



**City of Kingston
Report to Council
Report Number 21-088**

To: Mayor and Members of Council
From: Lanie Hurdle, Chief Administrative Officer
Resource Staff: Craig Desjardins, Director, Office of Strategy, Innovation & Partnerships
Date of Meeting: March 2, 2021
Subject: Financial Support Program Overviews

Council Strategic Plan Alignment:

Theme: Council requests

Goal: 4.1 Support new and existing businesses

Executive Summary:

The COVID-19 pandemic has had a tremendous effect on Kingston businesses, recreation organizations, artists and not-for-profit organizations. In 2020, the City implemented a number of initiatives to help support businesses and organizations including waiving of fees, property tax deferrals and funding to social services programs. Although these initiatives have helped businesses and organizations, the continued pandemic restrictions have put ongoing financial stress on businesses and organizations.

As part of the 2021 City of Kingston budget deliberations in February 2020, Council approved the following motion:

That City Council approve a total contribution of \$1M to be funded from the Working Fund Reserve to add the following financial supports in the 2021 budget:

1. \$600,000 for small businesses to be transferred to Kingston Economic Development Corporation and added to the existing \$500,000 set aside by Kingston Economic Development Corporation to provide financial relief to small businesses most impacted by the pandemic.

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2. \$200,000 for recreation and social services not-for-profit organizations to be added to the Community Investment Grants for a total of \$420,000 to be reallocated in partnership with United Way for organizations most impacted by the pandemic.
3. \$200,000 for arts not-for-profit organizations to be added to the existing City of Kingston Arts Fund for a total of \$768,803 to be allocated to organizations most impacted by the pandemic; and

That Council direct staff to develop temporary eligibility criteria for 2021 for each fund in collaboration with partners where applicable; and

City staff and partnership agencies have worked together quickly to develop eligibility criteria for each funding stream. This report provides recommendations for the various financial support programs. Should Council endorse the criteria, city staff anticipate that the funding allocation would take place over the next several months with different timing for programs. Staff recognize that this funding support is critical and time-sensitive for a number of businesses and organizations. One common criterion is that all businesses, not-for-profit organizations and artists must be located within Kingston as the funds allocated through the Working Fund Reserve were generated by Kingston taxpayers. Staff recognize that all application processes will be competitive and like all other grant programs, not all applications will be successful.

City staff will report back to Council on outcomes of all grant programs which will also include information on reporting back requirements from successful businesses, not-for-profit organizations and artists.

Recommendation:

That City Council endorse the criteria and processes for funding allocation to small businesses, recreation and social services not-for-profit organizations, artists and not-for-profit arts organizations as described in the Option/Discussion section of Report Number 21-088.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF
ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services Not required

Peter Huigenbos, Commissioner, Business, Environment & Projects

Brad Joyce, Commissioner, Corporate Services Not required

Jim Keech, President & CEO, Utilities Kingston Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

Sheila Kidd, Commissioner, Transportation & Public Works Not required

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Options/Discussion:**1. Community Investment Fund – Social Services**

The City has an established partnership with United Way KFL&A, to disburse one-time grants through a joint fund - the Community Investment Fund. The purpose of the fund is to provide grants to programs, projects, or small capital expenditures for non-profit organizations in the community. There is an annual call for applications in the fall and the maximum grant amount is \$25,000.

There was \$190,000 included in the 2020 operating budget and the funding allocation was delayed as a result of the pandemic. The 2020 funding submission deadline had passed prior to the new motion of Council for the additional support programs. The 2020 funding of \$190,000 will be allocated as planned jointly by the United Way and the City and allocated over the next couple of months.

The 2021 operating budget already included a total of \$220,000 in grants for social services programs through the CI Fund Process. As a result of Council's motion, there will be an additional amount of \$100,000 added to the social services grants for a total of \$320,000 in 2021.

In order to allocate the 2021 funding, another round of applications will take place this spring for disbursement early summer. For this round of application, there will be an added criterion to indicate the impacts of the pandemic on the organization's operations.

Objectives of the Fund:

- Provide organizations and groups with the financial resources to support projects to strengthen our community.
- Assist organizations with additional expenses related to service delivery during pandemic and/or post-pandemic.
- Encourage formal and informal partnerships among community sectors.
- Encourage efficient/effective methods of delivering projects/programs.
- Foster innovation and creativity in addressing the needs of the community.
- Support the priorities of United Way's Community Impact Focus Areas: Helping Kids Be All They Can Be; Building Strong and Healthy Communities; Moving People From Poverty to Possibility.
- Support the priorities of the City of Kingston and the creation of a smart, livable, and leading city as described in the City of Kingston Strategic Plan 2019-2022.

