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Evaluation of the Federal Government's Participation in the Toronto Waterfront Revitalization Initiative

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Acronyms used in the report

ACOA	Atlantic Canada Opportunities Agency
CA	Contribution Agreement
CATI	Computer Assisted Telephone Interview
CEAA	Canadian Environmental Assessment Act
CIC	Citizenship and Immigration Canada
CSIF	Canada Strategic Infrastructure Fund
EA	Environmental Assessment
FSA	Forward Sortation Area
G&C	Grants and Contributions
GDP	Gross Domestic Product
HRSDC	Human Resources and Skills Development Canada
IGSC	Intergovernmental Steering Committee
LEED	Leadership in Energy and Environmental Design
LRT	Light Rail Transit
O&M	Operations and Management
OEAA	Ontario Environmental Assessment Act
PIR	Public Infrastructure Renewal
RBAF	Risk-Based Audit Framework
RMAF	Results-based Management and Accountability Framework
TBS	Treasury Board Secretariat
TEDCO	Toronto Economic Development Corporation
TRCA	Toronto and Region Conservation Authority
TTC	Toronto Transit Commission
TWRC	Toronto Waterfront Revitalization Corporation
TWRI	Toronto Waterfront Revitalization Initiative
UK	United Kingdom
WED	Western Economic Diversification Canada

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This evaluation report was prepared by R.A. Malatest & Associates Ltd. for Environment Canada.



Contents

<i>EXECUTIVE SUMMARY</i>	i
1.0 INTRODUCTION.....	1
2.0 BACKGROUND.....	2
2.1 Profile.....	2
2.1.1 Background.....	2
2.1.2 Toronto Waterfront Revitalization Initiative.....	2
2.1.3 Program Resources.....	3
2.1.4 History of the Federal Participation in the TWRI.....	3
2.2 Roles and Responsibilities.....	4
2.2.1 Federal TWRI Secretariat.....	4
2.2.2 Toronto Waterfront Revitalization Corporation.....	5
2.2.3 Intergovernmental Steering Committee and Operations Working Group.....	5
3.0 EVALUATION DESIGN.....	7
3.1 Purpose and Scope.....	7
3.2 Evaluation Approach and Methodology.....	7
3.2.1 Document and Literature Review.....	7
3.2.2 Research into Comparison Sites.....	8
3.2.3 File Review.....	8
3.2.4 Key Informant Interviews.....	9
3.2.5 Survey of Businesses.....	10
3.2.6 Focus Groups.....	10
3.2.7 Research Challenges and Limitations.....	11
4.0 FINDINGS.....	12
4.1 Relevance.....	12
4.1.1 Consistency of the TWRI with Federal Priorities.....	12
4.1.2 Consistency of Funded Projects with Federal TWRI Priorities.....	13
4.2 Design, Delivery and Cost-Effectiveness.....	14
4.2.1 Effectiveness of the Corporation as a Way of Implementing the TWRI.....	14
4.2.2 TWRI Governance.....	17
4.2.3 Indemnification.....	17
4.2.4 Extent to Which the TWRI has Demonstrated Value for Money.....	18
4.2.5 Delivery Structure.....	19
4.2.6 Duplication.....	21
4.3 Success.....	22
4.3.1 Extent to Which TWRI Projects Have Been Successfully Implemented and Completed.....	23
4.3.2 Extent to Which the TWRI Resulted in Increased Economic Development and Economic Opportunities.....	25
4.3.3 Extent to Which the TWRI Demonstrated Sound Environmental Approaches in Revitalization and Resulted in Improved Environmental Management in the Waterfront Areas.....	30
4.3.4 Extent to Which TWRI Fostered Greater Community Awareness and Participation in Waterfront Planning and Implementation.....	34
4.3.5 Extent to Which TWRI Resulted in Increased Usage and Accessibility of the Waterfront Area.....	39
5.0 CONCLUSIONS.....	43

5.1	Relevance	43
5.2	Design, Delivery and Cost-effectiveness	44
5.3	Success.....	45
6.0	<i>RECOMMENDATIONS</i>	47
7.0	<i>MANAGEMENT RESPONSE</i>	49
Annex 1:	Evaluation Issues and Questions	52
Annex 2:	List of Documents Consulted.....	63
Annex 3:	List of Interviewees.....	70
Annex 4:	Map of Toronto Waterfront Forward Sortation Areas.....	71
Annex 5:	Comparison Site Descriptions	72
Annex 6:	TWRI Project Descriptions	75

EXECUTIVE SUMMARY

This report presents the results of the evaluation on behalf of Environment Canada, of the federal participation in the Toronto Waterfront Revitalization Initiative (TWRI). The evaluation assessed the relevance, design, delivery, cost-effectiveness/alternatives, and success of the federal component of the TWRI since its commencement in 2000–2001.

The findings for the evaluation are based on the following lines of evidence:

- a review of project files, and a document and literature review;
- telephone and in-person interviews with internal TWRI Secretariat staff and external stakeholders and members of the TWRI ($n = 26$);
- a survey of businesses that operate in the Toronto waterfront area ($n = 297$); and
- focus groups with residents of the waterfront area ($n = 2$) and community organizations ($n = 1$).

Program Profile

The Toronto Waterfront Revitalization Initiative (TWRI) is an infrastructure and urban renewal initiative designed to contribute to the sustainable urban development of Toronto's waterfront area. The TWRI was launched in October 2000 as a partnership of the Government of Canada, the Province of Ontario and the City of Toronto. Each of the three orders of government announced a funding commitment of \$500 million, for a total of \$1.5 billion. While the taskforce and the funding announcement supported Toronto's bid for the 2008 Olympic and Paralympic Games, the commitments of all three orders of government remained in place despite the failure of the Olympic bid.

Federal investment in the TWRI is delivered through a contribution program with the Toronto Waterfront Revitalization Corporation (TWRC), also known as Waterfront Toronto, a not-for-profit corporation established to oversee the revitalization of the waterfront. Waterfront revitalization projects are funded through unilateral, bilateral, or trilateral contribution agreements between one or more of the three governments and the TWRC.

Initially, the federal investment in the TWRI was allocated over seven years, from 2000–2001 to 2007–2008. The provincial and municipal funds are allocated over a longer period, from 2000–2001 to 2014–2015. In May 2007, due to unforeseen delays in expending the allocated funding, federal funding commitment to the TWRI was extended to 2010–2011.

Of the \$500 million federal contribution, \$410 million is being managed by the federal Toronto Waterfront Revitalization Initiative Secretariat (TWRIS) and is allocated to contribution funding and operations and maintenance (O&M) expenses. The remaining \$90 million was allocated to two projects through separate terms and conditions with Transport Canada (\$25 million for the air-rail link) and Infrastructure Canada (\$65 million for GO Transit improvements).

Relevance

The revitalization of the Toronto waterfront is consistent with federal priorities.

Federal participation in the TWRI is consistent with a long history of federal participation in similar infrastructure and urban renewal initiatives in Canada, and with federal support for large-scale waterfront initiatives in other countries. Furthermore, federal participation in the TWRI is aligned with current Government of Canada priorities in the areas of economic leadership and environmental improvement.

There is a demonstrated need for federal participation in the TWRI. Thanks to federal participation in the TWRI, along with that of the City of Toronto and the Province of Ontario, revitalization efforts have benefited from enhanced coordination in planning and development. Further, the evaluation suggests that without the participation of the federal government, large-scale revitalization of the Toronto waterfront area would have faced considerable constraints or challenges.

The TWRI has lacked a consistent and relevant department home for its federal Secretariat. Responsibility for federal participation in the TWRI rests with the federal Minister responsible for Toronto and/or Ontario, and so the federal TWRI has been housed in five different departments since 2000. This has frequently led to misalignment between the Secretariat's objectives and those of its sponsor department. While the current home of the Secretariat within the Department of Environment Canada is a better "fit" than past departmental homes because of the environmental objectives of the TWRI, federal infrastructure projects since 2002 have been concentrated in the department of Infrastructure Canada.

Design, Delivery and Cost-effectiveness

The expenditure of federal TWRI funds has been slower than expected.

To date, the federal TWRI Secretariat has expended approximately \$124 million of its planned \$410 million federal investment in the Initiative. While work has been undertaken on various TWRI projects, revitalization activities have not progressed at the anticipated pace, which has slowed the expenditure of federal TWRI funding.

The TWRC and all three orders of government have tried to improve the timeliness of revitalization through improved project management processes and higher levels of staffing at the TWRC, strategic allocation of government funding for projects, and other measures.

The three orders of government have also approved a multi-year funding plan that has fully allocated each government's investment in waterfront revitalization until its sunset date. However, given that less than one-third of the \$410 million in federal TWRI Secretariat's funds have been spent by the federal government to date, the federal government faces a challenge to expend all project funding before the end of 2010–2011.

Development of a corporation to implement revitalization activities is an effective vehicle for meeting TWRI objectives, but TWRC activities have not met expectations around timelines. The TWRC was developed to oversee and lead waterfront revitalization. The use of a stand-alone corporation to guide waterfront

revitalization activities is a method used in jurisdictions inside and outside of Canada. However, research undertaken for this report suggests that the TWRC has faced difficulties in undertaking revitalization activities at a pace sufficient to meet federal timelines for TWRI funding. This has resulted in extensions to the federal TWRI sunset dates, as well as delays in the TWRC expending its contribution funding from the federal government.

The federal TWRI Secretariat appears to demonstrate value-for-money. The federal TWRI Secretariat is unique in that it directly manages a contribution program delivering federal infrastructure funding within the department of Environment Canada. The federal TWRI Secretariat appears to demonstrate value-for-money, as its ratio of O&M costs to contribution expenditures compares favourably with that of the department of Infrastructure Canada.

The Intergovernmental Steering Committee (IGSC) was not generally seen as an effective governance body, but TWRI activities were felt to have been well coordinated through an Operations Working Group. Government oversight of the TWRI is provided through the Intergovernmental Steering Committee (IGSC). Evaluation findings suggest that it has not been an effective body because meetings have been held infrequently and federal government members have changed often, owing to changes in senior federal management when the Secretariat moves to a new departmental home. An Operations Working Group has also been established to manage TWRI contribution agreements across governments, and it was generally credited with being an effective venue for communication and coordination.

While the use of a contribution program to deliver TWRI funding has provided federal oversight of its funding, the contribution program has been perceived as administratively challenging. The use of a contribution program has ensured that federal funding is being spent according to its terms and conditions. Since many contribution agreements with the TWRC have involved more than one government, this process has been complex. As a result, many stakeholders at the TWRC have found that using a contribution program to deliver TWRI funding has involved excessive and time-consuming administration and reporting requirements.

The additional tri-governmental indemnification requirements for TWRI projects were perceived to have had a negative effect on the timeliness of revitalization activities. The indemnification clauses of TWRI contribution agreements with the TWRC include requirements for third-party contractors and other eligible recipients (such as suppliers completing project activities under the management of the TWRC) to assume unlimited liability for their services. This requirement has been perceived to have sometimes slowed the contracting process between the TWRC and its suppliers, and to have restricted the range of suppliers willing to provide services to the TWRC. The TWRC and the three funding governments have been in dialogue to find mutually satisfactory solutions to move forward on risk management.

Success

Contribution agreements have largely been for planning, design, environmental assessments and land restoration. The federal government has signed 32

contribution agreements with the TWRC. These agreements have involved funding for a wide range of projects, including planning, design, environmental assessments, land acquisition and land restoration. A small number of agreements have also involved the completion of construction projects. These include the construction of a watercourse facility along the waterfront, improvements to the waterfront at John Quay and York Quay, the completion of Ireland Park, and funding for the establishment of a non-for-profit organization for a summer theatre on the waterfront.

Projects have suffered from a range of challenges that have resulted in delays.

Projects have not been undertaken or completed according to timelines. Multi-governmental funding agreements are inherently complex, requiring significant time to arrange and administer. A challenge for the TWRC has been addressing the requirements of its three government funders, each with its own funding management requirements. Projects have also involved extensive stakeholder and public consultations. Further, tri-governmental environmental assessments for more complex projects can take considerable time to complete. Key informants also noted other reasons for project delays, including stalled negotiations over land acquisition and other factors. The indemnity requirements for contractors working on TWRI projects were also said to have complicated the bidding process in some instances.

It is too early to measure the extent to which the TWRI has resulted in significant economic benefits.

As most of the TWRI work completed to date has involved planning, design and preparation for construction, it is too early to assess the full economic impact of the TWRI. However, some initial positive economic impacts have resulted from the completion of the Western Beaches Watercourse Facility and other projects.

The federal TWRI has demonstrated sound environmental approaches to revitalization.

The federal TWRI has demonstrated sound environmental approaches in revitalization, as evidenced by the consistent use of environmental assessments, and the application of principles of sustainability at the TWRC.

The TWRI has fostered greater community awareness and participation in waterfront planning and implementation.

The activities of the TWRI, as implemented by the TWRC, have fostered greater community awareness and participation in waterfront planning and implementation. This has been characterized by well-attended and numerous public and stakeholder consultations organized by the TWRC and through extensive media coverage.

Some increase in the accessibility of the waterfront as a result of federal participation in the TWRI can be seen, and more projects to improve accessibility are planned or under construction.

Accessibility has been enhanced through improvements to landscaping and promenades along John and York Quay, among other activities. There are also a variety of recreational and park areas that are planned for completion in 2008.

According to the precinct plans, over 12,000 residential units are planned for the waterfront area in the West Don Lands and East Bayfront. These two precincts will connect the downtown to the lakefront and the Don River corridor.

Recommendations

The following four recommendations are based on the evaluation findings and conclusions.

Recommendation 1:

Further exploration of the extent to which the federal component of the TWRI has been successful in meeting its expected outcomes should be undertaken, once the implementation phase of the program is completed.

Recommendation 2:

The federal TWRI Secretariat should continue to work with the Toronto Waterfront Revitalization Corporation to develop methods for the timely expenditure of federal TWRI funding.

Recommendation 3:

The appropriateness of the \$10 million threshold for federal contribution agreements should be re-examined.

Recommendation 4:

The federal government should continue to work with the TWRC, the City of Toronto and the Province of Ontario to develop indemnification policies that best meet the needs of all parties.

Management Response

The federal Toronto Waterfront Revitalization Initiative Secretariat takes responsibility for implementing the management response. In the event that the Toronto Waterfront Revitalization Initiative moves to a new department, the federal Toronto Waterfront Revitalization Initiative Secretariat commits to continuing with the implementation of the management response and will ensure that officials from the Evaluation Branch at Environment Canada are provided with the opportunity to transition results and responsibilities associated with this evaluation to the new host department.

1. Further exploration of the extent to which the federal component of the TWRI has been successful in meeting its expected outcomes should be undertaken, once the implementation phase of the program is completed.

The federal TWRI Secretariat agrees with this recommendation.

As such, the federal TWRI Secretariat is committed to further exploring the program's expected outcomes. To facilitate this recommendation, the federal TWRI Secretariat has set aside funding in its O&M envelope to cover the costs associated with the work around expected outcomes.

In May 2008, the federal TWRI Secretariat will initiate discussions with departmental evaluation and Treasury Board of Canada Secretariat officials. The workplan will outline timelines and next steps in the process, if any. The intent of the workplan is to meet the

expectations of all parties and to guide the process of further exploring the program's expected outcomes.

2. The federal TWRI Secretariat should continue to work with the Toronto Waterfront Revitalization Corporation to develop methods for the timely expenditure of federal TWRI funding.

The federal TWRI Secretariat agrees with this recommendation.

The Treasury Board of Canada Secretariat *Policy on Transfer Payment* stipulates that all assistance to capital projects must be in the form of a contribution. The federal TWRI Secretariat will work with its counterparts and the Toronto Waterfront Revitalization Corporation to ensure federal funding is spent by March 31, 2011. This includes providing the Toronto Waterfront Revitalization Corporation with the governance flexibility it requires to efficiently continue the delivery of the TWRI, as intended for in the *Toronto Waterfront Revitalization Corporation Act, R.S.O., 2002*. Although some governance flexibilities have been granted to date, it is anticipated that throughout the life of the TWRI, a number of governance requests on the part of the Toronto Waterfront Revitalization Corporation will be presented to Treasury Board.

Under the Operations Working Group, chaired by the federal TWRI Secretariat, the federal government will engage the Toronto Waterfront Revitalization Corporation to ensure a more coordinated effort in the development of contribution agreements, emphasizing the need for funding to be expended within the prescribed timeframes. The federal TWRI Secretariat is committed to raising the issue with the other orders of government at the next Operations Working Group.

Additionally, the federal TWRI Secretariat will seek support from the Toronto Waterfront Revitalization Corporation and the other two orders of government during the negotiation of the next Tri-government Long-term Funding Plan so as to ensure federal funding is strategically allocated to projects which can be completed before the program's sunset date of March 31, 2011.

3. The appropriateness of the \$10-million threshold on federal contribution agreements should be re-examined.

The federal TWRI Secretariat agrees with this recommendation.

The federal TWRI Secretariat unsuccessfully sought to to have the threshold removed in 2007. The rationale for the decision to retain the \$10 million threshold was that the program lacked audit and evaluation evidence to substantiate the removal of the threshold. Currently, the federal TWRI Secretariat bundles similar projects together as a themed-based approach as appropriate when seeking funding approval.

4. The federal government should continue to work with the TWRC, the City of Toronto and the Province of Ontario to develop indemnification policies that best meet the needs of all parties.

The federal TWRI Secretariat agrees with this recommendation.

The federal TWRI Secretariat is committed to leading the negotiation of a resolution with the other two levels of government on this issue. The federal TWRI Secretariat is currently working with the other two orders of governments via the Operations Working Group and respective legal representatives to ensure that the additional indemnification clauses are removed from the contribution agreement template by December 15, 2008.

1.0 INTRODUCTION

The purpose of this document is to present the results of the *Evaluation of the Federal Government's Participation in the Toronto Waterfront Revitalization Initiative* (TWRI) that was conducted by R. A. Malatest & Associates Ltd. on behalf of Environment Canada's Audit and Evaluation Branch.

This document presents the findings and recommendations of the evaluation and is organized in the following way. Section 2 provides background information on the federal participation in the Toronto Waterfront Revitalization Initiative. Section 3 presents the evaluation design. Section 4 presents the evaluation's findings. Sections 5 and 6 detail the conclusions and recommendations associated with this evaluation. Section 7 presents the management response to the recommendations.

2.0 BACKGROUND

2.1 Profile

2.1.1 Background

For many years, the Toronto waterfront was an industrial area. Industries included heavy manufacturing, oil and coal storage, and waste disposal. Beginning in the 1970s, industries relocated to other locations, with the result that many of the sites would require considerable remediation if they were to be redeveloped in the future. Over the years, the City of Toronto and the federal and provincial governments initiated several projects to improve the area, including the construction of the CN Tower and the SkyDome (now the Rogers Centre), and the remodelling of the Harbourfront area and Queen's Quay Terminal.

The TWRI is the most recent initiative linked to the improvement of the area. The area covered in the initiative includes an approximately 46-kilometre area of underutilized or underdeveloped real estate in close proximity to Toronto's waterfront.

2.1.2 Toronto Waterfront Revitalization Initiative

In October 2000, following the recommendations of the Toronto Waterfront Revitalization Task Force report, *Our Toronto Waterfront: Gateway to a New Canada*,¹ the TWRI was launched as a partnership of the Government of Canada, the Province of Ontario and the City of Toronto. Each of the three orders of government announced a funding commitment of \$500 million, for a total of \$1.5 billion. The taskforce and the funding supported Toronto's bid for the 2008 Olympic and Paralympic Games, and while the Games were subsequently awarded to Beijing the commitments from all three orders of government remained in place.

