



STAFF REPORT ACTION REQUIRED

Economic Development Investment and Partnership Programs Review Report

| | |
|--------------------------|--|
| Date: | December 10, 2008 |
| To: | Economic Development Committee |
| From: | Deputy City Manager - Sue Corke |
| Wards: | All |
| Reference Number: | P:/2009/Cluster A/EDCT/ECON DEV/January/ed0901-006 |

SUMMARY

At its meeting of June 12, 2008, Economic Development Committee requested the General Manager, Economic Development Culture and Tourism, to report back concerning whether the Community Festivals and Special Events (CFSE) and the Commercial Research Investment (CRIP) Programs, serving Business Improvement Areas (BIAs) and occasionally business associations, and the Economic Development Sector Investment (EDSIP) and the Economic Sponsorship Initiatives (ESI) Programs, serving industry sectors, are fulfilling their stated goals and objectives and to recommend required changes. This report responds to that request.

This report reviews these existing programs and recommends the creation of a new Competitiveness, Creativity and Collaboration grant program aligned with the *Agenda for Prosperity* and the Economic Development, Culture and Tourism Division's (EDCT) strategic objectives. Staff propose the establishment of a single grant program that will combine the funding of the four existing EDCT programs (CFSE, CRIP, EDSIP and ESI). The new grant program will achieve greater economic development impact, serve to anchor key industry sectors, retain and create jobs, raise public and industry interest and awareness and improve Toronto's overall business climate.

The first grant recipients for the new program would be selected and announced in the Fall 2009 for funding to be provided in 2010. It is important that the grant recipients be notified that they will be recommended for a grant in the fall of the year preceding the grant award so that they can properly plan their activities. The actual award, including the amount of the grant, will be determined once Council approves the Operating Budget

for the year. The existing four programs would remain in place with current application deadlines, budget allocation and procedures in 2009.

RECOMMENDATIONS

The Deputy City Manager recommends that:

1. a new Competitiveness, Creativity and Collaboration investment program be created to:
 - a. build on the fundamental principles identified in the *Agenda for Prosperity*
 - b. work in partnership with business and industry non-profit organizations to improve Toronto's economic prosperity
 - c. increase employment opportunities
 - d. attract new investment and retain businesses
 - e. involve members of the business community to assist with the review and adjudication process
2. four existing grant programs, Community Festivals and Special Events (CFSE), Commercial Research Investment Program (CRIP), Economic Development Sector Investment Program (EDSIP), and the Economic Sponsorship Initiatives (ESI) Program be terminated on December 31, 2009 and all associated funds (\$456,260 in the 2008 Council approved Operating Budget) be re-allocated through the Community Partnership and Investment Program (CPIP) to a new Competitiveness, Creativity and Collaboration investment program in 2010;
3. the new Competitiveness, Creativity and Collaboration investment program be administered by the General Manager, Economic Development, Culture & Tourism Division;

Financial Impact

There are no direct budget implications arising from the adoption of this report. The exact amount available for this new program will be determined as a result of Council's 2009 and 2010 Operating Budget approvals and will result from the combination of the four current economic development lines in the Community Partnership and Investment Program (CPIP) as well as a two percent Cost of Living Allowance (COLA) increase. There is no requirement for other additional funding to move the Competitiveness, Creativity and Collaboration investment program forward.

DECISION HISTORY

At its meeting of June 12, 2008, the Economic Development Committee, in considering, firstly, the April 28, 2008 report concerning Commercial Festivals and Special Events (CFSE), the Commercial Research Investment (CRIP) Programs and, secondly, the May 9, 2008 report concerning Economic Development Sector Investment (EDSIP) and

Economic Sponsorship Initiatives (ESI) Programs, requested the General Manager, Economic Development, Culture and Tourism to review these programs to determine if they are fulfilling their stated goals and objectives and to recommend any changes.

<http://www.toronto.ca/legdocs/mmis/2008/ed/bgrd/backgroundfile-13578.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ed/bgrd/backgroundfile-13574.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ed/bgrd/backgroundfile-13582.pdf>

ISSUE BACKGROUND

The four programs under review were either established prior to amalgamation or shortly thereafter with the adoption in 2000 of the City's Grants Policy and the creation of the Community Partnership and Investment Program (CPIP). As described below three of the four provide small amounts of funding to assist individual projects, the fourth (ESI) contributes to the base funding of specific organizations.

CFSE supports festivals and events that showcase local retail areas and provides opportunities for the volunteer sector to learn leadership skills. The 2008 CFSE budget was \$40,000.

