

Subject: Downtown Revitalization Incentives Program (2021) - Phase 2**APPROVALS:****Jamie Doyle**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the amended Downtown Revitalization Incentives Program Policy – FIN 320 be approved.

Summary:

The 2018-2021 Strategic Plan identifies Downtown Revitalization and Regional Economic Development as strategic priorities. Launched at the end of June 2020, the Downtown Revitalization Incentives Pilot Program (“the Program”), provided eligible property and business owners access to four (4) grants to encourage façade improvements, interior renovations, new and upgraded patios, and beautification projects and murals.

Despite the many obstacles that businesses have faced in the last twelve months, including the economic downturn, the impact of COVID-19, and flooding, the Program has been well received. A total of eighty (80) grant applications have been approved, totaling approximately \$3.2 million in grant funding, and resulting in over \$9.35 million of total investment into the Downtown.

An updated Downtown Revitalization Incentives Program Policy - FIN 320 (Attachment 2) is proposed to carry Phase 2 of the Program forward. The updated Policy is intended to improve the grants’ relevancy to the needs of the Downtown property and business owners, and institutions.

Background:

The 2018-2021 Strategic Plan identifies Downtown Revitalization and Regional Economic Development as strategic priorities:

- Encouraging development in the downtown (#2a)
- Establishing incentives to update store fronts (#2c)

- Business attraction and incentives (#3b)

On June 23, 2020, Council approved the Downtown Revitalization Incentives Program Policy - FIN 320 and allocated \$5 million from the Emerging Issues Reserve to fund the Program.

On December 8, 2020, Administration presented an update on the Program to Council. Council directed Administration to prepare an updated Downtown Revitalization Incentives Program Policy - FIN 320 for their consideration in March 2021.

Purpose:

The purpose of this report is to:

- provide Council with a final update on the 2020 Program (Phase 1);
- present an amended Council Policy for Phase 2 of the Program (including new grant streams); and
- make recommendations for next steps.

2020 Program Summary:

In August 2020, there were an estimated 553 businesses in the Downtown located in commercial premises (e.g. offices, retail and services) and 155 home-based businesses. Despite the many obstacles businesses faced in 2020, interest in the Program was high. By the closing date of December 31, 2020, a total of 100 applications were received: eighty (80) applications were approved, totalling approximately \$3.2 million in grant funds; fifteen (15) were refused; and, five (5) were withdrawn by the applicant.

Table 1: Applications approved by grant type, amount, and investment value

Grant Name	Approved Applications	Grants Awarded	Total Investment
Façade Improvement Grant	25	\$1,553,153.83	\$4,024,838.13
Interior Improvements Grant	41	\$1,572,090.68	\$5,038,278.93
Patio Grant	4	\$33,628.00	\$89,831.37
Beautification Projects	9	\$34,733.39	\$187,926.33

Murals Grants	1	\$3,412.50	\$6,825.00
TOTAL	80	\$3,197,018.40	\$9,347,699.76

Proposed Program Changes and Response to Stakeholder Feedback:

As directed by Council on December 8, 2020, Administration has worked to address challenges identified by stakeholders. The following summarizes changes being proposed for Phase 2 of the Program:

1. Façade Improvement Grant

Stakeholders expressed a desire to make the façade grant accessible to applicants looking to do simple standalone upgrades rather than being required to carry out five or more comprehensive design elements. To accommodate different scales of façade upgrades, Administration proposes offering two Façade Improvement Grant options:

- Comprehensive Façade Improvement - Provides up to \$75,000 per building for projects that achieve a comprehensive façade upgrade by carrying out four (4) or more different types of improvements listed in the new Grant Guidelines.
- Simple Façade Improvement - Provides up to \$25,000 per building for up to three (3) of the different types of improvements listed in the new Grant Guidelines.

2. Interior Improvements Grant

Stakeholders wanted to see more types of eligible projects, and equitable provisions for multi-tenant buildings. Proposed changes include:

- A grant maximum of \$50,000 per building with single tenant/unit.
- A grant maximum of \$100,000 per building with multiple tenants/units. This allows two or more applications to be made for unit(s) or space(s) not previously improved under the Program. Each grant request must not exceed \$50,000.
- Expanding the list of eligible projects to include cosmetic upgrades such as painting, dry-walling, and flooring.

