

<b>TO:</b>	<b>CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MAY 28, 2012</b>
<b>FROM:</b>	<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>AGREEMENT BETWEEN THE CITY OF LONDON AND THE LONDON ECONOMIC DEVELOPMENT CORPORATION (LEDC)</b>

<b>RECOMMENDATION</b>
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That on the recommendation of the City Treasurer, Chief Financial Officer, on the advice of the City Solicitor and in accordance with the City of London Procurement of Goods and Services Policy, Section 14 Single Source, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting to be held on June 12, 2012 to:

- a) approve an agreement between The Corporation of the City of London (City) and the London Economic Development Corporation (LEDC) (attached as Schedule "A") to the by-law); and
- b) authorize the Mayor and the City Clerk to execute the agreement approved in a), above.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Board of Control – February 27, 2008 – report authorizing agreement between City and LEDC until June 30, 2012.

<b>BACKGROUND</b>
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LEDC is funded through a Purchase of Service Agreement between the City of London and the London Economic Development Corporation. The agreement sets out the services to be provided, payment and schedule of payments, the governance structure as it relates to the City and reporting mechanism to the Investment and Economic Prosperity Committee and City Council. The current agreement expires on June 30, 2012. The Purchase of Service Agreement attached as Schedule "A" provides for a renewed agreement which extends to June 30, 2015. The proposed agreement will not cause the municipality to exceed the limit prescribed under subsection 401(4) of the *Municipal Act*, 2001 and as a consequence the approval of the Ontario Municipal Board under s. 65 of the *Ontario Municipal Board Act* is not required. The major elements of the new agreement include the following sections:

- (3) Restricts the role of LEDC with respect to negotiations on real estate deals particularly the involvement in sale of industrial lands where representation may be made by LEDC that would result in violations of Section 106 of the *Municipal Act*, 2001.  
*Rationale – the role of LEDC is to attract businesses to London, the role of the City of London Realty Services Division is in part to acquire and sell land, at fair market value in compliance with all legislation and policies.*
- (3) Reporting requirements have been enhanced.  
*Rationale – Annual reporting requirements have been introduced to provide Council with annual measuring of progress with respect to economic development, sectors and employment, as well as benchmarking.*
- (9) LEDC annual fee is adjusted to \$2,196,000 in 2013, 2014 and 2015.  
*Rationale – The LEDC fee has not changed since the agreement was last renewed in 2008.*

*The 2013 amount provides a 1% increase as requested by the LEDC and a \$100,000 amount to establish reserves for contingencies. This will eliminate the need for succession terms in the agreement and provide a source to meet their own mid-long term liabilities in the event of a termination in the agreement between the City of London and the LEDC.*

The recommendation of LEDC is being recommended as a single source supply under section 14 e) of the City of London Procurement of Goods and Services Policy. 14 e) indicates that the required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience.

The full agreement is attached for review. The agreement has been reviewed by the City Solicitor and the solicitor for LEDC and the President of LEDC.

<b>RECOMMENDED BY:</b>
<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>

- c. J.P. Barber, City Solicitor  
P. White, President, LEDC

**APPENDIX "A"**

Bill No.  
2012

By-law No. A.-

A by-law to authorize and approve a Purchase of Service Agreement between The Corporation of the City of London and The London Economic Development Corporation for economic development services and to authorize the Mayor and the City Clerk to execute the Agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS The Corporation of the City of London (the "City") and the London Economic Development Corporation ("LEDC") wish to enter into a Purchase of Service Agreement for economic development services, commencing July 1, 2012

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Purchase of Service Agreement to be entered into between the City and the LEDC, attached as Schedule A to this by-law, is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Purchase of Service Agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the date it is passed.

PASSED in Open Council on June 12, 2012.

Joe Fontana  
Mayor

Catharine Saunders  
City Clerk

First Reading – June 12, 2012  
Second Reading – June 12, 2012  
Third Reading – June 12, 2012