

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON OCTOBER 28, 2019</b>
<b>FROM:</b>	<b>MARTIN HAYWARD CITY MANAGER</b>
<b>SUBJECT:</b>	<b>LONDON ECONOMIC DEVELOPMENT CORPORATION PURCHASE OF SERVICES AGREEMENT 2020-2023</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the City Manager, in accordance with the City of London Procurement of Goods and Services Policy, Section 14.4 Single Source, the by-law attached as Appendix A, **BE INTRODUCED** at the Municipal Council meeting of November 12, 2019 to:

- i) approve a Purchase of Services Agreement between The Corporation of the City of London (Corporation) and the London Economic Development Corporation (LEDC); and,
- ii) authorize the Mayor and City Clerk to execute the Agreement;

<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;
- Finance and Administrative Services Committee, May 28, 2012, Agreement Between the City of London and the London Economic Development Corporation (LEDC);
- Strategic Priorities and Policy Committee, June 9, 2015, Agreement Between the City of London and the London Economic Development Corporation (LEDC);
- Strategic Priorities and Policy Committee, June 24, 2019, London Economic Development Corporation Purchase of Services Amending Agreement.

<b>BACKGROUND</b>
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**Purpose**

The purpose of this report is to seek approval to proceed with a Purchase of Services Agreement between the Corporation of the City of London and the London Economic Development Corporation for the period of January 1, 2020 to December 31, 2023.

**Background**

The London Economic Development Corporation (LEDC) was established 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.

The LEDC is governed by a 15 member Board of Directors. The Mayor is a member of the Board and sits on the Nominating Committee. Both the CEO of the Chamber of Commerce and the City Manager are non-voting ex-officio members.

LEDC is funded through a Purchase of Services Agreement between the Corporation of the City of London and the LEDC. This Agreement sets out the services to be provided, payment and schedule of payments, governance structure as it relates to the City and annual reporting to the Strategic Priorities and Policy Committee, as well as ongoing liaison.

## DISCUSSION

The current Purchase of Services Amending Agreement between the Corporation and the LEDC, attached as Appendix B, was approved by Municipal Council on June 25, 2019. The term of this Amending Agreement, as outlined in Section 1, is from July 1, 2019 to December 31, 2019.

This Amending Agreement allowed for additional time for the Corporation and the LEDC to continue to work collaboratively on the terms of a new Purchase of Services Agreement regarding the delivery of economic development services, with specific focus on governance, ongoing liaison, metrics and targets.

### **Proposed Purchase of Services Agreement, 2020-2023**

The new Purchase of Services Agreement, attached as Schedule A, is proposed to commence on January 1, 2020 and continue until December 31, 2023, subject to renewal by agreement of both parties.

Key elements of the proposed new Purchase of Services Agreement, as well as the rationale for each, are outlined below.

#### Section 3: Services Being Purchased and Provided

**3. *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:*

- a. *act as the primary economic development body on behalf of the Corporation;*
- b. *attract new businesses and jobs to the city*
  - i. *Metrics include and may change from time to time at the request of the Corporation:*
    1. *number of investment missions*
    2. *number of regional investment promotion missions*
    3. *number of attraction files*
    4. *number of Foreign Direct Investment proposals*
    5. *number of site selection tours*
- c. *support the retention and expansion of existing businesses in London*
  - i. *Metrics include and may change from time to time at the request of the Corporation:*
    1. *number of retention files*
    2. *number of active retention and expansion files*
    3. *number of jobs retained*
    4. *number of active expansion files*
    5. *number of companies worked with*
    6. *number of referrals made*
    7. *number of supports provided for start-ups and scale-ups*
    8. *number of activities to support entrepreneurship growth*
- d. *develop and connect the workforce to meet the needs of businesses and job seekers*
  - i. *Metrics include and may change from time to time at the request of the Corporation:*
    1. *number of external job fairs*
    2. *number of employer and job seeking consultations*
    3. *number of workforce projects*
    4. *number of seminars for SMEs*
    5. *number of activities to support employers*
    6. *number of employer meetings*
    7. *number of agencies and institutions committed to developing a top quality workforce*
    8. *number of activities to support connections of students to business*
    9. *number of activities to support connections of employers to employment and other training agencies*
    10. *number of activities to support connections of employers to newcomers*
- e. *continue working relationships with partner community organizations to support*

