



ADVISORY SERVICES

Economic Development Review

The Corporation of the City of London

Review of the City's Economic
Development Services and Activities
- Final Report of Findings
and Improvement Recommendations

March 26, 2014

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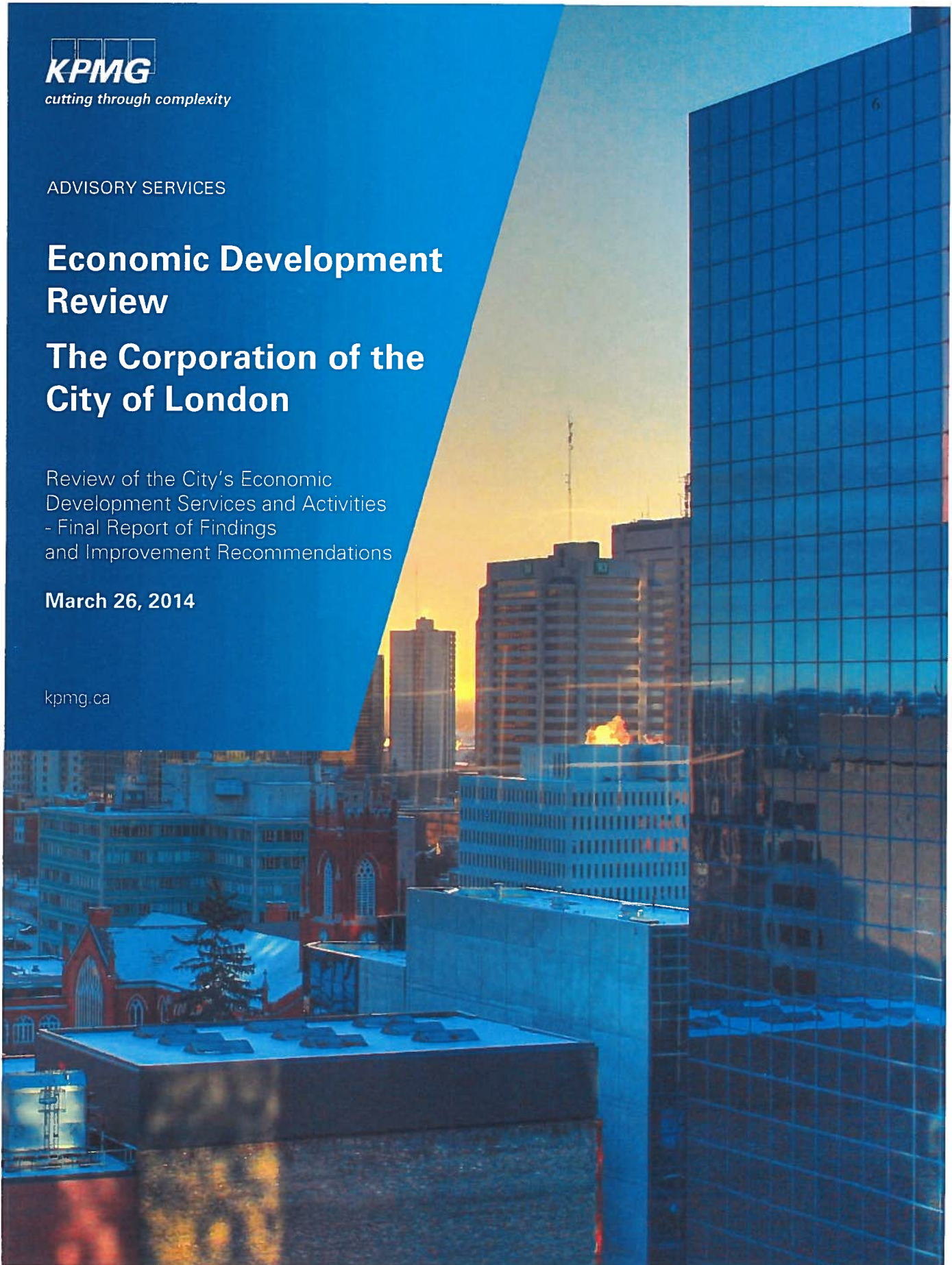


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Disclaimer

Executive Summary

KPMG LLP (KPMG) was engaged by The Corporation of the City of London (the City) to conduct an Economic Development Review to assess the effectiveness of the resources provided by the City towards economic development and to identify opportunities (where appropriate) to improve the effective use of those resources. The City is interested in reviewing the model and structure for delivering economic development services on behalf of the City and exploring opportunities whereby economic development activities can be better co-ordinated and organized between the various economic development organizations funded by the City.

During our review, it became apparent that certain aspects as to how the City's structure/model for economic development was operating should be brought to the Steering Team's attention. With the Steering Team's approval, these "operational" observations have been included in our report.

Observations

Based upon KPMG's review of documentation and the results of the various interviews held individually with all members of Council, members of the London Economic Development Corporation Board of Directors and with City Senior Administration and staff who work on economic development activities, we made the following observations:

- There is no single best economic development model that works for every jurisdiction. Effective economic development organizations/models tend to be guided by a City/Community strategic plan or economic strategy that outlines the community's economic strengths, the strategic focus for its economic prosperity plan and the general strategies it will pursue to achieve its objectives. Albeit we observed that the pieces of an economic strategic plan exist, they are contained in different entities, have been prepared in isolation, and aren't one cohesive plan.
- The current Purchase of Service Agreement (PSA) model with the London Economic Development Corporation (LEDC) is appropriate and has been effectively implemented.
- The coordination of the various economic development organizations funded by the City appears to work relatively well given their differing mandates and the different market sectors that they operate in. Our review did not identify significant redundancies or overlaps in service between the various economic development organizations.
- Responses received from members of Council to our interview questions suggest that there is a sense with Council members that Council is not receiving the level of information exchange from all municipally funded economic development organizations to give Council an appropriate level of comfort that they are getting value for tax-payer monies spent.
- In general, the resources provided by the City appear to be effectively employed. We would however, suggest that economic development strategy and progress towards achieving the objectives of economic development strategy are important matters that all of Council should be aware of and involved in. We suggest that the role that the Investment and Economic Prosperity Committee (IEPC) is playing tends to minimize the role of Council with respect to economic development strategy and it may be creating a level of confusion amongst the economic development organizations included in IEPC's mandate with

respect to strategic direction, reporting and decision making. Many of the internal processes with respect to the City's internal economic development resources are not documented. This may at times lead to misunderstandings in terms of the effective performance of these processes.

- An updated Industrial Land Development Strategy was presented in a Report to the Strategic Priorities and Policy Committee on March 17, 2014, by the Managing Director, Planning and City Planner. We understand it has been approved by Council.

Recommendations

We make the following recommendations based upon our observations:

1. We recommend that Council authorize the City Manager's Office to lead the development of a broad and inclusive community economic development strategic plan similar to those undertaken by the City of Halifax, the City of Vancouver and/or Windsor and Essex County, by:
 - Reviewing with, at a minimum, the authors of each of the three plans identified above (the City of Halifax, the City of Vancouver, and/or Windsor, Essex County), or other community economic development plans as appropriate, the process that was used to undertake the development of those economic strategic plans, the nature of the consultation taken, the time required to develop the plan and the budget required to produce the plan.
 - Making recommendations to Council on how best to proceed with the development of such a strategy.
 - Leading the process of developing the plan, ensuring that the appropriate levels of consultation are undertaken with all stakeholders and that the plan is based upon an objective, data-driven assessment of the community's economic strengths and weaknesses and presenting to Council for discussion and approval.
 - We recommend that as part of the planning process, consideration be given to the nature of effective performance measures that measure the progress of implementing the strategy's key goals and initiatives and provide a realistic measure of the accomplishments in specific economic development focus areas.
2. We recommend that the current Purchase of Service Agreement (PSA) model with LEDC be continued and renewed upon the expiry of the current agreement. Depending on actions taken as a result of this report, some changes may be required to the terms and responsibilities included in the Agreement. We recommend that consideration be given to amending section (k) of the PSA to reflect LEDC reporting to Council through the Strategic Priorities and Policy Committee (SPPC).
 - We recommend that the City's Senior Administration and LEDC Management agree on a set of standards dealing with presentation format, documentation format and required level of content to be presented to the SPPC.
 - We recommend that on an annual basis, the LEDC Senior Management meet with the City's Senior Administrative Leadership to review LEDC performance against the key elements of the Purchase of Service Agreement.

