

Consolidated Clause in Policy and Finance Committee Report 9, which was considered by City Council on November 30, December 1 and 2, 2004.

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Governance Structure for Toronto Waterfront Revitalization

City Council on November 30, December 1 and 2, 2004, amended this Clause by rescinding Part (1) of the action taken by the Policy and Finance Committee with respect to Recommendation (3) of the report dated November 8, 2004, from the Commissioner of Urban Development Services, and adopted Recommendation (3), as follows:

- “(3) ABCCs with projects in the DWA that are in advanced stages of planning and in keeping with the approved waterfront vision, enter into agreements with TWRC to provide for continued implementation of these projects;”.*

This Clause, as amended, was adopted by City Council.

Council also considered additional material which is noted at the end of this Clause.

The Policy and Finance Committee recommends that City Council adopt the following:

- (1) City Council recognize the need to strengthen tri-government commitment for a single, implementing, focused waterfront corporation that works closely with local government to plan and achieve broad public and City building goals;**
- (2) City Council approve in principle the transformation of TWRC into an empowered corporation subject to the following:**
 - (a) elected officials in the minority are permitted to sit on the TWRC Board of Directors;**
 - (b) each government appoints an equal number of representatives to the TWRC Board to reflect continued tri-government commitment to Toronto’s waterfront and the Mayor of Toronto is appointed Chair of the TWRC Board of Directors;**
 - (c) control of public lands is transferred to TWRC on a precinct by precinct basis, or for individual projects, on a parcel by parcel basis, following completion of a detailed Business and Implementation Strategy for the precinct or project that is satisfactory to the three governments;**

- (d) **Agencies, Boards, Commissions and Corporations (ABCCs) of the governments with land holdings in the Designated Waterfront Area (DWA), specifically Toronto Economic Development Corporation (TEDCO), Ontario Realty Corporation (ORC) and Toronto Port Authority (TPA), undertake activities in the DWA through service or delivery agreements with TWRC or in compliance with the Public Land Management Protocol referred to in (e), with any new activities that these ABCCs individually undertake focusing on areas outside of the DWA;**
- (e) **City staff work with staff of the other governments, in consultation with the TWRC and the ABCCs referred to in (d) to develop a Public Land Management Protocol agreed to by the three governments and TWRC, that provides TWRC with effective control of public lands in the DWA to ensure that these lands are not further encumbered by uses and obligations that are incompatible with the revitalization initiative;”;**
- (f) **all net revenues from the revitalization of public lands in the DWA are reinvested in the Toronto Waterfront Revitalization Initiative; and**
- (g) **agreement is reached among all governments and TWRC on the TWRC’s five-year planning process, short and long-term priorities, deliverables, and performance measures;**
- (3) **TWRC and existing ABCCs enter into service agreements for new initiatives which ABCCs may undertake on behalf of TWRC;**
- (4) **existing ABCCs continue their lease management role on land holdings in the DWA, in accordance with the Public Land Management Protocol addressed in recommendation 1(e), until such time as land is required for revitalization;**
- (5) **City Council instruct the Commissioner of Urban Development Services and Executive Lead for the Waterfront and the City Solicitor to work with representatives of federal and provincial governments and TWRC to develop a proposed framework for empowering TWRC and to report to Council for discussion and consideration of the proposed framework, the proposed framework is to address TWRC’s role in the land development process; a definition and options for providing “effective control of land” to be outlined in a “Public Land Management Protocol”; roles and responsibilities of land-owning ABCCs, including TEDCO, ORC and the TPA with respect to waterfront revitalization; the process for obtaining tri-government approval of and commitment to a five-year rolling business plan; financial controls, reporting requirements and an accounting framework to recognize and track government contributions to and returns from initiative; financial empowerment options for TWRC; renewed terms of reference for the Intergovernmental Steering Committee; legislative and non-legislative changes required to implement the proposed governance model; a joint tri-government and TWRC communications strategy;**

- (6) **City Council instruct those individuals identified in (5) to consider, as one of the possible options for continuing TWRC as an empowered corporation with elected officials eligible to serve on the board and the Mayor as chair, continuing TWRC as a municipal business corporation under the Municipal Act, 2001, with the three governments participating in the corporation;**
- (7) **the following principles for the management of lands owned by the City and its DABCCs in the DWA be approved by Council:**
- (a) **the TWRC is the delivery vehicle for waterfront revitalization. All revitalization initiatives will be conducted under its auspices and entities charged with implementing specific waterfront projects will do so under service or delivery agreements with TWRC;**
 - (b) **the three governments and TWRC will work together to develop a Public Land Management Protocol that: is streamlined, straightforward and practical; applies prudent land management practices; appropriately limits and allocates risk; and meets public policy objectives;**
 - (c) **community facilities and public amenities within precincts will be planned and built concurrently with, or in advance of, private development to minimize gaps between occupancy and functionality of communities;**
 - (d) **to the extent possible, public lands will be retained in public hands. Individual governments will own and operate parks, public spaces, and infrastructure as is consistent with their mandate. The City will make every reasonable effort to retain an ownership interest in lands that it contributes for private development. This will include granting up to 99-year land leases rather than transferring fee simple ownership where market conditions permit;**
 - (e) **the three governments are equal partners and will be equitably recognized for their total land and financial contribution to the initiative;**
 - (f) **the three governments will make lands available to TWRC incrementally, based on approval by the governments of precinct plans and implementation strategies and demonstration of success by TWRC;**
 - (g) **the City's contribution of developable land will be considered contributions "in kind". Developable land includes land that could be used for development purposes but that is being used for parks or other community uses; and**
 - (h) **the three governments will work together to determine how and at what point in the revitalization process public lands will be valued;**

- (8) Council authorize the Commissioner of Urban Development Services, in consultation with the Commissioner of Economic Development, Culture and Tourism, to develop a Memorandum of Understanding (MOU) between the City, TEDCO and the TWRC that clarifies TEDCO's role in the DWA relative to that of TWRC, ensures that lands owned or managed by TEDCO are not unnecessarily encumbered at the time when they are required for revitalization and clarifies the timing and phasing of revitalization on TEDCO properties, so as not to sterilize these lands pending revitalization, with the MOU to be signed by the Mayor and Chairs of both TEDCO and TWRC Boards of Directors; and**
- (9) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.**

Action taken by the Committee:

The Policy and Finance Committee:

- (1) referred the following Recommendation (3) in the report (November 8, 2004) from the Commissioner of Urban Development Services to the Commissioner of Urban Development Services and the Waterfront Project Director, for report directly to Council for its meeting on November 30, 2004, on the build out of the West Donlands precinct and a clarification of the roles of the Ontario Realty Corporation and the Toronto Waterfront Revitalization Corporation:
 - “(3) ABCCs with projects in the DWA that are in advanced stages of planning and in keeping with the approved waterfront vision, enter into agreements with TWRC to provide for continued implementation of those projects;” and
- (2) referred the following recommendation by Dalton Shipway to the Commissioner of Urban Development Services for consideration:

“That the Mayor establish an Ad Hoc Design Team of five people (no more than seven people) to integrate the Don Greenway into Waterfront Revitalization projects in the Portlands area.”

The Policy and Finance Committee submits the following report (November 8, 2004) from the Commissioner of Urban Development Services:

Purpose:

The renewal of Toronto's waterfront will create a blueprint for growing focused, sustainable and inspiring cities in Canada. This report is intended to meet Council's priority of "Making Progress on the Waterfront", by (a) seeking Council approval of improvements to the governance structure for implementing Toronto Waterfront Revitalization; (b) clarifying roles and responsibilities of the various public sector entities involved in Toronto's waterfront; and, (c) recommending principles and directions for the management of municipal lands in the Designated Waterfront Area (DWA).

