

# **Advancing a Municipal Development Corporation (MDC)**

## ***Strategic Land Priorities and Business Model Framework Options***

**For Consideration by Community Planning, Regulation and Mobility Committee – Oct. 6, 2020**

Final Version dated Sept 23, 2020



# Approved Council Direction – Red Tape/Red Carpet

*Review the efficiency, effectiveness and optimal structure of the Burlington Economic Development Corporation and TechPlace, as well as the opportunity for a Municipal Development Corporation, in achieving the city's business attraction and retention goals (see companion report listed on July 8, 2019 COW agenda: M0-04-19).*

# Summary of Council Workshop on MDC – July 14, 2020

## Key Points of Agreement

- Burlington needs to expand its strategic real estate capacity and/or capabilities
- A dedicated real estate entity would be beneficial for Burlington
- The MDC needs to be flexible enough to address multiple issues

## Key Questions to Answer

- How much autonomy will the MDC be mandated?  
*“The case study research suggests that significant autonomy benefits the efficiency of the MDC, but almost every MDC is constrained by its council given mandate, municipal representation on the board of directors, an annual business plan, and annual financial reporting”*
- What level of financing is available to fund an MDC?
- What will collaboration between the MDC and City Staff look like?



# Land...Requires a Strategic Vision and Priority Focus

*Driven by the goals of the City of Burlington 10 Year Economic Vision and 25 Year Strategic Plan, Burlington strategically acquires, develops and manages land to:*

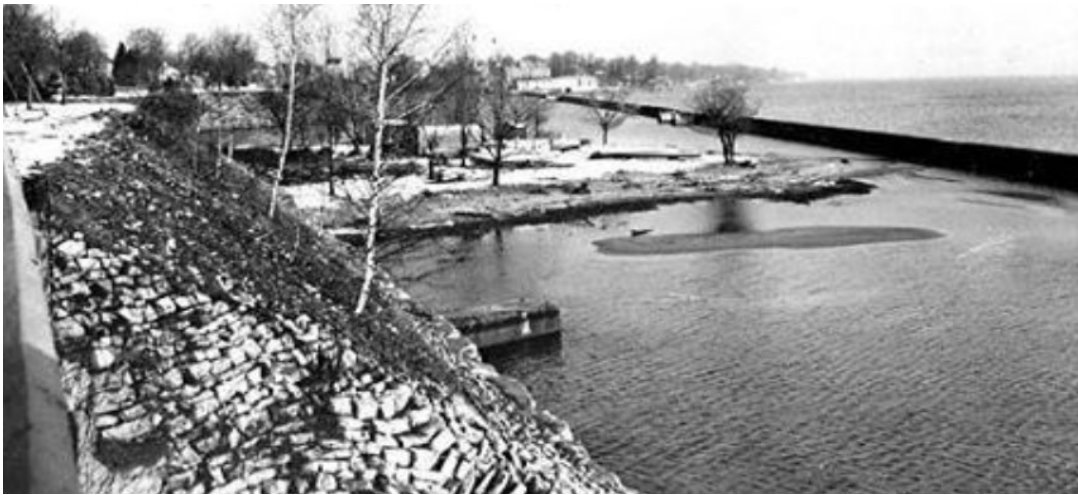
- maximize business development opportunities to support economic growth and job creation,*
- implement city building projects and initiatives that enhance the quality of life for all citizens, and*
- leverage opportunities and deliver increased affordable housing*