3. We recommend that the nature of the interaction of the various economic development organizations be documented in the economic strategic plan.
 - We recommend that the LEDC be given responsibility to report to the SPPC annually, utilizing the community economic development strategic plan as a reference point, on the effective ongoing interaction of the economic development organizations funded by the City through the LEDC.
4. We recommend that the SPPC receive, through the annual budget approval process, an overview from each City-funded economic development organization outlining their strategic goals and focus areas, and measures of performance in relation to the City's economic strategy. An updated and comprehensive economic development strategy will guide the work of each of the economic development organizations funded by the City.
 - We recommend that on an annual basis and prior to the budget setting process, each of the economic development organizations funded by the City present to the SPPC its plan for the upcoming fiscal year, using a presentation format and template designed by City Administration including:
 - A brief description of the organization's mandate
 - A high-level overview of the strategy the organization is following
 - The current and anticipated future economic conditions they are faced with
 - It's key goals to be pursued in the upcoming fiscal year
 - The key measures they will use to track performance.
 - We recommend that every year, each City-funded economic development organization present to the SPPC a six month update on the progress they are achieving against their strategic plan, using the performance measures developed in the formulation of the plan.
5. We recommend that within the next term Council make a determination as to the ongoing benefit of utilizing the IEPC and its defined mandate with respect to economic development activities.
 - We recommend that the process flow amongst the City's internal economic development functions and its inter-relationship with external economic organizations be documented, more specifically - flow charted, including describing at high level the specific steps/ activities, responsibilities, timelines and constraints to consider.
 - We recommend that City Administration establish a method to review these documented processes on a regular basis as a means of continuously improving them.
6. We recommend that the Industrial Land Development Strategy approved by SPPC on March 17, 2014 be implemented as approved.



Project Understanding and Proposed Approach

The City has a Purchase of Services Agreement with the London Economic Development Corporation for the delivery of specific economic development-related services. Other organizations in London, such as Tourism London and the London Convention Centre, also provide economic development-related services. The City of London is interested in reviewing the model and structure for delivering economic development services on behalf of the City and exploring opportunities whereby economic development activities can be better co-ordinated and organized between the various economic development organizations funded by the City.

The purpose of the review is to examine the nature of how economic development services are currently delivered with a focus on understanding the City's needs and expectations (as the funder) and to identify opportunities for improvement, including evaluating the potential benefits of three possible models for the delivery and co-ordination of economic development services. Specifically, the review is to consider the following three possible models, and relevant hybrid models:

- A. Purchase of Services Agreement (current model)
- B. Municipal Services Board
- C. Municipal Services Corporation

During our review, it became apparent that certain aspects as to how the City's structure/model for economic development was operating should be brought to the Steering Team's attention. With the Steering Team's approval, these "operational" observations have been included in our report.

Proposed Approach / Scope of Work

KPMG undertook this review in the following manner:

Step	Activity
1	We facilitated a kick-off meeting between KPMG and the City's Steering Team to clearly establish assignment processes, deliverables, ongoing progress reporting protocols and timelines, and schedule interviews. The Steering Team included, the City Manager, the Managing Director, Corporate Services and City Solicitor, the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the Manager Financial Planning and Policy, and the Manager, Corporate Initiatives.
2	<p>We reviewed underlying documentation considered relevant to the review that outlines the current mandates, operational and progress reporting responsibilities and organizational performance assessment metrics of each of LEDC, Tech Alliance, Small Business Centre, Stiller Centre, Tourism London and the London Convention Centre.</p> <p>We also reviewed a number of the City's Summary of Key Accountabilities documents as they relate to various economic development functions and activities, as well as the role descriptions of Key Management positions at LEDC.</p> <p>This document review sought to identify clarity of mandates, progress reporting responsibilities and performance measures, potential operational gaps, potential overlapping roles and other matters in respect of the current relationship between these organizations.</p>
3	<p>We met with the City's Steering Team to gain a better understanding of their perspectives on the nature of the rationale for undertaking the review of economic development, their perspective on the role the City should be playing in economic development and their thoughts on what outcomes an improved economic development model might deliver.</p> <p>During this meeting we also discussed recent economic development successes in order to better understand what activities have worked and the nature of the investments (time, capital and operating funds) that have gone into these successes.</p>
4	We conducted a high-level analysis of key financial and operational performance metrics for each of the economic development organizations funded by the City (as defined through the City's annual budgeting process).
5	We conducted interviews with all members of City Council to get a better understanding of their perspectives on the nature of the rationale for undertaking the review of the economic development model and structure, their perspective on the role the City should be playing in economic development and their thoughts on what outcomes an improved economic development model might deliver.

Step	Activity
6	We conducted interviews with current and former senior management staff from LEDC and members of the LEDC Board to get their perspective on the role LEDC plays in economic development, the challenges and opportunities the current service delivery model faces and their suggestions as to how to improve the effectiveness of City funded economic development resources.
7	<p>We conducted individual interviews with The City's Senior Leadership Team including the City Manager, the Managing Director, Corporate Services and City Solicitor, the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the Manager Financial Planning and Policy, and the Manager, Corporate Initiatives, and management and staff connected with the various City departments and functions that support economic development activities.</p> <p>We also conducted an individual interview with the General Manager of Tourism London.</p> <p>We did not meet with representatives of the London Convention Centre, TechAlliance, The Stiller Centre for Technology Commercialization, or the London Small Business Centre.</p>
8	We met with the City's Steering Team to review our high-level findings and initial conclusions from steps 2 through 7 as they relate to the current economic development service delivery model and the three service delivery models as presented above, including hybrids and with consideration of the operating structure of economic development activities in other municipalities within Ontario.
9	We prepared this final report of findings and improvement recommendations for consideration by the City's Steering Team.
10	We were requested by the Steering Team to present our report to the SPPC.

1.0 Economic Development Concepts, Principles and Practices

The following provides an outline of Economic Development Concepts, Principles and Practices that provides a foundational framework when considering and assessing the effectiveness of economic development models, structures, activities and services. In order to comment on potential models, it is important to have an understanding of and general agreement about what outcomes these models are capable of delivering, and what it takes for them to deliver those outcomes.

Concepts

In our work with other economic development organizations, we have found that the stated goals and objectives of the organization are to generate assessment growth and/or create and retain jobs. Specific goals are generally set around the achievement of those objectives, supported by a range of activities and/or services. It is however, important to recognize that a municipality or region's ability to achieve the objectives of generating assessment growth and/or creating and retaining jobs must be considered in the context of:

- Global economic trends as they impact the municipality/region
- Macro and micro economic forces
- Demographic changes
- Population migration
- Currency exchange rates
- Interest rates
- Business cycle fluctuations
- The overall make-up of the municipal and regional (even provincial) economies and their overall commercial/business attractiveness relative to other competing jurisdictions (some of which are international in nature).

It must be remembered that it is businesses, companies and organizations that create jobs and provide the foundation for assessment growth. Successful businesses look to generate profits, not jobs. Job and taxes are by-products of what successful businesses and organizations do.

The role that economic development organizations can play is to facilitate processes that encourage businesses, companies and organizations to locate, remain and expand within their communities. The business decision to locate to an economic region, to stay, and expand in, are generally all made based upon economic and market factors. These include, amongst others:

- Access to markets at competitive rates
- Access to raw materials, developable land, supply chain requirements, and technology, at competitive rates
- Access to skilled and productive labour, at competitive rates
- The anticipated cost of moving to a new location
- The anticipated cost of staying in a particular location

Economic Development Principles

The ability to directly influence or control many of the business decision factors listed above is simply outside of a municipality or region's sphere of influence. The best they can do is to facilitate a process that helps showcase their economic area in the most favourable way possible.

