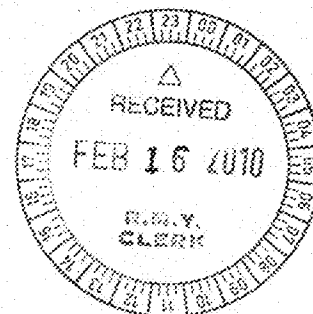


February 9, 2010

Chairman Bill Fisch
The Regional Municipality of York
P.O. Box 147, 17250 Yonge Street
Newmarket, ON L3Y 6Z1



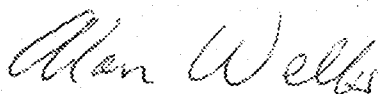
Dear Chairman Fisch:

Re: Rouge Park Governance Review Report

I am pleased to advise that the Rouge Park Alliance Board of Directors unanimously approved the recommendations, as amended, contained in the attached Alliance Chair's Report with Schedule A - Executive Summary (from the consultant's main study report). Our recommendations request that your Council deal with this report within 60 days and hopefully support our action.

I am available to provide additional information to you and to attend the appropriate meeting(s) of your Committees or Council. Please let me know the dates and times. The full report is available on our website: www.rougepark.com.

Sincerely,



Alan Wells
Chair, Rouge Park Alliance
50 Bloomington Road West
Aurora, ON L4G 0L8
Office: 905.713.7426
Cell: 416.460.6706
email: awells@rougepark.com

Att.

cc: ☒ Denis Kelly, Regional Clerk, The Regional Municipality of York
Bruce Macgregor, Chief Administrative Officer, Region of York
Deputy Mayor Jack Heath, Town of Markham
Ian Buchanan, Region of York

TO: Chair and Members of the Rouge Park Alliance
Meeting # 1/10, February 5, 2010

FROM: Alan Wells, Chair and Acting General Manager, Rouge Park Alliance

RE: Rouge Park Governance Review Report

KEY ISSUE

Receipt and Circulation of the Rouge Park Governance Review Report.

RECOMMENDATIONS

1. That the Rouge Park Governance Review Final Report, under separate cover, be received.
2. That the recommendations of the Rouge Park Governance Review Steering Committee be received as follows:
 - a. The Steering Committee advises the Rouge Park Alliance that the Governance Review Report, prepared by the consulting team of StrategyCorp and Hemson Consulting, is a competent and professional report on the options for governance and financing for the Rouge Park
 - b. That the Rouge Park Governance Review Final Report be forwarded to the Rouge Park Alliance for consideration
 - c. That the Steering Committee recommends to the Alliance the Rouge Park Governance Review Final Report be circulated to the constituent member organizations of the Alliance for comments within 60 days
 - d. That the Rouge Park Governance Review Final Report be forwarded to the Federal and Provincial political party leaders for their information.
3. That the Chairman formally request the heads of the constituent member organizations to consider the following:
 - a. The recommendations of the Rouge Park Governance Review Report
 - b. The concept of a Founding Deal and elements as they relate to their specific organization
 - c. Participation with the Alliance to engage the Federal and Provincial governments in the creation of the proposed Federal Park governance structure and creation of a joint interpretive/educational centre for the Rouge Park
4. That the Chairman of the Rouge Park Alliance appear before the constituent member organizations to answer questions and receive comments pertaining to the Governance Review Report.
5. That the Chairman provides briefings to the appropriate Federal and Provincial officials and elected representatives on the recommendations of the Governance Review Report and the process underway to receive input and comments from the constituent members of the Alliance.

6. That the Chairman be authorized to undertake briefings of key stakeholders on the recommendations of the Governance Review Report and the process underway to receive input and comments.
7. That the Chairman report back to the Alliance regarding the following matters:
 - a. Response of the Rouge Park Alliance constituent member organizations to the Governance Review Report recommendations and any related matter
 - b. The results of the briefings with federal and provincial officials, elected representative and key stakeholders
 - c. Recommended Alliance Governance Model and advocacy position
 - d. A strategy and work program necessary to engage the Federal and Provincial Government in the implementation
8. That the Chair upon receipt of the responses from the member organizations (Recommendation 7) organize and host a workshop with the constituent members of the Alliance to develop a draft "Founding Deal" as recommended by the Governance Report

BACKGROUND

In August 2009, the Rouge Park Alliance issued a call for proposals from qualified consultants to undertake a review, develop and recommend an appropriate governance model for the Rouge Park. In September 2009, the consultant consortium of StrategyCorp and Hemson Consulting were retained for the purposes of this study.

