



**CITY OF TORONTO
ADVANCING TORONTO'S DEVELOPMENT AGENDA:**

AGENCY REVIEW

**FINAL REPORT
SEPTEMBER 19, 2008**

In late 2007 the City Manager's office contracted with The Randolph Group and NetGain Partners to carry out a project to determine what arm's length agency structure would best suit the City's needs in advancing Toronto's development agenda.

This report outlines the results of the review and includes:

1. Introduction: Project Scope and Process
2. Setting the Context
3. Observations on the Current Situation
4. Development Agency Options
5. Recommendations
6. Implementation Issues

1. INTRODUCTION: PROJECT SCOPE & PROCESS

The original mandate of the project, established in late fall 2007, was **to determine what arm's length agency structure best suits the City's needs in advancing Toronto's broad economic development agenda.**

The project was initiated following the Program Review of the Economic Development, Culture and Tourism Division (EDCT) which was also conducted by The Randolph Group and NetGain Partners. A key component of the Agency Review was an examination of the current role of the City of Toronto Economic Development Corporation (TEDCO).

The scope of the project was expanded in February 2008 as a result of the findings and recommendations of the Mayor's Fiscal Review Panel. The expanded scope included the need **to determine the structure that will best enable the City to realize the value of its real estate holdings and those of its agencies.**

It should be noted that the scope of the review did not include a detailed evaluation of the Facilities and Real Estate Division, or of other city agencies involved in providing real estate development services.

The review was carried out under the direction of the City Manager’s Office. During the initial phase of the project numerous documents were reviewed, and a number of individuals within the City, TEDCO and externally were consulted. In addition the work of Greg Clark including an “*International Review of Experience of City Development Companies and Similar Organizations*” (August 2007) was reviewed.

The following individuals were interviewed as part of this review:

Advancing Toronto’s Development Agenda: Agency Review City of Toronto Individuals Interviewed	
City of Toronto Elaine Baxter-Trahair, Waterfront Project Director, Waterfront Secretariat Phyllis Berck, Director, Toronto Office of Partnerships Len Brittain, Director, Corporate Finance Bruce Bowes, Chief Corporate Officer Mary Braun, Solicitor, Legal Services Joe Casali, Director of Real Estate Services Sue Corke, Deputy City Manager Joe Farag, Director of Special Projects, Office of the CFO Mike Feldman, Councillor, Ward 10 York Centre, TEDCO Board Peter Finestone, Film Commissioner (Acting) Paula Fletcher, Councillor, Ward 30, Danforth* Mo Lewis, Director, Accounting Services Randy McLean, Manager, Economic Policy	Howard Moscoe, Councillor, Ward 15 Eglinton-Lawrence, TEDCO Board Joe Pantalone, Deputy Mayor, Ward 19 Trinity-Spadina, TEDCO Board Joe Pennachetti, Deputy City Manager and Chief Financial Officer John Piper, Mayor’s Waterfront Advisor Kyle Rae, Councillor, Ward 27 Toronto-Centre-Rosedale, Chair, EDC, TEDCO Board Christine Raissis, Director of Economic Research and Business Information Bruce Scott, Mayor’s Assistant John Tracogna, Director, Toronto International Tourism Ron Wandel, Manager, Investment Services Gary Wright, Acting Executive Director and Chief Planner

**Advancing Toronto’s Development Agenda: Agency Review
City of Toronto
Individuals Interviewed**

TEDCO	Others
<p>Helen Burstyn, TEDCO Board Member Alex Dagg*, TEDCO Board Member Rowland Fleming, Chair, TEDCO John Macintyre, VP of Stakeholder and Community Affairs, TEDCO Al Mawani**, TEDCO Board Member David McFadden, TEDCO Board Member Jeff Steiner, CEO, TEDCO Winston Young, CFO, TEDCO</p>	<p>Derek Ballantyne, CEO, Toronto Community Housing Corporation Paul Bedford, Urban Mentor, Paul Bedford & Associates John Campbell, President & CEO, Waterfront Toronto John Cartwright, President, Labour Council of Toronto and York Region* Greg Clark, City and Regional Development Advisor Domenic Galisto, Acting Manager, Property Development, Toronto Transit Commission Blake Hutcheson, Chairman and President, CB Richard Ellis and Chair of the Mayor’s Fiscal Review Panel Greg Dadd, Chief Operating Officer, Ontario Realty Corporation Vince Rodo, General Manager – Executive and General Secretary, Toronto Transit</p>

