

# Finance, Audit & Risk Management Committee Meeting

WATERFRONT TORONTO
20 BAY STREET, SUITE 1310
TORONTO, ON, M5J 2N8
THURSDAY MAY 31, 2018



#### Meeting Book - Finance, Audit & Risk Management Committee Meeting

Thursday May 31, 2018 - 9:00 a.m. to 11:00 a.m.

9:00 a.m. J. Rieksts Approval Motion to Approve Meeting Agenda Alderman 9:05 a.m. 2. Declaration of Conflicts of Interest Approval J. Rieksts Alderman 9:05 a.m. Approval ΑII 3. Motion to go into Closed Session Closed Session Agenda The Committee will discuss the matters outlined below in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied for the discussion of Item 4 in Closed Session is Section 6.1.1(i) of By-Law No. 2 (information explicitly supplied in confidence to the corporation by Canada, a province or territory or a Crown agency of any of them). The Committee will continue in Open Session at the end of the Closed Session to discuss and vote on any resolutions pertaining to the Closed Session. 9:05 a.m. Information J. Rieksts-4. Discussion of Confidential Provincial Information Alderman 9:20 a.m. 5. Motion to go into Open Session Approval ΑII Public Session Agenda 9:20 a.m. Approval J. Rieksts 6. Resolutions Arising from the Closed Session (if any) Alderman 9:25 a.m. Information J. Rieksts 7. Consent Agenda

The Consent Agenda consists of all the documents numbered 7a, 7b and 7c below. Item 7 is a draft motion to (i) approve the draft Minutes of the March 8, 2018 FARM meeting (which is Item 7 a) and (ii) to receive for information all of the documents in in 7 (b) being the Q4 2017/2018 Corporate Reporting documents and in 7(c), being the Q4 2017/2018

Project Reporting documents.

Item 7 - Motion on Consent Agenda FARM May 31, 2018 Meeting - Page 5

Item 7a - Draft March 8 2018 FARM minutes - Page 6

Item 7 b i FARM Cover - Enterprise Risk Management Dashboard (May 31, 2018) - Page 11

Item 7 b i App 1 - ERM Audit Dashboard May 31, 2018 - Page 12

Item 7 b i App 2 Risk Register Confidential Attachment - Page 14

Item 7 b i App 3 SUMMARY OF RISK REGISTER - Page 15

Item 7 b i App 4 Draft Scope of Cyber Security Audit (FARM May 31, 2018) - Page 19

Item 7 b ii FARM Cover Form - Cash Flow Forecast May 31 2018 - Page 20

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Alderman

	Item 7 b iii FARM Cover - Corporate Plan Performance Reports May 31 2018 - Page 22		
	Item 7 b iii Corporate Plan Variance Report for Q4 2017-18 (May 31 2018 FARM) - Page 23		
	Item 7 b iv FARM Cover - ERP Implementation Update (May31 2018) - Page 30		
	Item 7 b v FARM Cover - Five Year Strategic Business Plan Update (May 31 2018) - Page 32		
	Item 7 b vi FARM Cover Procurement Exception Report - May 31 2018 - Page 33		
	Item 7c WT FARM Cover Financial Variance and Risk Report, and Project Finance Reports - May 31 2018 - Page 34		
	Item 7c (i) Board Financial Variance and Risk Report 2017-2018 Q4 - Page 35		
	Item 7c (ii) Project Status Update PLFPEI 2017-2018 Q4 - Page 37		
	Item 7c (ii) Financial Summary PLFPEI April 15 2018 - Page 38		
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	Item 7c (ii) Project Status Update Bentway Segment 1 2017-2018 Q4 - Page 41		
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	Item 7c (ii) Financial Summary Bayside Ph 2 Apr 15 2018 - Page 46		
9:35 a.m.	8. Year End Financial Statements – March 31, 2018	Approval	S. Chandane
	Item 8 FARM Cover - March 31 2018 Financial Statements - Page 47		
	Item 8 TWRC Financial Statements March 31-2018 - Page 48		
9:45 a.m.	9. 2017/18 External Auditor's Report	Information	J. Barratt
	Item 9 FARM Cover - External Auditors Report May 31 2018 - Page 68		
	Item 9a BDO final report letter to TWRC FARM Cmtee re 2018 audit - Page 69		
	Item 9b TWRC Management Letter - Page 91		
9: 55 a.m.	10. 2017/18 Annual Report	Approval	L. Taylor
	Item 10 FARM Cover - 2017 18 Annual Report May 31 2018 - Page 92		
	Item 10 WT Annual Report 2017-18 May 31 2018 - Page 93		
10:10 a.m.	11. Capital Approval i. Port Lands Site Preparation, Shallow Excavation and Initial Deep Excavation	Approval	D. Kusturin
	Item 11 WT FARM Cover - PLFP Capital Approval Request - May 31		

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Item 11 FARM May 31 2018 Capital Approval\_v7 Final - Page 128

10:20 a.m. 12. Project Risk Governance & Capital Peer Review Panel Update Information D. Kusturin

Item 12 WT FARM Cover Capital Peer Review Panel Update - May 31 2018 Final - Page 160

10: 30 a.m. 13. Waterfront Toronto Insurance and Benchmarks Information I. Beverley

Note: Presentation materials will be added following the cover sheet on Friday May 25

Item 13- Cover Sheet- Waterfront Toronto Insurance and Benchmarks - Page 161

Item 13 Hub-Intech- WT Insurance and Relevant Benchmark FARM Presentation May 31 2018.pptx - Page 162

10: 50 a.m. 14. Motion to go into Closed Session Approval All

#### Closed Session Agenda

The Committee will discuss the matters outlined below in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied for the discussion of Item 15 and 16 in Closed Session are Sections 6.1.1(i) - (information explicitly supplied in confidence to the corporation by Canada, a province or territory or a Crown agency of any of them) and 6.1.1(b) – (Personal matters about an identifiable individual, including employees of the Corporation) of the By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to discuss and vote on any resolutions pertaining to the Closed Session.

10:50 a.m. 15. Committee Chair Discussion Information J. Rieksts Alderman

11:10 a.m. 17. Motion to go into Open Session Approval All

Public Session Agenda

11:15 a.m. 18. Resolutions Arising from the Closed Session (if any) Approval J. Rieksts Alderman

11:20 a.m. 19. Motion to Adjourn the Meeting Approval All



# Finance Audit and Risk Management Committee Meeting May 31, 2018 Item 7 – Consent Agenda FARM Committee Members

#### **Proposed Motion**

**ON MOTION**, duly made, seconded and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee hereby:

- 1. approves the Minutes of the meeting held March 8, 2018 as tabled, being the document identified as Item 7a in the Meeting Book; and
- 2. receives the Q4 2017/18 Corporate Reporting and Q4 2017/2018 Project Reporting, being the documents comprising Items 7b and 7c in the Meeting Book, respectively.

## MINUTES of the FARM Committee Meeting of the Toronto Waterfront Revitalization Corporation 20 Bay Street, Suite 1310, Toronto, Ontario Thursday, March 8, 2018 at 9:00 a.m.

PRESENT: Susie Henderson, Chair

Janet Rieksts-Alderman

Jeanhy Shim

ABSENT: Denzil Minnan-Wong

Julie Di Lorenzo

The following additional persons were in attendance throughout the meeting or only for particular business items as noted: Helen Burstyn, Chair; Will Fleissig, President and Chief Executive Officer; David Kusturin, Chief Project Officer; Julius Gombos, Vice President, Project Delivery; Lisa Taylor, Chief Financial Officer; Sameer Akhtar, Senior Legal Counsel; Kathleen Niccols, Governance Consultant; Emil Zelic, ERP Business Transformation Manager; Mary Ann Santos, Director, Financial Planning; Sampada Chandane, Director, Financial Management; and Phil Racco, Risk Subject Matter Expert, MNP LLP; Jason Ducharme, Quality Assurance Partner, MNP LLP; and Veronica Bila, Senior Manager, Enterprise Risk Services, MNP LLP; and Jeff Barratt, Partner, BDO Canada LLP and Hanna Freeland, Senior Manager, BDO Canada LLP.

