Re: EX7.6

City of Toronto

Waterfront Toronto Performance Assessment

Final Report

19 June 2015

Building a better working world

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Executive summary

Background

Waterfront Toronto ("WT") is an independent, arms-length corporation responsible for leading the revitalization of approximately 5000 acres of underdeveloped and partly contaminated lakeshore lands concentrated largely in downtown Toronto. Prior to WT's incorporation in 2001, federal, provincial, and municipal governments each committed $500 million to fund the revitalization effort to advance the City's bid to host the 2008 Summer Olympics and to overcome decades of waterfront redevelopment false-starts. Although the City's Olympic bid was unsuccessful, the Toronto Waterfront Revitalization Corporation Act ("the TWRC Act", "the Act") established WT in 2003 as the primary delivery agent for renewal of the Designated Waterfront Area ("DWA"). WT was fully operational in early 2003.

Project scope

The City of Toronto, Waterfront Secretariat ("Project Authority", "City Secretariat") engaged Ernst & Young LLP ("EY") through a competitive procurement process to assess the relevance, economy, efficiency and effectiveness of Waterfront Toronto's program and project delivery processes since inception, including the review of waterfront delivery practices in other jurisdictions where appropriate. EY was also responsible for developing recommendations that would help inform the next phase of revitalization and enhance the City's Strategic Review of waterfront revitalization, which was conducted in parallel with our work.

EY was not engaged to provide any level of audit assurance; accordingly, our work and this report are advisory in nature. We provide no audit opinion or audit conclusion on any aspect of the revitalization effort.

Waterfront Toronto's key accomplishments

Over the past 12 years, WT has helped lead one of the largest waterfront revitalization initiatives in the world. The Corporation has delivered or supported the delivery of new or refurbished public spaces, sustainable precinct plans, flood protection, and waterfront land value appreciation. It has improved pedestrian accessibility to Lake Ontario and introduced innovative soil remediation practices. Additionally, WT has attracted private sector investment and partnerships, and fostered public input on shape and scale of the revitalization efforts through hundreds of meetings and events. WT's precinct plans and public spaces have been internationally recognized for urban design, landscape architecture, and planning excellence. Revitalization investments have generated new residential and commercial real estate developments, local labour market benefits, and government revenue.

Waterfront Toronto's key opportunities for improvement

WT's projects and initiatives have delivered benefits to the City, but the Corporation has room for improvement. The report has identified nine findings and recommendations that are important for the organization and funding partners to address moving forward.

With respect to relevance and effectiveness, we noted that a lack of clarity in WT's mandate has led to occasional disagreements between City officials and WT, and at times has created ambiguity in project roles and responsibilities. We suggest WT's mandate be clarified by developing a Global Memorandum of Understanding ("MOU") or Master Service Agreement to bridge the gap between the Act and bilateral MOUs currently in place between WT and waterfront agencies.

Project performance measurement and reporting inconsistencies have, at times, made it difficult for the Board, government partners and third party auditors to assess WT's delivery performance. Re-evaluating their performance measurement approach and developing common data definitions across all WT departments will strengthen the quality of information used to make important funding decisions, reduce reporting time, enhance transparency, and improve risk management.

We identified efficiency improvement opportunities related to two key areas. Although the Contribution Agreement ("CA") process has improved, we found that adopting a risk-based approach and increasing template use could yield further efficiencies without impacting a critical oversight and input mechanism for the government partners. Over the past three years, WT's spending on corporate resources has stayed roughly constant while project spending has declined year-over-year. We recommend an efficiency review be conducted to "right-size" the organization to future funding projections, once known.

Summary findings

Despite not achieving financial self-sufficiency independent of public funding, WT has generally delivered revitalization initiatives effectively, with due regard for economy and efficiency, and in a manner consistent with international best practice. WT has also: demonstrated improvement in many of these areas, been consistently aligned with the City's priorities for Waterfront revitalization, and matured as an organization, especially in the past six years. EY identified critical challenges related to a lack of clarity in WT's mandate, inconsistent project performance reporting, inconsistent information management, and misalignment between spend rates on staffing and expenditures.

We find that WT would be the appropriate organization to lead revitalization going forward assuming the funding partners:

(1) Define and agree to priorities that include some or all of the elements described in WT's strategic business plan,
(2) Share capital costs and governance responsibilities, and
(3) Work together with WT to address the findings and implement the recommendations included in this report and, where relevant, those from previous studies.

Without agreement on the future of waterfront revitalization and funding commitments to support the shared vision, it is unclear whether a delivery vehicle different than WT would be more suitable. Definitive priority and funding commitments from the three orders of government on the next phase of waterfront revitalization are essential to selecting the appropriate delivery vehicle to achieve the defined objectives.

Background

Legislative and policy context for waterfront revitalization in Toronto

Efforts to remediate and unlock the economic development potential of lands along Toronto's lakeshore date back to the mid-20th century. While industrial contamination, limited infrastructure, land ownership fragmentation and occasionally competing government initiatives constrained earlier efforts, Toronto's bid to host the 2008 Summer Olympics provided a focal point for key political and private sector actors to move forward. Although the City's bid to host the Olympics failed, the commitment revitalize the waterfront persisted.

In 2002, following a $1.5B combined contribution ($500M each) commitment from the Government of Canada, the Province of Ontario, and the City of Toronto, the Toronto Waterfront Revitalization Corporation ("WT", "the Corporation") was established. Provincial legislation was used as a vehicle for transforming underutilized or previously contaminated land in the Central Waterfront, East Bayfront, West and Lower Don Lands, Port Lands and Lake Ontario Park areas. The Toronto Waterfront Revitalization Corporation Act made the Corporation responsible for developing and implementing plans to increase the economic, social, and cultural value of Toronto's downtown lakeshore land. The goals of WT were developed with the intention of using the Corporation's success to attract private sector investment and engagement, enhance public spaces, encourage public input into the development process, and deliver renewal of the waterfront in an environmentally and financially sustainable manner.

The Act limits the formal powers of the Corporation and requires cooperation between the funding partners. It requires consent from all three orders of government to remove restrictions on borrowing, mortgaging assets, raising revenue, and creating subsidiaries. Governments appoint Board members in equal shares who have a fiduciary obligation to the Corporation and jointly appoint the Chair. The Corporation is also required to produce and provide annual corporate and financial plans, an annual report, and other accountability documents to the funding partners.

Policy context

WT works with the three orders of government through secretariats, committees and MOUs. Waterfront Secretariats were created at each level of government to coordinate Contribution Agreements (the primary funding instrument), approve funding requests, support planning, and provide a point of contact between WT and the respective governments. The Intergovernmental Steering Committee provides strategic guidance to WT. On the implementation side, MOUs and delivery agreements define and support WT's working relationships with City and Provincial agencies.

Waterfront and City of Toronto planning context

Waterfront Toronto directs planning, design, procurement, project management, and construction management activities in collaboration with the City Manager's Office, Toronto's Waterfront Secretariat, and a host of City agencies. As the City's primary liaison with Waterfront Toronto, the City Waterfront Secretariat works to advance priority projects along the waterfront. Completion of the Athletes' Village for the 2015 Pan/Parapan American Games, Light Rail Transit in the East Bayfront, accelerated planning and sport complex development in the Port Lands, review of jet-propelled aircraft use at Billy Bishop Airport, and the future of the Gardiner Expressway are some of the current issues facing waterfront development and planning.

Strategic Business Plan

As of the close of fiscal year 2013/2014, almost 90% of Waterfront Toronto's initial $1.5 billion seed funding has been spent. In December 2013, WT released its *Strategic Business Plan 2014-2023*, which sets out an ambitious revitalization program that calls for an additional $1.65 billion of investments from a variety of sources. The additional funding would support flood protection in the Port Lands, transit expansion, additional land servicing, critical infrastructure development and additional public realm developments. Funding could be project-based or tranche funding and cover some or none of the proposed areas of revitalization. Deliberations among the three orders of government are on-going with no agreement of additional funding as of the close of field work of this report.

Scope

EY was engaged to prepare and deliver the following:

(1) An assessment of the relevance, economy, efficiency and effectiveness of Waterfront Toronto's program and project delivery processes since inception, including the review of waterfront delivery practices in other jurisdictions where appropriate.
(2) Recommendations related to WT's relevance and performance to help inform the next phase of revitalization and enhance the City's Strategic Review of waterfront revitalization.

Our work relates solely to an assessment of WT as the core delivery agent of Toronto's waterfront revitalization initiative, focusing largely on improvements in and along the DWA. Staff at the City's Waterfront Secretariat served as the Project Authority for this engagement.

EY was not engaged to provide any level of audit assurance; accordingly, our work was advisory in nature and does not provide an audit opinion or audit conclusion on any aspect of the revitalization effort.

This report relies on a range of project, administrative, financial, and other data sources, none of which have been independently verified by EY. It also relies on past report findings that we have also not independently verified. EY has, however, exercised professional judgment and reasonableness considerations when analyzing these data and reports.

Approach

Assessment questions

Based on the RFP, EY collaborated with the City's Waterfront Secretariat to develop a list of assessment questions to address two key areas: relevance and performance. The relevance question focuses on alignment while the performance questions are grouped into those focusing on effectiveness and those focusing on economy and efficiency. The assessment questions are as follows:

Relevance

(1) To what extent are WT's mandate and objectives aligned with the City's priorities for Waterfront revitalization?

Performance: Effectiveness

(1) To what extent has WT achieved its stated corporate, project delivery and governance objectives?
(2) How does WT's delivery of revitalization initiatives compare with leading practices observed in other globally-recognized waterfront cities?

Performance: Economy and efficiency

(1) Has WT managed its resources with due regard for economy and efficiency?
(2) Given its current structure and governance, to what extent is WT able to be self-sustaining?
(3) Given the City's priorities, is WT the appropriate organization to lead revitalization going forward?

Methodology

This section describes the lines of evidence used to answer the assessment questions. Our work included a document and literature review, key informant interviews, a web-based survey of economic development entities with a waterfront mandate, and quantitative data analysis of project and financial data. Findings and recommendations were corroborated by multiple data points across evidence lines, a process referred to as lines of evidence integration. The methodology is described in further detail below. Note that a list of abbreviations used in this report is provided in **Appendix A**.

Document and literature review

WT's Project Lead provided the project team with an initial round of documents. Key informant interviews, an initial document scan, and consultations with the City and Waterfront Toronto identified additional documents for review. A list of all documents reviewed is presented in **Appendix B**.

Key informant interviews

Key informant interviews were designed to provide qualitative information related to the performance assessment questions, and 30 people were interviewed through a combination of group and individual interviews. Key informants were drawn from WT's Board of Directors, WT staff and executives, City of Toronto, Provincial and Federal government officials, private developers, and representatives from comparable organizations including Dublin Docklands (Ireland), Places Victoria (Melbourne, Australia), Port of Barcelona (Spain), and HafenCity Corporation (Hamburg, Germany). A full list of stakeholders engaged during the course of this project appears in **Appendix C**.

Web-based survey

A web-based survey was distributed to 71 individuals representing 36 domestic and international economic development agencies with a waterfront mandate in 15 countries. The survey questions were developed in conjunction with the Project Authority and received 28 total responses (39% response rate). The respondents spanned across 8 countries (68% of initial country sample) and 24 entities (53% of initial entity sample) including Waterfront Toronto. The survey questions appear in **Appendix D**.

Quantitative data analysis

Quantitative data related to program relevance, design, and outcomes were examined using a range of administrative, financial, project and performance data. Data was provided by WT in addition to being extracted from a variety of sources, including annual and quarterly reporting, hard copy presentations to the Board, and status reporting presented through funding requests to the Operations Working Group. Relevant summary and descriptive statistics, quartile comparisons, and trend analysis were produced to answer the performance assessment questions.

Integration of lines of evidence

Integrating the lines of evidence involves comparing and corroborating findings across multiple lines of evidence to avoid relying on a single data point. A matrix approach was used to link relevant components of each line of evidence to the performance assessment questions. Findings and recommendations for each question were developed based on this “triangulation” process.

Assessment findings and recommendations

Relevance

(1) To what extent are WT's mandate and objectives aligned with City's priorities for Waterfront revitalization?

EY reviewed WT's core mandate as defined in the TWRC ACT (2002) and assessed alignment with the City's priorities through document review and interviews with City officials. In addition, we compared the City's Waterfront Secondary Plan to completed WT projects, ongoing WT projects included in WT's Long Term Funding Plan, and the strategic direction outlined in WT's Strategic Business Plan. We found that WT has delivered projects or is working toward delivering projects that are largely consistent with the City's vision for waterfront revitalization, and there is general alignment between WT's objectives and City priorities. Despite these successes, EY found that ambiguity in WT's core mandate has presented implementation challenges, and the City and WT have differences in expectations about operational expenses for some public realm assets. In addition, minor shifts in City priorities following elections have created challenges in aligning WT's priorities to those of the City.

Institutional mechanisms have supported alignment between WT and City priorities

In addition to a government appointed Board and jointly appointed Chair, WT's strategic planning processes require government approval for several institutional planning mechanisms. This includes the Long Term Funding Plan ("LTFP"), rolling 10-year business plan covering all projects, corporate costs and government flow-throughs. The City's Waterfront Secretariat monitors project status and coordinates quarterly funding requests to the City through the Operating Working Group ("OWG"). The Secretariat also serves as a two-way liaison for City officials and WT staff. The Intergovernmental Steering Committee ("IGSC"), recently reconstituted after a roughly two year hiatus[1], provides a forum for senior government officials from each order of government to provide strategic input to WT's ongoing and proposed projects.

Based on interviews with WT and City officials, the CA process is the strongest vehicle for promoting alignment between proposed projects and funders' priorities. Despite delays in CA completion times, the value of the CA process has been underscored in federal evaluations and provincial audits. This process ensures detailed project design that is consistent with funders' priorities for revitalization. WT has signed over 80 CAs in total. Project details for each CA are negotiated between WT and the City's Waterfront Secretariat.

The TWRC defines Waterfront Toronto's mandate through five corporate objectives, a maximum 25 year corporate lifespan (sunset clause), and a set of policy objectives that require WT to "ensure" revitalization along the DWA fosters economic growth, develops diverse communities, and creates new greenspaces. As the figure below reflects, the TWRC Act expressly prohibits WT to behave "as an agent" of any of the

[1] Based on interviews, the IGSC stopped meeting in roughly 2012 because WT had moved largely into "implementation" mode. WT's Strategic Business Plan, which requests $1.65 billion for a collection of projects, triggered the IGSC's re-establishment.
http://www.waterfrontoronto.ca/uploads/documents/wt_strategic_business_plan_2014_2023_1.pdf

three orders of government and prohibits WT to borrow, mortgage its assets, raise revenue or create subsidiaries. In doing so, the Act prescribes a broad strategic vision for the Corporation with respect to revitalization but limits its authority to realize that vision by requiring the governments to provide additional consent to exercise common business practices.

WT corporate objectives

- To implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and creates an accessible and active waterfront for living, working and recreation, and to do so in a fiscally and environmentally responsible manner.
- To ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner.
- To promote and encourage the involvement of the private sector in the development of the designated waterfront area.
- To encourage public input into the development of the designated waterfront area.
- To engage in such other activities as may be prescribed by regulation.

WT policy objectives

- The Corporation shall carry out its objects so as to ensure that the revitalization of the designated waterfront area creates new economic growth, new jobs, diverse and dynamic new commercial, residential and recreational communities, new cultural institutions and new parks and green spaces for the public.

Governance restrictions

Borrowing money	Mortgaging or encumbering assets	Raising revenue	Establishing subsidiaries

The Act neither specifies the authorities WT possesses to revitalize DWA lands nor does it define the terms of land ownership or transfer. These and other ambiguities in the TWRC Act have required WT to fill in the gaps of its mandate.

WT has worked to define its mandate

WT has sought to define its own mandate and has developed Memoranda of Understanding with waterfront agencies to further clarify its role with respect to leading revitalization initiatives. Based on interviews and documents reviewed, Waterfront Toronto understands its mandate as requiring the Corporation “to oversee and manage the $34 billion revitalization of Toronto’s waterfront over 25 years” as a “master developer” of lands within the DWA.[2] Although neither a definition of “master developer” nor a measure of the financial scale of the revitalization effort appears in the TWRC Act, WT has adopted these components as part of its mandate.

Ambiguities in WT’s mandate have been underscored in previous audits and reviews. A 2007 Organizational Review of WT conducted in parallel with a Value-for-Money Audit recommended that WT, the funding partners, and key stakeholders share a “common understanding of the intent and implications of the ‘master developer’ role.”[3] Based on interviews with key stakeholders, a lack of clarity on roles and responsibilities related to WT’s mandate persists despite the execution, revision, and streamlining of numerous MOUs that have defined WT’s role as “revitalization lead”.

The consequences of an unclear mandate have been misalignment of expectations between WT and the City and additional time spent clarifying roles and responsibilities

A challenge across some projects has been ensuring that City officials were involved in an early and consistent manner in relevant planning and implementation phases to ensure that expectations were clearly defined and agreed to. For example, interviews and documents reviewed suggest that the City and WT disagreed over maintenance and operations expenses for Sherbourne Common, an EBF park which houses Canada’s first ultraviolet light storm water treatment facility. Although interviews with WT and documentation suggest WT had actively involved Parks, Forestry & Recreation (“PF&R”) in the Park planning and design process and recommended private revenue options to help subsidize ongoing maintenance required for the storm water treatment facility, City officials indicated that maintenance requirements were too expensive and that the Park should have been designed to be more affordable. Similar concerns about lifecycle asset management were expressed about Corktown Common, which sits atop the Flood Protection Landform (“FPLF”) in the West Don Lands.

Unclear roles and responsibilities have required WT senior executives to spend time each year negotiating and clarifying roles and responsibilities with third party entities and managing complex relationships on multi-stakeholder projects. WT’s work inherently involves collaboration with a large number of other City departments and agencies, and its success will continue to be tied to its ability to partner with public and private entities and forge broad stakeholder agreement. However, interviews with WT, City officials and outside entities suggest opportunities exist to develop a “Master Service Agreement” or global MOU to clarify WT’s mandate. In addition to clarifying WT’s mandate as defined in the Act, such documents would provide a governance bridge between the TWRC Act and bilateral MOUs, help ensure the right individuals are involved in the planning and implementation processes, and ensure roles and responsibilities that follow from WT’s mandate are more clearly defined.

[2] Waterfront Toronto defined its mandate in its 2011/12 Strategic Business Plan in the following way; “to oversee and manage the $34 billion revitalization of Toronto’s waterfront over 25 years.” http://www.waterfrontoronto.ca/uploads/documents/strategic_business_plan___2011_1.pdf p.1. The 2013 TWRI Evaluation (Finance Canada) indicates that Waterfront Toronto has a 25 year mandate, but does not articulate what scope of its mandate is. The 2008 TWRI Evaluation (Environment Canada) cites WT’s 2002 Development Plan and Business Strategy (p.4) as covering 30 years and $17 billion.

[3] Organizational Review (2007), p.96. In 2014, EY conducted a follow-up Audit to the 2007 Value-for-Money Audit, which focused on 72 recommendations and WT’s revenue and funding model. This recommendation was out of scope for the 2014 VFM follow-up audit.