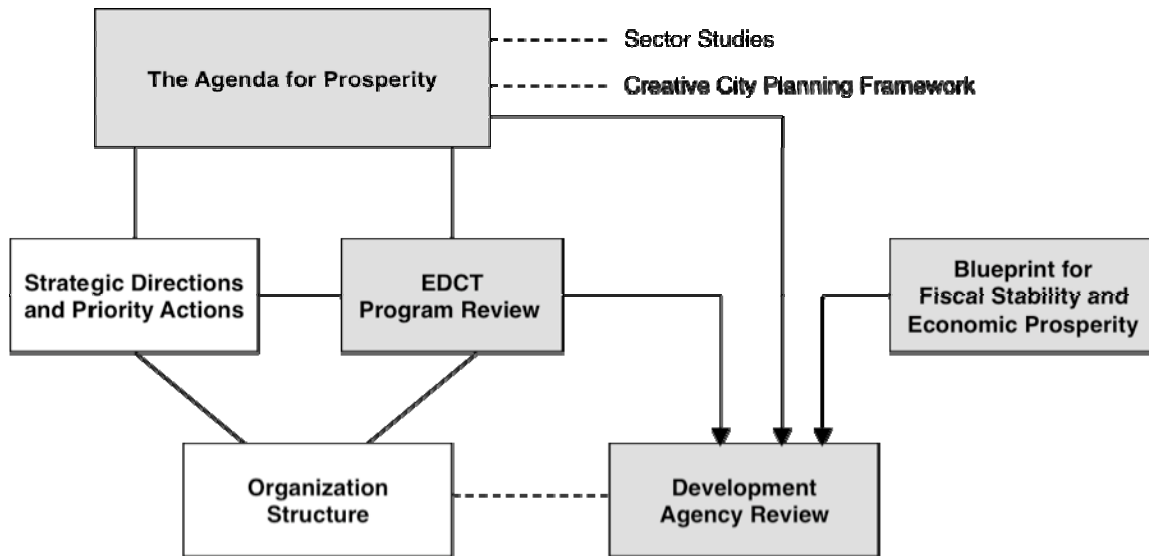
* Interviews conducted by Nancy Autton and Joe Borowiec (City Manager’s Office).

** Reviewed his written response to a discussion guide.

2. SETTING THE CONTEXT

Numerous forces are driving the need for action on the City’s development agenda including changes in local and global economic forces, as well as the evolving roles of other players involved in economic development. Documents and reviews have highlighted the need for a new approach to be put in place to ensure Toronto’s future success.

This agency review has been guided by this broader context as well as the Agenda for Prosperity, the Economic Development, Culture and Tourism Program Review and the Blueprint for Fiscal Stability and Economic Prosperity.



Key conclusions/recommendations of these reports relevant to the Agency Review are summarized following:

1. The Agenda for Prosperity	The Economic Development, Culture and Tourism Program Review	The Blueprint for Fiscal Stability and Economic Prosperity – A Call to Action
<ul style="list-style-type: none"> • The need for a development agency is identified <i>“Position, fund and provide appropriate tools and resources to a development agency ...”</i> • The need for a focused approach to “internationalization” and marketing efforts is also identified: <i>“Develop policies, including sustainable financial models to support and elevate Toronto’s international presence ...”</i> 	<p>The Program Review considered how best to deal with the functions of international trade support, international events development and investment marketing. These functions have unique operating requirements and are vital to the City’s future success.</p> <p>The Review identified two primary options for the placement of the international trade, international events and investment marketing functions:</p>	<p>The Blueprint included a number of relevant recommendations as well: Re: Unlock The Value of Real Estate Holdings and Infrastructure</p> <ul style="list-style-type: none"> • <i>“The City must have a new structure and strategy for managing, coordinating, and maximizing the real estate holdings (conservatively valued at \$17.9 billion) and the infrastructure of the City and the ABCCs.”</i>

1. The Agenda for Prosperity	The Economic Development, Culture and Tourism Program Review	The Blueprint for Fiscal Stability and Economic Prosperity – A Call to Action
<ul style="list-style-type: none"> • The need for an expanded Mayor’s office is also identified: <i>“Expand Mayor’s office to include an economic competitiveness advisor and support team ...”</i> 	<ul style="list-style-type: none"> • Add some or all of these functions to the Strategic Growth and Sector Services grouping or Transfer some or all of these functions to a development agency 	<ul style="list-style-type: none"> • <i>“The City should recognize the importance of planning and economic development for future regional economic growth and prosperity.”</i> – The City should appoint an Economic Development Senior Officer reporting to the Mayor.

In order to determine what agency structure best suits Toronto’s future needs it is critical to recognize that there are many important groups (within the City, and at arms-length) that are involved in some aspect of development including economic development and real estate development.

The following list is not exhaustive, but highlights many of the key agencies and departments currently involved.

Group	Mission / Mandate*
City of Toronto Economic Development, Culture and Tourism Division (EDCT)	The EDCT Division’s mission is to advance the City’s prosperity, opportunity and liveability by: engaging partners in the planning and development of the City’s economy and cultural resources; creating an environment in which business and culture can thrive; and delivering targeted programs and services. The Division provides Strategic Growth and Sector Services, Business Services, Cultural Services and Program Support Services and Film and Television Industry Development and Support.
City of Toronto Facilities and Real Estate Division (FRE)¹	The Facilities and Real Estate Division provides realty and facility management services across the City. The Division’s mission includes planning for, building, maintaining, and improving City properties in a manner that supports service delivery, safety, and comfort to stakeholders, and municipal pride in appearance. (Note: FRE does not provide comprehensive services to all City divisions and agencies)