At the request of the Chair, who joined the meeting by phone, Janet Rieksts-Alderman agreed to Chair the meeting. The Chair called the meeting to order and, with the consent of Committee Members, appointed Kathleen Niccols to act as Secretary of the meeting.

The Chair declared that a quorum of Committee Members was present and that notice of the meeting had been duly sent to all Committee Members in accordance with the Corporation's By-laws. The meeting was duly called and regularly constituted for the transaction of business.

## 1. Meeting Agenda

The Committee requested that Capital Approvals, item 7 on the agenda, be moved to item 4.

**ON MOTION** duly made by Jeanhy Shim, seconded by Susie Henderson and carried, it was **RESOLVED** that the Meeting Agenda be approved as amended.

#### 2. Declaration of Conflicts of Interest

There were no conflicts declared.

3. Consent Agenda: Minutes of January 25, 2018, FARM Committee Workplan for 2018, Q3 Corporate Reporting and Q3 Project Reporting.

In response to questions from Committee members, management provided additional information regarding items on the consent agenda, including the following.

- The corporation has \$48 million available cash and available borrowing room of \$37 million; a cash flow forecast was not provided because the corporation is exploring a Centralized Cash Control (CCC) service with its bank which would allow it to pool bank accounts to a net total, assisting the corporation to minimize borrowing costs. A cash flow forecast incorporating the impact of the CCC service will be provided to the Committee at the May 31, 2018 meeting.
- The scope of the consulting project (RFP #2016-07) involving Conversant outlined in the Procurement Exception Report was expanded to include additional facilitation sessions because the incumbent was best positioned to provide these services. The project will be completed on March 31 and future similar projects will be more accurately scoped. The Committee requested that procurement processes be a focus of the internal audit process review.

With respect to the interim financial statements for the period ended December 31, 2017, Sampada Chandane referred the Committee to a change in classification of Revenue on the Statement of financial activities: \$1.5 million of the \$4.4 million Revenue from Restricted contributions should be classified separately, with no change to total Revenue. The reclassification will be reflected in revised Interim Financial Statements to be provided to the Board at the meeting on March 29, 2018.

**ON MOTION** duly made by Jeanhy Shim, seconded by Susie Henderson and carried, it was **RESOLVED** that the minutes of January 25, 2018 and FARM Committee Workplan for 2018 be approved, and that the December 31, 2017 Interim Financial Statements be approved as amended.

## 4. Capital Approval – Port Lands Flood Protection and Enabling Infrastructure Soft Costs

David Kusturin informed the Committee regarding a change to the materials previously provided in support of this agenda item; the Capital Approval being requested is \$198,473,722, an increase of \$900,000 from the Capital Approval of \$197,505,984 requested in the original materials. (Secretary's note: The original materials have been replaced by the amended materials in the meeting book stored in FARM Committee Library in the Board Portal.)

David Kusturin presented the amended materials and responded to questions from the Committee. He advised that this phase of the Port Lands Flood Protection Project (i.e., excluding the Cherry Street Stormwater and Lakefilling project) has not yet started but 90% of the forecast soft costs expenditures for the Project have been confirmed through negotiation or competitive procurement. Currently management forecasts that the total soft costs will exceed the escalated soft cost allowance by \$7,677,889 and consequently management is informing the Committee of its intention to utilize 28.2% of the soft cost risk contingency.

David Kusturin stated that the forecast soft costs reflect the conservative approach that has been taken and efforts to estimate as accurately as possible. As well, the costs are consistent with the recommended soft cost budget determined through the due diligence process. He confirmed that no changes have been made to the Project since the due diligence report was prepared, and that greater risk to corporation would arise from not granting the Capital Approval due to the impact on Project.

First Nations' cost implications are not yet fully known and are not reflected because they arise as a result of a change in scope initiated by government; the previous duty to consult was expanded by government to a duty to consult and accommodate. Once known (or able to be estimated), these costs would be reflected in a change in scope.

ON MOTION duly made by Jeanhy Shim, seconded by Susie Henderson and carried, it was **RESOLVED** that Capital investment of \$198,473,722, as described in the materials, be approved to allow for the commitment of project management, design and engineering, cost consulting, risk management, permits and approvals and ancillary soft costs related to the Project, contingent upon: i) execution of a Master Contribution Agreement in the amount of \$1.185 billion, among the Government of Canada, the Province of Ontario, the City of Toronto and the corporation; ii) approval of the Capital investment by the Port Lands Executive Steering Committee; and iii) and support for the Capital investment by HDR Inc., engaged to provide risk management, assessment and quantification to the corporation in connection with the Project.

Representatives of MNP LLP and BDO Canada LLP joined the meeting.

## 5. Enterprise Risk Management (ERM)

The Committee agreed to take the materials as read and, in response to questions from the Committee, representatives of MNP LLP (MNP) provided the following additional information regarding the results of the ERM/Risk Register Peer Review results and the Internal Audit Plan 2018/19 - 2019/20.

MNP clarified the relationship between the risk register and proposed internal audit plan with respect to the audit of capital projects and risks with the highest scores.

Capital projects will be included in future auditing of the PMO which, once fully established, will provide support and risk oversight to the Quayside and Port Lands Flood Protection projects. As well, certain enterprise audit activities will afford insight into projects. Lisa Taylor noted that projects are included in other audits of the corporation that are underway.

Areas with the highest risk scores are currently being addressed by management and audit of them is not beneficial until such actions are completed. Lisa Taylor advised the Committee that regular quarterly updates regarding management's progress to address such risks will be provided to the Committee, as part of the Corporation's Enterprise Risk Management Framework and as anticipated in the Committee work plan. She also noted that ERP system implementation will be audited by other groups in fiscal 2018/19, namely government audit and external audit.

The Chair requested that a "risk map" be prepared that would combine the information contained in the risk register with information regarding audits that are ongoing or planned. For risks being addressed by management, information regarding steps being taken by management could be provided.

MNP also explained that, despite its relatively low risk score, cyber-security is included in the proposed internal audit plan because MNP has found that organizations have benefited from review of the protections that they have in place, despite thinking they are secure.

MNP confirmed that the internal audit scope (including testing), budget, and number of audits per year are sufficient, reflecting the other audits underway and the internal audit practices of other public-sector organizations.

**ON MOTION** duly made by Susie Henderson, seconded by Jeanhy Shim and carried, it was **RESOLVED** that the Internal Audit Plan 2018/19 - 2019/20 be approved.

Representatives of MNP left the meeting at 10:40 a.m.

Lisa Taylor informed the Committee of the results of the audit by Ernst and Young under the tri-government audit plan regarding compliance with two Contribution Agreements (CA - 72 and CA - 85). There were twelve key findings, none of which are considered to be high risk. An action plan to address all recommendations has been agreed to with City staff and all recommendations will be implemented with the next six months.

#### 6. External Audit Plan 2017/18

Jeff Barratt, Partner, BDO Canada LLP (BDO), presented the highlights of the Audit Planning Report, prepared by BDO and provided in the meeting materials. The focus of the audit is on processes and internal controls with respect to preparation of the financial statements, not operations. BDO is aware of other audits and intends to leverage that work so as not to double test. Materiality is proposed to be \$2,000,000, based on budgeted expenditures. The proposed audit plan is risk-based and includes compliance with government funding, construction deposits and other project-related reporting. The audit fieldwork takes place April 30-May 11, and the final report will be provided to the Committee at the meeting on May 31.