Finding 1: There is a lack of clarity related to WT's mandate.

Recommendation 1: Moving forward, the funding partners should work together with WT and waterfront agencies to unambiguously define WT's mandate, developing if possible a "global" MOU that integrates and updates existing MOUs to clearly define interlocking roles and responsibilities of partners across the DWA or a "Master Service Agreement" that defines the governance arrangements among agencies working within DWA.

City priorities shifted due to electoral cycles

Toronto has had four elections and inaugurated three mayors since 2003. Interviews and document reviews suggest mayoral changes have at times created misalignment between the City and WT. The clearest example surrounded the strategic direction and pace of development in the Port Lands precinct.

Port Lands Acceleration Initiative

Revitalization of the Port Lands was part of the initial four "mandated" or priority projects WT was responsible for delivering in partnership with Toronto Region and Conservation Authority ("TRCA"), TEDCO, Canada Lands Company and other agencies. Specifically, WT was charged with funding and coordinating what would became two large-scale, multi-million dollar environmental assessments ("EAs") related to the naturalization and flood protection of the Don River as well as Cherry Beach public realm enhancements.[4] WT had completed a number of strategy documents related to revitalization efforts in the Port Lands, initiated construction on two parks, and completed greening initiatives along Leslie Street. However, interviews and documents reviewed suggest that the focus of WT revitalization efforts had been concentrated more heavily in the East Bayfront ("EBF"), Central Waterfront ("CWF"), and West Don Lands ("WDL") than in the Port Lands.

In September 2011, Mayor Rob Ford called for the Toronto Port Lands Company ("TPLC") to assume planning and development control over the Port Lands to hasten commercial development in the precinct. TPLC's development agenda for the Port Lands conflicted directly with the environmental or social sustainability objectives that defined WT's revitalization vision for the precinct and waterfront as a whole.[5] Opposing the Mayor's bid, City Council unanimously voted for a review of Port Lands activities. The six month review led by the City and WT placed heavy emphasis on stakeholder engagement (including with TPLC). The review report, completed in 2012, reaffirmed WT's revitalization approach, emphasizing the

[4] The Don River flood protection EAs seek to reduce the risk of flooding and improving by relocating mouth of the River from the Keating Channel to the area between the Keating Channel and the Ship Channel and naturalizing the outlet to Lake Ontario in an environmentally sustainable manner. http://www.portlandsconsultation.ca/

[5] The public backlash against the proposed Plan coalesced in CodeBlueTO, "a coalition of individuals, organizations, and groups who have come together in the shared belief that Toronto's waterfront should be revitalized in the most beautiful, ecologically sensitive, and financially astute ways possible, using processes that are transparent and engage the broader community". http://codeblueto.com/about

importance of flood protection, urban design excellence, and broad-based sustainability.[6] Toronto Port Lands Acceleration Initiative remains a joint City and WT priority area.

Political turnover occasionally required WT to "reset" priorities

Leadership changes and government official turnover in the provincial and federal governments also made aligning WT's mandate and objectives to the priorities of funding partners challenging at times. The 2013 federal evaluation echoes the sentiment gathered from interviews related to periodic priority alignment and "momentum" challenges posed by both political and senior staff turnover over the years.

Strong alignment between City Plans and WT projects was observed

A number of mechanisms are in place to support alignment between WT's mandate and objectives and the priorities of the government partners. The City's Central Waterfront Secondary Plan outlines four principles and roughly 25 "big moves" to support phased revitalization over roughly 30 years.[7] The four principles include:

A. Removing Barriers/Making Connections
B. Building a Network of Spectacular Waterfront Parks and Public Spaces
C. Promoting a Clean and Green Environment
D. Creating Dynamic and Diverse New Communities

The core principles themselves reflect alignment with the environmental and urban design policy objectives of the TWRC Act. EY compared completed and ongoing WT projects with the 25 "big moves" outlined in the Plan and observed strong alignment between the projects undertaken and initiatives outlined in the Plan. Some initiatives outlined in the Plan represent ongoing WT projects, but will take years to complete such as revitalization in EBF and the Port Lands, flood protection for WDL, and naturalizing the mouth of the Don River. Other initiatives remain ongoing challenges for the City and WT such as redesigning the Gardiner Expressway and developing a new waterfront transit network. The only explicit gap identified relates to making Canada Malting a landmark site.

Conclusion: WT's projects reflect consistent alignment with the City's Waterfront Secondary Plan. With few exceptions, WT and the City's priorities have been aligned. The funding partners should work toward clarifying WT's mandate and the respective roles and responsibilities across projects undertaken in the DWA.

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6 http://www.portlandsconsultation.ca/sites/all/themes/portlands/files/appendix_1___port_lands_summary_of_findings_usi_final_sept_12_2012_1.pdf

7 http://www1.toronto.ca/City%20Of%20Toronto/Waterfront%20Secretariat/Shared%20Content/Files/CWSP07.pdf

Performance: Effectiveness

(1) To what extent has WT achieved its stated corporate, project delivery and governance objectives?

EY assessed WT's effectiveness across three main dimensions:

- Achievement of corporate objectives was assessed by focusing on WT's delivery of longer-term economic, social and environmental policy outcomes defined in the TWRC Act.
- Project delivery effectiveness was evaluated against achievement of time, scope and budget objectives established for a selection of construction projects after 2008, with high-level accomplishments related to project delivery effectiveness described for pre-2008 projects. Achievement of annual goals defined in WT's strategic planning and budgeting process was also assessed.
- Achievement of governance objectives, focusing on the strengths and weaknesses of the tri-partite funding model and CA process.

This section will address these dimensions and provide an overall conclusion.

WT has achieved the corporate objectives defined in the Act

As previously noted, the TWRC Act defines five corporate objectives WT is responsible for realizing. Evidence supporting achievement against the objectives defined in the Act was based on interviews, WT-procured economic impact and sustainability analysis, and the 2013 Federal Evaluation.[8] Effectiveness analysis is subdivided by each corporate objective.

Objective: To implement a plan that enhances the economic, social and cultural value of waterfront land

Since inception, there has been an expectation that WT should strike a balance between delivering economic benefits, such as the enhanced financial value of waterfront land, and creating positive social and environmental impacts. The idea that the waterfront revitalization process should set a best practice example to the planning and development communities on how to incorporate social and environmental elements was first set in the City's 1999 report, *Our Toronto Waterfront! The wave of the future:*

"Our new Waterfront will be a model to the world of how economic development, environmental protection, and cultural and recreational growth can go hand in hand…"[9]

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[8] The evaluation relied primarily on two reports, both procured by WT. The Waterfront Toronto Economic Impact Analysis (2001-2013) Report describes direct, indirect and induced economic benefits generated by WT investment. The report underscores that estimated induced economic benefits could be overstated because the model used by the external consultant does consider a range of financial changes or estimate the macro effect of the investment. The Corporate Social Responsibility & Sustainability Report, which has been updated since 2012 through micro-site WT maintains, evaluates economic, social and environmental sustainability based on the Global Reporting Initiative (GRI 3.1) Framework. https://www.globalreporting.org/Pages/default.aspx (GRI); Corporate Social Responsibility and Sustainability Report http://sr.waterfrontoronto.ca/

[9] http://www1.toronto.ca/city_of_toronto/waterfront_secretariat/files/pdf/waterfront_pro.pdf

This concept was articulated again in the *Toronto Waterfront Revitalization Task Force Report* (Fung Report)[10], and was formally endorsed by its incorporation into three of WT's five corporate objectives, specifically:

- To implement a plan that enhances the economic, social and cultural value of waterfront land.
- To create an accessible and active waterfront for living, working, and recreation in a fiscally and environmentally responsible manner.
- To promote and encourage public input into the development of Toronto's waterfront.

In this effort, WT has demonstrated significant achievement. In partnership with the City, WT has developed precinct plans for West Don Lands, East Bayfront, Lower Yonge, and more recently for Villiers Island in the Port Lands. These plans have laid the foundation for delivering a range of economic, social, and cultural benefits.

Additional reporting on the positive socio-economic contributions of WT was conducted in 2013. In that year, an independent consulting firm was engaged by WT to evaluate and quantify its performance in areas related to new development values, private sector development projects, and construction values.[11] They estimate the following economic benefits should be realized in combined direct, indirect, and induced economic impacts:

- New development values: $2.6 billion combined residential and commercial real estate value in East Bayfront and West Don Lands
- Private sector attraction: 44 recent or planned developments on privately owned lands adjacent to new waterfront infrastructure valued at $9.6 billion
- Labour market benefits of key infrastructure investments: 23,600 years of employment from construction around waterfront initiatives
- Government revenues: $838 million generated

These estimates are based on successful completion of Waterfront 1.0 projects. Previous assessments of the projections have noted that induced economic benefits could overstate the magnitude of the economic impacts. Nevertheless, even if the magnitudes are lower than projections, economic benefits have been and will continue to be realized.

WT has also held a number of cultural events in the waterfront area. Quay to the City and Humanitas are two examples, as well as programming throughout the new or refurbished public spaces have created a new cultural vibrancy for citizens and visitors.

Objective: To create an accessible and active waterfront for living, working, and recreation in a fiscally and environmentally responsible manner.

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[10] http://www1.toronto.ca/city_of_toronto/waterfront_secretariat/files/pdf/torontow.pdf

[11] *Economic Impact Analysis (2001 – 2013) Toronto Ontario*. urbanMetrics (2013).

WT has improved accessibility to the waterfront and made it more active. The environmental benefits are described above. Western Beaches Watercourses, Sugar Beach, Cherry Beach and roughly 16 other new or restored public spaces have increasingly made the waterfront a recreation and relaxation destination. Queens Quay revitalization and work toward transit development will improve accessibility to the waterfront along with newly completed projects in West Don Lands in advance of the Pan Am Games.

Objective: To promote and leverage private sector investment in the revitalization of waterfront land.

Interviews and document review indicated that private sector development has lagged behind expectations. The Fung Report anticipated that private sector support would cover "at least 70% of the total project cost."[12] A large majority of WT's private sector revenues are comprised of parking, land sales and leases. However, the estimates noted above were partly based on revenue streams that were never realized including:

- Gardiner Expressway tolls
- "Easements and 'utility corridors'"
- Tax-related revenues such as "GST and PST rebates, land transfer tax rebates, an area-specific gas tax, and hotel, food and beverage improvement taxes"
- Development charges
- Union station development income
- Cruise ship terminal concessions
- Hotel and entertainment complex "with or without a casino."

The 2014 VFM follow-up audit found that while WT has put in place a strategy for increasing private sector investment in the waterfront, shortfalls in expected infrastructure investment from the private sector remained. EY discovered through previous studies and interviews that although WT has promoted and leveraged private sector investment, the scale and magnitude of that investment has created forecasted near-term cash shortfalls for the Corporation. Nevertheless, WT has engaged private sector developers and anticipates that revenues from land sales will begin to come online this fiscal year (2015/16).

Objective: Ensure the revitalization of the waterfront is financially self-sustaining.

Up to this point, the revitalization effort has not been financially self-sustaining. This will be addressed in more depth in Question Five.

Objective: To promote and encourage public input into the development of Toronto's waterfront.

[12] http://www1.toronto.ca/city_of_toronto/waterfront_secretariat/files/pdf/torontow.pdf (p.5)

WT has consistently promoted broad-based public involvement in waterfront revitalization. Stakeholder engagement has been effective, based on recognition from local civic action groups, previous evaluations, and interviews with groups outside WT. Based on a recent interactive Town Hall held on 1 April 2015, WT estimates that it has engaged the public in the following volumes and through the following channels since 2006:

- 297 Public and stakeholder meetings
- 12,657 people engaged through public and stakeholder consultation events
- 13,445 people engaged through other public events
- 508 digital and other newsletters published
- 7,000 subscribers to Waterfront Toronto newsletter
- 1,100 subscribers to Queens Quay construction newsletter
- 310,000 unique visitors to web site, annually
- 2,200 email inquiries, annually
- 1,300 telephone inquiries, annually
- 11,500 Twitter followers
- 4,765 Facebook fans

Interviews and past studies confirm that one of the key strengths of WT has been its approach to public consultation and outreach.

In summary, consistent with previous findings, WT's has achieved four of five objectives defined in the Act.

Achievement of project delivery objectives

WT's goals defined in the Act are based on delivering a set of policy objectives over a 20 to 25 year span. Realizing the policy outcomes defined in the Act requires delivery of public realm, infrastructure, flood protection, and other projects and plans that catalyze economic, social and environmental change. EY assessed effectiveness of these "outputs" of WT's work against available project budget, scope and schedule data using a range of data provided by WT, Board materials, status reports and other materials. Based on this review, EY observed variations in project performance reporting to key stakeholders over the years.

WT began producing an *Annual Report* in 2002/2003 as part of their overall stakeholder engagement strategy and in compliance with the terms of the TWRC Act. The *Annual Report* was discontinued in 2008/2009 and was replaced by an annual *Management Report*. Some elements of the *Annual Report* were also migrated to the *Report to the Community* and *Annual Corporate Plan,* such as the identification of risks associated with limited operating governance authorities, project risks associated with complex waterfront infrastructure projects, and funding risks associated with delays in CA processing. Although the areas covered have varied, the Management Report generally describes major activities, results measured by investment dollars spent and key upcoming deliverables in specific precincts. WT also provides the Board with narrative updates on ongoing projects in addition to quarterly status reports to the funding partners through the OWG.

EY reviewed a range of effectiveness reporting including:

- Annual Reports (2002/03 – 2007/08)
- Management Reports (2008/09 – 2014/15)
- Annual Corporate Plan (2013/14 – 2014/15)
- Project status reports that accompanied quarterly funding requests produced by WT for the OWG (2008 – 2015)
- Long Term Funding Plans (2008 – 2015)
- Status reports contained in Board materials (annually 2005 – 2008)
- CEO's reports (2003 – 2015)
- Project cost variance summaries and detailed cost reports (various months 2008 – 2015)

Despite the abundance of performance reporting to various audiences, EY had to rely on manually produced reports from WT (both Project Controls and Finance) for a variety of project-related data.

Finding 2: Project performance reporting to the Board and funding partners has been inconsistent.

Recommendation 2: Moving forward, WT should conduct a "right-sizing" review of its performance reporting. The review should seek to develop more efficient, resilient, SMART (specific, measurable, attainable, relevant and time-bound) performance indicators that enable comparison over time and against strategic objectives. The measurement system should drive critical business decisions at the executive level, provide guidance to staff, and exist separately from individual performance assessments. Government partners and the Board should work together to define minimally acceptable criteria for measurement. These criteria should aim to reduce WT's reporting burden while integrating reliable project controls and financial data to support automation and reduce manual reporting. WT should strongly consider producing an annual report that measures performance against the annual plan.

Project delivery effectiveness

Given data challenges, EY reviewed general project delivery effectiveness between 2001 and 2007 and focused on more specific project delivery measures (such as project schedule, budget and scope) between 2008 and 2014. These data challenges were caused by the decision to insource the project management function in late 2007 and direction from the City Secretariat to focus on evaluating recent performance.

Project and data definitions have not been consistent

EY requested a list of completed construction-related projects from Project Controls and a list of all completed projects from the Finance group. Project Controls provided a manually generated list of 92 projects funded through 74 work packages. Finance's list of all completed projects included 115 work packages. Although EY requested a list of construction-related projects from one group and a list of all projects from another group, the different lists illuminate persistent data management challenges associated with WT's efforts to balance the reporting needs of its stakeholders. These differences extend to project completion dates, which vary depending on who has prepared the report and for whom the report was prepared. These challenges are also described in the 2007 VFM audit and the 2014 VFM follow-up audit.

Similar data-related challenges were also identified in recent internal audits of Queens Quay and Bayside Phase 1. Data inconsistencies between reports provided by the two groups produced delays in receiving accurate information, required manual reporting, and required the need for additional reconciliations. The Bayside internal audit indicated that project tracking and reporting is done from different "perspectives" which are not clearly cross-referenced or consistently understood across the organization.

Findings from the internal audits also reinforce the importance of performance reporting at the project level rather than at the work package level, which the authors argue are 'essentially meaningless' sub-components of an overall deliverable. The auditors recommend project-based reporting to the Board that is consistent, allows for trend analysis, and is based on milestones and key deliverables included in the Project Charter. Some examples of key measures include: percent award of trade packages, percent of budget spent, percent of contingency spend, and/or key construction milestones.

Interviews with representatives from all orders of government expressed a common frustration related to problems associated with similar data requests for project cost, project completion, and project status. WT has developed multiple financial reporting and data management approaches, which should be simplified and refined.

Finding 3: Differences exist between Finance and Project Controls' understanding of a "project", which has affected performance management, reporting, and the CA process.

Recommendation 3: WT should develop a common, entity-wide approach to project data definitions management that links with a "right-sizing" of its performance measurement approach and reflects past recommendations related to integrating Project Controls and financial data.

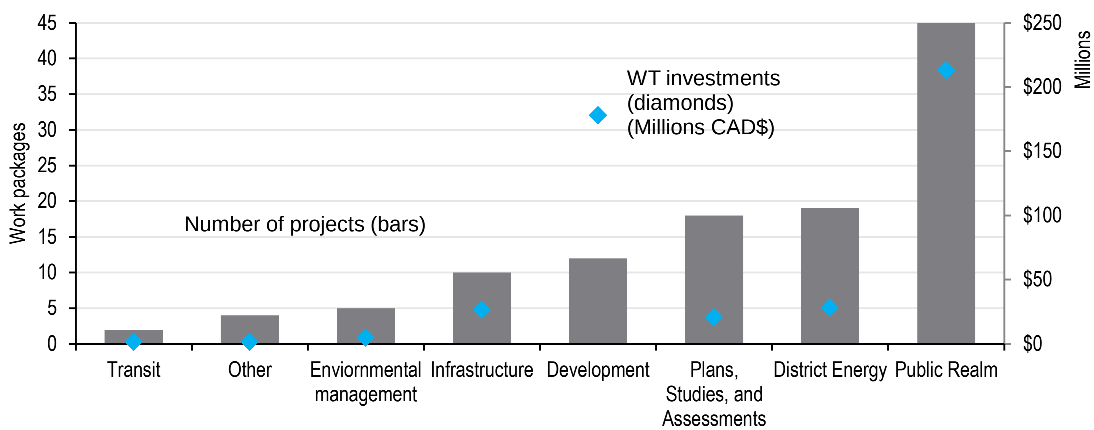
Overview of WT's completed projects and associated spending

WT has invested a combined $859.1 million in completed revitalization activities since inception. Within this total the three orders of government have contributed $385 million towards work packages that WT has not been directly involved with but has contributed funding towards. Some of these work packages include the GO train expansion, Fort York Pedestrian Bridge, and the Federal and City Waterfront Secretariats. These government "flow-throughs" are out of scope for this assessment. EY relied on Finance's list for an overall picture of project completion at the work package level and revitalization costs. The list provided by Project Controls' was used to describe construction-related completion dates for projects.

