



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON NOVEMBER 27, 2012
FROM:	HARVEY FILGER DIRECTOR OF CORPORATE INVESTMENTS AND PARTNERSHIPS
SUBJECT:	Investment and Economic Prosperity Proposal Assessment Process

RECOMMENDATIONS

That on the recommendation of the Director of Corporate Investments and Partnerships the following actions **BE TAKEN** regarding the proposed investment and economic prosperity proposal assessment process:

- i. The updated investment and economic prosperity proposal assessment plan **BE ENDORSED** to guide the timeline by which proposals will be evaluated and the process by which selected proposals will evolve from ideas to executable projects.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

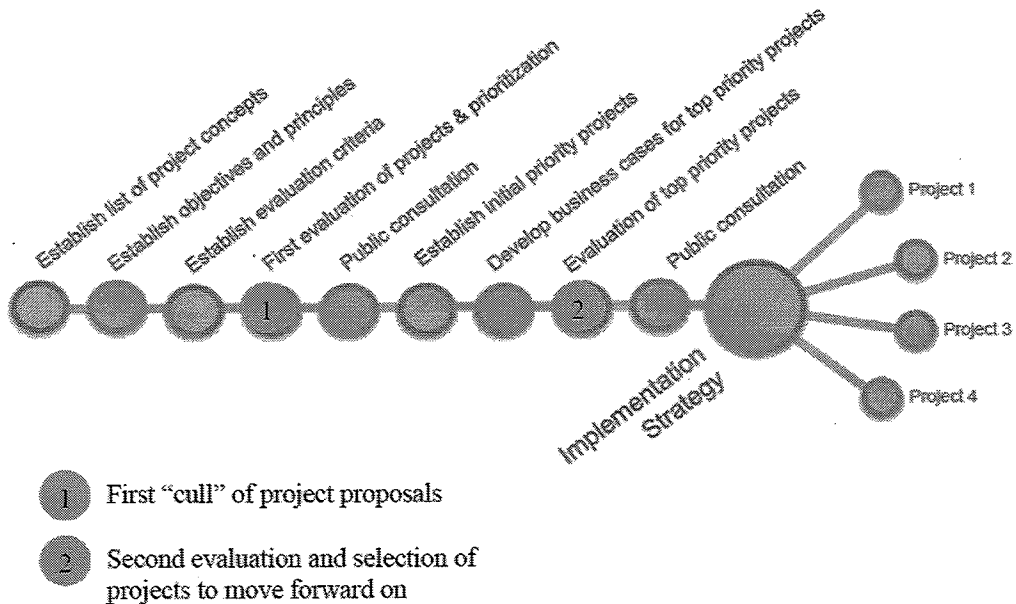
January 2012	Developing a Strategic Investment and Economic Prosperity Plan, City Treasurer and City Planner
June 2012	Investment and Economic Prosperity Overview, City Treasurer
September 2012	A Paradigm for Economic Prosperity, Director Corporate Investments and Partnerships

BACKGROUND

In the January 2012 report, 'Developing a Strategic Investment and Economic Prosperity Plan', the following process was proposed for the purpose of developing the Strategic Investment and Prosperity Plan. Outlined in this report was a proposed process by which selected projects would move from conception to implementation. This process is outlined below:



Proposed Process



With respect to the original process, please note the following:

- The first high level evaluation, or 'cull', would be used to reduce the number of total projects for the purpose of focusing resources on a smaller number of projects
- Public consultation and input would take place at two checkpoints and opportunity for changes would be available to reflect public input
- The work outlined in the process above would be completed in time for integration into the 2013 budget process

DISCUSSION

Through the investment and economic prosperity proposal process, the City of London received 49 ideas from members of our community. All delegates who brought forth a proposal, and for which contact information was available and communication direction provided, were asked to complete the due diligence checklist for short listing projects (Appendix A). It was asked that responses to the checklist be received no later than early November.