# COB Strategic Land Decisions...

**Spencer Smith Park...Back then**

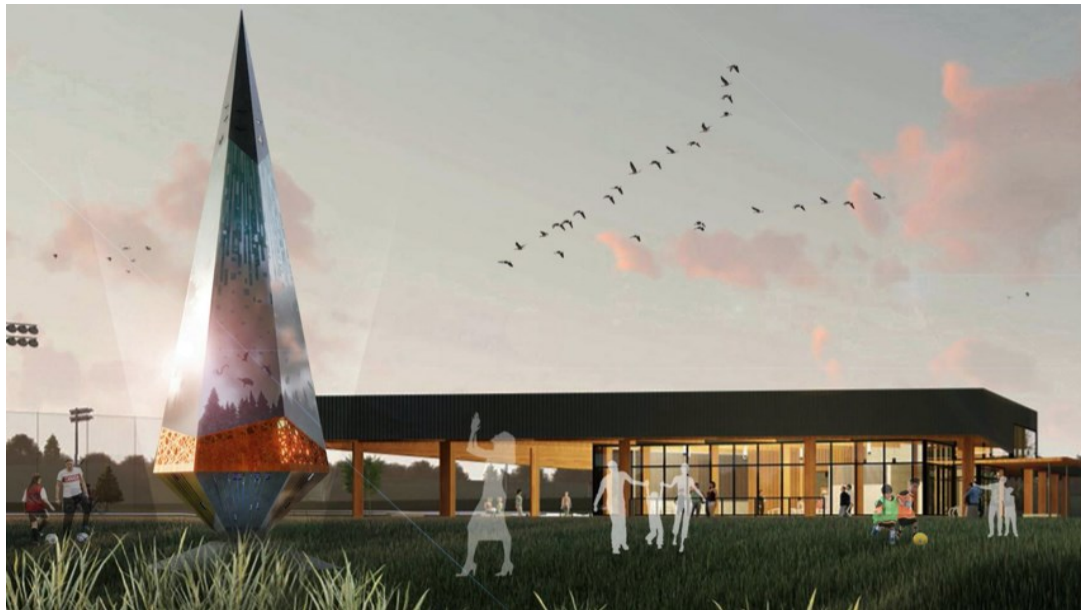


**Burlington DTWF Vision Realized...**



# Other Strategic Land Acquisition Examples...

## City View Park



## Paletta Park and Mansion





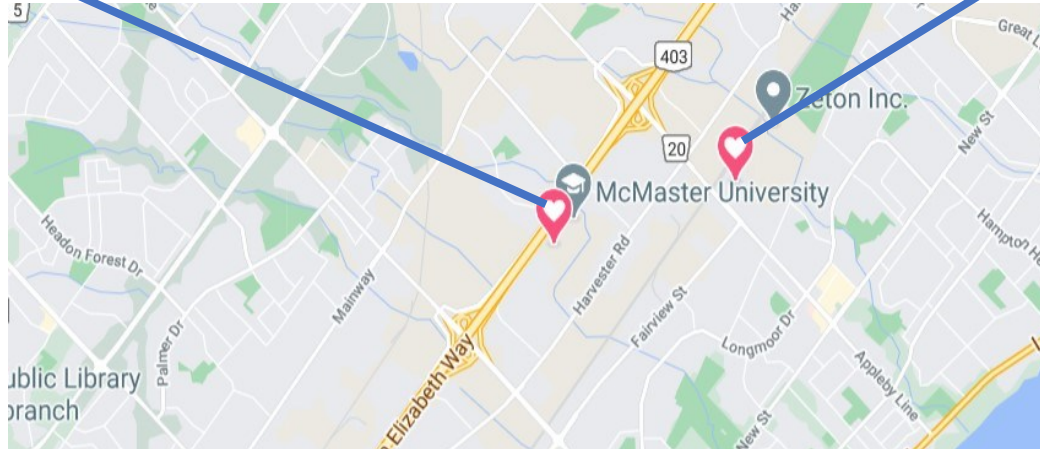
# Future Considerations

- Increased Focus on Pursuing Strategic Land Opportunities to leverage and support Economic Growth
- Acquisition and/or re-development of City owned lands to achieve major long-term community planning and development priorities e.g. Mobility Hubs, Sims Square Phase 2, DT Parking Facilities
- Completion and Implementation of a City of Burlington Housing Strategy including integration of Strategic Land partnerships and other opportunities
- Council consideration and approval of major City Building projects encompassing strategic lands. Examples Include:
  - Redevelopment of City Facilities e.g. New Skyway Community Centre
  - Surplus School Sites



# Recent Burlington C/I Land Sale Examples

- Site was on the market in 2017 for 12 million.
- Adjacent to the existing McMaster DeGroote Campus .
- Strategic Land parcel as potential catalyst for the development of the Innovation District and intensification of employment lands in keeping with the Strategic Plan and Official Plan.



