

Consolidated Clause in Policy and Finance Committee Report 8, which was considered by City Council on September 28, 29 and 30, 2005.

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**Implementation of a New Governance Structure
for Toronto Waterfront Renewal**

City Council on September 28, 29 and 30, 2005, adopted this Clause without amendment.

The Policy and Finance Committee recommends that Council adopt the staff recommendations contained in the Recommendations Section of the report (September 12, 2005) from Fareed Amin, Deputy City Manager:

Purpose:

To report on the status of implementing the new governance structure for Toronto waterfront revitalization, approved by Council in December 2004.

Financial Implications and Impact Statement:

No financial implications result from adoption of this report.

Recommendations:

It is recommended that City Council:

- (1) endorse the following proposed amendments to the *Toronto Waterfront Revitalization Corporation Act, 2002*, in a manner that:
 - (a) allows one of the directors that each of the City and Province appoints to the board of directors of the Toronto Waterfront Revitalization Corporation (TWRC) to be a person who holds a public office to which he or she has been elected;
 - (b) allows TWRC to act as an agent of the City or the Province only if the City or the Province expressly authorizes the Toronto Waterfront Revitalization Corporation to act as its agent, and then subject to any terms and conditions contained in written authorization; and
 - (c) makes any non-substantive changes that may be required to reflect the amendments described in paragraphs (a) and (b);

- (2) appoint the Mayor as one of the City's appointees to the board of directors of TWRC, with the appointment to commence immediately after the *Toronto Waterfront Revitalization Corporation Act, 2002* is amended to permit the appointment of elected officials to the board of directors;
- (3) direct the Waterfront Project Director, with staff of the City Manager's office, to take the steps necessary to identify a list of potential candidates from which the City's three citizen appointees to the TWRC Board of Directors can be selected by the Corporate Nominating Panel, with such appointments being for a three- year term commencing January 2006;
- (4) request that the Deputy City Manager and Waterfront Project Director submit to Council in 2005 the Memorandum of Understanding (MOU) among the Toronto Economic Development Corporation (TEDCO), TWRC and City of Toronto clarifying roles and responsibilities in waterfront revitalization and including a public land management protocol for City and TEDCO land holdings in the Designated Waterfront Area (DWA);
- (5) approve in principle the Accounting Protocol for Waterfront Revitalization attached as "Appendix B" and instruct the Waterfront Project Director to work with staff of City divisions, agencies, boards, commissions and corporations (ABCCs), as needed; the waterfront government partners; and TWRC to develop and implement the processes and systems necessary to track contributions and revenues as outlined in the Accounting Protocol;
- (6) receive for information the revised Terms of Reference for the Intergovernmental Steering Committee attached as "Appendix C";
- (7) instruct the Waterfront Project Director to work with representatives of the other orders of government and TWRC to develop a Framework Agreement for Waterfront Revitalization that demonstrates the breadth of tri-government commitment to the objectives of waterfront revitalization and to the deliverables outlined in the 10-year plan and related agreements;
- (8) authorize the Mayor to execute the Framework Agreement upon its completion; and
- (9) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Toronto waterfront revitalization was launched on November 3, 1999, when the City of Toronto, Province of Ontario and Government of Canada announced the creation of the Toronto Waterfront Revitalization Task Force. In June 2001, the three governments approved the creation of an interim Toronto Waterfront Revitalization Corporation (TWRC) to oversee the 30-year renewal of the designated waterfront area (DWA) and strategic projects at Mimico Creek and Port Union. Lands in the DWA extend between Dowling and Coxwell Avenues.

TWRC Act

Provincial legislation creating the permanent TWRC, the *Toronto Waterfront Revitalization Corporation Act, 2002*, came into effect on April 1, 2003 with a requirement for a one-year review. The *Act* mandates TWRC to implement a plan that enhances the economic, social and cultural value of land in the DWA in an environmentally, publicly accountable and fiscally sound manner that includes private-sector investment. It gives TWRC powers to enter into contracts of limited dollar value, but no power or authority to mortgage assets, form subsidiaries, acquire land, raise revenue, borrow money or act as an agent of any of its government partners. These powers require regulatory amendment or agreement of the three governments.