WT has heavily invested in public realm improvements and land development

The largest expenditure and number of work packages have been dedicated to public realm improvements. Over $249 million and roughly 45 work packages have produced a collection of parks, beautification efforts, aquatic habitat fortifications, footbridges, recreation facilities, and waterfront accessibility improvements.

Figure 1: Breakdown of completed WT work packages and associated spending, 2002 - 2015



Source: Data on work package completion provided by WT Finance group. Data includes 19 District Energy projects including a project for cancellation costs, 2 cancelled work packages (University of Peace and Shakespeare Works), and 2 payment of financial securities projects to provide an overview of total spending. Categories developed by EY. Work packages serve as a proxy measure for project completion in the absence of consistent project definitions.

WT work packages include either a precinct with a geographical boundary or catchall area of focus. Precincts include:

- *Central Waterfront (CWF)*: 2.5K metre stretch from Bathurst Street to Lower Jarvis Street, south of Lake Shore Boulevard to Lake Ontario
- *East Bayfront (EBF)*: 55 acres extending from Lower Jarvis Street east to Parliament Street and from Lake Shore Boulevard south to the water's edge

► *Lower Don Lands (LDL)*: 308 acres running rom Parliament St. to the Don Roadway, the Rail corridor to the Ship Channel

► *Port Lands (PLA)*: 880 acres that includes Keating Channel/Don River and Lake Shore Boulevard in the north, the Toronto Inner Harbour in the west, Ashbridges Bay in the east and Lake Ontario and Tommy Thompson Park in the south

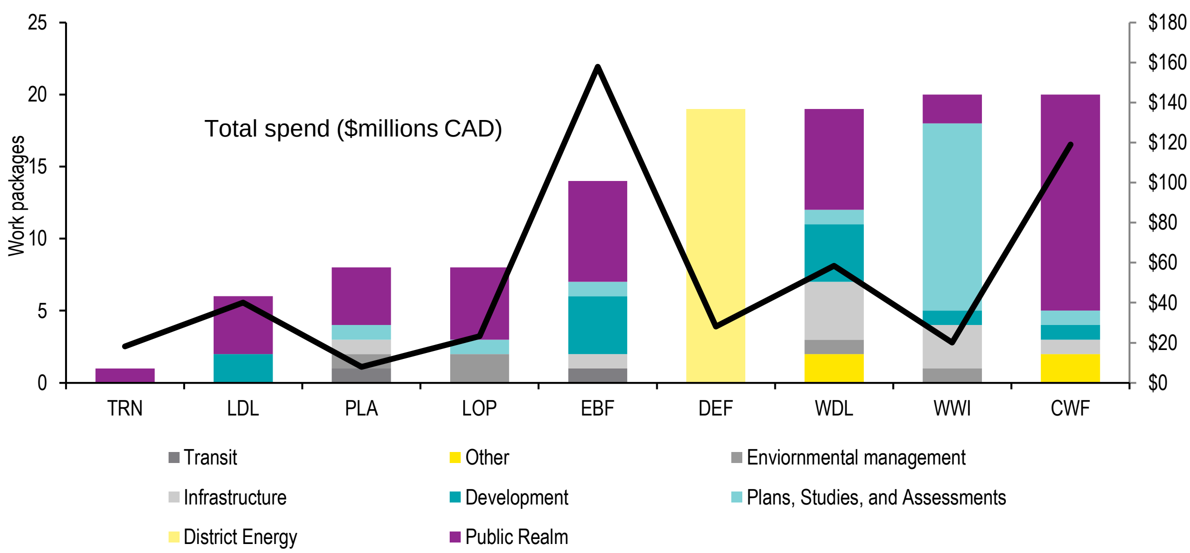
► *West Don Lands (WDL)*: 80 acres running from Parliament Street to the Don River, King Street to the Rail corridor

Areas of focus include: Lake Ontario Place (LOP), District Energy (DEF), Transport (TRN), Waterfront-wide Initiatives (WWI).

As the graph below illustrates, the largest spending by precinct based on work packages has been in the EBF area for new parks and public spaces. This includes parks such as Sugar Beach, Sherbourne Common and Water's Edge Promenade as well as residential and commercial developments such as George Brown College, Corus Quay, and Bayside. The eastern portion of the Queens Quay revitalization is also in EBF.

CWF has seen 20 work packages completed and $119 million for projects such as new footbridges, the Simcoe and Rees WaveDecks, and Martin Goodman Trail improvements along with the western portion of Queens Quay. $58 million in investment in the West Don Lands has produced a FPLF, developments around the Athletes' Village, Corktown Common, and Underpass Park. The FPLF and Athlete's Village, among other ongoing projects, are products of partnerships between Infrastructure Ontario ("IO") and WT.

Figure 2: WT completed work packages by precinct (2002-2015)



Project delivery between 2001 and 2007

WT's project delivery process has evolved considerably since the Corporation was founded. Between 2002 and 2007, WT relied primarily on a combination of external project management consultants and government agencies (primarily municipal and provincial) for project implementation. Project planning, land acquisition, environmental planning, and stakeholder outreach strategy development were largely done in-house and external project managers provided reports on implementation progress.

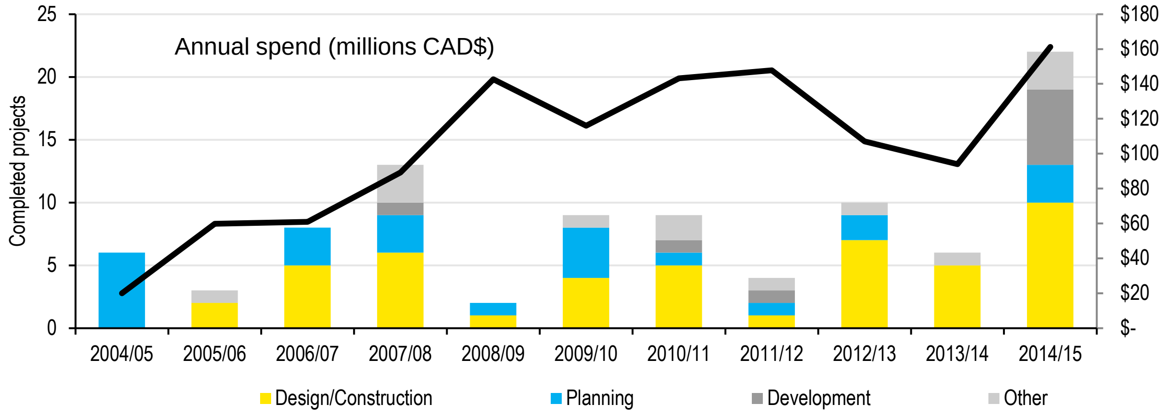
During this period, WT focused on a set of priority projects defined through WT's strategic planning process. In July 2001, a multilateral CA was signed by the funding partners (the Corporation's first CA, which was later amended in June 2004) which identified four priority projects that WT would be responsible for delivering through partnerships with Eligible Recipients. Such eligible recipients included other government departments and agencies such as the TRCA and TTC.[13] The projects identified included:

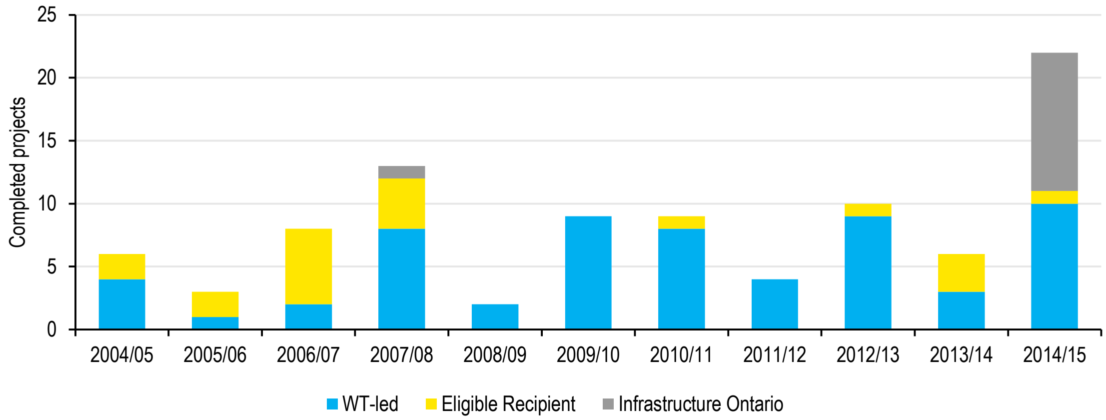
- Union Station Second Platform
- Naturalization and Flood Protection for the Lower Don River
- Portlands Preparation
- Front Street Extension and Interchange

Based on the Annual Reports from 2002/3 to 2005/6, Board materials, and Environment Canada's evaluation of TWRI, delivery of these projects suffered from early delays. Common reasons cited in these materials for the delays related to inter-agency conflicts, slow pace of environmental assessments, a municipal election, land ownership questions, shifting federal priorities (from transit to public realm) and funding delays associated with CA signing. As the graphs below demonstrate, a majority of construction related projects were completed after the 2008/09 period.

[13] http://www.cic.gc.ca/english/resources/audit/twri.asp#bftn01

Figure 3: Construction-related project completion by project type and annual spend (top) and Project completion by project lead, 2004/05 – 2014/15





Source: Graphs based on project completion data provided by Project Controls and reflect 92 projects attached to 74 work packages. Annual spending derives from the LTFP and reflects spending on all WT activities that year not spending on completed projects. Projects include multi-phase design and construction activities rather than completion and close out of work packages, which are tied to Contribution Agreements. As such, completion of park would likely involve planning and design/construction projects. Assignment of project lead was based on notes provided by WT. Infrastructure Ontario projects include Ontario Realty Corporation partnerships.

Despite initial delays, WT completed a number of plans, strategies, and early phase construction projects during the period. Some of these projects included: precinct planning in EBF and WDL, environmental assessments related to Lower Don flood protection, and initial public realm improvements to Marilyn Bell Park, Western Beaches Watercourse facility, and Port Union Waterfront Park. A key finding from the 2008 Evaluation noted that WT's efforts had enhanced environmental management, increased economic activity, increased community participation in, and awareness of, revitalization activities, and improved access and usage of waterfront sites.

The period laid important groundwork for WT's revitalization approach. The 2008 Evaluation notes WT's *Public Consultation and Participation Strategy* increased community participation in the planning process and bolstered awareness of revitalization activities. WT's stakeholder engagement and outreach approach has been consistently recognized as effective over the years, based on documents reviewed and interviews. Design excellence rooted in international design competitions has also defined WT's revitalization approach, with WT's precinct plans and public realm designs winning numerous awards for excellence in urban design, sustainability, and landscape architecture.

Project schedule, budget and scope effectiveness, 2008 – 2015

Following a 2007 VFM audit, WT expanded its project management capabilities. As well, project performance measures became more formalized, facilitating tracking historical performance over time. To assess whether WT was effective in delivering construction-related projects on time, EY compared project milestone reporting changes contained in materials provided to the Board between 2009 and 2013. Project budget effectiveness was reviewed from a macro perspective across projects and with respect to staying within the CA budget.

On time effectiveness of construction-related projects has improved

Scheduling data at the project level was not easily accessible or consistently maintained. Reviews of project milestones reported to the Board between 2009 and 2013 included Gantt charts covering projected completion dates for key projects. EY reviewed all available semi-monthly project milestone reports and followed 19 construction-related projects from initiation to completion. Projects in this case refer to either phases of a single project (Don River Park – now Corktown Common) or discrete phases of a multi-phase project (multiple Woonerfs projects).

We compared the first anticipated completion date for a project with the project's actual completion date reported in subsequent Board books. Although project completion schedules are updated to reflect current state, delays in project delivery are reported in narrative form through the CEO report to the Board. These qualitative reports, while valuable, do not allow for easy historical comparison or benchmarking.

The longest delayed project reviewed was the Flood Protection Landform, work not led directly by WT. Considering this project as an outlier, 38% (7 of 18) projects were delivered on time, and 67% (12 of 18) were delivered on time or in less than three months of the original planned delivery date. Despite challenges prior to 2008 with the delivery of projects, WT has demonstrated an improved track record of timely project delivery.

Budget effectiveness has improved

EY examined delivery of projects on budget as well overall budget effectiveness. Evaluating whether a project was delivered on budget was based on project close-out reports for completed CAs. EY also assessed data from Capital Cost Variance Reports between 2009 and 2014 for patterns in the distribution of "red lights", i.e. projects with costs in excess of the Board approved budget for ongoing projects. Overall budget effectiveness was assessed by comparing the percentage of actual to approved capital budgets relative the performance of the cities of Toronto and Vancouver.

CA budget effectiveness

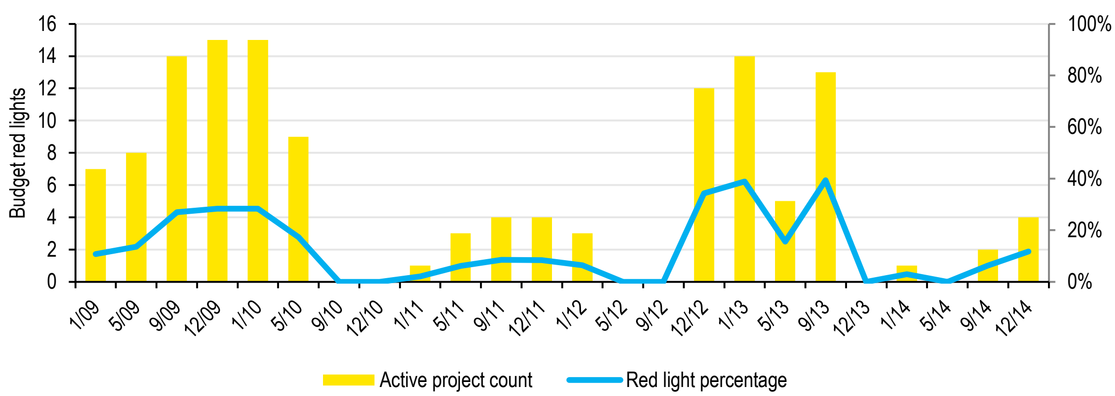
EY reviewed project close-out reports for 55 CAs covering $348 million in combined contributions. This represents approximately 68% of all WT's CAs to date. The average completed CA amount was $6.7 million. Based on all completed CAs reviewed, 95% (52 of 55) were on or under the final CA budget. Of the three projects that were over budget, Queens Quay Light Rail Transit (CA-61) was the largest, but was not initiated despite being closed out, and funding for the project was reallocated. The other two projects were awaiting a funding request from 2010/2011 (CA-13) or no information was provided in the close out (CA-15).

Budget "red lights"

In late 2008, WT began producing a report to the Board on all projects' budget and funding statuses. EY extracted the quantitative data for all months available between 2009 and 2014. Reporting intervals over four months (January, May, September and December) were selected.

The figure below displays the number of active WT projects with budget "red lights", or projects with anticipated final costs that exceed the current approved budget plus 10%. Although WT and the funding partners reduced the number of "red light" funding requests, they were also managing a shrinking portfolio of ongoing projects.

Figure 4: Projects with budget "red lights" indicated in Capital Cost Variance Reports and forecast to completion costs, 2009 - 2014



Source: Capital Cost Variance Reports, 2009 – 2014. Percentage of "red lights" to active projects reflects number of active projects (those with 99% or less completed based on the reports) per month. Projects with no completion data were excluded.

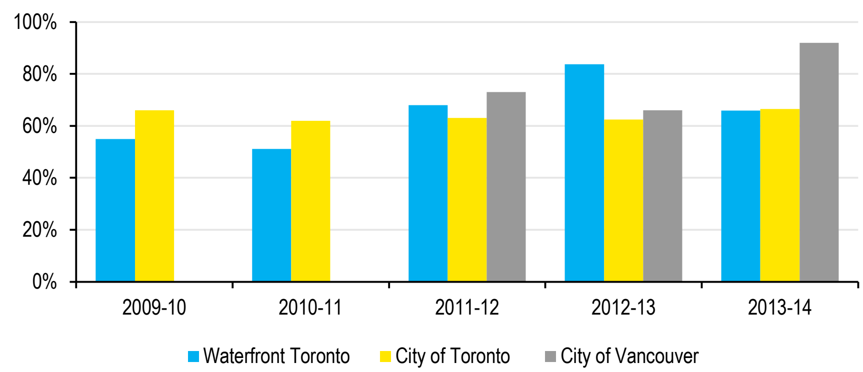
Based on the percentage of red lights to active projects, WT has not demonstrated consistent reduction in the number of "red light" indicators associated with project budgets over time, i.e. problems with budget red lights have fluctuated over time and have grown worse as the number of active projects increased.

Although not a complete picture of budget performance, data from these reports comprise one of the longest standing measures of project health WT has maintained and has provided to the Board. Interviews with City Secretariat members noted that they often received these reports after Board meetings, which prevented their input and limited the opportunity to raise questions about the legitimacy of "red lights" before they were presented to the Board. (Red lights associated with funding are discussed below.) Interviews with WT staff indicate that the approach to capital variance reporting, including budget and funding red lights, is being revisited. A review of project budget reporting should be linked to the recommendation related to “right-sizing” WT’s performance measurement approach.

Capital variance

Waterfront Toronto has demonstrated improvement in spending relative to its annual plan. Capital variance reflects an aggregate measure of capital project health and budget management. The graph below compares WT’s actual to approved capital budget relative to Toronto and Vancouver’s performance.

Figure 5: Percentage of actual to approved capital budget, 2009/10 - 2013/14



Source: WT budget and actual derived from LTFPs for corresponding years. Toronto data are from Capital Variance Reports for corresponding years. Vancouver data are from the City of Vancouver’s financial reports and information website.[14] *Toronto and Vancouver data are reported for the calendar year. For example, Vancouver and Toronto data for 2011/12 reflect 2011. Toronto’s data for 2013-14 cover nine months plus three a month projection.*

Early challenges were reflected in underspending relative to the budgeted expenditures. Based on documents and financial data reviewed, WT’s actual spending ranged between 25% and 48% of the planned capital budget between 2003/4 and 2007/8. Compared with major Canadian municipalities responsible for a much larger capital budget (and with more resources at their disposal) and performance prior to 2009, WT has demonstrated steady improvement (with a dip in 2013/14) in actual to budgeted spending.

Queens Quay project budget effectiveness

Project budget effectiveness and risk management emerged in a recent internal audit of Queens Quay. Queens Quay revitalization has been WT’s most public budget overrun, due partly to the size of the overrun (38.8% increase in cost ($128.9 million from $93.2 million)) and partly to delays in publicly disclosing the overrun to City Council. WT has argued this delay occurred primarily to avoid harming its negotiating position with contractors and subcontractors.[15]

[14] http://vancouver.ca/your-government/financial-reports-and-information.aspx
[15] http://www.thestar.com/news/city_hall/2014/12/11/queens_quay_revitalization_35_million_over_budget.html

Cost overruns resulted from myriad factors, due in some way to the complexities of the project. The report notes, “The Queens Quay Revitalization project has been an ambitious though difficult undertaking. It is inevitable that projects such as this one are at a higher than normal risk of cost overruns due to the complexities of the project and risks associated with civil work.”[16] Breaking down the categories of cost overruns demonstrates the cascading effect that construction delays had on costs. Change orders related to subsurface conditions totaled $4.9 million, but the more substantial costs related to the effects of the delays themselves.

