

Clause embodied in Report No. 4 of the Policy and Finance Committee, which was before the Council of the City of Toronto at its regular meeting held on April 23, 24, 25, 26, 27, and its special meeting held on April 30, May 1 and 2, 2001.

1

**Governance Structure and Funding to
Implement the Toronto Waterfront Revitalization Initiative**

(City Council at its regular meeting held on April 23, 24, 25, 26, 27, and its special meeting held on April 30, May 1 and 2, 2001, deferred consideration of this Clause to the next regular meeting of City Council scheduled to be held on May 30, 2001, as a priority item and the following motions were referred to the Chief Administrative Officer for further consideration and report thereon to Council, after consultation with Members of Council, on the proposed structural changes:

Moved by Councillor Moscoe:

“That the Clause be amended:

- (1) *by adding the following words to the lead in phrase to Recommendation No. (7) embodied in the report dated April 2, 2001, from the Chief Administrative Officer:*

‘subject to a full reporting process to Council and that any Member of Council can require a report to Council in a timely manner on any aspect of these matters.’ ”;

- (2) *by amending Recommendation No. (8) embodied in the report dated April 2, 2001, from the Chief Administrative Officer to provide that a Member of Council who is a member of the Toronto Transit Commission, be appointed to the Waterfront Reference Group;*

- (3) *to provide that:*

(a) *the City’s representatives be required to seek direction from City Council on all major policy considerations;*

(b) *Toronto Representatives be subject to:*

(i) *direct accountability to Council;*

(ii) *recall at the discretion of Council; and*

- (iii) *a requirement to report to Council, as requested by Council, through the Waterfront Reference Group;*
- (c) *Council appointees be required, as a condition of appointment, to attend all meetings of the City's Waterfront Reference Group; and*
- (d) *the City of Toronto's participation be conditional on the Federal and Provincial governments agreeing to not evoking 'paramountcy' with regard to the planning and permit issuance powers of the City."*

Moved by Councillor Pantalone:

"It is further recommended that the Front Street Extension be designed, and its structures constructed, as a six-lane road, as recommended, but otherwise its operating surface be operated and be a four-lane road in appearance, until such time as the future of the Gardiner Expressway necessitates otherwise."

Moved by Councillor McConnell:

"That the recommendations embodied in the report dated April 2, 2001 from the Chief Administrative Officer, be amended as follows:

- (1) *Recommendation No. (3) be amended to provide that the City's Chief Planner be appointed to the Intergovernmental Steering Committee in place of the Chief Administrative Officer;*
- (2) *Recommendation No. (4) be amended to provide that Ms. Paula Dill, the City's Commissioner of Urban Development Services, be appointed as the Chair of the Waterfront Revitalization Corporation as sole director on an interim basis;*
- (3) *Recommendation No. (5) be amended to provide that the Chair of the Waterfront Reference Group and the Chair of the Planning and Transportation Committee also be authorized, together with the Mayor, to execute the Contribution Agreement on behalf of the City according to the terms of the Contribution Agreement;*
- (4) *Recommendation No. (6) be amended to provide that the Chair of the Waterfront Reference Group and the Chair of the Planning and Transportation Committee also be appointed, together with the Mayor, as the City's Designated Representatives to make decisions on behalf of the City according to the terms of the Contribution Agreement; and*
- (5) *Recommendation No. (8) be amended to provide that:*
 - (a) *City staff of the Intergovernmental Steering Committee report to the Waterfront Reference Group; that the Chair of the Waterfront Reference Group be appointed to the Intergovernmental Steering Committee; and that priority be given to appointing Councillors*

whose Wards are located on the waterfront as members of the Waterfront Reference Group; and

- (b) the Intergovernmental Steering Committee and the Waterfront Reference Group meet quarterly with residents and businesses neighbouring the Waterfront, on the activities of the Interim Waterfront Corporation and the Waterfront Revitalization Corporation.”*

Council, during its deliberations on the 2001-2005 Capital Budget, approved Recommendations Nos. (9), (10), (11) and (12), as embodied in this Clause, without amendment, having regard that such recommendations had budget implications.)

The Policy and Finance Committee recommends the adoption of Recommendations Nos. (1) to (8) and (14) embodied in the report (April 2, 2001) from the Chief Administrative Officer.

The Policy and Finance Committee reports, for the information of Council, having also taken the following action respecting the report (April 2, 2001) from the Chief Administrative Officer:

- (I) referred the following Recommendations Nos. (9), (10), (11) and (12) to the Budget Advisory Committee for consideration and report thereon to Council for its meeting scheduled to be held on April 24, 2001:

“(9) Council approve in principle the City’s commitment to a contribution of \$500 million over five years as the City’s 1/3 share of government support totalling \$1.5 billion for the Waterfront Revitalization Initiative;

(10) Council approve in principle the preliminary list of priority capital requirements totalling \$1.5 billion for the Waterfront Revitalization Initiative included as Appendix D to this report, such projects to be reviewed by the Toronto Waterfront Revitalization Corporation as input to the Corporation’s implementation plan which will be subject to Council approval;

(11) Council approve the initiation by the interim corporation once established, the four projects, at a total cost of \$300 million (City’s 1/3 share of \$100 million), described in Appendix C to this report, to be equally cost-shared in total among the three governments, including:

- (a) a second TTC platform at Union Station – project to be managed by the TTC;
- (b) the Environmental Assessment for naturalization of the mouth of the Don River - project to be managed by TRCA;
- (c) the Front Street Extension – project to be managed by City Works and Emergency Services Department; and

- (d) the initial phase of Port Lands preparation - project management lead to be determined in co-operation with the Canada Lands Company (CLC), the Toronto Economic Development Corporation (TEDCO) and the Ontario Realty Corporation (ORC);
 - (12) Council approve funding, in an amount not to exceed \$100 million, to be allocated to the four initial projects, with a cash flow allocation of \$7.8 million (of which \$2.1 million has been previously approved), and future year estimated allocations as described in Appendix E, such funding to be debenture financed if required, for a term up to, but not exceeding 30 years;" and
- (II) concurred with the following Recommendation No. (13):
- “(13) this report, along with the recommendations of the Policy and Finance Committee be forwarded to the Budget Advisory Committee for its consideration at its meeting scheduled for April 6, 2001.”

The Policy and Finance Committee submits the following report (April 2, 2001) from the Chief Administrative Officer entitled, “Executive Summary - Governance Structure and Funding to Implement the Toronto Waterfront Revitalization Initiative”:

The purpose of the attached report is to seek Council approval of the creation of the Toronto Waterfront Revitalization Corporation and necessary funding to undertake the four initial projects that will kickstart this initiative. Adoption of this report provides an opportunity to realize the vision of reconnecting the City to the waterfront and capitalizing on this enviable resource over the long term.

Toronto's waterfront revitalization represents a convergence of the best and most achievable urban strategies and ideas. It reflects the federal government's renewed interest in urban centres, the province's Smart Growth and brownfield redevelopment plans, and the City's objectives of social development, economic vitality, environmental sustainability, good governance and city building. Revitalization also provides opportunities to renew primarily public lands and generate thousands of new jobs and housing units, vibrant new economy centres, massive environmental cleanup, significant transit and road investment and fresh cultural and recreational venues.

An Intergovernmental Steering Committee, comprised of senior officials from each of the City of Toronto and the Federal and Provincial governments, was formed last year to propose a governance structure to implement waterfront renewal.

A Contribution Agreement which outlines the commitment of the three governments will be the vehicle by which revitalization occurs. Further, the agreement protects the City financially and respects its authority on policy and regulatory matters.

Approval of the governance and funding recommendations represents the most important step to date in the realization of an ambitious urban revitalization project.

(1) Governance:

Permanent Waterfront Corporation

This report proposes that a non-agent, non-share, not-for-profit Toronto Waterfront Revitalization Corporation be established by the three governments to create a business and development strategy to undertake the revitalization of Toronto's waterfront.

The relationship between the three governments and the corporation is set out in a legally binding agreement that outlines the principles of government involvement in the corporation and the means of exercising government responsibilities to oversee the board. The governments retain jurisdiction over all public policy matters and maintain all of their regulatory powers. For example, the corporation will be subject to the City's relevant Official Plan and zoning policies.

Under the recommended governance model, governments appoint the Board of Directors and Chief Executive Officer of the Toronto Waterfront Revitalization Corporation. They also ensure that the Board of Directors accomplishes its mandate in a prudent, financially accountable manner that minimizes government liability and risk through a number of tools, including regular and special audits.

Accountability to governments is secured through regular financial and performance reporting, the right to review records and conduct audits. The City will participate on an ongoing basis through the Assembly of Members, Waterfront Reference Group and the Intergovernmental Steering Committee. This report recommends that City Council members participate on the Waterfront Reference Group, whose mandate is to advise City Standing Committees on waterfront-related matters.

Interim Waterfront Corporation

It is anticipated that provincial legislation will be introduced within six months to facilitate the City's participation in the permanent Waterfront Corporation. An interim corporation is being proposed to develop a business strategy as well as undertake the initial capital projects. During the interim governance period, for legal reasons, the province is the sole shareholder and a contribution agreement defines the relationship among the three governments during this period. A description of the elements of the agreement are provided in the attached report and further details of the agreement will be provided at the time of Council's consideration of the report.

(2) Funding:

The three levels of government are committing to an initial investment of \$1.5 billion to kickstart the revitalization process. The revitalization corporation would be expected to lever this funding to develop new revenue sources and maintain self-sufficiency. This report recommends approval in principle of \$500 million over five years as the City's one-third share of government support for waterfront revitalization.

Council is also being asked at this time to set aside \$100 million of the \$500 million to fund four initial capital projects, totalling \$300 million. The four projects – Front Street Extension, Union Subway Station second platform, Don River environmental assessment and Port Lands remediation – would be delivered by existing agencies and coordinated by the new waterfront corporation. The projects represent initial priority infrastructure required for waterfront revitalization and support the City's key environmental, transportation, economic and social development objectives. Funding is committed through a legally binding contribution agreement.

Council is being asked to support the four initial projects, which are part of a total of \$1.5 billion in essential infrastructure projects identified by the three governments. These essential projects take into account the phasing of development needed to support the 2008 Olympic Games and inform the waterfront corporation's business strategies.

(3) Next Steps:

Upon adoption of the report, the City of Toronto and the provincial and federal governments will immediately commence the following:

- (i) co-ordinating implementation of the four initial capital projects;
- (ii) selecting appointees to the Board of Directors of the permanent corporation;
- (iii) assisting the corporation in setting up its business, developing the legal agreements and draft contracts to begin the four projects and drafting the initial by-laws for the corporation; and
- (iv) finalizing the long-term contribution agreement among the governments and the corporation.

City Council would:

- (i) establish the Waterfront Reference Group;
- (ii) consider the Central Waterfront Plan and related zoning in 2001; and
- (ii) undertake public consultations on the plan.

Recommendations:

The recommendations are embodied in the report (April 2, 2001) from the Chief Administrative Officer.

(Report dated April 2, 2001, from the Chief Administrative Officer, entitled “Governance Structure and Funding to Implement the Toronto Waterfront Revitalization Initiative”)

Purpose:

To seek approval of a governance structure to implement the Toronto Waterfront Revitalization Initiative and to request funding for the first four priority projects.

Financial Implications and Impact Statement:

Funding of Phase 1 of the Waterfront Revitalization Plan, consisting of four projects with a total project cost of \$300.0 million, is being proposed. This report seeks, among other things, Council’s approval to fund the City’s share of these projects (\$100.0 million less \$2.1 million already approved for technical studies). This commitment will require a 2001 cash flow of \$7.8 million (of which \$2.1 million has already been approved), and future year commitments estimated at \$22.5 million in 2002, \$22.0 million in 2003, and \$47.4 million over 2004-2007. The debt service costs arising from Phase 1 of the Plan is projected to result in incremental Operating Budget impacts of \$0.25 million in 2001, \$1.2 million in 2002, \$2.1 million in 2003 and a total of \$5.8 million over 2004-2008, as outlined in Appendix E to this report.

It is anticipated that the City may be able to recover some or all of its contribution by way of the imposition of development charges and/or through the enhanced value of its land holdings. The details of this potential funding strategy will be reported on as the permanent governance structure is developed.

The Chief Financial Officer and Treasurer, in accordance with the requirements of provincial regulations, certifies that expenditures in the amount of \$100 million for projected borrowing requirements for the four initial projects under Phase 1 of the Waterfront Revitalization Initiative, as shown in Appendix E, can be financed by the issuance of debentures and are within the City’s updated Debt and Financial Obligation Limit.

