



Rail Deck Park – Results of Feasibility Analysis & Next Steps for Implementation

Date: November 20, 2017

To: Executive Committee

From: Deputy City Manager, Cluster B; Deputy City Manager, Cluster A; Deputy City Manager, Internal Corporate Services; Acting Chief Financial Officer

Wards: All

SUMMARY

This report provides an update on the implementation strategy for the "Rail Deck Park" project approved by Council in October 2016. The scope of the proposed project is a 20 acre decking structure and park facility to be constructed in the Union Station Rail Corridor between Bathurst Street and Blue Jays Way.

This report provides summary information for the following areas:

- Context and rationale for the project
- Emerging scope, phasing and order of magnitude costing
- Update on a "growth-focused" financial strategy
- Update on real estate matters
- Recommendations for stage two of the project

A separate report entitled "Rail Deck Park - City-Initiated Official Plan Amendment - Final Report" from the Acting Director, Community Planning, Toronto & East York (TE28.7) with recommendations to establish the land use designation for the area over the rail corridor as *Parks and Open Space Areas* was unanimously adopted by Toronto and East York Community Council on November 14, 2017.

1. Opportunity to Support Growth & Provide City-Wide Benefits

Rail Deck Park is a once-in-a-generation opportunity for a major new park that supports future development in Downtown Toronto while also providing city-wide benefits.

Over the past decade, there has been a fundamental shift in the amount of growth experienced across the city. Development intensity has been particularly acute in the core of the city where population grew by roughly three times the rate of the preceding ten years (40 per cent compared to 13 per cent).

The creation of new parks has not kept pace with this level of growth. Only two new parks provided in the Downtown area over the past 10 years have been greater than 3

hectares in size. The City is challenged in acquiring significant new parkland in a competitive real estate market. Typical land acquisition costs for free and unencumbered properties in the western area of Downtown Toronto range between \$95 and \$115 million per acre.

Significant Downtown population growth is expected to continue for the foreseeable future, with current projections showing that 140,000 to 180,000 units could be added through 2041.

If this growth is to continue, there is a need for significant new infrastructure, including parkland, to ensure the quality of life, health, and sustainability of Downtown neighbourhoods. If this cannot be achieved, it may be necessary for the City to reconsider the pace and amount of future development in the Downtown.

The rail corridor area is the last remaining site suitable for a major park (over 3 hectares) to support growth in the Downtown and serve as a city-wide asset.

Rail Deck Park will be the largest downtown park outside of the Don Valley. The proposed decking structure will support a fully functional park that, at full build-out, will comprise a total area of approximately 8.3 hectares or 20 acres, excluding the Metrolinx property at the corner of Front Street and Spadina Avenue. Inclusion of the Metrolinx-owned property increases the potential park area to approximately 8.8 hectares or 21 acres (refer to Figure 2 in the Comments section.)

A park of this scale is a city-wide asset that offers unique programming and design opportunities not available in smaller parks, such as a mix of recreation, natural areas, and cultural uses. It will unite surrounding visitor attractions (Rogers Centre, Ripley's Aquarium, Fort York) into a major destination district and enhance regional connectivity by integrating with the planned GO Regional Express Rail network.

Rail Deck Park also has the potential to strengthen Toronto's global image and competitive position by creating an iconic new public space that exemplifies livability, cultural vibrancy, social inclusiveness, environmental resiliency, and civic pride.

2. Design Concept & Costing Reflects Complexity of Building in the Rail Corridor

During the first stage of work, the City of Toronto engaged with Build Toronto to undertake a preliminary engineering and costing study for the decking structure to support Rail Deck Park. Reports and appendices from the study will be posted online on the City's project website at www.toronto.ca/raildeckpark prior to the November Executive Committee meeting.

The total preliminary cost estimate for the Rail Deck Park project (8.3 hectares; 20 acres) is \$1.665 billion (2017 constant dollars) or approximately \$83 million per acre. Project costs in this report represent order of magnitude (Class 4) estimates based on early-stage design concepts and the best information currently available for site conditions.

The cost estimate includes over \$600 million in contingencies and allowances, as well as additional track-level work, reflecting the unique complexity and uncertainty of early-

stage planning in the rail corridor. Cost estimates are subject to substantial refinement, including areas of potential savings, as the work proceeds through subsequent stages. Cost estimates do not include escalation or financing costs as detailed cash flows are not yet known.

Design and construction of the Rail Deck Park will be subject to multiple approvals and requirements for building in the rail corridor. The project will need to be coordinated with other major capital works. Cooperation with Metrolinx on aligned projects is critical to determining the ultimate scope, timelines, and cost of Rail Deck Park.

Implementation and construction of Rail Deck Park can be phased based on the availability of potential funding to be identified through financial strategy as well as various programming and design considerations.

A priority phase one option has been identified, extending from Spadina Avenue to the current location of the "Puente de Luez" pedestrian bridge, comprising an area of approximately 3.9 ha (9.5 acres) with a total cost of \$872 million. The phase one area would create a large, contiguous park space to provide for a range of recreation and culture uses and support future expansion to the east and west (refer to Figure 7 of the Comments section).

3. Supported by a Growth-Focused Financial Strategy

Rail Deck Park is an investment to support future growth in Toronto. Therefore, the financial strategy will place an emphasis on incremental growth-related funding tools and revenues in such a manner that benefits all parkland priorities across the City, including Rail Deck Park.

Among these tools are Section 42 cash-in-lieu of parkland dedication ("Section 42 CIL") funds, which are collected from new development with the sole purpose of acquiring and developing parkland in the city. A separate report currently before Council ("Review of the City's Alternative Parkland Dedication Rate under Section 42 of the Planning Act") describes the ongoing challenges that the City faces in using these funds for acquisition purposes in high growth areas and presents options for updating Section 42 CIL policies to better align with current development intensities.

Changes to the calculation of Section 42 CIL would provide potentially significant funding capacity for Rail Deck Park and enhance funding available for parkland priorities elsewhere in the Downtown and across the city. Updating the Section 42 CIL policies is a first and important step towards advancing the financial strategy for Rail Deck Park.

The financial strategy is also evaluating contributions from other revenue tools including Section 37 funds, development charges, and area-specific "value uplift capture" tools. This report recommends that eligible components of the project be included in the City's development charges bylaw review currently underway, and that Council request amendments to the Development Charges Act, 1997 to maximize the availability of development charges to support the project.

Additional funding sources to be explored as the project proceeds include sponsorships, donations, and contributions from other orders of government.

A financial strategy will be brought forward for Council consideration after refining project timelines and cost estimates, advancing changes to the existing growth focused tools (Section 42 CIL and Development Charges), further analysis of other funding tools, discussions with government partners regarding joint funding opportunities, and consultation with land development and capital market experts.

4. Securing the Rail Corridor Properties for Public Benefit

Almost three quarters of new park projects in Toronto involve the acquisition or conveyance of lands owned by third parties. These transactions can be highly complex.

A comprehensive legal review of current ownership confirms that there are four primary property owners in the Rail Deck Park project area: Metrolinx, the City of Toronto, Canadian National Railway Company ("CN") and The Toronto Terminals Railway Company Limited ("TTR"). All lands in the rail corridor were originally acquired for public purposes rather than private development.

Representations have been made in public by private parties claiming "development rights" over the rail corridor. However, as of the date of this report, the owners registered on title for these properties are CN and TTR.

City staff will be available to provide information concerning real estate matters to Executive Committee and City Council as required.

5. Advancing Planning & Design for Rail Deck Park

The project can be advanced through a "stage gate" capital planning process, providing Council with specific decision points about advancing the project as scope, timelines and costs are clarified. If Council adopts the recommendations in this report it will be authorizing staff to undertake a stage two ("due diligence & concept development") work plan in 2018 and 2019.

The purpose of the proposed stage two work plan is to address various technical, financial and real estate matters that are required prior to undertaking an Environmental Assessment process, putting forward a detailed financial strategy, and advancing a more detailed level of design.

Coordination will be required with Metrolinx and engineering experts to address various technical issues related to capital construction in the rail corridor. Alignment and partnership between the City and Metrolinx is critical to the delivery of Rail Deck Park, the Spadina-Front GO station and other capital projects in the rail corridor.

During stage two, the project team will continue to engage with members of the public to develop early-stage programming and design considerations for the project. Among the actions described for stage two are (i) formation of a Stakeholder Advisory Group representing community members and stakeholder groups; (ii) design work required to inform and frame a future International Design Competition; (iii) development of a

fundraising strategy and; (iv) evaluation of governance options for the long-term operation and maintenance of Rail Deck Park.

A report on stage two outcomes will be brought forward to Council in 2019.

