



Chief Administrator's Office
Michael R. Garrett, Chief Administrative Officer

City Hall, 11th Floor, East Tower
100 Queen Street West,
Toronto, Ontario M5H 2N2

Tel: 416-392-3551
Fax: 416-392-1827

July 17, 2000

TO: The Mayor and Members of City Council

I am pleased to forward to you the initial staff response to the report of the Toronto Waterfront Revitalization Task Force.

The Task Force report outlines an exciting proposal to regenerate the Toronto Waterfront at a time when the opportunity, momentum and political will exist to make the idea a reality.

This report contains the preliminary analysis and recommendations of five staff working groups and outlines an implementation strategy and next steps to move the proposal forward.

I look forward to Council's response and direction.

Respectfully submitted,

Michael R. Garrett
Chief Administrative Officer

Paula M. Dill, Commissioner
Urban Development Services

Barry Gutteridge, Commissioner
Works & Emergency Services

Joe Halstead, Commissioner
Economic Development,
Culture & Tourism

Wanda Liczyk
Chief Financial Officer & Treasurer

Joan Anderton, Commissioner
Corporate Services

Shirley Hoy, Commissioner
Community & Neighbourhood Services

Contents

Recommendations	6
Executive Summary	8
Introduction.....	10
Planning Options.....	11
Parks and Open Space	13
Transportation Planning.....	15
Housing.....	17
Business Development	19
Cultural, Tourist, Entertainment	20
Heritage and Culture.....	22
The New Waterfront	23
Summary	27
Infrastructure.....	29
Road System	29
Local Transit.....	37
Regional Transit.....	40
Transportation Summary.....	42
Sewer and Water System	43
Economic Impacts	49
Enhancing Competitiveness.....	51
Advancing Key Clusters	52
Challenges to Competitiveness.....	56
Summary	58
Financial Impacts.....	60
The Financial Proposal	62
Evaluation of the Cost Estimates	65
Assessment of Revenue Menu.....	70
Overall Sensitivity Analysis	77
Fiscal Impact on the City of Toronto	77
Implementing the Proposal	79
Principles.....	80
What the Public Said	82
Next Steps	82
Conclusion.....	83
Appendix.....	84

Recommendations

It is recommended that:

1. City Council endorse, in principle, the concepts put forward in the Toronto Waterfront Revitalization Task Force proposal.
2. City Council request senior staff to develop, in consultation with the appropriate city agencies, a new Official Plan and Zoning By-law for the Central Waterfront that is consistent with the development concept put forward in the Task Force proposal.
3. More detailed studies of some aspects of the Task Force proposal – infrastructure, economic impacts, environmental impacts, business attraction strategies, potential revenue sources, implementation phasing and other studies needed to develop the Official Plan and Zoning By-law – be undertaken immediately, with a report back to Council in early 2001.
 - a. Specifically, City Council authorize detailed studies of the proposed road system reconfiguration and of local and regional transit networks as part of the development of the Central Waterfront master plan. These studies should investigate in detail design modifications to address road and transit issues, road and transit operations, and refinements to construction timing and staging to co-ordinate all servicing.
 - b. A detailed servicing study should be undertaken for Water and Wastewater Services, including an assessment of the impact on the trunk infrastructure, pumping stations and plants.
 - c. City Council authorize the development of a transit strategy that will address necessary improvements at Union Station, transit improvements to Union Subway Station and the protection of future transit rights-of-way.
4. The following principles be adopted to guide the development of a waterfront governing body:
 - the waterfront governing body must be accountable to government
 - the financial terms for the governing body must ensure financial protection for the City

- a mechanism for providing public input must be developed
 - the structure and process of the governing body must enable private investment
 - the governing body must have the ability to implement decisions quickly
5. The federal and provincial governments commit to providing, on a priority basis, the proposed \$2 billion in bridge financing as recommended by the Task Force
 6. The City continue to implement a 46-kilometre vision for the Toronto waterfront with the immediate focus of change on the Central Waterfront
 7. Alternate roads be completed, and significant GO Transit and Union Subway Station improvements occur, before the elevated section of the Gardiner Expressway is replaced
 8. The federal and provincial governments be requested to enter into discussions with the City to identify strategies to deliver affordable rental housing as part of the waterfront development

Executive Summary

This report contains the analysis and recommendations of five staff working groups formed under the direction of the Chief Administrative Officer in May 2000. Led by the Commissioner of Urban Development Services, the groups were assembled to investigate the recommendations of the report of the Toronto Waterfront Revitalization Task Force.

The Task Force proposal comes at a critical point in the building of the new city. Around the world, waterfronts have been the focus of urban renewal for some time. Great cities such as London, Amsterdam, New York and Cape Town are undertaking major waterfront enterprises.

With a decisive commitment to the Task Force proposal Toronto would be poised to join the leagues of these great international cities.

The most critical success factor is in place. The Task Force proposal has the clear and full support of all three levels of government. As recently as June 2000, the Prime Minister and the Premier of Ontario exchanged letters of support for the proposal.

The Task Force proposal has clear and multiple benefits. It has the potential to create far-reaching impacts for quality of life at home and to elevate the city's image globally. There are risks, but with prudent planning these risks are manageable.

The intent of the staff review was to look at how best to implement the Task Force proposal. Where issues arise, strategies and solutions are recommended. In some areas the staff reviews are more detailed than in others, thanks largely to recent research. Additional detailed analysis, where required, has been recommended. Some public policy issues have been identified, requiring political decisions. In all respects, staff have attempted to exercise due diligence in constructing a response to the ambitious and exciting proposals contained in the Task Force report.

The proposal is achievable with some phasing and project modifications. These modifications support both the Task Force vision and the infrastructure, business and operational needs of the entire city.

The working groups assessed five core areas – Planning Options, Infrastructure,

Financial Impacts, Economic Impacts and Implementation.

The Task Force infrastructure proposals are a positive and important first step in revitalizing the transportation network serving the waterfront.

The Task Force proposals have important implications for the economic future of the Toronto waterfront and the City. A large increase in employment (a projected 165,000 person years for Ontario during construction alone); revitalized businesses and an estimated increase of 2,000,000 tourists per year are but some potential benefits. Phasing in transit and road improvements first, creating a balance of employment and residential use; and securing consistent long-term funding for local and regional transit services can help to address potential economic disruptions.

The basic financial proposal presented by the Task Force appears sound and achievable. Infrastructure costs may vary, but these costs could be managed if sufficient bridge financing is made available (\$2 billion).

It is staff's conclusion that the Task Force proposal is imaginative, achievable and aligned with emerging planning policies and other City initiatives. Refinements to the proposal outlined in the Task Force report would be made when the City prepares a new Official Plan and Zoning By-law for the Central Waterfront. The new Official Plan and Zoning By-law will provide a statutory blueprint for the new waterfront. If the new plan's implementation is to meet Olympic Bid deadlines, an expedited planning process is essential.

To effectively engage the commitment of the federal, provincial and municipal governments, several questions and issues are scoped. These can form a basis for discussion with senior levels of government on the mandate and structure of a waterfront development governing body.

The Toronto waterfront development governing body must be fully accountable to all governments and the public, strong enough to avoid pitfalls and flexible enough to accommodate change over 20 years of development activity.

In summary, the Task Force proposal is an historic one. The planning, infrastructure, implementation, financial and economic aspects are visionary.

This report is the next step in building momentum.

Introduction

In November 1999, the Mayor announced the City's vision for its 46 kilometre long waterfront.

The vision expressed in *"Our Toronto Waterfront - Wave of the Future"* describes a waterfront that is environmentally-friendly, easy to get to and get around in -- a place of natural beauty that attracts investment and boosts tourism.

City Council's support of this vision paved the way for the creation of the Toronto Waterfront Revitalization Task Force, led by financier Robert Fung.

The Toronto Waterfront Revitalization Task Force Report extends the vision. It describes an exciting new Toronto waterfront that would be opened up to all Toronto's citizens and visitors. The new waterfront would include over 170 hectares (400 acres) of new parks and open space, a continuous waterfront promenade, new cultural and tourism facilities, 40,000 new housing units and 10 million square feet of new space to feed new economy businesses. In a bold move, the proposal also calls for the replacement of the elevated Gardiner Expressway and \$800M in new transit improvements to make it easier and more convenient for commuters to travel to, and around, the downtown.

The Task Force proposal underlines the tremendous opportunity that the waterfront offers the City as one of the largest urban revitalization projects in the world. This report describes how to build on this momentum, taking advantage of an historic convergence of interests, ideas and a vibrant economy.

"Our great City will use any resources available to make this vision a reality."

Mayor Mel Lastman

"We are ready willing and able to do our part to revitalize Toronto's waterfront and to make the 2008 Olympic Bid a resounding success"

Premier Michael Harris

"...the work to date has provided us with a sweeping vision and a strong foundation upon which we can continue moving forward together"

Prime Minister Jean Chrétien

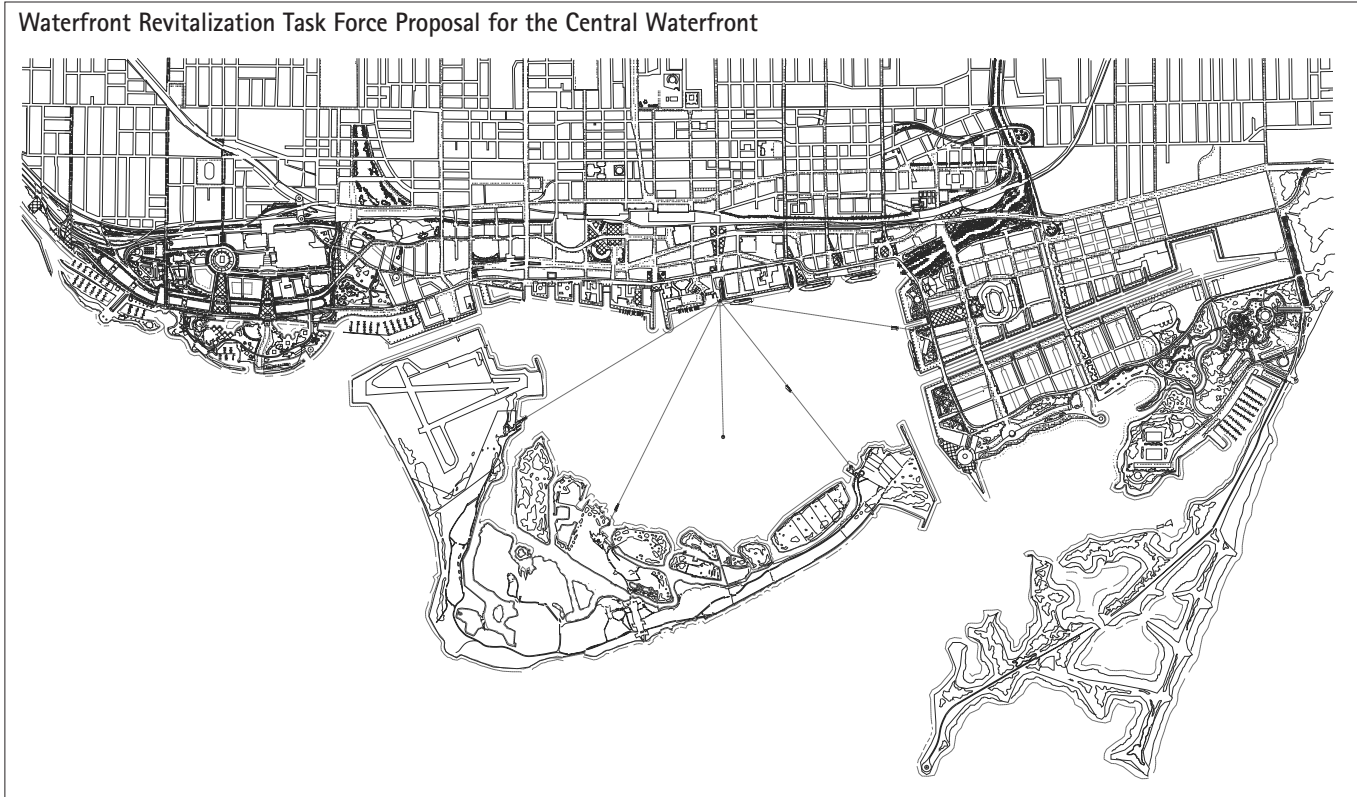
Planning Options

The renewed waterfront will restore the link between the city and the lake across 46 kilometres.¹

The Task Force Proposal

The Task Force proposal transforms our waterfront in exciting ways for all citizens to enjoy. The report of the Waterfront Revitalization Task Force outlines a comprehensive approach to reconnecting Toronto to Lake Ontario and meets long-established planning goals. The proposal unlocks the true potential of an area 46 km in length and focuses detailed attention on the Central Waterfront – Exhibition Place/Ontario Place, The Water's Edge and the Port Lands.

Figure No. 1



¹ Principles for Renewal, *Our Toronto Waterfront – The Wave of the Future*

It includes:

- a waterfront boulevard with buildings on the north side and public space on the south
- protection and enhancement of the Scarborough Bluffs
- new parks and open spaces
- the Gardiner Expressway barrier replaced by surface roads;
- more and easily accessible public transit
- the restoration of Mimico and Etobicoke Creeks and the mouth of the Don River
- 100,000 more residents and some 25,000 more people working in new kinds of industries

These are the building blocks of a revitalized Toronto waterfront.

The revitalized waterfront is expected to attract investors in the new economy. Tourism and tax revenues for the City would increase. Residents and visitors would benefit from new employment, housing, recreation and leisure opportunities. Toronto's cultural landscape would be enriched.

After years of inaction and with the momentum established by Toronto's bid for the 2008 Olympics, there is now an unprecedented opportunity to achieve many longstanding civic goals.

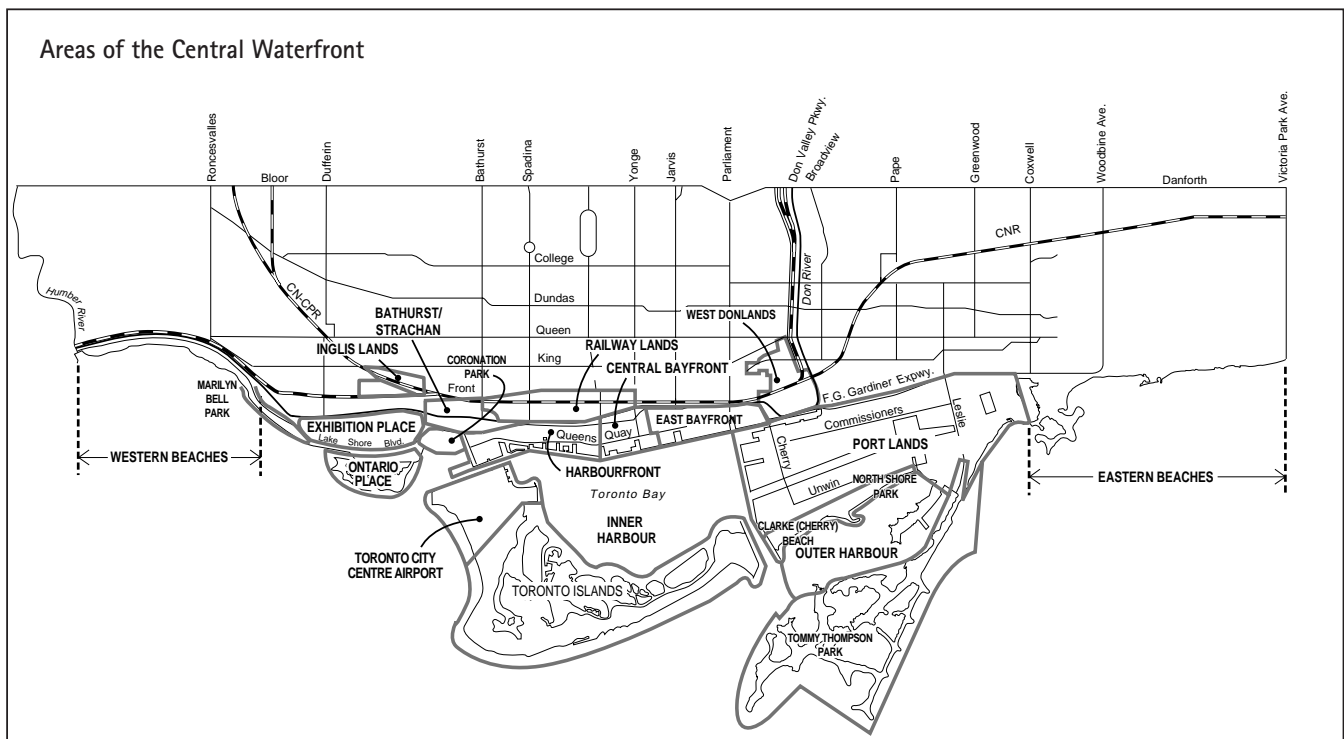
The strategy recommended by the Task Force to achieve this revitalization is consistent with the directions for the City's new Official Plan. The Task Force emphasizes the vital link between Toronto's quality of life and the city's economic well-being, and integrates land use, economic, social and environmental goals.

