



REPORT FOR ACTION

Review of City's Partnership with Harbourfront Centre

Date: February 21, 2017

To: Economic Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

This report is an update to Economic Development Committee's direction to the General Manager, Economic Development and Culture, to conduct a review of the City's partnership with Harbourfront Centre (HC). Harbourfront Centre is a key cultural organization which provides arts, culture, education and recreation programming on Toronto's central waterfront.

The report outlines the various relationships between HC and the City, including: infrastructure responsibilities; the extent of capital, operating and other City support; the status of lease and license agreements; and tax arrangements and recommends some immediate and longer term next steps.

The requested review is timely given the expiration of both the City of Toronto (COT) operating and capital funding agreements and the future loss of revenues from the parking operations at 318 Queens Quay West. Harbourfront's operations rely considerably on public funding and parking revenues. Further, the review provides an opportunity for City divisions to enhance their coordination in working with Harbourfront Centre.

To address these and other issues, this report recommends that City Council authorize a one year extension of the current contribution agreement allocating \$0.750 million in operating funding to HC. Further, it recommends that the General Manager, Economic Development and Culture, report back to City Council with a long-term plan for a streamlined operating agreement to ensure the effective management of the relationship between the COT and HC; and to work with intergovernmental partners to coordinate public funding and support for HC.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, recommends that:

1. City Council authorize a one year extension of the contribution agreement until March 31, 2018, allocating \$0.750 million in operating funding to HC.

2. City Council direct the General Manager, Economic Development and Culture to report back to Council as part of the 2018 Budget Process with recommendations from a City working group related to a long-term partnership plan between the COT and HC. Specifically, the recommendations will address:
 - a) a streamlined operating agreement to ensure the effective management of the relationship between the COT and HC; and
 - b) proposals related to ongoing financial and other support from the COT to HC.
3. City Council direct the General Manager, Economic Development and Culture to consult with relevant federal and provincial officials to coordinate public funding and support for Harbourfront Centre.

FINANCIAL IMPACT

There are no immediate or underlying financial impacts as a result of this report.

The \$0.750 million in operating funding for Harbourfront Centre for their 2017-2018 year has been included in the 2017 Council-approved Operating Budget for the Facilities, Real Estate, Environment & Energy (FREEE) Division.

Any additional City costs which may be identified arising from the City's review of its relationship with the Harbourfront Centre will be brought forward in a future year budget submission.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of September 25, 26, 27 and 28, 2006, City Council adopted a New Operating Grant Agreement and State of Good Repair Capital Investment Program for Harbourfront Centre (Ward 20 Trinity-Spadina) extending its commitment of a \$0.75 million per year operating grant to HC for a term of ten years commencing April 1, 2007 to March 31, 2017; and the allocation to HC of \$3.0 million from the Parks, Forestry and Recreation Division Capital Budget for state-of-good repair initiatives to municipally-owned Harbourfront programming lands over a term of 10 years commencing January 1, 2007 to December 31, 2016.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/cofa.pdf>

The terms of the 2007 agreement may be found here:

<http://www.toronto.ca/legdocs/2006/agendas/committees/edp/edp060912/it024.pdf>

At its meeting of May 17, 2016, Economic Development Committee adopted a request to review the COT's relationship to HC in the interests of strengthening and supporting it:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED12.11>

At its November 14, 2016 meeting, Government Management Committee approved a tax appeal application pursuant to S.323 of the City of Toronto Act for the 2009, 2010 and 2011 tax years resulting in HC's tax liability being reduced by \$1.925 million to \$0.964 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.2>

COMMENTS

The following were consulted in the development of this report: City Manager's Office, Legal Services, Real Estate Services, Revenue Services, Parks Forestry & Recreation, City Planning, Waterfront Secretariat, Financial Planning, Environment and Energy Office, the Toronto Arts Council and Waterfront Toronto (the City Working Group). A map of Harbourfront Centre is included in Attachment 1.

