

## Committee of the Whole (2) Report

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**DATE:** Tuesday, March 8, 2022

**WARD(S):** ALL

**TITLE:** STRENGTHENING AND ADVANCING SMALL BUSINESS AND ENTREPRENEURSHIP SERVICES

**FROM:**

Nick Spensieri, City Manager

**ACTION:** DECISION

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### **Purpose**

The Economic Development department is seeking Council approval to apply for relevant programs and partnerships and enter into agreements supporting the development of small business and entrepreneurship during the 2022-2026 time frame.

### **Report Highlights**

- Small business and entrepreneurship are drivers of Vaughan's economy, a leading hub in Ontario due to the city's talent and density.
- The Small Business and Entrepreneurship (SBE) business unit in Economic Development (ED) delivers leading services in the Greater Toronto Area and York Region. In 2021, for example, SBE assisted 239 business starts and expansions, undertook 790 business consultations, responded to 3,133 inquiries, and provided 78 webinars to 1,568 participants.
- The Province of Ontario's Transfer Payment Agreements for Small Business Enterprise Centre (SBEC) programs end March 31, 2022. Staff have Council approval to enter into a new agreement on April 1, 2022. Staff are aware of the Province's commitment to maintaining funding levels for up to three years until March 31, 2025. This is consistent with the current existing term of April 1, 2019, to March 31, 2022.
- To grow services beyond provincially funded activities, staff require the authority to execute agreements with partner organizations.

### **Report Highlights continued**

- As part of Economic Development's efforts to accelerate its small business advisory services, the Vaughan Business and Entrepreneurship Centre (VBEC) is being relaunched and will help to:
  - Increase awareness of Vaughan's Region-leading small business services; and
  - Deliver services in each commercial community with service delivered weekly from our Community Centres on a rotating basis to provide support in the community.

### **Recommendations**

1. THAT, as required during the 2022-2026 Term of Council, the City Clerk and the Chief Financial Officer be authorized to execute any Transfer Payment Agreements between the City of Vaughan Economic Development Department (including the Vaughan Business and Entrepreneurship Centre) and the Federal Government, Province of Ontario, and the Regional Municipality of York related to funding for small business and entrepreneurship programs, services and projects, subject to the form of such agreements being satisfactory to the City Solicitor (or designate), and content of such agreements being satisfactory to the Director, Economic Development (or designate) and Chief, Communications and Economic Development (or designate);
2. THAT the Manager, Small Business and Entrepreneurship Services (or designate) or City Clerk be authorized to execute agreements, as required during the 2022-2026 time frame related to awarding grants and/or sponsorship funding to eligible individuals and organizations through programs funded by the Federal Government, Province of Ontario, Regional Municipality of York, or non-governmental organizations (NGOs), and administered by the City of Vaughan;
3. THAT, agreements shall be in a form satisfactory to the City Solicitor (or designate), and the content shall be satisfactory to the Director, Economic Development (or designate) and Chief, Communications and Economic Development (or designate); and
4. THAT staff report to Council on progress in Small Business and Entrepreneurship Services, including but not limited to, the 2021 Annual Economic Development Year in Review.

## **Background**

In May 2022, Economic Development is presenting the 2021 Annual Economic Development Year in Review to the Committee of the Whole. The report will highlight Vaughan's economic performance in 2021 and the entire department's activities, services, and achievements, including Small Business and Entrepreneurship.

***Small Business and Entrepreneurship are critical drivers of Vaughan's economic resiliency and prosperity.***

In 2020, the number of businesses employing fewer than ten people counted for roughly two-thirds of Vaughan's over 18,000 businesses. Furthermore, Vaughan's workforce is well-positioned to foster further innovation and entrepreneurship. Seventy per cent of Vaughan's population over the age of 25 has post-secondary education – higher than the provincial (65.1 per cent) and national 64.8 per cent) averages. Vaughan also has a higher-than-average concentration of STEM workers in STEM fields – natural and applied sciences and related occupations (9 per cent), management occupations (14 per cent) and business, finance and administration occupations (19 per cent). Vaughan also has a higher proportion of self-employed workers compared to the provincial and national averages (15 per cent of Vaughan's workforce).

Given the importance of small business and the economic potential in entrepreneurship to generate prosperity and issue social capital, Council identified Economic Prosperity and Social Capital as a priority for the 2018-2022 Term of Council. The networks and talent that makeup Vaughan's social capital are integral to supporting entrepreneurs. They are also composed of existing entrepreneurial networks.