2. Recreation Relief Fund – Sports Organizations

Based on consultation with United Way and other key partners, the additional \$200,000 for recreation and social services not-for-profit organizations will be divided equally between both social services and recreation programs. Therefore, the \$100,000 will create a one-time

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Recreation Relief Fund which will focus on support for sports organizations only. It is important to note that recreation organizations such as Boys & Girls Club, YMCA and the Seniors Association will be eligible to apply to the Community Investment Fund as these organizations provide a number of services that support social well-being and welfare in the community.

The grant program, together with eligibility criteria and evaluation process, was developed by staff in the Recreation & Leisure Services department and based on input received from local Kingston recreation organizations. The Recreation Relief Fund will provide one-time grants to local, not-for-profit recreation organizations who have faced financial hardship due to COVID-19 and will assist them with recovery efforts and/or funding for initiatives impacted by COVID-19.

The grant will be divided in two (2) streams:

- Stream 1 – Kingston minor sports organizations who provide programming to youth 18 years of age and under and are affiliated with a provincial and/or national governing body.
- Stream 2 – all other Kingston non-profit sports and recreation organizations who can demonstrate economic impact from the pandemic.

Stream 1 will have a maximum grant amount of \$7,500 and Stream 2 will have a maximum grant amount of \$3,500. It is anticipated that both Streams will be launched in March with a second intake later in the year should there be funds remaining following the first intake. The first intake would close in April and it is anticipated that all expenses must be incurred by October 31, 2021.

The Fund will require that organizations must demonstrate the need for funding due directly to the impact of the COVID-19 pandemic, including, but not limited to, significant reduction in participant registrations, reduction in permitted capacities in recreation facilities, and the inability to operate annual fundraising events such as tournaments.

Applications received will be assessed by a committee of up to 6 members, comprised of City staff and volunteers from the local recreation community, such as board members of the Kingston & District Hall of Fame. The committee will assess eligible grant applications and determine which applicants should receive grants and decide on the amount of each grant.

Applicants must operate as a not-for-profit sports organization operating in the City of Kingston, and can demonstrate that a significant majority of their members/participants are Kingston residents. All applications will be evaluated using a rating scale that aligns with the program objective and evaluation criteria.

3. Resiliency and Adapt Grant Programs, Artists and Not-for-Profit Arts Organizations

The City of Kingston Arts Fund (CKAF) program that was launched in 2007 is managed by the City's Cultural Services department and administered at arms-length by the Kingston Arts Council (KAC). CKAF nurtures the capacity of the arts, artists, and arts sector in Kingston while

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fostering creativity, encouraging social cohesion, enhancing the quality of life, and stimulating economic development through direct investment.

\$200,000 in special one-time funding has been allocated to CKAF to support artists and arts non-profits to navigate the impacts of COVID-19. The funding is in addition to the 2021 City of Kingston Arts Fund approved budget of \$569,050, which provides Operating and Project grants to non-profit organizations and artist collectives to foster creativity at all levels and enrich how Kingston residents experience and engage with the arts. The administration of the Operating and Project Grants is established through the Plan for Administration that was approved by Council on December 16, 2020.

CKAF does not currently include individual artist funding so it is proposed the additional funding of \$200,000 in 2021 will be used to create one-time Resiliency and Adapt Grant Programs to support professional artists whose creative work and income have been affected by the pandemic. The additional funding will also be used to support artist, artist collectives and non-profit arts organizations addressing challenges caused by the pandemic and/ who are addressing a related community need.

The new grant programs, together with eligibility criteria and evaluation process, were developed collaboratively between City staff and the Kingston Arts Council and they have been designed to address input received from local Kingston artists and arts non-profit organizations gathered by the KAC since the pandemic began to address, as effectively as possible, needs related to the impact of COVID-19.

Resiliency Grants

The Resiliency Grants support individual professional artists to continue working and work safely in their artistic practice. The total funding available for this grant stream is \$100,000. Grants will be to a maximum of \$2,000. It is anticipated that there will be three (3) intake periods starting in April. Any unspent funds from an intake period will be added to the following period, and a new intake period will be added if there are unspent funds after the third period.

The Resiliency Grants will be open to individual emerging, mid-career and established professional artists working in any artistic discipline in the City of Kingston, including but not limited to circus arts; craft arts; community and social practice; curation; dance; deaf arts; digital arts; disability arts; film; Indigenous arts; literature; media arts; multi-disciplinary practice; music and sound; performance; theatre; and visual arts.

Professional artists are defined as people who have developed skills through training and/or practice and are recognized as such by artists working in the same artistic tradition, and have a history of public presentation or publication, and seek payment for their work while actively practicing their art. Short breaks in artistic history are allowed. Applicants will need to be 18 years of age or older as well as Kingston residents.

