

Quayside Evaluation Committee Report

January 16, 2020

Quayside Evaluation Committee Report

Section I – Introduction

The Quayside Evaluation Committee met formally on five occasions covering all aspects of the Sidewalk Labs proposal relevant to the evaluation:

Meeting 1 – December 3, 2019	Evaluation Committee Briefing
Meeting 2 – December 4, 2019	Sustainability
Meeting 3 – December 17, 2019	Economic Development; Mobility
Meeting 4 - December 19, 2019	Housing; Buildings; Social Infrastructure; Public Realm; Digital Innovation; Development Plan
Meeting 5 – January 10, 2020	Partnership and Risk; Summary and Overall Feedback

The following report details the feedback and advice from the Evaluation Committee, provided to Waterfront Toronto staff. Waterfront Toronto staff and KPMG, acting as process advisor, captured both general feedback on the evaluation structure and approach, as well as detailed feedback across the focused content of the Pillars, the Development Plan, and the Risk and Partnership evaluations. The report concludes with an overall opinion of the Evaluation Committee on the Sidewalk Labs proposal based on the evaluation and subsequent discussions.

The Evaluation Committee would like to note the following:

- Waterfront Toronto staff prepared a comprehensive set of materials and demonstrated a thorough and objective analysis.
- There is potential in this proposal for Quayside to be the beginning of a bold future on the eastern waterfront.
- An equal focus should be placed on the cost of losing the opportunity this project presents as the risk of proceeding into areas of uncertainty. Innovation and risk go hand in hand, and it is important to not let one overpower the other without appropriate analysis and reasoning.
- It is reasonable that certain solutions proposed by Sidewalk Labs are not feasible at the 12-acre scale of Quayside and negotiations must take place for Waterfront Toronto to ensure the solutions of greatest value move forward, and those of lesser value de-prioritized. Waterfront Toronto staff are well prepared to be successful in such negotiations.
- This is a moment-in-time assessment, and as the project evolves, further exploration is required, including further engagement with Sidewalk Labs, government partners and local community stakeholders.

Section II – Evaluation Committee Feedback

The following sections provide a summary of the feedback and advice provided by the Evaluation Committee generally on the evaluation itself and more specifically on the Pillar, Development Plan and the Partnership and Risk evaluation.

A. General Feedback – Evaluation Structure and Approach

Following a briefing on the Evaluation process and methodology, the Evaluation Committee commented that the methodology was sound and effectively focused the evaluation on the areas of highest importance. However, the Evaluation Committee suggested Waterfront Toronto staff undertake further analysis and output to supplement the already completed evaluation. The feedback was as follows:

The Evaluation Committee suggested additional analysis to determine whether each solution:

- Addresses one or multiple objectives
- Is aligned with achieving a priority outcome
- Leads to significant economic development impacts
- Facilitates a transformational or systemic impact vs an incremental impact
- Requires ongoing public funding
- Has potential as a unique testbed opportunity

The Evaluation Committee requested a final categorization of each solution to help inform the prioritization of the solutions for inclusion in the Innovation Plan and the level of support each solution should receive from Waterfront Toronto. Each solution was subsequently organized into the following categories by Waterfront Toronto staff and presented to the Evaluation Committee.

- **Support, WT Investment:** A one-time investment by Waterfront Toronto to support the solution
- **Support, Government Funding:** Waterfront Toronto to advocate for additional funding from other levels of Government to support the solution
- **Support, Policy/Regulatory Reform:** Waterfront Toronto to advocate for policy changes and regulatory reform to support the solution
- **Support, Include:** Waterfront Toronto supports the inclusion of a solution in the project but does not lend political or financial support – all onus for funding and delivery rests with the private sector
- **Non-Support:** Waterfront Toronto does not want the solution included in the project, and therefore new solutions must be explored

The Evaluation Committee is now satisfied with the categorization of the proposed solutions. Of note, the Evaluation Committee recognized that the solution categorizations reflect a moment-in-time point of view. The level of support for certain solutions may change as the project evolves and further input and analysis is incorporated.

Finally, it became evident to the Evaluation Committee that the value in the proposal lies in the integration of solutions to address the urban challenges facing Toronto. The evaluation purposefully focused on the benefits of each individual solution in helping to achieve Waterfront Toronto's Goals and Objectives, however, the Evaluation Committee also reminded Waterfront Toronto staff to consider the totality of the solutions.

B. Pillar Specific Feedback

The Evaluation Committee received presentations summarizing the evaluation results for all eight pillars, as well as an overview of the key issues for each pillar in order to facilitate a detailed discussion with the Evaluation Committee. Each pillar lead presented the five most impactful, yet complex, solutions for discussion with the Evaluation Committee. For each pillar, the Evaluation Committee was presented with the benefits, issues and complexities associated with the proposed solutions, and supported the categorization of the solutions based on the level of Waterfront Toronto support as per the system outlined above.

C. Sustainability Feedback

The Sustainability proposal from Sidewalk Labs included a suite of 46 solutions that were tailored to meeting Waterfront Toronto's Objectives, and overall, the pillar team believes the Sustainability proposal was successful in meeting these objectives, including addressing the *Climate Positive Priority Outcome*. The Evaluation Committee concurs.

Specifically, the Committee saw value in Waterfront Toronto convening key stakeholders around these high-impact solutions, and an opportunity to test and deploy sustainability solutions at Quayside to drive innovation and accelerate climate-positive city building elsewhere. There was also a focus on the important value to Ontario's growing cleantech cluster. For example, innovations in solar PV and battery energy storage represent market opportunities to grow existing local Ontario companies that are already active in this emerging industry.

Some examples of solutions viewed favourably by the Evaluation Committee include Passive House inspired buildings and pneumatic (i.e. vacuum) waste collection. The Committee agreed with staff regarding the importance of high-performance buildings, inspired by the *Passivehaus* standard, to cutting greenhouse gas emissions from Quayside and indicated strong support for Waterfront Toronto investing in this solution. The Committee also reinforced support for the use of pneumatic waste collection at Quayside, reflecting leading urban revitalization projects underway in jurisdictions such as Sweden and Denmark. They indicated that this solution could be eligible for Waterfront Toronto investments based on the potential environmental benefits and benefit to avoiding truck traffic within the Quayside neighbourhood.

However, there were also several sustainability solutions that did not receive support from the Evaluation Committee, including the proposal for issuing additional payments by Waterfront Toronto to subsidize the operational costs of sustainable infrastructure systems. This concept would not be possible due to structural limitations on recurring financial contributions.

D. Economic Development Feedback

The opportunity for the Sidewalk Labs proposal to drive Economic Development occurs in three ways:

1. The 19 solutions that have direct economic impact.
2. The potential for groupings of solutions to facilitate industry growth across key urban innovation-focused sectors, such as sustainability technologies, mobility and transportation, and building technologies and tall timber.
3. Individual innovative solutions that provide a unique opportunity for Canadian companies to be involved in a globally recognized project and scale their products and

businesses. With support from the MaRS Discovery District, a scan of existing Canadian companies operating in industries that could be advanced by the MIDP was conducted. A preliminary review of related Canadian companies was included as part of the evaluation.

Overall, the pillar team believes that the Sidewalk Labs proposal successfully achieves the Waterfront Toronto Economic Development Objectives, including the *Job Creation Priority Outcome* through these three avenues. The Evaluation Committee concurs.

Of note, the Evaluation Committee advised that the merits of the proposal should be assessed based on 'Wealth Creation and Distribution', not solely 'Job Creation'. A challenge facing Canadian companies is a shortage of talent and human capital needed to drive 'Wealth Creation'. The Evaluation Committee noted that partnering with Sidewalk Labs (and Alphabet) to solve for urban challenges using technology and innovation creates an opportunity for Toronto to leverage the ability of these companies to draw top talent to the City.

Some examples of solutions viewed favourably by the Evaluation Committee include the proposed workforce development program (*Sidewalk Works*). As a new proposed workforce development program focused on strategic partnerships, including with academia, aimed at creating inclusive pathways to employment in the tech sector, the Evaluation Committee saw great value in this solution addressing a key tech workforce challenge – the shortage of talent and training – and advised that this should be made a top priority.

The Evaluation Committee was also supportive of Sidewalk Labs' \$10 million commitment towards creation of an Urban Innovation Institute located on Quayside, as a worthwhile first step in this necessary catalyzing initiative. The Institute would serve as a venue to connect academia, government, non-profit institutions and the private sector to pilot and advance urban innovations. The Committee noted that the Institute must have a sustainable operating model, including requiring funding from other participating institutions, and noted that the Institute would play an important role in convening the private sector, academia and government to solve for ongoing complexities associated with intelligent communities.

The Committee was also supportive of the current direction with respect to intellectual property and associated opportunities around economic wealth creation in Ontario.

Finally, the Committee acknowledged the value of pursuing the relocation of the Google Canadian headquarters to Quayside, a proposal Sidewalk Labs originally made for Villiers West, but has now publicly stated could be a possibility for Quayside.

E. Mobility Feedback

The Sidewalk Labs Mobility proposal included 32 solutions that were tailored to meeting Waterfront Toronto's Mobility Objectives. Overall, the pillar team believes the Mobility proposal was successful in meeting these objectives, including the *New Mobility Priority Outcome*. The Evaluation Committee concurs.

Of note, the evaluation of this proposal was impacted by the threshold issue resolution limiting the scope to the 12-acre site of Quayside. Given the effectiveness of the solutions put forth by Sidewalk Labs, the Evaluation Committee suggested that Waterfront Toronto work to provide as much leeway as possible to allow certain innovations to be tested on the 12 acres, and should consider that there are certain solutions where the economics/impacts cannot work on 12

acres, yet there could be great value in Waterfront Toronto championing these solutions in other areas.

Some examples of mobility solutions viewed favourably by the Evaluation Committee include tools aiming to ensure Quayside is a truly accessible community, developed by Sidewalk Labs in collaboration with accessibility experts, including the use of wayfinding beacons and adaptive traffic signals to assist visually impaired residents and visitors. The Committee reinforced the importance of universal accessibility and encouraged Waterfront Toronto staff to prioritize these solutions, which could include making direct investments in key accessibility solutions.

The Committee also highlighted the importance of safe streets through a robust and protected pedestrian and cycling network to every building at Quayside, aligned with the City of Toronto's Vision Zero goal. The Committee demonstrated support for expanding the active transportation network within the Quayside site plan, which could include making direct investments.

F. Housing Affordability Feedback

The Sidewalk Labs Housing Affordability proposal included 16 solutions that were proposed to meet Waterfront Toronto's objectives. The pillar team concluded that certain solutions were valuable and successful in meeting the evaluation criteria, particularly with respect to mixed use buildings and the opportunity associated with factory driven construction savings. The Evaluation Committee concurs.

The Committee was also presented with certain solutions that require adjustments, including Affordable Rental Housing, but that are worth further exploration with government partners to determine their merits and whether there is a viable path forward – for example, the proposed solution of Efficient and Ultra Efficient Units.

Although major alignment issues were identified, the consensus of the Committee was that the Housing Affordability proposal provided a worthwhile foundation upon which to engage governments and pursue additional and amended affordability solutions. Recommendations from the Evaluation Committee of additional solutions worth exploration include long-term care and in-perpetuity affordable ownership.

Some examples of affordable housing solutions viewed favourably by the Evaluation Committee included the proposal for co-living units, which could serve to increase social cohesion for both senior and youth residents at Quayside. Specifically, the Committee saw value in demonstrating co-living as a viable option for students living alongside elderly residents, as an alternative affordable option that could also enable stronger intergenerational connections.

The Committee expressed support for Waterfront Toronto investing directly in affordable housing, including deep affordable rental housing and family-sized units, but was not supportive of further pursuing the condominium resale fee of 1%, as this would effectively constitute an additional tax on real estate at Quayside - without producing any substantial benefits.

G. Buildings Feedback

The Sidewalk Labs proposal for Buildings included a suite of 24 solutions that were tailored to meet Waterfront Toronto's Objectives and overall, the pillar team believes the Buildings proposal was successful in meeting these objectives – but that it also comes with some important risks and complexities. The Evaluation Committee concurs.

The Committee noted trade-offs between cost and design excellence, which could be intensified by any cost premiums associated with new and innovative construction methodologies. There was also a conversation about the process envisaged for selecting site developers and architects, as well as input from the Design Review Panel. The Committee also inquired about the complexities of mass timber construction, including alternative building code compliance and any potential supply chain issues.

Some examples of building solutions viewed favourably by the Evaluation Committee include the use of prefabricated flexible wall systems with surface-mounted utilities in the ceiling and walls. The Committee had a robust discussion on the impacts of the wall systems, as well as the enabling technologies (e.g. the use of low-voltage DC power allows for the reconfiguring of interior walls without typical re-wiring by an electrician). The Committee was also supportive of establishing a factory in Ontario for the production of mass timber building components, noting the potential benefits to Northern and Indigenous communities.

H. Social Infrastructure Feedback

The Sidewalk Labs proposal for Social Infrastructure included a suite of 30 physical and programmatic solutions designed to meet Waterfront Toronto's Objectives. Overall the pillar team considered the Social Infrastructure proposal successful in achieving these objectives, however noted several concerns. The Evaluation Committee concurs.

The Committee generally supported the proposed Accessibility Principles, however indicated that it requires greater clarity on how the principles would be integrated across the solutions to understand the potential impacts. The Committee discussed the significant amount of gross floor area allocated to social infrastructure uses, acknowledging the proposal exceeds the space requirements determined by the precinct plans. The pillar team also noted the lack of details in the programing, funding and operations of the proposed facilities.

Some examples of social infrastructure solutions viewed favourably by the Committee include the Sidewalk Labs commitment to allocating of 10% construction hours to equity-seeking groups, which builds upon the existing Waterfront Toronto Employment Initiative and could be augmented by a more clear definition of geography as well as the term of the commitment.

However, the Committee was not supportive of the proposed obligations for local residents or business to contribute to a neighbourhood association, as this could adversely affect leasing and/or the affordability of living at Quayside and potentially duplicate ongoing neighbourhood initiatives along the waterfront.

I. Public Realm Feedback

The Sidewalk Labs proposal for Public Realm included 27 solutions designed to achieve Waterfront Toronto's Objectives. The pillar team believes that many of these solutions are effective at meeting Waterfront Toronto's Objectives for enhanced maintenance, accessibility, and activation. The Evaluation Committee concurs.

The Committee reinforced that future maintenance is a key issue, and strongly supported development of digital tools, such as 3D mapping of parks infrastructure, to facilitate the higher level of maintenance that innovative (and potentially riskier) solutions in the public realm require. They cautioned, though, that this must be done thoughtfully, as some previous efforts to install sensors in infrastructure have not led to maintenance cost reductions. It was also noted that while the proposal advances innovative methods for designing and managing public spaces, such as new paving technologies, both Waterfront Toronto and the City place high importance on continuity of the public realm, particularly along Queens Quay.

The Evaluation Committee also supported innovations aimed at improving accessibility, such as adaptive signal technology and heated pavement, both of which were felt could open up the waterfront to more users during more times of the year. It was felt that the north-south streets within Quayside in particular could be an appropriate test bed for these and other new technologies aimed at making it easier to walk and bike to and around Quayside.

The Committee also supported the “Stoa” concept for ground floor uses, including the potential benefits of digital leasing tools to help young entrepreneurs get started and facilitate a dynamic environment of engaging ground-floor uses. The Committee agreed with the pillar team that outdoor activation during inclement weather remains an important priority, however, the shortcomings in the design and effectiveness of the proposed outdoor comfort systems need to be reconsidered.

J. Digital Innovations Feedback

Although digital innovations are included throughout the Sidewalk Labs proposal, there are also 15 enabling Digital Innovations included as foundational components. The proposal includes proposed methods for the delivery of services, as well as internal Sidewalk Labs compliance and accountability mechanisms. Overall, these concepts and solutions are well-aligned with Waterfront Toronto’s Objectives and will ultimately be subject to the Waterfront Toronto Intelligent Community Guidelines, Digital Principles, and review by the Digital Strategy Advisory Panel.

There was a robust conversation with the Evaluation Committee about the challenges and shortcomings with the proposed concept of urban data, and the existing legal frameworks for the collection of data within the public realm, including personally identifiable and environmental data. The Digital Innovation Appendix (DIA) was submitted by Sidewalk Labs to remove reference to this construct as a result. There was also discussion about the proposal for the Urban Data Trust, which Waterfront Toronto staff clarified is no longer applicable, but noted that responsible data sharing is an area of potential opportunity for governments, Waterfront Toronto, not-for-profits, academia, and others to consider in the future.

The Committee also underlined the importance of de-identification at source, from both vendors and sub-contractors. Waterfront Toronto staff confirmed that this will be addressed and enforced through the Intelligent Community Guidelines which would apply to any proponent bringing a digital solution to the Designated Waterfront Area.

The Committee agreed that Waterfront Toronto staff demonstrated a strong awareness of the key issues and was thoughtfully assessing mitigation strategies.

K. Development Plan Feedback

The Development Plan illustrates the conceptual site plan and was evaluated against the applicable precinct plans. The planning team generally concluded the proposed concept met the principles of the East Bayfront and Keating Channel precinct plan. The Evaluation Committee concurs.

The planning team presented to the Evaluation Committee the proposed site density, the land use program, the retail emphasis of the ground floor plan, the Parliament Plaza proposal and the importance of activating the public realm. It was understood that the development plan would evolve through the statutory development application process, and implementation details would be resolved through consultation with the City of Toronto.

L. Partnership and Risk Feedback

Implementation and Feasibility Risk

The Evaluation Committee advised Waterfront Toronto staff to adjust the general philosophy on risk and consider breaking down Implementation and Feasibility Risks into the following categories:

Technical – Comprising traditional feasibility risks associated with innovative projects.

Approval – The risk that regulatory bodies may not be able to accommodate proposed innovations.

Opportunity Cost – The risk of not moving forward with an aspect of the proposal and the associated opportunity that may be lost. As such, the Evaluation Committee advised to be aware of the risk that so many conditions are placed on this project that they may become too burdensome for any partner.

Further, the Evaluation Committee stressed the need to properly differentiate between risks vs uncertainties.

Partnership

Leading up to the threshold issues alignment on October 31, 2019, Waterfront Toronto staff believe that Sidewalk Labs performed well with respect to the organizational capacity/capabilities and financial performance elements of the Partnership evaluation. However, Sidewalk Labs was found to be lacking with respect to the partnership experience and their approach to public engagement.

With respect to the Partnership evaluation, the Evaluation Committee advised Waterfront Toronto staff to more clearly identify the aspects of the partnership that have been successful, and better separate these components from what has been unsuccessful. The Evaluation Committee advised that any issues associated with the partnership should be translated into contractual requirements, tailored to any core areas of concern. Of note, a key challenge with mitigating any partnership risk is better understanding the relationship, current and future, of Alphabet and Sidewalk Labs, ensuring Waterfront Toronto's counterparty is clearly identified and appropriate due diligence is conducted.

Overall, the Evaluation Committee was aligned with and supportive of the work completed on risk and partnership to date, including proposed mitigations, but advised on the importance of properly communicating these risks and identifying timelines associated with risk mitigations.

Section III – Evaluation Committee Opinion

A. Conduct of the Evaluation

Based on our review of the relevant sections of the MIDP, the evaluation materials provided to us and presentations of the non-commercial components of the evaluation, the Evaluation Committee is of the opinion that the evaluation teams have completed a thorough evaluation of the Sidewalk Labs proposal and have conducted their work diligently, and that no further evaluation is required to support a decision as to whether to proceed to the next phase of the project.

B. Results of the Evaluation

Based on the objectives outlined by Waterfront Toronto for the project and the results of the evaluation, the Evaluation Committee is of the opinion that there is sufficient merit in the Sidewalk Labs proposal to proceed to the next phase.

C. Analysis of the Solutions

The Evaluation Committee has reviewed an analysis of how the 160 solutions proposed in the MIDP have been categorized, indicating the level of support that Waterfront Toronto should lend to each individual solution, and supports the results of that analysis. Of note, the Evaluation Committee supports the conclusion that from Waterfront Toronto's perspective 143 of the 160 solutions proposed by Sidewalk Labs should, to varying degrees, be included in the Innovation Plan. The full breakdown of solutions by categorization is as follows:

1. Support, WT Investment – 11 solutions*

- *Affordable housing program*: 20% of GFA & Units at Average 80% AMR: [15% Affordable Rental Housing (@ 90% AMR) & 5% Deep Affordable Rental Housing (@ 40% AMR)]
- *Affordable housing program*: 40% 2 bedroom + (family sized units)
- Passive House-inspired buildings
- Modular hex pavement that is heated, lighted, and permeable
- Pneumatic waste collection
- Expanded active transportation network (100% of buildings on the network)
- Wayfinding Beacons
- Permeable pavement
- Real-time digital map of the utility network
- Real-time digital 3D map of open space assets
- Updated map of infrastructure through environmental sensing technology

2. Support, Government Funding – 24 solutions

3. Support, Regulatory Reform – 17 solutions

4. Support, Include – 92 solutions

5. No Support – 16 solutions

**Note: The Evaluation Committee noted that the 11 solutions recommended for Waterfront Toronto investments will depend on the available net funds from the proceeds of the land sale.*

D. Evaluation Committee Sign-off

We are members of the Evaluation Committee for the evaluation of the Sidewalk Labs proposal and are of the opinion that:

- based on my review of the relevant sections of the MIDP, the evaluation materials provided to the Committee and presentations of the non-commercial components of the evaluation, the evaluation teams have completed a thorough evaluation of the Sidewalk Labs proposal and have conducted their work diligently, and that no further evaluation is required to support a decision as to whether to proceed to the next phase of the project, and
- based on the objectives outlined by Waterfront Toronto for the project and the results of the evaluation, there is sufficient merit in the Sidewalk Labs proposal to proceed to the next phase.

Further, I support the results of the analysis of how the 160 solutions proposed in the MIDP have been categorized, indicating the level of support that Waterfront Toronto should lend to each individual solution.

	January 16, 2020
George Zegarac	(Date)
	January 16, 2020
Meg Davis	(Date)
	January 16, 2020
David Kusturin	(Date)
	January 16, 2020
Sheldon Levy	(Date)
	January 16, 2020
Mark Conway	(Date)
	January 16, 2020
Stephen Beatty	(Date)

January 15, 2020

George Zegarac, President
Waterfront Toronto
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Toronto, ON M5J 2N8

Dear George,

Thank you for inviting me to participate as an independent member of Waterfront Toronto's Evaluation Committee for Quayside. The process has been thorough and engaging at every step. Now that our review is concluded, I wanted to put to paper a summary of one member of the panel, along with some personal perspectives on upcoming negotiations with Sidewalk Labs.

It's important to state at the outset that the panel's mandate was not to review Sidewalk Labs' Master Innovation and Development Plan itself, but to review Waterfront Toronto's assessment of it, and ensure that Waterfront Toronto is properly prepared should it decide to enter into negotiations with Sidewalk Labs on a final contract for the Quayside development.

To that end, our review was focused on the work that Waterfront Toronto's staff has done to assess and evaluate Sidewalk Labs' proposals. Your staff prepared a tremendous volume of material to this effect. Their reports were thoroughly researched and consistently provided objective assessments of the issues at hand. When questions arose, staff provided clear answers as available; where there was uncertainty, staff openly identified it. There was no bias to their work, either in favour or against Sidewalk Labs' proposals. Your team displayed a high degree of honesty, integrity, and professionalism.

In short, in my view, Waterfront Toronto has excellent material in hand to support the next stage of this process, namely, to negotiate a final agreement with Sidewalk Labs for the Quayside development. The decision to move forward with negotiations rests with the Waterfront Toronto Board of Directors, not with our panel. But to the questions that were put to us – is Waterfront Toronto prepared for negotiations, does Waterfront Toronto fully understand the issues, and does Waterfront Toronto understand the relative importance of the issues – in my opinion, the answer to all three is yes.

As you and the Board prepare to make a decision on whether to enter negotiations, I would like to underline some of the key observations I made throughout the review process, and which I feel are most pertinent to Waterfront Toronto's next steps.

In the course of the review, we got a sense of perspective from both sides of this negotiation.

- What we heard from Waterfront Toronto was the potential that the organization sees in Quayside, and what it hopes to achieve there. The organization desires a bold future for the eastern waterfront, and Quayside is the springboard to that future.

- What we saw in the proposal from Sidewalk Labs was a similar sense of potential, as well as a desire for a considerably larger parcel of land, the better to ensure the chance of success for many of the innovations they plan to undertake. Accordingly, with only Quayside as the development parcel, some of Sidewalk Labs' proposed innovations may no longer be feasible. As a first step, Sidewalk Labs will have to share with Waterfront Toronto the limitations presented by a small parcel of land to its ambitions for the larger urban innovation plan.

I believe Waterfront Toronto needs to take that assessment at face value and make a similar assessment for itself. How many of the innovations Waterfront Toronto wishes to realize in Quayside are hindered by parcel size, or by process? Which innovations can it live without? And for those it truly prizes, what kinds of creative negotiating solutions are possible to ensure they move forward? What these two negotiating partners share above all is the desire to build a truly innovative district; the question is how. Neither side has an interest in development-as-usual.

In this regard, I want to put in writing what I said often at the committee: if you want to enable innovation, you must have an appetite for trying new things (new processes, new materials, new ways of structuring a partnership and planning an urban district), and you must be willing to risk the chance of failure.

Your team did outstanding work in terms of risk analysis. The question that remains for Waterfront Toronto is: which levels of risk will it embrace in order to achieve its innovations goals in Quayside? We cannot see the future as clearly as the present. It is easy to itemize the worries before us today; it is much harder to see the opportunities lost ten years hence by letting only our worries guide our actions.

Sound preparation is the most effective mitigator of risk, and it's clear that Waterfront Toronto is well prepared for its upcoming negotiations. Both negotiating partners share a desire to build an inclusive, affordable community that welcomes everyone, including people with disabilities; for an innovation hub that offers new opportunities for Canadian companies and contributes to the creation of new wealth; and that follows the highest standard to be brought into law by the Canadian Parliament that safeguards personal privacy and uses data ethically in the service of a higher quality of life. With these points as common ground, Waterfront Toronto has an opportunity to create something truly unique, special and exciting in Quayside, and across the eastern waterfront.

It will not be an easy negotiation, but I believe there is a will on both sides to make it work.

Sincerely,

Original signed by

Sheldon Levy

Cc: Steve Diamond, Board Chair, Waterfront Toronto