It is also important to recognize that the process of 'doing' economic development is not necessarily linear. A one to one correlation between actions taken and results achieved does not exist. The process can take place over an extended period of time where seemingly nothing is happening. There can be significant lag time between actions taken and results achieved.

Effective economic development through the programs and services it offers, and the personal connections it can facilitate can generally help:

- facilitate the attraction of new businesses to the region
- facilitate the retention and expansion of existing businesses in the region
- companies and entrepreneurs start up new businesses
- provide programs to retrain unemployed and unskilled workers that could help them obtain new skills and credentials

Effective economic development is best done by focusing the community's resources and efforts on pursuing and building upon those areas within the community that have a long-term sustainable competitive advantage that is not easily duplicated or surpassed by competing regions.



Economic Development Practices

There is no single best model that works for every jurisdiction. However effective economic development structures/models tend to be founded on the following practices:

- They tend to be guided by a City/Community Strategic Plan or Economic Strategy that outlines their community's economic strengths, the strategic focus for its economic prosperity plan and the general strategies it will pursue to achieve its objectives
 - The key economic development organization often takes the lead on behalf of the municipality/region in guiding a process to create such a plan and are always included in the development of such a plan

The organizations within these effective economic development structures/ models tend to:

- Be focused on meeting the needs of the business/commercial community, with integrated, coordinated access to municipal functions such as, amongst others:
 - Planning
 - Building
 - Engineering
- Be able to act today, however they are guided by a longer term strategic direction/plan that is founded on solid data and information
- Be focused in their areas of pursuit; they avoid trying to be all things to all people and pursuing opportunities not founded on building long-term sustainable advantages.
- Have the flexibility to allow them to execute their economic development activities in a prudently expeditious manner when dealing with potentially sensitive, political or financial issues
- Have an ability to navigate through administrative complexity
- Have input into the Municipality's Official Plan
- Be guided by policy they have a sufficient enough degree of independence from policy makers to allow them to be effective in the business community
- Be able to withstand changing political headwinds
- Be trusted by all of the stakeholders, including the business community and the policy makers as:
 - Competent in the profession of how to undertake economic development
 - Strategy driven
 - Able to keep confidences on sensitive matters
 - Capable in how they utilize their resources; they are seen to be effective and cost efficient
- Have specific processes to engage and communicate with key stakeholders, using informed data on the following:
 - The current state of the local and regional economy
 - Developing economic trends
 - How to pursue and build long-term sustainable competitive advantage

- Have processes that enable them to gather/monitor developing trends that may have an impact on the community and they develop appropriate strategies to respond
- Utilize an effective set of performance measures that are used to assess progress towards agreed to (and meaningful) economic development goals

Particular attention is paid to the establishment of effective performance measures by identifying clearly what elements each organization can influence or manage, and designing an appropriate monitoring system that encourages action. Performance against economic development goals is reported to the appropriate audience in a timely manner and with sufficient frequency

Observations

Economic development can be a complicated process that is impacted by a number of variables and factors, many of which are beyond the direct control or influence of a local municipality or region. Experience demonstrates that in the realm of economic development, there is no direct correlation between actions taken and results achieved. Significant time lags can occur. Examining new economic development models must take into consideration leading economic development concepts, principles and practices.

Our review would suggest that the City's current model for delivering economic development services generally incorporates these leading economic development concepts, principles and practices, with the exceptions noted below. We have made a number of process improvement recommendations; however the move to a new economic development model seems unwarranted.

- ▶ Effective economic development models tend to be guided by a single City/Community strategic plan or economic strategy that outlines the community's economic strengths, the strategic focus for its economic prosperity plan and the general strategies it will pursue to achieve its objectives. Our review suggests that such a plan does not exist for the City.

2.0 The Perspective of Members of Council

This section provides a high level summary of outcomes of the individual, confidential interviews with members of Council. The Council Interview Guide is shown in Appendix A.

Council Interview Summary

Members of Council indicated that they felt it was their role to help create an atmosphere that would enhance doing business in London, and support business attraction and retention. This included working to provide developable land and appropriate business and commercial infrastructure and to help where appropriate in bringing parties together to talk about economic development initiatives and foster economic development.

Council members also indicated that they wanted to better understand the mandates of the various economic development organizations funded by the City, and to understand at a high level, how these organizations operate in an integrated fashion.

Council members indicated that they required a more effective communication and progress reporting mechanism from the various economic development organizations funded by the City, including:

- The general strategies the organizations are pursuing and the rationale for their strategy
- The measures of success the organizations are using to evaluate the effectiveness of their strategies
- The results the organizations are achieving.

Observations

We would make the following observations based upon the results of our interviews with all members of Council:

- ▶ There is a need to develop a more defined and disciplined process for providing an update to Council on a periodic basis explaining the mandates of the various economic development organizations funded by the City, and explaining, at a high level, how these organizations operate in an integrated fashion.
- ▶ There is a need to develop and implement an improved communication and progress reporting mechanism from the various economic development organizations funded by the City, to the Council including outlining:
 - The general strategies the organizations are pursuing and the rationale for their strategy
 - The measures of success the organizations are using to evaluate the effectiveness of their strategies,
 - The results the organizations are achieving



3.0 The City's Economic Development or Prosperity Strategy

The nature of economic development is such that it takes the combined efforts of many functions and activities to be successful.

It is important to recognize that structure is always developed to support the implementation of strategy. Strategy defines what it is that an organization or community is trying to accomplish. Many communities have developed a community or regional strategic economic development plan that is used to guide long-term decision making and alignment of economic development resources. Basic principles that are utilized include the following:

- The Community takes the time to undertake a process that engages a wide range of stakeholders who are asked to:
 - Provide input into planning the process to be used to design a community or regional strategic economic development plan
 - Provide relevant, supportable data and information required to generate an effective community or regional strategic economic development plan
 - The plan is based upon an objective, data driven assessment of the community's economic strengths and its areas of weakness
 - The focus of the strategic direction that comes out of such a process is the identification of areas where the community has a sustainable competitive advantage which become the priority areas it will pursue
 - The strategic economic development plan is used to align the community's economic development resources
 - Key decisions in terms of activities to pursue, the creation of any organizational structures and the measurement of progress/results, are all made with reference to the agreed upon economic development strategic plan

During our documentation review, and at the request of the Project Committee, we examined three such plans. High level summaries of these plans are contained in Appendix D. The three strategies include:

1. The Windsor-Essex Regional Economic Roadmap: February 2011 (Discover Our Region's GPS – Growth, Prosperity, Sustainability)
2. The Vancouver Economic Action Strategy: Our Economic Development Plan For The City – September 2011
3. The City of Mississauga Economic Development Strategy – June 2010



We also reviewed the following documents to gain an understanding as to what the City's economic development strategy might be;

- Report and Summary from the Mayor's Economic Prosperity Council; June 2011
- A Paradigm for Prosperity; September 2012 – Corporate Investments and Partnerships Group
- Enhance London: A Strategy for Economic and Societal Prosperity; King's College; August 2009
- London's Competitive Position Report – London Economic Development Corp.
- Sector-based Business Costs Study; King's College; June 2011

High level summaries of the first three documents listed above are shown in Appendix E.

We would make the observation, based upon examining these various documents that it is not clear as to what specific economic development strategic plan the City is using to guide its economic development agenda. It is not clear as to what the process is to develop such a plan, nor is it clear as to what organization has responsibility for leading and guiding the process to develop such a plan.

We would note that the Report and Summary from the Mayor's Economic Prosperity Council; June 2011 most closely resembles what might be considered a community economic development strategic plan. The report acknowledges that its purpose was to develop a broad strategic roadmap for economic prosperity. However it must be noted that the report states that it is not an economic study; it's a collection of opinions. Finally the report points out that many of the ideas are not new.