In April 2016, Economic Development Committee directed the GM, EDC, to conduct a review of the City partnership with Harbourfront Centre with a view to strengthening the City's support. HC's programming and operations are supported in large part from public funding and revenue from parking lots. The uncertainty of multi-year COT capital and operating funding and the future loss of parking revenues may impact HC's ability to fulfill its responsibilities for the 10-acre site. Refer to Attachment 2 of this report for a summary of COT support for HC (2007-2017).

A. History of Harbourfront Centre

HC is a not-for-profit organization that creates events and activities to educate and entertain the diverse public of the Toronto area and is a key cultural organization on Toronto's waterfront. Its mission is to "nurture the growth of new cultural expression, stimulate Canadian and international interchange, and provide a dynamic, accessible environment for the public to experience the marvels of the creative imagination." The 10-acre municipally-owned site is bounded by Lake Ontario, York Street, Queens Quay West and Rees Street, and was formerly federal crown lands.

HC is one of the largest redevelopment projects in Canada and represents an important example of a multi-level public and private sector partnership. In 1972, the federal government purchased approximately 100 acres of downtown Toronto waterfront property for the use and enjoyment of Toronto's residents. In 1978, Harbourfront Corporation was established as a federal Crown Corporation for the purposes of waterfront development with four key goals: 1) to develop the Harbourfront as Toronto's central urban waterfront; 2) to preserve and make accessible Toronto's waterfront lands to its citizens; 3) to develop the Harbourfront taking into account its history, conditions and location; and 4) to strive to develop financial self-sufficiency through the appropriate

organization and management of the land. Seeking self-sufficiency, the Crown Corporation aggressively pursued private development in the mid-1980s. Private development of the lands became a matter of heated public debate.

Public protests over the scale of developments led to demands for more parks and a moratorium on development. It eventually resulted in a federal Royal Commission on the Future of the Toronto Waterfront, headed by former Toronto Mayor David Crombie. The province commissioned a separate study by Duncan Allan delivered in March 1990. Allan's report proposed guidelines for future waterfront development. In November 1990, the federal government's appointee Darcy McKeough recommended the establishment of a not-for-profit charitable organization that would be solely responsible for the cultural and recreational programming, and that the Crown Corporation's real estate assets be disposed to fund the programming activities.

In January 1991, the federal government implemented McKeough's recommendations. "Harbourfront Corporation (1990)" and Harbourfront Foundation were incorporated in 1991 as independent, not-for-profit charitable corporations with a mission to provide the public with cultural, recreational and educational programming, but on reduced financing. Harbourfront Foundation (HF) is a separate charity that receives rental income from various tenants (i.e. Amsterdam BrewHouse, Purina Paws Way, Radisson Admiral Hotel Toronto-Harbourfront) as well as the commercial parking lot at 318 Queens Quay West. An annual \$1.5 million operation grant from the HF flows to HC primarily from the net proceeds of these aforementioned sources. Also important to note is that the Foundation was not established to raise philanthropic funds and does not have an endowment. In 2016 there was \$3.44 million in unrestricted assets on HF's balance sheet.

When HC was formed in 1991, the federal government provided approximately 50% of its total revenues and funded almost all of its operating expenses. The former Crown Corporation continued as Queens Quay West Land Corporation (QQWLC) to manage and dispose of the remaining federal properties on Toronto's waterfront area.

Under the terms of the 1992 Harbourfront Implementation Agreement (HIA), the City entered into an agreement with QQWLC to transfer approximately forty acres of land for parks purposes, with ten acres to be leased to HC, carefree to the City (i.e. no maintenance or capital costs). Also, under financial provisions contained in the HIA, the City received funds that flowed when certain milestones were achieved. The funds were to be used only for the purposes set out in the HIA, primarily the development and maintenance of parklands. HC was not a party to the HIA; however, there were numerous provisions in the agreement respecting the continuation of public programming at Harbourfront, the continuation of the programming corporation called Harbourfront Centre, and the intended endowment of the Harbourfront Foundation with net proceeds from the sale of two parcels of land known as BQ7 and YQ4 (i.e. the northeast property at Bathurst Street and Queens Quay West and the northwest property at York Street and Queens Quay West) to help fund Harbourfront Centre.

