



REPORT FOR ACTION

Improving the IMIT Local Employment Requirement - Extension of Pilot Program

Date: September 29, 2020

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture Division

Wards: All

SUMMARY

In June 2019, City Council directed the General Manager, Economic Development and Culture to implement a points-based system to assist recipients of the Imagination, Manufacturing, Innovation and Technology (IMIT) incentive in meeting the Local Employment Requirement of the program. Council further directed staff to report back on the results of the first year of this pilot program by the fourth quarter of 2020 and, based on results, consider implementing changes on a permanent basis.

This report provides an update on steps taken to develop and apply the points based system. It also explains how the COVID-19 pandemic has disrupted the implementation of these employment plans by IMIT recipients and their tenants, and the ability of staff to report on process and outcomes. The report recommends that City Council extend the timeline for staff to report back on the pilot program results.

By extending the trial period during which these results can be assessed, staff and Council will be in a better position to identify opportunities for further improvement.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council direct the General Manager, Economic Development and Culture to extend the pilot program and report on the results of the new Local Employment Requirement of the Imagination, Manufacturing, Innovation and Technology (IMIT) program by the fourth quarter of 2022.

FINANCIAL IMPACT

There are no immediate financial implications resulting from the recommendation in this report.

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

DECISION HISTORY

At its July 23-30, 2018 meeting, City Council directed staff to consult with relevant stakeholders to determine what additional steps could be taken to ensure that developments receiving IMIT incentives provide quality employment opportunities for Toronto residents, including: employment and training in building construction, a strategy to reduce precarious employment among building maintenance employees (including contract staff) and full participation by users of IMIT properties in City-supported programs intended to connect job seekers to job opportunities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PG31.5>

At its June 18-19, 2019 meeting, City Council directed staff to implement a pilot program for IMIT recipients to achieve the Local Employment Requirement of the program using a points-based system as outlined in the staff report, and to continue the pilot until City Council adopts or amends the points-based system. Staff were directed to report on the results of the implementation of the points-based system by the fourth quarter of 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC5.13>

At its July 16, 2019 meeting, City Council adopted the Community Benefits Framework, which establishes how the City of Toronto will coordinate and maximize the social and economic impact of its community benefits initiatives, which includes the IMIT Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC6.15>

COMMENTS

IMIT Local Employment Requirement and Points-Based System

The Local Employment Requirement component of the IMIT program has been in place since IMIT was created in 2008. Any approved applicant to the program agrees to work with City staff to develop a "local employment plan that will identify opportunities for local hiring and/or training and document how the applicant or property user will utilize City-endorsed or sponsored employment programs." The employment plan requirement spans the full term of the IMIT incentive (10 years) with all actions taken and outcomes tracked and documented. As the IMIT incentive is a grant to property owners, which is often passed through to tenants, the employment requirement seeks to engage property owners along with any tenant employers.

However, as described in previous staff reports, it proved challenging for staff to track and evaluate the impact of local employment measures. Council therefore directed staff to identify what could be done to improve the administration of this component of the IMIT program, providing more certainty to program recipients and enabling them to deliver more and better employment opportunities to Toronto residents. Council requested that staff consider in particular how the IMIT Local Employment Requirement could lead to improved outcomes in three areas: jobs and training in building construction; less precarious employment for building maintenance workers; and more participation among IMIT property tenants in City-supported employment programs. These areas were explored both through the background research and consultation process and addressed in the points-based system.

Informed by extensive consultation, EDC staff proposed a points-based system, to be introduced first as a pilot program. Owners of buildings receiving the IMIT property tax rebate would need to work with building tenants to advance local employment opportunities. However, they would now have the flexibility to choose from various measures with more value given to practices and commitments with more likely and more significant impact for job seekers. Projects with higher estimated construction value would be required to earn more points.

The proposed pilot was approved by Council in 2019 with all subsequent IMIT recipients encouraged to meet the point requirement annually. Points achieved above the minimum can be carried forward from year to year and can be achieved through a variety of activities, either by property owners during construction or property users after building completion. These eligible activities include adopting a living wage policy and/or a social procurement policy; funding apprenticeships and work placements; participation in City endorsed recruitment events and mentorship programs; and providing funding for City-endorsed local workforce development organizations.

The points-based system is intended to be flexible and easy to navigate for IMIT recipients and more accountable as a result of being quantifiable. Staff expected improved employment outcomes in IMIT buildings including:

- Clarification of program requirements and improved compliance levels for current and future recipients.
- An increase in hiring and training activities and outcomes for City-endorsed programs targeting to Indigenous, Black and equity seeking groups.
- Reduction of administrative burden for City staff.
- Formation of long-term relationships between community partners and companies.
- Increased awareness of City policies/programs to support training and employment.

Outcomes to Date

Because past and potential future IMIT applicants were consulted as part of developing the points-based system, the process was generally clear and achievable for the first IMIT recipients starting in the fall of 2019. However, since the onset of the COVID-19 pandemic, IMIT recipients and their tenants have had difficulty in fully meeting their employment plans as originally designed. This is due to a reduction in their staffing capacity and/or a reduction in business activity. Some of the provider agencies in the

community sector that had offered to support the IMIT recipients are also not operating as usual. Finally, City staff capacity to encourage or support IMIT recipients in their participation in this pilot program has been curtailed due to reassignment, redeployment or a reprioritization of activities.

As of September 2020 there have been at least 55 approved IMIT applicants that have been introduced to the new process of achieving points through the pilot program. Of these, approximately 30 have submitted employment plans. Applicants that are in the current 2020 payment cycle have until September 30th to submit their activities to the City for consideration of compliance. Many recipients and tenants have communicated to the City their difficulties in achieving the goals as set out in their plans due to restrictions related to the COVID-19 pandemic. Early indications had been that the new system was effective with a good response from IMIT recipients, tenants and community providers.

Despite early success in working with applicants and reviewing complete submissions, the amount of submissions outstanding and the delays in implementing employment plans do not yet allow for a complete analysis of the pilot program.

Rationale for Pilot Extension to 2022

Workplaces across the world have been impacted by the COVID-19 pandemic. Many restaurants and stores closed for an extended period and many offices remain largely empty. So too has the pandemic had an impact on factories, warehouses, film studios, research labs and other facilities even if they have maintained some level of operation.

As the IMIT program offers an incentive for the construction and renovation of workplaces, all new program applicants are facing changed circumstances including potentially revised construction schedules and tenant commitments. Time and resources required to complete IMIT reporting requirements are likely less available. At the same time, uncertainty about future operations has made it more challenging to enter into partnerships with employment support organizations or secure employment commitments from future tenants. As a result, many new IMIT recipients have not been able to meaningfully complete or fully implement their employment plans.

In 2019 when City Council approved the new points-based system, it was expected that after one year of the pilot program staff would be able to evaluate the new system and provide recommendations to Council on how to best proceed with the Local Employment Requirement. Early indications suggested that the system can be effective. However, due to the onset of the COVID-19 pandemic, staff are unable to fully evaluate the pilot program and are not yet in position to provide recommendations to Council on a future program.

Staff are therefore recommending a two year extension of the pilot. It is proposed that the pilot program be extended until 2022 with the expectation that staff will remain in close contact with all IMIT recipients and their tenants and that they will continue to be encouraged to advance their employment plans. This extended timing also aligns well with the timing of City's Community Benefits Framework objectives, which include

coordination and policy and program development to advance community benefits initiatives like the IMIT Program.

CONTACT

Rebecca Condon, Senior Business Development Officer, Business Growth Services,
Economic Development and Culture Division, 416-396-0626,
Rebecca.Condon@toronto.ca

Dan Rosen, Senior Policy Advisor, Program Support, Economic Development and
Culture Division, 416-397-7486, Dan.Rosen@toronto.ca

SIGNATURE

Mike Williams
General Manager, Economic Development and Culture