With respect to specifics, the Report and Summary from the Mayor's Economic Prosperity Council; June 2011, suggests that:

- LEDC has recommended high growth sectors on which London should concentrate to maximize prosperity; these include:
 - Agri-food
 - Renewable energy
 - Medical devices
 - Technology
 - Digital Media
 - Food processing
 - Transportation logistics
- LEDC should continue to focus on these areas



These areas are not dissimilar to those being pursued by the LEDC as discussed in Section 5 of this report.

In the absence of being guided by an overarching economic development strategic plan that establishes broad strategic direction, we would make the observation that generally the effectiveness and performance of activities and organizations is being assessed without the benefit of having an understanding as to what it is the community is trying to achieve through its economic development resources. This presents a challenge in assessing and reporting on the progress toward success when a common shared understanding of goals is absent.

In addition to the three strategic plans referenced in Appendix D, we also reviewed the Halifax Regional Municipality (HRM) Economic Strategy Assessment report of June 2010. The purpose of this report was to review HRM's 2005-2010 Economic Development Strategy and provide recommendations for how the next strategy might be developed so that it is effectively and efficiently implemented over the next five years.

It is important to note the following:

- The Region took the time to develop the strategy
- The Region used the strategy to guide long-term decision making and the alignment of economic development resources
- The Region developed a process whereby an independent third party was engaged to conduct an objective review of results and to provide recommendations as to how best to move forward



The HRM made a number of observations that are relevant to this review, including:

- Challenges to effective implementation of strategic direction, based upon their experience with the prior plan, includes:
 - Lack of clear expectations and the need to manage expectations
 - Lack of clear accountability for strategy and the need for a clear implementation plan with roles and responsibilities and/or clear lead designations with partner organizations
 - Effective measurement of progress:
 - Many metrics measure the macro economic health of the region, rather than the progress of implementing the Strategy's key goals and initiatives
 - New metrics should be developed to provide a realistic measure of the accomplishments in specific economic development focus areas and provide better tie-in to the more macro measures that the Strategy is intended to influence (i.e. it's about the things that might lead to job creation that matter, not trying to measure the elusive number of jobs created).

Observations

We would make the following observations based upon our review:

- ▶ The City does not have an overarching, agreed to, data driven, fact-based economic development strategic plan to guide the City's economic development resources and activities.
 - ▶ With an overarching strategic plan it would be easier to draw the correlation between economic development activities and effective outcomes.
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4.0 Coordination of Economic Development Resources

We understand that The Mayor's Economic Prosperity Council Report of June 2011 provided goals and aspirations for the future. This was followed in 2012 by a public call for ideas to be presented to the Investment and Economic Prosperity Committee (IEPC).

As a result of that process:

- 49 proposals were received from the community
- 12 due diligence checklist responses were returned by proponents
- 5 recommendations were presented
- 28 Proposals fall within the Idea Bank category. The "Idea Bank" category focuses on proposals that may be considered at a future date and is intended to serve as a temporary place holder.
- 14 Proposals fall within the "Other" category. These may be proposals/ideas that were submitted for information/update only and/or where work has already started; unique in nature; fall outside of the City boundaries

Based upon the wide range of interviews conducted, our review of the mandate of the IEPC included in Appendix F, and our review of various related economic development documents, there are still a number of questions about the role IEPC plays in economic development and how it is intended to further enhance the City's economic development strategy and activities. For instance, it is not clear as to:

- What strategic direction or planning document the Committee is using to guide their efforts
- What specific goals the Committee is working towards achieving
- How this committee operates and functions with respect to all of the other economic development organizations and the internal functions of the City
- What the Committee's authority and/or decision making scope/process is
- What their link/connection is to the other economic development organizations that are funded by the City

- What the nature of the reporting process is:
 - With respect to what the various economic development organizations are reporting to the Committee
 - With respect to what the Committee reports to Council
 - What are the expectations as to what is to be reported, (content) the reporting frequency and reporting format.
 - What performance measures are being used to assess results achieved and the process and responsibility for undertaking such assessments.
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Observations

- In general, the resources provided by the City appear to be effectively employed.
 - We would however, suggest that economic development strategy and progress towards achieving the objectives of economic development strategy are important matters that all of Council should be aware of and involved in.
 - We suggest that the role that the Investment and Economic Prosperity Committee (IEPC) is playing tends to minimize the role of Council with respect to economic development strategy and it may be creating a level of confusion amongst the economic development organizations included in IEPC's mandate with respect to strategic direction, reporting and decision making.
 - Many of the internal processes with respect to the City's internal economic development resources are not documented. This may at times lead to misunderstandings in terms of the effective performance of these processes.
-

5.0 London Economic Development Corporation

We undertook to review a number of documents provided by City Administration and the London Economic Development Corporation, which are included in Appendix G. We also conducted interviews with the majority of the LEDC board members and senior management staff.

LEDC Corporate Structure Rationale

The LEDC was formed as a result of the April 21, 1998 Memorandum of Understanding regarding a proposed public-private economic venture between the Corporation of the City of London and the London Economic Development Corporation. That memorandum sets out the early terms of reference and operating model. A summary of that memorandum is provided below:

Paragraph 2 (a)

LEDC will operate as a body independent from the City, able without requiring further approvals to execute decisions that it makes within its budget and to have its Chief Executive Officer accountable to its Board of Directors.

Paragraph 2 (b)

Council remains ultimately accountable to the municipal taxpayer and to the broader public for expenditures and initiatives on economic development.

Paragraph 4

LEDC organization and activities will follow the Investing in Prosperity strategic plan, as received by the LEDC Board on February 10, 1998.

Paragraph 6.

LEDC will perform the role of an operating economic development corporation, not an advisory body.

Paragraph 7.

Economic development functions will be distributed between LEDC and the City as follows:

LEDC Responsibilities	City Responsibilities
<p>LEDC will be generally responsible for:</p> <ul style="list-style-type: none"> (i) Strategic Planning and Analysis (ii) Marketing and Attraction Programs For New Business (iii) Retention and Expansion Programs For Existing Business (iv) Technology Development and Commercialization (v) LEDC has the responsibility of arranging for LEDC Board Members and other London private sector representative to meet and encourage prospective investors 	<p>The City will be generally responsible for:</p> <ul style="list-style-type: none"> (i) Coordination and liaison with various organizations within local economic development sector (e.g. Tourism London, LEDCO, London Community Small Business Centre, etc.) (ii) Entrepreneurial Development Programs (iii) Targeted Projects and Initiatives <ul style="list-style-type: none"> - industrial park development - downtown and east London redevelopment - tourism and convention promotion through Tourism London and London Convention Centre Corporation - infrastructure development - regulatory review - special events and tournaments (iv) Development Facilitation <ul style="list-style-type: none"> - "shepherding" customers through steps within City Hall

The table above, summarizing the distribution of responsibilities between LEDC and the City reflects, in most part the current distribution of responsibilities. In particular, it seems appropriate that the City continue to have responsibility for the elements identified in points (i) through (iv).

We understand from our interviews that the initial rationale for establishing the corporate structure for the LEDC was to create an organization that;

- Was capable of having business talk to business
- Would be seen to be as ambassadors for London's economy
- Was apolitical in its administration and the composition of its Board.

Purchase of Services Agreement

We reviewed the current Purchase of Service Agreement (July 1, 2012 to June 30, 2015). Our review would suggest that the role and responsibilities for LEDC continue to follow, for most things, those roles and responsibilities delegated to it in the original memorandum of understanding. It should also be recognized that the City still maintains responsibility for areas as identified as Targeted Projects and Initiatives under (iii) of the City's Responsibilities in the table above. Appendix G provides a summary of key elements of the PSA.

We would observe that the PSA generally includes elements essential to the effective operation of an economic development corporation. We would make the following observations with respect to the effectiveness of the implementation of the current PSA.