Following various due diligence reviews by representatives of the TWRC and government partners on the one-year anniversary of the *TWRC Act*, Council approved transitioning TWRC to an empowered corporation focused on project implementation at its meeting of November 30 to December 2, 2004. This transition was subject to the following conditions:

- (i) Elected officials being permitted, in the minority, to sit on the TWRC Board of Directors with the Mayor of Toronto as Chair and with each government continuing to appoint an equal number of directors, excluding the chair;
- (ii) Control of public lands being transferred to TWRC on an incremental basis, based on detailed business and implementation strategies that are to the satisfaction of the government partners. (The process through which control of land is to be provided was to be defined in a public land management protocol agreed to by the governments and TWRC);
- (iii) Revenues from the revitalization of public lands in the DWA being reinvested in the revitalization initiative;
- (iv) Agreement between the governments and TWRC on a five-year planning process, short- and long-term priorities, deliverables and performance measures for the initiative; and
- (v) Clarification of roles and responsibilities of public sector entities involved in Toronto's waterfront, with the TWRC being clearly identified as the "master developer" and charged with delivering the tri-government waterfront vision.

In the case of the latter, Council recommended that agencies, boards, commissions and corporations (ABCCs) with land in the DWA continue with their lease management role, in accordance with the public land management protocol, until lands are required for revitalization; undertake new activities in the waterfront through service or delivery agreements with TWRC; and target all other activities to areas outside of the DWA. The exception to this process was those initiatives in advanced stages of planning and consistent with Council's waterfront vision, such as the Toronto Film and Media Complex in the Portlands.

In approving the above conditions, Council recognized the need to strengthen the tri-government commitment to a single, empowered waterfront corporation, to increase public accountability of the waterfront initiative and to break the jurisdictional gridlock that hampered the project. To expedite empowerment of TWRC, Council directed staff to develop an implementation framework comprised of the following:

- (a) The legislative changes required to empower TWRC, including financial empowerment options;

- (b) An Accounting Framework (or Protocol), including financial controls and reporting requirements, to recognize and track government contributions to and returns from the initiative;
- (c) Renewed terms of reference for the Intergovernmental Steering Committee;
- (d) A joint tri-government and TWRC communications strategy among the waterfront partners;
- (e) Tri-government commitment to a Five-Year Rolling Business Plan;
- (f) A definition and options for providing TWRC with “effective control of public land”; and
- (g) Roles and responsibilities of the TWRC and ABCCs with land holdings in the DWA, including clarification of the TWRC role in the land development process.

This report addresses items (a) through (d) above. Staff of the three governments and TWRC have agreed on a five-year rolling business plan, 10-year financial forecast, deliverables and performance measures for the project. As a result, item (e) is the subject of a separate report also before Policy and Finance Committee and Council in September 2005.

The MOU among the City, TEDCO and TWRC, which addresses items (f) and (g) above, will be brought forward to Council for approval later in 2005. Officials of the Provincial Ministry of Public Infrastructure Renewal, Ontario Realty Corporation and TWRC have signed a similar MOU related to roles and responsibilities on provincial land holdings in the West Don Lands area of the DWA. The Public Land Management Protocol requested by Council and the Intergovernmental Steering Committee as part of the Implementation Framework has been incorporated into the ORC MOU and will be incorporated into the City’s MOU with TEDCO and TWRC. This enables land management protocols to be customized to the unique needs and concerns of the individual public-sector landowners.

Finally, Council directed staff to explore empowering the TWRC in a seamless and undistruptive manner by converting it to a municipal corporation under s. 203 of *Municipal Act, 2001* and Ontario Regulation 168/03, the *Municipal Business Corporations Act* regulation. The intent was to expedite the inclusion of elected officials on a waterfront corporation Board of Directors.

Conversion to a municipal corporation entails a lengthy and complex process, including public consultation, development of business plans and transitional processes to address existing TWRC contractual and employment commitments. Special provincial legislation would be required to continue, rather than dissolve and replace, the TWRC as a municipal corporation and regulatory amendments to the *Municipal Corporations Act* would also be required. As a result, staff do not recommend proceeding with such a strategy. In addition, with support of Provincial and Federal officials for the new waterfront governance structure, the impetus to convert TWRC to a municipal corporation no longer exists.

Comments:

Renewing Toronto's waterfront is a Council priority and the defining city building project of its era. Beyond enhancing the economic, social, cultural and recreational life of Toronto, Ontario and Canada, the waterfront will act as a blueprint for growing focused, sustainable and inspiring cities internationally.