The proposal offers tremendous city-building opportunities. It:

- enhances public enjoyment of the waterfront by expanding the existing parks and open space system and improving linkages
- ensures continuous public access to the waterfront
- suggests an environmental cleanup strategy that would facilitate the revitalization effort
- would result in additional community services and facilities as new neighbourhoods are developed

- proposes replacing the Gardiner Expressway to help eliminate the barrier between the central city and the waterfront
- advocates for a greater emphasis on public transit to accommodate more trips to the centre of the city
- recognizes the need for an improved physical environment that would help attract businesses in the new, knowledge-based economy
- proposes a wide variety of recreational and cultural facilities for residents and tourists
- counters urban sprawl by creating a large supply of new living and working space in the core of the Toronto region

Figure No. 2



Parks and Open Space

The Task Force Proposal

One of the major goals identified by the Task Force is to reclaim a large portion of the waterfront for public use. To that end, the Task Force has proposed significant

new open spaces in the form of parkland, plazas, urban squares, walkways, water's edge promenades and natural areas.

The majority of the new parkland is within the Central Waterfront where over 170 hectares (400 acres) are proposed. Almost half of this new parkland would be achieved in the south Port Lands through water's edge parks and promenades and approximately 50 hectares (125 acres) of lake fill. Approximately nine hectares (22 acres) of existing parkland in Coronation Park and Marilyn Bell Park would be converted to new residential development. Overall, there appears to be a substantial net gain of open space. For the areas east and west of the Central Waterfront, the focus is on enhancing what already exists.

As recommended by the Task Force, the parks and open space concept fits well with several ongoing culture, parks and recreation planning initiatives. The Task Force proposal would significantly enhance the waterfront by:

- creating a substantial amount of new parkland across the whole waterfront and enhancing existing parkland and facilities
- improving public access to the water's edge
- providing a diversity of open spaces to meet the varied needs of both existing and proposed communities
- creating an integrated trail system for good access to and connections between parks and open spaces
- celebrating the water's edge, promoting cultural tourism and integrating public cultural buildings and public art

Recommended Approach

As the proposal is refined, there are opportunities to address the following:

- developing the public realm first and then allocating development parcels within that framework
- siting new development with minimal impact upon adjacent parks and open spaces, particularly environmentally sensitive and natural areas
- providing neighbourhood and regional parks and providing opportunities for active and passive recreation
- enhancing larger waterfront parks to meet present and future needs of the City

- incorporating lost natural heritage elements, such as the original Lake Ontario shoreline, Garrison Creek and Taddle Creek, into the parks and open space system
- identifying more specific opportunities to enhance the remainder of the central, east, and west waterfronts



Transportation Planning

The Task Force Proposal

One of the boldest recommendations put forward by the Task Force is the replacement of the elevated Gardiner Expressway and the redistribution of the existing traffic onto a series of surface roads. Transit improvements are vital to any waterfront redevelopment plan, because:

- a total of 56 per cent of central area trips occur during peak periods
- TTC and GO Transit account for 58 per cent of morning peak period trips to the central area
- the central area is the destination of 96 per cent of GO rail passengers
- work trips account for 49 per cent of all trips to the central area



The Task Force's overall transportation planning objectives match current City transportation planning objectives by proposing:

- a pro-active transit strategy to aid land use intensification
- more opportunities for people to live and work in the central city reducing the amount of long distance commuting
- a more convenient and reliable surface transit system, which can reduce the dependence of residents in the central area on the automobile
- improved air quality, protection of the natural environment and energy conservation
- optimum use of existing transportation infrastructure

The Task Force's implementation proposal creates major opportunities to achieve much-needed transportation improvements. Highlights include:

- a workable approach, with some modifications, to replacing the Gardiner Expressway barrier between the city and its waterfront
- much needed improvements to Union Station
- a substantial expansion of the TTC and GO Transit service
- new and upgraded networks of roads, streets and boulevards

Recommended Approach

To achieve the full city-building benefits of replacing the Gardiner, the following issues should be addressed at the appropriate stage:

- a well-defined transit strategy which includes improvements to Union Station both for GO and the TTC
- modification to existing arterial roads and new arterial road links, to maintain traffic capacity and improve traffic operations
- strong north-south pedestrian connections to the waterfront to take full advantage of the benefits derived from the replacing of the Gardiner
- integration of improved and well connected facilities for cyclists and pedestrians both on and off road, into the larger transportation system
- wide sidewalks, bicycle lanes and areas for street tree planting

Transportation operations and opportunities are discussed in greater detail in the Infrastructure section of this report.

Housing

The Task Force Proposal

The Task Force Report recommends the introduction of approximately 40,000 new housing units in several new communities across the Central Waterfront. These communities could provide a full range of housing opportunities for all citizens, including affordable housing. The Task Force financial data includes background analysis that projects at least 25 per cent of the units being affordable rental.

The Task Force analysis identifies the social and economic benefits of providing affordable housing and puts forward some ideas on how to achieve these. It can be expected that the nature of public resources available for affordable housing will change during the time it takes to redevelop the waterfront.

The Task Force regards housing as a vibrant contributor to the new waterfront because:

- new housing across the Central Waterfront would re-use vacant or under-utilized lands
- a mix of uses would animate the area throughout the day and night
- new parks and retail would benefit new and existing business tenants
- the waterfront would become home to new neighbourhoods with a mix of housing types for a wide range of incomes, family types and ages
- unique opportunities for live-work buildings would be created

Recommended Approach

High quality market housing on the waterfront can be used to cross-subsidize affordable units. The Task Force proposal calls for the production of affordable rental units, which would help to address the City's shortages. In addition:

- a mix of affordable housing, low-end condos, market rental, and assisted rental should be encouraged and identified in the new Central Waterfront Official Plan to ensure a population that includes children, elderly people, households with middle incomes or lower, and family households with more than one or two people

- a co-ordinated set of public incentives that facilitates affordable housing should be considered beyond supply of sites and rebates of GST, PST and the Land Transfer Tax
- the Toronto waterfront development governing body should be mandated to include a mix of housing types and affordability into its developments using mechanisms such as: targets for land to be set aside for rental and affordable housing; affordability performance requirements and lower land prices to facilitate building affordable rental units
- a detailed implementation plan for achieving affordable housing as part of the waterfront development should be pursued. This will require the City to enter into discussions with the federal and provincial governments to identify funding and/or programs.



Business Development (Convergence Centre)

The Task Force Proposal

The Task Force Report recommends the development of ten million square feet of industrial/commercial space that could accommodate up to 25,000 jobs over a 20-year period. The report also notes that bringing new businesses and employees to the waterfront will be necessary in order to attract the residential development that is proposed.

The primary focus for new business development opportunities is in the Convergence Centre proposed for the Port Lands. This new employment district would build upon key economic trends and become home to knowledge-based businesses in the film/media, information technology, telecommunications, business and professional services, and biomedical and biotechnology sectors.



In addition:

- the Convergence Centre concept is a creative way to attract businesses in the growing knowledge and creative-based sectors of the economy
- businesses like information technology and telecommunications, tourism, biomedical and biotechnology, and business and professional services are already well represented in the city and should serve as a focus for the development of the Convergence Centre

- existing film and media clusters present significant and immediate opportunities to serve as a focus for further film and television studio development in the Convergence Centre
- the development of a Convergence Centre would help ensure that adequate and suitable space is available for companies in these clusters to grow

Recommended Approach

- there should be a balance between new non-residential space and residential development and sufficient marketable land should be held for both purposes
- heavy/noxious industrial uses should be restricted to certain areas throughout the Port Lands to ensure a suitable environment for modern business activity
- residential buildings should include provisions that allow for home based businesses since the home office is the common starting place for new economy companies
- opportunities to consolidate new economy businesses in signature buildings should be explored to help establish key anchor businesses in the Convergence Centre district
- the ability to attract and retain a qualified labour force will depend on creating an area that is truly mixed, easily accessible on a 24-hour basis and provides a high quality work environment

Cultural, Tourist and Entertainment Facilities/Casino

The Task Force Proposal



The Task Force proposal clearly recognizes the role that a revitalized waterfront can play in bolstering the city's tourism potential. To support the idea of improved entertainment and tourist facilities on the waterfront, there is a need for a cultural gathering place that could reinforce the waterfront as a cultural corridor. This corridor could include cultural buildings such as an aquarium, an amphitheatre, galleries, museums, public art and memorials within the realm of the water's edge park. Locations for these types of facilities would have to be assessed over time.

Recommended Approach

The proposal to develop an entertainment complex on the waterfront, which may include a casino, is consistent with tourism studies conducted for the former Metro Council. City Council will need to weigh the financial and tourism benefits of a casino against potential social costs.

New cultural facilities on the waterfront have been discussed before and it has been agreed that they make an important contribution to revitalizing the area. The idea of a tourist destination casino is more high-profile and has, therefore, been analyzed in more detail here.

The financial merits and other issues related to a casino are addressed elsewhere in this report. This section focuses on land use considerations and some economic benefits.

The concept of incorporating a casino into the entertainment product mix offers a number of economic benefits to the City including:

- the creation of a new tourist destination
- an opportunity to attract additional and complementary tourism and entertainment facilities
- additional tourism spending and tax revenue
- new employment opportunities
- significant revenue

In order to maximize the potential benefits, a casino should be:

- part of a larger tourist complex
- near hotels and other entertainment facilities
- targeted to the tourist rather than the local market
- a unique physical identity

When considering the ultimate location of a casino, City Council should consider the following criteria. The casino should:

- be separated from residential areas
- have good access

- be highly visible
- be well-served by transit
- be close to other facilities to add to the package of activities offered to tourists and to take advantage of synergies
- be able to accommodate ancillary facilities like a hotel

Heritage and Culture

The revitalization of the waterfront is an opportunity to enhance and promote a considerable collection of the City's under-appreciated and less accessible built heritage and to enhance its cultural resources. An initial evaluation has revealed the following:

- there are 48 listed or designated properties from the City's Heritage Inventory in the central study area of the Task Force Report
- in general, the majority of heritage properties in the Task Force study area are well-used, in good condition and not currently threatened by redevelopment pressure
- more than half of the waterfront's heritage properties lie within the grounds of Exhibition Place and contribute to what is arguably the City's largest and most cohesive collection of public heritage buildings and large urban outdoor gathering spaces
- 19 heritage properties are identified and incorporated into the Task Force proposal for the waterfront
- eight heritage properties are directly impacted by the proposal
- 21 heritage properties are not identified

The proposal presents an opportunity to integrate the history of the waterfront into a comprehensive interpretation plan that could add a rich cultural overlay to the proposed large tracts of publicly accessible parkland, boardwalks and open spaces.

The development impetus resulting from revitalization could lead to an appropriate and more effective use of all heritage properties along the waterfront.

Recommended Approach

- all existing heritage architecture and the character-defining open spaces within Exhibition Place should be preserved, as well as views to and from the water and pavilion-like siting that contribute to the significance of this cultural landscape
- as part of the Official Plan process for the Central Waterfront the City should conduct a comprehensive survey to ensure a complete inventory of the waterfront's heritage resources
- buildings and other features that meet the City's standard evaluation criteria should be brought to the attention of Culture Division, Preservation Services and, where appropriate, nominated for listing/designation
- several major groupings of heritage resources lie immediately adjacent to the study area. The effect of proposed development on these peripheral heritage resources would need to be considered



The New Waterfront

Community by Community

The Task Force proposal makes suggestions about the development character of various communities across the city's waterfront with the focus of change in the Central Waterfront. Following is a review of the proposals along the 46 kilometres of waterfront.



The West Waterfront

The Task Force identifies four West District initiatives:

- restoration of Mimico Creek
- restoration of Etobicoke Creek
- Mimico Waterfront Trail extension
- enhancements to Colonel Samuel Smith Park

While these initiatives are based on longstanding former City of Etobicoke objectives, implementation of the Task Force proposal provides an opportunity to make them a reality.

The western waterfront initiatives should proceed in their own timeframe and need not be linked to the larger issues of the Central Waterfront. A community-based process for implementation should be established.

The Central Waterfront

Jameson Avenue to Yonge Street

In this area, the Task Force recommends the introduction of about 320,000 square metres of new commercial development and approximately 7,500 new residential units in and around Exhibition Place and Ontario Place. Some changes to the road patterns and a new continuous boardwalk/promenade extending along the water's edge and into the Lake, are proposed.

Intensification of use and new open space linkages would greatly benefit the area. Listed below are areas to be reviewed in more detail as well as possible modifications to the Task Force proposal:

- the distribution and level of development proposed for Exhibition Place and Ontario Place to maintain a balance of open space and buildings, enhance heritage resources and protect the use of these facilities for major public events
- the retention of the current alignment of Strachan Avenue to the east of the Princes' Gates to maintain the street grid and views to the water
- the elimination of new private development in Marilyn Bell Park or Coronation Park to preserve these regional open spaces and preserve important views to the water

- the dual role of Fort York Boulevard/Bremner Boulevard as an arterial road and a neighbourhood street
- the alignment of the new Waterfront Drive through Coronation Park and the Bathurst Quay neighbourhood to ensure that it maintains the existing character of these areas
- the preservation of the character and historical importance of Clarence Square if Front Street West and Wellington Street West become one-way arterial roads
- the proposed 21 metre-wide boardwalk along the water's edge and possible variances of the boardwalk along different parts of its length

Yonge Street to Leslie Street

A centrepiece of the Task Force proposal is the revitalization of the Central Bayfront, East Bayfront and Port Lands. The report incorporates and advances many of the city-building concepts put forward in the “*Unlocking Toronto's Port Lands*” report adopted by City Council in July 1999.

The Waterfront Revitalization Task Force's Proposal represents a rare opportunity to achieve a comprehensive, diverse, quality development in these areas and to finally connect them properly with the rest of the city. To this end, the proposal advocates the following:

- encouraging a balance of uses - opportunities to live, work and play
- improving access to the Port Lands and improving connections to the central city and adjacent neighbourhoods
- increasing substantially the amount of parkland in the area
- creating a diverse and linked system of parks and natural areas
- enhancing the amenity and environmental quality of the area
- creating clearly identifiable places and destinations in the area
- providing opportunities to enhance the natural qualities of the area
- improving public access to the waters edge

In order to realize the potential of the Task Force proposal, the following must be addressed:

- a decision by the federal government about the future of the port and its possible relocation

- an industrial relocation strategy to relocate to other city or Port Land locations, those industries that are incompatible with emerging economic sectors
- recognition of important City operations like the Commissioners Street Waste Transfer Station, Public Works Yard, Wheel Trans and Toronto Hydro
- accommodation of community-based sailing clubs
- review of the width, location and character of the Don Wildlife Corridor
- review of the routing of the Queens Quay extension across the quays and its relationship to the water's edge
- rationalization of rail service within the Port Lands depending on decisions regarding the port and the successful relocation of existing businesses

West Don Lands

Current studies and initiatives underway in the West Don Lands reinforce many of the ideas in the Task Force proposal and will help advance them by:

- providing a framework for how the West Don Lands can be redeveloped
- advancing the concept of a media village in the West Don Lands as part of the 2008 Olympic Bid
- providing flood protection for adjacent lands and reintroducing and naturalizing the mouth of the Don River

In refining plans for the West Don Lands, the proposal to replace the central portion of the Gardiner Expressway, increase arterial road capacity, and add a bridge over Eastern Avenue, will need to be reconciled with the streets and blocks plan being prepared by the City for the West Don Lands.

The total amount of retail space envisioned for the West Don Lands will need to be revisited, since this is not an appropriate location for a new destination retail node.