The objectives of the TWRI, as outlined in the program's terms and conditions, are to:

- enhance and improve the quality of life in the Toronto region;
- contribute to sustainable urban development;
- enhance and improve transit and transportation infrastructure;
- enhance Canada's, Ontario's and Toronto's international images;
- increase opportunities for economic growth and development; and
- increase Toronto's ability to develop, attract and retain knowledge-based workers.

The federal government, with the City of Toronto and the Province of Ontario, is a funding partner in the TWRI. Funding is provided through a contribution program. A contribution agreement template was developed, as per the Treasury Board Policy on Transfer Payments, with the City of Toronto and the Province of Ontario. Federal contribution agreements are managed by a federal TWRI Secretariat currently housed within the department of Environment Canada.

1. Toronto Waterfront Revitalization Task Force, *Our Toronto Waterfront*.

2.1.3 Program Resources

Of the \$500 million federal contribution to the TWRI, \$410 million is being managed by the federal TWRI Secretariat and is allocated to contribution funding of selected projects and to operations and maintenance (O&M) expenses. The majority of these funds flow through the Toronto Waterfront Revitalization Corporation (TWRC) as the primary designated recipient into projects that are implemented either directly by the corporation or by Eligible Recipients² (as defined in the contribution agreement). The remaining \$90 million was allocated to two projects through separate terms and conditions with Transport Canada (\$25 million for the air-rail link) and Infrastructure Canada (\$65 million for GO Transit improvements).

The federal investment in the TWRI was originally allocated over seven years, from 2000–2001 to 2007–2008. The provincial and municipal funds were allocated over a longer period, from 2000–2001 to 2014–2015. Due to unforeseen delays in the expenditure of federal funds, the federal funding commitment to the TWRI was extended for an additional three years to 2010–2011.

Waterfront revitalization projects are funded through unilateral, bilateral, or trilateral contribution agreements between one or more of the three orders of government and the TWRC. The original vision of the TWRI was based on the premise that all three orders of government would commit equal amounts of funding to shared priorities and projects. In 2004, as the initiative evolved, the governments identified both individual and shared priorities. The federal government has signalled funding priorities within the TWRI as parks, recreation and public spaces, although it continues to fund projects outside of these priority areas.³

Recognizing that the TWRI is shifting its focus from planning to implementation, and that successful infrastructure projects require comprehensive multi-year plans and financial commitments, in 2005 the three orders of government, with the TWRC, prepared and, in September 2005, approved, a first multi-year funding plan. The range of projects agreed to in this plan fully committed each government's \$500 million investment in waterfront revitalization. However, recognizing that projects may proceed more slowly than planned and that priorities may change over time, the three governments also agreed that the multi-year funding plan would be subject to periodic review. Accordingly, the three government secretariats initiated a comprehensive review of the multi-year funding plan in April 2006 and, more recently, in fall 2007.

2.1.4 History of the Federal Participation in the TWRI

Since its inception, the TWRI has been overseen at the federal level by the Minister responsible for the Greater Toronto Area and/or Ontario. As this Minister does not always hold the same portfolio, as per an Order-in-Council, federal participation in the Initiative has been situated in various departments since its inception, as shown in Table 1.

2. Eligible Recipient: a person, other than TWRC, who, in respect of any Project, is identified in Schedule A of the Contribution Agreement as the person responsible to carry out that project.

3. Treasury Board of Canada Secretariat, *Results-based Management and Accountability Framework*, p. 4.

Table 1. Federal government departments responsible for the Toronto Waterfront Revitalization Initiative, 2000–2008

Date	Department	Order-in-Council
October 2000 to March 7, 2004	Transport	2003-1769 2003-1768 2001-0767
March 8, 2004, to February 2, 2005	Human Resources and Skills Development	2004-0167 2004-0166 2004-0165
February 3, 2005, to February 5, 2006	Citizenship and Immigration	2005-0136 2005-0135 2005-0134 2005-0133
February 6, 2006, to January 3, 2007	Treasury Board Secretariat	2006-0076 2006-0075 2006-0074 2006-0073
January 4, 2007, to present	Environment	2007-0015 2007-0014 2007-0013 2007-0012

2.2 Roles and Responsibilities

2.2.1 Federal TWRI Secretariat

A federal TWRI Secretariat manages the federal component of the TWRI on behalf of the federal government. The Director of the TWRI exercises functional federal authority for the contribution agreements and is responsible for the program management of federally funded projects. The responsibilities of the federal TWRI Secretariat include the following:

Policy Development

- providing overall direction to the program and policy development;
- providing advice and responding to emerging issues;
- preparing Treasury Board submissions and Memoranda to Cabinet.

Program Implementation and Management

- analyzing project proposals and selecting projects;
- negotiating terms and conditions for project funding through contribution agreements;
- ensuring project monitoring and review.

Coordination

- enhancing intergovernmental and federal interdepartmental relations;

- ensuring that the federally funded TWRI projects adhere to the *Canadian Environmental Assessment Act*;
- implementing communication strategies.

The federal TWRI Secretariat was established at the department of Human Resources and Skills Development Canada (HRSDC) in 2005, and was later transferred to Citizenship and Immigration (CIC), Treasury Board Secretariat (TBS) and, finally, to Environment Canada.

2.2.2 Toronto Waterfront Revitalization Corporation

To oversee the planning and implementation of the TWRI, the three governments established the Toronto Waterfront Revitalization Corporation (TWRC), a corporation under its own provincial legislation, the *Toronto Waterfront Revitalization Corporation Act, 2002*, which came into force in May 2003. In 2007, the TWRC was renamed Waterfront Toronto for communications purposes, remaining the TWRC under its Act. The mandate of the TWRC is to oversee an estimated \$17 billion revitalization effort over approximately 30 years.⁴

The specific objectives of the TWRC are:

- to implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and creates an accessible and active waterfront for living, working and recreation, and to do so in a fiscally and environmentally responsible manner;
- to ensure the ongoing development in the designated waterfront area can continue in a financially self-sustaining manner;
- to promote and encourage the involvement of the private sector in the development of the designated waterfront area;
- to encourage public input into the development of the designated waterfront area; and
- to engage in such activities as may be prescribed by regulation.

The TWRC Act sets out the operating parameters of the Corporation, including its objects, structure, and limitations. For example, the corporation may not borrow funds without the approval of the three orders of government or through provincial regulation. The Act specifies that the corporation is not an agent of any level of government and is governed by a Board of Directors. Each level of government can appoint up to four members to the Board, and jointly appoint the chair of the Board.

2.2.3 Intergovernmental Steering Committee and Operations Working Group

Governmental oversight for the TWRI is provided through the Intergovernmental Steering Committee (IGSC), which was established in October 2000. The IGSC is intended to provide a focal point for intergovernmental management and coordination of the TWRI. The TWRC reports its progress to the IGSC. The IGSC membership consists of:

- a Deputy Minister designated by the federal department;

4. Toronto Waterfront Revitalization Corporation. *Development Plan and Business Strategy*. p. 6.

- the Deputy Minister and Assistant Deputy Minister, Public Infrastructure Renewal (PIR), Government of Ontario; and
- the City Manager and Deputy Manager, City of Toronto.

Meetings are convened on a quarterly, or as needed, basis. Working groups reporting to the IGSC have also been established as needed.

The IGSC established an Operations Working Group to be responsible for ensuring sound program management of TWRI contribution agreements. Chaired by the federal TWRI Secretariat and composed of program officials from the three orders of government, this working group meets quarterly to ensure a coordinated approach to contribution agreement management; contribution agreement compliance with respective governmental and departmental policies, procedures and legislation; and coordination and information sharing with respect to TWRI audit and evaluation activities. It also serves as a forum for information and best practices sharing and provides recommendations and advice to the IGSC.

The three orders of government and the TWRC also hold monthly teleconferences to help coordinate and manage TWRI activities.

3.0 EVALUATION DESIGN

3.1 Purpose and Scope

The scope and design of the *Evaluation of the Federal Government's Participation in the Toronto Waterfront Revitalization Initiative* was based on preliminary work undertaken by the federal TWRI Secretariat, including the existing October 2006 Results-based Management Accountability Framework (RMAF). The evaluation matrix used to inform the evaluation design of this study is presented in Annex 1 of this report.

The evaluation assessed the relevance, success, design, delivery and cost-effectiveness/alternatives of the federal component of the TWRI since its commencement in 2000–2001. The evaluation was designed to determine whether the initiative is:

- being aligned with the federal government's priorities (relevance);
- being effectively delivered (design and delivery);
- using the most appropriate and efficient means to achieve its outcomes (cost-effectiveness/alternatives);
- achieving its intended outcomes with a focus on immediate outcomes (success); and
- on track to achieving its intermediate and ultimate outcomes (success).

The scope of the evaluation was the approximately \$410 million commitment of the federal government to the TWRI.

3.2 Evaluation Approach and Methodology

The *Evaluation of the Federal Government's Participation in the Toronto Waterfront Revitalization Initiative* was undertaken using multiple research activities. These activities included a document/literature review, research into comparison sites, a file review, key informant interviews, a survey of businesses, and focus groups with community stakeholders and residents. Each of these activities is described in the following sections.

3.2.1 Document and Literature Review

Members of the project team conducted a review of existing documentation from the three orders of government, the TWRC and other sources. The document and literature review was designed primarily to address the following research questions:

- Is the TWRI consistent with federal priorities?
- Has the TWRC been an effective mechanism for implementing the TWRI?
- Has the TWRI demonstrated value for money? Are there alternative delivery structures that would have been more effective or cost-effective?
- Does the TWRI duplicate the work of other organizations and/or share similar objectives?

Numerous documents were also used to help assess the success of the TWRI, including the extent to which projects had resulted in expected outcomes.

The documents reviewed included:

- performance documents (e.g., Results-based Management and Accountability Framework, Risk-based Audit Framework);
- policy documents (Treasury Board submissions, Memoranda to Cabinet, Speeches from the Throne, departmental documents);
- performance reports (progress reports, annual reports);
- environmental assessment reports;
- corporate planning documents (precinct plans); and
- audits and other relevant documents.

In addition to government and TWRC documents, the consultant reviewed studies and research on the Toronto waterfront revitalization.

Extensive documentation on the TWRI was provided by the federal TWRI Secretariat at the commencement of the project. Further documentation was identified during key informant interviews with stakeholders from the three orders of government and the TWRC, as well as with experts in waterfront development. Annex 2 contains a list of documents that were consulted.

3.2.2 Research into Comparison Sites

The consultant undertook a review of other waterfront revitalization initiatives in other jurisdictions. Alternative initiatives were examined in order to provide points of comparison for the evaluation issues/indicators. Major evaluation questions addressed in the review included the following:

- Is the Toronto Waterfront Revitalization Initiative consistent with federal activities in other areas of Canada?
- What are some potential alternative delivery models?

This review examined waterfront revitalization initiatives in Halifax and Winnipeg (at the Forks), as well as initiatives outside of Canada, including London, United Kingdom, and Sydney, Australia. Comparison sites were selected based on the availability of information and the comparability of the sites with the TWRI. This review of other initiatives was also informed by a report prepared in 2004 for the TWRC by Mercer Delta Organizational Consulting and entitled *Review of Alternative Governance Structures and Delivery Models*. Documents related to comparison sites were accessed through Internet searches and through telephone and email contact with stakeholders from the sites, as available.

3.2.3 File Review

In addition to a document and literature review, the consultant undertook a review of TWRI project files. The file review included a review of federal TWRI Secretariat and TWRC project files for 28 federally funded projects, representing a total of 32

contribution agreements. File reviews included reviews of the contribution agreements and project activity reporting, as well as communication material and correspondence related to project activities, as identified. File reviews were undertaken using a structured guide that listed the relevant evaluation data to be captured. The major evaluation issues addressed in the file review included the extent to which the TWRI projects:

- have been successfully implemented and completed;
- resulted in increased economic development/economic opportunities;
- demonstrated sound environmental processes in revitalization approaches;
- fostered greater community awareness and participation in waterfront planning and implementation;
- resulted in increased accessibility and usage of the waterfront area;
- resulted in the revitalization of urban infrastructure; and
- resulted in improved environmental management in the waterfront area.

3.2.4 Key Informant Interviews

In order to gather in-depth information on many of the central evaluation questions and to supplement information collected through the document and file review, the research team conducted key informant interviews with representatives from the following groups:

- federal public servants with previous TWRI experience ($n = 2$);
- federal TWRI Secretariat staff ($n = 4$);
- members of the TWRC Board of Directors and Board staff ($n = 9$);
- members of the Intergovernmental Steering Committee (IGSC) and members of the Operation Working Group from the City of Toronto and the Province of Ontario ($n = 7$); and
- experts on issues associated with the revitalization of the Toronto waterfront (i.e. urban and regional planners, environmental experts, stakeholder from the Toronto and Region Conservation Authority) ($n = 3$).

The interview sample was developed in consultation with Environment Canada in order to include a range of stakeholders knowledgeable about the TWRI and Toronto waterfront revitalization generally. While interviews were undertaken with all targeted stakeholder groups, some potential respondents were not available, including some members of the TWRI IGSC. However, completed interviews provided a broad range of perspectives on the TWRI.

Interviews were undertaken using semi-structured key informant interview guides, customized for each respondent group (including three separate guides for federal Toronto Waterfront Revitalization Initiative Secretariat members, other Initiative stakeholders outside the federal government, and academic experts). The guides were customized to ensure that respondents were asked to provide input on evaluation issues that matched their areas of knowledge. Interviews were undertaken in person or by telephone, depending on the availability and preference of the respondent.

Additional contact was also made with a representative of the City of Toronto's Planning Division in order to obtain data related to employment and land-use in the waterfront

area, and with the federal TWRI Secretariat's environmental assessment consultant for information related to the environmental assessment process.

3.2.5 Survey of Businesses

A survey was conducted of businesses operating in the Toronto waterfront area. The survey addressed issues related to the impact of the TWRI, including:

- the extent of awareness/participation in the planning and implementation of TWRI projects; and
- the increased economic development/economic opportunities resulting from the TWRI.

The survey questionnaire was pre-tested to ensure that questions were clear and generated the intended information, and that the order and flow of questions was appropriate.

The sample was developed using the infoCanada database of businesses. While the sample included businesses from all types of industries, it included an over-sampling of businesses more likely to be affected by waterfront revitalization activities, including retail and service industry businesses. Geographic parameters were established prior to sampling to ensure that the survey targeted those businesses that operated in the waterfront area. The following forward sortation areas (FSAs), derived from the first three characters of postal codes, served as the boundaries for the sample: M4M, M5A, M5E, M5J, M5V, M6K, M5W. (A map showing the location of these FSAs is provided in Annex 4). The valid response rate for the survey was 25%, which is comparable to response rates in other business surveys undertaken by the research consultant.

Analysis included the examination of statistical significance of survey responses by industry groups and for different areas of the waterfront, using chi-squares.

3.2.6 Focus Groups

Focus groups were moderated with a sample of residents and representatives of community organizations (citizens' groups, housing organizations, environmental stakeholders). Three focus group sessions were held, including two in which the focus groups comprised residents of the waterfront area (with seven participants in each group) and one in which the focus group participants were members of community and neighborhood associations in the waterfront area (with 13 participants representing 12 different organizations). Focus groups were hosted at dedicated focus group facilities, and discussions were audio- and video-taped. Analysis of focus group feedback consisted of summaries of the responses obtained in each focus group session, organized by evaluation issue.

The purpose of these focus groups was primarily to provide in-depth qualitative information on selected evaluation issues related to the level and impact of community involvement and interest in the TWRI, and any unintended impacts of the TWRI on residents and the community.

3.2.7 Research Challenges and Limitations

Challenges and limitations for the evaluation project were identified as follows.

Isolating and attributing the results and success of a tri-government funded program/initiative: The TWRI includes the participation of three orders of government and the TWRC. This evaluation, however, focused solely on the participation of the federal government in the TWRI. It was often difficult to isolate the success and effectiveness of the federal component of the TWRI from that of the other participating governments and the TWRC.

Further, the Toronto waterfront is a large area, which has involved a range of stakeholders, activities and types of development. As a result, it was difficult to determine to what extent businesses, residents, and community groups consulted for this evaluation were able to isolate federally funded TWRI activities from other TWRI activities, as well as from non-TWRI activities in the waterfront area.

The direct impact of much of the TWRI work completed to date is difficult to assess: A significant portion of the TWRI projects completed or commenced are related to planning, design or preparation of land for future development. Given the nature of these activities, little of the work completed to date has had a measurable impact on the waterfront area, including on its businesses or residents. As a result, many of the expected outcomes of the TWRI outlined in the federal government's performance strategy for the TWRI—including, for example, increased economic development and increased usage of the waterfront area—cannot be expected to evolve directly from much of the work completed to date. However, some project activities, including the completion of improvements to John Quay and York Quay and the construction of the Western Beaches Watercourse Facility, for example, have resulted in improvements to waterfront usage and accessibility.

4.0 FINDINGS

This section presents the findings of the research with respect to relevance; design, delivery and cost-effectiveness; and success.

4.1 Relevance

To determine the relevance of the federal participation in the TWRI, the evaluation was structured so as to provide insight to the following two questions:

- Is the TWRI consistent with federal priorities?
- Are the projects funded under the TWRI consistent with federal priorities for the Initiative?

Overall, the evaluation found that both the TWRI and its funded projects were consistent with federal priorities, and that there was a demonstrated need for federal funding in the revitalization of the Toronto waterfront.

4.1.1 Consistency of the TWRI with Federal Priorities

Federal participation in the TWRI is consistent with the historic role of the federal government in similar large-scale projects in other Canadian cities. The Government of Canada has a long history of funding infrastructure projects. This has included federal support for recent waterfront revitalization projects in other Canadian cities, including:

- Winnipeg – the federal government contributed equally with the City of Winnipeg and the Province of Manitoba in the \$270-million redevelopment of the Forks; and
- Halifax – between 1975 and 1980, the federal government contributed \$175 million to funding a Nova Scotia Crown Corporation for waterfront revitalization.

Federal government support is also consistent with support from federal governments for similar waterfront revitalization projects in other areas of the world including London, UK.

The federal participation in the TWRI is aligned with current federal priorities. According to the 2007 Speech from the Throne, the federal government of Canada has outlined its commitment to infrastructure funding in order to address its priority of “providing effective economic leadership.”⁵ Another federal priority outlined in the speech is “improving the environment,” which is consistent with the environmental objectives of the TWRI.

Key informants from the TWRC and the three orders of government interviewed for this report felt that there was a demonstrated need for the federal government’s participation in the waterfront revitalization. It was felt that without federal participation, the revitalization would have lacked sufficient financial resources, and would have lacked the credibility and exposure that comes from having all three orders of government involved. In addition, the involvement of all three orders of government was felt to be vital to facilitating effective planning and coordination.

5. Government of Canada, *Strong Leadership*.

Further, several federal departments have held responsibility for a share of the land in the Toronto waterfront area. Properties of direct or indirect interest to the federal government in the Toronto waterfront area have included the Toronto Port and 11 other properties, including holdings by the department of Public Works and Government Services (PWGSC), the department of Fisheries and Oceans (DFO), the department of National Defence (DND), and Canada Post. This land has been estimated to occupy approximately six per cent of the total waterfront land.