The objective for the endowment was to provide a source of ongoing funding for Harbourfront Centre while limiting the need for operating funding from the federal government. The deterioration in the real estate market after 1992 eroded the value of

the two properties that were to form the primary basis for the endowment for HC, and a sufficient operating endowment did not materialize.

In 1995, the Honourable Paul F. Monahan was appointed as a facilitator by the federal government to propose solutions to HC's long term funding. Mr. Monahan recommended that the federal government should continue to fund HC's operations. He recommended that the City should also be called on to assist. He noted the COT has a strong interest in ensuring that HC continues to thrive as a publicly accessible facility and that HC is located in Toronto, and is surrounded by land owned for the most part by the City. In 1996, both the federal government and the former City of Toronto accepted the recommendations of Mr. Monahan contained in his report to the Minister of Public Works Canada, dated May 28, 1996, including the provision of annual multi-year financial support.

The former City of Toronto entered into a 99-year perpetually renewable lease with HC for the Harbourfront programming lands on December 7, 1997. In 2001, HC secured a new five-year agreement from both the City and the Government of Canada to continue their public activities without interruption. In 2006, City Council authorized an extension of the agreement, committing \$0.75 million per year, with the term expiring on March 31, 2017.

In 2014, the federal Department of Finance Canada issued the "Harbourfront Centre Funding Program Evaluation Report", which found that HC relies to a significant extent on federal funding for operational expenses. It recommended that federal funding continue. In assessing Harbourfront Centre's performance, the report stated:

"The program is appropriately managed from an administrative perspective at both the Department of Finance and HC, and HC's operations were found to be run with due regard to economy and efficiency. Therefore, the evaluation confirmed that the current \$5 million annual contribution to support HC operating expenses continues to deliver sound value for money."

HC recently secured three additional years of federal operating support at \$5 million per year until March 31, 2019. In 2016 responsibility for the federal funding to HC was transferred from the Department of Finance Canada to the Department of Canadian Heritage. The substantial operating support provided by the federal government, both directly by Canadian Heritage and its related funding agency, the Canada Council for the Arts for its programs, requires the City to work with federal partners to determine long-term appropriate funding levels.

As a result of the various agreements outlined above HC has a long-term lease on five properties that are owned by the City which in turn have unique and complicated arrangements in place as described in Attachment 3.

B. Harbourfront Centre's Board, Management and Operations

HC is governed by a 26-person community-based volunteer board of directors and assisted by approximately 2,000 volunteers. Mr. Tenio Evangelista is President and

Councillor Joe Cressy, Councillor Mary Fragedakis and Councillor Jim Karygiannis serve as board members. HC has a relatively new leadership team in place headed by CEO Marah Braye. The previous CEO, William S. Boyle, retired in 2014 after 23 years at HC.

Harbourfront Centre has a unique mix of businesses that include:

- curated cultural programs (dance, theatre, The Power Plant, International Festival of Authors via the registered charity International Readings at Harbourfront, etc.);
- camps;
- marina and dockwall operations;
- sailing and power boating;
- commercial parking facility operations; and
- leases to commercial tenants such as Amsterdam BrewHouse and Purina PawsWay.

The profits from HC's commercial activities are used to pay for curated cultural programming, as well as to pay for various other general overhead/site maintenance costs and capital expenditures. As the maintenance costs for the site have increased due to aging infrastructure and wear and tear from public use, HC have significantly less funds to direct to curated cultural programming and educational programs.

Of HC's \$34 million annual operating budget; 36% is public funding and foundations; 59% is earned through revenues; and private sponsorship and fundraising make up 5%.

According to the last three audited financial statements, parking revenues comprise the single greatest non-government revenue source of HC's operating budget and its operations are dependent upon them. It should be noted that since HC has a 99 year lease with the City, HC is able to obtain capital grants and financing for the buildings as if it owned the structures. Nearly \$0.7 million of the annual operating budget goes to service the debt and repayment costs on the current \$7.5 million debt associated with the construction of the York Quay Parking Garage. HC receives all the parking revenue.