*Note: The mission and mandate statements of each organization have been sourced from available documentation

Group	Mission / Mandate*
Toronto Economic Development Corporation (TEDCO)	As the principal urban development corporation owned by the City of Toronto, TEDCO exists to act as a catalyst to improve the economic competitiveness of Toronto directly and with partners; to increase investment in the key economic infrastructure of the City; and to redevelop underutilized and brownfield properties.
Waterfront Toronto	Waterfront Toronto's mission is to put Toronto at the forefront of global cities in the 21st century by transforming the waterfront into beautiful, sustainable new communities, parks and public spaces, fostering economic growth in knowledge-based, creative industries and ultimately re-defining how the city, province and country are perceived by the world.
Toronto Board of Trade	The Board of Trade is the champion of a competitive and vibrant Toronto, with a mandate to: contribute directly to its members' success by acting as a dynamic business catalyst and providing innovative and valuable business tools, and; create opportunities for governments and the business community to work together on issues that are important to our members.
Tourism Toronto	Tourism Toronto is the official destination-marketing organization for Toronto's tourism industry. Tourism Toronto's mission is to be the authoritative source for greater Toronto region tourism knowledge, providing unparalleled industry insight and opportunities to members and visitors, resulting in a rich destination experience for all concerned.
Greater Toronto Marketing Alliance (GTMA)	<p>GTMA's mission is to expand the economy of the Greater Toronto Area by raising the profile of the region internationally to attract new investment and employment.</p> <p>GTMA's vision is to be recognized as the primary marketing voice for attracting international investment and employment to the Greater Toronto Area.</p>
Toronto Region Research Alliance (TRRA)	<p>The Toronto Region Research Alliance (TRRA) is an innovative network of regional leaders engaged in transforming the Toronto Region into a world-leading centre for research and research-intensive industry. TRRA's mandate is to help mobilize the Toronto Region to promote its extraordinary strengths and to compete more effectively in the international research and development (R&D) marketplace. TRRA works with regional partners to:</p> <ul style="list-style-type: none"> • Attract new innovative research-intensive companies and to expand those already here; and • Strengthen the Toronto Region's public and private capacity for research, development and innovation

3. OBSERVATIONS ON THE CURRENT SITUATION

The City of Toronto's current economic development agency – the City of Toronto Economic Development Corporation (TEDCO) – was incorporated in 1986. The enabling legislation “*An Act Respecting the City of Toronto*” (1985) indicated that the purposes of the corporation to be established under the Ontario Business Corporations Act was to be: “*The provision, operation and improvement of sites, buildings and facilities for; and, The making of grants or loans to any person upon such terms as may be agreed between the corporation and the person for carrying on of promotional activities in relation to, the establishment and carrying on of industries, and of industrial operations and uses incidental thereto.*” Over the years the City's objectives and TEDCO's mandate have evolved – in part due to changing economic and competitive realities, and also to support growth in key sectors and areas including the waterfront.

The analysis and consultation conducted for this review has resulted in six main observations:

1. The City should have some type of arm's length development agency or agencies

- The Agenda for Prosperity and the Blueprint for Fiscal Stability and Economic Prosperity highlight the need for action now and support the need for a new structure or structures
- The majority of individuals interviewed as part of this agency review identified the need for an arm's length agency of the City focused on economic development; however, a minority of those interviewed stated that the City should provide all economic development functions in-house.

2. TEDCO is demonstrating some successes in the areas of property management, economic development and land development

- TEDCO has a significant portfolio of lands, and leases property to more than 75 tenants (Note: The City provided TEDCO with additional surplus properties for redevelopment in 2006 and transitional funding in 2007)
- TEDCO has sponsored and funded City economic development policy work, incubators and has facilitated strategic initiatives (e.g. work on World Expo Bid)
- TEDCO has led a number of development projects including the following major projects: CANPAR, Filmport, Corus, Monarch

3. There is no clear agreement on TEDCO's current or desired mandate and priorities

- There is a wide range of views on why TEDCO was established and what its priority mandate and objectives are today
- Different understandings and interpretations of TEDCO's mandate result in conflicts and difficult relations with various groups

4. TEDCO's ongoing involvement in the waterfront is problematic

- The creation of Waterfront Toronto significantly impacted TEDCO's mandate and future potential cash flow
- Conflicts have been occurring on the use of lands in the waterfront among TEDCO, Waterfront Toronto, and the City (including the City's Waterfront Secretariat)
- While changes have been made to address these issues over the long term, there are still ongoing challenges in relationships with respect to waterfront properties

5. The City/TEDCO relationship has not been working effectively

- There are differing views on TEDCO's success and effectiveness
- There are no clearly established performance measures and TEDCO has not been effective in measuring and accounting for results, or in producing information in a timely fashion in a form that the City feels is useful
- The land development functions of TEDCO are seen as potentially overlapping with other City divisions and agencies, including the Facilities and Real Estate Division, the Toronto Transit Commission, the Toronto Parking Authority and the Toronto Community Housing Corporation
- TEDCO's ability to act as an independent arms length organization is constrained given the current legislation. TEDCO does not have the power to borrow and is dependent on the City in order to complete many of its transactions that require financing
- There is very poor communication and a lack of trust and confidence on the part of both the City and TEDCO
- The City has had to issue a number of unanimous shareholder declarations to require TEDCO to take action to meet City objectives

6. TEDCO's current corporate structure and relationship with the City are not supportive of the City's future needs

- TEDCO is not an "agency" of the City and is not bound by the City's policy objectives

- TEDCO lacks the independent corporate power to borrow, and is dependent on the City to complete many transactions requiring financing
- To be successful in the future a new structure is needed.