The purpose and objectives of the study as set out in the Terms of Reference consisted of five specific tasks summarized below:

Governance Options:

Identify, develop and evaluate potential governance models which could be implemented for the Rouge Park. The scope of this review would include existing park governance models within Canada as well as internationally and related type organizations.

Funding Strategy:

Document and assess the adequacy of existing operating and capital funding for the Park.

Park Operation, Management and Organization Structure:

Develop a management and organization structure with help from the Steering Committee to manage the Park. As part of this plan, a five-year budget forecast would be developed which would link the discussions between funding and governance.

Rouge Park Land Reconciliation:

Research/document the impact of the addition of these lands and recommend a balance of uses for the lands.

Engaging Rouge Park Alliance Membership:

Develop and implement an engagement strategy for the project. Workshops developed on the subject of governance and funding are expected to be efficient and comprehensive.

STUDY PROCESS

As the Alliance is aware, a Steering Committee consisting of senior staff representatives from each of the constituent member organizations was established to work directly with the consulting team. The overall direction and management of the study was the responsibility of the Alliance Chairman. The existing funding of the Alliance is provided through multiple sources for both operating and capital expenditures. The complexity of the existing funding framework and the need to identify future operating and capital needs required the creation of a separate Financial Working Group to work with the consulting team.

The study process consisted of four main phases as follows:

1. Data and information collection
2. Identification of the Governance Interest, Issues and Opportunities
3. Identification of Governance Principles, Concepts, Areas of Agreement and Disagreement, Evaluation Criteria and Assessment
4. Evaluation and Recommendation of a Preferred Model and Implementation Platform

The Terms of Reference provided a clear direction on the overall objectives of the review. Public administration never occurs in a vacuum; it is always embedded in the overarching political context of the time. This study and the Rouge Park are no exception. The consulting team approached this study with a keen awareness that the Park is not in need of an academic study about what "might be"; much more important, is a model that could be implemented.

Thus, in addition to the objective realities of the Park, the study process also sought to understand, as fully as possible, the subjective political dimensions of the Park, with a view to defining the key political enablers and the barriers to success.

Accordingly, the study had to change to reflect the underlying conditions.

The two greatest considerations were the presence of existing advocacy positions among Alliance members and the backdrop of the current economic downturn and its impact on the ability to secure funding from all levels of government.

The Governance Review study has provided an excellent opportunity for a broad-based dialogue between the constituent members of the Rouge Park Alliance (staff and representatives levels), its needs, limitations and opportunities. Between late August (2009) and the end of January there were 3 Steering Committee Workshops, 2 working sessions for the Finance Working Group and one Alliance Workshop. In addition, the consulting team held over 12 individual meetings with representatives (Alliance and Steering Committee) of the constituent member organizations and a large number of conference calls.

A draft of the consultant's report was presented to the Steering Committee on January 13, 2010 at which time they were asked to undertake their own internal review and provide comments by January 22, 2010. Detailed submissions were received from the MNR, Parks Canada, City of Toronto, TRCA, York Region, Durham Region and the Town of Markham. The consultants undertook a detailed review of comments (in the order of 150 individual corrections and clarifications or elaborations), which have been incorporated into the final version.

THE NEED FOR CHANGE

The work undertaken by the consulting team found, regardless of a recommended or preferred governance model, the Alliance is facing a number of serious challenges and limitations.

The overarching conclusion reached by the consultant team is that the Park and Alliance have reached a critical juncture in their evolution. Based upon the SWOT analysis, the opportunities, tensions and issues are indicative of the Alliance and entity (Park) transitioning from the conceptual stage to the reality of a functioning park and organization.

The Rouge Park was borne out of activism and a political response to a compelling concept and opportunity. Since its creation, the efforts of the Alliance have further defined and consolidated the opportunity.

This study process has confirmed that even today, the basic discussion about what the Rouge Park could or should be, remains unresolved. There is still no universal shared definition of the "Rouge Park" – even among Alliance Members.

Because of its legal limitations, the Alliance is not a true decision-making board. Rather it is an advisory body.

In practice, decisions of the Alliance (which does not have a legal status) are treated as binding decisions, and implemented. In fact, however, they are merely stakeholder advice which is then implemented by one of the parties.

