



### **New York City Business / Study Mission 2018**

**Date:** May 28, 2018

**To:** Economic Development Committee

**From:** General Manager, Economic Development and Culture

**Wards:** All

#### **SUMMARY**

---

Between April 10 and 12, 2018, Councillor Michael Thompson, accompanied by one staff member from the Economic Development and Culture Division (EDC), undertook a business / study mission to New York City (NYC). This mission was a follow-up to Mayor Tory's mission to NYC in the fall of 2017.

The purpose of the mission was to study how the New York City Economic Development Corporation (NYCEDC) delivers economic development programs equitably across the five boroughs; share best practices on international relationships; explore and enhance trade opportunities for Toronto based small and medium size enterprises (SMEs) in NYC; and explore the concept of a Toronto/New York innovation corridor.

Meetings were held during the mission to build relationships with local organizations, Global Affairs Canada representatives, the Ontario International Trade Office, local government officials and various channel partners who could assist in expanding trade opportunities for Toronto-based SMEs.

This mission is aligned with and supports City Council's objectives as stated in the International Trade Funding report designed to enhance Toronto's international engagements and economic trade activity in priority markets.

This report provides a high-level summary of the mission with highlights of the various meetings that occurred during the mission and next steps.

#### **RECOMMENDATIONS**

---

The General Manager, Economic Development and Culture recommends that:

1. The Economic Development Committee receive this report for information.

## FINANCIAL IMPACT

---

The City's net costs of this mission of \$4,415 were included in EDC's 2018 Approved Operating Budget under the division's Business Growth Services' International Alliances activity.

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

## DECISION HISTORY

---

The Economic Development Strategy, Collaborating for Competitiveness, adopted by City Council in February 2013 presents specific recommendations and actions to advance four key strategies to accelerate economic growth and job creation in Toronto. A key pillar to the strategy is to "Boost Business Growth" which focuses on leveraging the City's relationship with our international alliance partner and friendship cities as well as with bi-lateral business associations to establish cross border business oriented partnerships, develop new markets and trade alliances, and act as a catalyst for new investment, as well as business, educational and cultural exchanges.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED19.4>

The international trade funding report adopted by City Council in February 2017 directs the General Manager, Economic Development and Culture to report to Economic Development Committee on the results of all outbound trade missions within three months of the mission and to report to Economic Development Committee annually on all international economic and cultural development activities.

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-100375.pdf>

In November 2017, the City of Toronto, the World Trade Centre–Toronto (WTC-T) and Toronto Global participated in a mission to New York City led by Mayor Tory to showcase Toronto's competitiveness and business talent and to augment Toronto Global's lead generation efforts in market with top management in the financial services, fintech and venture-backed startup and large financial institutions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.ED26.8>

## COMMENTS

---

Through the City of Toronto's International Alliance Program (IAP), Toronto fosters formal and informal relationships with international cities to strengthen economic and cultural links and to share best practices.

Outbound missions are an essential and integral part of the program. The goal of outbound missions is to further economic development, cultural, tourism, cross-cultural activities, municipal learning and trade development. Mission priorities include relationship-building with government, community, and business partners. The core of

any outbound mission typically includes courtesy calls with representatives from Global Affairs Canada and Ontario International Trade office, as well as discussions with representatives of the local governments and one-on-one business meetings.

New York City encompasses the largest municipal and regional economy of the U.S. Anchored by Wall Street, NYC is one of the premiere financial centres in the world and is home to the world's largest stock exchanges. NYC has more Fortune 500 Companies than anywhere else in the world. Home to a wide range of industries from finance and technology to maritime shipping, NYC markets are globally oriented and specially tailored to the world's changing needs. More than 200 languages are spoken in NYC and more than three million people living in the city are foreign born. Approximately 50% of all NYC businesses are owned by immigrants.