Paragraph/Element	Observations
<p>Paragraph 3 (h)</p> <p>Prepare and submit to the Municipal Council at least annually a report setting out:</p> <ul style="list-style-type: none"> • The State of the Local Economy, including, but not limited to: statistics on employment by type and sector (growth, shrinkage, net), GDP for London, average annual salary, multipliers on investments, return on investment • An Overview by sector of strengths and weaknesses • Emerging Opportunities, and • A Competitive Advantage Update 	<p>Our review of documentation as listed below suggests that this activity is being fulfilled:</p> <ul style="list-style-type: none"> • London's Competitive Position Report • "Enhance London" Report • Sector-Based Business Costs Report
<p>Paragraph 3 (i)</p> <p>Coordinate the business plans and efforts of other organizations that work in conjunction with the LEDC and currently receive annual funding from the Corporation. The LEDC will on behalf of the Corporation administer grants to those organizations in order to provide additional ability to coordinate efforts and glean efficiencies between the various organizations. These organizations include:</p> <ol style="list-style-type: none"> a) Stiller Centre – noting that there is a separate agreement between The University of Western Ontario – Research and Development Park and the City of London b) Small Business Centre c) Tech Alliance 	<p>Recognizing the main area of focus of LEDC and the relative uniqueness in market and activity approach of the various organizations LEDC is being asked to coordinate, we would observe that an appropriate level of coordination is occurring and that there are very limited amounts of duplication of effort and that the level of coordination appears to be appropriate.</p> <p>Although the initial intent was for the LEDC to make direct payments to these organizations in an effort to enhance co-ordination, the City has been issuing payments directly to these organizations itself. No discussion on how this direction has changed has taken place between the City and the LEDC that we are aware of.</p>

Paragraph 7

The LEDC shall prepare and submit to the Municipal Council an annual business plan (the "Business Plan") by such date and in such form as the Corporation may prescribe, containing details of the services contemplated by this Agreement and sufficient to enable the Municipal Council to give reasonable consideration of the Business Plan.

This appears to be handled through the annual budgeting process and LEDC appears to be in compliance with the requirement, however some depth of reporting may be lacking due to the format of reporting required in Council's budget document.

As noted earlier, with respect to performance measures, we would suggest that based upon the points outlined in Section 1.0, and augmented by the lessons learned in the Halifax Strategic Assessment review, it should be acknowledged that it is difficult to demonstrate the causal connection between actions taken and results achieved using these measures.

We suggest adopting performance measures as described in the Halifax Report be considered

Paragraph 14

The LEDC's Board of Directors shall ensure that its Nominating Committee guidelines include seeking out representatives of the London business and educational communities who are committed to the growth of the community and who can provide non-conflicted guidance to the board and management of the LEDC.

Based upon our review, this appears to be occurring.

Paragraph 15

Ongoing Liaison. For the purpose of discussing with the Corporation and keeping is informed on a timely basis of the success of the LEDC in providing the services set out in this Agreement and to maintain good working relationships, the LEDC and the Corporation shall maintain ongoing liaison as follows:

- The President and Chief Executive Officer of the LEDC shall meet at least monthly with the Corporation's City Manager and shall report to the Municipal Council with respect to the LEDC's activities on a semi-annual basis; and
- Representatives of the LEDC's Board of Directors shall meet annually with the Investment and Economic Prosperity Committee at the Municipal Council's direction and at the Municipal Council's option.
- We understand that this activity is occurring.
- We understand that this activity is occurring.

Board

We understand that:

- LEDC is governed by a 15 member Board, each with a term of three years; five members transition off every year
- The Mayor is a member of the Board and sits on the Nominating Committee
- The CEO of the Chamber of Commerce and City Manager are ex-officio members.

We understand that the membership of the Board is intended to include representatives of the London business and educational communities who are committed to the growth of the community and who can provide non-conflicted guidance to the Board and management of the LEDC.

We understand that the Board includes four members who have a broad range of business experience as well as members from the health care and education sectors.

We also understand that all City Councillors receive notice of the annual general meeting of LEDC; however, it is not clear as to the extent that Council participates in attending these meetings.



Strategic Focus

We reviewed the document "Enhance London" A Strategy for Economic and Societal Prosperity, prepared by Trevor Hunter, PhD, King's University College, UWO, August, 2009. This is a detailed report that examines among other things,

- London's Business Resource Support (Location, Land, Key Infrastructure Assets, Workforce)
- Future Growth Industries in the London CMA
- Conclusions and actions to be taken

This report appears to set the foundation for LEDC's go-forward economic development strategy. We would suggest that the strategy has used a fact-based, data driven analysis of current economic development strengths and developing economic trends.

We also reviewed the Sector-Based Business Costs (a regional cost competitive analysis) Study, also prepared by Trevor Hunter in June 2011.

This report examines the relative economic impact, strengths and weaknesses of the key economic sector cluster's and provides a series of recommendations for how best to proceed. This report, when read in conjunction with the August 2009 report, lays the foundation for the economic development strategy utilized by the LEDC.

We would suggest that these documents include the relevant data and analysis essential to establishing an economic development strategy. We also understand that they have been used to establish the strategic direction that LEDC is following today. This appears to be an appropriate approach and use of this material.

We understand that LEDC is following a strategic direction based upon achieving sustainable, long-term competitive advantage utilizing the matrix shown below. Specific actions are identified in each cell and progress is measured using this data.

Economic Development	Advanced MFG	Life Sciences	Technology	Institution Education	Regional Head Offices	Agri-Food
Attraction						
Retention						
Organic Growth						
Entrepreneurship						

LEDC Interview Summary

The LEDC Interview Guide is shown in Appendix C. Summarized below are the major themes we gained through our interviews with the LEDC Board members and members of senior management.

- Council does not seem to be aware of the LEDC strategy formulation process, the LEDC's strategic focus areas or the rationale for pursuing these areas, the activities the LEDC is undertaking, or results and successes the LEDC has achieved.
 - There is a need to agree on how to measure results
 - Measures must be relevant and must measure things over which LEDC can actually control or influence
 - Metrics should be around core value drivers
 - The nature of the coordination and collaboration between LEDC & Stiller/Tech Alliance and the Small Business Centre could be better explained/communicated
 - There is a need to consider London's economic attractiveness and be willing to identify, understand and influence (or do something about) the things that help and hinder business attraction and retention within this region
 - LEDC board and staff emphasized the merits of undertaking the development of a data driven economic development strategy to guide the City's economic development activities and initiatives in consultation with stakeholders and community partners.
-

Observations

- ▶ Based upon our review, the documentation examined, the interviews conducted, and comparing the LEDC model structure to leading economic development practices, we would suggest that this model is an appropriate model for the delivery of economic development services for the City, for the following key reasons:
 - The LEDC is able to operate at arm's-length from the City, enabling it to focus on meeting the needs of business, and having the flexibility to execute activities in a prudently expeditious manner.
 - The City, through the effective management of the PSA, has an appropriate level of control over the LEDC.
 - ▶ LEDC acknowledged that there was a need to improve the communication process between the organization and City Council.
 - ▶ We would suggest that a change in the status quo model would not yield any improved benefit to the City, and may actually be detrimental to the City's economic development interests as outlined in Section 7 of this report.
-

6.0 Industrial Land Development

Industrial Land Development Strategy

During our document review phase we observed that the most recent Industrial Land Development Strategy was dated June 20, 2001. However, we learned that an updated industrial land development strategy was in the process of being completed and submitted to senior administration for review. An updated Industrial Land Development Strategy was presented in a Report to the Strategic Priorities and Policy Committee on November 18, 2013, by the Managing Director, Planning and City Planner.

In submitting the Report the Managing Director noted that the General Manager of the LEDC has played a large role on the team that formulated the draft Industrial Land Development Strategy.

The proposed Industrial Land Development Strategy covers the following elements:

- The role of Developing and Selling Industrial Land including the role the private and public sector can play
- Identification of target sectors and understanding their needs
- Establishment of criteria and identification of opportunities to purchase strategically-located lands that meet target sector needs
- Establishment of plans to deliver investment-ready lands
- A proposed plan for marketing lands on an international stage
- The Importance of 'City Building' and an outline of what this activity means.

The proposed strategy also includes:

- a process responsibility matrix that outlines the major steps that are involved in the development, marketing and selling of industrial land and identifies for each step the key internal municipal departments responsible for handling issues and required approvals.
- Recommendations for the establishment of an action team, including point person accountability, to respond to business opportunities that may be introduced by LEDC or other economic development organizations/functions, as they relate to the purchase and/or servicing of industrial land.