Financial Implications and Impact Statement:

There are no financial implications resulting from approval of recommendations contained in this report. The financial impact of operationalizing recommended governance improvements will be the subject of additional reports to Council in 2005.

Recommendations:

It is recommended that:

- (1) Council recognize the need to strengthen tri-government commitment for a single, implementing, focused waterfront corporation that works closely with local government to plan and achieve broad public and City building goals;
- (2) City Council approve in principle the transformation of TWRC into an empowered corporation subject to the following:
 - (a) elected officials in the minority are permitted to sit on the TWRC Board of Directors;
 - (b) the Mayor of Toronto is appointed Chair of the TWRC Board of Directors;
 - (c) control of public lands is transferred to TWRC on a precinct by precinct basis, or for individual projects, on a parcel by parcel basis, following completion of a detailed Business and Implementation Strategy for the precinct or project that is satisfactory to the three governments;
 - (d) agencies, boards, commissions and corporations (ABCCs) of the governments with land holdings in the Designated Waterfront Area (DWA), specifically Toronto Economic Development Corporation (TEDCO), Ontario Realty Corporation (ORC) and Toronto Port Authority (TPA), undertake activities in the DWA through service or delivery agreements with TWRC or in compliance with the Public Land Management Protocol referred to in (e), with any new activities that these ABCCs individually undertake focusing on areas outside of the DWA;
 - (e) the ABCCs referred to in (d) are subject to a Public Land Management Protocol agreed to by the three governments and TWRC that provides TWRC with effective control of public lands in the DWA to ensure that these lands are not further encumbered by uses and obligations that are incompatible with the revitalization initiative; and
 - (f) all net revenues from the revitalization of public lands in the DWA are reinvested in the Toronto Waterfront Revitalization Initiative.
- (3) ABCCs with projects in the DWA that are in advanced stages of planning and in keeping with the approved waterfront vision, enter into agreements with TWRC to provide for continued implementation of those projects;

- (4) TWRC and existing ABCCs enter into service agreements for new initiatives which ABCCs may undertake on behalf of TWRC;
- (5) existing ABCCs continue their lease management role on land holdings in the DWA, in accordance with the Public Land Management Protocol addressed in Recommendation 1(e), until such time as land is required for revitalization;
- (6) Council instruct the Commissioner of Urban Development Services and Executive Lead for the Waterfront and the City Solicitor to work with representatives of federal and provincial governments and TWRC to develop a proposed framework for empowering TWRC as described in this report and to report to Council on this framework when complete;
- (7) Council instruct those individuals identified in (6) to consider, as one of the possible options for continuing TWRC as an empowered corporation with elected officials eligible to serve on the board and the Mayor as chair, continuing TWRC as a municipal business corporation under the *Municipal Act, 2001*, with the three governments participating in the corporation;
- (8) the principles for the management of lands owned by the City and its DABCCs in the DWA as outlined in this report be approved by Council;
- (9) Council authorize the Commissioner of Urban Development Services, in consultation with the Commissioner of Economic Development, Culture and Tourism, to develop a Memorandum of Understanding (MOU) between the City, TEDCO and the TWRC that clarifies TEDCO's role in the DWA relative to that of TWRC, ensures that lands owned or managed by TEDCO are not unnecessarily encumbered at the time when they are required for revitalization and clarifies the timing and phasing of revitalization on TEDCO properties, so as not to sterilize these lands pending revitalization, with the MOU to be signed by the Mayor and Chairs of both TEDCO and TWRC Boards of Directors; and
- (10) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Executive Summary:

On May 30, 31 and June 1, 2001, Council approved a governance structure for the interim TWRC, and approved in principle a governance structure for the permanent entity.

The interim TWRC was continued as the permanent TWRC under the Province's *Toronto Waterfront Revitalization Corporation Act, 2002 (TWRC Act)*, which came into effect on April 1, 2003. The *TWRC Act* restricts the powers of TWRC in significant ways. In particular, TWRC has no authority as of right to borrow money, mortgage or encumber its assets, raise revenue or establish a subsidiary corporation. These powers can be conferred only through provincial regulation or upon approval of the three governments. To date, this has not occurred.

The *TWRC Act* requires that the TWRC Board review the legislation and its regulations one year after the legislation comes into force and recommend improvements to the government partners. In addition, in June 2003, Council instructed staff to monitor the effectiveness of the *TWRC Act* over its first year of application in order to provide input into this review process.

At its meeting in July 2004, Council adopted nine priorities for its 2003 to 2006 term, including “Making Progress on the Waterfront”. In identifying this priority, Council recognized the need to strengthen both the tri-government commitment to this initiative and the waterfront governance structure.

This report addresses Council’s priority and reviews waterfront governance to identify needed improvements. Its recommendations clarify the leadership role that the City must play in a city-building initiative of this magnitude. The importance of this role has been demonstrated in successful revitalization initiatives throughout the world.

The governance review process undertaken by the City included:

- (i) identifying and assessing revitalization models used internationally;
- (ii) identifying critical success factors for effective project governance and delivery;
- (iii) assessing the strengths and weaknesses of the current structure; and
- (iv) evaluating a spectrum of governance models.

The City also participated in an intergovernmental review of waterfront governance and was consulted by the organization retained by TWRC to undertake its review.

The conclusion of governance reviews by TWRC consultants and City staff are similar. Both concluded that the preferred governance model, and the one best structured for success, is the “empowered corporation”, in which TWRC has the powers necessary to achieve waterfront renewal. The required powers include the ability to acquire land, borrow money and receive and reinvest the proceeds from development.

City staff does not support all recommendations in TWRC’s governance report. For example, staff does not agree that the City should delegate any of its land use planning approval powers (site plan approval for example) to TWRC as was recommended. While the City’s position has always been that it must retain its planning powers and authorities, it is taking steps to ensure that there is an effective and efficient planning approval system in place for waterfront renewal, given the number of projects involved. To this end, one window access for TWRC to municipal programs, services and processes has been established through the Waterfront Project Secretariat in Urban Development Services.

This report recognizes that waterfront revitalization is at a crossroads and that the focus of TWRC must shift from project planning to implementation. The City must take a leadership role in this shift to ensure that waterfront renewal becomes a reality and that the planning and design of infrastructure and other urban services and facilities is undertaken in a streamlined,

cost-efficient and coordinated fashion. Recommendations in this report put TWRC in a better position to achieve tangible and impressive results that deliver on broad public and city building goals. Recognizing that an empowered TWRC will have significant responsibilities for managing public land and resources within the City the report also recommends that implementation of the proposed governance model be subject to the following conditions:

- (1) to ensure accountability, elected officials be eligible to be on the board, provided that they form a minority of directors. (TWRC's consultants do not make a recommendation as to whether elected officials should be eligible to serve as directors.);
- (2) each governments appoints an equal number of representatives to the TWRC Board to properly reflect the continued tri-government commitment to Toronto's waterfront;
- (3) the Mayor of Toronto is appointed Chair of the TWRC Board;
- (4) TWRC access public lands on an incremental precinct or project basis, based on a sound Business and Implementation Strategy for each precinct or project prepared by TWRC and approved by the governments. This minimizes risk to the governments, is tailored to TWRC requirements in a specific area, and allows TWRC to prove its development capabilities;
- (5) service agreements between ABCCs and TWRC are recommended to enable ABCCs to continue with those individual initiatives in the DWA that are in advanced planning stages and consistent with the waterfront vision and to undertake new initiatives in the DWA on behalf of TWRC. Otherwise, governments are to ensure that ABCCs with an operational mandate and land in the DWA are refocused outside of this area for new activities that they individually initiate. At this point in the revitalization process, impacted agencies are TEDCO, ORC and the TPA;
- (6) land holdings of the ABCCs in the DWA are to be brought under the effective control of TWRC through a Public Land Management Protocol that is to be developed as part of the implementation framework to ensure that these lands are not unnecessarily encumbered;

