

Granville Island 2040 Revisioning: Governance Issues, Principles, and Recommendations

By

Michael A. Goldberg

[Final Draft 6– 23rd January 2017]

1. Current Governance

The current administrative and advisory structure has essentially been in place and since the Interim Granville Island Trust delivered its first reports in 1975 and the Market opened in 1979 It has served adequately for the limited purposes it was established to achieve: administering the Island. However, it would be a stretch to suggest that, in fact, there has ever truly been a well crafted and fully empowered governance structure put in place for Granville Island. All stakeholders thus have been shortchanged, including the Granville Island Administration Office, with its limited capacity to serve the broad and highly engaged Granville Island stakeholder community and its diverse needs.

Granville Island is currently administered directly by the Canada Mortgage and Housing Corporation (CMHC) through the Granville Island Administration Office (GIAO). GIAO is an organizational unit (almost clerical in nature) of CMHC, formed to run the diverse functions and leases on the Island and staffed by CMHC government employees reporting to Ottawa. In addition, for nearly four decades the Granville Island Trust has served in an advisory role to the GIAO, albeit one with little substantive authority:

"The Granville Island Trust is an advisory body to CMHC's Granville Island Office, composed of nine members, including a Chair. The Trust has representation from Granville Island, local area residents and the City of Vancouver, and brings a broad range of expertise including business, government, the arts, urban development and public relations. The Trust advises CMHC on a wide range of subjects and deals with various issues and acts as a liaison to the Minister responsible for CMHC and local elected representatives."

As currently organized, Granville Island must be self-funding from the revenues it receives from leases, parking charges, and a variety of event and

miscellaneous fees. The Island currently has an accumulated surplus of roughly \$11 million, from which it must provide for all infrastructure upgrades and building improvements for the buildings it owns and manages (primarily the Granville Island Market, the Net Loft and several performance venues). However, sales at the signature Granville Island Market have flattened, Emily Carr University of Art and Design leaves GI for its new home on Great Northern Way in September 2017, significant infrastructure reinvestment is needed, and large vacant spaces must be reconfigured or developed from scratch.

The governance arrangement itself has been far from trouble free and has periodically evoked strong, often negative feelings, about the bureaucratic nature of GIAO decision-making and the broadly felt lack of consistent communication with GI stakeholders, particularly tenants, artists and artisans. Indeed, at our public and private sessions, participants devoted a great deal of energy to arguing for a more broadly-based and empowered decision-making system.

The comments were generally focussed on desires for a more transparent and accountable day-to-day management style and process than about higher level governance per se. Thus, the disaffection with the current state of affairs appears to be much more about the bureaucratic culture and the relatively limited scope for local decision-making of the present organizational arrangement than about governance. However, on deeper probing, participants made it clear that they would like to see a more autonomous, visionary, and strategic organization in place to move Granville Island forward.

As an example, at a meeting with the Granville Island Community and Business Association (GICBA), very constructive and useful insights and suggestions were put forward. They noted that good governance must facilitate leadership, responsiveness, and openness, specifically suggesting consideration of an operational and governance entity with characteristics that encourages

- GI Board based in Vancouver with daily presence on Granville Island
- Broad based representation from the pillars of Granville Island (maritime, industrial, arts, etc.), cultural partners, tenant organizations (GIBCA, Artist & Artisan, etc.), and the GIAO...

- Fiscal responsibility (i.e. traditional volunteer board structures do not ensure fully integrated leadership; board will not be motivated or have the willpower without true power to do so)
- support staff such as secretary, accountant, lawyer, planner
- Responsibility for key decisions relating to leasing, lease rates, tenant selection and attrition
- Visionary leadership that provides guidance and oversight to the administration
- Leadership that works with the community to realize Granville Island's true spirit and potential—a key governance already enunciated in a 2014 GICBA brief

They further suggest that the entity should be guided by a well-articulated vision of what Granville Island is and should be, which they summarize as:

- Federal public land that belongs to all Canadians
- Non-specific and mixed use zoning supporting diversity, cross-pollination, and urban and social experimentation (radically different!)
- Public good prioritized above market forces
- Protected from Vancouver real estate pressures
- Economically self-sustaining
- A platform for creative risk and experimentation
- Representative of Canadian values (culture, diversity, innovation)

We agree strongly with both the sentiment espoused and the detailed suggestions as will be apparent in our recommendations below.

The historical and institutional context surrounding Granville Island's administration is invaluable in understanding how to proceed in future. A chronology of governance and management at Granville Island prepared by Mr. Dale McManaghan, Chair of the Granville Island Trust appears in the Appendix to this report. Below we draw extensively on that chronology to highlight the absence of clear governance authority and responsibility since the beginning of Granville Island in its present form.

Initially, the Interim Granville Island Trust and its successor the Granville Island Trust operated effectively. Although technically an advisory body, it acted and

was treated by CMHC, as if it had authority to create, implement and manage the future of Granville Island. This arrangement prevailed until 1985.

The Interim Trust was chaired by Mr. King Ganong, a senior CMHC official seconded for that purpose, along with four, and then five leading citizens and a City of Vancouver representative. Trust members were prominent within the broader community and continuity was high during the first ten years of the project. Trust minutes also illustrate the high degree of engagement of the Trust—detailing the equivalent of a meeting every two weeks for 7 years.

The Trust appointed the first General Manager, Russell Brink, a lawyer with strong experience in business and government relations. They also selected the firm of Norman Hotson Architects and Urbanics Consultants to set out the plans which later became the basis for the island environment enjoyed today. The consultant report led to the Trustees' own report, recommending the principles under which the Island was to be managed, and that the Trust be made permanent, with the authority to oversee the proposed new directions.

Bureaucratic interference by CMHC led to the resignation of all but the City of Vancouver member of the Board in mid-1985. According to early Trustees and those familiar with the operation of the Trust through 1985, the precipitating event was a commercial proposal to manage the Island's parking (with a gate to get on and off along with creation of a paid parking structure). The Trust supported this move, but CMHC overruled the idea. In protest, as noted, all but one Trustee resigned, with many feeling that their tenure would soon be ended in any event by the then new Conservative Government. Ironically, the Trust's position was subsequently adopted (paid parking in old buildings and the Emily Carr parking structure.).

Henceforth, the Trust was understood not as a relatively autonomous governance body but as an appointed, purely advisory board, with very limited powers. Further, over time, the General Managers came to be more middle and lower middle officers in the CMHC administrative structure, with diminished authority and greater dependence on Ottawa-based CMHC decision-makers. This is the situation that we see today, where the GIAO is really in the business of administering, not managing planning and strategizing as it should be doing.

STRICTLY CONFIDENTIAL – DO NOT COPY OR DISTRIBUTE WITHOUT PERMISSION OF AUTHOR

This tightening of bureaucratic control from Ottawa under the previous CMHC president has led to considerable dysfunction in the GIAO. This is perhaps best evidenced by the failure of planning initiatives undertaken a decade ago and by failure to respond with strategic vision, flexibility and legal propriety to significant proposals made to enhance land-uses and activities on the Island.

We have found a paucity of good documentation and data for management and therefore planning purposes, as well as the absence of clear policies that would obviate contradictory or seemingly irrational decisions on leases and other business matters.

We have witnessed an inability on the part of the GIAO to create positive relationships with the GI Trust, Granville Island Cultural Society (GICS), Granville Island Community and Business Association (GICBA), tenants and other stakeholders. Given a virtual absence of clear strategic directions, business plans and expectations, the resulting limitations of governance and management have led to lacklustre business operations and a flat-lining of revenue. It is also doubtless responsible for the widespread view from public engagement exercises that GI is getting stale and needs an immediate and significant investment in thinking, planning and doing.

It is fair to note in this context that virtually all of the consulting team working on *Granville Island 2040* have experienced defensive and unimaginative attitudes from local management—including delay and deferral tactics whose sole purpose seems to be to generate a negative reaction in Ottawa by biasing significant ideas and recommendations.

The current administrative approach to GI has enabled sufficient surplus for urgent priorities in deferred maintenance but no financial or intellectual resources to craft a robust and exciting future for Granville Island. Thus, even without the larger GI 2040, process this governance review and report are clearly needed and timely – the status quo governance and managerial arrangements are simply inadequate for the tasks at hand, let alone for those implied by the exciting GI 2040 vision.

2. Implications of Current Shortcomings for the Future

In summary of the above, Granville Island as currently organized and governed is severely constrained in its capacity to implement the bold ideas and diverse activities envisioned for *Granville Island 2040*. Due to budget constraints and its duty to a distant master in Ottawa, the GIAO is neither staffed nor authorized to carry out the long-term strategic thinking and actions needed to realize *GI 2040*. Further, the Granville Island Trust remains a purely advisory body which, despite the commitment and quality of its Trustees, has no scope to help guide the island to the *GI 2040* vision. Going forward significant, highly professional capacities will be a necessity in several areas.

1. Implementing *GI 2040* will require that very strong oversight authority be vested in the governance body. Significant borrowing authority will be needed along with real capacity and authority in community development and engagement.
2. The forecast expansion of commercial activity under the *GI 2040* vision will require stronger strategies, policies, and day-to-day management capacity for existing commercial leases and for business development and innovation in future leases. Indeed, the entire area of business and commercial strategy and development cannot be addressed in the current, tightly constrained scope and budget of the GIAO.
3. One of the defining features of the *GI 2040* vision is the centrality of a greatly expanded, rich, diverse, vibrant and engaging arts and culture core for Granville Island as detailed in the companion report by AMS Planning and Research. Realizing this vision will require vastly greater capacity and scope for acting in such areas as curating and managing across this much bigger and wider array of arts and culture activities and setting and achieving higher aspirations in this vital area.
4. Major additions to the skill sets demanded of management will be required in order to manage this vastly richer and more complex arts and culture ecosystem.
5. New and creative policy guidelines and innovations in accountability will be essential in order to develop deeper and richer relationships with the

broad arts communities and organizations that will be part of Granville Island 2040.

6. Beyond arts and culture, the proposed changes to parking management and related transit issues will necessitate similar changes in authority and scope to govern and manage relationships with prospective parking providers, with TransLink, with the City of Vancouver and with diverse levels of government more generally.
7. At present, there is no capacity to manage communications and public relations functions with stakeholders, let alone the more specialized capacity to deal effectively with various levels of government. The authority and capacity to communicate strategically and effectively with all stakeholders, including governments, is absent today, yet must be a vital element of the governance and management of the *Granville Island 2040* vision and reality.

Neither the current administrative nor governance structure (as a distant outpost of Ottawa-based CMHC) can move the *GI 2040* vision forward to fruition. A very different organization and governance model needs to be considered to which we now turn our attention.

3. Principles of good governance

Before moving to specific recommendations for a new GI organization and governance structure, it is vital to set out several sound governance principles to guide the eventual design. The following brief discussion does this and thus provides the basis upon which to build the specific recommendations which appear in the next section.

In the case of *GI 2040*, this suggests that, before we consider an organizational form and governance structure, we need to have a very clear idea of what it is that we want the organization to do. In the current context, this means we need to fully specify the scope and scale of *GI 2040* initiatives before we can think about designing an organization to carry out the requisite tasks implied by *GI 2040*. Only then can we move ahead to identify the most appropriate structure to guide and govern this *GI 2040* new managerial form.

Governance Principle 1

Identify things we want the organization to do (i.e., the scope and details of its responsibilities), then identify the preferred organizational form/governance structure to meet them and ensure that the organization can succeed, specifically:

1. The organization can meet its goals and responsibilities as determined by the work of the GI 2040 work
2. The governance structure provides the organization with the expertise, oversight and strategic guidance it and management need to prosper
3. The organization and its governance structure are transparent, fully accountable, and operates at the very highest ethical and social standards

Governance Principle 2

Align the proposed organization's scope and responsibilities by granting it the appropriate powers and authority it needs to succeed in a variety of key areas:

1. Incurring debt up to pre-specified limits
2. Hiring/firing senior management and officers of the organization
3. Appointing members of the governance body who possess the highest qualifications and experience to guide the organization and its senior management team
4. Setting the terms of reference and authorities for both the management team and the governance body
 - Terms of reference and foundational documents enshrine transparency and accountability of the highest order to all stakeholders and community groups
 - Key part of the terms of reference for members of the governance body is transparency and accountability
 - Governance body has unfettered control of all of its communications and stakeholder relations activities
 - Among the first formal acts be the creation of a formal Community Arts and Culture Advisory Board whose members are drawn from to lease holding tenants, the very broadly defined arts community, diverse innovation sectors, the City of Vancouver, False Creek neighbourhoods, and other stakeholder groups as may be appropriate over time.

- Regular meetings of the Advisory Board to discuss submissions and ideas from public interest groups—all aimed at providing the new organization with the broadest set of ideas and inputs.
- Sharing of reports and plans that the governing structure commissions or creates, with the Advisory Board for discussion and input.

4. Structural Requirements

In the case of GI, the above principles translate into the following basic requirements for the governance and organizational structure of the proposed organization.

Governance responsibilities (scope) must enable the organization to:

- Implement the *GI 2040* vision and the needed requisite actions
- Be fully transparent and accountable to the shareholder, its stakeholders, and interested community groups
- Create a fully staffed, high performing and effective organization with strategic and operating capacities that can identify, assess and respond effectively to stakeholder needs
- Be self funding and financially sustainable
- Conduct activities at zero net environmental impact
- Be a source of pride and effectiveness for the shareholder and for stakeholders more generally
- Be an exemplar of organizational effectiveness and excellent governance for other federal local initiatives

Authority and organization design must meet these requirements:

- Locally managed, independent organization, fully accountable to CMHC and the Government of Canada and its diverse stakeholders
- Professional high quality property management capacity
- Professional high quality real estate development capacity
- Excellent communication and stakeholder relations
- Able to borrow up to pre-specified limit as needed
- Permitting and licensing capacity, exempt from City of Vancouver zoning and permit by-laws, consistent in spirit but not necessarily details with City of Vancouver policies

- Ability to meet the needs of existing stakeholder institutions such as GICS, GICBA, GI Tenants Association, False Creek Residents' and GI Trust, etc., in effective and efficient ways perhaps through new organizational designs and fully accountable operating units or sub-entities

5. Recommendation:

"CMHC will create an independent not-for-profit corporation under the Canada Corporations Act or the Canada Not-for-profit Corporations Act with an independent expert Board of Directors and a professional, high performing, preferably non-civil service staff all chosen to carry out the specified responsibilities, this corporation to be either a subsidiary of CMHC whose sole share is held by CMHC, or a Crown Corporation whose sole share is held by the Minister of Finance in Right of Canada."

Rationale and discussion

Two very prominent local examples come to mind when thinking of the devolution of large, Ottawa-controlled federal agencies to locally controlled and fully empowered entities. Both the Vancouver International Airport Authority (VIAA or more commonly YVR) and the Port of Vancouver (PV) have been devolved to local operating authorities and have achieved global recognition as being among the best in class for airports and maritime ports. This has been possible because the federal government saw the potential for improving the performance and accountability of both the airport and maritime port and freeing both up to energetically and successfully pursue the unique locational advantages they possessed vis-à-vis the Asia Pacific.

Seizing these unique Asia Pacific opportunities was simply not possible while the seaport and the airport were controlled thousands of kilometers away in Ottawa, where the understanding of these local opportunities was minimal and the operation of the seaport and airport were just parts of the much larger responsibilities of Transport Canada. By transferring significant operating autonomy and financial authority to both YVR and PMV the federal government enabled both to perform at levels simply not possible before and to become global leaders and exemplars in their respective sectors.

We see strong parallels with both YVR and PV in the current, if much smaller, situation of the Granville Island Administration Office. The administration of GI is clearly lost in the vastly larger operations and responsibilities of Ottawa-based CMHC. Similarly, the need to take advantage of the unique opportunities facing GI now and in 2040, and to respond to local conditions effectively is best achieved by the devolution of responsibility and authority to a federally-owned, locally autonomous agency. Both YVR and PMV provide examples and precedents for the sort of devolution of authority and responsibility to the kind of autonomous operating entity suggested here.

By being local and independent, the proposed not-for-profit Corporation will best be able to meet the responsibilities set out for the organization in an efficient, transparent and accountable manner while responding to the local needs and conditions that are unique to Granville Island and its diverse and complex stakeholder base.