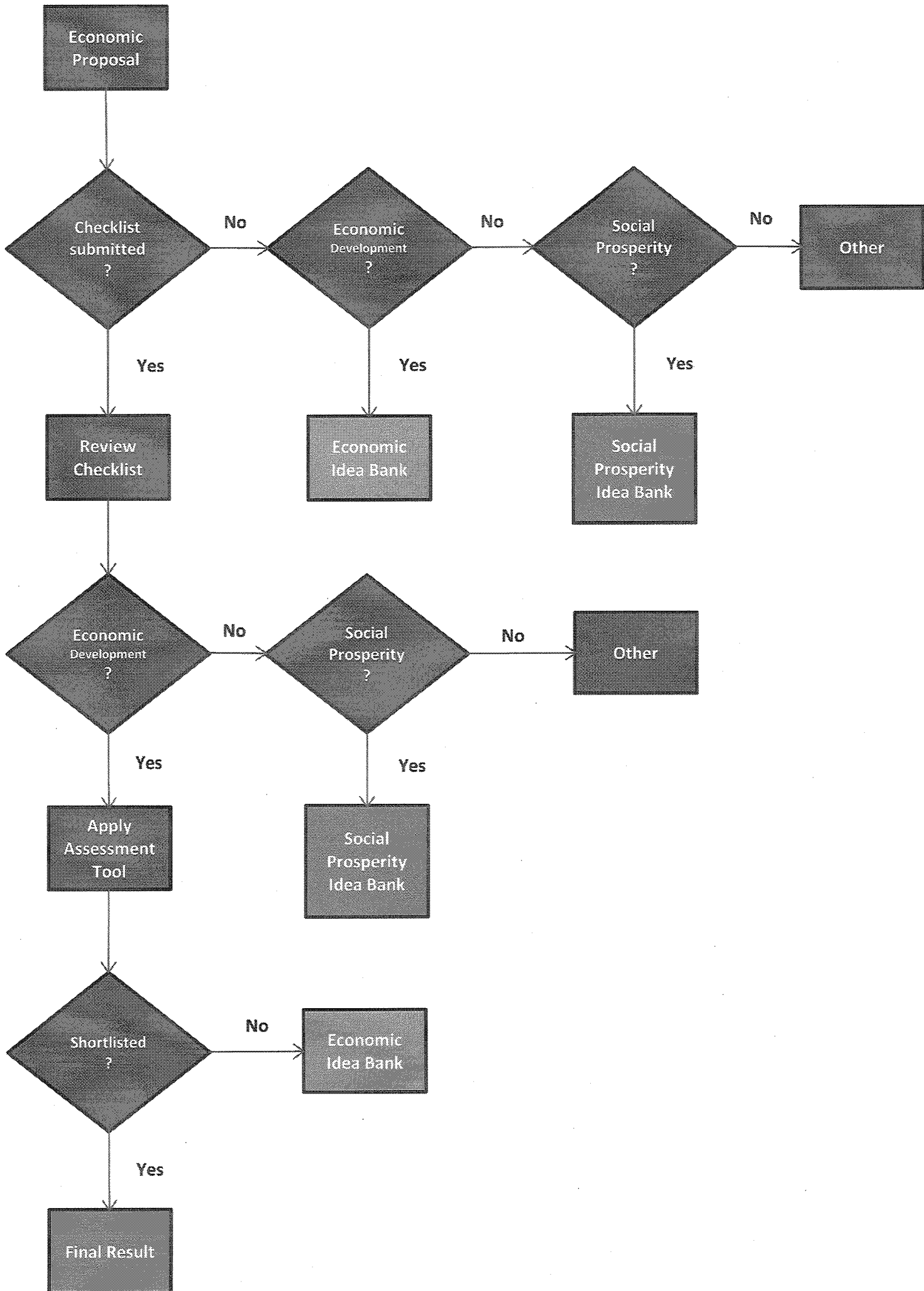
Proposals will then be accessed through a multi-step process that categorizes proposals by:

1. Was a due diligence checklist response received?
2. Is the focus of the proposal Economic Development?
3. Is the focus of the proposal Social Prosperity?
4. Secondary Assessment Tool based upon the six identified objectives of London's Prosperity Plan: Create Jobs; Leverage Investment; Stimulate spin-off benefits; Build beneficial partnerships; Benefit key sectors; Fuel transformational change in London's economy

(Figure 1)

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Figure 1: Economic Prosperity Proposal Evaluation Work Flow:





As part of the due diligence review, the submission and satisfactory completion of the specific elements listed within the checklist are essential for the proposal to move forward. For the proposals where the checklist has not been submitted a fair review and categorization will take place as outlined below.

