



STAFF REPORT ACTION REQUIRED

Port Lands Acceleration Initiative - Update

Date:	April 9, 2013
To:	Executive Committee
From:	Deputy City Manager, Cluster B
Wards:	Ward 28 Toronto-Centre Rosedale, Ward 30 Toronto-Danforth Ward 32 Beaches-East York
Reference Number:	p:\2013\Cluster B\WF\ex13003

SUMMARY

This report provides an update on the status of the Port Lands Acceleration Initiative and includes recommendations that will provide further direction to staff.

The results of the Port Lands Acceleration Initiative (PLAI) were endorsed by City Council at its meeting on October 2, 3, and 4, 2012 with direction for staff from the City of Toronto, Waterfront Toronto, and the Toronto and Region Conservation Authority (TRCA) to continue with the PLAI and complete additional work consistent with City Council's direction. Since October 2012, staff has been developing work plans to complete Phase 2 of the PLAI.

The recommendations within this report provide direction to staff on key issues that have been raised through the development of the work plans for Phase 2, including a request for staff to review agreements between the Toronto Port Lands Company (TPLC) and private interests for lands within the Film Studio District. Alignment of existing agreements with the PLAI is vital to delivering the desired revitalization outcomes.

It is anticipated that staff will provide a final report on the results of the Phase 2 work program in the Q1 2014.

RECOMMENDATIONS

The Deputy City Manager recommends that:

1. City Council request the Deputy City Manager responsible for the Waterfront Initiative, Waterfront Toronto and the Chief Planner and Executive Director, City Planning to amend the precinct planning boundaries for Cousins Quay and the Film Studio District consistent with Attachment 1;
2. City Council request the Chief Planner and Executive Director, City Planning to coordinate the South of Eastern Strategic Direction with the Port Lands Planning Framework; and
3. City Council request the Deputy City Manager responsible for the Waterfront Initiative in consultation with the Deputy City Manager and Chief Financial Officer and the General Manager of Economic Development and Culture to review existing Toronto Port Lands Company (TPLC) agreements and policies/practices for lands within the Film Studio District to:
 - a. outline possible actions required to align these agreements and policies, including use permissions and terms with the Port Lands Acceleration Initiative;
 - b. review of the practice that does not permit 'fee simple' ownership; and
 - c. report back to the July 3, 2013 Executive Committee meeting with recommendations.

Financial Impact

There are no financial impacts resulting from this report. Funding for Waterfront Toronto's Phase 2 PLAI work program was approved as part of the 2013 Waterfront Revitalization Project Capital Budget

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

DECISION HISTORY

On October 2, 3, and 4, 2012, City Council adopted a report dated August 24, 2012 from the Deputy City Manager, Cluster B outlining the results of the Port Lands Acceleration Initiative (PLAI) and recommendations for proceeding with the next stage of the project. A link to this City Council decision is below:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX22.1>

The City Council decision endorsed the findings of the PLAI and included the following directions for staff:

- Adopt the direction outlined in the "Summary of Findings" as the basis for action regarding the Port Lands Acceleration Initiative;
- Endorse the 2012 "4WS Re-aligned" option and require Waterfront Toronto and the TRCA to revise and submit the Don Mouth Environmental Assessment to the Ministry of the Environment;
- Request the TRCA and Provincial Ministries to approve a revised phasing strategy and planning framework (Special Policy Area) for the implementation of the Don Mouth Naturalization and Port Lands Flood Protection Project Environmental Assessment (DMNP EA), and to include the Don Greenway in the first phase of implementation;
- Request staff and Waterfront Toronto to initiate precinct planning for Cousins and Polsons Quays and the Film Studio District and to review the precinct plan boundaries;
- Request staff to protect the proposed river corridor from development through planning and permit approvals and other legal agreements;
- Request Waterfront Toronto to review the Lower Don Lands Class EA and Keating Channel Precinct Class EA Environmental Study Report to align with the direction of the PLAI;
- Request City, Waterfront Toronto and TRCA staff to initiate the development of recreational and ecological activities in parks, including Lake Ontario Park and Tommy Thompson Park;
- Request staff to review utilizing Development Charges for infrastructure and area-specific development charges or other appropriate mechanisms to pay for flood protection and infrastructure in the Port Lands and Don River Flood plain area and to accelerate naturalization of the Don River course and the planning of the river districts in the Phase 3 precincts;
- Request staff to coordinate the creation of a landowner group for the Port Lands and report back in one year on their progress;
- Request staff to include infrastructure projects required for the redevelopment of the Port Lands in the Development Charge By-law review;
- Request staff and Waterfront Toronto to report to the Planning and Growth Committee on the creation of a high-level planning framework for the entire Port Lands consistent with the Central Waterfront Secondary Plan; and
- Request staff to determine the physical works required to introduce higher-order transit on Commissioners Street and report to Planning and Growth Management Committee.