The Harbourfront Foundation (HF) contributes approximately \$1.5 million to the HC's annual operations. The net revenue from the commercial parking lot at 318 Queens Quay West in 2015 was \$0.249 million and is estimated to be \$0.458 million in 2016 as a result of the Toronto Blue Jays' postseason in 2016.

Strategic Plan and Future Capital Project Forecast:

HC had a ten year strategic and capital plan in place until 2010. Senior management at HC have been working on a new five year strategic plan for the last six months. Management will present the plan to the HC board of directors in early 2017.

A new ten year capital plan will be developed in line with a new strategic plan. HC's more immediate capital budget for state of good repair amounts to \$2.766 million with all but \$0.150 million required to be spent in the next 24 months and includes The Power Plant and Harbourfront Centre Theatre, 235 Queens Quay West, John Quay, Marina 4, Fleck Dance Theatre, the ice rink plant, concert stage, water's edge

promenade and the Amsterdam Bridge. Harbourfront Centre provided the City with a state of good repair and capital project summary.

C. Current City of Toronto Support for Harbourfront Centre:

Capital/Operating Funds and Other Support to HC from the City of Toronto:

City Council authorized an allocation to HC of \$3.0 million from Parks, Forestry and Recreation Division Capital Budget for state of good repair initiatives to municipally-owned Harbourfront programming lands over a term of 10 years commencing January 1, 2007 to December 31, 2016. However, that funding was spent in the first seven years and no further allocation has been made from PFR's capital budget.

HC has operated on a multi-year agreement with the COT to continue their public activities without interruption since 1997. The current ten-year operating agreement allocating an operating grant of \$0.75 million per year expires on March 31, 2017. In the absence of a new multiyear agreement, staff recommend the continuation of the agreement for one more year. As recommended above, this is a short-term measure while a longer-term strategy is developed with all City Divisions, in consultation with other government partners.

Both the capital and operating grants from the City will be reviewed in the context of the capital planning and strategic planning currently underway by HC. It must be noted that the \$0.750 million per year is primarily dedicated to facility operations of the 10 acre site. The City does not directly provide HC cultural programming funding. Cultural organizations are not eligible to receive grants from both the City and the Toronto Arts Council. All cultural programming funds are provided by the Toronto Arts Council with the exception of the Toronto Music Garden.

Toronto Music Garden is a park operated by Parks, Forestry and Recreation. HC receives \$0.025 million in an annual grant from Economic Development and Culture to program an annual summer concert series in the Music Garden. This funding is matched by the Toronto Music Garden's corporate sponsors.

Toronto Arts Council Funding:

The Toronto Arts Council (TAC) is the City's core funding body for artists and arts organizations. The TAC grants programs are governed by two key operating principles: arm's length funding and peer review. The TAC provides funding to the following three not for profit organizations that help animate Toronto's central waterfront:

Harbourfront Centre operates, organizes, stages and houses cultural and educational programs and events of a charitable nature year round. They also have two wholly owned subsidiaries: International Readings at Harbourfront which cultivates and advances literature hoststhe International Festival of Authors (IFOA); and The Art Gallery at Harbourfront (operating as The Power Plant) which cultivates and advances contemporary visual arts through exhibitions, and related programs.

Both the International Readings at Harbourfront and the Art Gallery at Harbourfront are subsidiaries (without share capital) of Harbourfront Corporation (1990).

(1) Direct Funding from the Toronto Arts Council

Organizations receiving TAC operating/project grants and are permanently located in Harbourfront	2013 (million)	2014 (million)	2015 (million)	2016 (million)
Harbourfront Centre	\$0.265	\$0.375	\$0.285	\$0.290
International Readings at Harbourfront	\$0.140	\$0.145	\$0.195	\$0.150
The Power Plant	\$0.191	\$0.215	\$0.195	\$0.204
Total	\$0.596	\$0.735	\$0.675	\$0.644

Direct Funding from the Environment & Energy Office:

In recent years the Environment & Energy Office approved three (3) capital loans totalling \$0.795 million for HC as detailed below from the Sustainable Energy Funds (Toronto Energy Conservation Fund & Toronto Green Energy Fund) and Sustainable Energy Plan Financing.

