



Report to: Development Services Committee

Meeting Date: February 12, 2018

SUBJECT: Markham Economic Alliance Program and Toronto Global Overview

PREPARED BY: Christina Kakaflikas, Manager Economic Development (ext.6590)
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RECOMMENDATION:

- 1) THAT the report, Markham Economic Alliance Program and Toronto Global Overview” be received; and,
- 2) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to respond to Council’s questions regarding the categories of economic cooperation within the Economic Alliance Program (EAP) and Toronto Global, its governance structure and investment strategy for the USA market.

BACKGROUND:

A staff report dated September 26/17 entitled “Markham Economic Alliance and Twinning Policy” was presented to Development Services Committee on October 16/17 and November 13/17. At the November 13/17 Development Services Committee meeting, staff was requested to report back to Council regarding questions pertaining to the Economic Alliance and Twinning Policy. The resulting supplementary memo dated December 6/17 and the staff report dated September 26/17 were received and endorsed by Council in its meeting on December 18/17. The December 6/17 supplementary memo referenced three questions by Council for future follow up by staff as follows:

Is it possible to create another category of relationship possibly entitled “agreement of cooperation” whereby partnered cities acknowledge each other’s interest in cooperating without a formal relationship?”

What is Toronto Global’s governance structure?

What is Toronto Global’s investment attraction strategy for the USA?

This report responds to the above questions.

DISCUSSION:**Is it possible to create another category of relationship possibly entitled “agreement of cooperation” whereby cities acknowledge each other’s interest in cooperating without a formal relationship?”**

The City of Markham’s EAP program currently includes a relationship category referred to as “Intention Agreement”. The Intention Agreement is applied when there is interest by both parties to explore affinities between the two cities without the obligations of the other relationship categories. The Intention Agreement is meant to acknowledge each city’s interest in cooperating and is a starting point for further exploration and discussion. Potential partners may advance to a next level relationship that includes a business focus as per the EAP and Twinning policy if they can demonstrate that they meet the EAP criteria and that there is meaningful value for both parties.

The disadvantage of creating a new relationship category is that it may unnecessarily complicate the EAP program and evaluation process. Instead, staff recommend Council consider changing the title of the existing Intention Agreement category to “Cooperation Agreement”.

See Attachment A for the existing EAP policy and list of relationships.

What is Toronto Global’s governance structure?

Toronto Global is a non-profit corporation established in 2016-2017 through the merger of Invest Toronto and the Greater Toronto Marketing Alliance. Toronto Global’s mandate is to promote and attract foreign direct investment into the Toronto Region. Unlike the previous organizations, Toronto Global is funded in roughly equal measures by the three levels of government:

- Local Government
- Province of Ontario
- Government of Canada

Within the local government category, Toronto Global is funded by the Regional Municipalities of Halton, York and Durham, and the cities of Brampton, Mississauga and Toronto.

The governance model of Toronto Global is as follows:

The mayors and chairs of the funding municipalities sit as a committee – the “Mayors’ and Chairs’ Strategy Council”. The Mayors and Chairs Strategy Council has the following responsibilities:

- Approves Toronto Global’s annual business plan and strategic plan
- Qualifies members to be appointed to the Board of Directors

In addition, the Mayors and Chairs Strategy Council may call the corporation to account at any time.

Notably, all funding partners have the same voting rights. Each Mayor and Chair is entitled to one vote, regardless of the scale of contribution to Toronto Global. No one municipality, nor bloc of municipalities have any veto rights, super majority rights or any special rights.

“The Mayors and Chairs from each municipal funding party have the same voting rights, notwithstanding a varying level of financial contribution”, Toronto Global Quarterly Report, 2017.

The governance model also includes a committee of the economic development officers of the funding municipalities. Referred to as “The EDO Management Council”, this committee has the following responsibilities:

- a formal consultation regime between Toronto Global and the municipal economic development officers on on-going operational matters; and
- consultation on the development of business plans, market strategies and other operational matters.

The EDO Management Council also operates as a form of interface between the Mayors and Chairs Strategy Council and Toronto Global.

Toronto Global is governed by a private sector board of directors. The Board is charged with overseeing the management and operation of Toronto Global. The Board comprises 15 members selected to reflect the demographic, economic and multicultural diversity of the Toronto Region. See Attachment B for a current Board member list.