In the case of Exhibition Place and Ontario Place, the role of these organizations in the recommended waterfront governance structure is to be considered at the conclusion of the joint process recently launched by the Province whereby the Chairs of both entities are exploring options for their joint operation and governance;

- (7) all revenues generated from the revitalization of public lands in the DWA must be reinvested in the initiative to ensure delivery of infrastructure and other public requirements;
- (8) agreement among all governments and TWRC on TWRC's five-year planning process, short- and long-term priorities, deliverables and performance measures;

The Intergovernmental Steering Committee has set up a Governance Implementation Action Group to develop a framework to establish an empowered implementation corporation for approval of the governments. This framework is to include:

- (i) the TWRC's role in the land revitalization process;
- (ii) definition of and options for providing TWRC with "effective control of land";
- (iii) roles and responsibilities of land-owning ABCCs, including TEDCO, ORC, and the TPA, with respect to waterfront revitalization; and
- (iv) tri-government commitment to a Five-Year Business Plan;
- (v) financial controls, reporting requirements and an accounting framework to recognize and track government contributions to and returns from the initiative;
- (vi) financial empowerment options for TWRC;
- (vii) refined Terms of Reference for the Intergovernmental Steering Committee;
- (viii) consideration of legislative and non-legislative options to empower TWRC; and
- (ix) a joint tri-government and TWRC communications strategy.

In considering the various options that might be available to empower TWRC and accommodate some of the governance changes referred to in this report, one of the options identified is a municipal business corporation under s. 203 of the *Municipal Act, 2001* and O. Reg. 168/03. City staff through this report, is recommending that this be one of the options considered and assessed by the Governance Implementation Action Group. Amending the *TWRC Act, 2002* would be another option to be considered and assessed.

It is important that the continuation of TWRC as a municipal corporation occur in a seamless manner and not give rise to any disruption of revitalization activities. For example, employees and contracts of TWRC in its current status must automatically continue as employees and contracts of the continued TWRC.

Transitioning TWRC to a municipal corporation offers a number of benefits. It facilitates the addition of elected officials to the Board, demonstrates provincial commitment to providing Toronto with increased autonomy, streamlines urban and infrastructure planning processes, and clearly communicates that the City is taking charge of its waterfront and removing barriers to implementation by clearly endorsing a single municipal entity as the lead body responsible for delivering waterfront revitalization. In addition, it better reflects Toronto's majority ownership of lands in the DWA, its responsibility for urban and infrastructure policy and planning, and its future responsibility for operation and maintenance of most new public infrastructure, spaces and amenities envisioned in the revitalized waterfront.

It would, however, require amendment to the TWRC Act, 2001 and an amendment to O. Reg. 168/03. O. Reg. 168/03, among other things, requires preparation of a business case to justify creation of a corporation and a public participation process. An amendment to the regulation waiving a number of these conditions would be required to permit a municipal business TWRC to fulfill its mandate, and to avoid duplicating work that has been undertaken.

Finally, this report and its recommendations recognize that successful revitalization of Toronto's waterfront requires a strong, leadership role for the municipality; an empowered corporation focused on project implementation; adequate, predictable and timely funding; commitment and co-operation among the governments; and proactive engagement of the public and other stakeholders, in addition to the recommended governance improvements.

Background:

Toronto waterfront revitalization was launched on November 3, 1999, when the City, Province of Ontario and Government of Canada announced the creation of the Toronto Waterfront Revitalization Task Force. On March 27, 2000, the Task Force released its recommendations for waterfront renewal, which included the concept of a tri-government corporation.

On October 20, 2000, the three governments announced their commitment of \$1.5 billion to waterfront revitalization and directed staff to develop the mechanics for project implementation. Specific funding of \$300 million for four priority capital projects and the establishment of the interim TWRC were announced on March 5, 2001.

On May 30, 31 and June 1, 2001, Council approved the creation of and governance structure for the interim TWRC and approved in principle a governance structure for the permanent entity. The governance structure envisioned for the permanent entity was a non-share, non-agent, not-for-profit TWRC with normal corporate powers including asset management, contracting in its own name, creating subsidiaries, and issuing debt. The permanent TWRC was to manage land in accordance with specific agreements with individual government landowners, engage the public in the normal course of business, pursue self-sufficiency and protect governments from risk. It was to have no public policy making authorities. These, along with all regulatory powers and planning approvals, were to be retained by the respective government. Structurally, each government was to appoint an equal number of members to TWRC's board and the three governments were to unanimously appoint a chair. Board members were to be citizen appointments.

In December 2001, the Board of Directors of the interim TWRC was appointed for a three-year term. Each government appointed three representatives and jointly appointed a chair for a total board composition of ten. The Board released its 30-year Business Strategy on October 17, 2002, and forwarded it for consideration to the government partners. The TWRC Chief Executive Officer was appointed in April 2003.

The TWRC Act:

Provincial legislation creating the permanent TWRC (*Toronto Waterfront Revitalization Corporation Act, 2002*, which had been Bill 151) came into effect on April 1, 2003. It creates a

not-for-profit corporation consisting of the members of its Board of Directors. The Board is to have up to twelve members together with a Chair. A maximum of four members is to be appointed by each government for a term of three years, with the possibility of re-appointment. The Chair is to be jointly appointed by all governments. Elected officials and employees of the governments are excluded from membership. The term of the current City Board appointees expires in December 2004.

The mandate of TWRC as defined in *TWRC Act* is to implement a plan that enhances the economic, social and cultural value of land in the DWA and to do that in a fiscally and environmentally responsible manner and to create an accessible waterfront for living, working and recreation. In satisfying its mandate, the TWRC is to involve the private sector in development of the DWA, and ensure that ongoing development is financially self-sustaining and be publicly accountable.

The *TWRC Act* restricts the powers of TWRC, leaving many to be made available through regulation or upon approval of the three government partners. Specifically, TWRC can enter into contracts of a limited dollar value, but does not have any power or authority to mortgage assets, form subsidiaries, purchase land, raise revenue or borrow money.

The *TWRC Act* requires that the TWRC, among other things, hold its meetings in public in a manner similar to that required under the *Municipal Act* and prepare, for government approval, annual and five year plans.

The legislation requires that the TWRC's Board review the *TWRC Act (2002)* and regulations one year after the Act coming into force. During its consideration of matters related to the DWA in June 2003, Council instructed staff to monitor effectiveness of *TWRC Act* over its first year of application in order to provide input into this review process.

In February 2002, Council approved a "Toronto Waterfront Revitalization Reporting and Communications Protocol" for all City DABCCs, whereby the Waterfront Reference Group was to be advised of all communications, reports, contracts, activities and other initiatives that directly or indirectly impact waterfront revitalization. In addition, all DABCCs that manage or hold land in the DWA were directed to report to the Executive Lead for the Waterfront, and to the Waterfront Reference Group, if necessary, for approval of any lease renewals extending beyond a single year, any proposed sales, and any development proposals or directions that they would be entertaining for their sites with a duration of more than one year. This was to ensure that land required for revitalization would not be unnecessarily encumbered.