The purpose of this report is to provide an update on the project and seek direction from City Council on key issues that have been identified through the development of the work program and during consultation with stakeholders.

ISSUE BACKGROUND

Since October 2012, City staff has been working with Waterfront Toronto and TRCA to develop a work program based on the key directions resulting from the City Council decision. The work program will address City Council's directions with the intent of finalizing Phase 2 of the PLAI by Q1 of 2014. Oversight for all aspects of the work

program is provided by an Executive Steering Committee co-chaired by the City of Toronto and Waterfront Toronto with staff from each organization (including the TRCA) working collaboratively in project teams to complete the required work.

Staff has also met with representatives of the land owners and long-term lease holders in the Port Lands to discuss Council's direction to create a landowners group for the Port Lands. Consultation with the public and Port Lands stakeholders will commence in late April.

COMMENTS

A summary of the current project status and issues to be resolved is below.

Progress to Date:

The City Council direction for Phase 2 of the PLAI contains direction for staff from the City, Waterfront Toronto and TRCA to complete key deliverables for City Council's consideration. Staff identified the following key projects and deliverables resulting from the City Council decisions:

1. Completion of the Don Mouth Environmental Assessment
2. Completion of an amendment to the Lower Don Lands Class Environmental Assessment
3. Development of a Port Lands-Wide Planning Framework
4. Completion of a Precinct Plan for Cousins and Polsons Quays
5. Completion of a Precinct Plan for the Film Studio District
6. Development of an Infrastructure Financing Plan for the Port Lands
7. Identification of "quick starts" for Lake Ontario Park and Tommy Thompson Park
8. Report on introducing Higher-Order Transit on Commissioners Street

Phase 1 of the PLAI had broad direction from City Council to re-evaluate and amend the Don Mouth Naturalization & Port Lands Flood Protection Project Environmental Assessment (DMNP EA) and develop a business and implementation plan for the Port Lands. This direction allowed staff from each of the agencies to work collaboratively on all aspects of the project rather than assigning each organization a specific responsibility. Upon review of the City Council direction for Phase 2 of the PLAI, the project team determined that the key deliverables for Phase 2 can be led by technical experts within each organization. This resulted in a work program that assigned each specific task and deliverable to one or more organization, with support from each of the other organizations, to ensure completion of each project within the allotted time frame.