**ON MOTION** duly made by Jeanhy Shim, seconded by Susie Henderson and carried, it was **RESOLVED** that the External Audit Plan 2017/18 be approved.

Representatives of BDO left the meeting at 10:49 a.m.

#### 7. Five Year Strategic Plan Update

Lisa Taylor presented a work plan for the development of the Five Year Strategic Plan covering the fiscal periods 2019/20 to 2023/24 that the corporation is required to deliver, and that the Board will be asked to approve on or before December 31, 2018. A separate one-year

5 Item 7a

Corporate Plan is not required as it will form part of the Five-Year plan. The presentation of the work plan highlighted the timing and focus of planned opportunities for oversight by the Board, the Chairs Committee and the FARM Committee.

## 8. Project Governance, Organizational Resilience, Risk Management Report

David Kusturin presented an overview of project governance, highlighting measures being taken to enhance the corporation's project management framework. The presentation covered project governance roles and processes and the stage-gate process. He described changes being made to the stage-gate process and directed the Committee to the schedule of capital approvals at page 132. The enhancements to project management, which include the Enterprise Resource Planning (ERP), the Program Management Office (PMO) and the Capital Peer Review Panel, will be in place at the end of June 2018. In closing, David Kusturin advised the Committee that the management, control and reporting of contingencies will be done via a pooled approach.

The Chair confirmed that the overview was for information only and indicated that the Committee may wish to revisit capital peer review reporting.

## 9. Termination of the Meeting

There being no further business, Of	N MOTION, duly made by Jeanhy Shim, seconded by
Susie Henderson and carried, it was RESO	<b>LVED</b> that the meeting be terminated at 11:10 a.m.
local time.	
Committee Chair	Secretary



## Finance, Audit & Risk Management Committee – May 31, 2018 Item 7b(i) – Enterprise Risk Management Dashboard Lisa Taylor

Agenda Item	Item 7b(i), Finance, Audit & Risk Management (FARM) Committee, May 31, 2018	
Purpose	For Committee Information.	
Key Message	<ul> <li>As part of Waterfront Toronto's ongoing enhancements in its risk reporting framework, we have recently developed an Enterprise Risk Management (ERM) dashboard (Appendix 1) to facilitate our quarterly updates to the FARM Committee on:         <ul> <li>Key enterprise-wide risks,</li> <li>Five-year audit register (incl. two-year internal audit plan), &amp;</li> <li>Enterprise risk framework enhancements based on ERM recommendations of our internal auditor.</li> </ul> </li> </ul>	
Areas of note/ Key issues		
Expected Outcome	For information purposes.	
Key Takeaways/ Next Steps	Following reports will be presented to the FARM Committee at its next meeting on September 20, 2018:  1. ERM status quarterly update report. 2. Cybersecurity internal audit results.	

## Appendix 1: Enterprise Risk Dashboard – Q1 2018/19



## **Top 10 Enterprise Risks**

## Q1 2018/19

Q.1 = 0.101.10					
Risk Area	Inherent Risk Score	Residual Risk Score	Line 1: Risk Owners	Line 2: Risk Control Functions	Line 3: Indep. Risk Assurance
1. Management of Systems, Processes & Info.	20	10	~	<b>\</b>	~
2. Organisational Resilience	15	10	~	>	~
3. Corporate Governance	12	12	~	<b>\</b>	~
4. Recruitment & Retention of Employees	12	12	~	~	~
5. Strategic Plan	12	12	~	~	
6. Government Approvals	12	12	~	~	~
7. Tri-Government Goal Alignment	12	12	~	~	
8. Mandate Extension	12	12	~	~	
9. Realisation of Revenues - Development	12	12	~	~	
10. Public & Stakeholder Engagement	12	12	~	~	
11. Project - Port Lands Flood Protection	12	12	~	~	~
12. Project - Quayside	12	12	<b>V</b>	V	<b>V</b>

## Q4 2017/18

Risk Area	Inherent Risk Score	Residual Risk Score
1. Management of Systems, Processes & Info.	20	10
2. Corporate Governance	16	16
3. Recruitment & Retention of Employees	16	12
4. Organisational Resilience	15	10
5. Strategic Plan	12	12
6. Government Approvals	12	12
7. Tri-Government Goal Alignment	12	12
8. Mandate Extension	12	12
9. Realisation of Revenues - Development	12	12
10. Public and Stakeholder Engagement	12	12
11. Project - Port Lands Flood Protection	12	12
12. Project - Quayside	12	12

Overall, risk scores have decreased due to risk mitigating strategies implemented in the last quarter.

Five-Year Audit Register			
Fiscal Ye	ar Audit	Audit Type Status	
2019/2020	<ul> <li>Project Management Process Controls</li> <li>Procurement</li> <li>March 31, 2020 Financial Statements</li> </ul>	<ul><li>Internal N/S</li><li>Internal N/S</li><li>External N/S</li></ul>	
2018/2019	<ul> <li>Cybersecurity</li> <li>Enterprise Resource Planning System Implementation/Internal Controls</li> <li>Value-for-Money Audit</li> <li>Corporate Governance</li> <li>March 31, 2019 Financial Statements</li> </ul>	Internal	
2017/2018	<ul> <li>Peer Review of Enterprise Risk Register</li> <li>IT Audit</li> <li>March 31, 2018 Financial Statements</li> <li>Value-for-Money Audit</li> </ul>	<ul> <li>Internal</li> <li>Internal</li> <li>External</li> <li>Government</li> </ul>	
2016/201>	<ul> <li>Contribution Agreements: WDL Precinct (CA-72) &amp; EBF Continued Implementation (CA-85)</li> <li>March 31, 2017 Financial Statements</li> </ul>	• Government ✓ • External ✓	
2015/2016	<ul> <li>Cash Forecasting Process Review</li> <li>Billing and Collections Management</li> <li>March 31, 2016 Financial Statements</li> </ul>	• Internal ✓ • Internal ✓ • Government ✓	
Lo	Ongoing		

# Appendix 1: Enterprise Risk Framework Enhancements – Q1 2018/19



Enterprise Risk Framework Enhancements			
Area	Opportunities for Improvement	Target Completion	
People	Formal risk training for Risk Task Force and Executive Team.	Sep. 2018	
Process	Review assessment criteria to ensure relevance.	Dec. 2018	
	Increase efficacy of assessment of data (specifically accuracy and precision).	Dec. 2018	
	Align corporate risk and project risk processes.	Dec. 2018	
	Establish tools for assessing risk interactions.	Dec. 2018	
	Document risk appetite, risk tolerance and escalation criteria.	Mar. 2019	
System	Review report format as ERM enhancements are made.	Ongoing	
	Utilize information from PMO and Expert Panel to incorporate relevant risk items.	Dec. 2018	

### **Draft Scope of Cyber Security Audit**

The objectives of the cyber security audit are to assess the maturity of Waterfront Toronto's security processes, identify control weaknesses that increase the risk of a cyber security breach, and provide prioritized recommendations for internal control improvements in line with best practice to enhance the Corporation's overall security program.