Recommendations:

It is recommended that:

- (1) Council approve in principle the long term governance structure for the Corporation recommended in the Intergovernmental Steering Committee’s report “Toronto Waterfront Revitalization Initiative Governance Model” contained in this report as Appendix A and request that the Chief Administrative Officer report further when the Provincial legislation has been introduced which enables the City to become a member or shareholder of the proposed corporation;
- (2) pending Provincial legislation for the long-term structure, Council approve the interim governance structure described in this report and diagrammed in Appendix B ;
- (3) the City Chief Administrative Officer, Michael R. Garrett, and the Commissioner of Urban Development Services, Paula M. Dill, be designated as the City’s representatives

- on the Intergovernmental Steering Committee to act on the City's behalf, in accordance with Council directions as may be given from time to time, in administering the Contribution Agreement among the three governments, the City's representation constituting 1/3 of the members of the Steering Committee;
- (4) Council support the appointment of Michael R. Garrett as the Chair of the Toronto Waterfront Revitalization Corporation as sole director on an interim basis;
 - (5) the Mayor be authorized to execute, on behalf of the City, a Contribution Agreement among the Government of Canada, the Province of Ontario, and the City of Toronto (to be submitted directly to Council for consideration at its meeting of April 23-27, 2001) which details the commitments, rights and obligations of the interim corporation and the three governments;
 - (6) the Mayor be appointed the City's Designated Representative to make decisions on behalf of the City according to the terms of the Contribution Agreement, in co-operation with the Federal Minister of Transportation and Provincial Minister of Finance, on the condition that Council approval be obtained for:
 - (a) appointment of Directors to the Toronto Waterfront Revitalization Corporation;
 - (b) all fundamental changes to the initial priority projects authorized in the agreement (as described in Appendix C);
 - (c) any additions to the mandated activities of the interim corporation including any additional capital projects;
 - (d) purchase of any land or real property by the interim corporation;
 - (e) any additional funding requirements;
 - (f) any loans to be secured by the interim corporation;
 - (g) any change in ownership or corporate structure and mandate of the interim corporation; and
 - (h) the brand identity of the Toronto Waterfront Revitalization Initiative;
 - (7) the City Chief Administrative Officer, in co-operation with Provincial and Federal representatives, be authorized to approve on behalf of the City the following:
 - (a) in consultation with the City Auditor the initiation of any specific audits of the interim corporation's activities;
 - (b) in consultation with appropriate City Officials, contracts between the interim corporation and the agencies managing the projects with the understanding that

- the usual City approval processes will be required for contracts to which the City or its agencies are a party;
- (c) in consultation with the City CFO and Commissioner of Finance, the level of business insurance required by the interim corporation; and
 - (d) contracts extending beyond the first year where the projects are included in the defined activities of the interim corporation;
- (8) Council establish a Waterfront Reference Group comprised of six Members of Council to include representation from the Policy and Finance, Planning and Transportation, Economic Development and Parks, and Works Committees and that the Waterfront Reference Group report to Council through the Policy and Finance Committee and be supported by the City Clerk;
- (9) Council approve in principle the City's commitment to a contribution of \$500 million over five years as the City's 1/3 share of government support totalling \$1.5 billion for the Waterfront Revitalization Initiative;
- (10) Council approve in principle the preliminary list of priority capital requirements totalling \$1.5 billion for the Waterfront Revitalization Initiative included as Appendix D to this report, such projects to be reviewed by the Toronto Waterfront Revitalization Corporation as input to the Corporation's implementation plan which will be subject to Council approval;
- (11) Council approve the initiation by the interim corporation once established, the four projects, at a total cost of \$300 million (City's 1/3 share of \$100 million), described in Appendix C to this report, to be equally cost-shared in total among the three governments, including:
- (a) a second TTC platform at Union Station – project to be managed by the TTC;
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 - (c) the Front Street Extension – project to be managed by City Works and Emergency Services Department; and
 - (d) the initial phase of Port Lands preparation - project management lead to be determined in co-operation with the Canada Lands Company (CLC), the Toronto Economic Development Corporation (TEDCO) and the Ontario Realty Corporation (ORC);
- (12) Council approve funding, in an amount not to exceed \$100 million, to be allocated to the four initial projects, with a cash flow allocation of \$7.8 million (of which \$2.1 million has been previously approved), and future year estimated allocations as described in

Appendix E, such funding to be debenture financed if required, for a term up to, but not exceeding 30 years;

- (13) this report, along with the recommendations of the Policy and Finance Committee be forwarded to the Budget Advisory Committee for its consideration at its meeting scheduled for April 6, 2001; and
- (14) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

On November 3, 1999, Mayor Lastman, with Prime Minister Chrétien and Premier Harris in attendance, publicly unveiled a new vision for Toronto's Waterfront. Jointly the three governments created the Toronto Waterfront Revitalization Task Force to develop an action plan for realizing the waterfront vision.

On March 27, 2000, the Task Force released its report "Our Toronto Waterfront: Gateway to the New Canada" outlining a conceptual plan. At the request of Toronto Council, the Task Force held a series of public forums to present the plan publicly and to obtain feedback. These forums were held in the four quadrants of the City from June 12 to June 19, 2000. City of Toronto staff work groups were formed to review the proposal and determine its impact on the City. On August 1, 2000, Council considered the staff report "Our Toronto Waterfront – Building Momentum" which provided an analysis of issues and the feedback received during the public forums. Council endorsed in principle the concept plan and directed the City CAO to initiate a dialogue with the federal and provincial governments and report back on a preferred model for a new waterfront development governing body. In addition, Council endorsed a set of governance principles and requested that the CAO undertake more detailed studies of some of the aspects of the Task Force proposal.

On October 20, 2000, the government leaders of the City, Provincial and Federal Governments announced their support for the Toronto Waterfront Revitalization Initiative and their joint commitment of \$1.5 billion to be shared equally by the three governments. The leaders directed senior staff of their respective governments to cooperate in developing the mechanics of implementing the plan, including a governance structure.

An Intergovernmental Steering Committee was formed, comprised of the federal Deputy Minister and Assistant Deputy Minister of Transport, the President of Superbuild and the President of the Ontario Waterfront and Olympic Sports Agency representing provincial interests, and the City CAO and Commissioner of Urban Development Services. The Steering Committee created two working groups – one to develop a governance structure and one to review the projects required. The Steering Committee recommended a list of studies to examine the policy and technical aspects of the proposed plan. City Council approved the Memorandum of Understanding for the studies at its meeting of January 30, 31, and February 1, 2001, and allocated \$2.1 million as the City's 1/3 share of \$6.3 million for the studies. Staff will report further on the pertinent aspects of these studies when they are completed.

On March 5, 2001, Mayor Lastman was joined by Federal Transport Minister Honourable David Collenette and Ontario Deputy Premier and Finance Minister Jim Flaherty to announce the commitment of the three governments to the creation of a Toronto Waterfront Revitalization Corporation and the funding for priority capital projects totalling \$300 million. At that time the Mayor indicated that the intergovernmental agreement would be brought forward to Toronto City Council for approval at the April 2001 Council meeting.

Comments:

Based on a comprehensive study of governance models for waterfront initiatives around the world and analysis conducted jointly by staff of the three governments, the Intergovernmental Steering Committee (ISC) endorsed a governance structure for the Toronto Waterfront Initiative. The conclusions and recommendations of the ISC are summarized in a report entitled "Toronto Waterfront Revitalization Initiative Governance Model" attached to this report as Appendix A.

The model is a non-agent, non-share, not-for-profit corporation that all three governments share in supporting. Initially, the three governments are expected to equally contribute resources and have an equal voice in the corporation. However, legislation, which is anticipated in the fall of 2001, is required to permit the City to participate in such a corporation.

The Waterfront Revitalization Task Force proposed a long-term vision, recognizing that it would take 20-30 years to implement. Certain components, while necessary for the long-term renewal of the waterfront, are also critical in supporting the development that will be needed for the City in order to stage the 2008 Olympics. Some of these elements include major infrastructure works such as the transit focal point at Union Station, remediation and infrastructure servicing of the Port Lands, key improvements of the transportation system like the Front Street Extension, and water-related environmental improvements such as the naturalization of the mouth of the Don River. These are necessary for waterfront renewal over the longer term, but if they are to be completed before the Olympics, an early start this year is critical to ensure that heavy construction of this nature does not interfere with crowd management during the Games.

Given the timeframes expected to pass the enabling legislation and the desire and necessity of beginning the waterfront renewal to reap the economic and environmental benefits, it is proposed that an interim governance structure be implemented immediately. It is proposed that the interim corporation co-ordinate and fund capital projects, to be managed through agencies of all three governments, while initiating the administrative processes for the new corporation such as hiring staff, establishing an office, and developing procurement and contracting processes. Once critical staff are on board, the interim corporation would develop a business plan. In addition, the City and the corporation will jointly develop a strategy to implement the policies contained in the Central Waterfront Plan.

City staff, along with ToBid and consultants who worked on the technical components of the Task Force proposal, have reviewed the Task Force's concept plan and prepared a list of capital projects which should be completed in the next six years to ensure completion prior to the Olympic Games. This project list has been reviewed by all impacted City staff and staff of the Federal and Provincial governments as well as ToBid and the respective consultants. Based on this review, the Intergovernmental Steering Committee endorsed these projects as critical

components of the plan. These projects could serve as the initial basis for funding the Waterfront Revitalization Initiative. The new corporation would be requested to review the project list and the proposed schedule and determine how these can most efficiently and effectively be completed using private sector participation wherever possible. Sharing of risk and cost with the private sector and investing strategically could generate additional funding to provide a wider range of capital investment opportunities, leveraging the government funding as much as possible.

The Intergovernmental Steering Committee has identified four capital projects that are most critical to start immediately. This report recommends that Council set aside \$100 million for these specific projects within the 2001-2005 capital program. Funding of \$5.714 million (the City's 1/3 share of the 2001 cashflow for the priority projects), is being requested to startup these projects. It is anticipated that much of the work of the new corporation will be managed by the corporation overall, but will be completed through contracts with the most appropriate implementing agency – one of the three governments or their agencies or with the private sector.

This report outlines the details of these proposals.

(A) Waterfront Revitalization Initiative:

The Toronto Waterfront Revitalization Initiative is a long-term plan for environmental improvement, rejuvenation of economic activity, and overall improvement of quality of life through development of the 46-kilometre waterfront along the Toronto shoreline. A new vision for renewal was articulated in the Mayor's Waterfront Vision and a concept plan for the central waterfront was subsequently developed by the Toronto Waterfront Revitalization Task Force. All three governments recognize the significant and broader benefits of renewal in this area.

The Central Waterfront is largely under-utilized and significant brownfields are in need of remediation and development. The goals of the Initiative are to reconnect the City to the waterfront, re-establish a vibrant community where people live, work, and play, and create a welcoming "front door" to the City. To capitalize on this enviable resource, partnerships between the public and private sectors will ensure that sufficient resources are available to realize the vision. Significant public investment will "kick-start" renewal by providing the infrastructure to encourage private investment in the build-out.

The Waterfront Initiative is expected to:

- (a) promote mixed uses attractive to a broad range of socio-economic communities;
- (b) attract tourists and visitors;
- (c) improve transportation system and promote use of transit;
- (d) increase leisure and recreational use of the waterfront;

- (e) have positive environmental impacts and use technologies which are environmentally sensitive;
- (f) generate increased economic activity;
- (g) incorporate cultural components and respect heritage features;
- (h) create assets which can be maintained cost-effectively; and
- (i) encourage private sector investment.

(B) Long Term Governance Structure (Appendix A):

Details of the proposed structure are outlined in Appendix A to this report. However, a number of issues need to be more fully explained as they specifically relate to the City and previous directives of Council.

(B)1 Mandate:

The mandate of the proposed corporation is to implement elements of the government-approved business strategies consistent with Council's Central Waterfront Plan. Governments reserve all decisions respecting public policy and maintain all of their respective regulatory powers. As requested by Council in August 2000, by adding an additional principle that "the new governing body be subject to the relevant Official Plan and Zoning policies of the City", all governments agreed that the corporation not be given any government powers. It would therefore be subject to all normal rules and regulations as any other proponent. It should be noted that staff are exploring ways and means of streamlining processes which would apply equally to this corporation as any other private corporation.

Although government would provide initial funding, it should be the objective of the Corporation to become self-sufficient. Once lands are prepared for development, lease revenues could be used to fund future capital. Engagement of the private sector in innovative joint ventures could also provide a source of funding beyond public inputs.

(B)2 Model:

The proposed model is a non-agent, non-share, not-for-profit corporation. Non-agent means that the corporation is not acting on behalf of any government, but rather as a corporation independent of government. Business risk to government is limited and those who have relationships with the corporation cannot rely on the backing of government in general to protect their interests. The corporation is not-for-profit since all revenues would be used to achieve its mandate and no dividends would be distributed to the owners. This does not, however, preclude future revenues being paid to any government resulting from a

contract between the government and the corporation where fair consideration is paid for use of assets. The corporation is non-share meaning that ownership interest, obligations and responsibilities of the governments are exercised through membership in the corporation and appointment of members to the Assembly of Members rather than as a shareholder. Legislation is required for the City to hold a membership interest or shareholder interest in this type of corporation.

(B)3 Assembly of Members:

The function of the Assembly of Members is similar to the functions of the shareholders of a share capital corporation. The governments would appoint representatives to vote on their behalf on any decisions requiring approval. This would include any change in mandate, appointment of the auditor, approval of the by-laws and plans of the corporation, and any other issues over which the governments wish to reserve decision-making power (i.e. policies). The governments each would appoint members to the Assembly of Members similar to a proxy for the Shareholder meeting. The members could be elected officials. Each government would establish its own protocol for instructing appointed members on how they represent the government's interest. Each government would determine the degree of discretionary power given to its members.

(B)4 Board Composition and Accountability:

Each government would appoint an equal number of Directors.

Three previous Council directives need to be addressed respecting the composition of the Board. First, at its meeting in August 2000, Council added a principle to the list of governance principles recommended by staff, namely that the "City of Toronto be assured of an independent and central role in the governing body". As a member, the City's role is independent, as are those of the other governments. The City's role is key, but not special. The corporate structure is premised on the "pay for say" principle. Those who fund have a voice in decisions, unless the funding partners are satisfied to be silent. However, in this case, both the Federal and Provincial governments have indicated a desire to equally share the responsibilities, risk, and decision-making power in exchange for comparable funding. Contribution of assets by government in a corporate structure should not be confused with grants. Even though much of the work of the corporation will involve business traditionally falling under municipal jurisdiction, the new philosophy for funding demands sharing the decision-making process. This does not, however, change the key regulatory role that the City maintains in the planning review and approval processes.

Second, the CAO was asked to comment on a motion that there be no restrictions placed on membership such that Members of Council be eligible for appointment if Council so desired. The Board composition must be agreeable to all governments in order to execute the agreement. It is the policy of the federal and provincial governments that independent operating corporations (those which do not deal with government policy) have no elected officials appointed to the Boards. Since the federal and provincial governments are providing the majority of funding, this policy has been adhered to in this proposal. City Council is seen to already have a strong role through regulatory powers whereas the federal and provincial powers do not have an equivalent impact on the corporation's business on a daily basis.

Third, Council amended the principles to require that the corporation be accountable to governments adding “and residents of the City of Toronto”. This is accomplished indirectly since only the supporting governments have the mechanisms to hold the corporation accountable (i.e. by approving certain actions and ultimately by appointing the Board of Directors). The public has no direct recourse to an independent corporation except through government and therefore cannot technically hold the Board accountable. Governments must act on behalf of the public in this respect. It is suggested that the corporation be expected and required to interact directly with the public during its regular course of business to keep the public apprised of new issues and seek feedback and support on a wide variety of initiatives that warrant public discussion.

Government accountability mechanisms recommended include

- (i) power to appoint and remove directors;
 - (ii) right to approve the plan and business strategy;
 - (iii) right to appoint the auditor of the corporation;
 - (iv) right to order special audits;
 - (v) right to review all plans;
 - (vi) right to substitute any policy of the corporation (in addition to the regulatory powers reserved by government through the planning and environmental assessment processes);
 - (vii) right to receive regular business, financial, and performance reports ; and
 - (viii) ability to withhold cashflow when the terms and conditions of the contribution agreement are not met.
- (B)5 Intergovernmental Steering Committee:

It is also proposed that the Intergovernmental Steering Committee continue to meet to facilitate communications among governments at the staff level to discuss issues of concern to the corporation or to any individual government. The staff group would discuss policies of the corporation, review financial reports and work out mutually agreeable direction for recommendation to their respective governments. Where government action is required to facilitate the business of the corporation, the Intergovernmental Steering Committee could jointly recommend the appropriate action.

