

Date: 2020-12-03

Subject: **Municipal Development Corporation- Next Steps**

Contact: Gurdeep Kaur, Director Corporate Projects, Policy, Liaise

Report Number: CAO's Office-2020-462

Recommendations:

1. That the report titled: Public Consultation on a Municipal Development Corporation for Brampton, to the City Council Meeting on December 9, 2020, be received; **and**
2. That the City of Brampton Council authorize the Chief Administrative Officer (CAO) to begin the process of establishing a Brampton Municipal Development Corporation (BMDC) and report back to Council for final approval.

Overview:

This report serves provides:

- **Public consultation update related to the implementation of a Municipal Development Corporation for the City of Brampton.**
- **Information secured over a three (3) year period to assist City Council to determine whether implementation of the Brampton Municipal Development Corporation (BMDC) demonstrates good governance, transparency and alignment with the goals and objectives identified in the Brampton 2040 Vision.**

Background:

At the June 23, 2017 City Council meeting, Council received the report titled Authority to Modernize Mandate – Commence Revised Real Estate Acquisition, Disposal and Leasing Strategy. This mandate provides the cross-departmental staff member team - led by Realty

Services, Legal Services, Economic Development & Culture and Finance. City Council authorized the cross-department staff team to enter into negotiations with property owners for the purpose of acquiring land and/or facilities for various identified City of Brampton projects, identified municipal purposes, opportunity driven purchases and to address Council-approved strategic priorities. Part of the long-term strategy resulted in the formation of the Strategic Real Estate project team to address new business needs by the management of City real estate assets through portfolio strategy, asset management, acquisitions and disposals to address Council priorities.

In an effort to advance the successes of the Modernized Real Estate Strategy, staff identified the establishment of a Municipal Development Corporation (MDC) as a potential avenue to further increase the scope of real estate activities, add value to strategic sites and leverage assets in a for-profit structure.

The MDCs are created through legislation (Municipal Act, 2001) and are separate and distinct entities from municipalities. The MDCs are guided by a defined mandate which is typically focused on providing revenue to its shareholder. The stakeholder would be the City of Brampton. The MDC would be focused on improving the City economically, socially and environmentally. It is critical to understand from the onset that a MDC does not preclude the need to maintain in-house real estate services; rather, a MDC should be considered as a complimentary tool to advance City building and real estate objectives. There is the opportunity for allocation of existing City staff resources to the MDC as mechanism to reduce the implementation costs of the corporation.

At the May 1, 2019 Committee of Council meeting the report entitled, "Business Case for a Municipal Development Corporation" (RE-19-200) was received. Staff were directed to engage a third-party consultant to prepare a Business Case and seek advice for the possible establishment of the MDC. Once the Business Case was developed, staff were directed to return to Council for further deliberation and direction on the next stage of the project.

On November 21, 2019, the CAO presented a report entitled, "Business Case for the possible creation of a Municipal Development Corporation (RM 55/2019). City Council authorized the creation of Municipal Development Corporation in-principal based on the documentation presented by the CAO.

On August 5 2020, City Council accepted the Business Case and Draft Policies in-principal and endorsed the transition to the last stage prior to the decision associated with implementation. The final component was to engage members of the community and secure public feedback.

In September 30, 2020, the third-party consultant develops public consultation assets in collaboration with staff from the communications and public engagement departments, including a consultation website, public survey and marketing materials.

On November 4, 2020 the Public Consultation phase was initiated and secured community feedback via an online survey platform and direct communication. The Public Consultation phase was promoted via social and print media to create community awareness and to generate input.

On December 3, 2020 the third-party consultant provides an outline of the Public Consultation results and participant feedback. The consultant evaluated the feedback and provided observations and recommendations for revisions to the Business Case that would further strengthen the BMDC and promote public confidence.

Current Situation

As per the Municipal Act, any municipality may establish a MDC. Specifically, section 203 of the Municipal Act authorizes municipalities to establish corporations. Ontario Regulation 599/06 provides further clarification on the authorization outlines the process on how a municipality may establish a municipal service corporation. As per the direction of City Council, the BMDC is envisioned to be a municipal services corporation providing economic development services.

The City of Brampton initiated the process to establish a MDC and adopted in-principal the Business Case and Asset Transfer Policy, as required under O. Reg. 559/06 s. 6 and 7 of the Ontario Municipal Act. Prior to establishing an MDC it is required by legislation to consult the public about the proposal.

