

Date: May 16, 2022	Originator's files:
To: Chair and Members of General Committee	
From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building	Meeting date: June 1, 2022

Subject

Toronto Global Funding Agreement

Recommendation

That the Director of Economic Development or designate be given the authority to enter into negotiations with Toronto Global and participating municipalities, related to a new funding agreement, and if successful, report back to General Committee for authority to execute the agreement.

Executive Summary

- The City of Mississauga has funded Toronto Global to the amount of \$1,379,335 over six years to market the Toronto Region, and attract new Foreign Direct Investment (FDI) to the GTA.
- The most recent 3-year funding agreement expired on March 31, 2022.
- Toronto Global has provided municipalities with a draft Term Sheet for a new 3-5 year agreement.
- The terms offer '905' municipalities the option to join as a "Municipal Collaborator", at an annual fee of \$50,000.
- The draft Term Sheet also outlines a new governance model, funding model, and a broadened mandate.
- Economic Development Office (EDO) staff believe the governance model provides Mississauga insufficient influence.
- Economic Development Office (EDO) Staff would be seeking several new terms in a new agreement with Toronto Global in order for the City to participate.

Background

Toronto Global's mandate is to market the Toronto Region and to generate and service new leads in order to attract new greenfield foreign direct investment.

On December 2, 2016, the City of Mississauga entered into its first municipal funding agreement with Toronto Global (Council Resolution 0143-2016).

The agreement guaranteed the City a seat on the Mayors and Chairs Strategy Council, as well as representation on the Economic Development Officer Management Council. These two bodies provided strategic direction and advice to the Toronto Global Board of Directors and Toronto Global staff, respectively.

In 2019, Council renewed its membership for an additional 3-year term. As a condition of renewal, the City sought significant changes including:

- a commitment to a more equitable regional distribution of investments between the '416' and '905' regions,
- a name change to better reflect a regional mandate, and
- greater transparency for both the Mayors' and Chairs' Strategy Council and the Economic Development Officer Management Council

As of March 31, 2022, the most recent 3-year agreement between municipal funding partners and Toronto Global has expired. Toronto Global did not request to extend, or renew, the agreement, rather they provided participating municipalities a draft terms for future membership agreement. It should be noted that both the Provincial and Federal funding agreements are set to expire within the next year and a half.

Present Status

Toronto Global has provided participating municipalities with a draft Term Sheet outlining the terms that would form a new 3-5 year agreement. The Term Sheet (see Appendix 1) outlines a new governance model, funding model, and broadened mandate.

Under the new terms, there are two membership types with corresponding annual fees:

1. "Principal Contributor" with an annual fee of \$2,000,000, or
2. "Municipal Collaborator" with a \$50,000 annual fee

The Term Sheet includes a secured commitment by the City of Toronto to join as a Principal Contributor, and offers '905' municipalities the option to join as Municipal Collaborators. Both membership levels are to offer the same access to mandated services, but differ in terms of seats on the Board of Directors.

Principal Contributors will be provided with two (2) permanent seats on the Board of Directors for the duration of the term of the Municipal Membership Agreement. Collectively, Municipal Collaborators will be provided with one (1) shared permanent seat on the Board of Directors.

Additional key differences between previous agreement terms and those presented in the new Term Sheet are outline in Table 1.