Location	Year	Sustainable Energy Improvements	Amount & Terms
231 Queens Quay West	2011	Replacement of the Enwave building's envelope glazing, retrofit of lobby lighting, building automation control upgrades and retrofit of heat plant boilers	\$0.461 million interest free repayable in 10 years
231 Queens Quay West	2011	Building Integrated Photovoltaic System	\$0.112 million interest free; repayable in 20 years
235 Queens Quay West	2015	Ventilation system upgrade at the Fleck Dance Theatre, upgrades to the building automation system at the Bill Boyle Artport, replacement of cooling system for freezers at Lakeside Eats, the replacement of variable frequency drives at the Harbourfront Theatre Centre and the replacement of the air handling unit in the Brigantine Room	\$0.222 million 2.2% interest; repayable in 7 years

Refer to Attachment No. 2 of this report for a summary of all support for HC from the City.

Waterfront Secretariat/Waterfront Toronto/City Planning Funding:

Direct Funding through Waterfront Revitalization:

The Harbourfront Centre Water's Edge Revitalization Project was completed by Waterfront Toronto with funding from the Government of Canada, the Province of Ontario and the City of Toronto. The objective of the Harbourfront Centre Water's Edge Revitalization Project was to expand and improve public access to Lake Ontario.

The project was divided into two stages; York Quay and John Quay. A revitalized water's edge now frames York Quay and John Quay with an expanded public promenade, a new accessible boardwalk (15 foot wide) traversing the lakefront and two finger piers perpendicular to the boardwalk to accommodate tour boats without blocking a view of the water. John Quay improvements now provide a much more inviting access to Harbourfront's Nautical Centre and the many recreational activities available there.

The revitalization also included installing new lighting and street furnishings, including a continuous capstone for seating that runs the length of the boardwalk. Environmental improvements include the addition of approximately 100 trees and the construction of a new fish habitat. The City's contribution was \$0.59 million through the Waterfront Revitalization Initiative capital budget.

The tri-government partnership contributed \$25 million to the construction of a new underground parking garage in 2011 -2012 at HC where a surface parking lot was formerly located. In addition, Waterfront Toronto contributed \$4.6 million to the project which also resulted in two new public gathering spaces - Canada Square and Ontario Square.

In addition, a one-time funding allocation in the amount of \$1.3 million was paid in 2007 from Waterfront Secretariat (City Planning) for rehabilitating the historic municipally-owned Pier 4 building at HC.

Indirect Support from City Planning:

While City Planning and the Waterfront Secretariat do not provide ongoing capital or operating funding, both play an important role in coordinating infrastructure projects within and abutting HC. For example, the new public-space capital project named The Bentway with a \$25 million private donation developing 10 acres of land under a western portion of the Gardiner Expressway will impact HC. This new east-west corridor will be connected to new and existing parks/open spaces with improved access to HC.

Indirect Support from Parks, Forestry and Recreation:

Within the 10 acres of HC and along the immediate Lake Ontario shoreline, Parks, Forestry and Recreation (PFR) deliver 15 safe, welcoming and well-maintained parks. These include Harbourfront-Water's Edge, HTO Park, Ireland Park, John Quay, John

Quay North, Harbour Square Park, Martin Goodman Trail/Waterfront Trail, Maple Leaf Quay East (former site of Maple Leaf Mills Silos); Maple Leaf Quay West, Rees WaveDeck, Simcoe WaveDeck, Toronto Music Garden, Spadina WaveDeck, as well as York Quay and HC.

Conservatively, PF&R spends approximately \$420,000.00 on these parks annually. This amount can increase significantly depending on winter conditions (i.e. if Toronto receives a heavy snow fall).

The following table outlines the various parks permitting that are under PFR's control and what HC is in charge of and occasionally renting out portions of their site to third parties for movie shoots and site activation.