Implementing Council's new waterfront governance model marks the transition of the revitalization process from planning to implementation. The model provides TWRC with the powers and authorities necessary to create a dynamic and publicly accessible waterfront and maximizes transparency and accountability with respect to the use of public resources. Both federal and provincial governments support the governance model and Provincial Minister has confirmed his intent to table the proposed amendments to the *TWRC Act, 2002* in the legislature this fall.

Legislative Changes to the *TWRC Act, 2002*:

The Implementation Framework for the new Waterfront Governance Model requested that staff identify the legislative changes required to empower TWRC, including financial empowerment options. In undertaking this analysis, staff noted that powers, as defined in the *TWRC Act, 2002*, could be granted to TWRC either by regulation or by agreement among the three governments. As a result, legislative amendment to enable financial empowerment is not required, as these powers will be granted by way of regulation or tri-government agreement.

Legislative amendments are required to the *TWRC Act, 2002* to enable implementation of the governance structure approved by Council in 2004. Specifically, amendments are required to permit the addition of elected officials to the TWRC Board of Directors and to allow TWRC to act as an agent of the City or Province in specific circumstances and with terms and conditions. These amendments are discussed below.

Elected Officials on the TWRC Board of Directors:

Council's new governance structure for the waterfront requires that membership on the TWRC Board of Directors be amended to include elected officials in the minority, including the Mayor of Toronto. The City of Toronto has received letters of support for this position from the Federal Minister of Citizenship and Immigration, the Hon. Joe Volpe and the Provincial Minister of Public Infrastructure Renewal the Hon. David Caplan. These letters, which are attached as "Appendix A", acknowledge that the new structure strengthens tri-government cooperation, improves public accountability and expedites successful implementation of shared waterfront priorities.

The structure agreed to by our Provincial and Federal partners preserves Council's authority on policy and regulatory matters, including the requirement that Council approve precinct plans, implementation bylaws, annual and rolling financial plans and major changes in project strategy and direction. Under the new model, each government continues to appoint up to four representatives to the TWRC Board. The sole difference from the model approved by Council in 2004 is that the governments are to jointly appoint a private citizen to act as Board Chair. Selecting a private citizen as Chair highlights the commitment of the governments to waterfront renewal and stresses the importance of private-sector participation in waterfront renewal, especially as the project enters the implementation phase.

While Federal officials support adding elected representatives to the TWRC Board, they have chosen to select citizens to fill their four Board positions. As a result, amendments are required to the *TWRC Act, 2002* that allows for one of the directors that each of the City and Province appoints to the TWRC Board to be a person who holds a public office to which he or she has been elected.

TWRC as an Agent of the City or Province:

Expediting project implementation on public lands may require TWRC to act as an agent of the City or Province when undertaking specific activities that are traditionally carried out by the landowner. Such activities may include, but are not limited to, undertaking environmental risk assessment processes, marketing lands to the private sector or submitting planning and other municipal applications. It is recommended that this authority be provided to TWRC on a case-by-case basis, in accordance with terms and conditions outlined by the land-owning government.

To enable this, the *TWRC Act* must be amended to allow TWRC to act as an agent of the City or the Province if the City or the Province expressly authorizes TWRC to act as its agent and subject to any terms and conditions contained in written authorization.

Council's Representatives on the TWRC Board of Directors:

In addition to endorsing the legislative amendments, Council is asked to name Mayor David Miller or his designate as Toronto's elected representative on the TWRC Board of Directors.

Council's existing representatives on the TWRC Board were appointed in January 2002 for a three-year term. Appointees were selected following a search process facilitated by Caldwell Partners and interviews by members of the former Waterfront Reference Group. The initial term of these appointments has been extended pending implementation of Council's recommended governance structure. The City's three appointees continue to represent the City's interests and priorities on waterfront renewal and have been instrumental in ensuring that the project advances in an expeditious and effective manner.

With the addition of elected officials to the TWRC Board, it is appropriate to begin recruiting new citizen appointees. As a result, Council is asked to direct the Waterfront Project Director to work with the City Manager's Office to identify a list of potential candidates from which the City's three citizen appointees can be selected by the Corporate Nominating Panel, with such appointments being for a three-year term commencing January 2006. The Corporate Nominating Panel was established by Council to recruit and nominate citizen members of the Boards of Directors for the City's corporations. It was appointed by the Striking Committee in 2003 and makes recommendations through the Policy and Finance Committee.

