



**STAFF REPORT
ACTION REQUIRED**

New Model to Enhance Toronto’s Economic Competitiveness

Date:	October 27, 2008
To:	City Council
From:	City Manager
Wards:	All
Reference Number:	To be considered with EX24.1

SUMMARY

This report responds to a request by the Executive Committee to report directly to Council on the Shareholder Declaration contained in the staff report and Recommendations 13 and 14 (a) that propose the rescission of previous City Council authorities to transfer the properties municipally known as 1035 Sheppard Avenue West, 411 Victoria Park Avenue and 301 Rockcliffe Boulevard (the Properties) to TEDCO and instead transfer these properties to Build Toronto.

Although not yet formally constituted pending Council approval, the Transition Team recommended by the Executive Committee met informally to discuss the implementation process and this report reflects changes agreed to by the Transition Team.

As discussed by the Transition Team, it is recommended in this report that the interim boards of Build Toronto and Invest Toronto, which have the same membership, also become the members of the transition board of TEDCO effective November 14 following the next TEDCO board meeting. This will ensure an expeditious transition process and no Shareholder Declaration will be required.

The interim boards are expected to deal with technical transfers of resources, lands and projects and will only be required until the two new boards for Invest Toronto and Build Toronto are recruited and appointed by Council. Recruitment will begin immediately after Council approval and is expected to be completed by February 2009.

With respect to Recommendations 13 and 14 (a), the intent is that any work that TEDCO has done on the Properties will continue under Build Toronto. It will be necessary to transfer the project resources and to work with any prospective development partners to ensure TEDCO’s work to date is continued.

RECOMMENDATIONS

The City Manager recommends that:

1. Council amend the number of directors on the TEDCO Board of Directors to five members with the same composition as the interim Boards for Build Toronto and Invest Toronto effective November 14, 2008 and, effective the same day, appoint to the Board of Directors of TEDCO the same board members as are appointed to the two interim boards following Council's adoption of Recommendation 2 of item EX24.1 of the Executive Committee.
2. Contingent on adoption of Recommendation 1 above, Council delete Executive Committee (item EX24.1) Recommendation 10 (the establishment of a Transition Team) and Recommendation 19 (the approval of a unanimous shareholder declaration).
3. Council authorize the City Solicitor to take appropriate action prior to November 14, 2008 to amend the articles of incorporation, by-laws, shareholder direction, and any other corporate documents of TEDCO to be consistent with these Council decisions.
4. City staff and the interim Board of Directors of Build Toronto consider all of the project work to date completed by TEDCO in their work to develop and market the Properties referred to in Executive Committee recommendations 13 and 14(a).
5. Recommendations 1 and 3 above be constituted as a shareholder declaration and a resolution of the City as shareholder of TEDCO and appropriate City Officials be authorized and directed to do all things that, in the opinion of the City Manager or the City Solicitor, are necessary or desirable to give effect to the foregoing recommendations.

Financial Impact

There are no further financial impacts resulting from the recommendations in this report. The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In considering the report (September 22, 2008) from the City Manager, entitled "New Model to Enhance Toronto's Economic Competitiveness", at its meeting of October 6, 2008, the Executive Committee requested the City Manager to review and report directly to Council for its meeting scheduled to be held on October 29, 2008 on:

- “a. Attachment 3, entitled "City of Toronto Economic Development Corporation Unanimous Shareholder Declaration", including Schedule "A", "City of Toronto Economic Development Corporation Shareholder Resolution"; and

- b. Recommendation 13, with regard to any development activities that have or are currently taking place with respect to each of the properties set out in Attachment 5.”

COMMENTS

Interim Board for TEDCO and Unanimous Shareholder Declaration

Interim Boards of directors of Invest Toronto and Build Toronto are required in order to provide direction in setting up the administrative supports for the new corporations, set up offices, files, e-mail and payroll systems, put in place appropriate corporate documents and receive the transfer of functions, staff and resources from TEDCO. The Executive Committee recommendation 2 sets the composition of the interim boards for both new corporations. These interim boards will be in place only until the appointment of the citizen members of the new boards expected in the first quarter of 2009.

In the interim period, TEDCO will continue operations and development projects and transfer to the new corporations any staff, lands and other resources necessary to deliver the functions of the new corporations.

The Transition Team recommended by the Executive Committee met informally twice since the Executive Committee meeting mainly to discuss the proposed Shareholder Declaration.