- Site was on the market for 2 years and purchased in 2015 for 8.9 million.
- NE Corner of Appleby & Fairview.
- Strategic Land parcel to support development of the Appleby Mobility Hub in keeping with the Strategic Plan and Official Plan.



# Business Model Framework Options

1. *New* Municipal Development Corporation (MDC)
2. *New* Burlington Lands Partnership (BLP)
3. Internal COB Strategic Lands Project Team
4. Hybrid: Build strategic land management capacity and expertise and re-consider need for MDC in 2 years

# Option 1. *New Municipal Development Corporation - MDC*

- New Corporate Entity owned by City of Burlington formally established under provisions of the Ontario Municipal Act (Section 203).
- Requires a formal “business case study” to be adopted before MDC can be established. Extensive and detailed legal work required to satisfy requirements of the Municipal Act including establishment of directors, officers and shareholder (City)/board relationship and responsibilities.
- Full Public Participation required related to the proposal to establish MDC
- New Corporation would allow for Asset Transfers with appropriate Council approved policies

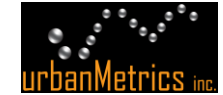
# The challenges with establishing the MDC ... at this time

- To be effective an MDC will need:
  - Significant startup investment of tax supported funds for property acquisition and anticipated 3-year operating budget commitment to allow the corporation to become sustainable (est. \$0.75M to \$1.7M operating cost).
  - To be established as a **separate** legal Corporation under the Municipal Act with the City of Burlington as the sole shareholder. Incorporation is similar to the process for establishing the Burlington Economic Development Corporation (BEDC). Incorporation is a significant undertaking encompassing incremental legal costs, extended timelines to formally meet the requirements of the Municipal Act (e.g. full public engagement).
  - Economic uncertainty related to COVID 19 exists and is expected to continue through 2021 .



# More on MDC Costs...

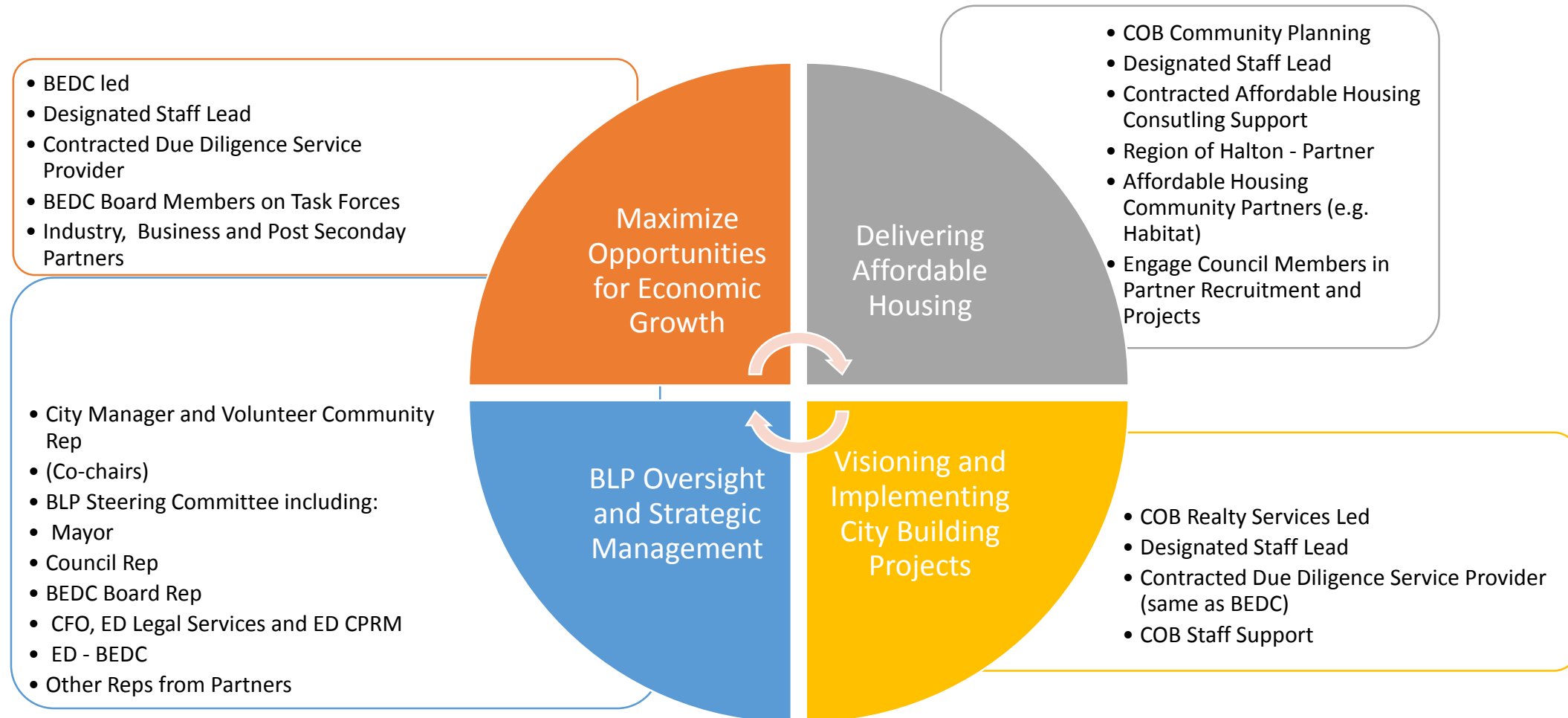
## Order of Magnitude Example of MDC Costs



