



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Graham Lowe, Senior Economic Development Officer

DATE: September 1, 2023

REPORT NO.: BEC-2023-011

SUBJECT: Twin-City Arrangement – Recommendations and Implementation Workplan

RECOMMENDATION:

THAT Report No. BEC-2023-011, dated September 1, 2023, Twin-City Arrangement – Recommendations and Implementation Workplan, be received;

AND FURTHER THAT, Council direct staff as to whether or not the sister-city Implementation Workplan is to move forward and be considered by Budget Committee for potential inclusion in the 2024 Budget, including Council's preferred option for moving forward as outlined in Section 3 of this report.

KEY POINTS:

The following are key points for consideration with respect to this report:

- On June 19, 2023, Council approved [Resolution No. 2023-0127](#) (Twin-City Arrangement) which directed Town staff to explore the opportunities and benefits of twinning with another community, and to report back to Council with recommendations, including an implementation workplan and budget to undertake this review, for consideration as part of the 2024 Budget.
- A Sister city, town, county or state relationship is a broad-based, long-term partnership between two communities located in two different countries. The relationship is officially recognized after the most senior elected or appointed officials from both communities approve an agreement to become sister cities.
- Sister City partnerships have the potential to offer significant benefits, including:

- Establishing municipal-to-municipal connections to facilitate investment attraction;
- Leveraging existing Foreign Direct Investment (FDI) workplans,
- Creating familiarity, trust and knowledge sharing across local business communities;
- Helping small and medium-sized companies find more customers in international markets;
- Cultivating relationships to stimulate trade and increase local employment;
- Establishing new relationships between post-secondary institutions and within local innovation ecosystems; and
- Expanding target industries to strengthen global competitiveness.
- There are two main approaches with respect to Sister City or twinning relationships: (i) the friendship approach (i.e. those that focus on cultural or friendship relationships); and (ii) the economic development approach (i.e. those that focus on economic development relationships).
- Several Ontario cities and smaller towns that are active in Foreign Direct Investment (FDI) have established Sister City Agreements. Many of these Sister Cities are located within Halton Hills primary target FDI markets of Germany and the Netherlands.
- The required in-market activities associated with establishing a successful Sister City initiative also have the potential to supplement future Town-led trade missions that may include a Council delegation and key local business stakeholders.
- In response to Council Resolution No. 2023-0127, staff have developed a Sister City Implementation Workplan for 2024 for Council's consideration. It includes:
 - Preliminary Background Work – Q1 2024
 - Situational, Economic and Demographic Analysis – Q2 2024
 - Stakeholder Engagement – Q2-Q3 2024
 - Identification of a Short List of Potential Partner Communities – Q4 2024
- Successful development and implementation of a Sister City initiative requires an upfront resource investment and, if Council decides to forward this initiative to Budget Committee and ultimately to establish a sister-city partnership, an ongoing resource commitment to maintain the relationship and maximize its economic, social and cultural benefits.

BACKGROUND AND DISCUSSION:

1. Overview

According to Sister Cities International – a non-partisan nonprofit which serves as the national membership organization for individual sister cities, counties, and states across the United States – a Sister City, county or state relationship is a broad-based, long-term partnership between two communities in two countries. The relationship is officially recognized after the highest elected or appointed official from both communities sign an

agreement to become sister cities. A Sister City, or Twin Town relationship, is a form of legal or social agreement between two geographically and politically distinct locations for the purpose of promoting cultural and commercial ties.

Sister City relationships develop from a number of sources, including but not limited to: pre-existing mayoral relationships, trade relationships, historical connections, ancestral/demographic connections, expatriate communities, shared geographic/sector challenges, faith-based groups and individual experiences ranging from study/work abroad to marriages.

The modern concept of town twinning has its roots in the Second World War. The idea emerged as a way of establishing solidarity between cities in allied countries that went through similar devastating events. Over the years, the purpose of “twinning” has expanded to encourage trade and tourism or to reflect other links – such as towns sharing the same name or migration links. By the 2000s, town twinning became increasingly used to form strategic international business links among member cities.

There are typically two general approaches with respect to Sister City or twinning relationships:

- Friendship approach - those that focus on cultural or friendship relationships; and
- Economic development approach - those that focus on economic development relationships.

The cultural or friendship approach is based on customary ties, ethnicity, language or related criteria. It is typically associated with Sister Cities International, a non-profit organization dedicated to promoting and fostering such relationships. According to initial research, this is the traditional and most common approach for Sister City relationships.

The economic development approach, by contrast, focuses on investment and takes a more business-driven approach to the relationship. Sister City partnerships have the potential to offer significant economic benefits, including:

- Leveraging existing Foreign Direct Investment (FDI) workplans;
- Establishing municipal-to-municipal connections to facilitate investment attraction;
- Creating familiarity, trust and knowledge sharing across local business communities;
- Helping small and medium-sized companies find more customers in foreign markets;
- Cultivating relationships to stimulate trade and increase local employment;
- Establishing new relationships between post-secondary institutions and within local innovation ecosystems; and
- Expanding target industries to strengthen global competitiveness.