The scope will focus on assessing the design and implementation of the following cyber security process and control areas:

Key Areas	Key Elements
Overall security program	Covers security measures, risk appetite, cyber insurance, breakdown of security responsibilities
2. Policies	Includes approved security policies, standards and guidelines
Systems security,     administration & operations	Covers asset inventory, software inventory, build configuration, security updates, permissions, disaster recovery planning
4. Network security & operations	Covers asset inventory settings, network design, permissions, firewalls, wireless networking
Desktop and end user computing	Covers asset inventory settings, software inventory, system configuration, security updates, email and web protections, malware protection
6. Security	Includes vulnerability management and remediation, audit logging, security skills and awareness training, incident response, penetration testing
7. Logical security controls	Includes passwords, user onboarding and termination procedures, and remote access

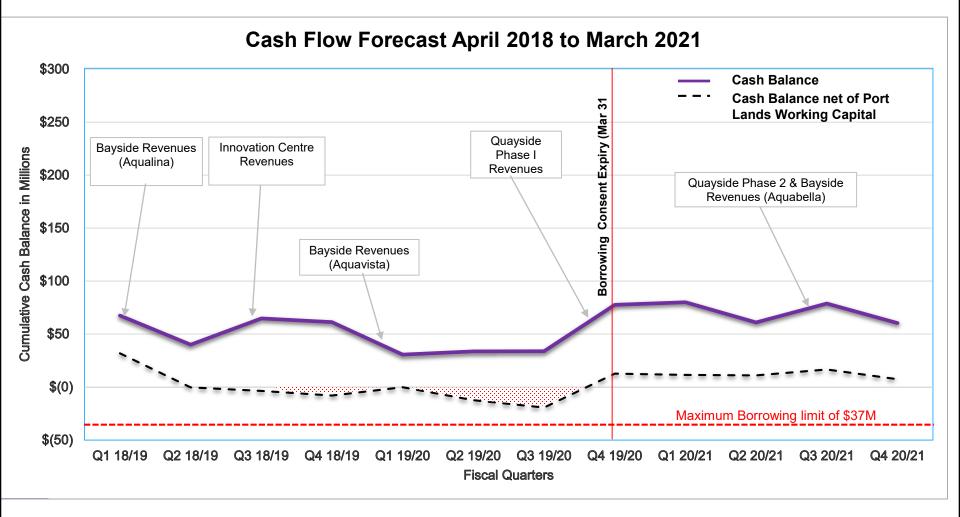


## Finance, Audit and Risk Management Committee – May 31, 2018 Item 7b ii. - Cash Flow Forecast Lisa Taylor

Agenda Item	Item 7b ii, FARM Committee, May 31, 2018			
Purpose	For Committee Information			
•	The Corporation prepares cash flow forecasts on a monthly basis and monitors closely in periods where cash becomes critical. The purpose of the cash flow forecast is to highlight significant risks if any, associated with the timing of realizing revenues and the related implications on required borrowing.			
Key Message	<ol> <li>Waterfront Toronto is forecasting that it will not have to borrow due to:</li> <li>The implementation of a service with its Bankers to pool the Corporation's bank accounts (debit or credit balance) to one net total for interest income/borrowing cost purposes; and</li> <li>The assumption that Waterfront Toronto will maintain a positive working capital balance for the Port Lands project on average of between \$10M to \$50M over the seven-year project term.</li> <li>Current available borrowing room is \$37 million.</li> <li>Current available cash is \$46 million.</li> </ol>			
Areas of note/ Key issues	<ul> <li>As per the 2015 five year Government Borrowing Consent, which expires on March 31, 2020, Waterfront Toronto, can borrow up to \$40 million, secured against Quayside lands.</li> <li>In June 2017 Waterfront Toronto issued a letter of credit for approximately \$3 million to the Department of Fisheries and Oceans for the Cherry Street Stormwater and Lakefilling project, reducing available borrowing to \$37 million.</li> <li>But for the Port Lands working capital and the ability to pool bank accounts, Waterfront Toronto would have been required to borrow for certain revenue dependent projects i.e. Land acquisition for Queen Quay and Parliament Street realignment and Stormwater management facility.</li> <li>Cash inflows expected to be realized during FY 18/19 to FY 20/21 are primarily made up of the following land related revenues for Bayside, Dockside and Quayside, which are based on conservative estimates.</li> <li>A delay in the expected timing of realization of one of these revenues is unlikely to result in a borrowing situation.</li> </ul>			
Expected Outcome	No Committee action is required.			
Key Takeaways/ Next Steps	The next cash flow forecast update will be provided to the FARM Committee on September 20, 2018.			

## Cash Flow Forecast – Q1 2018/19





If it were not for the Port Lands working capital **and** the ability to pool bank accounts, Waterfront Toronto would need to borrow beginning Q4 2018/19.



## Finance, Audit and Risk Management Committee – May 31, 2018 Item 7b(iii) – 2017/18 Corporate Plan Performance Report Lisa Taylor

Agenda Item	Item 7 b (iii), FARM Committee, May 31, 2018
Purpose	For Committee Information  The Corporate Plan Performance Reports are a key component of the Corporation's Financial Planning and Reporting Framework. The purpose of these forward-looking reports is to monitor, on a quarterly basis, the progress and achievement of the Corporation's deliverables, budget and revenues against the approved 2017/18 Corporate Plan Amendment.
Key Message	The Corporation achieved the following for fiscal year 2017/18 (April 1, 2017 – March 31, 2018):  • 76% of Key Deliverables, namely 19 out of 25;  • 47% of Capital Investment Plan (Budget), namely \$75.9 million vs. planned investment of \$162.3 million); and  • 72% of Revenues realized, namely \$64 million vs. \$89 planned.
Areas of note/ Key issues	Further details and explanations on planned and achieved deliverables, budgets and revenues are provided in the attached 2017/18 Corporate Plan Performance Report.  Highlights of these results have also been incorporated into the Corporation's 2017/18 Annual Report under Item 10 of the FARM agenda.
Expected Outcome	No Committee action required.
Key Takeaways/ Next Step	The Q1 2018/19 Corporate Plan Performance Report will be provided to the FARM Committee on September 20, 2018.



Project	2017/18 Deliverables	Status	Comments
PORT LANDS			
1. Port Lands Flood Protection & Enabling	Complete preliminary schematic design on select project elements.	•	Achieved in March 2018.
Infrastructure: Early Works	Formalize the project schedule, project budget breakdown, cashflows and project implementation plan with the construction manager.	•	Achieved in March 2018. Details included in the executed tri-government contribution agreement.
	Begin field testing for selected soil remediation technologies.	•	Achieved. Field testing commenced in October 2017 and completed in March 2018.
	Commence planning for the construction of the new Cherry Street Bridge over the Keating Channel in tandem with the Cherry Street Stormwater and Lakefilling Project.	•	Achieved in February 2018.
	Obtain endorsement on Port Lands Framework Plan from City Council		Achieved in December 2017.
	Modify the official implementation plan and imbed the Framework Plan and Villiers Island Precinct Plan into policy. Obtain endorsement from the City Council.	•	Achieved in December 2017.
2. Cherry St. Stormwater and Lakefilling Project	Commence construction of the Cherry Street Stormwater and Lakefilling Project, which includes relocating the storm water outfall. This project is an important part of the required flood protection work in the Port Lands.	•	Achieved. Construction of perimeter confinement berm and lakefilling operations commenced in December 2017.
	Initiate and obtain the Cherry Street Lakefilling Zoning Bylaw.	•	Achieved in April 2017.
3. Bayside Phase I	Commence construction of the public realm elements of the private street (Edgewater Drive) for Aquavista with target completion date of June 2018.	•	Deferred to fiscal year 2018/19  Construction of public realm elements deferred to Q1 2018/19 to align with developer's timetable.  Completion of Edgewater Drive targeted by September 2018.
	Initiate Aitken Place Park construction with target completion by 2018/19.	•	Deferred to Q1 2018/19 due to required park redesign to achieve project budget.
	Complete the electrical room inside Tridel's Aqualina for the Water's Edge     Promenade in Bayside.	•	Achieved.
	Deliver first residential occupancy in Bayside (Aqualina).		Achieved in September 2017.
4. Bayside Phase II	Complete construction of the public local streets. This includes relocation and reconstruction of the combined sewer outfall below Small Street and the construction of new streets, underground utilities including water, sewer, hydro and gas, and public realm to service the eastern half of the Bayside development.	•	Completion deferred to Q2 2018/19 due to challenges in acquiring dewatering permits, high water tables, winter conditions, and existing soil conditions.
	Register Phase II Plan of Subdivision for Bayside.		Achieved in November 2017.
	Close on land with Hines/Tridel for Block R5 (Aquabella)		Achieved in December 2017.
	Obtain Record of Site Condition (RSC) from the Ontario Ministry of the Environment and Climate Change.	•	Achieved in November 2017.
	Complete all financial commitments to Toronto Hydro for the design, permitting and construction of hydroelectric infrastructure for Bayside Phase II.	•	Achieved in October 2017.
	Complete the first 90 meters of public realm infrastructure for the Water's Edge     Promenade in Bayside Phase II.	_	Completion deferred to Q2 2018/19 due to challenges in acquiring dewatering permits, high water tables, winter conditions, and existing soil conditions.
	Complete the reinforcements to dockwalls for the balance of the Bayside Phase II water's edge, including Parliament Slip.	•	Page 22 of Page

