SUBJECT: Creation of a Hamilton Waterfront Corporation (PED09200/CM09011) (City Wide)

RECOMMENDATION:

a) That Report PED09200/CM09011 respecting the Feasibility of Establishing a Waterfront Development Corporation be received for information.

b) That Council direct staff to develop and bring back a report to Committee of the Whole on the following:

   i) Recommendations regarding a specific mandate, governance structure, staffing, and financial funding model for a Hamilton Waterfront Development Corporation; and,
ii) Parameters of a legal agreement that would be required to establish a municipal Hamilton Waterfront Development Corporation.

Tim McCabe  
General Manager  
Planning and Economic Development Department

Chris Murray  
City Manager

**EXECUTIVE SUMMARY:**

In October 2008, City Council directed staff to “prepare a report on the feasibility of creating a Hamilton Waterfront Corporation which includes a review of current corporations in operation across Canada…”. Since this time, the City’s “waterfront” precinct has been the subject of several additional strategic initiatives including the 2015 Pan American Games bid, the “West Harbour Waterfront Recreation Master Plan”, as well as the ongoing work involved with respect to the appeal of the “Setting Sail-Secondary Plan for West Harbour” at the Ontario Municipal Board.

Although individual plans, programs and incentives are in place to encourage development and redevelopment within key strategic locations throughout the City, there is recognition that the City should look beyond its borders and explore other possible avenues that would expedite redevelopment within the waterfront areas.

Research indicates that although waterfront opportunities are generally viewed positively by private sector investors, the inherent complexity and financial risk involved act as a significant barrier to their redevelopment. This led many jurisdictions across Ontario, Canada and throughout North America to conclude that government can act as a catalyst for the redevelopment of underutilized urban waterfront communities or neighbourhoods in transition.

It is recognized that the public sector's return on investment can be calculated in a much broader fashion than the private sector. Future revenue streams from property taxes, development fees and adjacent property value increases, for example, can be used to calculate the true public return on investment. Also, public investment can leverage or be a catalyst for private sector development investment.
Led by this thought process, governmental bodies at all levels, typically initiated and led locally, created and implemented several programs and development vehicles in an effort to drive capital investment into areas of priority, typically waterfront areas, with older and industrialized pasts as well as older urban city centres and downtown cores.

Organizationally, this focus is typically seen by the consolidation of programs, services, and resources, into an entity that can be directed to the specific task of redevelopment with dedicated implementation resources.

Even though terms vary from “development corporations”, “development banks”, “development partnerships”, “development authorities”, “commissions”, or some other term, practical research indicates that successful redevelopment in both urban and waterfront communities, tend to be seen in areas where the issue has been deemed a priority and where a focussed organization has been created for the sole purpose of implementation.

Typically, this entity is separated from the normal departmental relationship within a municipality or province / state. It is often characterized by an “arms-length” governance, staffing, and financial structure, but still containing clear and direct governmental oversight, through a formal reporting structure, shareholder agreement, staff, or board representation.

Specific mandates for these entities vary by jurisdiction, but typically they correspond to “being a catalyst for business investment, development and economic growth” or to “develop, promote, encourage, coordinate, assist, and advance the commercial and residential development” within the geographic region or area that it is created.

The feasibility of establishing a similar type of organization here in Hamilton is both legislatively and legally possible, although specific parameters through a legal agreement would be required. In fact there are currently several examples of similarly structured entities within the City of Hamilton including the Hamilton Realty Capital Inc., CityHousing Hamilton, and the Hamilton Waterfront Trust, to name but a few.

Although the status quo has achieved successes over the years, the research of other jurisdictions clearly shows that full coordination is only achieved when the specific mandate is preformed through the creation of a focussed entity. Through the analysis of possible corporate models and legal frameworks available to the City of Hamilton, staff is suggesting the acceptance, in principle to a municipally-owned corporation.

Staff recognize further detailed work is needed in order to implement such an entity, and therefore are suggesting the development of a report with recommendations regarding a specific mandate, geographic boundary, governance structure, staffing, and financial funding model, as well as the parameters of a legal agreement that would be required establish a municipal Hamilton Waterfront Development Corporation.

It is the belief of staff that this corporate model and legal framework will provide both the structure and the opportunity best suited for implementation immediately to achieve short to medium term development objectives.
BACKGROUND:

1.0 Council Direction

At their meeting of October 15, 2008, City Council endorsed the following resolution:

“That staff be directed to prepare a report on the feasibility of creating a Hamilton Waterfront Corporation, which includes a review of current corporations in operation across Canada (i.e. Halifax, Winnipeg, Niagara, etc…), and report back to the Committee of the Whole.”

2.0 Relevant Timeline – Actions to Date

The October 2008 Council direction was delegated by the Senior Management Team (SMT) to the Senior Advisor to the General Manager of Planning and Economic Development Department. An Inter-Departmental Staff Working Team was then engaged to discuss, research and develop a recommendation for Council.

Concurrently, staff in various other Departments and Divisions were working on three (3) other Council directives listed below, each having the potential to impact the work on the feasibility of creating a Hamilton Waterfront Corporation.

1) Pan-American Games Staff Working Group
2) West Harbour Waterfront Recreation Master Plan
3) On-Going “Setting Sail” Ontario Municipal Board (OMB) Appeal

Staff concluded that it would be premature to report back to Council with a recommendation on a Hamilton Waterfront Corporation prior to completing an assessment of the impacts of the above noted projects.

Related to these projects, Council has given the following directions:

1) February 2009, endorsed the concept of participating in the Pan Am Games and further endorsed the West Harbour precinct as its desired choice for the location of a future stadium.

2) January 2009, directed staff to revise the Waterfront Recreation Master Plan, based on the Hamilton Waterfront Trust Plan, complete the consultation process and report back to Committee.

3) January 2009, directed staff to adjust the timing of efforts to gain Ontario Municipal Board approval of the “Setting Sail” West Harbour Secondary Plan to align with the Pan Am Games decision making process.
3.0 Legal Services Division – Legislative Compliance

A key aspect of establishing the feasibility for the creation of a “Development Corporation” was to conduct an assessment of the possible legal and legislative frameworks, their individual parameters, as well as any possible constraints that would exist for a municipality in Ontario.

Legal Services staff undertook this review and the result was four (4) readily recognized legal frameworks that could be available to a municipality. The details of these are as follows:

3.1 Municipal Corporations

Municipalities are empowered to establish corporations pursuant to Section 203 of the Municipal Act, subject to such requirements as may be prescribed by regulation. The Province has enacted O.Reg. 599/06 respecting the establishment and function of these "municipal services corporations". In essence, municipalities can incorporate, own all or some of the shares of, and appoint directors, members and officers to, a public corporation owned wholly by itself or in combination with other "public sector entities", defined in the regulation as the Ontario or Federal Crown or any combination of the two. It is a requirement that the purpose of any such corporation must be to provide "... a system, service or thing that the municipality itself could provide." These systems, services or things are defined in the Municipal Act. Before the municipality can establish a corporation, it is required to conduct and adopt a "business case study" of the need/benefit to the municipality of establishing such a corporation. It is also required to formulate and adopt an "asset transfer policy" governing the transfer of any municipal assets to the corporation. It is also required to engage in a public consultation process prior to establishing such a corporation.