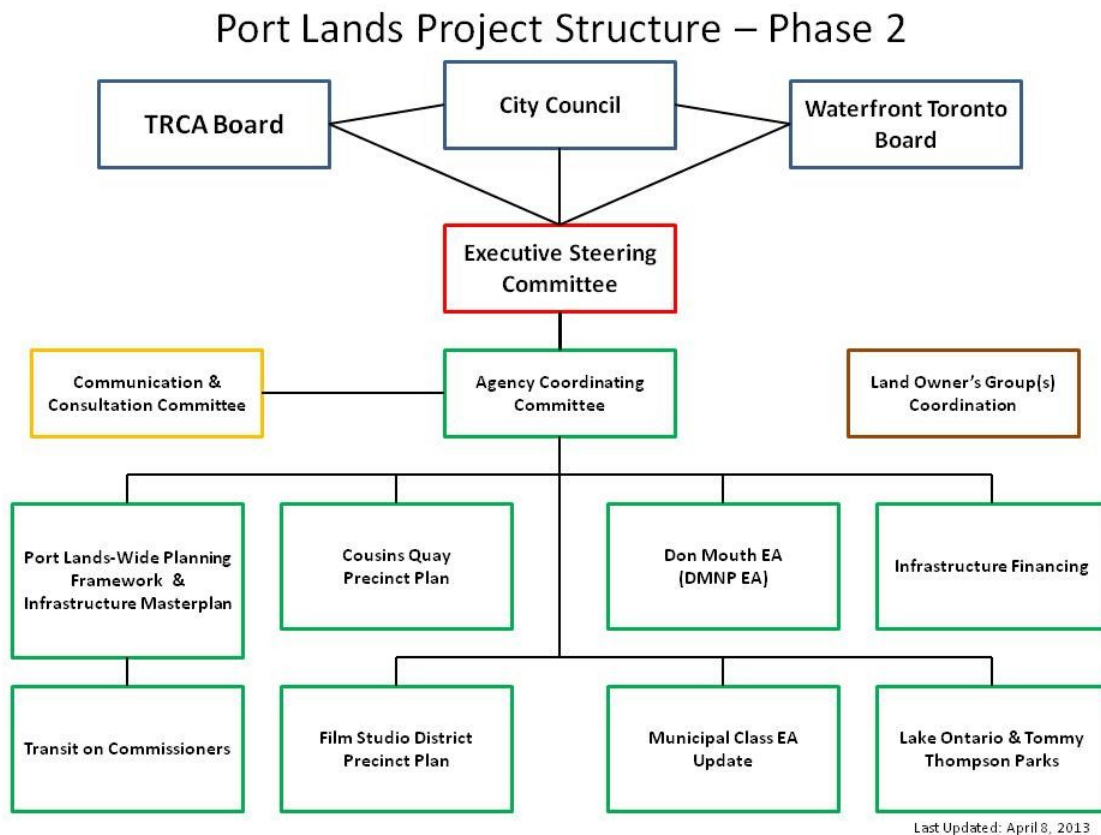
Project Structure:

The project team consists of staff from the City of Toronto, Waterfront Toronto and TRCA with technical support from various consulting teams. Consistent with the structure utilized for Phase 1 of the PLAI, the Executive Steering Committee (consisting of Deputy City Manager John Livey, Waterfront Toronto President and CEO John

Campbell, and TRCA CEO Brian Denney) will continue to provide oversight and direction for the Port Lands Acceleration Initiative. An Agency Coordinating Committee consisting of senior staff from each organization provides day-to-day oversight and coordination between work tasks.

A more formal project management structure has been developed to assign work tasks to each agency and ensure timely delivery of each project. Each organization is responsible for the delivery of key projects with oversight from the Agency Coordinating Committee and the Executive Steering Committee.

The chart below outlines the structure and key deliverables for the project.



Project Managers for each work project report to the Agency Coordination Committee bi-weekly and monthly to the Executive Steering Committee to ensure that each project team stays on track towards achieving the objectives of PLAI. This structure also ensures that the expertise of each organization is built upon in each project.

Communication and consultation for each work project is coordinated by a separate committee. This committee aligns the consultation requirements of each project to ensure a robust and comprehensive public consultation process that is consistent with the standard and expectation set in the Designated Waterfront Area is followed.

Key Projects:

Phase 2 of the PLAI will undertake the following key projects:

Don Mouth Naturalization & Port Lands Flood Protection Project Environmental Assessment (DMNP EA):

City Council requested Waterfront Toronto and TRCA staff to complete the DMNP EA consistent with the direction recommended by the PLAI. The objective of this project is to modify the original Preferred Alternative for the DMNP EA in line with the outcomes of the PLAI. Completion of this work requires the development of concept details for the amended Preferred Alternative, including interim and final conditions for the Don Greenway/spillway, a phasing strategy for the overall flood protection plan, and the design of infrastructure crossings and stormwater management infrastructure. A substantial amount of work associated with this project will be the refinement of the hydraulic model to reflect the Preferred Alternative including phasing implications on flooding and sediment management. This work is required to be peer reviewed by an independent consultant team.

TRCA staff anticipates that a revised DMNP EA will be submitted in draft to the Ministry of the Environment by August, 2013.