Project	2017/18 Deliverables	Status	Comments
5. Stormwater Management Facility	Complete environmental remediation and construction of the exterior building for the Stormwater Management Facility core and shell.	•	Deferral in construction tender from spring 2018 to fall 2018 as follows:  (a) The facility has been redesigned to accommodate changes caused by the pending realignment of the Gardiner Expressway.
	Commence installation of stormwater treatment process equipment.	•	(b) Board supplementary capital approval was only obtained in September 2017. (c) Extended procurement process due to complexity of project and extensive questions from bidders late in the RFP process.
6. Queens Quay East & Parliament Intersection	Initiate the process to secure lands and further develop the design for the Parliament Street realignment and Queens Quay East extension.	•	Deferral of land acquisition from early 2018 to late 2018 due to: (a) Extended discussions with landowner resulting from an expanded negotiation scope which now includes assistance with identification of potential location options to address landowner's access to their facilities, and (b) Timeline for the land acquisition has been re-assessed to avoid a premature purchase. An innovation and funding partner has been brought on-board to help invest in a year-long process to conceive of a globally transformational project that will see development happen a year later than planned.
7. Broadview & Eastern Avenue Flood Protection	Conduct due diligence and a class environmental assessment for the flood protection of the site located at the Eastern Avenue underpass of the CN Rail Line.	•	Achieved. Project on track for completion in June 2018.
8. Queens Quay Revitalization	Transfer the temporary overhead power connections to the new underground system and replace older hydro poles with Waterfront Toronto's signature light poles. The work will commence pending Toronto Hydro's completion of new underground electrical infrastructure.	•	Completion dependent on Toronto Hydro's energization of new hydro infrastructure on the south side of Queens Quay.
9. Villiers Island Planning	Complete the Villiers Island Precinct Plan and obtain endorsement from City Council.		Achieved. Precinct Plan completed in September 2017 and endorsed by City Council in December 2017.
	Complete the Villiers Island Framework Plan and obtain endorsement from City Council.		Achieved. Villiers Island Framework Plan Completed in September 2017 and endorsed by City Council in December 2017.
10. West Don Lands Phase III Development	Execute the Rekai Development Agreement for Block 5 in West Don Lands.	•	Achieved in December 2017.
11. Lower Yonge Precinct Plan	Complete the Public Realm Plan for Lower Yonge.	•	Achieved in March 2018.
12. The Bentway	Complete construction on Phase 1: Fort Frontage, Shingle Beach and Shoreline Garden, the skating trail and the skating building.	•	Achieved in December 2017.
13. Jack Layton Ferry Terminal - Phase 1A	Complete the design and construction of the entrance plaza to the ferry terminal, which includes landscaping, play equipment and the extension of the Queens Quay pedestrian promenade from Bay Street to the ferry terminal entrance (60 linear meters).	•	<ul> <li>Project suspended as requested by City of Toronto to ensure access to the ferry terminal in May 2018.</li> <li>Project to be re-mobilized and completed in fall 2018.</li> </ul>
14. [NEW DELIVERABLE] - York Street Park and Rees Street Park	Launch International Innovative Design Competition as part of pre-design works for the Rees Street Park and York Street Park.	•	Achieved.     International Innovative Design Competition launched in February 2018, with selection of successful proponent targeted in September 2018.
15. Outside Development	Colored Innovation and Funding partners(s) for the Openity State Colored		
15. Quayside Development	<ul> <li>Select Innovation and Funding partner(s) for the Quayside Development. We plan to issue a Request for Qualifications for the Quayside development in early 2017. The Innovation and Funding partner(s) is/are expected to be identified by the end of 2017.</li> </ul>	•	Achieved. Waterfront Toronto selected Sidewalk Labs as its Innovation and Funding partner in October 2017.



Project	2017/18 Deliverables	Status	Comments
16. Eastern Waterfront Transit	Complete the Waterfront Transit Reset Study.	•	Achieved in January 2018.     Completed Transit Reset Report for the entire waterfront from Scarborough to Etobicoke, including transit demand modelling in partnership with the City of Toronto and the Toronto Transit Commission.     The study including recommendation was approved by the City Council in January 2018.
	Complete the Union Station to Jack Layton Connector Report.	•	Achieved in January 2018. Completed studies on three options for the connection between union station and Queens Quay including: the funicular, moving sidewalk and LRT. The City Council approved moving forward with additional study on the Funicular and LRT options in January 2018, and requested for status update in early 2019.
17. Community Engagement, Stewardship & Community Building	Implement Engagement Plus strategy for community consultation, stakeholder and public engagement.	•	Achieved.  • Draft of new corporate narrative finalized in March 2018.  • Engagement + strategy finalized in March 2018. New approaches to branding and diversifying audience including a number of pop up engagement pilots successfully implemented.
18. Government Relations	Clarify and streamline the working relationship with our government partners, particularly with regard to operational issues and deliverables.	•	Achieved. Inter-governmental Steering Committee (IGSC) meetings with governments are happening regularly and have helped address these issues.
19. Philanthropy, Corporate Sponsorship & Revenue Generation	We will begin to evaluate and execute the recommendation from the 2015 report on philanthropic opportunities and corporate readiness to engage in sponsorship activities, to accelerate the delivery of identified projects particularly with regard to the public realm.	•	Achieved. Beginning simultaneously, relationships established with interested corporations who want to assess Waterfront Toronto as philanthropic opportunity. The Corporation is undertaking these efforts in collaboration with the City Partnership Office.
20. Innovation & Sustainability	Continue to evolve Waterfront Toronto's approach in transforming the market and respond to critical challenges that we are facing locally, nationally and globally.	•	Achieved. Ongoing initiatives include: updating Minimum Green Building Requirements to reflect more ambitious targets launched through the work on Quayside and activating the first phase of Wi-Fi in The Bentway.
21. Partnership & Economic Development	Working alongside the Partnership Committee of the Board of Directors, we will put in place the strategic framework, guidelines and instruments to provide a base for these engagements.	•	Achieved. Partnership Strategy Framework has been finalized in March 2018, and is targeted for discussion at the next Partnerships Board Committee (now referred to as Stakeholder Relations Committee effective March 2018) meeting in Q1 2018/19.
22. New Strategic Vision - Organizational Resiliency Plan	• Implement Waterfront Toronto's new strategy, objectives, priority projects and initiatives and accompanying organizational restructuring and integrated resourcing plan.	•	Achieved in March 2018.
23. Project Delivery	Introduce flexible project delivery approach.	•	Achieved. Full-time roles presently being complemented with contractual and outsourced positions to address variable project volumes. Procurement for an outsourced Program Manager role for Port Lands is complete.
	Complete salary benchmarking study.		Achieved in March 2018.
24. Information Technology	Implement new cloud-based Enterprise Resource Planning (ERP) system.	•	Target "go-live" date has shifted from April 2018 to July 2018 as a result of more complex business process requirements together with constrained staff resources.