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Eligible expenses for the Resiliency Grants will include continuing education course fees (non-credit granting programs); technology costs (web development, software, etc.); artist fees related to the adaptation or completion of work that began before grant submission deadline; marketing; documentation; travel expenses; costs related to accessibility for Deaf artists and audiences and/or artists and audiences with disabilities; per diems, childcare expenses, etc.; and rental of equipment or space.

Kingston Arts Council staff will review Resiliency Grant applications against an eligibility checklist based on alignment with the program objectives and evaluation criteria. Eligible applicants will be approved for funding on a first come, first serve basis through three intake periods. Applicants who receive funding in one intake period will not be able to apply again. Applicants will have to re-apply if they do not receive funding in one intake period and wish to be reconsidered. The Kingston Arts Council Board of Directors will review the recommendations for funding to ensure compliance with program objectives and evaluation criteria.

Adapt Grants

The Adapt Grants stream supports individuals, including professional artists and arts professionals, collectives/ad hoc groups, and non-profit arts organizations in Kingston to address challenges and issues caused by the pandemic and address a COVID-related community need outside of their regular operations/activities. This funding stream supports projects that demonstrate new ways of working, including creating, presenting, adapting work in response to the impact of COVID-19, building partnerships, and creating innovative solutions for community need.

Total funding available for the Adapt Grants stream is \$100,000 and will provide individual allocations ranging between \$4,000 and \$10,000. There will be one intake period anticipated to launch in June. Any unspent Adapt funds will be added to the Resiliency Grant stream and an additional intake period will be launched.

This funding stream will cover expenses including artist fees for the creation of new work; artistic production, presentation, and dissemination costs for the creation of new work; project administration costs (not exceeding 20% of total budget); marketing, promotion, audience development, and community outreach; venue, studio, or workspace rental; costs related to accessibility for Deaf artists and audiences and/or artists and audiences with disabilities; and minor equipment or software to upgrade technology, workspaces or health and safety items required to carry out the proposed project.

Kingston Arts Council staff will review applications against an eligibility checklist based on alignment with the program objectives and evaluation criteria. A jury composed of professional artists and other arts professionals will assess eligible grant applications and determine which applicants should receive grants and decide on the amount of each grant. The Kingston Arts Council Board of Directors will review the recommendations for funding to ensure compliance with program objectives and evaluation criteria.

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4. Kingston Pandemic Business Recovery Grant

The total funding available for this grant is \$1.1M, which includes \$600,000 from the City as approved by Council in February 2020 and \$500,000 from the Kingston Economic Development Corporation. Funding streams and criteria for this grant have been developed in partnership and with input from the Kingston Economic Recovery Team which has business representation from various sectors as well as representation from Kingston Economic Development Corporation.

A review of the business grant landscape was completed as part of the development of the proposed Kingston Pandemic Business Recovery Grant in order to reduce duplication with other program funding and target gaps in support of Kingston businesses.

There is no shortage of federal and provincial pandemic relief and recovery grant programs available to businesses. Some are highly targeted to support specific expenses or sectors and include:

- Digital Main Street Grant (\$2,500 grant to support development of e-commerce)
- Main Street Relief Grant for Personal Protective Equipment (grant to support purchase of PPE)
- Canada Emergency Wage Subsidy (grant to support wage costs to retain staff)
- Kingston Tourism Business Support Program (grant to support implementation of health and safety protocols, alterations to accommodate social distancing and purchase of PPE and cleaning supplies for workers)
- Canada United Small Business Relief Fund (grant to adopt digital technologies)
- Canadian Emergency Rent Subsidy (CERS) (grant to support 75% of rent, property tax and insurance costs)

Other programs, like the Ontario Small Business Support Grant, targeted small businesses that were required to close or significantly reduce services under the Province-wide Lockdown and provide up to a \$20,000 grant.

The federal government has also created lending programs to support business continuity including:

- Canada Emergency Business Account (CEBA)
- The Regional Relief and Recovery Fund (RRRF)
- Business Credit Availability Program (BCAP)

Following Council's approval, it is anticipated that the grant program will be launched in late March with a closing date in April. There will be a second intake should there be funds remaining after the first intake. All expenses must be incurred and paid for by October 31, 2021.

The grant will be divided in three (3) streams:

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- Stream 1 - Business ineligible for other Federal/Provincial Program due to lack of business revenue prior to April 2020 (measurement of impact of the pandemic on business revenue is a frequently used criteria but is not possible if the firm was not in business a year before the pandemic)
- Stream 2 - Businesses from high pandemic impacted industry sectors (Retail & Wholesale, Food Services, Accommodation, Information, Culture & Recreation, Other Services) who can demonstrate significant economic impact from the pandemic.
- Stream 3 - Other industry sector businesses that have had dramatic changes to business operations and/or customer markets as a result of the pandemic.