*Economic Development in London;*

- f. *may provide funding with respect to Community Improvement Plans (CIP) under section 28 of the Planning Act and section 365.1 of the Municipal Act, 2001 that focus on the enhancement of economic development opportunities within the Community Improvement Project Areas;*

Section 3 provides specific detail on the services being purchased by the Corporation and what will be provided by the LEDC as the service provider. The LEDC will act as the primary economic development body for the Corporation and will be focused on: attracting new businesses and jobs to the city; supporting the retention and expansion of existing businesses in London; developing and connecting the workforce to meet the needs of businesses and job seekers. Specific metrics for each core area of responsibility have been included to ensure clarity of expectations and accountabilities. LEDC will report on these metrics during their semi-annual updates to Council.

Section 4: Other Reporting and Liaison Requirements

- a. *the LEDC shall provide semi-annual updates to Municipal Council and/or a Committee of Council, which include data on investments, labour force, trends and the overall state of the local economy, as well as the services and associated metrics as set out in Section 3;*

Section 4 (a) requires that the LEDC provide semi-annual updates to Council or a Committee of Council. These presentations will include key data on the overall trends and state of the local economy as well as progress made toward the specific metrics outlined in Section 3. Previous Purchase of Services Agreements between the Corporation and the LEDC required annual presentations. The shift to semi-annual presentations will allow for increased dialogue and transparency with Council on key trends and issues affecting the London economy as well as consistent performance metrics.

- c. *as required by the City Manager, the LEDC shall participate in a joint meeting four (4) times a year with:*
- i. the City Manager, or the City Manager's written designate;*
  - ii. the London Community Small Business Centre's designated representatives; and*
  - iii. the TechAlliance of Southwestern Ontario's designated representatives.*

Section 4 (c) places a strong emphasis on collaboration and requires that the Chief Executive Officer (or equivalent), and the Chair of the Board (or designate) from the Small Business Centre, TechAlliance and the LEDC participate in quarterly meetings with the City Manager (or designate). These meetings will allow for open dialogue between the organizations and their boards and a coordinated and collaborative approach to economic development activities in the community.

Section 9: Consideration

- 9. Consideration.** *For the services purchased and provided, the Corporation shall pay the LEDC a fee (the "Fee") of \$2,196,000 plus HST for each twelve month period ending Dec 31, 2020, 2021, 2022, and 2023, and, subject to the City of London Budget approval, beginning in 2020 and thereafter annually during the term of this Purchase of Service in the amount of \$2,196,000 shall be adjusted by the percentage change over 12 months in the February All-Items Consumer Price Index for Canada, (Table 326-0020 all items, 2002 = 100);*

The proposed new Purchase of Services Agreement recommends that the annual fee for each of the years of the agreement be \$2,196,000 and that subject to City of London Budget approval, this amount be adjusted annually based on the Consumer Price Index for Canada. The LEDC fee has not changed since the 2012 Agreement.

<b>FINANCIAL IMPACT</b>
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There is no new funding being requested as a result of the proposed Purchase of Services Agreement, and therefore, there is no impact on the 2019 approved budget.

**LINK TO STRATEGIC PLAN**

Council's Strategic Plan for the City of London, 2019-2023, identifies 'Growing our Economy' as a Strategic Area of Focus. This Strategic Area of Focus includes the following outcomes:

- London will develop a top quality workforce
- London is a leader in Ontario for attracting new jobs and investments
- London creates a supportive environment where entrepreneurs, businesses and talent can thrive

**CONCLUSION**

The delivery of economic development services is a key mechanism in achieving Council's vision to be 'A leader in commerce, culture and innovation – our region's connection to the World,' as well as the achievement of the outcomes for the Strategic Area of Focus 'Growing our Economy.'

This Purchase of Services Agreement has been reviewed with the assistance of the City Solicitor's Office, Risk Management, and Finance and Corporate Services.

<b>PREPARED AND SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
<b>ROSANNA WILCOX DIRECTOR, SERVICE, INNOVATION AND PERFORMANCE</b>	<b>MARTIN HAYWARD CITY MANAGER</b>

- c. K. Lakhotia, Chief Executive Officer, London Economic Development Corporation  
J. Fleming, Managing Director, Planning & City Planner