4. DEVELOPMENT AGENCY OPTIONS

Before considering specific options for Toronto, the experience elsewhere with development agencies was examined. Key findings from the comparative analysis include the following:

- **Approaches to supporting and enabling development are highly variable and continue to change and evolve.** In many jurisdictions there is a complex array of players involved in development-related initiatives. There is no “one size fits all” model.
- **Leadership and partnership are keys to success.** Success is often attributed to the existence of strong public and private leadership. Strong support from, and quick access to, the Mayor’s office and senior administrators are essential. Government and the private sector need to work together to share risks and costs, and to capitalize on opportunities that are not strictly government activities. Private sector engagement and contribution supports development, and builds trust and confidence among external investors.
- **All orders of government need to support economic development** as each can bring different powers, funding, assets, contacts, influence, and expertise to the table. In addition, cooperation engenders trust and signals reliability to potential investors.
- **There is a need to have an integrated strategy for a single economic region.** All lose when local governments in a single economic region compete. The functional economy spreads beyond jurisdictional boundaries, and the region as a whole, due to common labour markets, supply chains, and catchments for shopping & entertainment & transportation.
- **Advisory groups and agencies need clear and focused mandates.** Diffuse and mixed mandates may lead to confusion, conflict, duplication and inefficiencies.
- **Operating agreements, with tight accountability requirements, should be in place** for any arms-length and funded bodies. Performance metrics should be clear.

Key Outcomes

A review of various policy documents and recent advice to the City suggests that Toronto’s future development agency or agencies should be designed to deliver on three **key outcomes**:

- **Job creation through new business investment**

- Urban regeneration
- Unlocking the value in City lands and underdeveloped assets

Guiding Principles

Experience in other jurisdictions, and perspectives from key leaders within Toronto, suggest that if Toronto is to achieve these outcomes it should establish an agency structure(s) which fulfils the following guiding principles:

Guiding Principles for Future Agency Structures	
Accountability:	Proposed structure must provide for clear accountability to shareholders
Clarity of Purpose:	Proposed structure must enable clear, focused mandates that do not duplicate the work of others
Key Competencies:	Proposed structure must be able to attract and retain a high level of skills, expertise and specific competencies
Partner Engagement:	Proposed structure must support the ability to attract and engage private sector as well as non-profit sector and other governments
Responsiveness:	Proposed structure must enable agencies to be “nimble” and have the tools to respond quickly to market opportunities
Strategic Alignment:	Proposed structure must enable strategic alignment with the City’s policy objectives
Strong Leadership:	Proposed structure must have strong credible leadership to engender trust and support from partners and potential investors

Potential Options

A broad range of potential function and form **options** for real estate development and marketing and promotion were considered during the course of this review. The primary options considered are summarized on the following page.

1. Options Considered For Real Estate Development Functions:

- 1A. New Real Estate Division** – Under this option, a new division with an expanded mandate, land portfolio and staff expertise could be established. This would result in more centralized authority for management and development of the real estate portfolio of lands to which the City holds title and a coordinating/facilitating role for lands held by Agencies, Boards and Commissions (ABCs).
- 1B. Focused External Real Estate Agency** – Under this option, a focused external agency would be given authority for management and development of real estate with development potential or declared surplus by the City and ABCs. Under this option, the City would continue to have a Facilities & Real Estate Division involved in some real estate development
- 1C. External Real Estate Agency with Broader Mandate (somewhat similar to the Ontario Realty Corporation)** – Under this option, an external agency would be given a broader range of responsibilities including authority for portfolio planning and strategy, real estate sales, leasing and acquisitions, property management and project development/management for all real estate owned by the City and ABCs. Under this option, the City and potentially also its ABCs would not have significant in-house real estate services.

2. Options Considered For Marketing and Promotion Functions:

- 2A. Expanded EDCT Role in Marketing & Promotion** – Under this option, marketing and promotion functions would remain within EDCT but would be expanded.
- 2B. Focused External Agency** – Under this option, a purpose-specific agency would be created.
- 2C. External Agency with Broader Geographic Mandate** – Under this option, a regional agency which brings together other marketing and promotion organizations in the region would be created.