Accounting Protocol:

City Council is asked to approve in principle the Accounting Protocol for Waterfront Revitalization (attached as “Appendix B”) and to request that the Waterfront Project Director work with staff of City Finance and other divisions, agencies, boards, and commissions as required; the government partners; and TWRC to develop and implement processes and systems necessary to track contributions to and returns from waterfront renewal.

An intergovernmental work group developed the Accounting Protocol in a manner that is simple to understand, flexible in that it can be used by all partners, and transparent. Specifically, it:

- (i) reflects the new governance structure of waterfront renewal, with the TWRC as the Master Developer and entity charged with implementing waterfront revitalization;
- (ii) avoids duplication of effort and resources;
- (iii) recognizes all contributions of the three governments, including cash, financial incentives, land and the in-kind provision of other public assets;
- (iv) sets out the required level of reporting detail for all government partners; and
- (v) satisfies audit requirements.

The Accounting Protocol was approved in principle by the Intergovernmental Steering Committee on September 6, 2005. Under the Protocol, governments will track cash, in-kind and land contributions, revenues from sale/lease of land and returns on investment for waterfront renewal.

(i) Tracking of Cash Contributions:

The TWRC currently submits quarterly reports to the three governments requesting funding for the upcoming fiscal quarter and reporting on project progress to date. Funds are released to TWRC after governments perform due diligence. The governments’ budget and financial monitoring processes, and the TWRC’s own internal controls, external and internal audit processes, and public Board meetings ensure that tracking is transparent and accountable.

However, certain project funds do not flow through TWRC, such as GO Transit and rail corridor improvements and dockwall repairs. To accurately reflect all government contributions, each government has agreed to track this information and to provide it to TWRC for inclusion in its quarterly reports.

(ii) Tracking of In-Kind and Land Contributions and Financial Incentives:

Now that waterfront renewal has entered the implementation phase, in-kind government contributions, land contributions and financial incentives, must be recognized. Each government will be responsible for tracking this information, in collaboration with the

TWRC, and for developing the tracking tools to do so. This detail will be provided to TWRC and summarized in its quarterly financial reports to the governments.

Land Contributions

Each government will be recognized for its land contributions to the waterfront initiative. This process will provide the partners with a reasonable assessment of baseline contributions and will enable all partners to measure and assess the impact of the tri-government investment and the revitalization process on land values. It is the intent of the governments to jointly undertake this valuation process. Lands will be valued incrementally at the point in time when they are required for revitalization purposes. An accounting of such land contributions will be maintained throughout the revitalization initiative.

Financial Incentives

The governments are currently considering possible financial incentives that may be required to expedite commercial development in certain waterfront precincts. Such incentives would form part of a Community Improvement Plan for the area and will be the subject of future reports to Council. Once approved, incentives will also be tracked as part of the Accounting Protocol.

(iii) Tracking Revenues from Sale/Lease of Land:

The new waterfront governance model presumes that revenues from the sale or lease of land be re-invested in the renewal effort to make the initiative self-sustaining and financially viable. Under the Accounting Protocol, TWRC will now track revenues from the sale/lease of lands. This information will be aggregated for each government partner, and reported on TWRC quarterly financial reports.

Tracking Return on Investment

TWRC will be responsible for reporting on return on investment using information provided by the governments with respect to the revenues generated as a result of project implementation.

Next Steps:

The Tri-government Working Group has committed to meet on a quarterly basis to review TWRC status reports and undertake site visits and other due diligence as necessary to ensure ongoing accountability and transparency in the management of the initiative.

Intergovernmental Steering Committee Terms of Reference:

The Intergovernmental Steering Committee, comprised of senior officials from the City of Toronto, Federal and Provincial governments, was formed in 2001 to propose and subsequently oversee implementation of a governance structure for renewal of Toronto's waterfront. Subsequent to its inception, the role of the group was expanded to include facilitating

communication among governments at the staff level, resolving issues that impact an individual government or the TWRC, reviewing financial reports, and developing agreeable project directions and priorities for recommendation to the respective government approval mechanism.