NYC is the fastest-growing tech hub in the United States. NYC's innovation ecosystem has been ranked Number 2 overall by Startup Genome for 2017 after Silicon Valley (Toronto ranked 16th). The DMZ (Ryerson University) and Centre for Social Innovation have locations in NYC. The University of Toronto's Rotman School of Management is a partner in the Creative Destruction Lab initiative, a seed-stage program for massively scalable, science-based companies that began in NYC. Recently, MaRS Discovery District in Toronto has formed a partnership with Grand Central Tech in NYC to fuel investment, innovation and real-world application of next-generation technologies. Tech companies like Samsung, Google, Facebook and Amazon are also expanding their presence in NYC at an unprecedented pace.

Economic development in NYC is overseen by the New York City Economic Development Corporation (NYCEDC), a municipally owned corporation. NYCEDC delivers many services including community/neighborhood development, workforce development, real estate, industry and sector analysis, design, urban planning, marketing, engineering, financial analysis and more. The corporation's primary goal is promoting and growing quality jobs for all New Yorkers and cultivating dynamic, resilient communities across all five boroughs, fostering the creation of a strong, equitable, and sustainable urban economy. NYCEDC's strategic approach is guided by the following:

- 1. Investing in Infrastructure**  
Invest in critical infrastructure across the five boroughs to support growth and connectivity
- 2. Unlocking Human Capital**  
Unlock the full potential of human capital by supporting quality jobs and providing access to skills development
- 3. Leveraging City Assets**  
Leverage City-owned assets to realize a double-bottom line in catalyzing job growth and promoting innovation
- 4. Making it Easier for Business to Start and Grow**  
Drive sustainable, resilient growth by making it easier for business to start, grow, and thrive in New York City
- 5. Cultivating A Global Capital of Innovation**  
Grow New York City as the global capital for innovation by strategically investing in emerging sectors and encouraging traditional industries to adapt to global disruption

## **Mission Objectives**

The specific objectives of the mission to New York City were to:

- Study how NYCEDC implements economic development programs equitably across the five boroughs in NYC;
- Share best practices on international relationships;
- Explore potential to enhance trade and export development opportunities for Toronto based SMEs in NYC; and
- Explore the Toronto/New York innovation corridor concept.

## **Mission Highlights**

The following is a high level summary of the various meetings held during the mission:

### White Star Capital

- Follow-up to previous meeting held in November 2017 with members of the NYC mission led by Mayor Tory.
- Venture capital fund invested in stage 1 start ups and next stage growth - technology companies.
- Seeking to invest in 2nd stage scale up companies in Toronto.
- Potential to open an office in Toronto, has met with Toronto Global.

### Province of Ontario International Trade Representative

- Courtesy call to discuss Ontario-NYC trade issues.
- Successful venture capital funds in NYC interested in investing in Toronto based second stage growth companies.

### New York City Economic Development Corporation

- Discussed how NYCEDC provides economic development services equally and with deep penetration across all the five boroughs.
- Received an overview of NYCEDC's structure, operating model, governance and funding sources. NYCEC:
  - Employs approximately 500 staff and report to a Board of Directors made up of private sector appointees.
  - Can issue bonds and get loans and operate by selling city owned real estate assets
  - Develops initiatives to reimagine of communities.
  - Has borough economic strategies and implements “opportunity zones” to incent investment.

### Avalon Net Worth

- Large venture capital fund in NYC seeking to invest in scale up companies.
- Principal is Canadian expatriate.
- Identified large gap for lack of venture capital funding for Canadian start-up companies.
- In process of establishing a venture capital fund in Canada with NYC based investors.
- Interested in promoting Toronto based technology events.

### U.S. Commercial Service New York City

- Discussed export development strategies & tactics used by the New York City Export Assistance Centre to help develop export opportunities for the businesses it serves.
- Similar to EDC's program.
- Learned best practices from the New York City Export Assistance Centre.
- Explored bilateral opportunities for Toronto based SMES.