In June 2002, Council approved a new mandate and board structure for TEDCO. The focus of the new TEDCO, among other things, is on the city-wide acquisition of brownfields for revitalization for employment purposes. In this capacity, TEDCO has the authority to explore, pilot and implement incentives and redevelopment tools as permitted by provincial legislation and regulations. TEDCO is now strategically aligned with the City's economic development program, reporting to Council through the Commissioner of Economic Development, Culture and Tourism. It currently owns over 400 acres of land in the East Bayfront and Port Areas of Toronto, a key component of the DWA, and is actively pursuing development of a Film and

Media Complex for a portion of this land. Other public agencies with land holdings within the DWA include Exhibition Place, Ontario Place, the TPA and ORC.

The Province recently launched a process whereby the Chairs of Exhibition Place and Ontario Place are undertaking a review process with their staff to explore options for the joint operation and governance of the two sites. The role of these sites in the recommended governance structure for waterfront revitalization will be considered at the conclusion of this process, and has not been addressed in the context of this report. This will permit waterfront revitalization in the short-term to focus on project implementation in the east end of the DWA, where there are in excess of 500 acres of underused, publicly owned lands.

This report identifies the governance improvements required in the waterfront if Council's priorities are to be achieved and addresses other directives related to the review of the *TWRC Act* and making municipal land available for revitalization.

Comments:

Governance Review Process:

Waterfront revitalization has reached a crossroads, with many TWRC activities transitioning from planning to implementation. The City must take a leadership role in this process to ensure that waterfront renewal becomes a reality and that the planning and design of infrastructure and other urban services and facilities is streamlined, cost-efficient and coordinated.

The following objectives, which are consistent with those used by the government partners, have been developed by staff to guide the governance review and to identify possible improvements to waterfront governance in Toronto:

- (i) to ensure the timely and effective implementation of the waterfront vision as outlined in the City's Central Waterfront Secondary Plan and TWRC's Development Plan;
- (ii) to clarify and balance short-term deliverables with longer term planning and environmental assessment requirements;
- (iii) to protect the public interest;
- (iv) to ensure project accountability to the governments and the public;
- (v) to capitalize on the strengths of TWRC, the three government partners and other stakeholders; and
- (vi) to accurately reflect government contributions.

The four components of governance considered as part of the City's review were: the structure and membership of the Board of Directors; the powers required by TWRC to effectively implement the waterfront vision; the financial model required to fund revitalization; and the planning and delivery model that will realize projects in a streamlined and accelerated manner.

The review process included:

- (i) identification and assessment of waterfront governance models used in other jurisdictions;
- (ii) identification of critical success factors for effective project governance and delivery;
- (iii) assessment of the current TWRC governance structure against critical success factors; and
- (iv) evaluation of a spectrum of governance models ranging from each government undertaking its own projects independently to creating a development corporation with the powers and authorities necessary to lead the project on behalf of all orders of government.

Identification and Assessment of Waterfront Governance Models:

City staff studied the waterfront governance models of five international and four North American cities to identify best practices. Cities included London, Salford, Dublin, Sydney, Melbourne, Detroit, Chicago, Vancouver, and Montreal. The results of this research are detailed in Appendix "A" and summarized below:

- (1) in almost all models, municipal elected officials (sometimes the mayor), and/or senior municipal staff participate on development authority boards. Only Melbourne's VicUrban Board did not feature the participation of municipal elected officials or staff;
- (2) control of land is key to successful waterfront renewal. Outright ownership of land by development authorities is rare, and where development authorities own public or private land, they frequently have purchased it at market value;

by far, land leases, long-term leases of crown land or transfers of crown lands in trust are the preferred methods of conferring control of land upon a development agency. Montreal and Dublin development authorities purchased some lands at market value;

- (3) local government elected officials are instrumental in developing the vision for renewal and almost always retain planning authority. In rare situations where development authorities do have planning powers, accountability is often secured through the participation of local government officials on the Board;

the Dublin Docklands Authority has separate planning powers, but Master Plans are publicly vetted. Similarly, the Detroit Economic Growth Corporation produces a master plan for the district but the city approves all agreements involving public lands. In Melbourne, the state Minister for Planning holds all planning authority but seeks VicUrban's comments on all proposals. In addition, VicUrban has authority to refuse applications in the Docklands;

- (4) waterfront renewal frequently involves national and regional development incentives, for example provinces or countries might transfer crown land in trust or give land grants; Provinces might provide subsidies to remediate lands (Quebec) and countries might give land tax exemptions (Australia for Melbourne);
- (5) development authorities, particularly empowered corporations, are required to deliver results quickly;

development authorities around the world rarely receive land and cash infusions for extended periods but rather are expected to become self-sufficient early in their mandates. Often, there is only a small infusion of land or cash at the outset to generate development revenues for reinvestment in the project. The Dublin Docklands Development Authority, for example, with only 80 acres of land in its possession was required to become self-sufficient in the year of its inception;

- (6) waterfront governance models are flexible and shift over time and with changing objectives and environments;

while waterfront renewals around the world feature a mix of private developers, and local, state or provincial and national governments and their agencies, no one waterfront governance model spells success. London has successfully employed a host of governance models throughout the various stages of its waterfront development, as has Vancouver, which moved from a multi-jurisdictional approach in the 1970s and 80s to the current city-led approach. VicUrban in Melbourne is also in the midst of talks to alter its governance structure to make it more accountable to local government. Often, the requirements and mandate differ in the early and late phases of renewal.

Identification of Critical Success Factors:

Analysis of other jurisdictions, the City's 2001 review of governance options and the report by consultants retained by TWRC to review governance in May 2004, led to the identification of seven critical success factors for effective governance. These factors, which are discussed below, have been agreed to by staff of the three governments.

- (1) Effectiveness:

An effective governance model must: be capable of being implemented in a seamless and expedient manner; remove barriers to successful project implementation; ensure the streamlined, cost-efficient and timely delivery of the public realm (transit, sewers, parks and community facilities); adhere to municipal and other government policies; maintain design and environmental excellence; possess the tools and authorities necessary to achieve short and long term deliverables; accomplish effective and strategic use of public sector investment; be flexible and adaptable to market change; and provide opportunities for strong leadership to emerge.

(2) Accountability and Public Transparency:

The model must ensure accountability to Council and the other governments, and ensure transparency to the public for decisions taken and funds expended.

(3) Expediency of Development:

The model must have a cost-efficient organizational structure and administrative procedures, enable expedient decision-making, and build on the strengths of all project partners.

(4) Co-ordination Among Governments and ABCCs:

The model must: encourage widespread, multi-government commitment to renewal and its various projects; facilitate alignment among the governments and their DABCCs; reflect government priorities and strengths; and facilitate resolution of disputes that may arise.

Key to facilitating alignment among the governments is eliminating jurisdictional gridlock by clearly defining the roles and responsibilities of all public entities operating in the DWA.

(5) Encouraging Private Involvement and Investment:

The model must: encourage private-sector investment; facilitate partnering with third-party organizations in the public, private, and non-profit sectors; identify a viable funding formula to meet the short and long-term requirements of the Initiative, and hasten the development corporation's self-sufficiency.

(6) Minimizing Government Risk and Cost:

The model must limit future legal and financial risks and liabilities of the governments.

(7) Public Input:

The model must facilitate public participation in development and implementation of the project.

Assessment of the Current Toronto Waterfront Governance Structure:

TWRC has been operating under the current governance structure for one and a half years, during which time it has achieved several important accomplishments, including the development of precinct plans for West Donlands, East Bayfront, and Commissioner's Park, and improvements to Cherry Beach and the Harbourfront Water's Edge. It has successfully engaged waterfront stakeholders through effective public consultation and has built momentum with its precinct planning processes.