***With the support of Council, Economic Development will provide service excellence to local entrepreneurs and small business owners in the current and upcoming 2022-2026 Term of Council through a two-pronged strategic approach: service delivery and strategic partnerships.***

### **1. Service Delivery**

***Economic and Development seek Council support to enter into Transfer Payment Agreements with the Province and apply for relevant grants to support program delivery. The Ontario government has committed to maintaining funding levels for up to three years until March 31, 2025, consistent with the existing agreement term of April 1, 2019, to March 31, 2022.***

A critical service for Vaughan's small businesses and entrepreneurs remains the Ontario government's Small Business Enterprise Centre (SBEC) programs. VBEC works with provincial counterparts to administer SBEC programs locally, leveraging data analytics and industry trends specific to Vaughan. A relaunch of VBEC's mission, vision, values, mandate and overall brand is planned for June 2022. This effort will help strengthen and accelerate small business advisory services between local entrepreneurs, residents and stakeholder associations with Economic Development's business advisors. The VBEC relaunch further aligns with the recruitment effort for a new Economic Services Representative based in the Small Business Entrepreneurship business unit.

VBEC delivers the largest programs in York Region and is amongst the Province's highest volume SBECs. This is a testament to the entrepreneurial spirit of Vaughan's residents and the City's vibrant and growing economy. Of Vaughan's over 18,000 businesses, more than 85 per cent are small businesses. This report is a further effort for the entire Office of Communications and Economic Development to meet the growing demands placed on the City for business advisory consultations and information.

VBEC helps entrepreneurs and small business owners start or grow their business through several business consultation initiatives:

- **Free one-on-one business advisory services** for the public, answering critical questions about business planning and identifying next steps, resources, and opportunities;
- **Focused seminar and workshop series** for entrepreneurs to connect with their peers and stay up-to-date with best practices. Topics for these seminar and workshop series include budgeting and financial projections, managing cash flow, developing marketing and sales strategy; and
- **High quality entrepreneurship programs** like Starter Company Plus and Summer Company that deliver training, mentorship, and the opportunity for participants to apply for provincial grants.

From 2019 to 2021, **these services have helped 547 business starts and expansions.**

To deliver these services, since 2001, the City has been the Ontario government through transfer payment agreements (TPA) with the Ministry of Economic Development, Job Creation and Trade (MEDJCT) and its predecessors. TPAs require the contribution of staff and facilities from the City. All current agreements end on March 31, 2022. The

Province is committed to maintaining funding levels for up to three years until March 31, 2025, as consistent with the current TPA term (2019-2022).

Since 2016, VBEC has seen an overall increase in demand for its services. However, both Ministry and staff resources have not increased throughout this period.

#### *One-on-one business advisory services*

The City's business advisory services, delivered through VBEC, support local entrepreneurs and small business owners through one-on-one consultations, in addition to providing networking opportunities and seminars on business planning subjects.

The demand for services has continued to be significant since 2016. For example:

- Seminars delivered has grown from 48 in 2016 to 78 in 2021; and
- One-on-one consultations delivered have grown from 769 in 2016 to an average of about 1,000 per year since 2019.

Ministry funding supporting SBEC activities has remained stable at \$323,525 annually (including a reserved amount of at least \$148,000 towards grant payments to Starter Company Plus and the Summer Company program).

#### *Mentorship*

Successful mentorship programs provide tremendous benefits to everyone involved. Mentees can develop new skills and knowledge, receive valuable advice on professional development and build self-confidence. In addition, mentors can further develop leadership and communication skills, gain new perspectives, and reflect on their own goals and practices. Also, studies have shown that the economic benefits of effective mentorship programs can be significant. It often leads to improved employment outcomes, shorter times to find employment, and a higher retention rate and salary.

In February 2019, Economic Department launched the [Vaughan Business Café](#) – an online platform for businesses to connect with collaborators, mentors and advisors. The platform is offered at no cost to participate and is open to all entrepreneurs and business professionals in Vaughan. The platform has since grown to 377 members and brokered 3,906 introductions, facilitating meaningful conversations that connect the business, professional and entrepreneurial communities in a purpose-built and proactive way.

Further, based on a clear need identified by the Economic Prosperity Task Force, in September 2021, Economic Development staff launched a new [mentorship webpage](#) of resources to provide information on various professional mentorship programs available to both Vaughan residents and workers.

