Toronto Region Research Alliance

Rationale for a Regional Economic Development Organization

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Overview

The post-2008 recession has dramatically affected the economic landscape of Southern Ontario and posed critical challenges for its major cities, including the Toronto region. While Toronto's economy has recovered strongly from the recession in terms of population growth, job creation and the housing market, according to the latest Metro Monitor from CIBC, it would be overly confident to assume that all of these challenges are behind it. [1]A number of leading organizations in the GTA, including the CivicAction Alliance and representatives at the Greater Toronto Region Economic Summit in 2009 have called for a broad rethinking of the way in which the economic future of the region is managed. Such a rethinking requires that the policy roles of a wide range of actors at both the municipal and regional level are integrated more effectively, that overlap and duplication are minimized and that regional economic development organizations (EDOs) take note of the perspectives of a wide array of non-governmental actors who are concerned about the economic prospects of the region. A more coordinated approach to economic development for the Greater Toronto Region requires the presence of an integrated EDO with a broad mandate for the region as a whole and a more inclusive perspective at the 'governance' level that cuts across existing programs and municipal governments.

Most Canadians live and work in city-regions of which the GTA is the largest. In its most simple terms, Jane Jacobs defined a city-region as a continuous network of urban communities, whose "boundaries move outward—or halt—only as city economic energy dictates."[2] More precisely, a city-region involves the presence of a core city linked by functional ties to a hinterland. The nature of those ties may vary, but they generally include a combination of economic, housing market, travel-to-work, marketing, or retail catchment factors. According to the 2006 census, and depending on which definition the region is used, Toronto's regional population is estimated at between 5.1 million to 5.5 million people, that is, between 16.2% and 17.6% of the total population of Canada and between 42% and 45.7% of the population of the province of Ontario. The Toronto region is the largest urban centre in the country by a considerable margin, with almost 50% more inhabitants than Montréal and 2.5 times more than Vancouver, Canada's two

[1] Benjamin Tal, *Canadian Cities: An Economic Snapshot, Multi-Engine Toronto Ahead of the Pack*, CIBC Metro Monitor, Toronto, July 18, 2011.

[2] Jane Jacobs, *Cities and the Wealth of Nations: Principles of Economic Life* (New York: Random House, 1984), p. 45.

other major urban centres.[3] Yet surprisingly, it lacks the overarching organizational structures at a regional level that both of these urban regions enjoy.

Despite their growing relevance for our economic competitiveness and future well-being, recognizing the role of city-regions is a not a particular strength of Canadian politics. City-regions are not well represented in the architecture of the federal system where the local 'voice' is often absent from the table and that voice is further weakened by the presence of a multitude of competing municipal jurisdictions within the boundaries of Canada's largest urban centres, including the Toronto Region. At the same time, municipal boundaries rarely correspond to the real economic geography of Canada's city-regions. The existing administrative boundaries of many Canadian cities reflect the underlying economic geography that was framed in the previous industrial era and have a significantly different scale than the dynamic economic regions that have emerged in recent decades. Nowhere is this more evident than in the Toronto region which is currently governed by a combination of one large one-tier municipality, surrounded by for regional municipalities which include a total of 24 lower tier municipalities. The lack of a clear voice to represent the Toronto Region is reflected in the competing range of definitions of what geographies precisely constitute the region—the Greater Toronto Area (GTA), the Greater Toronto Area and Hamilton (GTAH) or the Greater Golden Horseshoe (GGH). According to the OECD's most recent survey, if the definition of the Toronto region is extended to the GGH, then it subsumes at total of 110 municipal governments.[4]

This jurisdictional fragmentation creates major challenges of leadership and coordination for city-regions, which are compounded by their subordinate status in our federal system. The result, as the Conference Board argued in *Mission Possible* is that, "(t)he difficulty of coordinating local and regional—and even provincial and federal—activities and policies is one of the most critical challenges facing all our major cities."[5] Although some of Canada's other leading cities have benefited from provincial efforts to create a more integrated governance structure at the regional level, the Toronto region is clearly lacking in this regard. While the provincial government has intervened in the region to create more integrated planning mechanisms in some policy areas, principally

[3] OECD, *Toronto, Canada*, OECD Territorial Review, Organisation for Economic Co-operation and Development, Paris, 2009, p. 33.

[4] OECD, 2009, p. 148.

[5] N. Brender, M. Cappe, and A. Golden, *Mission Possible: Successful Canadian Cities*, The Conference Board of Canada, Ottawa, 2007, p. 68.

transportation planning and urban land use planning, economic development has not benefited in the same way.

A related, but unresolved, issue concerns the appropriate scale for urban governance and the relationship between formal administrative structures and the economic boundaries of a city-region. As was noted above, the natural boundaries of a regional economy are often broader than the jurisdictional boundaries of the various municipalities that comprise the region.[6] The Conference Board has noted that there is considerable consensus that the administrative structures for city-regions must be sufficiently broad to address region-wide issues that often extend beyond the boundaries of a particular city, including fiscal issues, the coordination of regional transportation needs, land use planning, the adoption of comprehensive economic development strategies and provisions for dealing with social disparities. A wide range of municipal policy issues spill over neighbouring jurisdictions, ranging from the provision of basic services to ensuring affordable housing and maintaining environmental sustainability. This is particular true for the functions of regional marketing and investment attraction. The existing boundaries of most cities are rarely broad enough in geographic scope to address these issues, particularly those involving the adoption of economic development strategies.[7] Yet, past efforts to establish administrative structures at the appropriate scale have met with mixed success.

The problems posed by this jurisdictional fragmentation are compounded by the need to forge better linkages among relevant government institutions and associated group of civic actors who are increasingly recognized as a critical factor in successful urban economic development efforts. A critical factor that affects the ability of city-regions to shape their economic future is the governance arrangements which prevail at the city-region level—including the existing administrative structures that govern the city-region as well as the relative openness of those governmental structures to influence and participation by a broad range of social actors and civic associations within the urban polity. The complexity of economic development challenges requires the active involvement of a broader cross-section of community actors to devise effective policy solutions. The local institutions that provide the basis for framing local and regional economic development policies constitute an important element in the urban governance arrangements. Urban "[g]overnance refers to the process through which local authorities,

[6] OECD, *Territorial Reviews: Competitive Cities in the Global Economy* (Paris: Organisation for Economic Co-operation and Development, 2006).
[7] Brender, Cappe, and Golden, 69.

in concert with private interests, seek to enhance collective goals."[8] It involves the process by which decisions are made in city-regions and the question of who participates in the making of those decisions. This includes the mechanisms by which various civic association and economic actors participate in regional decision-making processes and the way in which these civic interests are coordinated with the activities of local and regional governments.

There is growing recognition that effective governance mechanisms are a critical factor in supporting high performing cities. The OECD has devoted considerable attention to studying the relationship between effective governance at the local level and higher economic performance. A recent report notes that,

> The analysis of governance issues in relation to [the] drivers of growth suggests that improving local governance is conducive to economic and employment development and prosperity. . . . Several new forms of governance have emerged over the past years. The main thrust of these developments has been to stimulate co-operation between public, private and civil society actors; to bolster a strategic approach to economic and employment development at local and regional levels; and to take a co-ordinated approach to implementation.[9]

Among the conditions that contribute to the formation of effective governance arrangements at the regional level is the emergence of strong, dynamic civic leaders with the ability to forge broad and inclusive local development coalitions. A development coalition is a place-based, coalition of a diverse cross-section of social and economic groups committed to the economic development of a specific city-region. Increasingly, business leaders across North America have been recognizing the need to work together to support the economic fortunes of their respective metropolitan regions. These collective efforts have emerged out of a growing recognition that coordinated efforts at a region-wide scale are necessary to promote the economic prospects of both their region and their individual businesses. Such civic-minded business leaders have come together in a large number of cities to forge new organizations or revitalize existing ones dedicated to working collaboratively with existing EDO's or creating new ones where necessary to promote their regional economies. The principal hallmark of these new civic organizations is that they are both collaborative in nature and regionally focused in their

[8] Jon Pierre, "Models of Urban Governance: The Institutional Dimension of Urban Politics," *Urban Affairs Review* 34.3 (Jan 1999): 374.

