

**Subject: Downtown Revitalization Incentives Program 2022 - 2023****APPROVALS:****Jamie Doyle**\_\_\_\_\_  
Director\_\_\_\_\_  
Chief Administrative Officer**Recommended Motion:**

1. THAT Council approve the allocation of up to \$3,710,000 from the Emerging Issues Reserve to fund the outstanding Phase 2 Downtown Revitalization Incentives Program Policy (FIN-320) applications.
2. THAT Council approve the amended Downtown Revitalization Incentives Program Policy (FIN-320), as outlined in Attachment 1, and extend the Program to new applications, commencing May 16, 2022, through to April 30, 2023.

**Summary:**

The purpose of this report is to provide Council with an update on the Downtown Revitalization Incentives Program (the Program) for the period of June 2020 to March 2022 and to request that Council:

1. authorize up to \$3.71 million to be allocated from the Emerging Issues Reserve to fund applications received up to and including March 31, 2022;
2. authorize the continuation of the Program between May 16, 2022, and April 30, 2023; and
3. approve amendments to the Downtown Revitalization Incentives Program Policy (FIN-320) reflecting the continuation of the Program.

The 2018-2021 Strategic Plan identifies Downtown Revitalization and Regional Economic Development as strategic priorities and Administration offers that the recommendations are in alignment with:

- Encouraging development in the Downtown (#2a);
- Establishing incentives to update store fronts (#2c); and
- Business attraction and incentives (#3b).

**Background:**

The Downtown Revitalization Incentives Program began as a Pilot Program in June 2020 through to December 2020 (74 applications approved) and was re-offered as Phase 2 commencing April 1, 2021, until March 31, 2022 (121 applications received). The entire Program, up to this point, has been funded by \$5 million from the Emerging Issues Reserve. For the 2022 Operating Budget, a total of \$3 million was approved to support continued Program grant funding.

**Downtown Revitalization Incentives Program Outcomes**

Despite the obstacles businesses have faced over the past two (2) years, the Program has demonstrated business optimism and willingness to invest in the Downtown (Attachment 1). Since its launch in June 2020, Administration has had over 400 inquiries, held 223 pre-application meetings, received 221 applications, and allocated approximately \$4.28 million in funding as of April 1, 2022, as shown in Table 1 below.

The return on investment for the region is remarkable given that this \$4.28 million in funding translates into a total project spend of \$12.35 million in qualifying costs borne of municipal funding and business contributions.

Table 1: Program Grant Application Status and Grant Type as of March 31, 2022

Grant Type	Applications			Funding Allocated	Total Project Cost
	Received	Under Review	Approved		
Façade Improvement	78	31	32	\$1,848,356	\$4,785,222
Interior Improvements	90	26	56	\$2,112,076	\$6,696,730
Patio	9	2	5	\$64,166	\$120,559
Beautification Projects	14	1	10	\$33,063	\$168,651
Murals	4	2	2	\$33,413	\$50,295
Premises Improvement (new in 2021)	26	18	8	\$185,252	\$526,554
<b>Total *</b>	<b>221</b>	<b>80</b>	<b>113</b>	<b>\$4,276,325</b>	<b>\$12,348,010</b>

\* A total of 28 applications were either ineligible, terminated or withdrawn

***Approved Applications by Sector***

Most of the approved applications are for projects in commercial buildings (77%), followed by mixed-use buildings (12%), and institutional buildings (11%), such as non-government buildings that serve the community's social, educational, health,

cultural, faith and recreational needs; for example, the Food Bank.

The Program has funded a variety of businesses in different sectors across the entire Downtown. Many of the approved applications are in the accommodation and food services sector (16%), retail trade (13%) and other services (24%) including automotive repair and maintenance, personal services, religious institutions, and civic organizations. Approved applications largely represent projects in multi-tenant buildings (22%) such as shopping malls and plazas, where multiple businesses will benefit from improvements to the building's shared areas.

### ***Accessibility***

Of the approved applications, 35% include funding for accessibility features such as new ramps, new or upgraded barrier-free washrooms, automated doors, elevators, and widened corridors.

### ***Use of Local Contractors***

Applicants pay for construction up front. To date, 39 projects have been completed and the Applicants have been fully reimbursed. Of these projects, 73% used local contractors exclusively, 16% used a combination of local and non-local, and 11% used only non-local contractors.

### ***Promoting the Program***

Administration actively promoted the Program throughout the pandemic, in addition to responding to inquiries, holding virtual pre-application meetings, and conducting site visits. Promotions included a webpage, monthly e-newsletter, two (2) door-to-door awareness campaigns (with staff visiting up to 450 business locations), and virtual presentations to stakeholder groups, advisory committees, and at StartUp YMM.

For further details, refer to Attachment 3, The Downtown Revitalization Incentive Program Update Report.

## **Phase 2 Program Status**

As with the Pilot Program, Administration expected a similar surge in applications as the Phase 2 deadline approached. The Pilot Program received 39 applications in the week leading up to the deadline; however, the number of applications received for Phase 2 were greater than anticipated. A total of 52 applications were submitted in the last week of the Program, of which, 33 were submitted on the closing date of March 31, 2022. Of the total 121 applications received for Phase 2, a total of 80 remain under review and are yet to be approved.