Other examples which are useful to examine include the BC Investment Management Corporation (bcIMC), which evolved from a branch of the provincial treasury, and the BC Financial Institutions Commission (FICOM), created by moving a unit from the BC Ministry of Finance and Consumer Affairs to the independent FICOM organization. In both cases, the need for flexible human resource policies were important considerations in setting up these independent crown corporations. By hiring independent employees and not federal civil servants, the new organization will be able to develop human resource policies and practices that are most appropriate to the essentially private sector and local operations of the entity, despite having the Corporation's sole share held by Her Majesty in Right of Canada.

As an independent, stand alone entity, the organization, through its Board of Directors and senior management team, will develop strategic goals and performance indicators against which its Board of Directors and senior management can be held fully accountable. It will also be fully transparent, having its own independent set of accounts audited by an independent and professional auditor. Somewhat paradoxically, the independence of the organization and its local foci and governance can allow its accountability and transparency standards and processes to exceed those of many large government organizations.

The Board will be able to adopt the highest standards of conduct, and be creative and energetic in developing and implementing communications standards and processes that ensure wide dissemination of statements of account, governance and management processes and standards.

Reserved shareholder powers

As the sole shareholder, the Crown in Right of Her Majesty will want to reserve several powers, a standard procedure for wholly-owned independent entities in the private sector. Among these are likely to be the following, with evolving reserved powers to be determined as the new organization develops and has a demonstrated track record of performance and success.

1. A consultative role in choosing/renewing the Board
2. Specifying measures of accountability, transparency, accessibility
3. Setting borrowing, debt and contracting limits for Corporation
4. Input to Board on senior executive compensation and CEO selection
5. Input on compensation policies for the Corporation
6. Establishing clear corporate reporting lines, protocols and periodic information flow to shareholders

Specific Governance Standards

As an independent corporate entity, the Board of Directors will need to be given great scope to determine director selection and renewal processes. Good governance practice suggests that the Board will pursue best practice by adhering to the following:

1. The Board will be selected using a professional search firm expert in finding the highest quality candidates for a highly visible and public entity such as that being proposed
2. Candidates will be sought and evaluated against a pre-determined skills matrix developed by the transition board and the shareholder using a mix of table stakes (skills and or experience that all prospective directors must have to be considered for a director position) and unique skills needed to fill out the matrix and provide the diversity of skills and experiences that a multi-stakeholder board of a public entity will need to carry forward its mandate successfully

3. This skills matrix will be revised and updated over time as the organization and the Board develops experience and works to meet its responsibilities
4. Ensuring that the new organization performs at the highest levels and with impeccable integrity (for Directors, employees and contractors) requires that cultural values of high performance and integrity are built into the organization's DNA from the start. For example, the early adoption and use of a principles-based code of conduct is vital here. It also requires that the Board and CEO reinforce these values of high performance and integrity through the tone at the top and the ongoing actions of the Board, the CEO and the Senior Management Team. Included here would be an orientation program for all Directors and employees that explicitly discusses the code of conduct and the necessity of adhering to its tenets in both spirit and action.

6. Transition

Moving from the present organization where a unit of CMHC directly manages Granville Island to the proposed independent corporate entity will require careful planning and a well thought out transition plan. The transition set out below proceeds in several distinct stages.

Interim Board of Directors

The original Granville Island Trust was called "The Interim Granville Island Trust," consisting of five members appointed by CMHC. In moving forward with an Interim Board of Directors we are in keeping with original approach.

"The Interim Trust is required to prepare recommendations for the federal government landowner relating to the adoption of a development concept for the island, a detailed set of objectives (social, economic, physical, institutional, budgetary) supporting the development concept and terms of reference for a permanent Trust."
[Report of the Interim Trust, July 1976, page 18]

The Interim Board of Directors will consist of not more than five directors appointed by CMHC. At least four of these directors will be independent of CMHC and all levels of government and these independent directors will have significant board and governance experience, allowing them to fulfill their terms of reference. They will be paid by CMHC at a rate appropriate to their

responsibility and time committed to GIDC. They will be expected to complete their task within nine months of their appointment, with a maximum extension of three months as mutually agreed to by a majority of the Interim Directors and CMHC. They will choose their own Chair and Vice-Chair and their operating procedures.

The Terms of Reference for the Interim Board of Directors will be as follows:

1. Develop CEO job description, position profile, identify appropriate search firms, select one, and specify fully the search process
2. Identify the initial Board Skills Matrix
3. Identify an appropriate high quality director search firm skilled in advising on boards of directors of multi-stakeholder government-owned corporations
4. Specify the substantive details and timeline of the search process
5. Incorporate the new entity under the *Canada Corporations Act*, or *Canada Not-for-profit Corporations Act*, notionally to be called *The Granville Island Development Corporation* and develop its Articles of Incorporation and the Reserved Powers of the Shareholder
6. Appoint Interim CEO and Senior Management Team building, where appropriate, on current GI staff
7. Select initial Board of Directors to consist of no more than seven Directors at least five of whom are independent of all levels of government
8. Establish initial compensation for Directors and the basis for changing Director compensation over time
9. Select the Chair of the Board and the Chairs of Board Committees, all of whom must be independent of all levels of government
10. Select the initial CEO and, working with the CEO, select the initial Senior Management Team

Permanent Board of Directors

Following the appointment of permanent Directors by the Interim Board, the Interim Board of Directors shall be dissolved. Illustrative activities of the permanent Board of Directors of the *Granville Island Development Corporation* would include the following:

1. Establish Terms of Reference for the Board
2. Establish Board Committees and Terms of Reference for these Committees
3. Create a principles-based Code of Conduct
4. Create a transparent and accountable communications strategy and policy including the development of a user friendly and useful website and ensure that it is populated with all available information about The Granville Island Development Corporation
5. Publish an informative, attractive and accessible Annual Report that sets out the activities, plans and audited financial statements of The Granville Island Development Corporation
6. Ask the CEO and the senior management team to develop the HR and compensation strategy for the Corporation
7. Appoint an independent professional auditing firm to provide annual audited financial statements for The Granville Island Development Corporation (GIDC) which will be posted on the website as soon as approved by the Directors
8. Ask the CEO and the senior management team to develop the transition strategy and compensation for moving unionized CMHC staff to the non-unionized Granville Island Management Corporation drawing upon the experience of other Crown Corporations that have experienced similar development such as bch, IC, FICOM and others as relevant
9. Review, renegotiate and revise as necessary on behalf of the Granville Island Development Corporation (GIDC) all existing agreements between the CMHC and the Granville Island Administration Office and independent bodies such as the Granville Island Trust, the Granville Island Cultural Society (GICS), Granville Island Business and Community Association, Granville Island Day Vendors Association, Artists and Artisans, and other groups as may be identified going forward.
10. Set performance goals with the CEO annually and assess the CEO's performance against these goals
11. Hold the Senior Management Team responsible for attracting and retaining the best people available to fill the management and support staff positions
12. Carry out all other functions the Board and Management see as in the best interests of the Corporation, its employees, stakeholders, and shareholder

7. Summary and Conclusions

Granville Island's current organizational structure as a small Administrative Office within the larger context of Ottawa-based CMHC has been adequate for almost four decades. This structure, in combination with the advisory Granville Island Trust has launched and grown Granville Island to its current revered status and place in the hearts of Vancouverites and visitors alike.

Over time, however, the Island has faced a growing number of challenges which have led CMHC to undertake the *GI 2040* process. The outcome of this process is a set of bold ideas including:

- expanding the Granville Island Market
- improving access to the Island via a new pedestrian bridge at Alder Bay and an elevator from the Granville Street Bridge
- open the waterfront greater use by visitors; repurposing the ECUAD North Building
- creating more public gathering spaces
- improving infrastructure
- generally energizing and expanding the activity base on the Island while keeping its essential character intact and appropriate to our region's growing and changing population.

The current GIAO does not have the capacity to undertake the kinds of strategy development and implementation needed to make the *GI 2040* vision a reality. Additionally, the purely advisory role of the Granville Island Trust cannot meet the demands of the *GI 2040* vision. Accordingly, a new organizational and governance structure is called for.

In this report, two governance principles were set out as the foundation upon which a new organization and governance structure can be erected. Given

these two principles, this report recommends incorporating under the *Canada Corporations Act* a new and independent Vancouver-based corporation, The Granville Island Development Corporation (GIDC). The sole ownership share of this corporation will be owned by Her Majesty in Right of Canada either by CMHC or by another federal department as deemed most appropriate.

A nine-month transition process will be undertaken where an Interim Board of Directors is named to incorporate the GIDC and specify all processes and procedures needed to successfully launch, grow and evolve the GIDC. The GIDC will be independent of government and staffed by non-government professionals.

At this juncture, a permanent Board of Directors will be created for the GIDC. This will be an independent board of, at most, seven directors, where a maximum of one can be an employee of any level of government. The Independent directors will be identified using best governance practices and selected for their expertise and experiences as a director of a complex multi-stakeholder corporation like the GIDC.

This will provide the strong governance support which will be required in order that the *Granville Island 2040* vision be realized and Granville Island remain a source of pride and enjoyment for future generations.

Port of Vancouver, <http://www.portvancouver.com/>, accessed 10 December 2016

St. Lawrence Market Precinct Advisory Committee, *Final Report*, (Toronto, ON: City of Toronto), July 26, 2012

The Trust for Governors Island, <https://govisland.com/about/the-trust-for-governors-island>, accessed 10 December 2016

Vancouver International Airport Authority, <http://www.yvr.ca/en/about-yvr>, accessed 10 December 2016

STRICTLY CONFIDENTIAL – DO NOT COPY

Appendix – Granville Island Management Chronology

Role of Granville Island Trust in the Redevelopment and First Years of Operation

Various Trust Members, managers and consultants have described the original role of the Trust as the public face and decision-making body responsible for Granville Island's development and first years of operation. Although the Minister did not adopt the Interim Trust's recommendation of a formal trust instrument conferring power other than advisory, the practice was for Management to take direction from the Trust. The Chair during most of this period was King Ganong, Regional Manager of CMHC. In 1983/84 under the recently elected government of Prime Minister Brian Mulroney a disagreement regarding island parking precipitated the resignation of all Trustees other than the City nominee to the Trust. Subsequently a formal terms of reference was adopted. The 1989 Terms were a codification of previous practice with an emphasis on the advisory nature of the role. The scope of Trust tasks reinforces the Trust's strong oversight and highly detailed involvement in the affairs of the island. In subsequent years

Sources: The following timeline and attached Documents are generally publicly available; primarily at the City of Vancouver Archives. The CMHC Trust minutes and Terms of Reference are treated as confidential. To substantiate and cross reference more precise dates I suggest accessing the Trust minutes at

Timeline & Supporting Documents

		Source
1972	Ministry of Urban Affairs (Min. Ron Basford) commissions study of possible redevelopment of Granville Island	City of Vancouver Archives
June 7, 1973	Order in Council that CMHC administer, manage and control G.I. Transfer from	
November 1975	Minister Basford outlines initial findings on redevelopment potential of Granville Island and False Creek. Includes inventory of leases, prospect of inaugural 5 members of Interim Granville Island Trust appointed.	Brochure - City of Vancouver Archives
Spring 1976	Trust adopts Granville Island Study - Development Procedures & Controls (Thompson, Berwick, Pratt & Partners)	City of Vancouver Archives Trust Minutes - Confidential
March 31, 1976	Report of The Interim Granville Island Trust	City of Vancouver Archives
July 1976	Granville Island Trustees submit Granville Island Development Plan (Hotson	Trust Minutes - Confidential
June 1977	City in acknowledgement of the Federal control and management of the island amends Granville Island Application to a Reference Document from the term	City of Vancouver Archives
Oct. 18, 1977	City Manager recommends to Council to request CMHC modify the Reference Document to: 1) appointment to the Trust local business representatives and 2) to alter the plan so that people-oriented activities not take away from the Downtown, not compete with other commercial areas of the City, and assist non-profits like theatres to areas of the City that will assist in the objectives for	City of Vancouver Archives
February 3, 1978	City Public hearing at Italiano Senior Secondary., presentation by King Ganong Chair and on behalf of Granville Island Trustees.	City Archives
March 16, 1978	Reference Plan Adopted.	City Archives
April 18, 1978	City adopts Reference Document for Granville Island	City Archives
April 18, 1978	City nominates C. Flavelle and M Plunkett as Trustee candidates.	City of Vancouver Archives
1978	Trust Members Write Minister to recommend a "Granville Island Crown Corporation" rather than continuation of CMHC's present role or transfer	Trust Minutes - Confidential
June 15, 1983	Granville Island Trust - Role and Functions - Trust Terms of Reference as Advisory Body to the Manager of Granville Island. Note: Chair a paid position and the Trust will deal with: annual reports; annual general meetings;	Trust Minutes - Confidential
Sept. 10, 1986	Resignation of All Trustees other than Max Beck, City Nominee.	Confirmed independently with Jonathon Baker & Norm Hotson Dec. 14 2016
Mid-1985		
June 2007	Granville Island trust: Role and Function of the Trust - Narrowing of Trust	Trust Minutes - Confidential

Trust Continuity

The following list indicates the long-serving status of the following Trustees:

King Ganong	July 1976 until at least 1983
Doug Sutcliff	July 1976 until at least 1984
Geoff Massey	July 1976 until at least 1985
Jonathon Baker	July 1976 until at least 1986
Chas Flavelle	April 1978 until at least 1983
Mike Plunkett	April 1978 until at least 1983

Prepared: Dale McClenaghan, Chair Granville Island trust December 30, 2016,

Port of Vancouver, <http://www.portvancouver.com/>, accessed 10 December 2016

St. Lawrence Market Precinct Advisory Committee, *Final Report*, (Toronto, ON: City of Toronto), July 26, 2012

The Trust for Governors Island, <https://govisland.com/about/the-trust-for-governors-island>, accessed 10 December 2016

Vancouver International Airport Authority, <http://www.yvr.ca/en/about-yvr>, accessed 10 December 2016

STRICTLY CONFIDENTIAL – DO NOT COPY

Mélanie Larose

From: Michael Stevenson
Sent: February-01-17 1:49 PM
To: Evan Siddall; Charles MacArthur
Subject: CONFIDENTIAL: Flatbush Reports
Attachments: Granville Island 2040 Revisioning Economic Issues and Prospects Report Corrected Final Version 31st January 2017.pdf; Governance Report corrected Final Version 31st Jan 2017.pdf

Dear Evan and Charlie

I am attaching the reports on governance and economics from Mike Goldberg. I have treated these as super confidential. Although I asked Janet to look at an earlier version of the economics report, there are three reasons for more restrictive access to these reports than to others from Granville Island 2040.

First, obviously, they deal with privileged economic information on the finances of Granville Island and recommendations that could be seen to touch on people's terms of employment.

Second, Mike and I had an understanding from a much earlier discussion with Evan that his report on governance would be confidential.

Third, I think both reports raise many questions, that should not be aired widely.

Frankly, the economic analysis is flawed by the underlying order-of-magnitude cost estimates given us by the land-use consultants. Although we pressed hard for a review of these matters, and for more detailed pro-forma on each of the major development projects recommended, we never received a satisfactory response to such requests. I believe, as does Janet, that the cost-estimates are not reliable, and are inflated by an insistence on assumptions (e.g. for physical design, for passive building standards on energy efficiency, and for elaborate landscaping) that we were never able to review. We also believe that the lease rates used in economic modelling, provided by the land-use consultant from Colliers, are on the low side, but again we were not able to get a reasonable explanation or satisfactory discussion of these matters.

So, what I think is useful in this report is the conclusion that even on the most conservative assumptions for building costs and leasing, and self-financing without third-party investment, there is a break-even feasibility to the major proposals of Granville Island 2040. There is not, however, a case that these projects would generate a revenue lift sufficient to cover the additional costs of reinforced administrative overheads, improvements to the public realm, and a significant increase in support for the arts sector. Even with some more favourable assumptions, I think the conclusion that we need some external financial support for these projects is inescapable, unless we relax the commitment to the arts and increase commercial uses in the land-use mix.