- Delaying and staging costs ($7.4 million) to fund temporary signage and keep local businesses accessible
- Regulatory approvals ($3.2 million) due to change requests from the City of Toronto during construction
- Soft costs and non-recoverable HST ($6.1 million) to do redesigns and scheduling changes due to conflicts
- Toronto Hydro and TTC ($4.5 million and $4.7 million, respectively) for asset repair and impact claims from construction delays
- Landscaping ($8.5 million) due to increase in granite prices and increase in paved surface area

Evidence was available that cost overruns were possible in 2012 and were reported to the Board in 2013. The need to explicitly report possible cost overruns to the Board reinforces the need for performance measures that are project-based, SMART, and “speak for themselves” rather than relying on interpretation. Similar findings were noted in the 2007 VFM Audit, 2013 Project Budget Management Internal Audit, 2014 VFM follow-up audit, and the 2014 Bayside internal audit.

The Queens Quay internal audit identifies a number of lessons learned that, based on interviews, WT is working to implement. Queens Quay revitalization was a complex undertaking, made more urgent due to the Pan Am Games. As the most high profile project budget overrun, findings from the internal audit indicate that improvements in project risk management, contract selection, budget management, Key Performance Indicators (“KPIs”), and reporting to the Board are vital to delivering complex renewal projects in the future.

Project Scope effectiveness

EY assessed project scope changes through interviews and document review. The 2014 VFM follow-up audit found that the recommendations associated with the process for project scope changes had been satisfactorily implemented. Summary and detailed reports on project change orders including their causes and frequencies are produced on a monthly basis using a change order form template.

Tracking schedule, scope and budget through a unified performance measurement framework will provide a clearer picture of performance in this area. This is evidenced by concerns expressed by City staff over project scope changes associated with “value engineering” or changes to the original scope of a

[16] Queens Quay Internal Audit (2014), p.10

project to accommodate cost escalations. Scope changes are recorded and monitored, but not consistently or systematically reported to the Board.

Innovation and pilot projects

With encouragement from the three orders of government, WT has pioneered a number of successful pilot projects in the DWA. Some of these include the intelligent communities project, soil management and remediation projects, Woonerfs (street planning approach), and a range of strategies and other initiatives related to archaeological preservation, sustainability, and affordable housing. WT also invested in projects that were either discontinued or were a mismatch with ongoing City efforts. Nevertheless, WT has not developed a business process for determining whether to proceed with its projects, including those with an innovative agenda or novel approach.

Data and interviews indicated that a number of projects were either discontinued or value has yet to be determined.

- Shakespeare Works (2003 – 2006): $1.2 million
- University for Peace (2004 – 2007): $1.66 million
- Vacuum Waste (2006 – 2008): $ 103,942
- Artscape/ICT Convergence Centre (2007)
- Hydrogenics pilot project (2007)
- East Bayfront Light Rail Transit PPP Canada Application (2013 – 2014)

WT conducts feasibility studies in advance of all new major projects and receives sign-off through CAs to pursue innovative projects. Based on interviews, consensus exists between government funders, the Board and WT staff that the Corporation has a responsibility to be innovative and “push the envelope”. However, there was no agreement on how that “innovative spirit” should be managed, directed, or under what conditions projects should be terminated. Based on review of WT’s core business processes and interviews with Waterfront Secretariat representatives at different orders of government, WT should have in place robust mechanisms that promote a “fail faster” approach.

District energy

One of the more forward thinking, sustainability-oriented projects WT has pursued was a District Energy System (DES). A DES centralizes heating and cooling facilities and then distributes these services through a series of transfer stations and interlinked piping to residential and commercial buildings. When implemented for a large area, a DES can achieve economies of scale and can effectively deliver heating and cooling with less environmental impact than conventional heating and cooling systems.

For the waterfront area, WT proposed and designed centralized facilities, known as District Energy Centres, for the EBF and WDL. Interviews and research based on interviews and emails provided to EY by the City Secretariat found that the proposed budget ranged from $100 to 150 million, depending on the ownership status of DES components and the incorporation of LEED design standards. The DES project was consistent with WT's broad mandate to deliver projects with a triple-bottom line focus.

Based on the LTFP and a federal audit of District Energy, the project spent approximately $28 million in government funding (mostly federal) and was retired after the Province declined to move forward with a recommendation to Treasury Board for additional DES funding in 2010. Concurrently, the Province also announced that the Athletes Village development, one of the showcases of the Pan Am Games, would not be outfitted with DES capabilities. Based on research provided to EY by the City, the removal of the Athletes Village from the DES network likely diminished the potential for WT to deliver the DES project in a cost effective manner.

What drove the Province's decision to forego DES funding is unclear. However, involvement was likely reconsidered due to firm deadlines associated with delivering the Pan Am Games, and complexities with the initiative. The DES project also faced a number of challenges prior to its cancellation in 2010. Like much of the revitalization program, the DES project required substantial upfront public investment. The government partners completed two CAs in 2007 and 2008 totaling $30 million to support the initial build out of the DES project. In 2008 the WT Board reversed its earlier position to fund the build out the DES project and directed management to seek an early exit strategy by selling its DES ownership to a private sector buyer who would assume the project's risk. Various research points such as interviews, DES materials and email exchanges between government partners and WT suggest there was little interest in purchasing an asset with near-term negative cash flow forecasts. This was largely because the private sector was not in control of the pace of growth (and WT had an interest in a phased growth model that would drive up land revenue as revitalization projects were completed). In December 2008, WT shortlisted three firms following a Request for Quotation (RFQ) for ownership of DES. An RFP was never issued because WT elected to wait until the Province granted its consent to create a real estate subsidiary, which never materialized.

In short, the DES project illuminates the challenges related to the tri-government model. Based on review of the evidence available, all parties acted reasonably and consistent with their interests. Although roughly $28 million was spent on DES, the Province's decision to focus on building the Pan Am Games site in the WDL (an initiative that drove rapid development in one parcel of waterfront land and is viewed as a success story), also likely contributed to the cancellation of the DES program. This is the type of risk that longer-term projects face especially in the context of the tri-government model that requires unanimous consent to alter the authorities of the organization. Decisions related to funding should consider how to encourage programs like DES while considering the potential conflicts that could emerge across projects given immovable constraints such as global sporting events. Program like DES are consistent with the mission of the organization and its revitalization goals regardless of the challenges posed by the complexities of the project.

Finding 4: WT does not have a clear set of criteria for determining early project success for its pilot projects.

Recommendation 4: WT should develop a business process for assessing ongoing project viability relative to original feasibility or business case expectations and overall value-for-money. The business process should include multiple phase gates with clear criteria for determining whether a new project should be scaled back or terminated. The phases should be linked with strategic planning recommendations in this report and ongoing business considerations.

Achievement of objectives defined in the annual corporate plan

The Act requires WT develop annual business plan covering “major activities and objectives of the Corporation for the year and for the following years”, a budget, areas of focus for the year in the DWA, and efforts to promote public input.

Evaluating WT’s achievements against the corporate objectives they establish for themselves annually proved challenging. Although WT has developed an annual corporate business plan, reporting against that plan has been inconsistent. Between 2008/09 and 2014/15, WT provided quarterly reports on corporate objective progress as part of their quarterly funding requests. EY reviewed all quarterly reports and was unable to discern a clear pattern in annual corporate objective achievement. Some reports used a colour coded scheme, but shifts from one end of the spectrum to the other (green to black, which indicates that the objective will not be achieved that year) are referenced without explanation. There were inconsistencies in the specified month and forecast period (months vs seasons), and incomplete objectives for one year are not always carried forward into subsequent years for future completion. EY observed three different reporting styles over the seven years of funding packages reviewed.

Although the objectives themselves were consistently based on the LTFP, only the funding request for Q2 2012/2013 covering fiscal year 2011/12 objectives included a clear accounting of the previous year’s performance. Fiscal year 2011/12 included corporate objective reporting that indicated 74% (24 of 31) of WT’s corporate objectives were met. As mentioned above, we recommend WT adopt a unified approach to performance measurement.

Achievement of governance objectives

Tri-partite model: A qualified success

Overall, the tri-partite governance structure has been effective, but has not been without challenges. The model has promoted a consistent, generally synchronous vision of waterfront revitalization consistent with the terms of the TWRC Act. Previous efforts to develop lakeshore land parcels were fragmented, poorly planned, and generally piecemeal. Land ownership and transfer limitations, the scale of industrial contamination and remediation requirements, and flagging political will were all contributing factors. Despite some of the mandate limitations described above, the tri-government model partly resolved the coordination issues around publicly-owned land, remediated and dewatered an unprecedented amount of infill in the CWF, EBF and WDL, and largely insulated the program from shifting politics and partisanship. Interviews and documents reviewed indicate that annual review and LTFP updates, Operations Working Group quarterly sessions, IGSC creation, a jointly appointed Chair, government appointed Board, and active involvement by the Secretariats are some of the mechanisms that have promoted enhanced coordination.

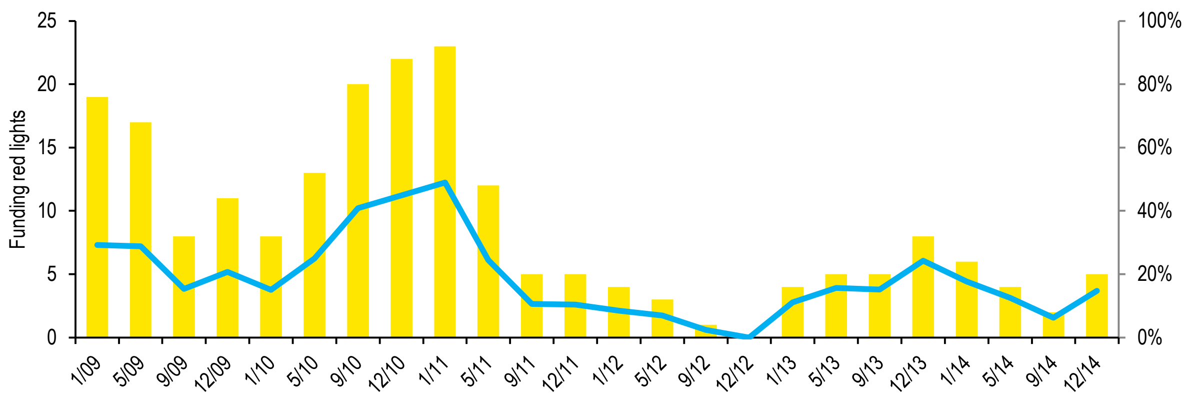
Funding constraints, rather than anything inherent in the tri-government model, have delayed revitalization, but progress in reducing funding delays has been made

CA approvals processes and funding approval delays reflect limitations in the funding mechanism selected to support revitalization rather than in the tri-government model itself. Yet, CA development and the quarterly funding approvals process have been an important governance feature because they required WT to design initiatives in concert with the three orders of government and receive approvals for funding based on satisfactory project status reports. CA-based funding as opposed to tranche or grantbased funding was the byproduct of Federal government contribution preferences and agreed to by the Province and the City when the first (multilateral) CA was signed in 2001.

Inefficiencies in the CA process are described further below, but delays in CA approvals have in some cases led to construction cost escalations and delays, as the 2013 federal evaluation found. Interviews suggest that early drafts of CAs from WT have required substantial editing and have included multiple projects that had to subsequently be split between multiple CAs, which also delayed CA approvals.

However, challenges associated with funding delays have improved. Data gathered on funding “red lights” from Project Cost Variance Reports over the past five years show that the Corporation and funding partners have reduced their share of “funding red-lights” to active projects. This suggests improvements in CA agreement execution effectiveness have been achieved.

Figure 6: Funding "red-lights" reported to the Board, 2009 – 2014



Source: WT Project Cost Reports, January 2009 – December 2014. The dashed line represents the average number of funding “red lights” per month (8.75). Projects at or above 100% completion were excluded because many of these projects were tagged as red lights due to a variance of a dollar or less. Also excludes government flow-throughs and corporate costs.

The figure above displays the number of active WT projects with funding “red lights”, or projects with contracted and non-contracted costs that at the time exceeded government approved funding. The reports cover between 75 and 81 total projects and between 32 and 65 active projects (projects with <99% completion rates) per month. Similar to the budget “red light” analysis described earlier in this report, the reports themselves make trend estimation difficult. Although WT and the funding partners reduced the number of “red light” funding requests, they were also managing a shrinking portfolio of ongoing projects.

Interviews with WT staff and City officials indicate that funding concerns remain an enduring challenge for the organization but WT has demonstrated steady improvement in reducing the fraction of funding red lights relative to active projects. The number of multilateral CAs has declined and the number of unilateral CAs (with the City) has increased. This has also lowered the coordination required for approvals.

The tri-partite model has helped to preserve a long term strategic focus on “triple bottom-line” sustainability, urban planning, and design excellence. All documents reviewed and interviews conducted suggest this focus would have been impossible on the same scale without the tri-partite model, despite the challenges.

Conclusion: In general, WT has been effective in achieving its corporate, project delivery and governance objectives. Limitations in achievement of its corporate objectives relate to financial self-sufficiency of the revitalization effort. Project delivery effectiveness limitations relate mainly to project budget and project risk management.

(2) How does WT's delivery of revitalization initiatives compare with leading practices observed in other globally-recognized waterfront cities?

WT's revitalization initiatives are largely consistent with leading practices observed abroad. EY reviewed previous WT commissioned studies, reviewed an OECD study on development agencies, conducted a web-based survey of international and domestic economic development agencies with a waterfront mandate, and interviewed management from agencies in Dublin, Melbourne, Hamburg, and Barcelona. WT's emphasis on triple-bottom line sustainability, public realm investments used as catalysts for real estate investment, and stakeholder engagement were focus areas supported by international examples. Funding limitations and some governance limitations were comparative weakness of WT relative to peers.

International comparisons are beneficial

Previous studies caution that comparisons across international jurisdictions can be limited due to institutional and historical differences. For example, European revitalization efforts often reflect longer historical developments and (generally) greater involvement by the upper-tier of governments. Revitalization efforts in the U.S. are often driven by strong mayoral leadership and incorporate a wider array of revenue generating tools such as bond issues, tax increment financing, enterprise zones, and brownfields legislation.[17] Efforts to remediate and redevelop land around Lake Ontario took place in the 20th century, but WT represents a relatively new approach to lakeshore revitalization. Similarly, WT did not have access to many of the creative revenue generating options available to jurisdictions in the U.S.

Similarly, differences in authorities and operations can influence cross-jurisdictional comparisons. Two commonly cited revitalization delivery models are an empowered development corporation and an umbrella coordinating agency. Empowered development corporations are more likely to own or directly control land, borrow, create subsidiaries, and be financially self-sufficient. Coordinating agencies are less likely to possess all or most authorities of an empowered corporation. Coordinating agencies, like WT, typically have an area-wide planning authority and encourage revitalization through collaboration across multiple stakeholders. WT does not have this planning authority.

Despite these contextual differences across jurisdictions and authorities, and operational differences across entities, previous work has found international economic development entities have more in common than not and that international comparisons are warranted. First, development agencies similar to WT represent a response to a common set of global developments. Interviews and documents reviewed suggest that global competition, urban expansion, rapid technological innovation, and climate change have led advanced economies to increasingly view cities as vital to economic growth. In turn, development agencies have become catalysts for urban renewal, land value appreciation, intergovernmental cooperation, private sector investment, innovative urban design, and enhanced sustainability that have helped spur economic growth. Although the institutional design of these agencies

[17] Mercer Delta Report 2014, p.30.

varies, they share a common focus on sustainable renewal that attracts and retains an increasingly mobile workforce.

Second, these entities face similar challenges. A 2010 OECD report suggests development agencies have struggled with balancing individual initiative against working collaboratively within a locally development “ecosystem”. The balance of operational freedom with public accountability and overcoming critical communications challenges with the public are additional shared challenges. Interviews and previous studies indicate that WT, like other development agencies, has also worked to address these challenges.

Third, many of these entities, like WT, are relatively new. Over the past 20 years, development agencies have increasingly become fixtures across globally-recognized cities. More than half of the organizations reviewed in two previous jurisdictional scans procured by WT and 15 of 24 organizations that completed the web-based survey were founded after 1995. Similar to WT, development agencies have focused on attracting increasingly “mobile investment”, expanding and consolidating partnerships, and approaching city building from a balanced, “triple bottom-line” sustainability perspective rather than a purely market-oriented position.

Although the institutional contexts of the development agencies reviewed for this study vary, they share common elements such as a focus on sustainable urban renewal, and goals of attracting and retaining an increasingly mobile workforce. These agencies also face similar challenges and are generally new entities. These similarities also suggest lessons learned from other contexts can be valuable to WT’s development. Previous work indicates that development agencies like WT are more likely to be successful in their mandate if certain critical success factors are in place.

Critical success factors

WT and the government partners have improved the Corporation’s ability to deliver on its mandate, but some of the previously identified critical success factors continue to need improvement or are limited. A 2004 external consultant report procured by WT identified 12 critical success factors necessary for the success of entities like WT. The report argued that WT should be granted augmented governance authorities to improve operating effectiveness and transform the Corporation from a coordinating agency into an empowered corporation.

Figure 7: Critical success factors, 2004 and 2014

Critical success factors	2004 External consultant assessment	2015 EY assessment
Comprehensive development plan	Present	Present
Long-term planning horizon	Present	Present
Accountability mechanisms	Present	Present
Time-bounded intervention	Present	Present
Alignment between City and independent corporation	Needs improvement	Present
Desire for change	Needs improvement	Present
Coordination among public sector stakeholders	Needs improvement	Needs improvement
Visible champion and strong leadership	Needs improvement	Need improvement
Mechanism to harness/ regulate private ownership interests	Limited	Limited
Viable funding model	Limited	Limited
Control over land	Limited	Limited
Authority to act	Limited	Limited

The four critical success factors that WT possessed in 2004 remain in place a decade later. As well, we found that alignment between the City and WT as well as a desire for change have improved. Coordination across public sector stakeholders remains a challenge, however, interviews found that coordination among public sector stakeholders has improved in response to WT's recent request for additional funding. The IGSC resumed meeting in September 2014, but a clear message on WT's request for additional funding has not emerged. As previous findings indicate, WT can also improve DWA-wide coordination with public sector stakeholders. Interviews suggest that a visible external "champion" for waterfront revitalization could be more prominent.

Gaps related to four critical success factors at WT have also not closed. Based on the LTFP, private sector revenues are expected to generate roughly $300 million over the next 10 years. However, initial expectations related to private sector revenue, which we address more fully in Question Five, were substantially greater. WT has requested an additional $1.65 billion in public sector funding, suggesting challenges related to the viability of the funding model persist. In international contexts, direct or indirect control over land has promoted improved development timing, increased land values, stakeholder coordination, self-sufficiency, and served as collateral for short and long term borrowing.