Although potentially significant, the economic benefits of Sister City relationships can be more difficult to measure because of a lack of local data, confidentiality relating to investments, and the difficulty in quantifying the various forms of economic activities that take place between partnership communities including student exchanges, tourism, municipal exchanges, and traditional business development and trade. Sister Cities International has estimated that the annual economic impact of Sister City relationships in the United States is over \$430 million per year – noting that Sister City relationships do not necessarily result in new investments or expansion of trade in goods and services. Any sister-city arrangement established by the Town of Halton Hills would have projected economic benefits as one of its core objectives.

2. Implementation Workplan

The following workplan outlines the proposed process that may be undertaken to identify potential sister communities for consideration in 2024. The main components are:

- Preliminary Background Work – Q1 2024
- Situational, Economic and Demographic Analysis – Q2 2024
- Stakeholder Engagement – Q2-Q3 2024
- Identification of a Short List of Potential Partner Communities – Q4 2024

Any in-market activity and travel required for in-person visits once a sister community has been selected would be recommended to take place starting in 2025. The required in-market activities associated with the Sister City initiative may also align with future Town-led trade missions, and may include a Council delegation and local business representation.

Summary of Sister City Agreement Workplan 2024		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2.1	Preliminary Background Work												
2.2	Economic, Demographic & Community Analysis												
2.3	Stakeholder Engagement												
2.4	Identify Short List of Potential Partner Communities												

Subject to Council’s direction, upon completion of the Implementation Workplan (sections 2.1 to 2.4), staff would report to Council with the findings and recommendations. A recommended Implementation Plan, including resources required to successfully implement a sister-city partnership on an ongoing basis, would be presented to Council at that time. It is anticipated that the latter would be recommended to be considered for the 2025 Budget.

2.1 Preliminary Background Work – Q1 2024

Preliminary research will begin by investigating best practices, as well as determining benefits and any challenges. Realizing sister city benefits will require a sustained commitment, including developing and implementing robust selection criteria, governance structure, and the required financial and human resources.

In this phase of the workplan, criteria will be developed to determine which Sister City or twinning opportunities to pursue, including the following considerations:

- **Outcomes:**
 - What are the intended outcomes? What are the factors, risk and opportunities that the Town should consider in pursuing an opportunity to twin? Is the focus on economic, cultural, tourism and/or other factors? How does the Town evaluate whether the twinning was successful? Which community is the best fit for Halton Hills? What are the selection criteria?
- **Relationship Management:**
 - Who needs to lead and manage the relationship(s)? Does responsibility for relationship management rest with Council, staff administration, an external agency, community organizations, or a combination of the latter? What is the most effective governance structure? What, if any, is the role for community stakeholders/organizations? How should decisions be made and who needs to be part of the decision-making process?
- **Resourcing:**
 - What resources are required? What commitments are required to successfully fulfill a twinning agreement?
- **Agreement Duration:**
 - How long should the relationship(s) last? Should Sister City or twinning relationships last for a specified period of time? What is the process to renew or end a relationship?

2.2 Situational, Economic and Demographic Analysis – Q2 2024

When selecting a Sister City, it is important to find a community that has similar economic industries and assets, and not necessarily the one that matches based solely on population size. Staff would undertake a detailed situational, economic, demographic, and community analysis to identify economic links that could serve as the foundation of a successful Sister City relationship. This analysis would lead to the development of a comprehensive Strengths, Weaknesses, Opportunities & Threats (SWOT) matrix that will consider several factors including, but not limited to:

- Communities with similar economic target sectors;
- Local companies with international links/relationships;

- Communities where the Town may anticipate seeing investment from;
- Communities with a urban/rural composition (similar to Halton Hills);
- Communities on the outskirts of major international cities/hubs;
- Relevant Trade Agreements (i.e. Comprehensive Economic and Trade Agreement, and Canada-Germany Energy Partnership);
- Cultural differences (i.e. Germany vs. the Netherlands); and,
- Communities that are known for their work in environmental management, biodiversity and/or natural assets that align with the Town's priorities.

2.3 Stakeholder Engagement – Q2-Q3 2024

Approximately 45 of the 150 communities across Canada that have active Sister City Agreements in place are located in Ontario. Initial research indicates that approximately 50% of the cities within the Sister Cities International network have populations under 50,000. Several cities and smaller towns across Ontario that are particularly active in FDI have established Sister City Agreements. Many of these Sister Cities are located within Halton Hills' primary target FDI markets of Germany and Netherlands:

- Barrie, Ontario – Zweibrucken, Germany
- Belleville, Ontario – Lahr, Germany
- Burlington, Ontario – Apeldoorn, Netherlands
- Cobourg, Ontario – Coburg, Germany
- Markham, Ontario – Nordlingen, Germany
- Toronto, Ontario – Frankfurt, Germany
- Windsor, Ontario – Mannheim, Germany
- Mississauga, Ontario – Kariya, Japan
- Oakville, Ontario – Neyagawa, Japan

During this phase of the workplan, staff would facilitate interviews with municipalities (including but not limited to those listed above) who have Sister City Agreements in place to determine best practices, benefits, opportunities, challenges and lessons learned. Staff would also consult with subject-matter experts, including the Trade Commissioners, in-market government representatives and other potential stakeholders, including local businesses, trade associations, Chambers of Commerce and Toronto Global.