Despite this success, there is mounting dissatisfaction with progress to date. Progress has been seriously impeded by a lack of co-ordination among the governments and their ABCCs (each with different powers, fiduciary responsibilities and mandates in the DWA), and from the lack of alignment among the governments themselves as to priorities. As a result, the status quo is confusing to potential investors, making it difficult for TWRC to leverage public funds with private resources.

The need for tri-government approval of many decisions has proven to be time-consuming, and has resulted in project delays, unilateral allocation of funding by individual governments to their own priorities, and, ultimately, a serious cash flow crisis for TWRC.

The status quo therefore does not and cannot meet the critical success factors. The TWRC and the other governments concur that it is neither viable nor sustainable, and agree that changes are required to ensure project success.

Identification of Governance Models:

Based on these findings and the analysis of other jurisdictions, three alternative governance models were evaluated against the critical success factors to determine the most effective model to lead the renewal of Toronto's waterfront. A brief description of these models follows:

(1) Independent Government Action:

Under this model, TWRC is dissolved and each level of government undertakes its own projects on its own lands in the DWA using existing government DABCCs. There is limited co-ordination across the waterfront. Each government determines how to use revenues from its projects -- these could be re-invested in waterfront initiatives or redirected to other priorities and financial pressures.

(2) Tri-Government Coordinating Body Working with Existing Government DABCCs:

TWRC is transitioned to a tri-government coordinating body with a mandate to develop and champion a comprehensive development plan and business strategy, and to facilitate, coordinate and encourage the governments and their ABCCs to align their efforts and funding.

The coordinating corporation would prepare detailed five-year rolling and annual business plans to be approved by the governments. It would be funded by the governments in accordance with contribution agreements, including bilateral agreements where appropriate.

TWRC would undertake waterfront-wide and public realm initiatives. Each government and its ABCCs would support TWRC on these initiatives and individually would undertake its own projects on its own land or land owned by its government.

(3) Empowered Implementation Corporation:

TWRC would acquire additional powers, including control of public lands, by agreement of the three governments or by provincial regulation. Control of land could be granted on a waterfront-wide basis or on an individual precinct or project basis, following completion of precinct or project plans and implementation strategies by the TWRC.

TWRC would be required to prepare detailed five-year rolling and annual business plans, for approval by the three governments. These plans would reflect project phasing and financial and asset requirements, and would focus on deliverables and longer-term self-sufficiency.

Existing government ABCCs would not undertake any new activities in the DWA (other than any activities they may undertake pursuant to service or other agreements with TWRC, or any interim activities permitted under a Public Land Management Protocol). The TWRC would be given “effective control” of lands to ensure no unnecessary encumbrances. “Effective control” would be defined in a Public Land Management Protocol prepared by the governments in conjunction with TWRC. Members of the Board would include elected officials in the minority, and would continue to be appointed by the governments.

Evaluation of Governance Models:

City staff evaluated each of the above governance models against the seven critical success factors. The results of this analysis are summarized in Chart 1 below, followed by a discussion of the findings and the recommended option.

Chart 1: Evaluation of Governance Models Against Critical Success Factors – Summary:

Critical Success Factor/Model	(1) Independent Government Action	(1) Co-ord. Body	(3) Empowered Corp.
(1) Effectiveness	N	P	Y
(2) Expediency of Development	N	Y	Y
(3) Co-ordination among Governments	N	P	Y
(4) Encouraging Private Involvement and Investment	N	N	Y
(5) Minimizing Government Risk and Cost	N	P	Y
(6) Accountability/Transparency	P	P	Y
(7) Public Input	P	Y	Y

Y = Yes; N = No; P = Partially

Discussion of Analysis:

(1) Independent Government Action:

This option could be implemented with existing government structures and tools, and does not prevent the development of multi-party projects or joint ventures. It has been applied with success in Chicago and Vancouver, where waterfront governance entities are accountable to and/or led by local government. Independent government action has also been used successfully in Melbourne, Australia where the state set up an urban development agency, VicUrban, to develop 200 hectares of land.

This option could result in tangible progress on individual projects in the short term, as little coordination or negotiation is required with other governments or their ABCCs. However, it would likely result in isolated, piecemeal development and continuation of the jurisdictional gridlock that has hampered waterfront revitalization for many years, and, ultimately, result in a slower rate of development and the duplication of costs and administrative structures.

The lack of co-ordination among governments and their ABCCs would significantly jeopardize the city-building objectives of waterfront revitalization. Implementation of waterfront-wide or environmentally sustainable infrastructure and other public realm components, such as community facilities, transit, parks, and public spaces, is not likely to be a priority for agencies mandated to maximize values of their own land holdings.

This risk is compounded as proceeds from development would likely be returned to the landowners and not re-invested in revitalization. Major infrastructure would be dependent on traditional funding sources, with much responsibility falling to the City. In the case of transit and parks, for example, pressures on traditional funding mechanisms to satisfy state of good repair requirements make it highly unlikely that these mechanisms could accommodate the growth requirements of a revitalized waterfront. Also jeopardized is implementation of technologies, such as district energy, as physical requirements and economies of scale may not permit their implementation on a development by development basis. In the end, Council's "transit first" and sustainability policies would not be adequately addressed.

Independent government action also limits the attractiveness of waterfront revitalization to potential private partners who could foresee project delays and inefficiencies as a result of ongoing jurisdictional wrangling. The lack of tri-government investment in environmental remediation, services and other infrastructure improvements would increase costs and reduce returns to public and private stakeholders. In addition, opportunities to use the initiative to market and brand Toronto internationally would be lost.

Finally, accountability and transparency to the public under this model is reduced from the status quo, as no single entity is responsible for the project.

It was concluded that this model could not effectively deliver waterfront revitalization as envisioned by Council and TWRC.

(2) Tri-Government Coordinating Body:

This model has been applied successfully in the City of Salford, England. Also, while there is no actual tri-government coordinating body, Detroit employs a multi-jurisdictional approach to riverfront renewal. Initiated by local government, the public-private Detroit Economic Growth Corporation relies upon memoranda of understanding and memoranda of co-operation among multiple public and private organizations and local and state governments to expedite development.

TWRC could be transitioned to a coordinating corporation by amendments to the *TWRC Act*, in which case it would continue to be a separate legal entity with the ability to enter into contracts its own name and the potential to isolate the government partners from financial risk, such as the risk associated with brownfield revitalization. In many ways, TWRC currently is operating as a coordinating corporation.

Alternatively, TWRC could be dissolved and the three governments themselves could undertake coordinated revitalization activities pursuant to MOUs or agreements. With this approach, there would be no separate tri-governmental legal entity that could enter into contracts or hire staff in its own name.

As between a coordinating corporation and MOUs or contractual agreements between the three governments, the corporation would be the preferred model.

Managing Resources Generated from Revitalization:

Under the coordinating body model, two options exist for the use of revenues generated from the revitalization of public lands: revenues could be reinvested in the waterfront initiative or each government could keep its revenues and use them for its own purposes.

The latter option would not provide the coordinating body with the revenue stream necessary to make it sustainable in the long term or to meet overall infrastructure and public realm requirements. The possible reinvestment of revenues in the waterfront would be the subject of ongoing negotiation among the various public partners, which would likely result in project delays and cash flow difficulties.