	Limited MDC (e.g. Midland)	End-to-End MDC (eg. Calgary, Edmonton)
Start-Up Costs	\$250,000	\$500,000
Annual General Operating Costs	\$600,000	\$1,500,000
Annual Professional Services Expenditures	\$150,000	\$200,000
Total Annual Operating Costs	\$750,000	\$1,700,000
Land and/or Capital Requirements	\$10-20 million	\$20-40 million
Annual Financing Costs	\$800,000	\$1,600,000

- The cost of operating an MDC depends significantly on its scale and mandate
- Accurate cost projections are difficult without an understanding of the objective and type of development an MDC would be undertaking
- Capital requirements vary significantly, but can include the value of land transferred to the MDC
- Financing costs are dependent on risk sharing and the given financial capacity of the City

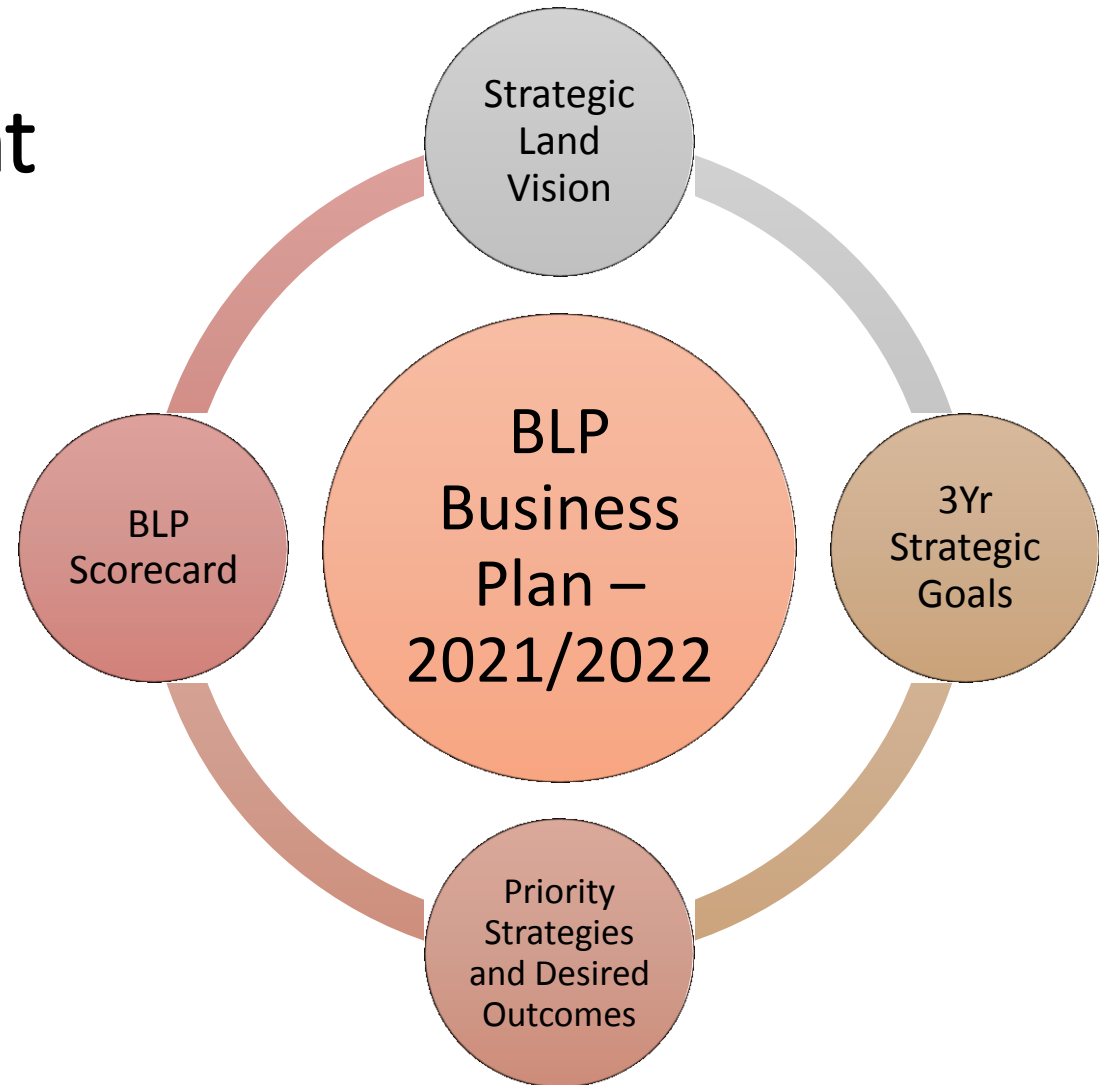
# Option 2. *New Burlington Lands Partnership*