The gaps have proved intractable and remain in place partly because some of the funding partners' concerns have not been fully addressed. Concerns over loss of control over land, lack of proceeds from land sales, duplication of effort, financial risks associated with funding, and performance management and accountability were the main reasons that the funding partners elected not to equip WT with enhanced governance authorities in 2004. Although WT and the funding partners have developed "workarounds" to manage many of the downside risks associated with these limitations, concerns over loss of control over land and WT's performance management remain in place.

Although some concerns have persisted, opinion among the three orders of government on whether WT should be granted enhanced governing authorities has changed over time. Document review and interviews found that different funding partners have agreed at different times to different enhanced authorities. In order to acquire enhanced governing authorities, legislation requires that all three governments provide consent, but only limited, short term borrowing consents are under review by the three orders of government.

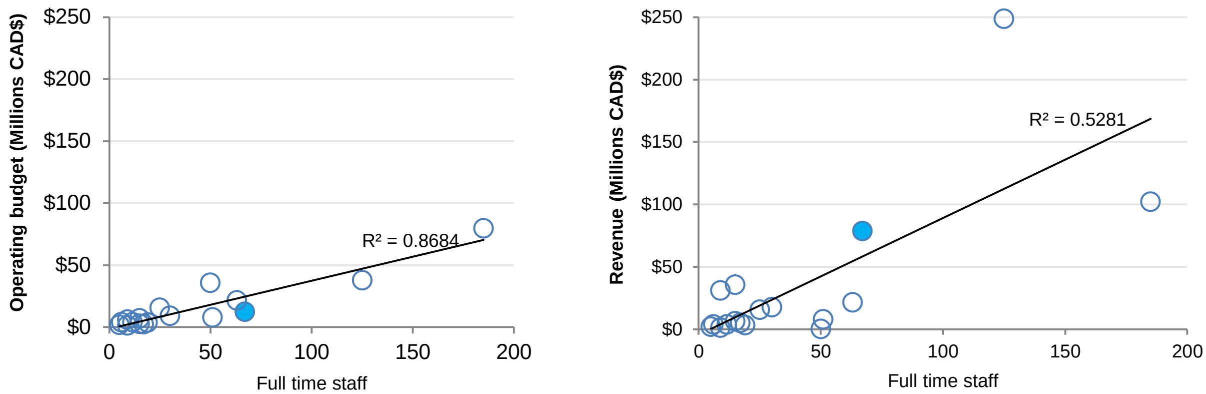
Although WT has not received additional governing authorities, the organization itself and entities like it internationally have evolved since 2004. Previous jurisdictional scans (2004, 2013) relied on publicly available documents and interviews with domestic and international organizations to provide a comparative picture of WT. Our work incorporated a web-based survey as well as interviews and review of documents to help to situate WT in a global context.

Data from 2014 indicate that WT's staffing allocations align with comparators

WT ranks 4th out of 20 organizations surveyed in terms of total headcount, number of supervisors with at least two direct reports, and previous year's revenues. Given that WT leads one of the largest waterfront revitalization efforts in the world by land size, these figures are unsurprising. On the other hand, the Corporation is closer to the middle of the pack in terms of operating expenses, ranking 7th.[18] As the figure below demonstrates, a tight, positive relationship exists between operating budgets and full time staff for organizations surveyed. WT's ratio of supervisors to full time staff is also consistent with its peers, based on the survey.

[18] Data are based on text responses to the following questions: In your country's currency, what is your organization's approximate operating budget (total amount of money allocated to support day-to-day operations of your organization) for this year? (e.g. £12,000,000). EY converted these figures into Canadian dollars based on average monthly exchange rates between January and December 2014 for U.S. dollars, British Pounds, Euros, South African Rands, Swedish Krona, and Australian Dollars. Differences in responses from members of the same organization were averaged.

Figure 8: Operating budgets, revenue and full time staff of 19 waterfront development entities (WT in blue, n = 19)



Source: Survey of waterfront economic development entities, 2015. These figures exclude one outlier with operating budget and revenues well above $250 million.

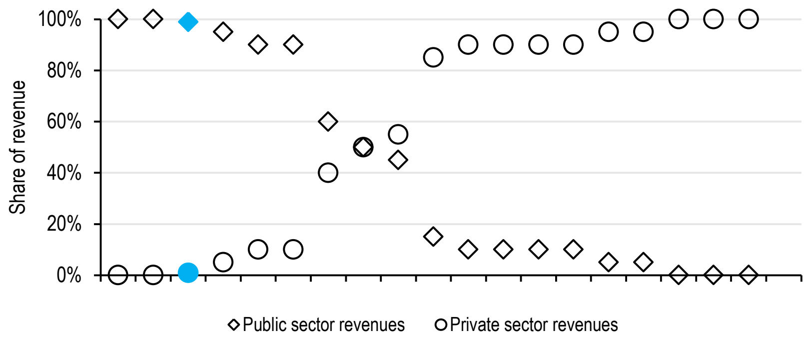
Less of a correlation was found between full time staff levels and revenues for the organization in 2014. It is important to note that entities' operational and financial data are approximations resulting from respondents' estimates, financial data were converted into Canadian dollars using average annual conversion rates, and financial and operational information provided in the survey were not independently verified. These data serve to provide an overall comparative picture of WT against a backdrop of organizations with roughly similar mandates, and although do not allow for annualized trend analysis, provide high level context.

WT is more reliant on public sector revenue sources than its peers

WT's share of private sector to public sector revenues is lower than that of most of the organizations surveyed. Figures below illustrate the distribution of public and private revenue sources for the 20 organizations that responded to a question related to the rough share of public and private sector revenues. Only two other organizations, both in the U.S., have received a higher share of public funding.

The sources of private sector revenues reported by respondents vary, but largely derive from a combination of land sales, long term leases, and parking revenues. These revenue sources reflect and are consistent with WT's main sources of private sector revenue. A minority share of private sector revenues have been generated by consulting and sponsorship, but exclusively in the U.S. None of the responding organizations reported that revenues had been generated from tolls, training, or broadband access. Although revenues from the intelligent communities partnership with Menkes and Beanfield Metroconnect have not yet been realized, contract commitments suggest that that they will make WT the only entity among its peers to have generated revenues through broadband access.

Figure 9: Share of public vs. private revenues

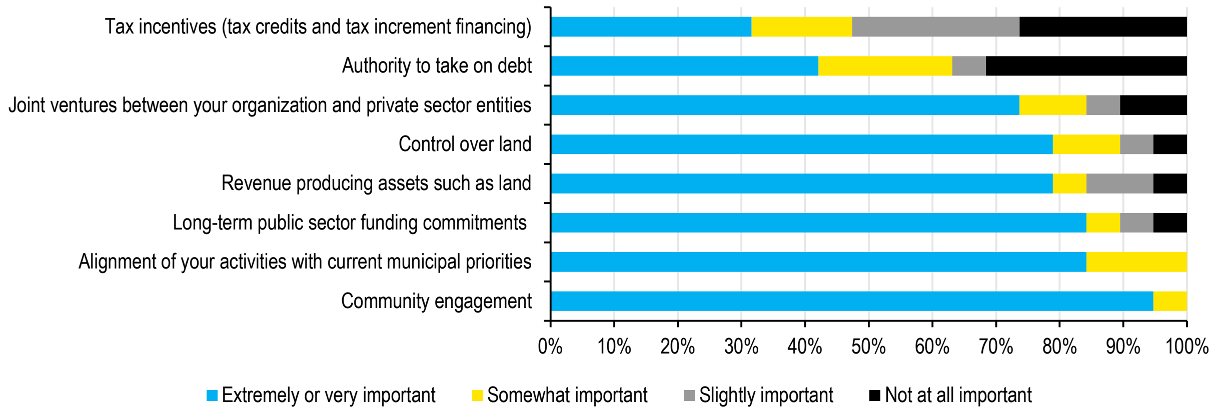


Source: Survey of waterfront economic development entities, 2015 (n = 20)

Many of the organizations that completed the survey are closer to the empowered corporation model than the coordinating agency model. For example, nearly 90% of respondents indicated that they had some, broad or total financial resource flexibility (i.e. authority to own land, create subsidiaries and assume debt). Only two respondents indicated that they had limited financial resource flexibility. WT is prohibited from borrowing or creating subsidiaries, but may own land, suggesting it has limited financial resource flexibility. Nevertheless, we found no clear relationship between responses to this question and share of private sector revenue. Nor did we find a relationship between these authorities and opinions related to what factors contribute to “world-class” urban waterfront revitalization, organizational success, or what constitutes leading practice for waterfront development agencies.

The survey asked respondents to assess statements related to what drives world class revitalization, what constitutes best practices, and what is important for success at leading waterfront development agencies. Based on these data, interviews with City officials and management in leading waterfront development agencies, WT has focused on areas that align with international leading practice. Survey respondents and sentiment gathered from interviews indicate that community engagement, alignment of activities with current municipal priorities, and long-term public sector funding commitments are the three most important determinants of organizational success. Interviews and slightly more than 75% of survey respondents also found that control over land and revenue producing assets are also either extremely or very important to the success of a waterfront development entity.

Figure 10: "Please indicate how important the following factors have been to your organization's success"

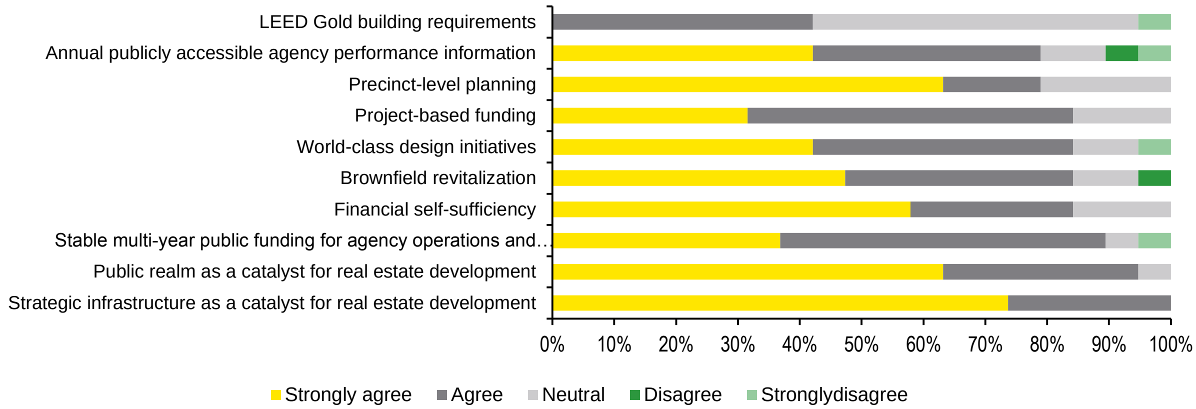


Source: 2015 Survey of Waterfront Economic Development Agencies (n=19)

Although authority to take on debt was not rated highly among respondents in the survey, interviews suggest that borrowing capacity is important. When asked whether restrictions on borrowing would have diminished implementation effectiveness, all international key informants agreed that it likely would have.

WT's implementation strategy has also been largely consistent with global leading practice. Survey data and interviews reinforced the importance of combining strategic infrastructure and public realm investments to drive real estate development. Also ranking high, in both the survey and interviews with key informants, is the importance of stable multi-year funding for agency operations and revitalization activities. This element of success slightly outranks financial self-sufficiency, world class design initiatives and brownfield revitalization. Although providing annual performance information ranks at the bottom of the list of global leading practice, nearly 80% of respondents strongly agree or agree that making these data available is consistent with global leading practice. 90% or more believe real estate development, stakeholder engagement, and private sector partnerships are extremely or very important. Only green development initiatives, branding and international promotion garnered less than 70% of combined extremely and very important scores.

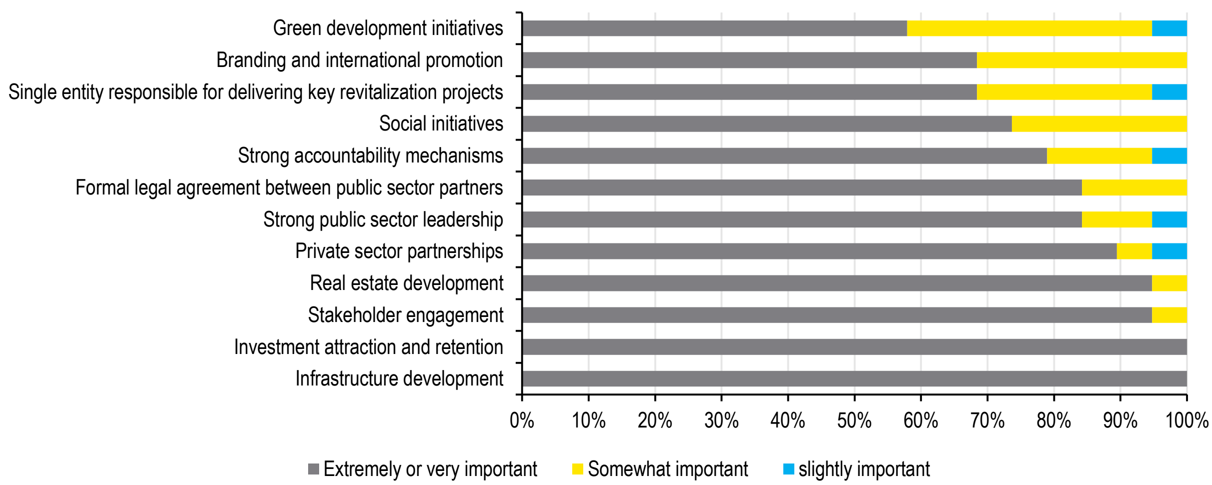
Figure 11: "The following elements represent "best practices" of a leading international waterfront development agency"



Source: 2015 Survey of Domestic and International Waterfront Economic Development Agencies (n=19)

Finally, infrastructure development, investment attraction, stakeholder engagement and real estate development were each considered extremely or very important for achieving world-class urban waterfront redevelopment by 95% or more of respondents. Between 80 and 90% of respondents also find private sector partnerships, strong public sector leaderships and formal legal agreements between public sector partners to be highly important.

Figure 12: "Overall, how important is each of the following for achieving world-class urban waterfront redevelopment?"



Source: 2015 Survey of Waterfront Economic Development Agencies (n=19)

Finding 5: WT's delivery of revitalization initiatives is largely consistent with practices of other globally-recognized waterfront cities. However, debates over the relative importance of public realm improvements versus strategic infrastructure planning and implementation and the importance of stable, multi-year funding were noted.

Recommendation 5: The funding partners should work together clarify the future funding situation of WT. Additional governance authorities, such as the authority to borrow, should also be strongly considered given international comparisons and findings from this report. The City should consider the importance of strategic infrastructure improvements relative to public realm improvements in future strategic planning exercises.

Conclusion: WT has delivered revitalization initiatives in a manner largely consistent with international and domestic best practice. Opportunities for improving the future funding situation, however, were identified.

Performance: Economy and efficiency

(1) Has WT managed its resources with due regard for economy and efficiency?

This section describes analysis, findings and recommendations related to WT's overall management of resources. As the effectiveness section focused on achievement of corporate objectives and project delivery goals, this section evaluates WT's ability to deploy its key resources in an economical and efficient manner.

Resource management with due regard for economy

EY reviewed WT's recent efforts to minimize resources based on interviews, documents reviewed and a variety of quantitative data.

Improvements in economy

WT has implemented a number of cost saving measures in response to previous audits, austerity in the public sector, and good business practices. Executive salary bands have been frozen since 2010 in line with *Public Sector Compensation Restraint to Protect Public Service Act*. At the same time, a salary data review found that WT has kept annual salary growth at or under national inflation levels.

EY's review of previous audits and documentation indicated that HR and Finance executives placed particular emphasis on driving economy and efficiency gains. The HR function has introduced an "Employer of Choice" rewards and recognition program, held town halls and other community events to communicate key events, and revised its individual performance assessment program to more closely align with corporate objectives. The HR director conducts annual salary benchmarking for staff based on peer groups in the real estate development sector, which in general, will provide higher benchmarks than those that would be provided by a benchmarking exercise against public sector salaries. WT salaries are not benchmarked against City of Toronto salaries. These efforts aim to retain talent and reduce hiring and training costs associated with turnover.

The Finance function has also made concerted efforts to identify and realize revenue opportunities, particularly since the establishment of a full-time CFO role. Finance has conducted a number of revenue and cost reduction exercises related to currently held assets, investment income, cash flow management, and property tax reduction. As the 2014 VFM follow-up audit reported, the Finance function conducted an asset monetization review in 2012 to optimize revenue from land assets awaiting development. The study identified optimal use strategies and converted a potential $1.45 million loss to $8.24 million cumulative surplus.

Reduction in use of consultants

As much of the project management function began to move in-house in 2007, WT began to rely less on consultants. Between 2004/05 and 2007/8, WT issued 27 contracts for consulting services with an average contract value of $215,319. Between 2008/09 and 2012/13, WT issued 13 contracts averaging $177,429.[19] Between these two periods, the share of consulting-related contracts also declined relative to WT's total spend, based on spend data from the LTFP.

Lack of corporate strategy related to resource minimization

Based on administrative files reviewed, executives outside of HR and Finance were comparatively less focused on efforts to reduce overall spend, conserve resources or enhance efficiency. Apart from WT's sustainability strategy, which focuses on environmental stewardship and responding to previous audits which drove the introduction of service level targets in procurement, we were unable to identify a specific strategy that rewards or encourages executives to minimize resources.

Hard costs vs. soft costs balance has improved over time

EY examined the balance of hard vs. soft costs for construction-related projects completed by WT. For projects it had sole control over (absent eligible recipients or partnerships that place WT in a supporting role), WT has demonstrated improvement in the relative distribution of hard vs. soft costs over time compared to the average soft cost percentage between 2006 and 2014. WT provided EY data on 19 completed construction-related projects, 17 of which included hard and soft cost breakdowns. Soft costs refer to administrative, legal, design and other costs which support the delivery of a project. Hard costs refer to costs directly incurred in the construction of a park or piece of infrastructure.

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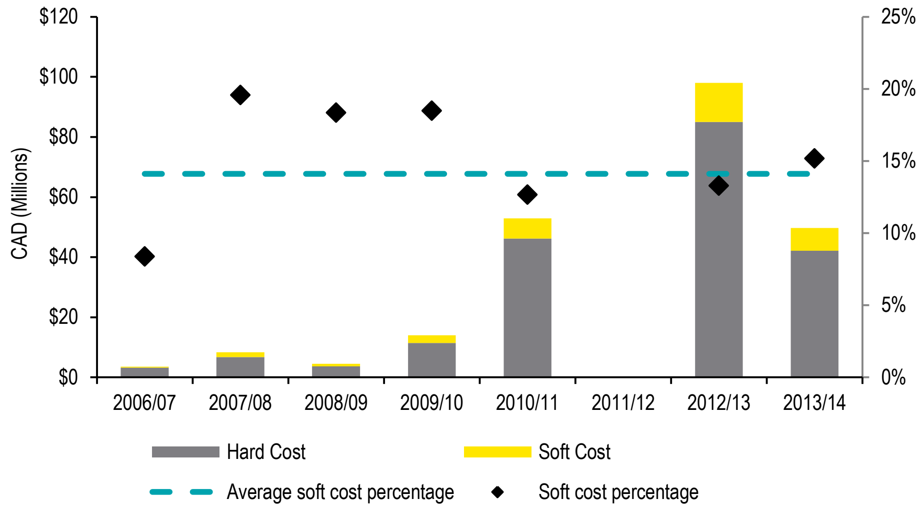
19 http://www.waterfrontoronto.ca/uploads/documents/waterfront_toronto_consulting_contracts_2001_2014_categorized_1.pdf WT defines consulting as "any firm or individual providing expert advice/opinion on a non-recurring basis to support/assist management decision making." Report covers fiscal years 2001/02 to 2013/14 and was prepared on August 13, 2014.