The East Waterfront

The Task Force report recognizes the opportunities and constraints in the eastern waterfront area, and specifically addresses the need to promote linkages across the waterfront and to retain the largely passive function of the waterfront in this area of the city. Development of the eastern waterfront should:

- occur in the context of a broader “visionary “ plan for the city’s waterfront
- recognize the generally passive nature of this portion of the waterfront
- contain provisions to protect and enhance natural features such as the Scarborough Bluffs
- promote linkages and facilitate strategic improvements of waterfront amenities as highlighted in the report



The eastern waterfront initiatives should proceed in their own timeframe and need not be linked to the larger issues in the Central Waterfront.

2008 Olympic Bid

Part of the mandate of the Task Force was to incorporate the 2008 Olympic Bid proposals into its recommendations. The Task Force proposal enhances the City’s bid by incorporating the new stadium and aquatic facilities, as well as major infrastructure improvements needed to serve the Games. The Task Force housing analysis is consistent with concepts put forward for the Olympic Villages, which are identified as a key catalyst for waterfront redevelopment and for providing affordable housing.

Olympic facilities, such as the aquatic centre, Velodrome and the Olympic Stadium, can be sited and designed to fit into longer-term community building strategies and to serve the recreational needs of the city by integrating them into development parcels and locating them adjacent to parks and open spaces wherever appropriate.

Summary

In order to move forward and build on the momentum created by the Olympic Bid and the proposals of the Waterfront Task Force, the City should begin work on a new Official Plan and Zoning By-law for the Central Waterfront which encompasses and refines the ideas set out in this bold new vision.

The Central Waterfront Official Plan and Zoning By-law would be approved by Council. The plan-making would follow all of the usual City processes and procedures and could build on the comments received during the June, 2000 public forums. The new Toronto waterfront development governing body would become the vehicle through which the Official Plan would be implemented.

The City can commit to a timely approval of a new Official Plan and Zoning By-law. Other processes are within the purview of other levels of government, including federal and provincial environmental assessments and Canadian Transportation Agency approvals. City Council should request the provincial and federal levels of government to consider ways in which they can help to move this initiative forward quickly.

Infrastructure

The renewed waterfront should be easy to get to and easy to get around.²

The Task Force Proposal

The Task Force proposal involves significant infrastructure commitments. These commitments are important to the renewal of the waterfront and to the city's quality of life.

The City's Strategic Plan Phase 1 also stresses that infrastructure renewal is vital for a successful city.

The goal is clear: Toronto needs social and physical infrastructure to ensure community and individual well-being throughout the city, and to attract investment and succeed in the world economy.

The Task Force proposal presents a significant opportunity to renew infrastructure for the long-term and keep the city an international success story.

Road System

The Task Force Proposal

The Task Force proposal to alter the road system serving the central area of the City is a positive first step in the revitalization of the waterfront transportation system. It presents both challenges and opportunities.

This staff report identifies ways of implementing the Task Force proposal while addressing the operational needs of a working city.

Replacing the elevated Gardiner Expressway between Strachan Avenue and the Don Valley Parkway with a network of mostly at-grade roads is the keystone of the proposal.

² Principles for Renewal, *Our Toronto Waterfront – The Wave of the Future*

The Task Force proposes replacing the expressway with a substitute system. This proposal is based upon the assumption that “relatively little traffic is through traffic and that the expressway acts effectively as two expressways, one from the east and one from the west, that terminate in a handful of exits in the middle (Spadina, York, Yonge, Jarvis) to provide access to the downtown area”.

The Task Force proposal is designed to replace existing traffic capacity only and not to provide for additional or enhanced traffic movements to, from or within the downtown area. The proposed road network is shown in Figures Nos. 1 and 2.

The Task Force background transportation study strongly recommends that the proposed system of roads be built as an integrated network.

Recommended Approach

System Capacity

The Task Force concludes that the Gardiner can be replaced for two reasons:

- some traffic can be diverted out of the Central Waterfront area
- the Gardiner/Don Valley doesn't act as a connected freeway system, but as two separate facilities serving the downtown

The proposed diversion would be achieved by:

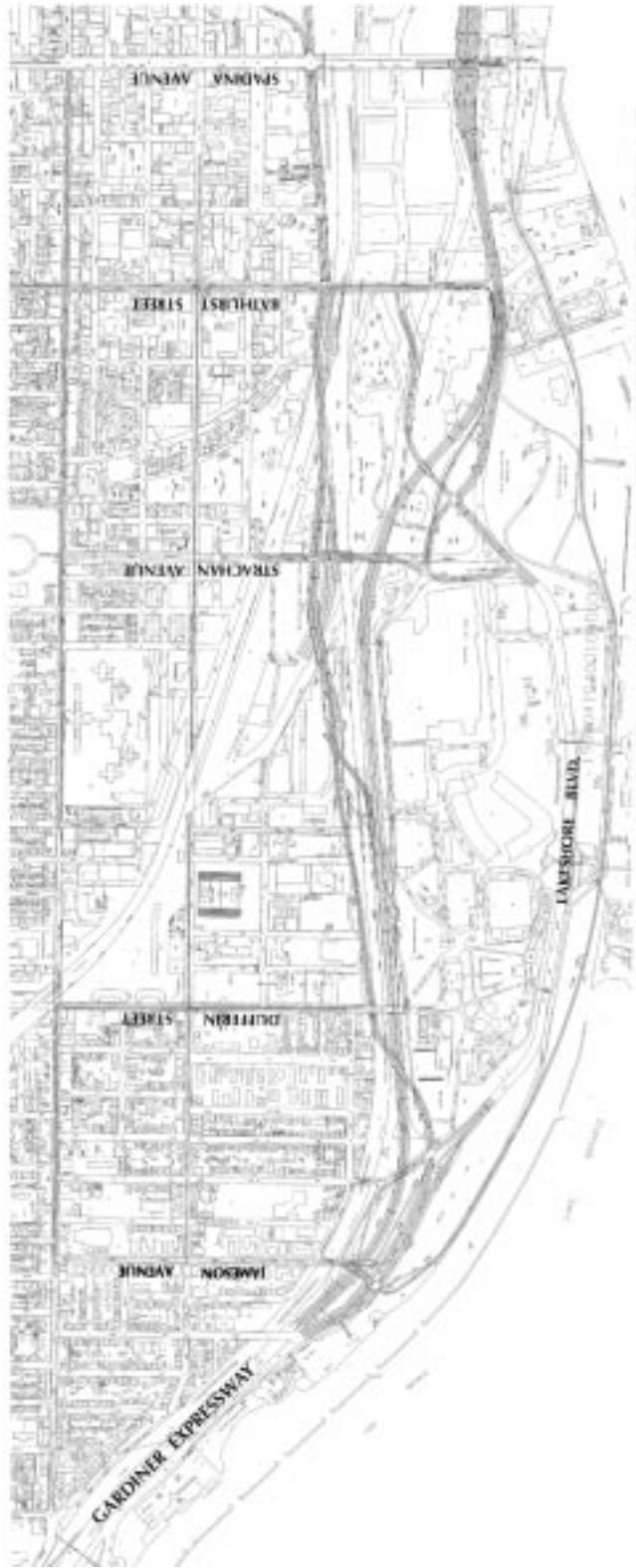
- improving access into the downtown area through the construction of the Front Street Extension, and
- upgrading the Richmond/Adelaide interchange with the Don Valley Parkway

A pair of one-way, high-capacity, at-grade arterial roads would replace the expressway through the Central Waterfront area.

Staff suggest that two questions must be resolved:

1. Can the existing capacity and service level provided by the Gardiner Expressway be replaced by the proposed network of at-grade arterial roads?
2. Would the through traffic component, including goods movement vehicles, be adequately served by the new system of roads?

Figure No. 1



**Toronto Waterfront
Revitalization Task Force
Proposed Road Network
(Jameson Avenue to Spadina Avenue)**

Figure No. 4



**Toronto Waterfront
Revitalization Task Force**
Proposed Road Network
(Spadina Avenue to Don Valley Parkway)

Construction of the Front Street extension, operating Front/Wellington as a one-way pair and upgrading the Richmond/Adelaide interchange, would provide the opportunity to divert traffic from the Gardiner/Don Valley system. The resulting redistribution of traffic may permit replacement of the central section of the expressway with facilities that have less capacity.

The Task Force assumption that only 20 per cent of traffic using the Gardiner Expressway is through traffic does not appear to be consistent with the existing City data as shown in Table 1. A significant percentage of vehicles are goods movement or service-related vehicles. There is a possibility, therefore, that a larger number of existing users would be affected by the removal of the through capacity than is assumed by the Task Force and that the level of service provided to these users would be reduced.

Table 1: Through Traffic on the Gardiner Expressway

Time Period	Direction	Total Volume Entering Central Area	Through Traffic Volume	Through Traffic %
A.M. Peak Hour	Eastbound	5800	1135	20
	Westbound	4115	1925	47
P.M. Peak Hour	Eastbound	6040	2270	38
	Westbound	3055	1280	42
All Day (24 Hours)	Eastbound	91625	31400	34
	Westbound	49940	26555	53

The Task Force recommendation to operate the proposed at-grade roads as high capacity routes in order to accommodate the remaining traffic, must be reconciled with the need to safely accommodate the increasing numbers of north-south pedestrian movements in the same area. The roads are conceptualized as equivalent to University Avenue (800 vehicles per hour/per lane) but in reality would need to be more comparable to Lakeshore Boulevard through the Western Beaches (1000 vehicles per hour/per lane) in order to meet capacity demands.

The road network proposed by the Task Force may not replace the capacity and level of service of the existing system. There is also the need to dedicate lanes for TTC services. Traffic generated by proposed and approved developments in the central area and waterfront area must all be accommodated.

These issues can and should be addressed during the development of the new Official Plan and Zoning By-law for the Central Waterfront.

System Operation

The Task Force proposals would change the operation and character of a number of existing and planned city streets. These streets include:

- Front Street
- Wellington Street
- Richmond Street
- Adelaide Street
- Fort York Boulevard and
- Bremner Boulevard

The changes proposed are achievable from a technical perspective. They would contribute to the capacity required to off-load some of the traffic currently using the central section of the Gardiner Expressway.

To reiterate the conclusion of the Task Force, the changes proposed act as a system and must be viewed as a total package. Replacing the elevated expressway can be contemplated if changing the operation and character of the parallel city streets is also accepted.

One beneficial result of the proposed changes in the road infrastructure is that they would allow the continued implementation of intelligent transportation systems to make the route into a 'smart corridor'. Systems such as SCOOT signal control, in-pavement vehicle sensors, video cameras and changeable message signs will help maximize the capacity of the system. The opportunity would also be available to introduce new technology and use the corridor as a showcase for local technology and engineering companies.

Timing/Costs

The timing and construction staging have been examined based on the premise that all of the major transportation facilities must be constructed and operational well before the proposed dates for the 2008 Olympics to allow for a 'break in' and adjustment period. To meet this timetable, an early start is required on the detailed examination of the proposal, on design and on construction.

This unique situation requires that unique approaches be used to plan, design and construct the transportation network. The approval process must be fast-tracked. The design and construction process must be streamlined through the use of such measures as design/build contracts. Explicit recognition must be made of the changes to normal procedures for planning, design and construction in advance of proceeding with this proposal.

Even with these unique measures, staff estimate that the construction of the reconfigured road system may take about seven years, working around the clock, seven days a week.

Construction of non-Gardiner Expressway elements such as the Front Street extension and the Richmond/Adelaide interchange modifications would take place in the first three years. This three-year window would provide the opportunity to undertake the necessary upgrades to GO Transit and TTC services in preparation for closing down the central sections of the expressway.

Following completion of this first phase, the central section of the expressway would be closed and removed and replaced with the substitute road system, estimated to take about four years to complete.

Staff have also examined the Task Force estimate of \$1.2 billion to reconfigure the road system. Taking into account the need to mitigate some of the risks identified and some uncertainties about traffic management during construction, the final cost estimate will likely be higher. A more precise cost estimate can only be made upon further detailed examination of the proposal and any modifications.

Risks/Solutions

After reviewing the Task Force proposal, staff recommend changes to the road configuration proposal to mitigate a number of risks to the city.

The three major areas of risk are:

1. capability of the at-grade road system to safely accommodate the existing volume of traffic
2. lack of a through route
3. traffic disruption during construction

In the first two instances, consideration should be given to providing a grade-separated through route. This route could be provided by expanding on a unique and exciting part of the Task Force proposal. This is the idea of a grade-separated one-way westbound road proposed for construction adjacent to the rail corridor between Yonge Street and Cherry Street.

By making this road two-way and connecting it directly to the tunnel section west of Spadina Avenue, a grade-separated through route is achieved. The advantage of this concept is that it separates through traffic from central-area-destined and circulating traffic. It also reduces the amount of traffic that has to be accommodated at-grade. This would permit a reduction in the width of the at-grade one-way pair (or alternatively consideration of a two-way street) so that the pair could operate like normal downtown area streets. Barcelona has undertaken a similar approach to connecting its waterfront while maintaining through traffic capacity.

The staging of construction of the road system must be co-ordinated with the upgrading of the GO Transit system and TTC subway systems in order to minimize the impact of the loss of up to 30 per cent of road capacity during construction. Capacity would also be impacted by the construction of Olympic related sites in the same area.

Construction activities should be planned so that new facilities and service upgrades to transit and road systems are in place prior to the beginning of the removal of the existing expressway.

The Task Force has proposed tolling the Gardiner Expressway and/or the Don Valley Parkway as one of several options to raise some of the revenues required to undertake the revitalization project.

Technically, tolling of the expressway system can be accomplished using technology similar to what is in use on Highway 407. (In fact, it may actually be simplest to use that technology and interconnect with the Highway 407 system). Electronic toll collection with the use of transponders provides a relatively efficient method of collecting and paying tolls. Locations of the tolling points and the level of the toll would be determined by the nature of the revenue stream desired. Tolling may divert traffic to parallel free routes. This could result in increased volumes on east-west arterial routes and negatively impact the operation of TTC services.

Local Transit

The Task Force Proposal

The TTC strongly supports the concept of intensified development within the central area of the city, as presented in the Task Force proposal. It presents a strong opportunity to counter recent trends in the GTA to urban sprawl. Such unrelenting outward growth is worrisome from the perspective of sustainable transportation.

To be successful, waterfront renewal must be economically viable and competitively attractive for development. Transit can play a key role in making development in the waterfront both feasible and attractive.

The Task Force proposal does not specifically include a plan for transit services to the waterfront area. However, it indicates that future development will require that transit services, both GO and TTC, accommodate a large majority of all future growth in travel. A conceptual plan for local TTC service to the area has been prepared to confirm the overall feasibility of the plan at a local level.

Recommended Approach

The Task Force proposal includes the development of 40,000 new residential units and 25,000 new jobs in the waterfront area. Based on current TTC trip volumes from similar existing areas (St. Lawrence, Harbourfront, and Cabbagetown), these developments will generate approximately 100,000 TTC trips per day. This represents an eight per cent increase in overall TTC ridership. It is the equivalent of two new 504 King streetcar routes. When fully developed, at peak times the waterfront area would generate 8,500 TTC trips per hour from the residential areas and 5,000 trips per hour to the employment areas. This forecast of ridership is conservative given the expectation of a greater reliance on transit services in the future.

To accommodate these passengers, the existing grid of TTC surface routes would be extended into the area and new east-west services would be introduced. The forecast level of ridership can be accommodated on surface transit routes as long as exclusive transit right-of-ways are provided and priority is given to the movement of transit vehicles through the road network.

