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GTMA PROPOSED 2012 SERVICE AGREEMENT

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated October 5, 2011 from the Acting Commissioner of Planning and Development Services.

1. RECOMMENDATION

It is recommended that:

1. Council authorize entering into a GTMA 2012 Services Agreement and funding for the GTMA in the amount of $100,000 be approved in principle, subject to approval of the 2012 budget.

2. PURPOSE

The purpose of this report is to receive endorsement for a new 2012 International Marketing Services Agreement. This is a follow-up report to one presented to Planning and Economic Development Committee on October 5, 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 is laid out in an International Marketing Services Agreement that is approved annually by Regional Council. All seven municipal funding partners enter into the same agreement with the GTMA each year.

Staff have been negotiating changes to the current International Marketing Services Agreement to address identified issues

In a previous staff report presented to the Committee on October 5, 2011, several areas were identified by some or all of the partners that needed to be addressed, including:

- Ownership of investment leads and how they are shared and handled with municipalities.
- A shift in focus by the GTMA away from GTA-focused marketing to a larger Southern Ontario geographic focus in partnership with the province and various other regional economic agencies to take advantage of provincial and federal program funding.
- 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.

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.

Negotiations are advancing and a revised draft agreement is anticipated that addresses the issues

Staff are confident that a revised agreement that addresses the issues noted previously can be secured and anticipate that the following proposed changes will help lead to greater success in investment attraction through the GTMA:

- “**GTA-First” Philosophy** - Introduction of a “GTA-First” Philosophy to program development and activity prioritization. Over time the GTMA has shifted its' focus from GTA-dedicated programs to broader geographic marketing initiatives in order to access federal and provincial program funding. This situation has evolved to the point where GTA-dedicated parts of the GTMA programs are now secondary to Ontario-wide partnership marketing initiatives. While it is recognized that these broader partnerships can be beneficial, the GTMA's primary role is to promote the GTA and attract investment here. Program development and prioritization should therefore be driven with a GTA-First philosophy.
- **Performance Metrics** - Introduction of specific Performance Metrics around lead generation and successful investment attraction/economic impact. The Agreement would contain targets expressed in percentage increases over the previous year for investment prospects identified and secured, and ensure communication of results to the municipalities

- **Municipal Engagement in Lead Handling** - Adjustments to Lead Handling that would engage municipal partners actively in real time 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. ANALYSIS AND OPTIONS

The GTMA provides real value to Regional investment attraction efforts

The GTMA has served 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 continue international investment efforts under a common recognized brand. The GTMA has been successful in extending the reach of GTA municipalities to connect into international markets beyond what could have been accomplished individually. The GTMA programs have resulted in significant direct contacts with qualified potential investment leads from many different countries. The GTMA has assisted in the attraction of over 80 new investments to the GTA over the past 12 years, representing between 3,000 and 4,000 new jobs and in excess of $300,000,000 in GDP growth in the broader region.

The proposed changes to the agreement will allow the GTMA to continue its work on York Region’s behalf and provide a framework for improved municipal participation and therefore results.

Link to Key Council-approved Plans

Initiatives around investment attraction and job creation directly support the objectives in the Increasing the Economic Vitality of the Region section of the 2011–2015 Strategic Plan. Global investment attraction is also a key component of developing a diverse and resilient economy as identified in the Innovation Economy section of the draft Vision 2051 document.

5. FINANCIAL IMPLICATIONS

The Regional Municipality of York funds the GTMA in the amount of $100,000 annually, as well as additional program funding for specific GTMA-led initiatives. These funds are included in the annual Economic Strategy Branch budget. The proposed draft agreement does not include any increase in core 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. A number of municipalities within the Region have been the recipients of direct foreign investment influenced by GTMA servicing.

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 in negotiation with the GTMA on changes that staff believes would result in enhanced municipal engagement, additional investments and ultimately a more equitable distribution of results across the GTA.

It is recommended that the Region continue to work with the GTMA to leverage investment opportunities, that Council authorize the Regional Chair and Regional Clerk to execute a revised 2012 GTMA Services agreement, and that funding for the GTMA in the amount of $100,000 be approved in principle subject to approval of the 2012 budget.

For more information on this report, please contact Doug Lindeblom, Director, Economic Strategy at (905) 830-4444, Ext.1503.

The Senior Management Group has reviewed this report.