As to governance, I think the report is useful in stating a strong case for autonomy on the model of independent crown corporations. However, I believe that moving too far in this direction would generate a good deal of concern in the local community and in the wider public, and draw criticism for throwing the baby out with the bathwater. A truly independent entity, as proposed, would, in my opinion, find it very hard to manage under the constraints of the planning principles we have endorsed. It would find it very difficult to maintain let alone improve support for the arts, and it would have to give much greater priority to the commercial returns from new development than we have suggested if it were not to bog down in the same static equilibrium that characterizes the status quo. So, while I recommend a much increased autonomy for the local governance of Granville Island, and a reinforcement of its

management capacities, I would hope that there would be discussion of the possibility of meeting these objectives by some incremental adjustment to the status quo rather than a radical severing of the apron strings to CMHC.

I regret that we were unable to provide more satisfactory conclusions on economics and governance, but I believe an interim, transitional arrangement that could explore these issues further is desirable.

I hope my draft final report and the other consultant reports will be going to you today.

Regards

Michael

Granville Island 2040: Economic Impact, Issues, and Prospects

by

Michael A. Goldberg

[Final Version – 31st January 2017]

1. Introduction

In the past four decades, Granville Island (GI) has been transformed from a heavy industrial and often blighted brownfield zone to perhaps the most vibrant, interesting and diverse “neighbourhood” in Metro Vancouver or perhaps in all Western Canada. The great success and broad public attachment to GI continues, though there are growing symptoms of the need to refresh and revision GI, which is the goal of the broad *GI 2040* project of which this economic report is a component part.

- Stagnating sales
- Less than 1% annual growth in visitors over the past decade
- Decaying infrastructure in need of updating and repair
- Access problems by almost all modes—the paradox is that GI is centrally located yet hard to access
- Need for ongoing stronger economic base to sustain physical and institutional infrastructure
- Loss of Emily Carr University of Art and Design (ECUAD)
- Vacant sites where buildings once stood
- Need to tap new continuing customers, especially those with spending power and proximity
- Need to actively and strategically cultivate the right mix of uses/activities and market/non-market rents to make GI vibrant/economically sustainable and consistent with the *GI 2040* vision
- Need to attract younger people, under 30, as they are the future for GI

Beyond these symptoms and signs there are other reasons to expand and strengthen the GI economy. Having a more diverse activity and customer base provides greater financial security for tenants and for GI. An expanded visitor base better enables GI to meet its core arts and cultural agendas and significantly enhances the ability of GI to support lower income tenants and activities. It also allows GI to attract younger people who are the future and without whom the long-term success of GI would be in doubt.

The question quickly arises as to what success would look like in a revitalized, more diverse and expanded GI. Among the obvious measures would be increases in visitors and spending in all categories at the Market and elsewhere on the Island. More subtly would be increases in the number and variety of arts and culture activities taking place on the Island annually, including the number of artists (and attendees) engaged in live performance, painting, sculpture, diverse visual arts, and especially the number of pop-up short term artistic and cultural events.

Finally, success would also be measured by the absence of government operating funds from any level of government. By extension, there would be no ongoing government say in the future activities on GI. A financially and politically independent GI would allow for the greatest degree of local autonomy, innovation and artistic and cultural diversity.

Accordingly, this report will set out opportunities and ideas by which Granville Island can secure its economic future. We will estimate the value of seizing these opportunities and ways in which they can be realized.

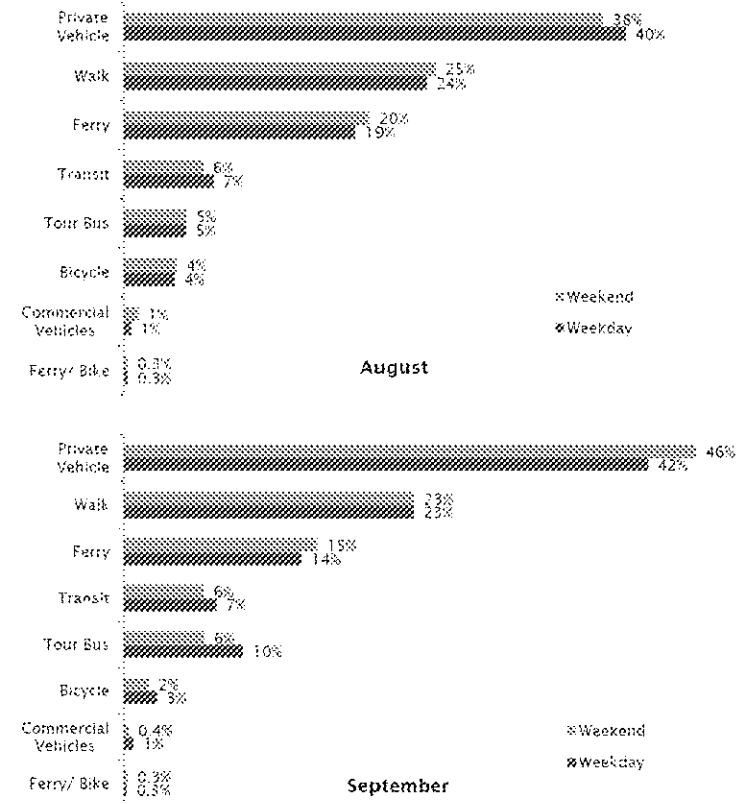
Among the issues covered here are:

- A brief overview of the Island's current economic workings
- Current and expected future market demand examining the spending power of nearby population and growth projections
- Access challenges and opportunities and their potential for higher lease rates and sales at new high access points arising from access improvements
- Potential economic impact of proposed infrastructure projects: Alder Bay bridge, elevator to the Granville Street Bridge and/or a pedestrian/bicycle pathway under the bridge
- Thoughts on the economics of the Market expansion and ECUAD repurposing, outlining core economic principles that should guide the renovations, tenancing and on-going operations of these buildings

2. Current Sources of Market Demand

Private vehicles are the most popular mode of travel to the Island with walking a surprisingly close second. Interestingly, ferries account for nearly a quarter of the arrivals during the summer tourist season but only 15% of arrivals in September.

Chart 1: GI Visitor Arrivals by Mode: August and September 2016



Source: Bunt & Associates, *Granville Island 2040: Existing Conditions and Opportunities*, November, 2016, page

Another view of visitors is provided in Map 1 showing additional detail for arrivals by all modes from the places of residence for Metro Vancouver residents. Visitors tend to be clustered in Vancouver and in reasonable proximity to GI.

Map 1: Visitor Place of Residence in Metro Vancouver

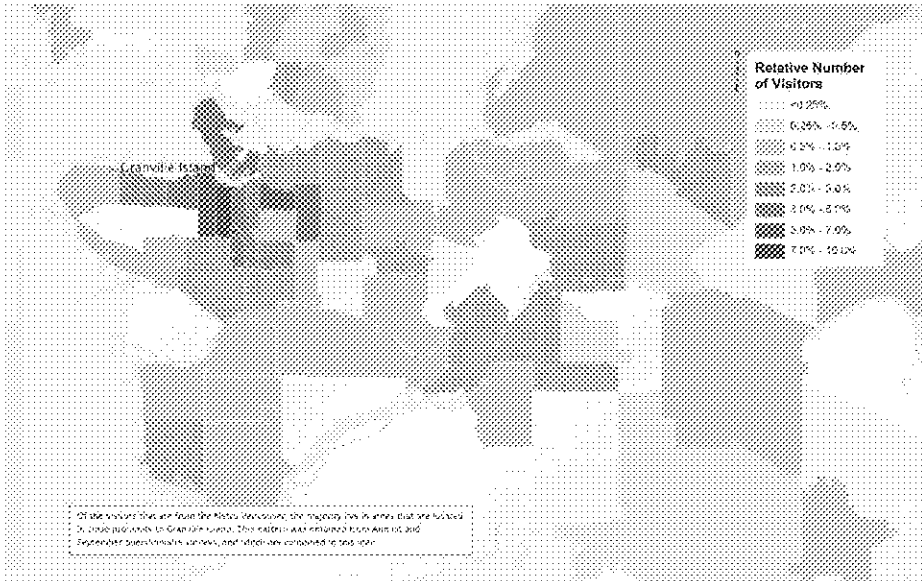
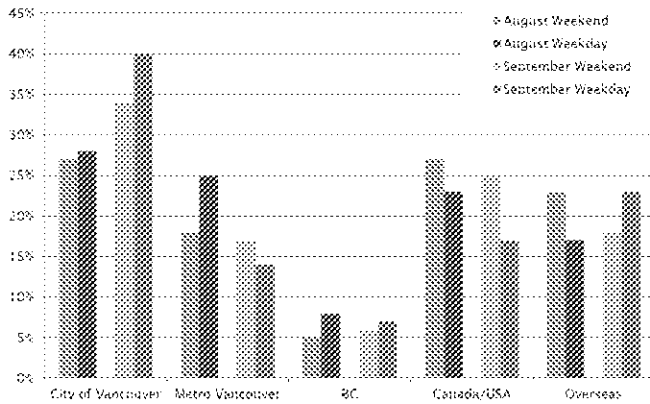


Chart 2 extends this view by showing where visitors originated from on a global scale. Again, the City of Vancouver dominates even in the high tourist month of August.

Chart 2: Main Place of Residence Granville Island Visitors - August-September 2016



Source: Bunt & Associates, Granville Island 2040: Existing Conditions and Opportunities, November, 2016, page 5

In summary, the preponderance of Granville Island visitors, even in the busy tourist month of August, come from the City of Vancouver and Metro Vancouver. There are significant opportunities to build this local visitor base significantly creating both more diverse and sustainable local demand year-round.

Looking at aggregate demand in Tables 1 and 2 we see that Granville Island revenues have grown modestly over the past decade. Table 1 shows revenues grew 40% over these 10-years or 3.5% annually including inflation, representing real annual growth of less than 2%.

Table 1: Granville Island 10-year Financial Summary

(\$000's)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Revenues	9,626	10,466	10,842	10,981	11,131	11,296	12,167	12,516	12,761	13,472
Expenses	8,459	8,372	9,205	8,966	9,166	9,579	9,544	10,427	10,370	10,316
Amortization	904	864	846	957	874	962	968	954	988	1,110
Net Income	263	1,231	791	62	491	755	1,595	1,125	1,403	1,646
Capital Expenditures	146	202	1,535	4,812	332	916	601	1,054	1,360	1,433

Source: Granville Island Administration Office, 2016

In Table 2 we get a finer breakdown of sale by category for the five years 2011-2015. The most rapidly growing area, retail, is also the smallest. Island mainstays have grown modestly: Butchers/seafood by 5.2% and Produce by 10.1%; while Bakery sales actually decreased by 3.0% during the five years. Among the rapidly growing sectors were: Fast food by 30.6%; Specialty by 34.8%; Restaurant by 33.9%; and Artisan sales by 18.8%. These sales figures highlight the relatively slow sales of the traditional Market sectors and growth in sales outside the Market.

Table 2: Granville Island Sales by Category 2011-2015

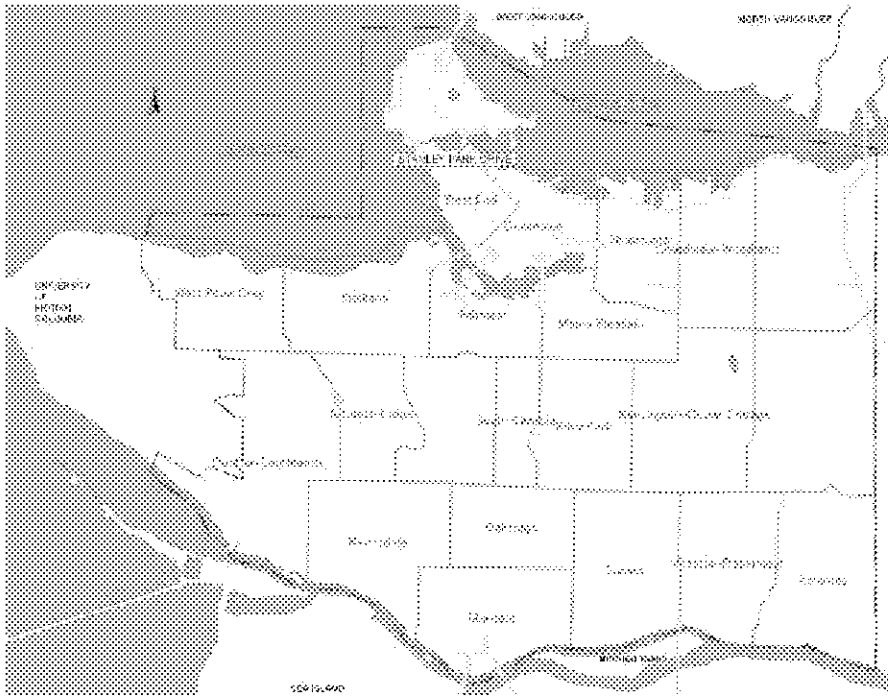
Category	2015	2014	2013	2012	2011
Artisan	\$ 4,977,599	\$ 4,564,951	\$ 4,489,143	\$ 4,443,017	\$ 4,186,324
Bakery	\$ 6,661,085	\$ 5,978,410	\$ 4,946,046	\$ 5,651,766	\$ 6,861,025
Beverages	\$ 2,387,681	\$ 2,261,200	\$ 2,168,052	\$ 2,105,198	\$ 2,044,442
Butchers/Seafood	\$ 9,222,253	\$ 9,111,684	\$ 9,220,708	\$ 9,104,014	\$ 8,762,654
Daytable	\$ 3,658,491	\$ 3,867,530	\$ 3,867,228	\$ 3,022,780	\$ 3,271,072
Fast Food	\$ 9,730,549	\$ 8,828,690	\$ 8,193,203	\$ 7,442,015	\$ 7,451,387
General	\$ 3,527,936	\$ 3,146,115	\$ 3,044,033	\$ 2,993,694	\$ 2,684,835
Produce	\$ 6,093,714	\$ 5,896,936	\$ 5,845,729	\$ 5,457,770	\$ 5,533,541
Restaurant	\$ 21,097,531	\$ 19,398,427	\$ 17,889,293	\$ 17,213,369	\$ 15,755,564
Retail	\$ 918,067	\$ 841,890	\$ 704,250	\$ 508,585	\$ 230,270
Specialty Foods	\$ 14,395,410	\$ 13,146,866	\$ 12,222,153	\$ 11,529,970	\$ 10,681,362
	\$ 82,670,318	\$ 77,042,700	\$ 72,589,841	\$ 69,472,181	\$ 67,462,479

Source: Granville Island Administration Office, 2016.

3. Future Sources of Market Demand

Data on future sources of demand include: CMHC on housing starts; completions, inventory; and rents. Additionally, the City of Vancouver conveniently publishes 2011 Census data on household incomes, size and numbers; employed residents; and travel mode to work by neighbourhood as set out in Map 2 below. Finally, Bunt & Associates provided essential information in their report on isochrones; visitors origins and distances traveled and purposes of trips. All this information was drawn upon in exploring future sources of demand for Granville Island. The relevant neighbourhoods are those immediately proximate to Granville Island. Basic housing and population data for the neighbourhoods and their sub-neighbourhoods are summarized in Table 3.

Map 2: Vancouver City Official Neighbourhood Boundaries



Source: Public VanMap, <http://www.vanmap.ca/arcgis/rest/services/2016/MapServer/22009> – Accessed 29 December 2016

This table shows clearly that the proximate neighbourhoods with the highest growth areas are those immediately north of GI in the Downtown with a five-year growth rates of 26.0% compared with just 7.3% in Fairview (which includes rapidly growing False Creek South) and only 1.9% in Kitsilano North. The other rapidly growing area of the City was Mount Pleasant which includes the Main Street Corridor between Terminal Avenue and King Edward. Note that the City of Vancouver had a 4.4% growth over this same five-year period from 2006 to 2011.