Figure 13: Hard and soft costs for WT-controlled construction projects, 2006/07 – 2013/14



Source: WT's Project Controls team provided estimates of hard and soft costs for 17 of 19 completed construction-related projects. Hard costs include direct construction related costs. No relevant projects were completed in 2011/12. Soft costs refer to legal, design, engineering, administrative and other indirect costs. Data provided include notes related to estimation process.

On average for the 17 projects visualized above, soft costs accounted for 14% of WT total project costs and a little over 16% of the costs during the construction phase itself. The graph above shows that between 2007/2008 and 2009/10, WT's soft costs were above the eight year average. Soft cost for the year 2013/2014 averaged 16%, only slightly above the eight year average. The total value for all completed construction projects is $233.7 million as of January 2015.[20] Benchmark data for City projects was not available for comparison. As the graphic illustrates, WT has reduced the percentage of soft costs per project over time.

Resource management with due regard to efficiency

Improvements in efficiency

Efficiency measures the relationship between some resource (time, number of employees, level of effort, or money) and some output (units produced or money invested). More efficient use of resources is demonstrated when more output is generated using the same or fewer resources or when the same output is generated using fewer resources. Given the limited amount of appropriate benchmarking data to assess cost and process efficiency, EY evaluated WT's efficiency across a number of dimensions. Focus was placed on WT efforts to improve the efficiency of its operations and a closer look at recent trends in administrative costs, head count, use of consultants and total spending.

WT has worked to incorporate findings from previous evaluations, audits, and Board guidance. Since WT brought much of its project management function in-house in 2008, the Corporation has realized efficiency improvements in project delivery. For example, the recently completed 2014 VFM follow-up

[20] One construction related project was completed in 2014/2015 (as of 31 January 2015). The Portland Water's Edge Project included the highest (33%) project soft cost portion.

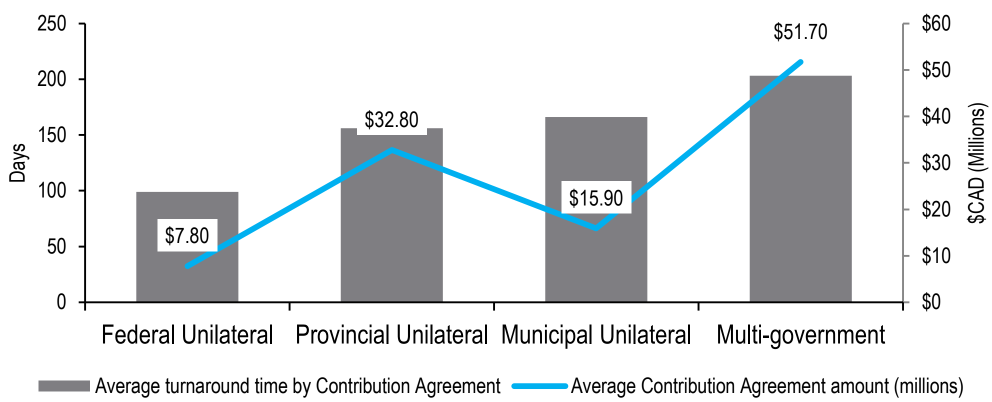
audit found that WT's procurement service level targets has been incorporated and consistently adhered to. These targets included completeness checks performed within 48 hours of bid receipt and bid evaluate completed within 15 days of bid completeness confirmation. WT conducted a process improvement initiative in 2009 with external consultant guidance, developed process flow charts for major process categories, and standardized project categories in the form of work packages.

CA process efficiency

Previous evaluations have identified the CA process as an administrative burden and efficiency drain on WT. Revisions to the CA process—specifically the move away from multilateral CAs—has helped improve funding efficiency.

As the funding "red light" analysis above suggests, WT has reduced the share of overall funding "red lights" to active projects. However, concerns over delays associated with CA processing, especially between the City and WT persist. Interviews with government officials at all levels suggest the CA process is an important accountability mechanism, but also that more could be done to refine and simplify the process to ensure a steady stream of funding and avoid delays. On the other hand, interviews suggest that delays and incompleteness in WT's project performance reporting, poorly drafted initial CAs provided to the three orders of government, and CAs with multiple unrelated projects contributed to funding delays at various times over the years.

Figure 14: Contribution Agreement Turnaround Time and Average Contribution Agreement Amounts



Note 1: Of the four multi-government funding contribution agreements, two were trilateral ($89.3 million and $21.7 million) and two were bilateral between the City and the Province ($51.3 million and $44.5 million). Note 2: Calculations for provincial, municipal and multi-government funding are based on four contribution agreements each, while the calculation for the federal funding is based on 14 contribution agreements. Data based on 2013 Federal Evaluation (Exhibit 2). Graph reproduced from 2014 VFM follow-up audit.

Based on review of previous audits and despite streamlining the CA process, more work could be done to reduce CA processing time and improve agility of WT

Finding 6: CA process reduced WT efficiency.

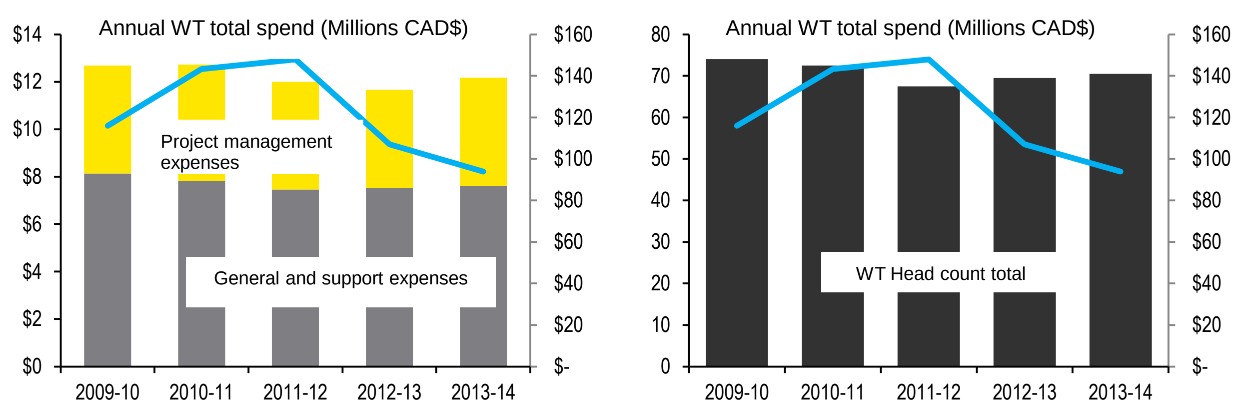
Recommendation 6: Work to streamline the CA process. This should be done by introducing a risk-based approach designed to reduce the development and approval timeline for smaller scale projects. Additionally, focusing on developing CAs that leverage improvements in WT's performance reporting, project budgeting, and risk management. Templates reflecting government partners' expectations should be created to support efficient CA development. CAs should also be project-based, limiting to the extent possible multiple projects within one CA.

Process efficiency: Headcount and spending stability in the face of work load

Given that WT is a relatively small organization, concerns about inadvertent release of personal performance information cautioned against a "deep dive" into operational performance at a department or function level. As such, our assessment of process efficiency focuses on high level relationships between allocation of resources to administration, total corporate costs, and annual spending over the past five years.

Based on data provided by WT during the VFM follow-up audit, WT has maintained an average of 71 FTEs, fluctuating between a high in 2010 of 79 and a low of 66 the year before. Corporate costs including general and support expenses as well costs associated with project management salaries, fees and benefits declined by around 4% between 2009/10 and 2013/14. Annual total spending over the same period has fallen at faster pace. According to WT's 2014/15 LTFP, between 2009/10 and 2013/14 annual spending fell from a high in 2011/12 of $147 million to a low in 2013/14 of $93 million. The figure below displays changes in corporate costs (both direct project-related expenses and indirect expenses) and head count compared to total WT spend. WT's LTFP forecasts that spending will peak in 2014/2015 at $161 million, due largely to project completion related to Queens Quay and the Athletes Village development. However, projections for the subsequent five years show declines in spending as projects are completed.

Figure 15: Corporate costs, head count and annual WT total spend, 2009/10 - 2013/14

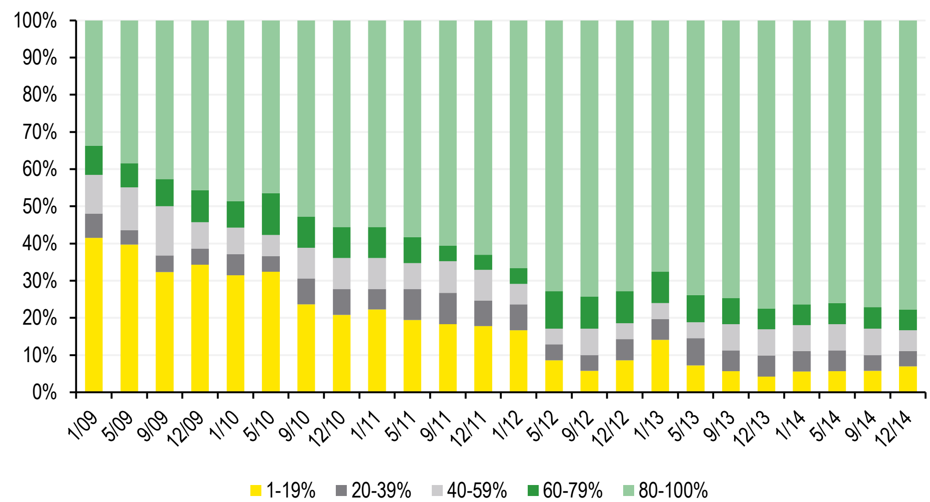


Note: Blue Line represents Annual WT total spend for both graphs (in millions CAD$)
Source: Corporate cost data and head counts provided by WT. General and support expenses include WT salaries, fees, benefits not directly affiliated with project management. Project management salaries, fees and benefits broken out separately. Annual total

spend is from WT's LTFP 2014/2015 actuals. Head counts were reported by calendar rather than fiscal year. Averages were taken between years to estimate fiscal year head count.*

WT's share of projects at or nearing completion (>80% complete) has increased substantially over the past five years. Based on data collected from cost variance reports, the graph below shows the relative breakdown of WT projects in different stages of completion. Findings from the 2014 VFM follow-up audit also found a consistently declining number of project-based procurements and tenders since 2011. Together, the stability in staffing and staff-related expenditures combined with a shrinking share of active projects, declining procurements, and declining real and forecasted project spending suggest a deeper dive is warranted to identify an appropriate fit between WT's staff skill set, and future responsibilities.

Figure 16: Comparison of work package completion stages (quintiles), 2009 - 2014



Source: Data extracted from Board Cost Variance Reports between January 2009 and December 2014. Project completion stages were sorted into five segments. Missing and incomplete data were removed. Although stacked bar charts were used, the total number of projects reported each month ranged from 77 to 72.

Finding 7: Corporate spend and head count rates have stayed relatively stable while total spending has declined.

Recommendation 7: Once commitments from funding partners are known, WT should conduct an efficiency review to identify opportunities to better align future projected funding needs with appropriate staff levels and human capital requirements. This should take into account previous internal audit recommendations related to ensuring employees have the right skill sets to deliver projects.

Procurement efficiency

Both the City of Toronto and WT's average time to evaluate bids have stayed relatively stable over the past five years. Given that the City evaluates a much larger volume of bids with higher average value as well as unavailability of data on changes in procurement-dedicated staff, direct comparisons were not performed. Nevertheless, the relative stability in processing times for both WT and the City suggest bidders receive, on average, predictable and consistent procurement service.

Conclusion: In general, WT has managed its resources with due regard for economy and efficiency. Improvements in both areas were observed. WT along with the funding partners should work towards improving the CA process. WT should also conduct an efficiency review to address imbalances in current trends in the organization's spending and staffing figures.

(2) Given its current structure and governance, to what extent is WT able to be self-sustaining?

EY reviewed the key assumptions that led to the concept of 'self-sustaining' being embedded within WT's corporate objectives and considered whether those assumptions have been borne out. We considered WT's funding model and sources of revenue in the context of the overall projected cost of waterfront revitalization in Toronto (as revised over time) as well as examples observed in comparable jurisdictions.

From a governance perspective, EY considered whether WT's current governance structure and board oversight mechanisms would be sufficient to support an entity that did not rely on public funding (and therefore, did not rely on public oversight).

The concept of financially self-sustaining waterfront revitalization

One of WT's five corporate objectives as defined in the Act is "to ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner." Based on interviews, this objective is discussed at the City and, in certain cases, by WT[21] under the assumption that WT itself should or could be financially self-sustaining – that is, its revenues from private sector or others sources would be adequate to cover the costs of revitalization without the need for significant public funding.

Like much of framework for the TWRC ACT, the financially self-sustaining objective emerged in the Fung Report. This report established some of the key mechanisms and expectations of WT that were subsequently embedded (or in certain cases contradicted) within the Act. In the Fung Report, one of the task force's summary recommendations was that:

"The corporation should have a sunset after 15 years. By that time the mandate of the corporation should have been substantially completed, and the ***ongoing development of the Central Waterfront can continue thereafter in a financially self-sustaining manner, and without further action or involvement by the corporation****. All of the remaining infrastructure assets should then be transferred back to normal government management."*

This recommendation, similar in language to the self-sustaining corporate objective of WT, refers to the financial sustainability of ongoing private sector development in the designated waterfront area after WT has sun-set and once the DWA has been revitalized. Issues requiring remediation prior to private sector investment that are highlighted in the Fung Report include:

- Inadequate public transportation and service infrastructure
- Major infrastructure necessary to support build out and community objectives

[21] See *Waterfront Toronto Strategic Business Plan 2014 – 2023*. The concept of revenue generation is embedded within WT's "Strategy to achieve" the self-sustaining corporate object.

- Environmental factors
- Lack of coordination across the three orders of government

This nuance, though not lost in the language of the Act, has shifted over time to suggest an expectation that WT, in its work to address remediation issues including those listed above, should itself operate in a financially self-sustaining manner. As mentioned above, the Fung Report also assumes that "at least" 70% of investment would come from the private sector revenue. Although private sector revenues to date have been a fraction of early expectations, the financial self-sufficiency of the revitalization effort was focused on the period following WT's sun-set rather than on the organization's capacity (or not) to be self-sufficient.

Finding 8: The self-sustaining objective of the Act may have been misinterpreted.

Recommendation 8: In establishing the delivery model for future waterfront redevelopment efforts, the City should work with the Waterfront Secretariats, the IGSC, and WT management to clarify the understanding of the 'self-sustaining' objective within the TWRC ACT with key stakeholders within the government as well as externally. This effort should define what the City should monitor following wind-up to determine if the revitalization was financially self-sustaining.

Certainly, the Fung Report helped to lay the groundwork for the concept of the self-sustaining objective. The report projected an all-in cost of development, including revitalization, of $12 billion which assumed a required $5.2 billion investment in revitalization and infrastructure plus $7 billion in development costs to be borne by the private sector. (As of 2002, the full cost was projected at $17 billion including $4.3 billion from the public sector[22] – and recent estimates estimate the cost at closer to $34 billion. In order to fund the projected $5.2 billion public sector investment, the Fung Report prepared a proposed budget of potential revenue sources. These will be discussed later in this section.

Review of the empowered corporation vs. the coordinating agency

In order to discuss WT's funding model, it is valuable to consider again the concepts of the empowered corporation versus the coordinating agency as discussed above. In 2004, the Mercer Delta consulting firm was engaged by WT to conduct a review of the corporation's governance structure and delivery models. In its final report, Mercer Delta describes the two models for delivery extensively based on its review of 27 other jurisdictions attempting waterfront redevelopment around the world. According to Mercer Delta, an empowered corporation can be described as follows:

"A separate legal corporate entity with a board, it is a typical land development agency that owns land and can expropriate (directly or indirectly).

Typically, empowered corporations are, or are expected to become, financially self-sufficient based on the revenues obtained from land development and/or lease revenues. An initial government subsidy may be required to cover start-up costs and invest in certain key projects; however, after land values increase, the proceeds are reinvested by the corporation to advance progress towards the ultimate redevelopment vision.

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[22] *Development Plan and Business Strategy for the Revitalization of the Toronto Waterfront*, 2002.

In most case, these empowered corporation models apply strict accountability mechanisms to ensure that their efforts remain focused on a publicly-acceptable development vision as well as provide stewardship for the public assets that have been provided to the corporation." (Emphasis added.)

Additional factors of note for empowered corporations include:

- "Short-term funding shortfall covered by public sector via business plan."
- "Asset-based financing."
- "10-30 years needed to yield development revenues assumed in financial model."

A coordinating agency, on the other hand, is described as:

"…[an] umbrella [organization] that ensures alignment among projects that are undertaken by subsidiary landowners.

Typically, the mandate of an umbrella-coordinating agency is prepare area-wide plans (supporting alignment of vision) and ensure collaborative work among multiple stakeholders. In some cases, the umbrella coordinating organization is a separate legal entity with a board. The authority given to umbrella coordinating corporations is dependent on what the stakeholders are willing to provide.

Umbrella corporations are not usually landowners, although they can facilitate land acquisition and asset-based financing. These agencies may be used as a conduit for senior government funding to support projects within an approved development plan." (Emphasis added.)

Additional factors of note for coordinating agencies include:

- "[Funding] via 3-5 year commitments to business plan, subject to annual budget approval that is unlikely to be arbitrarily withheld."
- "Voluntary collaboration by land owners."
- "5-15 year horizon. Focus on "projects" that are achievable and consistent with longer term direction, rather than commitment to ultimate vision by specified date"

A comparison of WT to these two established delivery models is included below, following a discussion on WT's funding model, ability to assume risk and sources of revenue.

WT Funding model

WT currently receives the vast majority of its funding directly from government sources. The initial $1.5 billion allocated by the governments for waterfront revitalization ($1.2 billion after accounting for flow-through to entities other than WT) has been parceled out over the past 12 years through Contribution Agreements for specific projects or activities agreed with governments during an annual planning process (based on previously developed master plans). WT has no core funding; government funds are distributed strictly on a project-by-project basis in quarterly lump sums based on costs incurred.

WT is further funded through certain revenues from private sector sources. In addition to monetary funding, governments have also contributed the future value of owned land within the designated waterfront region. Once lands are revitalized and sold, the value of the sale is to be returned to WT by the government body involved. As of the 2013-14 LTFP, WT was expecting revenues of approximately $206 million from land sales relating to Waterfront 1.0 over its lifetime. A further $94 million of lifetime revenues were projected ($19 million secured to date) from other private sources such as WT's contracted share of revenues from the waterfront fibre-optic network operated by Beanfield Metroconnect and parking lots on waterfront land awaiting redevelopment.