One of the attributes of a board of directors is that board members have a duty to act in the best interests of the organization. If a board member is in a conflict of interest between the interests of the organization, and some other organization to which he or she belongs, then it is necessary to deal with the conflict. Depending on the norms and by-laws of the board, this might require disclosure of the conflict, recusal or abstention from the decision, as may be appropriate in the case.

The Rouge Park Alliance is not a board in this sense. Alliance members are there to represent the organization that appointed them. Accordingly, it does not function as a board. It is more of a structured meeting of the Park stakeholders.

Alliance members are therefore in the ambiguous situation of trying to govern the Rouge Park in the best interests of the Rouge Park, while trying to protect the interests of the organizations they represent.

Further, the consultants have recommended, even if a new governance structure and funding relationship is not secured for the Park, the Alliance should not be left in its current state. The current Rouge Park should be replaced with an incorporated entity, capable of carrying on business in its own name, and of owning land.

The redesign should replace the current stakeholder Alliance with a Board of Directors for the Rouge Park. Board members should be mandated to:

- provide leadership to the Park
- be accountable for ensuring that the Rouge Park fulfills its mandate
- oversee the Park's management
- act honestly and in good faith with a view to the best interests of the corporation
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances

Attached to this report as Schedule A is the Executive Summary from the main study report.

WINDOW OF OPPORTUNITY

As mentioned earlier in this report, there has been a renewed dialogue and engagement, particularly at the senior staff levels (Steering Committee) among the Alliance member organizations. This positive energy has created a sense of common purpose, opportunity and momentum to move forward with securing a new governance structure and funding model for the Rouge Park.

It is also very unique to have secured political support from a cross-section of elected representatives from all three levels of government who are championing Rouge Park. Further, both the Federal and Provincial members have indicated interest in receiving the report from the Governance Review.

Public and political interest continues to focus on environmental issues, the most recent example being the climate change conference in Copenhagen. At the same time, Canada and Ontario will continue to be a focus of international attention with the G8 and G20 conferences this June followed by the Pan American Games, which will be hosted in the GTA in 2015. Lastly, there is the reality of elections for the municipal, provincial and federal governments over the next 2 years.

The Rouge Park has always been defined as a landscape of National and Provincial significance and an opportunity to protect a unique and important natural and cultural heritage resource. There is a very real opportunity for the Alliance, working with its constituent members, to "harness" the momentum that has resulted from the Governance Review, and the emergence of the political champions and to capitalize on the public, institutional, media and political attention that will materialize over the 12-18 months.

CHAIRMAN'S RECOMMENDATIONS – MOVING FORWARD

It is important to engage the senior levels of government, the public, and media with a single voice and a very clear set of recommendations that need to be implemented to secure the opportunity that is the Rouge Park. With that in mind, the recommendations

contained in this report are intended to put into motion the necessary actions to obtain support from the constituent members of the Alliance to move forward with the implementation of the consultants report.

First, and most important, a draft of the report has undergone an extensive review by members of the Steering Committee, who have concluded it has successfully identified, considered, and evaluated a full range of governance options for the Rouge Park. Second, they are recommending that the consultants report be circulated to the respective agencies/boards and ministries for formal consideration. They have further recommended that this review be completed in 60 days, having regard for the window of opportunity outlined earlier.

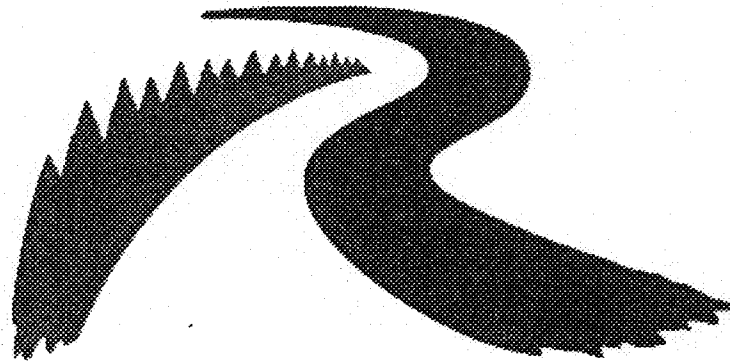
In keeping with the advice of the Steering Committee, it is recommended that each of the organizations be requested to address the consultant's recommendations, the details and concept of a "founding deal", and to work jointly with the Alliance in approaching the federal and provincial governments.