While the Toronto Waterfront Revitalization Initiative has been consistent with overall Government of Canada priorities, federal participation in the Initiative has not always been consistent with the responsibilities of the five departments where the Initiative has resided since 2000. Responsibility for the Secretariat currently rests with Environment Canada, whose mandate to preserve and enhance the quality of the natural environment and to protect Canada's water resources is in line with the goals of the Initiative. Since 2002, however, large-scale federal infrastructure funding initiatives have been the responsibility of Infrastructure Canada, a department within the Government of Canada's Transport, Infrastructure and Communities portfolio. Under this portfolio, the federal government has recently launched its infrastructure plan, *Building Canada*, which commits \$33 billion to infrastructure spending from 2007 to 2014. Prior to 2002, the federal investment in infrastructure was centred in the Canada Infrastructure Works Program, which later became Infrastructure Canada.

4.1.2 Consistency of Funded Projects with Federal TWRI Priorities

The original goal of the federal participation in the TWRI was "to position Canada, Ontario and Toronto in the new economy, thus ensuring Canada's continued success in the global economy." The goals also included "the enhancement of the quality of life in Toronto, and the encouragement of sustainable urban development."

Originally, federal government funding was often focused on projects related to transportation infrastructure, as evidenced by funded projects like the Front Street Extension and the Union Station Second Platform, among others.

In January of 2004, then Prime Minister Paul Martin asked Toronto Member of Parliament Dennis Mills to review the progress of the TWRI and to draft a list of immediate deliverables on the waterfront. The findings were presented in Mills' report *Building on the Green Footsteps*. According to the federal government's response to the report "...the main premise of the Mills recommendation package is that the waterfront should be a green and accessible space open to all citizens, and that sports, recreation and culture/tourism should serve as a prime attraction to bring people back to the lakeshore."⁶

In May 2004, the federal government signalled the addition of parks, recreation and public spaces as a funding priority within the federal TWRI, although it continues to fund projects within other waterfront revitalization priorities.⁷ The identification of priority areas by each order of government was designed to guide the planning of future funding allocations.

6. Human Resources and Skills Development Canada, *Federal Government's Response to the Mills Report*.

7. Treasury Board of Canada Secretariat, *Results-based Management and Accountability Framework*, p. 4.

While some of the expected outcomes and performance indicators detailed in the federal government's TWRI RMAF and logic model relate somewhat to these funding priorities, none of the outcomes statements are directly aligned with these priorities. This suggests that some of the outcomes identified in the performance measurement documentation could be revised in light of evolving federal priorities in the TWRI.

4.2 Design, Delivery and Cost-Effectiveness

The design, delivery and cost-effectiveness of the TWRI were examined in relation to the following questions:

- Has the TWRC been an effective mechanism for implementing the TWRI?
- Has the TWRI demonstrated value-for-money?
- Are there alternative delivery structures that could have been more effective or cost-effective?
- Did/does the TWRI duplicate the work of other initiatives and/or share similar objectives?

The evaluation found that the use of a corporation to manage complex revitalization activities is a common and appropriate method, although issues were identified with respect to the timeliness of revitalization activities and the lack of private sector involvement in revitalization activities to date. The TWRI does not appear to duplicate the work of other initiatives, although infrastructure funding by the federal government is generally concentrated within the department of Infrastructure Canada, which delivers funding with partner departments and organizations.

While the use of a contribution program to deliver TWRI funding has resulted in considerable administration on the part of the TWRC, it is not clear that another delivery mechanism would have been an appropriate alternative for the initiative. Further, the federal TWRI Secretariat appears to demonstrate value-for-money. Concerns about the appropriateness of indemnification requirements and the TWRI governance were noted in the research.

4.2.1 Effectiveness of the Corporation as a Way of Implementing the TWRI

A review of alternative delivery models was undertaken for the TWRC in 2004.⁸ In this review, it was found that a corporation model was used in most of the 27 reviewed jurisdictions that undertook large-scale revitalization. As part of this evaluation, the Forks (Winnipeg, MB), Halifax waterfront (Nova Scotia), London Docklands (London, UK) and Sydney harbour (Australia) revitalization activities were further reviewed. The development corporations that coordinate and implement development in these four jurisdictions are described below. Further information on the comparison sites is provided in Annex 5.

- *The Forks North Portage Partnership* was founded by the federal and Manitoba governments and the City of Winnipeg in 1994. The partnership was a merging of two existing corporations, the North Portage Development Corporation—which is owned

8. Mercer Delta Organizational Consulting, *Review of Alternative Governance Structures*, p. 30.

by the Province of Manitoba, the City of Winnipeg and the Government of Canada—and the Forks Renewal Corporation, a subsidiary of the North Portage Development Corporation.

- *Waterfront Development Corporation Limited* is a provincial Nova Scotia Crown Corporation, established in 1976 with the mandate to champion provincial interest for lands and waterlots owned by the Corporation around Halifax Harbour and Bedford Basin.
- *The London Docklands Development Corporation* was an urban development corporation, the second to be established by the British government under the *Local Government, Planning and Land Act 1980*.
- *Sydney Harbour Foreshore Authority* was formed in 1999 and is under the authority of the Minister of Infrastructure and Planning in New South Wales, Australia.

Similar to the TWRC, development corporations in Halifax and Winnipeg were provided with federal funding when first established. The London Docklands development project was also funded through its central government through a £1.86-billion investment from the British government.⁹

Clearly the use of a development corporation, with initial federal funding, is a common method for managing complex revitalization activities. Further, the use of such an entity has helped to alleviate the historic barriers to waterfront revitalization identified in the Toronto Waterfront Revitalization Task Force report of 2000. These barriers included a lack of an agreed vision among governments and the public on the future of the waterfront, and the lack of a vehicle for the comprehensive management of renewal. TWRC activities have been effective at engaging the public and building a public dialogue and vision for the waterfront, and the TWRC is an appropriate vehicle for moving forward with that vision.

The TWRC has faced significant challenges resulting from the complexity of revitalization activities involving multiple governments and a range of other stakeholders in the waterfront area. This has resulted in delays in the development of contribution agreements, as well as in the commencement or completion of projects. The three orders of government are working with the TWRC to develop practices and processes that are intended to improve the pace of revitalization, and improve project and financial management.

This evaluation also noted some concern with respect to TWRC governance. Key informants interviewed for this evaluation, as well as the review of TWRC governance structures undertaken by Mercer Delta Organizational Consulting in 2004, noted the risk of the politicization of the TWRC Board of Directors through the ability of the provincial and municipal governments to appoint elected politicians as members. The federal government, according to the *Toronto Waterfront Revitalization Corporation Act, 2002*, is not able to appoint elected political officials. This results in a degree of asymmetry between the three governments and the TWRC.

Generating Revenue and Private Investment

9. £1.86 billion is equivalent to approximately \$3.78 billion (2008) Canadian dollars.

The original task force report estimated the total costs for the renewal of the waterfront at approximately \$12 billion,¹⁰ and the TWRC later estimated renewal would cost approximately \$17 billion over 30 years. The three governments have committed \$1.5 billion, leaving a sizeable gap for the TWRC to bridge through revenue-generating activities or by utilizing private sector investment.

To date, federal funding for the TWRC has not resulted in the leveraging of private sector funding for waterfront revitalization. This was noted in the value-for-money audit and organizational review of the corporation commissioned by Oliver Wyman (Delta Organization and Leadership Ltd.) in partnership with Horwath Orenstein LLP, released in 2007.¹¹ In June 2007, the City of Toronto made the release of 2008 City of Toronto TWRI funding conditional on the TWRC developing a revenue-generating strategy and on the endorsement of the strategy by the IGSC. The TWRC is currently developing its revenue strategy.

Interviews with stakeholders indicated that the TWRC expects to generate the majority of its revenue through land sales. In the case of brownfields (where expansion or redevelopment is complicated by contamination), concerns about cleanup liability pile on top of other burdens (such as old infrastructure).¹² This can make waterfront development a particularly risky venture for private investors. The TWRC's approach to enticing private sector interest was said to involve the absorption of some of these risks by making initial investments in infrastructure, flood protection, soil remediation, parks and open space, and planning and zoning.

According to the TWRC's *Development Plan and Business Strategy*, it is estimated that the government will receive an annual rate of return on its investment in the order of 14%. It is expected that the waterfront revitalization will attract an additional \$13 billion in private sector investment over a 30-year timeframe.¹³

Some initial activity in this area was noted. The TWRC is working to finalize the design plan for a major new office and broadcast headquarters for Corus Entertainment. It is expected that this project will spur further private sector interest and development in the East Bayfront area.

Until recently, the TWRC, under its Act, was restricted in its powers to generate revenue. The Act stated that the Corporation could not borrow money or raise revenue unless it had the consent of the federal government, the provincial government, and the City of Toronto or unless it was authorized to do so by a regulation. This restriction to raise revenue was substantially eliminated in 2007.

Other development corporations that were reviewed for this evaluation were highly successful in generating revenue and private investment in the long term. For instance, Waterfront Development Corporation Limited in Halifax received \$1.6 million in private investments in 2004, compared to a public investment of \$2.3 million. Its goal is to generate a return of \$20 to the province for every \$1 spent by the corporation. Additionally, according to an economic impact study conducted for the Halifax corporation, the net economic impact of the Waterfront Development Corporation Ltd. in

10. Toronto Waterfront Revitalization Task Force, *Our Toronto Waterfront*, p. 63.

11. Oliver Wyman, *Value-for-Money Audit*.

12. Wernstedt, pp. 347–369.

13. Toronto Waterfront Revitalization Corporation, *Our Waterfront*.

2001 was estimated at \$89.6 million in household income and \$144 million in gross domestic product (GDP).¹⁴ The majority of the corporation's revenue flows from the leasing and sale of land and commercial space. The London Docklands development also generated sizeable private investments. The £200-million Lewisham extension was funded entirely by the private sector, and the London Docklands Development Corporation (through its £1.86-billion investment of public money) leveraged £7.2 billion of employment-generating private investment (hotels, restaurants, shops, factories, print works, offices, leisure facilities) from 1981 to 2001.¹⁵ The London Docklands Development Corporation has also generated over £4.7 million from land sales over its 18-year history.

It should be noted, however, that development corporations reviewed for this evaluation did not immediately attract private sector involvement in revitalization. For instance, it took the Waterfront Development Corporation in Halifax approximately 10 years to leverage significant private funds, and a similar timeframe was evidenced in the Forks development in Winnipeg. The £200-million Lewisham extension in the London Docklands (one of the first major infrastructure projects that was wholly funded by the private sector in the area) did not begin construction until 1996, 16 years after the corporation's establishment.¹⁶

4.2.2 TWRI Governance

Governmental oversight for the TWRI is provided through the Intergovernmental Steering Committee (IGSC). The IGSC established an Operations Working Group to manage TWRI contribution agreements across the three orders of government.

The review of the governance structures and delivery models undertaken in 2004 by Mercer Delta Organizational Consulting noted a lack of clarity and definition regarding the role of the IGSC.¹⁷ Key informants interviewed for this evaluation also noted that the IGSC has not been an effective venue for government oversight of the TWRI. This was felt to be the result of the infrequency of meetings and the frequent changes in membership because of changes in senior federal management. However, key informants were positive about the extent to which the Operations Working Group had fulfilled its mandate of overseeing the coordination and management of contribution agreements.

4.2.3 Indemnification

According to Treasury Board of Canada Secretariat's *Policy on Transfer Payments*, all contribution agreements must include an indemnification clause.¹⁸ An indemnity clause is a provision where one party undertakes to accept any responsibility for losses or damages another party may suffer or be liable for. This usually refers to the obligation to pay money to compensate for damages suffered by a first or third party.¹⁹ In the case of the TWRI, the indemnity clause (clause 25) ensures that the Crown (the federal government) is secured against future loss, damage, or liability when it enters into a

14. Canmac Economics, *Waterfront Development Corporation Limited*.

15. London Docklands Development Corporation, *Regeneration Statement*.

16. London Docklands Development Corporation, *Employment Monograph*.

17. Mercer Delta Organizational Consulting, *Review of Alternative Governance Structures*.

18. Treasury Board of Canada Secretariat, *Policy on Transfer Payments*.

19. Treasury Board of Canada Secretariat, *Frequently Asked Questions*.

contribution agreement with the TWRC. However, the TWRI contribution agreement template includes two additional sub-clauses (12.3 and 12.4) that hold eligible recipients and third party contractors contracted by the TWRC responsible for any claims, liabilities and demands resulting from injury, damage or loss of property.

According to key informants, the inclusion of clauses 12.3 and 12.4 stemmed from the perceived higher degree of risk associated with initial TWRI projects, given the youth and small size of the TWRC during the early stages of the TWRI.

Several key informants noted that these additional indemnification requirements have been problematic. Third parties being contracted by the TWRC to undertake TWRI projects were said to have sometimes charged premiums to cover the liability requirements, while other contractors have refused to agree to these indemnification requirements.

In late 2006, the TWRC commissioned a review and report on strategies for managing the operational risks of the Toronto waterfront revitalization. The report set forth recommendations for moving forward on amending the risk management between the three orders of government and the TWRC. The TWRC and its government funders are working to modify current indemnification requirements.

4.2.4 Extent to Which the TWRI has Demonstrated Value for Money

At the time of this evaluation, the federal TWRI Secretariat, headed by a Director, consisted of 12 full-time equivalent positions. In 2006–2007, it cost the federal TWRI Secretariat two cents of operations and maintenance (O&M) expenses to deliver every dollar of contribution funding. For the total of the years 2004–2005 to 2006–2007, it cost three cents to deliver every dollar (Table 2).

Table 2
TWRI Secretariat Financial Expenses – O&M and G&C Expenditures^a

Year	O&M	Grants and Contributions
2001–2002	O&M expenditures were cash-managed by the respective departments and not tracked separately for the TWRI.	\$500,000
2002–2003		\$5,200,000
2003–2004		\$6,177,365
2004–2005	\$690,178	\$15,588,910
2005–2006	\$764,761	\$32,274,039
2006–2007	\$622,793	\$31,450,174
2007–2008	\$671,397	\$ 32,664,347
Total: 2004–05 to 2007–08	\$2,749,129	\$123, 854,835

^a Source: Federal TWRI Secretariat, Environment Canada

For comparison, the ratio of O&M to G&C expenditures was calculated for the department of Infrastructure Canada. Based on its expenditures for 2006–2007, it cost two cents for the department to deliver each dollar of infrastructure-funding.²⁰ It should

20. Infrastructure Canada, *2006-2007 Departmental Performance Report*.

be noted that there are limitations to this comparison. For example, while Infrastructure Canada delivers grants and contributions under a series of different funding programs, this funding is implemented through assistance from other federal agencies, depending on the project. Ongoing monitoring is a shared responsibility between Infrastructure Canada and its implementation partner, whereas the federal TWRI Secretariat is solely responsible for monitoring contribution agreements with the TWRC. In this context, the ratio of O&M to G&C expenditures within the federal TWRI Secretariat appears to be cost-effective.

4.2.5 Delivery Structure

Current Delivery Structure

The use of a contribution program to deliver TWRI funding has allowed the federal government oversight of its funding contribution, including control of how the funding is spent and the ability to monitor progress towards achieving the expected funding results. As revitalization plans and project implementation have proceeded incrementally, the use of contribution agreements has ensured that projects are funded incrementally through consecutive agreements and according to their terms and conditions.

TWRI projects are currently funded by the federal government through contribution agreements with the TWRC. Projects may consist of separate agreements for planning and design, environmental assessments, and/or implementation components. At the time of the evaluation, the federal government had 32 contribution agreements with the TWRC, with a total value of approximately \$231 million. As illustrated in Table 3, the amount of federal funding being spent increased significantly in 2005–2006 and 2006–2007 as many projects began to move from the design/planning phase to implementation.

Table 3
TWRI Contribution Agreement Financial Summary^a

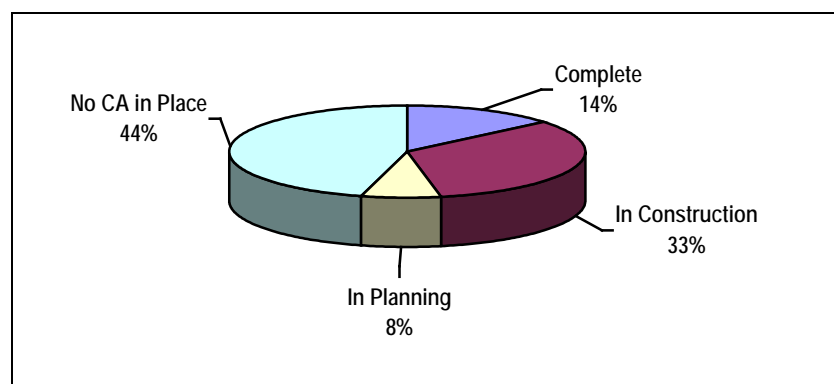
Maximum federal funding		\$410,000,000
Federal funding by year	2001–2002	\$500,000
	2002–2003	\$5,200,000
	2003–2004	\$6,177,365
	2004–2005 ^b	\$16,279,088
	2005–2006 ^b	\$33,038,800
	2006–2007 ^b	\$32,072,967
	2007–2008 (end of Q3)	\$33,335,744
Total federal funding expended to date		\$126,603,964
Total federal funding remaining		\$283,396,036
Amount remaining in 2007–2008 reference level (end of third quarter)		\$50,392,651
Forecasted expenditure 2008–2009		\$233,003,385

^a Source: Federal TWRI Secretariat, Environment Canada

^b Includes operating expenses. Operating expenses from 2001–2004 were cash-managed by the respective departments.

At the time of the evaluation, there were no contribution agreements in place for approximately 44% of the federal government's investment in the TWRI. Figure 1 illustrates the extent to which planned funding has been allocated.

Figure 1
Distribution of Federal Government Investment in TWRI Projects by Completion Status^{a, b, c}



^a Source: Federal TWRI Secretariat, Environment Canada

^b Federal amount allocated in the 2007–2008 tri-governmental long-term funding plan: \$410 M

^c Percentages may not total 100% due to rounding

The development of contribution agreements has taken considerable time. Many key informants noted that the process of the TWRC developing contribution agreement proposals, often for funding from more than one government, has been slow and has resulted in considerable delays in commencing revitalization activities. Key informants also noted that the process of contribution agreements obtaining ministerial approval has, at times, required considerable time. As noted in the recent Independent Blue Ribbon Panel on Grants and Contribution Programs, this is a common concern with many contribution programs.²¹

Many of the particular challenges to the use of a contribution program for the TWRI have resulted from the relatively large number of agreements, and the involvement of multiple government funders. This inherent complexity appears to have been exacerbated by the fact that the TWRC has required time to establish and develop its human resources and operational capacity. The government approval process for contribution agreements has been perceived by key informants to have, at times, lengthened the time required to commence projects. The TWRC and its three government funders have developed a work plan to improve the process's timeliness and effectiveness in the future.

Further, a Tri-government Long-term Funding Plan was developed and approved by all orders of government to allocate the majority of each government's \$500 million commitment. The three orders of government reviewed the Long-term Funding Plan in 2006 and 2007 to reflect current realities. The development of a long-term funding plan, with milestones and priorities, was undertaken to provide a roadmap for future funding to the TWRC.

21. Treasury Board of Canada Secretariat, *From Red Tape to Clear Results*.

Currently, federal contribution agreements cannot exceed \$10 million without Treasury Board approval, despite the federal TWRI Secretariat's efforts to have the threshold removed in 2007. This threshold may act as a hindrance to the efficient delivery of the remaining federal funding before the current federal sunset date of 2010–2011. Given the existence of a Long-term Funding Plan, it may be possible to allocate future TWRI funding through larger value contribution agreements in order to reduce the number of separate contribution agreements, while still ensuring federal oversight of project funding. In light of the plan and considerable federal oversight of contribution agreements through the Operations Working Group, the appropriateness of the \$10 million should be re-examined.