**DRAFT FOR DISCUSSION** 

Project	2017/18 Deliverables	Status	Comments
25. Capital Investments	• Implement new communication technology (audio-visual equipment) and other Boardroom upgrades.		Deferred to 2018/19 to integrate with the overall office space reconfiguration project planned in 2018/19.
	Provide additional office space to primarily support the Port Lands project.	_	Achieved. Total additional office space secured is 1,600 s.f., primarily for the Port Lands project.

Overall Waterfront Toronto achieved approximately 19 of 25 (76%) deliverables for 2017/18.

\*Board-approved September 14, 2017.

#### Legend:

Achieved by March 31, 2018.

Deliverable not within Waterfront Toronto's immediate control, hence not achieved by March 31, 2018

Not achieved by March 31, 2018 / deferred to a future year.



## Q4 2017/18 Corporate Plan\* Performance Report - Capital Investment Plan May 31, 2018

(\$ in millions)

DRAFT FOR DISCUSSION

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No.	Project	Approved Plan*	Actual Results	Variance	e	Comments				
PORT I	ANDS	\$ 60.1	\$ 31.1		29.0)					
1	Port Lands Flood Protection & Enabling Infrastructure: Early Works	\$ 35.0	\$ 17.7	\$ (	- 1	Reduction in planned expenditure for the year to align with the updated project funding schedule from the governments. No change to the overall budget for the Port Lands project.				
2	Cherry St. Stormwater and Lakefilling Project	25.1	13.4	(		Reduction due to:  (a) Deferral of certain project elements to next fiscal year due to updated construction timelines, and  (b) Impact of lake conditions to delivery of core stone materials.  No change to the overall project budget or schedule.				
COMP	LETE COMMUNITIES	\$ 60.7	\$ 11.7		49.0)					
3	Bayside Phase I	8.3	2.3			Deferral of construction of the following project elements to Q1 2018/19:  (a) Public realm scope for Aquavista's private street due to alignment with developer's timeline, and  (b) Aitken Place Park re-design to reduce project costs.				
4	Bayside Phase II	26.2	6.8	(		Reduction mainly due to deferral of completion of public realm scope to summer 2018 due to challenges in acquiring dewatering permits, high water tables, winter conditions, and existing soil conditions.				
5	Stormwater Management Facility	10.1	1.2			Deferral in award of construction tender from spring 2017 to April 2018 as follows:  (a) The facility was redesigned to accommodate changes caused by the pending realignment of the Gardiner Expressway.  (b) Board supplementary capital approval was obtained in September 2017.  (c) Extended procurement process due to extensive questions from bidders late in the RFP process. Extended final negotiations with preferred proponents.				
6	Queens Quay East & Parliament Intersection	14.1	0.1	(	•	Reduction mainly due to deferral of land acquisition (\$13M) from early 2018 to late 2018 as follows:  (a) Extended discussions with landowner resulting from an expanded negotiation scope, and (b) Timeline for the land acquisition has been re-assessed to avoid a premature purchase, since we have brought on an innovation and funding partner to help us invest in a year-long process to conceive of a globally transformational project that will see development happen a year later than planned.				
7	Broadview & Eastern Avenue Flood Protection	1.0	0.4		(0.6)	No material changes to note.				
8	Queens Quay Revitalization	0.6	0.6		(0.0)	Actual results as planned.				
9	Villiers Island Planning	0.4	0.3		(0.1)	No material changes to note.				
10	West Don Lands Phase III Development	0.1	0.1		. ,	No material changes to note.				
11	Lower Yonge Precinct Plan	0.3	0.1			No material changes to note.				
	PLACES	\$ 21.1			(1.8)					
12	The Bentway	18.8	18.0		(8.0)	No material changes to note.				



## Q4 2017/18 Corporate Plan\* Performance Report - Capital Investment Plan May 31, 2018

(\$ in millions)

DRAFT FOR DISCUSSION

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No.	Project	Approved Plan*	Actual Results	Variance	Comments				
13	Jack Layton Ferry Terminal - Phase 1A	2.3	1.2	(1.1)	No material changes to note.				
14	[NEW DELIVERABLE] - York Street Park and Rees Street Park	-	0.1	0.1	No material changes to note.				
QUAYS	IDE	\$ 1.0	\$ 1.7	\$ 0.7					
15	Quayside Development	1.0	1.7		Mainly due to additional legal, staff and consultant costs driven by the extended timeline for the finalization of the Plan Development Agreement with Sidewalk Labs, Waterfront Toronto's Innovation and Funding Partner for the project.				
Easter	n Waterfront Transit	\$ 1.3	\$ 1.0	\$ (0.3)					
16	Eastern Waterfront Transit	1.3	1.0	(0.3)	No material changes to note.				
OTHER	PROJECTS	\$ 17.7	\$ 10.9	\$ (6.8)					
17	Other Projects	10.2	3.4	(6.8)	Reduction mainly driven by:  (a) project deferrals (e.g., Keating Precinct Plan, Sherbourne Park, and MT 27 development), and  (b) project cost savings (e.g., Woonerfs, Port Lands Flood Protection due diligence, intelligent communities, Don River Park).				
18	Corporate Costs	7.5	7.5	(0.0)	Actual results as planned.				
	Total	\$ 161.9	\$ 75.9		Overall decrease of \$86M (53%) mainly attributed to project deferrals (\$84M) and cost savings (\$2M) as follows:  Project Deferrals  • Certain project elements for Port Lands and Cherry Street Stormwater and Lakefilling due to updated funding and construction timelines, and impact of lake conditions to delivery of core stone materials (\$29M) deferred to 2018/19;  • Public realm scope for Bayside Phase I and II (\$25M) deferred to 2018/19;  • Land acquisition (\$13M) and design commencement (\$1M) for Queens Quay East & Parliament Intersection project deferred to 2018/19;  • Construction tender for the stormwater management facility to accommodate the redesign of the Gardiner Expressway realignment by the City of Toronto (\$9M) deferred to April 2018, and  • Construction and/or development of certain project components deferred to 2018/19, e.g., Jack Layton Ferry Terminal, Keating Precinct Plan, Sherbourne Park, MT 27 Development, intelligent communities, etc. (\$7M).  Project Cost Savings  • Cost savings in various projects, e.g., Woonerfs, Port Lands Flood Protection due diligence, Don River Park (\$2M)				
	Achieved % of Plan to March 31, 2018		47%						

<sup>\*</sup>Board-approved September 14, 2017.