Table 1: Key Differences between Previous Agreement and New Terms

Issue	Previous Agreement	New Terms
Agreement Term	3 years	Requesting 3 years with renewal option for 2 additional years
Municipal Funding Model	Based on population size for a total of \$2,061,000 <ul style="list-style-type: none"> • \$236,793 annually for Mississauga in 2021/22 	Annual flat fee based on membership level: <ul style="list-style-type: none"> • \$50,000 for Municipal Contributors • \$2,000,000 for Principal Collaborators
Governance Model	Multi-Tier: <ul style="list-style-type: none"> • Board of Directors (private sector) • Mayors & Chairs Strategy Council 	Single-Tier: <ul style="list-style-type: none"> • Public-Private Board of Directors
Municipal Decision-Making Authority	Mayors & Chairs Strategy Council provides: <ul style="list-style-type: none"> • Business Plan approval • Strategic Plan approval • Board member nominations 	Board of Directors acts as the only decision-making authority <ul style="list-style-type: none"> • Municipal representation on Board will consist of: <ul style="list-style-type: none"> • Two seats for Toronto • One shared '905' seat
Municipal EDO Staff Role	EDO Management Council: <ul style="list-style-type: none"> • Recommendations regarding business and strategic plans • No decision-making authority 	Joint Advisory Committee: <ul style="list-style-type: none"> • Recommendations regarding annual collaborative initiatives • No decision-making authority.
Toronto Global Mandate and Services	<ul style="list-style-type: none"> • Marketing and promotion of the Toronto Region • Lead generation and servicing to attract new greenfield FDI 	<ul style="list-style-type: none"> • Same Marketing and FDI services, plus additional Economic Development Services; <ul style="list-style-type: none"> • Supply chain support • Municipal proposal development • New Regional (905) Specialist position • Fee-for-Service model for additional economic development services

Comments

Significant commitments on the part of Toronto Global are required in order for Mississauga to consider entering a new agreement. These are highlighted below:

Equitable Distribution

Mississauga continues to seek more equitable distribution of wins between the City of Toronto and the '905' Region, and greater transparency for municipal members, as included in the previous agreement. Over the last 6 years, the distribution of investment remains significantly unbalanced with 82% of the new investments landed by Toronto Global going to the City of Toronto. Staff believe the new Term Sheet needs to address the equity of distribution, and to commit to a substantive share of new business investment for the '905' Region.

Improved Governance

Over the last 6 years, Toronto Global governance has been problematic and has never lived up to providing the City with a significant level of influence. The proposed draft Term Sheet presents a new governance model that appears to reduce the City's influence. Specifically, a singular decision-making body is proposed with only one Board seat dedicated to the '905' Municipal Collaborators. Such a model would severely limit Mississauga's ability to provide strategic and operational influence.

Defined Service Delivery

EDO currently maintains an investment attraction mandate that, during the last 6-year period, has secured 56 new investments compared to Toronto Global's 17 new investments. Yet, the draft Terms Sheet outline a new service model for Toronto Global that broadens its mandate beyond this service. Staff suggest this new model would increase the risk of conflict and/or duplication of services, and potentially jeopardize the City's strong economic development business investment standing.

Proposed New Conditions for Negotiation

In order for Mississauga to consider entering a new agreement staff propose the following conditions as necessary for a more productive working relationship and to yield better outcomes for Mississauga, and the '905':

- Revision to the proposed governance structure that provides Mississauga greater influence over Toronto Global's operational and strategic plans;
- Commitment to targets ensuring more equitable distribution of investment wins between the '905' region and the City of Toronto; and
- Greater transparency for municipal members

Should negotiations be successful, the Economic Development Office would table a report to General Committee for authority to execute the agreement.

Strategic Plan

The City's Strategic Plan, Prosper Pillar, seeks to recognize Mississauga as an international destination that attracts innovative businesses and creates new employment. Mississauga's Economic Development Strategy (2020-25) highlights the importance of attracting business investment, fostering existing businesses, and developing distinctive places. Additionally, the Economic Recovery Plan for Broader Industry identifies Business Investment Retention, Expansion and Attraction as key actions.

Financial Impact

There are no financial impacts as a result of the recommendations in this report.

Conclusion

The City of Mississauga has funded Toronto Global to the amount of \$1,379,335 over six years to market the Toronto Region, and attract new Foreign Direct Investment (FDI) to the GTA. The most recent 3-year funding agreement expired on March 31, 2022. Toronto Global has recently provided a new Terms Sheet outlining a fee of \$50,000/yr. for the City of Mississauga's continued membership.

Staff believe several conditions need to be satisfied before entering a new agreement with Toronto Global. Specifically, the Economic Development Office continues to seek greater transparency, more equitable distribution of investment wins, and increased influence within the new governance structure.

Should negotiations reach satisfactory agreement, staff would return to Council with a report to execute a funding agreement with Toronto Global.

Attachments

Appendix 1: Toronto Global Term Sheet – Feb 17 2022



Andrew Whitemore, M.U.R.P., Commissioner of Planning & Building

Prepared by: Stephanie Dunbar, Client Account Manager – International, Economic Development Office