Critical Elements of the Plan

From a TTC perspective, a number of critical elements must come together.

a) Rights-of-Way (ROW) and Loops

The physical design of the road system and the way in which the Gardiner Expressway is reconfigured must reflect transit requirements and protect existing and future transit ROW. In particular, the following ROW and loop locations must be protected for future transit use:

- Queens Quay East - Queens Quay, Cherry Street and Commissioners Street corridor from Bay Street east to Leslie Street, including property for a transit loop at the eastern end and a 10 acre parcel of land for a future operations yard
- Queens Quay West - a streetcar ROW equivalent to that currently provided for the 509 Harbourfront streetcar line must be maintained between Bay Street and Exhibition Place. In addition, a ROW must be identified and protected through the Exhibition Place/Ontario Place area to allow for the eventual connection of streetcar service from Queens Quay West to Dufferin Street
- Front Street/West Don Area - a streetcar ROW to link King Street and Front Street in the vicinity of Parliament Street is required along with protection for a streetcar ROW and loop on Front Street through the West Don Lands area
- A streetcar ROW may be required linking Broadview Avenue and the Port area, depending on the expected level of ultimate development in the area

b) Construct Key Facilities in a Timely Way

Key facilities need to be constructed in a timely way to support a high level of transit use:

- replacement of the existing 509 Harbourfront line needs to be undertaken as an integral part of the Gardiner replacement project
- an additional platform at Union Subway Station is required in the short term
- the provision of a partly exclusive transit right-of-way on King Street through the downtown area would have immediate benefits to transit riders and encourage transit-oriented development in the initial stages of the West Don Lands area
- the timing of construction of higher capacity transit lines to the East Bayfront, the Port and the West Don Lands areas needs to be staged to match the rate of development to encourage high transit use in the area while minimizing the risk of constructing an under-utilized line

c) Urban Design and Site Development

The commitment to high quality transit services must be fully reflected in the detailed site planning and urban design features of the Task Force proposal. It is important that a continuous grid of roads be available for transit use throughout the development area. A lack of continuous road network, such as occurs on Bremner Boulevard between York Street and Bay Street, and on Queens Quay west of Bathurst Street, can dramatically limit the future flexibility for providing effective transit service. Similarly, road access to individual sites should not be designed in such a way that they would interfere with existing or planned future transit operations. Greater transit use can be encouraged through excellent pedestrian design and through limiting parking availability.

d) Funding for Transit

One-time funding for individual capital projects will not be sufficient to achieve the transit objectives of the proposal. The proposal will require continuous replacement and expansion of the TTC fleet of vehicles, even at the early stages of the project. To encourage increased transit use, high quality service must be funded at the initial stages of development. In addition, a consistent longer-term commitment will be required to pro-actively fund transit operations.

Table 2: Overview of Surface Transit Capacity in the Waterfront Area

	Maximum Capacity Available for Growth (persons per hour per direction)	
	No Added Priority	With Transit Priority/Exclusive ROW
East-West Services		
Existing ¹		
504 King	0	1500
509 Harbourfront	2600	2600
Possible New Services		
Queens Quay East	1500	3000
Front Street East Bus	1200	2400
Bremner Boulevard Bus	1200	2400
North-South Connecting Services - eight connecting routes	8 x 200 = 1600	8 x 400 = 3200
Total	8100	15,000

¹504 King currently operates at capacity carrying 1600 pphpd, 509 Harbourfront carries 400 pphpd and service could be increased to 3000 pphpd

Regional Transit

The Task Force Proposal

Overall, GO Transit is supportive of the Task Force report. The vision of employment, residential and recreational uses in a rejuvenated waterfront environment is a positive impetus to the ongoing vitality of Toronto and the GTA. Its emphasis on transit and pedestrian-supported land uses is also positive.

Recommended Approach

GO Transit has identified two areas needing more study. The first is related to “the competition for limited transportation infrastructure dollars”. The second relates to, as the Task Force report indicates, “the dependency of the proposal on GO Transit (and the TTC) to provide the services necessary to support the transportation needs of the development, including transportation during the removal of the Gardiner Expressway.”

GO Transit recommends that the removal of the Gardiner occur at a time when the transportation infrastructure in the GTA has a sustainable funding source from all levels of government, and the basic GO/TTC infrastructure is in place to accommodate a reasonable level of development along the waterfront.

GO is Constrained

Since 1975, GO Transit has provided all new capacity for commuter trips. However, GO is now at capacity. It cannot add more peak period trains. It does not have the track or platform infrastructure available at Union Station, nor at major bottleneck points along rail corridors. GO also does not have spare equipment to run more peak period trains, even if capacity were available.

Therefore, replacing the Gardiner Expressway would require that the following infrastructure needs be provided for GO Transit to operate additional peak period train service.

The priority projects are:

1) East Storage Facility:

Daytime storage now occurs at Bathurst Yard, which means all of GO's trains must unnecessarily occupy west side track while making non-passenger movements. This limits the number of trains GO can bring into the station at any given time. A storage facility, similar to Bathurst, in the Don Yard area (Cherry Street) is a prerequisite for increased service.

Investment: \$15 Million

2) Union Station:

To handle more trains, a number of improvements will have to occur to the track system feeding the station. As well, more stairwells from the platforms are required to clear passengers before the next train arrives. This will involve opening up the West Concourse to passengers.

Investment: \$100 Million

3) Additional Track Capacity on Lakeshore East/West:

Competing movements of GO Transit, VIA, and the freight railroads in the peak periods now fully occupy the tracks east and west of Toronto, where only double track is available. In order to allow more peak period trains to operate along the Lakeshore, an extra track needs to be constructed

- West side from Port Credit to Oakville (15km). This will allow increased train service from Burlington to Union Station.

Investment: \$100 Million

- East side from Don Yard to Scarborough (10km). This will allow increased train service from Oshawa to Union Station, as well as increases on part of the Stouffville corridor (Milliken southerly).

Investment: \$90 Million

4) Equipment:

It is anticipated that seven new trains will be necessary to provide improved service requirements during construction. This service would also accommodate the new development of the early phases of the waterfront. The new trains should be able to provide approximately 12,000 more passenger trips into the downtown core in the morning peak periods.

Investment: \$210 million

Transportation Summary

Staff have undertaken a “due diligence” review of the transportation components of the Task Force’s proposal to revitalize the waterfront. Overall, staff view the proposal as a positive first step in the redevelopment of the central area of the waterfront. Additional detailed transportation studies must be undertaken as part of the development of the Official Plan for the Central Waterfront.

An alternative road network that replaces portions of the elevated expressway can be developed and the proposal by the Task Force is a strong starting point. The proposal has potential issues associated with it in the areas of capacity, accommodation of through traffic and traffic disruption during construction.

Refinements to the proposal – such as providing a grade-separated route through the central Central Waterfront, and phasing construction activities so that new transit facilities and service upgrades are in place before replacing the Gardiner can reduce these issues. The concept requires that Council consider changes to the operation and character of a number of existing and new City streets.

In order to meet the accelerated construction schedule of the road reconfiguration, within the tight timeframes associated with the Olympics, Council may need to approve changes to the normal planning, design and construction procedures used by the City.

The vision requires staged investments in enhanced surface transit services in the area. Exclusive rights-of-way could be provided for transit vehicles in a number of corridors with a high degree of priority being given to transit vehicles within the road network. GO’s preference would be for the Gardiner removal to be scheduled at a time when the basic GO/TTC infrastructure is in place.

Sewer and Water Systems

The Task Force Proposal

The Task Force proposal calls for local sewer and water servicing throughout the proposed redevelopment lands including the East Bayfront, Port Lands, West Don Lands as well as any new roads across the Central Bayfront, Harbourfront and the east end of Exhibition Place. The local servicing would be carried out in conjunction with the construction of local roadways. It would be consistent with the City's design and construction standards for new development.

Much of the existing sewer and water local infrastructure would be affected due to the extensive redevelopment proposals envisioned. The exception is the Central Harbour area where elements of the Queens Quay roadway system and local sewer and water infrastructure will remain.

The majority of the redevelopment requiring new sewer and water infrastructure would occur within the Port Lands, East Bayfront and West Don Lands areas, where approximately 32,000 new housing units would be added. The Task Force proposal allows for the construction of sewage lift stations where development is proposed on the south side of the ship channel and in locations which are remote from direct connections to the trunk water and wastewater infrastructure.

One of the themes consistent throughout the Task Force Report is the need to enhance the quality of near shore waters. In this regard, the Task Force Report addresses the impact of stormwater run-off from the West Donlands, East Bayfront and Port Lands area through the provision of two wetland systems to provide a degree of stormwater quality improvement prior to run-off discharging to the Don River and near shore waters.

Recommended Approach

Trunk Infrastructure and Plants

The majority of the residential development activity would occur in the Port Lands area, close to the City sewer and water trunk facilities. The City has available a 42" diameter trunk watermain along Queen Street to provide potable and fire fighting water to the local water distribution system throughout the West Donlands, Port Lands and East Bayfront development sites. Further, the 48" diameter trunk watermain discharge from the John St. pump station will provide adequate capacity for redevelopment sites throughout the central and west development areas including the Exhibition Lands.

With regard to trunk sanitary servicing, the City system includes a Low Level Interceptor sewer which extends along King St. and Eastern Ave. Although it has adequate capacity during dry weather conditions, it is anticipated that a detailed review will be required of the operating characteristics of the Low Level Interceptor during wet weather conditions to ensure adequate capacity is available for the redevelopment areas. Interconnection points between the City's Low Level Interceptor and High Level Interceptor may require further enhancements to ensure that the high flows experienced in the trunk system during wet weather events are managed to the greatest extent possible within the interceptor pipes.

With regard to the water and wastewater plant capacities, the majority of the new development growth in the Port Lands, West Donlands and East Bayfront areas are in close proximity to the City's largest water supply and water pollution control facilities – the Harris and Ashbridges Bay Plants. The Task Force proposal has not included any upgrades to either plant facility. Adequate capacity is available for average day demands and dry weather servicing. However, peak summer demands and wet weather conditions occasionally exceed the plant capacities.

In this regard, the City has a Wet Weather Flow Management Master Plan and a Water Efficiency Master Plan underway to provide initiatives for addressing these peak conditions. The roll-out of these master plans, along with the accompanying public awareness programs, involving such initiatives as downspout disconnections and homeowner and industry water efficiency initiatives, have shown marked improvements to average and peak flows at the plants.

Further, it should be noted that the current Development Charges By-law does not include plant or trunk system upgrades in connection with the Task Force proposal. An opportunity exists at the five year review of the Development Charges By-law to include such upgrades, if required, and upon a further review of the success of ongoing programs associated with the Wet Weather Flow Management Master Plan and Water Efficiency Master Plan initiatives and their resulting impact on the plant capacities.

Other Utility Infrastructure

The Toronto Public Utilities Co-ordinating Committee, and in particular the Planning sub-group, has met to review the Task Force Proposal and to begin planning a coordinated roll-out of gas, hydro, telecommunication and cable services in conjunction with the water, wastewater and road infrastructure servicing. Further,

City Council has endorsed the creation of a Telecommunication Co-ordinating Group to co-ordinate the activities of the telecommunication companies within the street allowance.

It will be the task of these groups to co-ordinate the roll-out of the underground buried infrastructure in conjunction with the local and arterial road systems, thus minimizing future road disturbances.

It is important that the underground infrastructure including the utility servicing for both the local trunk and sub-trunk systems be phased in conjunction with the roadway reconstruction program and housing development phasing. In this way, the most cost effective methods can be used for the buried infrastructure including minimizing the road restoration costs. It is anticipated that the waterfront governing body would work with the City to establish the overall servicing and development phasing to meet both parties' objectives for cost-effective servicing.

Mouth of the Don River

The southern reach of the Don River, immediately to the south of the railroad crossing, discharges to the lake through a confined man-made channel known as the Keating Channel. This confined discharge route for the Don River has been problematic due to the hydraulic limitations of the channel. Further, to minimize these hydraulic deficiencies, the Toronto Region Conservation Authority and the Toronto Port Authority have undertaken an annual dredging of the channel, the cost of which the City shares.

The Task Force Report recommends a re-configuration of the mouth of the Don which would, in addition to improving the river hydraulics, further assist with flood protection and minimize the siltation problems of the past. In conjunction with the re-alignment work, the Report also identifies the need for a flood protection berm to protect the proposed West Donlands development. Further, the Report recommends an extensive naturalization program for the Mouth of the Don which would provide, not only opportunities for wildlife and fish habitat renewal, but also a degree of improvement to the river quality through bio-remediation techniques and public access opportunities through enhancement to the Don River trails and bicycle paths. The Task Force Report recommends an allowance of \$95 million for the flood protection, river re-alignment and naturalization features.

An independent study was carried out jointly by the City, Ontario Realty Corporation and the Toronto Region Conservation Authority to review the river hydraulics at the mouth of the Don and further to evaluate appropriate flood protection measures for the West Donlands area. The recommendations contained in the Task Force report are consistent with the City's independent study and therefore the flood protection cost estimate and hydraulic improvements identified in the final report are satisfactory to staff.

Environmental Issues

The Task Force Report notes that, although significant water quality improvements have been achieved through the Remedial Action Plan and other initiatives (e.g. the Eastern Beaches tanks, Western Beaches Tunnel) on the eastern and western waterfronts, considerable work is still required across the Central Waterfront area.

It should be noted that the water quality along the central Central Waterfront is seriously degraded, due to the pollutant loading from 18 storm outfalls and 14 combined sewer outfalls, as well as the discharge from the Don River, which carries pollutants from upstream combined sewer overflows and storm discharges. The Task Force Report has identified funding in the amount of \$1.15 billion for environmental related projects.

Of this sum, \$320 million has been set aside for further initiatives to improve the near-shore water quality across the Central Waterfront area. In considering the range of costs and solutions which the City has applied in the past to manage storm water, it would appear that the allowance for water quality improvement in the Task Force Report will be sufficient to significantly improve the near shore water quality. This will ensure consistency with the provincial guidelines for recreational water quality activities. Body contact swimming quality standards could not, however, be achieved given the present Task Force funding estimates. It is important to undertake the water quality projects using the most effective servicing methods to achieve the best use of the available funds and the highest standards in near shore water quality. This will be particularly important in the event of a successful Olympic Bid.

The Task Force report also recognizes the City's on-going preparation of a Wet Weather Flow Management Master Plan.

It is intended that the funding identified for water quality in the Task Force Report will allow for the timely completion of this Master Plan, along with implementation

of the water quality initiatives for the Central Waterfront area identified through the master planning process.

Soils and Groundwater Remediation

For many years, the Port Lands areas served as the bulk storage and tank farm site for many oil and chemical companies. Similarly, the East Bayfront and West Don Lands Areas, to a lesser degree, will require soil remediation due to the extensive filling of these areas at the turn of the century when the dockwell system and land filling was a major initiative. The Task Force Report recognizes the need for both soil and ground water remediation as a significant part of the redevelopment plan for these areas.

The Report provides an allowance of \$490 million for this purpose. The City has, in the past, undertaken a review of soil contamination issues in these areas throughout the mid-1990s. The Task Force has taken advantage of these earlier works by the City in preparing their cost estimates. Further, a release in 1997 by the Ontario Ministry of the Environment entitled, *"Guidelines for Cleanup of Contaminated Sites"*, which allowed for site specific risk assessment and risk management alternatives to be considered in establishing a cleanup program, has been considered by the Task Force. Staff have reviewed the cost estimate breakdown provided in the final Report and believe the allowance for these works to be appropriately conservative.

With regard to the specific areas around the Port Lands site, the Report identifies the need to provide a leachate or ground water collection system which will reduce the effect of ground water pollutants on the near shore waters. The collected leachate would be pumped for treatment at the Ashbridges Bay Treatment Plant, subject to confirmation or acceptability under the sewer use by-law.

Environment Approvals

It is expected that a harmonized environmental assessment process would be set up for the component projects of the waterfront redevelopment. This would include key processes under the Ontario Environmental Assessment Act and the Canadian Environmental Assessment Act. Given the support of the Task Force's work from the senior levels of government, such an environmental assessment process could be quickly established and implemented within the timeframes necessary.

There may be significant cost and time savings achieved by all parties in developing such a harmonized process. However, the actual costs and timeframes for completion of the environmental assessment process would be subject to the

outcomes of the applicable studies and public input resulting from assessment of information from waste studies. The environmental assessment process could consider the City's overall environmental and strategic goals as shown in the Environmental and Strategic Plans.

Economic Impacts

Toronto's renewed waterfront will spark greater economic development, attracting new investment and creating jobs.³

The Task Force Proposal

Toronto's 2,000 acres of lakeshore represent one of the world's largest parcels of waterfront land available for development. The Toronto Waterfront Revitalization Task Force proposal affords an important opportunity to advance Toronto's competitiveness in the global economy. With strategic alignment of intent among the three levels of government and proper phasing, the Task Force proposal promises significant gains in employment, investment, tourism and commercial and residential space. Revitalizing Toronto's waterfront will also capture the imagination of the world at a time when we are vying to host the 2008 Olympics.

The Task Force proposal calls for \$5.2 billion in public expenditure leveraging another \$7 billion in private investment. The \$12.2-billion investment includes \$4.5 billion of infrastructure expenditures, which is equal to the \$5.2 billion in public investment, net of site acquisition and business interruption costs. If additional infrastructure improvements are included, such as GO Transit, the total investment would be higher.

The Task Force proposal calls for fifty million square feet of constructed space. This is comprised of 40,000 new housing units along the Central Waterfront and 10 million square feet of commercial/industrial/institutional space. The intensification of land use on the waterfront curbs the trend toward urban sprawl.

