



WATERFRONToronto

Parks Operations and Maintenance Funding Strategy

October 15th, 2008

Board of Directors Meeting

The Impetus

- Waterfront Toronto is leading waterfront revitalization through the development of approximately 1,170 acres of high caliber parks. This will have a tremendous positive public impact.
- This level of revitalization and capital investment in waterfront parks will require protection through effective operations, maintenance and parks programming.
- The financial impact of these parks on the City of Toronto (Parks, Forestry and Recreation) requires innovative solutions to ensure public expectations for high quality parks will continue into the future.
- In response, a joint strategy is being developed between Waterfront Toronto and the City to secure funds to effectively operate, maintain and program new waterfront parks.

The Approach

To develop an integrated approach to the operations and maintenance of newly created waterfront parks.

To assure the alignment of Waterfront Toronto's capital investments in parks with our Sustainability mandate.

To ensure marketability of the waterfront area and influence the caliber of adjacent land development.

To ultimately protect the long-term viability of waterfront assets.



The Parks Operations and Maintenance Funding Strategy

Phase One

- In March 2007, Waterfront Toronto, with the City of Toronto Waterfront Secretariat, issued an RFP for a Waterfront Parks Operations and Maintenance Funding Strategy.
- The proponent was tasked to develop a “rule of thumb” for estimating the annual cost of parks O&M, identify revenue sources separate from the City’s general revenues, and describe the characteristics of an entity that could be used to collect revenues and devote them to their intended task.

Results

- On a “present value” basis, O&M costs for the first 20 to 30 years of a park’s existence may equal or exceed the initial capital investment.
- Utilizing a percentage of capital methodology, HR&A recommended assuming that total O&M costs will range from 7-10% of the capital cost, per year including;
 - routine maintenance 4-5%,
 - park programming 1-2% and
 - capital preservation replacement 2-3%.

The Strategy

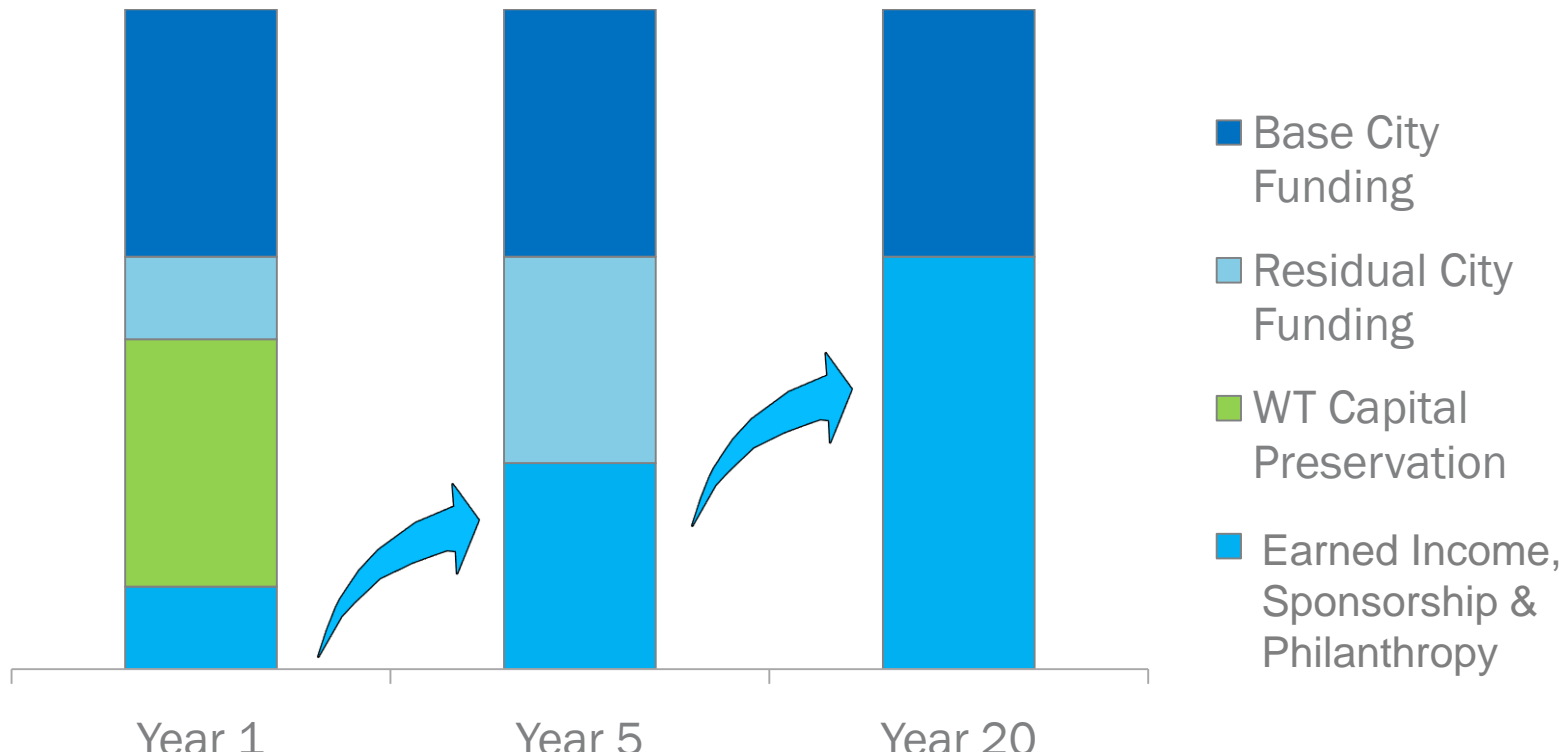
Operations and Maintenance Planning Components;

