



STAFF REPORT ACTION REQUIRED

Deputy Mayor's Economic Development Advisory Bodies: Update

Date:	November 9, 2015
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	AFS - 21840

SUMMARY

In recognizing the contributions that businesses make to the vitality of the city, a series of Deputy Mayor Roundtables were convened in 2014 focusing on economic development issues. The Roundtables were a chance to engage a diverse cross-section of businesses across Toronto on the challenges they face. It was also an opportunity for the City of Toronto to receive suggestions for creating a more supportive environment for business to thrive.

Emerging from these Roundtables were five Council Advisory Bodies with the mandate to further the engagement with the business community. The purpose of this report is to provide an update on the advisory bodies, including the Small Business Council Advisory Body (SBCAB), the Black Business and Professionals Council Advisory Body (BBPCAB), the Young Entrepreneurs Council Advisory Body (YECAB), the Industrial Manufacturing Program Advisory Committee in Toronto (IMPACT) and the Information and Technology Council Advisory Panel.

The SBCAB, BBPCAB and YECAB went through an engagement process in 2015 and developed either discussion papers or action plans based on the ideas generated by participants (See Attachments 1, 2, and 3). IMPACT took a different approach and is mandated to identify issues, share knowledge and convene subject matter experts. As the work of IMPACT is ongoing, they have not produced a report or discussion paper. Recently, IMPACT was leveraged for stakeholder input and consultation as part of the City of Toronto Competitiveness – User Rate Study. The Information and Technology Council Advisory Panel made some organizational changes in 2015 and will be convening its next meeting in Q4 2015. The work of these advisory bodies has provided the City with a depth of knowledge on the key issues facing businesses today in a variety

of sectors and have provided critical linkages to employers committed to working with the City to advance training, mentorship, business incubation and employment opportunities for residents of Toronto.

In 2015, a number of meetings and engagements were led by City staff for the SBCAB, BBPCAB, YECAB and IMPACT. This report presents an update of activities for these four bodies.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council direct the General Manager, Economic Development and Culture to further review the recommendations of the Small Business Council Advisory Body and report back to the Economic Development Committee in 2016.
2. City Council direct the General Manager, Economic Development and Culture to work with staff on implementation options for the recommendations identified in the Black Business and Professionals Council Advisory Body and report back to the Economic Development Committee in 2016.
3. City Council direct the General Manager, Economic Development and Culture to work with staff on implementation options for the recommendations identified in the Young Entrepreneurs Council Advisory Body and report back to the Economic Development Committee in 2016.

Financial Impact

There are no 2015 financial impacts arising from the adoption of the recommendations in this report beyond current Operating Budget provisions.

However, some of the recommendations within the various Advisory Body reports do have some spending and/or tax revenue impacts. If any of these recommendations are subsequently brought forward to Council, the financial impacts will be outlined at that time.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of July 8, 9, 10 and 11, 2014, City Council adopted recommendations to support small businesses in Toronto, to establish the Small Business Council Advisory body and to report back with an update in 2015 on activities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED32.15>

At its meeting of August 25, 26, 27 and 28, 2014, City Council adopted recommendations to support the manufacturing sector in Toronto through the Deputy Mayor's Manufacturing Roundtable and to report back in 2015 with an update on activities. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED33.9>

At its meeting of August 25, 26, 27 and 28, 2014, City Council adopted recommendations to support the Black Business community through the establishment of the Black Business Professional Council Advisory Body and to report back in 2015 with an update on activities. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED33.8>

At its meeting of August 25, 26, 27 and 28, 2014, City Council adopted recommendations to support young entrepreneurs in Toronto through the establishment of the Young Entrepreneurs Council Advisory Body and to report back in 2015 with an update on activities. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED33.11>

ISSUE BACKGROUND

Toronto has a diverse business community that plays an enormous role in the vibrancy of the city's economic and social fabric. In 2014, the Deputy Mayor hosted a series of economic development-focused roundtables in order to develop strategies that would promote an equitable and business-friendly environment in Toronto. Between April and July 2014 a series of roundtables were held that focused on five economic development topics. Those topics included: Small Business, Manufacturing, Innovation and Technology, Black Business and Professionals, and Young Entrepreneurs.

A number of recommendations to City Council emerged from this roundtable series, one of which was to establish Council Advisory Bodies to continue engagement with the business community to address the recommendations identified in the Roundtable summary reports.

As a result, reporting to the General Manager, Economic Development and Culture, the following advisory bodies were activated: Small Business Council Advisory Body (SBCAB), the Black Business and Professionals Council Advisory Body (BBPCAB), Young Entrepreneurs Council Advisory Body (YECAB), Industrial Manufacturing Program Advisory Committee in Toronto (IMPACT) and the Innovation and Technology Council Advisory Panel.

Due to the organizational issues within The Information and Technology Council Advisory Panel, the Panel was not very active in 2015 and thus no update is presented in this report.