Creating a vibrant and exciting waterfront is a powerful tool for marketing Toronto around the world. In a globalizing world, choosing which city to live in is becoming much like choosing a neighbourhood. A superior physical and social environment and the conviction that Toronto is the place to be will help attract and retain people who might otherwise choose to live elsewhere in North America. A revitalized waterfront is also expected to draw two million additional visitors per year.

³ Principles for Renewal, *Our Toronto Waterfront – The Wave of the Future*

The proposed 10 million square feet of commercial/institutional space includes the following major components:

Table 3 – Commercial/Institutional Space Proposal

	GFA Sq. ft	direct employ	indirect employ
Exhibition Place			
Trade centre	1,382,000	1,380	240
Trade mart	1,602,000	1,600	270
Hotel	478,000	300	70
Entertainment complex	500,000	N/A	N/A
West Don Lands			
Major retail	126,000	510	59
Service retail	263,000	1550	366
Professional office	131,000	530	145
East Bayfront			
Office building	452,000	1,640	450
Street-related retail	69,000	340	70
Port Lands			
Convergence centre	4,838,000	16,130	4,410
	9,841,000	23,980	6,080

If the Task Force proposal were to be fully implemented, total direct employment on-site is estimated at approximately 25,000 jobs. In addition, it is estimated that the economic activity on the waterfront would support another 6,000 indirect jobs at firms that supply goods and services to firms located on the waterfront. A further 9,000 jobs would be created in Ontario as a result of additional spending by employees of firms that locate in the waterfront.

In addition to the 25,000 permanent jobs, (including indirect and induced effects), the Task Force report represents one of the largest proposed construction projects in Toronto's history. The Task Force's consultant has estimated that the construction phase of this project would create 165,000 person years of employment in Ontario including direct, indirect and induced impacts.

No adjustments have been made for possible diversion of economic activity from other parts of the GTA to the waterfront as a result of redevelopment.

Table 4 – Economic Impact: Construction Phase (Person Years)

	Direct	Indirect	Induced	Total
Infrastructure	26,000	15,000	15,000	56,000
Buildings	55,000	24,000	30,000	109,000
Total	81,000	39,000	45,000	165,000

A thorough analysis of the Task Force proposal is needed to leverage economic opportunities and manage challenges to competitiveness.

Enhancing Competitiveness

The proposal of the Waterfront Revitalization Task Force has the potential to provide a number of benefits to the City. From an economic development viewpoint, these benefits are mostly about increasing the level of public and private sector investment in the central area.

Like all major world cities, Toronto is under pressure to increase investment in downtown infrastructure. The Task Force proposal provides an opportunity to significantly increase the level of investment in the city while changing the way the world sees Toronto. Other opportunities include improving Toronto's quality of place and transportation system and advancing key business clusters.

Improved Quality of Place / Site Remediation

To successfully compete in the global economy, Toronto has to offer better quality of life than its competitors – the other large urban areas in North America. The City needs to offer living and working spaces that cater to the needs of the key employers and employees of the emerging knowledge economy.

Like cities all over the world, Torontonians are now making more use of the downtown as a social/residential place. Toronto is far ahead of many other cities in this regard because it never abandoned the residential neighbourhoods close to the core.

The Task Force proposal calls for high-quality public spaces that attract people to live, work and enjoy their leisure time at the heart of one of the largest and most rapidly growing urban areas in North America. Central to this vision is a pedestrian-oriented, vital, urban area – a concept that is supported in the Task Force report by the proposal to intensify land use in the Port Lands and the entire Central Waterfront.

The Task Force proposal would impact on a number of existing uses. Two of the areas most affected are the existing port functions and the industrial users in the Port Lands. Business relocation costs are included in the Task Force proposal and

appear to be reasonable. A relocation strategy and communications plan would be required for the City to assist with these relocations, with a view to maintaining the industries in Toronto.

Transportation Improvements

Gardiner Expressway

Replacing the Gardiner Expressway is an important symbolic commitment to Toronto's future with the potential to ignite people's imaginations.

The challenge from an economic development point of view is how to balance the need for the efficient movement of goods and through traffic with more pedestrian-friendly urban environments supported by transit and avoid contributing to further congestion.

Transit

The improvements to Union Station and to the fixed-rail network through Union Station will be necessary to accommodate expected future employment growth in the financial district and elsewhere in the central area. The existing GO Transit system and the TTC's Union Subway Station are operating at capacity, as is the expressway system serving the downtown core. If the proposed replacement for the elevated expressway does not have the same capacity as the existing expressway, additional GO Transit capacity will be even more important.

Advancing Key Clusters

The City's current economic development strategy (see "*Toronto Competes*") emphasizes the key clusters that will support the growth of Toronto's knowledge-based economy. The Task Force proposal advances the growth of several key clusters (media, information technology and telecommunications, tourism) by creating high-quality places for these activities to flourish. Key elements of the Task Force proposal that directly promote these clusters are the Convergence Centre, Entertainment Complex/Hotel, the cleanup of the Port Lands and the expansion of the Trade Centre. The Trade Centre/Trade Mart will also provide benefits to a number of other sectors in the city.

Information Technology and Telecommunications / New Media: Convergence Centre

The financial proposal for the waterfront identifies an opportunity for almost five million square feet of employment space in the Port Lands. Of this, 1.8 million square feet of employment space is in a mixed-use area east of the Don Roadway. The area east of the Don Roadway is called the Convergence Centre.

King-Spadina and King-Liberty are two areas of the city that have been very successful in the last five years in creating the kinds of environments favoured by firms and employees of the new economy. Increasingly, there is evidence that this transformation is also taking place in King-Parliament. These areas, along with the rest of the East Downtown and the Railway Lands, are sufficient to accommodate demand for several years to come, but not for the next 20 to 30 years.

If the central area is to capture a significant share of the forecasted employment growth of the Toronto region (500,000 jobs), the Port Lands will have to be used much more intensively than they are today.

By offering a different environment than the funky, loft space in the post-and-beam buildings that have been the focus of the new economy to date, the central area may be successful in attracting a larger share of total growth than in the absence of the Convergence Centre. There are firms and employees who would prefer a business park setting near the recreational amenities available on the waterfront.

After the Olympics, an additional three million square feet of employment space west of the Don Roadway in the Port Lands could accommodate, as the proposal says, “a major corporate campus, new high-tech educational, institutional or world-class research facility”.

There are significant and immediate opportunities east of the Don Roadway to expand the existing film and media clusters. The lands south of Eastern Avenue and in the Port Lands are home to a number of major film studios and related office space – natural candidates for expanding into the Convergence Centre. With the growth of Hollywood North to a \$1.2-billion annual production business, there is growing demand for more film production stages and associated office/industrial space.

The Convergence Centre is proposed to have mixed-use zoning, an important part of the vision of creating an attractive 24-hour environment. The construction of free-standing office, commercial and industrial signature buildings should also be promoted in the Convergence Centre. Secondly, since most new economy businesses start in a home office, zoning in this area should actively encourage live/work. In order to meet the growing needs of new media firms, an increase in the land and space dedicated to the convergence concept needs to be considered.

Export-oriented: Trade Centre Expansion

The proposed expansion of the National Trade Centre (1.4 million square feet) and the addition of trade mart space (1.6 million square feet) are exciting ways to boost the global competitiveness of export-oriented businesses throughout the Toronto region.

A trade mart is permanent exhibit space, usually associated with a trade centre, which offers temporary exhibit space. The trade mart concept was considered as an ancillary use along with a hotel in reports undertaken for the Metro Economic Development Department, the Ontario Ministry of Economic Development and Trade and the Canadian National Exhibition in the early 1990s.

While these initiatives can be very beneficial to Toronto businesses, these uses do not typically generate large rents. Therefore, the trade centre expansion and the trade mart are shown in the financial proposal as carrying no land value. These ventures are, of course, also inherently risky. In fact, the consultant reviewing the Task Force proposal concluded that the commercial floor area planned for Exhibition Place is not supportable without exceptional (subway) access to Union Station and a GO rail station.

Since the last major review of the market for trade centre space in Toronto was completed in the early 1990s, it is recommended that more research on the demand for trade centre/trade mart space be undertaken. Locating a hotel with appropriate meeting space adjacent to the trade centre/trade mart would give a substantial boost to these uses and should be explored.

Tourism: Entertainment / Casino / Hotel

The Task Force proposal clearly recognizes the role that a revitalized waterfront can play in bolstering the city's tourism potential. The concept of incorporating a casino into the entertainment product mix offers a number of potential tourism and economic development opportunities for the city.

Based on experiences in other Canadian jurisdictions, there is little doubt that a casino on Toronto's waterfront will produce significant revenues. Casinos are highly profitable ventures, particularly in urban areas. Certainly, casinos in Windsor and Montreal have exceeded initial revenue expectations. The Montreal casino has twice expanded its facility and is considering a third expansion.

Maximizing the economic benefits of a casino to the city will depend on a well-defined strategy. A Toronto casino would create new jobs and investment from construction and operations, as well as recapturing monies now spent by local residents at facilities outside of the region.

Maximizing the economic impact can be achieved by using the casino as an additional amenity to attract, or extend, the stay of recreational visitors, as well as differentiating the facility to focus on the high-yield segment of the dedicated gambler market. With casinos already operating or planned in many major North American cities, a competitive gaming facility may help Toronto retain its position in the meetings and convention market.

This casino proposal should be differentiated from the 1997 proposal to locate permanent charity casinos at several locations across Toronto. The charity casinos in the previous proposal would have generated almost all of their revenue from local residents. It is expected that the current casino proposal could generate a larger share of its revenues from non-residents than several smaller charity casinos scattered across the city.

Finally, the synergies created by a casino close to Exhibition Place and the National Trade Centre would likely provide the added market demand to attract a new hotel investment. In its 1998 Program and Development Concept, the Board of Governors of Exhibition Place indicated that a hotel would be a desirable addition to the site, and one which would support the efforts of the trade centre to attract additional international trade show business to Toronto.

Challenges to Competitiveness

The proposals of the Toronto Revitalization Task Force offer tremendous potential benefit to Toronto. From an economic development point of view, a number of issues are raised by the opportunities presented in the Task Force proposal. These include the impact of a potential toll on the Gardiner Expressway, disruption during construction, transportation capacity and public subsidies and tax-related revenues.

Tolls / Parking Tax

The potential tolling of the Gardiner Expressway and/or the Don Valley Parkway leading into the core poses a number of challenges that have been reviewed in some detail with the assistance of KPMG.

In order to analyze the impact of tolls, it was first necessary to make an assumption about what the future of Toronto's central area would look like over the next 20 to 30 years. If one accepts the view outlined in the population and employment projections of the Office of the Greater Toronto Area, and described in the city's recent Future of the Downtown study, the impact of tolls is expected to be modest.

In this scenario the core is becoming increasingly specialized in high-value business and financial services. Tolls may accelerate the decentralization of back-office functions from the downtown to the suburbs, but this was likely to happen anyway. The expanding high-order functions in the core really compete with other international centres (not 416 vs. 905) and Toronto remains a relatively low-cost location internationally with a core that is able to withstand modest changes in the cost of doing business.

A different scenario calls for a share of financial district functions to move to other global locations leaving the core to compete more on the basis of price than quality. In this scenario, tolls on the Gardiner and/or DVP could have a more significant impact.

Another distinction that needs to be made is between off-peak tolls and peak period tolls. Peak period tolls may reduce congestion on the expressway, and hence will reduce travel times for commuters who choose to use the expressway. In the off-peak, when the toll is not expected to decrease travel times, commuters using the expressway would not experience any direct benefit from the toll.

Theoretically, peak period tolls could have some positive economic impacts. By inducing some expressway users to switch to alternatives such as transit, the trip times for remaining users are reduced. Clearly, the City needs to undertake a complex transportation modelling exercise before any decisions are made on tolling.

In the longer term, some firms and commuters may make location adjustments as a result of implementing a tolling system. Downtown workers who place a high value on their travel time may actually be better off because of the potentially reduced travel time. Other downtown employees and the firms that employ them may be hurt by a toll. It's important to note that any negative impacts of tolling could be exacerbated if tolls are charged on a 24-hour basis.

The literature on tolling is inconclusive. Some suburban commuters may move downtown and some downtown firms may move to the suburbs. Most of these forces act at the margin so that the impact will be largely felt when firms choose to expand outside the core.

A tax levied on commercial parking spaces downtown may have a similar effect to tolling without the effects of re-distributing traffic. If the parking levy were implemented across the entire city, its impact on the downtown would be much more modest. It could have a negative impact on commercial and industrial properties in the rest of the city, however, as many of these largely compete with the 905 regions on price and would feel a greater impact than downtown properties.

More details regarding the parking levy are outlined in the Financial Impact section. According to KPMG, the impact of such a levy would be approximately the same as an eight per cent increase in total property taxes, if applied only to downtown non-residential properties. It would have the impact of a three per cent increase in taxes if levied on all non-residential property in the city.

Disruption During Construction

The most significant infrastructure project – the replacement of the Gardiner Expressway – may reduce road capacity into the core by 30 per cent at significant times during construction. The reduced capacity and construction schedule may impact adversely on business location decisions and land use adjacent to the expressway, especially if construction had to proceed 24 hours a day, seven days a week for seven years to meet Olympic timelines.

The phasing of transportation improvements is key to reducing disruption to the economy. Replacing the Gardiner after road improvements are made, and after GO Transit capacity is increased significantly, would greatly mitigate adverse impacts. Irrespective of Toronto's position in the business cycle, there would be no advantage to delaying infrastructure developments, such as the replacement of the Gardiner.

Transportation Capacity

The economic development analysis has been written based on the assumption that road capacity into the central area will be maintained.

The impact of eliminating the grade-separated route through the downtown core could have a significant impact on goods movement, as it appears that a significant share of the through trips are classified as goods movement or service vehicles. The recommendations made in the Infrastructure section of this report would help to address this issue.

Future growth in demand is another issue. The City of Toronto is forecast to add over 500,000 jobs over the next 30 years. Over half of these jobs are likely to be in firms that have traditionally located in large office buildings. It is reasonable to expect that the central area would capture a significant share of these new jobs. If the central area were to add 200,000 or 300,000 jobs over the next 30 years, transportation capacity would have to expand to meet this demand.

In addition, it has been shown that by building housing in the downtown core, as well as in the neighbourhoods east and west of the core, overall transportation demand is substantially reduced.

Summary

The Toronto Waterfront Revitalization Task Force proposal is an exciting opportunity to advance Toronto's future economic competitiveness and one that complements the City's own Economic Development Strategy and other City initiatives. With a few adjustments, the proposal promises to advance the key tenets of the city-wide strategy. These include attracting people and investment through quality of place; thinking differently about Toronto's competitiveness and its role in the global marketplace; and adding value through innovation and design.

The economic impact of potentially tolling the Gardiner Expressway and/or the Don Valley Parkway depends on which scenario one embraces about the future of Toronto's downtown. The report entitled *"Future of the Downtown"*, commissioned by Urban Development Services, concluded that the core is relatively strong. Data collected by the Economic Development, Culture and Tourism Department portray positive signals today. However, with rapidly changing global competitiveness and issues facing clusters over the next several years, additional work is required to assess the potential impacts of a toll.

Financial Impacts

Toronto's renewed waterfront will be financially viable⁴

The Task Force Proposal

The Toronto Waterfront Revitalization Task Force proposal represents an important window of opportunity for the city to significantly change a landmark portion of the City that has experienced decline and neglect over the last half-century. Realizing this opportunity, however, will require incurring substantial costs and facing significant risks. While the City's waterfront lands have enormous potential, this area has experienced decline because the risks and costs involved in redevelopment are often beyond those that can be borne by individual developers.

Government initiative and long-term commitment is required to implement a wholesale change in the use of these lands. The financial risk to the City in carrying out this redevelopment can be ameliorated through the joint participation of the provincial and federal governments in a waterfront governing body.

These governments stand to benefit from this participation through the direct financial return on their investment and also through the greater economic activity ultimately generated in the revitalized lands. According to economic impact analyses carried out by the Task Force, using the Conference Board of Canada's Tourism Economic Assessment Model (TEAM) on the public sector investment, the revitalization project will generate \$5.8 billion in soft revenues (in constant year 2000 \$) over the 30-year project period as detailed in Table 5.