# BLP Strategic Management

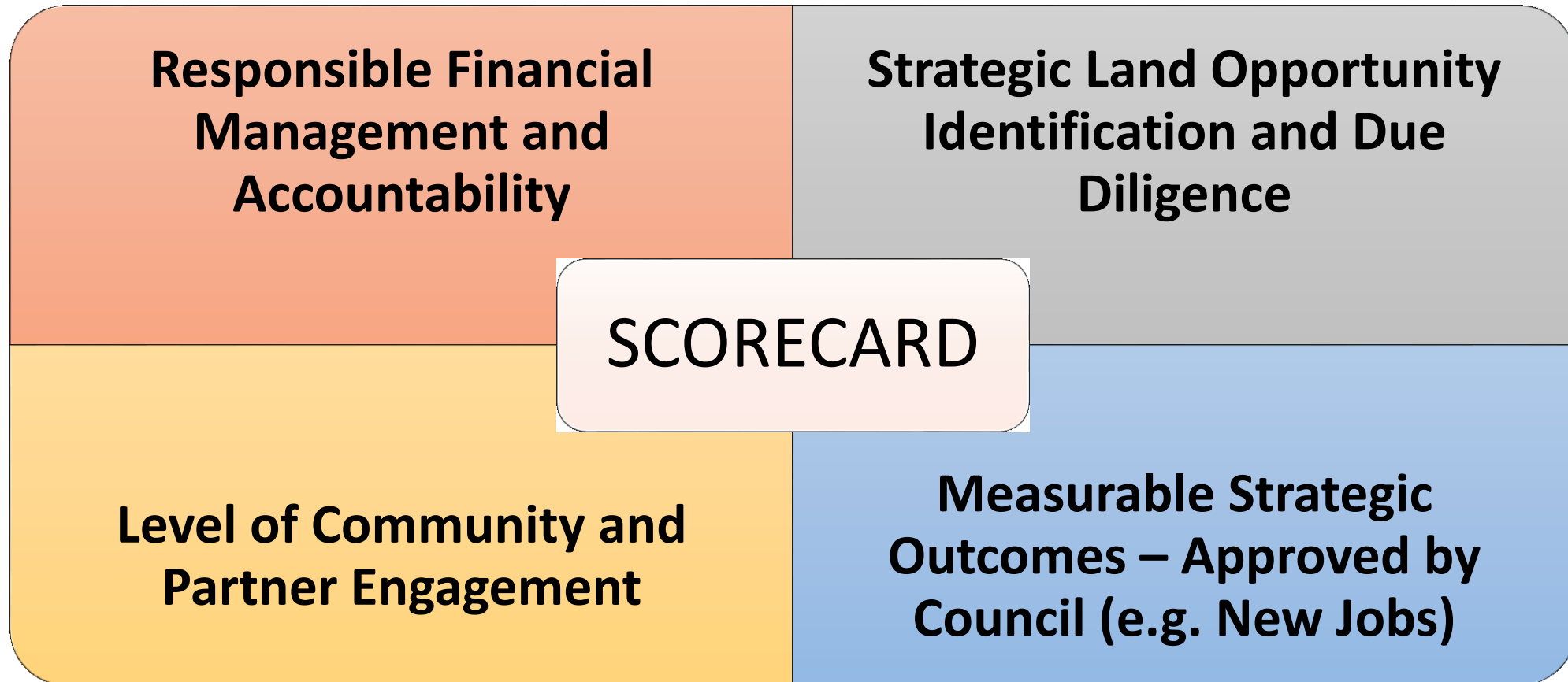
## FOCUS AREAS

- Economic Development and Job Creation Opportunities
- City Building Projects
- Affordable Housing





# Burlington Lands Partnership - Proposed Scorecard



# Why Consider a Burlington Lands Partnership vs MDC now?

- Builds on and leverages existing skills, relationships and expertise within City and BEDC
- Enables an interim structure (2 years) to build organization capacity and deliver key outcomes related to strategic land management. A formal MDC can still be considered as an option commensurate with the 2022-2026 term of City Council.
- Allows incremental budget resources in 2021/22 to be provided on a “one-time” funding basis, support for Council consideration and approval of detailed operating budget business case.
- Provides an integrated and accountable organizational structure including BLP steering committee, designated staff leads and enhanced business process including Council oversight (including both open and closed session reporting)
- Places a priority corporate focus on realizing strategic land opportunities.

# Strategic Partners – Expected and Anticipated

## EXPECTED

- BEDC BOARD and STAFF (Lead role on pursuit of Strategic Land opportunities for economic growth)
- HALTON REGION (Housing Strategy including Affordable Housing opportunities)
- BUSINESS COMMUNITY including Developers and Builders looking to work with City/BEDC to provide innovative and complete communities including employment, recreation and leisure and a range of housing choices.
- EDUCATION including local school boards and post secondary.
- COMMUNITY NOT FOR PROFIT ORGANIZATIONS and other community organizations including those with land holdings (e.g. Habitat for Humanity)

## ANTICIPATED

- BURLINGTON LAND-OWNERS (Those who share Council's vision and will work collaboratively to grow local economy and address quality of life needs e.g. housing)
- GOVT OF CANADA, PROVINCE OF ONTARIO AND OTHER PUBLIC SECTOR ORGANIZATIONS (Potential project and strategic initiative funders and partners)
- SPECIALIZED HOUSING PROVIDERS including LTC and integrated Seniors Healthcare/Housing providers
- SPORT TOURISM opportunities including Event Hosting partnerships
- INNOVATION CENTRES (e.g. McMaster Innovation Park)