RECOMMENDATIONS

The Deputy City Manager, Cluster B, the Deputy City Manager, Cluster A, the Deputy City Manager, Internal Corporate Services and the Acting Chief Financial Officer recommend that:

1. City Council authorize the Deputy City Manager, Cluster B, the Deputy City Manager, Cluster A, the Deputy City Manager, Internal Corporate Services and the Acting Chief Financial Officer, in consultation with City Solicitor to (i) advance the Stage Two Work Plan for Rail Deck Park in 2018 and 2019 as described in this report and (ii) utilize the City-owned lands in the rail corridor only in a manner consistent with the future establishment of a comprehensive park and open space development in the rail corridor area.
2. City Council request that Metrolinx work in partnership with the Deputy City Manager, Cluster B to advance the Spadina-Front GO station, the Rail Deck Park proposal and other aligned capital projects in the rail corridor, and request consideration of a decking structure in the planning, design and engineering work for the Spadina-Front GO station, including but not limited to the station's Transit Project Assessment Process ("TPAP") or addenda.
3. City Council authorize the Deputy City Manager, Cluster B, the Deputy City Manager, Cluster A and the Acting Chief Financial Officer to advance the development of a growth-focused financial strategy for Rail Deck Park based on the following principles:
 - a. a portion of Section 42 cash-in-lieu of parkland ("Section 42 CIL") contributions and other growth-related funds previously collected from development activity in Downtown Toronto will be applied towards project costs in a way that does not negatively impact on any parkland revenues generated for other areas of the city, and in accordance with existing allocation policies;
 - b. incremental revenues from future rate increases to existing and/or new growth-related revenue tools, including Section 42 CIL contributions, Section 37 contributions, Development Charges, and appropriate value capture tools, will be applied in such a manner that benefits all projects including the Rail Deck Park project and other parkland priorities across the city;
 - c. commercial contributions will be sought that reflect the proportional benefit for properties and businesses in areas surrounding the project site resulting from the investment in Rail Deck Park;

d. federal and/or provincial contributions will be sought through upcoming intergovernmental negotiations taking into account an assessment of potential economic and fiscal impacts; and

e. a phased approach for implementation and construction of Rail Deck Park will be established consistent with projected revenues and contributions anticipated through recommendations 3 a, b, c, and d.

4. City Council direct the Deputy City Manager, Cluster B and Acting Chief Financial Officer to proactively consult with the development and business communities concerning the principles of the financial strategy, including potential funding options, and any additional options to improve the development review process emanating from the End to End Review.

5. City Council direct the Acting Chief Financial Officer to:

a. engage land development, capital market and legal expertise in assessing the appropriate financing strategy for the project as required; and

b. report back to Council with the implementation of this recommended strategy once the cost for securing the use and/or ownership of necessary properties is known and capital cost estimates have been refined in order for Council to confirm its definitive commitment to the project.

6. City Council direct the Acting Chief Financial Officer to include eligible components of the Rail Deck Park project costs in the City's development charges by-law review currently underway.

7. City Council request the Province of Ontario to amend the Development Charges Act, 1997 ("DCA"), and to make any necessary regulation in order to:

a. exempt the Rail Deck Park project from the use of the service level cap;

b. include Rail Deck Park in the list of services not subject to a 10 per cent reduction; and

c. deem any potential federal/provincial contributions towards the project to be used to benefit existing development.

8. City Council request the Acting Chief Planner & Executive Director, City Planning, the General Manager of Parks, Forestry and Recreation and the Director, Toronto Office of Partnerships and other staff as appropriate to:

a. undertake a public and stakeholder engagement process to inform early-stage design, including the formation of a Community Stakeholder Advisory Group;

b. undertake a public ideas competition;

- c. develop a fundraising strategy and evaluate the potential for sponsorship and donations to support the project; and
- d. evaluate governance options for long-term programming, operations, and maintenance for Rail Deck Park.

FINANCIAL IMPACT

There are no direct financial implications resulting from the implementation of the recommendations in this report.

The preliminary capital cost of Rail Deck Park, inclusive of a preliminary assumption for land and/or air rights acquisition costs, is currently estimated at \$1.665 billion (2017 constant dollars). This estimate is based on Class 4 (1 to 5 per cent level of design) and does not include escalation, financing costs, or the pricing of risk. The capital cost will be refined as further design and site investigation is completed.

The project follows the Council-approved "stage gate" capital planning process. The work undertaken to date confirms the conceptual feasibility of the project (Stage 1) and recommends advancing to "due diligence and concept development" (Stage 2) involving engineering/technical studies to support an environmental assessment, design, engagement and legal/real estate consultant costs.

Investment in major parks and public realm projects can generate economic benefits. Potential impacts can include direct, indirect and induced spending associated with capital construction and ongoing operations, contributions to the visitor economy and real estate value uplift.

Funding for engineering and technical studies to support design, as well as engagement, legal and real estate consultant costs is partially contained within the Corporate Initiatives Capital project CC1102 Rail Deck Park, approved by Council in October 2016 with total project costs of \$2.423 million and cash flows of \$78,000 in 2016 and \$2.345 million in 2017. Additional approval will be requested as part of the Corporate Initiatives 2018 Capital Budget and Plan submission seeking an additional \$6.4 million in total project costs for Rail Deck EA support with cash flows of \$2.2 million in 2018, \$2.6 million in 2019, and \$400 thousand in each of 2020 to 2023.

Once the cost for securing the use and/or ownership of necessary properties is known, and the capital cost estimates have been refined, staff will report back on updated project details, including a recommended funding and financing strategy, for Council's consideration and the opportunity to confirm its commitment to proceed with the project.

DECISION HISTORY

In October 2016, City Council adopted EX17.1 ("Rail Deck Park - Work Plan for Official Plan Amendments and an Implementation Strategy") which directed staff to (i) initiate necessary changes to the Official Plan and Zoning By-law to support a park use in the

rail corridor and (ii) advance an Implementation Strategy for the Rail Deck Park proposal, including real estate matters, structural design and engineering, costing and financing, and partnership strategies. More information on this decision is available on the City's website at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX17.1>

In June 2017, Toronto and East York Community Council adopted TE25.57 (Rail Corridor - Bathurst Street to Blue Jays Way - Official Plan and Zoning By-law Amendments Application - Preliminary Report), which provided preliminary findings and emerging directions for the updated planning framework for the rail corridor by way of a preliminary report, as directed by City Council's adoption of EX 17.1 (the "Preliminary Report"). A draft Official Plan Amendment will be considered at the current meeting of Council. More information on this decision is available on the City's website at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE25.57>

In November 2017, Toronto and East York Community Council adopted TE28.7 (Rail Deck Park - City-initiated Official Plan Amendment – Final Report), which brought forward a draft OPA and proposed Rail Deck Park Secondary Plan. The proposed Secondary Plan designates the area in and around the rail corridor between Bathurst Street to Blue Jays Way as Parks and Open Space Area, while protecting for current and future rail operations in the corridor. More information on this decision is available on the City's website at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE28.7>

COMMENTS

The Comments section of this report is structured as follows:

- **Section 1** describes the implementation strategy requested by Council in 2016 and describes proposed future stages to be undertaken pending Council adoption of the recommendations of this report.
- **Section 2** provides a description of the project site including the Union Station Rail Corridor and its local and regional relevance.
- **Sections 3** describes the context and rationale for the project, including growth trends and related parkland needs as well as potential environmental, social and economic benefits of the project.
- **Section 4** addresses relevant real estate issues and provides the most recent ownership profile for the site.
- **Section 5** describes a preliminary design concept, phasing options and order-of-magnitude costing for the Rail Deck Park proposal.

- **Section 6** provides an update on funding and financing, including consideration of potential sources.
- **Section 7** describes proposed work to develop partnerships and support public and stakeholder engagement in the project.

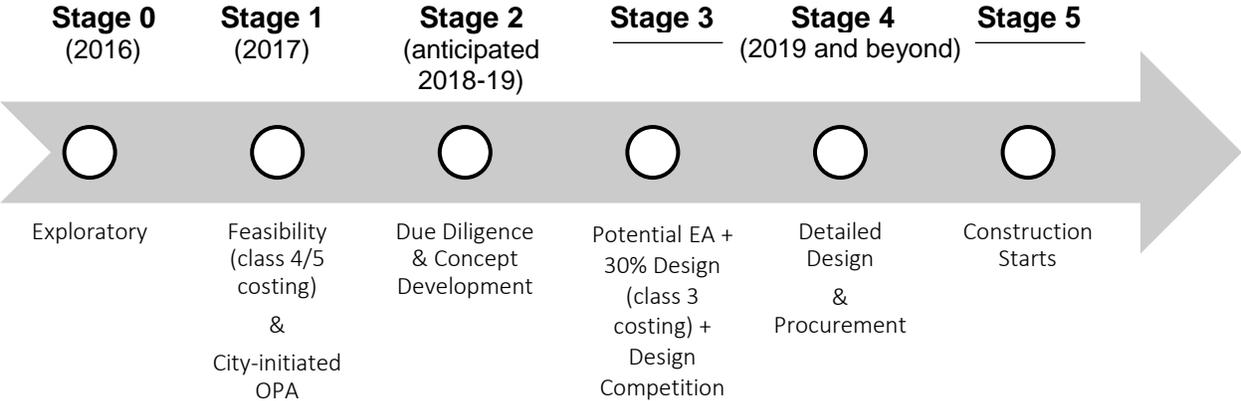
1.0 Project Summary & Work Plan

In October 2016, Council directed staff to develop an implementation strategy for a major park space above the rail corridor between Bathurst Street and Blue Jays Way ("Rail Deck Park").