The primary evaluation of the proposals will be based on careful review and analysis of the proposed ideas in relation to the listed definition of economic development; this analysis will allow for the appropriate classification of the proposals based on the four proposed categories: Economic Development, Social Prosperity, Idea Bank, or Other, as defined below:

Economic Development: To determine if a proposal is classified as economic development, the proposal, or elements of the proposal, must create jobs and/or generate wealth within the boundaries of the City of London. Important to the concept of wealth generation is the creation of financial profit in excess of proposal costs. Proposals that have no ongoing job creation and/or wealth generation elements will not be considered for this round of short listing. This emphasis on wealth generation and the creation of financial profits, provides a quantifiable link to the goal of the investment and economic prosperity committee: The investment and economic prosperity committee is developing a 10-year plan that will move London's economy forward faster and ensure long term prosperity for our community.

Our mandate dictates that we are to provide economic analysis and recommendations for proposals that focus on "Economic Development", specifically projects that generate wealth. Subsequently, any proposal/project that requires wealth redistribution does not fall within the economic development mandate and will not proceed to the second stage of the analytical evaluation for the purpose of being shortlisted.

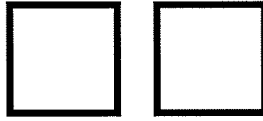
Proposals that do not meet the essential parts of the "Economic Development" definition/description and/or "Due Diligence Checklist" will be placed in either one of the below noted categories:

Idea Bank: 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. Proposals placed in the "Idea Bank" may be revisited by the Civic Administration at a future date and may be re-evaluated if such a request is made by the IEPC.

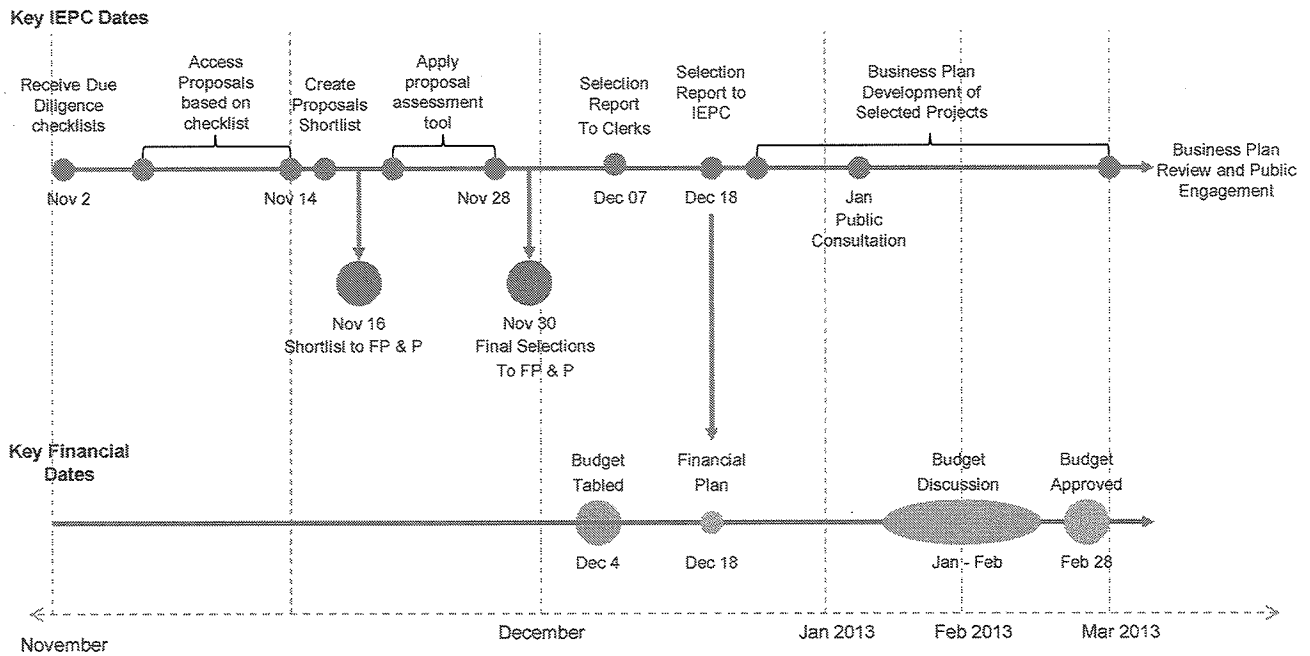
Social Prosperity: The "Social Prosperity" category focuses on "Wealth Redistribution" and falls outside of the mandate of economic development. Therefore, the proposals that fall within the Social Prosperity category are identified to be projects/programs where the primary focus is wealth redistribution for the purpose of funding and/or expanding social programs that focus on increasing the quality of life. In the past these projects would have been eligible to apply for funding through the City's Capital Grant Program which is now being incorporated into the "Strategic Funding Framework". Therefore, these projects are being recommended to apply for funding through the "Strategic Funding Framework".