We understand that the LEDC has had an appropriate level of input into the identification of target land criteria.

We also understand that upon eventual approval of an updated Industrial Land Development Strategy, a detailed implementation plan will be developed.

Industrial Land Study

We understand that administration completed its Industrial Land Study in 2012. This study addresses the needs for expanding the Urban Growth Boundaries. We understand that administration is now at the point of evaluating options on potential locations to examine to expand the Urban Growth Boundary.

Observations

- ▶ Based on our review of the work being undertaken on land development and our interviews, it is apparent that the City and the LEDC are working closely with each other to formulate a strategy in this area. Furthermore, it was articulated in several of our interviews that it would be beneficial to assess whether an expanded role for the LEDC, as it relates industrial land would be beneficial.

7.0 Models Summarized

The Table below provides a summary of the current model for economic development and compares it to the two alternative models under consideration.

Model	Purchase of Service	Municipal Services Board	Municipal Services Corporation
<i>Examples</i>	<i>Current Model</i>	<i>Local Board, LTC</i>	<i>Corporation with or without share capital (Hydro, LMHC)</i>
How It Works	<ul style="list-style-type: none"> • Purchase of Service Agreement (PSA) that outlines the City's Expectations and defines organizational mandate and authority • Key PSA elements include; <ul style="list-style-type: none"> • Act as Primary Economic Development Body • Annual Reporting on <ul style="list-style-type: none"> • State of the Economy, • Sector Strengths Analysis • Opportunities • Competitive Advantage • Annual Business Plan • Mayor as member of Nominating Committee • Ongoing liaison between CAO and LEDC President • Dispute Resolution Process 	<ul style="list-style-type: none"> • Corporate body (may contract, may be sued) • Agent of the City • Board members act independently of Council and in best interest of the Service Board 	<ul style="list-style-type: none"> • Not a local board • Governed by <i>Business Corporations Act, Corporations Act, MFIPPA</i> • Directors act independently of Council and in best interests of the corporation • Service corporations may establish holding corporations
How to Establish	Currently in place; <ul style="list-style-type: none"> • contract expires June 30, 2015, • City may terminate with 12 months notice, • City may renew contract in whole or in part, • City may consider RFP to another provider 	<ul style="list-style-type: none"> • Established by by-law passed by Council • Relatively easy to set up in comparison to a service corporation 	<ul style="list-style-type: none"> • Established by articles of incorporation/letters patent • Set up is more onerous
Municipal Act	Does Not Apply	Governed By the Act	<i>Municipal Act</i> sets out strict requirements, adherence is mandatory
MFIPPA	Does Not Apply	Governed By MFIPPA	Governed By MFIPPA
How It Addresses Current Issues	Opportunity to review the mechanism/process for reviewing the performance against the PSA to address successes and performance gaps and opportunities to improve	It is not clear as to how this model would address the issues/concerns identified through our review	It is not clear as to how this model would address the issues/concerns identified through our review

Analysis

In assessing each of the potential operating models, it is important to understand the logistical and administrative requirements of each model, albeit none of these requirements adversely affect an entities' operation with the exception of the applicability of MFIPPA.

The establishment of a Municipal Services Board (MSB) or a Municipal Services Corporation (MSC) is not difficult, although a MSC is more onerous and has annual compliance filing requirements (i.e. tax returns) due to its corporate status. Both an MSB and MSC are governed by the Municipal Act.

Aside from the specific governance differences between these three models, as outlined on page 26, the single largest difference between the three is the applicability of MFIPPA which has a significant impact on economic development activities.

Based upon our review, the critical issues/concerns that have been raised by Council and Senior Administration with respect to the delivery of economic development services funded by the City include:

- The need to better understand the overall economic development strategy that the City should be pursuing
- The need to better understand the mandates of the various economic development organizations funded by the City, and to understand at a high level, how these organizations operate in an integrated fashion
- The need to clarify roles and responsibilities between the City's internal resources devoted to economic development and the economic development organizations funded by the City
- The need to improve the communication process (content, protocol, frequency) between the various economic development organizations funded by the City, and Council.

Our review suggests that the current PSA with the LEDC is an effective agreement. We have also observed that the essential elements of that agreement are being performed at a reasonable level.

It is our observation that shifting to either of the two alternative models would not address the nature of the concerns as raised by Council or Senior Administration. We also understand that the two alternative models have greater obligations with respect to MFIPPA. A leading practice consideration for effective economic development organizations is to establish a framework that will provide them the flexibility to allow them to execute their economic development activities in a prudently expeditious manner when dealing with potentially sensitive business, commercial, political or financial issues. For this reason, we suggest that moving from a structure that is not strictly governed by MFIPPA, to one that is, could hamper the effectiveness of economic development activities.

Other Models

During our review, we also examined the Business Case Study prepared by the City of Guelph that deals with the establishment of the Guelph Municipal Holding Company. We also reviewed City of Toronto's Business Case for Build Toronto Inc.

From our review of the principals and proposed company structure, it was not clear how either of these models would address the nature of the concerns as raised by Council or Senior Administration. There may be some limited applicability depending upon what strategic direction the City decides upon with respect to its industrial lands. However, we would recommend that the City should confirm its strategic purposes and objectives for these lands before considering the establishment of a new entity.

Observations

- ▶ Based upon our review, we do not see that either of the two other proposed models would improve the City's economic development function.
- ▶ We would suggest that it is essential for the City to conclude on a strategy for its lands before considering the extent to which either the Guelph Holding Company or Build Toronto Inc. models would be useful to the City for the purposes of the entire economic development process or solely for the purpose of land development.

8.0 Observations and Recommendations

Based upon our review of the various documents that were provided and the results of the interviews and working sessions that we conducted, we would make the following observations and recommendations.

	Observations	Recommendations
1	<p>There is no single best economic development model that works for every jurisdiction. Effective economic development organizations/models tend to be guided by a City/Community Strategic Plan or Economic Strategy that outlines their community's economic strengths, the strategic focus for its economic prosperity plan and the general strategies it will pursue to achieve its objectives.</p> <p>Albeit we observed that the pieces of an economic strategic plan exist, they are contained in different entities, have been prepared in isolation and aren't one cohesive plan.</p>	<p>We recommend that Council authorize the City Manager's Office to lead the development of a broad and inclusive community economic development strategic plan similar to those undertaken by the City of Halifax, the City of Vancouver and/or Windsor and Essex County, by:</p> <ul style="list-style-type: none"> • Reviewing with, at a minimum, the authors of each of the three plans identified above (the City of Halifax, the City of Vancouver, and/or Windsor, Essex County or other community economic development plans as appropriate, the process that was used to undertake the development of those economic strategic plans, the nature of the consultation taken, the time required to develop the plan and the budget required to produce the plan • Making recommendations to Council on how best to proceed with the development of such a strategy • Leading the process of developing the plan, ensuring that the appropriate levels of consultation are undertaken and that the plan is based upon an objective, data-driven assessment of the community's economic strengths and weaknesses and presenting to Council for discussion and approval. • We recommend that as part of the planning process, consideration be given to the nature of effective performance measures that measure the progress of implementing the Strategy's key goals and initiatives and provide a realistic measure of the accomplishments in specific economic development focus areas.