TWRC's initial 30-year business strategy identified an infrastructure gap of \$2.9 billion. This represents the difference between the total infrastructure requirements of TWRC's development plan and the \$1.5 billion committed by the three governments. It is important that development revenues be reinvested in the project if public expectations of a green, transit-oriented waterfront are to be satisfied.

Shared Priorities and Deliverables:

Critical to the successful implementation of the coordinating body model is a commitment by all government partners to a five-year planning process that reflects shared priorities, clarifies roles and responsibilities of the coordinating body, governments and ABCCs and that outlines clear deliverables on an annual basis. If this is achieved, accountability to all stakeholders, including the public, will be improved over the status quo. In addition, the ability of individual governments to stray from agreed upon deliverables will be restricted.

There is a risk, however, that jurisdictional gridlock and competition among government bodies would continue under this model. Decisions would be made by consensus and in a manner that addresses all existing government approval processes. This is time-consuming and inefficient, and has the potential of having individual government priorities “bump” waterfront initiatives.

This model could reduce private-sector investor confidence if ABCCs compete for investment in their own initiatives. Outsiders may be wary of potential difficulties in the three governments working together, particularly if decision-making processes are protracted or if the coordinating entity does not have the powers or decision-making capabilities required to achieve results. To many, the coordinating body will appear as an additional layer of administration and cost.

(3) Empowered TWRC:

An empowered TWRC could remain a corporation established by the province or it could be continued a municipal corporation, likely through amendments to the *TWRC Act* and a new regulation under section 203 of the *Municipal Act, 2001*.

Transitioning TWRC to a municipal corporation offers a number of benefits. It facilitates the addition of elected officials to the Board, demonstrates provincial commitment to providing Toronto with increased autonomy, streamlines urban and infrastructure planning processes, and clearly communicates that the City is taking charge of its waterfront and removing barriers to implementation. In addition, it better reflects Toronto’s majority ownership of public lands in the DWA, its responsibility for urban and infrastructure policy and planning, and its future responsibility for operation and maintenance of most new public infrastructure, spaces and amenities envisioned in the revitalized waterfront.

An empowered TWRC not only requires additional powers, to be effective it is necessary that it have control of public land in the DWA. Each of the three governments will need to take action vis-à-vis its ABCCs to achieve this. Amendments to existing legislation may be required to amend or refine the mandates of ABCCs that own or manage property in the DWA.

This empowered model has been applied successfully in Montreal, Dublin, London, Melbourne and Sydney. It is closest to the model originally envisioned by the

governments in 2001 and it is the model most likely to succeed in revitalizing Toronto's waterfront. It creates a simple, streamlined governance structure that removes barriers to project implementation and improves accountability. The empowered TWRC would be provided with the requisite powers to "make the project happen", including, for example, the ability to mortgage assets, form subsidiaries, enter into joint ventures, control land, and raise revenue or borrow money.

In an empowered model, powers could be granted to the TWRC either by regulation or by agreement between the three governments. City staff recommends that TWRC be empowered up-front, but that the City provide its lands to TWRC incrementally, based on strong business and implementation plans and deliverables for specific precincts or initiatives. These plans would articulate land parcels, revenue and expenditure requirements, timelines and deliverables, and would require approval of the governments.

This incremental approach has many advantages: (i) land use planning will be complete, and the specific parcels of land, their use, and proposed timing for revitalization will be known; (ii) TWRC will have an opportunity to demonstrate its ability to deliver incrementally, thus building government and public confidence; (iii) lands required for revitalization can be used for other, interim purposes until they are needed; (iv) resources, including possible financial incentives, could be awarded to TWRC in a manner that reflects its needs; and (v) government risk with respect to the degree to which assets can be mortgaged or divested is minimized.

The empowered TWRC model requires that all proceeds from the revitalization of public lands be re-invested in the project to facilitate realization of the full waterfront vision and TWRC self-sufficiency. While this approach limits the degree to which government landowners receive upfront returns from the sale or lease of individual parcels of land, it ensures higher, long-term returns in tax and other revenues as communities flourish.

A single, empowered corporation responsible for waterfront renewal, with elected officials on its board is the best model to maximize accountability for project delivery and minimize risk to the government partners. Customized financial controls and reporting mechanisms will be required to properly manage and track the many transactions involving public assets and resources.

Recommended Governance Option:

The governance model best structured for success in Toronto's waterfront is the empowered TWRC. The significant responsibilities assigned to this corporation for the management of public land and resources and the unique role of the municipality in a city-building initiative of this magnitude requires that a number of conditions be satisfied prior to Council endorsing implementation.

These conditions are that:

- (1) all orders of government continue their financial and policy commitment to the Toronto Waterfront Revitalization Initiative;

- (2) the Federal Government, Province and City continue to appoint an equal number of directors to the TWRC Board, with elected officials eligible as directors, provided that they are in the minority;
- (3) the Mayor of Toronto is appointed Chair of the TWRC Board;
- (4) control of land be awarded to TWRC incrementally, on an individual precinct or project basis, based on sound, government-approved business plans with performance measures and deliverables;
- (5) all orders of government ensure that ABCCs with an operational mandate and land in the DWA enter into service or delivery agreements with TWRC for activities, which they may undertake in the DWA, and that these ABCCs are refocused outside of the DWA for new activities that they individually initiate;
- (6) TWRC has effective control of public lands that are held by the governments and their ABCCs and are earmarked for revitalization through a Public Land Management Protocol. (Actual control of land is to be provided as outlined in condition (4));
- (7) all revenues generated from revitalization of public lands be reinvested in the waterfront revitalization initiative; and
- (8) TWRC have a five-year plan that is approved by the three governments and which sets out deliverables, shared priorities, performance measures and resource requirements;

In addition, this report recommends that staff of the three orders of government together identify and assess options for continuing the empowered TWRC as a Municipal Corporation, recognizing that such a transition offers a number of benefits to the project as discussed earlier in this report. Any transition to municipal corporation must be seamless, however, with TWRC employees and contracts automatically continuing as employees and contracts of the municipal TWRC. In addition, it must occur in a manner that is expeditious and that does not delay or disrupt revitalization activities.

In addition to an effective governance structure, successful waterfront revitalization requires a strong leadership role for the municipality; adequate, predictable and timely funding; commitment and co-operation among the governments; and proactive engagement of the public and other stakeholders. The rigorous rolling five-year and annual planning regime recommended in this report effectively addresses all but the first of these requirements. Appointment of elected officials to TWRC Board, with the Mayor as Chair or Co-chair, clearly positions the City as a strong leader and champion of waterfront revitalization.

TWRC Position:

The TWRC Board retained Mercer Delta Organizational Consulting to undertake a “Review of Alternative Governance Structure and Delivery Models” on its behalf. The consultants identified a development corporation, supported by the governments, as the preferred option for waterfront revitalization. The Board endorsed the consultant’s findings and submitted its own

recommendations to the Intergovernmental Steering Committee. The Board's position is closely aligned with the directions outlined in this report. It is silent, however, on the addition of elected officials to its membership, leaving this decision to its government partners and foresees TWRC continuing in a lead role with respect to the development of land use and infrastructure plans. Mercer Delta was not asked to consider the possibility of continuing TWRC as a Municipal Business Corporation.

Provincial and Federal Position:

All orders of government are committed to having TWRC prepare a sound rolling five-year plan, with clear deliverables, performance measures, and resource requirements in the DWA. This plan would be subject to approval by the three governments and the basis for future contribution agreements. In addition, provincial and municipal officials support empowerment of a TWRC focussed on implementation, with access to public lands being provided incrementally as outlined in this report, and to the appointment of elected officials to the TWRC Board of Directors. To date, officials of the Federal government, however, have been silent on their preferences with respect to waterfront governance.