[9] Sylvain Giguère, "The Drivers of Growth: Why Governance Matters," *Local Governance and the Drivers of Growth,* OECD, Local Economic and Employment Development (Paris: Organisation for Economic Co-operation and Development, 2005) 34.

scope. They tend to display a number of common features: they are shifting priorities from traditional business climate issues to a broader concern with regional competitiveness; they are often funded through a variety of different mechanisms; and they have resulted in many older organizations restructuring their approach to regional cooperation in order to be able tackle complex economic development issues at a truly regional scale. This last factor can involve formalizing partnerships with complementary business organizations to operate more effectively at a regional level, as well as creating new public-private partnerships to oversee responsibility for regional economic development.[10] Rarely have these efforts succeeded on the first try. Successful efforts at building new collaborative organizations requires the ability to learn from previous efforts, both those that have succeeded and those that have failed, in order to better coordinate the capacity of local and regionally-based organizations and local governments to devise successful strategies to promote urban economic growth.

However, many of the leading global cities are grappling with the same governance issues that plague the Toronto Region. Despite the lack of integrated administrative structures, some of them have succeeded in fashioning broader and more inclusive governance mechanisms to deal with a wide-range of region-wide issues. A recent study of four of the largest global cities in the world indicates that this problem extends well beyond the borders of the GTA and even Canada. The study found that all four of the city-regions, London, New York, Paris and Tokyo, consist of governmental patchworks that lack an overarching set of institutions to coordinate region-wide objectives. The need for providing strong territorial leadership in the largest global city-regions is a continuing challenge in all four of these cities. Political leaders in all of these cities have encountered problems in building lasting regional coalitions or creating lasting programs to promote governance mechanisms at the broader regional level. Highly fragmented governance structures create series impediments which discourage risk taking by local political leaders with respect to forging new institutions for region-wide governance. In the absence of integrated political institutions, each of these cities has turned to quasi-public organizations or special administrative agencies of one form or another to carry out key region-wide tasks, such as infrastructure development, economic development or managing regional transportation networks. While progress in this direction has not always been straightforward, the study found that each of them has achieved some sustained degree of success in their efforts to address region-wide issues,

[10] Futureworks, *Minding their Civic Business: A Look at the New Ways Regional Business-Civic Organizations are Making a Difference in Metropolitan North America*. Sept. 2004. www.futureworks-web.org.

such as economic competitiveness or environmental sustainability. Their success in this respect has been an essential factor in helping them maintain their current global economic and cultural leadership, as well as a broad base of political support from their voters and local business. The study found that the one area with the greatest potential for success in these region wide efforts at 'pulling together' is in the area of promoting economic competitiveness in the global marketplace. Their success in this policy area undoubtedly reflects the recognition that current changes in the global economy require coordinated efforts to ensure success.[11]

Nowhere is the need for creating new institutional mechanisms to promote more effective coordination need than in the area of regional economic development. Integrated mechanisms for economic coordination at the city-region level are needed to avoid wasteful policies that can arise from an unnecessary duplication of efforts or the kind of zero-sum inter-municipal competitiveness for inward investment that prevails in many municipal jurisdictions south of the border. Different kinds of policies work better when they are coordinated at different geographic scales. A study in the UK found that a key factor contributing to the success of the most economically competitive European cities was the ability to coordinate economic strategies at the city-region or metropolitan scale where the key ingredients for success could be brought together. Some of the benefits that flow from coordinating economic development efforts at this scale include the avoidance of wasteful duplication of marketing and investment attraction efforts. Coordination at this level also provides for a better alignment of efforts by public and private sector organizations whose primary focus is the city-region level, rather than the local municipality. Coordinating economic development efforts at the city-region scale thus allows for a better integration of 'top-down' national and provincial policies and programs with 'bottom-up' regional efforts from a wide range of local players. Taking a coordinated approach at the city-region scale is also less likely to result in a narrow cost focused form of economic development strategy and focus on a mix of efforts to promote the innovative and productive capabilities of the region as a whole.[12]

In some instances the development of more effective governance mechanisms involving a broad range of community-based and non-governmental actors can compensate for the absence of formal governmental structures at the appropriate scale. A

[11] H.V. Savitch and Paul Kantor, "Are Global City-Regions Governable?" Paper presented to the 2010 Annual Meeting of the American Political Science Asscn., Toronto, Sept. 2-5, 2010.

[12] Greg Clark, "Cities, Regions and Metropolitan Development Agencies," *Local Economy* 20:4 (Nov. 2005): 404-11.

recent study suggests that emerging forms of intermunicipal cooperation in Europe and Canada provide an effective means to overcome the existing fragmentation of municipal jurisdictions. To the degree that intermunicipal cooperation is one of several forms of regional coordination, it offers some insights into the factors that contribute to more effective governance. The study emphasizes the contribution of strong regional identities embodied in civic networks and the role of these networks in promoting political cooperation across existing municipal boundaries within a city-region. Regardless of the structural, strategic, or institutional constraints, those regions with higher degrees of civic engagement and the presence of more interconnected civic networks have greater success in achieving higher degrees of intermunicipal political cooperation.[13] Yet, there are limits to the degree to which successful mechanisms for promoting greater intermunicipal cooperation can compensate for the lack region-wide institutions charged with responsibility for overseeing and coordinating the city-region's economic development efforts.

One area where there is a pressing need for a new form of organization structure at the regional level is with respect to economic development policy. Responsibility for regional economic development in the Toronto Region currently rests with a multiplicity of organizations at the federal, provincial, regional and municipal level, with overlapping and occasionally conflicting mandates. At the federal level, there is the newly created Federal Economic Development Agency for Southern Ontario, but also the often neglected Department of Foreign Affairs and International Trade which offers a number of programs that provide support of regional branding and investment attraction, as well as science and technology partnering. The provincial Ministry of Economic Development and Trade has a separate investment attraction branch which operate the Ontario Investment and Trade Centre. While MEDT's mandate is for the province as a whole, many of its activities clearly focus on the Greater Toronto Region, given its relative size and importance for the provincial economy. At the regional level, the Greater Toronto Marketing Alliance actively promotes the Greater Toronto Area internationally, and provides companies with professional assistance in evaluating, planning and implementing an expansion or move to the GTA. The mandate of the Toronto Region Research Alliance is to promote investment in research and development in the Toronto Region, as well as contribute to the overall research capacity of the region. Invest Toronto, which was created in 2008 out of the dissolution of the Toronto Economic

[13] Jennifer Nelles, "Cooperation and Capacity: Exploring the Sources and Limits of City-Region Governance Partnerships," paper presented to the Annual Meeting of the American Political Science Association (Toronto, 2009).

Development Corporation has a responsibility to promote investment in the City of Toronto alone. Finally, many of the regional governments in the GTA, as well as some of the lower tier municipalities also have their own economic development departments or organizations. One estimate by a private firm suggested that the combined budgets for the municipal and regional organizations amounted to $25 million annually and included the equivalent of 160 full-time employees.

