

Clause 4 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 24, 2016.

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GTA Region Investment Attraction Agency (Toronto Global)

Committee of the Whole recommends adoption of the following recommendations, as amended, in the report dated February 26, 2016 from the Commissioner of Corporate Services and the Chief Planner:

1. The CAO and Clerk be authorized to enter into an agreement with the recently incorporated corporation known as the "GTA Region Investment Attraction" (Toronto Global) to undertake global investment attraction on behalf of municipalities in the Greater Toronto Area for a term of three years in the amount of up to \$330,000 per year.
2. The agreement be executed once confirmation of funding commitments from the federal and provincial governments are received.
3. Newco (Toronto Global) attend Regional Council on an annual basis to outline its strategy and business plan.
4. Staff report back in two and a half years on progress and benefits of the Agency to York Region.

Report dated February 26, 2016 from the Commissioner of Corporate Services and the Chief Planner now follows:

1. Recommendations

It is recommended that:

1. The CAO and Clerk be authorized to enter into an agreement with the recently incorporated corporation known as the "GTA Region Investment Attraction" (Toronto Global) to undertake global investment attraction on behalf of municipalities in the Greater Toronto Area for a term of three years in the amount of up to \$330,000 per year.

2. The agreement be executed once confirmation of funding commitments from the federal and provincial governments are received.

2. Purpose

This report provides an update on the status of the formation of a new Greater Toronto Area foreign investment attraction agency, referred to in previous reports as “Newco”. This report also recommends entering into the necessary agreements with the organization now transitioning to be known as “Toronto Global” subject to conditions.

3. Background

A new model for collaborative foreign direct investment attraction is under development in the Greater Toronto Area

Foreign investment attraction to any part of the Toronto region is an important component of developing and maintaining a strong regional economy. York Region has been working with municipalities across the GTA since the early 1990’s and more formally with public and private partners through the Greater Toronto Marketing Alliance (GTMA) since 1998, to undertake joint international promotion activities. The focus of these efforts is to attract global businesses to set up operations or expand here, which results in job growth.

As reported to Committee of the Whole in a report entitled New Greater Toronto Region Global Investment Attraction (“Newco”), dated November 5, 2015, a review is underway to change the way foreign investment attraction is undertaken jointly in the Greater Toronto Area. The concept of “regionalism” and the creation of Toronto Global as an arms-length regional agency will serve to promote the attraction of foreign direct investment to the entire Toronto region.

Regional Council endorsed in principle the Region’s participation in Toronto Global in November, 2015 subject to several conditions

In November of 2015, Council endorsed in principle the Region’s participation in the recently incorporated corporation known as the GTA Region Investment Attraction Agency to further the Region’s foreign investment attraction efforts. The Region’s participation was made conditional on:

- Details being provided regarding governance and operating structure including the Region's role and participation
- The funding commitments from provincial, federal and municipal partners over the next three years being confirmed

Progress has been made on the governance structure and on branding the new organization. Municipalities are being asked to prepare for launch early in Q2 of 2016. Preparations include entering into an agreement with Toronto Global prior to April 1, 2016.