It is important to continue with the dialogue that has been initiated through the Governance Review. Therefore it is recommended that the Chairman of the Alliance appear before each of the constituent member organizations, at the time they consider the consultant's report, to make a presentation and respond to questions. In a parallel manner, briefings should be sought with the respective Ministers and senior staff.

Lastly, it is recommended that given the importance of a "Founding Deal" to the creation of a new governance model and financing structure for the Rouge Park, a workshop be held to begin the process of developing a detailed MOU and the process for its acceptance.

Report prepared by: Alan Wells, Chair, Rouge Park Alliance
For information contact: Alan Wells, 9905-713-7426, email: awells@rougepark.com
Date: February 3, 2010
(Attachments)

Governance Review
Draft Final Report
Executive Summary



Rouge Park

Submitted to the

Rouge Park Alliance
February 2010

StrategyCorp – Hemson Consulting

Executive Summary

The Rouge Park is as remarkable environmental asset. Yet, it is even more remarkable for what it could be: a gateway to wilderness park experiences within an hour's drive of almost 7 million Canadians – and accessible by public transit.

To realize this vision, change is required. The Rouge Park needs new funding commitments and a new structure to give it a proper leadership and accountability structure.

In our view, the best means of resolving the need for land, funding and better governance would be to designate the Rouge Park as Canada's first "near urban" National Park.

1. Background

In August 2009, the Rouge Park Alliance retained StrategyCorp Inc. in collaboration with Hemson Consulting Ltd. to undertake this review of the Rouge Valley Park. The purpose was to make recommendations on options for its future leadership, financing and organization, with a view to fulfilling the Vision of the Park. This study is the product of five months of focused effort involving the Rouge Park Alliance and its team of professionals. This study considers how a redesign of park governance and funding arrangements could help make Park Vision come to reality.

The consulting team approached this study with a keen awareness that the Park is not in need of an academic study about what "might be". It is much more important to provide a model that could be implemented.

The participants recognized this when they rated "ability to create (or get agreement on) a new "Founding Deal" among Alliance members" as the most important attribute of a reform package.

Thus, in addition to the objective realities of the Park, we also sought to understand as fully as possible the subjective political dimensions of the Park, with a view to defining the key political enablers and the barriers to success.

The Rouge Park was borne out of activism and a political response to a compelling concept and opportunity. Since its creation, the efforts of the Alliance have further defined and consolidated the opportunity.

Even today, however, the basic discussion about what the Rouge Park could or should be remains unresolved. There is still no universal shared definition of the "Rouge Park" – even among Alliance Members.

Perhaps because of this, the Rouge Park is still without many of the fundamental features or benchmarks of a successful park. It does not have:

- a consolidated, well defined land base
- a comprehensive master plan
- a funded implementation strategy
- a functional governance model
- an articulated park brand (what it is, what it does, and who it is attracting).

A map of the lands covered in this study is attached as Figure ES.1. Collectively, these lands are described as the "Rouge Park Governance Report Study Area". A detailed description of the Study Area is provided in Chapter 2 of this report.

2. Funding

The Study Process assessed the current level of operating and capital funding, with a view to determining the adequacy of current funding levels.

In terms of the operating budget, it is clear that the existing level of funding is inadequate.

Using conservative approximations of costs per hectare, it is estimated that an annual operating budget of approximately \$4 million is required to ensure the sustainability of Blocks 1 and 2 of the Park. The annual cost would be higher were a portion of Little Rouge East area to be allocated to non-agricultural uses.

In regard to the capital budget, depending on the specifics of the Master Plan, it is reasonable to project that bringing the facilities in the Park up to a level that is more in keeping with the scale and significance of the Park could easily require a capital investment of more than \$40 million over a period of 10 years.

No detailed plans have been prepared for the lands in Block 3. Accordingly, it is very difficult to project either a capital or operating budget for the area. Were it to remain in agricultural uses, additional capital requirements would likely be modest and operating costs minimal. If, however, parts of the area were to be reforested and/or converted to more substantial park-type uses, capital cost at a minimum of \$10,000 and likely \$13,000 per hectare would be required. Annual net operating costs would also increase at between \$300 and \$650 per hectare approximately.

The Report recommends that the Rouge Park Alliance seek a commitment to adequate, secure funding to allow it better meet its needs.