The current state of overlap and duplication among the Toronto regions EDO's at four different levels of government – municipal, regional, provincial and federal – provides strong justification for the need for some consolidation. However, the precise route to follow is not straightforward. As noted above, the Toronto region currently lacks an integrated administrative structure at the regional level, which could act as the level of governance responsible for overseeing a new regional EDO. This will make the challenge of fashioning such an EDO somewhat more difficult, but not insurmountable. Currently, there is a great deal of variation in the nature of regional EDOs and in the type of roles that they play. One typology distinguishes between four different types of activity that economic development agencies perform. One element concerns the economic role of development agencies where they seek to expand the markets within their regional economies. A second element involves a leadership function where the development agency plays a strategic role in formulating a long-term vision for the economic future of the region and translates that vision into a concrete plan that involves a set of focused actions. Such visions and their accompanying plan can be critical devices for mobilizing leaders across a range of different sectors within the region and in leveraging available resources from different governments and organizations. The third element involves a governance and co-ordination role. In this area, the agency can facilitate political co-ordination across the region in pursuing a development strategy by helping to surmount the fragmentation created by multiple political jurisdictions within the region and creating a forum for the engagement of key private and civic actors in conjunction with the public sector. Finally, regional development agencies can also play a critical implementation role by assembling dedicated teams that help pursue an agreed upon development strategy.[14] A fifth element not included in the above typology, but pursued by many regional development agencies involves a benchmarking effort to gauge how well the region is performing in terms of the achievement of its stated goals and in improving its relative degree of competitiveness with respect to comparable regions within the same country and other countries.

[14] Greg Clark, op. Cit.

Alternative Designs for Regional EDO's

Region-wide development agencies have a number of unique attributes that can mobilize resources across multiple jurisdictions within a region in pursuit of a well defined strategy. As such, they can help to overcome jurisdictional boundaries within the region that don't align effectively with the underlying economy of the region. Most importantly, they can help to align economic development policies across the region in a fashion that makes it possible to leverage economic resources from senior levels of government, and different administrative departments within those levels of government, and put them to work in achieving the objectives laid out in the regional development strategy. Most importantly, they can bring together key private sector partners, not-for-profit or civic associations and public sector organizations to implement and agreed upon regional development strategy. While the task of a region-wide development agency may be somewhat easier in regions with corresponding metropolitan governments, this is not an absolute criterion for their success. Numerous examples abound of cases where economic development coalitions have been forged at the region-wide scale in the absence of a corresponding metropolitan level of government and have served to help bridge some of the limitations imposed on the region by its fragmented political jurisdictions. While the task of such agencies may be somewhat more complicated, the rewards are undoubtedly greater than those that could be achieved in their absence.

Numerous examples can be found across North America of metropolitan areas that have begun to forge such region wide development coalitions and have created corresponding development agencies, often in the absence of a metropolitan level of government. The path to their creation varies considerably and the operational basis for the agencies, both in terms of their governance structures and funding models frequently reflects the unique circumstances out of which they emerged. While it would be difficult to replicate any one model in the Greater Toronto Region, a review of some of the more successful cases holds many valuable lessons for how this region may be able to overcome its current degree of fragmentation in the economic development field.

Some of the following examples are drawn from other Canadian jurisdictions and the remainder from the U.S. There are a number of important caveats to keep in mind when reviewing these cases. In the two Canadian cases that follow, Montreal and Saskatchewan, the provincial governments have relatively different approaches to their economic development roles than does the Government of Ontario. While there may be elements of these models that could be replicated in the GTA, the overall form of development agency is strongly conditioned by the role played by the province. In some instances the federal development agency also plays an important supporting role, a condition that is still evolving in the case of the GTA.

The U.S. examples discussed in the next section also benefit from a different set of federal grant-making rules which play a distinctive role in compelling the establishment of metropolitan or regional entities (MPOs and EDDs) discussed in the next section. These pre-existing bodies can be convenient places on which to graft regional economic development activities. In some instances it is unlikely that the regional economic development agencies would have assumed their current form in the absence of such federal rules, while in other instances, local actors seem to have ignored the potential of the MPO/EDD structures and make up their own. All of this reinforces the point made above that state and local politics and institutional experience play a critical role in shaping the form of economic development agency that emerges. The other lesson that emerges from these cases is that regional development coalition and their corresponding agencies don’t necessarily replace existing economic development organizations that existed previously. In some instance, the region-wide agencies have emerged as complex coalitions operating under one label seem to be more effective, although the transaction costs of creating them are extremely high. It may be that the forging of an effective region-wide development coalition is the essential precursor to the creation of a regional economic development agency.

Type 1: Private-sector collaboration

Cleveland Plus Marketing Alliance (Northeast Ohio)

Strategy and Program Focus

Several organizations are involved in economic development activities in Northeast Ohio. The **Cleveland Plus Marketing Alliance** (CPMA) was formed in 2006 by the **Greater Cleveland Partnership** (GCP), a chamber of commerce for Northeast Ohio with 16,000 members; **Positively Cleveland**, a tourism and convention attraction agency; **Team Northeast Ohio** (Team NEO), a private-sector-led, non-profit investment attraction organization; and the **Fund for Our Economic Future**, a member-funded partnership of private and community foundations, academic institutions, local governments, individuals, and businesses that makes grants to regional economic development organizations.

Regional branding activities: The CPMA's primary purpose is to develop and implement a marketing campaign for the Northeast Ohio region focused on investment attraction. While Cleveland is the core, the brand calls attention to the broader region (which includes Akron, Canton, and Youngstown) through the concept of "the plus." The Cleveland Plus brand is also directed internally with the aim of creating a common identity for regional residents and businesses.

The strategy was developed through a collaborative process. Four advisory committees were established: a Council of Regional Marketers made up of 120 representatives of regional arts, sports, business, and civic organizations and institutions; a Media Relations Advisory Committee to guide external marketing; an In-Region Advisory Committee to plan internal marketing; and a Young Professionals Advisory Committee to ensure that marketing messages and materials resonated with younger people. The Alliance also conducted listening tours of regional organizations and institutions, researched best practices elsewhere in the United States, and conducted over 1,000 interviews with travelers, residents, business and civic leaders, national meeting planners and site selectors, and hotel workers. Campaign themes were tested by focus groups in Detroit and Nashville. Pilot promotion campaigns were tested for tourism in Pittsburgh and Baltimore and for a business audience in New York and Atlanta.

Advance Northeast Ohio: Funded by the Fund For Our Economic Future under the Cleveland Plus umbrella, Advance Northeast Ohio is the region's business development agenda. Launched in 2007, stakeholders framed a vision statement with four priority areas: business growth, talent development, inclusion, and government collaboration and efficiency. A "business plan" prepared by the Brookings Institution was released in April 2011. This document is more thematic than substantive, describing what is already occurring rather than making concrete recommendations.

Investment attraction: Investment attraction is led by Team NEO under the Cleveland Plus umbrella. It provides econometric modeling, market and demographic research, tax incentives and financing advice, and GIS services to assist market entry and site selection.

Export promotion: There is no general export promotion body at the regional level, although some regional sector-specific bodies are involved in export promotion.

Research infrastructure development and commercialization of innovation: The Advance Northeast Ohio vision emphasizes support for entrepreneurship and commercialization by supporting organizations that provide early-stage capital and mentoring, incubator services, and internal commercialization functions at research institutions. Reflecting the finding that the region's universities are highly ranked and well resourced, the emphasis appears to be more on fostering connections than on direct investment in R&D.

Cluster development: The Fund for Our Economic Future has given a large portion of its $75 million grant budget over three years to business development and acceleration organizations focused on the biomedical, agricultural-bioscience, manufacturing, and high tech. They have also made grants to a minority business accelerator and regional venture capital providers.

Tourism attraction: Business meeting and personal tourism attraction is led by Positively Cleveland under the Cleveland Plus label.

Governance Model

Cleveland Plus Marketing Alliance

Founded in 2006, the Cleveland Plus Marketing Alliance is housed within the Greater Cleveland Partnership (the regional chamber of commerce). Its head is the VP of Regional Marketing for the GCP, who reports to the presidents of the three parent organizations (GCP, Team NEO, and Positively Cleveland). It has no board of its own.

Fund for Our Economic Future

Established in 2004 by philanthropic organizations and individuals.