To better understand and support available programs for residents, Economic Development is creating a new Talent City Vaughan program to make financial support available to external organizations providing opportunities for residents to enhance their skillsets. Talent City Vaughan is a new program to help residents access and undertake upskilling and reskilling opportunities. The program's overall aim is to support workforce development throughout Vaughan. The program will also prioritize organizations supporting marginalized groups for equitable recovery.

Further to the mentoring capacity that the City's small business advisors provide for the public, it is vital to recognize the expertise, knowledge, and experience private-sector business professionals can offer to our local businesses. However, the challenge for small businesses is that services are often unaffordable. To facilitate access to such services to support our small business community, Economic Development and procurement staff launched a request to prequalify vendors to provide small business training and advisory services. This created an equitable process for private-sector vendors to engage in an opportunity to supplement the mentoring capacity that staff presently offer local small businesses. The prequalified list of vendors remains in effect potentially until December 31, 2023, pending the City's decision to exercise its option to renew.

### *Starter Company Plus*

In addition to core business advisory services, the Province contracted the City to deliver the Starter Company Plus program. The program trains, mentors, and helps entrepreneurs receive a provincial grant starting or expanding a full-time business. Since 2019, ED has leveraged \$260,000 in provincial funding to offer direct financial support to 52 businesses through Starter Company Plus. This investment has resulted in over \$2.6 million of investment leveraged, equivalent to a 10 to 1 ratio of investment leveraged (i.e., for every dollar we invested in these businesses), resulting in \$10 of direct owners' investments and third-party investments into their companies).

Starter Company Plus has **helped 96 business starts and expansions** resulting in 135 jobs created from 2019-2021.

## *Summer Company*

Since VBEC's founding, it has administered MEDJCT's Summer Company program, designed to support students aged 15-29 as they start a business over the Summer. In recent years, VBEC has supported 11 students per year experience this valuable development opportunity. This past year saw a record number of application inquiries of over 200 students.

Application intake for the upcoming Summer of 2022 is pre-approved and expected to open as soon as possible upon signing the TPA with the Province.

***In June 2022, ED will relaunch the VBEC brand to increase awareness of our services and expand reach by delivering services in each commercial community in Vaughan.***

As pandemic health restrictions ease, small business owners and entrepreneurs have expressed interest in reconnecting and engaging in person to foster more robust relationship-building opportunities and additional information. Therefore, Economic Development will enhance its department-wide service delivery model by developing a hybrid business advisor approach with virtual and in-person consultations and service deliveries. Economic Development Officers recognize that offering advisory consultations via telephone or video conference, email and phone, and virtual webinars must continue, especially given small business owners' busy time constraints. However, there needs to be a balance with in-person delivery of services to ensure access to services is available to residents with technical limitations.

Given public health restrictions and business reintegration planning, ED is planning for in-person business advisory services on a rotating, one-day per week basis at City Hall and each of the City's recreation centres. This on-site business advisory presence is being developed in collaboration with the Recreation Services department.

In addition, through funding made available by the Federal Economic Development Agency for Southern Ontario for the My Main Street Business Accelerator grant, ED successfully received funding to hire two Main Street Ambassadors (out of only 65 available positions province-wide). Main Street Ambassadors will provide wrap-around community economic development support for both new and existing small, independent, for-profit, consumer-serving (B2C) brick-and-mortar business operators such as retail, restaurants, recreational and personal services. These new business advisors will deliver services right at the business locations of the main street businesses they are supporting. This will extend ED's outreach to business owner-operators that might otherwise be too

busy managing day-to-day operations to take advantage of strategic opportunities, entrepreneurship programs and business advisory services available through VBEC.

Participation in the My Main Street program also provides the following benefits to the City: access to customized marketing research, data analysis and non-repayable funding contributions for small businesses in the form of up to ten grants of \$10,000 for each of the two main street ambassador areas supported (in total 20 grants for companies in Vaughan).