The terms of reference for the Steering Committee have been updated to reflect the project's transition from planning to implementation. The revised terms, as agreed to by representatives of the government partners, are attached for information as "Appendix C". In addition to continuing its role as described above, the new terms call for the Committee to continue to oversee the preparation of funding agreements, provide direction to TWRC on business planning and project initiatives and approve five-year plans, business plans and annual reports of TWRC for submission to the respective governments for formal approval.

Joint Communications Strategy:

TWRC's new role as master developer marks a turning point in the renewal of Toronto's waterfront and presents a tremendous opportunity to promote waterfront revitalization in a way that has not been possible to date. As the new single voice for Toronto waterfront renewal, TWRC, in consultation with the government partners, will lead development of a strategy to communicate publicly and broadly. The objective of this strategy is to build on the widespread support of the waterfront vision and to draw international interest and investment to the project. The plan will communicate the role of TWRC as master developer, short- and long-term activities, accountability tools, financial commitments and project milestones to 2014. All communications material will recognize the shared and equal municipal, provincial and federal financial commitment to the project as a whole. The strategy itself will form a major part of a Framework Agreement that is proposed to be developed between the three governments and TWRC as further commitment to realizing the revitalization of Toronto's waterfront.

Framework Agreement:

Multi-lateral urban development agreements are increasingly being recognized as effective tools for facilitating partnerships among various orders of government. Such agreements can expedite the achievement of shared social, economic, environmental, cultural and sustainability goals in urban revitalization initiatives and have proven to be successful models for aligning resources and interests of federal, provincial and city governments. To date, tri-lateral agreements involving municipal, provincial and federal governments have been effective in collaboratively implementing urban initiatives in Vancouver and Winnipeg. In response to a proposal by Mayor Miller, the City of Toronto, Province of Ontario and Government of Canada are currently engaged in developing a tripartite framework agreement that could address a range of urban issues in Toronto that are of interest to all three parties.

The revitalization of Toronto's waterfront is now at a position where an agreement among the three orders of government and TWRC would clearly demonstrate to both the public and to potential investors the breadth of commitment to this major city-building initiative. The Intergovernmental Steering Committee is recommending that such an agreement be developed among the governments and TWRC prior to the end of 2005. As a result, it is recommended that Council authorize staff of the Waterfront Project Secretariat to work with the government partners and TWRC to develop such an agreement and the Mayor to execute it upon its

completion. The agreement will incorporate the 10-year financial plan, accounting protocol and new governance structure, all of which will be before Council in September 2005.

Conclusion:

A major milestone for advancing waterfront revitalization has been achieved with the agreement by the City, Province and Government of Canada to transition TWRC to a master developer and to include the Mayor of Toronto or his designate on the TWRC Board of Directors. For the first time in the history of Toronto's waterfront, a single body representing all governments is responsible for creating a dynamic, accessible and sustainable Toronto waterfront in accordance with a shared 10-year plan and development vision. Following Council approval, a framework agreement will be developed among the partners that reflects the breadth of the public-sector commitment to this major, city-building initiative.

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List of Attachments:

Appendix A – Letters Supporting Council's Governance Model for TWRC
Appendix B – Waterfront Revitalization Accounting Protocol
Appendix C – Terms of Reference for Intergovernmental Steering Committee

Appendix B
Toronto Waterfront Revitalization Initiative -- Accounting Protocol

Background:

This document addresses the accounting component of the governance framework that was approved by Council in 2004. It considers, among other things, financial controls, reporting requirements, and an Accounting Protocol to recognize and track government contributions to and returns from the Toronto Waterfront Revitalization Initiative.

Financial Component of the Framework:

Principles:

The financial component of the framework must:

- (i) reflect the proposed new governance structure of the Waterfront Revitalization Initiative, with the TWRC assuming a role focused on project implementation;
- (ii) recognize all contributions by the three government partners, including financial, land and in-kind, including financial incentives;

- (iii) be as simple as possible, avoiding duplication of effort and resources;
- (iv) allow for flexibility in the implementation of initiatives which recognize the level of detail required and is consistent in its usage by all three governments;
- (v) be transparent and accountable; and
- (vi) Satisfy audit requirements.

The financial framework will have five elements:

1. Tracking of cash contributions
2. Tracking of financial incentive and in-kind contributions
3. Incrementally valuing and tracking land contributions
4. Tracking of revenues from sale/lease of land
5. Tracking of returns on investment.