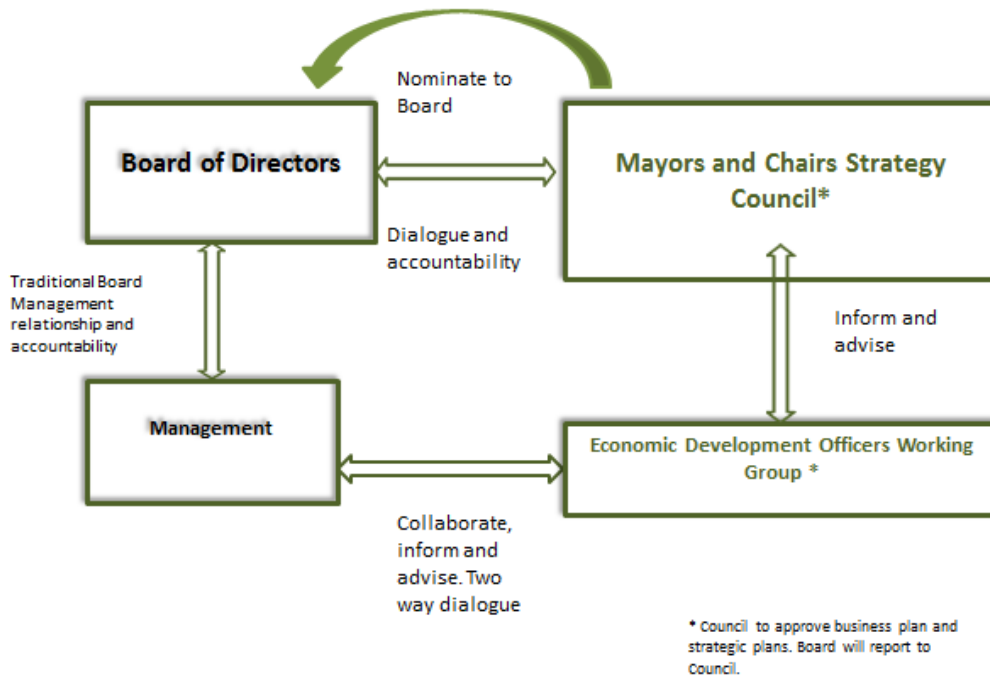
4. Analysis and Options

An organizational structure for Toronto Global that addresses political representation from funding municipalities including York Region has been developed

As reported previously, an interim Board of Directors has been appointed to guide the creation of Toronto Global. Members of the interim Board include Mayor Tory of Toronto, Mayor Ryan of Pickering and Mayor Crombie of Mississauga, Chair Emmerson of the York Region, Janet Ecker (President and CEO of the Toronto Financial Services Alliance), and Pat Horgan (Vice President, IBM Canada). Toby Lennox, the interim CEO, is also a Board member and chair of the Board.

The interim Toronto Global Board has approved an organizational structure as illustrated in Figure 1. The structure includes municipal participation at both the strategic and operational levels. The organizational structure is outlined in the corporations' general by-law and the relationships are defined in a Unanimous Member Agreement.

Figure 1
Toronto Global Organizational Structure



The Mayors and Chairs Strategy Group will be comprised of funding municipalities while the organization will be managed by a private sector Board of Directors

The Mayors and Chairs Strategy Group is to be comprised of the heads of the Councils of the seven funding municipalities including York Region, Halton Region, Durham Region, the City of Toronto, the City of Mississauga, the City of Brampton and the Town of Caledon. The seven funding municipalities also constitute the “members” of the organization.

The operation of Toronto Global will be managed by a private sector Board of Directors made up of representatives of businesses and organizations from across the Greater Toronto Area. The Board of Directors will be responsible for the hiring and oversight of Toronto Global staff and on-going operations and will, along with Toronto Global’s management, make recommendations to the Mayors and Chairs Strategy Group on a strategic plan and annual business plan/budget.

Members of the Board of Directors are to be selected by a nominating committee made up of the Mayors and Chairs Strategy Group

The articles of the Corporation allow for a minimum/maximum of 10/20 directors, and twelve members are expected to be set initially. The only restriction on representation on the Board is that two of the twelve directors must reside in the City of Toronto, a concession that recognizes the significant financial contribution Toronto is making relative to the other municipal funders. The remaining 8 to 18 directors can reside anywhere in the GTA including the City of Toronto.

The organization structure authorizes the Mayors and Chairs Strategy Group to approve the strategic plan, approve of the annual budget, and recommend appointments to the Board of Directors through a nominating committee. York Region will have one vote at the Mayors and Chairs Strategy Group, along with the other municipal funders and have a direct say in these matters. This level of municipal approval will help ensure the strategic directional needs of municipalities are addressed through the oversight of the organization.

The organizational structure recognizes the role of municipal economic development staff in guiding and supporting Toronto Global operations

An Economic Development Officers Management Council is included in the new structure. This group will be comprised of senior economic development staff from the seven funding municipalities. This group will meet regularly with Toronto Global staff and discuss business plan development and address issues and opportunities that arise through Toronto Global's operations. This group will help ensure that Toronto Global staff is informed about and has access to assets within the GTA that are of importance to international clients looking to invest. Members of the Economic Development Officers Management Council will also be responsible for assisting Toronto Global with keeping non-funding constituent local municipal partners informed and engaged.

The relationship between Toronto Global and the municipal funders is defined in a Unanimous Member Agreement

It is proposed that all seven municipal funders sign one agreement with Toronto Global. A preliminary draft Unanimous Member Agreement has been prepared by Toronto Global for consideration by municipalities. While the specific provisions of the agreement will be negotiated and ratified through ongoing discussions, it is anticipated that some of its terms will include:

- The seven funding municipalities are identified as members of the new organization
- The term is three years; there is no provision for exiting the agreement by any of the parties during the first three years
- Funding from municipalities in the amount of \$2,000,000 per year, with funding shares allocated on a per capita basis; York Region's share is \$330,000 per year and details regarding the funding are provided later in the Financial Implications section of this report

It is expected that anticipated federal and provincial funding and participation in the organization will be articulated in separate agreements directly with Toronto Global.