Alternative Delivery Mechanisms

As outlined in the TBS Policy on Transfer Payments, transfer payments can be undertaken through contributions, grants and other transfer payments. All types of transfer payment programs require meeting TBS guidelines on due diligence. Contributions are subject to being audited and accounted for, whereas grants are not, although grants may be verified for eligibility and entitlement and grant recipients must meet specified pre-conditions. Other transfer payments are payments based on legislation or on arrangements such as a formula or schedule, and include transfers to other orders of government such as used for equalization payments.

Numerous key informants at the TWRC suggested that federal government funding for the TWRI be undertaken through grant funding. Grants do not require as significant a degree of accountability and reporting, and would allow funds to be allocated in different ways as projects evolve. Grants could be utilized for a "block" funding approach to revitalization of the waterfront, rather than project-specific funding as is currently practiced through contribution agreements. Key informants had different ideas on how a grant funding approach could be undertaken. However, it should be noted that according to TBS policy, all assistance to a recipient's capital projects must be in the form of a contribution, not a grant, unless otherwise approved by the Treasury Board.²² Further, given the considerable time that TWRI funding has been delivered through a contribution program, it is not known to what extent the use of grant funding at this stage could result in faster revitalization activities. New processes would have to be developed to administer a grant program, and, as noted in the Independent Blue Ribbon Panel on Grants and Contribution Programs, grant programs can require similar administrative requirements as contribution programs.²³

4.2.6 Duplication

Currently, the TWRI is the major vehicle for Toronto's waterfront revitalization. No major duplication was noted with other initiatives in the area.

Federal infrastructure programs and issues are the primary responsibility of Infrastructure Canada. Situating the federal TWRI Secretariat within other departments has separated the program from other federal infrastructure programs, and has resulted in the Secretariat being housed in departments with dissimilar objectives and mandates. As one

22. Treasury Board of Canada Secretariat, *Policy on Transfer Payments*.

23. Treasury Board of Canada Secretariat, *From Red Tape to Clear Results*.

key informant noted, "Environment Canada is a better fit than other departments, but it is not the best fit."

Infrastructure Canada has an array of funding programs for infrastructure, many of which have included funding for parks and waterfronts. This includes the Canada Strategic Infrastructure Fund (CSIF), which has funded infrastructure projects similar to that provided through the TWRI. For example, in 2004, the CSIF provided \$60 million to assist in the clean up of Halifax Harbour. In the same year, an announced commitment of \$47.5 million was made for development of public infrastructure at Mont Tremblant, including roadways, waterworks and sewer systems, sidewalks and multifunctional paths (cross-country skiing, cycling, hiking, etc.). Similar to the floodplain developments for the Lower Don in Toronto, the CSIF provided \$40 million in federal funding to remediate the floodplain where the Assiniboine and Red rivers merge into Lake Winnipeg. Further, in 2004, \$65 million of TWRI funds were transferred to Infrastructure Canada under the CSIF for improvements to GO Transit in Toronto.

Additionally, Infrastructure Canada's *Building Canada* plan will commit approximately \$33 billion for provincial, territorial and municipal infrastructure between 2007 and 2014. The Spadina Subway Extension in Toronto is planned to receive federal dollars through the Building Canada Fund, a targeted infrastructure program through the *Building Canada* plan. Additional base funding is provided to provincial governments through the provincial/territorial component of the *Building Canada* plan. Terms and conditions have yet to be developed for the program but staff at Infrastructure Canada suggested that the plan may operate as a contribution program with maximum federal funding per project set at \$20 million.

4.3 Success

The success of the TWRI was examined in relation to the following evaluation questions:

- To what extent have the TWRI projects been successfully implemented and completed?
- To what extent has the TWRI resulted in increased economic development / economic opportunities?
- To what extent has the TWRI implementation demonstrated sound environmental processes in revitalization approaches?
- To what extent has the TWRI fostered greater community awareness and participation in waterfront revitalization planning and implementation?
- To what extent has the TWRI resulted in increased accessibility and usage of the waterfront area?
- To what extent has the TWRI resulted in the revitalization of urban infrastructure?
- To what extent has there been improved environmental management in the waterfront area as a result of the TWRI?

The evaluation found that while the TWRI had made progress in planning, design and land preparation, major work in implementing construction activities was only beginning to be carried out by the TWRC. Some initial construction projects are completed or in

progress, largely related to the federal funding priorities of public parks and recreational spaces. As a result, the outcomes explored here do not cover all those identified in the TWRI logic model; a more comprehensive exploration of expected outcomes should be undertaken, once the implementation phase is completed.

The evaluation found that revitalization has demonstrated sound environmental processes, and was resulting in improved environmental management in the waterfront area. The TWRI had also fostered greater community awareness and participation in waterfront revitalization activities, and some preliminary improvements to usage, accessibility and economic activity in the waterfront area were noted.

4.3.1 Extent to Which TWRI Projects Have Been Successfully Implemented and Completed

Project work completed to date has resulted in some progress in revitalization activities. Many of these have involved planning but the focus of TWRI activity is now increasingly shifting to implementation. A full description of individual TWRI projects and their federal funding allocations is provided in Annex 6. Of the 28 funded projects, seven are in the close-out process, including five that are completed projects. These projects include:

- Western Beaches Watercourse Facility project involved the construction of a watercourse that hosted the 2006 International Dragon Boat Federation World Crew Championships in the summer of 2006. The facility is a permanent training and competition venue for Toronto's paddling and rowing community.
- Harbourfront Water's Edge Improvements at John Quay and York Quay involved the construction of boardwalks and finger piers into Lake Ontario, expansion of the water's edge promenade and landscaping work. These improvements were cited by several key informants as a "success story" and as an exemplary project in terms of what can be expected for further developments on Toronto's waterfront. Residents in the focus groups also frequently mentioned these improvements when asked about their awareness of TWRI activities.
- Ireland Park is a project that involved the transformation of a portion of Bathurst St. Quay into a small public park to commemorate Irish famine victims. The federal government contributed \$500,000 to this project. A further \$1.7 million was raised from individual and Irish cultural society contributions and the City of Toronto donated the land. The park became open to the public in June of 2007.
- ShakespeareWorks 1 and 2 projects involved funding for a not-for-profit organization to construct an outdoor summer theatre on Toronto's waterfront. Due to financial difficulties, the theatre is no longer in operation.
- Marine Terminal 27 involved the acquisition of land in order to eventually establish a public park or other public space at the foot of Yonge Street.
- United Nations University for Peace was planned to be developed to offer two Master's level teaching programs on peace education and human security. A federal government decision was made to terminate this project in August 2006.

Further, a feasibility study related to the potential construction of a Discovery Centre has been completed. Following the completion of the study, the federal government decided not to proceed with construction of the centre. The Discovery Centre was the subject of

opposition among some community members, including the community group “Friends of the Spit,” largely due to what was considered its disproportionately large size for its proposed site.

In addition to completed projects, several large public spaces and parks are currently in construction and are planned for completion in 2008. These include:

- Spadina Head of Slip in the central waterfront is a 700-m² undulating wood pedestrian deck.
- Mimico Waterfront Linear Park (phase 1) involves the extension of the Waterfront Trail, the creation of a sheltered embayment, installation of a sand dune feature and cobble beaches, and enhancement of terrestrial and aquatic habitats.
- Transitional Sports Fields in the Port Lands involves the construction of two regulation sports fields on the south side of Unwin Avenue. With a life of about 10 years, these sports fields are considered transitional; permanent facilities will be built in the same area and within the boundaries of the future Lake Ontario Park.
- Port Union Waterfront Improvements. Phase 1 was completed in 2006 and improvements included shoreline, aquatic and terrestrial habitat improvements, five cobble beaches, a bridge over the mouth of the Highland Creek, a pedestrian tunnel at Port Union Village Common and 1.4-km trail link. Phase 2 will extend the park eastward from the Rouge Hill GO station to the mouth of the Rouge River.

Timelines for project deliverables are outlined in contribution agreements with the TWRC, with project timelines also outlined in TWRC planning documents. In many cases, the completion of TWRC projects has not proceeded as originally planned. For example, construction of a second subway platform at Union Station to alleviate passenger congestion was first proposed in 2002 and was to be completed in 2008. Work on the platform is now scheduled for completion in 2011.²⁴

Project schedule overruns have been the result of a number of factors. Primarily, it would appear that the length of time required to complete projects has been consistently underestimated, a point noted by several key informants in interviews. Further, the nature of multi-governmental funding agreements is inherently complex, requiring significant time. A challenge for the TWRC has been addressing the demands of its three government funders, each with its own funding management requirements. Projects have also involved extensive stakeholder and public consultations. Further, tri-governmental environmental assessments for more complex projects can take considerable time to complete. In addition to the time necessary for the fulfilment of these various project requirements, key informants also noted a number of delays stemming from stalled negotiations over land acquisition and indemnity requirements. The additional indemnity requirements for contractors working on TWRI projects were said to have complicated the bidding process, and were perceived to have resulted in some delays to project work.

A 2007 Value-for-Money Audit and Organizational Review commissioned by the TWRC Board of Directors made specific recommendations aimed at improving the timeliness of project development, implementation and management. The recommendations included additional staff at the TWRC to deal with the current and expected volume of work.²⁵

24. Toronto Waterfront Revitalization Corporation and the Toronto Transit Commission, *Toronto Transit Commission Union Subway Station Second Platform*.

25. Oliver Wyman, *Value-for-Money Audit*.

Based on these recommendations, an intergovernmental work plan has been developed that identifies responsibilities and next steps meant to allow the Corporation and the three governments to improve revitalization activities. Among the steps included in the work plan are:

- the development of enterprise-wide systems to support better cost estimating and scheduling at the TWRC;
- meetings of the TWRC and the City of Toronto to improve coordination of activities; and
- the hiring of additional financial analysts at the TWRC.

In 2005, HRSDC undertook an audit in order to determine if the TWRC had complied with the terms and conditions of federal contribution agreements for four priority projects (including the Union Station Second Platform, Portlands Preparation, Front Street Extension, and Lower Don River Environmental Assessments, as well as the Waterfront Toronto Development Plan and Business Strategy) over the period of November 2001 to March 31, 2004.²⁶ The audit noted that not all of the terms and conditions of the contribution agreement had been met by the TWRC, such as \$2 million in unallocated corporate costs (e.g., office overhead, salaries) that were not covered by contribution agreement. The audit also noted that the contribution agreement did not state projected milestones and anticipated dates of achievement, and it noted incomplete or delayed information in the TWRC's Internal Control Framework, including inconsistencies in reporting financial data. The audit also noted projects that were awarded to third-party contractors by the TWRC without a competitive process despite stipulations in the contribution agreements that this be the case for contracts in excess of \$75,000. The federal TWRI Secretariat developed an action plan to respond to these findings, but noted that many of the issues raised in the audit were being addressed at that time with the TWRC as a result of ongoing monitoring of contribution agreements.

4.3.2 Extent to Which the TWRI Resulted in Increased Economic Development and Economic Opportunities

As most of the TWRI project work completed to date has involved planning, design, and environmental assessments, it is premature to assess the full impact of the federal TWRI on economic development and economic opportunities. While some initial positive impacts have resulted from the completion of the Western Beaches Watercourse Facility and other projects, additional work should be conducted to measure the achievements and success of all federal funding once the project implementation phase is completed.

Some preliminary economic impacts of the federal participation in the TWRI have been examined through the evaluation's survey of businesses, from an economic impact study of the Western Beaches Watercourse Facility, and through examining City of Toronto employment data for the waterfront area. Overall, the outcomes of these measures demonstrate that the TWRI has yet to have a significant impact on economic development in the area.

Key informants were generally positive about the potential economic impact of the federal TWRI activities, but felt the impact would be seen following the completion of

26. Human Resources and Skills Development Canada, *Audit of the Toronto Waterfront Revitalization Initiative*.

more significant construction projects. Experts in urban development from academia believed that the TWRI would eventually increase the level of economic activity in Toronto's waterfront area, but concern was expressed by two experts over the absence of an explicit employment strategy for the entire waterfront area. It was felt that commercial development alone was not enough to draw employers to the waterfront.

Brownfields Redevelopment and Commercial Development

Brownfields are defined as “abandoned, vacant, derelict or under-utilized commercial land or industrial properties where past actions have resulted in actual or perceived contamination.”²⁷ The federal government has recognized the economic benefits from brownfield redevelopment: it has identified the potential economic benefits from developing brownfields in its 2001 budget and in 2003 it tasked the National Round Table on the Environment and the Economy (NRTEE) to prepare a National Brownfield Redevelopment Strategy.²⁸ In a separate study conducted by Christopher DeSousa, annual potential public benefits resulting from brownfield development in the Greater Toronto area were estimated at between \$15.6 million and \$31.7 million in 2002 dollars.²⁹ The majority of brownfields in the waterfront area are located in the Port Lands (approximately 285 ha [700 acres]) and at the site of the planned Lake Ontario Park (approximately 325 ha [800 acres]). According to TWRI project files, 3.67 ha (9.08 acres) of brownfields were remediated for the transitional/interim sports fields in the Port Lands. The total area of brownfields that are planned for remediation in the waterfront area is provided in Table 4.

**Table 4
Brownfields Planned for Remediation under the TWRI^a**

	Total Area
West Don Lands	35 ha (90 acres)
East Bayfront	30 ha (80 acres)
Port Lands	285 ha (700 acres)
Lake Ontario Park	325 ha (800 acres)
Total	675 ha (1,670 acres)

^a Source: TWRI and TWRC project files

It is not clear at this point to what extent the federal government's participation in the TWRI will involve brownfield remediation activities. Several planned projects that will involve federal funding, including construction of Lake Ontario Park and the Central Waterfront Public Realm, are located on lands that contain brownfields.

Further, the federal government was involved in funding a Precinct Plan for the East Bayfront area. According to the Precinct Plan, this area is expected to eventually house approximately 185,000 m² (2,000,000 sq. ft.) of commercial space (equivalent to space for 8,000 employees). Precinct planning looks at specific areas of the waterfront to define the location and character of parks, public spaces and promenades, streets and blocks,

27. Hara Associates, *Market Failures*.

28. National Round Table on the Environment and the Economy, *Cleaning up the Past*.

29. DeSousa, *Measuring the Public Costs and Benefits*.

building form and location, transportation and public facilities. It is the final planning step prior to the design and construction stage.

Western Beaches Watercourse Facility

The Western Beaches Watercourse Facility was completed in 2006 and hosted the International Dragon Boat Championships held that same year. According to an economic impact study conducted by the Canadian Sport Tourism Alliance, the event produced considerable economic benefits.³⁰ Surveys were undertaken with visitors, participants and employees to calculate expenditures and average spending amounts.

A total of \$9.4 million in wages and salaries were paid in the Toronto area through the creation of an estimated 177 jobs, with an additional \$5.1 million paid throughout the rest of the province. Overall, the event is estimated to have generated more than \$24.2 million in gross domestic product (new economic activity), of which nearly \$15.5 million occurred in Toronto. The International Dragon Boat Championships also generated sizeable tax revenue, at nearly \$8.7 million, of which \$4.2 million was accrued by the federal government.

City of Toronto Employment Data

Employment data were provided by the City of Toronto (Table 5). These were extracted using the same geographical parameters (by forward sortation area) as the survey of businesses undertaken for this evaluation. For comparison, data were also provided for the entire city of Toronto.

According to this data, employment in the waterfront area remained largely unchanged between 2000 and 2006, with a small decrease in employment and business establishments. This was consistent with the trend seen during the same period for the entire city of Toronto. It is reasonable to assume that TWRI has, as yet, had little impact on employment in the waterfront area.

Table 5. Employment by Year – Waterfront Area and City of Toronto^a

Year	Waterfront Area		City of Toronto	
	Total Employed	Number of Establishments	Total Employed	Number of Establishments
2000	180,170	7,542	1,288,386	73,217
2001	179,914	7,266	1,286,343	72,477
2002	179,503	6,722	1,261,910	72,250
2003	173,440	6,894	1,251,342	71,813
2004	173,249	6,842	1,255,598	71,617
2005	176,023	6,648	1,262,653	71,509
2006	179,503	6,722	1,276,726	72,935
Difference between 2000 and 2006	-667	-820	-11,660	-282
% change, 2000–2006	-0.4%	-10.9%	-0.9%	-0.4%

^a Source: City of Toronto Employment Survey 1997–2006

Economic Impacts based on Survey of Businesses

30. Canadian Sport Tourism Alliance, 2006 IDBF Club Crew World Championships.

A survey of businesses in the waterfront area was undertaken in order to gather perspectives on the perceived impact of the TWRI to date. Consistent with findings from the analysis of City of Toronto data, most businesses felt that the current revitalization initiatives on the Toronto waterfront had not had an impact on their business activities. Given that few construction projects have been completed to date, it is not unexpected that business attribution of positive impacts would not be high at this point.

Relative to other business respondents in other areas of the waterfront, respondents with businesses operating in the John Quay and York Quay area (who said they were aware of TWRI activities) were more likely to state they have seen improvements in their business as a result of waterfront revitalization. However, the difference between John Quay and York Quay business owners and those in the remainder of the waterfront area was more modest when respondents were asked to anticipate future positive benefits as a result of waterfront revitalization. Findings from the business survey, shown in Table 6, include the following:

- The majority of John Quay and York Quay business owners believed that the revitalization was good for their business, with 56% of respondents agreeing or strongly agreeing. In comparison, business respondents in the remainder of the waterfront were slightly less likely to agree, with 47% agreeing or strongly agreeing.
- The largest proportion of business survey respondents in the John Quay and York Quay area anticipated future growth to their business as a result of the revitalization of the waterfront (41% agreeing/strongly agreeing), compared to 36% among business survey respondents in the remainder of the waterfront area.
- Over one-third (36%) of John Quay and York Quay respondents agreed/strongly agreed that the waterfront revitalization had had a positive impact on their business, compared to 17% among respondents in the remainder of the waterfront.
- Over one-third (35%) of business survey respondents in the John Quay and York Quay area, and 32% of respondents in the remainder of the waterfront area, stated that the proposed improvements to the waterfront would increase the number of customers who visited their business.
- Finally, double the percentage of business survey respondents (24%) in the John Quay and York Quay area anticipated an increase in the number of customers as a result of the new parks, promenades and public spaces, compared to 12% among respondents in the remainder of the waterfront area.