Table 3: Granville Island Proximate Neighbourhood Housing Starts, Completions, Inventory and Population, Income and other relevant data, 2011

* These data have been gathered with different geographic boundaries with respect to neighbourhoods in Vancouver and they do roughly correspond to the neighbourhoods for the housing data, sufficiently so to support the conclusion that the fastest growing neighbourhoods are downtown north of GI and to the northeast of GI as well as southeast

Table 3

	Downtown Central	English Bay	Point Grey North	North False Creek	North Granville	South False Creek	Point Grey North	Mount Pleasant	City of Vancouver	City of Burnaby	City of Richmond	West Vancouver	North Vancouver	North Vancouver City	North Vancouver City	North Vancouver City
Starts, January 2010 to July 2016	129	272	1427	1501	136	3803	596	1346	15185	11110	14441	1445	3790	2564		
Completions, January 2010 to July 2016	536	124	2589	1729	147	4480	711	1186	29110	9646	11539	753	2702	4388		
Units in construction, July 2015	13	21	1079	1525	56	716	56	1116	13803	3729	4626	942	1246	788		
Inventory, January 2015	6	0	1	0	0	5	3	4	271	51	191	28	99	13		
2017 Population (5000 previous 5 yrs)**	66,540 (0.08)		51,880 (26.0)		31,690 (7.3)		41,375 (1.0)	26,400 (11.6)	303,892 (4.4)	1,652,118 (10.1)	330,472 (3.2)	42,636 (1.0)	46,136 (5.2)	26,412 (2.2)		
2011 Households (6000 surge in 10 years)***	20,110 (56.1)		35,130 (56.4)		18,505 (56.2)		27,555 (67.2)	14,575 (45.0)	269,570 (38.3)	868,916 (77.1)	227,911 (39.1)	170,715 (42.2)	227,681 (56.9)	213,115 (40.1)		
Median 2011 Household Income (in \$ per year)***	33,011		60,867		61,434		60,147	48,399	56,113	51,123	52,794	60,850	52,889	78,894		
Average Great Rent in 5 year month (5,100/115)***	1099		1402		1355		1102	1012	1028	1091	1165	1088	1162	1462		
Employed Local Home	29,295		33000		21400		26670	17555	32475	120,285	99,915	19,310	29428	48,500		
% households with 6+ transp. link to work***	74.5		62.1		55.2		51.1	57	42.3	41.8	41.8	6.4	6.4	6.4		

Of particular importance for the future are the housing units started between October 2010 and October 2016. In the four downtown areas some 4399 units were started during the period while 3803 were started in False Creek South, predominantly in the booming Southeast False Creek area. When looking at units still under construction in July 2016, the downtown dominated all areas with 2639 units still being built, suggesting significant additional household and population growth in the next 3 years as these units are completed and occupied. Mount Pleasant with 1128 units and False Creek South with 718 units under construction respectively rounded out the proximate neighbourhoods with significant population and household growth likely over the next three

Also of interest from Table 3 is the income and rental data, both of which reaffirm the affluence of the downtown. When combined with the growth rates in the downtown this suggests that a huge source of future potential demand will reside in the areas to the north of False Creek in the downtown area, complemented by solid growth in Southeast False Creek and in Mount Pleasant to the east and southeast of Granville Island.

One last point should be cited about areas of prospective demand for Granville Island and that is the looming development of three very large areas of Northeast False Creek: the Plaza of Nations site being planned by Metropolitan Properties, the last remaining portion of Concord Pacific's lands in the most northeastern sector of False Creek, and the land made available by demolishing the Georgia Viaducts. Metropolitan Properties is proposing to house 2400 residents and create space for roughly 1000 new jobs on the current Plaza of Nations site. Concord Pacific's development, though not finalized at this point, will likely be at least as large given the site area. And lastly, the City of Vancouver will be placing two city blocks on the residential market when the Georgia Viaducts are demolished creating perhaps as many as 1000 additional housing units and as many jobs given the desire to maximize the density and value of these lands.

Putting these three large developments in Northeast False Creek together with the data from Table 3 suggests that there are very significant opportunities for Granville Island to tap these very large increases in population and spending as we explore next steps. However, there are also significant challenges in realizing these opportunities given the access problems GI faces as discussed next.

4. Access Challenges and Opportunities

GI is centrally and strategically located with respect to the downtown core. As the crow flies, it is:

- 1.7 km from the Georgia and Granville Street city centre intersection to the GI Market entrance
- 1.0 km to Broadway and Granville
- 1.7 km to the City Hall Canada Line Station
- 1.4 to the Olympic Canada Line Station.

In walking terms, such distances are easily covered in 20 minutes or so. Yet, as we stress below, Granville Island is not readily accessible. Thus, while Granville Island's location is almost ideal, its access is not.

The well known real estate dictum "location, location, location" in GI's case might well be rewritten as "access, access, access." Thus the repeated stress on the need for new access:

- from the Granville Bridge
- from Alder Bay
- via improved ferry service from the proposed Street Car/Shuttle Bus from NE and SE False Creek
- from the Arbutus Corridor to Kitsilano and Kerrisdale
- from off GI parking with shuttle service.

Improved access to GI will also greatly improve access to specific GI "neighbourhoods." In the process, very significant increases in land values and rents can be realized in these high access locales such as the GI base of the elevator envisioned from the Granville Island Bridge (or the GI landing point of a "low line" bridge ramp suspended from the Granville Bridge). This would create a "Golden Triangle:" the highest GI land values through this highest accessibility.

More specifically as an example, consider linking the dense hub of retail and public spaces that is to be known as the Beach District and is central to the Vancouver House complex being developed between the northern onramps to the Granville Bridge. This District is planned to have 60,000 square feet of retail space and 80,000 square feet of Office/workspace. The centre of this District is less than 500 meters straight-line distance to the entrance to the GI Market.

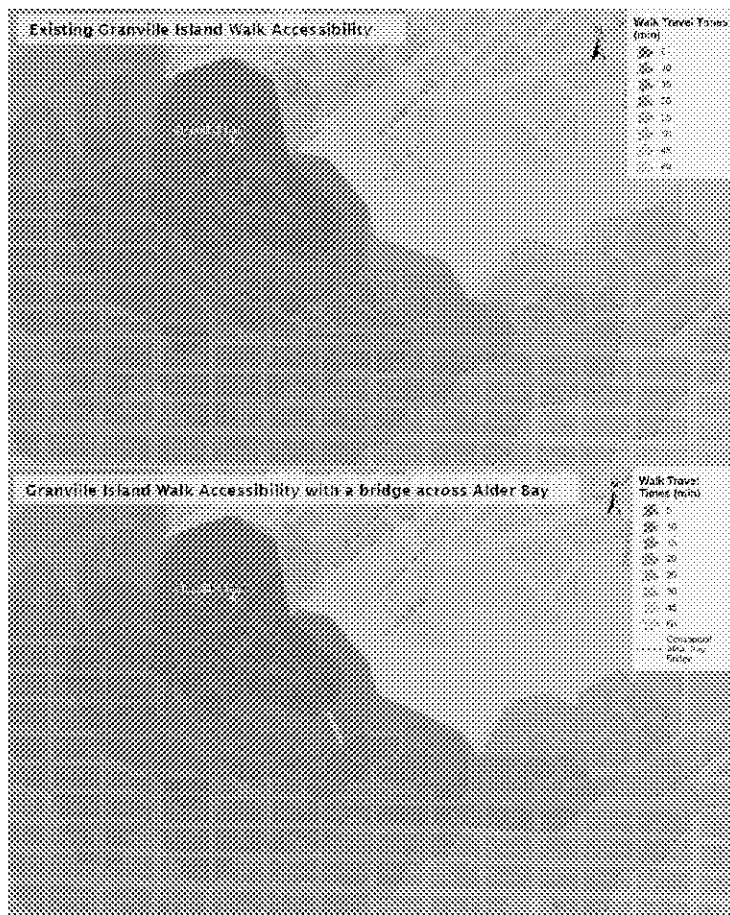
Similarly, the Alder Bay bridge (whether the deluxe version mentioned in the HCMA report or an interim, more temporary floating bridge) would greatly improve access to the currently vacant parking lot under "the Crane" and ECUAD North—in turn adding significantly to the rents that can be realized at these locations. Finally, new ferry docks, wherever located, will enhance access to their surrounding locales and again provide significant opportunities to realize higher rents and usage at all of the areas enjoying access improvements.

We have drawn extensively from the work by Bunt & Associates on transportation and GI. Their work and findings are central to the future of GI as they outline the means by which GI can enhance its access, and its economic future accordingly.

Granville Island's future economic success should be assured when looking at the enormous growth of population and spending power just to the north, northeast and southeast of GI. However, despite the proximity as the crow flies, as the saying goes, you can't get there from here. Bunt & Associates have mapped the accessibility to GI by various modes of travel. They use isochrones which show equal time distances by each mode from various parts of Vancouver and its neighbouring municipalities. A number of these isochrone maps are reproduced below. They all show that, even with GI's central location vis-à-vis the downtown and nearby neighbourhoods, its bike, transit and walking access is highly constrained.

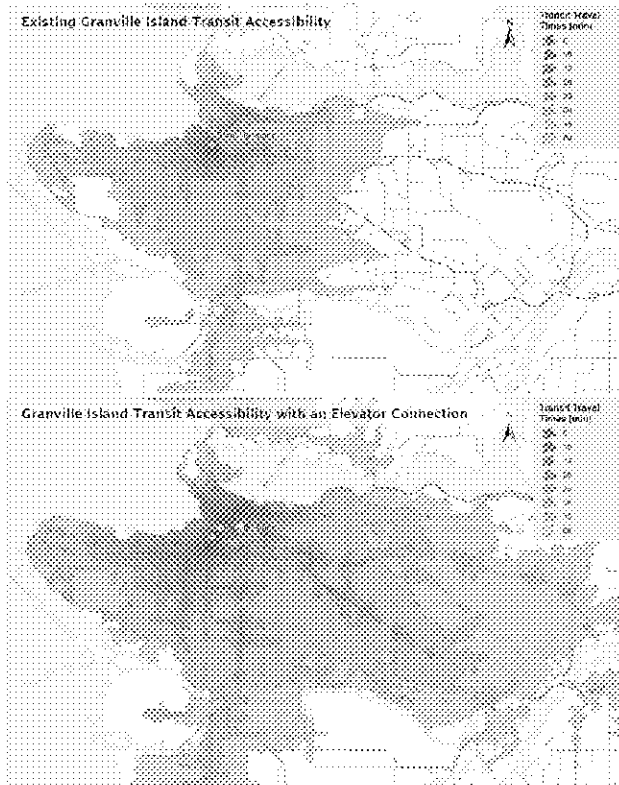
To overcome these access shortfalls, *GI 2040* is proposing that two additional access points be created. The first is an elevator from the Granville Bridge down to GI in the triangle just south of Building 36 which is largely a parking structure. A second pedestrian and bicycle bridge is proposed across Alder Bay at the eastern-most end of GI. These two access improvements are designed to tap the high growth and high demand areas in the downtown and in Southeastern False Creek.

Map 3: Transit Accessibility w/wo Alder Bridge



Source: Bunt & Associates, Granville Island 2040 – Transportation Plan Draft, December 12, 2016, p. 3

Map 4: GI Walking Accessibility w/wo Proposed Granville Street Bridge Elevator

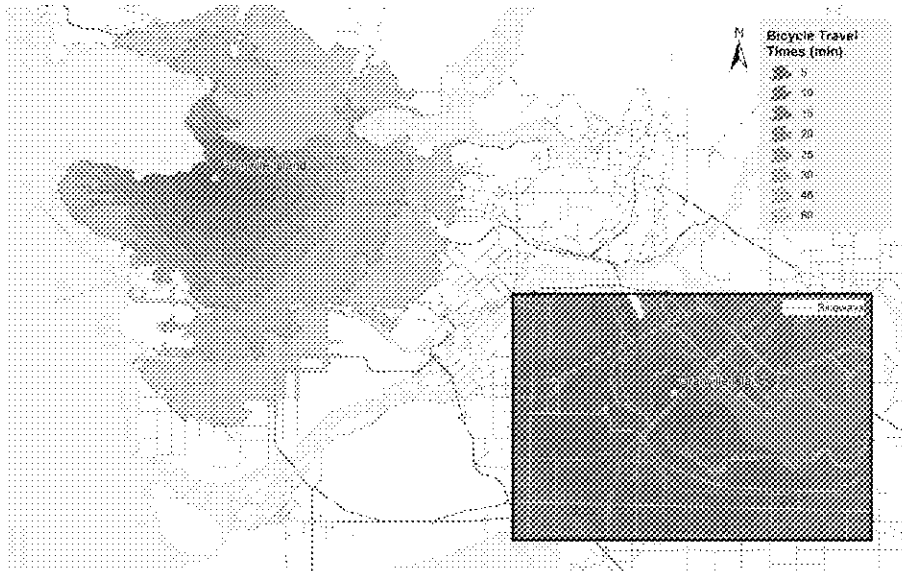


Source: Bunt & Associates, Granville Island 2040 – Transportation Plan Draft, December 12, 2016, p. 5

Additional visitors resulting from the Alder Bay Bridge and Granville Street Bridge-Island Elevator are estimated by Bunt as follows:

- About 300 additional people would be within a 15 minute walk of Granville Island.
- About 1,300 additional people would be within a 30 minute walk of Granville Island.
- about 3000 pedestrians and cyclists would use the bridge during a typical noon period in summer on opening day.
- Would support connections between Granville Island and the continued development of the Southeast False Creek and Olympic Village areas, which will be home to 12,000 – 16,000 people by 2020.
- bridge would activate the southeast portion of the Granville Island while respecting the more tranquil park areas (Bunt, December 12, 2016, p. 4)

Map 5: GI Bicycle Accessibiltiy Isochrones



Source: Bunt & Associates, Granville Island 2040 – Transportation Plan Draft, December 12, 2016, p. 5

Bunt makes further powerful estimates of the benefits of these two additional access points (Bunt, December 12, 2016, p 2).

- About 200,000 additional people would be within a 30 minute transit trip to Granville Island.
- About 500,000 additional people would be within a 60 minute transit trip to Granville Island.
- It is estimated that an elevator would encourage up to 750 new transit trips and 1000 new walk trips and 110 new bicycle trips to Granville Island.
- About 10,000 additional people would be within a 15 minute walk, and about 9,000 people within a 15 minute bike ride.
- It is estimated that about 2700 transit passengers, 2000 pedestrians and 200 bicyclists would use the elevator during a typical noon period in the summer.
- If tour bus loading/unloading is permitted on the bridge deck it is estimated a further 1500 passengers may use the elevator.
- If the elevator is designed to become a destination with strong architectural statement, overall elevator usage may be significantly larger than estimated.
- Has the potential to increase the transit, walk and bicycle mode share and reduce reliance on vehicle access, while increasing the number of visitors to Granville Island

Bunt also estimates physical distance with the Granville Island Bridge Elevator to GI landmarks

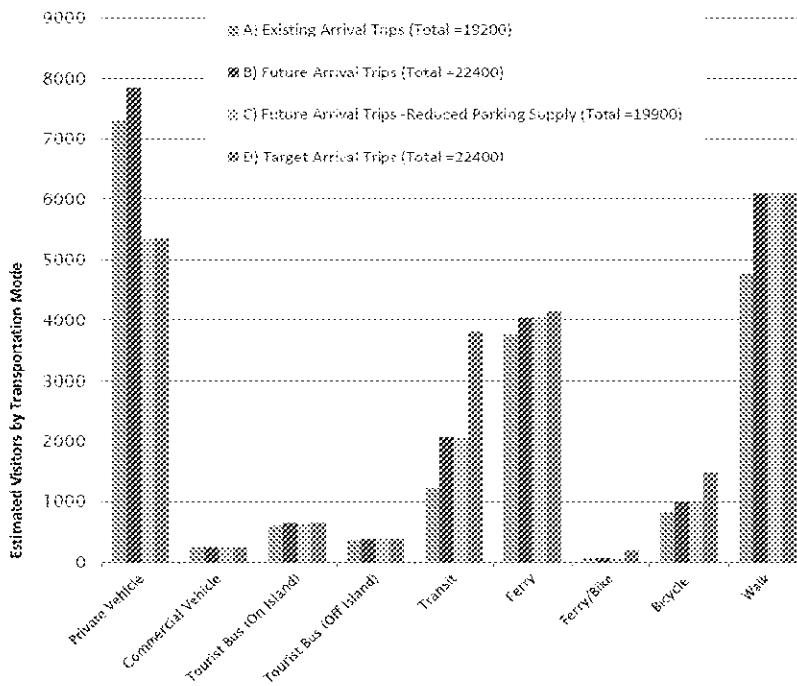
- The Public Market - about 100m
- The Children’s Market – about 110m
- The Emily Carr site – about 180m
- The False Creek Community Centre – about 220m (Bunt, December 12, 2016, p. 2)

5. Broader Access Measures

The proposed Alder Bay and Granville Bridge connections are vital pieces of a renewed, robust economic future for GI. More broadly, expanding access from the very rapidly and continually growing areas in Northeast False Creek and Southeast False Creek, will be critical.