COMMENTS

The bodies have different mandates and approaches, generating separate outcomes to guide the City in supporting each subsector. This section provides an update of the activities of the SBCAB, BBPCAB, YECAB and IMPACT over the 2014/2015 engagement period. The full reports for the SBCAB, BBPCAB and YECAB can be found as attachments to this report.

Small Business Council Advisory Body (SBCAB)

The Small Business Council Advisory Body (SBCAB) was activated in September 2014 with a mandate to develop a discussion paper that would better identify the challenges that small businesses face around property taxes in Toronto (see Attachment 1).

The SBCAB held a series of meetings either in-person or via conference call throughout 2015 to provide input to the discussion paper and to provide advice on core issues. The discussion paper considered secondary research on three key property tax related issues, including the:

- Disparity between residential and commercial property tax rates.
- Disparity between the business education tax in Toronto versus its neighbours.
- Commercial property assessment levels in rapidly developing areas.

The outcome of this discussion paper was to draw attention to the real impact of these tax issues on small business owners through their stories. The stories showed that in some cases businesses had to put off renovations and building upkeep, were not able to hire additional staff, or had to relocate or close because of prohibitive operating costs in certain neighbourhoods. Based on this research and the stories gathered, a number of action items have been included in the discussion paper. These actions items propose that the City of Toronto:

1. Uphold its commitment to report back on a proposed long-term strategy to reduce commercial tax ratios from its current level and further assess how the City of Toronto can achieve a 2 times rate by the year 2025; and
2. Continue to work with the Province of Ontario on ensuring the Business Education Tax rate ceiling is reduced to 1.22% from the current 1.29% assessed value of a commercial property and report back on its implementation plans.

Moving forward the SBCAB will meet annually to provide input and advice into Economic Development and Culture's work plan in relation to small business programming and support.

Black Business and Professionals Council Advisory Body (BBPCAB)

The Black Business and Professionals Council Advisory Body (BBPCAB) was activated in December 2014 with the mandate of developing a discussion paper that provides a clearer understanding of the composition, size and geographic location of Black-led businesses in Toronto through a questionnaire (see Attachment 2). The questionnaire served two main objectives:

1. To create a preliminary profile detailing the size, sector, and location of the Black-led businesses in Toronto; and
2. To understand the specific needs and challenges faced by the community.

The BBPCAB held a series of meetings over the course of 2015 to develop the questionnaire and assist City staff in disseminating it widely. The questionnaire received 242 responses that were used to develop a profile and a project plan to support three specific areas:

1. **Youth Entrepreneurs:** The focus of this area is to leverage the City's Starter Company program and deliver a specific focus on at-risk Black youth. Starter Company provides up to \$5,000 in grant funding, training and mentorship to support a young entrepreneur in starting their business. This program is delivered via Enterprise Toronto. In addition, the City will aim to work with stakeholders on delivering entrepreneurship training and support for Black youth.
2. **Targeted Marketing Program:** The City will develop an enhanced working relationship with Black business community organizations in order to promote the range of services offered by the City of Toronto that are available to Black entrepreneurs. The range of services include: training, mentoring and ongoing business support from Enterprise Toronto, as well as, procurement workshops offered by the City's Purchasing and Materials Management Division.
3. **Future Research:** The focus will be on engaging with more partners in the Black business community in order to have broader representation and to conduct a more in-depth study of Black-led businesses in Toronto that include specific details such as revenue and property values. Additional research can also seek to utilize more qualitative methods such as interviews and focus groups in order to achieve a holistic understanding of Black-led businesses in Toronto.

Moving forward Economic Development and Culture will continue to work with the stakeholders involved with the BBPCAB to deliver on the above projects.

Young Entrepreneurs Council Advisory Body (YECAB)

The Young Entrepreneurs Council Advisory Body (YECAB) was established to catalyze and prioritize projects/partnerships/policies that the City could undertake to support young entrepreneurs (see Attachment 3).

YECAB members were comprised of young entrepreneurs representing a range of economic sectors as well as various eco-system support organizations. Over the course of 2015, four workshops were held to generate ideas that could help young entrepreneurs start and grow their business in Toronto. The four workshops covered the topics of:

- Youth Entrepreneurship Education and Outreach
- Starting and Growing a Traditional Small Business
- Starting and Growing a Fast-Growth/Venture-Backed Business
- Starting and Growing a Social Enterprise/Not-for-Profit Organization

YECAB members identified a number of challenges and barriers preventing young entrepreneurs from succeeding. The group then worked to develop solutions to support young entrepreneurs in Toronto which have been categorized into themes. These themes have a number of partnership opportunities and projects/actions that have been identified in this report.

Partnerships that can be pursued include inter-divisional collaboration between Economic Development and Culture and Toronto Employment and Social Services (TESS) to further the recommendations in the City's Youth Employment Action Plan – *Work-Based Learning Works*, particularly through the development of a youth entrepreneur business incubation program. In addition, partnership with Social Development Finance and Administration (SDFA) in the implementation of the Toronto Youth Equity Strategy is possible. Other partnerships to pursue include the Toronto Youth Cabinet, the Toronto District School Board, the Toronto Catholic District School Board, and the Province of Ontario.