## Q4 2017/18 Corporate Plan\* Performance Report - Revenue As at May 31, 2018

Revenue Source		roved	Realized		ariance	Comments
	Pla	an*	Revenue			
Government Contributions	\$	68.9	\$ 47.8	\$ \$	(21.1)	Reduced expected government contributions of \$21M for 2017/18 is consistent with the reduction to planned expenditures for the Port Lands and Cherry Street Stormwater and Lakefilling projects as a result of the updated project funding and construction schedules.
Revenues						
Philanthropic Contributions		3.1	3.1	L	-	No variance to report.
Developer Contributions (EBF and WDL Public Art Contributions)		1.0	-		(1.0)	Reduction due to deferral of East Bayfront and West Don Lands Public Art Contributions to a later year to align with developers timeline.
Land Revenues		5.5	5.5	5	-	No variance to report.
Cost Recovery Agreements		7.4	5.4	1	(2.0)	Unfavourable variance for Stormwater infrastructure expenditures due to deferral in awarding construction tender partly offset by City contributions for additional public realm design for Gardiner Environmental Assessment hybrid alternative and Jack Layton Phase 1B expenditures (Promenade extension to terminal gate).
Other Revenues		2.6	2.2	2	(0.4)	No significant variance.
Subtotal- Revenues	\$	19.6	\$ 16.2	2 \$	(3.4)	
Total	\$	88.5	\$ 64.0	\$	(24.5)	Overall unfavourable variance primarily as a result of reduction in planned expenditures for Port Lands Flood Protection & Enabling Infrastructure project and deferral of certain project elements for Cherry St. Stormwater & Lakefilling project and Stormwater infrastructure project.
Realized % of Plan to March 31, 2018			729	%		

(\$ in millions)

<sup>\*</sup>Board-approved September 14, 2017.

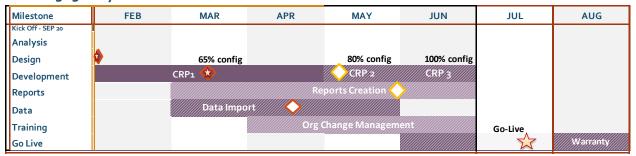


## Finance, Audit & Risk Management Committee – May 31, 2018 Item 7 b) iv – Update on Enterprise Resource Planning Implementation Lisa Taylor

Agenda Item	Item 7 b) iv, FARM meeting, May 31, 2018
Purpose	To provide an information update on the Corporation's Enterprise Resource Planning (ERP) System Implementation.
Key Message	Current phase: System Configuration and Testing.  The project team is continuing with system configuration of complex business functionality and has started development of reports and dashboards. As assessment is underway to determine timing and complexity of training for all Waterfront Toronto employees.  Go-live target of June/July 2018 is under review.
Areas of note/ Key issues	<ul> <li>The implementation of Microsoft Dynamics 365 (D365) is a key component of our Organizational Resiliency Plan included in the 2017/18 Corporate Plan Amendment (total budget \$0.7 million), as it is expected to significantly enhance operational effectiveness, transparency and accountability.</li> <li>Since the last report to FARM several key risk factors continue to be mitigated:         <ul> <li>Competing workload demands on internal resources resulting in lower percentage dedication to the ERP project than planned (40% vs. 80%);</li> <li>Specific technical expertise identified to assist with automating generation of reports directly out of the D365 system; and</li> <li>Timing and complexity of employee training; and</li> <li>ERP go-live date.</li> <li>To mitigate these risks, the Corporation has chosen to:</li></ul></li></ul>
Expected Outcome	No Committee action is required.
Key Takeaways/ Next Steps	The next update to the FARM Committee will be on September 20, 2018.

#### Note:

## ERP D<sub>3</sub>6<sub>5</sub> - key milestones



- The implementation, which began in Sept, 2017, is being jointly led by a third party System Integrator (Thinkmax Consulting), together with a contracted ERP Business Transformation Senior Manager (Emil Zelic);
- The key modules/ work streams being implemented include:
  - o Accounting/finance
  - o Procurement
  - o Project management
  - o Human resource management
  - o Customer/Stakeholder relationship management
  - o Performance reporting



## Finance, Audit & Risk Management Committee – May 31, 2018 Item 7 b) v – Five Year Strategic Business Plan Update Lisa Taylor

Agenda Item	Item 7b) v, Finance, Audit & Risk Management (FARM) Committee, May 31, 2018
Purpose	For Committee Information.
Key Message	<ul> <li>This year we are legislatively obligated to deliver a five-year business plan covering the fiscal periods 2019/20 to 2023/24.</li> <li>The Board is required to approve the Five Year Strategic Business Plan (Strategic Plan) on/before December 31, 2018.</li> </ul>
	Waterfront Toronto conducted a competitive procurement in April/May 2018 to solicit proposals for assistance in developing this year's Five-Year Strategic Business Plan (Strategic Plan).
	KPMG LLP was the successful proponent and will support and facilitate Waterfront Toronto's Senior Management Team and the Board of Directors, in the development of the Strategic Plan.
Areas of note/ Key issues	<ul> <li>Waterfront Toronto commenced preliminary discussions with KPMG on May 17, 2018 to ensure alignment with respect to scope and workplan.</li> <li>Approach for the development of the Strategic Plan will cover the following key engagements:         <ul> <li>Executive alignment sessions (i.e. Board and senior management team),</li> <li>External stakeholder engagement (e.g., government stakeholders, major private sector partners, waterfront agencies and boards, etc.),</li> <li>Public engagement (to be led by Waterfront Toronto), and</li> <li>Other workshops, e.g., "systems thinking" workshops to design the performance measurement framework.</li> </ul> </li> </ul>
Expected Outcome	For information purposes.
Key Takeaways/ Next Steps	Consistent with the Work Plan presented in March 2018, draft of the strategic framing and financial modeling plan will be presented to the Board on June 28, 2018.
	2. Review the draft of the Five Year Strategic Business Plan at the next FARM Committee meeting on September 20, 2018.



## Finance, Audit & Risk Management Committee – May 31, 2018 Item 7b(vi) – Procurement Quarterly Report Kevin Newson

Agenda Item	Item 7b(vi), Finance, Audit & Risk Management (FARM) Committee, May 31, 2018									
Purpose	For Information.									
Key Message	Since the last quarterly Procurement Report, and in accordance with the Corporation's Procurement Policies, management advises that there were:									
	<ul> <li>Five exceptions to Waterfront Toronto's Procurement Policies; and</li> <li>No contracts awarded in excess of \$5 million.</li> </ul> According to Section 11 of the Procurement Policies:									
Areas of note/ Key issues	According to Section 11 of the Procurement Policies:  (1) On a quarterly basis, the Procurement Department shall submit comprehensive reports to the FARM Committee covering:  a. any exceptions to these policies:  Non-Competitive Procurement - Goods & Services (including Professional Services) for contract value above \$25,000, the following does not meet the permitted exceptions under Section 6 (3):  Water's Edge Festivals & Events - Sponsorship for Sugar Shack Festival 2018. Contract Value to date: \$26,500  Toronto Outdoor Picture Show - Sponsorship for 2018 for 'Movies on the Common' & Christie Pits Film Festival'. Contract Value to date: \$26,500  Axiom Global Canada Inc Legal services to assist with Board/Corporate Governance matters. Last reported contract value is \$72,500, since last report an additional \$31,900 was added. Contract Value to date: \$104,400  Non-Competitive Procurement - Consulting Services, the following does not meet the permitted exceptions under Section 7 (2):									
	<ul> <li>Wilton Capital Advisers Ltd Engagement of Stephen Barter for Quayside to advance ongoing negotiations with Sidewalk Labs. Contract Value to date: \$36,000</li> <li>L Robin Cardozo – To serve as Board of Directors' Advisor and develop 'Board Contract'. Contract Value to date: \$45,000</li> <li>L Robin Cardozo - To assist the Board Chair and the Chairs Committee in the performance evaluation of Waterfront Toronto's CEO. Contract Value to date: \$30,000</li> <li>all contracts awarded in excess of \$5 million</li> <li>None</li> </ul>									
Expected Outcome	For information purposes.									
Key Takeaways/ Next Steps	The next Procurement Quarterly Report will be provided on September 20, 2018.									