Lower Don Lands Municipal Class EA Amendment:

City Council requested Waterfront Toronto to revise, as necessary, the Lower Don Lands Class EA Infrastructure Master Plan (2010) and Keating Channel Precinct Class EA Environmental Study Report (2010) to align with the direction of the PLAI. Waterfront Toronto staff and their consultants have developed amendments to this class EA in consultation with City and TRCA staff and are coordinating infrastructure planning and design with the DMNP EA team. Key deliverables for this project include: Functional Servicing, road, and terraform grading plans for the Lower Don Lands, cross sections of major roads (Commissioners and Cherry Street and the Don Roadway), a peer review of hydraulic modelling and a cost estimate for major infrastructure. It is anticipated that a revised class EA will be submitted to City Council in Q4 of 2013.

Port Lands-Wide Planning Framework and South of Eastern Strategic Direction:

City Council requested staff and Waterfront Toronto to report to the Planning and Growth Committee on the development of a high-level planning framework for the entire Port Lands consistent with the Central Waterfront Secondary Plan. This project is co-led by City Planning and Waterfront Toronto staff and will include the completion of an Infrastructure Master Plan for the entire Port Lands and South of Eastern Employment area.

City Planning was directed by Planning and Growth Committee on January 5, 2012 to consider a planning framework for the South of Eastern Employment area and report back as soon as possible. Given the related issues to be reviewed in the Port Lands and the South of Eastern Employment area, the PLAI Executive Steering Committee decided that these two studies should proceed in tandem and an Infrastructure Master Plan

completed for the combined area. North-south linkages between these two areas and the future role of Lake Shore Boulevard (which bisects these two study areas) will be reviewed through this study.

City Council's direction to review options for higher-order transit on Commissioners Street has been incorporated as part of the Port Lands-Wide Planning Framework and tied into a review of transit options for the Port Lands and the South of Eastern area.

It is anticipated that the Port Lands-wide Planning Framework will inform a future Official Plan Amendment to the Central Waterfront Secondary Plan which will incorporate the findings and directions determined by Phases 1 and 2 of the PLAI. Completion of the Port Lands-wide Planning Framework is anticipated in Q1 2014.

Cousins Quay Precinct Plan:

City Council requested staff and Waterfront Toronto to initiate precinct planning for Cousins and Polsons Quays. As a first step, staff will be proceeding with precinct planning for Cousins Quay. The project team has responded to City Council's direction to review the boundaries of the precinct plans. The City has received a development application on the 309 Cherry Street property which is on the east side of Cherry Street and not within the original Cousins Quay precinct plan boundaries. The proposal is to now include lands located east of Cherry Street between the Keating Channel and Commissioners Street (as shown in Attachment 1).

TRCA and Waterfront Toronto undertook parallel peer review processes for hydraulic modeling for the Lower Don Lands. Two separate modeling teams and modeling platforms were used to test and confirm model results. A series of model runs with different precinct boundary limits and different flood mitigation approaches were undertaken to assess whether the Cousins Quay Precinct Boundary could be revised to accommodate expansion to the east of existing Cherry Street. Each model run was duplicated through the peer review process to ensure consistent model results with each different configuration. Model runs eventually converged on two bounding hydraulic modeling runs:

- Bounding Run 1 - lands could be raised specifically around 309 Cherry Street with no additional flood mitigation works being required beyond those identified for the original Cousins Quay Precinct Boundary; and
- Bounding Run 2 – a further raising of the lands to Munitions Street in the east and up to the Keating Channel in the north would require additional upfront flood mitigation works.

Based on the results of the flood modelling exercise, it was confirmed that the planning area for the Cousins Quay Precinct could be enlarged to include lands east of Cherry Street to Munitions Street, and south from Keating Channel to Commissioners Street (Don River Mouth). However, development within the Cousins Quay Precinct would be limited to lands west of Cherry Street, and only the 309 Cherry Street property, subject to the implementation of the following measures:

- Filling to raise the grade of development lands (west of Cherry and 309 Cherry Street);
- Removal of existing Cherry Street bridge over the Keating Channel;
- Widening of Keating Channel at former bridge abutments;
- Construction of a new Cherry Street bridge at the Keating Channel; and
- Re-aligning Cherry Street along a new Right-of-Way.

