

## **Allocation of Enwave Easement Revenue for the Enhancement of the Toronto Island Park**

**Date:** April 4, 2022

**To:** General Government and Licensing Committee

**From:** General Manager, Parks, Forestry & Recreation

**Wards:** 10 - Spadina- Fort York

### **SUMMARY**

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This report seeks authority to direct revenue derived from the granting of permanent easement rights to Enwave Energy Corporation (Enwave) towards the implementation of projects identified in the Toronto Islands Master Plan.

In 2021, in order to facilitate expansion of the Deep Lake Water Cooling (DLWC) system, the City granted Enwave permanent surface and underground easements for the new raw water intake pipe and associated access shafts and chambers.

In 2020, City Council directed Parks, Forestry and Recreation (PFR) to review possible allocation of revenue from the permanent subsurface easements for enhancement of areas of the Toronto Island Park. PFR sought input from stakeholders and the public on how best to allocate funds through the ongoing Toronto Island Master Plan (Master Plan) study. While the original direction from Council recommended directing easement revenue to shoreline, beach restoration, flood protection and other natural projects, staff recommend broadening the scope to all priority projects identified through the Master Plan.

The allocation of the easement revenue towards implementation of projects identified within the Master Plan is an opportunity to address the pressures facing Toronto Island Park such as increased demand, aging infrastructure and flooding, and to enhance a destination which draws visitors from across Toronto and beyond.

Priority projects will be identified through the final stages of the Master Plan process in alignment with other capital projects related to Toronto Island Park in the 10-Year Capital Budget and Plan, including projects related to flood mitigation and other state of good repair projects, key recommendations arising from the Toronto and Region Conservation Authority (TRCA) Flood Mitigation Environmental Assessment (EA) process, and priority projects relating to the City's Reconciliation Action Plan. These projects will be included for consideration in future capital budget submissions.

## **RECOMMENDATIONS**

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The General Manager, Parks, Forestry & Recreation recommends that:

1. City Council authorize the transfer of the proceeds of the exclusive permanent easement over the Easement Lands (\$3,160,778.49) from the Land Acquisition Reserve Fund (XR1012) to Parks, Forestry & Recreation's deferred revenue Account (216031) to be used for enhancement of areas of the Toronto Island Park through the implementation of capital projects identified within the Toronto Island Master Plan and brought forward in future capital budget submissions.

## **FINANCIAL IMPACT**

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The City will receive revenue in the amount of \$3,160,778.49 (exclusive of Harmonized Sales Tax) from the granting of the permanent easement to Enwave. Payments are to be received from Enwave in three equal installments of \$1,053,592.83. The first payment was received December 31, 2021, with two additional payments to follow March 31, 2022 and January 31, 2023.

This revenue will be transferred from the Land Acquisition Reserve Fund (XR1012) to Parks, Forestry & Recreation's deferred revenue Account (216031) to be included in future budget submissions for enhancement of additional areas of the Toronto Island Park through the implementation of the Toronto Island Master Plan. Revenue must be received by the City before it can be utilized and budgeted as a funding source for projects related to the Toronto Island Master Plan in future budget submissions of Parks, Forestry and Recreation's 10-Year Capital Plan.

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

## **DECISION HISTORY**

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At its meeting on October 1 and 4, 2021, City Council requested the General Manager, Parks, Forestry and Recreation incorporate the Toronto Islands Master Plan as a priority in the development of the 10-year Capital Budget and Plan each year as part of the budget process to advance the implementation of the Downtown Parks and Public Realm Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE24.7>

The City granted a permanent easement over portions of City-owned lands from the Island Filtration Plant on the Toronto Islands to the John Street Pumping Station to Enwave to facilitate the construction and operation of a new raw water tunnel, known as the Deep Lake Water Cooling Expansion Project as authorized by the Deputy City

Manager, Corporate Services in Delegated Authority Form No. 2021-282 dated October 25, 2021.

<https://www.toronto.ca/wp-content/uploads/2022/01/8e85-2021-282John-Street.pdf>

At its meeting on November 25 and 26, 2020, Council directed the General Manager, Parks, Forestry and Recreation to review possible allocation of revenue from permanent subsurface easements for enhancement of additional areas, including nearby shoreline and beach restoration, erosion mitigation, native species planting and flood protection measures, with input provided by Toronto Island Park stakeholders and other stakeholders from the Official Plan Amendment process and to report back to City Council as needed.