3. Limitations of the Existing Governance Model

The Rouge Park Alliance was originally created to provide temporary leadership during the creation of the new park. In its structure, it delivered broad stakeholder representation to the Park while it was in its infancy, and, under its leadership, many important milestones have been reached. Nevertheless, the Report concludes that the existing structure of the Alliance faces several key limitations:

- It is an unincorporated "Alliance" and does not have legal "natural person powers". Accordingly, it is unable to own land or contract in its own name. This is a severe limitation to its ability to directly manage and be accountable for the Park
- Secondly, with the exception of the Chair, appointees to the Rouge Park Alliance sit in a representational capacity, whereby they represent the organization that appointed them. The Alliance is an Advisory Body, and not a true decision-making board of directors for the Rouge Valley Park.

The Report recommends that the Rouge Park Alliance seek a new governance model, to improve its ability to manage and be accountable for the Park.

This is true, whether or not the Park achieves a new funding arrangement.

It is axiomatic that in the design of governance, "form follows function." Accordingly, the specifics of the new arrangements should wait for a resolution of the funding question. There are many different ways of achieving this basic structure, and it can be customized to meet the mix of funders, donors of land, and their mix of accountability expectations and requirements.

Both of these goals require a new "Founding Deal," whereby:

- one or more government entity undertakes to be the funder, and
- the accountability needs of the funder are built into the new governance model.

4. Towards a New Founding Deal

The enthusiasm of the champions of the Park has created significant political momentum for a new Founding Deal and an enhanced Rouge Valley Park.

The Founding Deal must set out in clear terms how the Park can co-exist and be managed within the adjacent urban landscape. Further, it must also provide a framework by which to manage the diversity of uses within the Park area.

Thus, the Founding Deal must address both:

- The core deliverables needed to improve the park.
- The needs of the partners, ranging from corporate goals to political imperatives.

To address the strengths and weaknesses identified through the process, the Founding Deal would have to address the following:

1. Vision: what is the role of the Park?
2. Land: what will the boundaries be?
3. Funding: what entities will fund and to what level?
4. Governance and transitional arrangements.

There are four main barriers to achieving a new Founding Deal:

1. Finding a funder(s)
2. Resolving ambiguities
3. Resolving issues
4. Resolving Boundaries.

Firstly, there was widespread recognition and agreement among Study participants that the biggest challenge will be to secure a willing funder (or funders) in the current economic climate.

Secondly, in discussions with study participants, it became apparent that there are many details about these four components that are insufficiently defined, and that need to be fleshed out in order to reach a new Founding Deal. It should not be assumed that these details constitute areas of disagreement, so much as areas where further elaboration is required.

Thirdly, there are three major unresolved issues which, if left unresolved, could be a barrier to concluding a new Founding Deal. They all relate to the diversity of the land, and the need of the park to accommodate diverse interests within or near its boundaries.

1. Municipalities are concerned that the Rouge Park could have a negative impact on:
 - The ability to plan regional infrastructure corridors passing through the Rouge Park lands
 - Municipal ability to plan and deliver on the requirements of such provincial legislation as the *Places to Grow Act*
2. Many stakeholders could not support the Park if it were not implemented in a way that was compatible with sustainable agricultural practices
3. Members of the Alliance do not have a common understanding of what the boundaries of the Rouge Park can or should be.

Fourthly, in regard to boundaries, an expanded Rouge Park could provide a connecting link between Lake Ontario and the Oak Ridges Moraine. The consulting team believes that this is a very compelling vision. To achieve it, it would be necessary to include the area described as Blocks 1, 2 and 3 in the Rouge Park. As noted above, there is as of yet no well defined plan for how the lands in Block 3 could be integrated into the Park. In light of the significant work that remains to be done with respect to planning for Block 3, in our view, the most pragmatic course at present would be a phased approach:

- The Founding Deal for a new Rouge Park should address the existing Park Boundaries (described herein as Blocks 1 and 2), exclusive of City of Toronto lands in operation as the Toronto Zoo and closed Beare Sanitary Landfill site
- A determination to include some or all on the Federal lands in Block 3 should be the subject of discussions during the Founding Deal process,

including consideration of the lands to be set aside for park purposes in Markham and final decisions regarding the preservation of agricultural land.

All participants in the study process were in favour of achieving an enhanced park of *some* description. In the opinion of the consulting team, there is a general agreement that the Park must coexist and be viable with its diverse neighbours. While there remains considerable work to be done to reach a full agreement, the consulting team believes that the areas of difference should not be overestimated. We believe that through the proper process of fleshing out implementation details, there could be an agreement reached on these issues.