The new organization has been branded Toronto Global

Following an extensive exercise conducted by a recognized brand consultant with various stakeholders including York Region staff, the interim Board has approved a branding program for the new organization. Under the operating name Toronto Global the new organization will be in a strong position to promote the internationally recognized "Toronto" brand while selling the assets that are attractive to investors from across the Greater Toronto Area. Regionalism will be embedded in the hiring, training and evaluation of Toronto Global staff as well as through the various marketing channels developed for the international investor audience to ensure the broader regional message is delivered.

Discussions regarding senior government funding continue

The interim President and CEO of Toronto Global has advised that positive discussions continue with both the federal and provincial governments regarding their funding commitments. The federal contribution of \$2,500,000 per year for three years is the subject of an application recently submitted by Toronto Global to FedDev, the federal agency established to provide financial support to economic development initiatives. While a decision on that funding is expected in the near term, it is not clear when the Region can expect to hear confirmation of federal funding.

The provincial contribution of \$2,500,000 per year for three years is expected to be formally confirmed prior to the end of March 2016.

The creation of a proper international investment attraction agency with global reach requires contributions from both levels of senior government, in addition to the additional contributions proposed from the municipal funders. Staff is recommending that finalization of any agreement with Toronto Global occur when the federal and provincial government contributions are confirmed to Toronto Global in writing.

The performance of Toronto Global will be monitored and evaluated

With the assistance of municipalities, Toronto Global is establishing a set of performance metrics based on activities, investment results and economic impact. Toronto Global will undertake reporting of its activities and results to municipal staff on a regular basis and annually to Regional Council. Toronto Global's performance will be monitored to evaluate the Regions participation beyond the three year term of the agreement.

Link to key Council-approved plans

Initiatives around investment attraction and job creation directly support the objectives in the strategic priority of Strengthening the Regional Economy in the 2015 - 2019 Strategic Plan. Global investment attraction is also a key component of developing a diverse and resilient economy which is an important element of both the York Region Official Plan, 2010 and Vision 2051.

5. Financial Implications

The funding shares of the seven municipal funders, senior levels of government and the private sector to support Toronto Global annually are summarized in Table 1.

Table 1
Toronto Global Proposed Funding Shares by Stakeholder

GTA Regional Investment Attraction	BUDGET Annual Core Funding Request	Funding Request Breakdown
Government of Canada	\$2,500,000	33%
Government of Ontario	\$2,500,000	33%
Invest Toronto	\$890,412	27%
Regional Municipality of York	\$329,389	
The Corporation of the City of Mississauga	\$227,598	
The Regional Municipality of Durham	\$206,397	
The Corporation of the City of Brampton	\$167,135	

GTA Regional Investment Attraction	BUDGET	
	Annual Core Funding Request	Funding Request Breakdown
The Regional Municipality of Halton	\$160,039	
The Corporation of the Town of Caledon	\$19,030	
Private sector corporations and academia	\$500,000	7%
TOTAL	\$7,500,000	100%

York Region currently budgets \$100,000 annually to support the Greater Toronto Marketing Alliance, and this amount is reflected in the approved Planning and Economic Development Branch budget. The agreement with Toronto Global increases that amount to just under \$330,000 annually, creating an additional obligation of approximately \$230,000 each year through 2018.

As part of the development of the 2016 budget, a provision for expected costs associated with the initiative was budgeted corporately pending the development of additional details included in this report. Staff is recommending that upon approval of this report, and when conditions regarding senior government funding are met, the Commissioner of Finance be authorized to utilize the corporate provision of up to \$230,000 per year for 2016 – 2018.

6. Local Municipal Impact

The local municipalities in York Region were not direct funders of the Greater Toronto Marketing Alliance, and the agreement with Toronto Global does not contemplate adding new municipal funders at this time. The agreement does not preclude future additional members being added, subject to the approval of current funding municipal members.

A number of the local municipalities in York Region have their own international business development programs, some aspects of which have a foreign investment attraction component. These activities and the international relationships that have been developed can serve as valuable assets in the overall effort to attract investment to the GTA and the Region. Local municipalities that are not directly funding Toronto Global are not expected to discontinue their international business development efforts. It is anticipated that over time, once Toronto Global is fully operational local municipalities will see the benefit of delivering their programs through or in partnership with Toronto Global.

7. Conclusion

There is value in undertaking coordinated global investment attraction efforts under the internationally recognized “Toronto” brand. A new, larger foreign direct investment attraction agency is being created that will replace current formal dedicated foreign investment attraction agencies in the GTA to the benefit the entire region.

An organizational structure has been established for Toronto Global that provides municipal funders with strategic planning direction, budgeting, and appointments to the Board of Directors. The structure also recognizes the necessary role that economic development staff must play in helping to support the Toronto Global business plan development and operations.

For more information on this report, please contact Doug Lindeblom, Director, Economic Strategy at ext. 71503.

The Senior Management Group has reviewed this report.

February 26, 2015

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