(C) City Relationship with the Corporation:

(C)1 Operations Protocol:

As stated earlier, each government must develop its own protocol for making required decisions respecting the Toronto Waterfront Revitalization Corporation. The City has an interest in the business of the corporation beyond public policy and funding issues. The development projects include infrastructure that normally falls under the business of the City and is intricately linked to the systems and networks ultimately managed by the City. On an operational basis, the City would need to assess the impact if any that the projects would have on the City services, facilities, and assets. Beyond articulating asset standards, the City needs to be well informed of the plans of the corporation and assess the impacts.

In addition, the City and its Council have a daily working relationship with the community because of the nature of City services. Council articulated its requirement to include strategies for public involvement in the governance model. It is expected that the new corporation will engage the public in the normal course of its business.

A third key issue is how the Corporation's plans will be impacted by actions of City departments, agencies and corporations operating in the jurisdiction of the new Corporation. In particular this includes TTC, Exhibition Place and TEDCO, but there may be a need to consider the actions of Toronto Hydro, Enwave, and Union Station Board, as well as joint agencies such as TRCA and Go Transit. It is in the best interests of the City, its agencies, the Corporation, and the general public to ensure that there is co-operation and synergy between the new corporation and the City's businesses. It would be prudent to develop a protocol, which deals with this issue specifically.

(C)2 Waterfront Reference Group:

It is recommended that the City establish a new Waterfront Reference Group to deal with issues specifically of concern to the Waterfront Revitalization Initiative. The Toronto Reference Group would be charged with the responsibility for reviewing the plans of the TWRC on Council's behalf, hearing the perspectives of City departments, agencies, and corporations, as well as the general public in order to fully assess the impact of the Corporation's plans on City interests. The purpose of this process would be to provide advice to standing committees of Council on what action may be necessary to facilitate the Waterfront Initiative and resolve any concerns that may arise. The Waterfront Reference Group would also review any project plans anticipated by City departments and agencies respecting waterfront issues to ensure consistency of planned projects with the overall direction established by the TWRC.

It is proposed that the Waterfront Reference Group be comprised of 6 Councillors. Councillors should be selected based on their specific interests as members of other related City committees. Cross representation of the City Policy and Finance, Planning and Transportation, Works and Emergency Services, and Economic Development and Parks Committees would be appropriate. Individual projects comprising the Waterfront Revitalization Initiative should not be considered ward-based, but of benefit across the entire City. However, it may be desirable to also include some of the Councillors whose wards are most impacted during the initial development phases where they are also members of the committees represented.

It is recommended that the Waterfront Reference Group report to the Policy and Finance Committee.

(D) Interim Governance Structure:

The permanent governance structure described in Section A of this report requires legislation to enable the City to participate as a member. Since it is desirable to begin the waterfront development process immediately to take advantage of the government interest and to begin the long overdue rebuilding process, an interim structure is being proposed. A pictorial representation of the proposed interim structure is provided in Appendix B to this report.

The appropriate corporate structure is a share capital corporation with a single shareholder. Since neither the City nor the Federal Government currently has the legal capacity to undertake this role, the Provincial Government would be the sole shareholder. However, the Contribution Agreement among the three governments would outline the practical relationship among the three governments and guide the decision-making process. The details of the Contribution Agreement are described in the next section of this report.

Initially, there would be only one director appointed as the Chair of the Board. In order to incorporate quickly and start-up the four priority projects, the City CAO would serve as the first director until such time as the three governments agree on a citizen member.

The three governments should start the process of selecting nominees to the Board of Directors of the permanent corporation. The membership of the interim corporation Board of Directors could be expanded if legislation takes longer than expected in order to place the full board as early as possible.

Initially, the Intergovernmental Steering Committee and the supporting staff of the three governments could assist the corporation in setting up its business and developing the legal agreements necessary to begin the interim projects. In particular, government staff could help the interim of the corporation in drafting the initial corporate by-laws and contracts for the four priority projects.

It is also recommended that the City establish the new Waterfront Reference Group as soon as possible since the City process can be established whether the corporation's structure is interim or permanent.

(E) Contribution Agreement:

(E)1 Purpose of the Agreement:

The Contribution Agreement is a legally binding agreement among the three governments and the interim corporation, outlining the commitments, obligations, and rights of the three funding governments and the interim corporation respecting the activities of the interim corporation. The interim corporation is intended as an expeditious way of initiating four capital projects that need to begin immediately and of starting the development of the corporation's detailed business strategy. The interim corporation's commitments and obligations will be assumed by the permanent corporation once it is established. Although the four projects extend beyond the term of the interim corporation, the mandate of the interim corporation is limited to one year, ending March 31, 2002. By that time (and anticipated earlier), the permanent corporation should be in place and the contribution agreement will be assigned to the permanent corporation and amended as appropriate. Separate contribution agreements will be developed to cover the remaining capital projects as appropriate and in accordance with the plan to be developed by the corporation and approved by the funding governments.

(E)2 Initial Priority Projects:

The contribution agreement identifies four capital projects to be initiated by the interim corporation and delivered through public sector agencies. Appendix C describes the four capital projects and the activities required to develop the business strategy. Funding for these activities will be advanced to the interim corporation on a regular basis and the interim corporation will be required to fully account for its expenses and adhere to appropriate purchasing procedures including competitive processes for awarding contracts. The interim corporation will be subject to appropriate audit procedures.

The three governments agree to fund the interim projects to a maximum total contribution of \$100 million each over the term of the agreement. The actual cashflows for each year will be determined and approved when contracts are developed. Because the interim corporation's mandate is only one year, any longer term commitments or contracts must receive government approval. This provides a safeguard to both the governments and the contractors.

The governments also agree through the contribution agreement to cooperate in planning and delivering media events or public communications according to a protocol to be set out in the agreement. In addition, the interim corporation will

be expected to develop a brand identity for the waterfront initiative to be approved by the contributing governments.

Since the Province will be acting as the sole shareholder of the corporation merely as a matter of convenience until the permanent corporation is established, it is appropriate that the Province be protected from any adverse impacts on the Province acting in that capacity. The contribution agreement will include appropriate protections.

(E)3 Rights of the City:

Under the contribution agreement, the City will enjoy a share in the following rights:

- (1) to appoint the Board of Directors and the corporation's Chief Executive Officer;
- (2) to appoint the Auditor;
- (3) to windup the corporation or change its corporate structure and ownership;
- (4) to approve any purchase or disposition of shares or real property;
- (5) to approve any borrowing by the interim corporation or any guarantees or indemnities provided;
- (6) to approve the level of business insurance held by the corporation;
- (7) to approve any contracts or commitment which extends beyond the term of the interim corporation (after March 31, 2002);
- (8) to approve brand identity developed by the corporation;
- (9) to approve new projects; and
- (10) to review the accounts and records pertaining to any project and to conduct independent audits as the City deems necessary

The interim corporation is obligated to ensure that the governments are appropriately indemnified. However, should the Province incur any financial obligation, due to being the sole shareholder, the City would share the risk and obligation with the Province in exchange for the rights listed above.

Specific restrictions are placed on the interim corporation due to its temporary mandate and structure. However, it is anticipated that the permanent corporation would be given more latitude to make financial business decisions once a full board of directors is put in place with full fiduciary responsibilities.

(E)4 Delegation of Decision-Making Authority:

During the first year, while the interim corporation is in place, it is anticipated that a number of decisions will be required by the City as indicated above. In order to ensure that the corporation can operate efficiently and achieve its work activity objectives, it would be appropriate to delegate the City's decision-making obligations on matters of an administrative nature, retaining for Council decisions with policy or budgetary implications.

To discharge the City's responsibilities for decision-making on issues respecting the interim corporation, a representative of the City, the City's Designated Representative, must be authorized by Council to act on its behalf, much the same as a shareholder proxy. It is recommended that the Mayor be appointed the City's Designated Representative with the proviso that Council approves actions, which have policy, or budgetary implications as identified in Recommendation 6 at the beginning of this report.

It is recommended that decisions of an administrative nature which require City approval or consent be delegated to the City CAO as long as the usual protocols apply and in consultation with appropriate City staff as identified in Recommendation 7 at the beginning of this report.

(F) Capital Projects:

The Waterfront Revitalization Task Force recommended a concept plan that envisioned a public works program worth \$5.2 billion to be developed over 20 years. This would lay the basic urban infrastructure foundation for the private sector to invest another \$7 billion in building out the private interests in the concept plan. The public sector would provide the infrastructure and the private sector would provide the facilities.

The Task Force suggested that the public works program could be partially funded through a number of new revenue streams such as tolling, a casino, development charges, and other tax revenues or similar instruments channelled to this project. These options are being reviewed through the technical studies approved earlier this year and will be a subject for future consideration.

The Task Force also suggested that, as a first step, governments contribute substantial funding as seed money for the initial phases of development. It is intended that as revenue streams are developed as proposed by the Task Force, the initial government funding would be returned with modest interest over the long term.

Consultants for the Task Force developed a list of capital projects, which were recommended in the \$5.2 billion proposal. Staff of the City and the other two governments as well as ToBid reviewed this list and worked together to determine the priority projects which should be undertaken in the short term to ensure that the necessary City infrastructure and transit improvements would be in place before the Olympic

Games in 2008. These priority projects total \$1.5 billion and a summary is attached to this report as Appendix D. It is proposed that government funding be directed toward these projects in the short term.

These projects, however, should be considered an initial framework, which can be provided to the new corporation as a starting point for the development of its master plan and business strategy. It is expected that the new corporation will develop strategies, which include innovative financing and alternative ways of leveraging government funding to expand the project list. For instance, the corporation may propose that funds be used on alternative projects to generate significant revenues, making it possible to complete the initial project list as well as other needed projects. The corporation may also find alternative ways of meeting the objective at lower cost. The project list should be considered a starting point for the corporation in determining its business plans, not a definitive end point.

The corporation will be asked to bring its business strategy back to the three governments for approval. This will form the basis of the long-term contribution agreements between each government and the permanent corporation.

Governments may be asked by the corporation to make lands available for development, either to sell or to lease on a long-term basis. When such proposals are presented, each government will have to determine what financial arrangements best suit their particular situation. Lands to be dedicated to public uses may be retained by the government owner and developed under an agreement with the Corporation. Options for lands to be used for commercial use may include lease of the lands to the Corporation, adjustment of the relative contribution to the corporation, or a financial return of a percentage of the lease or sale value, among other possible options.

Many of the capital projects involve City infrastructure in one way or another. In some cases, the infrastructure includes local roads, water and sewer pipes, electrical services, parklands etc. which would normally be paid for by developers. The corporation in some cases could be considered the proponent and in others a third party may be involved. In the latter case, the cost of these projects will be borne by the developer, freeing funds for other projects. Installation of local infrastructure may best be provided by the corporation or the third party proponent.

However, there are some cases where major infrastructure will be required. This may include arterial roads, transit lines, regional parks, trunk sewer and water mains, etc. These structures may require careful coordination with City services to minimize impacts and disruption. In some cases, it may be prudent for the City to be engaged under contract with the corporation to plan and develop these structures. In such situations, the project could be included in the City's capital works program and the contribution to the corporation would be similarly adjusted. It is expected that the Toronto Waterfront Revitalization Corporation will propose creative ways of minimizing direct government costs for major infrastructure through creative ways of involving the private sector interest, alternative financing mechanisms, and alternative development methods.

The list of project priorities should therefore be considered a starting point for the overall development plan, subject to revision by the corporation, and ultimate approval on a project basis by Council and the partnering governments.

Given these conditions, it is recommended that Council approve in principle the list of priority projects contained in Appendix D to this report and approve in principle a City commitment of \$500 million over five years as the City's 1/3 share of government support for the Toronto Waterfront Revitalization Initiative.

Summary:

This is a unique opportunity for governments to work together and with the private sector to develop the much-needed infrastructure which will support long term renewal of Toronto's waterfront. The City benefits from an accelerated development schedule at 1/3 the cost of developing the infrastructure alone. The upper levels of government have recognized that this renewal adds economic and social value not only to the local community, but also to the region, the Province and to Canada as a whole.

Conclusion:

This report proposes both the long term and interim governance structure for the Waterfront Revitalization Initiative and the financial commitments necessary to carryout the plan. It is proposed that the interim structure be created immediately in order to begin work on four projects which are critical to waterfront renewal. This report outlines the selected immediate projects, the more comprehensive list of capital priorities, and the commitments necessary.

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Appendix A

Toronto Waterfront Revitalization Initiative Governance Model Report of the Intergovernmental Steering Committee

(A) Background:

On November 3, 1999, Prime Minister Chrétien, Premier Harris, and Mayor Lastman announced a vision plan to rebuild and renew approximately 46 kilometres of the Toronto waterfront.

To more fully develop the waterfront revitalization vision, a Task Force was created with representatives from all three levels of government. On March 27, 2000, the Task Force released its report "Our Toronto Waterfront: Gateway to the New Canada" and called for

immediate, concerted action by governments if Toronto is to maintain its role as a major world city. The Task Force model for revitalization envisions:

- (i) the waterfront as an accessible, public amenity;
- (ii) reconfiguration of the transportation network;
- (iii) creation of major new neighbourhoods with construction of 40,000 new housing units;
- (iv) new entertainment/cultural/business centres in the City core; and
- (v) creation of a “convergence community” that would be home to new and emerging business sectors (New Media, communications, music, biotechnology, and hi-tech).

Toronto is also bidding for the 2008 Olympic and Paralympic Games and was successfully short-listed by the International Olympic Committee (IOC) in August 2000. There are strong synergies between the bid and the Toronto Waterfront Revitalization (TWR) in that TWR will provide much of the necessary infrastructure for hosting the Games in addition to revitalizing the central waterfront to support the new economy.

On October 20, 2000, the Government of Canada, the Province of Ontario, and the City of Toronto announced their intent to contribute \$500 million towards the Toronto Waterfront Revitalization Initiative with priority on Toronto’s bid to host the 2008 Olympic and Paralympic Games.

Following the announcement, the three levels of government established an Intergovernmental Steering Committee composed of senior representatives from each government. The role of the Committee was to identify, prioritize, and cost projects and related studies necessary for the Olympic bid and to develop options for governance.

(B) Criteria for Selecting a Governance Model:

- (1) Effectiveness. Capacity to remove barriers to successful implementation of the waterfront Development Plan (i.e. in terms of a workable process and proper management of resources) within a fixed time frame.
- (2) Expediency of Development. Extent to which the model enables governments to delegate decision-making and day-to-day project management, while ensuring that expectations and requirements are met.
- (3) Coordination among governments. Extent to which the proposed model can accommodate the priorities of each of the three governments and resolve or help avoid disputes that may arise.
- (4) Encouraging private investment. Extent to which private investment and participation can be developed.