Table 6. Business Survey Respondents' Perspectives on the Impact of Waterfront Revitalization^{a, b, c}

	John Quay and York Quay Area			Remainder of Waterfront Area		
	Strongly Disagree/ Disagree	Neutral	Agree/ Strongly Agree	Strongly Disagree/ Disagree	Neutral	Agree/ Strongly Agree
The revitalization of the Toronto waterfront is good for my business.	16%	29%	56% ^a	18%	35%	47%
I anticipate future growth to my business as a result of the revitalization of the waterfront.	36%	23%	41%	40%	24%	36%
The waterfront revitalization has had a positive impact on my business.	30%	34%	36%	29%	54%	17%
The proposed improvements to the Toronto waterfront will increase the number of customers/clients who visit my place of business.	44%	22%	35% ^b	48%	20%	32%
The new parks, promenades and public spaces in the waterfront area have increased the number of customers/clients who visit my place of business.	52%	24%	24%	62%	26%	12%

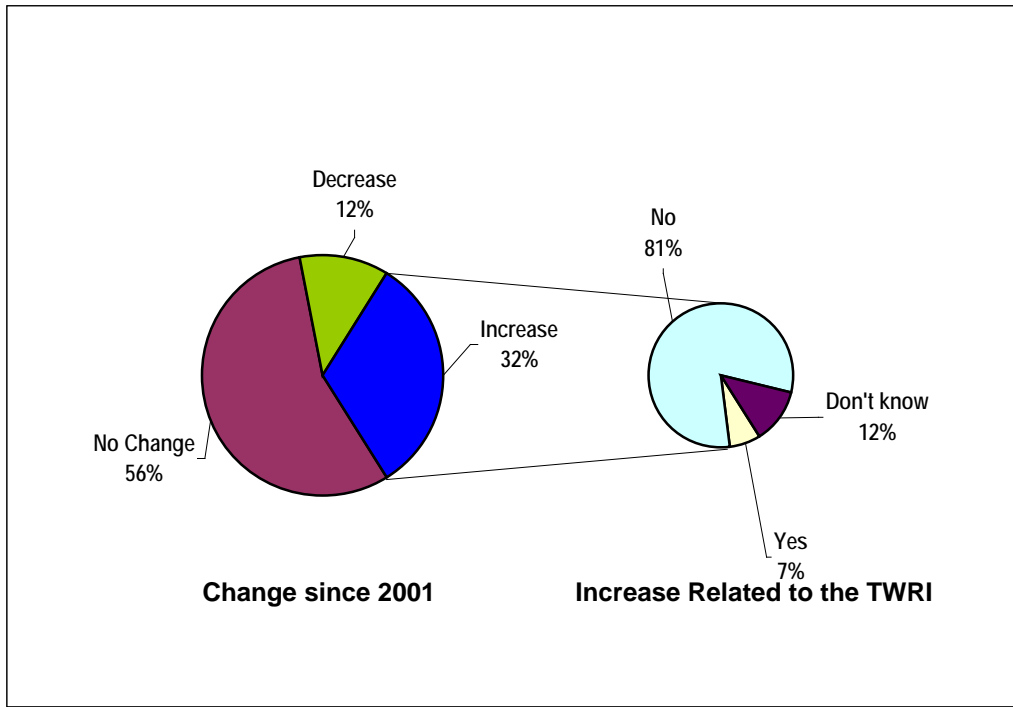
^a Source: R.A. Malatest & Associates Ltd. 2007. Business Survey, Toronto.

^b $n = 166-175$; asked only of those respondents aware of the TWRI

^c Numbers may not total 100 because of rounding.

Business survey respondents were also asked if they had seen a change in their business activities since 2001, and if they felt that this change was the result of TWRI activities. As displayed in Figure 2, 56% of respondents who were aware of the TWRI had not witnessed a change in the number of employees at their business since 2001. About one-third (32%) of respondents claimed that there had been an increase in the number of staff they employ, but only 7% felt that this change was related to the waterfront revitalization efforts.

Figure 2
Changes in Businesses' Employment since 2001 and Extent to Which Changes Were Believed to be Related to TWRI Activities^{a, b}



^a R.A. Malatest & Associates Ltd. 2007. Business Survey, Toronto.

^b n = 57-177

4.3.3 Extent to Which the TWRI Demonstrated Sound Environmental Approaches in Revitalization and Resulted in Improved Environmental Management in the Waterfront Areas

The TWRI has demonstrated sound environmental approaches in revitalization. This is evidenced through the consistent use of an environmental assessment process, through the application of principles of sustainability at the TWRC, and confirmed through focus groups and interviews undertaken for this evaluation. Evidence of planning for improved environment management as a result of the TWRI is demonstrated by projects supporting land intended for flood protection, planning for building units certified as meeting the requirements of the Leadership in Energy and Environmental Design Green Building Rating System (LEED®), development of parklands and green space, and other evidence of the application of principles of environmental sustainability.

Environmental Assessments

Environmental assessments undertaken by environmental professionals (including the Toronto and Region Conservation Authority and private consultants) have been routine components of federally funded TWRI projects. Environmental assessments are undertaken to determine the environmental impact of projects before they are carried out, and to propose ways of mitigating adverse environmental effects. The *Canadian Environmental Assessment Act* (CEAA) requires that the federal environmental

assessment process be applied where the Government of Canada has decision-making authority, whether as a proponent, land manager, source of funding or regulator. In instances where a project requires regulatory approval from other departments (e.g. Fisheries and Oceans as it relates to the *Fisheries Act* or Transport Canada as it relates to the *Navigable Waters Protection Act*), the environmental assessment process becomes housed outside of the federal TWRI Secretariat.

Seventeen environmental assessments have been conducted for federally funded TWRI projects.³¹ These have included environmental assessments for the Harbourfront Centre – John Quay Water's Edge Revitalization, the ShakespeareWorks Theatre Project and the Western Beaches Watercourse Facility. It should be noted that not every federally funded project requires an environmental assessment. Several TWRI projects have been exempt from environmental assessments due to their limited effect on the environment or because they were excluded from assessment under the Exclusion List Regulations, 2007 of the *Canadian Environmental Assessment Act*. Further, projects that are explicitly linked to environmental improvement efforts (for example, shoreline protection, dredging) are exempt from assessment.³²

The environmental assessment process, from the start date to the determination date, lasts about one month for TWRI projects. Generally, the environmental assessment process took longer for those projects that were both provincially and federally funded, as they were subject to assessments by both orders of government. In comparison to the CEEA, the *Ontario Environmental Assessment Act* (OEAA) is more of a planning-oriented process. While CEEA requires the submission of an actual project for assessment, an Ontario environmental assessment is required for all activities, proposals, plans or programs undertaken by a public body.³³ The OEAA therefore encompasses a broader array of initiatives than CEEA.³⁴ As a result of its structure and purpose, the OEAA process can also be lengthier than that of the CEEA.

More complex projects (in terms of their technical nature) such as Tommy Thompson Park witnessed a lengthier and more comprehensive environmental assessment process. There were some concerns voiced over the length of the environmental assessment process: two key informants involved in the TWRI noted that the process considerably lengthened the time required prior to commencing project work. The federal TWRI Secretariat, with the other government funders, has responded to this consideration by strategically planning project funding in order to eliminate, to the degree possible, duplication in federal and provincial environmental assessments.

There have been no compliance orders issued to date for infractions associated with environmental mitigation/risk management strategies and site remediation plans.

Sustainability at the TWRC

31. As of June 2007

32. Subject to a different federal EA process prior to changes in the *Canadian Environmental Assessment Act* in 2003

33. The *Ontario Environmental Assessment Act* applies primarily to public sector proponents including Ontario government ministries and agencies, municipalities, conservation authorities and public sector utilities.

34. L.M. Bruce Planning Solutions, *Environmental Assessment Requirements*.

The TWRC has placed a considerable focus on sustainable and environmentally friendly development approaches. Development undertaken through the TWRC is guided by its sustainability framework.³⁵ Focused around five broad goals, the Sustainability Framework identifies short-, medium- and long-term actions to remediate brownfields, reduce energy consumption, build green buildings, improve air and water quality, expand public transit and develop diverse, vibrant downtown communities. The *Sustainability Framework* promotes many of the policies contained in the federal government's Sustainable Development Strategies 2004–2009.

Further, a sustainability review was undertaken for the TWRC by Swedish experts in 2004. The review assessed sustainability opportunities across the Toronto waterfront, and undertook a sustainability review of the precinct plans for the West Don Lands and East Don Lands. Based on its review, the panel determined that the TWRC's revitalization efforts were "sound, and, in most ways consistent with high standards for sustainability."³⁶ The precinct plans were also felt to be aligned with sustainability principles.

The TWRC has also developed "green" building requirements for developers bidding on waterfront projects. Known as "green specification,"³⁷ some of these requirements include the following:

- all buildings must be designed to rely on the TWRC's district energy³⁸ system;
- all eligible buildings must achieve a minimum Leadership in Energy and Environmental Design (LEED®) Gold certification,³⁹ and
- all buildings over three storeys must include vegetated roofs⁴⁰ with a minimum total area of 50% the gross area of the ground floor. Half (50%) of the area of all parking garage roofs not used for parking or roadways shall be vegetated.

The TWRC has formally endorsed the Toronto Waterfront Aquatic Habitat Restoration Strategy, which is an initiative to promote increased aquatic habitat along the waterfront. Additionally, staff members in the TWRC's Planning and Design, Construction and Development departments have undertaken training to become LEED® accredited professionals.

Experts in urban development interviewed for this evaluation also felt that TWRI projects had demonstrated sound environmental approaches. According to one expert in the field of landscape architecture, the TWRI approach to revitalization has "fundamentally followed the principles of sustainable development." Furthermore, key informants were unanimous in their belief that the waterfront initiative demonstrated sound environmental processes in revitalization efforts. According to one interviewee, sustainability was a "key requirement. [The TWRC sets] standards for sustainability that exceed the norm."

35. Toronto Waterfront Revitalization Corporation, *Sustainability Framework*.

36. Swedish Trade Council, *Sustainability Review*.

37. Waterfront Toronto, *Green Specification*.

38. A highly efficient system of producing heating/cooling systems at a single central utility plant for distribution to other buildings through a network of pipes. Users extract energy from the distribution system for their individual heating and cooling requirements.

39. "LEED® (Leadership in Energy and Environmental Design) gold certification" indicates that the Canada Green Building Council must certify that all buildings achieve mandatory sustainability standards.

40. "Vegetated roofs" or "green roofs" are thin layers of living vegetation installed on top of conventional flat or sloping roofs. Green roofs protect conventional roof waterproofing systems while adding a range of ecological and aesthetic benefits.

Community and neighbourhood organization members who participated in focus groups for this evaluation also generally felt that the TWRI activities had been conducted and planned in a way that was environmentally friendly and promoted sustainability. While some participants voiced concerns over whether the overall vision for the waterfront had achieved the appropriate balance between development and green space, most felt that the work being done was exemplary in terms of its use of environmentally friendly approaches.

Improved Environmental Management in the Waterfront Area

Evidence of improved environmental management for completed federally funded project work is highlighted in Table 7. As shown, this has included significant shoreline restoration and improvements.

Table 7
Evidence of Improved Environmental Management^a

Project Name	Description of Completed Activities
Port Union Waterfront Improvements	<ul style="list-style-type: none"> • Shoreline restoration and improvements to aquatic and terrestrial habitat • Central shoreline composed of new headland beach system known as the "pedestrian node"
Western Beaches Watercourse Facility	<ul style="list-style-type: none"> • Aquatic habitat at Marilyn Bell Park
Port Lands Beautification:	<ul style="list-style-type: none"> • Addition of trees, shrubs, and ground cover to create an attractive and safe, landscaped corridor for pedestrians, bicyclists, and roller-bladers
1. Leslie/Unwin/Cherry streets	
2. Cherry Beach	<ul style="list-style-type: none"> • New landscaping and the construction of a trail to Cherry Point, an overall clean-up of the area, installation of proper restroom facilities and rebuilding of the change houses • The beach is also now accessible by public transit.
Mimico Waterfront Linear Park	<ul style="list-style-type: none"> • Development of the new landbase through lakefilling • Shoreline protection works begun in winter of 2006; on-going
Tommy Thompson Park	<ul style="list-style-type: none"> • Construction of the Peninsula D Primary Pedestrian Trail: nearly complete • Restoration begun on trail edges (includes soil additions and hydroseeding)
Harbourfront Water's Edge (John Quay and York Quay)	<ul style="list-style-type: none"> • Continuous 5-m-wide (16-ft-wide) (wooden boardwalk on the lake adjacent to the promenade and a continuous 12-m wide water's edge promenade that, combined with the boardwalk, creates a 17-m (56-ft) walkway • 37-m² (400-sq. ft.) underwater fish habitat constructed of approximately 2,300 tonnes of stone and 24 dead trees • Double row of trees that runs down the centre of the east promenade, creating an alleyway from the street to Lake Ontario

	<ul style="list-style-type: none"> • Continuous tree pits ensure long-term sustainability • Two finger piers extending perpendicularly from the boardwalk into the lake
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^a Source: TWRC

The federal government has committed funding for two environmental assessments in the Lower Don River area: the Remedial Flood Protection Project and the Don Mouth Renaturalization. The Lower Don River West Remedial Flood Protection Project involves the production of a flood protection solution that will protect human life and infrastructure from flooding by permanently removing approximately 210 ha (520 acres) of Toronto from the Regulatory Floodplain, west and north of the Don River Mouth. The Don Mouth Naturalization and Port Lands Flood Protection Project will involve detailed land-use planning and environmental studies to devise the best solution to re-establish a natural, functioning wetland at the mouth of the Don River, while providing flood protection to approximately 230 ha (570 acres) of land south and east of the existing Keating Channel.

All public and private buildings constructed as part of the TWRI will be subject to LEED® certification. LEED® is an international third-party building assessment and certification tool that is administered in Canada by the Canada Green Building Council. The prerequisites and credits are organized into five principal categories: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources and Indoor Environmental Quality.⁴¹ Public buildings will be certified at a “gold” level and private buildings will be certified at a “silver” level.

Additionally, the TWRC’s sustainability framework identifies specific objectives to “minimize car use” and “increase walking, cycling and public transit use.” Many planned TWRI projects are mixed-use development – meaning that instead of only one use (e.g. residential, commercial, industrial, etc.) in an area, a mix of more than one is preferable.⁴² Mixed-used development is often used as a key component of “Smart Growth” strategies or as part of transit-oriented development. Benefits of mixed-use can include reductions in auto-dependence, the creation of ‘community-oriented’ space, and urban revitalization. The Precinct Plans for both the West Don Lands and East Bayfront have established an overall vision for mixed-use development in these areas.

4.3.4 Extent to Which TWRI Fostered Greater Community Awareness and Participation in Waterfront Planning and Implementation

The TWRI has fostered greater community awareness and participation in waterfront planning and implementation. This is evidenced through the significant public and stakeholder consultations carried out by the TWRC and the considerable media interest in waterfront revitalization activities. Focus groups participants from community organizations and key informants were also positive about the degree to which the TWRI had fostered greater community awareness and participation. There was, however, a comparatively lower level of awareness and sense of participation shown among residents and businesses.

Public and Stakeholder Consultations

41. Canada Green Building Council website.
 42. Grant, Mixed-Use in Theory and Practice.

The TWRC consultations have included both public and stakeholder consultations, as well as its Board of Directors Annual General Meeting, which is open to the public. Public consultations are also undertaken for precinct plans and for environmental assessments. The TWRC website is also a readily accessible source of information on waterfront revitalization. The TWRC has released media releases and newsletters, and has an email mailing list of those who attend public meetings and the website. Further, its Design Review Panel is open to the public.

Individuals from the following types of groups have participated in consultations for TWRI projects:

- recreational associations (e.g. Toronto Sea Kayak Club, hockey clubs);
- academics/students;
- environmental groups (e.g. Sierra Club, Friends of the Spit);
- public health groups;
- tourism associations;
- neighbourhood associations; and
- community/social service organizations.

The TWRC's database for invitations for public consultations contains contact information for 6,000 people. While the corporation does not track how many people attend each meeting, all projects are subject to the corporation's *Public Consultation and Participation Strategy*. The strategy stipulates that any projects will require identification and notification of interested parties through the issuance of public notices as well as the establishment of a venue for these parties to provide input into the project process. Key informants noted that some consultations have drawn hundreds of participants.

In addition to regular public consultations, the TWRC holds stakeholder meetings with those groups who have expressed an on-going interest in the waterfront revitalization. Many of these groups have been advocating for the protection and improved management of Toronto's waterfront areas for years, often prior to the establishment of the TWRI. These stakeholder organizations/groups have included, for example:

- Port Lands Action Committee;
- Task Force to Bring Back the Don;
- West Don Lands Committee;
- Central Waterfront Neighbourhood Association;
- Citizens for a Safe Environment;
- Waterfront Regeneration Trust;
- Friends of the Spit;
- Bathurst Quay Residents Association;
- Gooderham & Worts Neighbourhood Association; and
- St. Lawrence Neighbourhood Association.

In August 2006, the TWRC organized *Quay to the City*, a 10-day event partly funded by the federal government. The event was intended to showcase the firm West 8 + DTAH's design vision for Toronto's central waterfront. The objective of the event was to allow the citizens of Toronto to immediately experience some of the benefits of the new waterfront design. Essentially a large-scale public gathering and art installation, *Quay to the City*

involved the replacement of roads with bicycle lanes, a kilometre-long stretch of 12,000 red geraniums and a picnic lawn. A four-storey sculpture was built with bicycles highlighting the temporary new section of Martin Goodman Trail.

The TWRC also holds design charrettes, which are intensive workshops in which various stakeholders and experts are brought together to address a particular design issue.⁴³ In 2007, the TWRC held the Cherry Street Design Charrette. Five participant groups developed their ideas for Cherry Street into proposals for the review of the design committee. Each group included several community members (from environmental organizations and neighbourhood associations), technical staff from the Toronto Transit Commission and the City of Toronto, and consultants from the West Don Lands Environmental Assessment team.

Key informants interviewed for this evaluation singled out as a particular success the degree to which the TWRI has involved the public and interested stakeholders. For example, the community was heavily involved with architects in the planning for the Don River Park. Several changes were made to the plan after consultations with residents and community groups.

In the focus group of members of community organizations and neighbourhood associations, there was general consensus that the community consultations and level of engagement of stakeholders and the community had been excellent. While there were often competing visions of the future of the waterfront, most members of the focus group felt that the process of planning had been open, inclusive and iterative. One participant found the consultations for the West Don Lands and East Bayfront Precinct Plans very engaging and inclusive, noting: "It was one of the most positive and constructive consultation processes I had ever been involved in. We could see our ideas being accepted or considered."

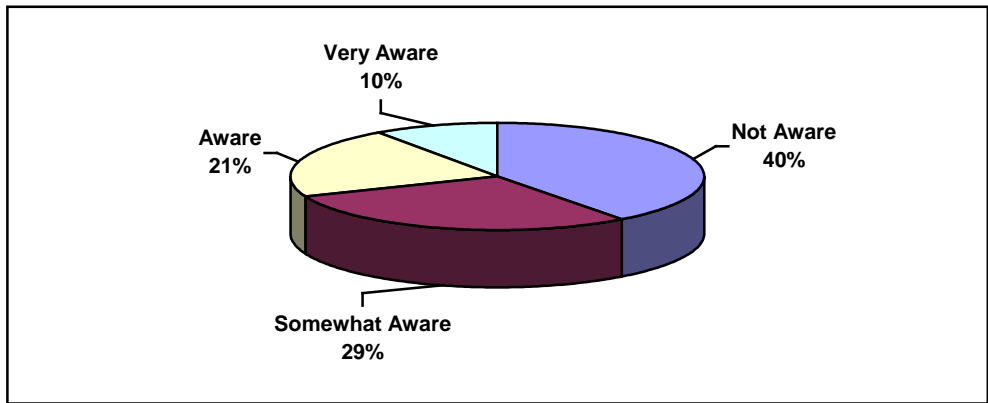
Other participants in the focus group felt that the process of consultations had actually helped to bring community members together, and to create a new public conversation about the waterfront. As one participant noted, the process had been a "huge community builder." Further, the process was said to have helped to generate a new discussion in Toronto on what constitutes good design and good architecture, and how they can benefit the city.

Focus groups found that residents of the waterfront area were often aware of TWRI projects that had been completed, especially Ireland Park and the improvements to John Quay and York Quay. One focus group participant had attended a TWRC public consultation, while the remainder were either unaware of the existence of such consultations, were uninterested, or felt that the "outcomes were already pre-determined" and that their participation would make little difference in the revitalization.

Among those waterfront area businesses surveyed for this evaluation, 60% of respondents had some level of awareness of the TWRI activities (Figure 3). When asked which specific projects they were aware of, Harbourfront Water's Edge Improvements were most frequently cited. Forty-one percent of respondents stated that they were not interested in participating in public meetings or consultations for future waterfront projects.

