

Deputy City Manager's Office Report to
Priorities and Finance Committee
2019 April 02

ISC: UNRESTRICTED
PFC2019-0381

Proposed Approach to Council Innovation Fund Update

EXECUTIVE SUMMARY

The Council Innovation Fund (CIF) 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 CIF, proposes changes to the CIF's Terms of Reference and introduces a new fund dedicated to community-driven projects called the Council Community Fund (CCF).

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Approve the proposed amendments to the Terms of Reference for the Council Innovation Fund;
2. Approve a new Council Community Fund with corresponding Terms of Reference; and
3. Transfer half the balance from the Council Innovation Fund to the Council Community Fund.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2019 APRIL 02:

That Council:

1. Approve the proposed amendments to the Terms of Reference for the Council Innovation Fund (**Attachment 2**), **after amendment as follows:**

On page 1 of 2, in the Innovation Definition, by deleting the word "Interactions" following the words "products, processes or social", and by replacing it with the word "interaction";

On page 1 of 2, in Guideline 3 a), by adding the words "or prepared and sponsored by a member of Council", following the words "must be sponsored by a member of Council"; and

2. Approve a new Council Community Fund with corresponding Terms of Reference (**Attachment 3**), **after amendment as follows:**

On page 1 of 2, in the Community-based Definition by deleting the definition entirely and by replacing it with "A project that is organized locally, takes place locally and benefits the local community.";

On page 1 of 2, in Guideline 3 a), by adding the words "or prepared and sponsored by a member of Council", following the words "must be sponsored by a member of Council"; and

3. Transfer **20%** from the Council Innovation Fund to the Council Community Fund.

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PREVIOUS COUNCIL DIRECTION / POLICY

At the Priorities and Finance Committee on 05 March 2019, PFC2019-0247 was referred back to Administration to:

1. Tighten criteria for Council Innovation Projects;
2. Explore the creation of a new fund or portion of the innovation to fund community-based projects; and
3. To define the meaning of innovation.

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 CIF, 40 projects have been approved totaling over \$8 million in allocated funds. Over the years, the CIF 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 CIF 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 CIF's criteria. Through an amendment to the report's Recommendations, the Springbank Hill Community Park was approved using funds directly from the FSR, but further work was directed around the Council Innovation Fund.

At the Priorities and Finance Committee in March, Administration proposed expanding the Council Innovation Fund's Terms of Reference to include community-based projects. The Committee expressed the desire to see a dedicated fund established for community-based

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projects and further refinements to the CIF's Terms of Reference. As a result, the report was referred back to Administration for additional work.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

To meet direction given to Administration, the Council Innovation Fund's Terms of Reference include the following changes:

- Enhanced purpose statement;
- A definition for Innovation;
- Revised qualifying criteria;
- 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.

The full Terms of Reference for the CIF is outlined in Attachment 2.

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 the recently approved Springbank Hill Park, and increase the amount set aside in the Innovation Fund;
- Establish a new fund for projects similar to the Springbank Hill project, with a separate terms of reference and funding mechanism; and
- Amend the terms of other funds or programs already in place.

The proposed Council Community Fund has specifically been designed to support community-based projects that will enhance and enrich our communities. Similar to the CIF, CCF applications would require a Council sponsor and would be subject to Council approval. As a unique incentive for CCF applicants, preference there will be given to projects that have demonstrated fund raising efforts. The full Terms of Reference for the CCF is outlined in Attachment 3.

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 solicit thoughts, comments and suggestions on the Council Innovation Fund and how best to approach funding for community-driven projects like the Springbank Hill Community Park. An open invitation to meet was also extended.

Strategic Alignment

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

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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.

Risk Assessment

To reduce ambiguity, the proposed CIF's Terms of Reference has been tightened up but would remain flexible enough to support a wide variety of projects and Council would still retain the approval authority over withdrawals from the CIF. Given the success of the CIF thus far, the risk associated with approving the proposed Terms of Reference is low.

The City has no funding mechanism for community-based projects. It is anticipated, there will be increased interest, generating a number of applications from the outset, which may deplete the fund at an accelerated pace. Adding a funding mechanism for community-based projects as proposed, would reduce funds in the CIF. In the current economic climate, it is unlikely that there'll be funds to replenish the CIF and proposed CCF in the short to medium-term.

Additionally, establishing a separate fund would generate greater administration.

To ensure both funds are used responsibly and equitably, a \$500 thousand limit per application has been proposed. With only two approved CIF applications exceeding \$500 thousand to date, the cap should not negatively impact future applications.

REASON(S) FOR RECOMMENDATION(S):

The proposed approach to the Council Innovation Fund fulfills Council direction given on 2018 November 30 and 2018 June 25. This also satisfies subsequent Committee direction given on 05 March 2019.

ATTACHMENT(S)

1. Council Innovation Fund Financial Status Update
2. Proposed Terms of Reference for the Council Innovation Fund
3. Proposed Terms of Reference for the Council Community Fund