3.2 Municipal Economic Development Corporations

The regulation also provides for the creation of different types of corporations for certain, specified purposes. One of these is called a "designated economic development corporation". The rules around the establishment of such corporations are the same as for more generalized municipal services corporations as described above. The difference is that these corporations can only be created for the purpose of providing "economic development services" which are defined to include such things as the promotion of the municipality/the preparation of an economic development strategic plan/the acquisition, development and disposal of sites for various uses/the provision of transportation, housing, parking, cultural, heritage systems/the operation of conventions and visitors bureaus and so on.

3.3 Private Business Corporations

The regulation does permit a municipality to appoint directors or officers to any corporation established under any Act, including the Business Corporations Act. However, since a municipality is prohibited from having any ownership stake in any
private corporation, such an appointment could only be made on the invitation of that corporation.

3.4 Special Corporations

Municipalities generally, and Hamilton in particular, are involved in a number of special or statutory corporations which have been established for specific purposes outside of this general Municipal Act scheme. Examples include Hamilton Entertainment and Convention Facilities Inc. (HECFI) and the Hamilton Street Railway (HSR). Also, in this regulation, corporations established under the Electricity Act (Hamilton Utilities Corporation (HUC)) and the Social Housing Reform Act (CityHousingHamilton) are specifically exempted from the provisions of the Municipal Act and the regulation.

4.0 Research - Waterfront and Development Corporations from Other Jurisdictions

As per Council direction, staff has undertaken research, convened Inter-Departmental Working Group meetings and met with several internal and external stakeholders in order to fully understand the issues and approaches surrounding waterfront development.

The following is a research summary of the findings, including approaches from several jurisdictions spanning locally, nationally and in the United States.

Research Summary

Research indicates that many jurisdictions across Ontario, Canada and throughout North America have looked at ways for government to act as a catalyst for urban redevelopment in communities or neighbourhoods that are in transition.

Although waterfront land development opportunities tend to be viewed very positively by private sector investors and end-market users; older urban areas, with former or even current industrial land uses, with extensive environmental risks, have an inherent complexity and financial risk that act as a significant barrier to their redevelopment. Simply stated, an ability to forecast a positive financial return over and above the financial investment and risks involved is the key determinant for private sector development to take place.

This lack of interest of the private sector led many communities to assess how active or aggressive public investment should be in the role in spurring development, specifically in areas/communities/neighbourhoods that can achieve a positive public return on investment. The highlighted research seems to indicate three (3) specific issues inherent within the jurisdictions that decided to proceed with publicly led investments.

First, there was a realization and an understanding of the true market dynamics inherent in the private sector development industry in their respective communities. The facts typically showed that although there was a potential for a return on investment, the private sector did not see the likely return outweighing the risk and complexity involved.
In some cases this was due to location, in others it was cost, and in others it was simply the scale, but regardless, there was a perception, real or otherwise, that the “numbers just didn’t work”.

Secondly, that public sector return on investment can be calculated in a much different way than the private sector. Quantifiably, future revenue streams from sources such as property taxes, development fees and property value increases in neighbouring properties and job creation for example, can be used to calculate true public value of the return on public investment. These can be combined with qualitative and intuitive returns such as creating liveable neighbourhoods, increasing the City’s image, maximizing the utilization of public infrastructure or the change in perceptions of an area as it transitions through development.

Lastly, that any public investment receives the highest return on investment when it can leverage or be a catalyst for additional private sector investment. Even with positive public returns on investment, enabling private sector investment on its own typically involves the highest return on investment and is the preferred option.

Led by these values, governmental bodies at all levels, typically initiated and led locally, created and implemented several programs and development vehicles in an effort to drive capital investment into areas of priority. These typically are areas such as waterfronts with older and industrialized pasts and older urban city centres and downtown cores.

Whether defined and termed as a “development corporation”, “development bank”, “development partnership”, “development authority”, “commission”, or some other term, practical research indicates that successful redevelopment in both urban and waterfront communities tend to be seen in areas where the issue has been deemed a priority and where a focus for implementation has been created.

Organizationally, this focus is typically seen by the consolidation of programs, services, and resources into an entity that can be directed to a specific task or redevelopment with dedicated resources to implement.

**Development Corporation - “Arms-Length” Relationship to Government**

Typically, this consolidation is manifested through an entity that in some way is separated from the typical departmental relationship within a municipality or province/state. Further, it is often characterized by an “arms-length” governance structure from the specific governmental jurisdiction which initiates and is responsible for it. This “arms-length” relationship, however, is measured by varying degrees along a continuum, but all containing a clear and direct form of governmental oversight, through a formal reporting structure, shareholder agreement, staff or board representation.

Of the examples examined in detail, all were represented by this “arms-length” relationship. Halifax and Saint John New Brunswick corporations, Niagara Parks Commission and the Waterfront Toronto Corporation were all formed through various relationships with all three (3) levels of government and their creation was enacted by
legislation. Pittsburgh’s *Urban Development Authority* was created by way of State legislation. Winnipeg’s *Centre Venture* however, was created at the municipal level but operates in a similar fashion.

In all cases, governmental oversight was seen and remains a critical element of its structure. Board representation with a direct reporting line is clear in all cases. It is important to note however, that although some elected officials were represented on many of the boards, in many cases this governmental oversight was delegated to governmental board appointments that contained direct private sector experience in the field of interest.

Locally, CityHousing Hamilton, the Hamilton Waterfront Trust and the Hamilton Realty Capital Inc. all operate under similar “arms-length” relationships. CityHousing Hamilton and the Hamilton Waterfront Trust contain both oversight by way of Board representation and reporting structure, with the Hamilton Realty Capital Inc. only containing oversight through reporting.

**Development Corporation - Mandate**

Specific mandates for these entities vary by jurisdiction, but typically they correspond to “being a catalyst for business investment, development and economic growth” or to “develop, promote, encourage, coordinate, assist and advance the commercial and residential development” within the geographic region or area that it is created.

These mandates are carried out through a variety of implementation programs and projects as distinct as the jurisdictions examined; meaning that although the mandates use similar wording, there was no general across-the-board implementation tactic or strategy that can be used to illustrate implementation of its respective mandate.

To illustrate, acting as a financing vehicle seemed to initiate Winnipeg’s *Centre Venture*, whereas Halifax increased its planning and marketing role. Conversely, while Waterfront Toronto’s is looking to “transform 800 hectares of Brownfield lands into beautiful, accessible, sustainable, mixed use communities and public spaces”, the Niagara Parks Commission balances the desire to develop its lands while maintaining public ownership.

**Development Corporation – Day-to-Day Operations**

Operationally, the “arm’s length” relationship is carried over to the staff level, where all of the highlighted organizations are staffed by professionals that operate through the direction of their respective Board of Directors, and not by officials within the governmental body itself, whether it is at a staff or elected level.