- *Board structure:* 8 members; 1 chair, 3 vice-chairs, president, vice president, treasurer, and secretary
- *Membership:* Businesses and individuals who have contributed $100,000 or more to the fund over a three-year period.
- *Action Teams:* Fund members serve on six Action Teams that make recommendations on grant-making, research, and civic engagement strategy (Business Attraction, Retention and Expansion; Engage and Empower; Entrepreneurship and Innovation; Government Collaboration and Efficiency; Inclusion; and Talent Development)
- *Steering Committee*: Reviews Action Team recommendations and decides which to forward to the Funders Committee.
- *Funders Committee* (55 members)*:* Makes final decisions on projects to fund.

Team Northeast Ohio
Founded in 2003, Team NEO is a non-profit joint venture of the region's major chambers of commerce: the Greater Akron Chamber, the Stark Development Board, the Lorain County Chamber of Commerce, the Youngstown-Warren Regional Chamber, the Greater Cleveland Partnership, and the Medina County Economic Development Organization.

- *Board of Trustees:* 22 members made up of business leaders serving three-year terms
- *Advisory Council:* 14 members made of business and academic leaders

Budget

Cleveland Plus campaign

- *Size:* $3.5 million in the first year, $5 million in the second and third years.
- *Contributors:* Local corporations and chambers of commerce (the latter channeled through Team NEO). Seed money was provided in part by the Cleveland Foundation, the United States' oldest and second-largest community foundation. In 2007, 2008, and 2010, the campaign received $660,000–$704,000 annually from the state, but this has not yet been renewed.
- *Staff levels:* 2 full-time; also relies on the staff of partner organizations.

Fund for Our Economic Future

- *Size:* More than $70 million raised since 2004.
- *Contributors:* individuals, academic institutions, and private and community foundations.
- *Staff levels:* 6

Team Northeast Ohio

- *Size:* $3 million annually
- *Contributors:* Members, grant from the Fund for Our Economic Future.
- *Staff levels:* 15–18

Performance metrics

The Fund for Our Economic Future produces an annual **Dashboard of Economic Indicators** that compares the region to all other American Metropolitan Statistical Areas on ten indicator groups:

- *economic growth*: % change in per capita income, employment, gross metropolitan product, and productivity
- *skilled workforce and R&D*: % population with graduate or professional degrees, % population with bachelor's degrees, % population in managerial or professional occupations, amount of industry R&D investment per employee, university R&D expenditures per employee, Small Business Innovation Research and Small Business Technology Transfer awards per employee, and employment rate
- *legacy of place*: business churn, climate, neighbourhood racial segregation, poverty, age of housing, governmental fragmentation, and % population in manufacturing occupation
- *urban assimilation*: % Hispanic, % employed in minority-owned businesses, % foreign-born, and % Asian

- *racial inclusion and income inequality:* % Black, index of social isolation, % children living in high-poverty neighbourhoods, income inequality, and violent crime rate),
- *locational amenities*: transportation, arts, recreation, and health care indices from *Places Rated Almanac*
- *technology commercialization:* venture capital per employee, patents per employee, cost of living
- *urban/metro structure*: central city population as % of metro population, rate of property crime
- *individual entrepreneurship*: % self-employed, % of business establishments with less than 20 employees
- *business dynamics*: ratio of openings to closings of businesses with a single establishment

The Fund also publishes the **Barometer of Economic Attitudes**, a biennial survey designed to measure to public's perception of the region's general economic performance, and has commissioned a study on the **Cost of Local Government**.

The Bottom Line

Economic development efforts in Northeast Ohio are not led by any one organization but by interlocking combinations of public and private partners. The state government is conspicuously absent from board representation, and plays only a modest funding role. The federally mandated Metropolitan Planning Organizations (MPOs) are also absent.[15] (In fact, the 16-county area does not conform to state administrative or MPO boundaries.)

They do not appear to have spent time searching for the perfect institutional structure. Motivated by a widely felt sense of crisis, a wide range of stakeholders have created and, more importantly, bought into a lightweight brand under which existing organizations have collaboratively developed an integrated economic development agenda with limited government involvement. The Fund for Our Economic Future has been the main conduit in channeling philanthropic capital into economic development activities.

Applicability to Toronto

The 16-county region is comparable in size and jurisdictional complexity to the Greater Golden Horseshoe. The adoption of the Cleveland Plus model shows that it is possible for a complex array of entities in a polycentric region to define and submit to a single overarching name and agenda. What is missing in Toronto is a history of privately led regional collaboration. The chambers of commerce and boards of trade in greater Toronto are more organizationally fragmented and there is no precedent for them to come together to form something analogous to Team NEO, although it should be noted that Team NEO does some of the same work as the GTMA in the Toronto context. Toronto's philanthropic landscape is also less developed. While there are a number of civic organizations present, such as the Toronto CivicAction Alliance, they have not taken on

[15] The formation of MPOs is required by federal law in order to take advantage of funding programs. They are usually focused on transportation and are governed by representatives of local governments.

the grant-making role played by the Fund for Our Economic Future. It is an open question whether the provincial or municipal governments could play the same generative role in the Ontario context.

Organization websites

Cleveland Plus Marking Alliance: http://www.clevelandplus.com
The Plus web hub: http://www.theplus.us/
Greater Cleveland Partnership (regional chamber of commerce):
 http://www.gcpartnership.com
Positively Cleveland (tourism and meetings): http://www.positivelycleveland.com
Team NEO: http://www.clevelandplusbusiness.com/
Fund for Our Economic Future: http://www.futurefundneo.org/
Advance Northeast Ohio Regional Business Plan:
 http://www.futurefundneo.org/About/~/media/Files/NEO_Business_Plan%20FINAL.ashx

Pittsburgh, Pennsylvania

Strategy and Program Focus

Since 2000, the **Allegheny Conference on Community Development** (ACCD) has worked in tandem with three affiliates in pursuit of an economic development agenda: the **Greater Pittsburgh Chamber of Commerce**, the **Pennsylvania Economy League of Southwestern Pennsylvania** (PEL), and the **Pittsburgh Regional Alliance** (PRA). Under the umbrella of the Conference, each provides a different strength: the PEL conducts research; the PRA, marketing; and the Chamber, advocacy on behalf of business.

Investment attraction: Created in 1995, the Pittsburgh Regional Alliance is a comprehensive marketing agency for the 10-county area in Ohio centred on Pittsburgh. It provides site selection, custom market and demographic analysis, and guidance on taking advantage of state and local incentive programs.

Export promotion: Export promotion is provided by the **Export Development Program of the Southwestern Pennsylvania Commission**. This public-sector body, which functions as the federally designated Metropolitan Planning Organization (MPO) and Economic Development District (EDD) and also the state-mandated Area Loan Organization for the region, covers the same 10 counties as the Allegheny Conference. It provides export assistance services, including support to attend trade shows and meeting overseas prospects, aid in applying for export development grants, and business counseling.

Research infrastructure development and commercialization of innovation: The ACCD is not involved in this field. There appear to be a number of sector-specific entities involved in commercialization and incubator and accelerator services.

Business climate advocacy: The ACCD and the Chamber of Commerce lobby state and local governments for fiscal and structural reforms to improve government efficiency and business competitiveness, as well as investment in transportation and other infrastructure.

Research: Founded in 1936, the PEL conducts public policy research on specific topics.

Governance Model

The Allegheny Conference serves as the parent organization of the other three, with its CEO serving as CEO of all four entities.

Allegheny Conference on Community Development (ACCD)

- *Officers:* chair, vice-chair, secretary, treasurer, CEO, counsel, past chair
- *Membership:* 51 members representing private firms and academic institutions.
- *Regional Investors Council:* A broader advocacy and advisory group of more than 300 business leaders that does the 'legwork' of the conference.