2	<p>The current Purchase of Service Agreement model with LEDC is appropriate and has been effectively implemented</p>	<p>We recommend that the current Purchase of Service Agreement model (PSA) with LEDC be continued and renewed at the expiry of the current Agreement.</p> <p>Depending on actions taken as a result of this report, some changes may be required to the terms and responsibilities included in the Agreement. We recommend that consideration be given to amending section (k) of the PSA to reflect LEDC reporting to Council through the Strategic Priorities and Policy Committee (SPPC).</p> <p>We recommend that the City's Senior Administration and LEDC Management agree on a set of standards dealing with presentation format, documentation format and required level of content to be presented to the SPPC.</p> <p>We further recommend that on an annual basis, that LEDC Senior Management meet with the City's Senior Administrative Leadership to review LEDC performance against the key elements of the Purchase of Service Agreement.</p>
3	<p>The coordination of and cooperation between the various economic development organizations funded by the City appears to work relatively well given their differing mandates and the different market sectors that they operate in.</p> <p>Our review did not identify significant redundancies or overlaps in service between the various economic development organizations</p>	<p>We recommend that the nature of the interaction of these organizations be documented in the economic strategic plan</p> <p>We recommend that the LEDC be given responsibility to report to the SPPC annually, utilizing the economic strategy document (see recommendation #1) as a reference point, on the effective ongoing coordination and cooperation of the economic development organizations funded by the City through the LEDC.</p>

4	<p>Responses to our interview questions by members of Council suggest that there is a sense with the members that Council is not receiving the level of information exchange from all municipally funded economic development organizations to give Council an appropriate level of comfort that they are getting value for tax-payer monies spent.</p>	<p>We recommend that the SPPC receive, through the annual budget approval process, an overview from each City-funded economic development organization outlining their strategic goals and focus areas, and measures of performance in relation to the City's economic strategy as outlined in recommendation 3.</p> <p>We recommend that on an annual basis and prior to the budget setting process, each of the economic development organizations funded by the City present to the SPPC its plan for the upcoming fiscal year, using a presentation format and template designed by City Administration including:</p> <ul style="list-style-type: none"> • A brief description of the organization's mandate • A high-level overview of the strategy the organization is following • The current and anticipated future economic conditions they are faced with • It's key goals to be pursued in the upcoming fiscal year • The key measures they will use to track performance. <p>We recommend that every year, each City-funded economic development organization present to SPPC a six month update on the progress they are achieving against their strategic plan, using the performance measures developed in the formulation of the plan.</p>
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<p>5</p>	<p>In general, the resources provided by the City appear to be effectively employed.</p> <p>We would however, suggest that economic development strategy and progress towards achieving the objectives of economic development strategy are important matters that all of Council should be aware of and involved in.</p> <p>We suggest that the role that the Investment and Economic Prosperity Committee (IEPC) is playing tends to minimize the role of Council with respect to economic development strategy and it may be creating a level of confusion amongst the economic development organizations included in IEPC's mandate with respect to strategic direction, reporting and decision making.</p> <p>Many of the internal processes with respect to the City's internal economic development resources are not documented. This may at times lead to misunderstandings in terms of the effective performance of these processes.</p>	<p>We recommend that within the next term Council make a determination as to the ongoing benefit of utilizing the IEPC for economic development and its defined mandate. As outlined in recommendation 2, given the importance of economic development within London, we recommend that discussion regarding economic development take place at SPPC where all Council members can be involved.</p> <p>We recommend that the process flow amongst the City's internal economic development functions and its inter-relationship with external economic organizations be documented, including describing at high level the specific steps/ activities, responsibilities, timelines and constraints to consider be documented.</p> <p>We recommend that City Administration establish a method to review these documented processes on a regular basis as a means of continuously improving them.</p>
<p>6</p>	<p>An updated Industrial Land Development Strategy was presented in a Report to the Strategic Priorities and Policy Committee on November 18, 2013, by the Managing Director, Planning and City Planner. We understand it will be considered by Council through its normal course of business</p>	<p>We recommend that this strategy be implemented as approved.</p>



Appendices

Appendix A: Council Interview Guide

Question	
1	What do you feel is the City's role with respect to economic development, and in creating jobs?
2	What is your understanding as to the mandates given by the City to the various economic development organizations?
3	What measures are used by the organizations to report to the City their progress on achieving their economic development mandates? How effective are these measures and what improvements might you suggest?
4	What is the agreed reporting process between the organizations and the City? How well is this process working and what improvements might you suggest?
5	How well are those mandates being achieved?

Appendix B: Steering Team Interview Guide

Question	
1	What from your perspective is driving the need for this engagement?
2	What do you feel is the City's role with respect to economic development, and in creating jobs?
3	What is your understanding as to the mandates given by the City to the various economic development organizations?
4	What measures are used by the organizations to report to the City their progress on achieving their economic development mandates? a) How effective are these measures and what improvements might you suggest?
5	What is the agreed reporting process between the organizations and the City? a) How well is this process working and what improvements might you suggest?
6	How well are those mandates being achieved?
7	What are some recent Economic Development achievements, and what kinds of resources, actions and length of time were required to bring them in?
8	What does success look like to you for this engagement?
Financial and Related Questions	
1	In what way have City Staff (i.e., Finance Staff, Planning Staff) been involved in major Development and or Business attraction initiatives lead by the LEDC.
2	Who is responsible for presenting the business cases to Council for the various initiatives of the LEDC? What is staff's role?
3	Are all costs associated with all Economic Development Activities accounted for in the Financial Statements? Are any direct costs to operate these Services absorbed by other departments in the City?
4	Are there any significant Capital Costs associated with any of the Economic Development associated entities?
Purchase of Services Agreement; from the City's perspective	
1	Section 3; to what extent does LEDC have processes and resources aligned to deliver these services a) What does element (a) mean to the City; to LEDC? b) To what extent is element (h) happening and how is its effectiveness measured/assessed? What is the presentation process?

	c) To what extent is element (i) happening and how is its effectiveness measured/assessed?
2	Section 5; how is this going?
3	Section 6: any particular policies to be aware of?
4	Section 7; To what extent is it happening and how is its effectiveness measured/assessed? a) What is the Council approval process? b) What's the nature of the discussion that takes place?
5	Section 14; are they in compliance?
6	Section 15 (a and b) To what extent are they happening and how is effectiveness measured/assessed?
7	Section 26; to what extent has this been used or its use contemplated?

Appendix C: LEDC Interview Guide

Question	
1	What is your understanding as to the purpose for undertaking this review?
2	<p>Tell us about the nature of the economic development strategy you are working to implement;</p> <ul style="list-style-type: none"> a) What is the basic strategic direction you are pursuing? b) What was the process followed to develop the strategic direction? c) How was City Council or City Administration involved in this process?
3	<p>Tell us about your process for determining and assessing;</p> <ul style="list-style-type: none"> a) the 'region's" economic 'condition' b) it's relatives competitiveness and c) the relative economic strengths that form the foundation for its economic development strategy
<i>Purchase of Services Agreement; from the City's perspective</i>	
	<p>Section 3; to what extent does LEDC have processes and resources aligned to deliver these services</p> <ul style="list-style-type: none"> • What does element (a) mean to LEDC? • To what extent is element (h) happening; <ul style="list-style-type: none"> • How is its effectiveness measured/assessed? • What is the presentation process? • What kinds of discussions take place? • To what extent is element (i) happening and how is its effectiveness measured/assessed? <ul style="list-style-type: none"> • What organizations are included in this coordination • What economic development organizations are outside of this coordination • What City units or departments does LEDC interact with and/or coordinate with? <ul style="list-style-type: none"> • i.e. City internal economic development functions, Planning, Engineering • How does LEDC coordinate activities with the London Convention Centre and Tourism London? • How does LEDC coordinate with the SOHO Lands initiative?
	Section 5; Tell us how this activity is undertaken and its effectiveness measured
	<p>Section 6: What are the key policies that LEDC needs to be aware of?</p> <ul style="list-style-type: none"> • How do these impact LEDC?