The projects identified are aligned to priorities of the City of Toronto, including activities in other City Divisions such as TESS, as well, as actions identified in the City's Startup Eco-System Strategy. Projects to pursue in the short (2016) and medium (2017/2018) terms based on the greatest impact that the City can have were distilled from the YECAB sessions. These project areas include:

1. Innovation Procurement Policy
2. Entrepreneur Mentoring
3. Startup Festival
4. Space for Young Entrepreneurs
5. Startup City Pass
6. Startup Eco-system Branding
7. Startup Eco-system Portal
8. Youth Entrepreneurship Education/Boot Camps/Training
9. Leveraging Existing Entrepreneurship Events
10. Putting funding into the eco-system

While YECAB is not formally continuing, members will be invited to assist in the implementation of these projects as they are activated in 2016 and beyond.

Industrial Manufacturing Program Advisory Committee in Toronto (IMPACT)

The Industrial Manufacturing Program Advisory Committee in Toronto (IMPACT) was established as a result of the Deputy Mayor's Manufacturing Roundtable, held on June 3, 2014, in order to provide input and ideas into the City's programming and support for Toronto manufacturers. On October 8th, 2014 the group adopted the name IMPACT to more accurately reflect their mandate to advise and provide feedback to the Economic Development and Culture division. There are currently 17 IMPACT members, representing a diversity of manufacturers. These members include: Apotex Inc., Atlantic Packaging Products Ltd., Automatic Coating Ltd., Cana-Datum Moulds Ltd., Cimco Refrigeration, Dalton Pharma Services, East Metal, FTG- Firan Technology, Group

Corporation, Gay Lea Foods, Knoll North America Corp, Lincoln Electric Company of Canada, National Silicates Limited, Parissis Partners, Sanofi Pasteur, Starfield LION, Toronto Research Chemicals, Upper Crust, and CMS Ontario Ltd.

In competing with other jurisdictions, Toronto manufacturers have identified significant challenges stemming from operating in a high-density urban environment. Some of these challenges include: rising land values and operational costs, urban growth pressures, encroachment from sensitive uses, traffic congestion, an older building stock and comparatively higher property taxes.

The IMPACT group has met three times in 2015 (January, May and September) to discuss topics such as hiring and training programs, business preparations for the Pan Am/Parapan Am Games and Hydro programs to support manufacturing. The meeting in September 2015 was used as an industry consultation session on the City of Toronto's *Competitiveness-User Rates Municipal Study - Costs and Levies Charged to Manufacturing Operations*. This study was reported to the Budget Committee for information on November 13, 2015 as part of the 2016 Budget Process. The study reviewed all costs levied locally on manufacturers by the City and its agencies and corporations. The study also includes an assessment of how competitive these charges are with respect to comparable jurisdictions in North America. As well, the study focused specifically on water use and includes an assessment of the impacts of alternatives for charging for all aspects of water use (volume, wastewater, stormwater, etc.).

Throughout the various meetings IMPACT members highlighted several key themes of importance including:

- Regulatory issues
- Land use issues
- Infrastructure
- Competitiveness (taxes, water rates and hydro rates, labour force)
- Congestion
- Good governance

The next IMPACT meeting will be scheduled for the 4th quarter of 2015 and will explore the mandate of the group to determine if it should continue in its current form, or explore other options. Two potential options can be discussed by IMPACT in determining a path forward, which include:

1. Retaining IMPACT as it is and pursuing additional topics of interest to discuss and share to provide the City of Toronto with advice on issues facing manufacturers.
2. Potentially consolidate with other local industry associations or groups. One of the potential groups could be the Toronto Industry Network (TIN), a group of manufacturers and manufacturing associations with operations in Toronto. Alternatively, participating manufacturers may have an interest in partnering with one of the industrial Business Improvement Areas in Toronto, or more locally focused industry associations such as the South Etobicoke Industrial Employers

Association (SEIEA), the Leaside Business Park Association (LBPA) or the North Etobicoke Industrial Roundtable (NEIR).

Summary of Next Steps

- SBCAB: Members will be annually convened to provide input into EDC's programming.
- BBPCAB: The advisory body will no longer exist and members will work with EDC staff in 2015/2016 to provide input and guidance on selected actions identified in the report.
- YECAB: The advisory body will no longer exist and members will be invited to provide input and guidance on selected actions identified in the report.
- IMPACT: The mandate of this group will be examined and decided upon by members in the 4th quarter of 2015.
- Information and Technology Council Advisory Panel: A meeting will be convened in the 4th quarter of 2015.

CONTACT

Chris Rickett
Manager, Entrepreneurship Services
Economic Development and Culture
Tel: 416-395-7474
Email: cricket2@toronto.ca

SIGNATURE

Michael H. Williams, General Manager
Economic Development and Culture

ATTACHMENTS

1. Small Business Council Advisory Body Report
2. Black Business and Professionals Council Advisory Body Report
3. Young Entrepreneurs Council Advisory Body Report