### Deputy Consul General of Canada

- Discussed various aspects including tech incubators they are running. The Deputy Consul General indicated a desire to increase collaboration with Toronto.
- Canada is very well regarded by US and in particular many agree there should be more regular connections and collaboration between New York and Toronto. A key area of interest is technology and Fintech.
- Starting to see an increase in U.S. students attending Canadian universities and post graduate degrees, suggesting that talent is moving to Canada. Need to capitalize on this.

### Empire State Development Corp. – Global New York Division

- Conducts regional economic development programs and services in regional offices located across the state of New York.
- Responsible for encouraging trade and export development for SMEs and for deploying tax incentive programs and investment attraction for the state.
- Collaborates with cities in a regional context.
- A good resource for Toronto based SMEs wanting to do business in New York and looking for tax incentives.
- Empire State Development Corp. is planning a multi-sectorial trade mission to the Toronto Region in August of 2018.

### Civic Hall New York

- Founder started Civic Hall to allow for social entrepreneurs and civic tech entrepreneurs to be part of a common ecosystem and shared space incubator to discuss civic issues.
- Helps to enhance and promote civic engagement on various community issues and the development of technologies to facilitate stakeholder engagement.
- New York Civic Hall was the model for the Toronto Civic Hall concept.

### Sidewalk Labs

- Learned about how Sidewalk Labs will be developing the Quayside neighbourhood.
- Discussed Sidewalk Toronto project and their consultation process in Toronto.
- Agreed to improve the promotion of the Toronto Sidewalk Labs project to better inform Toronto residents of the economic benefits the project.

## Next Steps

- Develop a communication strategy in collaboration with NYCEDC to promote the Toronto – New York City Innovation Corridor.
- Work with Ontario International Trade Office in NYC to develop a future NYC trade mission for Toronto based technology companies.
- Invite Principal from White Star Capital to present a session at the Elevate Conference in September.
- Begin discussions on developing joint initiatives between Toronto EDC and NYCEDC.
- Follow up with Canadian Consul General Office to request information on their upcoming events and how EDC can participate.
- Develop an outreach program with Sidewalk Labs and partners across the City in order to create community awareness to the benefits technology and innovation have on growing the city's economy.
- EDC staff to organize conference call with NYC Mayor's Office of International Affairs to discuss best practices in urban diplomacy and international relations.

## Mission Budget

The mission had a total cost of \$4,415 to the City. This included expenses as follows:

Travel	\$ 754
Accommodation	\$ 2,090
Ground transportation	\$ 757
Per Diem	\$ 594
Other	\$ 219

## Conclusion

Discussions with NYCEDC provided a wealth of information on best practices to deliver economic development services to various parts of the city. NYCEDC has developed specific economic development strategies for each of the five boroughs based on their individual strengths and challenges. Toronto EDC can explore the possibility of using NYCEDC's approach and develop economic development strategies for the four Community Council areas in the City of Toronto. As in NYC, the strategies would be tailored to the specific strengths and challenges in each of the Community Council areas.

An important piece of information that came out of the business / study mission is that there are many NYC based venture capital funds looking to invest in Toronto based second stage growth companies. EDC has identified two venture capital funds run by former Torontonians interested in exploring investment opportunities for Toronto based second stage growth companies. EDC will explore opportunities to develop initiatives with our channel partners in NYC to assist venture capital funds to find investment opportunities with Toronto based SMEs and assist these companies to grow.

The Toronto/New York Innovation Corridor is starting to take form. EDC will collaborate NYCEDC to develop a communication strategy to promote the innovation corridor. The two economic development organizations will also explore possible initiatives that can

be implemented with the goal of enhancing the growth of the Toronto New York Innovation Corridor to one day challenge Silicon Valley as the important global hub for ICT innovation.

## **CONTACT**

---

George Spezza  
Director, Business Growth Services  
416-392-6904  
[George.Spezza@toronto.ca](mailto:George.Spezza@toronto.ca)

## **SIGNATURE**

---

Mike Williams  
General Manager  
Economic Development and Culture