### ***Funding Allocations and Availability***

The Program currently has a total of \$5 million committed from the Emerging Issues Reserve which encompasses both the Pilot Program and the Phase 2 Program. To-date, a total of 113 applications have been approved since inception with a total of \$4.28 million in municipal funding distributed to qualifying applicants.

The remaining balance available for disbursement to Phase 2 applications currently under review (80) is \$723,675. The total value of these remaining submissions, based upon the application details provided, is \$4,436,500. It is important to note that not all of the 80 applications will receive the maximum grant and some may not be eligible for funding; therefore, \$4.44 million is the upper limit of additional municipal financial resources necessary to finalize the Phase 2 Program ended March 31, 2022.

If all prior funding approvals (113) and the remaining Phase 2 applications (80) were to be approved at the maximum grant value in accordance with the eligibility requirements of the Downtown Revitalization Incentives Program Policy (the Policy), it is estimated that the municipal contribution would be \$8.71 million for the entire Program since its commencement which is \$3.71 million more than the original \$5.0 million committed from the Emerging Issues Reserve June 23, 2020.

### **Phase 2 Program Extension**

The strong response and interest shown in the Program to date is an encouraging indicator for the future of Downtown Revitalization. Therefore, an extension to the Downtown Revitalization Incentives Program Policy (Attachment 2) is proposed commencing May 16, 2022, until either April 30, 2023, or until funding is exhausted, subject to Council approval.

Proposed amendments to the Policy are minimal, with the intention being to streamline and clarify processes within the Program. All grant types and amounts remain the same. Support for this Program going forward, if approved, would come from Planning and Development's \$3 million operating budget allocation, as approved by Council for 2022.

### **Alternatives:**

With respect to the remaining Phase 2 program applications (80) in the queue for assessment of eligibility and funding allocation, there are three (3) options for Council's consideration:

1. Process all applications by utilizing both the existing funding allocation's residual balance available within the and introduce additional funds from the Emerging Issues Reserve.
2. Process all applications by utilizing both the existing funding allocation's residual balance available and Planning and Development's approved 2022 Operating Budget of \$3 million identified for 2022-2023 Program grants.

3. Maintain the initial funding cap of \$5 million and invoke the Policy's subsection 3.2. *Program Duration* for the Phase 2 Program ending March 31, 2022. The provision states:

*"3.2.2. Funding is provided on a first-come, first-serve basis, for successful Applicants, until the budget for the Program has been exhausted."*

### **Budget/Financial Implications:**

#### **Phase 2 Program Extension**

If Council wishes to extend the Program into 2022/23, the Program will be funded from the approved Planning and Development operating budget of \$3 million.

Although the Program extension is a separate recommendation, it may be made conditional based on the direction of Council about the existing Phase 2 applications which await review and response.

#### **Phase 2 Program Remaining Applications**

To address to the oversubscribed community application response to Phase 2, the alternatives before Council carry the following financial considerations:

1. If processing all remaining applications by utilizing both the residual balance available and introducing additional funds, this would require Council to allocate \$3.71 million from the Emerging Issues Reserve to the Program.
2. Processing all remaining applications by utilizing both the residual balance available and Planning and Development's approved 2022 Operating Budget of \$3 million identified for 2022-2023 Program grants will result in a funding shortfall of up to \$710,000 and exhaust the Program funding designated for 2022/23 as there would be no operating funds available to extend Phase 2 of the Program as proposed.
3. Maintaining the original funding cap of \$5 million for the Phase 2 Program ended March 31, 2022, and invoking the Policy's subsection 3.2. *Program Duration* carries no further financial considerations.

### **Rationale for Recommendation:**

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

Administration is requesting Council reallocate \$3.71 million from the Emerging Issue Reserve to support the current Program and its extension into 2022/23. Considerations

include:

- Providing stability and certainty. As businesses continue to navigate economic recovery, flood rehabilitation, and COVID-19 challenges, the certainty of an extended Program allows them time and certainty when assessing their participation in the Program in response to these evolving circumstances.
- Increased awareness of the Program. As businesses see improvements made by surrounding properties, they may be further encouraged to participate in the Program.
- Cultural improvements or investments. Improvements such as the Façade Improvement Grant and the Mural Grant, as proven high-quality projects, also have a significant impact on the look and feel of the Downtown.
- Additional time for planning. A Program extension will provide businesses time to properly plan their projects in advance.
- A vote of confidence. The extension of the Program demonstrates to business and property owners Council's confidence in the Downtown, as these owners consider their own capital investment decisions.

**Strategic Priorities:**

Downtown Revitalization  
Regional Economic Development

**Attachments:**

- 1. Downtown Revitalization Incentives Program Phase 2 Policy (FIN-320)**
  - 2. Downtown Revitalization Incentive Program Policy FIN-320 (redline)**
  - 3. Downtown Revitalization Incentives Program Update Report (April 2022)**
- Downtown Revitalization Incentives Program Presentation**