## 2. Strategic Partnerships

***The City's small business advisors are leaders in York Region and the Greater Toronto Area (GTA) in building partnerships to deliver robust and successful programs. Staff request to enter into agreements or memorandums of understanding (MOU) to formalize and govern partnerships to maintain Vaughan's leading reputation for strategic counsel for entrepreneurs and small business owners.***

Partnerships are an integral element of any economic development program. For example, the Federation of Canadian Municipalities (FCM), in its 2014 whitepaper *Building Community Prosperity Through Local Economic Development*, lists partnering and partnerships as a guiding principle of local economic development. The publication explains the opportunities in local economic development are often too great for one organization to seize on its own. As such, there is a need to multiply resources to effectively support the local economy.<sup>1</sup>

Economic Development staff seek partnerships with governmental partners, non-governmental, not-for-profit private stakeholders, and occasionally, private sector, for-profit organizations.

First, through the Ontario Network of Entrepreneurs (ONE), the City is partnered with the Province's Regional Innovation Centres (RIC) – ventureLAB is York Region's RIC – as well as other SBECs, and the Ontario Centre of Innovation (OCI, previously OCE). Such partnerships allow for co-marketed initiatives, best-practices sharing, and co-delivered initiatives. One such example is the recent opening of a ventureLAB innovation space within the Pierre Berton Resource Library in conjunction with Vaughan Public Libraries to support accelerating technology companies in Vaughan.

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<sup>1</sup> George Edward Trellor, [Building Community Prosperity Through Local Economic Development \(ccednet-rcdec.ca\)](http://ccednet-rcdec.ca) (Kyiv, UK: Federation of Canadian Municipalities, 2014), p.9.

Other notable partnerships to support small businesses and entrepreneurs exist between Economic Development and community groups. These organization include: [The Centre for Social Innovation](#); [Artscape](#); [York Region Arts Council Artrepreneur Program](#); [TechConnex](#).

## **Previous Reports/Authority**

Item 9 of Committee of the Whole, Report No. 14, which was adopted without amendment by the Council of the City of Vaughan on May 1, 2019: [SMALL BUSINESS AND ENTREPRENEURSHIP SERVICES: UPDATE](#)

[By-Law Number 154-2018](#): A By-Law to Amend By-Law Number 78-2010 with Respect to Executing Grant Applications and Agreements.

[ADVANTAGE VAUGHAN: PHASE 3 OF VAUGHAN'S ECONOMIC DEVELOPMENT RESPONSE TO COVID-19](#), Committee of the Whole (Working Session) Report, February 9, 2022.

## **Analysis and Options**

***To continue supporting small businesses and entrepreneurs and to help grow local economic prosperity and social capital, ED requires Council approval to apply for and pursue relevant programs and partnerships and enter into agreements with other governmental bodies, like-minded organizations, and local businesses.***

ED has delivered business inquiry resolution and consultation, seminars and events, and entrepreneurship programs through VBEC since 2001. On March 31, 2022, the most recent Transfer Payment Agreement (TPA 2019-2022) from the Province of Ontario will end. In a letter dated December 14, 2021, from the Assistant Deputy Minister, Office of Red Tape Reduction and Small Business, Ministry of Economic Development, Job Creation and Trade, the Province has committed to maintaining funding levels as consistent with the current existing TPA term (2019-2022) for up to an additional three years (up to until March 31, 2025). As in the past, staff will require authorization to enter into that agreement.

In the most recent Provincial fiscal year, April 2021 - March 2022, the City of Vaughan has benefited from over \$400,000 of funding through Provincial and Regional TPAs. To not have the ability to receive such resources through bodies like the Province of Ontario or Regional Municipality of York would put the City of Vaughan behind the other 46 municipal operators of SBECs.

***Provincial TPAs require staff to administer direct grant funding to local small business owners. As in 2019, staff recommend that Council grant the Manager, Small Business and Entrepreneurship, or designate, the ability to enter into grant agreements with program participants.***

ED manages two grant programs on behalf of the Province: Summer Company and Starter Company Plus (both described above). These programs require the City and all 47 SBEC program providers across the Province to enter into grant agreements with local business owners.

These agreements mitigate risk to the City while disbursing Provincial grant dollars. In these cases, the Director or Manager of the SBEC signs such agreements on behalf of their municipality. This is commonplace and low risk, given that agreements do not exceed \$10,000 in value.

The current participant grant agreement, in use since 2017, was developed with Legal Counsel and governs the granting relationship between ED and the entrepreneurs receiving funding. To ensure a fair and transparent process, disbursement of all grant funds goes through a provincially-approved adjudication process. In 2021 alone, ED managed 41 grants between the Province's two programs. As a result, staff in ED require the ability to deploy these resources.