The project could be advanced through a "stage gate" capital planning process, based on an approach established for other major capital projects undertaken in the city (e.g., transit enhancement).

This process involves a multi-year project plan, with project stages to be defined and advanced as scope, timelines, and cost estimates are clarified. Under this process, City Council would be provided with specific decision points related to project planning and commitments prior to proceeding with each project stage (Figure 1).

Figure 1 **Stages of the Rail Deck Park Implementation Strategy**



1.1 Stage One (2017)

The first stage of the implementation strategy involved analysis and studies to confirm the technical and financial feasibility of the project. This included a conceptual engineering and costing study, a framework for project, funding and a financing and legal review of real estate issues. To date, an interdivisional project team, with support from external partners have prepared the following:

- Preliminary design concepts for the decking structure, including analysis of existing site conditions; engineering system requirements; alignment with existing and

proposed rail corridor infrastructure and operations; integration with street level; constructability issues; phasing and order of magnitude cost estimates.

- Title search of all properties in and around the site.
- Financial analysis including a review of growth-related tools.
- Various engagement activities including two public meetings, an online survey and project website, walking tours, interactive workshops and roundtable discussions, and social media activity.

City staff also undertook a comprehensive planning study to review the planning rationale for designating the area over the rail corridor as Parks and Open Space Areas. The planning study addressed a number of considerations both within and adjacent to the site including development patterns, residential and employment growth, parks and open space, land use, existing and future rail operations, and other planning matters.

Following from the findings of stage one, staff have recommended an Official Plan Amendment to establish a new "Rail Deck Park Secondary Plan" through a separate report title "Rail Deck Park - City-Initiated Official Plan Amendment - Final Report" from the Acting Chief Planner currently before Council (TE28.7). The recommendations of that report were unanimously adopted by Toronto and East York Community Council on November 14, 2017.

The implementation strategy for Rail Deck Park is being advanced in the context of a broader parkland review for the City of Toronto. During the past year, work was closely coordinated with analysis to support two reports currently before Council: (i) "Parkland Strategy – Preliminary Report" which provides updated analysis of parkland provision rates (including deficiencies) across Toronto and (ii) "Review of the City's Alternative Parkland Dedication Rate under Section 42 of the Planning Act," which provides options to better align development-related parkland contributions with need.

Taken together, these studies will identify potential financial mechanisms and policy solutions for addressing parkland requirements in neighbourhoods throughout the city.

1.2 Stage Two (2018 to 2019)

If Council adopts the recommendations in this report it will be authorizing staff to undertake a stage two "due diligence & concept development" work plan in 2018 and 2019. The purpose will be to address various outstanding technical, financial and real estate matters prior to undertaking an Environmental Assessment process and a more detailed level design for the decking structure. Areas of focus will include:

- Real estate work to secure necessary properties in the rail corridor.
- Outstanding technical issues with Metrolinx and other stakeholders.
- Funding and financing strategy based on refined costing and timelines.
- Additional public engagement and concept development activities, fundraising strategy and evaluation of governance options for long-term operations and maintenance of the park.

A report on stage two outcomes will be brought forward for Council consideration in 2019.

1.3 Subsequent Stages (2019 and Beyond)

Conditional on Council approval, subsequent stages would involve work to advance the design, procurement and construction of Rail Deck Park. This would likely include an Environmental Assessment process to ensure that the project advances with appropriate consideration towards environmental effects; a more detailed level of design (i.e., at least a 30 per cent level) and costing (Class 3); an International Design Competition for the park, establishment of a long-term governance model and ongoing public involvement.

1.4 Partnership with Metrolinx

Planning for Rail Deck Park is happening concurrently with the planning for other major capital works in the Union Station Rail Corridor. Cooperation with Metrolinx on aligned capital projects will be critical to determining the scope, timelines and cost of the project.

As part of the Big Move Regional Transportation Plan, Metrolinx is advancing the implementation of Regional Express Rail (RER) to transform its GO Transit service to a two-way, all-day regional transportation system. Together with the City's SmartTrack proposal, these initiatives will introduce 12 new stations to existing GO Transit corridors. This work includes plans for a new Spadina-Front GO station at the corner of Front Street West and Spadina Avenue, as approved at the December 08, 2016 meeting of the Metrolinx Board.

At that meeting, Metrolinx staff identified potential integration with Rail Deck Park as a key consideration for the Spadina-Front GO Station. Preliminary schematic station designs prepared jointly by Metrolinx and the City illustrate potential opportunities to integrating station design with Rail Deck Park, to maximize the city-building benefits of both infrastructure investments.

In addition to the station, capital work is planned or underway to upgrade services across the USRC that will require coordination with Rail Deck Park, including upgrades to signal systems, switch replacements and works to enable future electrification.

This report recommends that Council request the full cooperation of Metrolinx to comprehensively explore opportunities for alignment and partnership in the delivery of Rail Deck Park, the Spadina-Front GO station and other capital projects in the rail corridor.

2.0 Project Site

The project site includes the area above the Union Station Rail Corridor between Bathurst Street and Blue Jays Way, and immediately adjacent properties. These properties include a City-owned, roughly 4-metre strip of land running south along Front Street West, and Northern Linear Park which lies south of the rail corridor (Figure 2).

From Bathurst Street to Spadina Avenue, the extent of the project area is Front Street to the north and approximately Northern Linear Park and Iceboat Terrace to the south.

From Spadina Avenue to Blue Jays Way, the extent of the project area is the southern edge of the properties at 397 Front Street West and 373 Front Street West to the north and Northern Linear Park to the south.

The decking structure would encompass a total area of approximately 8 hectares (20 acres), which is comparable in size to Eglinton Park or Christie Pits Park. The project area is approximately 850 metres in length. The rail corridor ranges in width from approximately 60 metres (197 feet) at its far eastern and western extents to 110 metres (360 feet) in the Bathurst North Yard just west of Spadina Avenue.

The rail corridor generally sits below the grade of the surrounding properties. The edge elevation around the site varies, with the southern edge abutting Iceboat Terrace being generally at a higher elevation than the northern edge abutting Front Street West.

Multiple bridges cross this section of the rail corridor, including those connecting Blue Jays Way, Spadina Avenue and Bathurst Street and the "Puente de Luz" pedestrian bridge, which connects Portland Street to the north with Dan Leckie Way to the south.

2.1 Union Station Rail Corridor & North Bathurst Yard

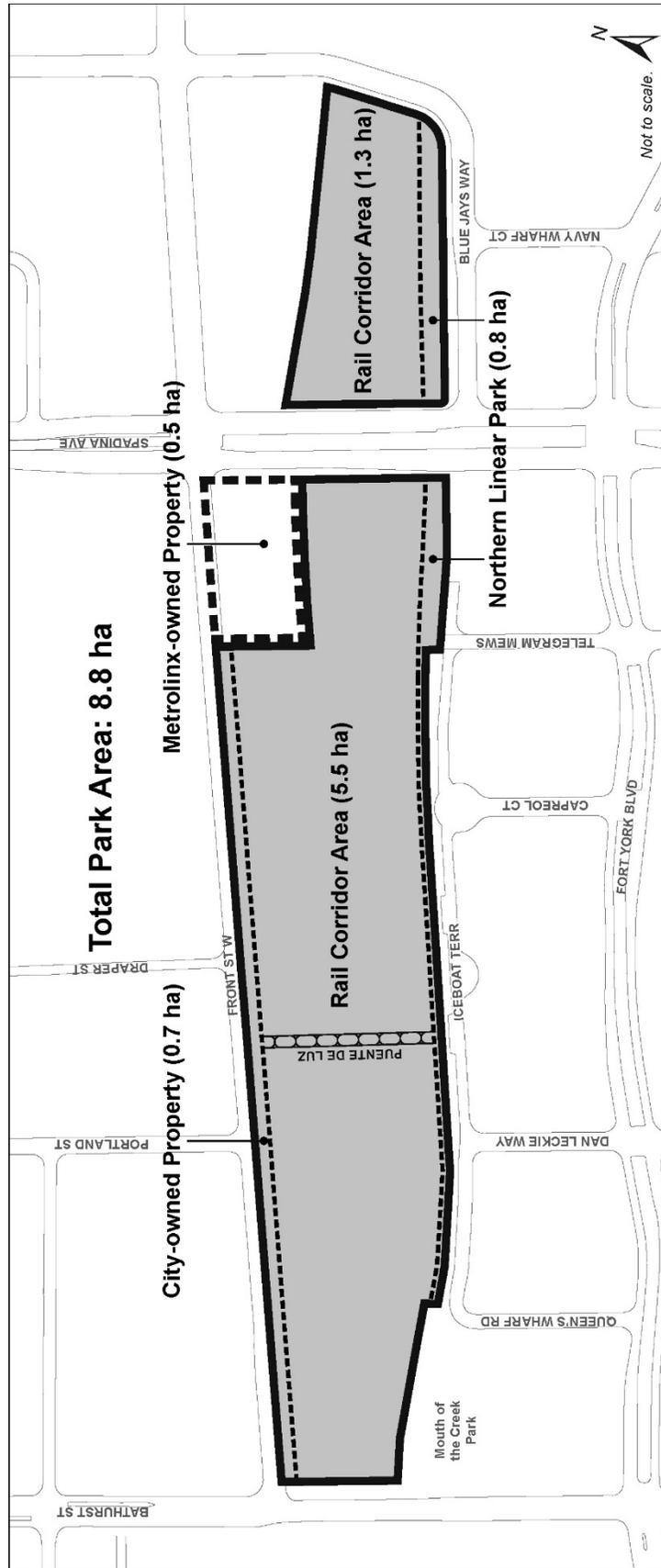
The Union Station Rail Corridor is the busiest rail corridor in the country. The portion of the rail corridor within the project site comprises active rail lines and switches, along with the adjacent storage yard.