43. Zimmerman, Alex, *Integrated Design Process Guide*.

Figure 3
Extent of TWRI Awareness among Businesses Operating in the Waterfront Area^{a, b}

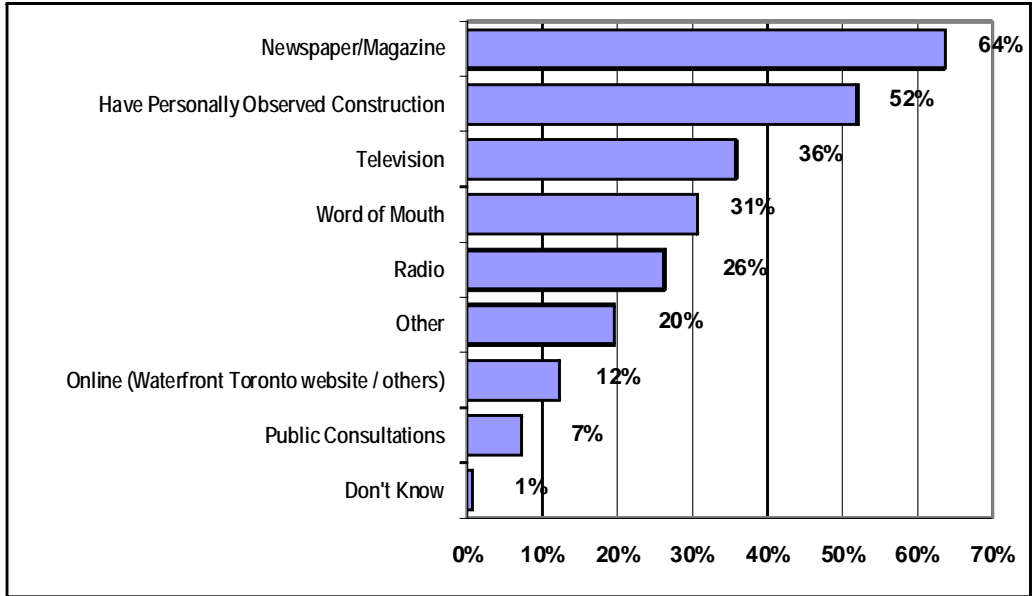


^a Source: R.A. Malatest & Associates Ltd. 2007. Business Survey, Toronto.

^b n = 297

Among those business survey respondents who were aware of the TWRI, newspapers and magazines were the most frequently mentioned medium through which respondents had heard about the revitalization projects, at 64% of respondents (Figure 4). Roughly half (52%) had also observed some of the construction projects personally.

Figure 4
Proportion of Respondents Who Heard About the TWRI through Different Methods^{a, b}



^a Source: R.A. Malatest & Associates Ltd. 2007. Business Survey, Toronto.

^b n=179, asked only of those respondents aware of the TWRI

Business survey respondents were somewhat less aware of the Toronto Waterfront Revitalization Initiative Precinct Plans than they were of the Initiative itself. Among those respondents who stated that they were aware of the TWRI, 45% stated they were specifically aware of the Precinct Plans.

It should be noted that the TWRC's commitment to public involvement and the considerable media attention the revitalization has garnered may not have significantly increased the visibility of the federal role in waterfront revitalization. While residents in focus groups had general knowledge of waterfront revitalization activities (and were able to list specific TWRI projects), there was a lower level of awareness that the federal government had a role in these activities.

Media coverage

Toronto's waterfront revitalization has garnered significant media attention. Media coverage has been primarily project-specific, and little attention has been given to the broader TWRI or of the federal government's role in the initiative. Most notably, the *Toronto Star* has regularly commented on on-going projects, including some criticism of the perceived slow progression of the projects. Community newspapers in Toronto have also covered revitalization activities in the area.

4.3.5 Extent to Which TWRI Resulted in Increased Usage and Accessibility of the Waterfront Area

Increased usage and accessibility of the waterfront area as a result of the TWRI can be examined through a number of indicators: an increase in park, recreational and commercial space; new public transit capacity; an increased number of residential housing units; and based on the views of businesses and others.

Parks, Recreation and Greenspace

According to the *Central Waterfront Public Space Framework*, over 400 ha (1,000 acres) of parks are planned to be developed in Toronto's waterfront area through the TWRI. The TWRC has an official "parks first" strategy, with the intention of developing highly visible parks projects in the beginning to build public confidence in the progress of the waterfront development and to spark further development.⁴⁴ Table 8 shows the TWRI parks planned, under construction and completed that have included federal funding, and their size.

44. Vogel, *Greening Waterfront Development*.

Table 8
Parks under the TWRI Receiving Federal Funding^a

Project Name	Size
<i>Planned/Under Construction</i>	
Don River Park	8 ha (19.6 acres)
Sherbourne Park	1.5 ha (3.7 acres)
Port Union Waterfront Park	3.5 km (2.2 miles)
Lake Ontario Park (includes Tommy Thompson Park)	375 ha (925 acres)
Commissioners Park	17 ha (41 acres)
Mimico Linear Park	1.1 km (0.7 miles)
<i>Completed</i>	
Ireland Park	213 m x 91.5 m (700 ft by 300 ft)

^a Source: TWRC

A variety of opportunities for recreational activities are planned through the TWRI, and some are now in use. Two regulation-sized fields as part of the Transitional/Interim Sports Fields project are complete as well as the Western Beaches Watercourse Facility. Additions to the Martin Goodman Trail, trail work in Tommy Thompson Park (additions of 4.7 km) and the Port Union Waterfront trail link (1.4 km) have also been completed.

Residents of the waterfront area indicated that they have enjoyed some of the completed TWRI projects. Many residents stated that they regularly walked, roller-bladed or jogged along the waterfront and had made use of the additions to waterfront trails.

The federal government's funding priority areas of parks, recreation and public spaces seem to reflect resident concerns over the current lack of these types of spaces in the waterfront area. For example, one focus group participant said that green spaces and recreational spaces were in short supply in the downtown area. Another felt that younger families have started living in the waterfront area, but that there are very few places for them to enjoy the outdoors.

Residential Development

Significant residential development through the TWRI is planned for the East Bayfront and West Don Lands areas. While Precinct Planning for both the West Don Lands and East Bayfront was funded in part by the federal government, federal funding is not being used to fund planned residential development. According to the Precinct Plans, there are approximately 6,000 residential units planned for the West Don Lands, and 6,300 for the East Bayfront areas (Table 9).

Table 9
Planned Residential Housing^a

	West Don Lands Precinct	East Bayfront Precinct
Minimum number of affordable rental units	1,200	1,260
Minimum number of low-end market units	300	315
Number of market housing units	4,500	4,725
Total number of units	6,000	6,300

^a Sources: Urban Design Associates, *West Don Lands Precinct Plan*.
Koetter Kim and Associates, *East Bayfront Precinct Plan*.

According to City of Toronto data, construction of more than 30,000 residential and mixed-use units was planned for the waterfront area from 2002 to 2007. Again, however, the extent to which the TWRI impacted on this development is not known. Table 10 displays information on residential/mixed-use development plans for the Toronto waterfront area.

Table 10
Residential/Mixed-Use Development in the Toronto Waterfront Area^a

Year	Residential and Mixed-Use Projects		
	Number of Projects	Total Proposed GFA^b (m²)	Total Number of Proposed Units
July 1, 2002–Dec. 31, 2002	15	2,499.18	2,057
2003	30	150,735.67	5,667
2004	20	65,087.27	2,727
2005	29	135,557.61	12,357 ^c
2006	22	28,816.84	4,601
Jan. 1–June 30, 2007	8	37,482.19	3,252
Total	124	420,178.76	30,661

^a Source: City of Toronto, Land Use Information System (IBMS), July 1, 2002–June 30, 2007.

^b GFA = Gross Floor Area

^c This includes the West Don Lands proposal at 185 Eastern Avenue, which includes 5,720 proposed residential units.

Public Transit Capacity

The Central Waterfront Secondary Plan has laid out a “transit first” strategy for Toronto’s waterfront. Light Rail Transit (LRT) services are to be constructed at the earliest stage of the revitalization process in areas including the East Bayfront so that transit services are in place as the first developments are occupied. This is felt to encourage non-auto travel patterns from the outset. Roadways are to be kept as narrow as possible and transit, pedestrians and cyclist needs will take priority above those of automobile traffic. Consistent with the TWRC’s transit strategy, the Precinct Plans for both the West Don Lands and the East Bayfront include a commitment to make public transit accessible

within a five-minute walk for all residents of the areas. The proposed exclusive streetcar line on Cherry Street allows for public transportation access to the central part of the West Don Lands.

In 2002, almost 80,000 persons per day entered or exited the subway through Union Station, making it the busiest subway station in Toronto.⁴⁵ Issues of surge ridership at peak times and awkward pedestrian flows to and from the subway prompted the development of a second platform at Union Station to alleviate the congestion. Design and construction of this second platform, involving federal funding, is ongoing.

Quay to the City and other Evidence of Increased Accessibility

Data gathered for a recent evaluation of the *Quay to the City* event suggested that this 10-day event attracted people to the waterfront area. For example, bicycle traffic increased from 159 bicycles per hour at peak times for Queens Quay eastbound, and 189 westbound, from 45 and 14, respectively, for the same time of day prior to the event.⁴⁶

Key informants interviewed for this evaluation also pointed to other indicators of increased accessibility and usage. These included increased pedestrian traffic at John Quay and York Quay (Martin Goodman trail), the usage of the Western Beaches Watercourse Facility, and the development of public transit in the Cherry Beach area.

45. Toronto Waterfront Revitalization Corporation and the Toronto Transit Commission, *Toronto Transit Commission Union Subway Station Second Platform*.

46. Toronto Waterfront Revitalization Corporation, *Quay to the City*.

5.0 CONCLUSIONS

As noted in the evaluation findings, the federal participation in the TWRI appears to be aligned with federal priorities, and the use of a corporation is a sound approach to managing complex revitalization activities. Issues with respect to timeliness of funding expenditures and project implementation/completion have been noted, which are hampering the ability of the TWRI to achieve many of its expected outcomes. Still, the TWRI has completed extensive work in the areas of planning, design, and public consultation, and the completion of some public spaces has helped to revitalize some areas of the waterfront. The final section presents the conclusions of the evaluation.

5.1 Relevance

The revitalization of the Toronto waterfront is consistent with federal priorities.

Federal participation in the TWRI is consistent with a long history of federal participation in similar infrastructure and urban renewal initiatives, including the redevelopment of waterfront areas in Halifax, and in the Forks in Winnipeg, among others. Federal government support is also consistent with federal support in other countries for large-scale waterfront initiatives in cities like London and others.

Furthermore, federal participation in the TWRI is aligned with current Government of Canada priorities in the areas of economic leadership and environmental improvement.

There is a demonstrated need for federal participation in the TWRI.

A historic roadblock to revitalization of the Toronto waterfront area has been the lack of coordinated vision and effort on the part of all stakeholders, including the three orders of government. Through federal participation in the TWRI, with the City of Toronto and Province of Ontario, revitalization efforts have benefited from this enhanced coordination, in terms of planning and development. The evaluation suggests that without the participation of the federal government, large-scale revitalization of the waterfront area would have faced considerable constraints or challenges.

The TWRI has lacked a consistent and appropriate department home for its federal Secretariat.

Federal participation in the TWRI is currently managed through the efforts of a TWRI Secretariat located in the Department of Environment Canada. Federal efforts in the TWRI have been attached to the federal Minister responsible for Toronto and/or Ontario. As a result, responsibility for the federal TWRI has been housed in five different departments since 2000: Transport Canada, HRSDC, CIC, TBS, and its current home at Environment Canada. This has frequently led to misalignment between the Secretariat's objectives and those of its sponsor department.

While the current home of the Secretariat within the Department of Environment Canada is a better "fit" than past departmental homes due to the environmental objectives of the TWRI, federal infrastructure projects since 2002 have been concentrated in the department of Infrastructure Canada. However, the federal TWRI Secretariat manages contribution agreements directly with recipients, rather than in partnership with other

departments, which makes the operational function different from many infrastructure programs at Infrastructure Canada.

5.2 Design, Delivery and Cost-effectiveness

The expenditure of federal TWRI funds has been slower than expected.

The federal investment in the TWRI was originally allocated over seven years, from 2000–2001 to 2007–2008. Due to delays in spending, the federal funding commitment to the TWRI was extended for an additional three years to 2010–2011.

To date, the federal TWRI Secretariat has expended approximately \$124 million of its planned \$410 million investment. While work has been undertaken on various TWRI projects, revitalization activities have not progressed at the pace anticipated which has slowed the expenditure of federal TWRI funding. Attention has been given by the TWRC and all three order of government to improve the timeliness of revitalization, including through improved project management processes and higher levels of staffing at the TWRC, strategic allocation of government funding, and other measures.

The three orders of governments have also approved a multi-year funding plan that has fully planned the allocation of each government's investment in waterfront revitalization until the end of their respective sunset dates. However, given that less than one-third of the \$410 million in federal TWRI Secretariat's funds have been spent by the federal government to date, the federal government may be unable to expend all project funding before the end of 2010–2011.

Development of a corporation to implement revitalization activities is an effective vehicle for meeting TWRI objectives, but TWRC activities have not met expectations around timelines.

The TWRC was developed to oversee and lead waterfront revitalization. The use of a stand-alone corporation to guide revitalization activities is a method used in numerous jurisdictions, including in Halifax and Winnipeg, and in London, UK, and Sydney, Australia, among many others.

The research suggests that the TWRC has faced difficulties in undertaking revitalization activities at a pace sufficient to meet federal timelines for TWRI funding. This has resulted in extensions to the federal TWRI sunset dates, as well as delays in the TWRC expending its contribution funding from the federal government.

The federal TWRI Secretariat appears to demonstrate value for money.

The federal TWRI Secretariat is unique in that it directly manages a contribution program delivering federal infrastructure funding within the department of Environment Canada. The federal TWRI Secretariat appears to demonstrate value-for-money when comparing its ratio of O&M costs to contribution expenditures with that of the department of Infrastructure Canada.

IGSC was not generally seen as an effective governance body, but TWRI activities were felt to have been well coordinated through an Operations Working Group.

Government oversight of the TWRI is provided through the Intergovernmental Steering Committee (IGSC). Evaluation findings suggests that it has not been an effective body due to the irregularity of meetings and frequent changes in federal government membership as a result of changes in senior federal management when the Secretariat has changed departmental home. An Operations Working Group has also been established to manage TWRI contribution agreements across governments, and was generally felt to have been an effective venue for communication and coordination.

While the use of a contribution program to deliver TWRI funding has provided federal oversight of its funding, the contribution program has been perceived to be administratively challenging.

The use of a contribution program has ensured that federal funding is being spent according to its terms and conditions. As many contribution agreements with the TWRC have involved more than one government, this process has been complex. As a result, many stakeholders at the TWRC have found the use of a contribution program to deliver TWRI funding to have involved excessive and time-consuming administration and reporting requirements.

The additional tri-governmental indemnification requirements for TWRI projects were perceived to have had a negative effect on the timeliness of revitalization activities.

The indemnification clauses of TWRI contribution agreements with the TWRC include requirements for third-party contractors and other eligible recipients (such as suppliers completing project activities under the management of the TWRC) to assume unlimited liability for their services. This requirement has been perceived to have, at times, slowed the contracting process between the TWRC and its suppliers, as well as restrict the range of suppliers willing to provide services to the TWRC. The TWRC and the three funding governments have been in dialogue to find mutually satisfactory solutions to move forward on risk management.

5.3 Success

Contribution agreements have largely been for planning, design, environmental assessments, and land restoration.

The federal government has signed 32 contribution agreements with the TWRC. These agreements have involved funding for a wide range of projects, including planning, design, environmental assessments and land restoration. A small number of agreements have also involved the completion of construction projects. These include the construction of a watercourse facility along the waterfront, improvements to the waterfront at John Quay and York Quay, the completion of Ireland Park and funding for the establishment of a not-for-profit organization for a summer theatre on the Toronto waterfront.

Projects have suffered from a range of challenges that have resulted in delays.

Projects have not been undertaken or completed according to timelines. The nature of multi-governmental funding agreements is inherently complex, requiring significant time. A challenge for the TWRC has been addressing the requirements of its three

government funders, each with their own funding management requirements. Projects have also involved extensive stakeholder and public consultations. Further, tri-governmental environmental assessments for more complex projects can take considerable time to complete. Key informants also noted other reasons for project delays, including stalled negotiations over land acquisition and other factors. The indemnity requirements for contractors working on TWRI projects were also said to have complicated the bidding process in some instances.

It is too early to measure the extent to which the TWRI has resulted in economic benefits.

Expected outcomes of the TWRI include increased economic development and economic opportunities. As most of the TWRI work completed to date has involved planning, design, and preparation for construction, it is too early to assess the full economic impact of the TWRI. Businesses in the waterfront area surveyed for this project did not generally feel that waterfront revitalization had yet had a positive (or negative) impact on their business activities.

The TWRI has demonstrated sound environmental approaches to revitalization.

The TWRI has demonstrated sound environmental approaches in revitalization, as evidenced by the consistent use of environmental assessments, and the application of principles of sustainability at the TWRC. Residents and community organization members were overwhelmingly positive on the extent to which the waterfront revitalization had been undertaken using sound environmental approaches.

The TWRI has fostered greater community awareness and participation in waterfront planning and implementation.

The activities of the TWRI have fostered greater community awareness and participation in waterfront planning and implementation. This has been characterized by well-attended and numerous public and stakeholder consultations organized by the TWRC and through extensive media coverage. Further, the Quay to the City event, which opened up the central waterfront to pedestrians for an open-air event, garnered positive attention and a large degree of participation.

Some increase in accessibility of the waterfront as a result of federal participation in the TWRI can be seen, and more is planned or under construction.

Accessibility has been enhanced through the completion of Ireland Park, as well as through improvements to landscaping and promenades along John Quay and York Quay. Further, parks being developed through federal funding include Lake Ontario Park and Mimico Linear Park, among others. There are also a variety of recreational and parks areas that are planned for completion in 2008. These include Port Union Waterfront Park, Mimico Waterfront Linear Park (phase 1), Spadina Head of Slip and the Transitional Sports Fields.

According to the Precinct Plans, over 12,000 residential units are planned for the waterfront area in the West Don Lands and East Bayfront. These two precincts will connect the downtown to the lakefront and the Don River corridor.

6.0 RECOMMENDATIONS

The following recommendations are based on the evaluation findings and conclusions. Given that the results show that some aspects of design and delivery may be limiting the achievements of outcomes, recommendations are primarily focused on program design and delivery.

Recommendation 1:

Further exploration of the extent to which the federal component of the TWRI has been successful in meeting its expected outcomes should be undertaken, once the implementation phase of the program is completed.

To date, few projects have been completed, and many projects undertaken to date have involved planning or preparation for subsequent construction. Many of the expected outcomes for the federal TWRI, including increased economic activity and others, cannot be fully measured at this point. Additional work should be undertaken in order to determine the extent to which the TWRI has been fully able to achieve its expected outcomes once the implementation phase of the program is completed.

Recommendation 2:

The federal TWRI Secretariat should continue to work with the Toronto Waterfront Revitalization Corporation to develop methods for the timely expenditure of federal TWRI funding.

Given the slow pace of expenditure of the federal funding allocated to the TWRI, and the fact that only approximately three years remain before the federal sunset date for the TWRI, the federal TWRI Secretariat should continue to work with the TWRC to increase the timeliness of TWRI project implementation and completion. The evaluation noted that the federal government, with the City of Toronto, the Province of Ontario and the TWRC, have developed a work plan and other processes to improve the timeliness of revitalization activities.

Recommendation 3:

The appropriateness of the \$10-million threshold on federal contribution agreements should be re-examined.