- (5) Minimizing government cost/risk/liability. Extent to which governments can define obligations, limit future legal and financial risks and liabilities associated with the project, and ensure a proportionately fair return, should one result.
- (6) Accountability. Extent to which the model ensures transparency and direct accountability to the three levels of government and to the public for decisions taken and funds expended.
- (7) Public input. Extent to which the model permits public participation in the development and implementation of the waterfront plan.

Using the criteria articulated above, the Committee concluded that the creation of a corporation would be the most effective and efficient mechanism for implementing the waterfront vision.

(C) Guiding Principles for the Creation of a Corporation:

The following principles were developed to guide the Committee in its selection of the most appropriate corporation structure:

- (1) all three levels of government will participate equally by contributing assets and funding, by approving the Development Plan, and by delegating powers and services as required and as negotiated. Public policy issues remain within the purview of government.
- (2) the corporation must be accountable.
- (3) The corporation must have the capacity to make binding decisions as expeditiously as possible to meet development targets.
- (4) Mechanisms for providing information to the public and for seeking public input are necessary without unduly delaying decision-making.
- (5) Structure and process must encourage and enable private investment.
- (6) Risks and liabilities to governments should be minimized to the extent possible.

(D) Structure of the Long-Term Corporation:

(a) General

- (1) proceed as quickly as possible.
- (2) Corporation created under *Ontario or Canada Corporations Act*.

- (3) detailed Memorandum of Understanding (MOU) amongst the three governments spelling out governance arrangements.
 - (4) detailed contribution agreements between corporation and each level of government specifying terms of government contributions.
- (b) Mandate:
- (1) implement most elements of Development Plan, and facilitate coordination of those other elements where it is preferable to have an individual government or an existing public agency/corporation manage the implementation.
 - (2) Development Plan to be approved by all three governments and to serve as the implementation plan for the corporation.
 - (3) pending approval of the Development Plan, projects are to be selected from the capital project list currently under review by the Committee.
- (c) Type of Corporation:
- (1) Corporation not to be an agent of government.
 - (2) a non-share capital corporation.
 - (3) Province and City (pending provincial enabling legislation for the City) will hold the membership interest in the corporation. Government of Canada cannot hold a membership interest unless and until federal enabling legislation is passed.
- (d) Board of Directors:
- (1) Board membership to be equally appointed by each government.
 - (2) Chair to be agreed-to by all three governments.
 - (3) elected officials, government employees, and employees of the corporation would not be eligible.
 - (4) three-year renewable terms at the pleasure of appointing government with initial appointments staggered.
 - (5) Directors required to sign confidentiality and fiduciary understandings
- (e) Authorities of the Board:

- (1) Board to develop appropriate policies on conduct, conflict of interest, contracting, travel, remuneration etc., consistent with current standards. Governments would have the right to substitute an agreed-to policy with notice
 - (2) Appointment of Chief Executive Officer to be jointly agreed-to by all three governments.
- (f) Powers of the Corporation:
- (1) Sole-purpose corporation
 - (2) Corporation restricted to normal corporate activities and, thus, would have no quasi-governmental powers
 - (3) Corporate authority to include normal corporate powers:
 - (i) contracting; sale, lease, acquisition of land; issuing debt (including mortgages, bonds, asset or project-backed debt etc.);
 - (ii) entering contractual arrangements;
 - (iii) creating subsidiaries; and
 - (iv) managing public revenue streams.
 - (4) power to sell or sub-lease land per sale or lease arrangements between the corporation and the responsible government.
 - (5) Self-sufficiency goal is a long-term goal.
- (E) Accountability and Transparency:
- (1) Must provide governments with:
 - (i) annual audited financial statements;
 - (ii) business plans;
 - (iii) capital plans; and
 - (iv) performance reports.
 - (2) Governments have right of:
 - (i) special audit; and

(ii) review of all plans to confirm compliance with mandate, agreements, etc.

(F) Public Participation:

- (1) Corporation will engage the stakeholders and the general public when required in the normal course of business.
- (2) required to hold an annual public meeting (with Directors and Officers in attendance).
- (3) Corporate information to be made available to the public as appropriate.

(G) Existing Public Waterfront Agencies/Corporations:

- (1) existing public agencies/corporations would be requested by the appropriate government, in the public interest, to ensure their activities are consistent with this corporation's Development Plan.

(H) Transfer of Government Assets:

- (1) each government responsible for transferring its own hard assets to the corporation through lease or sale; funding to be transferred through contribution agreements.

(I) Level of Government Involvement:

- (1) Three governments retain their normal government roles, such as :
 - (i) land use planning (City);
 - (ii) infrastructure standards (City);
 - (iii) legislation regarding planning process (Province);
 - (iv) public policy (all); and
 - (v) management of existing agencies (all).
- (2) Government role vis-à-vis the corporation would include any change in mandate, approval of the auditors, and other roles mentioned above.
- (3) Governments would appoint a facilitation team as the operational link with the corporation.

- (4) Corporation required to give appropriate recognition to governments in its promotions, and allow governments to participate in announcements etc.

Insert Table/Map No. 1
appendix b - tor waterfrt revit. - interim org

Appendix C1 Union Station Subway Second Platform

Description:

Union Station was constructed in the early 1950's as the south terminal of the Yonge Subway, with the University Subway added in the 1960's. The station's concourse is stressed by through traffic from GO and the current platform is inadequate for existing and future passenger volumes.

The concept for expansion of the Union Subway platform includes the addition of a second subway platform to the south of the existing platform, the reorganization of the concourse to include a western bypass corridor for GO passengers not destined to the subway, and improved connections to the Harbourfront LRT. The changes would accommodate surge passenger flows from major events, provide additional passenger capacity, improve passenger safety and traffic flows, make the new platform fully accessible, provide for one paid area at mezzanine level (rather than the current split operation) to enhance station operation and accommodate future growth in customer demand.

The expansion of the station at the concourse level is needed to respond to projected increases in GO ridership and the proposed creation of a GO West Concourse within Union Station. This project is necessitated by existing platform congestion, but is critical to respond to significant expected growth in the Port Lands and the implementation of the Waterfront LRT service to the east. The project includes a direct connection from the existing LRT platform to the new Union Station Subway platform.

Importance to Waterfront Revitalization:

Environmental improvement is a major tenet of both Toronto's waterfront revitalization and 2008 Olympic Bid. An enhanced transit system is a key cornerstone of environmentally sustainable development in the City, with Union Station the focal point for travel through downtown Toronto. A redeveloped Union Station Subway Station, with enhanced capacity, greatly supports waterfront renewal and is a pre-condition improvements in GO Transit services levels to the waterfront area.

Phasing/Costs:

Phase 2 needs to start by Summer 2001 to ensure the completion of the project by 2007, in time for the Olympics.

Phase 1 Conceptual Design:

Conceptual design including joint pedestrian forecast and analysis undertaken by the TTC in co-operation with GO Transit and City of Toronto.

2000 \$.150 million(*)

2001 \$.450 million(*)
Phase 1

Total \$0.6 million

Phase 2 Detailed Design/Construction:

2001	\$ 1.0 million (*)	completion of conceptual design for utility relocations/ structural/architectural feasibility, EA
2002	\$ 7.4 million (*)	tender and award contracts for construction of advance utilities, initiate detailed design of station
2003	\$ 6.9 million	design completion and preliminary utility relocations undertaken, initiate construction of station
2004	\$12.7 million	construction of new platform and mezzanine
2005	\$18.3 million	construction of new platform and mezzanine
2006	\$ 7.5 million	construction of new platform and mezzanine
2007	\$ 3.6 million	completion of construction contracts and opening of new platform

Phase 2

Total \$57.4 million

Total Project \$58.0 million

(to be confirmed following completion of conceptual design)

(*)The projected cashflow to March 31, 2002 is approximately \$2.8 million.

Project Manager:

This project is to be undertaken by the Toronto Transit Commission.

First Year Activities:

- (a) the completion of the necessary EA studies to satisfy the requirements of the Provincial and Federal EA;
- (b) development and evaluation of alternative station concepts based on pedestrian forecasts and analysis undertaken in cooperation with GO Transit and City of Toronto, selection of

the preferred station concept for inclusion in the City of Toronto's RFP for Union Station;

- (c) completion of conceptual design for utility relocations and confirmation of the feasibility of the architectural layout and structural configuration of the preferred station concept;
- (d) development of a construction staging plan, a preliminary construction schedule and concepts for the maintenance of pedestrian flows during construction design and construction;
- (e) determination of design and construction contract packages including making a recommendation of the most efficient and cost effective manner to contract for utility relocations to be undertaken and the design and construction of the new platform and mezzanine.

The maximum allowable costs for the Interim Corporation up to March 31, 2002 for the project is \$2.8 million.

Appendix C2
Naturalization and Flood Protection for Lower Don River
Environmental Assessment and Functional Design

Description:

This project is the Environmental Assessment for a larger project to renaturalize and reconfigure the mouth of the Don River. The intent of the naturalization project is to reconfigure the mouth of the Don River to a more natural outflow into Lake Ontario. This will eliminate the need for the Keating Channel, which can be reclaimed for development purposes. A higher capacity outflow and appropriate land configuration will provide flood protection to enable build out of the West Don Lands. Roads, rail lands, and utilities will also need adjustment to accommodate the realignment of the river.

The objectives of the renaturalization project are:

- (1) to clean up a significant local source of soil and groundwater pollution;
- (2) to establish a corridor of land for the Don River that provides:
 - (a) natural, stable, river channel and river mouth;
 - (b) healthy lake, river and shoreline habitat;
 - (c) natural habitat link between Lake Ontario and Don River Valley; and
 - (d) pedestrian and bicycle trail links between Lake Ontario Trails and Don River Valley trails;

- (3) to provide a flood protection solution for the West Don Lands that enables removal of the Holding Symbol;
- (4) to remove all other developable lands from the Regulatory Flood Plain and remove the Special Policy Area designations in the Lower Don Lands;
- (5) to maintain existing road traffic capacity through or around the affected area; and
- (6) to maintain a rail connection to the Port Industrial Area and the East Bayfront.

Importance to Waterfront Revitalization and Olympics:

Environmental improvement is a major tenet of both Toronto's waterfront revitalization and 2008 Olympic bid. Renaturalization of the mouth of the Don River is a significant symbol of governments' commitment to environmental improvement through waterfront revitalization. Flood protection measures included in this project will enable development of the West Don Lands. The Olympic Bid includes a plan to construct the Media Village in the West Don Lands and the Aquatic Centre on reclaimed land where the Keating Channel now exists. Naturalization of the Lower Don River establishes a welcoming entrance to the Port Lands to encourage future development.

Phasing and Costs:

Environmental Assessment Approvals and Functional Design	\$2,000,000
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It is expected that the Environmental Assessment will be completed over the next 18 months. This will include assessment of alternatives, which will inform the design of the reconfiguration of the river mouth. Overall projects costs will be determined at that time.

Project Management:

This project will be managed by the Toronto Regional Conservation Authority

First Year:

The Environmental Assessment includes the following activities:

- (1) Scoping of the project;
- (2) Project Design/development of alternatives;
- (3) Environmental studies;
- (4) Evaluation of alternatives;
- (5) Project design of preferred alternative;

- (6) Environmental Assessment of alternatives;
- (7) Cumulative effects assessment;
- (8) Peer review by recognized experts;
- (9) Public consultation;
- (10) Reporting; and
- (11) Project management.

These activities will continue into 2002.

Maximum Allowable expense for the Environmental Assessment for the fiscal year ending March 31, 2002 is \$1 million.

Appendix C3 Front Street Extension and Gardiner Interchange

Background:

The Front Street Extension has been a fundamental component of the transportation plan for the central core of the City of Toronto for nearly 20 years. The extension was first proposed as part of the Central Waterfront Transportation Study conducted in 1983. The need for the facility was confirmed in two more recent studies, the 1995 Railway Lands Transportation Review and the 1996 Central Area Transportation Review. All of these studies determined that the transportation network serving the downtown from the west was approaching capacity and that improvements were required to serve the ongoing and planned new development proposed in the waterfront and railway lands areas.

The Ontario Environmental Assessment Act approval for this project was first obtained in 1989. Following this approval, some of the original constraints governing the development of the recommended design for the Front Street Extension changed. As a result a number of studies were carried out over the ensuing years that assessed alternatives to the approved Front Street Extension alignment. This work culminated in the preparation and approval of an Addendum Report in 1997. The City currently has approval for two Front Street Extension alignments, one that includes the relocation of the North West Rail corridor and one that does not include rail relocation.

Project Description:

The Front Street Extension Project is to begin in 2001 with a completion date of December 31, 2005. The maximum allowable costs for this entire Project are \$170,000,000.00.

The 2-kilometre Front Street Extension Project extends Front Street from Bathurst Street to a new interchange with the Gardiner Expressway west of Strachan Avenue and continues west to end at Dufferin Street. Details of the project are provided below:

- (a) the Front Street cross-section will include 3 lanes in each direction between Bathurst Street and the interchange, 2 lanes in each direction west of the interchange as well as bicycle lanes, sidewalks and landscaped boulevards.
- (b) from its current terminus at Bathurst Street it runs westerly under the North West rail corridor to intersect Strachan Avenue;
- (c) the Strachan Avenue bridge over the Lake Shore rail corridor must be reconstructed to permit an at-grade intersection of Strachan Avenue and Front Street;
- (d) West of Strachan Avenue the extension stays close to the property limits of the Lake Shore Rail corridor until it reaches a point approximately 300 metres west of Strachan Avenue, where the ramps to and from the Gardiner Expressway develop;
- (e) the two-lane westbound on-ramp to the Gardiner Expressway is an overpass over the rail corridor;
- (f) the two-lane eastbound off-ramp tunnels under the Gardiner Expressway and rail corridor and emerges north of the rail tracks to connect with the Front Street Extension;
- (g) Front Street continues west of the Gardiner interchange and ends at Dufferin Street in a T-intersection; and
- (h) the Dufferin bridge over the rail corridor and the Gardiner must be reconstructed to accommodate the new on and off-ramps.

Importance to Waterfront Plan:

The Front Street Extension (upgraded from 4 lanes to 6 lanes) is a key element of the Toronto Waterfront Revitalization Task Force's Strategic Road Plan. It will provide a new route into the central area from the west, off-loading traffic from the elevated Gardiner Expressway.

During the Olympic Games, reductions in background traffic levels are critical to the operation of Olympic family and spectator transportation systems through the use of special Olympic lanes reserved for the exclusive use of Olympic vehicles. The Front Street Extension will permit the off-loading of traffic from the Central Waterfront area.

