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Sidewalk Toronto: Are Smart Cities the Future of Urban Development?

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Introduction

On the shore of Lake Ontario lies a former industrial lot fenced by a weed-covered gate. At the entrance, a prefab gatehouse welcomes visitors to an improvised parking lot that holds private cars, motorhomes, and empty trailer containers. Right in the middle of the property a massive, bunker-like concrete building covered in shabby graffiti rises above the surroundings. If it had windows, it would show views of a busy motorway to the back, and a beautiful landscape of the magnificent Toronto Islands to the front[1].

Picturing this scene, it's hard to believe that this area, Toronto's eastern waterfront, was set to become one of the world's most advanced smart cities. Or such at least was the objective of the public-private partnership formed by Waterfront Toronto – a tri-government organization liable to the governments of Canada, Ontario, and the City of Toronto – and Sidewalk Labs, a subsidiary of Alphabet and sister company of Google.

Together, they intended to transform this underused area into the neighborhood of the future. Sidewalk's proposal for such transformation included: A smart utility system designed to reduce energy consumption in line with a household's budget preferences and environmental goals; automated sensors to monitor pedestrian flows and improve mobility; and underground tunnels to accommodate freight and litter trucks. Overall, Sidewalk's goal was to establish a new benchmark for future urban developments not only in Canada but worldwide.

[1] Google (August 2018). [Street view of the Quayside area]. Retrieved February 5, 2020, from here.

This case was prepared by Clara Peiret, external collaborator, under the supervision of Professors Pascual Berrone and Joan Enric Ricart. October 2020.
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User data would be essential to make this project a reality. How Sidewalk would manage this sensitive information became a massive concern among stakeholders, mainly due to recent data scandals involving some of the biggest companies in tech. How could Sidewalk earn back public confidence? Was the fact that they were Google's sister company affecting their reputation? How should the leaders of the project proceed?

The Project

The initial idea of revitalizing Toronto's waterfront was part of the 1999 plan to host the 2008 Summer Olympic Games in Toronto. Back then, Primer Minister Jean Chrétien, Premier Mike Harris, and Mayor Mel Lastman announced the creation of a task force that would oversee the project and provide recommendations. The project was conceived not just as a megaproject, but as an integrated solution to many of the problems the city was facing. In the eyes of taskforce chair Robert Fung, the project offered an outstanding opportunity to bring "a major, positive economic impact on the City, the region and the country."[2] Their commitment was such that, although the Olympics were ultimately awarded to Beijing, they remained committed to the revitalization of Toronto's waterfront.

Waterfront Toronto, the entity that would supervise the project, was created in 2001. Each level of government contributed $500 million in seed capital and handed over development control over the land. Waterfront Toronto was given a 25-year mandate to revitalize 800 hectares of Toronto's waterfront and transform them into "beautiful, accessible, sustainable mixed-use communities and dynamic public spaces."[3]

Among the multiple projects Waterfront Toronto had overseen since its creation, it was not until 2016 that one in particular attracted the world's attention: Quayside. In March 2016, Waterfront Toronto launched a request for proposals, seeking a "unique partner, one with invention ingrained in its culture, which can transform conventional business practices and help to establish a benchmark climate-positive approach that will lead the world in city-building practices."[4]

The call for proposals offered the opportunity of working co-jointly with Waterfront Toronto to revitalize 4.9 of the 800 hectares waterfront land. The area, named Quayside, was conceived as a pilot that would help to establish the vision for the rest of the waterfront.

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[2] Waterfront Revitalization Taskforce (2017). *Our Toronto Waterfront*, p. 3. Retrieved from https://www.toronto.ca/wp-content/uploads/2017/11/91f5-torontow.pdf. (Accessed February 7, 2020).

[3] Waterfront Toronto (n.d.), *Who we are*. Retrieved from https://www.waterfrontoronto.ca/nbe/portal/waterfront/Home/waterfronthome/about-us/who-we-are. (Accessed February 5, 2020).

[4] Waterfront Toronto (March 17, 2017). Request for Proposals. Innovation and Funding Partner for the Quayside Development Opportunity. Retrieved from https://quaysideto.ca/wp-content/uploads/2019/04/Waterfront-Toronto-Request-for-Proposals-March-17-2017.pdf. (Accessed February 5, 2020).

Figure 1
Quayside and the Eastern Waterfront

Source: Sidewalk Labs. (2019, March). Sidewalk Toronto. https://storage.googleapis.com/sidewalk-toronto-ca/wp-content/uploads/2019/06/23202306/MIDP_Volume0_AccessibleDocument.pdf.

Between March 2016 and February 2017, Waterfront Toronto met with over 50 companies and organizations to share their vision and objectives for the Quayside project (see **Exhibit 1** for Quayside Toronto Timeline). By May 19th, 2017, the three shortlisted applicants were announced, and a round of commercially confidential meetings started. The Best Final Offer submission would be delivered by August 2017. In October 2017, after 159 days had passed and all the offers had been considered, the winner of the procurement was announced: Sidewalk Labs.

Sidewalk Labs

Founded in 2015, Alphabet subsidiary Sidewalk Labs was an urban innovation enterprise aimed at providing technology-based solutions to address urban challenges. The team brought together the urbanists who had led New York City's post-9/11 revitalization with the technology experts that had made Google one of the world's most innovative companies. At its head was Daniel L. Doctoroff, former deputy mayor of New York City for economic development (2001-2008) and former chief executive of Bloomberg L.P. (2008-2014).

Before becoming Waterfront Toronto's partner, Sidewalk Labs had already invested and incubated a series of companies dedicated to providing cities with technological services[5], such as Cityblock, an American health-sector company that placed health facilities in deprived

[5] Sidewalk Labs (2020). *Home.* Retrieved from https://www.sidewalklabs.com/. (Accessed February 10, 2020).

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