The organizational chart for Toronto Global (see Attachment C) is based on the organization’s priority regional markets: Asia (Japan, South Korea, and China), United States (East and West), the UK and France, and Germany and the Netherlands. Each priority market is staffed by a Regional Director and a Senior Advisor or Advisor. A separate staff team is dedicated to responding to inquiries received from markets other than the priority markets. Finally, Toronto Global has a Research and Insights team as well as a Marketing and Communications Team. These teams contribute insights, research, marketing collateral and other materials to the Investment Attraction team.

What is Toronto Global’s investment attraction strategy for the USA?

Toby Lennox, President and CEO will appear at Development Services Committee on February 12/18 to present Toronto Global’s investment strategy for the USA (see Attachment D).

FINANCIAL CONSIDERATIONS

Not applicable.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Markham Economic Alliance Program is an integral part of Markham's 10-Year Economic Strategy "Markham 2020". The Program addresses the objective of building Global Markham and Branded Markham.

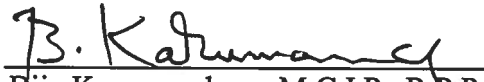
BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable.

RECOMMENDED BY:



Stephen Chait, EcD., CMC
Director, Economic Growth, Culture and
Entrepreneurship


Biju Karumanchery, M.C.I.P., R.P.P.
Acting Commissioner, Development
Services

ATTACHMENTS:

- A: Markham Economic Alliance Program and Twinning Policy
- B: Toronto Global Board Members
- C: Toronto Global Organizational Structure

ATTACHMENT A: The Economic Alliance Program and Twinning Policy

The Economic Alliance Program and Twinning Policy has been successful in forging international ties, attracting foreign direct investment, and building a strong global business sector in Markham. The approach to formalize relationships has been a graduated one and well received by Markham's local and global partners. Markham has a mechanism in place when considering new international partnerships. The process involves "starting with an Intention Agreement, and then potentially advancing to Friendship City, and ultimately the potential for Sister City status". The Intention Agreement sets the proper framework for a future Friendship City or Sister Agreement. Potential partners who meet the criteria have an opportunity to demonstrate the value proposition for both parties, and to advance to a tighter bi-lateral relationship that benefits both parties.

Markham's Economic Alliance Program (EAP) dates back to 1990 when Council first approved a strategy to create a global network of business relationships with selected communities and business groups in strategic market locations and to expand international awareness of Markham's business assets and location benefits.

In 2008, Council adopted "Markham 2020", an economic strategy that included building a "Global Markham" through the Economic Alliance Program (EAP). Since its inception, Markham 2020 has been a successful blueprint for guiding the City's economic development program and the EAP has proven to be successful in achieving its objective to attract foreign direct investment and increase awareness of Markham in targeted markets.

To-date, Markham has established 24 functioning regional partnerships across three categories (see Table 1 on Page 5):

- 3 Sister cities.
- 11 Friendship cities.
- 10 Economic Alliances with municipalities and organizations.

Twinning/Sister City Policy:

In 1998, Markham Council endorsed a formal "twinning policy" and adopted a set of criteria for forging these new relationships.

- Overall factors to take into consideration:
 1. Genuine interest on both sides
 2. Long-term commitment for the relationship
 3. Adequate financial support for exchanges and maintenance of the sister cities relationship
 4. Realistic assessment of potential success
 5. Significant engagement and support by local groups with strong social, cultural, political, and business ties in those cities

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- General categories of factors to take into consideration:
 1. Population and demographics
 2. Strategic geographic location
 3. Comparison of key industries
 4. Ethnic and cultural composition
 5. Existing linkages (e.g., universities, businesses, etc.)
 6. Potential for active community involvement in the relationship
 - Cultural/Civic/Educational Criteria:
 1. Museums, theatres, symphony/orchestra, libraries
 2. Variety of civic organizations
 3. Newspapers, television stations, sports teams, hospitals
 4. Schools, colleges, universities
 - Economic Criteria:
 1. Trade and investment climate
 2. Similar economic composition (e.g., high-tech, life-sciences, education, financial services)
 3. Matching economic strengths and capabilities
 4. Market analysis of industries
 5. Investment climate and present investment levels
 6. Trade exchange potential, air links
 7. Active Board of Trade or Chamber of Commerce
 8. Diplomatic presence, Honorary Consuls
 9. Number/flow of tourists
 10. Presence of foreign businesses locally
 11. Local businesses engaged in international activity
 - Political Criteria:
 1. Geographic location
 2. History of diplomatic relations
 3. Present degree of cooperation in political, economic, commercial, and cultural fields