Greater Pittsburgh Chamber of Commerce

- *Officers:* chair, vice-chair, secretary/treasurer, CEO of ACCD, past chair
- *Membership:* 18 representing private firms

Pennsylvania Economy League of Southwestern Pennsylvania

- *Officers:* chair, vice-chair, secretary/treasurer, CEO of ACCD, past chair
- *Membership:* 51 members representing media, academic institutions, and firms.

Pittsburgh Regional Alliance

- *Officers:* chair, CEO of ACCD, secretary/treasurer
- *Membership:* 49 representing counties, firms, public utilities, chambers of commerce, academic institutions, and business associations.

Budget

Allegheny Conference on Community Development

- *Size:* Unknown — request for information e-mailed; no reply
- *Contributors:* Unknown — request for information e-mailed; no reply
- *Staff levels:* 4 executives, 39 staff

Greater Pittsburgh Chamber of Commerce

- *Size:* Unknown
- *Contributors:* 600 firms
- *Staff levels:* Unknown

Pennsylvania Economy League of Southwestern Pennsylvania

- *Size:* Unknown
- *Contributors:* Unknown
- *Staff levels:* Unknown

Pittsburgh Regional Alliance

- *Size:* Unknown
- *Contributors:* Unknown
- *Staff levels:* 11, located within the ACCD

Performance metrics

The PRA publishes a broad range of demographic and business-oriented statistics, but does not present them longitudinally to identify trends.

While the PEL has published research reports on particular policy questions, it does not track performance metrics over time.

The Bottom Line

Founded in 1944, the ACCD has long championed regional solutions to local problems, first within Allegheny County and later over a broader area: air pollution, flood protection, automobile parking services, public transit, and education. Similarly, the Pennsylvania Economy League has been a trusted source of information to business and civic leaders for 75 years. Their move in the 1990s into a focus on economic development sits on top of a well-established tradition. The merger of two long-established and respected organizations and the spawning of a third (the PRA) has created an multifaceted and authoritative institution. As an entirely private-sector initiative, it is unclear, however, how it interacts with public-sector economic development entities at the local, county, regional, state, or federal levels.

Applicability to Toronto

Toronto's tradition of philanthropy and private civic organizations is much less developed than Pittsburgh's. Our governmental structure is also more fragmented. Pittsburgh is the only major centre in the 16-county region. As a result, there is less potential for conflict and competition among multiple city governments and corresponding local business organizations. However, the ACCD does provide an example of numerous business and economic development organizations coming together to forge a solution to region-wide problems.

Organization websites

Allegheny Conference on Community Development:
 http://www.alleghenyconference.org/
Southwestern Pennsylvania Commission, Export Development Program:
 http://www.spcregion.org/plan_export.shtml

Type 2: State/province-created public-private partnership corporation

Enterprise Florida

Strategy and Program Focus

Established in 1996, Enterprise Florida is the official economic development agency of the State of Florida. It is a not-for-profit corporation established by the state legislature in partnership with the private sector (see 2010 Florida Statutes, c. 288). It was the first entity of its kind in the United States.

Sectoral focus: A primary objective is economic diversification. Economic development activities are focused on high-wage, high-value activities such as aviation and aerospace, Homeland Security and Defense, information technology, clean technology, life sciences, and financial and professional services. "Strategic areas of emphasis" include manufacturing, headquarters activities, and emerging technologies.

Investment attraction: For out-of-state businesses, Enterprise Florida provides businesses assistance with site selection, applications for incentive programs and permits, and facilitation of meetings with state agencies and officials.

Export promotion: For in-state businesses, services include export counseling and advice, provision of data on trade trends, the organization of trade missions and trade shows, the organization of educational events and conferences, compiling trade leads, publishing a web-based Export Directory, overseas marketing assistance, and financial assistance for export transactions. International offices are located in Canada (Montreal and Toronto), Mexico, South Africa, France, Germany, Spain, and Britain. "Liaison offices" are located in China (Beijing and Shanghai), Japan, Taiwan, the Czech Republic, and Israel.

Research infrastructure development and commercialization of innovation: Assists entrepreneurs with access to university-based technology transfer offices, incubators, and accelerators and also access to financing.

Governance Model

Board structure: Specified by statute: the Governor (chair), the Commissioner of Education, the state CFO, a member of the state Senate appointed by the Senate President, a member of the state House appointed by the House Speaker, the chair of the board of directors of Workforce Florida Inc., 6 private-sector members appointed by the governor, 3 private-sector members appointed by the House Speaker, and 3 private-sector members appointed by the Senate President. These directors are not compensated except for expenses and serve 4-year terms. Additional at-large private-sector directors may be appointed by the board for 3-year terms. The present board has 55 members.

Stakeholder Council: Advises the Board. 56 representatives from local economic development agencies, workforce development organizations, business development organizations, regional planning councils, community colleges, universities, military complexes, state agencies, and business sector groups.

Stakeholder Council Working Groups: Four working groups focus on marketing, urban issues, rural issues, and competitiveness.

International Division: Headquartered in Coral Gables, provides programs and services to Florida manufacturers, export intermediaries, and professional services providers through Statewide Trade Offices located in Jacksonville, Orlando, Pensacola, Tallahassee, Tampa/St. Petersburg, and West Palm Beach.

Budget

Size: $13.2 million in 2009–10

Contributors: From the 2010 annual report:

- State general revenues: $6.21 million (47%)
- State trust funds: $4.51 million (34%)
- Corporate contributions: $1.39 million (11%) from 28 "investors" — major corporations that contribute $50,000 or more annually in cash or services.
- Program revenues: $1.09 million (8%)

Staff levels: 60. Senior staff is made up of a CEO and five senior vice presidents (administration, marketing and strategic intelligence, external affairs and investor relations, international trade and business development, and business retention and recruitment).

Performance metrics

- Estimate of return on investment of Enterprise Florida's activities in terms of economic impact of business development projects, increased export sales, and number of new and retained jobs.
- Satisfaction survey of firms and county economic development agencies.

The Bottom Line

Enterprise Florida is a typically American creation: to take the politics out of economic development policy, the government has created a corporation operating at arm's length from itself. Presumably to avoid its use as a weapon in partisan battles, the governmental division of powers is replicated within the board, dividing control over board appointments between the Governor, the leadership of the House, and the leadership of the State Senate. Media accounts show, however, that politics is never absent. Ex-Governor Charlie Crist appointed two fundraisers to the Board just prior to his defeat in the most recent election; these have been dismissed and replaced by supporters of Governor Rick Scott.

Applicability to Toronto

The activities of Enterprise Florida are roughly equivalent to those performed by the Ontario Ministry of Economic Development and Trade. Effectively privatizing this ministry by replacing it with an independent corporation (as has occurred in Saskatchewan — see below) would redirect resources at the provincial level only. At the metropolitan level, it would still be necessary for public- and private-sector economic development organizations in the Toronto area to develop institutions and mechanisms of collaboration in order to work effectively with such an entity.

Organization Websites

Enterprise Florida: http://www.eflorida.com/

Enterprise Saskatchewan

Strategy and Program Focus

Enterprise Saskatchewan is a province-wide economic development agency established by provincial statute in 2008. Evidently inspired by the model of Enterprise Florida (see above), it replaced the former Ministry of Enterprise and Innovation.

Advisory activities: Its mandate is to identify barriers to economic growth and advise the government on how they might be reduced, and also to advise on labour force development, youth entrepreneurship, research, and the commercialization of innovation. The board's initial study of barriers produced 60 recommendations, many of which have implemented. These include changes to the provincial and municipal tax systems and the streamlining of business registration and licensing.

The statute also directs the agency to create volunteer Sector Teams to "survey and identify barriers to growth" in energy production; agriculture; tourism; forestry; advanced education, research, and development; life sciences, synchrotron science and information technology; environment; construction; trucking and transportation; financial services; manufacturing; mining; co-operatives; arts and culture; and any other sector prescribed by regulation.