Costs:

Cost estimates for the Front Street Extension from Bathurst Street to Dufferin Street, including an interchange with the Expressway, are as follows:

EA/Detailed Design/Construction	\$120 million
Property	40 million
Soil Remediation	<u>10 million</u>
Total	\$170.0 million

Maximum funding of \$10 million would be required in calendar year 2001.

Project Manager:

This project will be managed by the City of Toronto Works and Emergency Services Department.

First Year:

An expedited delivery process for the Front Street Extension would see the following activities in the first year:

- (a) completion of Environmental Assessment Addendum including compliance with *the Canadian environmental Assessment Act*;
- (b) detailed design and contract package preparation;
- (c) property assemblage; and
- (d) determination of delivery mechanism to make a recommendation of the most efficient and cost effective manner to contract for the construction phase of the project.

Cashflow requirement for fiscal year ending March 31, 2002 is \$15 million.

Appendix C4
Port Lands Preparation:

Description:

This is phase 1 of a larger remediation and land preparation initiative for the Port Lands and West Don Lands. The long history of economic activity in the Port Lands has left a legacy of industrial contamination. There are a number of derelict sites and run-down roadways in the district that will discourage private sector investment until they are addressed. This project

would begin to make improvements by removing the most obvious impediments and reclaim land for more productive employment and Olympic uses.

Objectives for Port Lands development are:

- (1) to improve the overall safety and image of the area;
- (2) to enhance the ability to market land in the district for more productive uses;
- (3) to foster new employment opportunities and remove impediments to private investment; and
- (4) to provide infrastructure to support Olympic development including related services.

It will be necessary to improve the gateway to the Port Lands, improve transportation to and within the district, and provide and/or enhance municipal services.

The project includes:

- (1) development of a land management strategy;
- (2) development of a remediation strategy;
- (3) commencement of soil remediation program, including the necessary environmental assessments;
- (4) commencement of preliminary infrastructure; and
- (5) development of a strategic investment program which may be recommended to act as a catalyst for private investment in the area.

Importance to Waterfront Revitalization and Olympics:

The Port Lands are a prime target for environmental remediation and future development within the Waterfront Revitalization Initiative. The Waterfront Revitalization Task Force identified the Port Lands as the site of a Convergence Centre for mixed residential and business uses attracting high-tech industry and related services. The Olympic Plan identified the Port Lands as the site for the new Olympic Stadium, the Aquatic Centre, the Athlete's Village, and the International Broadcast Centre. Support for all or any of these developments will require a land management strategy, a comprehensive soil remediation strategy, and development of the supporting municipal infrastructure including roadways, green spaces, utilities, and neighbourhood and industry services, amenities, and facilities. This project is needed to develop these strategies and begin the preparation process.

Costs:

This is phase 1 of a larger remediation and land preparation initiative for the Port Lands and West Don Lands. Costs included are for Phase 1 only. Costs are preliminary estimates which will be verified once the strategies have been developed. Costs are for the first phase of remediation and infrastructure. Further improvements will be required when details of the development plan are available.

Estimated Costs:

Strategies Development	\$0.2 million
Environmental Assessment	\$2.0 million
Soil Remediation	\$47.9 million
Infrastructure	\$10.6 million
Total	\$60.7 million

Costs for 2001 are estimated at \$1.5 million.

Project Manager:

The interim corporation, in co-operation with the Toronto Economic Development Corporation, the Ontario Realty Corporation, and the Canada Lands Company will determine the lead project manager.

First Year:

During the first year, the activities include:

- (a) land management strategy for the Port Lands area;
- (b) soil remediation strategy for Port Lands and West Don Lands – primary input to this will be the corporation’s development plan and business strategy;
- (c) commencement of a soil remediation program;
 - (i) identify priority sites for soil remediation in order to meet the requirements of the Olympic and Paralympic bid; and
 - (ii) carry out necessary environmental assessment for those selected sites;
- (d) undertake necessary repairs and improvements to existing infrastructure; and
- (e) new infrastructure to support selected sites.

Cashflow requirements for fiscal year ending March 31, 2002 is \$1.5 million.

Appendix D Project Summary – Toronto Waterfront Revitalization Initiative

Using as a starting point the Toronto Waterfront Revitalization Task Force Report, the Intergovernmental Steering Committee, has identified a group of projects in the Toronto Waterfront area that are key to overall revitalization. The Steering Committee was informed by various technical studies in progress. As part of the technical studies, consultants for the studies provided input to the Steering Committee. The attached summary includes several undertakings that the City of Toronto, the Province of Ontario and the Federal Government, through the Intergovernmental Steering Committee, have identified as priority projects that will make the greatest contribution to the overall development of the area.

The Waterfront revitalization projects are outlined according to the areas where they occur, namely Central, Exhibition Place, the West Don Lands, the East Bay Front and the Port Lands. Some developments cannot be assigned to a specific area and have been defined as Waterfront Global initiatives. The following describes the basis for development in each area:

Waterfront Global:

Projects across the waterfront to enhance transit and parklands, clean and prepare sites and improve lake water quality.

Central:

Upgrades and additions to the transportation networks will radically improve connectivity across the waterfront and to other parts of the City. These networks place an increased emphasis on public transit infrastructure and also include significant enhancements to the road network

Exhibition Place:

Integration of Exhibition Place area in the Waterfront strategy improves connectivity between Exhibition Place and other areas.

West Don Lands:

The West Don Lands are currently under-utilized representing a valuable opportunity for development. Works include the Don River reconfiguration, site remediation, utilities, and parkland.

East Bay Front:

The East Bay Front provides the critical link between the Port Lands and the rest of the Waterfront. Emphasis is placed on environmental remediation and initiatives that will improve connectivity between the development areas.

Port Lands:

Works are designed to take advantage of the area's potential by directing investment at key areas over the next few years. The area will be revitalized and renewed, and development will occur for a multitude of residential, recreational and employment uses. Emphasis is placed on remediation, roadwork, parklands, and utility infrastructure.

The initial 4 priority projects were selected from this list of projects and are included in the summary. This priority summary will be provided to the new corporation as a starting point in its work to create a development plan and business strategy. These plans will be approved by the funding governments and used as a base for future contribution agreements.

The projects are also grouped by type of activity. The following generally describes the activities included in each category.

Site Remediation and Preparation:

Removal of obsolete buildings, facilities and infrastructure, site grading and remediation of contaminated soils. These are estimates and subject to a redevelopment plan being completed.

Transportation:

Upgrades and additions to the transportation networks will radically improve connectivity across the waterfront and to other parts of the City. These networks place an increased emphasis on public transit infrastructure and also include significant enhancements to the road network. Improved traffic circulation in the waterfront area through the construction of the Front Street Extension from Wellington Street east of Spadina Avenue to the Gardiner Expressway near Dufferin Street is a priority project.

Transit:

At Union Station a new TTC platform and pedestrian concourse for GO and TTC riders are proposed. Improvements to GO Transit tracks at Union Station are also included. Includes GO Transit improvements.

Parks and open Space:

A wide variety of parks, green spaces and natural areas throughout the Waterfront and along the water's edge.

Utilities:

Installation of new utilities to service planned developments for the area including water supply, natural gas lines and storm water management.

Surface Water:

Infrastructure works to improve the quality of water in local watersheds and Lake Ontario with a particular emphasis on water quality in the Toronto Harbour.

Don River:

An Environmental Assessment will be carried out on the lower part of the Don River to evaluate the best alternatives to reduce flooding potential in the West Don Lands and Port Lands and create suitable habitat for fish and wildlife.

Corporate Activities:

Technical studies in progress authorized through a Memorandum of Understanding among the City of Toronto, the Province of Ontario, and the Government of Canada

The Chief Administrative Officer gave a presentation to the Policy and Finance Committee respecting the foregoing matter, and filed a copy of his presentation material.

Insert Table/Map No. 1
appendix d - summary of cap.proj

Insert Table/Map No. 2
appendix e - prelin cashflow

(City Council at its regular meeting on April 23, 24, 25, 26, 27, and its special meeting held on April 30, May 1 and 2, 2001, had before it, during consideration of the foregoing Clause, the following report (April 26, 2001) from the City Solicitor:

Purpose:

To submit for consideration a Contribution Agreement, attached as Appendix A, among the Government of Canada, the Province of Ontario and the City of Toronto with respect to the Toronto Waterfront Revitalization Initiative, as provided in Clause No. 1 of Report No. 4 of The Policy and Finance Committee.

Financial Implications and Impact Statement:

Financial implications and impact relating to the attached Contribution Agreement are addressed in Clause No. 1 of Report No. 4 of The Policy and Finance Committee.

Recommendations:

It is recommended that this report be received for information in conjunction with Recommendation No. 5 in Clause No. 1 of Report No. 4 of The Policy and Finance Committee.

Background and Comments:

The Policy and Finance Committee in Clause No. 1 of Report No. 4, entitled Governance Structure and Funding to Implement the Toronto Waterfront Revitalization Initiative, is recommending that The Council of the City of Toronto adopt certain recommendations relating to the Toronto Waterfront Revitalization Initiative. Recommendation No. 5 reads as follows:

“(5) the Mayor be authorized to execute, on behalf of the City, a Contribution Agreement among the Government of Canada, the Province of Ontario, and the City of Toronto (to be submitted directly to Council for consideration at its meeting of April 23-27, 2001) which details the commitments, rights and obligations of the interim corporation and the three governments.”

The Contribution Agreement referred to in this recommendation is attached to this report as Appendix A. The contents of the Contribution Agreement are summarized on pages 17, 18 and 19 of Clause No. 1 of Report No. 4 of The Policy and Finance Committee.

The terms of the attached Contribution Agreement have been negotiated by staff from the three levels of government. City staff have been advised that the Agreement will be presented for approval to Treasury Board of the Government of Canada on Thursday, April 26, 2001 and that the Lieutenant Governor in Council for the Province of Ontario is expected to issue an Order in Council approving the Contribution Agreement by Friday, April 27, 2001.

Conclusions:

This report transmits to Council the Contribution Agreement among the Government of Canada, the Province of Ontario, and the City of Toronto relating to the Toronto Waterfront Revitalization Initiative, in accordance with and to be considered in conjunction with Recommendation No. 5 in Clause No. 1 of Report No. 4 of The Policy and Finance Committee.

Contact:

*Elizabeth M. Waight, Solicitor, Municipal Law
phone: (416) 392-7221; fax: (416) 392-1017
e-mail: ewaight@city.toronto.on.ca*

List of Attachments:

Appendix A (Contribution Agreement)

APPENDIX A

CONTRIBUTION AGREEMENT

Made this th day of , 2001,

BETWEEN

HER MAJESTY THE QUEEN, in right of Canada, (herein referred to as "Canada"), represented by the Minister of Transport in his capacity as Minister responsible for the Toronto Waterfront Revitalization Initiative,

AND

HER MAJESTY THE QUEEN, in right of the Province of Ontario, (herein referred to as "Ontario"), represented by the Minister of Finance,

AND

CITY OF TORONTO (herein referred to as "the City"), represented by the Mayor of Toronto,

AND

TORONTO WATERFRONT REVITALIZATION CORPORATION (herein referred to as "the Interim Corporation"), body corporate, duly constituted under the Business Corporations Act (Ontario), having its head office in the City of Toronto, represented by

WHEREAS Canada, Ontario, and the City recognize that revitalization of the Toronto waterfront area is in the public interest and will result in environmental improvement, renewed economic vitality, and improved quality of life;

AND WHEREAS Canada, Ontario and the City have announced on October 20, 2000 their commitment to each contribute \$500M towards the Toronto Waterfront Revitalization Initiative (herein referred to as "the "Initiative");

AND WHEREAS the Initiative is the long-term plan to be adopted by the Interim Corporation and the successor long-term entity and approved by Canada, Ontario and the City for environmental improvement, rejuvenation of economic activity, and overall improvement of quality of life through development of the 46 kilometer waterfront along the Toronto shoreline with particular emphasis on the central core and including as a priority the infrastructure improvements necessary to stage the Olympic Games in 2008;

AND WHEREAS Canada, Ontario and the City have agreed in principle to jointly fund certain projects for the purposes of furthering the Initiative including projects required in support of the City's bid to host the 2008 Olympic and Paralympic Games;

AND WHEREAS Canada, Ontario, and the City have established an Intergovernmental Waterfront Steering Committee (herein referred to as "the Steering Committee") for the purposes of advancing the Initiative and to make recommendations regarding the formation and governance of a long-term entity to implement the Initiative;

AND WHEREAS the Steering Committee recognizes the need for a long-term entity to be established for the purposes of implementing the Initiative and have concluded that any long-term entity model would require provincial legislation;

AND WHEREAS the Steering Committee has identified certain projects that should be started immediately and has recommended that an interim governance structure be created to begin these projects;

AND WHEREAS, in order to facilitate the start-up of the projects, Ontario has procured the incorporation of the Interim Corporation under the Business Corporations Act (Ontario) in which Ontario is the sole shareholder for the purposes of commencing the work on the identified projects pending the establishment of a long-term entity which will ultimately assume responsibility for completing these projects;

AND WHEREAS the Governor in Council by Order in Council P.C. 2001-_____ has authorized the Minister of Transport, in his capacity as Minister responsible for the Toronto Waterfront Revitalization Initiative, to execute this Agreement on behalf of Canada;

AND WHEREAS the Minister of Finance is authorized to execute this Agreement on behalf of Ontario;

AND WHEREAS the Council of the City by adopting clause ____ of Report No. ____ of the Policy and Finance Committee of the City at its meeting on _____ has authorized the Mayor of Toronto to execute this Agreement on behalf of the City;

AND WHEREAS the Board of Directors of the Interim Corporation has authorized _____ to execute this Agreement on behalf of the Interim Corporation;

THEREFORE, in accordance with the principles set out above, Canada, Ontario, the City and the Interim Corporation hereby agree as follows:

1 INTERPRETATION

Definitions

1.1 In this Agreement, unless the context requires otherwise,

- (a) “Agreement” means this agreement, together with Schedules A, B, C, D, E, and F thereto, as amended from time to time, except that Canada is not a party to the agreements contained in subsection 13.1 and Schedule F.*
- (b) “designated representative” means, in respect of each level of government, the Federal Minister, the Provincial Minister or the Mayor of Toronto, as the case may be;*
- (c) “Eligible Costs” has the meaning ascribed thereto in Schedule B to this Agreement;*
- (d) “Eligible Recipient” means a person, other than the Interim Corporation, who, in respect of any Project, is identified in Schedule A as the person responsible to carry out that Project;*
- (e) “Federal Minister” means the Minister of Transport in his capacity as Minister responsible for the Toronto Waterfront Revitalization Initiative and includes anyone authorized to act on the Minister of Transport’s behalf;*
- (f) “Fiscal Year” means the period beginning April 1 of a year and ending March 31 of the following year;*
- (g) “Infrastructure” means publicly or privately owned fixed capital assets in the Toronto waterfront area for public use or benefit;*
- (h) “Initiative” has the meaning ascribed thereto in the second recital of this Agreement;*
- (i) “level of government” means Canada, Ontario or the City;*
- (j) “Mandated Activities” means, with respect to any Project, the activities described in Schedule A, as amended from time to time, which are required to be carried out by the Interim Corporation or the Eligible Recipient, as the case may be, in the current Fiscal Year or any other Fiscal Year approved in writing by the designated representatives of the three levels of government.*
- (k) “Mayor of Toronto” means the Mayor of Toronto and includes anyone authorized to act on the Mayor of Toronto’s behalf;*
- (l) “Project” means any of the Infrastructure projects described in Schedule A to this Agreement, as amended from time to time;*
- (m) “Provincial Minister” means the Minister of Finance and includes anyone authorized to act on the Minister of Finance’s behalf;*
- (n) “Steering Committee” has the meaning ascribed thereto in the third recital of this Agreement; and*

- (o) *“Third Party Contractor” means any person, other than one of the Parties or an Eligible Recipient, which is involved in implementing a Project for or on behalf of the Interim Corporation or an Eligible Recipient.*
- 1.2 *Words in the singular include the plural, and words in the plural include the singular, as the context requires.*
- 1.3 *All Schedules to this Agreement, as amended from time to time, form part of the Agreement except that Canada is not a party to the agreements contained in Schedule F.*
- 1.4 *Canada, Ontario, the City and the Interim Corporation are the Parties to this Agreement, except that Canada is not a party to the agreements referenced in subsection 13.1 and contained in Schedule F.*
- 1.5 *The purpose of this Agreement is to facilitate the funding of the costs of implementation of the Projects.*
- 1.6 *All accounting and financial terms used in this Agreement shall, except where otherwise provided either expressly or by necessary implication, be interpreted and applied in accordance with generally accepted accounting principles and generally accepted auditing standards in Canada as they exist from time to time.*
- 1.7 *Notwithstanding any provision to the contrary, where this Agreement provides that the Interim Corporation shall “ensure” compliance by an Eligible Recipient or the person to assume responsibility upon Project completion, the obligation of the Interim Corporation herein shall be deemed to have been performed if:*
- (i) *the Interim Corporation shall have obtained from such Eligible Recipient or the person to assume responsibility upon Project completion, as the case may be, a covenant, obligation or agreement in terms which are no less stringent; and*
- (ii) *in the event of a breach of such covenant, obligation or agreement by the Eligible Recipient or the person to assume responsibility upon Project completion, as the case may be, the Interim Corporation shall have used diligent efforts to enforce such covenant, obligation or agreement, including the initiation and continuance and prosecution of legal proceedings with due diligence.*
- 1.8 *This Agreement set forth the entire agreements and all the covenants, promises, assurances, agreements, representations, conditions, warranties, statements and understandings among the parties to the Agreement concerning the subject matter hereof. No covenants, promises, assurances, agreements, representations, conditions, warranties, statements or understandings expressed, implied or otherwise are made among the parties to the Agreement except as expressly set out in this Agreement.*

2. **STEERING COMMITTEE**

- 2.1 *The Steering Committee shall continue to exist and operate for as long as necessary to meet the requirements of this Agreement.*
- 2.2 *The Steering Committee may establish sub-committees and determine the membership of the subcommittees as required from time to time to carry out this Agreement.*
- 2.3 *The Steering Committee shall establish all rules and procedures with respect to its own meetings and meetings of sub-committees of the Steering Committee, including rules for the conduct of meetings and decision-making.*
- 2.4 *The Steering Committee will have the following responsibilities:*
- *to consider and recommend to the designated representatives of the three levels of government any proposed amendment to Schedule A;*
 - *to make recommendation to Canada, Ontario and the City on a structure for the long-term entity;*
 - *to coordinate the efforts of the three levels of government in the organization of major communication events;*
 - *to develop and recommend to the designated representatives of the three levels of government the eligibility criteria for Projects and guidelines for amendments to Schedule A; and*
 - *to carry out any other duties, powers and functions specified elsewhere in this Agreement or as may be assigned to the Steering Committee by the agreement of all the designated representatives of the three levels of government to accomplish the purpose of this Agreement.*
- 2.5 *The Steering Committee shall develop and recommend to the designated representatives of the three levels of government the eligibility criteria for Projects and guidelines for amendments to Schedule A as soon as practicable after the signature of this Agreement and in any event before recommending any proposed amendment to Schedule A.*

3 **IMPLEMENTATION OF PROJECTS**

- 3.1 *The Interim Corporation shall endeavor to carry out the Mandated Activities in respect of any Project that the Interim Corporation is responsible to carry out and ensure that any Eligible Recipient shall endeavor to carry out the Mandated Activities in respect of any Project for which the Eligible Recipient is responsible.*
- 3.2 *The Interim Corporation shall ensure that the Mandated Activities are commenced as soon as possible after the signature of this Agreement and that the Interim Corporation or the appropriate Eligible Recipient, as the case may be, thereafter proceeds diligently with the carrying out of the Mandated Activities until their completion or until the responsibility for their completion has been transferred to the long-term entity, whichever*

comes first, in a good and workmanlike manner and using qualified personnel or Third Party Contractors therefor.

- 3.3 *The Interim Corporation shall endeavor to complete the Mandated Activities in respect of any Project that the Interim Corporation is responsible to carry out on or before the end of the current Fiscal Year and shall ensure that the appropriate Eligible Recipient shall endeavor to complete the Mandated Activities in respect of any Project that the Recipient is responsible to carry out on or before the end of the current Fiscal Year or any other Fiscal Year approved in writing by the designated representatives of the three levels of government.*
- 3.4 *Subject to subsection 7.6 of this Agreement, the Interim Corporation shall not exceed and shall ensure that any Eligible Recipient shall not exceed the maximum allowable costs specified in Schedule A for the Mandated Activities.*
- 3.5 *The Interim Corporation shall undertake activities other than the Mandated Activities only with the prior written approval of the designated representatives of the three levels of government.*
- 3.6 *The Interim Corporation shall have no obligation under this Agreement after March 31, 2002. In the unlikely event that the long-term entity is not established by March 31, 2002, the Parties may agree to extend the obligations of the Interim Corporation under this Agreement or shall make such other arrangements as are necessary.*

4 PROJECT IMPLEMENTATION

- 4.1 *The Interim Corporation shall comply and ensure that any Eligible Recipient shall comply with all conditions set out in Schedule A with respect to Mandated Activities.*
- 4.2 *The Interim Corporation shall comply and ensure that any Eligible Recipient shall comply with all applicable laws including any environmental legislation in the implementation of any Mandated Activities that the Interim Corporation or the Eligible Recipient, as the case may be, is responsible for carrying out.*
- 4.3 *The Interim Corporation shall carry out and ensure that every Eligible Recipient shall carry out the work required to be carried out for any environmental assessment that any one of the three levels of government may be required by law to carry out as a consequence of this Agreement.*

5 **CONTRACT PROCEDURES**

5.1 *The Interim Corporation shall not enter into*

- *any contract for the purchase of goods or services or any construction contract with any Third Party Contractor for the implementation of any Project, or*
- *any agreement with an Eligible Recipient for the implementation of any Project*

which contemplates expenditures in any Fiscal Year other than the current Fiscal Year unless such contract or agreement is for an amount less than \$10,000.00 or has received the prior written approval in writing of the designated representatives of the three levels of government.

5.2 *All contracts for the purchase of goods and services or construction contracts in excess of a total value of \$75,000 (2001 dollars) to be entered into by the Interim Corporation or an Eligible Recipient, as the case may be, with a Third Party Contractor for the implementation of any Project shall be awarded following a competitive process.*

5.3 *All contracts for the purchase of goods and services or construction contracts entered into by the Interim Corporation or an Eligible Recipient, as the case may be, with a Third Party for the implementation of any Project and all agreements between the Interim Corporation and an Eligible Recipient for the implementation of any Project shall be consistent with and shall incorporate the relevant provisions of this Agreement and (without limiting the foregoing) the Interim Corporation or the Eligible Recipient, as the case may be, shall ensure that such contracts include the following provisions:*

- (a) *proper and accurate accounts and records shall be maintained by the Eligible Recipient or the Third Party Contractor, as the case may be, with respect to any Project;*
- (b) *any of the three levels of government, or its designates, shall be permitted, at all reasonable times, by the Eligible Recipient or the Third Party Contractor, as the case may be, to inspect the terms of the contract and any records and accounts respecting any Project;*
- (c) *all applicable labour, environmental and human rights legislation shall be complied with;*
- (d) *subject to subsection 5.6 the Eligible Recipient or the Third Party Contractor, as the case may be, shall be responsible for and shall save harmless and indemnify each level of government and the Interim Corporation and their respective officers, employees and agents from and against all claims, liabilities, and demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from (i) a Project; (ii) the performance of the contract or the breach of any term or condition of the contract by the Eligible Recipient or Third Party Contractor, as the case may be, or its officers, employees or agents; or (iii) any omission or any willful or negligent act of the Eligible Recipient or Third Party Contractor, as the case may be, or its officers, employees or agents;*

- (e) *ensure that all contracts awarded by the Interim Corporation or the Eligible Recipient, as the case may be to a Third Party Contractor for the implementation of a Project contain all the provisions that a prudent owner would require from its contractor including the necessary performance bonds and insurance coverage; and*
- (f) *contain an acknowledgment to the effect that nothing in this Agreement shall be construed as authorizing the Interim Corporation or the Eligible Recipient, as the case may be, or any Third Party Contractor to contract for or to incur any obligation on behalf of or to act as agent for the Interim Corporation or any level of government.*

5.4 *The Interim Corporation shall ensure that the ongoing responsibility for the operation, maintenance and repair of the Projects as listed in Schedule A when this Agreement is signed shall, upon completion, be assumed by the persons identified below beside the name of the Project:*

Project	Person to Assume Responsibility Upon Project Completion
<i>Union Station Second Platform</i>	<i>Toronto Transit Commission</i>
<i>Naturalization and Flood Protection for the Lower Don River</i>	<i>Owners of underlying lands</i>
<i>Portlands Preparation</i>	<i>Owners of underlying lands</i>
<i>Front Street Extension and Interchange</i>	<i>City of Toronto</i>

If Schedule A is amended to add other Projects in accordance with this Agreement, at the time of any such amendment the designated representatives of the three levels of government shall jointly determine who is to have ongoing responsibility for the ongoing operation, maintenance and repair of any such project upon its completion.

- 5.5 *Before commencing any Project listed in Schedule A when this Agreement is signed or any additional project, the Interim Corporation shall ensure, subject to subsection 5.6, that the person with ongoing responsibility for its operation, maintenance and repair as provided for in Section 5.4 indemnify and save harmless the three levels of government and the Interim Corporation and their respective officers, employees and agents from and against all claims, liabilities and demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from the on-going operation, maintenance and repair of any completed Project.*
- 5.6 *In the event that, after the making of commercially reasonable efforts, the Interim Corporation is unable to ensure that the indemnities required by paragraph 5.3(d) or subsection 5.5, as the case may be, are provided to the three levels of government and the Interim Corporation, the Interim Corporation shall advise the designated representatives of the three levels of government and shall ensure that commercially reasonable indemnities with terms and conditions agreed to by the three levels of government are provided.*

6 FINANCIAL PROVISIONS

- 6.1 *Subject to the terms and conditions of this Agreement and subject to the express condition that there be an appropriation for the funds necessary for the Fiscal Year in which they are required, the total contribution made by each level of government under this Agreement shall not exceed \$100 million during the term of this Agreement and such amount specified in Schedule E in any Fiscal Year during the term of this Agreement.*
- 6.2 *The contribution made by each level of government under this Agreement with respect to any Project shall be equal to one third (1/3) of the total Eligible Costs of that Project unless otherwise agreed to in writing by the designated representatives of the three levels of government.*
- 6.3 *Notwithstanding subsection 6.2, the contribution by any level of government with respect to any Project may be other than one third (1/3) of the total Eligible Costs of that Project if agreed to in writing beforehand by the designated representatives of the three levels of government provided that the total contribution by each level of government shall be one third (1/3) of the total Eligible Costs of all the Projects.*
- 6.4 *The Interim Corporation shall ensure that neither the Interim Corporation nor any Eligible Recipient receives funding from any other governmental sources for any Project, except with the prior written consent of the appropriate designated representative of the level of government concerned.*
- 6.5 *The three levels of government acknowledge that the intent is to have the long-term entity assume the obligation to repay to the three levels of government, on a proportionate basis, within a reasonable time after the Initiative will have been completed, the contributions received by the Interim Corporation under this Agreement, out of the excess/net revenues, if any, of the long-term entity.*

7 PAYMENT PROCEDURES

- 7.1 *In order to assist with the interim financing of the operating costs to be incurred by the Interim Corporation which are included as part of the Eligible Costs, each level of government shall make, from time to time, advances to the Interim Corporation to be used by the Interim Corporation as working capital to cover needs that cannot be covered by interim payments made under subsection 7.2, subject to the obligation of the Interim Corporation to account for these advances on a quarterly basis.*
- 7.2 *In order to assist with the interim financing of any Project, each level of government shall make interim payments to the Interim Corporation, in accordance with the policies and procedures of that level of government, as an advance towards that level of government's share of Eligible Costs of any Project determined in accordance with subsection 7.4, based on reasonable estimates and cash-flow forecast, certified by a senior officer of the Interim Corporation.*
- 7.3 *The Interim Corporation shall account for each interim payment by submitting to each level of government, within ninety (90) days after such payment by that level of government, a detailed statement of the Eligible Costs actually incurred and paid by the Interim Corporation, verified in a manner satisfactory to the designated representative of*

that level of government. Any discrepancy between the amounts advanced by the level of government by way of interim payments and that level of government's share of Eligible Costs, after an allowance for retention of working capital, shall be promptly adjusted between the Interim Corporation and that level of government.