After receiving a report on that outlined the benefits of a MDC and adapting a work plan, City Council approved the establishment of a MDC “in-principal” for real estate and development matters.

The Public Consultation Report achieves the regulatory requirements for the municipality to consult with the public about the proposed establishment of the BMDC.

The public consultation was advertised via social media platforms, print media, multilingual media outlets (digital/audio), business and stakeholder email distribution lists and the City’s website. The BMDC promotion plan was development and initiated by the Strategic Communication team.

The public, business community, community stakeholders and Councillors were directly invited to complete the online survey to provide direct input. A public webinar was provided as an option for those who wished to learn more information and to interact directly. The webinar was held on November 30, 2020 for those who signed up via the website. The website was entitled, “Public Consultation on a Municipal Development Corporation for Brampton” which was available at www.bramptonmdc.ca

Public Consultation Results

In total, the public consultation resulted in 397 engagements, which included survey answers, email feedback and comments during the webinar. The public consultation varied in terms of both support and opposition to the formation of the BMDC. The consultation results were received and analyzed by the third-party consultant. The data below summarizes the feedback received that outlined concerns with the BMDC.

a) Considerations of a proposed BMDC

The feedback referenced the Brampton Downtown Development Corporation (BDDC) with comments that the mandate was not achieved. It was suggested that the BMDC would be a repeat of perceived limitations with the BDDC.

The third-party vendor analyzed the statements based on available evidence related to the BDDC. It was confirmed that a review of the BDDC was conducted in 2013 by Malone, Given Parsons (MGP) and it was concluded that BDDC was performing Business Improvement Area (BIA) functions well, but not on fulfilling the development mandate. The third-party consultant recommended continuing the marketing functions with the formation of a Brampton Downtown Business Improvement Association (BDBIA) and that the municipality implement a MDC with a focus on real estate.

In response to the feedback, the third-party consultant recommended that the new development corporation implement accountability policies (Code of Conduct, Compliance, Progressive Discipline, Reprisal, Anti-Discrimination & Harassment Prevention and Whistleblower Policy), as identified in the original Business Case. The Business Case also recommended that the BMDC file an annual report to City Council that would, at a minimum, include an independent financial audit report, progress reports on development and performance measures required by the City as the shareholder.

b) Board of Director Composition

The public consultation included comments related to the Board of Director Composition. The consolidated feedback suggested a reduced number of elected officials on the Board of Directors.

The third-party consultant stated that the number of elected members selected to the Board of Directors is discretionary. City Council has the option of one (1) elected official, such as CreateTO, three (3) elected officials forming a minority vote, or any combination. The consultation participants highlighted the need to include input from Peel Housing, senior citizens and representation from youth. It was recognized that the City of Brampton is a mosaic, consisting of a celebrated community of many diverse cultures. It is understood the Board of Directors should reflect the community's diversity.

Third-Party Consultant - Recommendations

The consultant's report recommends revisions to the MDC Business Case to include the following:

- a) Community Member Selection Guide. The guide will assist City Council in approving the community members to be appointed to the Board of Directors and the associated Steering Committees; and
- b) All selected members of the Board of Directors should be certified in the "Board of Director" educational program offered at the post-secondary level; and
- c) The contractual agreement between the City of Brampton and the BMDC should include specific reference to an Annual Report, as required by legislation; and
- d) Confirmation of the Committee to receive reports from BMDC (Council, Committee of Council or Planning and Development Committee); and

- e) BMDC should join as a participant or supporting partner for any independent Cultural Arts Council that is formed; and
- f) BMDC should be reviewed in five (5) years to measure the overall performance of the corporation, ensuring that the goals and objectives of the City are achieved.

Term of Council Priorities

This report achieves the Term of Council Priority of Brampton as a Well-run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion

The City of Brampton has conducted an in-depth evaluation of the benefits of the implementation of the Brampton Municipal Development Corporation over a period of three (3) years. The City has adapted a Business Case, policies on asset transfers to the corporation and consulted with the public.

The evaluation process has demonstrated compliance with the Municipal Act and secured feedback from members of the community. The public consultation resulted in independent recommendations for revisions to the BMDC Business Case that will further enhance the operation, transparency and accountability of the corporation.

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Attachments:

APPENDIX 1: BMDC Public Consultation Report, Dec. 3, 2020