Three Strategic Issues Councils made up of experts were formed to make recommendations on entrepreneurship, youth economic engagement, and regulatory modernization. These recommendations are being translated into policy advice by the Competitiveness and Strategy Division.

Investment attraction: The statute also charges the agency with promoting the province as a place to live, work, and invest through marketing and the facilitation of more efficient business registration and licensing processes, immigrant attraction via the provincial nominee program, and the creation of economic development agreements and authorities.

The six regional offices work directly with community partners to help local businesses attract investment and offer programs and services to address business retention, succession planning, and entrepreneurship education.

Export promotion: Export promotion is conducted separately by the **Saskatchewan Trade & Export Partnership** (STEP), a non-profit corporation established in 1996. With a staff of 27 located in offices in Regina and Saskatoon, its board is made up of business leaders elected by members. It is funded by membership fees.

Research infrastructure development and commercialization of innovation: Responsibility for activities related to innovation and commercialization, strategic management of research spending and related infrastructure, technology transfer and productivity improvement were spun off into a new agency, **Innovation Saskatchewan** in April 2010.

Governance Model

Board structure: The board has 12 members appointed by the LGIC: the minister (chair), another member of cabinet, and one member each nominated by organizations prescribed by regulation representing business, labour, First Nations, rural municipalities, urban municipalities, post-secondary academic institutions, co-operatives, resource industries, agricultural producers, and one other person. Members serve at pleasure for two-year terms and are eligible for reappointment. A CEO hired by the board is responsible for daily operations and has the authority to hire and remunerate as he or she sees fit. Public Service rules do not apply to the agency's employees.

Service divisions: Sector Development, Competitiveness and Strategy, Marketing and Communications, Regional Enterprise, and Investment and Corporate Services.

Regional offices: The southern part of the province is divided into 13 "enterprise regions" served by six Enterprise Saskatchewan regional offices. (Three northern regions are separately supported by the Ministry of First Nations and Métis Relations.)

Budget

Size: 2008–09, $28 million (8 months); 2009–10, $47 million

Contributors: The operating budget comes from the provincial general revenue fund. Other funds pass through the agency, including federal money channeled through economic partnership agreements.

Staff levels: 136 in Saskatoon and Regina main offices, the six regional offices, and the Canada-Saskatchewan Business Service Centre.

Performance metrics

The statute charges the agency with developing and publishing indicators of the province's economic performance. An annual report on **Economic Performance Indicators** compares Saskatchewan to the other provinces and the national average across 25 indicators grouped under four rubrics:

- *core indicators:* real GDP growth, population growth, employment growth, personal disposable income per capita growth, manufacturing shipments growth
- *economic performance indicators*: real GDP per capita growth, total migration rate, unemployment rate, average weekly earnings growth, personal savings rate, private and public investment growth, number of businesses per capita, business bankruptcy rate
- *innovation indicators*: post-secondary graduates as % of employment, science and engineering employment as % of total employment, productivity, R&D expenditure as % of GDP, % of R&D funded by business, patents per capita, venture capital investment per capita
- *business environment indicators*: government net debt as % of GDP, private sector employment as % of total employment, marginal effective tax rate on capital, investment climate index

An annual **Community, Workforce and Quality of Life Indicators** report compares Saskatchewan to the other provinces and the national average across 17 indicators grouped into three rubrics:

- *community indicators*: percentage of population volunteering, percentage of population donating to charity, percentage of people employed in arts, entertainment and recreation, crimes per 100 population, journey to work by walking or biking
- *workforce indicators*: economic dependency ratio, adult literacy rates, public school graduation rates per 17- and 18-year-old population, operating expenditures per student, gap between aboriginal and non-aboriginal graduation rates per 15–24 age group, gap between aboriginal and non-aboriginal employment rates per 15–24 age group, private sector employment as a percentage of total employment
- *quality of life indicators:* life expectancy at birth, average residential house resale price, rental vacancy rates, consumer bankruptcy rate, social assistance recipients as a percentage of population

The Bottom Line

Enterprise Saskatchewan is provincial agency dedicated to investment attraction and local business retention and development. Its primary role has been advisory although as it has matured it has played a larger role as a convener of stakeholders and a local economic development problem-solver, connecting needs to resources.

Applicability to Toronto

Applicability is similar to that of Enterprise Florida. Given the province's small and sparsely distributed population, it appears that the regional offices do much of the work that would be done by county or regional agencies in a large jurisdiction such as Florida.

Organization Websites

Enterprise Saskatchewan: http://www.enterprisesaskatchewan.ca/
Innovation Saskatchewan: http://www.innovationsask.ca/ (not yet active)
Saskatchewan Trade & Export Partnership, Inc.: http://www.sasktrade.com/

Type 3: Regional council of local governments

Puget Sound Regional Council (Seattle, Washington)

Strategy and Program Focus

The Puget Sound Regional Council (PSRC) is the federally designated MPO for the four counties centred on Seattle. The first precursor to the PSRC was established in 1956. It adopted its present form in 1991 following the state's passage of regional growth management legislation. In 2003, the PSRC and the **Central Puget Sound Economic Development District** (the federally designated EDD) joined forces under an MOU aimed at linking economic development, growth management, and transportation planning. The EDD operates under the umbrella of the PSRC.

The PSRC-EDD MOU led to the creation in 2004 of the **Prosperity Partnership**, a 300-plus-member coalition of government, business, labour, and community organizations. The Prosperity Partnership is a brand under which PSRC economic development staff engage in public-private collaboration to develop and implement a regional economic development strategy. After a data collection phase, a regional economic summit was held. This led to the formation of five cluster working groups: aerospace, clean technology, information technology, life sciences, and logistics and international trade. These identified specific policy changes and investments. A **Regional Economic Strategy** was adopted in 2005, focusing on improved labour market training and educational opportunities in engineering and the applied sciences, improved commercialization of innovation, more support for small- and medium-size business, tax reform, investment in regional transportation systems, and fostering of more active civic and non-profit organizations.

The following projects meld aspects of research, business retention, investment attraction, export promotion, advocacy, and research commercialization activities:

- The **Global Health Nexus, Seattle** is an initiative of the Washington Global Health Alliance, in partnership with Prosperity Partnership, and the Washington Biotechnology and Biomedical Association with the goal of branding Seattle as a global centre for health research and delivery. It is unclear as yet what it will do.

- A **Higher Education Funding Taskforce** established by the Governor and supported by the PSRC proposed a plan to invest in academic institutions, which was then lobbied for by Prosperity Partnership members.

- A recently launched pilot project recommended by the Brookings Institution Metropolitan Business Plan is the **Building Efficiency Testing and Integration (BETI) Center and Demonstration Network**, a pre-market testing facility for energy efficiency products.

- In partnership with the Washington State Labor Council – AFL-CIO and the Greater Seattle Chamber of Commerce, the **Washington Aerospace Partnership** was launched in 2009 to identify policies to support the region's aerospace cluster, attract investment to Seattle and promote local firms abroad, and invest in labour market training in support of the sector.

- In response to the PSRC's Military Industry Cluster Development Strategy, the **Washington Defense Partnership** was formed to coordinate efforts to support military and defense contracting activities in the state.

- The **Performance First Minority-Owned Supplier Best Practices Toolkit** was created to encourage the inclusion of businesses owned by minorities in competitive tendering processes.

Export promotion: This is the done regionally by the **Trade Development Alliance of Greater Seattle**, a collaboration of area cities, port authorities, counties, chambers of commerce, and trade unions founded in 1991. It is hosted within the Greater Seattle Chamber of Commerce and reports to a 51-member board. Funding is also provided by more than 200 members. It has organized conferences and trade missions. State agencies and sectoral organizations also engage in export promotion.