- 7.4 *Payments by each level of government shall be promptly made to the Interim Corporation on the basis of progress claims, supported by invoices and other related documents which set out the costs actually incurred and paid by the Interim Corporation or the Eligible Recipient, as the case may be, for any Project, submitted in a form and verified in a manner satisfactory to the designated representative of that level of government.*
- 7.5 *No claim shall be paid by any level of government to the Interim Corporation unless it is received on or before March 31 of the year following the Fiscal Year in which the Eligible Cost is incurred and in all circumstances, no later than the date specified in subsection 11.1.*
- 7.6 *The levels of governments shall not consider cost overruns on any approved Project, other than in exceptional circumstances where*
- (a) the Interim Corporation informs the Steering Committee as soon as it becomes aware that a cost overrun is probable;*
 - (b) the designated representatives of the three levels of government on the recommendation of the Steering Committee approve the inclusion of the cost overrun as justifiable; and*
 - (c) funds are available to cover the cost overrun.*

8 AUDIT AND INSPECTION

- 8.1 *The Interim Corporation shall ensure that proper and accurate accounts and records are maintained by the Interim Corporation or the Eligible Recipient, as the case may be, and any Third Party Contractor with respect to any Project and shall, upon reasonable notice, ensure that such accounts and records are made available by the Interim Corporation or the Eligible Recipient, as the case may be, and to any Third Party Contractor for inspection.*
- 8.2 *Accounts and records shall be maintained by the Interim Corporation or the Eligible Recipient, as the case may be, and by any Third Party Contractor for a period of at least three years after the final settlement of accounts with respect to any Project.*
- 8.3 *The duly authorized representatives of any level of government may inspect the amounts of all claims in respect of any Project and the accounts and records related thereto. Any discrepancy between the amounts paid by a level of government and the amount payable under this Agreement shall be promptly adjusted between the Interim Corporation and that level of government.*
- 8.4 *The Interim Corporation will provide and ensure that any Eligible Recipient or any Third Party Contractor will provide to each level of government on request all information in its custody and under its control that would indicate whether any Project has actually been undertaken or completed, the benefits achieved, and the costs incurred with respect thereto.*

8.5 *Each level of government may audit at its own expense substantially in accordance with the Audit Framework attached hereto as Schedule "C" the expenditures incurred under this Agreement.*

9 **PROJECT EVALUATION**

9.1 *The Parties agree to co-operate with respect to the evaluation of any Project.*

9.2 *Each one of the Parties will provide the others with all relevant information as may reasonably be required to undertake such evaluation.*

10 **COMMUNICATIONS**

10.1 *The Parties hereby agree to undertake the development and delivery of a Communication Plan for the term of this Agreement which will enhance opportunities for appropriate, continuous and consistent recognition for co-operative activities under this Agreement. The mechanisms thereof are specified in the Communications Protocol, Schedule "D" to this Agreement. The Parties shall comply with the provision of such Communication Plan once it has been established.*

11 **GENERAL**

11.1 *This Agreement will be effective as of the date hereof and will terminate on March 31, 2008. In the unlikely event that the Projects are not completed by March 31, 2008, the parties may agree to extend this Agreement or shall make other arrangements as are necessary.*

11.2 *Subject to subsection 11.3, this Agreement including any Schedule that is part of the Agreement may be amended from time to time on written agreement of the designated representatives of the three levels of government.*

11.3 *No amendment to this Agreement shall be effective if the effect of the amendment is to change the purpose of the Initiative, the total contribution to be made by each level of government during the term of this Agreement, the term of this Agreement and the completion date of each Project, unless approved*

- (a) *by the Governor in Council for Canada,*
- (b) *by the designated representative for Ontario, and*
- (c) *by the designated representative for the City.*

11.4 *No member of the House of Commons or of the Senate of Canada or the Legislative Assembly of Ontario or the City Council shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom.*

11.5 *Nothing in this Agreement is to be construed as authorizing any one of the Parties to*

contract for or to incur any obligation on behalf of or to act as agent for another. Nothing in this Agreement is to be construed as authorizing the Interim Corporation or any Eligible Recipient, as the case may be, or any Third Party Contractor to contract for or to incur any obligation on behalf of or to act as agent for any level of government and the Interim Corporation shall take reasonable steps to ensure any agreement between the Interim Corporation or any Eligible Recipient, as the case may be, and a Third Party Contractor contains a provision to that effect.

- 11.6 *The Interim Corporation shall be the owner of all trademarks, trade names, copyrights, patents, trade secrets and other forms of industrial and intellectual property protected by law and arising directly or indirectly through carrying out the Mandated Activities. The Interim Corporation shall take steps as would a prudent owner, acting reasonably, to protect the ownership of any intellectual property*
- 11.7 *Notwithstanding any other provision of this Agreement, all obligations of Canada incurred by virtue of this Agreement shall be subject to section 40 of the Financial Administration Act (Canada).*
- 11.8 *The Interim Corporation agrees to save harmless and indemnify each level of government and its respective officers, employees and agents from and against liability to the same extent and on the same terms and conditions as the indemnity from the Eligible Recipient or Third Party Contractor required to be provided under paragraph 5.3(d) or as agreed to by the three levels of government under subsection 5.6.*
- 11.9 *Following the incorporation of the long-term entity, the rights, liabilities and obligations of the Interim Corporation under this Agreement shall be assigned to the long-term entity and all of the assets and liabilities of the Interim Corporation shall be transferred to and become the assets and liabilities of the long-term entity and Canada, Ontario and the City shall release the Interim Corporation from all liabilities and obligations under this Agreement when the long-term entity has assumed all liabilities and obligations of the Interim Corporation under this Agreement.*
- 11.10 *The three levels of government acknowledge that they will negotiate in good faith a further contribution agreement to be entered into among the three levels of government and the long-term entity with respect to the Initiative which agreement will take effect upon the incorporation of the long-term entity and will incorporate the rights, liabilities and obligations of the Interim Corporation under this Agreement to the extent agreed upon as appropriate by the three levels of government.*

12 **ACKNOWLEDGEMENT**

- 12.1 *The three levels of government agree to recognize as Eligible Costs of the long-term entity any expenditures incurred in any Fiscal Year other than the current Fiscal Year under*
- *any contract for the purchase of goods or services or any construction contract with any Third Party Contractor, or*
 - *any agreement with an Eligible Recipient*
- which has received the prior written approval in writing of the designated representatives of the three levels of government.*

- 12.2 *The three levels of government agree and acknowledge that to the extent that any of the three levels of government incurs any costs or liability as a result of being shareholder of the Interim Corporation or the Interim Corporation being found to be acting as its agent or incurring obligations on behalf of it or as a result of the agreements contained in Schedule "F" of this Agreement, the net costs of that level of government shall be calculated as and constitute part of its \$500 million contribution toward the Initiative. For the purposes of this subsection 12.2, net costs means the costs or liability incurred by that level of government as described in the foregoing sentence after deduction of any amounts recovered by the level of government pursuant to the indemnities contained in section 1 of Schedule "F", section 12.4 of this Agreement or any other insurance policy or indemnity.*
- 12.3 *Each level of government agree not to enforce any obligations of the Interim Corporation under this Agreement or pursue any action arising out of the Interim Corporation's obligations and activities under this Agreement against any other level of government in any capacity.*
- 12.4 *The Interim Corporation agrees to indemnify and save harmless*
- (a) *Ontario against all costs and liabilities that Ontario may incur as a result of Ontario being sole shareholder of the Interim Corporation; or*
 - (b) *any level of government against all costs and liabilities that the level of government may incur as a result of the Interim Corporation being found to be acting as that level of government's agent or incurring obligations on behalf of that level of government; and*
 - (c) *the City against any payments made by the City to Ontario under the indemnity contained in Section 1 of Schedule "F",*
- but this subsection 12.4 shall not be interpreted to require the Interim Corporation to indemnify and save harmless more than once against any particular cost, liability or payment.*
- 12.5 *Each level of government shall make all commercially reasonable efforts to eliminate or minimize any exposure that it may have in respect of any costs or liabilities which may be incurred by it as a result of being shareholder of the Interim Corporation or the Interim Corporation being found to be acting as its agent or incurring obligations on behalf of it or as a result of the agreements contained in Schedule "F".*

13. OTHER AGREEMENTS AND ACKNOWLEDGEMENTS

- 13.1 *The Interim Corporation, Ontario, as shareholder of the Interim Corporation, and the City agree to comply with each of the agreements set forth in Schedule F. Schedule F may be amended from time to time by the written agreement of the designated representatives of Ontario and the City.*
- 13.2 *Canada hereby acknowledges the existence of the other agreements between the Interim Corporation, Ontario, as shareholder of the Corporation, and the City referenced in subsection 13.1. Ontario and the City acknowledge that Canada is not a party to these other agreements.*

This Agreement has been executed on behalf of Canada by the Minister of Transport, in his capacity as Minister responsible for the Toronto Waterfront Revitalization Initiative, on behalf of Ontario by the Minister of Finance, on behalf of the City by the Mayor of Toronto and on behalf of the Interim Corporation by its duly authorized representative.

**HER MAJESTY THE QUEEN IN RIGHT OF
CANADA**

*Minister of Transport in his capacity as
Minister responsible for Toronto Waterfront
Revitalization Initiative*

**HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF ONTARIO**

Minister of Finance

CITY OF TORONTO

Mayor
**TORONTO WATERFRONT REVITALIZATION
CORPORATION**

per

SCHEDULE "A"

DESCRIPTION OF PROJECTS

A.1 UNION STATION SECOND PLATFORM

Overview of the Project

The Union Station Project is to begin in 2001 with a completion date of December 31, 2007. The maximum allowable costs for this entire Project are \$58,000,000.

The expansion of Union Station's subway platform includes:

- *the addition of a second subway platform to the south of the existing platform;*
- *improved connections to the Harbourfront Light Rapid Transit (LRT); and*
- *the reorganization of the concourse to include a western by pass corridor for GO passengers who are not destined for the subway.*

The overall objectives of this Project are to:

- *provide additional passenger capacity;*
- *accommodate surge passenger flows from major events;*
- *improve traffic flow;*
- *improve passenger safety;*
- *make the station fully accessible; and*
- *provide for one "paid area" to enhance station operation and accommodate future growth in customer demand.*

Mandated Activities

The Interim Corporation shall undertake the Mandated Activities of the Union Station Project, which are composed of the following elements.

- (a) *Completion of the necessary environmental assessment studies to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario).*
- (b) *Development and evaluation of alternative station concepts based on pedestrian forecasts and analysis undertaken in cooperation with GO Transit and City of Toronto.*

- (c) *Completion of conceptual design for utility relocations and confirmation of the feasibility of the architectural layout and structural configuration of the preferred station concept.*
- (d) *Development of a construction staging plan, a preliminary construction schedule, and concepts for the maintenance of pedestrian flows during design and construction.*
- (e) *Determination of design and construction contract packages including making a recommendation of the most efficient and cost effective manner to contract for utility relocations to be undertaken and the design and construction of the new platform and mezzanine.*

The Eligible Recipient is the Toronto Transit Commission.

A progress report must be prepared or work must be completed on the Mandated Activities by December 31, 2001, or by the establishment of the long-term entity, whichever comes first. The maximum allowable costs for the Interim Corporation for the Mandated Activities of this Project are \$1,650,000.

A.2 NATURALIZATION AND FLOOD PROTECTION FOR THE LOWER DON RIVER

Overview of the Project

The Don River Project is to begin 2001 with a completion date of December 31, 2002. The maximum allowable costs for this entire Project are \$2,000,000.

The Project entails carrying out the necessary environmental assessment studies to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario). As part of this work, an assessment of alternatives is to be undertaken in order to assist in making a determination of the eventual design of the reconfiguration of the river mouth.

The overall objective of this Project is to eventually reconfigure the mouth of the Don River into a more natural outflow into Lake Ontario. A higher capacity outflow and appropriate land configuration is to provide flood protection that will enable development of the West Don Lands. The need for the Keating Channel is to be eliminated and reclaimed for development purposes. Roads, rail lands, and utilities will need to be adjusted to accommodate the realignment of the river.

Mandated Activities

The Interim Corporation shall undertake the Mandated Activities of the Don River Project, which are to begin the necessary environmental assessment studies to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario) as well as to begin the assessment of alternatives. This work should include the following components.

- (a) *Scoping of the renaturalization of the Don River and project management.*
- (b) *Renaturalization design, development of alternatives, and evaluation.*

- (c) *Environmental studies necessary for the environmental assessment.*
- (d) *Renaturalization design of preferred alternative.*
- (e) *Public consultations as necessary.*

The Eligible Recipient is the Ontario Regional Conservation Authority.

The Interim Corporation is to provide a progress report by December 31, 2001, or by the establishment of the long-term entity, whichever comes first. The maximum allowable costs for the Mandated Activities of this Project are \$1,000,000.

A.3 PORTLANDS PREPARATION

Overview of the Project

The Portlands Preparation Project is to begin in 2001 with a completion date of December 31, 2006. The maximum allowable costs for this entire Project are \$60,700,000.

This Project is to begin to make improvements to the Portlands and West Don Lands by removing obvious impediments to private sector investment and by reclaiming land for more productive employment and Olympic and Paralympic uses.

The overall objectives for the Portlands and West Don Lands development are:

- *to improve the overall safety and image of the area;*
- *to enhance the ability to market land in the district for more productive uses;*
- *to foster new employment opportunities and remove impediments to private investment; and*
- *to provide infrastructure to support Olympic and Paralympic development, including related services.*

Mandated Activities

The Interim Corporation shall undertake the Mandated Activities of the Portlands Preparation Project, which are composed of the following elements.

- (a) *Development of a land management strategy for the Portlands and West Don Lands.*
- (b) *Development of a soil remediation strategy for the Portlands and West Don Lands for which the primary input will be the Interim Corporation's Development Plan and Business Strategy.*

- (c) *Commencement of a soil remediation program, including:*
- *identify priority sites for soil remediation in order to meet the requirements of the Olympic and Paralympic bid; and*
 - *carry out the necessary studies for the environmental assessments for those selected sites to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario).*
- (d) *Commencement of preliminary infrastructure, including:*
- *identify and develop a plan for undertaking necessary infrastructure improvements in the Portlands and West Don Lands;*
 - *undertake necessary repairs and improvements to existing infrastructure;*
 - *undertake new infrastructure to support selected sites; and*
 - *carry out any necessary environmental assessment studies to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario) as necessary.*

The Eligible Recipient is to be determined by the Interim Corporation, in cooperation with Canada Lands Company, Toronto Economic Development Corporation, and Ontario Realty Corporation.

A progress report must be prepared or work must be completed on the Mandated Activities by December 31, 2001, or by the establishment of the long-term entity, whichever comes first. The maximum allowable costs for the Interim Corporation for the Mandated Activities of the Project are \$1,500,000.

A.4 FRONT STREET EXTENSION AND INTERCHANGE

Overview of the Project

The Front Street Extension Project is to begin in 2001 with a completion date of December 31, 2005. The maximum allowable costs for this entire Project are \$170,000,000.

