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GREATER TORONTO MARKETING ALLIANCE 2012 SERVICE AGREEMENT UPDATE

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated March 26, 2012, from the Executive Director, Corporate and Strategic Planning.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report updates Council on the status of negotiations regarding the Greater Toronto Marketing Alliance (GTMA) International Marketing Services Agreement (IMSA) for 2012. This is a follow-up to the report presented to Planning and Economic Development Committee on November 2, 2011.

3. BACKGROUND

The GTMA provides international investment attraction services on behalf of the municipalities in the Greater Toronto Area

The GTMA is a public/private partnership founded in 1998 to promote the GTA as a place for international investment and to provide services to companies interested in investing in the GTA. The organization is funded from a variety of sources including GTA municipalities, other government agencies, and private sector partners, in addition to funds raised through the delivery of GTMA events and activities. The five Regions in the GTA contribute a total of $500,000 annually to GTMA core funding, with the Regions of: York, Durham, Halton, and the City of Toronto contributing $100,000 each, and the City of Mississauga, City of Brampton, and Town of Caledon sharing the remaining $100,000 cost on a per capita basis. The respective roles and responsibilities of the GTMA and the municipal funding partners are laid out in an International Marketing Services Agreement (IMSA) that is approved annually by Regional Council. The intent is that all seven municipal funding partners enter into the same agreement with the GTMA each year.

The GTMA partnership enhances Regional investment attraction efforts

The GTMA serves to market the Toronto Region brand internationally, which is important to the entire investment attraction effort across the GTA. The Toronto brand is recognized world-wide, and it makes sense to conduct joint international investment efforts under a common recognized brand, enhancing and supplementing targeted work carried out by York Region Economic Strategy. The GTMA extends the reach of GTA municipalities to connect into international markets beyond what could have been accomplished individually. The GTMA programs have resulted in direct contacts with qualified potential investment leads from many different countries.

4. ANALYSIS AND OPTIONS

Staff recommended changes to the current International Marketing Services Agreement to address identified issues

In a previous staff report presented to the Committee on November 2, 2011, several areas were identified by some or all of the partners that needed to be addressed, including:

- Issues stemming from a shift in focus by the GTMA away from GTA-focused marketing to a larger Southern Ontario marketing focus to take advantage of Provincial and Federal program funding
- A lack of direct municipal engagement in lead handling and servicing
- Need to introduce specific performance metrics, targets and classifications around lead generation
- Issues stemming from the use of GTMA resources to undertake other fundraising activities which may take away from the core foreign direct investment attraction focus
- The diminishing role of the GTMA in undertaking sector-based research that supports all municipal investment attraction efforts
- The need to adjust reporting and notice deadlines in the agreement to allow proper annual program planning

In addition, the uneven distribution across the GTA of direct job creation results from GTMA efforts has been identified by some regions as an issue outside of the terms of the International Marketing Services Agreement itself.

The purpose of the revised agreement was to allow the GTMA to continue its joint work on behalf of all GTA municipalities while providing a framework for significantly improved municipal participation and therefore results.

Staff completed negotiations on the GTMA agreement changes and are in a position to recommend proceeding

Staff believes that a revised agreement that addresses the issues noted previously, once secured, will help lead to greater success in investment attraction through the GTMA.

The revised Agreement includes new wording that supports the following changes:

1 "GTA-First" Philosophy - Introduction of a "GTA-First" Philosophy to program development and activity prioritization.

2 Performance Metrics - Introduction of specific performance metrics and targets around lead generation. The revised agreement contains targets expressed in percentage increases over the previous year for investment leads and prospects identified and secured, and ensure communication of results to the municipalities.

3 Municipal Engagement in lead servicing - Adjustments to lead handling and servicing that would better engage municipal partners actively in working with and following up on investment leads. The Agreement would also commit the municipal funding partners to dedicate existing resources to undertake the work jointly with GTMA staff. This would result in an increase in GTA-wide resources dedicated to working directly with investment prospects identified by the GTMA, allowing GTMA staff to focus on identifying more prospects.