Chart 4: Estimated Arrivals by Mode

Figure 5-1: Estimated Trip Patterns



Source: Bunt, December 12, 2016, page 16.

Drawing on Bunt’s estimates of future travel modes, we see that access by foot, by bicycle and by transit are keys to overcoming the access difficulties GI faces in tapping these proximate high growth and high income neighbourhoods.

Bunt estimates that an additional 3200 visitors will come to GI because of access improvements. Bunt also gathered data on expenditures which appear in Charts 5 and 6. Assume, conservatively, that pedestrians dominate these 3200 additional daily visitors and that they spend at the same level that current walking visitors spend. Again, conservatively assume this is \$25/trip (below the midpoint of the \$10-50 bar), this will result in additional daily spending of \$80,000 per day or additional annual revenue of \$29 million.

Charts 5 and 6: Spending Patterns by Season and by Mode of Arrival

Figure 4-23: Theoretical Visitor Spending Patterns

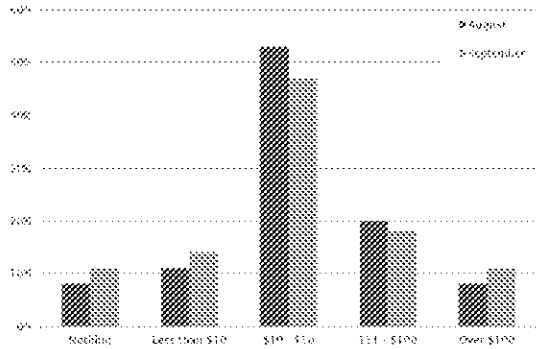
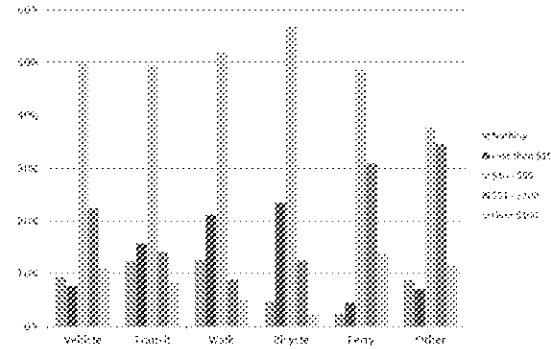


Figure 4-24: Spending Factors by Transportation Mode



- The majority of visitors to the Island spend between \$10 to \$50 dollars.
- Spending patterns changed slightly from Summer to Spring. Mid-range spending amounts decreased slightly, and visitors were more likely to either spend minimal amounts or large amounts.
- In addition to seasonal spending by mode, a more detailed questionnaire would be required to answer, it can be inferred that visitors who arrived by walking or driving spent the least per trip to the Island. This is followed by visitors using a ferry, and tandem is second more tandem than other modes. Visitors that arrived were the best tandem visitors. The largest individual spenders were those visitors that arrived by the ferry or other modes.

Source: Bunt & Associates, November, 2016, page 25

An alternate, and cruder way to estimate the additional revenue, simply uses the percentage increase in visitors (22,400 projected visitors divided by the 19,200 current visitors or a 16.7% increase). If we apply this to the \$82.7 million of sales in 2015 we get estimated sales of \$95.5 million or a more conservative increase of \$12.8 million. Even if we use the lower estimate, by improving access and attracting an additional 3200 daily visitors, GI revenues increase significantly. Also of note, much of the new demand comes from the affluent and growing downtown core where higher than average incomes suggest higher than average spending in the future from these newly accessed areas.

Other factors suggest that the two ferry operators may want to review their business model from its large idiosyncratic and tourist service to more of a year-round commuter service perhaps requiring different schedules, facilities and even equipment. First, *Granville Island 2040* envisions a much larger activity base on GI from expanded Market, Arts and Culture, and retail offerings. It also envisions significantly more employment on GI, all of which suggest the need for higher ferry

capacity in future. Second, the rapid growth in population and income in Northeast and Southeast False Creek, and the likely continued growth for another decade in these sectors, further argues for a review of the ferry business model so that it can link these areas to GI in an economic and sustainable way all year. Such an expanded view of ferry services should benefit GI, the ferry operators and the growing populations in Northeast and Southeast False Creek.

The current Granville Island Ferries dock at The Aquatic Centre the Aquabus docks at Hornby Street and David Lam Park face several challenges as high intensity links between Downtown South and Granville Island, beyond those posed by the envisioned Granville Street Bridge Elevator. Map 6 depicts one meter contours for GI and the downtown south area stretching from the Aquatic Centre on the west to Metropolitan Properties' Plaza of Nations site in Northeast False Creek.

Map 6: One-meter contour map of GI and Downtown South



Source Van Map:
http://www.vanmap.com/default.asp?view=2006&zoom=11710.1450¢er=49.2850&show=street%20names...&str=1&sel%20%20zone_district_base%20%20

The map makes it clear that people using the ferry docks at both the Aquatic Centre and at the south foot of Hornby Street face steep terrain walking up to Pacific Street and beyond to Davie Street—not very attractive for carrying groceries and shopping items from GI. However, the growing areas to the east are much flatter and easier to access from existing and likely future ferry docks in Northeast and Southeast False Creek. This terrain also suggests that the proposed Granville Street Bridge Elevator should be very attractive to people living on the south slopes of downtown and further argues for a review of ferry operations to focus on the Northeast and Southeast False Creek sectors.

Other access enhancements are also actively being pursued and are strongly supported here and in the *GI 2040* vision more generally. These include:

- Arbutus Corridor improvement
- the Streetcar
- the Shuttle to ECUAD's new campus and to Olympic Village Canada Line Station and its parking capacity
- longer term ferry links to Burrard Inlet.

Briefly, the immediate plans for the Arbutus Corridor are to make it a paved walking, skating, and cycling path which would connect GI to Kitsilano, Kerrisdale, and Marpole at grades of less than 3%--making it very broadly usable. These near term improvements in the Arbutus Corridor will bring the stable, high income neighbourhoods of Kerrisdale and Kitsilano within easy walking and cycling reach of GI and should add important demand for GI's offerings.

Resurrecting the highly valued Olympic Streetcar that ran along the southern edge of False Creek from Main Street to GI is also still very much alive in the minds of both residents and policymakers. This Streetcar would provide a superb link between GI and rapidly growing Southeast False Creek and possibly Great Northern Way and the new ECUAD Campus. The Streetcar would greatly enhance the attractiveness of GI to Southeast False Creek residents and would also link GI directly to the Canada Line Olympic Village Station and its parking capacity.

A much less costly Shuttle Bus could perform much the same function as the proposed Streetcar and could be up and running very quickly with immediate benefits to GI. It would also be valuable in proving out the Streetcar concept.

Finally, in the longer term, the *GI 2040* vision sees the potential for ferry links to Burrard Inlet, the SeaBus and other possible commuter ferry links to eastern Burrard Inlet. This would directly connect GI to the North Shore, to Downtown and TransLink, and to Port Moody and integrate GI much more deeply into the regional fabric.

Commented [DN1]: Don't understand what you mean here

In sum, Granville Island's future is highly dependent on improving access. Here we saw that a diversity of access improvements are being proposed in the *GI 2040* vision which will help GI overcome its current access challenges and position it for a more diverse and robust future.

6. Case studies - New Development and Revenue Opportunities and Impacts

Three of the six major projects are analyzed below using the same assumptions used by Colliers in their analysis: efficiency was assumed to be 70% retail and 85% for office and second floor retail. Rents are as shown in the table below.

PROJECT 1 -- Public Market District	Level 1	Level 2+
New 2 storey addition	\$35.00	\$35.00
1 storey addition		\$22.50
1 storey renovation of existing Revue Stage	\$40.00	
1 storey addition along north-west edge of market	\$60.00	

The costs are those set out by HCMA in their most recent document: 1655_2017-01-20-Scope Budget Schedule-rev04 (LEC).xlsx. Operating expenses/overhead are set at 15% of total revenue and mortgage interest is assumed to be 3% per annum amortized over 30 years.

Major Project 1: Public Market Expansion

The table to the right shows that, under these very conservative assumptions, the Public Market Expansion will be in a modest loss position, estimated at \$12,626 annually. Arguably, a significant portion or all of the \$7.6 million in renovations and upgrades could be financed out of the GIAO \$11 million accumulated reserve as on-going capital expenditures (capex) for which the reserve was created. If this \$7.6 million capex were funded out of the reserve fund the economics of the Public Market Expansion change significantly as shown in the pro forma. Instead of losing \$12,262 annually the Public Market when expanded shows an annual profit of \$372,238.

Project 1 - Public Market Expansion	
Total Cost	22,766,000
Lease Revenue	1,341,464
Operating Costs @15%	201,220
Mortgage Expense	1,152,870
Net Result	12,626
Total Cost	22,766,000
Grant	7,600,000
Lease Revenue	1,341,464
Operating Costs @15%	201,220
Mortgage Expense	768,006
Net Result	372,238

Major Project 2: ECUAD Repurposing

The repurposing of the Emily Carr University of Art and Design North Building is one of the keystone projects for GI 2040. In September, 2017 ECUAD leaves Granville Island for its new campus on Great Northern Way leaving a massive void on GI. Replacing ECUAD with a vibrant diverse Hub for creativity, innovation and art making is essential.

The pro forma for ECUAD Repurposing uses the same assumptions as those used by Colliers in their analysis: 70% efficiency for retail and 85% efficiency office space; rents are assumed as shown in the table below. Finally, administrative overhead is assumed to be 15% of rents; and a 3% mortgage rate with a 30 year amortization.

PROJECT 2 -- East Island Creative Hub	Level 1	Level 2+
Building 19 & 20	\$15.00	\$5.00
Building 22	\$20.00	\$5.00
Artist in Residence	\$500/mo	

The result is an estimated loss of \$1,748,869 per year. As in the case of the Public Market Expansion a significant portion of the \$53.1 million cost is for needed maintenance capex (i.e., \$10.6 million for envelope upgrades).

Another \$991,000 is budgeted for landscaping and a further \$231,300 for demolition and envelope upgrades to Buildings #20 and #22. These capex and landscaping costs total \$11.9 million or nearly 22.4% of construction hardcosts against which no revenue is earned. With this cost base it would take a \$35 million capital grant for Project 2 – The Creative Hub – ECUAD North Repurposing to break even.

Project 2 - Creative Hub (ECUAD North)	
Total Cost	53,069,800
Lease Revenue	1,104,218
Operating Costs @15%	165,633
Mortgage Expense	2,687,455
Net Result	1,748,869
Total Cost	53,069,800
Grant	35,000,000
Lease Revenue	1,104,218
Operating Costs @15%	165,633
Mortgage Expense	915,055
Net Result	23,531

In sum, transformative Project 2, the Creative Hub – ECUAD North Repurposing, as presently constituted will require significant annual subsidies to break even or earn a profit or a significant capital grant of \$35 million as shown above.

Major Project 4: Central Island (Buildings #35, 37, 39 (Net Loft), and 55)

The final transformative project is intensifying the central core of Granville Island. The same assumptions are used as above. Again, we used Colliers’ rent assumptions for consistency as shown in the following table.

PROJECT 4 -- Central Island	Level 1	Level 2+
Building 35 - Renovation	\$35.00	\$18.00
Building 35 - New infill building (West & North)	\$35.00	\$18.00
Building 35 - Future infill building (East)	\$35.00	\$18.00
Building 55 - New building	\$30.00	\$15.00
Building 39 - Net Loft expansion	\$20.00	\$20.00

T

he results are summarized in the table to the right. Without any operating subsidy or capital grant, the Central Island Project, despite its superior location, is estimated to lose \$597,000 annually. Its \$50 million construction costs cannot be carried by the rents assumed. However, with a \$15 million capital grant the project is able to carry itself and earn a modest annual profit.

Project 4 - Central Island	
Total Cost	49,899,300
Lease Revenue	2,270,384
Operating Costs @15%	340,558
Mortgage Expense	2,526,901
Net Result	\$597,000
<hr/>	
Total Cost	49,899,300
Grant	15,000,000
Lease Revenue	2,270,384
Operating Costs @15%	340,558
Mortgage Expense	1,767,301
Net Result	162,526

Additional intensification and revenue opportunities not considered here

Beyond these projects there are important further development opportunities that should generate supplementary funding for GI. Among the most important developments or redevelopments that have not been considered because they were not included in the HCMA transformative project list are:

- Repurposing and intensifying Building #36, presently a parking garage with a restaurant in one corner to include a second and perhaps third storey of very attractive and high yielding offices;
- building three story, visually and functionally permeable office buildings with ground floor parking on Site #23, the parking lot at the base of the Yellow Crane
- intensifying Building #30 (Opus Framing).

New Development and revenue opportunities and impacts on GI – summary

The three case studies demonstrate that, as constituted, the projects are not economically sustainable. To be sustainable either annual subsidies will be required ranging from a relatively modest \$13,000 annually for Project 1, The Public Market Expansion, to a large \$1.7 million for Project 2 – The Creative Hub – ECUAD North Repurposing. To be sustainable, all three projects will require these subsidies or capital grants of \$7.6 million for Project 1, \$35 million for Project 2, and \$15 million for Project 4.

Attention should be paid to the high revenue potential developments cited above which have not been analysed in terms of costs or revenues at this point. Since these projects were all basically market level rental projects, we should anticipate major positive cash flow should they be built out.

Two final points are important to make. First, when financing projects at 100% debt, such as is being done in all of these cases, mortgage payments are an outsize cost. With no equity (capital

contribution) it is difficult to make 100% financing work. Second, reinforcing this point, it is clear from the case of the Public Market Expansion where a \$7.6 million grant was assumed, that covering significant portions of capital costs makes a big difference in the feasibility of the project. Accordingly, wherever possible capital grants should be sought for *GI 2040* capital projects.

7. Conclusions and Recommendations

GI needs to change

It is eminently clear from the diverse reports being prepared for the *GI 2040* vision that GI is a local and even national treasure. At the same time, all of these analyses strongly support the notion that significant changes are needed to sustain GI, maintain its specialness, and expand and broaden its activity bases simultaneously. This is equally true when looking at the economics for Granville Island into the future. There is a diverse and stable economic base for GI. However, it is facing significant competition from innovations in food retailing and from Vancouver's growing and changing population. All of this argues for building on the current base to make it larger, stronger, and more diverse.

Organizational change and empowerment is a necessity

To implement the initiatives summarized in the recommendations below, perhaps the biggest changes that are required at GI are managerial and organizational. The current Granville Island Administration Office (GIAO) is faced with a tightly constrained scope for action. It needs to be replaced by a much more empowered organization with a broad development and management mandate and with sophisticated capabilities in real estate and business development, in property management and leasing, in arts and cultural programming, and stakeholder relations. It also needs substantial strategic capabilities which are also lacking currently. In short, GI needs ambitious management. Finally, the organization needs to be able to access financial markets and have a capacity to borrow.

GI has great scope to seize new sustaining markets

The dense affluent growth areas that are proximate to GI represent a robust and sustainable future of repeat customers IF access can be provided to integrate these neighbourhoods with GI. Thus, physically connecting GI to downtown south, Yaletown, NE and SE False Creek and Mount Pleasant is a necessity.

Economics of *GI 2040* development are poor without more revenue or capital grants

The case studies presented in this report suggest that the *GI 2040* Vision is not achievable from an economic perspective as the analysis indicates that the three projects cannot carry themselves, even under the most optimistic rent assumptions. Either annual subsidies or capital grants are required to make them self-sustaining. As noted – 100% mortgage financing with no equity imposes major costs which are hard to overcome to make such projects economically viable. However, there appears to be scope for additional redevelopment and intensification in several places not analysed by HCMA or in this report. Analysing these additional developments with high revenue potential should be a pressing item of business going forward to support *GI 2040* as a fully economically sustainable vision for decades to come.