The City of Hamilton has three (3) distinct entities within its own portfolio that operate in a similar fashion. CityHousing Hamilton is led by a CEO that is also an employee of the City of Hamilton, while the Hamilton Waterfront Trust operates separately from the City. By comparison, while the Hamilton Realty Capital Inc. is owned and governed
independently from the City, a City of Hamilton employee acts as its “Designated Manager”.

Development Corporation - Financing Models

With the financing model of a development corporation being critical to its success, there is however no easy comparison between the examples, as each organization has a unique funding structure, due in many ways to its unique legislative framework established at the time it was created.

In an attempt to find common ground in today’s terms, there seems to be three (3) distinct funding parameters:

1) initial investment;
2) ongoing operational funding; and,
3) project-by-project investment and funding.

Generally, there was an initial public investment in the creation of the entity. In the case of Halifax, Saint John New Brunswick and Toronto, that investment came from all three (3) levels of government, while in Winnipeg, it came from the local and Provincial levels.

Ongoing operational funding models vary substantially. Niagara Parks Commission is fully self-supporting, as its revenue base comes from the total operations of the lands within its portfolio. Halifax claims “to the largest extent…has been financially self-sustaining, that is without significant taxpayer support”, primarily from its extensive parking lot revenue. Saint John New Brunswick has annual support from all three (3) levels of government plus additional annual funding from five (5) other private sector and NGOs. Pittsburgh receives approximately 31% of its revenue from the three (3) levels of government, another 15% from taxing sources and the remainder from its operations.

Project financing is even more difficult to fully understand, as obviously the nature of the development would have a direct impact on its funding. A project that was a public recreational facility for example would rely much more on public investment than a private sector residential project that may not rely on governmental investment at all, but rather may in fact provide a return to the development corporation itself. Intuitively, it would be likely to conclude that project-by-project funding would be approached in similar investment terms as the private sector, and therefore that most projects would be self financed by the project itself.

As it relates to financing, our local examples of CityHousing Hamilton, the Hamilton Waterfront Trust and Hamilton Realty Capital Inc. each have very different models incorporated into them.

CityHousing Hamilton owns and operates 6,234 units, with an estimated asset value of approximately $350 million. Its operating budget of approximately $45 million is funded mainly through legislatively mandated operating subsidies from both the Province of Ontario and the City of Hamilton, but it also earns income through its leasing operations.
Project financing is typically tied to one-time government housing funding, from all three (3) levels of government, although CityHousing Hamilton has also been financed for urban renewal projects by the City of Hamilton through downtown projects such as Cityviews, CityPlaces and the recent acquisition of 95 King Street West.

The Hamilton Waterfront Trust (HWT) was established in the year 2000 by way of an initial endowment of $6.3 million, through agreement between the City of Hamilton and the Hamilton Harbour Commissioners. Operationally, the HWT is funded through annual grants, the operation of its commercial and recreational ventures, as well as its own fundraising efforts. With its mandate, project financing can come from the principle endowment, however like CityHousing Hamilton; the HWT has also undertaken dedicated projects funded by the City of Hamilton or other governmental financing opportunities.

Hamilton Realty Capital Inc. (HRCI) is a private, for-profit corporation. Initially, the HRCI was financed with a $2 million investment from a private investment group, Forum Leasehold Partners (Hamilton Realty) Inc. Working within the constraints of the Municipal Act, the City of Hamilton allocated a one-time $2 million capital loan from the Hamilton Future Fund, which through the “Unanimous Shareholder Agreement”, the HRCI can access on a project-by-project basis. The Hamilton Future Fund also invested in the HRCI’s operation with a one-time $250,000 operating subsidy.

4.1 City of Winnipeg – CentreVenture

CentreVenture Development Corporation (CV), an arms-length agency of the City of Winnipeg, is an advocate and catalyst for business investment, development and economic growth in downtown Winnipeg.

Created in May 1999 by Winnipeg City Council and based on the principal recommendation of the Downtown Winnipeg Task Force, it was established as a "downtown development authority" to plan, coordinate and implement revitalization projects and improve the downtown's fortunes.

City Council enabled CentreVenture to adopt a public-private partnership approach that would capitalize on the expertise of the private sector and the policy development strength of government. The goal was the economic, physical and social rebirth of Winnipeg's downtown.

CentreVenture's staff, under the guidance of a volunteer, private-sector board of directors, develops and implements strategies to identify and capitalize on economic, physical and social development opportunities in Winnipeg's downtown. CV is charged with fostering the revitalization of downtown Winnipeg through strategic management, financial, and other support, where possible, of downtown development.

CentreVenture expedites development in Winnipeg's downtown by promoting private-public cooperation and innovative partnerships. CV encourages new retail, entertainment, housing and commercial ventures, along with public sector investment in public spaces, amenities and services. CV puts particular emphasis on the rejuvenation of the City's heritage buildings, development of vacant or underutilized downtown
property and on identifying development opportunities linked to area megaprojects such as Red River College's downtown campus and Manitoba Hydro's new head office.

Under the Asset Agreement with The City of Winnipeg, CV markets surplus city-owned properties for sale and redevelopment.

Initially, the City of Winnipeg provided $3 million seed capital to establish an Urban Development Bank which offers gap financing, mortgages and loan guarantees for small and medium-size projects.

In June 2002, Winnipeg City Council renewed CentreVenture's mandate and in 2006 expanded its geographic reach. The City also approved an additional $7 million deposit to fuel Urban Development Bank activities, for a total investment of $10 million.

In June 2006, City Council endorsed a further three year renewal of CentreVenture's operating agreement on the basis of an updated and expanded strategic plan that focuses on developing clusters of new activity along Portage and Main, the city's signature streets.

The Government of Manitoba made an initial $250,000 contribution to the Urban Development Bank fund and continues to provide additional annual contributions of $250,000.

CentreVenture's mandated area of responsibility now covers one of the largest downtown areas in North America, bordered by the Assiniboine River to the south, CP Rail Highline to the north and the Red River to the east. The area's western edge is roughly defined by Osborne, Young, Balmoral and Hargrave Streets.

4.2 Niagara Parks Commission

The Niagara Parks Commission (NPC) is a Provincial Crown Agency, incorporated by the act of the Provincial Legislature on April 23, 1887, and functions under the terms of the Niagara Parks Act, the Memorandum of Understanding between the Minister of Tourism and Recreation and the Commission, and some sections of the Corporations Act.

When it was first established, NPC controlled only the lands and buildings immediately surrounding the Canadian Horseshoe Falls. This area, now known as Queen Victoria Park, encompassed some 62.2 hectares (154 acres) of land. Today the area is owned and maintained by Niagara Parks has grown into what is North America’s most completely maintained Parks system, encompassing 1,720 hectares (4,250 acres) of parkland and 56 kilometers (35 miles) of roadway and recreational trail along the Niagara River from Lake Erie to Lake Ontario.