In total, there are 16 rail lines in the rail corridor, including 9 main line approach tracks to Union Station and 7 yards tracks between Bathurst Street Bridge and the Spadina Avenue Bridge. A track fly-under bridge is located between Portland Avenue and Spadina Avenue where two tracks go above the bridge, and three below.

Metrolinx operates GO Train service along four major rail lines through this section of USRC, including the Kitchener, Barrie, Lakeshore West, and Milton lines. It is estimated that 1,500 trains pass through the rail corridor on a weekly basis. It is anticipated that service expansion under the GO Regional Express Rail proposal will increase traffic to 2,200 weekly trips by 2020. Upon electrification and expansion of Metrolinx lines, rail trips are expected to grow up to 6,000 trips per week by 2024. This is in addition to VIA and Union-Pearson Express services.

The North Bathurst Yard is located directly south of Front Street West between Bathurst Street and Spadina Avenue. The yard is currently used for GO train storage between morning and evening rush hours, with light servicing and some storage of other maintenance materials. Vehicular access to the yard is provided by an access ramp from Front Street near Bathurst Street.

Figure 2 Rail Deck Park Project Site



2.2 City & Regional Significance of the Site

The project site holds a unique position of public significance for the city and the region owing its history, scale and proximity to the Downtown core. The rail corridor site has always been planned and used for public purposes.

The area now occupied by the rail corridor was originally planned as a waterfront esplanade and park to preserve the waterfront for the enjoyment of the city's citizens. In 1852 the City commissioned architect John Howard to prepare a plan for a park extending from York Street to Bathurst Street, following the shoreline and comprising all lands south of Front Street. The City acquired all lands necessary for what came to be known as the "Walks and Gardens" proposal, and placed it in a land trust.

Owing to the requirements of the industrializing city, these lands were subsequently turned over to support railway development. In the decades that followed, rail operations played a major role in the growth of Toronto and continue to be vital to the prosperity of the city.

In the mid-1960s, large parcels within the Railway Lands became available for redevelopment as freight operations largely shifted outside the core of the city. The availability of large tracts of land with proximity to the downtown, and access to public transit led to the transformation of the Railway Lands from an industrial corridor to a major mixed-use area including residential development as well as culture, entertainment, and civic uses.

The project site is situated close to major regional destinations, including the Financial District and major regional and international visitor attractions such as the Rogers Centre, Air Canada Centre, Metro Toronto Convention Centre, the CN Tower, Ripley's Aquarium, Harbourfront Centre, Fort York, Ontario Place, and Exhibition Place.

Each year, millions of people attend concerts, conferences, festivals, and sporting events in the area. In 2017, over 3.2 million people visited the Rogers Centre for Blue Jays games alone. This consistent volume of pedestrian activity, filling streets, sidewalks, and public spaces, is unique across the city. Enhancement and expansion of the parks and public realm network that support these destinations is a crucial investment.

The site is also among the most accessible areas in the region by virtue of its proximity to Union Station, Billy Bishop Toronto City Airport, the Gardiner Expressway and accessibility to Pearson International Airport via the Union-Pearson Express.

3.0 Context & Rationale

3.1 Addressing Growth & Related Parkland Needs

Over the past 10 years, there has been a fundamental shift in development intensity in Toronto, with much of this growth concentrated in Downtown. While steady growth has been occurring in Downtown neighbourhoods since at least the early 1990s, after 2006 there was a rapid increase in the rate at which this growth occurred.

In the western Downtown neighbourhoods immediately surrounding the rail corridor, new development led to a population increase of 178 per cent from 2006 to 2016 – more than double the rate from 1996 to 2006. In the broader Downtown area, growth occurred at more than three times the rate of the preceding ten years (53 per cent compared to 16 per cent).

Downtown growth is expected to continue into the future. There are currently 98,000 residential units in the development pipeline, planned or under review, which are expected to achieve build out by 2031. Twenty projects in the pipeline involve more than 1,000 units, 70 per cent of which include at least one tower of 50-storeys or greater. Based on current projections, it is anticipated that approximately 140,000 to 180,000 units could be added through 2041.

In addition to residential growth, the Downtown has also been the focus of rapid employment growth, positioning the area as the largest concentration of jobs in Canada. In 2016, the Downtown accommodated over 500,000 jobs – half of which were located in the neighbourhoods surrounding the rail corridor. By 2041, approximately 850,000 - 910,000, or approximately 10,000 to 12,500 new jobs annually (a 45 per cent growth rate compared to the city-wide average of 9 per cent).

These growth rates have resulted in an overall density of 399 people and jobs per hectare in the Downtown. By 2041, the Downtown is expected to achieve a density of 729 people and jobs per hectare.

As growth has been occurring, the City has been challenged to acquire adequate levels of new parkland. Over the past 10 years, the City has been able to secure 21 new park areas; however, only two of these parks – Canoe Landing and Corktown Commons – were greater than 3 hectares (7.5 acres) in size and were secured through major master planning processes. Based on the findings to date from the Parkland Strategy, Downtown residents enjoy 11 m² of parkland per resident compared to the city-wide average of 28 m² per resident.

The Downtown parkland deficiency is even more apparent when demand from employment populations is included. The parkland provision for the combined population is just 4 m² per resident/employee in the Downtown compared to 18 m² per resident/employee city-wide. These figures do not account for demand from visitors or students, which is highly concentrated in the Downtown.

To maintain the current per capita park levels as anticipated development occurs through 2031, an additional 165 ha of parkland would need to be provided in the Downtown. While this volume of parkland could not feasibly be acquired given current development patterns, it underscores the importance of securing every available opportunity to expand parks and open spaces in the Downtown.

There is a particular need for large parks in the Downtown. Large parks offer multi-functional spaces that can serve the broad needs and interests of a range of park users. As described in the City's proposed Parks and Recreation Facilities Master Plan (2019-2038) adopted in October 2017, these active facilities are significantly undersupplied across the Downtown.

When considering availability of large parks (5 ha and greater), significant portions of the Downtown have very low parkland supply (0-12 m² per resident/employee). Most of the area immediately surrounding the rail corridor has a supply of large parks below 4 m² per resident/employee.

3.2 Economic Benefits

As a major public realm investment, Rail Deck Park has the potential to produce significant economic benefits.

Similar projects in other jurisdictions demonstrate significant impacts on visitor activity and related spending - the High Line in New York City attracted approximately 8 million visitors last year and Millennium Park in Chicago has annual attendance levels in the tens of millions.

Such projects also generate direct, indirect and induced economic impacts through increases in short and long-term spending. In the short-term these impacts are related to design, construction and implementation process, and provide long-term economic impacts through ongoing programming, operations, and management. For example, the High Line is estimated to have generated 8,000 construction jobs and an additional 12,000 jobs in the area.

Parks and public realm investments result in positive net impacts to the value of surrounding properties. For example, the area surrounding Millennium Park experienced a 25 per cent increase in incremental residential value in the decade following construction, representing estimated value creation of US\$1.4 billion. Between 2005 and 2009, the area around the Rose Kennedy Greenway in Boston saw a 45 per cent increase in average commercial property values, representing estimated value creation of US\$3.1 billion.

Beyond observable impacts on spending and economic activity, Rail Deck Park also has the potential to strengthen Toronto's global image and competitive position. By virtue of its scale and profile, this will be an iconic new public space that exemplifies livability, cultural vibrancy, social inclusiveness, environmental resiliency, and civic pride. The project would announce Toronto as a place to grow and invest, where bold city-building ideas are embraced and realized.

3.3 Environmental Benefits

The creation of a major new park in the heart of Downtown supports Council's environmental commitments as reflected through the TransformTO and Resilient City initiatives to help address and mitigate for the impacts of climate change. The thousands of trees and plantings anticipated throughout the park will serve as a critical "carbon sink" for neighbouring residential/commercial greenhouse gas emissions, support the City in meeting its goal of increasing tree canopy cover to 40 per cent city-wide, provide shade and help reduce the urban-heat island effect.