Governance Model

Puget Sound Regional Council

- *General assembly:* 99 representatives of 4 counties, 75 cities and Indian tribes, 4 port authorities, the Washington State Dept. of Transportation, the Washington State Transportation Commission, 7 local transit agencies, and 7 associate members. Meets annually.
- *Executive Board:* Carries out delegated powers and responsibilities in between General Assembly meetings.
- *Committees and Boards:* Review and advise on Operations, Transportation Policy, Growth Management Policy, and Economic Development (see below).

Central Puget Sound Economic Development District

- *Board of Directors:* 35 members including municipal and county elected councilors and representatives of industry associations, local economic development organizations, Indian tribes, port authorities, chambers of commerce, organized labour, trade associations, and the Washington State Dept. of Commerce. Meets bimonthly.

Budget

Data are from the FY 2010–2011 Budget and Work Program, Amended Supplemental, Jan. 2011. These values are for two-year periods as the PSRC has a biennial budget cycle in sync with the state legislative session.

Puget Sound Regional Council

Size: $26.4 million

Contributors:

- Federal/state governments: $18.1 million (72%)
- Local governments: $5.5 million (21%)
- Carryover: $1.9 million (7%)

Staff levels: 63.34 FTE

Central Puget Sound Economic Development District (included in PSRC budget)
Size: $1.9 million

Contributors: project grants from the federal government

Staff levels: 2.9 FTE; one-third of the budget is spent on consultants.

Performance metrics

Puget Sound Regional Competitiveness Indicators Report: The PSRC publishes an annual comparison of the region with five peers: Denver, Minneapolis, Phoenix, San Diego, and the San Francisco Bay Area. Indicators (only the 2008–09 edition is on-line):

- *Education and the Workforce:* 4th grade math and reading proficiency, high school graduation rate, post-secondary degrees awarded, science & engineering degrees awarded, worker productivity
- *Technology and Innovation:* R&D expenditures, patents issues, federal Small Business Innovation Research awards
- *Enterprise and Investment:* venture capital, federal Small Business Administration loans, minority-owned business certifications, county Economic Development Council goals attained over previous two years
- *Business Climate:* business starts and closures, tax share
- *Transportation and Infrastructure:* travel time index, transportation expenditures
- *Quality of Life and Social Capital:* Charitable giving, housing affordability, arts organizations, air quality index, crime rate

The **International Regions Benchmarking Consortium** is a multicity project launched in 2008 by the PSRC and the Trade Development Alliance of Greater Seattle with seed money from major corporations. It has organized several conferences on a variety of topics but has yet to publish benchmarks or indicators.

The Bottom Line

The PSRC is a typical American MPO. Coaxed into existence by federal mandates requiring regional collaboration, it exists primarily to access federal grant programs. The result is a disjointed collection of targeted revenue sources and expenditures. The PSRC has done admirable work as a “talking shop” engaging private-sector stakeholders to assemble data and shape a coherent set of priorities. Ultimately it will not be the primary implementer of these priorities; rather, it will advocate for their adoption by others. Indeed, the most visible outcome of the Prosperity Partnership initiative has been the spawning of more “partnerships” focused on particular sectors. What these accomplish remains to be seen.

Applicability to Toronto

Toronto has little contemporary experience with a general-purpose regional government. (Metro Toronto constituted such an organization from 1954 to about 1971, when substantial urban development began to occur outside its boundaries.) The best analogy would be a merger of Metrolinx, the GTMA, and the Ontario Growth Secretariat within the Ministry of Infrastructure. If the objective is to create an entity that will directly execute investment attraction and export promotion strategies, the PSRC model will be of less relevance. On the positive side, there may be instructive lessons for Toronto in an examination of its stakeholder engagement processes.

Organization Websites

Puget Sound Regional Council: http://psrc.org/econdev
Prosperity Partnership: http://psrc.org/econdev/prosperity
International Regions Benchmarking Consortium, http://www.internationalregions.org/
Global Health Nexus, Seattle: http://globalhealthnexus.org/
Washington Aerospace Partnership: http://www.washington-aerospace.com/
Performance First, http://www.performance1st.org/
Trade Development Alliance of Greater Seattle, http://www.seattletradealliance.com/

Type 4: Public-private partnership corporation

Montréal International

Strategy and Program Focus

Established in 1996 as a joint non-profit venture of the federal, provincial, and municipal governments and the private sector, **Montréal International** (MI) is primarily focused on investment and foreign talent attraction and acts as an intermediary between entities, including governments, firms, sectoral associations, investors, research institutions, local economic development agencies, and incubator and accelerator organizations.[16]

Established by provincial statute in 2000, the **Montréal Metropolitan Community** (CMM) is a multipurpose body responsible for air quality, regional land use, transportation, waste management, wastewater, and housing policy. The CMM produces a semi-decennial *Economic Development Plan*. Since that time, MI has been delegated responsibility for investment attraction and place promotion within this framework.

Investment attraction activities: MI provides general and sector-specific data; advice on local availability of specialized labour, infrastructure, and operating costs; guidance on tax and other incentive programs; introductions to government, research, and business partners; and recruitment of foreign workers. MI has published an extensive array of fact sheets and case study reports on particular sectors.

International organizations attraction: An important focus is the attraction of international organizations to Montréal. To this end, MI provides specialized advice on site selection and operating costs; incentives through a tri-level government fund (FODIM); management of competitive bidding activities; mobility services for the hiring and integration of foreign nationals; and liaison support between international organizations and governments and local institutions.

Export promotion activities: MI has a mandate to "promote and reinforce Greater Montréal's economic attractiveness and international status." This takes the form of information dissemination and the preparation of promotional materials rather than organizing trade missions or operating international offices. These activities are managed by federal and provincial government departments and agencies. In Québec, the Ministry of Economic Development, Innovation, and Trade offers a variety of programs to support exporting firms. These include grants, advisory services, international offices, and trade missions.

[16] For a good comparison of the politics of setting up local and regional economic development agencies in Montréal and Toronto, see J.-M. Fontan, P. Hamel, R. Morin, and E. Shragge (1999), "Community Economic Development and Metropolitan Governance: A Comparison of Montreal and Toronto," *Canadian Journal of Regional Science* 22(1,2): 201–17.

Research infrastructure development and commercialization of innovation: MI connects firms to research institutes and university research commercialization firms.

Governance Model

Board structure: 25 members; 15 private-sector members, including 2 university presidents; 8 mayors and councilors; and 2 representatives of the provincial government.

Management Committee: president and CEO; 3 vice presidents (investment, foreign talent attraction, and international organizations), 5 directors (finance and administration, communications, international mobility services, strategic development, human resources), principal economist, and corporate secretary.

Members: 101 private-sector firms pay membership dues.

Partners: All local governments in the region, several ministries and agencies of the Canadian and Québec governments, sectoral and local economic development organizations, chambers of commerce, and municipal associations are listed as "partners."

Budget

Size: $9.3 million

Contributors: 90% from the federal and provincial governments, the City of Montréal, and the Montréal Metropolitan Community; 10% from private-sector members.

Staff levels: 28 listed in public directory

Performance metrics

MI assesses its own impact in terms of total jobs created, total investment attracted, total number of international organizations attracted, number of qualified foreign workers assisted, and

It also publishes an **Attractiveness Indicators** report that compares Montréal to the other top-20 metropolitan areas by population:

- *Workforce:* university students as % of population, university of degrees awarded, university degrees awarded to foreign students, change in total employment relative to previous year, % population foreign born, net international migration as % of total population, bilingual population (English/French), trilingual population
- *Innovation:* concentration of high-tech jobs, funds dedicated to university-based research, non-profit research centres, rate of attraction of patented inventions, scientific publications per 100,000 population, venture capital investment
- *Costs:* total business operating costs (17-sector average), average annual salary (8 occupational groups), total occupancy cost for office space, leading cost for industrial space dedicated to R&D, average electricity rate
- *Taxation and incentives:* effective corporate tax rate, total tax index (17-sector average), total tax index (R&D average)

- *Quality of life*: quality of life index, consumer price index, tuition for full-time Canadian students (graduate and undergraduate average), average home sales price, average monthly rent, personal safety index, health and hygiene index, urban infrastructure index, public transit journey to work mode share

The Bottom Line

Montréal International is a relatively "thin" organization that concentrates on linkages between separate operational groups rather than engaging in substantial operations itself. Based on the titles in its staff directory, most of the emphasis is put on investment attraction (17 employees assigned to different territories and sectors) and international mobility advisory services (8 employees). Innovation and commercialization matters are referred to other organizations.