Implementation:

The Intergovernmental Steering Committee has established a Governance Implementation Action Group to develop a proposed framework to establish an empowered TWRC. This framework is to address:

- (i) TWRC's role in the land development process;
- (ii) a definition and options for providing "effective control of land" to be outlined in a "Public Land Management Protocol";
- (iii) roles and responsibilities of land-owning ABCCs, including TEDCO, ORC, and the TPA with respect to waterfront revitalization;
- (iv) the process for obtaining tri-government approval of and commitment to a five-year rolling business plan;
- (v) financial controls, reporting requirements and an accounting framework to recognize and track government contributions to and returns from the initiative;
- (vi) financial empowerment options for TWRC;
- (vii) renewed terms of reference for the Intergovernmental Steering Committee;
- (viii) legislative and non-legislative changes required to implement the proposed governance model; and
- (ix) a joint tri-government and TWRC communications strategy.

City staff will be working closely with their counterparts from the provincial and federal levels and consulting with TWRC representatives in developing this framework and will report to Council once it is complete.

Management of Municipal Land in the DWA:

A key component of waterfront revitalization is how and when the governments provide TWRC with control of public land in the DWA. All partners agree that while providing control does not necessarily require the transfer of title, it does require development of a Public Land Management Protocol as noted above. This is of significant importance to the City, both financially as the majority landowner, and in terms of its leadership role in land use and infrastructure planning. The following principles are recommended for Council approval. They are intended to assist City officials in discussions with their waterfront partners on development of the Public Land Management Protocol.

Proposed Principles Governing the Management of Municipal Waterfront Lands:

- (i) the TWRC is the delivery vehicle for waterfront revitalization. All revitalization initiatives will be conducted under its auspices and entities charged with implementing specific waterfront projects will do so under service or delivery agreements with TWRC;
- (ii) the three governments and TWRC will work together to develop a Public Land Management Protocol that:
 - (a) is streamlined, straightforward and practical;
 - (b) applies prudent land management practices;
 - (c) appropriately limits and allocates risk; and
 - (d) meets public policy objectives;
- (iii) community facilities and public amenities within precincts will be planned and built concurrently with, or in advance of, private development to minimize gaps between occupancy and functionality of communities;
- (iv) to the extent possible, public lands will be retained in public hands;

individual governments will own and operate parks, public spaces, and infrastructure as is consistent with their mandate;

the City will make every reasonable effort to retain an ownership interest in lands that it contributes for private development. This will include granting up to 99-year land leases rather than transferring fee simple ownership where market conditions permit;

- (v) the three governments are equal partners and will be equitably recognized for their total land and financial contribution to the initiative;
- (vi) the three governments will make lands available to TWRC incrementally, based on approval by the governments of precinct plans and implementation strategies and demonstration of success by TWRC;
- (vii) the City's contribution of developable land will be considered contributions "in kind". Developable land includes land that could be used for development purposes but that is being used for parks or other community uses; and
- (viii) the three governments will work together to determine how and at what point in the revitalization process public lands will be valued;

A number of issues must be considered when applying these principles. A consideration of major importance is balancing TWRC's cash requirements with the need to recognize total government contributions, including land.

The TWRC's original business strategy assumed that the governments would provide it with \$1.5 billion in cash and the public land required for revitalization. While TWRC recognized that the transfer of land represented part of each government's investment, it did not place a value on these lands nor did it propose to reflect the value of land contributions as part of each government's overall contribution.

The primary flaw in TWRC's suggested approach is the disproportionate land holdings of the governments in the DWA, with the City and its ABCCs owning the majority of public lands. Notwithstanding the need for soil remediation, these lands, with their preferred location adjacent to the lake, and their sheer volume, have considerable value.

This fundamental inequity is exacerbated by the significant differences in return on investment projected by TWRC to each of the governments based on a \$500M investment. The TWRC projects a return of 13.7 percent for the governments as a whole. In reality, because of tax laws, the federal government would see a 21.5 percent return on its waterfront investment, the Province a 13.7 percent return and the City a 6.9 percent return. In addition, the City will be responsible for operating and maintaining much of the public space, transit and infrastructure supporting new waterfront communities and these operating costs will be significant.

There are ways to address these inequities. For example, provincial and federal incentives to encourage private investment may offset inequities. Such incentives have been used effectively in other jurisdictions around the world. In addition, the City and TWRC are investigating tools to offset operating costs of new parks and public spaces and this will form the basis of future reports to Council.

Managing Existing ABCCs:

The primary agencies involved in land management and development in the DWA are TEDCO (400+ acres in the Port Lands and East Bayfront), the ORC (80 acres in the West Donlands) and

the TPA (50 acres in the Port Lands and the City Centre Airport which is beyond the DWA). Much of the TEDCO and ORC land is to be revitalized as new mixed-use communities, regional and local parks and public spaces. Land held by the TPA includes its container port and the site for the international ferry terminal, a potential gateway to the City.

To maximize the effectiveness and accountability of the waterfront initiative, it is recommended that all ABCCs be treated in a similar manner and refocused out of the DWA for new initiatives that they individually undertake (as opposed to activities they undertake pursuant to service or delivery agreements with TWRC). It is also recommended that TWRC be provided with effective control of public land in the DWA to ensure the land is not unnecessarily encumbered and that it is available for revitalization as needed. Through service agreements with TWRC, ABCCs will continue to implement individual projects that are in advanced stages of planning and in keeping with Council's waterfront vision. TEDCO, for example, will continue with development of the proposed film and media complex while ORC will undertake the revitalization of the West Donlands. ABCCs may also undertake new initiatives on behalf of TWRC using the service or delivery agreement model.

Much of the City's land in the DWA is owned or managed by TEDCO. Under the proposed governance structure, control and in some instances ownership or a long-term leasehold interest in that land will need to be transferred to TWRC and ultimately to a third party in many cases.

City Council, in consultation with TEDCO, recently re-oriented TEDCO's objectives. Council directed that TEDCO take a lead role in stimulating reinvestment in strategic areas and underutilized sites throughout the entire City of Toronto. It may be appropriate for the City and TEDCO to seek an amendment to TEDCO legislation (s. 9 of the *City of Toronto Act, 1985*) to better reflect its new mandate. This will be reported on further in the context of the implementation framework recommended in this report.

The empowered model enables ABCCs to continue their lease management role on their own land holdings until such time as individual parcels of land are required for revitalization. As part of the Public Land Management Protocol recommended in this report, the empowered TWRC, with its government partners, must provide clarity to ABCCs as to project phasing and timing. Finally, a lease management role may be resumed by ABCCs on those parcels that remain in public ownership, following revitalization.

This approach builds on the strengths of project partners while eliminating intergovernmental gridlock. Early delivery of public realm requirements, adherence to the waterfront vision, and the delivery of waterfront-wide transit and infrastructure is facilitated. The rigorous five-year planning regime that is part of the model reduces opportunities for governments to unilaterally stray from agreed-upon priorities and deliverables.

Attracting private investment is facilitated with TWRC having appropriate decision-making powers, a pooled asset base on which to build, and sole responsibility for project delivery. The elimination of competition among ABCCs for private investment enables TWRC to effectively address varying market conditions and to use the initiative to brand Toronto's waterfront in the global marketplace.

Operationally, the model generates economies of scale to implement environmentally-sustainable technologies across the waterfront. In addition, with the proper authority and a clear mandate, the recruitment of staff and other expertise is expedited.

Conclusion:

The *TWRC Act (2002)* requires that TWRC undertake a review of its governance structure in 2004 and that it report to the government partners with recommended improvements. Each partner was consulted as part of this process.