Overall Options

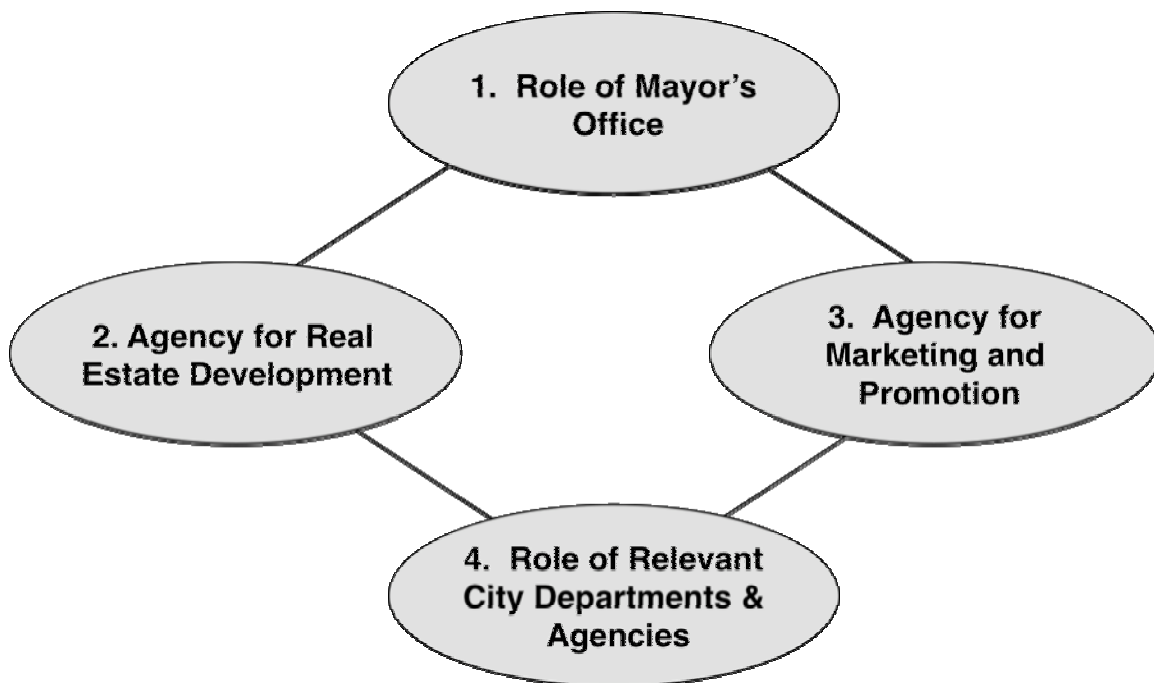
- **No agencies** – all functions performed by City divisions (i.e. 1A and 2A)
- **Two separate agencies** – one for each set of functions (i.e. 1B and 2B)
- **One super-agency** – combining both sets of functions (i.e. could begin with the combined mandates of 1B and 2B, and potentially evolve to take on broader mandates as in 1C and 2C)

The overall assessment of the options led to the following conclusions:

- The **no agency model** (i.e. keeping all of these functions within the City) - does not support the necessary partner engagement and responsiveness needed for success in the future, and it may not be possible to attract/retain the core competencies required.
- The one **super-agency model** has many potential benefits, but Toronto may not be ready to entrust such a significant scope to one agency. Over the long term, it may be desirable for Toronto to move to a “super-agency” (somewhat comparable to the London Development Agency), which brings together under one Board a broad range of functions including real estate development, marketing and promotion, and possibly other functions.
- However in the short term it may be desirable to create **2 focused external agencies** to ensure clarity of purpose, highly skilled and specialized personnel, focused accountability relationships and development of appropriate partnerships with the private and public sectors. Once these agencies mature, they could potentially be integrated to facilitate enhanced capacity and achieve economies of scale in support functions.

5. RECOMMENDATIONS

The proposed recommendations address four key areas:



1. ***Strengthen the role of the Mayor's Office in Economic Development***

Experience in other jurisdictions and recent feedback from key stakeholders highlights the critical role to be played by the Mayor's Office in driving, supporting and facilitating the City's development agendas.

- **Overall Role:** The role of the Mayor's Senior Advisor for Economic Development should include the following key functions:
 - To drive and support the City's economic development agenda including implementation of the Prosperity Agenda and the relevant parts of the Blueprint for Fiscal Stability and Economic Prosperity
 - To foster coalitions for growth and development initiatives (local, regional, national, international)
 - To be an ambassador on behalf of the City's economic development initiatives including its international alliance program
 - To expedite major investments or development projects that are critical to the City's economic goals
 - To act as a liaison between the Mayor's Office and the business community
 - To act as a liaison to the City's Economic Development Committee, other committees and staff

Please note: Much of this recommendation is already being implemented with the addition of the Senior Policy Advisor for Economic Development in the Mayor's Office in May 2008.