The two kilometer Front Street Extension Project is to extend Front Street from Bathurst Street to a new interchange with the Gardiner Expressway west of Strachan Avenue and to continue west to end at Dufferin Street. The Front Street cross-section are to include three lanes in each direction between Bathurst Street and the interchange, two lanes in each direction west of the interchange as well as bicycle lanes, sidewalks and landscaped boulevards.

The overall objective of this Project is to provide a new route into the central area from the west, off-loading traffic from the elevated Gardiner Expressway.

Mandated Activities

The Interim Corporation shall undertake the Mandated Activities of the Front Street Extension Project, which are composed of the following elements.

- (a) Completion of the Environmental Assessment Addendum to satisfy the requirements of the Canadian Environmental Assessment Act and the Environmental Assessment Act (Ontario).*
- (b) Detailed design of the extension and interchange.*
- (c) Land management strategy and property assemblage.*
- (d) Determination of the design and construction packages including making a recommendation of the most efficient and cost effective manner to contract for the design and construction phase(s) of this Project.*

The Eligible Recipient is the City of Toronto.

A progress report must be prepared or work must be completed by December 31, 2001, or by the establishment of the long-term entity, whichever comes first. The maximum allowable costs for the Interim Corporation for the Mandated Activities of this Project are \$10,000,000.

A.5 CORPORATE PROJECTS

In addition to any of the Projects listed above, the Interim Corporation shall develop a Development Plan and a Business Strategy for the long-term entity. A progress report must be prepared or work must be completed by December 31, 2001, or by the establishment of the long-term entity, whichever comes first. The maximum allowable costs for this Project are \$3,000,000.

SCHEDULE "B"

ELIGIBLE COSTS

- *all direct costs reasonably incurred by the Interim Corporation for the purposes of implementing any Project which the Interim Corporation is responsible for implementing;*
- *all payments made by the Interim Corporation under an agreement with an Eligible Recipient for the purposes of contributing to the direct costs reasonably incurred by the Eligible Recipient for the purposes of implementing any Project which the Eligible Recipient is responsible for implementing;*
- *all indirect and overhead costs reasonably incurred by the Interim Corporation for the purposes of performing its mandate, including, without limitation, the costs of rental of office space for the Interim Corporation and the cost of liability insurance including D&O component.*

Any expenditure under a contract or agreement between the Interim Corporation and an Eligible Recipient or a Third Party Contractor in any fiscal year other than the current Fiscal Year is excluded from Eligible Costs unless the contract or agreement has been approved in writing by the designated representatives of the three levels of government before the contract or agreement was entered into.

Any expenditure which is funded by any source other than the moneys contributed by the three levels of government under this Agreement shall be excluded from Eligible Costs.

SCHEDULE "C"

AUDIT FRAMEWORK

C.1 PURPOSE

C.1.1 The purpose of the audit framework is to provide independent and objective assurances that:

- The management framework is appropriate, provides due consideration to risk assessment and management, and ensures compliance with the terms and conditions of this Agreement;*
- The funds are spent for the purposes intended and with due regard to economy, efficiency and effectiveness;*
- The Interim Corporation and any Third Party Contractor comply with its environmental obligations or conditions attached to any Project; and*
- Appropriate systems and procedures are in place to collect relevant, reliable information on the results of any Project for evaluation purposes.*

C.2 AUDIT OBJECTIVES

C.2.1 The key objectives of audits to be conducted pursuant to the Agreement are to:

- Assess the overall management and administration of any Project;*
- Determine whether funds were expended for the purposes intended and with due regard to economy, efficiency and effectiveness, by examining payment approval processes, including nature and extent of supporting documentation, accuracy of claim information and evidence of proper authorizations and such other due diligence reviews as appropriate;*
- Evaluate Project compliance with appropriate environmental legislation and regulations, including screening, assessment and follow-up processes (Note: while the focus is primarily on appropriateness of the environmental management system and compliance, there may be instances where an independent environmental audit is required);*
- Ensure that Project information and monitoring processes and systems are sufficient for the identification, capture, validation and the monitoring of achievement of intended benefits; and*
- Ensure that prompt and timely corrective action is taken on audit findings.*

C.3 ROLES AND RESPONSIBILITIES

C.3.1 Governance of the audit function will be the responsibility of the appropriate designated representative of the level of government concerned. The appropriate designated representative of the level of government concerned will ensure resources are set aside for audits; establish annual audit plans; oversee the conduct of audits and the reporting of audit results; and ensure that prompt and timely corrective action is taken in response to audit findings, including the recovery of funds if applicable.

C.3.2 The appropriate designated representative of the level of government concerned will submit to the Interim Corporation a copy of his annual audit plans, the annual audit reports and a report on the corrective action required to be taken if applicable.

C.4 AUDIT PLAN

C.4.1 The appropriate designated representative of the level of government concerned will ensure that an annual audit plan is developed that includes the following elements:

(a) Interjurisdictional Collaboration

The appropriate designated representative of the level of government concerned, in developing the audit plan, will adopt a collaborative approach to planning and conducting audits in order to avoid unnecessary duplication or overlap in audit activities and to build on existing audits where possible.

(b) Scope of Audit Activities

The audit plan will describe the scope of audit activity to be undertaken each year. Audit plans are to be developed based on a risk management approach and should specify:

- the audit objectives to be addressed in audits to be carried out that year;*
- the numbers of Projects of various sizes and scope to be audited;*
- the nature of the risks or issues that are to be the focus of audits; and*
- the reporting of audit results.*

(c) Timing and Reporting of Audits

The annual audit plan should indicate the proposed time frame for starting and completing audits and for the reporting of audit findings. Pursuant to the review policies of the Treasury Board of Canada in the case of an audit by Canada and relevant government policies in the case of an audit by Ontario and the City, the appropriate designated representative of the level of government concerned will be responsible for ensuring that all audit and review results are accessible to the public in a manner consistent with the above-mentioned policy.

(d) *Methodology*

The annual audit plan should outline the methodologies to be used for each audit, including the use of audits being carried out as part of the audit plans of Canada and the Interim Corporation.

(e) *Level of Resources*

The annual audit plan should specify the level of resources – financial and human – to be allocated to the conduct and management of audits and the share of these resources to be provided by the Parties.

(f) *Audit Standards*

All audits to be carried out under this Agreement are to be carried out according to accepted national or federal government audit standards for the specific type of audit to be carried out. The applicable standards include the Generally Accepted Auditing Standards and Standards for Assurance Engagements issued by the Canadian Institute of Chartered Accountants.

C.5 PROJECT INFORMATION

C.5.1 The appropriate designated representative of the level of government concerned shall ensure that Project implementation and management, and performance monitoring data and information required for auditing any Project is collected and made accessible to auditors.

SCHEDULE "D"

COMMUNICATIONS PROTOCOL

This Communications Protocol represents an agreement among Canada, Ontario and the City of Toronto and the Interim Corporation for communications related to Toronto's waterfront revitalization.

The brand identity for waterfront revitalization will be developed by the Interim Corporation with the approval of Canada, Ontario and the City of Toronto. Notwithstanding the brand identity that is developed, all public information material shall continue to provide equal recognition of the three levels of government, in accordance with the respective government identity programs.

All joint public announcements, events and public communications regarding waterfront revitalization require the consent of Canada, Ontario and Toronto. Canada, Ontario, Toronto and the Interim Corporation agree to provide appropriate advance notice of public communications. The Interim Corporation must provide at least 10 business days advance notice of public announcements and events to Canada, Ontario and Toronto to allow for the participation of officials and representatives.

Each organization will be responsible for providing communications materials in appropriate official languages. Joint announcements shall be provided in both English and French.

Unless otherwise agreed by Canada, Ontario and Toronto, each government will assume one-third of previously approved costs associated with the development and delivery of joint communications products and activities. The Interim Corporation is responsible for associated costs related to events and announcements that the Interim Corporation sponsors.

Canada, Ontario, Toronto and the Interim Corporation agree to maintain the confidentiality of all communications, stakeholder and issues management plans jointly developed until such time as all three governments consent to their release.

The Interim Corporation shall ensure that this protocol forms part of any agreement with third parties executing work on its behalf.

SCHEDULE "E"

PROFILE OF FUNDS

<i>2001-2002</i>	<i>\$5.7 million for Canada; \$5.7 million for Ontario and \$5.7 million for the City</i>
<i>2002-2003</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>
<i>2003-2004</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>
<i>2004-2005</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>
<i>2005-2006</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>
<i>2006-2007</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>
<i>2007-2008</i>	<i>to be agreed upon by the designated representatives of the three levels of government</i>

SCHEDULE "F"

COMMITMENT AMONG THE INTERIM CORPORATION AND ONTARIO AND THE CITY

AGREEMENT AMONG THE INTERIM CORPORATION AND ONTARIO AND THE CITY

1. Indemnity

The City hereby indemnifies and saves harmless Ontario from and against fifty per cent (50%) of all liabilities, costs, charges, losses, damages, actions, causes of action, proceedings, demands, claims or other consequences, direct or indirect incurred or suffered by Ontario and arising from or related to (i) Ontario's ownership of shares in and role as shareholder of the Interim Corporation or (ii) the Interim Corporation being found to be acting as agent for or otherwise incurring liabilities on behalf of Ontario. The City will not be required to pay under this indemnity to the extent that Ontario has breached the agreements set out in this Schedule "F" and the breach by Ontario is the direct cause of the liability

2 Appointment of Directors and Chair

- (1) Ontario agrees to appoint the Chief Administrative Officer of the City as the initial director and Chair of the board of directors of the Interim Corporation.*
- (2) Ontario agrees to obtain the agreement of the City prior to making any changes to the board of directors of the Interim Corporation including increases or decreases to the number of directors, the number of directors authorized by the articles, and the appointment, removal or replacement of any director or the Chair.*
- (3) In the event that initial director resigns or has been removed and no additional directors have been appointed, Ontario shall appoint the chief executive officer of the Interim Corporation as the director on an interim basis until such time as Ontario and the City agree on a replacement.*
- (4) In the event that the Chair resigns or has been removed, Ontario shall appoint one of the other directors as Chair with the agreement of the City, or, if there are no other directors, Ontario shall appoint the chief executive officer as Chair on an interim basis until such time as Ontario and the City agree on a replacement.*

3. Appointment of Chief Executive Officer

The Interim Corporation agrees to appoint and Ontario agrees to ensure that the board of directors of the Interim Corporation appoints [] as chief executive officer of the Interim Corporation. Ontario and the Interim Corporation agree to obtain the agreement of the City prior to removal or replacement of the chief executive officer. In the event that (I) the chief executive officer resigns and (ii) Ontario and the City do not agree in a timely manner to the replacement, Ontario shall appoint the chair of the board of directors as the chief executive officer on an interim basis until such time as Ontario and the City agree on a replacement.

4. Appointment of Auditor

Ontario agrees to appoint as external auditor of the Interim Corporation an independent auditing firm acceptable to the City and shall obtain the agreement of the City prior to removal or replacement of the auditor.

5. Wind-up of Interim Corporation

Ontario agrees not to exercise its right as shareholder of the Interim Corporation to voluntarily wind-up the Interim Corporation without obtaining the agreement of the City.

6. Other Rights

The City shall have the same rights of approval as set out for the shareholder in sections 7 to 13 of this Schedule "F" and the Interim Corporation shall obtain the approval of the City in addition to the approval of Ontario, the shareholder in respect of those sections.

7. Ownership of Property

The Interim Corporation shall not acquire any right, title or interest to or take possession of any assets or property, including shares and real property, or invest in or purchase any business whether directly or by acquiring the entity through or by which the business is operated in any other manner without the approval of the shareholder. The Interim Corporation shall not sell, lease, exchange or otherwise dispose of property or assets of the Interim Corporation having a value in excess of \$10,000.00 in the aggregate in any fiscal year without the approval of the shareholder.

8. Borrowing

The Interim Corporation shall not borrow or enter into any other financing including application for or obtaining of any line of credit without the approval of the shareholder. The Interim Corporation shall not mortgage, charge or grant a security interest in or otherwise encumber any of the assets of the Interim Corporation without the approval of the shareholder.

9. Guarantees

The Interim Corporation shall not provide any guarantee, indemnity or other financial assistance to any entity by means of loan or otherwise without the approval of the shareholder.

10. Contingent Liabilities

The Interim Corporation shall not enter into any contract or other obligation or liability (including contingent liabilities) in excess of or which would involve the expenditure of an amount in excess of the costs of the Mandated Activities as defined in the Agreement or expose the Interim Corporation to costs not covered by the Agreement without the approval of the shareholder.

11. Insurance

- (a) *The Interim Corporation shall obtain and maintain liability and other insurance of an amount and type that is approved by the shareholder.*
- (b) *The Interim Corporation shall provide satisfactory proof of such insurance upon request from the shareholder or the City.*
- (c) *The Interim Corporation shall not change or cancel such insurance without the approval of the shareholder*
- (d) *The Interim Corporation shall also maintain such insurance as would a prudent owner/employer, which shall include directors and officers insurance in such amounts as would a prudent corporation in a similar endeavour.*

12. Issuance of Shares

The Interim Corporation shall not issue any additional common shares or other securities without the approval of the shareholder.

13. Amalgamation

The Interim Corporation shall not enter into any amalgamation, arrangement, consolidation, merger, reorganization, or continuation without the approval of the shareholder.

14. Appointments

- (1) *In the event that the director(s) of the Interim Corporation have resigned or been removed as described in subsection 2(3) and Ontario and the City do not agree on at least one replacement director within thirty business days of the resignation or removal of the director(s), Ontario and the City agree to refer the matter to an arbitrator who shall be requested to decide upon the person to be appointed director and subsections (3), (4) and (5) shall apply.*
- (2) *In the event that the Chair of the Interim Corporation has resigned or been removed and Ontario and the City do not agree on the person to be appointed as Chair as described in subsection 2(4) within thirty business days of the resignation or removal of the Chair, Ontario and the City agree to refer the matter to an arbitrator who shall be requested to decide upon the person to be appointed Chair and subsections (3), (4) and (5) shall apply.*
- (3) *The arbitrator shall be a person appointed by Ontario from a list of persons agreed to in writing by Ontario and the City as of the date of execution of this Agreement.*
- (4) *Within seven business days after the appointment of the arbitrator, Ontario and the City shall each submit to the arbitrator, the names of up to three nominees for director or Chair, as the case may be, together with written submissions. The arbitrator shall make*

his or her decision on the basis of the written submissions unless the arbitrator requests oral submissions.

- (5) *The parties shall request the arbitrator to make a decision with seven business days. The decision of the arbitrator shall be final and binding on Ontario and the City and shall not be subject to any appeal or review procedure.*