5. Considering Park Models

The Report evaluates eight park models against the following three criteria:

- Funding: Ability to secure sufficient fiscal resources
- Control of Land: Ability to concentrate land ownership
- Authority and expertise: Gives operating agency sufficient authority and expertise over the Park.

The Report concludes that no model is perfect, and no matter what model is chosen, some legislative "hybridization" is likely to be required. This terminology has been used to describe the modifications to an existing governance model that might be required to allow it to meet the unique governance needs of the Rouge Park. In some cases, such hybridizations could require legislative change. In other case, they might only require regulatory change. In either case, it is the assumption of this study that to be a plausible hybrid, the changes would be limited in nature, and preserve the overall integrity of the model and legislative framework.

The National Park and Provincial Park models appear to best meet the three criteria of ability to deliver funding, control of the land and authority and expertise. Indeed, both would be very strong models which could meet all the requirements at a high level.

The consultant team then applied a final criterion relating to the likelihood of the model to deliver a Founding Deal. This is not a function of the Formal Evaluation process, but rather a subjective judgment having regard to the ability to achieve a Founding Deal. In the view of the consultant team, the National Park model is the most promising model insofar as we are aware that Parks Canada is interested in opportunities to better connect its mandate and programs to the Greater Toronto Area. In this context, a near urban park would be a good opportunity to reach this audience with close-to-market nature and park experiences.

It is important to stress that each of the other models *could* be made to work for the Rouge Park. Properly executed, each would still deliver better governance characteristics than the Rouge Park Alliance currently has with its limited model. To be made to work, however, they would appear to require the expenditure of

significant political will and effort to work around financial and technical challenges.

Given the analysis, we recommend the creation of a Rouge National Park.

Such a park would be the first near-urban national park of its kind, and would reflect the Vision and unique opportunity offered by these significant lands.

6. Recommendations

Based upon the review and analysis conducted through this study, it is recommended that the Rouge Park Alliance adopt the following:

1. Secure the agreement of the existing Alliance Members
 - support for a National Park
 - agree to the terms of a Founding Deal as set out below in table ES 2.
2. Call upon the Governments of Canada and Ontario to:
 - commence negotiations on a memorandum of Understanding to establish the Rouge National Park which would address the requirements of a Founding Deal, as set out below in table ES 2
 - address the opportunity to create a shared interpretive centre to anchor the Rouge Park and act as a gateway to the larger provincial and national park experience.
3. The Rouge Park Alliance prepare a public and stakeholder communications and branding strategy, to capitalize on the current political interest in the environment and the window of opportunity afforded by the international focus on the GTA that will arise from the Pan-Am Games and G20 meetings.
4. In the event that there is no progress on a new Founding Deal by December 30, 2010, it is recommended that the Rouge Park Alliance seek an initiative from the Government of Ontario that it be reconstituted as a not-for-profit arms-length agency with updated board and governance structures, and natural person powers, in order to address the governance weaknesses inherent in the existing Alliance model.