Recommendation 1

A major reorganization of the current Granville Island Administration Office into an ambitious and forward looking entity is absolutely essential if any of the envisioned *GI 2040* initiatives are to come to fruition. The empowered organization should have:

1. Broad development and ambitious management mandate with sophisticated capabilities and a high-performance, highly ethical culture in areas such as:
 - Real estate and business development
 - Property management and leasing
 - Arts and cultural programming and management
 - Stakeholder relations.
2. Substantial strategic capabilities which are also lacking currently.
3. Access to financial markets and borrow.

Recommendation 2

GI needs to undertake a major rebranding exercise. First, if GI is to be able to attract tenants who can pay the premium rents needed to defer other costs on GI, GI needs to establish itself as a truly premium brand in the broad space of food retailing and culture, in unique craft and art based retailing, and in office space for creative and innovative firms in design, in architecture, and in digital and new media. Second, to attract the next generation of GI loyalists and visitors, GI has to establish a brand that appeals to new audiences and visitors including younger people, and followers of cutting edge performance and visual art. Neither of these audiences is adequately served by the current GI brand, which is largely undefined and amorphous.

1. Undertake a rigorous branding exercise including the development of the critical “brand promise(s)” and strategies for implementing and meeting the promise(s)
2. Test and finalize the brand promise among key informant groups GI 2040 seeks to attract (downtown and NE and SE False Creek Residents; younger loyalists who comprise the future; arts and culture enthusiasts; and randomly selected residents)
3. Develop and test new visual identities that express the brand promise
4. Develop marketing and brand reinforcement policies to attract target visitor audiences and to ensure that the brand promise(s) is (are) met.

Recommendation 3

GI has great scope to seize new sustaining markets and must actively and immediately pursue infrastructure investments that improve access to GI including:

1. Build Alder Bay pedestrian/bike bridge to tap SE False Creek, Great Northern Way, Mount Pleasant
2. Build Granville Bridge Elevator or “low-line underhung bridge” to connect GI to downtown and its burgeoning affluent population and to the emerging Vancouver House retail/commercial *Beach District* hub
3. Encourage building NE-SE False Creek-ECUAD Great Northern Way-GI trolley system and begin Shuttle service in the very near term to start accessing these areas

4. Encourage developing CP Rail Arbutus Corridor as pedestrian/cycling link to Kitsilano/Kerrisdale
5. Develop “commuter ferries” to proximate growth neighbourhoods: NE/SE False Creek, GNW
6. Support offsite parking near GI with shuttle service connecting parking sites to GI

Recommendation 4

Identify and implement several quick wins to get economic successes on the scoreboard and build a record of accomplishment and foundation for other successes

1. Use retrofitted shipping containers for small retailers and artisans along edges of The Hub as quick wins to energize eastern GI, add revenue, and start creating pop-up retail and artisan opportunities
2. Add wifi across GI a must – explore using ECUAD BCNET connections if available
3. Create an Arts and Culture Coordinator position among earliest appointments to the renewed organization and have new Activities underway before the end of 2017
4. In this vein build on federal ownership of GI to allow innovative building forms and uses so that GI itself is an innovation centre in land use, building, and arts activities
5. Put parking up for bid after a proper parking study is done as Bunt suggestions – included here would be spatial and diurnal differentiation of parking rates

Recommendation 5

Immediately start planning key developments that will promote GI renewal and appeal and begin these initiatives before the end of 2017

1. Expansion of the Market
2. Development of Rail Spur Alley as the pedestrian spine of GI and the east-west link that integrates GI seamlessly
3. Development of Building #36 and its parking lots into office space potentially in a three-storey structure for creative and innovative users such as architects, designers of all types, digital media and gaming, with parking on the first floor and artists, artisans and small shops ringing the building on all sides at grade
4. Create new employment hubs (i.e., new office space and The Hub) as commercial and activity anchors in addition to the Market Access opportunities and prospects for higher lease rates and revenues – focus to be tenants in creative industries like architecture, design, digital media - Buildings #35 and #55 provide powerful opportunities here for greater employment and also rental revenue
5. Develop RFPs to sell leases at the most valuable sites like the Elevator Base, Alder Bay bridgehead, north shore walkway and northern part of The Hub as alternative to borrowing if GI can't develop these sites itself

Recommendation 6

Immediately begin to establish priorities for longer term and larger developments on GI

1. Granville Bridge elevator/or low line underhung pedestrian and cycle access

2. Alder Bay Bridge – including possibility of a temporary floating bridge with shore ramps are elevated enough to allow access/egress to Alder Bay
3. ECUAD North Development
4. “The Crane” Parking Lot 3-story building development as part of public space access path to NE GI waterfront and as reinforcement for ECUAD North and employment Hub on GI
5. Building Site #73 development

Recommendation 7

Policies and actions to consciously avoid:

1. Do not seek or accept government operating grants as they will doubtless constrain GI 2040 independence and scope for creativity and innovation
2. Ensure that GI does not have exclusive zones of land use and activities either in policy or in practice so that all activities are possible anywhere on GI, especially performance and pop-up activities
3. Do not fall back on Vancouver zoning and development permit policies and processes and instead develop unique and innovative policies and processes for GI future development

References

Bunt and Associates, *Granville Island Transportation Planning Study, WORKPAPER #3, Transportation Management Plan*, (Vancouver, BC: Bunt and Associates), March 2007

Bunt and Associates, *Granville Island 2040 Existing Conditions & Opportunities, Version 1.0*, (Vancouver, BC: Bunt and Associates), Draft of 7 November, 2016.

Bunt and Associates, *Granville Island 2040 Existing Conditions & Opportunities, Version 1.0*, (Vancouver, BC: Bunt and Associates), Draft of 12 December, 2016.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *Leasing Review of Granville Island with Goals and Recommendations for the Island and by Category; Public Market, Net Loft, Artists and Artisans, Head Leases and Office and Industrial*, (Vancouver, BC: Granville Island Administration Office), 2012.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *Granville Island Visitor Survey*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), November 2014.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *Ten Year Financial Performance*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), 2016.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *2015 Audited Financial Statements – Prepared by Ernst and Young*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), August 2015.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *Generalized Land Use by Building on Granville Island (as of January 30, 2012)*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), 2016.

City of Vancouver, *Reference Document for Granville Island, False Creek – Area 9, Approved by Council on April 18, 1978; Amended March 23, 1999, and December 16, 1999*, (Vancouver, BC: City of Vancouver), 1978 and 1999.

City of Vancouver, *The future of Northeast False Creek*, (Vancouver, BC: City of Vancouver), 2015, <http://vancouver.ca/home-property-development/northeast-false-creek.aspx>.

Colliers International, *Secondary Research Analysis – Granville Island, Vancouver*, (Vancouver, BC: Colliers International), August 27, 2012.

Colliers International, *Revenue Potential of Key Projects on Granville Island - Granville Island 2040 Vision*, (Vancouver, BC: Colliers International), January 20, 2017

DIALOG, *Granville Island Hotel-Floating Suites*, (Vancouver, BC: Granville Island Hotel), September 2016

EventCorp Services, Inc. *Response Data Summary Report*, (Vancouver, BC: CMHC, Granville Island Administration Office), March 2009.

Granville Island Interim Trust, *Report of the Granville Island Interim Trust*, (Vancouver, BC: Granville Island Interim Trust), July, 1976.

HCMA Architects, *1655_2017-01-10-Scope Budget Schedule-rev03.xlsx*, (Vancouver, BC: HCMA Architects), January, 2017.

Mustel Group Market Research, *Granville Island Insight - Market Research Findings*, (Vancouver, BC: Mustel Group Market Research), November 2007.

Urbanics Consultants, *Granville Island Economic Impact Analysis*, (Vancouver, BC: Urbanics Consultants), March 2008.

Granville Island 2040 Revisioning: Governance Issues, Principles, and Recommendations

By

Michael A. Goldberg

[Final Draft 6– 23rd January 2017]

1. Current Governance

The current administrative and advisory structure has essentially been in place and since the Interim Granville Island Trust delivered its first reports in 1975 and the Market opened in 1979 It has served adequately for the limited purposes it was established to achieve: administering the Island. However, it would be a stretch to suggest that, in fact, there has ever truly been a well crafted and fully empowered governance structure put in place for Granville Island. All stakeholders thus have been shortchanged, including the Granville Island Administration Office, with its limited capacity to serve the broad and highly engaged Granville Island stakeholder community and its diverse needs.

Granville Island is currently administered directly by the Canada Mortgage and Housing Corporation (CMHC) through the Granville Island Administration Office (GIAO). GIAO is an organizational unit (almost clerical in nature) of CMHC, formed to run the diverse functions and leases on the Island and staffed by CMHC government employees reporting to Ottawa. In addition, for nearly four decades the Granville Island Trust has served in an advisory role to the GIAO, albeit one with little substantive authority:

“The Granville Island Trust is an advisory body to CMHC's Granville Island Office, composed of nine members, including a Chair. The Trust has representation from Granville Island, local area residents and the City of Vancouver, and brings a broad range of expertise including business, government, the arts, urban development and public relations. The Trust advises CMHC on a wide range of subjects and deals with various issues and acts as a liaison to the Minister responsible for CMHC and local elected representatives.”

As currently organized, Granville Island must be self-funding from the revenues it receives from leases, parking charges, and a variety of event and

miscellaneous fees. The Island currently has an accumulated surplus of roughly \$11 million, from which it must provide for all infrastructure upgrades and building improvements for the buildings it owns and manages (primarily the Granville Island Market, the Net Loft and several performance venues). However, sales at the signature Granville Island Market have flattened, Emily Carr University of Art and Design leaves GI for its new home on Great Northern Way in September 2017, significant infrastructure reinvestment is needed, and large vacant spaces must be reconfigured or developed from scratch.

The governance arrangement itself has been far from trouble free and has periodically evoked strong, often negative feelings, about the bureaucratic nature of GIAO decision-making and the broadly felt lack of consistent communication with GI stakeholders, particularly tenants, artists and artisans. Indeed, at our public and private sessions, participants devoted a great deal of energy to arguing for a more broadly-based and empowered decision-making system.

The comments were generally focussed on desires for a more transparent and accountable day-to-day management style and process than about higher level governance per se. Thus, the disaffection with the current state of affairs appears to be much more about the bureaucratic culture and the relatively limited scope for local decision-making of the present organizational arrangement than about governance. However, on deeper probing, participants made it clear that they would like to see a more autonomous, visionary, and strategic organization in place to move Granville Island forward.

As an example, at a meeting with the Granville Island Community and Business Association (GICBA), very constructive and useful insights and suggestions were put forward. They noted that good governance must facilitate leadership, responsiveness, and openness, specifically suggesting consideration of an operational and governance entity with characteristics that encourages

- GI Board based in Vancouver with daily presence on Granville Island
- Broad based representation from the pillars of Granville Island (maritime, industrial, arts, etc.), cultural partners, tenant organizations (GIBCA, Artist & Artisan, etc.), and the GIAO...

- Fiscal responsibility (i.e. traditional volunteer board structures do not ensure fully integrated leadership; board will not be motivated or have the willpower without true power to do so)
- support staff such as secretary, accountant, lawyer, planner
- Responsibility for key decisions relating to leasing, lease rates, tenant selection and attrition
- Visionary leadership that provides guidance and oversight to the administration
- Leadership that works with the community to realize Granville Island's true spirit and potential—a key governance already enunciated in a 2014 GICBA brief

They further suggest that the entity should be guided by a well-articulated vision of what Granville Island is and should be, which they summarize as:

- Federal public land that belongs to all Canadians
- Non-specific and mixed use zoning supporting diversity, cross-pollination, and urban and social experimentation (radically different!)
- Public good prioritized above market forces
- Protected from Vancouver real estate pressures
- Economically self-sustaining
- A platform for creative risk and experimentation
- Representative of Canadian values (culture, diversity, innovation)

We agree strongly with both the sentiment espoused and the detailed suggestions as will be apparent in our recommendations below.

The historical and institutional context surrounding Granville Island's administration is invaluable in understanding how to proceed in future. A chronology of governance and management at Granville Island prepared by Mr. Dale McClanaghan, Chair of the Granville Island Trust appears in the Appendix to this report. Below we draw extensively on that chronology to highlight the absence of clear governance authority and responsibility since the beginning of Granville Island in its present form.

Initially, the Interim Granville Island Trust and its successor the Granville Island Trust operated effectively. Although technically an advisory body, it acted and

was treated by CMHC, as if it had authority to create, implement and manage the future of Granville Island. This arrangement prevailed until 1985.

The Interim Trust was chaired by Mr. King Ganong, a senior CMHC official seconded for that purpose, along with four, and then five leading citizens and a City of Vancouver representative. Trust members were prominent within the broader community and continuity was high during the first ten years of the project. Trust minutes also illustrate the high degree of engagement of the Trust—detailing the equivalent of a meeting every two weeks for 7 years.

The Trust appointed the first General Manager, Russell Brink, a lawyer with strong experience in business and government relations. They also selected the firm of Norman Hotson Architects and Urbanics Consultants to set out the plans which later became the basis for the island environment enjoyed today. The consultant report led to the Trustees' own report, recommending the principles under which the Island was to be managed, and that the Trust be made permanent, with the authority to oversee the proposed new directions.

Bureaucratic interference by CMHC led to the resignation of all but the City of Vancouver member of the Board in mid-1985. According to early Trustees and those familiar with the operation of the Trust through 1985, the precipitating event was a commercial proposal to manage the Island's parking (with a gate to get on and off along with creation of a paid parking structure). The Trust supported this move, but CMHC overruled the idea. In protest, as noted, all but one Trustee resigned, with many feeling that their tenure would soon be ended in any event by the then new Conservative Government. Ironically, the Trust's position was subsequently adopted (paid parking in old buildings and the Emily Carr parking structure.).

Henceforth, the Trust was understood not as a relatively autonomous governance body but as an appointed, purely advisory board, with very limited powers. Further, over time, the General Managers came to be more middle and lower middle officers in the CMHC administrative structure, with diminished authority and greater dependence on Ottawa-based CMHC decision-makers. This is the situation that we see today, where the GIAO is really in the business of administering, not managing planning and strategizing as it should be doing.

This tightening of bureaucratic control from Ottawa under the previous CMHC president has led to considerable dysfunction in the GIAO. This is perhaps best evidenced by the failure of planning initiatives undertaken a decade ago and by failure to respond with strategic vision, flexibility and legal propriety to significant proposals made to enhance land-uses and activities on the Island.

We have found a paucity of good documentation and data for management and therefore planning purposes, as well as the absence of clear policies that would obviate contradictory or seemingly irrational decisions on leases and other business matters.

We have witnessed an inability on the part of the GIAO to create positive relationships with the GI Trust, Granville Island Cultural Society (GICS), Granville Island Community and Business Association (GICBA), tenants and other stakeholders. Given a virtual absence of clear strategic directions, business plans and expectations, the resulting limitations of governance and management have led to lacklustre business operations and a flat-lining of revenue. It is also doubtless responsible for the widespread view from public engagement exercises that GI is getting stale and needs an immediate and significant investment in thinking, planning and doing.

It is fair to note in this context that virtually all of the consulting team working on *Granville Island 2040* have experienced defensive and unimaginative attitudes from local management—including delay and deferral tactics whose sole purpose seems to be to generate a negative reaction in Ottawa by biasing significant ideas and recommendations.

The current administrative approach to GI has enabled sufficient surplus for urgent priorities in deferred maintenance but no financial or intellectual resources to craft a robust and exciting future for Granville Island. Thus, even without the larger GI 2040, process this governance review and report are clearly needed and timely – the status quo governance and managerial arrangements are simply inadequate for the tasks at hand, let alone for those implied by the exciting GI 2040 vision.