NPC is similar to a private corporation, with all the objects, powers and duties prescribed under the Niagara Parks Act. The Commission operates like a Board of Directors and is composed of twelve (12) members: eight (8) appointed by the Province and one each appointed by the Councils of the Regional Municipality of Niagara, the Town of Fort Erie, the City of Niagara Falls and the Town of Niagara-on-the-Lake. The
Province designates one member of the Commission as Chairman and another as Vice-Chairman.

The Members of the Commission are responsible and accountable to the Government of Ontario, the sole shareholder of the Commission. The Commission's Chairman reports to the Ontario Minister of Tourism and Recreation. Founded as guardian of a national trust, they are mandated to preserve and commemorate the historical, cultural and environmental significance of the Niagara River corridor. Stewardship roles assumed by Niagara Parks have been an important aspect of the Commission since its inception.

NPC is completely self supporting and receives no funding from Ontario taxpayers. They raise their own revenue through the operation of attractions, gift shops, historic sites, restaurants, golf courses and parking lots. Although self funding, the NPC does rely on the government of Ontario for guarantees of its bank loans.

NPC maintains the Niagara River Recreation Trail and many picnic, park venues, playgrounds with splash pads, hiking trails, boat launches and other public recreation areas. Today’s NPC maintains and operates attractions, historic sites, golf courses, picnic grounds, a marina, restaurants, gift shops, a School of Horticulture and Botanical Gardens and hundreds of acres of gardens and floral displays.

4.3 Halifax Nova Scotia – Waterfront Development Corporation

Waterfront Development Corporation Limited (WDCL) is a Provincial Crown Corporation, established in 1976 with the mandate to champion the overall planning strategy for lands and water lots owned by the Corporation around Halifax Harbour and Bedford Basin. It accomplishes this mission through planning, coordinating, promoting and developing properties, events and activities.

WDCL works with various government organizations, including Halifax Regional Municipality, the Province of Nova Scotia, the Halifax Port Authority and the former cities of Bedford and Dartmouth to move forward with an overall vision for this capital district. As a result of the Municipal reorganization, Bedford Waterfront Development Corporation was dissolved and in May 1999, merged with Waterfront Development Corporation Limited.

The WDCL currently owns 66 acres of property and manages over $20 million of public infrastructure for the residents of the Province.

Corporately, the WDCL reports directly to the (Provincial) Minister of Economic and Rural Development and has a Board of Directors comprised of members representing Bedford, Dartmouth and Halifax. WDCL has a staff of fifteen, seven involved in planning, development and administration and eight in maintenance and parking operations. WDCL maintains effective relations with the Province, the federal government and local communities. As a result, the Corporation is making an increasing contribution to the economic development of the harbour and the Province.
Specifically, the WDCL’s mandate, which highlights the core business and areas of responsibility includes:

- Acquire property, coordination, planning and property management within designated areas of Halifax Harbour including Bedford, Dartmouth, Halifax and other areas so designated by the Corporation’s Shareholder (Department of Economic Development), which presently includes certain properties on the Town of Lunenburg waterfront;
- Marketing, promotion and events designed to attract public use of the Halifax Harbour waterfronts; and,
- Overseeing Provincial interest in the industrial development of Halifax Harbour through coordinating best use of Provincial land.

The WDCL’s business plan and priorities are aligned with the overall corporate goals of the Province through providing existing and planned public infrastructure, spaces and events on the waterfronts. These elements significantly add to the regional ability to compete globally in terms of important amenities that attract business investment and visitors to the region.

Planning Context

The WDCL has a unique role within the Province. Through ownership, it is directly responsible for over $100 million of waterfront real estate located in economically significant and culturally important centers of Halifax Regional Municipality and the Town of Lunenburg. Over the past 32 years more than $400 million of private and public investment in land and infrastructure has been possible. Planning and coordination of responsibilities for much broader areas surrounding Halifax Harbour for Provincially-owned property with port, industrial potential have been recently assigned by the Provincial government.

Championing the Provincial interest in these areas of responsibility intersects with the interest and jurisdiction of municipal and federal government agencies and private landowners. Managing these relations responding to the diverse expectations and stakeholder interests, and the community at large has significant challenges.

This broad mandate and responsibility requires considerable attention to human resources allocation and the establishment of priorities within the confines of Provincial financial management goals. The Corporation’s financial and business planning is based on market forces.

To the largest extent, the WDCL has been financially self sustaining, that is without significant taxpayer support, for more than a decade. A loan guarantee from the Province and targeted grants for specific programs e.g. Tall Ships, has assisted in achieving this self sustainability. Lack of dependence on the Provincial taxpayer has allowed the Corporation flexibility in its plans and programs.

As development of waterfront land proceeds, the ability to be self sustaining may diminish due to the market forces that determine income from property development. In
addition, as development of vacant land (with temporary parking lots) proceeds, revenue from parking naturally diminishes. These market forces together with increased cost for maintaining important public spaces and infrastructure and the expectation to meet Provincial financial debt management goals create significant challenges.

Designated waterfront areas under its jurisdiction have become the most visited public spaces in Nova Scotia by visitors and Nova Scotians alike. This has increased public and stakeholder expectations and demands for such things as maintenance, high quality experiences, and repair of aging infrastructure, event management, and risk management including safety and security services, and the development of new infrastructure such as recreational vessel docking facilities. All of these demands require additional, and sometimes specialized, expertise, resources and operational expenditures.

4.4 Waterfront Toronto

Created in 2001, Waterfront Toronto (WT) is a tri-government funded corporation with a 25-year mandate to transform 800 hectares of brownfield lands on Toronto's waterfront into beautiful, accessible, sustainable mixed-use communities and dynamic public spaces.

Waterfront Toronto’s approach is strategic revitalization, as opposed to simple redevelopment, meaning that the successful revitalization of the waterfront requires bringing together the most innovative approaches to sustainable development, excellence in urban design, real estate development, leading technology infrastructure and the delivery of important public policy objectives, all with the goal of placing Toronto at the forefront of global cities in the 21st century.

Based in part on research from waterfront projects in other cities such as London, New York, and Barcelona, the Toronto Waterfront Revitalization Task Force’s report recommended that a separate corporation, with a strong mandate to coordinate and oversee an integrated strategy, is crucial to making waterfront revitalization a reality.

Following this report, Waterfront Toronto was formally established in the Fall of 2001 and was up and running in February 2002. The Government of Canada, the Province of Ontario, and the City of Toronto jointly announced their support for the creation of Waterfront Toronto (formerly Toronto Waterfront Revitalization Corporation) to oversee and lead waterfront renewal. The governments jointly fund the Corporation and appoint the Board of Directors.

Federally, the Department of Finance Canada is responsible for waterfront revitalization. At the Provincial level, responsibility rests with the Ministry of Energy and Infrastructure. The Waterfront Project Secretariat, under the Deputy City Manager, oversees revitalization activities at the municipal level.

Waterfront Toronto is governed by a 12-member Board of Directors, including the chair, appointed by the Federal and Provincial governments and the City of Toronto, with its corporate authorities and accountabilities set out in Bill 151.
The Board of Directors of the corporation is comprised of representatives appointed by each of the three levels of government. The current board is made up of members with a wide range of relevant skills and expertise. These include legal, residential and commercial real estate, accounting and tax, investment and finance, environmental management, not-for-profit and public sector organizations, public companies, entrepreneurship, urban planning and information technology, among others.