Process for Considering New Relationships:

The key stages in the approval of a new Economic Alliance are:

- Initial discussions to examine the basis for the collaboration
- Formal submission to Economic Development for consideration
- Due diligence check by Economic Development staff
- Economic Development staff recommendation to Mayor
- New partner approval by Mayor based on recommendation by staff: starting with an Intention Agreement, and then potentially advancing to Friendship City, and ultimately the potential for Sister City status
- Official approval by Council in case of establishing formal “Sister City” Relations.

Markham's Current Sister Cities/Economic Alliances

Whereas the City's Economic Alliance program was founded on the basis of trade and investment attraction potential, it has been recognized that there are also advantages for the City in forging ties to municipalities based on cultural, social, and political interests and affinities. For example, in China, the approach to formalizing relationships has been a graduated one whereby the relationship might begin with the signing of an Intention Agreement meant to build cultural and social links. The Intention Agreement could then set the framework for a future Sister City or Friendship City agreement that would incorporate a business focus.

Table 1 "Markham's Economic Alliance Partners as of January, 2017" illustrates the breadth of Markham's EAP. Since 1991, the City of Markham has signed 24 agreements with international cities and organizations. While some of the earlier agreements targeted cities in developed countries, more recent agreements focus on what are known as emerging markets, namely China and India. Sixty-five percent (65%) of the City's agreements focus on Chinese cities/organizations and 22% percent are focused on India. The shift towards emerging markets is not surprising given the business opportunities associated with these high growth jurisdictions as well as Markham's changing demographics.

Table 1: Markham's Economic Alliance Partners as of January, 2017

Relationship	City Name/Country	Year Agreement first signed
Sister City	Nördlingen, Germany	2011
	Cary, U.S.	2002
	Wuhan, P.R. China	2003
Friendship City	Huadu District, Guangzhou, P.R. China	1998
	Xiamen, P.R. China	2012
	Zhongshan, P.R. China	2012
	Zibo, P.R. China	2012
	Foshan, P.R. China	2012
	Ganzhou, P.R. China	2013
	Qingdao, P.R. China	2013
	Meizhou, P.R. China	2013
	Jiangmen, P.R. China	2014
	Nanhai, P.R. China	2014
	Mullaitivu, Sri Lanka	2017
Economic Alliance with Municipalities and Organizations	Yangpu District, Shanghai, P.R. China	2008
	Haidian District, Beijing, P.R. China	1998
	Hsinchu County, Taiwan	2016

	Hong Kong Trade Development Council, Hong Kong Special Administration Zone	1991
	Zhongguancun Science Park, Toronto Office	2002
	World Trade Centre Mumbai, India	2012
	All India Association of Industries	2012
	Mahratta Chamber of Commerce Industry and Agriculture, India	2012
	College of Engineering Pune, India	2013
	India Business Group, Mumbai, India	2013

ATTACHMENT B: Toronto Global, List of Board Members

MARK COHON, CHAIR

Executive Chairman, Georgian Bay Spirit Co and Chair of the Juno Awards

JANET ECKER, VICE-CHAIR

Former President and Chief Executive Officer of the Toronto Financial Services Alliance

GENEVIÈVE BONIN, DIRECTOR

Partner, Management Consulting, PricewaterhouseCoopers Canada

LISA DE WILDE, DIRECTOR

Chief Executive Officer, Ontario Educational Communications Authority (TVO)

TED EGAWA, DIRECTOR

President and Chief Executive Officer, Canon Canada

RICHARD FLORIDA, DIRECTOR

Director, The Martin Prosperity Institute, Rotman School of Management, University of Toronto

STEVE HOWSE, DIRECTOR

President, Millington & Associates

SRIRAM IYER, DIRECTOR

President and Chief Executive Officer, ICICI Bank Canada Ltd.

NITIN KAWALE, DIRECTOR

Former President, Enterprise Business Unit, Rogers Communications

BILAL KHAN, DIRECTOR

Managing Director, OneEleven

TINA LEE, DIRECTOR

Chief Executive Officer, T&T Supermarkets Inc.