Tracking of Cash Contributions – Current Process

TWRC:

- (i) TWRC submits quarterly requests for funding to the governments which include detailed reports on the status of individual projects and initiatives, an overview of funds required for the next fiscal quarter, a summary of expenditures to date and projections to year end;
- (ii) Presents detailed financial information to its Board at each meeting. Meetings are open to all members of the public;
- (iii) Has implemented financial controls within its organization, is subject to external audit annually, and can be audited by any one of the government partners at any time;
- (iv) Prepares annual reports and holds public annual general meetings;
- (v) Has set up an “internal audit function” in January, 2005;
- (vi) Prepares a rolling Five-Year Financial Plan and 10-Year Plan for government approval.

City:

- (i) Council has approved the City’s \$500M commitment to the project, with the City’s annual contribution to TWRC approved each year at the “project” level as part of the City’s budget process. Annual contribution determined by discussions with TWRC and other orders of government, and by City affordability targets;
- (ii) The Waterfront Project Secretariat tracks the City’s contribution at the project level for both budgeted and actual expenditures. Staff reviews TWRC quarterly reports and

prepares cheque requisitions as appropriate for signed by senior City officials. All budget approvals and releases are made in accordance with the City's Financial Control By-law;

- (iii) For reporting purposes to City Finance and Council, municipal contributions are tracked through the SAP Financial System, which is at a higher level than the Secretariat's individual project tracking mechanism (e.g. the Martin Goodman Trail, Commissioner's Park, Leslie Greening, Western Beaches Watercourse, Interim Sports Fields and Regional Sports Complex are aggregated into "Sports Fields & Facilities & Parks Development");
- (iv) The Waterfront Secretariat prepares quarterly capital variance reports, reconciled to the SAP Financial System. These reports are reviewed by the Financial Planning Division and forwarded to the Budget Advisory Committee and Council for approval. Amendments to Budget or cash flows are approved through this process.

Province:

- (i) The Provincial Government has approved the \$500M commitment to the project, subject to the annual appropriations process;
- (ii) Annual contributions are determined through business planning and capital allocations processes, following discussions with TWRC and other orders of government, and are included in the capital budget of Public Infrastructure Renewal (PIR), to be approved by Treasury Board, then Cabinet;
- (iii) The Municipal Infrastructure Branch of PIR tracks what comprises the annual approved budget and what has been released for specific initiatives. As long as the annual budget is not exceeded, no further action is required. This methodology provides flexibility in that funding can be adjusted in-year between specific initiatives, as long as adjustments are within the context of signed Contribution Agreements with TWRC approved waterfront projects.
- (iv) Any under-expenditures in a given year are returned to the Consolidated Revenue Fund, but are not subtracted from the overall commitment to the Initiative.

Federal:

- (i) Cabinet has approved the Federal Government's \$500M commitment to the project, which is subject to an annual budget allocation process;
- (ii) Annual and quarterly estimates are determined through discussions with TWRC (primarily through the requirements set out in the Five-Year Business Plan and through information provided in each Contribution Agreement), and other orders of government;
- (iii) Annual estimates are tabled in March for the upcoming year, and are approved by Parliament. Ordinarily, the budget can be adjusted up to two times per year. Any under-expenditure would ordinarily be returned into a "consolidated revenue fund";

- (iv) The Federal Waterfront Secretariat keeps its records on a project-by-project basis, and releases funds accordingly. Prior to any payment of funds, the Secretariat requires TWRC to provide information, as outlined in each Contribution Agreement (including work plans, quarterly progress reports, site visits). Payments are subject to the Treasury board Policy on Transfer Payments, and the *Financial Administration Act*.

Overall Comments

The tracking of cash contributions is transparent and accountable.

A portion of federal funds for waterfront revitalization is administered by Transport Canada and Infrastructure Canada for the delivery of the GO Transit Expansion and the Union Pearson Link projects. Staff of Citizenship and Immigration Canada, which houses the Federal Waterfront Secretariat, is apprised of developments in these projects. In addition, funds have been provided directly to other recipients and stakeholders to further support Waterfront Revitalization. These projects remain consistent with the goals and objectives of the Initiative.

Similarly, at the Provincial, GO Transit Expansion is funded through the Ministry of Transportation. PIR remains apprised of the development of this project.

The City is funding dockwall repairs directly, with the Waterfront Secretariat approving and monitoring these expenditures.