In July 2004, Council adopted “Making Progress on the Waterfront” as one of its nine priorities for its 2003 to 2006 term. In order to address this priority and to satisfy other directives, staff undertook a review of waterfront governance and participated in a joint review of governance with counterparts at the other levels of government.

Each of these processes, including that of TWRC, concluded that the preferred governance model, and the one best structured for success, is the empowered TWRC. Recommendations included in this report focus TWRC activities on project implementation, recommend that land be transferred to TWRC incrementally, on a precinct or project basis, and the addition of elected officials to the TWRC Board, with the Mayor as Chair, to ensure project accountability.

For this model to be successful in Toronto, TWRC must have control over public lands in the DWA. This requires that each government make appropriate arrangements with its ABCCs; fairness requires that there be consistency in the arrangements each government makes with its ABCCs.

It has become clear that there must be a champion for waterfront revitalization if the vision is to become a reality. The City, as the major land owner and the order of government responsible for planning, maintaining and operating much of the infrastructure, parks, community facilities envisioned for the waterfront, is the logical champion. For this reason staff recommend that in conjunction with empowerment of TWRC, options be evaluated with respect to continuing the TWRC as a municipal corporation. Transition of TWRC to a municipal corporation offers many benefits, including maximizing project accountability and facilitating the streamlining of project planning and implementation.

In order to determine the best mechanism by which the preferred option will be implemented, the Intergovernmental Steering Committee has set up a Governance Implementation Action Group that will work in consultation with TWRC.

The group will be charged with developing a proposed framework to establish an empowered TWRC focused on project implementation. This proposed framework also will address, issues related to the management of existing ABCCs and the possible transition of TWRC to a municipal corporation. City staff will be working closely with their counterparts from the provincial and federal governments to develop this framework, and will report to Council once it is complete.

Finally, it is important to note that successful revitalization is not determined by a governance structure alone. Successful waterfront renewal requires adequate, predictable and timely funding, political will and commitment, co-operation among governments, and proactive engagement of the public and other key stakeholders.

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List of Attachments:

Appendix "A" - Waterfront Governance and Land Management Models in Other Jurisdictions.

Appendix “A” - Waterfront Governance and Land Management Models in Other Jurisdictions

International Models:

	London Development Agency	Salford: New East Manchester Ltd.	Dublin Docklands Development Authority	Sydney Harbour Foreshore Authority	VicUrban Melbourne
Governance					
Development Corporation	√	√	√	√	√
Local elected officials on Board	√	√ + mayor	√	√ + mayor	X
Accountability to local government (guided by city vision, work closely)	√	√	X	√	√
Multi-government involvement	√	√	X	√	√
Powers					
Planning approval	X	X	√	X	X/√
Pay and build infrastructure (sewers/roads)	X	√	√	√	√
Own land	√	X	√	core lands only	X
Control over land	√	√	√	cannot sell core lands	√
Expropriation	√	X	√	√	with ministerial approval
Collect/set development charges	X	X	√	collect only	√
Issue bonds/stocks	X	X	X	X	X
Raise private-sector funds	√	√	√	subject to ministerial approval	

North American Models:

	Detroit Conservancy Economic Corporation	Riverfront and Growth	City of Chicago	of Vancouver	City of Montreal Development Corporation
Governance					
Development Corporation	√		City led	City led	√
Local elected officials on Board	√ + mayor		City led	City led	√
Accountability to local government (guided by city vision, consult regularly)	√		√	√	√
Multi-government involvement	√		√	X	X
Powers					
Planning approval	√		√	√	X
Pay and build infrastructure (sewers/roads)	X		Developer pays except on city right-of-ways	developer pays	developer pays
Own land	X		√	√	buys at market value
Control over land	X		√	√	√
Expropriation	X		√	√	X
Collect/set development charges				√	X
Issue bonds/stocks	X with consent of Treasurer		√ General obligation funds		X
Incentives for developers		X	tax increment financing		Prov subsidies to developers who remediate lands

The Policy and Finance Committee also considered a newspaper clipping from NOW Magazine (November 18, 2004) entitled “Crombie reads riot act”.

The following persons appeared before the Policy and Finance Committee:

- Dalton Shipway, Friends of the Lower Donlands, and filed a written submission;
- Julie Beddoes, Gooderham and Worts Neighbourhood Association; and
- Cynthia Wilkey, Chair, West Don Lands Committee.

Councillor Jane Pitfield, Don Valley West, also appeared before the Policy and Finance Committee.

City Council – November 30, December 1 and 2, 2004

Council also considered the following:

Report dated November 29, 2004, from the Commissioner of Urban Development Services:

Subject: Governance Structure for Toronto Waterfront Revitalization - the Role of Ontario Realty Corporation (ORC) in the development of the West Don Lands

Purpose:

To respond to the directive from Policy and Finance Committee of November 23, 2004, requesting that the Commissioner of Urban Development Services report directly to Council for its meeting on November 30, 2004, on clarification of the roles of the Ontario Realty Corporation (ORC) and the Toronto Waterfront Revitalization Corporation (TWRC) in the build out of the West Don Lands precinct.

Financial Implications and Impact Statement:

There are no financial implications resulting from this report.

Recommendation:

It is recommended that this report be received for information.

Background:

At its meeting on November 23, 2004, the Policy and Finance Committee considered a report from the Commissioner of Urban Development Services dated November 8, 2004, and entitled "Governance Structure for Toronto Waterfront Revitalization". The chief purpose of this report was to seek Council approval of improvements to the governance structure of the Toronto Waterfront Revitalization Initiative, including the clarification of roles and responsibilities of the various public sector agencies, boards commissions and corporations (ABCCs) operating in the Designated Waterfront Area (DWA).

Recommendation (3) of the report recommended that "ABCCs with projects in the DWA that are in advanced stages of planning and in keeping with the approved waterfront vision, enter into agreements with TWRC to provide for continued implementation of these projects."

The Committee referred this recommendation to the Commissioner of Urban Development Services and the Waterfront Project Director, for report directly to Council for its meeting on November 30, 2004, clarifying the roles of the ORC and the TWRC in the build out of the West Don Lands precinct.

This report responds to the Committee's directive.

Comments:

Proposed improvements to waterfront governance considered by the Policy and Finance Committee on November 23, 2004 recommended an empowered development corporation as the preferred model and the one best structured for success in Toronto. Under this model, TWRC is provided with effective control of public lands in the DWA and the roles and responsibilities of land-owning ABCCs in this area are clarified. Pending Council approval of these recommendations, specific roles and responsibilities of ABCCs will be spelled out in an Implementation Framework to be developed by staff of the government partners and TWRC, in consultation with impacted entities. This framework will be submitted to Council for approval. This framework will also be subject to Provincial government policy approval.

Eighty acres of the West Don Lands property is owned by the Province of Ontario and managed by ORC on its behalf. The precinct plan for this area is in advanced stages of development. It is expected that the ORC will be actively involved in the build out of this plan. Consistent with the staff report on waterfront governance, and subject to provincial policy approval of the implementation framework, however, ORC would be accountable for its work through service and other agreements with the TWRC. The scope of ORC's role will be determined through negotiations among the TWRC, ORC, and the Province as landowner. Specific ORC roles may include soil remediation, site preparation, tenant relocation, and specific infrastructure projects.

Conclusion:

In this proposed model, the ORC would be accountable to the TWRC for activities in the build out of the West Don Lands precinct through service and other agreements to be negotiated by representatives of the two organizations and the Province of Ontario as the landowner.

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