The design of Rail Deck Park will be optimized to manage wet weather flow, through site specific grading, capture and filtration. The project also presents opportunities for innovative storm water management practices such as the use of bioswales and rainwater harvesting.

The scale of the site also allows for positive ecological functions. Naturalized areas in Rail Deck Park could create new urban habitat to support greater biodiversity and ecological resiliency.

Finally, as a public space, Rail Deck Park will be a showcase for sustainability where visitors can learn about and experience the important environmental functions of our urban green spaces. The cumulative effective of these environmental benefits is a more resilient community that fosters a healthy and productive place for people to live, work, and visit.

3.4 Social Benefits

The social benefits of parks are well-established, especially in high-density urban environments such as Downtown Toronto. Access to parks and green space is associated with higher levels of activity and exercise and leads to a reduction in physical and mental health risks.

Urban parks and green spaces also help build community cohesion and social capital. Public urban parks and green spaces are important community development settings, as they are open, free, and accessible places for social gathering and interaction. These places are vital for young people, and especially for those living in poverty - an estimated 26 per cent of Toronto's child population according to Statistics Canada. Access to affordable recreation has been recognized by the Canada Parks and Recreation Association, as essential to creating pathways out of poverty by promoting health, leadership, skill-development, and community networks.

As Toronto intensifies, an increasing number of people will be living in more compact and denser housing forms, which do not have the same immediate access to green space as low density housing. A growing number of these residents are families who have limited access to outdoor amenities.

4.0 Securing the Properties for Rail Deck Park

The majority of new parks and open spaces created in Toronto involve the acquisition or conveyance of lands owned by third parties. These transactions can be complex.

Since 1998, 74 per cent of new parkland has been acquired through land dedications or purchases from other parties. Recent examples include Canoe Landing Park (Concord Adex) and Corktown Common (Province). The remaining 26 per cent was acquired through transfers from other City divisions and Waterfront Toronto.

Legal Services staff have undertaken a review of property ownership in the rail corridor. The project area is generally stratified into two levels: the upper stratum, roughly corresponding to at or above street level; and the lower stratum, roughly corresponding

to the existing railway track level in that area. There are four primary property owners in the project area: Metrolinx, the City of Toronto, Canadian National Railway Company ("CN") and The Toronto Terminals Railway Company Limited ("TTR"). These are therefore all lands acquired initially for public purposes rather than private development.

Metrolinx is the primary landowner in the rail corridor with complete ownership of the lower stratum properties, as well as the approximately 0.5-hectare property at the corner of Spadina and Front Street noted above, which includes both the upper and lower strata. Metrolinx will be a key partner in advancing the Rail Deck Park proposal.

The City of Toronto owns or controls multiple properties that are integral to Rail Deck Park including the approximately 0.8-hectare Northern Linear Park and other properties in the area.

CN and TTR are the primary land owners registered on title for the upper stratum properties within the rail corridor. Additional minor property interests are held by adjacent condominium corporations.

Although representations have been made in public by private parties claiming "development rights" over the rail corridor, as of the date of this report, the owners registered on title for these properties are CN and TTR.

City staff will be available to provide information concerning real estate matters to Executive Committee and City Council as may be required.

5.0 Conceptual Design, Phasing & Order of Magnitude Costing

During the first stage of work, the City of Toronto engaged with Build Toronto to undertake a conceptual engineering and costing study for Rail Deck Park.

The engineering and costing study involved the development of an early-stage design concept for the decking structure for the purpose of identifying technical concerns and order-of-magnitude cost estimates. The design concept is intended to be as permissive as possible of future above-deck uses and to minimize the impact on capital works in the rail corridor below.

The concept is focused on preliminary considerations related to existing rail operations; geotechnical conditions, structural systems, utilities, grade relationships, noise and vibration; light and air quality, constructability and phasing options. The study also included a desktop review of geotechnical, environmental, hydrogeological, and archeological matters. More in-depth study of these matters will inform the future work related to design solutions and construction methods.

The engineering and costing study does not involve specific design or programming for the park itself. It incorporates broad and flexible assumptions concerning above-deck elements to inform technical considerations for the decking structure, such as growing conditions for vegetation and load-bearing requirements, as well as overall project cost estimates. An early-stage design process for the park will be launched as a part of the

stage two work plan and, subject to Council direction, advanced through subsequent stages.

The order of magnitude costing is based on high-level assumptions developed as a part of this analysis. It is subject to substantial refinement as detailed design work and coordination with Metrolinx occurs through subsequent stages.

Reports and appendices from the study will be posted online on the City's project website at www.toronto.ca/raildeckpark prior to the November Executive Committee meeting.

5.1 Design & Construction Considerations

Capital work for Rail Deck Park would involve the construction of a decking structure extending across the rail corridor with load-bearing capacity and system components to support both a fully functional park overhead and ongoing rail operations below.

The approach to conceptual design for Rail Deck Park was informed by numerous precedents from other jurisdictions involving development of park and open space above active transportation corridors. These include Millennium Park in Downtown Chicago (2004), a 24-acre park constructed over a rail corridor, busway, and parking garage; Federation Square in Melbourne, Australia (2002), an 8-acre public square and series of civic buildings constructed over a rail corridor; and Klyde Warren Park in Dallas, Texas (2012), a 5-acre park constructed over an 8-lane Downtown freeway.

The following sections describe the various components of the Rail Deck Park design concept and related construction considerations, starting from track-level works and foundations, to structural support systems (columns and girders), to the deck slab and related systems, to the development of the park itself (Figures 3 through 6).

A. Track-level Work & Foundations

Construction in the rail corridor presents a unique set of constraints and challenges that should guide the design and placement of structural systems for the decking structure. Before foundations can be put in place, track-level work would be required to relocate certain existing utilities and rail infrastructures and, where possible, to establish staging area for future construction.

Following these track-level works, deep foundations to support the park would be established to provide appropriate load-bearing capacity. Specific columns and foundation types will be selected based on available space within the rail corridor. The current track configuration provides sufficient area to accommodate larger foundation types, however other options could be considered as the designs develop.

At the completion of this track-level work, caissons and other foundation systems would be in place and ready to support primary structural systems.

Exact technical requirements will need to be studied further as a part of future planning and design for the project, in collaboration with Metrolinx and other rail operators.

B. Primary & Secondary Support Structures

In the current design concept, the primary support for the decking structure would be provided by support lines running in the east-west direction, likely consisting of cast-in-place concrete beams and columns.

Based on existing track configurations and preliminary concept plans for the Spadina-Front GO station, these support lines could likely be placed in three locations: at the north side of the rail corridor, at the south side and a (discontinuous) line of support in between. The exact placement of these support lines could be adjusted based on future track realignment and evolution of station design considerations.

The secondary support for decking structure would be provided by a girder system of either steel or concrete, running from north to south across the site. With spans of up to 60 metres, the secondary structure could be designed to minimize the impact on rail operations; minimize and/or mitigate for the grade change with adjacent street level and provide sufficient load-bearing capacity for a full-range of park uses across the decking structure.

C. Deck Slab & Related Systems

The concept design involves an assembly of structural layers that comprise the deck slab and a series of engineered systems (e.g., civil, mechanical, electrical) above and below the north-south girders to support the functions of rail corridor.

The layers above the girders would form the substructure for the park and include topsoil and planters as well as surfaces to support hard landscaping, accessory structures, plazas and walkways. The depth of the structure above and between the girders presents opportunities to incorporate major mechanical and electrical systems, drainage and irrigation infrastructure, and to locate some of the required planting materials.

The current design concept allows for soil depths of approximately 1.5 metres in major sections of the decking structure, which would allow a wide variety of trees and plant species to thrive. Exact specifications should be adjusted as the design concept is refined.

The slab would also provide acoustic and vibration separation and accommodate permanent ventilation systems to safely remove heat and exhaust generated by rail traffic below. Systems would be put in place to ensure the safety of the rail corridor operations, including lighting systems, fire protection, emergency generators and emergency access, and evacuation routes.