Other: The "Other" category focuses on proposals that do not fall within the above identified categories. Examples may include:

1. Proposals brought for information / update only
2. Proposals on which work has already begun by another Civic Department
3. Projects that are unique and need to be addressed by other means
4. Proposals that fall outside of the City of London boundaries



Building on what was presented in the January 2012 'Developing a Strategic Investment and Economic Prosperity Plan' and in response to the variety of ideas received, the following diagram outlines in further detail the timelines by which proposals will move from presented ideas to implementable projects.



All dates are tentative and contingent upon responses from delegates and timelines from other service areas

The above process illustration includes the following key elements:

- The first step in the assessment process was the receipt of the completed due diligence checklist in early November from those who submitted a proposal
- An initial proposal assessment based on the completion of the due diligence checklist was completed in November for those who submitted responses
- A secondary assessment tool was then applied to the proposals to determine a shortlist
- The final selection report will be brought forward to the IEPC on Dec. 18
- Business plans will be developed in the first quarter of 2013
- Public consultation will occur in January
- The relationship between the IEPC economic proposal process and key financial Dates

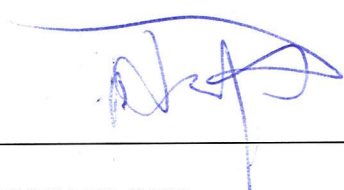


CONCLUSION

This report provides in further detail the process by which Economic Prosperity Proposals will be assessed and the process by which these proposals will become implementable projects. This report also identifies key community engagement dates for which input will be received from our community.

Staff are seeking endorsement of the process, actions and timelines outlined in this report from the Investment and Economic Prosperity Committee.

PREPARED AND RECOMMENDED BY:



**HARVEY FILGER
DIRECTOR OF CORPORATE INVESTMENTS AND PARTNERSHIPS**

- cc: Martin Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
- John Fleming, Managing Director, Planning and City Planner
- Cathy Dziedzic, Specialist, Corporate Investments and Partnerships
- Mat Daley, Specialist, Corporate Investments and Partnerships



Appendix A: DUE DILIGENCE CHECKLIST FOR SHORT LISTING PURPOSES

1. Initial Review

Detailed request of what city is being asked to contribute	
Economic spinoffs summary	
Does it meet 25-75 funding criteria	
Does not require "bonusing"	
Proponent justifies investment risk of project	

Comments:

2. Financial Due Diligence

Receipt of bank reference letters for last 5 years	
Last 5 years of financial statements and management review letters	
Document support for how project to be financed	
Financial intermediation highly confident letters re: ability to finance	
Copies of letters patent (for private companies)	

Comments:

3. Managerial Due Diligence

Proponents organization chart and key person bios	
List of previous projects developed and managed	
Signed agreement for City to communicate with clients, suppliers and financial stakeholders	
Are proposed timelines reasonable?	
Review of proponents internal due diligence procedures	

Comments:

4. Evaluation of Economic Spinoffs

Evaluation of direct economic benefits of project	
Analysis of multiplier effects	
Is proponent funded "fairness report" required	
Preparation of terms of reference for "fairness report"	

Comments:

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5. Legal Review and Conditions

Review of agreements by City Solicitor's Office	
Development of written agreement of times for proponent to complete project	
Is performance bond required?	

Comments:
