



CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT General Manager's Office

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: City Wide
COMMITTEE DATE: April 18, 2012	
SUBJECT/REPORT NO: Waterfront Priorities - Development Corporation (PED09200(a)) (City Wide) (Outstanding Business List Item)	
SUBMITTED BY: Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: Chris Phillips (905) 546-2424 Ext. 5304
SIGNATURE:	

RECOMMENDATIONS

- (a) That Report PED09200(a) respecting the Waterfront Priorities - Development Corporation be received;
- (b) That staff be directed to take no further action on establishing a Hamilton Waterfront Development Corporation at this time, and this matter be removed from the Committee's Outstanding Business List;
- (c) That the General Manager of the Planning and Economic Development Department be authorized and directed to establish and formalize a Corporate "Waterfront Development Office" within Planning and Economic Development, that will act to coordinate all inter-departmental activities with respect to Hamilton's Waterfront and Shorelines areas, as well as acting as the City's liaison for outside agencies and private-sector investors;

- (d) That staff be authorized and directed to convert and re-name the “Waterfront Development Corporation” Capital Project Number 4241006001, to a “Waterfront Priorities” Capital Project Number 4241006001;
- (e) That the General Manager of the Planning and Economic Development Department, be authorized to draft a “Terms of Reference” for the implementation of the Council approved studies for Piers 5, 6, 7, and 8, as set out in the October 11, 2011 General Issues Committee Report, and that Hamilton Waterfront Trust (HWT) be approved as the retained agency to carry out the project management of such studies.

EXECUTIVE SUMMARY

In October 2008, there were several projects and initiatives that were successfully taking root within Hamilton’s Waterfront, and in particular the “West Harbour” area. As a way to spur further action, Council looked to other jurisdictions for potential ways in which to accelerate key investments at the Waterfront.

An initial review showed that Halifax, Nova Scotia, Winnipeg, Manitoba, and the Niagara Parks Commission to name but a few, utilized a “development corporation” model, uniquely designed for their jurisdiction, to initiate the re-development of their respective waterfronts. Therefore, Council directed staff to “prepare a report on the feasibility of creating a *Hamilton Waterfront Corporation*, which includes a review of current corporations across Canada”.

Subsequently, on September 25, 2009, GIC further directed staff to develop the specific mandate, governance structure, staffing, and financial funding model for a proposed “*Waterfront Development Corporation*”.

The overall goal of exploring options was to put a clear focus on the Waterfront and implement action of investment opportunities. During this review, it became evident however, that the City of Hamilton has made great strides in laying the foundation for waterfront re-development, with projects and initiatives such as:

- 2011 SMT Workplan – which commits to “Increase Economic Opportunities for the Downtown and Waterfront”;
- Negotiations with the Hamilton Port Authority (HPA) for the early return of Piers 7 and 8;
- “*Setting Sail*” Secondary Plan Ontario Municipal Board (OMB) appeal, hearing, and settlement;
- New 5-Year Economic Development Strategy;
- City acquisition and demolition of properties within the “Barton-Tiffany” area;
- Direction and Capital funding to prepare a Bayfront Business Park Secondary Plan;
- 2015 Pan-Am Games – Stadium and Velodrome;

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- Completion of drafts for the West Harbour Waterfront Recreation Master Plan (WHRMP) and the implementing Official Plan Amendment (OPA); and,
- Various discussions between members of Senior Management Team (SMT) and Economic Development staff, with potential public and private sector investors.

As a result, Hamilton's "*Waterfront and Shoreline Strategy*" has already gained valuable momentum many were hoping for back in 2005, and, therefore, the rationale for establishing a new "arms-length" entity is not clear at all. In fact, based on the newly established strategic and corporate focus on the waterfront areas, the rationale has actually changed to a greater need for internal coordination, as opposed to handing the responsibility over to an outside entity.

Therefore, staff are recommending that Council take no further action relating to the establishment of a "Waterfront Development Corporation". Rather, that a "*Waterfront Development Office*" within the Planning and Economic Development Department be established, reporting to the General Manager of Planning and Economic Development.

The intent of this "*Office*" will be to create a single point of contact and coordination for all initiatives within the City's "*Waterfront and Shoreline*" areas. The "*Waterfront Development Office*" will utilize existing staff resources, with the Senior Advisor to the General Manager of the Planning and Economic Development Department, being established as the lead.

As well, as part of the overall strategy for the "West Harbour" area, GIC approved staff to commence key studies that will accelerate the public and private sector development of Piers 5, 6, 7, and 8, including but not limited to issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability, and valuation. These studies were approved to be funded from the "Waterfront Development Corporation" Capital Project Number 4241006001, approved in 2010.

Internal discussions have indicated a lack of internal resources available to project manage these studies, and, therefore, outside consulting services would be required. As the Hamilton Wentworth Trust (HWT) has played an active role in the establishment of the West Harbour Recreational Master Plan, as well as having acted in a project management role for several City projects; the recommendation would authorize staff to retain the HWT in a project management capacity, in order to complete these studies which have been identified as vital to accelerating waterfront investment opportunities.