	<p>Section 7; Tell us about the process for developing the Business Plan</p> <ul style="list-style-type: none"> • What is the format for the Plan? • What is the approval process for the Plan? • What kinds of discussions happen with Council over the Plan? • How is the Plan's effectiveness measured/assessed? • What is the Council approval process?
	<p>Section 13; Tell us about the Governance Process</p> <ul style="list-style-type: none"> • How are Board members recruited/nominated? • What role do Board members play • To what extent does element (b) occur • How does element (d) occur?
	<p>Section 14; To what extent is this happening and how do you measure compliance?</p>
	<p>Section 15; Tell us about how ongoing liaison with the City takes place</p> <ul style="list-style-type: none"> • How do elements (a) and (b) happen? <ul style="list-style-type: none"> • What is the nature of the 'agendas' for each of these elements? • What outcomes are achieved? • How is effectiveness measured/assessed?
	<p>Section 26; to what extent has there been a need to utilize this section?</p>
	<p>What suggestions would you offer that might improve the City of London's economic development capability?</p>

Appendix D: Economic Development Strategic Plan Summaries

- The Windsor-Essex Regional Economic Roadmap: February 2011 (Discover Our Regions GPS – Growth, Prosperity, Sustainability)
- The Vancouver Economic Action Strategy: Our Economic Development Plan For The City – September 2011
- The City of Mississauga Economic Development Strategy – June 2010

Each of these strategy road maps:

- Were drawn or led by the communities' economic development organization or internal economic development office
- Were developed through an extensive business and stakeholder engagement process
- Utilized objective data in their analysis of economic development strengths, unfolding trends and analyzing opportunities.

The Table below highlights the high level contents of each of these plans.

Windsor-Essex Regional Economic Roadmap	The Vancouver Economic Action Strategy	City of Mississauga Economic Development Strategy
✓ Today's Economic Reality	✓ Global Influences	✓ Global Forces Shaping Cities
✓ Regional Industry Groups	✓ Strategic Direction	✓ Current State
✓ Building Blocks with Objectives	✓ Detailed Action Plan	✓ Strategy Development Process
✓ Competitive Advantages		✓ Vision
✓ Challenges		✓ Goals, Objectives, Actions
✓ Detailed NACE code company analysis		✓ Implementation
✓ Strategic Direction and Action Plan		

Appendix E: Summary of Economic Strategy Documents

	Mayor's Economic Prosperity Council; June 2011	A Paradigm for Prosperity; September 2012	Enhance London: A Strategy for Economic and Societal Prosperity; King's College; August 2009
Purpose	Develop a broad strategic roadmap for economic prosperity		Examine London's current economic situation and how the economy can and should be enhanced
Highlights	Report is not an economic study. It's a collection of opinions. Many of the ideas are not new.	Governments can create a climate that fosters development of a dynamic private sector and encourages capital investment leading to employment creation – jobs are created by the private sector	LEDC has been strategically focused on growing industries in which London already has a strong base
Recommendations	<ol style="list-style-type: none"> 1. The City needs a transformational project downtown 2. Advocate for improved access to and from the City 3. Ensure London Models an "Open for Business" Attitude 4. Build on London's strengths (see further elaboration below) 5. Creative Economy 6. Bold New Partnerships (public-private) 7. Measure Progress Over Time 8. Celebrate Successes 	<ol style="list-style-type: none"> 1. Industrial Land – prepare an adequate supply of shovel ready prime land 2. Vibrant Downtown 3. Community Economic Development 4. Progressive Transportation Network (intra and inter-city) 	Pursue more specific actions within the following sectors <ol style="list-style-type: none"> 1. Manufacturing 2. Food-processing 3. Life Sciences 4. Information and Communications Technologies 5. Regional Head Offices 6. Institutions and Education

Appendix F: Investment and Economic Prosperity Committee - Mandate

Investment and Economic Prosperity Committee – Mandate

The City Clerk shall direct the following general matters to the Investment and Economic Prosperity Committee for consideration and report to the Council:

Culture (Plan, Advisory and Funding)	Economic Strategies, Initiatives and Emerging Issues	Major Public Facilities
<ul style="list-style-type: none"> • Art Gallery and Museum (Museum London) • Arts, Culture and Heritage Advisory and Funding • Library Services • London Arts Council 	<ul style="list-style-type: none"> • Business Retention and Development • Governmental Liaison Related to Economic Development Matters • Industrial Land Strategy • Investment Strategy • Labour Force Retention and Development • London Convention Centre Corporation (Conventions, Meetings and Events) • London Economic Development Corporation • Southwest Economic Alliance (SWEA) • Tourism London (Tourism and Sports Attraction) 	<ul style="list-style-type: none"> • Budweiser Gardens (formerly John Labatt Centre) • Covent Garden Market • Centennial Hall • Eldon House • Grand Theatre • Western Fair

Any other matters the City Clerk identifies as relevant to the jurisdiction of the Committee.

Appendix G: Purchase of Services Agreement

Section Number and Description
<p>Services being purchased and provided. The Corporation agrees to purchase from the LEDC and the LEDC agrees to provide to the Corporation the following broadly described economic development services and, in order to provide such services, the LEDC shall:</p>
<p>d) act as the primary economic development body on behalf of the Corporation;</p>
<p>e) Assist local businesses with expansions with relocation within the City of London (the "City"), and retaining their existing operations within the City;</p>
<p>f) Attract new business investment to the City;</p>
<p>g) Provide site location assistance and analysis for potential new businesses;</p>
<p>h) Market and promote the City to existing and potential new business ventures;</p>
<p>i) Identify and establish suitable partnerships throughout the community and wherever necessary in order to meet the economic development objectives of the Corporation;</p>
<p>j) Provide guidance and leadership in the development of the local and regional workforce;</p>
<p>k) Prepare and submit to the Municipal Council at least annually a report setting out:</p> <ul style="list-style-type: none"> i. The State of the Local Economy, including, but not limited to: statistics on employment by type and sector (growth, shrinkage, net), GDP for London, average annual salary, multipliers on investments, return on investment ii. An Overview by sector of strengths and weaknesses iii. Emerging Opportunities, and iv. A Competitive Advantage Update
<p>l) Coordinate the business plans and efforts of other organizations that work in conjunction with the LEDC and currently receive annual funding from the Corporation. The LEDC will on behalf of the Corporation administer grants to those organizations in order to provide additional ability to coordinate efforts and glean efficiencies between the various organizations. These organizations include:</p> <ul style="list-style-type: none"> i. Stiller Centre – nothing that there is a separate agreement between The University of Western Ontario – Research and Development Park and the City of London ii. Small Business Centre iii. Tech Alliance

Annual Business Plan for the Approval of Municipal Council. The LEDC shall prepare and submit to the Municipal Council an annual business plan (the "Business Plan") by such date and in such form as the Corporation may prescribe, containing details of the services contemplated by this Agreement and sufficient to enable the Municipal Council to give reasonable consideration of the Business Plan.

Prospective Directors. The LEDC's Board of Directors shall ensure that its Nominating Committee guidelines include seeking out representatives of the London business and educational communities who are committed to the growth of the community and who can provide non-conflicted guidance to the board and management of the LEDC.

Ongoing Liaison. For the purpose of discussing with the Corporation and keeping is informed on a timely basis of the success of the LEDC in providing the services set out in this Agreement and to maintain good working relationships, the LEDC and the Corporation shall maintain ongoing liaison as follows:

- a) The President and Chief Executive Officer of the LEDC shall meet at least monthly with the Corporation's City Manager and shall report to the Municipal Council with respect to the LEDC's activities on a semi-annual basis; and
- b) Representatives of the LEDC's Board of Directors shall meet annually with the Investment and Economic Prosperity Committee at the Municipal Council's direction and at the Municipal Council's option.

Dispute Resolution. In the event any claim, dispute or other matter (herein referred to as a "dispute") shall arise between the parties hereto during the term of this Agreement.

Disclaimer

This preliminary draft outline of findings and improvement suggestions has been prepared by KPMG LLP (KPMG) for The City of London (the City) pursuant to the terms of our engagement agreement with the City dated August 14, 2013 (the "Engagement Agreement"). KPMG neither warrants nor represents that the information contained in this preliminary draft outline is accurate, complete, sufficient or appropriate for use by any person or entity other than the City or for any purpose other than set out in the Engagement Agreement. This preliminary draft outline may not be relied upon by any person or entity other than the City, and KPMG hereby expressly disclaims any and all responsibility or liability to any person or entity other than the City in connection with their use of this preliminary draft outline.

KPMG has not audited or otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust our comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the City. KPMG has not and will not perform management functions or make management decisions for the City.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.