LINDA MAXWELL, DIRECTOR

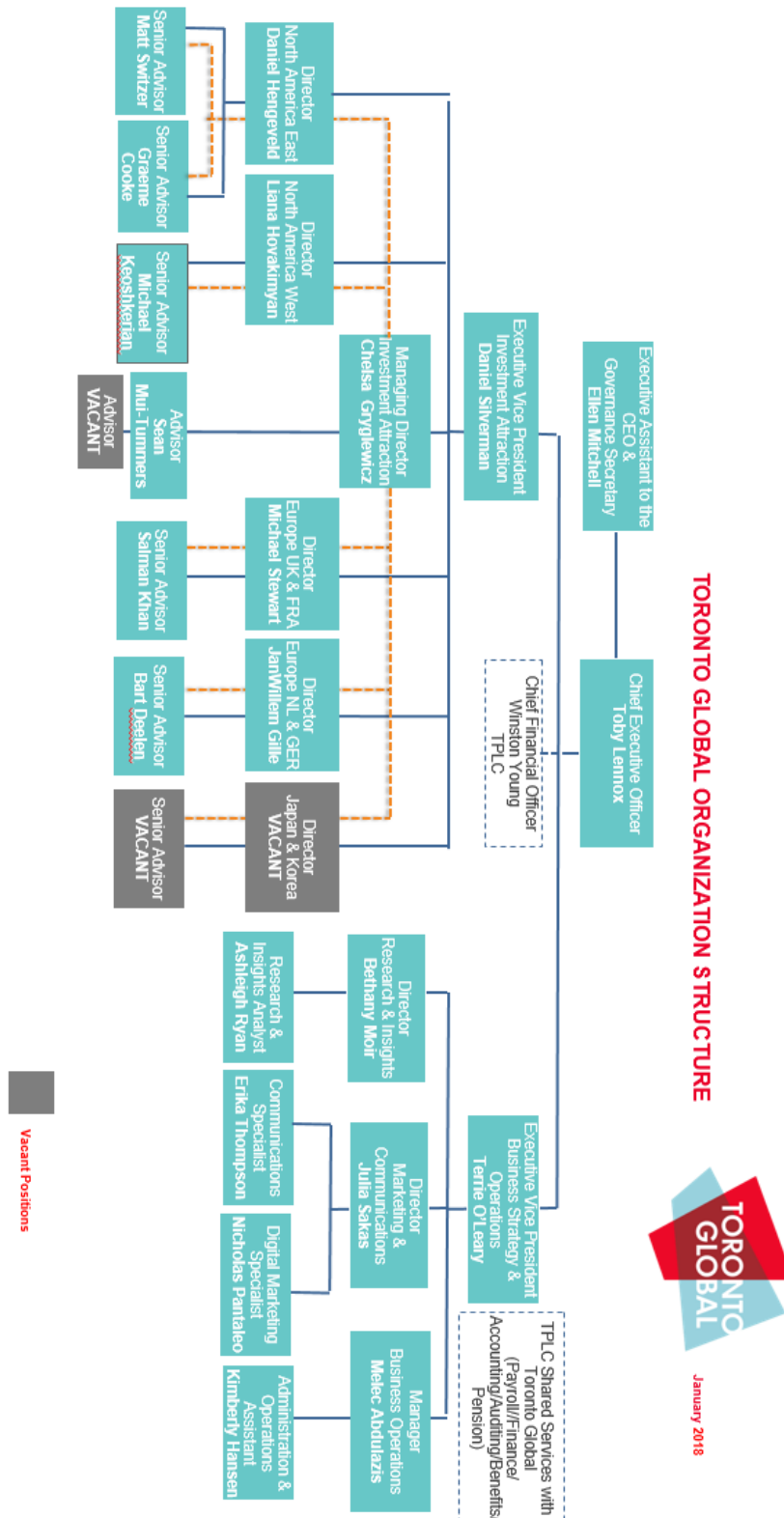
Founder and Managing Director, Biomedical Zone, Ryerson University

SATISH RAI, DIRECTOR

Chief Investment Officer, OMERS

CATHERINE ROCHE, DIRECTOR

Head, Office of Strategic Management, Bank of Montreal

ATTACHMENT C: Toronto Global Organizational Structure

ATTACHMENT D: *Your Region for Business*, Toronto Global