Restricted ability to assume risk

As previously noted in this report, WT is bound by certain key restrictions related to raising funds that were set in place by the Act. WT is not permitted to engage in any of the following activities without the approval of the three orders of government:

- Borrow money
- Mortgage or otherwise encumber its assets
- Raise revenue [through debt or equity financing]
- Establish subsidiary corporations

These restrictions have been the source of ongoing, resource intensive discussion between WT and the three orders of government. While our review indicates that WT has been making attempts at obtaining some or all of these powers since 2006, challenges have included the political changes at the three orders of government and the challenges in convincing all three levels to approve such powers at one time. This process is ongoing as of the date of this report.

Available sources of revenue

From WT staff and management to government representatives to independent third parties, all agreed that WT would not be able to be self-sustaining given existing assets and corporate powers. One interviewee pointed out that, in order to be self-sustaining, an entity needs either an asset base or an ability to take on debt offset by future expected incomes. WT has neither. Another interviewee highlighted the fact that the type of brownfield sites within the designated waterfront area – particularly in the Port Lands – is extremely costly to revitalize, particularly with the added issues of flood protection and transit.

As noted above, the Fung Report established a list of potential private revenue sources that could fund revitalization work. According to the task force's estimations, these sources could potentially raise between $3.4 and 5.5 billion. Unfortunately, the vast majority of these sources have not come to fruition. Suggested revenue tools and potential contributed values are summarized below:

Table 1: WT Revenue streams and values

Revenue generation possibilities	Estimated potential revenue – full revitalization ($ million)	Key components/considerations	Actual revenue projected for Waterfront 1.0 ($ million)
Land sales/lease residential	$1,300 - $1,500	► Dependent on market conditions and absorption rates	$208
Land sales/lease non-residential	$50 - $100	► Dependent on market conditions and absorption rates	
Tax related revenue	$700 - $1,000	► Development charges, GST/PST rebates, land transfer tax rebates	—
Entertainment complex	$100 - $800	► Hotel, restaurants and other entertainment activities potentially including a casino ► Unclear whether WT was expected to operate this complex or just receive a share in revenue	—
Easements and utility corridor	$75 - $100	► Sale of land for use by utility companies	—
Toll road or parking	$1,200 - $2,000	► Tolling on the Gardiner ► Parking surcharge on public parking across downtown Toronto ► Fundamental issues acknowledged with both	—
Other	$0	► Creative revenue streams, e.g., broadband and parking lot operations	$94
Total estimated revenue	**$3,425 - $5,500**		**$302**

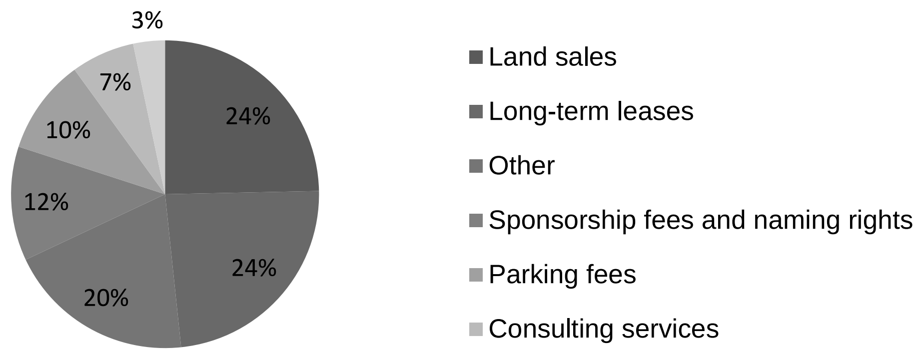
Source: Fung Report, including Figure 2: Revenue Generation Possibilities; revenue values based on LTFP projections.

In addition, the report discusses the opportunity to raise debt or equity financing based on future revenue streams such as tolls or parking surcharges or the potential that private landowners in the designated waterfront area might pay a levy to compensate for the increase in surrounding land value.

The only revenue source from the list above that has materialized for WT is land sales for residential and non-residential use. Based on projections in the 2013-14 LTFP, WT expects to realize approximately 15% ($206 million) of the value of land sales forecasted in the Fung Report. It may be assumed that a significant portion of this shortfall is due to the fact that the Fung Report was assessing potential over the entire designated waterfront area, while WT's current revenue projections are based on Waterfront 1.0 activities. As the details behind the financial projections in the Fung Report were not made available to us, we cannot comment on the assumptions used in the Report.

A more accurate picture of potential revenue sources may be drawn from our survey of external comparators.

Figure 17: Summary of private revenue sources of comparable organizations, based on average percent contribution to private revenue stream



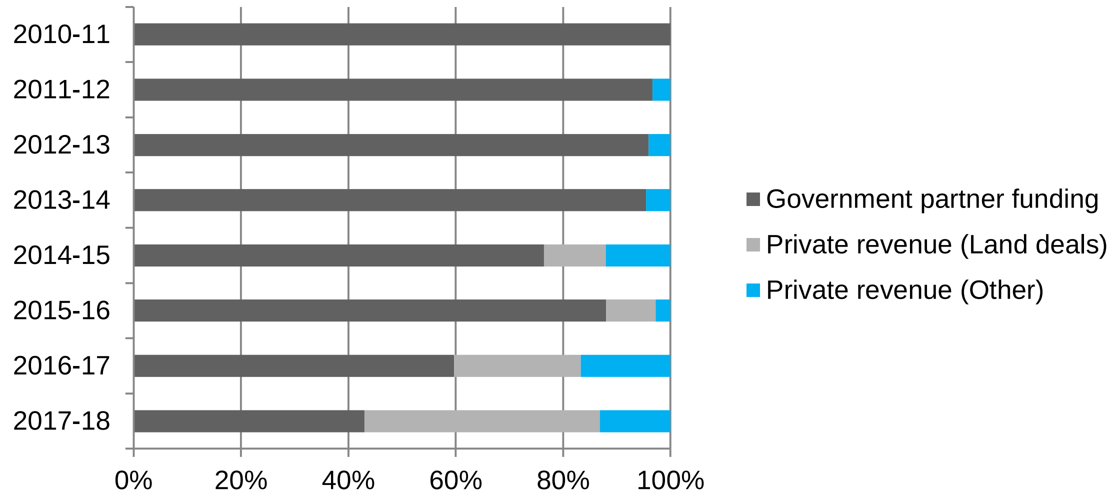
Source: EY Survey of external comparators

Consistent with the findings of the 2014 VFM follow-up audit, which included a review of the revenue generation performance of WT to date, we note that WT employs most of the common revenues sources available to it, specifically, land sales, other sources (e.g., broadband access through intelligent communities deal with Beanfield) and parking. At this time, land leasing is not available to WT, as it does not retain ownership of the land on a long-term basis. Sponsorship and naming rights may be an option for consideration going forward, pending determination of funding availability for WT's Strategic Business Plan.

Current lifetime revenue projections

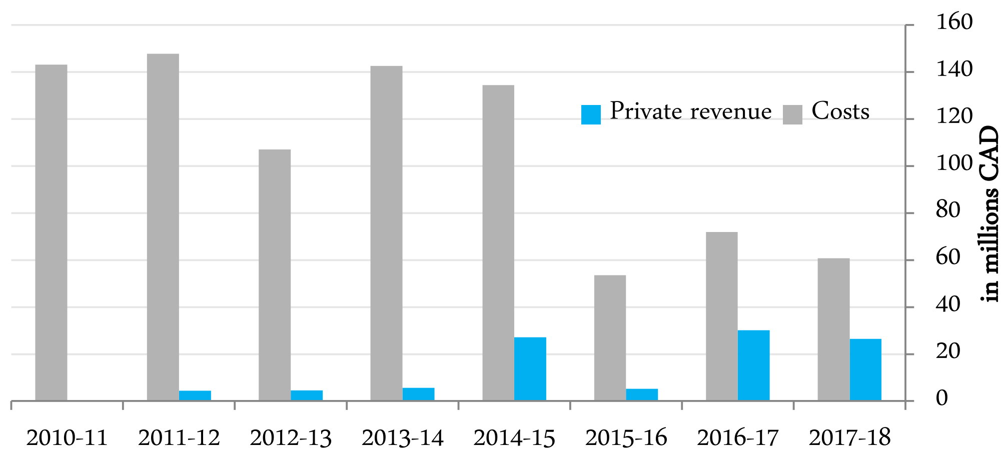
The 2014 VFM Follow-up Audit concluded that WT efforts to identify and realize revenue opportunities have been generally adequate with some opportunities for improvement. Through analysis of the historical and projected financial information in the 2013/14 LTFP, we can see that, although the proportion of private revenues has been and is projected to increase over the next 4-5 years, revenues will not be sufficient to match expected costs.

Figure 18: Proportion of private vs. public revenue



Source: 2013-14 LTFP; note years ending 2011-2013 are actual figures and remaining years reflect projected values.

Figure 19: Comparison of costs to private revenues



Source: 2013-14 LTFP; note years ending 2011-2013 are actual figures and remaining years reflect projected values

Comparison of WT to established delivery models

In comparing WT to the empowered corporation and coordinating agency delivery models described above, it becomes clear that WT cannot be categorized as solely one or the other. On one hand, WT is highly involved in collaborating with stakeholders, including non-governmental landowners in the designated waterfront area who participate on a voluntary basis. WT is not a land-owner. It prepares area-wide plans for development and works to ensure projects are consistent with those visions. It is funded through on-going short-term commitments from governments and has a sunset date set for 2023, at which time Waterfront development activities are projected to be ongoing (i.e., North Keating and the

Lower Don Lands / Port Lands). It is unable to take actions of a typical independent corporation including All of this suggests a role as a coordinating agency.

On the other hand, WT has developed an overall vision for waterfront redevelopment and has demonstrated a sense of accountability to ensure it is delivered. It receives revenues from land sales, and there is an expectation that (or, at least, a deliberation on whether) it should be financially self-sufficient. It actively manages development projects as opposed to outsourcing those activities to other development entities. Mercer Delta noted in 2004, "…[WT] 'wants to be' like an empowered development corporation…"

There is nothing inherently problematic about operating as a hybrid of the two delivery models, so long as the funding model supports the structure in place. In the case of WT, its 2023 sunset clause, lack of land ownership or other asset base and constraints related to business risk-taking by financing or borrowing together suggest that there is little opportunity for WT to realize sufficient revenues over its lifetime to finance its redevelopment activities. In parallel, however, the City and its stakeholder partners are hesitant to continue to fund WT's activities without a demonstration that the corporation is "pulling its weight", interviews and the commissioning of this report suggest.

Finding 9: The revenue generation tools available to WT are not adequate for it to be financially self-sustaining.

Recommendation 9: In establishing the delivery model for future waterfront revitalization, the City and funding partners should affirm its decision to limit WT's governance authorities. Expectations of revenue generation potential should be set in the context of what tools are available to WT and what revenue the entity can reasonably expect to generate from those tools.

Consideration of governance structure

Given the findings and recommendations above, investigation into the adequacy of WT's governance structure and oversight mechanisms to support a financially self-sustaining (i.e., empowered) entity was deemed not necessary. For an evaluation of WT's current governance structure, refer to section 2.1.

Conclusion: Given its current structure, WT is not able to be financially self-sustaining. The revenue tools and corporate powers afforded WT are not sufficient to generate the level of income necessary to offset revitalization costs. Further, it is questionable whether the expectation that WT be self-sustaining is in fact reasonable based on its corporate objectives and previous reports.

(3) Given the City's priorities, is WT the appropriate organization to lead revitalization going forward?

Despite not achieving financial self-sufficiency independent of public funding, WT has generally delivered revitalization initiatives effectively, with due regard for economy and efficiency, and in a manner consistent with international best practice. It has identified areas for improvement and is working towards implementation of recommendations from previous studies. WT has delivered or supported the delivery of new or refurbished public spaces, sustainable precinct plans, flood protection, and expanded commercial and residential real estate.

Conclusion: WT would be the appropriate organization to lead revitalization going forward assuming the funding partners: (1) define and agree to priorities that include some or all of the elements described in WT's Strategic Business Plan, (2) share capital costs and governance responsibilities, and (3) work together with WT to address the findings and implement the recommendations included in this report and (where relevant) previous studies. Without these assumptions, the scope of the revitalization effort and commitment level of the funders is unknown, and therefore conclusions on WT's ability to lead the effort are not possible.

As previous recommendations in this report suggest, it is critical that the funding partners come together to determine what, if any, portion of WT's request for an additional $1.65 billion investment they are committed to funding. The outcome of that agreement will largely determine WT's organizational requirements, the governance and funding model approach, and appropriate performance measures for achieving revitalization initiatives over the next decade. Analysis provided in this question focuses on describing and summarizing the value associated with development agencies, benefits realized through WT, and lessons learned.

Development entities generate value beyond what public or private entities acting alone can generate

Waterfront development entities offer a range of value-adding features beyond what government or the private sector alone can typically offer. Development entities can provide long-term leadership insulated from political change, coordinate multiple competing agendas, and negotiate deals with the private sector often with more agility than their public sector counterparts. Deal negotiation with private sector partners can also include (and has included in the case of WT) additional concessions from development partners during the procurement process that would be difficult for government partners to extract on their own. For instance, sustainability components such as LEED gold, building height restrictions, public realm additions, and stricter conformity with precinct plans are all concessions that development entities can require from development partners. Ability to "set the bar" higher in terms of sustainable city building and extract these and other concessions from private sector partners are due largely to the monopoly position within a confined area that development entities often possess. Compared to private sector organizations, development entities can overcome market failures and can typically assume a larger portion of financial risk associated with revitalizing economically underutilized land.

Based on interviews, documents reviewed, and data analyzed, WT has delivered many of these benefits for the City.

WT has delivered benefits to the City of Toronto

WT has strategically focused on a number of key areas that stakeholders have widely recognized as positive, based on interviews and documents reviewed. Stakeholder and public engagement has been an important and widely acclaimed achievement. Multi-channel community engagement with civic groups and individuals through public meetings, international design competitions, newsletters, and more recently through social media has enabled consistent public input and involvement in waterfront initiatives. By focusing on design excellence, WT has produced precinct plans and public spaces that have been internationally-recognized for urban design, landscape architecture, and planning excellence. WT has earned the trust of developers and construction firms interviewed for this project. Its emphasis on sustainable development through award-winning precinct planning and the "triple bottom-line" has produced economic, social, and environmental benefits that will continue to be realized as communities along the lakeshore continue to grow. Consistent with benefits realized by other waterfront development entities, WT has served to:

- *Combine economic development activities in one organization* (as opposed to disparate government agencies spread across multiple orders of government): WT is a single corporation that combines procurement, finance, project management, development and marketing functions that would otherwise be dispersed throughout different government agencies.
- *Accelerate response time to developers*: WT has delivered consistent service to developers throughout the procurement process and afterwards
- *Expand the scale of implementation*: WT has executed an implementation program along the DWA covers an unprecedented scale
- *Unlock under-used assets*: WT has led developments in EBF and WDL that have been key drivers of new economic activity for the City
- *Extract concessions from developers*: WT has required sustainability and precinct planning alignment for all development sites.
- *Create opportunities for new revenue generation*: WT has concluded land sales and long term leases, optimized parking operations, and established contracts for future revenue generation through the intelligent communities project. The Corporation continues to explore revenue opportunities related to Public-Private Partnerships ("P3"), sponsorship and naming rights, and advertising.
- *Increase land use efficiency*: Historically underused land across the DWA has been and continues to be remediated
- *Overcome coordination failures due to jurisdictional overlap and fragmentation*: WT has brought together key stakeholders through the funding and approvals process to overcome ownership fragmentation
- *Develop brand identity*: WT has developed and marketed a recognized brand
- *Partly improve clarity of roles and responsibilities for large-scale urban renewal projects*: WT has developed a range of MOU and service delivery agreements to coordinate its large-scale projects.

The tri-government model has enabled the realization of these benefits, and would be difficult for the City "going it alone" to replicate. Interviews with City officials indicate that administrative and strategic capacity at the City has matured since WT was created over 12 years ago, and human capital, processes, and technology to execute large-scale urban renewal projects now exist. Although the capacity to plan and execute similar projects may now be in the City's grasp, we found no examples of similar tri-government approaches without an arms-length entity's involvement. In other words, a tri-government model seems to imply an independent agency of some kind, based on our jurisdictional scan.

WT has also developed pools of knowledge, capacity, and processes that would either have to be disseminated to City agencies or reconstituted in an entity similar to WT, but under direct City control and ownership, i.e. similar to the Build Toronto model. Doing so would increase the City's control over waterfront revitalization, but likely eliminate the cooperation and funding from the other two government partners. Nevertheless, as the organization draws closer to its sunset date in the 2020s, the City will have to confront how to disband WT and whether continuing maintain separate organizations (Build Toronto, TPLC, WT, Invest Toronto) to manage coordinate its real estate holdings.

A competitive advantage WT has over devolving responsibilities to myriad City agencies is that WT has established both tri-government funding but also tri-government buy-in. Despite challenges related to clarifying roles and responsibilities, constraints in the CA process, performance transparency, implementation delays, and other limitations noted above, interviews with funding partners indicate that WT has developed credibility in delivering waterfront renewal and provided a vehicle for intergovernmental cooperation that would otherwise be absent. Thus perhaps most importantly, the tri-government model, reflecting development agencies internationally, "appear[s] to offer a politically acceptable form of co-investment between otherwise disparate partners."[23]

Partnering and Alternative Financing and Procurement have benefited WT and the City

Revitalization of Toronto's waterfront is a risky, complex, decades-long process involving thousands of people and billions of dollars. As this report and federal evaluations have demonstrated, implementation delays in the period prior to 2007/08 due to coordination and funding challenges reflect the complexity and experimental nature of the Toronto's waterfront revitalization effort. In addition to the range of benefits described above, the outcome of sustained, if sometimes slower-than-anticipated progress has been a number of important lessons learned.

WT continues to expand its capacity to manage risk, but exploring other procurement options may improve WT performance

WT's capacity to manage risk has matured over the past five years. As previously noted, a recent internal audit of the Queens Quay revitalization effort budget overrun identified a number of opportunities for improvement, which WT staff indicate are being implemented, along with the recommendations from the internal audit of the Bayside transaction.

[23] OECD Report, p.10

These reports combined with interviews with City and Provincial officials also raise the question about whether WT should move toward greater reliance on Alternative Financing and Procurement ("AFP") and continued partnerships with IO. As the effectiveness section underscores, partnerships with IO were responsible for the successful delivery of many of the Pan Am Games facilities in the WDL. AFP combines, "private and public sector expertise in a unique structure that transfers the risk of project cost increases and scheduling delays typically associated with traditional project delivery." Although this model transfers much of the scheduling and cost risk to the private sector, bids under the AFP model "price-in" the potential scheduling or cost risks, making them generally more expensive at the Project Agreement stage than they would likely be if traditional models were used.