Figure 3 **Conceptual rendering of existing conditions**

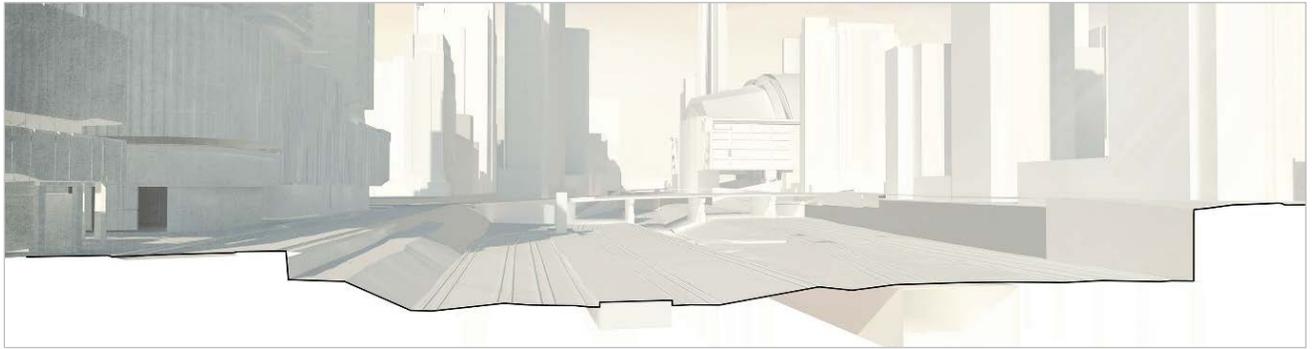


Figure 4 **Conceptual rendering of primary support structures**

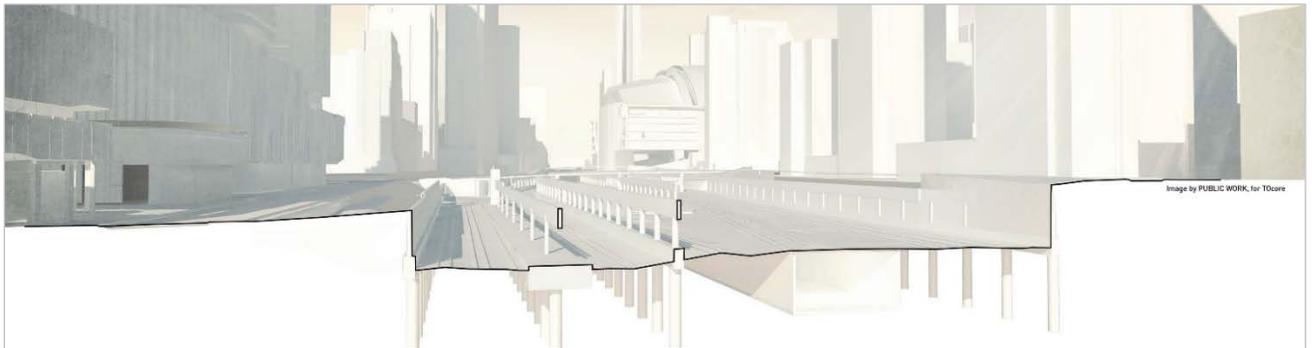


Figure 5 **Conceptual rendering of secondary support structures**

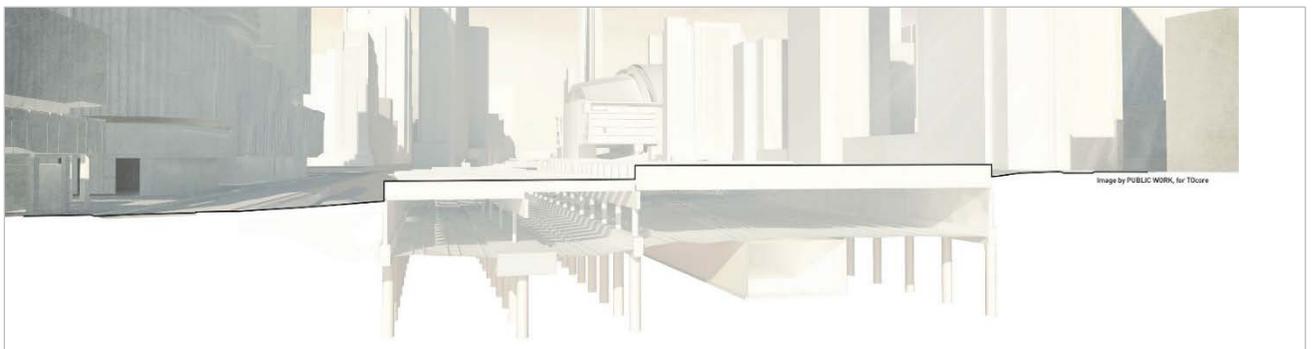


Figure 6 **Conceptual rendering of deck slab and park development**



D. Park Development

The future design and programming of the park above the decking structure will inform the fundamental design and requirements of other deck structure components (from foundations up to the deck slab).

Planning and design for the park has not yet been undertaken. However, it can reasonably be anticipated that the eventual design concept for the park will incorporate a wide range of park elements and uses. The engineering study thus incorporated broadly permissive assumptions for park use, including generous load bearing capacity and flexible and adaptive design solutions. These assumptions should be revised and updated as design of the park proceeds in upcoming stages of work.

Section 7 of this report provides a summary of the proposed activities to be undertaken in 2018 and 2019 to inform planning and design for the park.

5.2 Proposed Phasing Approach

There are currently four phases proposed for the project. Project "phases" refer to the physical areas of the decking structure and park to be complete for public use or for use to construct subsequent phases. Implementation and construction of Rail Deck Park can be phased based the financial strategy as well as various programming and design considerations.

The approach to phasing the project should be guided by opportunities or constraints presented by other capital works, park-related program and design priorities, and other factors. Phases must be logically conceived while also viewed in the context of an overall vision for the project.

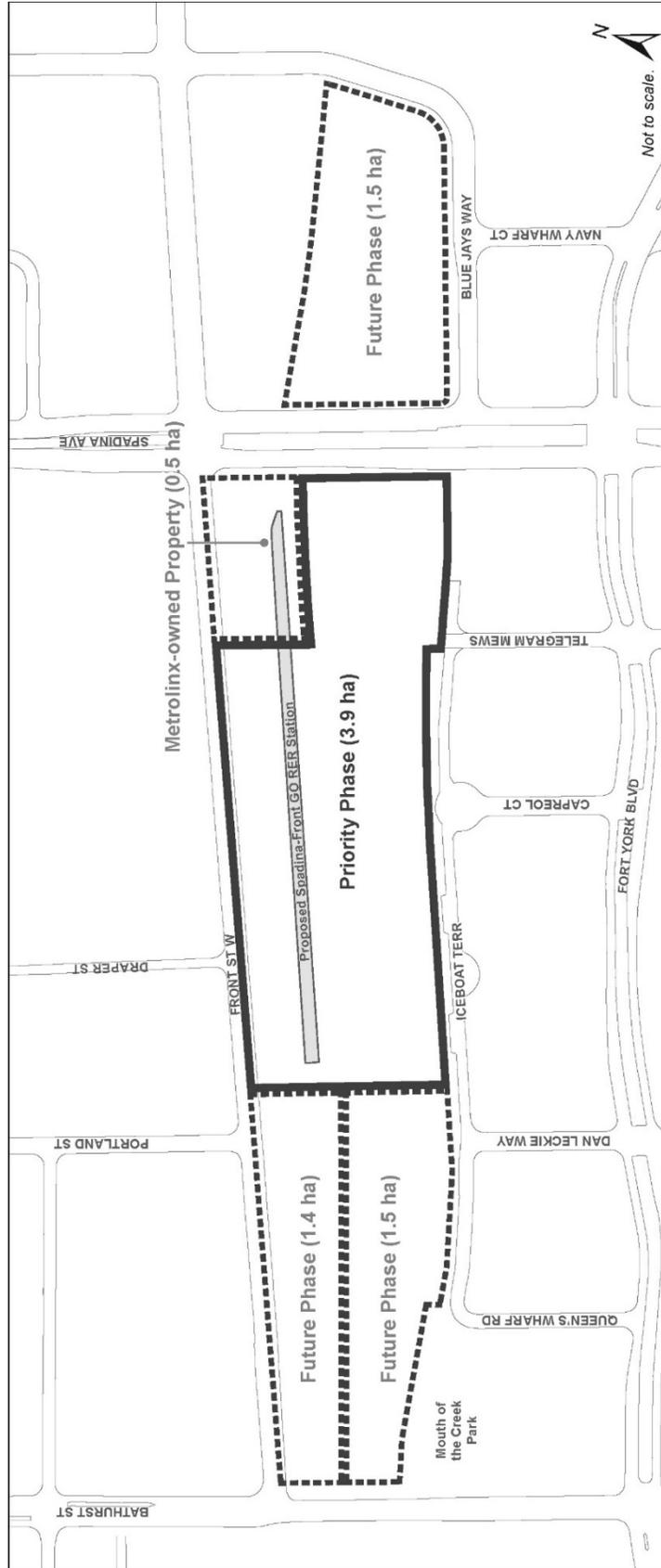
Important considerations include the ability to integrate structural elements in a potentially reconfigured North Bathurst Yard and to establish a track-level construction area for the new GO station platform and primary structural work for the east-west foundations and supports.

All phasing options will require significant early works to relocate services and utilities in the project area.

A priority phase one option has been identified, extending from Spadina Avenue to the current location of the "Puente de Luez" pedestrian bridge, comprising an area of approximately 3.8 ha (9.4 acres). Phase one would extend across the entire north-south width of the rail corridor and yard, and establishes an area of long-span deck, intermediate-span deck and short-span deck (Figure 7).

The phase one area will create a large, contiguous park space to provide for a range of recreation and culture uses. The phase one area would be roughly twice the size of the new Grange Park. This phase one area would support future expansion to the east and the west.