MI coexists with municipal economic development departments and Centres locaux de développement (CLDs) that produce local economic development strategies; administer provincial funds that support small business, the social economy, young entrepreneurs, and self-employment; and advise local employment centres. It also coexists with the provincial and federal ministries and regional economic development agencies, each of which has its own sector-specific strategies.

Applicability to Toronto

Montréal International is functionally similar to the GTMA, although the balance of funding sources and the level of funding provided by those sources differ considerably. Montreal International also benefits from the presence of a regional level of government in the form of the Montreal Metropolitan Community and enjoys a higher level of support from its regional government and the remaining municipal governments in the region.

Organization Websites

Montréal International, http://www.montrealinternational.com/home/
Montréal Metropolitan Community, http://www.cmm.qc.ca/index.php?id=316

Synthesis and Discussion

Disclaimer

The information is largely compiled from the organizations themselves. As it is in their interest to present themselves in the best possible light, it is not possible to evaluate the degree to which these organizations and their policies and programs have been successful. The goal is to provide an accurate depiction for each region of the network of institutions that provide investment attraction, export promotion, and research infrastructure development, and their internal structures and financing.

Lessons

1. The answer is a network, not a single institution

A growing number of organizations have called for "one voice" for the Toronto region in economic development. Implicitly, and sometimes explicitly, is the premise that this requires the creation of a single institution — be it a rejuvenated GTMA or an integrated version of a number of the existing EDOs — and the corresponding dismantlement of municipal entities such as Invest Toronto. The case studies show that in complex, jurisdictionally fragmented regions like our own, this is neither necessary nor even desirable. The challenge is to figure out how to create a network among existing entities that are defined both by geography (e.g., municipal agencies and chambers of commerce) and specialization (e.g., the TRRA, the TFSA, etc.).

The Cleveland model is especially interesting in this regard. The creation of a unified brand name and decision-making structure under which all local actors have agreed to collaborate and operate is a remarkable achievement, the politics of which should be studied more closely. It is intriguing that "Cleveland Plus" has no office or staff of its own — its unified public face sits atop a patchwork of staff and organizational resources contributed by independent organizations.

2. Organizational and funding catalysts

The Type 1 American cases illustrate the importance of private philanthropic organizations in catalyzing the development of a regional policy consensus and providing and coordinating the means to fund its implementation. These sorts of organizations exist throughout the United States and have their roots in the progressive citizen-led reform movements of the latter nineteenth century and the business-led citizens' leagues of the early postwar period. We have no historical counterparts to these organizations in Toronto. We have traditionally looked to the government to play this role. Our community foundations tend to be oriented toward social rather than economic infrastructure, and also tend to be passive grant-makers rather than programmatic drivers of institutional and policy development. The emergence over the past ten years of the Toronto City Summit Alliance / CivicAction Alliance is the first step toward building a robust, American-style coalition around economic and social issues and it is significant to note that TCSA/CivicAction is included as one of the case studies of growing business engagement with regional economic development in the FutureWorks report cited in the Overview section.

Given our history, it would be difficult to implement the Cleveland scenario in Toronto. In Cleveland, the funding and development of regional economic institutions bypassed government altogether. The Fund for our Economic Future has reportedly raised $10 million per year over the past seven years from private sources. In the Toronto context, the provincial or federal governments would need to be willing to create an incentive for private support through matching grants or special tax treatment. This might end up looking something like Montréal International operating in Toronto with a mix of public and private representation and funding.

The Montréal example is perhaps most applicable to Toronto in this regard. Montréal International is similar to the GTMA in its structure, but draws much more of its funding from government (90% versus 33% for the GTMA). MI also has a much larger budget: $9.3 million per year versus $1.5 million for the GTMA. Clearly, upper-level governments are the financial catalyst for MI in the absence of private contributions.

The benefit of community-driven financing and organization is that local business and wealthy residents demonstrate their commitment to the health of the local economy and society by committing their own resources to the cause. They have “skin in the game.” The downside of the Type 1 model is that by cutting governments mostly out of the equation, the funding and organizational leverage of government is not brought to bear.

3. Who does what: the difficulty of Canada-U.S. comparison

In comparing Canadian and U.S. cities, it is important to recognize key differences in the way the policy system is structured. Since the 1950s, the U.S. federal government has used funding “carrots” to compel metropolitan collaboration among local governments.

This has mostly been to promote cooperation in land use and transportation planning, but the model has been extended to economic development. Essentially, the federal government will only award project grants to local entities if they are first evaluated by a regional body. In planning and transportation, this is called the Metropolitan Planning Organization, or MPO. In economic development, this is the Economic Development District, or EDD. Usually the boundaries of these organizations are based on the federal government's metropolitan statistical area (comparable to Statcan's CMA) definitions. In some places, including Seattle, these mandated organizations have become more robust, combining under one roof a variety of federal- and state-mandated activities, local collaborative initiatives, and a form of decision-making council.

The closest parallel in Canada to these robust bodies is the regional district system established by the province of British Columbia in the late 1960s. We have no parallel to this system in Ontario. Thus MPOs and EDDs are important because they beg the question of what collaboration would occur in American metropolitan areas if the federal push did not exist. While loose in structure, and more developed in some places than others, the habit of collaboration engendered by these mandated entities should not be underestimated. The Cleveland, Pittsburgh, and Montréal cases suggest that the creation of a regional approach to economic development is made easier if regional institutions or advocates already exist, be they regional chambers of commerce or citizen organizations (the Allegheny Conference and the Greater Cleveland Partnership) or region-wide government agencies (U.S. MPOs and the Montréal Metropolitan Community).

On a different note, it appears that regional organizations in the United States do not tend to engage in export promotion, especially internationally. This is handled by state and federal agencies. This may be a product of the large and open domestic market in the United States, which means that they have less reliance on international trade. Enterprise Florida is the exception that proves the rule: as a state-level organization, it promotes Florida businesses abroad. Montréal International is involved in export promotion, but mostly by collecting data and developing marketing materials. The "boots on the ground" abroad are provincial or federal.

Similarly, the development of research infrastructure and promotion of commercialization appears to be managed outside of metropolitan structures. With the exception of Cleveland's Fund for Our Economic Future, funding support generally comes from higher-level governments, while research institution–industry collaboration, whether or not supervised by government, generally appears to occur through sectoral or special-purpose entities. Montréal International and Enterprise Florida claim to connect entrepreneurs to research institutions, but what this means in practice is not clear, and would require more in-depth research.

4. The Enterprise Florida model has little potential

The Enterprise Florida model, copied in Saskatchewan, holds little promise for Greater Toronto. Privatizing the state or provincial government department in charge of economic development may make the organization more nimble and responsive to business by virtue of its board structure, but it does nothing to promote regional collaboration. One could imagine the Ontario government spinning off export promotion activities to a business-led non-profit corporation (as has occurred in Saskatchewan), but the case for doing so would have to be weighed against an assessment of the efficacy of the Ministry's present activities.

In conclusion, while each of the models represented in these six case profiles hold some instructive lessons for the Toronto region, it is likely that none of them are directly transferable. On balance, it is evident that a bottom-up networked model that fashions a new regional economic development organization out of the existing mix of regional and municipal EDOs, with strong support from the provincial level, holds the best prospects for succeeding in the Toronto region.