- **Relationships:** A critical function of the Mayor's Economic Development Advisor is facilitating and supporting effective relationships among the various agendas and groups. The Advisor should:
 - Liaise on economic development strategies and issues between the Mayor, the City's Economic Development Committee and key City senior management including the City Manager, Deputy City Managers, General Manager of Economic Development, Culture and Tourism, the Chief Planner and the heads of relevant external/local and regional agencies
 - Participate and support the efforts of the Inter-Divisional Growth Team and the Office of Partnerships, on major initiatives
 - Coordinate areas of interest between Toronto's business community, the Mayor's Office and City departments

2. Create a “Build Toronto” real estate development agency

The City and its Agencies, Boards and Commissions (ABCs) have a significant asset base which is not being maximized to support job creation and urban regeneration. A focused real estate development agency which could be known as *Build Toronto* should be established. The agency should be established in such a manner that it fulfils the principles outlined previously including strong leadership, partner engagement, strategic alignment, clarity of purpose, key competencies, responsiveness and accountability.

- **Suggested Mission:** *Build Toronto* should have a focused mission to unlock the value in underutilized City and ABC lands and develop properties to stimulate job creation and regenerate neighbourhoods
- **Roles/Activities:** *Build Toronto* should carry out the following specific roles and activities:
 - Develop City surplus lands and program lands with commercial development potential (identified by the Facilities & Real Estate Division)
 - Work with all sectors in urban regeneration
 - Carry out brownfield remediation projects
 - Act as a catalyst for major development projects
 - Recommend to the City the optimal use of City and ABC land holdings (to which the City holds title)
 - Use financial incentive tools with the approval of the General Manager of Economic Development, Culture and Tourism (EDCT) in consultation with the City Chief Financial Officer
- **Key Competencies:** If *Build Toronto* is to be successful, it needs to have highly skilled individuals who have the ability to: manage complex real estate development projects; negotiate effectively with the private sector; and secure the confidence of major partners and investors. Key competencies should include:
 - Real estate sales and development (commercial, industrial and institutional)
 - Major project development and management
 - Joint venture management and partnership development with private sector investment and development organizations
 - Environmental management and remediation
- **Structure/Governance:** *Build Toronto* needs to be structured and governed in a manner that enables an appropriate balance between clear accountability to the City and strong citizen and private sector engagement and responsiveness. Suggested features of the structure and governance include:
 - Establish as a corporation under the Ontario Business Corporations Act with the City as the initial sole shareholder
 - Develop a balanced Board composition with strong City leadership and significant citizen and private sector involvement (maximum of 12 members in

total). Consider establishing the Mayor as Chair at the outset and appointing a citizen as vice-chair. Others who should be represented on the Board include the Chair of the Economic Development Committee, the General Manager of Economic Development, Culture and Tourism, and approximately 6 to 8 citizens who would be recruited through the City's corporate board process.

- Recruit a highly skilled Chief Executive Officer to develop and lead the organization. This individual should understand the City's policy objectives and be highly skilled in real estate development
- **Private Sector Role:** The private sector should play an important role in the work of *Build Toronto*. At the outset it is anticipated that there would be significant private sector participation in projects through joint ventures. Specific provision should be made for future private minority shareholder(s).
- **Key Relationships:** *Build Toronto* will need to work very closely and cooperatively with a number of key partners within the City including the Facilities and Real Estate Division, the Economic Development, Culture and Tourism Division and the Mayor's Office. Other key relationships could include the Toronto Office of Partnerships, Waterfront Toronto, and other development agencies for complex multi-jurisdictional projects (e.g. Ontario Realty Corporation)

3. Create an "Invest Toronto" marketing and promotion agency

If Toronto is to compete successfully on the world stage it needs a strong marketing and promotion function. A focused marketing and promotion agency which could be known as *Invest Toronto* should be created. The agency should be established in such a manner that it fulfils the principles outlined previously including strong leadership, partner engagement, strategic alignment, clarity of purpose, key competencies, responsiveness and accountability.

- **Suggested Mission:** *Invest Toronto* should have a focused mission to market Toronto as an investment opportunity
- **Roles/Activities:** *Invest Toronto* should carry out the following specific roles and activities:
 - Branding and advertising for business investment
 - Organize trade missions
 - Coordination with other orders of government
 - Refer investors to Build Toronto or other relevant agencies

- **Key Competencies:** If *Invest Toronto* is to be successful, it needs to have highly skilled individuals who have the ability to organize and execute highly successful marketing and promotional activities which position Toronto as the place to invest (in cooperation with many other complementary organizations). Key competencies should include:
 - Marketing
 - International relationship development
 - Partnership development with other public, non-profit and private sector organizations
- **Structure/Governance:** *Invest Toronto* needs to be structured and governed in a manner that enables an appropriate balance between clear accountability to the City and strong citizen and partner engagement and responsiveness. Suggested features of the structure and governance include:
 - Establish as a corporation under the Ontario Business Corporations Act with the City as the sole shareholder
 - Develop a balanced Board composition with strong City leadership and significant citizen and private sector involvement (maximum of 12 members in total). Consider establishing the Mayor as Chair and a citizen as vice-chair. Others who should be represented on the Board include the Chair of the Economic Development Committee, the General Manager of Economic Development, Culture and Tourism, and approximately 6 to 8 citizens who would be recruited through the City’s corporate board process.
 - Recruit a highly skilled Chief Executive Officer to develop and lead the organization. This individual should understand the City’s policy objectives and be highly skilled in marketing and promotional activities – preferably with an international focus.
- **Private Sector Role:** The private sector should play an important role in the work of *Invest Toronto*. The private sector and other marketing and promotion organizations should be engaged to advise on branding and marketing initiatives and to participate in trade missions.
- **Key Relationships:** *Invest Toronto* will need to work very closely and cooperatively with a number of key partners within the City including the Economic Development, Culture and Tourism Division, the Mayor’s Office and *Build Toronto*. Other key relationships could include other agencies such as the Greater Toronto Marketing Alliance (GTMA), the Toronto Region Research Alliance (TRRA), Tourism Toronto, the Ontario Ministry of Economic Development and Trade, and the Federal Department of Foreign Affairs and International Trade.

4. Refine the roles of relevant City departments and agencies

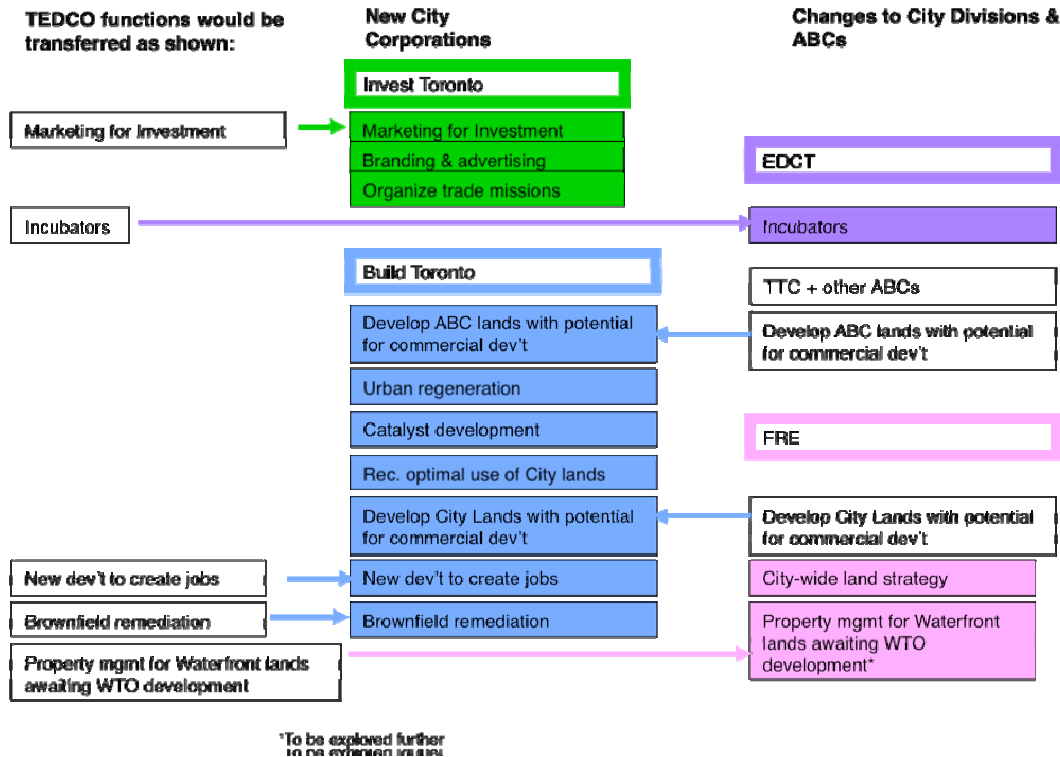
The proposal for the creation of *Invest Toronto* and *Build Toronto* needs to be reconciled with the existing roles of relevant City departments and agencies including the Economic Development, Culture and Tourism Division (EDCT), the Facilities and Real Estate Division (FRE), the Toronto Economic Development Corporation (TEDCO) and other City agencies.

- **The Economic Development, Culture and Tourism Division’s (EDCT) role should change as follows:**
 - **TEDCO’s incubator support role** should be transferred into EDCT. This role is compatible with EDCT’s sector development and business services work.
 - **A discussion should take place with EDCT regarding which of its investment services functions should be transferred to *Invest Toronto*** (i.e., its work in International Profile, Messaging and Marketing; Investment Attraction and Response, Intergovernmental Relations, and the International Alliance Program)
- **The Facilities and Real Estate Division’s (FRE) role should change as follows:**
 - FRE should develop and maintain a **comprehensive property inventory system** of all lands owned by the City and its agencies (which is accessible to program clients and relevant agencies including *Build Toronto*)
 - FRE should develop a **land strategy** for all lands owned by the City and its ABCs which identifies: surplus lands; program lands with commercial development potential; and opportunities for optimizing use of space by City programs. FRE must involve *Build Toronto* in the identification of optimal use of lands.
 - **A discussion should take place with FRE regarding the implications for its involvement in development projects.** FRE should not pursue development of non-program space, nor sell surplus lands
- **TEDCO functions should be handled in the following way:**
 - As noted above, TEDCO’s incubator support role should be transferred into EDCT. This role is compatible with EDCT’s sector development and business services work.
 - TEDCO’s involvement in marketing for investment should be transferred to *Invest Toronto*.
 - Pending the outcome of current work underway, a decision should be made on how to manage TEDCO property lands and leases (given legal liability and financial issues)
 - TEDCO’s involvement in development functions would be assumed by *Build Toronto*