The staff team has reviewed the hydraulic modelling and has concluded that the enlarged Cousins Quay Precinct would create a logical neighbourhood for planning purposes. This new precinct includes 309 Cherry Street as well as TPLC, Waterfront Toronto and private properties. Full development of the Cousins Quay Precinct (lands north and east of 309 Cherry Street) would only occur after additional flood mitigation works have been implemented. Appropriate implementation measures will be addressed in the precinct plan.

The precinct plan for Cousins Quay is expected to be completed by Q1 2014.

Film Studio District Precinct Plan:

In addition to the Cousins Quay precinct plan, City Council requested staff to initiate precinct planning for the Film Studio District. A detailed work plan for the Film Studio District precinct plan has been developed and meetings have been held with the land owners and lease-holders to discuss how the precinct plan will proceed. There is support from the land owners to move forward with the precinct plan. The plan would have to satisfy the CWSP's direction to create a media and film centre anchored by the Pinewood Film Studio. The land owners have retained a land use planning consultant to assist them with coordinating input into the precinct planning process for the Film Studio District.

It is recommended that the boundaries of the Film Studio District be revised to include all lands between the Don Roadway to Carlaw Avenue. Previously, lands north of Commissioners Street between Bouchette Street and Carlaw Avenue were not part of the Film Studio District. Upon further review, it was determined that including these lands (which include City-owned lands: McCleary Park and the Solid Waste Transfer Station) could provide a focus for the precinct, enhance the public realm along Lake Shore Boulevard and provide a detailed planning regime for the lands both east and west of McCleary Park and the transfer station property.

The precinct plan for the Film Studio District is expected to be completed by Q1 2014.

Infrastructure Financing:

As requested by City Council, Finance staff has been collaborating with Waterfront Toronto staff to include Port Lands project costs in the ongoing review of the City-wide Development Charges By-law. Initial cost estimates for flood protection phasing and major infrastructure have been reviewed by the City's consultant (Hemson) and included in the draft Development Charge Background Study. Further review and discussion on these estimates will be undertaken before they are finalized.

Public and Stakeholder Consultation:

Public and stakeholder consultation standards directed by the Port Lands Protocol will continue to be followed. Consultation and public meetings will be coordinated between all work tasks to try to minimize the overall number of meetings. Staff are reviewing new ideas for the Stakeholder Advisory Committee (SAC) and Land Owner and User Advisory Committee that met in Phase 1, including the possibility of establishing a Port Lands Advisory Committee that would review and provide feedback on key matters being considered under the Phase 2 of the PLAI. Consultation for the DMNP EA and LDL Class EA will commence in April 2013.

Land Owner Group:

Staff has been working with land owners and long-term lease holders in the Port Lands to establish a landowner group and to identify issues related to the creation of a formal landowner group. Three meetings have been held with interested property owners and lessees to review the project and respond to questions. A land use planning consultant has been retained by the land owners to assist with coordination of land owner input into the Planning Framework and Precinct Planning processes.

Film Studio District Leases and Business Agreements:

The Toronto Port Lands Company (TPLC), formerly known as TEDCO, has existing leases and agreements for lands within the Port Lands. The Film Studio District, currently subject to a precinct planning exercise, contains the Pinewood Studio complex and adjacent option lands that are subject to agreements between TPLC and private interests. These agreements contain provisions for the development of the film studio project formerly known as FILMPORT and pre-date the PLAI.

The film studio project was conceived by TEDCO in the early 2000s to satisfy the need for a large purpose-built studio complex in Toronto. The Port Lands were identified as the ideal site for the proposed studio complex due to close proximity to existing film production facilities and downtown. The Central Waterfront Secondary Plan (CWSP) supported this initiative by including policies that enabled the development of the Film Studio as an anchor for a film and media convergence district in the Port Lands.

Following an international call for proposals, TEDCO selected Toronto Film Studios Inc. and The Rose Corporation as the successful proponents to lead the development of the film studio project. In August 2008, Phase 1 of the film studio opened with the completion of 250,000 ft² of production space and seven studios including the "Megastage". Concurrently with the opening of the film studio, film production in Toronto declined substantially. This resulted in the financial restructuring of the project in 2008. Ownership of the film studio project was transferred to a new consortium. Due to these changes, The Rose Corporation was no longer involved in the ownership or

operation of the film studio complex, but retained the option to lease lands north of Commissioners Street. To date, the option lands north of Commissioners Street have not been developed.