Figure 7 Proposed Phasing Approach



5.3 Order of Magnitude Costs

Current project cost estimates are considered "order of magnitude" in nature, with project components yet to be fully designed or detailed. These estimates are at a 'Class 4' level and are based on completion of 1-5 per cent level of design. Cost estimates will be refined as further site design and site investigations are completed.

The total preliminary cost estimate for the Rail Deck Park project (approximately 8 hectares; 20 acres) is \$1.665 billion (2017 dollars) or approximately \$83 million per acre (Figure 8). Cost estimates do not include escalation or financing costs as detailed cash flows are not yet known.

Figure 8 **Order of Magnitude (Class 4) Cost Estimates**

Elements	Cost Estimate (millions; 2017 \$s)
Deck Construction early works, hard costs, general requirements, management fees	\$844
Park Construction hard costs, general requirements, management fees	\$95
Design Fees	\$95
Contingencies design & pricing, construction and other contingencies	\$327
Allowances Potential work restrictions in the rail corridor	\$304
Total	\$1,665
(Priority Phase One Cost)	(\$872)
(Future Phases)	(\$793)

Hard construction costs are based on broad assumptions with respect to the materials, sizes and weights of structural members, depths and type of fill material, types of paving, and other considerations. These assumptions will be revisited as the design work proceeds and logistics are better understood.

Design and construction of the Rail Deck Park project will be subject to multiple approvals and requirements unique to building in the rail corridor. The project will need to be coordinated with other major capital works. Cooperation with Metrolinx on aligned capital projects is critical to determining the ultimate scope, timelines and cost of Rail Deck Park.

Therefore, the cost estimate includes significant contingencies and premiums reflecting the unique complexity and uncertainty of early-stage planning in the rail corridor.

The \$327 million in assumed contingencies for changes related to design and pricing, construction as well as other contingencies.

The \$304 million in premiums relates to potential work restrictions that may be imposed in the rail corridor by Metrolinx and other authorities. These may include limited access, need for specialty equipment and/or changes to standard construction methods. The assumed cost associated with these work restrictions will be subject to refinement, with the potential to identify substantial savings, through coordination with Metrolinx on related capital works.

6.0 Capital Financing & Funding Update for Rail Deck Park

Since 2016, staff from the City's Corporate Finance Division, in consultation with other relevant divisions, have been engaged in the development of a capital financing and funding strategy for the Rail Deck Park project. The objective has been to undertake a review and analysis of potential funding tools that could be applied to this project, and to investigate the options for financing a project of this magnitude.

Acquiring and developing land for park purposes has been a challenge in the Downtown. Owing to the size and density of development parcels in the Downtown it is typically not feasible for developers to convey adequately sized parkland on site. And when cash-in-lieu of parkland is collected for the purposes of acquiring off-site parkland, these amounts are insufficient to acquire parkland of adequate size or in desired locations owing to the price of land. Typical land acquisition costs for free and unencumbered properties in the western area of Downtown Toronto range between \$95 and \$115 million per acre.

Rail Deck Park presents a unique opportunity to provide necessary parkland to address not only the current deficiency but also forecasted growth-related needs in the Downtown. Given the preliminary cost estimates and complexity of the project, participation by all stakeholders will be necessary to achieve this important city-building initiative.

6.1 Broad Funding Principles

In a rapidly growing city, it is particularly important to ensure that funding tools appropriately and adequately recover the cost of growth. The overarching principle in developing a funding strategy for Rail Deck Park is that "growth pays for growth," and will consider the following:

- A portion of Section 42 cash-in-lieu of parkland ("Section 42 CIL") contributions and other growth-related funds previously collected from development activity in Downtown Toronto will be applied towards project costs in a way that does not negatively impact on any parkland revenues generated for other areas of the city, and in accordance with existing allocation policies.
- Incremental revenues from future rate increases to existing and/or new growth-related revenue tools, including Section 42 CIL contributions, Section 37 contributions, Development Charges, and appropriate value capture tools, will be

applied in such a manner that benefits all projects including Rail Deck Park project and other parkland priorities across the city.

- Commercial contributions will be sought that reflect the proportional benefit for properties and businesses in areas surrounding the project site resulting from the investment in Rail Deck Park.
- Federal and/or provincial contributions to support the Rail Deck Park project will be sought through upcoming intergovernmental negotiations.
- A phased approach for implementation and construction of Rail Deck Park will be established consistent with projected revenues and contributions anticipated through the financial strategy.
- The potential economic impacts associated with Rail Deck Park, including those related to capital construction and ongoing operations, contributions to the visitor economy and real estate value uplift, will be considered.

Projections indicates that 99,000 units will be built in the downtown area over the next 12 years and an estimated 140,000 to 180,000 could be added through to 2041. The total estimated cost of \$1.665 billion dollars (2017 constant dollars) distributed over those units equates to an average implied required contribution of \$9,000 to \$12,000 per unit of new development.

Funding contributions will comprise of Development Charges, Section 42 cash-in-lieu, other potential value capture mechanisms that may be employed, as well as proportionate allocation of contributions from Federal/Provincial governments and/or other sources.

6.2 Sources of City Funding

A wide variety of revenue sources can be considered for the purposes of funding the capital, lifecycle and operating costs of major infrastructure projects. This section focuses only on potential revenue sources to support the capital financing of the Rail Deck Park project. Funding for lifecycle and operating costs will also be reported once the service concept and park details have been finalized and any funding relationships between other parties have been agreed upon.

From a City perspective, the traditional way in which to pay for infrastructure investments would be by issuing a debenture bond for the capital cost, which would be repaid over time through an increase in property taxes, very much like taking out a mortgage. To illustrate this traditional approach, a one-time 2 per cent residential property tax increase results in revenue of \$56 million annually which would service the debt charge for a \$1 billion debenture bond, based on a 30-year debenture term.

As part of the update the City's Long-Term Financial Plan, it is recognized that there is a growing gap between Council's visions for Toronto and available funding through property tax increases. The Plan provides a basis for evaluating new tax and fee options to guide the City in broadening its tax base. It is appropriate for Council to consider options that meet its evaluation criteria and have the potential to meet its desired level of investment.

The funding tools being considered to support the financing of this infrastructure place an emphasis on growth-related sources in order to reduce the amount of debt that may be required for the project. These funding sources include:

- Development Charges
- Section 42 funding (cash-in-lieu of parkland dedication)
- Local Improvement Charges
- Special Area Levies
- Value capture tools

Some of these revenue options the City can be implemented immediately, while others require provincial legislative or regulatory changes. These are described in greater detail in the following sections.

6.3 Development Charges

Development Charges are one-time, up-front fees levied on land development projects under the terms of the *Development Charges Act, 1997* ("DC Act"). The charges help fund a portion of the growth-related share of capital costs, consistent with the principle that growth should pay for growth.

The legislation is fairly prescriptive and the determination of the amount of development charge that may be imposed is subject to various deductions and restrictions – limitations imposed by historical service levels, deductions for benefit to existing development, netting of grants and/or other contributions, and a statutory 10 per cent reduction (in some cases, such as for parks). Under the current DC Act, development charge recovery for the Rail Deck Park is limited in view of the restriction imposed by a historical service level cap (i.e., capital costs that exceed historic levels of service are not recoverable through development charges).

In order for the City to be able to effectively utilize development charges for this project, this report recommends that Council request that the Province exempt the Rail Deck Park project from: (i) the use of the service level cap; and (ii) the statutory 10 per cent reduction in the rate, and further, that any Federal/Provincial contributions towards the cost of this project be deemed for the benefit of existing development, for the purposes of the calculation of applicable Development Charge rates for this project. The Province approved this approach to enable the City to adequately access growth-related development charges towards its funding share for the Toronto-York-Spadina Subway Extension project.

For the Rail Deck Park project to be considered for any potential funding through development charges, whether through existing available DC reserve balances or future DC revenues, it is a statutory requirement that City Council signal its intent to proceed with this project. Accordingly, this reports recommends that eligible components of the Rail Deck Park project costs be included in the City's Development Charge bylaw review currently underway.

6.4 Section 42 Cash-in-Lieu of Parkland

Section 42 of the *Planning Act, 1990* allows municipalities to require parkland conveyance as a condition of development. The Planning Act also allows municipalities to accept Cash-In-Lieu ("CIL") of parkland equal to the value of the land that would otherwise be conveyed. Cash-In-Lieu is collected and held in reserve funds for the purpose of off-site parkland acquisition or development.

In areas of particularly high parkland need, the City requires land dedications or CIL payments based on the Alternative Parkland Dedication Rate ("alternative rate"). The alternative rate was implemented based on prevailing development trends in 2005, when the Toronto Official Plan was drafted and approved by the Ontario Municipal Board.

The alternative rate is over 10 years old and is no longer responsive to development intensity in Toronto. Since the rate was approved by the Ontario Municipal Board, city-wide average residential densities have increased by 200 per cent by project and the average units per hectare by project have increased by 254 per cent. This intensity generates increased parkland demand. Growth is paying for a diminishing share of the cost to meet that need.