Currently, there is a \$10-million threshold for projects above which a contribution agreement must receive Treasury Board approval. As a Long-term Funding Plan is already in place to guide the remaining federal allocation of its \$500 million contribution to the TWRI, an increase in this threshold may be appropriate. Given that TWRI activities are increasingly moving into implementation of planned construction projects, raising this threshold may allow future federal funding for larger-scale (i.e. those projects in excess of \$10 million) TWRI projects to proceed in a timely manner.

Recommendation 4:

The federal government should continue to work with the TWRC, the City of Toronto, and the Province of Ontario to develop indemnification policies that best meet the needs of all parties.

The federal government should continue to work with its funding partners and the TWRC to revise indemnification requirements for the TWRI. This will help to ensure that TWRI projects can be carried out in a timely manner.

7.0 MANAGEMENT RESPONSE

This section outlines the management response to the evaluation recommendations. The federal Toronto Waterfront Revitalization Initiative Secretariat takes responsibility for implementing the management response. In the event that the Toronto Waterfront Revitalization Initiative moves to a new department, the federal Toronto Waterfront Revitalization Initiative Secretariat commits to continuing with the implementation of the management response and will ensure that officials from the Evaluation Branch at Environment Canada are provided with the opportunity to transition results and responsibilities associated with this evaluation to the new host department.

1. Further exploration of the extent to which the federal component of the TWRI has been successful in meeting its expected outcomes should be undertaken, once the implementation phase of the program is completed.

The federal TWRI Secretariat agrees with this recommendation.

As such, the federal TWRI Secretariat is committed to further exploring the program's expected outcomes. To facilitate this recommendation, the federal TWRI Secretariat has set aside funding in its O&M envelope to cover the costs associated with the work around expected outcomes.

In May 2008, the federal TWRI Secretariat will initiate discussions with departmental evaluation and Treasury Board of Canada Secretariat officials. The workplan will outline timelines and next steps in the process, if any. The intent of the workplan is to meet the expectations of all parties and to guide the process of further exploring the program's expected outcomes.

Expected Completion Date: December 15, 2008

Responsible Party: Director, Federal TWRI Secretariat

2. The federal TWRI Secretariat should continue to work with the Toronto Waterfront Revitalization Corporation to develop methods for the timely expenditure of federal TWRI funding.

The federal TWRI Secretariat agrees with this recommendation.

The Treasury Board of Canada Secretariat *Policy on Transfer Payment* stipulates that all assistance to capital projects must be in the form of a contribution. The federal TWRI Secretariat will work with its counterparts and the Toronto Waterfront Revitalization Corporation to ensure federal funding is spent by March 31, 2011. This includes providing the Toronto Waterfront Revitalization Corporation with the governance flexibility it requires to efficiently continue the delivery of the TWRI, as intended for in the *Toronto Waterfront Revitalization Corporation Act, R.S.O., 2002*. Although some governance flexibilities have been granted to date, it is anticipated that throughout the life of the TWRI, a number of governance requests on the part of the Toronto Waterfront Revitalization Corporation will be presented to Treasury Board.

Under the Operations Working Group, chaired by the federal TWRI Secretariat, the federal government will engage the Toronto Waterfront Revitalization Corporation to ensure a more coordinated effort in the development of contribution agreements, emphasizing the need for funding to be expended within the prescribed timeframes. The federal TWRI Secretariat is committed to raising the issue with the other orders of government at the next Operations Working Group.

Additionally, the federal TWRI Secretariat will seek support from the Toronto Waterfront Revitalization Corporation and the other two orders of government during the negotiation of the next Tri-government Long-term Funding Plan so as to ensure federal funding is strategically allocated to projects which can be completed before the program's sunset date of March 31, 2011.

Expected Completion Date:

- Governance flexibility already started and ongoing.
- Next Operations Working Group meeting scheduled for May 13, 2008.
- Tri-government Long-term Funding Plan negotiations will be completed by December 15, 2008, at latest.

Responsible Party: Director, Federal TWRI Secretariat

3. The appropriateness of the \$10-million threshold on federal contribution agreements should be re-examined.

The federal TWRI Secretariat agrees with this recommendation.

The federal TWRI Secretariat unsuccessfully sought to have the threshold removed in 2007. The rationale for the decision to retain the \$10 million threshold was that the program lacked audit and evaluation evidence to substantiate the removal of the threshold. Currently, the federal TWRI Secretariat bundles similar projects together as a themed-based approach when seeking funding approval.

Expected Completion Date: Already addressed and ongoing.

Responsible Party: Director, Federal TWRI Secretariat

4. The federal government should continue to work with the TWRC, the City of Toronto and the Province of Ontario to develop indemnification policies that best meet the needs of all parties.

The federal TWRI Secretariat agrees with this recommendation.

The federal TWRI Secretariat is committed to leading the negotiation of a resolution with the other two levels of government on this issue.

The federal TWRI Secretariat is currently working with the other two orders of governments via the Operations Working Group and respective legal representatives to ensure that the additional indemnification clauses are removed from the contribution agreement template by December 15, 2008.

Expected Completion Date: December 15, 2008

Responsible Party: Director, Federal TWRI Secretariat

Annex 1: Evaluation Issues and Questions

Evaluation Question	Indicators	Data Sources
Evaluation Issue: RELEVANCE		
1. Is the TWRI consistent with federal priorities?	<ul style="list-style-type: none"> ▪ Evidence that waterfront revitalization is consistent with federal priorities and responsibilities 	<ul style="list-style-type: none"> ▪ Policy statements, Terms and Conditions, Treasury Board Submissions and Memoranda to Cabinet, Speeches from the Throne, departmental documents, TWRI program documentation ▪ Evidence of federal commitment in comparable revitalization projects in other areas of Canada (comparison sites) ▪ Key informant interviews with IGSC federal stakeholders
	<ul style="list-style-type: none"> ▪ Evidence that the waterfront revitalization requires federal government financial commitment in addition to provincial and municipal ▪ Evidence of continuing provincial and municipal commitment to and participation in TWRI 	<ul style="list-style-type: none"> ▪ Project files (comparing levels of financial commitment between three orders of government) ▪ Interviews with TWRI secretariats, TWRC Board, IGSC stakeholders ▪ Review of expenditure contributions
2. Are the individual funded projects consistent with federal government priorities for the TWRI?	<ul style="list-style-type: none"> ▪ Evidence of contribution agreements signed and completed for projects contributing to federal priorities of parks, recreation and public spaces 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files - contribution agreements
	<ul style="list-style-type: none"> ▪ Evidence that development plans and precinct plans are consistent with federal priorities 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Precinct plans ▪ Key informant interviews ▪ Records of decisions/minutes regarding funding decisions made by the TWRC

Evaluation Issue: SUCCESS		
3. To what extent have the TWRI projects been successfully implemented and completed? (immediate outcome)	<ul style="list-style-type: none"> ▪ Views on extent to which TWRI projects have been successfully implemented and completed as planned 	<ul style="list-style-type: none"> ▪ Key informant interviews ▪ Focus groups
	<ul style="list-style-type: none"> ▪ Number and value of land-use planning agreements that have been approved ▪ <i>Comparison of number relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files - contribution agreements ▪ City of Toronto data
	<ul style="list-style-type: none"> ▪ Number of final designs that have gone to procurement 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files
	<ul style="list-style-type: none"> ▪ Number of contribution agreements signed for construction projects 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files - contribution agreements
	<ul style="list-style-type: none"> ▪ Number of projects, contribution agreements that have been closed 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files - contribution agreements, annual reports
	4. To what extent has the TWRI resulted in increased economic development/economic opportunities? (immediate outcome)	<ul style="list-style-type: none"> ▪ Hectares of brownfields redeveloped ▪ Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate
<ul style="list-style-type: none"> ▪ Area of land for which there are new site characterization studies 		<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files
<ul style="list-style-type: none"> ▪ Number and value of financial commitments in partnership agreements established between TWRI and private sector 		<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files, TWRC annual reports

	<ul style="list-style-type: none"> ▪ Increased square metres of commercial space – planned, under construction, completed ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Progress reports ▪ Annual reports ▪ Precinct and other plans ▪ City of Toronto data
	<ul style="list-style-type: none"> ▪ <i>Change in commercial/residential land values in areas adjacent to waterfront compared to other areas of City, and compared to time prior to TWRI</i> 	<ul style="list-style-type: none"> ▪ <i>City of Toronto files (to be determined), Canada Mortgage and Housing Corporation (to be determined), survey of businesses/employers</i>
	<ul style="list-style-type: none"> ▪ Increased employment (increased number of businesses, increased number of employees) in businesses in areas adjacent to waterfront ▪ Increased economic attractiveness of areas adjacent to waterfront (e.g. businesses choosing to locate/stay/expand in area) ▪ Increased revenue, business activity for businesses located near waterfront areas 	<ul style="list-style-type: none"> ▪ Survey of employers/businesses ▪ Key informant interviews ▪ Focus group with community organizations
<p>5. To what extent has the TWRI implementation demonstrated sound environmental processes in revitalization approaches? (immediate outcome)</p>	<ul style="list-style-type: none"> ▪ Views of key informants (including community organizations) on the extent that TWRI has demonstrated sound environmental practices 	<ul style="list-style-type: none"> ▪ Key informant interviews ▪ Focus groups
	<ul style="list-style-type: none"> ▪ Length of time to get approvals for environmental assessments 	<ul style="list-style-type: none"> ▪ Environmental assessment status reports
	<ul style="list-style-type: none"> ▪ Number and nature of compliance reports issued for infractions associated with environmental strategies 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files

<p>6. To what extent has TWRI fostered greater community awareness and participation in waterfront planning and implementation? (immediate outcome)</p>	<ul style="list-style-type: none"> ▪ Number and types of community organizations providing input into TWRI planning activities 	<ul style="list-style-type: none"> ▪ TWRC corporate mailing list ▪ TWRC Public Forum Reports in TWRC project files ▪ TWRC website, quarterly and annual reports ▪ Federal TWRI Secretariat/TWRC project files
	<ul style="list-style-type: none"> ▪ Number and types of community organizations participating in TWRI projects 	<ul style="list-style-type: none"> ▪ TWRC corporate mailing list ▪ TWRC Public Forum Reports in project files ▪ TWRC website, quarterly and annual reports ▪ Federal TWRI Secretariat/TWRC project files
	<ul style="list-style-type: none"> ▪ Evidence of <u>continued</u> interest by community groups, businesses and residents in revitalization planning and implementation 	<ul style="list-style-type: none"> ▪ Document, literature review (Annual reports, Public Forum Reports) ▪ TWRC list of stakeholder groups ▪ Federal TWRI Secretariat/TWRC project files ▪ Survey of employers/businesses ▪ Key informant interviews ▪ Focus groups with community organizations, residents ▪ Media coverage documented in project files

	<ul style="list-style-type: none"> ▪ Evidence of community support for Precinct Plans 	<ul style="list-style-type: none"> ▪ Document, literature review (annual reports, Public Forum Reports, TWRC communication files) ▪ Federal TWRI Secretariat/TWRC project files ▪ Survey of employers/businesses ▪ Focus groups with community organizations, residents
	<ul style="list-style-type: none"> ▪ Representation at City Council meetings that included TWRI items 	<ul style="list-style-type: none"> ▪ City of Toronto -- Minutes of City of Toronto Council meetings
<p>7. To what extent has the TWRI resulted in increased accessibility and usage of waterfront area? (intermediate outcome)</p>	<ul style="list-style-type: none"> ▪ Evidence of new public transit capacity, planned capacity in terms of number of new passengers (i.e. Union Station Platform) 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Planning documents (2002, 2003 Development Plan and Business strategy)
	<ul style="list-style-type: none"> ▪ Number of affordable and other residential housing units – planned, under construction, completed, occupied ▪ <i>Comparison of number relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Document, literature review (quarterly and annual reports, Precinct and Annual Plans) ▪ City of Toronto data
	<ul style="list-style-type: none"> ▪ Increased area of land (square metres) for recreation space – planned, under construction, completed (could include kilometres of trails as appropriate) ▪ <i>Comparison of increased area relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Progress reports ▪ Annual reports ▪ Precinct and Other Plans ▪ City of Toronto data for comparison

	<ul style="list-style-type: none"> ▪ Increased square metres of commercial space – planned, under construction, completed ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress reports ▪ Annual reports ▪ Precinct and other plans ▪ City of Toronto data for comparison
	<ul style="list-style-type: none"> ▪ Views of businesses/employers in terms of current or potential change in business activity (e.g. number of customers) in waterfront area ▪ Views of residents and community organizations on impact of TWRI on usage and accessibility of waterfront 	<ul style="list-style-type: none"> ▪ Survey of employers/businesses ▪ Focus groups of residents and community organizations
<p>8. To what extent has the TWRI resulted in the revitalization of urban infrastructure? (intermediate outcome)</p>	<ul style="list-style-type: none"> ▪ Evidence of new public transit capacity, planned capacity in terms of number of new passengers (i.e. Union Station Platform) 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Planning documents (2002, 2003 Development Plan and Business strategy)
	<ul style="list-style-type: none"> ▪ Increased area of land (square metres) for recreation space – planned, under construction, completed (could include kilometres of trails as appropriate) ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress reports ▪ Annual reports ▪ Precinct and Other Plans ▪ City of Toronto data for comparison
	<ul style="list-style-type: none"> ▪ Increased square metres and value of residential and commercial space – planned, under construction, completed ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress reports ▪ Annual reports ▪ Precinct and other plans ▪ City of Toronto data for comparison

	<ul style="list-style-type: none"> ▪ Number of planned and completed projects for habitat restoration and shoreline protection ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress reports ▪ Annual reports ▪ Environmental assessment reports ▪ <i>City of Toronto data for comparison, if available</i>
	<ul style="list-style-type: none"> ▪ Number of hectares of parklands, green space (active and non-active use, land-based) planned, constructed and secured for public ownership ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress reports ▪ Annual reports ▪ Precinct Plans ▪ <i>City of Toronto data for comparison, if available</i>
	<ul style="list-style-type: none"> ▪ Views of businesses, residents and community organizations 	<ul style="list-style-type: none"> ▪ Survey of employers/businesses ▪ Focus groups with residents and community organizations
<p>9. To what extent has there been improved environmental management in the waterfront area as a result of the TWRI? (intermediate outcome)</p>	<ul style="list-style-type: none"> ▪ Number of hectares of flood susceptible land (plan for flood protection) ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress and annual reports ▪ Planning documents and Environmental assessments ▪ <i>City of Toronto data for comparison, if available</i>
	<ul style="list-style-type: none"> ▪ Number of hectares of land removed from the flood plan (actually protected) ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files Progress and annual reports ▪ <i>City of Toronto data for comparison, if available</i>

	<ul style="list-style-type: none"> ▪ Number of building units LEED certified ▪ Inclusion of environmentally-friendly planning for commercial/residential developments ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Progress and Annual reports ▪ <i>City of Toronto data for comparison, if available</i>
	<ul style="list-style-type: none"> ▪ Number of hectares of parklands, green space (active and non-active use, land-based) planned, constructed and secured for public ownership ▪ Other evidence of redevelopment of waterfront areas to promote environmental sustainability (e.g., reduced reliance on vehicles, mixed use planning, etc.) ▪ Views of stakeholders on the extent to which TWRI projects reflected environmentally friendly development ▪ <i>Comparison of amount relative to other areas of the city and relative to time prior to TWRI, if possible and appropriate</i> 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ Progress reports ▪ Annual reports ▪ Precinct Plans ▪ Key informant interviews ▪ <i>City of Toronto data for comparison, if available</i>

<p>10. What unintended outcomes have resulted from the TWRI, if any, and how were these managed?</p>	<ul style="list-style-type: none"> ▪ Unintended outcomes resulting from the TWRI and how these unintended outcomes were managed 	<ul style="list-style-type: none"> ▪ Document, literature review (all documents) ▪ Key informant interviews ▪ Focus groups with community organizations and residents
<p>Issue: DESIGN, DELIVERY & COST-EFFECTIVENESS</p>		
<p>11. Has TWRC (TWRC) been an effective mechanism for implementing the TWRI?</p>	<ul style="list-style-type: none"> ▪ TWRI financial commitment, goals and TWRC projects are achieved as planned and in a timely manner 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ annual reports ▪ Treasury Board submissions, Memoranda to Cabinet ▪ Key informant interviews, including IGSC working group members
	<ul style="list-style-type: none"> ▪ TWRC funding spent as planned 	<ul style="list-style-type: none"> ▪ Federal TWRI Secretariat/TWRC project files ▪ annual reports ▪ Treasury Board submissions, Memoranda to Cabinet ▪ Key informant interviews

	<ul style="list-style-type: none"> ▪ Evidence of coordinated oversight by government partners ▪ Evidence of effective governance within TWRC, clarity of parties' roles 	<ul style="list-style-type: none"> ▪ Frequency and nature of intergovernmental (IGSC), IGSC working group meetings, interdepartmental meetings and Environmental Assessment Federal Authorities Meetings ▪ Key informant interviews
	<ul style="list-style-type: none"> ▪ Decision processes in place to allow for priorities to be reflected in the allocation of resources 	<ul style="list-style-type: none"> ▪ Document and literature review ▪ Key informant interviews
	<ul style="list-style-type: none"> ▪ Effective and consistent use of criteria to evaluate proposals 	<ul style="list-style-type: none"> ▪ Document and literature review ▪ Key informant interviews
<p>12. Has the TWRI demonstrated value-for-money?</p>	<ul style="list-style-type: none"> ▪ Cost efficiency for program delivery compared to similar initiatives (and/or alternative delivery models) ▪ Views of key informants on cost-effectiveness of TWRI 	<ul style="list-style-type: none"> ▪ Ratio of administrative (O&M) costs compared to contribution funding ▪ Evidence from comparison initiatives in other jurisdictions or in other federal departments (e.g. Infrastructure Canada, WED, ACOA), to the extent possible and appropriate ▪ Key informant interviews ▪ Audits
<p>13. Are there alternative delivery structures that would have been more effective or cost-effective?</p>	<ul style="list-style-type: none"> ▪ Evidence of effective and cost-efficient alternate delivery structures used in other initiatives 	<ul style="list-style-type: none"> ▪ Review of alternate federal funding mechanisms and arrangements ▪ Evidence from comparison initiatives in other jurisdictions ▪ Document and literature review ▪ Key informant interviews

14. Did/does the TWRI duplicate the work of other organizations and/or share similar objectives?	<ul style="list-style-type: none"> ▪ Absence/presence of duplication of activities 	<ul style="list-style-type: none"> ▪ Evidence from comparison initiatives in other jurisdictions ▪ Document and literature review ▪ Key informant interviews ▪ Focus group of community organization
	<ul style="list-style-type: none"> ▪ Absence/presence of similarities/differences in outcomes 	<ul style="list-style-type: none"> ▪ Evidence from comparison initiatives in other jurisdictions ▪ Document and literature review ▪ Key informant interviews ▪ Focus group of community organization

Annex 2: List of Documents Consulted

Toronto Waterfront

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Annex 3: List of Interviewees