***Entrepreneurship programs and services benefit from solid partnerships backed by strong agreements in the form of MOUs. Staff require the ability to quickly enter into such agreements, in form satisfactory to the City Solicitor.***

As outlined previously, partnerships are integral to local economic development. There is an opportunity to deepen the benefits of partnerships by backing them with MOUs.

For example, ED has previously engaged with York Region in Collision 2019, North America's fastest-growing conference for technology businesses. To ensure that the City has a presence at the conference, staff were required to be a co-exhibitor with York Region. In 2021, staff actively engaged in co-delivery arrangements with Niagara University and York University YSpace on specialized entrepreneurship training programs. Approval of this report will grant staff authorization to enter into such agreements.

If Council grants staff the ability to enter into such arrangements, ED would have the added benefit of requiring partners to market the City's services and to share successes of joint clients, for example. As new, potential collaborations are identified and entered into, ED will keep Council informed of such arrangements as they develop.

## **Financial Impact**

There are no new financial requests associated with this report.

Staff have been notified of the Province's commitment to maintain funding levels as consistent with the current existing agreement term of April 1, 2019 to March 31, 2022. This commitment will continue through a 2 year plus a 1-year extension Transfer Payment Agreement (TPA) (April 1, 2022 – March 31, 2024, March 31, 2025 if the 1-year extension is applied) at the current budgeted allocation of \$323,525 per year. This requires a commitment from the City of Vaughan to the program delivery and execution of three program areas:

1. VBEC Core Programming; and,
2. Summer Company, for which the Province of Ontario allocates \$33,000 per year to support 11 young entrepreneurs annually. Individuals may qualify for grants of up to \$3,000 each; and,
3. Starter Company Plus, for which the Province allocates \$115,000 per year to support 23 local entrepreneurs annually. Individuals may qualify for grants of up to \$5,000 each.

Through ED, the City contributes the salary of the Manager, Small Business and Entrepreneurship and the Small Business Advisor, along with the benefits payments of the new Economic Services Representative and facilities as its contribution to the partnership with the Province. In addition, the Ontario government's funding contributes to the salaries of the Entrepreneurship Coordinator and the Economic Services Representative.

These positions are an example of how ED is leveraging existing resources to further support our local small business owners. The newly formed Economic Services Representative, for example, will be the first point of contact for our entrepreneurs with the City. The Representative will deliver business advisory and intelligence services to those residents seeking support in opening a business. This can include: business planning advice, resource and funding identification, business opportunity identification, etc.

## **Broader Regional Impacts/Considerations**

SBE maintains the largest small business programs in York Region. It works closely with the other SBECs in the Region – Markham, Richmond Hill, and York Region (who serves the northern six municipalities). In the past, SBE has supported their programs by taking on overflow applicants, offering training to regional entrepreneurs, and assisting with

applicant adjudication. SBE and its regional counterparts expect to continue in this manner. These actions do not negatively impact SBE. On the contrary, they help the department meet its Provincial requirements, attract business to the City, and since these efforts leverage existing programming, require no additional cost.

In addition, SBE has built a robust ecosystem of partners, as noted above. This allows SBE to attract entrepreneurs from across York Region and the Greater Toronto Area into the City of Vaughan.

## **Conclusion**

SBE is one of the Province's 47 SBECs and is a solid contributor to local economic development. In 2021, for example, SBE had assisted 239 business starts and expansions; delivered 790 business consultations; answered 3,133 inquiries; and provided 78 webinars to 1,568 participants.

SBE's core clients – entrepreneurs and small businesses with fewer than 20 employees –made up more than 85 per cent of Vaughan's over 18,000 businesses in 2020. These businesses benefit from the services and ecosystem access that ED and SBE offer. The Department looks forward to working with local and provincial partners like the Vaughan Chamber of Commerce, ventureLAB, Niagara University, York University YSpace, COSTI Employment Services, and its partners through the Province of Ontario's Ontario Network of Entrepreneurs (ONE).

To maintain its status as a leading SBEC, SBE will implement Provincial programming with Council's approval and solidify partnerships across the region.

**For more information**, please contact: Don De Los Santos, Manager, Small Business and Entrepreneurship, [don.delossantos@vaughan.ca](mailto:don.delossantos@vaughan.ca).

## **Attachments**

1. Entrepreneurship Program Participant Grant Agreement, Economic Development, March 8, 2022

## **Prepared by**

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**Approved by**

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal stroke extending to the right.

Nick Spensieri, City Manager