As identified in a separate report currently before Council ("Review of the City's Alternative Parkland Dedication Rate under Section 42 of the Planning Act"), acquiring and developing land for park purposes in Downtown has been a challenge due to the limited available land suitable for a park and the land cost. A significant portion of the cash-in-lieu collected to date in Downtown has not been able to be utilized for its intended purposes. Rail Deck Park now presents an opportunity to address the significant parkland deficiency in Downtown, and for this reason, this report puts forward the funding principle that a share of previously collected Section 42 contributions for parkland acquisition and alternate rate contributions originating within the Downtown be applied to the project.

6.5 Local Improvement Charge

A local improvement charges ("LIC") is a funding tool that can be imposed on existing property owners who may benefit from an eligible improvement. A LIC can be used to only to recover capital costs. A LIC is a charge based on frontage on properties abutting a local improvement project.

For Local Improvement Charges purposes, the definition of 'work' can include the construction of a park, square or other public space. Lots that abut, and lots that do not abut but 'immediately benefit from it', can be charged. The amount of the charge borne by non-abutting owners must relate to their level of benefit. Case law is limited, but one of the tests is whether the amounts assigned are derived from a fair and established methodology.

The City retained external advice concerning the feasibility of utilizing LICs for Rail Deck Park and found that LIC are used sparingly in Ontario, and primarily for small capital projects in a suburban/rural context or a relatively stable and homogenous urban area. They are typically initiated by local property owners that actively want a capital project to

move forward. The process is very prescriptive, and does not appear to account for a context such as downtown Toronto.

The findings indicate that it is likely that a LIC could be implemented for the construction of a park, however the use of this financing is unprecedented for a project such as Rail Deck Park in terms of project cost and the physical/market context of the area considered for implementation. A LIC would also present numerous challenges that would significantly undermine not only the practicality of the tool, but also the likelihood of receiving the required approval. A LIC would also offer limited certainty regarding the revenue potential of the charge and would require significant resources from City staff in order to complete the required analysis and consultation. For these reasons, this tool is not being considered further for application to Rail Deck Park.

6.6 Special Area Levy

A Special Area Levy ("SAL"), similar to a Local Improvement Charge, is a funding tool that can be imposed on existing and future property owners within a designated area who may benefit from an eligible improvement. A SAL can be used to recover both capital and operating costs. A SAL is a tax on property assessment.

Rail Deck Park could be seen to be a special service if there are things that set it apart from other parks and a SAL could be imposed on residents and property owners who will receive an additional benefit from the special service. There would have to be strong factual evidence of the park providing a special and unique benefit to a particular part of the City.

The City also retained external advice concerning the feasibility of SAL for Rail Deck Park and generally found that while there is no evidence of the tool being used for a project similar to Rail Deck Park, the tool does not contain the same challenges regarding implementation that come with a LIC. Subject to meeting certain legislative requirements, the tool appears to be easily implemented (with few appeal/challenge avenues) and provides certainty for the municipality regarding capturable revenues.

Selecting a levy boundary that is wide enough to reduce the required SAL to an acceptable amount while also ensuring the boundary is tight enough to justify that property owners are receiving a benefit will be a challenge. Assuming the SAL is not overly burdensome to property owners in the selected boundary, this tool will be considered further as a comprehensive financing and funding strategy is developed for this project.

6.7 Value Uplift & Value Capture

The concept of land value uplift is that as public investments are made in desirable infrastructure, such as transit, major parks or recreation facilities, private properties in the vicinity of this investment benefit from an increase in property values. "Value capture" is to recover some of the "uplift" in land value in order to fund the public infrastructure or amenity.

Landowners and residents in proximity to Rail Deck Park will benefit from rising land value, and it would be appropriate for the City to capture some of that value uplift to offset the capital cost of the project.

Value uplift capture mechanisms can take various forms and be implemented across varying levels of geography – local improvement charges, special area levies, tax increment financing, a surcharge on property taxes, or a surcharge on development and/or land transactions to name a few. Currently, the legislative or regulatory mechanism to enable the capture of value uplift is limited, however, depending on the mechanism employed, the City could work with the Province to amend/create the necessary legislative and regulatory framework to enable the City to capture property value uplift for Rail Deck Park. Value uplift capture will be considered further as a comprehensive financing and funding strategy is developed for this project.

6.8 Federal & Provincial Contributions

Financial benefits resulting from the Rail Deck Park will accrue not just to the City but other orders of government as well. Higher property values, increasing prosperity and other economic benefits (e.g., tourism) and effects related to infrastructure projects of this nature will contribute to the growth of federal and provincial revenues.

Staff will identify areas of eligible costs related to Rail Deck Park for potential funding contributions from the Federal and Provincial governments.

6.9 Naming Rights, Donations, & Related Revenues

Staff will explore, as part of the governance review for this project, opportunities for capital and/or operating revenues through naming rights, donations and related revenues, and will report back as part of the next stage of this project.

6.10 Approach to Operating, Maintenance, & Lifecycle Costs

Operating, maintenance, and lifecycle costs are dependent on the final design, programming and uses of the asset and will be considered and addressed as the project progresses through the stage gate process. Funding for lifecycle and operating costs will be reported once the service concept and park details have been finalized and potential funding relationships with other parties have been agreed upon.

7.0 Partnership & Engagement

The Rail Deck Park proposal has been informed by early and ongoing engagement with the public and other key stakeholders and partners. Consultation activity to date include two public meetings, an online survey and communications, and a series of guided tours in collaboration with Park People which explored signature parks around Toronto. The project has also engaged with industry and community leaders through a joint symposium with the Urban Land Institute, and roundtable discussions hosted through the TOcore study, the Toronto Planning Review Board and with the Toronto Board of Trade.

Engagement will continue to be an essential component of the project's success moving forward. During the next stage, the project team will continue to provide opportunities for public consultation to develop early stage programming and design considerations for the park. These will include the following:

- Formation of a Stakeholder Advisory Group representing community members and stakeholder groups.
- Vision and design work required to inform and frame a future International Design Competition.
- Development of a fundraising strategy.
- Evaluation of governance options for the long-term operation and maintenance of Rail Deck Park.

7.1 Stakeholder Advisory Group

To support this next stage of consultation, a Stakeholder Advisory Group is proposed representing community members and other stakeholder groups. The role of this group may extend beyond providing feedback to include project advocacy, and promoting aligned interest with other city-building initiatives that exist.

The Stakeholder Advisory Group will provide a forum for community members and other external stakeholders to share feedback throughout the consultation process and through subsequent stages of design and implementation. Membership would represent a balance of geographic and sectoral interests including local resident associations, business improvement areas, recreational service providers, school boards and post-secondary institutions, and other non-profit and non-government groups that may be interested in or be impacted by Rail Deck Park.

7.2 Vision & Design

The next stage of the project will build on early engagement activity to advance the vision and design for the park. This will include soliciting public input through a range of activities, review of precedents for innovative park programming and design elements and engagement with local and international design and park experts. Through this process we will also reach out schools and universities, community groups and other interested stakeholders.

One potential option is an "ideas competition" similar to that undertaken for the High Line in New York City in 2003. The initiative was launched prior to securing the decommissioned rail line for park use. The open call led to over 700 entries, many of which were publicly exhibited in Grand Central Station. This encouraged an important public dialogue about the future use and design of what is now one of New York City's most popular public spaces.

Such initiatives will, in turn, inform the development of a design brief which will guide a future International Design Competition. The Rail Deck Park has the potential to generate significant global interest given its transformative, city-building potential. An International Design Competition will provide a platform for engaging with global leaders

in landscape architecture, urban design, and planning to explore the site's potential, provide a range of ideas, advance research and produce innovative solutions. It would also involve a significant public engagement component.

7.3 Governance Model

An essential long-term consideration for Rail Deck Park is the approach to programming, operations, and maintenance. Alternative governance models are being advanced in Toronto, as recently demonstrated through the establishment of a non-profit entity to support The Bentway Project. Potential models were evaluated based on their ability to perform with autonomy and authority; to deliver high-quality programming, operations and maintenance; to secure diverse funding streams; to leverage existing capacity, and to achieve sustainable, long-term management. Following this analysis, a conservancy or conservancy partnership was recommended as the preferred governance model for the Bentway project.

City Staff recommend a similar approach be used to determine the most appropriate governance model for Rail Deck Park. This review also represents a key point for public input on the long-term programming, operations, and maintenance of the park.

7.4 Fundraising Strategy

Given the significant scale and profile of the Rail Deck Park project, City staff anticipate considerable interest from corporate and community partners. This interest can translate to an importance source of donor and sponsorship contributions.

These funding sources are becoming an increasingly common part of the financing strategy for major park and public realm investments. This trend is seen in Toronto through major philanthropic contributions towards park projects such as the Grange Park revitalization, the Moss Park redevelopment, Don Valley Park and the Bentway.

In collaboration with the Toronto Office of Partnerships, project staff will undertake work to better understand and evaluate the market for donor and sponsorship contributions. The findings of this study will help to inform the funding and financing strategy for Rail Deck Park, in conjunction with other public and private funding sources.

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