In the broader sense, there is also a recognition across the province and the country of the growing importance of its principal commercial and financial centre. If the City is successful in its Olympic bid, the world's image of Canada will be enhanced through its impression of Toronto and, particularly, of Toronto's downtown and waterfront.

While the proposed plan holds tremendous promise for the country as a whole, and the joint participation of all three levels of government will reduce the risks, there still needs to be a clear assessment of the overall challenges.

⁴ Principles for Renewal, *Our Toronto Waterfront – The Wave of the Future*

A careful consideration of each of the plan's elements is necessary along with an eye for potential improvements. Towards this end, City Finance staff have carried out an initial due diligence review of the financing model prepared by the consultants working for the Waterfront Revitalization Task Force. This review has been carried out with the objectives of:

- determining whether the proposed financial model is realistic and achievable
- confirming that the model does not conflict with the City's other policy objectives and that it does not expose the City to unacceptable financial risk
- developing potential modifications where improvements in the financial concept can result in an implementation that is less risky or more in line with the City's existing financial policies and objectives

Table 5 — Projected Direct, Indirect, and Induced Government Revenues Resulting From Building and Infrastructure Expenditures

	Revenues Accumulated Over 30-Year Project Period (nominal million\$)				End-State (post-2030) Annual Revenues (nominal million\$)			
	Fed.	Prov.	Munic.	Sub-Total	Fed.	Prov.	Munic.	Sub-Total
Personal Income Tax	785	392		1,184	143	76		216
Corporate Income Tax	634	367		1,001	17	11		28
S.S. Pension & Medical	289	34		323	51	6		57
Excise, Duties & Gas	65	51		116	12	9		21
Property (Municipal)			1,245	1,245			137	137
Property (Education)		748		748		83		83
GST	491			491	16			16
PST		378		378		29		29
Land Transfer Tax		144		144				
Development Charges			89	89				
Other Fees & Charges			46	46				
Benefiting Levies			60	60				
Total	2264	2119	1440	5,823	239	211	137	587

The following review has been based on an evaluation of the final Toronto Waterfront Revitalization Task Force report and the background materials provided by the Task Force (including the overall cash flow spreadsheet model for the project). Some additional research has also been carried out on the softer cost estimates and on the proposed revenue tools.

Recommended Approach

Given the limited time available, and the broad scope of the proposal, it has not been possible to fully evaluate each of the plan's facets. The focus has been on evaluating the cost estimates not reviewed by other City departments and on evaluating the most significant revenue generation alternatives. The specific areas of focus were:

- Cost Estimates
- Road Use Charge Alternatives
- Land Sales Revenue
- Impact of Macro-Economic Conditions
- Fiscal Impact on the City

The Financial Proposal

In the final Task Force report the total costs of the project are stated in inflated nominal terms (assuming a 1.5% inflation rate over the 30-year project horizon) as being approximately \$12 billion. The direct private sector investment in the proposed commercial and residential building development accounts for \$7 billion of this amount. The remaining \$5.2 billion accounts for required investments by the proposed waterfront governing body in infrastructure, public transit, environmental remediation, land acquisition and business relocation. Table 6 provides a breakdown of the total project expenditures.

Table 6 — Total Projected Expenditure Breakdown

	Expenditure Component	Estimated Cost
Private Sector	Buildings/Site Development	7.0
Public Sector	Gardiner Replacement	1.2
	Works to Improve the Natural Environment	1.1
	Parks and Open Space	0.5
	Land Acquisition, Business Interruption, Servicing & Roads	1.6
	Public Transportation	0.8
Total:		\$12.2 billion

In present value terms, using an interest rate of 6.5%, the projected total public sector cost is \$3.6 billion. Table 7 provides a summary of the projected public sector costs in both nominal and present value terms.

The estimated costs include the following components:

- Capital/procurement cost
- Engineering
- A 20-30% contingency
- GST
- Inflation (1.5% as discussed above)
- 18% allowance for general and administration expenses

Table 7 — Projected Public Sector Costs

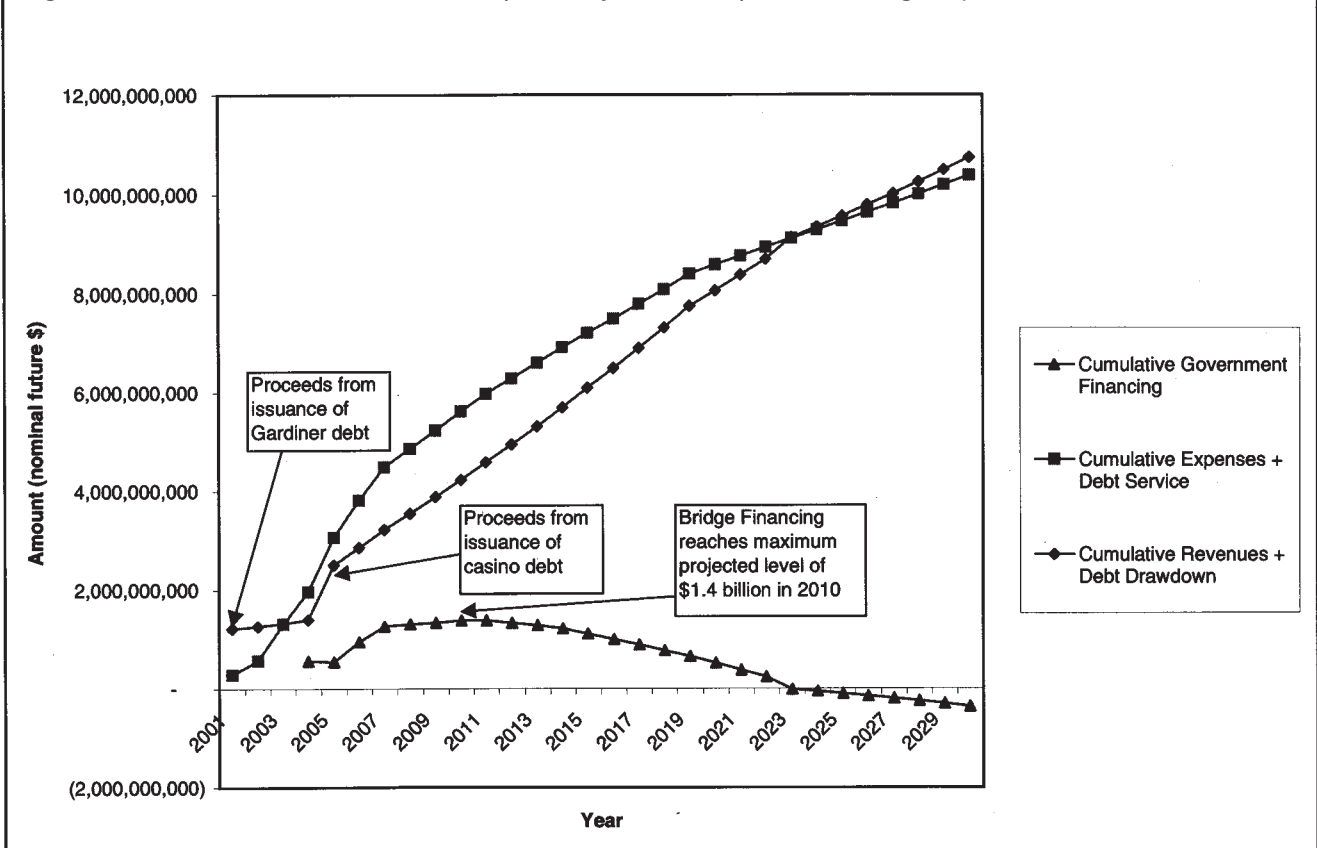
Infrastructure Component	Present Value (6.5% real interest rate) in \$ millions	Sum of Future Value Nominal Amounts in \$ million
1 - Gardiner Expwy conversion to surface-level road	870	1,120
2 - Site remediation	346	548
3 - Major remediation works	21	29
4 - Property Acquisition, Business Relocation &	456	744
Local Infrastructure		
5 - Other major infrastructure	963	1,368
6 - Building demolition and removal of hard surfaces	74	130
7 - Site filling	85	144
8 - Local parks and open space	133	203
9 - Don River	50	69
10-Capital improvements	44	53
Sub-Total:	3,042	4,408
18% General & Administration	548	793
Total	3,590	5,201

The Task Force has proposed a number of potential revenue “tools” to be applied by the three levels of government in paying for the public sector portion of the expenditures. As shown in Table 8, these revenue tools are, together, projected to generate up to \$3.5 billion in present value revenue (or \$8.75 billion in nominal terms) that can be applied towards the \$3.6 billion in present value (or \$5.2 billion in nominal terms) projected expenditures.

Table 8 – Projected Revenues Towards Public Sector Expenditures from “Revenue Menu”

Revenue Tools	Present Value Amount from Model (6.5% real interest rate)	Sum of Future Nominal Amounts
(1) Future Toll Road or Parking Surcharge Revenues	\$1.63 billion (Gardiner Tolls only)	\$4.8 billion
(2) Real Estate Sales	\$0.61 billion	\$1.3 billion
(3) Rebates and Credits	\$0.33 billion	\$0.75 billion
(4) Casino	\$0.86 billion	\$1.8 billion
(5) Other Revenue	\$0.04 billion	\$0.1 billion
Total:	\$3.5 billion	\$8.75 billion
Required Expenditures (from Table 2)	\$3.6 billion	\$5.2 billion

Figure 5 – Waterfront Task Force Financial Proposal: Projected Development Governing Body Cash Flows (nominal future\$)



According to Task Force consultants, the participating governments are to choose the most appropriate of these tools from the overall “revenue menu”. The Task Force has assumed that the balance of overall required project funding not provided through these tools will be met through outright grants from the senior levels of government.

Some of the proposed tools are related to revenues that will be generated directly or indirectly through the redevelopment of the waterfront (like land sales or leases). Some involve the application of revenue generation policies that are already available to the City or province but which have not been applied to date (expressway tolling or parking surcharges).

The Task Force proposes that private debt financing be first used to raise approximately \$2 billion against future expressway tolling/ parking surcharge and entertainment complex revenues. The debt financing raised against the expressway tolls/parking surcharges would be used to provide financing at the outset of the project and financing raised against the casino revenues would be drawn in 2005. According to the Task Force, this private debt financing would not require government guarantees.

There would also be a bridge financing requirement from senior levels of government to address the lag between the up-front expenditures and the revenues received later in the project period. The Task Force has proposed that \$2 billion of bridge financing would provide a sufficient financial cushion for the overall project. This is a conservative estimate that allows for substantial deviation from the actual \$1.4 billion amount of bridge financing projected to be required as shown in Fig. 5. According to the cash flow model, the bridge financing would begin to be drawn in 2004. The bridge financing would be repaid with the available surplus each year and is projected to ultimately yield a rate of return of 1.6% at the end of the 30-year project horizon.

Evaluation of the Cost Estimates

Gardiner Replacement

The proposed replacement of the elevated Gardiner expressway, forms one of the most significant cost components in the Task Force budget. It involves an estimated present value cost of \$870 million, with a network of roads including a 1.5km tunnelled section between Strachan Ave. and Spadina Ave., and portions of at-grade arterial road east of Spadina,

A review by a consultant retained by the City's Transportation Services has highlighted the following elements that may lead to increased costs with the Gardiner replacement:

- a potential construction schedule of 24 hours a day/seven days a week, is needed to meet potential Olympics deadlines
- potential for growth in the expenses incurred for maintaining necessary traffic corridors during construction and other construction impact amelioration

The potential impact of a total project cost variance of 25% has been tested with the Task Force's cash flow model. According to the analysis, this variance would increase the projected cash flow requirement from \$1.4 billion to approximately \$1.6 billion. This would still be within the conservative \$2 billion bridge financing amount proposed by the Task Force. It would, however, reduce the rate of return on the bridge financing investment to less than 0.5%.

Transportation Services staff have also raised related issues with regards to transit expenditures required in advance of the Gardiner replacement. While the Task Force has proposed that the work on the Gardiner be carried out at the beginning of the overall project period, Transportation staff have suggested that significant transit improvements would have to be in place to prevent transportation difficulties during the Gardiner's replacement.

Transportation demands in the specific waterfront area would grow as an extensive new population is added by the development. The Task Force budget includes \$800 million (in nominal \$) towards the cost of transit improvements with a total cost of \$1.2 billion as detailed in Table 9. It must be made clear that the Task Force budget assumes that the difference of \$400 million will be assumed outside of the funds provided for this initiative, i.e. to be paid for by the City, GO Transit, GTSB and/or the provincial and federal governments.

The full cost of these improvements has not been included in the financial proposal as some of the proposed projects are in other budgets and not all of the work is entirely attributable to waterfront development requirements. Most of the works to be funded with the \$800 million were originally discussed in the context of the City's bid for the 2008 Olympic Games (such as the GO Transit shuttle with associated stations at Exhibition Place and the eastern Olympic site, accelerated TTC bus and subway purchases etc.).

Table 9 — Transit Improvements Included in the Task Force Budget

Improvement Description	Estimated Cost (nominal \$ millions)
Go Shuttle/Stations	40
Locomotives (2 train sets)	65
TTC/GO Union Station Upgrades	215
Funds to Advance Purchase of TTC Subway Cars	285
Funds to Advance Purchase of TTC Buses	140
Gateway Parking (20,000 spaces)	40
Cherry/Queen's Quay Transit Arrival Plaza	15
Queen's Quay LRT	440
Total:	1,240
Amount Carried in Task Force Budget:	800

Funding for broader regional improvements to increase transportation capacity to the downtown core has not been addressed through the financial proposal. Transportation staff have proposed that capacity improvements included in the GO Transit 2021 plan such as corridor acquisition, track capacity improvements, and additional trains will eventually be required to service the proposed waterfront development. GO Transit and the TTC have also recommended that a number of key transit projects shown in Table 10 be carried out in advance of the Gardiner replacement, in order to provide alternative transportation capacity during construction.

Table 10 — Priority Public Transit Projects Recommended for Implementation Prior to Gardiner Replacement

Project	Estimated Cost (nominal \$ millions)
Go Transit East Storage Facility	15
TTC/GO Union Station Upgrades	215*
TTC subway fleet expansion	285*
Additional Go Transit Track Capacity on Lakeshore East/West	190
Go Transit Equipment (7 train sets)	210*
	(150 net of 2 sets in Task Force budget)
Total Cost:	915
*-included in the Task Force project list but not entirely funded	

Initiatives are currently being pursued through the Greater Toronto Services Board to obtain funding for the proposed long-term GO Transit expansion program. The GTSB adopted a capital cost allocation for GO Transit's 10 year, \$983 million growth and expansion capital program at its meeting on June 30, 2000, so that the member municipalities can consider the adoption of development charge by-laws by late 2000 or early 2001. However, this funding will not meet the full projected expansion requirements.

Consequently, the member municipalities have been pursuing senior-level government support for 2/3 of the required capital financing. Based on the approved cost allocation, the City of Toronto will be responsible for funding 44.6% of the 1/3 municipal portion of the total \$983 million estimated cost for the 10-year expansion program (approx. \$146 million).

Environmental Remediation Costs

Another area of potential concern, given the recent history with the attempted revitalization of the West Don Lands, is the potential variance in the ultimate costs for soil remediation. These remediation costs ultimately blocked the earlier proposed redevelopment for the former industrial West Don Lands (or Ataratiri). These are now included in the broader redevelopment area being addressed by the Toronto Waterfront Revitalization Task Force.

Initial worst-case soil remediation estimates for the Port Lands were prepared that also indicated extremely large potential expenditures for soil remediation at the same time that the Ataratiri development was deferred. These estimates were based on the assumption that full soil removal to a depth of eight metres would be required across the entire Port area at an estimated cost of \$1.3 billion. However, revised estimates have since been prepared for both the Port Lands and the West Don Lands soil remediation.

Additional field testing has indicated that full soil removal is not required for the Port Lands and that the initial remediation cost estimates were extremely conservative. Marshall Macklin Monaghan has prepared an estimate of \$400 million (in present value) for the entire waterfront area addressed by the Task Force, based on recent testing information from work done on private properties, as well as from site assessments done on City and Toronto Economic Development Corporation (TEDCO) properties.

The primary consultant retained by TEDCO for testing in the Port Lands – Decommissioning Consultants Ltd. (DCS) – has confirmed that the Task Force's per-acre remediation cost estimates for the Port Lands are more conservative than those generated by DCS as part of a comprehensive study carried out for TEDCO in 1992.