Infrastructure	Permits Issued by PFR	Site or Venue Rentals by HC
Boardwalks - HC Water's Edge	X	
Canada Square		X
Dockwalls (excluding portions of HTO Park East)	X	
Harbourfront Centre (10 acre site with buildings)		X
HTO Park (East and West)	X	
HTO Slip		X
John Quay		X
John Quay North (Police Marina)	X	
Marina Four + Slip + Bridge		X
Marina Quay West		X
Martin Goodman Trail	X	
Ontario Square		X
Portlands Slip		X
Queens Quay Promenade	X	
Rees WaveDeck	X *	
Simcoe WaveDeck	X *	
Spadina WaveDeck	X *	
Toronto Music Garden	X	

(site visit required prior to approval by PFR as not a typical site to permit and not exclusive use*)

Indirect Support from Economic Development and Culture:

Supported by the Business Improvement Area (BIA) Office, the Waterfront BIA is an innovative public-private partnership model and community-driven organization dedicated to promoting the economic and cultural vitality of Toronto's waterfront and helping to advance Toronto's reputation as a city of neighbourhoods. The Waterfront

BIA is hopeful that it can establish a productive working relationship with HC, including exploring options for greater cooperation on special event, promotion and area-maintenance initiatives that can benefit both organizations.

Property Taxes

The property tax appeal for 318 Queens Quay West, currently used as a commercial parking lot, was before the Government Management Committee at its November 14, 2016 meeting. The Government Management Committee approved the tax appeal application submitted by Real Estate Services pursuant to S.323 of the City of Toronto Act for the 2009, 2010 and 2011 tax years.

An amount of approximately \$3.0 million gross was outstanding on the Real Estate Division's Ageing Arrears Report for several years but due to the aforementioned approved tax appeal applications the final number on what is remaining to be paid by HC for this property is \$0.964 million. The City anticipates receiving the amount of \$0.964 from HC in the first quarter of 2017.

The City must be satisfied that all payments in arrears owed by HC to the City, including all applicable property taxes, have been received before it will consider the renewal of leases and licenses.

Leases and Licenses:

The former City of Toronto entered into a 99 year perpetually renewable lease with the HC for the Harbourfront programming lands on December 9, 1997. The lease is for a nominal net rent amount of \$2.00 for the Term. The revenue generated from these lands flow directly to Harbourfront Foundation.

Furthermore, HC has lease and license agreements with the City as the landowner who in turn allow HC to operate the following marinas and commercial parking lots:

- Rees Street Parking Lot (318 Queens Quay West);
- Spadina Parking Garage (539 Queens Quay West);
- Marina Quay West (539 Queens Quay West);
- Portland Slip (539 Queens Quay West); and
- HTO Slip (415 Queens Quay West)

HC relies on these extra leases for revenue. Parks, Forestry and Recreation is responsible for the HTO Slip lease and the others are the responsibility of Real Estate Services.

In accordance with the terms of the Harbourfront Implementation Agreement, the City remits to the Harbourfront Foundation (the vehicle to receive revenues from land leases for payment to HC) all net proceeds from land leases. In 2015, the total net proceeds remitted to Harbourfront Foundation, including the net revenue generated from the surface parking lots were in the amount of \$0.888 million. In 2016, these total net proceeds were \$1.2 million.

The formula to make up the \$1.5 million from HF given to HC is from the net proceeds from the four rental properties (i.e. Amsterdam, Purina, Radisson and the commercial parking lot at 318 Queens Quay West) minus a 10% management fee and the first \$0.55 million profit and then draw down from the unrestricted reserves.

Rees Street Commercial Parking Lot at 318 Queens Quay West:

The 318 Queens Quay West property is one of numerous waterfront lands conveyed to the City by the Crown for a nominal sum in 1995. The original intent of this property was for parks purposes as per City Council's direction. While the property is currently leased to HC on a month-to-month overholding basis and operated as a parking lot, the lease includes a clause that allows the City to terminate the agreement if the property is required for municipal purposes with a 60 day notice period.

Parks, Forestry and Recreation is requesting to have operational management of the property transferred to them for parkland purposes. HC is amenable to the surrender and has agreed that the City can take possession of the surrendered area immediately with an understanding by both parties that the loss of parking lot revenue results in a gap financially for HC. More specifically, HC has stated that the net revenue from the site forms a significant contribution to their annual operating budget as well as providing much-needed parking for their activities in the vicinity (i.e. the net revenue from the Rees Street commercial parking lot in 2015 was \$0.249 million and is estimated to be \$0.458 million in 2016 as a result of the success of the Blue Jays' season in 2016).