The grants provided to businesses will be for a maximum of \$10,000. Businesses must be located within Kingston and have a registered (business number). There will be a requirement for cost sharing with a minimum contribution of 25% of costs from the applicant. Funding will be provided as a reimbursement of expenses based on claims submitted (with proof of payment receipts).

Businesses eligible for a grant will have at least 1 employee (which could include the owner) that can demonstrate payroll, owners draw, or other personal business income but not more than 50 employees per business location. This is to ensure that funding is focused on small businesses only.

Businesses must be able to demonstrate effort (either successful or declined) made to apply to Federal and/or Provincial pandemic relief/support programs including but not limited to the Ontario Small Business Grant Program, Canada Emergency Rent Subsidy, Digital Main St. Program). This requirement is to ensure that small businesses are accessing all financial supports available from all levels of government. The City will also provide support to businesses that are trying to navigate these programs.

Ineligible Business will include businesses owned or controlled by employees or family members of the City of Kingston, Kingston Economic Development, Kingston Police Services, City Boards or any other municipal entity (i.e. Utilities Kingston). This will ensure that there is no conflict of interest.

The following costs are proposed to be eligible costs under the grant program and these costs must have been incurred no earlier than January 1, 2021:

- Costs related to training or skill development for employees or owners (excluding travel expenses) that contribute to business sustainability;
- Costs related to marketing or promotion of the business including signage, digital marketing content creation, media campaigns;
- Costs related to business model transformation including shift to e-commerce, delivery businesses, outdoor business operation, targeting of new markets and new products or services and subscription or purchase of software;
- Costs for equipment purchases that increases productivity or supports revenue generation or replacement of old, outdated equipment;

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- Costs for business advisory services including accounting, legal, digital marketing expertise that directly to support recovery efforts.

Staff are proposing the following be considered as ineligible costs based on the fact that other grant programs provide financial support to cover these expenses:

- Rent/lease/mortgage payments;
- Payroll or wages;
- Debt reduction;
- Utilities;
- Insurance;
- HST or other municipal (including property taxes), provincial or federal tax;
- Any other expense related to regular business operations and not a result of or response to the COVID-19 pandemic (i.e. maintenance).

Staff are recommending that the review process begin with an initial review of applications for accuracy and completeness by staff. Only complete applications will be reviewed. An independent committee will assess applications based on a scoring matrix that aligns with the program objective and evaluation criteria. The composition of the committee has not yet been determined but is anticipated to include representation from various organizations that do not have potential conflict of interest as described in the ineligible businesses.

City staff and partner engagement developed the following evaluation criteria:

- **Job creation** - Will the grant funds help employees return to work or create new employment?
- **Financial Sustainability** - Will the funds be used to help keep the business open, build revenue or reduce expenses?
- **COVID-19 Impact** - Does the project demonstrate and address the economic impact of the pandemic on the business?
- **Partner Leverage** - Will the grant funds support a project that leverages funding from other sources beyond the applicant in order to amplify the project impact?
- **Economic Diversification** - Will the grant funds contribute to diversification of the business into new markets, new products or services etc.?
- **Business Transformation** - Will the grant funds be used to help the business by responding to a changing market conditions including adding online sales, delivery to homes, or marketing/delivering existing products or services in a new way supported by digital platforms.
- **Environmental Alignment** - Will the grant funds be used to create a 'green' impact and support increased resilience or lower GHG impact such as the use of biodegradable packaging or green technologies.
- **Community Impact** - Will the grant funds benefit members of underrepresented groups or those disproportionately impacted by the pandemic including women, newcomers, racialized people, BIPOC, or people with disabilities?

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City staff have been working closely with partners to develop these grant criteria and a simple application process in order to encourage as many businesses in need as possible to apply. Staff understand that the issuance of funding is time sensitive to properly support local small businesses.

The Kingston Economic Development Corporation Board reviewed and supported the grant program at its board meeting on February 22nd.

Existing Policy/By-Law:

None

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

Council approved \$1M from the Working Fund Reserve to allocate to small businesses, not-for-profit organizations and artists.

Contacts:

Lanie Hurdle, Chief Administrative Officer, 613-546-4291 extension 1231

Other City of Kingston Staff Consulted:

Craig Desjardins, Director, Strategy, Innovation & Partnerships

Cheryl Hitchen, Social Policy & Strategic Community Development Manager

Lacricia Turner, Director, Recreation & Leisure Services

Colin Wiginton, Cultural Director

Exhibits Attached:

None