2.4 Identification of a Short List of Potential Partner Cities – Q4 2024

Based on completing the above work and following the identification of a short list of potential partner communities, staff would report back to Council. Pending Council direction, staff would then proceed with initial engagement. This process typically involves providing a formal Expression of Interest to a potential partner city to begin conversations.

3. Resourcing Strategy and Projected Costs

Successful development and implementation of a Sister City partnership, including the undertaking of the recommended workplan outlined in this report, will require additional resources. Sister City partnerships typically require a portion of a staff position to be dedicated to leading and managing these relationships. According to Sister Cities International, approximately half of all Sister City programs operate with an annual budget of \$5,000, and approximately 80 percent operate with a budget under \$25,000.

As part of ongoing Human Resource management and planning, staff have previously identified the need for a new resource (“Business Investment Attraction Coordinator”) in 2025 to assist with the management and follow-up on investment leads and other investment attraction activities. This position would also support the successful Business Concierge Program in order to position Halton Hills as a prime investment destination, attract non-residential assessment and associated quality local jobs and municipal tax revenue. The volume and complexity of Halton Hills’ FDI leads continues to increase and existing staff resources are inadequate to keep pace. This outstanding volume of work was identified regardless of any Sister City partnership. In 2023, due to workload challenges, an outside consultant was retained by the Town to assist with FDI lead outreach, in order to keep pace with engaging economic investment leads. The workload required for the Sister City initiative would further exacerbate current workload challenges.

Recognizing Council’s direction per [Resolution No. 2023-0127](#), staff explored potential options in order to ensure that existing business services, priorities and associated workplan are maintained, while also being able to advance the Sister City opportunity.

For Council’s consideration, the following options can be considered:

- Option A: Not pursue a Sister City partnership.
- Option B: Delay consideration of the Sister City partnership, including the undertaking of any work outlined in this report, to 2025 or another year when resources are available. Town staff would revisit the workplan for 2025 Budget Committee. Given Council’s Resolution, delay to 2025 will likely result in missed opportunities and synergies as the Town continues to implement its successful FDI Strategy.
- Option C: Retain external consulting support to implement the Sister City workplan. The downside of this approach would be that internal knowledge and capacity of the Sister City would not be retained by the Town. Perhaps more importantly, it would undermine the ability to establish a direct government-to-government relationship which is at the core of sister-city agreements. To be successful, the Town should have a direct government-to-government relationship.

- Option D: Retain the “Business Investment Attraction Coordinator” in 2024. The Coordinator would lead completion of the Implementation Workplan outlined in this report. This would be in addition to completing priority non-residential investment attraction activities outlined earlier. It is estimated that filling the Coordinator position for 2024 would be about \$100,000. Depending on the outcome of the Initial Workplan and Council’s ultimate decision on the sister-city, the role and workplan of the Coordinator would be reviewed and adjusted for 2025, provided that Council approval were granted to continue the position beyond 2024. There is a potential opportunity to fund a portion of the resource in 2024 through the Federal Government’s CanExport Community Investments program – subject to a successful application.

Aside for staff resources, Sister City partnerships typically entail delegation exchanges between the sister communities. Existing capital funds from the Town’s Economic Investment Attraction Fund may potentially be used towards this. Initial research suggests that the typical budget for maintaining a Sister City Agreement on an ongoing basis, excluding the required staff resource to implement and manage the relationship, is in the range of \$10,000-\$20,000 per year (e.g. delegation costs, data acquisition, marketing materials, consulting support).

As noted earlier, upon completion of the Implementation Workplan (sections 2.1 to 2.4), staff would report to Council with the findings and recommendations in 2024. A recommended Implementation Plan would be presented to Council at that time. The decision to enter into a sister-city partnership (or not) would be made at that time.

At this time, staff is seeking Council’s direction as to whether Council wishes to advance consideration of the sister-city partnership and the associated workplan to Budget Committee for the 2024 Budget.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town’s Strategic plan recognizing the value to foster a prosperous economy, maintain and enhance the economic vitality of the town through the provision of a wide range of opportunities for economic development.

This report also identifies shaping growth as one of the Town’s Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

This report was circulated to the Finance Department given its financial implications.

FINANCIAL IMPLICATIONS:

This report has the potential to require funding in a future budget year and therefore needs to be referred to budget committee for tracking purposes.

Subject to Council's direction, for 2024, resources would be required in the amount of about \$100,000 in order to complete the Implementation Workplan.

Reviewed and approved by,

Tony Boutassis, Manager of Investment Attraction

Moya Jane Leighton, Director of Finance & Town Treasurer

Damian Szybalski, Commissioner of Business, Environment & Culture

Chris Mills, Chief Administrative Officer