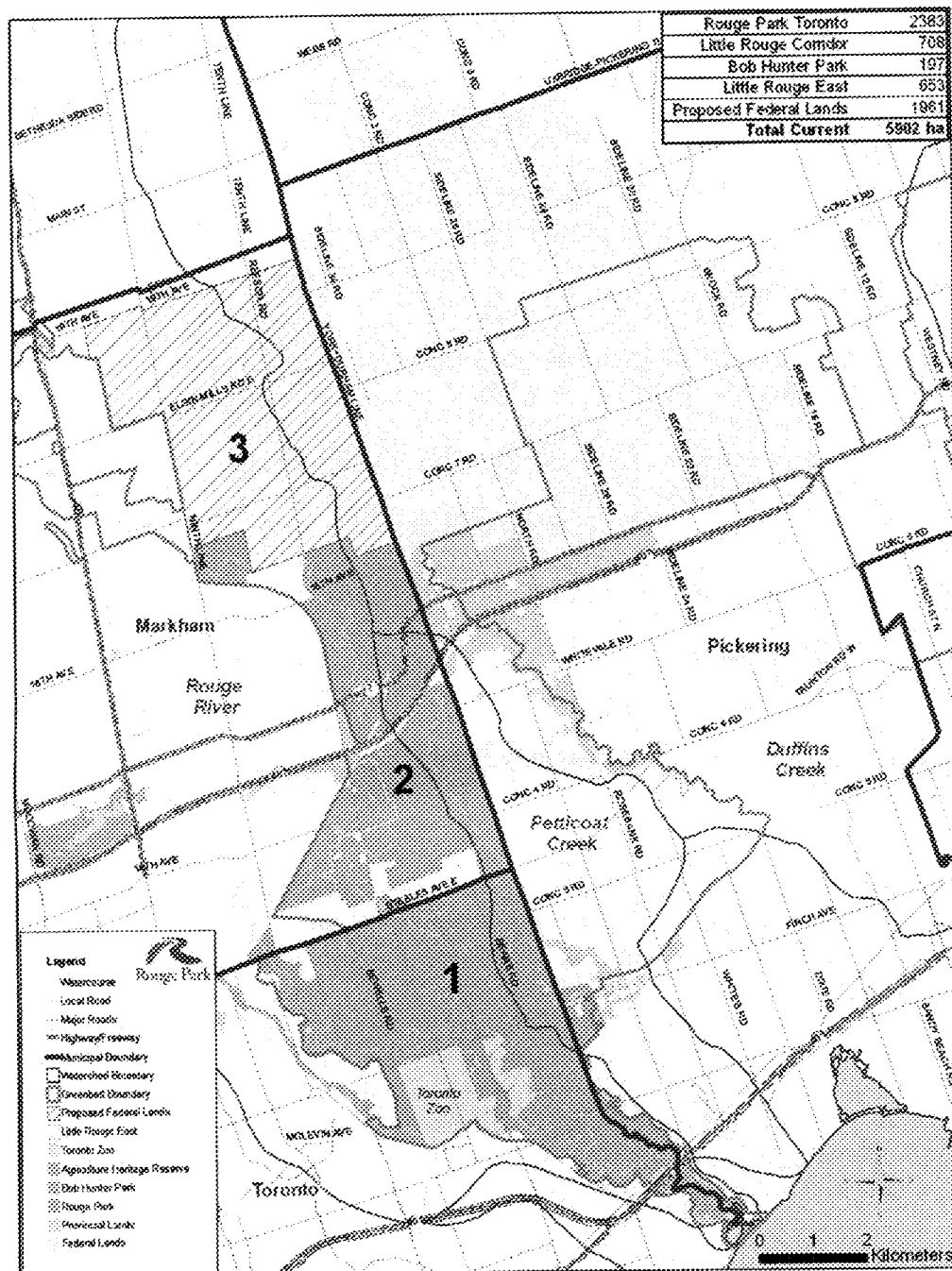


Table ES2

Elements of a Founding Deal Required to Improve the Park	
<i>Funding</i>	• Park funding and number of funders • Previous contributions of operating and capital funding • Previous contributions (in kind) • Present/future contributions of on-going operating funding • Present/future contributions of capital funding • Present/future contributions (in kind)
<i>Boundaries and land commitments</i>	• Park Boundaries • Previous contributions of land • Present/future contributions of land
<i>Vision</i>	• The level of environmental protection the Rouge Park should deliver
<i>Governance and transitional arrangements</i>	• Governance conditions/requirements • Appointment of a transition park manager • Conversion of the Alliance to an advisory board • Creation of an interim transition entity with natural person powers and decision making authority • Transfer assets held by other entities on behalf of Rouge Park to new transition entity
The Needs of Existing Alliance Members	
<i>Municipal Agriculture TRCA Stakeholders and Volunteers</i>	• Define how the Park Master and Operating Plans will be used to accommodate the following issues in such a way as to allow for their co-existence, without diminishing the realization of the vision of the Park: 1. allow municipalities to meet legislated requirements under applicable provincial legislation and plans existing land uses, both inside and near its border 2. there is a need to develop an agricultural business strategy which becomes an integral component of the Park Master Plan and Operational Plan. This business strategy must address the issue of long term leases (50 years), investments in farm infrastructure, viable crop and business models, marketing, signage and land use compatibility issues such as the use of fertilizers, noise, dust, etc. 3. provincial, inter-regional and municipal infrastructure 4. active recreational uses • Define an access plan, revenue generation plan, activity plan • Define the effect of the new governance model on existing Alliance Member organizations • Provide for the on-going role of the TRCA in Watershed Planning and Management • Address the need of municipal partners which require lands for active recreation and other uses • Provide a means to link local green infrastructure to the park • Ongoing stakeholder and volunteer advice and participatory involvement through a "Friends of the Park" model