CRIP funds research projects such as the development of business or strategic plans for commercial areas, streetscape plans (landscaping and urban design), the planning (but not execution) of new street festivals or special events, studies to improve organizational capacity, economic impact analysis, market analysis studies, and customer surveys. The 2008 CRIP budget was \$43,800.

EDSIP grants assist non-profit sector organizations to support the initiation and expansion of one-time only projects expected to yield long-term benefits by contributing to the local economy through new economic growth and job creation. The EDSIP budget was \$220,470 in 2008.

ESI is a partnership program that supports the ongoing business development and marketing activities of the following four organizations: Toronto International Film Festival (TIFF - \$85,000), Toronto Alliance for the Performing Arts (TAPA - \$21,000), the Canadian Film Centre (CFC - \$20,000), and the Toronto Association of Business Improvement Areas (TABIA - \$25,990). To be eligible, these organizations must submit annual financial statements and a Report on Use of Funds. In 2008, the ESI budget was \$151,990.

COMMENTS

The existing CFSE, CRIP and EDSIP grant programs make a modest contribution to events, studies and one-time only projects. The individual grants, however, are too small to stimulate economic growth and long-term job creation. The ESI program supports sector development organizations, however these grants are also insufficient to achieve

the desired impact. Relative to the value of the grants awarded, these programs require a significant time commitment by both the agency preparing and submitting the proposal and by City staff to evaluate submissions. In 2008, for example, the average CFSE grant award was less than \$2,000.

Existing Program Eligibility and Activity

The following provides a brief description of current eligibility guidelines and objectives for each program, with program activity displayed in accompanying tables, excepting ESI, which provides stable multi-year funding to a prescribed set of sector organizations.

Community Festivals and Special Events (CFSE)

CFSE grant recipient projects must be accessible and open to the general public and be of a small to medium size with an overall budget that does not exceed \$100,000. Although the maximum grant is \$10,000, in 2008 the average grant was less than \$2,000 per event, or about 4 per cent of the average total event budget. Total requests are often more than three times the available budget. The CFSE funded a number of local street festivals such as “Celebrate the Beach Festival”, “Yonge Lawrence Village Day Street Festival”, “Taste of the Kingsway Festival”, “Roncesvalles Polish Festival”, “Paint the Street” and others.

Community Festivals and Special Events Program (CFSE) Activity 2004-2008

| Year | Total value of Requests | No. of Grants | Total Value of Grants | Av. Grant Amount |
|------|-------------------------|---------------|-----------------------|------------------|
| 2004 | \$133,477 | 19 | \$42,135 | \$2,217.63 |
| 2005 | \$135,600 | 16 | \$39,300 | \$2,456.25 |
| 2006 | \$119,774 | 17 | \$39,350 | \$2,350.00 |
| 2007 | \$133,558 | 19 | \$40,000 | \$2,105.26 |
| 2008 | \$139,125 | 21 | \$40,000 | \$1,904.76 |

Commercial Research Investment Program (CRIP)

CRIP grants fund up to half the cost of the research to a maximum contribution of \$10,000. In 2008, the average grant was \$7,300. Total requests typically exceed the available budget by about 50 per cent. Some of the projects supported by the program have included a Downtown Yonge BIA Annual Market Survey; Mirvish Village Multi-year Marketing Plan with Streetscape Component; Old Cabbagetown BIA Streetscape Master Design Plan and West Queen West BIA Urban Design Guidelines among others.

Commercial Research Investment Program (CRIP) Activity 2004-2008

| Year | Total value of Requests | No. of Grants | Total Value of Grants | Av. Grant Amount |
|------|-------------------------|---------------|-----------------------|------------------|
| 2004 | \$61,500 | 10 | \$41,625 | \$4,162.50 |
| 2005 | \$45,000 | 5 | \$43,760 | \$8,752.00 |
| 2006 | \$65,500 | 7 | \$43,760 | \$6,251.43 |
| 2007 | \$70,144 | 8 | \$43,800 | \$5,475.00 |
| 2008 | \$57,605 | 6 | \$43,800 | \$7,300.00 |

Economic Development Sector Investment (EDSIP)

EDSIP supports initiatives for sectors that are currently identified as Design, Fashion/Apparel, Film and Television, Financial Services, Food and Beverage, Information and Communications Technology (ICT), Medical/Biotech/Life Sciences, Tourism, and Printing and Publishing. Projects must be consistent with objectives of the *City's Agenda for Prosperity*, become self-sustaining within three years, and project funding and execution must involve partnerships with the private sector. EDSIP funding is limited to a maximum of 25% of the total project budget.

EDSIP Program Activity 2004-2008

| Year | Total value of Requests | No. of Grants | Total Value of Grants | Av. Grant Amount |
|------|-------------------------|---------------|-----------------------|------------------|
| 2004 | \$425,000 | 14 | \$260,470 | \$18,605 |
| 2005 | \$387,500 | 15 | \$220,470 | \$14,698 |
| 2006 | \$289,500 | 15 | \$220,470 | \$14,698 |
| 2007 | \$342,492 | 15 | \$220,470 | \$14,698 |
| 2008 | \$335,992 | 13 | \$220,470 | \$16,959 |

Since 2000, EDSIP has supported 141 projects with total grants of approximately \$2.2 million, an average grant of \$15,488, and leveraged over \$30 million in additional funds. Grant requests typically exceed available budget by 50% to 90%. Some of the projects supported by the program have included the IIDex/NeoCon Canada show to profile Toronto-based interior design firms; business skills training for performing arts companies through the Creative Trust for Arts & Culture; the Hot Docs film festival to support a Global Guide to Documentary Broadcasters and a Manual on Current Production Funds; iCan Pitch event to provide newcomers to the film and television industry with an opportunity to pitch their story ideas and concepts to industry professionals; and an Old Town Toronto Heritage Festival.

Economic Sponsorship Initiatives (ESI)

ESI is a partnership program and provides stable annual sponsorship funding to organizations whose mandate is closely linked to the EDCT's ongoing initiatives. The four continuing ESI recipients are the Toronto International Film Festival (TIFF), the Toronto Alliance for the Performing Arts (TAPA), the Toronto Association of the Business Improvement Areas (TABIA) and the Canadian Film Centre (CFC).

Program Stakeholder Consultations

Questionnaires were prepared and distributed to all BIA chairs and coordinators concerning CFSE and CRIP and a stakeholder meeting was convened through TABIA. For EDSIP and ESI, all grant recipients from 2004-2008 were invited to a stakeholder

meeting. Additionally, individual contacts were made with recipients. Stakeholder interviews were conducted during the summer 2008. The results are described below.

CFSE Program: BIA representatives concurred that the application is too long and could be streamlined. Some BIAs felt that the grant is too small to be meaningful, others felt the program was important for initiating an annual festival. While the maximum grant is \$10,000, most grants are well below this amount. The total annual budget of \$40,000 is usually split among approximately 20 successful applicants. From a staff evaluation perspective there is little evidence to suggest that CFSE grants provided to BIAs has helped these events grow into events that would generate broader economic impacts. Nor is there evidence to suggest that without this assistance the events would not happen. It is believed that the relatively small amounts provided by this grant program could be easily recovered through additional sponsorships or through the BIAs general budget.

CRIP: BIA representatives felt that the program helps them to undertake useful studies, such as capital planning, marketing, and area branding. Respondents also felt that additional resources were required. BIAs proposed that program participants should be able to draw on more resources within the City, such as specialists in economic research or urban design. They also felt that there should be sharing of studies and approaches by, for example, providing completed studies on a shared directory. Over the years, CRIP has mainly funded the development of streetscape master plans. Staff concluded that if these studies were to encompass more detailed designs for streetscape components, the costs would be likely be able to be considered as part of the City's capital cost-share program.

EDSIP and ESI: Respondents felt that EDSIP is fulfilling its mandate and objectives. As well, the City's grant is important for base project funding and, since the grant signifies City endorsement, assists with additional fundraising. EDSIP recipients proposed a forum or networking event to share information, insights and best practices, with more regular staff communication. Stakeholders felt the maximum grant amounts should be increased from \$20,000 to \$50,000 to provide projects with the ability to generate greater impact and economic activity and generate broader sector support. ESI recipients felt the program was extremely valuable in helping them meet their ongoing business and economic development activities, such as delivering marketing campaigns, conducting business forums and developing packages for Toronto's performing arts companies. All organizations stated that funding levels had not kept pace with their mandates and operations.

General Comments:

In addition to the feedback received from stakeholders, staff assessed the programs using data collected through annual Report on Use of Fund questionnaires and from an overall economic development perspective evaluating the amount of economic impact, sustainability and job creation these programs helped to generate. Staff concluded that although there was a definite need to support these initiatives and the projects funded

through these programs had merit and brought benefit to the City's economic development objectives, the total impact of these initiatives did not generate substantial results for recipients or for the city based on the amount of time and effort that was required to facilitate and administer them.