2. Implications of Current Shortcomings for the Future

In summary of the above, Granville Island as currently organized and governed is severely constrained in its capacity to implement the bold ideas and diverse activities envisioned for *Granville Island 2040*. Due to budget constraints and its duty to a distant master in Ottawa, the GIAO is neither staffed nor authorized to carry out the long-term strategic thinking and actions needed to realize *GI 2040*. Further, the Granville Island Trust remains a purely advisory body which, despite the commitment and quality of its Trustees, has no scope to help guide the island to the *GI 2040* vision. Going forward significant, highly professional capacities will be a necessity in several areas.

1. Implementing *GI 2040* will require that very strong oversight authority be vested in the governance body. Significant borrowing authority will be needed along with real capacity and authority in community development and engagement.
2. The forecast expansion of commercial activity under the *GI 2040* vision will require stronger strategies, policies, and day-to-day management capacity for existing commercial leases and for business development and innovation in future leases. Indeed, the entire area of business and commercial strategy and development cannot be addressed in the current, tightly constrained scope and budget of the GIAO.
3. One of the defining features of the *GI 2040* vision is the centrality of a greatly expanded, rich, diverse, vibrant and engaging arts and culture core for Granville Island as detailed in the companion report by AMS Planning and Research. Realizing this vision will require vastly greater capacity and scope for acting in such areas as curating and managing across this much bigger and wider array of arts and culture activities and setting and achieving higher aspirations in this vital area.
4. Major additions to the skill sets demanded of management will be required in order to manage this vastly richer and more complex arts and culture ecosystem.
5. New and creative policy guidelines and innovations in accountability will be essential in order to develop deeper and richer relationships with the

broad arts communities and organizations that will be part of Granville Island 2040.

6. Beyond arts and culture, the proposed changes to parking management and related transit issues will necessitate similar changes in authority and scope to govern and manage relationships with prospective parking providers, with TransLink, with the City of Vancouver and with diverse levels of government more generally.
7. At present, there is no capacity to manage communications and public relations functions with stakeholders, let alone the more specialized capacity to deal effectively with various levels of government. The authority and capacity to communicate strategically and effectively with all stakeholders, including governments, is absent today, yet must be a vital element of the governance and management of the *Granville Island 2040* vision and reality.

Neither the current administrative nor governance structure (as a distant outpost of Ottawa-based CMHC) can move the *GI 2040* vision forward to fruition. A very different organization and governance model needs to be considered to which we now turn our attention.

3. Principles of good governance

Before moving to specific recommendations for a new GI organization and governance structure, it is vital to set out several sound governance principles to guide the eventual design. The following brief discussion does this and thus provides the basis upon which to build the specific recommendations which appear in the next section.

In the case of *GI 2040*, this suggests that, before we consider an organizational form and governance structure, we need to have a very clear idea of what it is that we want the organization to do. In the current context, this means we need to fully specify the scope and scale of *GI 2040* initiatives before we can think about designing an organization to carry out the requisite tasks implied by *GI 2040*. Only then can we move ahead to identify the most appropriate structure to guide and govern this GI 2040 new managerial form.

Governance Principle 1

Identify things we want the organization to do (i.e., the scope and details of its responsibilities), then identify the preferred organizational form/governance structure to meet them and ensure that the organization can succeed, specifically:

1. The organization can meet its goals and responsibilities as determined by the work of the GI 2040 work
2. The governance structure provides the organization with the expertise, oversight and strategic guidance it and management need to prosper
3. The organization and its governance structure are transparent, fully accountable, and operates at the very highest ethical and social standards

Governance Principle 2

Align the proposed organization's scope and responsibilities by granting it the appropriate powers and authority it needs to succeed in a variety of key areas:

1. Incurring debt up to pre-specified limits
2. Hiring/firing senior management and officers of the organization
3. Appointing members of the governance body who possess the highest qualifications and experience to guide the organization and its senior management team
4. Setting the terms of reference and authorities for both the management team and the governance body
 - Terms of reference and foundational documents enshrine transparency and accountability of the highest order to all stakeholders and community groups
 - Key part of the terms of reference for members of the governance body is transparency and accountability
 - Governance body has unfettered control of all of its communications and stakeholder relations activities
 - Among the first formal acts be the creation of a formal Community Arts and Culture Advisory Board whose members are drawn from to lease holding tenants, the very broadly defined arts community, diverse innovation sectors, the City of Vancouver, False Creek neighbourhoods, and other stakeholder groups as may be appropriate over time.

- Regular meetings of the Advisory Board to discuss submissions and ideas from public interest groups—all aimed at providing the new organization with the broadest set of ideas and inputs.
- Sharing of reports and plans that the governing structure commissions or creates, with the Advisory Board for discussion and input.

4. Structural Requirements

In the case of GI, the above principles translate into the following basic requirements for the governance and organizational structure of the proposed organization.

Governance responsibilities (scope) must enable the organization to:

- Implement the *GI 2040* vision and the needed requisite actions
- Be fully transparent and accountable to the shareholder, its stakeholders, and interested community groups
- Create a fully staffed, high performing and effective organization with strategic and operating capacities that can identify, assess and respond effectively to stakeholder needs
- Be self funding and financially sustainable
- Conduct activities at zero-net environmental impact
- Be a source of pride and effectiveness for the shareholder and for stakeholders more generally
- Be an exemplar of organizational effectiveness and excellent governance for other federal local initiatives

Authority and organization design must meet these requirements:

- Locally managed, independent organization, fully accountable to CMHC and the Government of Canada and its diverse stakeholders
- Professional high quality property management capacity
- Professional high quality real estate development capacity
- Excellent communication and stakeholder relations
- Able to borrow up to pre-specified limit as needed
- Permitting and licensing capacity, exempt from City of Vancouver zoning and permit by-laws, consistent in spirit but not necessarily details with City of Vancouver policies

- Ability to meet the needs of existing stakeholder institutions such as GICS, GICBA, GI Tenants Association, False Creek Residents' and GI Trust, etc., in effective and efficient ways perhaps through new organizational designs and fully accountable operating units or sub-entities

5. Recommendation:

“CMHC will create an independent not-for-profit corporation under the Canada Corporations Act or the Canada Not-for-profit Corporations Act with an independent expert Board of Directors and a professional, high performing, preferably non-civil service staff all chosen to carry out the specified responsibilities, this corporation to be either a subsidiary of CMHC whose sole share is held by CMHC, or a Crown Corporation whose sole share is held by the Minister of Finance in Right of Canada.”

Rationale and discussion

Two very prominent local examples come to mind when thinking of the devolution of large, Ottawa-controlled federal agencies to locally controlled and fully empowered entities. Both the Vancouver International Airport Authority (VIAA or more commonly YVR) and the Port of Vancouver (PV) have been devolved to local operating authorities and have achieved global recognition as being among the best in class for airports and maritime ports. This has been possible because the federal government saw the potential for improving the performance and accountability of both the airport and maritime port and freeing both up to energetically and successfully pursue the unique locational advantages they possessed vis-à-vis the Asia Pacific.

Seizing these unique Asia Pacific opportunities was simply not possible while the seaport and the airport were controlled thousands of kilometers away in Ottawa, where the understanding of these local opportunities was minimal and the operation of the seaport and airport were just parts of the much larger responsibilities of Transport Canada. By transferring significant operating autonomy and financial authority to both YVR and PMV the federal government enabled both to perform at levels simply not possible before and to become global leaders and exemplars in their respective sectors.

We see strong parallels with both YVR and PV in the current, if much smaller, situation of the Granville Island Administration Office. The administration of GI is clearly lost in the vastly larger operations and responsibilities of Ottawa-based CMHC. Similarly, the need to take advantage of the unique opportunities facing GI now and in 2040, and to respond to local conditions effectively is best achieved by the devolution of responsibility and authority to a federally-owned, locally autonomous agency. Both YVR and PMV provide examples and precedents for the sort of devolution of authority and responsibility to the kind of autonomous operating entity suggested here.

By being local and independent, the proposed not-for-profit Corporation will best be able to meet the responsibilities set out for the organization in an efficient, transparent and accountable manner while responding to the local needs and conditions that are unique to Granville Island and its diverse and complex stakeholder base.

Other examples which are useful to examine include the BC Investment Management Corporation (bcIMC), which evolved from a branch of the provincial treasury, and the BC Financial Institutions Commission (FICOM), created by moving a unit from the BC Ministry of Finance and Consumer Affairs to the independent FICOM organization. In both cases, the need for flexible human resource policies were important considerations in setting up these independent crown corporations. By hiring independent employees and not federal civil servants, the new organization will be able to develop human resource policies and practices that are most appropriate to the essentially private sector and local operations of the entity, despite having the Corporation's sole share held by Her Majesty in Right of Canada.

As an independent, stand alone entity, the organization, through its Board of Directors and senior management team, will develop strategic goals and performance indicators against which its Board of Directors and senior management can be held fully accountable. It will also be fully transparent, having its own independent set of accounts audited by an independent and professional auditor. Somewhat paradoxically, the independence of the organization and its local foci and governance can allow its accountability and transparency standards and processes to exceed those of many large government organizations.

The Board will be able to adopt the highest standards of conduct, and be creative and energetic in developing and implementing communications standards and processes that ensure wide dissemination of statements of account, governance and management processes and standards.

Reserved shareholder powers

As the sole shareholder, the Crown in Right of Her Majesty will want to reserve several powers, a standard procedure for wholly-owned independent entities in the private sector. Among these are likely to be the following, with evolving reserved powers to be determined as the new organization develops and has a demonstrated track record of performance and success.

1. A consultative role in choosing/renewing the Board
2. Specifying measures of accountability, transparency, accessibility
3. Setting borrowing, debt and contracting limits for Corporation
4. Input to Board on senior executive compensation and CEO selection
5. Input on compensation policies for the Corporation
6. Establishing clear corporate reporting lines, protocols and periodic information flow to shareholder

Specific Governance Standards

As an independent corporate entity, the Board of Directors will need to be given great scope to determine director selection and renewal processes. Good governance practice suggests that the Board will pursue best practice by adhering to the following:

1. The Board will be selected using a professional search firm expert in finding the highest quality candidates for a highly visible and public entity such as that being proposed
2. Candidates will be sought and evaluated against a pre-determined skills matrix developed by the transition board and the shareholder using a mix of table stakes (skills and or experience that all prospective directors must have to be considered for a director position) and unique skills needed to fill out the matrix and provide the diversity of skills and experiences that a multi-stakeholder board of a public entity will need to carry forward its mandate successfully

3. This skills matrix will be revised and updated over time as the organization and the Board develops experience and works to meet its responsibilities
4. Ensuring that the new organization performs at the highest levels and with impeccable integrity (for Directors, employees and contractors) requires that cultural values of high performance and integrity are built into the organization's DNA from the start. For example, the early adoption and use of a principles-based code of conduct is vital here. It also requires that the Board and CEO reinforce these values of high performance and integrity through the tone at the top and the ongoing actions of the Board, the CEO and the Senior Management Team. Included here would be an orientation program for all Directors and employees that explicitly discusses the code of conduct and the necessity of adhering to its tenets in both spirit and action.

6. Transition

Moving from the present organization where a unit of CMHC directly manages Granville Island to the proposed independent corporate entity will require careful planning and a well thought out transition plan. The transition set out below proceeds in several distinct stages.

Interim Board of Directors

The original Granville Island Trust was called "The Interim Granville Island Trust," consisting of five members appointed by CMHC. In moving forward with an Interim Board of Directors we are in keeping with original approach.

"The Interim Trust is required to prepare recommendations for the federal government landowner relating to the adoption of a development concept for the Island, a detailed set of objectives (social, economic, physical, institutional, budgetary) supporting the development concept and terms of reference for a permanent Trust."

[Report of the Interim Trust, July 1976, page 18]

The Interim Board of Directors will consist of not more than five directors appointed by CMHC. At least four of these directors will be independent of CMHC and all levels of government and these independent directors will have significant board and governance experience, allowing them to fulfill their terms of reference. They will be paid by CMHC at a rate appropriate to their

responsibility and time committed to GIDC. They will be expected to complete their task within nine months of their appointment, with a maximum extension of three months as mutually agreed to by a majority of the Interim Directors and CMHC. They will choose their own Chair and Vice-Chair and their operating procedures.

The Terms of Reference for the Interim Board of Directors will be as follows:

1. Develop CEO job description, position profile, identify appropriate search firms, select one, and specify fully the search process
2. Identify the initial Board Skills Matrix
3. Identify an appropriate high quality director search firm skilled in advising on boards of directors of multi-stakeholder government-owned corporations
4. Specify the substantive details and timeline of the search process
5. Incorporate the new entity under the *Canada Corporations Act*, or *Canada Not-for-profit Corporations Act*, notionally to be called *The Granville Island Development Corporation* and develop its Articles of Incorporation and the Reserved Powers of the Shareholder
6. Appoint Interim CEO and Senior Management Team building, where appropriate, on current GI staff
7. Select initial Board of Directors to consist of no more than seven Directors at least five of whom are independent of all levels of government
8. Establish initial compensation for Directors and the basis for changing Director compensation over time
9. Select the Chair of the Board and the Chairs of Board Committees, all of whom must be independent of all levels of government
10. Select the initial CEO and, working with the CEO, select the initial Senior Management Team

Permanent Board of Directors

Following the appointment of permanent Directors by the Interim Board, the Interim Board of Directors shall be dissolved. Illustrative activities of the permanent Board of Directors of the *Granville Island Development Corporation* would include the following:

1. Establish Terms of Reference for the Board
2. Establish Board Committees and Terms of Reference for these Committees
3. Create a principles-based Code of Conduct
4. Create a transparent and accountable communications strategy and policy including the development of a user friendly and useful website and ensure that it is populated with all available information about The Granville Island Development Corporation
5. Publish an informative, attractive and accessible Annual Report that sets out the activities, plans and audited financial statements of The Granville Island Development Corporation
6. Ask the CEO and the senior management team to develop the HR and compensation strategy for the Corporation
7. Appoint an independent professional auditing firm to provide annual audited financial statements for The Granville Island Development Corporation (GIDC) which will be posted on the website as soon as approved by the Directors
8. Ask the CEO and the senior management team to develop the transition strategy and compensation for moving unionized CMHC staff to the non-unionized Granville Island Management Corporation drawing upon the experience of other Crown Corporations that have experienced similar development such as bclMC, FICOM and others as relevant
9. Review, renegotiate and revise as necessary on behalf of the Granville Island Development Corporation (GIDC) all existing agreements between the CMHC and its Granville Island Administration Office and independent bodies such as the Granville Island Trust, the Granville Island Cultural Society (GICS), Granville Island Business and Community Association, Granville Island Day Vendors Association, Artists and Artisans, and other groups as may be identified going forward.
10. Set performance goals with the CEO annually and assess the CEO's performance against these goals
11. Hold the Senior Management Team responsible for attracting and retaining the best people available to fill the management and support staff positions
12. Carry out all other functions the Board and Management see as in the best interests of the Corporation, its employees, stakeholders, and shareholder

7. Summary and Conclusions

Granville Island's current organizational structure as a small Administrative Office within the larger context of Ottawa-based CMHC has been adequate for almost four decades. This structure, in combination with the advisory Granville Island Trust has launched and grown Granville Island to its current revered status and place in the hearts of Vancouverites and visitors alike.

Over time, however, the Island has faced a growing number of challenges which have led CMHC to undertake the *GI 2040* process. The outcome of this process is a set of bold ideas including:

- expanding the Granville Island Market
- improving access to the Island via a new pedestrian bridge at Alder Bay and an elevator from the Granville Street Bridge
- open the waterfront greater use by visitors; repurposing the ECUAD North Building
- creating more public gathering spaces
- improving infrastructure
- generally energizing and expanding the activity base on the Island while keeping its essential character intact and appropriate to our region's growing and changing population.

The current GIAO does not have the capacity to undertake the kinds of strategy development and implementation needed to make the *GI 2040* vision a reality. Additionally, the purely advisory role of the Granville Island Trust cannot meet the demands of the *GI 2040* vision. Accordingly, a new organizational and governance structure is called for.

In this report, two governance principles were set out as the foundation upon which a new organization and governance structure can be erected. Given

these two principles, this report recommends incorporating under the *Canada Corporations Act* a new and independent Vancouver-based corporation, The Granville Island Development Corporation (GIDC). The sole ownership share of this corporation will be owned by Her Majesty in Right of Canada either by CMHC or by another federal department as deemed most appropriate.