If the composition of the TEDCO Board is different from that of the Interim Boards of the new corporations, it will be necessary to ensure that the TEDCO Board's actions are fully coordinated at a detailed level with the actions of the two new Interim Boards during the transition period. Staff's recommendation for ensuring such coordination had been for the City to make a unanimous shareholder declaration that included a mechanism to keep the City CFO informed of any material changes being contemplated by the TEDCO board, such as major changes in staffing and budget. The citizen members on the Transition Team have offered an alternative suggestion for ensuring coordination and facilitating an expeditious transition. They proposed that the composition of all three interim boards be the same during the transition period. Staff agree that this is the most workable solution.

If all 3 boards are the same, the actions of the three corporations will be completely consistent. There will be no need for a Shareholder Declaration. Further, there will be no need to have a transition team to coordinate the actions of the three boards.

TEDCO Project Work on 3 City Properties to be Transferred to Build Toronto

Between February and July 2006 Council approved the transfer of 5 properties from the City to TEDCO. For a variety of reasons 3 of these transfers proved more complex than originally thought and the transfers of the Properties were delayed. The staff report in item EX24.1 recommends that the Properties be transferred directly to Build Toronto.

As TEDCO staff had anticipated the transfer of the Properties to TEDCO on the basis of the prior City Council authorities referred to above, the Executive Committee requested the City Manager to review any TEDCO development activities that have been or are taking place with respect to the Properties, so that the value of those development activities can be captured by Build Toronto when the Properties are transferred to it.

Facilities and Real Estate staff met with TEDCO staff since the Executive Committee meeting to review plans and progress on the Properties and reviewed digital material provided by TEDCO with respect to TEDCO’s development activities in respect of the Properties. The following chart summarizes the information provided by TEDCO staff:

<u>TEDCO Activity</u>	<u>411 Victoria Park (Birchcliff Quarry Lands)</u>	<u>301 Rockcliffe (Rockcliffe)</u>	<u>1035 Sheppard W (Downsview)</u>
Environmental Investigations	Extensive, with City participation and cost-sharing	Phase 1 and 2 studies	Phase 1 study
Planning Status	Secondary Plan Review in progress. Detailed site plan prepared by Bousfields and community consult’s held	Employment Areas, no change	Extensive planning studies completed including concept plans. Discussions with planning staff and local Councillors
Development Concepts	Preliminary site plan in community consultation phase	None	Residential and commercial mixed use masterplan completed. Office building elevations, floorplans, pricing and pro-forma budgets completed.
Planning Applications Filed	None	None	Secondary Plan Review in progress so no applications filed. As of right zoning in place for office development.
Marketing Activity	Discussions with adjacent landowners underway	Informal marketing by TEDCO staff only – interested parties under discussion on short to medium term uses. No long term tenant leads	Informal marketing by TEDCO staff only – one current lead based on TEDCO response to an advertised RFP, and several expressions of interest being followed.
Lease, Joint Venture or Other Commitments	None	None	None
Costs to date	\$245,000	\$36,000	\$550,000
Projected costs next 6 months	\$120,000	\$50,000	\$400,000

TEDCO's development activities appear to have been the most extensive with the 411 Victoria Park Avenue property, as it has been investigating the environmental condition of the property in order to determine if TEDCO wished to assume the development of this property. Substantial investment has been made in the environmental assessment on this property and the findings should be carried forward with the Ministry of the Environment as soon as possible in order to ensure that the data is utilized within the two year time frame required by the MOE. Build Toronto can ensure that the value of this work is preserved.

City Planning is undertaking a land use study of the Birchcliffe Quarry area, within which the two major landowners are the City and Gerrard/Clonmore (a developer). Consulting work has been undertaken for TEDCO on the issues and options for the Birchcliffe Quarry Lands and to develop a range of development options. TEDCO has discussed these options with adjacent landowners to investigate the feasibility of a joint master plan. There is an upcoming Ontario Municipal Board hearing scheduled to start on November 24, 2008 regarding a development application in this area.

For the Rockcliffe property, TEDCO has discussed the potential of relocating some of its current tenants to the Rockcliffe property but no arrangements have been made to pursue this opportunity.

For the Downsview property, TEDCO has undertaken some consulting work, including a Phase 1 environmental assessment, a preliminary functional servicing report and preparation of some development concepts. TEDCO is participating in the City Planning Secondary Plan review of the Downsview area.

The consulting work that TEDCO has undertaken can be utilized and carried onward by Build Toronto. Two of the Properties are within current Secondary Plan review areas that will not be completed before 2009 and major physical development cannot proceed until these new planning directions have received final approval. Based on the information supplied by TEDCO staff, TEDCO has not engaged in any development activities in respect of the Properties that would prevent their transfer to Build Toronto.

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SIGNATURE

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