

Community Services Report to
Strategic Meeting of Council
2020 May 11

ISC: UNRESTRICTED
C2020-0527

COVID-19 Relief Package to Support Non-Profit Partners

EXECUTIVE SUMMARY

The City of Calgary partners with over 80 non-profit preventive social service partners and over 20 civic and community partners to deliver effective programs and services that benefit Calgarians. This report recommends one-time relief in the form of a \$15 million Emergency Resiliency Fund to support these organizations as they adjust to increased demand for their services, increased complexity in client need, new revenue generating challenges and unforeseen costs associated with the COVID-19 pandemic response. The report provides revised Terms of Reference (Attachment 1) that highlight three strategies to support partners including \$8 million for the delivery of programs and services offered by social service partners, \$2 million for Calgary Arts Development Authority to provide grants to local arts organizations, and \$5 million for civic and community partners that are significantly impacted by the COVID-19 public health orders including revenue losses due to closures.

Leveraging the processes and strategies developed for the previous Emergency Resiliency Fund in 2016, Administration and partners will optimize this one-time funding to meet the needs of Calgarians, support social wellbeing and quality of life, and contribute to economic resilience. Investments will position partners to address immediate needs while helping stabilize organizations for longer-term service delivery. The stability that this relief can provide will alleviate immediate pressures as organizations continue to prepare and adjust for a rapidly changing operational landscape including additional forms of relief that other orders of government may provide.

ADMINISTRATION RECOMMENDATION:

That Council:

1. Direct a total of \$15M for the Emergency Resiliency Fund, by transferring \$12.1M from the Operating Budget Savings Account (BSA) to Community Economic Resiliency Fund (CERF, current balance is \$2.9M) and allocating the total \$15M from the CERF to support the immediate financial needs of non-profit partners;
2. Approve the revised Terms of Reference for the Emergency Resiliency Fund (Attachment 1); and
3. Direct that Attachment 3 remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act*, and release as a public document once Report C2020-0527 is adopted.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2020 April 30, at a Strategic Meeting of Council, Administration was directed to return to the 2020 May 11 Strategic Meeting of Council with a report on Municipal Relief.

On 2015 December 14, through Notice of Motion CC662 (R2007-12), Council established the Community Economic Resiliency Fund within the Budget Savings account. Council approved the one-time direction of \$5 Million from the Community Economic Resilience Fund to establish

COVID-19 Relief Package to Support Non-Profit Partners

an Emergency Resiliency Fund to “assist non-profit organizations and City business units experiencing excess demand as a result of the economic downturn and global events.

BACKGROUND

The original Emergency Resiliency Fund's Terms of Reference in 2016 (Attachment 2) were developed rapidly but comprehensively. It involved the review of best practices for the delivery of emergency funding to non-profits during economic downturns and consultations with government, community partners, umbrella organizations and funders to identify the most effective use of funds. Additional social support and basic needs were among the most commonly identified issues, along with communications strategies that assisted Calgarians with navigating and accessing social and financial supports for the first time. Through a one-time call for funding proposals in 2016, a total of 63 applications were received requesting \$7.4 million dollars. Almost \$600,000 was directed towards a basic needs partnership with the United Way of Calgary and Area.

Outside of the human services sector, arts and culture organizations were also identified as experiencing a significant impact including decreased earned revenue and corporate sponsorship resulting in demand for operating grants from the Calgary Arts Development Authority (CADA) that far exceeded funds available. In 2016, CADA received requests for \$2 million of operating grants for \$1 million available.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The COVID-19 pandemic presents a unique challenge for our non-profit partners as it severely impacts fundraising and revenue generating opportunities due to the inability to host large gatherings in the short- and medium-term. At the same time, unanticipated costs related to scaling to meet increased demand and adjusting to virtual platforms are being incurred. This is a severe social and economic shock to organizations. Targeted relief will assist with absorbing this shock to prevent long-term damage and build resiliency in the sector and the Calgarians it serves.

Based on an assessment of the current crisis, review of current funding applications for other funding streams (which highlights a funding gap of approximately \$50 million for social service organizations), financial reviews of partners, and data about impact on the sector, Administration has adjusted the Terms of Reference (Attachment 1) to reflect the response required to the COVID-19 pandemic. Although civic and community partners were not included in the 2016 Emergency Resiliency Fund Terms of Reference (Attachment 2), the nature of this crisis has impacted their revenue and they are therefore recommended for inclusion in the revised Terms of Reference. Based on review of the 2018 audited financial statements for civic partners, early estimates suggest that operating revenue losses could be \$98 million to the end of 2020. Attachment 3, Partner Financial Analysis Background provides additional details on the estimated revenue loss for partners. The recommendation for \$5 million in Emergency Resiliency Funds is only intended to provide critical support required to pursue organizational sustainability, not replace lost revenues.