Lease and option holders in the Film Studio District have been active participants in the Port Lands Acceleration Initiative and are generally supportive of the progress to date. During consultation with The Rose Corporation through the PLAI, staff was advised that under their current option agreement, they are obligated to develop a portion of the lands north of Commissioners Street within the next 7 years in order to satisfy their option agreement with TPLC. This deadline remains in effect as the planning framework and precinct plan is developed by the City and Waterfront Toronto.

If The Rose Corporation were to proceed with a development program to satisfy the terms of their option agreement, the resulting development unlikely to be consistent with the emerging vision for the Port Lands and Film Studio District. For example, under the option agreement and the in-force zoning by-law, warehouse and storage uses could be constructed on these lands; these uses may not be consistent with the emerging vision for the Film Studio precinct. In addition, the option agreement contains financial obligations that require TPLC to fund infrastructure, building foundations and soil remediation should The Rose Corporation exercise their options.

Staff are concerned that components of this and other agreements may not be consistent with the planning exercises being undertaken by City Planning and Waterfront Toronto staff. This report recommends that staff be requested to review the use permissions and terms within agreements and report back to City Council with recommendations on aligning the agreements with the emerging planning framework and precinct plan. City staff will report on their recommendation to the July 3, 2013 Executive Committee meeting.

Some of these agreements permit long-term leases for up to 99-year terms. The Central Waterfront Secondary Plan designates these lands as "Regeneration Areas" which permits a variety of uses including residential uses. Option holders have advised that it is difficult to secure development financing for leased lands particularly as it applies to residential uses. As such, they have requested that their agreements be revised to permit "fee simple" ownership of the lands. Fee simple ownership may allow private entities to front-end a larger portion of the flood protection and infrastructure costs related to the Port Lands. Typically, the practice on the waterfront has been to transfer City lands (i) fee simple title where lands are to be used for residential purposes, (ii) ground lease title where lands are to be used for commercial purposes, and (iii) either fee simple or ground leasehold interest in lands to be used for mixed uses, depending on the circumstances.

Staff will need to review these existing agreements to determine whether conversion to fee simple ownership is appropriate under these existing agreements.

Coordination with Related Projects:

Phase 2 of the PLAI is being coordinated with other planning and transportation studies that are related to the Port Lands.

Gardiner Environmental Assessment:

The City of Toronto and Waterfront Toronto are resuming the Gardiner Expressway and Lake Shore Boulevard Reconfiguration EA and Integrated Urban Design Study. Work on this EA is expected to continue under the approved study framework set out on the Terms of Reference. The EA will be directed by a joint City/Waterfront Toronto Steering Committee similar to the Port Lands Acceleration Initiative.

Specific considerations to be addressed by the EA include the location of ramps, improvements to the Richmond/Adelaide ramps at the Don Valley Parkway, coordination with the Don Mouth EADMNP EA/Lower Don Lands precinct plan/EAs, traffic impacts, construction staging, north/south pedestrian connections and treatment of the existing railway. A preferred alternative is targeted to be submitted to the Ministry of the Environment in early 2015.

The completion of the Gardiner EA will determine access to the Port Lands and timing for improvements along Lake Shore Boulevard. Coordination of the construction of new bridges across the Don River to satisfy flood protection requirements will need to be coordinated with the preferred option for the Gardiner EA.

Other planning and transportation studies being undertaken concurrently include:

- East Bayfront Interim Transit Study
- Official Plan Review

Next Steps:

Staff from the City, Waterfront Toronto, and TRCA will begin public and stakeholder consultation on the various work projects starting in April and will continue through to the end of the year. Procurement of required consultants will begin in April with an expectation that consultants will be ready to advise and support staff by June. Final reports on the key project deliverables are targeted for Q1 2014.

CONTACT

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SIGNATURE

John W. Livey F.C.I.P.

Deputy City Manager

ATTACHMENTS

Attachment 1 – Port Lands Area Map and Precinct Plan Boundaries

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