Waterfront Toronto has a mission to put Toronto at the forefront of global cities in the 21st century by transforming the waterfront into beautiful, sustainable new communities, parks and public spaces, fostering economic growth in knowledge based, creative industries and ultimately: re-defining how the city, province and country are perceived by the world.

Supporting the mandate, Waterfront Toronto’s vision statement is “working with the community and public and private sector partners, the Corporation will create waterfront parks, public spaces, cultural institutions and diverse and sustainable commercial and residential communities. We will strive to ensure that Toronto becomes the city where the world desires to live.”

Beyond the overall mission and vision statements, operationally the Corporation has four (4) specific overall Corporate objectives that focus on core implementation measures. They include:

- Develop accessible new waterfront communities that offer a high quality of life for residents and visitors alike;

- Attract innovative, knowledge based industries to the Port lands;

- Engage the community as an active partner in revitalization; and

- Develop strategic partnerships to attract private sector investment.

The Corporation’s main asset base is in the ownership of land and buildings, much of which contains significant environmental contamination. Built into its model, the Corporation does not have any legal obligation to remediate the lands, and therefore financially, there is no environmental remediation liability recognized within their financial statements. Any costs associated with voluntary environmental remediation, or costs of demolition, which depends on the ultimate use of the lands, is recognized in the valuations of the related project.

Waterfront Toronto has expressed a desire for development to be characterized by excellence in urban design. As such, they have established a Design Review Panel which has been modeled out of experiences in Vancouver, Niagara Falls and the National Capital Commission in Ottawa as well as the City of Ottawa. This panel provides objective, professional advice and contributes to a culture of quality by signaling to developers and designers that high quality design is a critical consideration for the development of Toronto's waterfront. The panel will be advisory and in no way replace the City of Toronto's regulatory approvals process.
In 2004/05 WT released the final version of the Sustainability Framework, the goal of which is to ensure that sustainability principles are integrated into all facets of waterfront revitalization management, operations and decision making. Focused around five (5) broad goals, the Sustainability Framework identifies concrete short, medium and long term actions that will lead to remediation brownfields, reduced energy consumption, the construction of green buildings, improved air and water quality, expanded public transit and diverse, vibrant downtown communities.

Recently, in the 2007/2008 business plan, the Corporation expanded its core business from planning and smaller scale project management to implementation and development of such projects as major parks and recreational facilities, waterside destinations and new sustainable, downtown communities.

4.5 Saint John, New Brunswick – Waterfront Development Partnership

The Saint John Development Corporation was incorporated in July 1980 with a mandate to "develop, promote, encourage, co-ordinate, assist and advance the commercial, residential, recreational, cultural, social, economic welfare of the City of Saint John in connection with the Market Square Project site including the area within the City Centre District".

The Waterfront Development Partnership (WDP) was established in 2001 to act as a catalyst for Saint John achieving its waterfront's potential. Operationally, it acts under the direction of the Saint John Development Corporation, and is a partnership comprised of the City of Saint John, Uptown Saint John Inc, Enterprise Saint John Inc., Saint John Board of Trade, Saint John Port Authority, and the Province of New Brunswick.

The Inner Harbour Land Use Plan, a master plan for development of the Saint John Inner Harbour and Waterfront, was introduced in 2003. The plan defines a strong system of fully connected, high quality public spaces that will form a framework for high quality private development and was developed around a set of guiding principles, which include:

- Public Access;
- Support a strong working port;
- Encourage economic growth and diversification;
- Promote arts culture, interpretation and education; and,
- Significant, sustainable, balanced economic and environmental development, collaboration with private-public partnerships, and community involvement and appeal. Stakeholders are committed to continued development in a vibrant waterfront and uptown.

The Saint John Waterfront Development and its projects are funded by donations from the three (3) levels of government, corporations, community organizations and individuals. The breakdown of the operational funding model is as follows:
Partner:      Annual Donation
City of Saint John      $ 100,000
Enterprise Saint John  $ 15,000
Saint John Board of Trade  $ 15,000
Saint John Port Authority  $ 15,000
Uptown Saint John     $ 15,000
Saint John Development Corporation  $ 25,000
Province of New Brunswick * $ 50,000
Total Funding from Partners:  $ 235,000
* Project Support Funding

Funding for Waterfront Development Projects:

Partner:     Contribution  % of Total
City of Saint John     $ 3,034,568   36%
Province of New Brunswick   $ 1,640,000   20%
Government of Canada – ACOA   $ 2,286,195   27%
Private Sector Donations    $ 1,397,982  17%
Grand total raised to date:  $ 8,358,745  100%

4.6  Pittsburgh, Pennsylvania – Urban Redevelopment Authority of Pittsburgh

The Urban Redevelopment Authority (URA) of Pittsburgh was created to fight blight through urban renewal. The URA achieves this mission by assembling, preparing and conveying sites for major mixed-use developments; and by providing a portfolio of programs that include financing for business location, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements.

Incorporated in 1946, the URA was one of the first redevelopment authorities in Pennsylvania. Organized by corporate and civic leaders, the URA undertook the first privately financed downtown redevelopment project in the United States - Gateway Center.

The URA buys old sites, cleans them up and sometimes acts as a non-profit developer. It has constructed and rehabilitated tens of thousands of homes, reclaimed thousands of acres of contaminated brownfield and riverfront sites, and assisted hundreds of businesses in neighborhoods throughout the City of Pittsburgh.

Today, the URA offers a variety of programs and financing products that range from assisting low income clients achieve home ownership to reclaiming brownfields for new development and helping communities reinvent themselves.

The URA also provides administrative, financial, accounting, economic, legal and secretarial services for The Pittsburgh Economic and Industrial Development Corporation (PEIDC), which acts as Pittsburgh's industrial development corporation for real estate development.
With this designation, the PEIDC is able to purchase real estate, obtain private and public financing (including low interest loans from the state) and sell or lease property. The PEIDC becomes involved in commercial or industrial development projects when private real estate developers are unwilling. As a certified industrial development corporation, the PEIDC can obtain, on behalf of a company, low interest financing for industrial real estate renovation and construction.

The URA has repeatedly demonstrated the value of land preparation as an economic development tool. The authority has been able to use its ability to secure low cost financing to prepare land for development when private sector developers are deterred by the financial risks. This has been particularly useful in redeveloping sites that were plagued by environmental hazards.

Redevelopment of a former steel mill site on the City's south side is one of the most visible examples of the URA's work. Soon after LTV closed the steel mill, the URA acquired the 123 acre property. While private developers may not have been willing or able to finance the cleanup and redevelopment of such a large site, the URA capitalized on its ability to secure public and private funding. It completed most environmental testing and remediation within a relatively short time.

The site is now home to several new developments, including a distribution facility and sports medicine complex for the University of Pittsburgh Medical Center, practice facilities for the Pittsburgh Steelers and University of Pittsburgh football teams, an FBI office building and the University of Pittsburgh's McGowan Center for Artificial Organ Development.

Governed as an “arms-length public authority”, the URA is led by a six (6) member Board of Directors. Although the legislative criteria for the board make-up is unclear, the current Board is chaired by the Office of the Mayor, the URA’s Executive Director, elected state and local council representation, as well as representation from both labour and the private sector.

Led by an Executive Director and a staff of sixty (60), the URA is operationally divided into five (5) departments: Executive, Business Development, Economic Development, Engineering and Construction, Housing, and finally Real Estate, and as a comparator, these functions are similar to their respective divisions of the same name within the City of Hamilton.

The URA works closely with Federal, State and local government, the private sector, foundations and community based organizations. According to its 2005 Annual Report, revenue of the URA was approximately $88.5 million with expenses of $110.3 million. Of note, the 2005 expenditures exceed revenues because of debt service payments from the URA’s bond funded programs. These highly rated programs are designed to keep fund balances and reserves large enough to make up the difference in years where disbursements are more than receipts. The following shows how the revenues and the expenses are categorized by the URA:
Revenue:
Federal Grants 12.5%
State Grants 18.0%
City Grants 1.0%
Pledges Tax Revenue 15.0%
Debt Proceeds 1.0%
Loan Repayments 39.0%
Property Leases/Sales 8.3%
Investments/Fees/Programs 5.2%
100%

Operational Expenses:
Housing Development 21.4%
Business Development Programs 9.0%
Major Real Estate Development 21.1%
Debt Service for Projects/Programs 38.1%
Real Estate Management 3.7%
Administration 6.7%
100%

It must be noted however that the Pittsburgh URA operates under a much different legislative and approval framework than could exist in Ontario. As a dedicated state authority, the URA has delegated, mandated and legislative authority in areas that rest with multiple Ministries and agencies here in Ontario. One example would be land use planning where the approval authority rests with the URA.

4.7 Hamilton Realty Capital Inc.

Endorsed in principle in 2004 and subsequently established by City of Hamilton Council in June 2006, the “Hamilton Realty Capital Inc.” (HRCI) is a “private-public partnership”, whereby public investment is leveraged with private investment, within a strategic framework of objectives to reflect public interests and goals. Through this unique “PPP” funding model, the HRCI acts as an efficient delivery mechanism of capital investment, that can work on its own or enhance existing programs and services, in order to achieve strategic City of Hamilton planning objectives that promote community redevelopment and future community benefits. Geographically mandated, the HRCI is bounded by the Downtown Hamilton Community Improvement Project Area.

It is important to note that the HRCI’s corporate structure and governance model is quite unique. HRCI is a private, for-profit corporation, operating legally as an Ontario corporation. This corporate structure provided the City of Hamilton with a somewhat limited financial risk and exposure than would have been the case if the City chose to explore a majority investment position in entities such as a Municipal Corporation, joint venture, partnership, or direct action by the City itself.

Countering this, however, is a provision in the Municipal Act which forbids Ontario municipalities from directly investing in or governing a private, for-profit entity, meaning that with the limited exposure, the City of Hamilton’s control of the corporation through
its governance structure would also be limited. As such, the HRCI Board of Directors is independent of the City of Hamilton, but operates under a "Unanimous Shareholder Agreement" between the HRCI and the City of Hamilton.

Operationally, the HRCI is managed by a “Designated Manager”, which operates through a “Management Services Agreement” between the HRCI and the City of Hamilton’s Downtown and Community Renewal Division.

Initially, the HRCI was financed with a $2 million investment from a private investment group, Forum Leasehold Partners (Hamilton Realty) Inc. Working within the constraints of the Municipal Act, the City of Hamilton allocated a one-time $2 million capital loan from the Hamilton Future Fund, in which through the terms and conditions of the “Unanimous Shareholder Agreement”, the HRCI can access on a project-by-project basis. The Hamilton Future Fund also invested in the HRCI’s operation with a one-time $250,000 operating subsidy.

Since its inception, the HRCI has worked closely with City of Hamilton staff to explore several investment opportunities; however, the Corporation has not directly invested in any projects to date. Although results have been admittedly slow to develop, criticism of the model enacted should be limited. As a private, for-profit entity, with stipulated rates of return on the investment employed, investment decisions are dictated by the current business climate and the investment opportunity presented. Simply put, the model is meant to leverage private and public investment when there is a conclusive investment opportunity present. Unfortunately, public policy, public interest and public assessment objectives are not seen as relevant quantifiable factors when determining the investment decision.

4.8 CityHousing Hamilton

CityHousing Hamilton (CHH) is the Housing Corporation owned and operated by the City of Hamilton, a consortium of the former Hamilton Housing Corporation, Dundas Valley Non-Profit Housing Corporation, and the Municipal Non-Profit (Hamilton) Corporation. In its portfolio, CHH owns and operates 6,234 units, with an estimated asset value of approximately $350 million, a total replacement value of $500 million, and an operating budget of $45 million, making CHH the 4th largest municipally controlled housing provider in Ontario.

Its mission is to provide affordable housing that is safe, well maintained, and cost effective and that supports the diverse needs of our many communities. CityHousing Hamilton provides housing to families, seniors, couples, single people and people with special needs. Its portfolio includes a variety of housing forms including townhouses, apartments, single and semi-detached dwellings. Although most of the housing portfolio is mandated to be available on a rent-geared-to-income basis, CHH does own and operate some of its housing portfolio on a market rent basis.

CHH is a fully owned yet independent legal entity to the City of Hamilton. CHH operates within its own legal by-laws and an “arms-length” Board of Directors. The majority of the ten (10) member Board is comprised of the CEO, five (5) City
Councillors, with the remaining members drawn from the community at large. This mix of elected officials and at-large representatives allows CHH to have a breadth of experience at the Board level.

Operationally, CHH operates independently of the City, albeit through a management agreement with the City of Hamilton’s Housing Division. Property management, tenant services and administration are provided by in-house staff, with supplemental outsourced service companies on an as needed basis.

4.9 Hamilton Waterfront Trust

The Hamilton Waterfront Trust (HWT) is a charitable organization with a mandate to make it possible for everyone to use and enjoy Hamilton’s waterfront.

Established in 2000 by way of an initial endowment of $6.3 million, through agreement between the City of Hamilton, the Hamilton Harbour Commissioners, and the Federal government, the HWT has managed various developments designed to enhance the waterfront experience and promote easy access to the water’s edge. Recent examples include an integrated, environmentally conscious waterfront trail, the commercial development housing the first waterfront restaurant with outdoor patio on the Hamilton harbour, and an NHL sized outdoor ice-pad arena, which is currently under construction.

They also operate a variety of recreational tourist and sightseeing operations such as the 37 passenger trackless Hamilton Waterfront Trolley as well as the Hamilton Harbour Queen Cruise, a Hamiltonian Sightseeing Tour Boat.

The HWT’s mandate is simply stated; "Connecting you to the water's edge", with its mission “to make it possible for everyone to use and enjoy Hamilton's Waterfront. Our mandate is to be a leader in providing various developments designed to enhance the waterfront experience and promote easy access to the water's edge within its beautiful surroundings”. To implement this, the Trust is dedicated to several goals:

- Create Trails and Linkages;
- Make Health and Enjoyment a Priority;
- Build Amenities and More;
- Protect, Enhance and Regenerate Natural Areas; and,
- Educate and Create Awareness.

Legally established as a non-profit corporation, the HWT is governed as an “arms-length” entity from either the federal or municipal government. It has a five (5) member Board of Trustees, including two (2) elected representatives of Hamilton City Council, one (1) representative of the Hamilton Port Authority, and two (2) citizen representatives.

Operationally, the HWT is managed through its Executive Director, and a staff complement in 2008 of approximately 25 full-time, with an additional 65 seasonal employees.
Financially, the HWT is funded by the Federal and Provincial governments and City of Hamilton, as well as through philanthropic donations from corporations, foundations, corporate firms and private individuals.

**ANALYSIS/RATIONALE:**

1.0 What are the issues for the Creation of a Hamilton Waterfront Corporation?

1.1 Legal Structure

Generally speaking, granting, incentive, and even loan programs are accepted when they are delivered directly by government. But “Development Corporations” by their very nature, must be able to conduct its operations in a manner that is consistent with generally accepted practices of the private sector. This is especially true and even more important if the expected mandate of the “Development Corporation” is to explore development within the private sector domain or to actually build partnerships with the private sector.

It is in this context that research clearly indicates the model recognized as the most effective in creating development opportunity is one where the entity has an “arms-length” relationship with the governmental body it reports to. This “arms-length” relationship allows the “Development Corporation” to fully concentrate its efforts on its mandate by allowing them to access the most effective financial and human resources necessary to facilitate opportunities in a timely manner, something that is difficult even with the best of intentions within a governmental department.

With respect to the specific “arms-length” model, staff would suggest that a municipal “Development Corporation” would provide both the structure and the opportunity best suited for implementation to achieve immediate short to medium term development objectives. The rationale for this recommendation is threefold:

1) Simplicity and Flexibility of the Structure
2) Ability to Achieve Maximum Development Opportunity
3) Timeliness

First, a municipally owned Development Corporation is a legal structure that is both well recognized in our immediate jurisdiction, and is also fairly easy to establish. In fact, the research on this structure has been looked at several times by the City of Hamilton over the years.

Legally, as municipalities in Ontario are governed by the Municipal Act, a municipal development corporation allows for the most flexibility when it comes to its ownership and governance structure for a municipality. One of the reasons for this is that the Municipal Act places strict legislative limits on how a municipality relates to private corporations, which were highlighted in the Report entitled Downtown Hamilton Capital Corporation (PD03106(a))/FCS04076) dated June 23, 2006 regarding the Hamilton Realty Capital Inc.
In a municipal Development Corporation, the City of Hamilton can have direct ownership and board representation. Conversely, the municipality can decide to what extent it wishes this control to be exercised; directly through board representation of elected officials, or indirectly through the appointment of delegated representation.

Alternatively, the City of Hamilton could seek an amendment to the Municipal Act which would be enacted through special legislation. Previous estimates from the City Solicitor are that this approach would take up to one year to complete. Likewise, the City of Hamilton could pursue a bi, or even tripartite agreement with the Federal and/or Provincial government, such as in the case of places like Winnipeg, Halifax, Saint John, and Toronto. It is recognized that although these structures have merit, this type of structure is also the most complex, and the City of Hamilton’s influence on the eventual structure is far more limited. It is worth noting however, that in Winnipeg’s case, CentreVenture was actually initiated at the municipal level, and a relationship with the other levels of government came at a later date. Hamilton could consider this as an option.

Secondly, because a publicly owned municipal Development Corporation is using primarily public investment, this structure easily allows for the investment to be viewed beyond the simple return on investment calculation, by looking at the full impact to the City of Hamilton when calculating its return. Since municipal Development Corporations tend to be looking to spur development in areas of little or no development taking place to date, this expanded return on investment calculation is critical, especially at the outset of spurring development. Conversely, since private development corporations such as the Hamilton Realty Inc., operate solely within the private sector domain, they are more likely to forgo an investment unless the return can be easily justified and quantified. Likewise, although a multi-governmental development corporation would tend to view investments in the same manner as a municipal Development Corporation, the ability to align each independent government’s objectives into singular projects complicates the process.

Thirdly, with both the development and redevelopment of the City of Hamilton’s waterfront engrained in the City’s Corporate Strategic Plan, a municipal Development Corporation allows for a timelier implementation. For the most part, this concept has already been researched by legal in several other instances, and staff from various departments can easily be engaged quickly in an effort to establish this entity in a timely fashion, much faster than would be the case in any other structure contemplated.

1.2 Mandate

To be clear from the outset, staff's recommendation is that any new “Development Corporation” should be mandated solely as an implementation vehicle for the future development and redevelopment of the waterfront. This means that the mandate of this new “Development Corporation” should not be to either set or amend the already established vision for the waterfront region. To this end, it will be entrusted to act on its mandate while working within the City of Hamilton’s Official Plan, Secondary Plan(s) (“Setting Sail”), Recreational and other Master Plan, as well as any other vision or plans already agreed to by Council or its designates.
As it relates to specific mandates, the research indicates that although establishing a clear mandate giving the entity a clear focus is essential from the start, the mandates have typically been designed with fairly broad principles that allow for a variety of strategies and tactics to be employed in order to implement the mandate.

Although staff believe that further research and consultation should take place before finalizing a specific mandate for a “Development Corporation”, staff agree with the general notion that the mandate should be firm enough to focus its energies and yet broad enough to allow for the flexibility of opportunities. A mandate that sets out broad concepts of “enabling, promoting, encouraging, coordinating in order to advance and act as a catalyst for commercial and residential development, investment, and economic growth” are principles that should be included.

1.3 Financing

It must be acknowledged from the outset that in many respects, the ability and success for a new “Development Corporation” to be effective in meeting its mandated goals will be a direct function of its eventual financial structure, including both the size of the investment as well as the flexibility of the instruments used. Simply put, a well structured, effectively managed, and adequately funded “Development Corporation” will reap larger return on investment than the same entity that is not adequately funded.

As stated earlier, the analysis of other jurisdictions indicate that there are three (3) distinct funding parameters that must be contemplated when establishing a “Development Corporation”:

1) The amount of the initial investment, including start-up investment;
2) The amount and structure of annual operational funding for day-to-day operations and long-term investments; and,
3) The amount and structure of project-by-project investment funding.

Recognizing that any financing structure will be built specific for the type of “Development Corporation” established by Council, staff are not recommending a specific financing proposal at this time. Rather, this report recommends that staff be directed to report back to Committee with a detailed business plan for a municipal Development Corporation, including the parameters of legal agreements which would be required and specific recommendations to address future funding parameters.

**ALTERNATIVES FOR CONSIDERATION:**

1.0 Creation of a Waterfront Development Corporation

As stated in the previous sections of this report, an option for consideration would entail the creation of a “Waterfront Development Corporation”.

An analysis of possible corporate models and legal frameworks available to the City of Hamilton has been identified previously. Staff is suggesting the acceptance, in-principle to a municipally owned corporation.
Staff recognize that further detailed work is needed in order to implement such an entity, and therefore is suggesting the development of a report with recommendations regarding a specific mandate, governance structure, staffing, and financial funding model, as well as the parameters of a legal agreement that would be required establish a municipal Hamilton Waterfront Development Corporation.

It is the belief of staff that this corporate model and legal framework will provide both the structure and the opportunity best suited for implementation immediately to achieve short to medium term development objectives.

2.0 Creation of a Development Corporation with an Expanded Mandate Beyond the Waterfront Precinct

This would entail the general principles of Alternative 1.0 described above; however, it would expand the geographic boundary of the corporation's scope and mandate to include lands beyond the “waterfront” precinct. Examples may include the lands adjacent to the “waterfront”, other strategic geographical areas within the municipality (e.g. downtown or MIP district), or even the entire City of Hamilton.

Since the general corporate model and legal framework would be identical to Alternative 1.0 above, the general principles and would remain relatively the same.

Again, staff recognize further detailed work is needed in order to implement such an entity, and therefore staff is suggesting the development of a report with recommendations regarding a specific mandate, governance structure, staffing, and financial funding model, as well as the parameters of a legal agreement that would be required establish a municipal Hamilton Development Corporation. It would be through this work that staff believe the differing strengths, weaknesses, opportunities and threats between Alternatives 1.0 and 2.0 would become evident.

3.0 Status Quo

The status quo option simply means that programs, incentives, and projects for the purposes of development or redevelopment of the waterfront precinct would continue to operate through the various departments and organizations that already exist within the municipality.

The ability for the municipality to achieve the full economic and public benefits of these programs, incentives, and projects will depend on the how effective the corporation is coordinating such efforts across many different departments and individual mandates.

Although the status quo has achieved successes over the years, the research of other jurisdictions clearly shows that full coordination is only achieved when there is a direction placed with a specific mandate, namely through the creation of an focussed entity.
4.0 Enhance the Mandate of an Established Municipal Entity to incorporate Waterfront Development

Since the City of Hamilton has several independent agencies already established, another option would be to amend or change the mandate of one of these agencies/corporations in order to fulfil the mandate of a “Waterfront Development Corporation”. This could take advantage of both the resources already established as well as establish synergies between entities. Possible options could include the Hamilton Realty Capital Inc. or the Hamilton Waterfront Trust.

It is conceivable that this option could be achieved, but there would need to be a further and complete analysis on possible legal or legislative issues, especially as it relates to a change of mandate with Hamilton Realty Capital Inc. or the Hamilton Waterfront Trust.

Even if it is possible, staff believe however that the various mandates do not align with the entire potential mandate of a “Waterfront Development Corporation”. The research of other jurisdictions clearly shows that successful outcomes are seen with “Development Corporations” that are focused, with a specific mandate, and supported by an internal structure and financing model that complements the mandate.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial:

This report recommends that staff be directed to develop and bring back a report to Committee of the Whole with recommendations regarding a specific mandate, governance structure, staffing, and financial funding model for a Hamilton “Development Corporation”. It is assumed through this direction that the financial funding model analysis will include specific recommendations to address future funding parameters including:

1) The amount of the initial investment, including start-up investment;
2) The amount and structure of annual operational funding for day-to-day operations and long-term investments; and,
3) The amount and structure of project-by-project investment funding.

Immediate financial implications of this report would be allocated funding for the purposes of preparation and completion of the business plan and the initial legal structure.

Staffing:

This report recommends that staff be directed to develop and bring back a report to Committee of the Whole with recommendations regarding a specific mandate, governance structure, staffing, and financial funding model for a Hamilton Waterfront Development Corporation as well as the specific parameters of a legal agreement that would be required establish a municipal Hamilton Waterfront Development Corporation.
This report recognizes that immediate staffing needs required for the completion of this work would be allocated through the existing complement.

Legal:

This report recommends that staff be directed to develop and bring back a report to Committee of the Whole with recommendations regarding a specific mandate, governance structure, staffing, and financial funding model for a Hamilton Waterfront Development Corporation as well as the specific parameters of a legal agreement that would be required establish a municipal Hamilton Waterfront Development Corporation.

Policies Affecting Proposal:

None

Relevant Consultation:

1.0 Inter-Departmental Staff Working Group

Upon the direction of Council, the City Manager’s Office directed an Inter-Departmental Working Group to review the direction. Led by the Senior Advisor to the General Manager of Planning and Economic Development, the group included representatives from Legal Services, Parks Operations and Maintenance, Planning, Downtown and Community Renewal, Capital Planning and Implementation, Community Planning and Design, Economic Development, and Culture.

2.0 Downtown West Harbourfront Co-ordinating Committee

Although discussions have been informal to date, the Downtown West Harbourfront Co-ordinating Committee has been kept informed on both the progress of the Inter-Departmental Staff Working Group as well as the direction of the recommendations. As well, during these discussions it was recommended that staff place a priority on both the “Setting Sail” Secondary Plan implementation through the Ontario Municipal Board as well as re-establish staff relations with the Hamilton Port Authority in order to discuss issues that relate to the Waterfront Agreement signed in the year 2000.

3.0 Waterfront Trust

Staff engaged discussions with the Hamilton Waterfront Trust through its Executive Director. As part of these discussions they have been informed of the general discussions of the Inter-Departmental Staff Working Group and the general direction of the recommendations staff were contemplating.

4.0 Hamilton Port Authority

The City Manager has recently established contact with the CEO of the Hamilton Port Authority, where they discussed several issues pertaining to the area of the waterfront. It
was agreed that a staff level liaison committee be established and plans to establish a meeting schedule is ongoing.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced. ☑ Yes ☐ No**
The establishment of a municipal Waterfront Development Corporation will use public investment to assist in the implementation of the West Harbourfront Secondary Plan (“Setting Sail”) as well as act as a catalyst for private sector investment.

**Environmental Well-Being is enhanced. ☑ Yes ☐ No**
The establishment of a municipal Waterfront Development Corporation will use public investment to assist in the development of underutilized lands within the West Harbourfront Secondary Plan area as well as lead to the redevelopment of environmentally contaminated lands.

**Economic Well-Being is enhanced. ☑ Yes ☐ No**
The establishment of a municipal Waterfront Development Corporation will use public investment to assist in the implementation of the West Harbourfront Secondary Plan (“Setting Sail”) as well as act as a catalyst for private sector investment. This will create jobs within the construction and development industry but also add commercial and residential assessment base to the area.

**Does the option you are recommending create value across all three bottom lines?** ☑ Yes ☐ No

As a public policy objective, the West Harbourfront Secondary Plan (“Setting Sail”) has in the past been recognized for adding value across all three bottom lines. The establishment of a municipal Waterfront Development Corporation will assist in the implementation.

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?** ☑ Yes ☐ No

The recommended model is seen as a creative approach within the public sector and is seen as a “best practice model” among many other jurisdictions.

CP:fd