It should be noted, however, that these estimates were prepared based on an earlier scenario of continuing to apply the Port Lands to industrial/commercial uses. The potential increase in soil removal requirements for residential/park conditions is

likely offset by the impact of new Ministry of the Environment guidelines that allow for engineered solutions tailored to specific site conditions and proposed site land uses.

By signing a comprehensive agreement with the Ministry of Environment, TEDCO has improved the potential to apply these engineered solutions, for the management of soil and water contamination in the Port Lands.

In addition, the broad-scale approach that will be applied as part of the overall waterfront revitalization is expected to yield significant economies of scale. Therefore, the estimates that are included in the financial proposal likely have fairly conservative margins for error that can cover unexpected discoveries of contamination not revealed in earlier field testing.

Business Relocation and Property Acquisition Costs

A final category of soft cost estimates included in the financial proposal is that of property acquisition and business relocation. An approximate initial figure has been included in the Task Force budget. According to Task Force consultants, property appraisals could not be carried out as part of confidential Task Force report preparations.

The Economic Development, Culture and Tourism Department has prepared a preliminary estimate of the business relocation component of these costs for the Port Lands. This estimate consists of the costs for purchasing the necessary lands and replacing the buildings, but does not include moving or disruption costs. Even if this estimate is exceeded by a significant margin, the amount in the Task Force budget appears to be sufficient for the business relocation and the purchase of the twenty-six hectares of privately held land that are proposed to be used as development blocks. However, TTC staff have indicated that additional property acquisition will be required to protect key road and transit right-of-ways.

An overall assessment of the cost of implementing the proposed revitalization plan should also include the economic opportunity cost of the lands that the City and other levels of government will be transferring to the waterfront development governing body. The approximate breakdown of the land ownership in the specific areas targeted for development is as follows:

City	55%
Province	16%
Federal	15%
Private	14%

Further work will be undertaken on a detailed estimate for the value of the City lands, if they were sold in their current condition.

Other Costs

In carrying out the financial review, it has been assumed that the cost estimates for most of the items in Table 2 (ie. items 5-10 in Table 2) will have relatively small potential for variance, as estimates for the construction of roads, parks and general site servicing are commonly prepared by civil engineering consulting firms. A secondary peer review of these estimates by SNC Lavalin was commissioned as part of the Task Force work. Consequently, these were not reviewed by Finance department staff.

Assessment of Revenue Menu & Cash Flow Requirements

Loans Backed by Road Use Charges

The revenue tool projected by the Task Force to generate the largest revenues is the application of some form of road use charges. This accounts for almost half of projected revenues in present value terms.

Two alternatives have been presented for these charges:

- \$2 toll (per trip) on the Gardiner Expressway
- a parking surcharge in the downtown area

Both expressway tolling and parking surcharges have been previously investigated and are available as separate policy instruments. The Task Force has estimated that these road use charges will generate revenues against which \$1.2 to \$2 billion can be borrowed towards infrastructure expenditures.

Loans Backed By Potential Tolls

The Task Force financial model projects over \$120 million/year (in year 2000 \$) in revenue, based on a flat \$2 toll charged on all trips on the Gardiner Expressway and on the portion of the Don Valley Parkway south of the Bloor St./Bayview Ave. exit. The tolling would commence upon completion of the Gardiner replacement and continue through the 30-year project period. The tolling would be applied as revenue against the private sector debt financing received at the beginning of the project. Implementation of tolls would have to be approved by Council.

KPMG was retained by the Economic Development, Tourism and Culture Department to evaluate the impact of both potential forms of road use charges proposed by the Task Force. Their revenue projections for tolling were based on the system originally proposed in a study carried out for Metropolitan Toronto in 1995, with four tolling stations at the following locations:

Queen Elizabeth Way east of Highway 427
Gardiner Expressway east of the Humber River
Don Valley Parkway north of the Bayview/Bloor ramps
Don Valley Parkway south of Highway 401

In this scenario a toll of \$1 per toll gate is applied during peak periods which is equivalent to the \$2 toll per inbound trip assumed in the Task Force calculations. A lower toll of \$0.25/toll gate is assumed in non-peak periods. KPMG estimated that this scenario would generate between \$100 and \$110 million annually in year 2000 net revenues. This suggests that the Task Force figures can generally be achieved.

The public response to the imposition of tolls on existing roads in European cities suggests that a strong linkage will have to be established in the public mind between the value of the proposed infrastructure improvements and the highly visible new toll charges.

These tolls may impact on the future rate of development in the downtown core. They could contribute to the perceived image of downtown Toronto's competitiveness in terms of business costs. A staging strategy would potentially allow for the assessment and implementation of a City tax competitiveness strategy in order to offset any potential negative economic impact of the tolls. This issue is of particular importance, given the key role that adequate commercial development

will have in attaining the overall development goals for the waterfront. The analysis of this potential impact of tolls was discussed in greater detail in the Economic Impact section of this report.

Parking Surcharges

As an alternative or supplementary form of revenue, the Task Force also proposed applying a city-wide parking surcharge. However, no specific revenue estimate was generated for this alternative, and parking surcharge revenue was not included in the actual cash flow model for the overall redevelopment.

The imposition of a city-wide parking surcharge to support transit funding was investigated and reported on by the Chief Financial Officer and Treasurer in September, 1999. That report was received by the Policy and Finance Committee for information. Imposition of a parking surcharge did not proceed as the City was found to lack the necessary legislative authority.

According to a 1997 Metropolitan Toronto report on parking surcharges, a \$1.40/day surcharge on all non-residential parking spaces in the City would generate \$100 million in additional revenue annually. However, the Metro report also suggested that the implementation of a parking surcharge would involve significant start-up and ongoing operational costs. These start-up costs would result from the need to create a detailed inventory of parking spaces and the administrative structure to audit and control billing for the spaces.

With the support of the provincial government, there could no longer be legislative impediments to the imposition of a parking surcharge. According to KPMG, a parking surcharge that would generate \$1.1 billion in revenue over the project period will be equivalent to a 3% increase in non-residential property taxes if applied to the entire City, or a 7.7% increase if applied only to downtown.

Imposition of a city-wide surcharge could have negative side-effects for businesses located on the City's border with other GTA municipalities. Parking surcharges could exacerbate the imbalance in business costs between Toronto businesses and those on the other side of the municipal boundary.

The imposition of a parking surcharge on spaces owned by businesses for use by their employees and by company vehicles, could have a negative impact on business

costs in Toronto. This surcharge would essentially be the same as levying additional property taxes similar to the recently eliminated Commercial Concentration Tax.

Land Sales Revenue

The most important revenue tool tied directly to the outcome of the waterfront revitalization is the sale or leasing of land to private developers for the development of residential and commercial building units.

The Task Force has determined the number of condominium units and rental units, as well as the area of commercial space, that can be constructed in the waterfront area, based on a suggested land use concept. Construction costs, soft costs and a profit margin have been deducted from the projected final sales prices of the constructed units to arrive at residual land values that would accrue to the proposed waterfront development governing body upon sale of the land.

According to the Task Force, the land on which 23,425 condominium units, 9.3 million square feet of commercial floor space and 15,000 rental units can be built, will draw sales revenues of approximately \$1.3 billion in future nominal terms or \$610 million in present value. Most of this revenue will be derived from the sale of the condominium units. The Task Force's calculations indicate that the residual land value for the 25% of the total number of units that are affordable rental or single room occupancy, will be very limited.

Proposed Market Absorption Rates

It has been assumed that the real estate market in Toronto can absorb this volume of residential and commercial development over the 30-year project period, based on a general continuation of current market absorption rates. In the case of the condominium sales, the proposed average absorption rate over the project period corresponds to approximately 1/3 of the total absorption rate for the former City of Toronto over the last three years.

According to Task Force consultants, this absorption rate can be sustained as there is a long-term trend towards downtown condominium living. The recent growth in downtown condominium sales is said to be the result of a real demand for living quarters as opposed to the market speculation that occurred towards the end of the last economic expansion in the late 1980s. The Task Force background materials acknowledge that the proposed absorption rates are ambitious and can only be

achieved if sufficient employment is created in the waterfront area.

Towards this end, the Task Force proposal has allowed for the construction of commercial space that would accommodate 25,000 employees. The commercial market absorption rate to achieve this number of new jobs is even more ambitious than the assumed condominium rate, and is equivalent to the current commercial absorption rate for the entire former City of Toronto.

The Task Force background materials suggest that the market for commercial development in the downtown area has remained soft as a result of high commercial/industrial taxes. This high-cost environment would potentially be exacerbated by the road use charges discussed above.

Impact of Periods of Slower Absorption on Bridge Financing Requirements

As discussed above, the Task Force has proposed that \$2 billion of bridge financing be made available by the senior levels of government to cover the lag between up-front expenditures and revenues received later in the project period. In addition to the revenues received directly from the land sales, the Task Force has also proposed that the three levels of government rebate portions of the tax revenues received as a result of the redevelopment (estimated to be \$365 million in present value terms).

The largest portions of these rebates would consist of the estimated Provincial Sales Tax (PST) and the federal Goods and Services Tax (GST) revenues on building construction and the GST revenues from land sales. The City would be contributing 25% of the development charges collected from the waterfront area, as part of the above.

In order to minimize bridge financing requirements, the Task Force has designed development phasing to build revenues from easier-to-service areas first, i.e. East Bayfront, Exhibition East and Ontario Place. Areas that are harder to service and environmentally remediate, such as the West Don Lands and the Port Lands have been left for the later stages of the development.

A series of scenarios were developed by Finance department staff for the purposes of evaluating potential maximum bridge financing requirements for the overall project. In the first scenario it was assumed that a development slowdown similar to the one experienced in the early 1990's might occur immediately after the bulk of the up-front expenditures have been made on infrastructure and environmental remediation.

According to the Task Force's financial model, over 70% of the total expenditures will have been made by 2006 so a simulated economic downturn was applied to the years 2006-2012. This simulated downturn was based on the proportional drop in sales displayed in the early 1990's absorption trends for the former City of Toronto, included in the Task Force's background materials.

Reductions in the residual land values were also very approximately modelled, based on the impact of a drop in average condominium prices similar to that experienced in the early '90s. The sales not made during this period were applied instead to the last years of the project horizon.

This modelling indicated that the maximum cash flow requirements to cover the increased lag between up-front expenditures and the land sales/tax rebate revenues would be increased from \$1.4 billion to \$1.7 billion. The rate of return on the senior government bridge financing would also fall from 1.6% to 1.4%. Therefore, the conservatively stated \$2 billion of bridge financing, would still be adequate to meet this scenario.

The modelled scenario should be considered to be particularly conservative as it does not slow down any of the remaining infrastructure investments projected in the model. In reality, there would be significant scope to delay remaining expenditures during an economic downturn and reduce the amount that expenditures and revenues fall out-of-step.

A still more severe scenario was developed with two full cycles of reduced economic activity starting in 2002 and 2017. This scenario was found to only increase the cash flow requirement slightly but it does further reduce the return on the senior government bridge financing to 1.3%. This reduction is the result of a greater percentage of the overall revenues being deferred to the end of the 23-year land development project horizon.

In conclusion, the condominium sales estimates appear to be aggressive given that they are based on the continuation of sales trends existing at what appears to be the peak of the current economic cycle. It seems likely that while sales may not drop to the most extreme depths of the 1990's recession, there would inevitably be substantial drops in absorption rates during any upcoming economic recessions.

The conservative bridge financing amount chosen, however, appears to provide sufficient financing to weather these downturns. While it is likely that dips in

absorption rates will be experienced during the course of the project period, it should nevertheless be noted that absorption rates and commercial activity could also potentially exceed plan expectations, if the objective of creating a live/work high technology park centred on the proposed Convergence Centre is achieved.

The existence of a critical mass of technology employers in the waterfront, attracted by a broadband network infrastructure tied directly to the critical Internet nodes near the waterfront, and the attractive living environment, could potentially result in faster development than that projected by the Task Force.

Loans Backed by Entertainment/Casino Complex

The Task Force has included a significant revenue component related to the proposed entertainment/casino complex. According to the Task Force, if a casino is included in this complex, \$700-\$800 million can be borrowed against the portion of the revenues that would be allocated to the waterfront development governing body through a revenue sharing agreement with the Ontario Lottery and Gaming Corporation.

In order to confirm the validity of these estimates, a comparison was made between the revenues from existing Ontario casinos and projections, developed for potential Toronto casinos as part of a study carried out by Coopers & Lybrand for the Ontario Ministry of Consumer and Commercial Relations in 1993.

The revenues projected by the Task Force appear to be proportionate with those currently being realized by the existing, smaller casinos elsewhere in Ontario, as well as those projected for a Toronto casino by Coopers & Lybrand. However, the construction of a casino would require the approval of City Council and the Ontario Lottery and Gaming Corporation. In order to comply with the Ontario Lottery and Gaming Corporation Act, the City would have to demonstrate community support through a referendum question posed on municipal election ballots. At present, the Province has declared a three year moratorium on the construction of new casinos.

Overall Sensitivity Analysis

As an alternative method of determining the maximum bridge financing requirements and the minimum potential return on the senior level of government's investment, a nominal interest rate of 10% (or a real interest rate of 8.5%) was applied to the project's private sector financing. This analysis indicated that the bridge financing requirements would still fall within the \$2 billion stated amount. However, the rate of return on the senior level of government contribution would be reduced to 0.9%.

Fiscal Impact on the City

With the ultimate level of new waterfront development projected by the Task Force, the City would gain a total of up to \$100 million in new annual property tax revenues (\$75 million from residential, \$25 million from commercial) based on current tax rates. Very limited property taxes are currently collected from the waterfront area as most of the land is publicly owned. Some of the new waterfront development would likely displace development that would have occurred elsewhere in the downtown.

In addition, the City would collect development charges, part of which (25% - \$22 million in total) would have to be rebated to the waterfront development governing body for its use in servicing the waterfront area. Some of the works proposed to be constructed through the governing body, such as the Front Street extension (\$110 million) and the Union Subway Station upgrades (\$60 million), would otherwise be financed by the City in part through development charge funding.

However, the proposed development will place significant new demands on City services and the overall fiscal impact cannot yet be precisely determined. With current tax rates, the research done for the City's Development Charge Study suggests that the City would realize a net surplus on any new commercial development as additional operating costs to the City would be significantly less than the additional commercial property tax revenue.

Based on current tax rates, the City would likely experience a positive financial outcome as long as the projected commercial absorption rates are achieved.

Conclusion

The basic financial proposal presented by the Task Force appears to be sound and achievable.

There is potential for variances in the major infrastructure costs and in the development absorption rates, but these can be managed if sufficient bridge financing is made available. The overall risk to the City cannot yet be assessed in detail without an understanding of how the governing body will operate.

Funding will have to be made available for those transit improvements not entirely funded through the proposed waterfront development governing body budget. This funding will have to be provided through the City, the Greater Toronto Services Board, or senior levels of government.

As discussed in the introduction, federal and provincial government contributions to the project are easily justifiable, given the direct financial return on their investment and also through the greater economic activity ultimately generated in the revitalized lands. As shown in Table 1, the senior levels of government would realize the greatest portion of the gains in terms of taxes on the development-related activities during the project period, and in taxes generated from the permanent increase in economic activity.

Given the recommendation in the Infrastructure section for staging of the Gardiner replacement in concert with the necessary prior transit improvements, the Task Force financial proposal would need to be amended to apply the \$2 billion bridge financing supplied by senior levels of government on a priority basis. This would allow for more flexible use of the private sector debt financing to match the ultimate timing of toll implementation.

Implementing the Toronto Waterfront Revitalization Task Force Proposal

The Task Force Proposal

The Toronto Waterfront Revitalization Task Force report sets out a broad concept for an implementation structure to oversee the revitalization of Toronto's waterfront. Central to the Task Force proposal is:

- the creation of a single-purpose governing body enabled with the powers necessary to catalyze private investment
- the incorporation of this body as a tri-level, non-share capital corporation in a joint enterprise by all three levels of government. This enterprise would have control of the development of all publicly-owned waterfront lands, implementing a previously agreed-upon overall plan
- the granting of certain tools to the governing body, including powers to acquire, mortgage, hold and dispose of property, raise financing and be a party to transactions and legal proceedings in its own name, as well as all other tools normally assigned to corporations
- the ability of the governing body to take advantage of a fast-tracked regulatory process for development approvals

The Task Force studied governance models from twelve cities: Cardiff, Wales; Manchester, UK; Dublin, Ireland; London, UK; New York, USA; Saint Paul, USA; Detroit, USA; Baltimore, USA; Boston, USA; San Francisco, USA; and Capetown, South Africa, as well as a New York State-run governing body.