Name/Respondent Group	Title	Organization/Affiliation
TWRC^a Board Members		
Mark Wilson	Chair	TWRC – Board Member
Kevin Garland	Director	TWRC – Board Member
Janet Graham	Director	TWRC – Board Member
John Ronson	Director	TWRC – Board Member
TWRC Employees		
John Campbell	President & CEO	TWRC
Marisa Piatelli	VP Government Relations	TWRC
Lisa Prime	Director – Sustainability	TWRC
Robert Siddall	Chief Financial Officer	TWRC
Meg Davis	VP Development (East Bayfront)	TWRC
IGSC^b Members		
Shirley Hoy	Manager	City of Toronto- City Manager's Office
Public Servants With Previous TWRI Experience		
Peter MacDougall	Director	Citizenship and Immigration Canada- Visa Policy
Catrina L. Tapley	Executive Director, External Relations	Treasury Board of Canada, Secretariat-Federal Councils and External Relations
TWRC^c Secretariat Employees		
Francine Belanger	Acting Director	Environment Canada – Federal TWRI Secretariat
Tom Golem	Senior Policy Analyst	Environment Canada – Federal TWRI Secretariat
Sophia Hua	Financial Analyst	Environment Canada – Federal TWRI Secretariat
Kyle Cyr	Acting Program Manager	Environment Canada – Federal TWRI Secretariat
City of Toronto Waterfront Secretariat		
Elaine C. Baxter-Trahair	Waterfront Project Director	City Waterfront Secretariat
Operations Working Group		
Nancy Alcock	Team Leader	Province of Ontario- Infrastructure and Urban Renewal
Joanne Lorenzi	Senior Policy Advisor	Province of Ontario- Infrastructure and Urban Renewal
Lydia Danylcw	Waterfront Project Manager	City Waterfront Secretariat
Lisa Taylor	Corporate Controller	TWRC
Sandra Tran	Director of Finance	TWRC
Subject Matter Experts		
Christopher DeSousa	Professor	University of Milwaukee – Department of Urban Studies
Peter North	Associate Professor	University of Toronto – Landscape Architecture
Adele Freeman	Acting Director-Watershed Management	Toronto and Region Conservation Authority

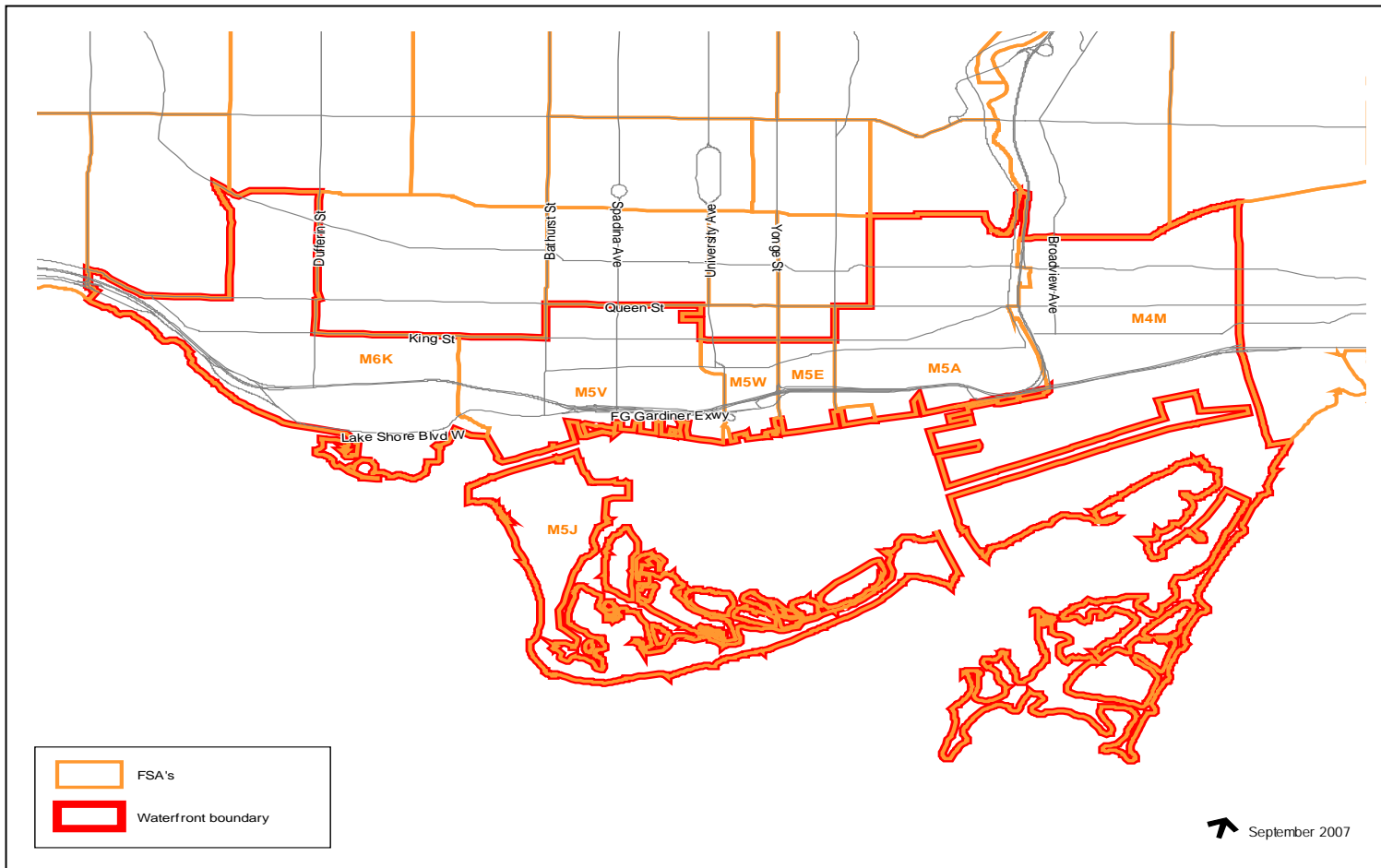
a Toronto Waterfront Revitalization Corporation

b Intergovernmental Steering Committee

c Toronto Waterfront Revitalization Initiative

In addition to those listed in the above table, other stakeholders were contacted to provide information on various issues related to waterfront revitalization. These informal discussions were undertaken with Laurie Bruce (Environmental Assessment Consultant to the federal TWRI Secretariat), Kevin Newson (Procurement Manager at TWRC), and Michael Wright (Project Manager with the City Planning Division, City of Toronto).

Annex 4: Map of Toronto Waterfront Forward Sortation Areas



Annex 5: Comparison Site Descriptions

Halifax, Nova Scotia

Waterfront Development Corporation Limited (WDCL) is a provincial Crown corporation that owns significant waterfront land on Halifax Harbour and oversees planning and development in the area. The Waterfront Development Corporation's only shareholder is the Province of Nova Scotia, and it reports to the Minister of the Office of Economic Development. It is governed by a Board of Directors consisting of nine volunteer members appointed by the Minister.

The Corporation owns most of the developable land immediately adjacent to the waterfronts in downtown Halifax, and several parcels in Dartmouth and Bedford (now all part of the amalgamated Regional Municipality of Halifax), for a total of about 5.25 ha (13 acres). Development of lands owned by the Corporation is usually carried out by private-sector developers, to whom the Corporation either sells or leases land.

The WDCL has a staff of five full-time management, planning and communications professionals and two support staff. Consultants on project design, environmental assessment and so on are retained on a project-by-project basis. WDCL is largely reliant on its own resources for revenue but receives some support for project development costs from the Government of Nova Scotia. In 2004, public investment for development projects equaled \$1.3 million and private investment was \$1.6 million. At Bishop's Landing (a waterfront property) public costs for redevelopment was approximately \$3 million, while private investment amounted to over \$30 million.

The WDCL generates the majority of its revenue from property leasing, parking operations, and marine berthing. The Corporation also generates revenue from events such as the Halifax Harbour Festival, Tall Ships and Lunenburg real estate and development projects. Finally, several waterfront projects in the Halifax Regional Municipality are at various stages of development including those at Bedford, Dartmouth and Halifax.⁴⁷ It is estimated that the projects will generate more than \$200 million in private investment.

The Canada/Nova Scotia *Cooperation Agreement on Economic Diversification* provided the Corporation with nearly \$1.5 million to complete the boardwalk, develop Tall Ships Quay and rejuvenate the waterfront. The Agreement was managed by the Atlantic Canada Opportunities Agency and Nova Scotia Economic Development.

Winnipeg, Manitoba (The Forks)

Revitalization of the Forks area in Winnipeg, Manitoba, has been partly funded through Western Economic Diversification Canada's Winnipeg Urban Development Partnership Agreement. Four five-year agreements have been implemented since 1981:

- Winnipeg Core Area Initiative I (\$96M): 1981–1986
- Winnipeg Core Area Initiative II (\$100M): 1986–1991
- Winnipeg Development Agreement (\$75M): 1995–2001
- Winnipeg Partnership Agreement (\$75M): 2004–2009

⁴⁷ 'Business Plan: 2007-2008', *Waterfront Development Corporation Limited*. Halifax: April 2007.

A total of \$196 million in Winnipeg Core Area Agreement (I and II) funding leveraged \$600 million in additional public and private (at 40%) sector investment.

The \$75 million in tri-partite funding from the 2004–2009 Winnipeg Development Agreement has leveraged another \$77 million from the private sector and \$49 million from other government sources thus far.

Over 20 years, the first three tripartite agreements contributed \$271 million to address Winnipeg's challenges and resulted in significant physical renewal in the downtown area, including redevelopment of two key areas: the Forks and the North Portage area, improvements to inner city neighbourhoods and business streets, community facilities, new and renovated inner-city housing, and delivery of innovative education and training initiatives related to immigrants, Aboriginal persons, youth and women.

The Forks Renewal Corporation was incorporated in 1987 with the objective of providing a mechanism for implementing the redevelopment of the former Canadian National (CN) East Yards area. Investments by the Corporation, the private sector, institutions, and governments comprise the basis of their revenue. The Forks Renewal Corporation (FRC) is a wholly owned subsidiary of North Portage Development Corporation (NPDC). The operations of the two corporations were merged in 1994 to form The Forks North Portage Partnership (FNPP). The partnership is governed by a ten-member board of directors appointed by the federal government, the province of Manitoba and the city of Winnipeg. Much of the federal funding described previously has been administered by the FNPP.

London, United Kingdom

Revitalization of the London Docklands was overseen by the London Docklands Development Corporation (LDDC), established in 1981 by the British government. Its objective was to secure the regeneration of the London Docklands Urban Development Area (UDA) comprising 22 km² (8.5 sq. miles) of East London in the Boroughs of Tower Hamlets, Newham and Southwark.

The redevelopment of the area was funded through a £1.86-billion investment of public money as well as income from sales of land (at 755 ha [1,066 acres]). According to a report for the Department of the Environment, Transport and the Regions, every £1 million of public sector cost generated net additional benefits in the UDA of 23 jobs, 8500 m² of office floor space, and 7.8 housing units.

Key successes of the LDDC include the creation of an “Enterprise Zone” - tax benefits which were used to attract largely new businesses to the Docklands area onto either serviced development sites prepared by the Corporation or modern premises built by the private sector for buying or leasing by new businesses. The corporation also made gains in creating a more publicly accessible waterfront – in 1981, only 6 km (3.7 miles) of waterfront were accessible compared to 50 km (31 miles) in 1998. Public transit was also a priority, evidenced by the expenditure of over 50% of total public funds into transit infrastructure projects.

Sydney, Australia

Sydney Harbour Foreshore Authority (SHFA) is one of the biggest landholders in Sydney, owning just over 400 hectares of land. It also manages a number of other properties on behalf of other New South Wales Government agencies. SHFA was formed in 1999 under the *Sydney Harbour Foreshore Authority Act 1998* to consolidate the work and functions of City West Development Corporation, Darling Harbour Authority and Sydney Cove Authority.

SHFA's business activities focus on property management and development, heritage conservation, urban renewal, and tourism. SHFA does not receive funding from New South Wales Treasury but rather finances its operations from rental and other property income.

The SHFA authority is subject to the control and direction of the Minister for Infrastructure and Planning and is managed by a board.

Annex 6: TWRI Project Descriptions

Contribution Agreements	Description	Maximum Federal Funding (\$)	Total Federal Funding Paid to Date (\$)
Completed			
Development Plan and Business Strategy	<ul style="list-style-type: none"> Addresses the design, financing and implementation of the overall waterfront renewal 	1,000,000	1,000,000
Harbourfront Water's Edge Improvements (Phase 1 – York Quay)	<ul style="list-style-type: none"> Enhancements to the water's edge area throughout John Quay 	4,166,667	4,166,666
Harbourfront Water's Edge Improvements (Phase II – John Quay)	<ul style="list-style-type: none"> Will increase the size of the water's edge promenade, allow the public better access to the lake through the construction of boardwalks and finger piers, installation of new lighting systems, furniture, landscaping Creation of a fixed boardwalk 170 m (560 ft) in length 	1,740,333	1,740,334
Regional Sports Complex (Feasibility Study)	<ul style="list-style-type: none"> Estimated 5 ha (12 acres) needed for facility to be built in Commissioner's Park 	200,000	186,703
Western Beaches Watercourse Facility Phase 1 (planning) Phase 2 (construction)	<ul style="list-style-type: none"> Construction of a 600 m x 135 m (1,970 ft x 445 ft) flat water course to host the International Dragon Boat Championships Replacement of existing breakwater 	200,000 14,300,000	188,226 14,258,905
Ireland Park	<ul style="list-style-type: none"> Transform a portion of Bathurst St. Quay into a public park to commemorate Irish famine victims 	500,000	500,000
Strategic Land Acquisition – Marine Terminal 27 (TORSTAR)	<ul style="list-style-type: none"> To secure and remediate the property 	12,806,000	12,805,823
Harbourfront Operating Costs	<ul style="list-style-type: none"> For the purpose of conducting activities related to site management, capital assets, marketing and fundraising 	1,400,000	1,400,000

ShakespeareWorks	<ul style="list-style-type: none"> Funding for a not-for-profit organization for a summer theatre on Toronto waterfront 	350,176	347,132
planning		1,125,400	889,408
construction			
Corporation Costs	<ul style="list-style-type: none"> Includes salaries and benefits, rent, information technology, professional and legal fees, among others 	4,657,777	4,657,108
Pre 2006-2007		8,938,000	8,938,000
2006-2007			
Discovery Centre (Feasibility Study)	<ul style="list-style-type: none"> Study to estimate the feasibility of constructing a "interpretive media centre" in the Port Lands 	1,000,000	1,000,000
In Planning			
Don River Park – design	<ul style="list-style-type: none"> Land preparation, soil management/treatment strategy and facility for an 210-ha (18-acre) park upon the foundation of flood protection land 	2,204,809	2,200,735
Central Waterfront Public Realm – design	<ul style="list-style-type: none"> Reconstruction of a 4-km (2.5-mile) area from Queens Quay Boulevard from Bathurst to Parliament Development of water's edge from Portland Slip to Parliament Slip Continuous walkable edge, improve bike/pedestrian corridors, tree planting, new civic public space 	5,725,025	2,325,430
Spadina Head of Slip – construction	<ul style="list-style-type: none"> A 700-m² (7,535-ft²) undulating wood pedestrian deck over water, adjacent to the foot of Spadina Avenue south of Queens Quay Boulevard. 	4,100,000	1,000,000
Lower Don River Environmental Assessments	<p>Two environmental assessments:</p> <ul style="list-style-type: none"> For the flood protection of land in the Lower Don River flood plain To naturalize the mouth of the river to provide a more natural outflow to Lake Ontario 	2,300,000	1,000,000
Harbourfront – Canada Square (Feasibility Study)	<ul style="list-style-type: none"> 1.4 ha (3.5 acres) of harbourfront - For underground parking garage and development of Square 	375,000	375,000

Lake Ontario Park (Planning & Scoping)	<ul style="list-style-type: none"> • 202 ha (500 acres) of land and an aquatic area • framework plan, conceptual design, implementation strategy 	1,000,000	843,588
Precinct Planning Studies	<ul style="list-style-type: none"> • Development of Precinct Plans for West Don Lands, East Bayfront, Central Port Lands, Lower Yonge and Port Lands to guide the development and servicing of the precincts • Will establish location, scale, character and function of all public spaces, streets, buildings and facilities to be provided and developed within the precincts 	2,903,000	2,281,411
East Bayfront - Parks/Waters Edge Promenade – design	<ul style="list-style-type: none"> • Includes Sherbourne Park 1.5 ha (3.7 acres) and Quay Edge Promenade 	8,678,000	804,189
Commissioners Park (Phase 1 –Land Acquisition)	<ul style="list-style-type: none"> • Land acquisition for a 17-ha (41-acre) waterfront park 	3,333,000	1,746,178
In Construction			
Port Lands Preparation	<ul style="list-style-type: none"> • Includes improvements to Cherry Beach, design concept for Commissioner's Park, Lake Ontario park strategic plan • Development of a soil remediation framework, and numerous studies 	20,233,000	15,602,057
Front Street Extension	<ul style="list-style-type: none"> • To extend Front St by 2 km (1.2 miles) and provide a new route into the central city from the west and the creation of a new urban street 	56,666,000	4,617,001
Port Union Waterfront Improvements	<ul style="list-style-type: none"> • Will create a corridor, pedestrian trail, and coastal wetland along the Port Union waterfront • Will develop a 3.8-km (2.4-mile) public park and natural habitat 	5,333,000	2,688,408
Mimico Linear Park	<ul style="list-style-type: none"> • Will provide a safer and more extensive public access to the waterfront and provide connections to the existing waterfront trail system 	2,166,667	1,729,580
Union Station Platform (separate from priority payments as of June 2006)	<ul style="list-style-type: none"> • Will add a second platform to the Union Station subway station 	19,334,000	3,810,963
Interim Sports Fields	<ul style="list-style-type: none"> • Create interim sports facilities in the Port Lands for use until the permanent facilities are built 	5,000,000	4,141,067

Port Lands Permanent Beautification	<p>Includes:</p> <ul style="list-style-type: none"> • Leslie St greening work • First phase of Martin Goodman trail • Streetscaping and demolition work on Cherry St, Unwin Ave and Commissioners St • Aquatic habitat strategy 	10,538,000	6,929,707
Tommy Thompson Park	<ul style="list-style-type: none"> • Park gateway, environmental education, shelter and washroom facility, nature viewing and park amenities, self-sustaining washrooms, ecological research station, interpretative centre • Wetland development, embayment enhancement, terrestrial habitat creation and enhancement, essential wildlife habitat creation 	8,000,000	1,930,967
No contribution agreement in place			
Other strategic land acquisition: Phase 2 Pier 27 (AVRO)	<ul style="list-style-type: none"> • Acquisition of 3.4 ha (8.3 acres) of Pier 27- AVRO portion 	32,336,000	-
District Energy (Sustainability Strategy)	<ul style="list-style-type: none"> • Implement a district energy system in West Don Lands & East Bayfront to provide heating/cooling to a community of buildings from one central plant 	23,620,000	-
Don River Park – construction	<ul style="list-style-type: none"> • For an 210-ha (18-acre) park upon the foundation of flood protection land 	15,395,191	-
Regional Sports Complex – construction		21, 011,000	-
East Bayfront - Parks/Waters Edge Promenade – construction		28,622,000	-
Central Waterfront Public Realm – construction		17,666,975	-
Lake Ontario Park (Phase 1 – construction)	<ul style="list-style-type: none"> • A park that includes 202 ha (500 acres) of land and an aquatic area 	14,478,000	-
Harbourfront – Canada Square (Capital Project)	<ul style="list-style-type: none"> • 1.4 ha (3.5 acres) of harbourfront - For underground parking garage and development of square 	24,625,000	-
Cancelled Project			
UN University for Peace	<ul style="list-style-type: none"> • To offer education programs/conferences on issues relating to human rights and migration 	2,300,000	1,662,004

www.ec.gc.ca

Additional information can be obtained at:

Environment Canada
Inquiry Centre
351 St. Joseph Boulevard
Place Vincent Massey, 8th Floor
Gatineau, Quebec K1A 0H3
Telephone: 1-800-668-6767 (in Canada only) or 819-997-2800
Fax: 819-994-1412
TTY: 819-994-0736
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