The processes and strategies that are in place from the original Emergency Resiliency Fund are well positioned to address urgent funding gaps resulting from lost revenue. However, given the nature of this crisis and analysis of applications for other funding streams currently available,

COVID-19 Relief Package to Support Non-Profit Partners

along with financial reviews of partners and sector knowledge, Administration has revised the Terms of Reference to reflect the current response required for the COVID-19 pandemic.

The revised Terms of Reference proposes three strategies for relief funds:

1. **Enhanced support (\$8 million)** for programs and services provided by non-profit social service organizations impacted by the current COVID-19 pandemic response.
2. **A targeted partnership (\$2 million)** through the Calgary Arts Development Authority (CADA) to support grants for local arts organizations.
3. **Specific assistance (\$5 million)** targeted to civic and community partners that have experienced significant decreases in revenue due to the COVID-19 pandemic and that require immediate funding for organizational stability

Stakeholder Engagement, Research and Communication

The Alberta Non-profit Network recently surveyed the non-profit and voluntary sector to provide a picture of challenges from COVID-19. With close to 500 respondents, the top five anticipated impacts to organizations, reported in order, are:

- Concern over low financial reserve
- Increased demand for supports/services from clients and communities
- Reduced hours for staff due to budget constraints
- Difficulty engaging volunteers
- Reduced revenue from earned income (e.g. sales, fees for service, cancelled events)

An evaluation of applications submitted to different social service funding streams already in existence, demonstrates a need for more funding in the sector, with need far exceeding the current funding available. The current resulting gap is almost \$50 million. Ongoing review of civic and community partners' financial health, and dialogues around sustainability, also point to the need for relief.

A recent article in [Policy Options](#) and a presentation from the University of Calgary COVID-19 Analytics and Strategy Group both advise that where possible, municipalities consider making additional resources available for non-profit organizations, particularly those providing critical services.

Strategic Alignment

Providing relief to non-profit partners through the re-establishment and adjustment of the Emergency Resiliency Fund supports The City's partners to meet the needs of Calgarians and effectively manage the City-owned assets they operate. It supports all Citizen Priorities included in OneCalgary with a focus on a Prosperous City and a Well-run City. The proposed approach leverages the knowledge gained from the administration and outcomes of the previous Emergency Resiliency Fund so that organizations can remain flexible and balance immediate needs with mid- to long-term recovery efforts if funding becomes available from other sources.

COVID-19 Relief Package to Support Non-Profit Partners

Social, Environmental, Economic (External)

Non-profit partners play a key role in the delivery of social programs and services to Calgarians and support the economic and cultural vibrancy of the city.

Financial Capacity

Current and Future Operating Budget:

This report recommends directing a total of \$15M for the Emergency Resiliency Fund, by transferring \$12.1M from the Operating Budget Savings Account (BSA) to Community Economic Resiliency Fund (CERF, current balance is \$2.9M) and allocating the total \$15M from the CERF to support the immediate financial needs of non-profit partners.

As this report requests funding from existing reserves, there is no impact to current or future budgets.

Current and Future Capital Budget:

This report does not address capital considerations, so there is no impact.

Risk Assessment

If the re-establishment of the Emergency Resiliency Fund does not occur, non-profit partners may not be able to meet current demand for needed programs and services during the response or recovery phases. The loss of significant revenues for civic and community partners will create long-term sustainability challenges that may impact their ability to effectively manage the City-owned assets they operate. In addition, partners may not be positioned to effectively leverage funding from other orders of governments' programs and to participate in plans for short-, medium-, and long-term recovery from the COVID-19 pandemic.

REASON(S) FOR RECOMMENDATION(S):

Non-profit partners are essential to the social, economic and cultural wellbeing of Calgarians. Providing temporary relief via a \$15 million Emergency Resiliency Fund with revised Terms of Reference and funded through complementary reserves, is an expedient, transparent and effective mechanism to support mid- to long-term recovery.

ATTACHMENT(S)

1. Revised 2020 Emergency Resiliency Fund (ERF) Terms of Reference
2. Original 2016 Emergency Resiliency Fund (ERF) Terms of Reference
3. Partner Financial Analysis Background (CONFIDENTIAL)