- Ensure base funding from the City of Toronto
- Incorporate base funding from Waterfront Toronto in the form of “capital preservation”
- Integrate O&M considerations into the parks planning process for new parks
- Identify and maximize on-site earned income
- Establish BIA’s early in the new waterfront neighbourhoods
- Investigate Special Services Levies for Waterfront Neighbourhoods
- Develop a sponsorship and philanthropic strategy
- Create an arms-length Waterfront Parks Foundation
- Create an umbrella Conservancy

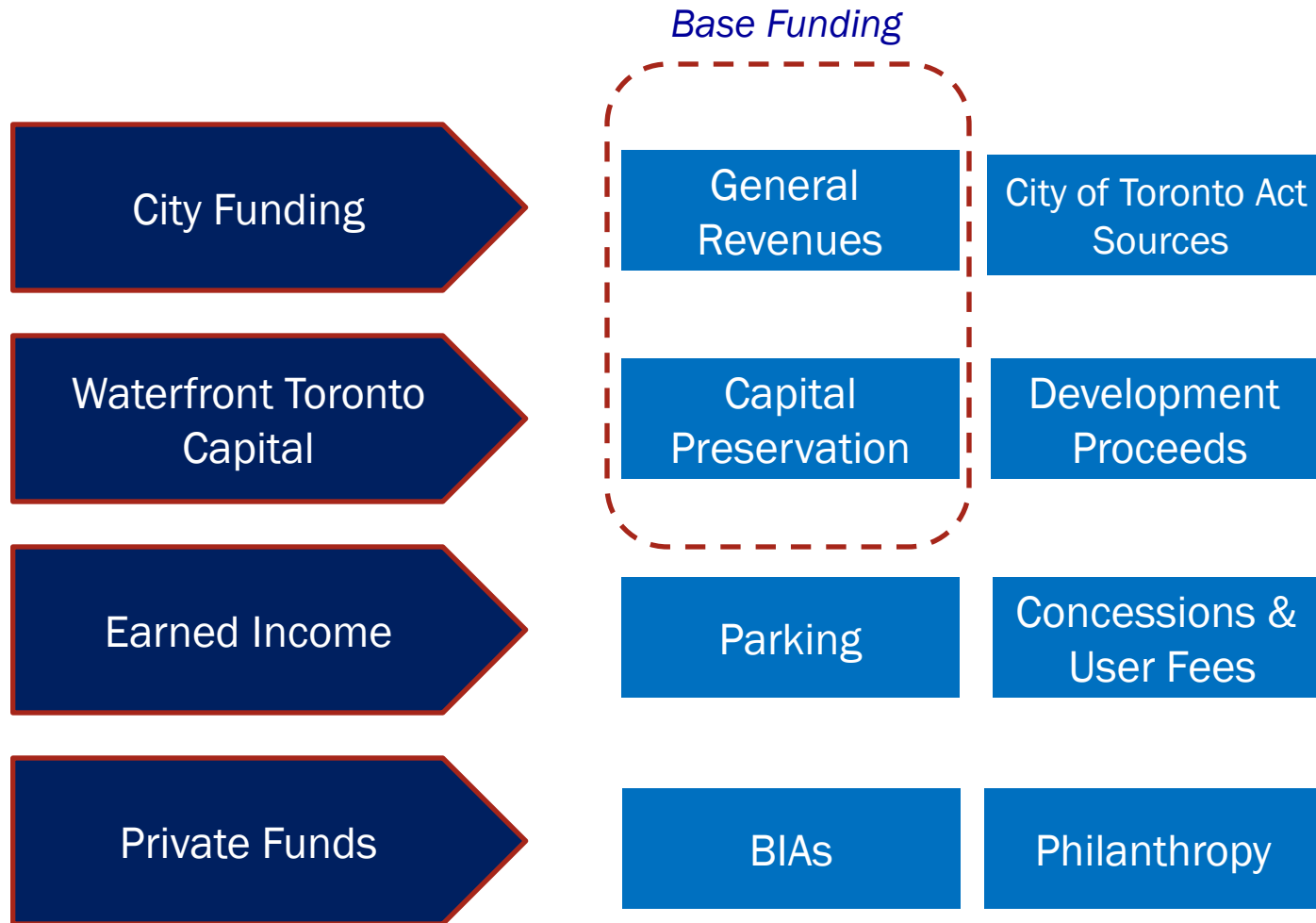
Public funding provides a stable base

Philanthropy, sponsorship, BIA's and on-site earned income will take time to develop and ramp up.

- Base City Funding remains constant
- Earned Income, Sponsorship and Philanthropy expand to replace WT and Residual City Funding (funding gap)



Sources of potential revenue studied



Synergies

- Waterfront Toronto is developing a sponsorship and philanthropic program for capital that will inventory and value tangible and intangible assets, and identify sponsorable and philanthropic opportunities and benefits.
- Waterfront Toronto will align these initiatives and investigate opportunities for Operations and Maintenance funding through the Sponsorship and Philanthropy strategy in the form of legacy funding – “One Ask” to avoid competition for fundraising dollars.
 - For example, for every dollar donated, 90 cents could go to capital projects with the remaining 10 cents being allocated towards the Operations and Maintenance of that capital.

Recommendations