Alternatives for Consideration – See Page 8

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

The recommended actions do not have a direct or immediate financial impact on the 2012 Operating Budget.

As part of the 2010 Capital Budget, Council allocated \$2,000,000 for the creation of the Waterfront Development Corporation. On October 11, 2011, GIC approved this Capital Project Number 4241006001 as the funding source for key studies to accelerate public and private sector development of Piers 5, 6, 7, and 8. It is anticipated that this would require approximately \$500,000 of this account.

The staff recommendation to take no further action on creating a Waterfront Development Corporation leaves the balance of this Capital Project Number 4241006001 available to be reallocated. Therefore, staff further recommend they be authorized and directed to convert and re-name the “Waterfront Development Corporation” Capital Project Number 4241006001, the “Waterfront Priorities” Capital Project Number 4241006001.

Staffing:

The staff recommendation to create the “Waterfront Development Office” will utilize existing staff resources, with the Senior Advisor to the General Manager of the Planning and Economic Development Department as the specified lead. Any long-term strategy, including any additional resource allocation, will be referred to the 2013 Budget process.

With respect to the key studies to be conducted within the Piers 5, 6, 7, and 8 areas, initial discussions with Growth Management and Public Works staff indicated a lack of internal resources available to project manage these studies, and, therefore, it was recommended that outside consulting services would be required.

The HWT has played an active role in the establishment of the West Harbour Recreational Master Plan; as well they have acted in a project management role for other City projects within the Waterfront. Therefore, staff also recommend that the General Manager of the Planning and Economic Development Department be approved to draft a “Terms of Reference” for the implementation of the Council approved studies for Piers 5, 6, 7, and 8, and that HWT be retained in a project management capacity, on a sole-sourced basis.

Legal:

N/A

HISTORICAL BACKGROUND (Chronology of events)

Originally, Council passed a motion in October 2008, to review the “feasibility of Creating a Waterfront Development Corporation”.

Subsequently, on September 25, 2009, GIC further directed the following:

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

POLICY IMPLICATIONS

On October 11, 2011, GIC approved the following motion entitled “*Hamilton Waterfront Priorities*”:

- (a) That staff be directed and authorized to begin discussions with the Hamilton Port Authority, with the objective of a formal agreement transferring the lands consisting of Piers 7 and 8, to the City of Hamilton immediately;
- (b) That staff report back to Council in the 4th quarter of 2011 with a recommended “framework” for these discussions;
- (c) That staff be directed and authorized to commence key studies that will accelerate the public and private sector development of Piers 5, 6, 7 and 8, including but not limited to issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability, and valuation;
- (d) That staff be authorized to fund these studies from the “Waterfront Development Corporation” capital budget;
- (e) That staff report back by the 4th quarter of 2011 with a comprehensive 2012 work plan for the development of the waterfront precinct.

RELEVANT CONSULTATION

- City Manager's Office;
- Office of the General Manager, Public Works Department; and,
- Corporate Services Department, Financial Planning and Policy Division.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The overall goal of exploring options for a potential “Waterfront Development Corporation” was to put a clear focus on the waterfront area, and for staff to implement action for investment opportunities. During this review, it became evident that the City of Hamilton has made great strides in laying the foundation for our waterfront re-development.

Council, SMT, various departments and divisions within the City of Hamilton, as well as other public and private organizations, have been involved in projects and initiatives with a view to re-developing Hamilton’s Waterfront. As these various projects were at differing stages of development and implementation, staff decided to defer reporting back to GIC with a recommendation until such time the direct and indirect impacts of these projects and initiatives could be assessed.

The result of this analysis has been that Hamilton’s “*Waterfront and Shoreline Strategy*” has already gained valuable momentum many were hoping for back in 2005.

From the beginning of this review process, staff have argued that the concept of creating a “*Waterfront Development Corporation*” should be viewed as only one “tool” that could be used to spur development. Although an “arms-length” development corporation is seen as advantageous to some, the creation of an actual “*corporation*” should not be seen as the goal; rather it is simply one model.

With various departments and divisions within the City of Hamilton, led by a strong Senior Management Team (SMT) workplan recent successes for new and expanding business through our Economic Development actions, and a Corporate focus on increasing economic opportunities for the City’s Waterfront, there is no clear rationale for establishing a new “arms-length” entity at this time.

In fact, based on the newly established strategic and Corporate focus on the City’s different Waterfront areas, the rationale has actually changed to a greater need for internal coordination, as opposed to an outside entity.

Successes achieved internally, particularly in the area of Economic Development, have shown that senior-level staff teams and the cooperation between Departments have the

ability to bring large-scale investment opportunities to fruition, especially those that align with broader public policy goals.

Council has also indicated a preference that long-term public investments should be driven primarily through internal City resources, as opposed to decision making and implementation plans being assigned to outside and even “arms-length” entities.