# Option 3. Internal Strategic Lands Project Team

- Establishes a formal Project Management (PM) Approach for all Strategic Land Projects both currently under review and proposed over the next 3-5 years
- Continued focus on City and BEDC working closely on all Strategic Land Opportunities as endorsed by City Council
- Under PM approach, each Strategic Land Project would require Council pre-approval of following:
  - Project Brief including project lead, project team, key project objectives and milestones, project risks and mitigation strategies
  - Project operating budget including incremental resources for external contracted services (e.g. appraisals)
  - Multi-year capital budget estimates and capital financing strategy including land acquisition
- Semi-annual reporting to Council on status update of all strategic land projects and project specific reporting as required
- No change to City and BEDC organizational structures related to staff resources available for projects. Project teams to remain cross functional depending on scope and nature of project.

## Option 4. Hybrid Model

- 5 Year ***Transitional approach*** which would see Council initially endorse Option 2 – Burlington Lands Partnership (Recommended by City Mgr.) or Option 3 – Internal Strategic Lands Project Team.
- Future consideration of a formal MDC would be based on Burlington City Council consideration of report from City Mgr. in Q3 2022 on the strategic outcomes and overall BLP performance compared to business plan.
- Recommend ED of Legal Services and Corporation Counsel also provide a separate report to Council in Q3 2022 on the detailed legislative requirements under the Municipal Act related to establishment of a Municipal Development Corporation

## CM-29-20 Report Recommendations – CPRM Oct 6/20

Direct the City Manager to proceed as follows to affirm and enable the City of Burlington's focus on strategic lands related to the following key priorities:

- maximize business development opportunities and advance future economic growth and job creation.
- implement major city building projects that enhance the quality of life for all citizens.
- deliver increased supply of affordable housing through proactive long-term strategies and innovative partnerships.



## CM-29-20 Report Recommendations – CPRM Oct 6/20 cont.

1. Establish in principle a new corporate structure for a *BURLINGTON LANDS PARTERSHIP (BLP)* including consideration and approval by City Council of a comprehensive terms of reference, governance and decision-making framework, operating model including financial plan, 2021/2022 Proposed Business Plan including strategic goals and key performance indicators and communications plan.

## CM-29-20 Report Recommendations – CPRM Oct 6/20 cont.

2. Include for consideration by Council in the proposed 2021 Operating Budgets a detailed business case for a one-time funding provision of \$250,000 to support the Year 1 operation of the Burlington Lands Partnership including, but not limited to, external service due diligence service providers (e.g. Strategic Land economic analysis, professional services – architectural/urban design, engineering, legal, financial/fiscal impact etc.). Proposed one-time BLP Funding for 2022 to be considered based on future consideration of status report in Q4 2021 with separate business case as required.

## CM-29-20 Report Recommendations – CPRM Oct. 6/20 cont.

3. Report back to Council, in Q3 2022, with a status update on the Burlington Lands Partnership including overall Business Plan performance, detailed financial report including both operating and capital budget related and recommendations for future consideration Strategic Land management options, and

Direct the City Manager to engage further with the Burlington Economic Development Corporation and key City staff in the development of the Burlington Lands Partnership Terms of Reference and the Proposed 2021/2022 Business Plan and report back for Council consideration and approval in December 2020.



# Acknowledgements and Concluding Remarks

- Over the past 5 years, significant discussion and consideration has been given to creation of a Burlington Municipal Development Corporation (MDC)
- A New MDC represents a formal governance structure that remains an option. Working in close partnership with BEDC, City needs to be positioned to address the requirements of the ON Municipal Act (Section 203) and fully demonstrate the need for an MDC including community support.
- CM-29-20 recommends a two-year interim approach to establish a new Burlington Lands Partnership and report back on performance outcomes in Q3 2022.

# Questions and Comments

