

Deputy City Manager's Office Report to
Priorities and Finance Committee
2019 March 05

ISC: UNRESTRICTED
PFC2019-0247

Proposed Approach to Council Innovation Fund Update

EXECUTIVE SUMMARY

The Council Innovation Fund (the Fund) has been in place since 2011 to encourage innovative and pilot projects that have the potential to support or contribute to the goals of Council and that have city-wide application. This report provides an update on the financial status of the Fund and proposes changes to the Council Innovation Fund's Terms of Reference.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council approve the proposed Terms of Reference for the Council Innovation Fund.

PREVIOUS COUNCIL DIRECTION / POLICY

As part of the 2019-2022 One Calgary Operating and Capital Budget Plan discussions on 2018 November 30, Council unanimously approved the following motion:

Direct Administration, in conjunction with the Mayor's Office and Members of Council, to return in Q1 2019 to the Priorities and Finance Committee with revised Terms of Reference for the Fund (Council Innovation Fund), including but not limited to:

- a. A better definition for what Fund should be used for;
- b. A revised application process; and
- c. Consideration of using a portion of the Fund for Community-driven projects throughout The City.

On 2018 June 25, Council directed Administration to engage with Council around the possibility of developing a fund to support community-driven projects and report back through the Priorities and Finance Committee with an update no later than Q1 2019.

BACKGROUND

The Council Innovation Fund was established as part of the 2011 Operating and Capital Budgets and Business Plans discussions, authorizing up to \$5 million from the Fiscal Stability Reserve (FSR) for innovation and pilot projects subject to the approval of Council. As part of the 2012-2014 Business Plan and Budget discussions, Council approved an additional \$1 million be added to the balance of the Fund to be funded from the FSR. During the 2015-2018 Action Plan Business Plans and Budgets discussions, \$1.894 million of unspent money was transferred from the Office of Economic Development and Policy Coordination to the Council Innovation Fund. Most recently, \$5 million was allocated to the Council Innovation Fund during the 2019-2022 One Calgary Operating and Capital Budget Plan discussions in 2018 from the FSR.

Since the creation of the Fund, 40 projects have been approved totaling over \$8 million in allocated funds. Over the years, the Fund has been used consistently and by various members of Council. A full listing of approved projects can be found in Attachment 1.

In June 2018, a Fund application was put forward by Councillor Davison for the Springbank Hill Community Park PFC2018-0717. At Council, the application generated debate among Council members on whether this application met the Fund's criteria. Through an amendment to the

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Recommendations, the Springbank Hill Community Park was approved using funds directly from the FSR, but further work was directed around the Council Innovation Fund.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

When considering Council's direction to explore a fund for community-driven projects, the following options were considered:

- Amend the terms of the Council Innovation Fund to include similar types of projects to Springbank Hill, and increase the amount set aside in the Innovation Fund;
- Establish a new fund for projects similar to Springbank Hill with a separate terms of reference and funding mechanism;
- Amend the terms of other funds or programs already in place; and
- Any other ideas presented by Council.

As the Council Innovation Fund is established and familiar to Council, Administration determined expanding the Fund's purpose would be the most straightforward option. The changes to the proposed Terms of Reference (Attached 2) include:

- Community-driven projects are now eligible for funding;
- The administrator of the Council Innovation Fund will transition from the Mayor's Office to the Chief Financial Office Department;
- A funding limit of \$500 thousand per application; and
- Fund replenishment and reporting terms have been added.

Stakeholder Engagement, Research and Communication

Based on discussions at Council on 2018 November 30 and 2018 June 25, it was clear there was strong support and value in adding a funding mechanism for community-driven projects.

To engage the Mayor's Office and Council, email correspondence was circulated to collect thoughts, comments and suggestions on the Council Innovation Fund. An open invitation to meet was also extended.

Strategic Alignment

The proposed Council Innovation Fund update supports the 2019-2022 Council Directives for One Calgary, specifically related to A Prosperous City and A Well-Run City.

Social, Environmental, Economic (External)

Not Applicable

Financial Capacity

Current and Future Operating Budget:

In November 2018, Council approved the transfer of \$5 million to the Council Innovation Fund. At present date, the balance of the Fund is \$5,427,028.

Current and Future Capital Budget:

There is no impact on the capital budget.

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Risk Assessment

Given the proven success of the Fund, the risk associated with approving the proposed Terms of Reference is low. The proposed Terms of Reference remain flexible enough to support a wide variety of projects and Council retains the approval authority over withdrawals from the Fund.

To ensure the Fund continues to be used responsibly, a \$500 thousand limit per application has been introduced. With only two approved projects exceeding \$500 thousand, the cap should not negatively impact future applications.

REASON(S) FOR RECOMMENDATION(S):

The proposed approach to the Council Innovation Fund fulfils Council direction given on 2018 November 30 and 2018 June 25.

ATTACHMENT(S)

1. Attachment 1 – Council Innovation Fund Financial Status Update
2. Attachment 2 – Proposed Terms of Reference for the Council Innovation Fund