The AFP model outside of the DWA has also enjoyed success. Based on a recent review of IO's AFP track record, IO has delivered 95% (36 of 37) of their recent, substantially completed projects on budget and 73% (27 of 37) early, on time, or less than 1 month delayed. Expenses incurred due to delays were substantially borne by the private sector rather than IO due to terms defined in the Project Agreement.[24]

Outside of projects delivered in partnership with IO, all of which rely on the AFP model, WT utilizes a "self-insurance" or traditional procurement model. This approach retains scheduling and cost risk with WT. For example, if scheduling or cost overruns occur, WT bears the additional cost after negotiating with the firm providing construction services. WT also works with construction managers to project manage the projects, which would otherwise be largely run through the private sector. Since 2008, WT has worked to develop in-house capacity to manage projects and move away from the eligible recipient model, based on guidance provided from a Value-For-Money audit completed in 2007.

Given the AFP model's track record and successful partnerships with IO, WT and the funding partners should address the following questions moving forward:

- Is it feasible for WT to adopt AFP on projects outside of its IO partnerships?
- Which options provide more value-for-money: increasing AFP adoption, continuing with the "self-insurance" procurement model, increasing partnerships, or some mix of the three?
- Can WT partner with IO on projects situated on non-provincially-owned land?
- How would moving to a greater reliance on AFP affect WT's organizational structure and project risk management approach, if at all?

Answers to these questions will help determine how best to contract and implement future projects. Implementing a standardized contract screening process to decide between the "self-insurance" and AFP models, as recommended by the Queens Quay internal audit, is also advisable.

[24] Infrastructure Ontario, *AFP Track Record Report* (October 16, 2014)

Government partners' strategic direction and funding commitments related to WT's Strategic Business Plan should be known prior to initiating an efficiency review

WT's headcount has remained largely unchanged while overall project spending has declined and the number of substantially completed projects has grown. An efficiency review should be conducted following government partner decisions on the strategic direction of waterfront revitalization and what if any portion of WT's Strategic Business Plan the funding partners are willing to sign on for. Conducting efficiency review prior to receiving confirmation of funding partners' strategic and funding commitments is not recommended because an organization's form and structure should reflect its strategic objectives, which currently remain ambiguous.

Information management needs to be overhauled

WT needs to adopt a performance measurement approach capable of resolving basic questions about project cost, budget, risk, deliverables and timing. Its approach to performance measurement has frustrated government partners, limited Board members' oversight capability, and delayed external consultants' work. Commitments and an action plan from WT to address this and other high value areas are essential moving forward, regardless of whether WT's Strategic Business Plan is implemented.

Appendix A: List of acronyms and abbreviations

Acronyms

- AFP - Alternative Financing and Procurement
- CA - Contribution Agreement
- CWF - Central Waterfront
- DES - District Energy System
- DWA - Designated Waterfront Area
- EAs - Environmental Assessments
- EBF - East Bayfront
- EY - Ernst & Young LLP
- FPLF - Flood Protection Landform
- HR - Human Resource
- IGSC - Intergovernmental Steering Committee
- IO - Infrastructure Ontario
- KPI - Key Performance Indicators
- LDL - Lower Don Lands
- LOP - Lake Ontario Place
- LTFP - Long Term Funding Plan
- MOU - Memorandum of Understanding
- OECD - Organization of Economic Cooperation & Development
- OWG - Operating Working Group
- P3 - Public-Private Partnership
- PF&R - Parks, Forestry & Recreation
- PLA - Port Lands
- SMART – Specific, measurable, attainable, relevant and time-bound
- TPLC - Toronto Port Lands Company
- TRCA - Toronto Region and Conservation Authority
- TRN - Transport
- TTC - Toronto Transit Commission
- TWRC Act - Toronto Waterfront Revitalization Corporation Act
- VFM - Value for Money

- WDL - West Don Lands
- WT - Waterfront Toronto
- WWI - Waterfront-Wide Initiatives

Abbreviations

- City Secretariat - The City of Toronto Waterfront Secretariat
- Project Authority - The City of Toronto Waterfront Secretariat
- The Act - Toronto Waterfront Revitalization Corporation Act
- The Corporation - Toronto Waterfront Revitalization Corporation

Appendix B: Documents reviewed

We would like to acknowledge that the documentation review was facilitated by numerous TWRC staff who undertook a significant level of effort to assist in the provision of documentation throughout the engagement. The project team reviewed a large number of documents, which included the following key documents:

- 2013 Waterfront Toronto Internal Audit of Project Budget Management - Executive Summary (prepared by MNP Corporation) (23 May 2013)
- 2013/14 Long-Term Funding Plan
- 2013/14 Long-Term Plan Revenues Analysis
- 2013/14 Annual Corporate Plan
- 24 February 2008 Board Retreat Materials
- 5 Year Strategic Business Plan
- Annual Capital Plan Variance Report 2014 and Summary Report to the Board
- Annual Corporate Plans:
  - 2011-12
  - 2012-13
  - 2013-14
  - 2014-15
  - 2015-16
- Annual Reports:
  - 2002-3
  - 2004-5
  - 2005-6
  - 2006-7
  - 2007-8
- Board of Director Agendas:
  - 5 February 2014
  - 19 March 2014
  - 5 May 2014
  - 25 June 2014
  - 4 September 2014
  - 14 October 2014

- Board of Directors Meeting Materials:
  - 4 September 2013
  - 2 December 2013
  - 18 December 2013
  - 5 February 2014
  - 20 February 2014
  - 19 March 2014
  - 5 May 2014
  - 25 June 2014
  - 4 September 2014
  - 10 September 2014
  - 22 October 2014
  - 17 December 2014
- Board Resolution – Approval of Corporate Plan
- By-Law No. 1
- By-Law No. 2
- Central Waterfront Secondary Plan
- Change Communications Guide
- City of Toronto Official Plan
- Communications, Marketing and Government Relations Committee Mandate
- Consent of Governments to Raise Certain Revenues
- Contribution Agreements:
  - CA-01: Development Plan & Business Strategy
  - CA-02: Precinct Planning
  - CA-03: Commissioner's Park Project
  - CA-04: Western Beaches Watercourse Facility Feasibility (phase 1)
  - CA-05: Western Beaches Watercourse Facility Construction (phase 2)
  - CA-06: Shakespeare Works
  - CA-07: Tommy Thompson Park
  - CA-08: Lake Ontario Canada Park
  - CA-09: Portlands Beautification
  - CA-11: University of Peace
  - CA-12: MT-27 Land Acquisition
  - CA-13: Transitional Sports Fields
  - CA-14: Don River Park - Design
  - CA-15: Port Lands Regional Sports Complex Phase 1 (Feasibility Study)
  - CA-16: Union Station Second Platform and Concourse Improvements Project
  - CA-17: Project Implementation Plan for Canada Square at Harbourfront Centre
  - CA-19: Central Waterfront Public Realm Planning and Design
  - CA-20: Corporate Cost
  - CA-21: East Bayfront Parks and Water's Edge Promenade Design
  - CA-25: Ireland Park Foundation
  - CA-26: Mimico Park

- CA-27: Port Union Waterfront Improvements (phase 1)
- CA-28: Harbourfront Water's Edge Improvements - John and York Quay
- CA-29: Central Waterfront Public Realm
- CA-31: Strategic Land Acquisition - 5 Lower Sherbourne (Abel)
- CA-32Naturalization and Flood Protection for the Lower Don River - Phase 2
- CA-33: Corporate Cost
- CA-34: Regional Sports Complex - Initial Planning and Design
- CA-35: Strategic Land Acquisition - 291 Lake Shore Blvd E
- CA-38: Rees Head of Slip
- CA-39: Simcoe Head slip
- CA-40: Strategic Land
- CA-41: District Energy System
- CA-45: Don River Park & River Square - Construction
- CA-46: Sherbourne Park - Construction - Service and Special Installation
- CA-47: Sherbourne Park - Construction - Roads, Structures, Landscaping and Fixtures
- CA-48: Corporate Costs - 2008- 20011
- CA-49: Sugar Beach - Construction - Service and Special Installations
- CA-50: Canada's Sugar Beach - Construction - Roads, Structures, Landscaping and Fixtures
- CA-51: Harbourfront Centre Canada Square
- CA-54: Canada's Sugar Beach Park - Site Preparation
- CA-55: East Bayfront Dockside Promenade Deep Service Construction
- CA-56: East Bayfront - Water's Ede Design
- CA-57: Sherbourne Park Site Preparation, Site Construction, and Public Art
- CA-58: West Don Lands - Underpass Park and Front Street Park Design & Construction
- CA-61: Queens Quay Light Rail Transit Design
- CA-62: Mimico Waterfront Linear Park - Continued Implementation
- CA-63: Port Union Waterfront Improvements - Continued Implementation
- CA-64: West Don Lands Soil Treatment
- CA-65: Hydro Services for West don Lands Phase 1
- CA-66: Harbourfront Centre Canada Square Phase 1 - Construction
- CA-68: Don River Park & River Square - Continued Implementation
- CA-75: Underpass Park Phase 2 Construction
- CA-76: Queens Quay Revitalization Phase 2

- Core Processes Documents
- Corporation Funding Program for Next Phase (22 April 2013)
- Delegations of Authority
- Directors Team Meeting Minutes
- Documents included in the Quarterly Funding Request Package:
- Documents on Base Funding Realignment and Operational Governance
- Documents on Internal Audit Plan and Risk Matrix Summary
- Evaluation documentation related to PFS
- Executive PFS documentation for fiscal year 2013-14
- Federal Evaluation of the Toronto Waterfront Revitalization Initiative (December 2013)

- Finance Audit and Risk Management Committee Agendas:
  - 22 July 2008
  - 12 March 2009
  - 28 May 2009
  - 25 August 2009
  - 24 February 2010
  - 26 May 2010
  - 22 July 2014
  - 2 September 2014
  - 27 November 2014
- Finance Audit and Risk Management Committee Mandate
- Finance Audit and Risk Management Committee Public Minutes:
  - 22 July 2008
  - 12 March 2009
  - 28 May 2009
  - 25 August 2009
  - 24 February 2010
  - 26 May 2010
  - 22 July 2014
  - 2 September 2014
  - 27 November 2014
- Governance Committee Agenda:
  - 6 January 2015
- Governance Committee Mandate
- Governance Committee Meeting Minutes:
  - 18 April 2007
  - 9 October 2008
  - 6 May 2009
  - 30 April 2014
  - 6 January 2015
- HR and Compensation Committee Minutes for all quarters between September 2007 and September 2013
- HR Board updates for various years
- IGSC Minutes:
  - 10 May 2007
  - 19 July 2007
  - 9 November 2007
  - 5 June 2009

- Investment and Real Estate Committee Mandate
- Key Performance Indicators 2008 - 2014
- List of Government Audits
- List of Outstanding and Executed Contribution Agreements and Finance Projects
- Long-Term Funding Plans: fiscal years 2009 – 2013.
- Mercer Delta Governance Report
- Minutes – Public –October 30 2013
- MNP: Funding Program Analysis for Next Phase of Waterfront Development - Executive Summary
- MNP: Funding Program Analysis for Next Phase of Waterfront Development
- MOU for Athletes Village
- MOU for East Bayfront
- MOU for West Don Lands Phase 1
- Organizational Chart
- OWG Minutes:
    - 22 September 2011
    - 8 December 2011
    - 8 March 2012
    - 14 June 2012
    - 20 September 2012
    - 18 December 2012
    - 7 March 2013
    - 19 September 2013
    - 20 June 2013
    - 12 December 2013
    - 6 March 2014
- Planning for success forms
- PM Process Improvement Presentation
- Post Project Completion Close Out Form
- Post Project Completion Review Process
- Priority 1 Cost Estimate Reports for:
    - Central Waterfront
    - East Bayfront
    - West Don Lands
- Project Cost Variance Report and Capital Project Cost Report Summary
- Project Governance Review prepared by PWC (14 March 2010)
- Public Agenda of the Communications, Marketing and Government Relations Committee:
    - 22 January 2015

- Public Consultation Strategy
- PWC Assessment of the Funding Process (2004)
- Salary Comparatives for 2014/2015
- Sample Services Contract
- Sample Team Review Document for 2014/15 Long-Term Planning Process
- Service Change Orders
- Stakeholder Engagement Diagram
- Strategic Business Plan – 2014 to 2023
- Strategic Business Plan – 29 June 2011
- Summary of Compensation Adjustments for 2014/2015
- TWRC Act and Regulations (4 June 2007)
- TWRC Board Communications, Marketing & Government Relations Committee Mandate
- TWRC Board Finance, Audit & Risk Management Committee Mandate
- TWRC Board Governance Committee Mandate
- TWRC Board Human Resources & Compensation Committee Mandate
- TWRC Board Investment & Real Estate Committee Mandate
- TWRC Final Response
- Updated Cost Estimate for Queens Quay (2010)
- Waterfront Toronto – Economic Impact Analysis (26 April 2013) by urbanMetrics

Appendix C: Key stakeholders engaged

- Mark Wilson - Chair of the Board of Directors, Appointed by the City
- Gary Wright - Member of Board of Directors, Appointed by the City
- Kevin Garland - Member of Board of Directors, Appointed by the Province
- John Campbell - President and CEO
- Renee Gomes - Director, Development
- Meg Davis - VP, Director, Development - West Don Lands
- Marisa Piattelli - Chief Administrative Officer
- Edward Chalupka - Director, Government Relations
- Veronica Bergs - Project Management Director
- David Kusturin - Chief Operating Officer
- Lisa Prime - Director of Environment and Innovation
- James Roche - Director of Design and Construction
- Chad McCleave - Chief Financial Officer
- Sandra Tran - Director, Finance and Enterprise Risk Management
- Mary-Anne Santos - Finance & Internal Controls Manager
- David Stonehouse - Director, Toronto Waterfront Secretariat
- Irene Bauer - Project Manager, Toronto Waterfront Secretariat
- Mary Bartolomucci - Provincial Waterfront Secretariat (MEDEI)
- Lise Bolduc - Policy Lead, Economic Development, Employment and Infrastructure
- Francine Belanger - Federal Waterfront Secretariat
- Saskia Tolsma - Department of Finance, Federal Waterfront Secretariat
- Elaine Baxter-Trahair - General Manager, Children's Services
- Fiona Chapman - Manager, Pedestrian Projects, Transportation Services
- Jennifer Keesmaat - Chief City Planner
- Mike Williams - General Manager of Economic Development & Culture
- Lou Di Geronimo - General Manager, Toronto Water
- Michael Kraljevic - Toronto Port Lands Company
- Rich Couldrey - Infrastructure Ontario - Senior Vice President of Land Development
- Peter Wilson - Infrastructure Ontario
- Mark Conway - Senior Partner, Barry Lyon
- Jasmine Crackneel-Young - Partner, Barry Lyon
- Renato Tacconelli - VP of Operations, Eastern Construction
- Giselher Schultz-Berndt - HafenCity GmBH – Managing Director, Hamburg, Germany

- Simon Wilson - General Manager Precincts, Places Victoria, Melbourne, Australia
- Ronan Mellan - Development Director, Places Victoria, Melbourne, Australia
- Darach O'Connor – Co-Director, Dublin Docklands Development Authority
- Adolf Romagosa - Director of Port, Barcelona Port Authority

Appendix D: Web-based survey questions

- Q1: What is the name of your organization?
- Q2: What year was your organization incorporated?
- Q3: Which factor best describes the main reason your organization was established?
  - To address an economic crisis
  - To support a local partnership initiative
  - To host a major event
  - To attract a newly available infrastructure investment opportunity
  - Other (please specify below)
- Q4: Total number of full-time staff (total headcount):
- Q5: Total number of managers (employees with at least two direct reports):
- Q6: In your country's currency, what is your organization's approximate operating budget (total amount of money allocated to support day-to-day operations of your organization) for this year? (e.g. £12,000,000)
- Q7: In your country's currency, what was your organization's approximate revenue (total amount of money received by the organization) last year? (e.g. £12,000,000)
- Q8: What is the relative breakdown of your organization's revenue sources? Please ensure both figures sum to 100%.
  - Public Sector revenues (proportion of total revenue received from public sector sources)
  - Private Sector revenues (proportion of total revenue received from private sector sources)
- Q9: What are your sources of Private Sector Revenue? Please ensure figures sum to 100%.
  - Land sales
  - Long-term leases
  - Parking fees
  - Tolls
  - Interest income from short-term investments
  - Consulting services
  - Training, seminars and publication sales
  - Sponsorship fees and naming rights
  - Broadband access
  - Other
  - N/A
- Q10: According to your organization's mandate, what best describes your organization's degree of public sector accountability?

    - No direct accountability to the public sector
    - Limited accountability to the public sector
    - Some accountability to the public sector/ some accountability to an independent board
    - Broad accountability to an independent board
    - Total accountability to an independent board

- Q11: What best describes your organization's degree of financial resource flexibility (i.e. authority to own land, create subsidiaries and assume debt)?

    - No financial resource flexibility
    - Limited financial resource flexibility
    - Some autonomy to independently manage financial resources
    - Broad autonomy to independently manage financial resources
    - Total autonomy to independently manage financial resources

- Q12: What best describes your organization's degree of strategic planning authority?

    - No strategic planning authority
    - Limited strategic planning authority
    - Some strategic planning authority
    - Broad strategic planning authority
    - Total strategic planning authority

- Q13: Please indicate your level of agreement with this statement: The following elements represent "best practices" of a leading international waterfront development agency (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree).

    - Precinct-level planning
    - World-class design initiatives
    - Public realm development as a catalyst for real estate development
    - Brownfield revitalization
    - Strategic infrastructure investment as a catalyst for real estate development
    - LEED Gold building requirements
    - Stable multi-year public funding for agency operations and revitalization activities
    - Project-based funding
    - Financial self-sufficiency
    - Annual publicly accessible agency performance information

- Q14: Overall, how important is each of the following for achieving world-class urban waterfront redevelopment (Not at all important, Slightly important, Somewhat important, Very important, Extremely important)?

    - Branding and international promotion
    - Investment attraction and retention
    - Single entity responsible for delivering key revitalization projects
    - Formal legal agreement between public sector partners
    - Infrastructure development
    - Real estate development

- Social initiatives
- Green development initiatives
- Private sector partnerships
- Stakeholder engagement
- Strong public sector leadership
- Strong accountability mechanisms

- Q15: Please indicate your level of satisfaction (Very dissatisfied, Satisfied, Unsure, Satisfied, Very satisfied).

    - Overall, how satisfied are you with your city's revitalization effort?
    - How satisfied are you with your organization's role in your city's overall revitalization effort?

- Q16: Please indicate how important the following factors have been to your organization's success: (Not at all important, Slightly important, Somewhat important, Very important, Extremely important).

    - Long-term public sector funding commitments
    - Community engagement
    - Revenue producing assets such as land
    - Tax incentives (tax credits and tax increment financing)
    - Joint ventures between your organization and private sector entities
    - Authority to take on debt
    - Control over land
    - Alignment of your activities with current municipal priorities

- Q17: What were the biggest lessons learned for your waterfront revitalization effort?

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