools and strategies to attract commercial, residential and mixed-use development in nodes and corridors.

Action 11: Support enhanced experiences by encouraging opportunities for low impact businesses to operate in parks and public space.

Action 12: Develop tools to facilitate growth in green economic sectors.

Action 13: Work together to support emerging made-in-Edmonton technology solutions.

Action 14: Support emerging off-shoots of the energy sector.

Action 15: Advance a coordinated approach to growing the local food economy.

Action 16: Develop Edmonton's competitive advantage as an international logistics hub and hub to Northern Alberta, the Northwest Territories and beyond.

Action 17: Promote affordable, accessible, high-quality, and inclusive early learning and child care.

Action 20: Promote and support academic programs that advance the local economy.

These actions have been selected because they require investment and leadership from the private sector and economic development related associations in order to achieve their desired outcomes. Phase 2 of the EERG program through the Edmonton Economic Action Plan Grant (the "Action Plan Grant") will incentivize investment and

encourage involvement from the business community, economic development related associations, and post-secondary institutions. The actions selected provide local businesses and organizations with an opportunity to propose projects that support the Action Plan's outcomes when leveraging up to \$25,000 in a one-to-one matching grant. Actions that are largely driven by the City of Edmonton, such as removing red tape or creating a Place Brand Strategy, were excluded from this list as private investment is not necessary to affect their outcomes.

Administration heard in the feedback for Phase 1 that businesses and organizations desired higher grant amounts (>\$1,000) in order to have a larger impact. Administration also heard the matching component made it harder for some to access funds. To provide a balanced approach based on this feedback, Administration will offer Action Plan Grants of up to \$25,000. This will allow many organizations and businesses to make use of the program without making it unobtainable by smaller organizations.

Projects and programs that help to advance the actions identified above may be eligible for funding. Roughly half of the funds for the Action Plan Grant will be available in the first six months of the grant and the other half beyond that. This will ensure the Action Plan Grant is accessible to as many organizations as possible by providing them with sufficient time to put forward a thoughtful application. The timing of the funding would be flexible and may change to meet the needs of local businesses and organizations.

The Action Plan Grant may fund applicants who previously received funding in the EERG program's Phase 1 if they are applying for a new project that contributes to the outcomes of the Action Plan. Mechanisms to ensure applicants are not using City funding twice for the same expenses will be present in the evaluation process. Additional information on the administration of the Action Plan Grant, including eligibility criteria and project examples, can be found in Attachment 3. The Office of the City Auditor has provided early input into the administration of the Action Plan Grant.

Development of the Action Plan Grant also incorporated the additional feedback received and lessons learned from Phase 1 of the EERG program in order to best serve businesses. These lessons include:

- The principle of nimbleness was successful and essential to Phase 1. Maintaining this principle for the Action Plan Grant will enable Administration to respond to changing local economic contexts, opportunities and challenges in a timely manner that supports local businesses.
- It is critical to have a balance between allowing applicants to be creative while clearly defining eligibility criteria for applications. This will streamline the grant while being open to support all businesses and business associations and their innovative ideas. The Action Plan Grant reflects this approach by providing

funding for all Action Plan actions that involve collaboration with industry versus internal City policy work or projects, such as the red tape reduction initiatives identified in Action 2.

- The importance of recognizing, supporting and understanding the challenges faced by Edmonton's businesses through the use of a Gender-Based Analysis+ lens. This understanding will ensure that the principle of equity is incorporated into communications, processes and evaluation.

To enable the implementation of the Action Plan Grant, Administration recommends the revision of City Policy C623A - Edmonton Economic Recovery Grant (see Attachment 1). The revision will include removing references to specific grant streams in the EERG and will thereby allow Administration the flexibility to be more responsive with this grant program and potential improvements to it in the future.

Measures of Success

Administration will measure the success of the Action Plan Grant using the metrics and targets specified in Attachment 4. These proposed metrics and targets align with the performance measures of the Action Plan:

- Employment created by entrepreneurs who self-identify with a marginalized group.
- Number of businesses reporting improved distribution of their goods or services.
- Employment in a variety of sectors including: green economic sectors, in the food sector, the information and communications technology sector, off-shoots from the energy sector, etc.
- Program efficacy measures such as the number of businesses supported, employment in those businesses and dollars reinvested in Edmonton's local economy.

Businesses and organizations receiving grant funds would be required to report on those metrics that apply to them.

Budget / Financials

Funding for the Action Plan Grant, \$2,077,572, comes from the Edmonton Economic Recovery Grant budget:

EERG Total Budget	\$5,295,000
Less: City Stream (Phase 1)	\$1,590,000
Less: BA Stream Total Committed	\$697,428
Less: BIA Levy Rebate stream	\$930,000

Action Plan Grant Budget (Phase 2)

\$2,077,572

Next Steps

If Council approves the Policy revision, Administration has targeted the launch of the Action Plan Grant in June, 2021. An application form and information on the grant will be accessible from the City of Edmonton website. Administration will continue to work closely with our economic development partners as the grant is administered.

Public Engagement

Administration has used feedback received through Phase 1 of the EERG as well as engagement for the Edmonton Economic Action Plan to inform this work.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton Region is a catalyst for industry and business growth			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton's economy grows.	Real GDP of Edmonton percent change	-0.1% (2019)	Positive percent change
Edmonton Action Plan Grant funding and matching funds are reinvested in local businesses.	Total amount of grant & matching funds reinvested in local businesses	TBD.	20% of grant and matching funds
Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton's economy supports entrepreneurs.	Percentage change to business openings and business closures in Edmonton (Statistics Canada)	4.96% (% change in openings from 2019 to 2020)	Increase pace in business openings
		11.06% (%change in closures from 2019 to 2020)	Decrease pace in business closures
Edmonton's economy supports entrepreneurs who identify with marginalized groups.	Number of entrepreneurs who identify with a marginalized group supported	74% of businesses from EERG Phase 1 (2020)	30% of business owners receiving funds identify with a marginalized group

Attachments

1. Edmonton Economic Recovery Grant Policy C623B

2. Edmonton Economic Recovery Grant - Phase 1 Metrics
3. Edmonton Economic Action Plan Grant Administration
4. Edmonton Economic Action Plan Grant Proposed 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
- K. Fallis-Howell, Acting City Solicitor