Since monies for these projects will not flow through the TWRC, each government has agreed to provide this information to the Corporation for inclusion in its funding report for information purposes only. This will ensure that total cash contributions are accurately reflected.

Tracking of Financial Incentive, Land and In-kind Contributions:

In-kind and land contributions and the provision of financial incentives, if approved by Council, are to be recognized as part of a government's contribution to the Initiative. Developing the mechanisms to track these contributions will be the responsibility of each government, in collaboration with the TWRC. Information will be provided to TWRC and summarized by them on their quarterly reports.

Financial Incentives

The governments are currently considering possible financial incentives that may be required to expedite commercial development in certain waterfront precincts. Such incentives would form part of a Community Improvement Plan for the area and will be the subject of future reports to Council and the government partners. Once approved, incentives will also be tracked as part of the Accounting Protocol.

Valuing and Tracking Land Contributions:

The government partners must agree to a protocol for valuing public land that is to be made available for revitalization purposes. This will form the basis by which any government will be

recognized for land that is made available to the initiative. Public lands will be valued incrementally at the point in time when specific parcels are required.

Tracking Revenues from Sale/Lease of Land:

The new governance model presumes that revenues from the sale or lease of land will be re-invested in revitalization to make it self-sustaining and financially viable. TWRC will keep track of revenues from the sale/lease of lands. The TWRC quarterly reports will incorporate the revenues generated from land aggregated by the government landowner.

Tracking Return on Investment:

TWRC must assume responsibility for tracking and reporting on return on investment using information provided by the governments with respect to the individual revenues that each government generates as a result of project implementation. The manner in which return on investment is to be reported is the subject of ongoing discussions between TWRC and the governments.

Next Steps:

The draft Accounting Protocol was approved by the Intergovernmental Steering Committee on September 6, 2005. Individual governments will now continue to consult with their own officials to determine what revenues are to be tracked and the mechanism to do so.

The Intergovernmental Working Group and TWRC will convene on a quarterly basis to review TWRC status reports, undertake site visits and resolve financial and other reporting issues that may arise.

Discussions will also be undertaken with TWRC to determine the potential adjustments required to its financial reports to reflect the directions and requirements of this Accounting Protocol.

Appendix C
Terms of Reference
Intergovernmental Steering Committee
On the Toronto Waterfront Revitalization Initiative

Role and Responsibilities:

The Intergovernmental Steering Committee (IGSC) serves as a focal point for intergovernmental management and coordination on matters related to the Toronto Waterfront Revitalization Initiative. Specifically, the IGSC:

- (i) Coordinates activities of the three orders of government and the TWRC with respect to waterfront revitalization;
- (ii) Serves as a forum for information exchange and sharing of advice related to the implementation of TWRI projects;

- (iii) Undertakes joint planning to ensure that proposed projects are in keeping with the goals and objectives of the Initiative;
- (iv) Coordinates and manages contribution agreements and related activities;
- (v) Approves the five-year plan, business plans and annual reports of the TWRC for submission to the respective governments;
- (vi) Monitors TWRC annual budgets and forecasts;
- (vii) Develops governance options and an implementation plans as needed; and
- (viii) Establishes working groups as required, and provides advice and direction on issues.

Chair:

On a rotational basis, each government will be required to take on the responsibility of chair of for one year.

Secretariat Support:

The Toronto Waterfront Secretariat is responsible for support specific to drafting record of discussions, following-up on decisions and actions, disseminating information, distributing meeting documentation and logistical arrangements, as required.

Membership:

The IGSC includes the Assistant Deputy Minister of Centralized Services Delivery and Corporate Services at Citizenship and Immigration Canada, the Deputy Minister of the Ministry of Public Infrastructure Renewal for the Government of Ontario, and, the City Manager for the City of Toronto.

Frequency of Meetings:

Meetings are convened on a quarterly basis. Additional meetings are scheduled as needed.

(Copies of Letters Supporting Council's Model for TWRC Governance referred to as Appendix A in the report dated September 12, 2005, from the Deputy City Manager, was forwarded to all Members of Council with the September 20, 2005, of the Policy and Finance Committee and a copy is also on file in the office of the City Clerk, City Hall).

Ms. Elaine Baxter-Trahair, Waterfront Project Director and Mr. John Campbell, Toronto Waterfront Revitalization Corporation, provided a presentation on this matter.