The Task Force report listed the following elements as common to all these precedents:

- authority to sell, lease or mortgage their land assets
- operated in a business model, with requisite real estate and management skills
- offered investors or partners a greatly simplified planning process
- an efficient and action-oriented governance structure
- government financial assistance in the form of grants, tax abatements, credits and other programs
- intergovernmental in ownership and support

Recommended Approach

City Council now has the opportunity to provide more definition and structure to the Task Force's implementation proposal.

The most obvious question is: What responsibility lies with the municipality and what responsibility lies with the new waterfront development governing body?

While the Task Force report assumes that this tri-level governing body would take the form of a corporation, this report suggests that some further study and discussions with senior governments be undertaken before a final recommendation would be made to City Council on a preferred model.

Principles

Considering the City's unique interests in the Task Force proposal and, based on a preliminary review of various governance models, it is recommended that the following five principles guide a "made in Toronto" model:

The waterfront governing body must be accountable to government.

The financial terms must provide sufficient protection for the City.

There must be a mechanism for public input.

The structure and process of the governing body must enable private investment.

It must have the ability to implement decisions quickly.

The governing body would deal with the "bricks and mortar" aspects of development within the policy frameworks established by the stakeholder governments, including a Council-approved Central Waterfront Official Plan and Zoning By-law.

In defining the potential governing body, it will be important to articulate the relative roles and powers of the governing body and the stakeholder governments. All three levels of government have an interest in this project and must address the following issues:

- governance structure
- composition, qualifications, and process for appointment of board members

- mandate and powers to be given to the governing body
- boundaries of the area of jurisdiction of the governing body
- degree of control over government land (i.e., ownership vs. long-term lease)
- public input process
- accountability mechanisms

The City will need to discuss the details of these processes with the provincial and federal governments and identify legislative changes required.

There are twenty-one pieces of provincial legislation, nine pieces of federal legislation and several City By-laws that govern the Central Waterfront. These are all listed in the Appendix . Once the roles and responsibilities of the Toronto waterfront development governing body have been better established, it will be necessary for the new governing body's mandate to be assessed against the applicable legislation and agreements that could impact upon its ability to perform its role and responsibilities.

What the Public Said

The Toronto Waterfront Revitalization Task Force hosted a series of public forums across the City to seek the public's views on its proposal. The forums were held in Etobicoke, Scarborough, at Harbourfront and in North York between June 12 and June 19, 2000.

Approximately 1,000 people attended the four forums. In addition to remarks made at the meetings, the Task Force collected comment sheets from participants. City staff attended all public forums and have reviewed the comment sheets as well as letters and e-mails from the public.

Public response has paralleled the City's own response to the proposal: enthusiasm for reclaiming the waterfront and a need for more information about the environmental, transportation and development approval processes, in order to refine and implement the Task Force proposal. The public also expressed a strong desire for renewal along the entire 46-kilometre waterfront.

The Task Force is in the process of preparing its own detailed analysis of the results of the public forums.

Next Steps

Once City Council has approved the Task Force proposal in principle, work on the new Central Waterfront Official Plan and Zoning By-law can begin. To maintain momentum, the new Central Waterfront Official Plan and Zoning By-law should, subject to the normal statutory requirements, be ready for adoption by the newly elected City Council in early 2001.

More detailed studies of several aspects of the Task Force proposal will need to be undertaken immediately. Some of these studies will help formulate a new Central Waterfront Official Plan and Zoning By-law.

The City will also need to commence discussions with the federal and provincial levels of government to establish a waterfront governing body.

Conclusion

Toronto will be known for its distinctive beauty, blending green lands, public places, historical sites, commercial and recreational facilities, residential areas and public art.⁵

Staff believe that the proposal put forward by the Toronto Waterfront Revitalization Task Force is a decisive milestone in the life of the new city. It is an exciting vision with far-reaching benefits. The risks are manageable.

With sound implementation, the Task Force proposal represents a clear and significant opportunity to build on the quality of life in Toronto. This is important both for citizens and for the city's future as an international presence in a global economy.

The Task Force proposal is founded on Council-endorsed principles first outlined in *"Our Toronto Waterfront - Wave of the Future"*.

From principles come strategy. The Task Force proposal also directly addresses the five major themes outlined in Toronto's Strategic Plan Phase 1 that focus on economic vitality, social development, environmental sustainability, good governance and city building.

The waterfront development is an example of the kind of strategic thinking the new Toronto needs to exemplify.

With a clear vision and sound strategies, Toronto's future waterfront will be among the world's best.

⁵ Principles for Renewal, *Our Toronto Waterfront – The Wave of the Future*

Appendix

Legislation affecting the Toronto Central Waterfront

There are twenty-one pieces of provincial legislation, nine pieces of federal legislation and several City bylaws that govern the Central Waterfront. These include legislation of general application such as the *Planning Act*, the *Local Improvement Act*, and the *Environmental Assessment Act*, as well as legislation specific to this area. Area specific legislation includes the *City of Toronto Act, 1971* which authorizes the City to enter into development agreements for the Central Waterfront lands (Precinct Agreements), *City of Toronto Act, 1985* under which the Toronto Economic Development Corporation was incorporated, *City of Toronto Act, 1997 (2)* which sets out the purposes for which Exhibition Place is to be used, *Greater Toronto Services Board Act, 1998* respecting regional and local transit systems, *Ontario Place Corporation Act* concerning the development and operation of Ontario Place, and the *Waterfront Regeneration Trust Agency Act* under which the Olympic Sports and Waterfront Development Agency (formerly the Waterfront Regeneration Trust Agency) is established.

The nine pieces of federal legislation which apply to these lands include the *Aeronautics Act*, under which zoning regulations are made to ensure compatibility with the Toronto City Centre Airport, the *Canada Marine Act* under which the Toronto Port Authority Letters Patent have been issued, the *Canadian Environmental Assessment Act*, *Expropriation Act*, *Federal Real Property Act*, *Heritage Railway Stations Protection Act* and the *Navigable Waters Protection Act*.

Several City by-laws could impact waterfront development. These include by-laws respecting the sale of real property owned by the City, the Zoning By-law and Official Plan, the Local Improvements By-law, the By-law respecting telecommunications cable equipment, the Signs By-law and the Trees By-law. Finally, several agreements affect the development and operations of the Central Waterfront lands. Most notably, these include a Management Agreement and Arms-Length Agreement entered into between the City and (The Toronto Economic Development Corporation) respecting the operation of lands in the Port Lands area, the Subsidy Agreement entered into between the City and the Toronto Harbour Commissioners (now the Port Authority) as a result of the transfer of certain lands to the City and TEDCO, the Tri-partite Agreement between the City and Port Authority and the Federal Department of Transport concerning operations at the Toronto City Centre Airport, and various

Precinct Agreements, which function as master development agreements and apply to the Railway Lands, and the Harbourfront area. Certain individual waterfront building sites also have development agreements established under section 37 of the *Planning Act*. These include the Queens Quay Terminal at the foot of York Street, the MT27 site within the Central Bayfront and the Air Canada Centre site. In addition, a building scheme agreement was entered into respecting the Harbour Castle site at the foot of York Street.

Once the role and the responsibilities of the governing body have been better established, it will be necessary for the new governing body's mandate to be assessed against the applicable legislation and agreements that could impact upon its ability to perform its role and responsibilities. It will then be necessary to determine whether and to what extent, the mandate of the governing body should be modified or whether, and to what extent, legislative change could provide a way to respond to these issues.

The following is a list and brief description of provincial and federal legislation that applies to the Toronto waterfront (as defined by the former City of Toronto boundaries) and, more specifically, that could affect waterfront redevelopment initiatives being carried out in accordance with the report of the Toronto Waterfront Revitalization Task Force.

Federal Legislation

Aeronautics Act

- authorizes the Governor in Council to make zoning regulations that prevent lands in the vicinity of a federal airport from being used or developed in a manner that is incompatible with the operation of an airport (s.5.4), as a result of which the Toronto Island Airport Zoning Regulations have been made, restricting the height of nearby buildings and limiting the use of nearby lands

Canada Marine Act

- sets out the powers of a port authority (in this case, the Toronto Port Authority), giving it the powers of a natural person for the purposes of operating the port in accordance with the Act and its letters patent (s.28); limits the activities that a port authority may engage in for the purpose of operating a port, including various restrictions on corporate activities (s.28); requires a port authority to

develop a detailed land-use plan that sets out objectives and policies for the physical development of the lands under its jurisdiction, and that may also restrict the use of lands or regulate the type of structures or works that may be erected (s.48); enables the Governor in Council to dissolve a port authority and to require it to liquidate its assets (s.55); authorizes the Governor in Council to make regulations governing, among other things, the use and environmental protection of a port, including the regulation or prohibition of structures and operations (s.62)

Canadian Environmental Assessment Act

- requires that a satisfactory environmental assessment be completed before a federal authority undertakes or provides financial assistance for a non-exempt project (s.5)

Expropriation Act

- similar to its provincial counterpart, sets out the procedural requirements for an expropriation by a federal authority

Federal Real Property Act

- sets out the Governor in Council's authority in respect of federal lands, including the acquisition, disposition, lease or licensing of real property, as well as the dedication of federal lands for any public purpose, including a road, utility or park (s.16); limits the ability of a person holding a lease of federal lands from granting any covenant restricting or controlling the use of the property without the consent of the Governor in Council (s.12)

Heritage Railway Stations Protection Act

- authorizes the designation of heritage railway stations, which then prohibits the demolition, altering or disposition of the station by a railway company without the consent of the Governor in Council (ss.4, 5)

Navigable Waters Protection Act

- requires that the site and plans be approved by the Minister of Transport before any work is placed in or on any body of navigable water (s.5)

Railway Relocation and Crossing Act

- authorizes a province and municipalities to submit transportation and urban development plans to the Canadian Transportation Agency where the plans

involve railway relocations and/or railway crossings on highways, as a result of which the Agency may make orders against railway companies and make recommendations to the Minister of Transport regarding federal grants for railway relocations

Railway Safety Act

- authorizes the Governor in Council to make regulations regarding the prohibition, construction or alteration of non-railway structures that are proposed to be erected above or below a railway line or on adjacent land to the extent that the regulations are required to prevent the structures from constituting a threat to safe railway operations (s.24)

Provincial legislation

Beds of Navigable Waters Act

- a grant of Crown land bordering on a navigable body of water is deemed not to include the bed of the body of water in the absence of an express grant (s.1)

Bridges Act

- no person, excluding a municipal corporation, may construct, replace or alter a bridge or other structure over a river or stream without the consent of the Minister of Transportation (s.2)

City of Toronto Act, 1971

- authorized the City to enter into agreements with any person relating to the development or redevelopment of any of the Central Waterfront lands upon such conditions as council may determine, provided that there be an amendment to the official plan relating to those lands, as a result of which the Precinct Agreements for the Railway Lands were developed (s. 16)

City of Toronto Act, 1985

- authorized the City to establish an industrial economic development corporation under the Business Corporations Act, as a result of which the Toronto Economic Development Corporation (TEDCO) was incorporated and presently controls much of the Port Lands and enters into lease agreements with private entities (s. 9)

City of Toronto Act, 1997 (No. 2)

- sets out the purposes for which Exhibition Place is to be used, including parks and exhibitions, trade shows, public entertainment, as well as any other purpose that council may approve, and requires that an annual exhibition be held on site (s.61)

Conservation Authorities Act

- sets out the powers of a conservation authority (in this case, the Toronto Region Conservation Authority), including the power to acquire lands by expropriation and to use its lands as it considers appropriate (s.21)

Electricity Act, 1998

- subjects a transfer of Toronto Hydro land to a potential tax liability of up to one-third of the land's market value (s.94); requires that lands being used to distribute electricity continue to be used for that purpose if transferred to another entity (s.29)

Environmental Assessment Act

- requires submission of an environmental assessment and the approval of the Minister of Environment and Energy for activities undertaken by the province, a municipality or other public body and for major commercial proposals being undertaken by private entities (s.5)

Expropriations Act

- sets out the procedural requirements for an expropriating authority seeking to expropriate land

Greater Toronto Services Board Act, 1998

- establishes a corporation, known as the Greater Toronto Transit Authority, for the purpose of operating a regional and local transit systems (ss.40, 41); to carry out its objects, the Authority is given various powers, including the authority to acquire land by purchase or expropriation and to construct or alter any building (s.54)

Local Improvement Act

- authorizes and sets out procedural requirements for municipalities undertaking and financing infrastructure works, in some cases requiring Ontario Municipal Board approval

Municipal Act

- authorizes municipalities to acquire and dispose of real property, including the power to acquire land by way of expropriation (Part XIII); prohibits municipalities from engaging in activities that constitute bonusing, except where a municipality is exercising powers under the community improvement provisions of the Planning Act (s.111)

Ontario Energy Board Act, 1998

- requires that the transfer of lands currently being used to distribute electricity receive the approval of the Ontario Electricity Board and the transferee must apply for a license from the Board (Part V)

Ontario Heritage Act

- authorizes the designation of heritage properties, which are then subject to special rules regarding building alterations and demolition (Part IV); authorizes municipalities to enter into heritage easement agreements with owners of heritage property and to register these agreements on title (s.37)

Ontario Place Corporation Act

- sets out the objects of Ontario Place Corporation, including the operation of Ontario Place as a provincial exhibit and recreation centre and developing projects and programs designed to provide Ontarians with a greater appreciation of the province (s.8); sets out the powers and duties of the Ontario Place Corporation in developing and operating Ontario Place, including the power to hold lands and to acquire, construct and manage recreational and exhibition facilities and programs, as well as all other facilities incidental or necessary for the proper operation and maintenance of Ontario Place (s.9)

Ontario Planning and Development Act

- enables the Minister of Municipal Affairs and Housing to designate development planning areas, for which he may then prepare a development plan that is binding on the municipality and to which the municipal official plan, zoning by-laws and public works must conform (ss.2, 3, 13, 14)

Planning Act

- among other things, enables the Minister of Municipal Affairs and Housing to issue policy statements concerning matters of provincial interest, in addition to those matters identified in the legislation, to which all planning decisions must

then have regard (ss.2, 3); authorizes municipalities to designate an area as a community improvement project area, giving the municipality additional powers with respect to the acquisition, disposition and clearance of land, as well as the construction and rehabilitation of buildings (Part IV)

Public Lands Act

- establishes minimum requirements for public reserves for land fronting onto a body of water (s.3); authorizes the Minister of Natural Resources to develop zoning plans for the purpose of managing public lands (s.12); prohibits prescribed activities on public lands or shore lands unless work is carried out in accordance with a work permit; authorizes the Lieutenant Governor in Council to make regulations regarding the sale or lease of public lands for any specified purpose and for fixing the terms of a sale or lease (s.15)

Public Parks Act

- authorizes municipalities to establish a Board of Park Management for the purpose of acquiring lands for a public park network and to manage the lands in accordance with the Act

Public Transportation and Highway Improvement Act

- requires a permit to be obtained from the Minister of Transportation before constructing or altering a structure within a specified distance of the King's Highway (s.34)

Waterfront Regeneration Trust Agency Act

- establishes a provincial agency with broad advisory responsibilities for a portion of the Lake Ontario waterfront, including the Toronto waterfront, and sets out the Agency's objects and powers. The Agency possesses all powers that are necessary and expedient for the purpose of carrying out its objects, but it is expressly prohibited from acquiring, holding or disposing of any interest in real property without an Order in Council. By virtue of Order in Council 1863/99, approved and ordered on November 3, 1999, the administration of this Act has been transferred and assigned to the Premier.

Municipal By-laws

In addition to the above statutes that may affect the redevelopment of Toronto's waterfront, there are a variety of municipal by-laws concerning planning and development matters, in many cases requiring municipal consent. Thus, the following is a list of the key sections of the Toronto Municipal Code that could impact waterfront redevelopment:

Chapter 95 - Sale of Real Property

Chapter 146 - Building Construction and Demolition

Article I - Building Permits

Article II - Demolition Control

Chapter 165 - Development of Land

Article I - Conveyance of Land for Park Purposes

Article III - Site Plan Control

Article IV - Approval of Plans of Subdivision and Condominium

Chapter 213 - Local Improvements

Chapter 297 - Signs

Chapter 323 - Telecommunications Cable and Ancillary Equipment

Chapter 331 - Trees

Chapter 350 - Zoning