4 Reporting and notice - adjustments to reporting and notice deadlines in the agreement that allow for proper evaluation of performance and better coincides with municipal budget timetables.

Staff is negotiating increased municipal representation on the GTMA Board of Directors

The current GTMA Board structure allows between 21 and 24 Directors, seven of which represent the municipal sector. Each of the five GTA regions has a political representative on the GTMA Board, and Mayor Pellegrini of the Township of King represents York Region. In addition, two staff representing the GTA municipal economic development offices sit as Directors. Staff is recommending increased municipal representation on the GTMA Board of Directors and Executive Committees to recognize the importance of the municipal contribution to the organization and its direction.

Through the negotiations the GTMA has expressed a willingness to increase municipal board and committee representation but would need to revise their By-laws to effect the changes. In addition, there are outstanding question regarding the status of the additional representatives and how voting at the Board might be affected by the change. The GTMA has suggested a new clause that would allow additional 'associate director' non-voting positions for the five regions now, with language in the agreement that leaves open the ability to address the specifics around the outstanding questions in the future.

The majority of municipal funding partners are prepared to accept the suggested new terms, but not all

The majority of municipal funding partners appear prepared to accept the revised terms negotiated with the GTMA. However, the City of Toronto through InvestToronto has advised that the revisions do not go far enough to satisfy their requirements regarding increased municipal representation. There is a possibility that InvestToronto will not sign the agreement, but may pay their $100,000 share of the funding regardless. Through the discussions it has been learned that the City of Toronto has never signed the previous versions of the IMSA, but has provided the annual funding each year.

Staff will continue to identify and negotiate additional subsequent changes to future IMSA agreements

Staff will continue to identify and negotiate with GTA municipal partners and the GTMA for further improvements to future IMSA agreements. The focus will include the following:

- Address the issue of uneven distribution of the direct job creation results across the GTA
- Introduce further performance metrics around lead generation, investments, and the economic impact of GTMA's activities
- Improve program and service delivery incorporating best practices from investment attraction agencies in Canada and internationally.

Link to key Council-approved Plans

Initiatives around investment attraction and job creation support the Economic Vitality section of the 2011-2015 Strategic Plan and the Innovation Economy Section of the draft Vision 2051 by attracting new companies to York Region and supporting York Region companies with business expansion, contributing to local economic growth and job generation or retention.

5. FINANCIAL IMPLICATIONS

The Regional Municipality of York funds the GTMA in the amount of $100,000 annually. These funds are included in the approved 2012 Economic Strategy Branch budget. The proposed draft agreement does not include any increase in funding for the GTMA for 2012.

6. LOCAL MUNICIPAL IMPACT

The Regional Municipality of York funds the GTMA on behalf of the nine municipalities within the Region. The Region also partners with various local municipalities on GTMA initiatives and programs.

7. CONCLUSION

The GTMA provides international investment attraction services on behalf of the municipalities in the Greater Toronto Area. The GTA municipalities have a formalized funding agreement with the GTMA, and are concluding negotiations with the GTMA on several changes to the 2012 agreement that staff believe may result in additional investments, improved prospect servicing and a more equitable distribution of results across the GTA. Staff will continue to negotiate increased municipal representation on the GTMA Board of Directors and Executive Committees to further focus programs relevant to municipal funders.

Staff will continue to identify and negotiate with GTA municipal partners and the GTMA further improvements to future IMSA agreements to address remaining issues around uneven results distribution across the GTA, performance metrics and programmatic and service delivery improvements.

For more information on this report, please contact Doug Lindeblom, Director, Economic Strategy at (905) 830-4444, Ext.1503, or Robert Unterman, Manager, Investment and Marketing at Ext. 1491

The Senior Management Group has reviewed this report.