3. Patio Grant

The Patio Grant is intended to create outdoor dining spaces. To support more food establishments, and help mitigate the impact of COVID-19, Administration proposes that businesses be allowed to incur eligible patio costs/purchases directly following Council approval of Phase 2 of the Program without having an approved grant

application first. This allows businesses to improve patios immediately for the 2021 season. Purchases will be at the applicant's own risk, and approval for grant funding is not guaranteed. Labour costs are not included. An application will still need to be submitted, and Agreement executed, before reimbursement can be requested

4. Beautification Projects and Murals Grants

The low uptake of the Beautification Projects Grant in Phase 1 led Administration to propose the following changes:

- Make the grant more accessible by offering it to any business with a ground floor storefront, rather than 'per building'.
- Repurpose the grant to encourage specific storefront improvements to create visual interest (e.g. decorative lighting, interior window displays, seasonal planters).
- Reduce the grant amount from \$5,000 per building to \$1,500 per ground floor business. There will be no building maximum.
- Amend the application procedure for the Murals Grant to allow applicants to be pre-approved for funding, and the Grant Agreement be executed once the final mural design and artist fees are submitted for review and approval.

5. New Grant - Premises Improvement

Stakeholders provided the most support for car park and landscaping improvements to be included in a new grant. Administration proposes a new grant stream to allow property and business owners to upgrade and improve the areas surrounding their buildings. The buildings themselves would be excluded. The proposed grant would:

- Provide between \$10,000 and \$40,000 based on the size (m²) of the premises area for eligible improvements.
- Reimburse eligible improvements such as paving, resurfacing, landscaping, accessibility features, lighting, walls, drainage, and electric charging stations.

6. Application and Project Deadlines

If approved, Phase 2 will operate between April 1, 2021 and March 31, 2022, or until funding is exhausted. The project completion date is proposed within 12 months of the Agreement being signed. The Municipality has the discretion to extend construction deadlines as appropriate.

7. Timing of Funding

In Phase 1, full reimbursement occurs once a project has been completed/constructed. For Phase 2, Administration considered reimbursement

options such as up-front payment, phased or installment payments, and retroactive payments. However, no Program changes are recommended for the following reasons:

- Up front and phased/installment payments increase the risk to the Municipality and taxpayers as there is no guarantee that a project would be finished.
- Phased/installment payments reduces staff efficiency in administering the grants, creating Program delays.
- Some applicants have the option of loans from other sources (e.g. banks and Community Futures).
- The uptake of applications remained high in Phase 1, despite reimbursement being at the end of the project.

8. Contractor Estimates

The proposed Policy will require only one (1), contractor estimate for Patio and Beautification Grants. Two (2) contractor estimates remain a requirement for all other grants for Administration to ensure competitive/fair pricing.

9. Expand the Type of Eligible Buildings

Apartment Buildings contribute to a large portion of the built form in the downtown area, especially along main roads; therefore, it is proposed to include them as eligible buildings within the Façade Improvement Grants and the proposed Premises Grant.

Next Steps:

Administration will monitor and assess Phase 2 of the Program and report to Council on the interest, uptake, and performance by the last quarter of 2021.

Furthermore, Administration will continue to monitor the 2020 Program and the impact of grants on participating businesses and organizations as projects are completed.

Budget/Financial Implications:

On June 23, 2020, Council allocated \$5 million from the *Emerging Issues Reserve* (EIR) to implement the Program. As of March 5, 2021, approximately \$3.2 million has been allocated to eighty (80) projects, with \$1.8 million remaining unallocated. Should Phase 2 be approved, and depending on uptake, Administration will continue to use the EIR funds until exhausted. As part of the Phase 2 Program update, Administration will assess demand and estimate the amount of monies required to fund the Program.

Rationale for Recommendation:

Fort McMurray's Downtown is the key civic, health, and institutional service centre for the Region's communities. Creating a viable and vibrant downtown is imperative to the social and economic health of the Region. The Program directly responds to Council's strategic priorities, the needs of downtown stakeholders, and our community at-large.

The proposed amendments to the Phase 2 Program align with the motion from Council on December 8, 2020, and Public feedback supports offering the Program in 2021. Proposed policy changes are tailored to better meet the needs of business and property owners. Some of the insights for Phase 2 include:

- Businesses continue to navigate flood recovery and COVID-19 challenges and require more time to assess their situations.
- Uptake may increase as businesses see improvements made by surrounding properties.
- The Program was launched as a pilot and there are lessons learned that can be applied.
- Phase 2 participants will benefit from the amended requirements, and processes.
- New grant streams better meet the needs of businesses, operators, and property owners.
- Continuing the Program reflects Council's confidence and continued support for the revitalization of the downtown.

Strategic Priorities:

Downtown Revitalization
Regional Economic Development

Attachments:

1. Subject Area Map of Downtown

2. Downtown Revitalization Incentives Program Policy (FIN 320) - Phase 2

3. Downtown Revitalization Incentives Program - Phase 2 - Administrative Procedure

PowerPoint Presentation - DRIP Phase 2