The property is encumbered with multiple services (i.e. deep water cooling and water, sanitary and storm services) and its design will also accommodate a future combined sewer overflow tank as part of the Don and Central Waterfront Project. Parks, Forestry and Recreation is requesting that no additional services be added to the site until they have had time to determine if the services are compatible to the use of the site for parkland purposes. Efforts to transform this vast parking lot into a public space are at an early stage with more than \$4 million approved in the 2017 PFR Capital Budget for the project. A community consultation process will be launched to determine the collective goals for the space with construction to begin in 2017.

D. City of Toronto's Future Relationship with Harbourfront Centre:

Toronto's waterfront community has grown exponentially in the past 20 years and Harbourfront Centre is visited more than ever by City residents and visitors for recreation, culture, and public gatherings. Infrastructure investments made to bring people more expeditiously down to the waterfront, have not been matched by increased investment in Harbourfront Centre's operations. However, few other not-for-profit organizations have access to so much in public assets and operate so many different lines of business. As a cultural organization, their private fundraising as a portion of their operating budget is low. This is understandable given its former history as a quasi-federal agency. The City should consider both short-term and long-term actions regarding Harbourfront Centre.

In the short term, the following specific issues need to be understood and resolved:

HC seeks to replace the parking revenue it currently receives and depends on for annual operations when the land that is owned by the City at 318 Queens Quay West is turned back over to Parks, Forestry and Recreation;

Real Estate Services receiving payment from HC of the outstanding realty taxes for 318 Queens Quay West; and

HC entered into a license agreement with the City to use space at Coronation Park at 711 Lake Shore Boulevard West (outside of the 10-acre site) for their summer circus camp tent until September 2018. However, Coronation Park is undergoing construction and HC is working with City parks staff to find a suitable location to relocate the circus camp.

Longer term actions require the coordination of many City divisions. An interdivisional working group will be established to review potential arrangements that can benefit both the City and HC. These include a new streamlined operating agreement to ensure effective reporting and accountability, as well as a review of operating and capital supports provided by City divisions.

The relationship between the City and HC has to date been mutually beneficial with some of the operational practices not formalized such as HC cleaning the water along the dockwalls, or HC issuing parking tickets (to ensure the proper flow of traffic, maintaining fire routes, etc.) on behalf of the City but not receiving any of the revenues. A review of these practices in the context of a new agreement is desirable.

In addition, the interdivisional working group will examine the existing relationships and business lines of Harbourfront Centre, determine whether responsibilities for capital assets should be reconsidered, determine whether the maintenance agreements for the grounds, marina dock walls, and boardwalks are sufficient; recommend appropriate funding mechanisms accountable to appropriate City Divisions or agencies; and recommend what the terms and conditions of a multiyear agreement might be.

Given the substantial operating support provided by the federal and provincial governments and their agencies to Harbourfront Centre, the City will consult with its government partners to coordinate and maximize the impact of City investments.

Conclusion

Harbourfront Centre is a major part of Toronto's waterfront community and a tourism and cultural destination. It has received ongoing public support since its inception, and will require continued support in the foreseeable future. Therefore, a coordinated, efficient and effective relationship with the City that ensures accountability for public investment is in the interests of both the City and the organization. Given the federal government's history with Harbourfront, and HC's ongoing reliance on federal and provincial funding, it is prudent to ensure the City's future directions align with those of our government counterparts. While respecting Harbourfront Centre is an independent,

not-for-profit cultural organization, City divisions in consultation with government partners, need to find a long-term strategy for support.

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SIGNATURE

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ATTACHMENTS

- Attachment 1: Harboufront Centre Map
- Attachment 2: City of Toronto Support for Harbourfront Centre (2007 - 2017)
- Attachment 3: Summary of Lease and License Agreements between the City of Toronto and Harbourfront Centre