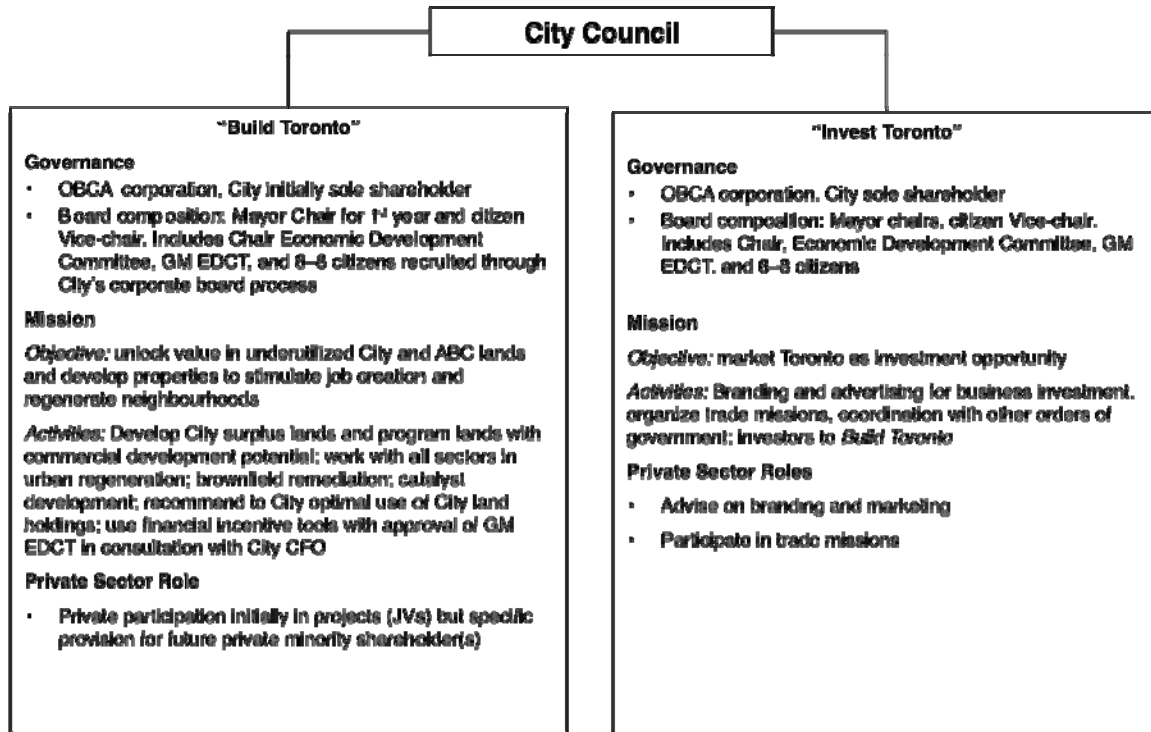
- Other City agencies (such as the TTC) whose core business does not include land development, should not develop their own real estate development capability. *Build Toronto* should develop agency lands considered surplus or having commercial development potential.

Summary of functional movements

The diagram below summarizes the proposed transfer of functions and responsibilities:



Summary of two agency model



6. IMPLEMENTATION ISSUES

A broad range of implementation issues will need to be addressed including the following:

- **Transitioning & Communications:** A detailed transition and communication strategy will need to be developed which addresses the future of the TEDCO Board, the transfer of responsibilities, the allocation of human resources, the approach to current financial and development obligations, and the communication of the proposed changes to stakeholders. In particular the transition strategy will need to address the transitioning of:
 - TEDCO functions and staff
 - EDCT functions and staff
 - FRE functions and staff

- **Legal/Legislative:** A detailed legal strategy will need to be developed which addresses a number of issues including:
 - The establishment of new corporate structures, authorities, powers, by-laws etc.
 - The establishment of detailed memoranda of understanding or agreements with the proposed new agencies which address a range of issues including respective responsibilities of the City and the agencies, reporting requirements, performance metrics etc.
 - The approach to handling current TEDCO land holdings, assets and commitments
- **New Agency Development:** A detailed agency development plan would need to be developed which creates the conditions for early success of these agencies. Issues which would need to be addressed include:
 - Board structure, desired Board profiles and recruitment
 - Organizational design including the approach to providing core services and supporting administrative functions
 - Staffing and support systems, space requirements etc.
- **Relationships/Linkages:** A key potential concern is the relationship between the proposed agencies and other related groups. Methods of ensuring effective linkages among the various bodies involved in marketing, economic development, and real estate development functions will need to be established. This should include both formal structures (such as a network or liaison committee) and ongoing methods of keeping each other informed.