A nine-month transition process will be undertaken where an Interim Board of Directors is named to incorporate the GIDC and specify all processes and procedures needed to successfully launch, grow and evolve the GIDC. The GIDC will be independent of government and staffed by non-government professionals.

At this juncture, a permanent Board of Directors will be created for the GIDC. This will be an independent board of, at most, seven directors, where a maximum of one can be an employee of any level of government. The Independent directors will be identified using best governance practices and selected for their expertise and experience as a director of a complex multi-stakeholder corporation like the GIDC.

This will provide the strong governance support which will be required in order that the *Granville Island 2040* vision be realized and Granville Island remain a source of pride and enjoyment for future generations.

Appendix – Granville Island Management Chronology

Role of Granville Island Trust in the Redevelopment and First Years of Operation

Various Trust Members, managers and consultants have described the original role of the Trust as the public face and decision-making body responsible for Granville Island's development and first years of operation. Although the Minister did not adopt the Interim trust's recommendation of a formal trust instrument conferring power other than advisory, the practice was for Management to take direction from the Trust. The Chair during most of this period was King Ganong, Regional Manager of CMHC. In 1985/86 under the recently elected government of Prime Minister Brian Mulroney a disagreement regarding island parking precipitated the resignation of all Trustees other than the City nominee to the Trust. Subsequently a formal terms of reference was adopted. The 1986 Terms were a codification of previous practices with an emphasis on the advisory nature of the role. The scope of Trust tasks reinforces the Trust's strong oversight and highly detailed involvement in the affairs of the Island. In subsequent years

Sources: The following timeline and attached Documents are generally publicly available; primarily at the City of Vancouver Archives. The CMHC Trust minutes and Terms of Reference are treated as confidential. To substantiate and cross reference more precise dates I suggest accessing the Trust minutes at

Timeline & Supporting Documents

		Source
1972	Ministry of Urban Affairs (Min. Ron Basford) commissions study of possible redevelopment of Granville Island	City of Vancouver Archives
June 7, 1973	Order in Council that CMHC administer, manage and control G.I. Transfer from	
November 1975	Minister Basford outlines initial findings on redevelopment potential of Granville Island and False Creek. Includes inventory of leases, prospect of	Brochure - City of Vancouver Archives
Spring 1976	Inaugural 5 members of Interim Granville Island Trust appointed.	City of Vancouver Archives
March 31, 1976	Trust adopts Granville Island Study - Development Procedures & Controls (Thompson, Berwick, Pratt & Partners)	Trust Minutes - Confidential
July 1976	Report of The Interim Granville Island Trust	City of Vancouver Archives
June 1977	Granville Island Trustees submit Granville Island Development Plan (Hotson	Trust Minutes - Confidential
Oct. 18, 1977	City in acknowledgement of the Federal control and management of the Island amends Granville Island Application to a Reference Document from the term	City of Vancouver Archives
February 3, 1978	City Manager recommends to Council to request CMHC modify the Reference Document to: 1) appointment to the Trust local business representatives and 2) to alter the plan so that people-oriented activities not take away from the Downtown, not compete with other commercial areas of the City, and assist non-profits like theatres to areas of the City that will assist in the objectives for	City of Vancouver Archives
March 16, 1978	City Public hearing at Kitsilano Senior Secondary., presentation by King Ganong Chair and on behalf of Granville Island Trustees.	City Archives
April 18, 1978	Reference Plan Adopted.	City Archives
April 18, 1978	City adopts Reference Document for Granville Island	City Archives
1978	City nominates C. Flavelle and M Plunkett as Trustee candidates.	City of Vancouver Archives
June 15, 1983	Trust Members Write Minister to recommend a "Granville Island Crown Corporation" rather than continuation of CMHC's present role or transfer	Trust Minutes - Confidential
Sept. 10, 1986	Granville Island Trust - Role and Functions - Trust Terms of Reference as Advisory Body to the Manager of Granville island. Note: Chair a paid position and the Trust will deal with: annual reports; annual general meetings;	Trust Minutes - Confidential
Mid-1985	Resignation of All Trustees other than Max Beck, City Nominee.	Confirmed independently with Jonathon Baker & Norm Hotson Dec. 14 2016
June 2007	Granville Island trust: Role and Function of the Trust - Narrowing of Trust	Trust Minutes - Confidential

Trust Continuity

The following list indicates the long-serving status of the following Trustees:

King Ganong	July 1976 until at least 1983
Doug Sutcliffe	July 1976 until at least 1984
Geoff Massey	July 1976 until at least 1985
Jonathon Baker	July 1976 until at least 1986
Chas Flavelle	April 1978 until at least 1983
Mike Plunkett	April 1978 until at least 1983

Prepared: Dale McClanaghan, Chair Granville Island trust December 30, 2016,

References

Basford, Ron, *The Redevelopment of Granville Island – Notice for Public Input*, (Vancouver, BC: Office of the Federal Minister of State for Urban Affairs), November, 1975

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *Ten Year Financial Performance*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), 2016.

Canada Mortgage and Housing Corporation, Granville Island Administration Office, *2015 Audited Financial Statements – Prepared by Ernst and Young*, (Vancouver, BC: Canada Mortgage and Housing Corporation, Granville Island Administration Office), August 2015.

City of Vancouver, *Reference Document for Granville Island, False Creek – Area 9, Approved by Council on April 18, 1978; Amended March 23, 1999, and December 16, 1999*, (Vancouver, BC: City of Vancouver), 1978 and 1999.

Ganong, King, *Presentation to Vancouver City Council Public Hearing, March 16th, 1978*, (Vancouver, BC: Granville Island Trust), 1978.

Granville Island Interim Trust, *Report of the Granville Island Interim Trust*, (Vancouver, BC: Granville Island Interim Trust), July, 1976.

Granville Island Trust, *Granville Island Trust: Role and Functions of the Trust*, (Vancouver, BC: Granville Island Trust), June 2007.

Hiscox, Gary, *Memo to the Granville Island Trust – Role and Functions of the Trust*, (Vancouver, BC: Canada Mortgage and Housing Corporation) September 11, 1986.

McClanaghan, Dale, *Chronology of Granville Island, Excel Spreadsheet*, (Vancouver, BC: Dale McClanaghan), 15 December 2016

Pike Place Market, <http://pikeplacemarket.org/>, accessed 10 December 2016

Port of Vancouver, <http://www.portvancouver.com/>, accessed 10 December 2016

St. Lawrence Market Precinct Advisory Committee, *Final Report*, (Toronto, ON: City of Toronto), July 26, 2012

The Trust for Governors Island, <https://govisland.com/about/the-trust-for-governors-island>, accessed 10 December 2016

Vancouver International Airport Authority, <http://www.yvr.ca/en/about-yvr>, accessed 10 December 2016

Mélanie Larose

From: jflowers@cmhc-schl.gc.ca
Sent: March-17-17 10:40 AM
To: cmacarth@cmhc-schl.gc.ca
Subject: Governance & Implementation Section - GI 2040 Final Report
Attachments: Governance and Implementation Section - Final.docx

Hi Charlie

I am wondering if you would take one final look at this section to be sure you are fine with its content. I believe it is a fair compromise between what was originally written and the final edits that Michael saw and commented on this week.

If you are ok - we will send it off to the designers to be incorporated into the final public version and I will provide the updated sections to translation so they can finish their work and then we can get the French version finalized out as well.

Thanks

(See attached file: Governance and Implementation Section - Final.docx)

Janet Flowers
General Manager
Granville Island Office
jflowers@cmhc-schl.gc.ca
Telephone: 604 666-8160
Facsimile: 604 666-7376
1661 Duranleau St, 2Nd Floor, 2-, Vancouver, BC, V6H 3S3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Janet Flowers
Directrice générale
Bureau de Granville Island
jflowers@cmhc-schl.gc.ca
Téléphone : 604 666-8160
Télécopieur : 604 666-7376
1661 Rue Duranleau, 2E Étage, 2-, Vancouver, BC, V6H 3S3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

IMPLEMENTATION & GOVERNANCE

This report presents a 25-year vision of the future of Granville Island, with numerous recommendations and proposals. It is not a detailed development plan specifying exact timelines, costing, and financing. The major infrastructural and site development proposals have, nevertheless, been subject to a general test of feasibility, with pro forma submissions using quantity surveyor order-of-magnitude cost estimates based on rough assumptions, and considering an overall capacity to finance at favourable borrowing rates. This general test of feasibility will need further development and refinement. Thereafter, individual infrastructure and development projects will need detailed architectural and engineering plans, costing and financial planning, on a project by project basis, prior to final approval.

These refinements of development planning are future business for CMHC and the only further comments we would make on implementation relate to the priority and phasing of recommendations, and to a process for expressions of interest and the selection of proposals for new activity on Granville Island.

With respect to priority and phasing, we have provided below an preliminary implementation planning matrix, which proposes timing for projects, order-of-magnitude cost estimates, and an indication of how the projects are likely to be financed, whether by Granville Island alone, or by Granville Island in partnership with a private partner. Financial planning will clearly be the most critical issue in determining the pacing and extent of implementation. Private sector financing and public-private partnerships merit investigation, given that these approaches to project financing are proposed to play an important role in the implementation of the Granville Island 2040 vision. To assist Granville Island finance projects within shorter development horizons, it is recommended that Granville Island be given the authority to borrow, subject to specified limits and accountability requirements.

Approval of these recommendations along with other refinements of process are a future responsibility of CMHC. We recommended the following steps to help ensure effective implementation of this report:

- CMHC should ensure the wide circulation and availability of this report, as it is finally approved.
- A vision and mission statement should be finalized and publicized as recommended early in this report.
- Granville Island should develop and publicize annual action plans to implement the approved plan and recommendations.
- A clear planning page should be developed on the Granville Island website, with an implementation schedule, subject to incremental change, and a call for proposals section to be fleshed out as individual projects are approved.
- Calls for proposals should indicate clear qualifications for prospective consultants or tenants, referencing the vision and mission statements, and the key performance expectations associated with each project.
- Clear process and time-lines should be communicated for submission of proposals, selection of proposals, and communications to proponents (consistent with best practice in public sector procurement).
- Annual reports on development should be approved and widely publicized, with assessments of results relative to planning principles and guidelines.

Governance

Issues related to governance on Granville Island have surfaced regularly over the past forty years. An Interim Trust appointed at the start of Granville Island's modern redevelopment shared much of the responsibility for the early planning and subsequent redevelopment of the Island. However, since the late 1980's the Trust's role has become advisory in nature with a liaison function with Island tenants.

Governance and management concerns, while not topics identified in the general public engagement activities related to Granville Island 2040, have been raised by some specific groups. These concerns include:

- A perceived lack of local autonomy and decision-making

- Inaction subsequent to previous planning initiatives undertaken a decade ago
- A perceived lack of transparency about policy, planning and decision-making
- A perceived lack of effective communications and consultation

Whatever the rights and wrongs of criticisms of the status quo, adherence to principles of good governance will be a necessary condition of achieving the positive outcomes we envision over the next twenty-five years.

Implementing strategies and recommendations of the scope and complexity of those contained in this report will require strong and effective governance and management, assuring the transparency of policy-making and the accountability of results-oriented management. Consistent public input has indicated strong support for ensuring that the culture on Granville Island is transformed to a "Culture of Yes."

If the strategies and recommendations in this report are accepted as a specification of the mission for Granville Island over the next quarter century, any future governance body should:

- be accountable to the Government of Canada – through CMHC
- have authority and capacities aligned with the mission of Granville Island, including a borrowing authority, subject to specified limits and accountability requirements, necessary to finance approved land-use and infrastructure developments
- be made up of members whose background and experience allows them to act without any real or apparent conflict of interest on questions of business management, strategic and financial planning, real estate development and project management, cultural and arts management and programming, public and government relations, executive recruitment and human relations
- be responsive to other stakeholders and community interests through the various innovation councils proposed in this report.
- be expected to operate in accordance with the highest social and ethical standards, and required to make public annual reports on finance and development

Specific decisions about the structure of governance are the prerogative of the Government of Canada, and evaluation of management is, strictly speaking, outside of the Granville Island 2040 mandate. However, the Granville Island 2040 vision implies significantly increased demands on existing management and administration capacities in order to implement the ambitious 25 year plan for Granville Island. Under status quo arrangements local administration would face a large additional burden of responsibility. Over time, management will need to be reinforced in order to effectively implement the plan and the expanded scope of responsibilities envisioned for the future, with additional resources required in areas such as project management, lease management and business development, brand management and marketing, and stewardship of the arts and innovation.

As indicated, we make only very general observations about the alignment of responsibility and authority in the reorganization of governance and management, rather than specific recommendations about the design of a new organizational structure. Most important, we recommend a further significant devolution of decision making, in addition to the devolution of those authorities that has taken place over the past 3 years.

CMHC, and the Government of Canada, will continue its review to determine the most appropriate governance model for Granville Island. In order to ensure momentum on the GI 2040 project is not lost during that time period and, with a view to further strengthening local decision-making and providing opportunities for meaningful community input in the carrying out of the Granville Island 2040 vision, an interim Granville Island 2040 Implementation Committee should be established, with a mandate to provide CMHC guidance and advice on the effective execution of the Granville Island 2040 plan. This Implementation Committee should be struck as soon as possible following the release of the Granville Island 2040 Plan, so as to maintain the community's enthusiasm for helping shape the future of Granville Island. The Committee could be made up of representatives from CMHC, the City of Vancouver, the Granville Island Trust, the Island community, with supplementary expertise drawn from community representatives who have made major contributions to the Granville Island 2040 process.

In summary, we believe that with appropriate reforms in governance and management, and with careful attention to implementation, the comprehensive vision of Granville Island 2040 sets out the basis for an exciting new era in which Granville Island sustains an international profile as a model of urban design and a leading centre of creativity and innovation.

Share Copy link Download Delete Copy to Version history Previous 2 of 2

Archive > G

-  Narr
-  Gov
-  Re f

From: MICHAEL GOLDBERG
Sent on: Friday, October 28, 2016 9:59:29 PM
To: Michael Stevenson
CC: Sebastian Lippa<slippa@cmhc-schl.gc.ca>; Janet Flowers<jflowers@cmhc-schl.gc.ca>
Subject: Re: Mtg with Evan S...Follow up

Dear Michael,

I too was extremely pleased by our meeting with Evan yesterday. It certainly gave us the green light to set out some bold and effective organizational and governance recommendations and I will start to work on these over the weekend.

As for getting together on the economic analysis, I would prefer doing that a week Monday on 7th November. I am a bit for fine tuning if that's okay with you. I do have free time other days next week if you want to meet earlier in the week.

Have a great weekend.

All the best,

Mike

Michael A. Goldberg

Mobile phone:
 Home phone:
 Sent from my iPad

> On Oct 28, 2016, at 10:41 AM, Michael Stevenson wrote:

>

> Hi Mike

>

> I thought yesterday was a very useful meeting. You clearly have a green light to bring forward recommendations on governance that are as "bold" as you think appropriate. While there will be issues that can be resolved only when we have a fully developed set of recommendations (e.g. the exact mandate for the governing authority, the definition of the skills matrix for board appointments, etc.), I hope you can now start to map out a model of governance that meets the principles you have so well articulated. Also, I assume you would outline a transitional plan for moving from the current situation.

>

> I would like to be kept up to date on this issue, but I don't think we need to discuss what you are doing at this stage outside of a small group until we are confident of where you are headed. If there is input from the Arts or Land Use teams we'll get together with them but I don't think they want to be too much distracted by this issue. Also, on the transitional plan we will need a good deal of confidential discussion of the status quo and of the politics of navigating this issue through government. We should keep in mind, however, that we'll need to be giving some indication of what we have in mind at the December 3 Open House when we preview the plan.

>

> On your responsibilities for economic analysis, I think we should get together some time next week and discuss how you can tie into the emerging strategy, especially giving attention to the major transformational projects that are now in play.

>

> Do you have time next Friday morning or the following Monday morning?

>

> Thanks again for meeting yesterday with Evan.

>

> Michael

>

>

>

>

>

> Michael Stevenson

> President Emeritus
 > Simon Fraser University
 > home:
 > cell:

