



STAFF REPORT ACTION REQUIRED

2014 Budget Adjustment for EDC to Deliver Starter Company Program Funded by MEDTE

Date:	January 20, 2014
To:	Executive Committee
From:	General Manager, Economic Development and Culture
Wards:	ALL
Reference Number:	

SUMMARY

This report is to recommend approval of an adjustment to the 2014 Budget Committee Recommended Economic Development and Culture (EDC) Operating Budget and the 2015 Operating Plan. This is a time sensitive issue to ensure delivery of the provincial government's "Starter Company" Program in the City of Toronto. This program is 100% funded by the Province - Ministry of Economic Development, Trade and Employment (MEDTE), resulting in no net cost to the City. This report also recommends that approval be given for the General Manager of Economic Development and Culture to negotiate and enter into an agreement with MEDTE for the purpose of delivering the program.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council authorize the General Manager of Economic Development and Culture to negotiate and execute an agreement with the Ministry of Economic Development, Trade and Employment for delivery of the Starter Company Program.
2. City Council approve an increase to the Budget Committee Recommended 2014 Operating Budget and 2015 Plan for Economic Development and Culture of \$267,500 gross, \$0 net, conditional upon conclusion of an agreement with the Province for funding through the Starter Company Program.

Financial Impact

The Ministry of Economic Development, Trade and Employment will provide 100% funding to the City of Toronto (EDC) to implement and deliver the Starter Company Program for two years. This program aims to address the youth unemployment rate and crime by providing training and financial aid to successful program candidates to start businesses. The program will be managed by existing staff with the training and mentoring aspect being delivered by contracted sources. The funding including disbursement is summarized below.

2014 and 2015

\$92,500 per year – contracted trainers, specialized contractors, and mentors

\$25,000 per year – for marketing and expenditures related to Grant Committee Meetings

\$150,000 per year – Participant Grant Funds (PGF) – 30 participants @ \$5,000 per grant.

Operating Cost for Starter Company	GROSS	REVENUE (MEDTE funding)	NET
2014	\$267,500	\$267,500	\$0.00
2015	\$267,500	\$267,500	\$0.00

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

The Starter Company Program is a key part of Ontario's comprehensive Youth Jobs Strategy that was announced in the 2013 Ontario Provincial budget. The Youth Jobs Strategy aims to invest \$295 million over two years to help young people find jobs or start their own business while helping employers find the skilled workers they need to thrive in the global economy.

The Starter Company Program will be piloted for two years and will provide mentoring, training and capital for youth to start, grow or buy a small business. For the purposes of this program, youth are defined as those between 18 and 29 years of age. The Starter Company Program will be delivered by the Small Business Enterprise Centres (SBECs) which are part of Ontario's Network of Entrepreneurs (ONE - including City of Toronto EDC - Enterprise Toronto).

The Youth Jobs Strategy's Starter Company Program is intended to:

- Provide small business supports and capital to help young people build strong local businesses;
- Help young people become job creators instead of job seekers; and
- Support and promote main street small businesses at the local level.

Young entrepreneurs with a business idea work with their local SBEC (Enterprise Toronto) to create a learning plan and receive necessary training, including the creation of a business plan with performance milestones. These entrepreneurs can buy a business, start their own, or expand an already existing business.

COMMENTS

The objectives of the Starter Company Program align with one of EDC's core functions in supporting small business and entrepreneurship in Toronto, and the program, which operates on a cost-recovery basis, represents an opportunity to provide services targeted to youth employment.

New funding from the Youth Jobs Strategy will allow the creation of community based mentoring networks in Toronto (and across Ontario) to provide guidance and support to new and growing youth-owned businesses in their communities.

The Starter Company Program provides:

- training and business skills development to help youth prepare to run their own business;
- advice and mentorship from local business leaders to help get the business up and running;
- experience running a business that will better position youth to obtain more traditional financing, such as a bank loan, if required; and
- where applicable/eligible, a micro-grant to kick-off a new business or expand an existing business.

EDC (Enterprise Toronto and each provincial SBEC) will be provided with funds to administer the Starter Company Program in their usual catchment area, based on an approved application.

Responsibilities include:

- Adapting the Starter Company framework to respond to local needs and opportunities for young entrepreneurs;

- Administration of a Community Mentoring Network including mentor recruitment, training, networking events, tracking of mentoring relationships, reporting etc.;
- Coordination, assessment, and tracking of monthly mentoring meetings;
- Ensuring that an appropriate conflict of interest strategy is established;
- Promoting Starter Company, including outreach to vulnerable youth;
- Recruitment, intake and training of applicants to ensure Program targets are met;
- Assistance in the creation of a learning plan, business plan and business milestones/goals, plus other supports for participants within the Starter Program;
- Collection of status reports from participants, plus reporting on and tracking of participant progress within the Program; and
- Reporting of businesses started, job creation data and other identified performance measures.

EDC (Enterprise Toronto) will be required to report back to the Ministry on program outcomes on a monthly basis through electronic client record management. This includes number of participants both applying and admitted into the program, number of youth facing barriers and/or living in high needs communities, number of business started and number of jobs created. The progress of the Starter Company business will be tracked for at least three years, reporting back to the Ministry on jobs created. In addition EDC (Enterprise Toronto) will submit an annual report that includes feedback from mentors and participants, lessons learned and success stories.

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SIGNATURE

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