- Waterfront Toronto is seeking approval from Board of Directors to:
 - Incorporate base funding from Waterfront Toronto in the form of “Capital Preservation”. This will constitute 10%, ($2\frac{1}{3}$ - $2\frac{3}{4}$ % per year for 5 years, depending on discount rates) of each park’s capital construction budget.
 - The Parks included for Capital Preservation funds are Sherbourne Park, Jarvis Slip Public Space, Don River Park, Lake Ontario Park (Phase 1), and other smaller parks.
 - Capital Budget is the base estimate for all works that take place on grade (including sod, shrubs, trees, paving, signage, artwork, etc).
 - 10% of capital construction budget will be segregated into its own accounts with earnings on the account attributed to the fund.
 - The financial implication is **\$7 million** for projects funded in the Long Term Plan.
 - City draws down on fund over a period of 5 years based on actual costs for capital preservation.

Further Recommendations

- Integrate O&M considerations into the parks planning process for new parks.
- Identify and maximize on-site earned income.
- Investigate with the City the establishment of BIA's early in the new waterfront neighbourhoods.

Next Steps

- Begin the discourse regarding “Capital Preservation” with our funding partners.
- Develop a mechanism to allow the funding to be collected and distributed to waterfront parks.
- Waterfront Toronto is currently providing input into the development of City staff’s Report to Council on the Waterfront Parks Operations and Maintenance Funding Strategy for November, 2008.