City Council also amended the Official Plan to add the easement interests to the list of properties in Site and Area Specific Policy 265 to permit the disposal of parkland through the granting to Enwave of a permanent easement. City Council further requested Enwave to continue to work with PFR Staff to implement the restoration work set out by City staff in relation to temporary construction and permanent infrastructure on parkland.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.TE20.1>

At its meeting on December 17 and 18, 2019, City Council authorized the General Manager, Toronto Water to finalize negotiations with Enwave and enter into and execute an amending agreement to the Energy Transfer Agreement (and any other related agreements) between the City and Enwave to permit the expansion of the Deep Lake Water Cooling system capacity, predicated on increasing the flow of cool water from the City's Island Water Treatment Plant to a new raw water diversion system terminating at the John Street Pumping Station.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE10.9>

## **COMMENTS**

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### **Enwave Deep Lake Water Cooling Expansion Project**

In late 2019, City Council authorized Toronto Water to finalize negotiations with Enwave to amend the Energy Transfer Agreement to permit the expansion of the Deep Lake Water Cooling system. The expansion involves the addition of a fourth intake at the Island Filtration Plant which connects to the existing system terminating at the John Street Pumping Station, separate and independent from the City's municipal drinking water infrastructure supply.

Enwave's DLWC expansion project provides many benefits to the City including increased revenues, operational cost savings, new infrastructure at no cost to the City (including the repurposing of currently unused infrastructure), and environmental benefits such as significant carbon emission reductions and improved air quality.

## **Required Agreements and Approvals**

In addition to amending the Energy Transfer Agreement, there are land requirements to enable the DLWC expansion. Permanent easements are required for the underground pipe and surface infrastructure including access shafts and chambers. Temporary construction and staging areas are also required for equipment and materials until at least 2024.

The permanent easement interests are located within portions of the Toronto Island Park and underneath portions of HTO Park, Southern Linear Park and the future Rees Street Park. In late 2020, City Council approved an Official Plan Amendment to add these lands to Site and Area Specific Policy 265 to exempt them from policies in the City's official plan that prohibit disposals (including permanent easements) of City-owned parkland. The easements are required to enable essential infrastructure, and will minimize impacts on the long-term utility of the park.

The temporary construction areas create short- to medium-term impacts on the Toronto Island Park and its visitors including reducing access to some areas, disturbing naturalized areas, removal of trees, and noise and traffic impacts. PFR negotiated the license agreement with Enwave for the temporary areas to ensure impacts were mitigated where possible. There will also be permanent loss of space for the surface infrastructure such as access shafts and chambers.

The final easement agreement was approved through Delegated Approval (DAF 2021-282) on October 25, 2021 and includes payment of \$3,160,778.49, to be received in three equal installments of \$1,053,592.83 on December 31, 2021 (already received), March 31, 2022 and January 31, 2023.

## **Direction of Easement Revenue to Toronto Island Master Plan Projects**

Revenue from the sale/disposal of property rights are typically directed to the Land Acquisition Reserve Fund (LARF). In this case Council has directed that the revenue be considered for improvements to the Toronto Island Park which will be impacted by the construction and permanent infrastructure, with a focus on natural projects.

In November 2020, City Council directed the General Manager, Parks, Forestry and Recreation to review possible allocation of revenue from permanent subsurface easements for enhancement of additional areas, including nearby shoreline and beach restoration, erosion mitigation, native species planting and flood protection measures, with input provided by Toronto Island Park stakeholders and other stakeholders from the Official Plan Amendment process and to report back to City Council as needed.

Stakeholder input on how to best allocate funds is being sought through the ongoing Toronto Island Master Plan study. Based on this input and staff analysis, staff recommend broadening the scope of projects to benefit from the easement revenue to include all priority projects identified through the Master Plan process. Visitors from across and beyond Toronto are drawn to Toronto Island Park for its beaches, amusement park, marinas, clubs, nature trails, cultural places and events. In recent years, the park has faced numerous pressures, including increased demand, aging infrastructure and flooding. The allocation of the easement revenue towards meeting

these pressures and enhancing the park is an opportunity to contribute to this City-wide destination.

This Master Plan will be a long-term planning document that outlines a Vision, Values, Guiding Principles and Big Ideas to guide change and investment in Toronto Island Park over the long-term. In 2021 and through 2022, the City is working closely with the Mississaugas of the Credit First Nation, other First Nations and Indigenous communities, island and waterfront communities and businesses and people across the city to develop a Master Plan that will re-inforce and celebrate Toronto Island Park as a cherished gathering place for many generations to come. The Master Plan will guide future decision-making around improvements, programming, and management of the park, influencing decision-making, operations and future park improvements. The Master Plan will be completed by year-end 2022, with final celebrations anticipated in summer 2023.

Priority projects will be identified through the final stages of the Master Plan process in alignment with other capital projects related to Toronto Island Park including projects related to flood mitigation and other state of good repair projects, key recommendations arising from the Toronto and Region Conservation Authority (TRCA) Flood Mitigation Environmental Assessment (EA) process, and priority projects relating to the City's Reconciliation Action Plan. These projects will be included for consideration in future capital budget submissions and may include improvements to dock landing areas, flood mitigation improvements including shoreline treatments, pathway improvements, boardwalks and lookout areas, as well as projects looking to augment the Indigenous significance of the Toronto Island through trails and interpretation.

## **CONTACT**

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## **SIGNATURE**

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