The issue before the City of Hamilton today however, is that with so many different departments, divisions, and agencies now making the Waterfront area a priority, there is a need for a “one-stop” Corporate focus, that will coordinate the various functions into a cohesive strategy.

As mentioned, the SMT workplan identifies the waterfront as a key strategic Corporate priority, and assigns the General Manager of the Planning and Economic Development Department as the lead. But the SMT workplan does not formalize a specific role within the Corporate structure to oversee this strategy from a Corporate perspective. As well, there has not been an identifiable Operating or Capital Budget, or identifiable focused staff resources allocated to these “Waterfront” priorities.

The staff recommendation will start to address this issue by recommending the establishment of a “*Waterfront Development Office*”. As envisioned, the “*Waterfront Development Office*” will have a Corporate mandate, but will report directly to the General Manager of the Planning and Economic Development. The intent of the “*Office*” will be to create a single-point of contact and coordination for all initiatives within the City’s Waterfront and Shoreline areas including:

- The “West Harbour”;
- The “Burlington Street Corridor and “Bayfront Business Park” Secondary Plan areas;
- The East Harbour; and,
- The Lake Ontario Shoreline.

The “*Waterfront Development Office*” will be staffed and funded in 2012 from existing resources. There will be involvement of senior-level staff from various departments and divisions on an “as-needed” and “project-by-project” basis, by utilizing a Corporate “Coordinating Committee” format to facilitate discussion and implementation plans. The “*Waterfront Development Office*” will be responsible to lead, prepare, and report back to GIC with a long-term “*Waterfront Development*” implementation plan.

This will have no budget impact for 2012, with decisions on long-term resources being referred to SMT, and if necessary, the 2013 Budget process.

On October 11, 2011, GIC approved the funding of key studies that will accelerate the public and private sector development of Piers 5, 6, 7, and 8, including but not limited to issues of site servicing, geo-technical, soils, remediation, as well as development

phasing, marketability, and valuation. The identified funding source for this approval was identified as the “*Waterfront Development Corporation*” Capital Project Number 4241006001, and it is anticipated that this would require approximately \$500,000 of this account.

Therefore, the recommended action seeks to convert the remainder of this Capital Project Account to a “Waterfront Priorities” Capital Project Account. The rationale is simply that the intended use of the funds was to spur waterfront development, and, therefore, the account should be retained for that purpose.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

1.0 Establish an internal City of Hamilton “*Waterfront Development Office*”

The “*Waterfront Development Office*” can be staffed and funded within the in existing and approved 2012 Budget and staffing complement, and can be implemented today in order to take advantage of the momentum already established within the Waterfront areas. This alternative is best situated to align the different departments, divisions, and agencies by creating a “one-stop” Corporate focus, that will coordinate the various functions into a cohesive strategy.

As a key SMT Corporate priority, there will be involvement by senior-level staff from various departments and divisions, and will utilize a corporate “Coordinating Committee” format.

2.0 Creation of a *Waterfront Development Corporation*

As stated in previous reports, this option would entail the creation of a “Waterfront Development Corporation”. As this alternative would entail further detailed work in order to implement such an entity, it could not be implemented in the short-term. Further analysis and decisions would have to be made 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.

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, without any formal coordination.

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.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative and Respectful Organization

- ◆ A skilled, adaptive and diverse workforce, i.e. more flexible staff.
- ◆ More innovation, greater teamwork, better client focus.
- ◆ Council and SMT are recognized for their leadership and integrity.
- ◆ Report recommends greater Inter-Departmental and Inter-Agency coordination that will lead to a focus on the City's Waterfront Priorities allowing staff to work on innovative solutions to development opportunities.

Financial Sustainability

- ◆ Effective and sustainable Growth Management.
- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner.
- ◆ Generate assessment growth/non-tax revenues.
- ◆ The staff recommendation focuses on generating assessment growth and non-tax revenues within the City's Waterfront and Shoreline areas. As the City is also a significant land-owner within this area, this focus will allow the City to better manage its assets to the highest and best use.

Intergovernmental Relationships

- ◆ Maintain effective relationships with other public agencies.
- ◆ The staff recommendation focuses on creating a "single point" of contact for agencies and investors within the Waterfront and Shoreline area to encourage the building of effective partnerships with other public and private agencies.

Growing Our Economy

- ◆ Newly created or revitalized employment sites.
- ◆ A visitor and convention destination.
- ◆ The City's Waterfront and Shoreline area represents a diverse set of land-uses including commercial, employment, residential, employment, as well as various mixed-uses. The staff recommendation can lead to greater revitalization of employment sites as well as the potential for tourism and recreational purposes.

Environmental Stewardship

- ◆ Natural resources are protected and enhanced.
- ◆ Remove Hamilton Harbour from Great Lakes area of concern list by 2015.
- ◆ Reduce the impact of Hamilton's industrial, commercial private and public operations on the environment.

Healthy Community

- ◆ An engaged citizenry.

APPENDICES / SCHEDULES

N/A

CP:dt