Proposed New Grant Program

Consistent with the *Agenda for Prosperity*, the proposed new consolidated grant program focuses on supporting collaborative initiatives that can grow to scale, generate increased economic activity, maintain and strengthen strategic industry sectors, create jobs and enhance Toronto's image as a centre of creativity, innovation and collaboration.

Program Description

It is proposed, that the four existing EDCT grant programs (CFSE, CRIP, EDSIP and ESI) be merged and that the combined funds (\$456,260 in 2008) be consolidated into the single Competitiveness, Creativity and Collaboration program designed to implement the two of the major pillars of the *Agenda for Prosperity*. It is envisioned that the new program will support about 9 or 10 major projects annually with a maximum of \$50,000 available for each project. The new program will be open to all non-profit organizations, including sector-based associations as well as Business Improvement Areas (BIAs) and will adhere to the City's Grants Policy.

The new grants eligibility criteria will focus on two of the pillars described in the *Agenda for Prosperity*:

Global Toronto: Internationalization

- Diversify our international portfolio by substantially increasing economic activity with cities beyond North America with a focus on emerging markets; and

Creative Toronto: Productivity and Growth

- Anchor and expand strategic industry sectors through increased competition and collaboration.

Accessibility

As a result of the recommended changes, it will be necessary to assist small and medium sized BIAs in the transition to the new program as they will no longer have access to individual grants given for local events and research studies.

This could be provided in several ways. For example, TABIA can apply for grants under the new program on behalf of several or all BIAs, likely reducing the cost involved to each BIA, and resulting in greater economies of scale and maximizing the benefit of the study or initiative. Projects could include the "packaging" of BIA events for sponsorship development purposes, or the undertaking of research studies, the findings and recommendations of which applicable to many BIAs. Staff are confident that this approach will achieve greater results and represents a more efficient use of financial resources.

In addition, BIAs will have access to Parks, Forestry and Recreation grants for events and festivals held in City parks. Further, assistance may be available through the Job Creation Program (JCP) currently operated by the BIA Office in cooperation with Service Ontario. This program provides human resource support to BIAs to assist with BIA operations including organizing and operating festivals. However, continuing assistance in this regard is dependant on continuing support of this program from the Province.

Since the proposed program will not take effect until 2010, the City's BIA Office can consult with BIAs and TABIA in 2009 respecting potential projects.

Adjudication:

It is proposed that a "Review Panel" be established. Staff will review all submissions for completeness and consistency with City objectives and prepare a short list for review by the Panel. The Panel will review the short listed submissions and help staff make funding recommendations. The criteria will take into account a number of factors including, but not limited to: location, type of activity, expected outcomes, job creation, business retention and investment attraction. The General Manager, Economic Development, Culture and Tourism will report to City Council through the Economic Development Committee on the recommendations. In accordance with the Grants Policy, City Council will make final decisions on grant recommendations.

CONCLUSIONS

The *Agenda for Prosperity*, unanimously endorsed by City Council in January 2008, provides the strategic framework for Toronto's competitiveness and economic growth. Since this endorsement, the Mayor, Council and staff have implemented a number of transformative initiatives to align the City's policies and programs with the Agenda, including among other things, reorganization of the Economic Development, Culture & Tourism Division, establishment of Invest Toronto and Build Toronto, and development, adoption and application of the Imagination, Manufacturing, Innovation and Technology Incentive Program.

The four existing Economic Development programs – CFSE, CRIP, EDSIP and ESI, established prior to City Council's endorsement of the *Agenda for Prosperity*, were appropriate for the time and have fulfilled their stated goals and objectives since 2000. However, the city and the needs of the business community have grown substantially and it is critical that these programs evolve to keep pace with the changing times.

The proposed new Competitiveness, Creativity and Collaboration grant program is another step in the process to align City programs and investments with Council policy and strategic objectives. The new program will serve to implement the *Agenda for Prosperity* by providing increased funding to support collaborative initiatives that can grow to larger scale, generate increased economic activity, maintain and strengthen

strategic industry sectors, create jobs and enhance Toronto's image as a centre of creativity, innovation and collaboration.

CONTACT

Christine Raissis
Director, Strategic Growth and Sector Services
Telephone: 416-392-3385
Email: craissis@toronto.ca

Eva Pyatt
Director, Business Services
Telephone: 416-392-7183
Email: epyatt@toronto.ca

SIGNATURE

Sue Corke
Deputy City Manager