# Finance, Audit & Risk Management Committee – May 31, 2018 Item 7c) – Quarterly Variance and Risk Report & Project Financial Reports David Kusturin

Agenda Item	Item 7c), Finance, Audit & Risk Management (FARM) Committee, May 31, 2018								
Purpose	For Committee Information The Financial Variance and Risk Report & Project Financial Reports are a sey component of the Corporation's project planning and reporting ramework. The purpose of these reports is to monitor on a quarterly basis, the progress and achievement of project budgets and schedules against the corporation's Long Term Plan and Capital Project Budgets approved by the Board of Directors.								
Key Message	<ul> <li>All projects are proceeding in accordance with the Long Term Plan and Board Approved Capital Project Budgets. Material changes this quarter include:         <ul> <li>Port Lands Flood Protection (PLFP) Project budget was increased by \$24.4M pursuant to the Capital Approval granted by the Board of Directors on December 7, 2017</li> <li>The Soft Cost Capital Approval in the amount of \$198.5M granted by the Board of Directors on March 29, 2018 will be reflected in the next report</li> <li>The Contribution Agreement for the Port Lands Flood Protection project in the amount of \$1.185M was executed in early May and will be reflected on the next report</li> </ul> </li> </ul>								
Areas of note/ Key issues	<ul> <li>All projects are proceeding within the current Board approved budgets</li> <li>93% of all projects are forecast to be complete on time or within 4 weeks of the scheduled completion date. There is no material impact to any agreements or commitments resulting from the three projects forecast to be delayed for more than 4 weeks.</li> <li>Jack Layton Ferry Terminal - Phase 1A, 70% of scope to be delivered by May 2018 and the remaining to be delivered in fall 2018</li> <li>Stormwater Management Facility was redesigned to accommodate changes caused by pending realignment of the Gardiner Expressway. The revised plans have been tendered and the work was awarded in early May</li> <li>Queens Quay East &amp; Parliament Intersection project implementation has been deferred allow for better definition of Quayside related work</li> <li>Aitken Place Park has been redesigned to address budget overages and is now forecast to be complete Q1 2019/2020</li> <li>Bayside Phase I public local streets to be completed in Q2 2018/19 to better align with developer's timeline</li> </ul>								
Expected Outcome	For information purposes.								
Key Takeaways/ Next Steps	The next Quarterly Variance and Risk Report & Project Financial Reports for Q1 2018/2019 will be provided on September 20, 2018.								

## Board Financial Variance and Risk Report As at April 30, 2018



												% Complete
		Schedule	_	Approved	Investment	<b>Current Approved</b>	Total	Total Cost to	Forecast to	Anticipated	Variance	(Cost to
Code	Name	Status	Status	Investment	Transfers	Investment	Commitments	Date	Completion	Final Cost	Fav/(Unfav)	date/AFC
CWF01-02	Lower Yonge Precinct Plan	<b>√</b>	<b>✓</b>	2,593,962	-	2,593,962	2,436,756	2,414,576	157,206	2,593,962	-	93%
CWF03-01	Queens Quay Revitalization & Public Realm	<b>√</b>	<b>√</b>	129,148,254	-	129,148,254	127,118,638	126,359,718	2,029,616	129,148,254	-	98%
CWF05-00	MT27 Development	<b>✓</b>	<b>✓</b>	2,631,290	-	2,631,290	2,145,133	2,067,753	486,157	2,631,290	-	79%
CWF07-03	MGT West YoYoMa to Stadium Rd	<b>✓</b>	<b>✓</b>	3,407,968	196,496	3,604,464	3,492,259	3,459,725	112,205	3,604,464	-	969
CWF16-00	Jack Layton Ferry Terminal		<b>V</b>	405,000	-	405,000	404,589	400,541	412	405,000	-	99%
CWF16-01	Jack Layton Ferry TerminalPhase 1A	y	<b>✓</b>	2,814,500	-	2,814,500	2,545,629	1,170,452	268,871	2,814,500	-	429
CWF17-00	Toronto Book Garden	$\checkmark$	<b>✓</b>	114,597	-	114,597	114,621	112,557	(24)	114,597	-	989
	nt Work Packages			141,115,572	196,496	141,312,068	138,257,624	135,985,321	3,054,444	141,312,068	-	96%
EBF02-00	Demolition, Soil & Environmental Management	<b>✓</b>	<b>✓</b>	14,852,000	-	14,852,000	12,196,789	12,017,076	2,655,210	14,852,000	-	819
EBF02-03	Demolition, Soil & Environmental Management (Bayside Phase 2)		<b>✓</b>	13,400,000	-	13,400,000	1,254,068	1,026,347	12,145,932	13,400,000	-	89
EBF04-04	Storm Water Quality Management (Stage 2)	<u> </u>	<b>✓</b>	33,400,000	-	33,400,000	17,834,764	16,357,658	15,565,236	33,400,000	-	49%
EBF04-05	Water's Edge Promenade (Bayside)	✓	<b>✓</b>	11,700,000	-	11,700,000	11,492,215	11,397,178	207,785	11,700,000	-	97%
EBF04-09	Water's Edge Promenade (Bayside Phase 2)	✓	<b>✓</b>	19,450,000	-	19,450,000	10,510,195	5,286,205	8,939,805	19,450,000	-	279
EBF05-02	External Sanitary Sewer	✓	<b>V</b>	45,540,000	-	45,540,000	44,766,866	43,695,824	773,134	45,540,000	-	96%
EBF05-03	Queens Quay (Jarvis to Parliament)	<u> </u>	<b>✓</b>	9,570,000	-	9,570,000	9,266,248	9,024,982	303,752	9,570,000	-	949
EBF05-05	Local Streets (Bayside)	<u> </u>	<b>✓</b>	15,700,000	-	15,700,000	13,522,460	13,127,144	2,177,540	15,700,000	-	849
EBF05-07	Aitken Place Park	×	<b>✓</b>	4,879,416	-	4,879,416	929,860	565,875	3,949,556	4,879,416	-	129
EBF05-08	Bonnycastle Street		<b>✓</b>	8,730,992	-	8,730,992	4,212,189	4,122,929	4,518,803	8,730,992	-	47%
EBF05-09	Local Streets (Bayside Phase 2)	×	$\checkmark$	19,250,000	-	19,250,000	8,910,866	3,824,085	10,339,134	19,250,000	-	20%
EBF05-10	Hydro Connections	✓	$\checkmark$	19,200,000	-	19,200,000	17,243,061	15,638,454	1,956,939	19,200,000	-	819
EBF08-01	Queens Quay East LRT Infrastructure	✓	<b>✓</b>	6,755,000	40,000	6,795,000	6,325,050	6,301,698	469,950	6,795,000	-	93%
EBF10-01	Dockside Development	✓	<b>✓</b>	4,000,000	-	4,000,000	3,341,724	3,074,042	658,276	4,000,000	-	77%
EBF10-02	Bayside Development	<b>✓</b>	<b>✓</b>	8,540,000	-	8,540,000	4,993,071	4,841,846	3,546,929	8,540,000	-	57%
EBF11-00	Phase II Development (North of Queens Quay)	✓	<b>✓</b>	2,810,000	-	2,810,000	2,757,995	2,739,345	52,005	2,810,000	-	97%
EBF11-01	Parkside Development	<b>✓</b>	$\checkmark$	1,560,000	-	1,560,000	1,414,683	1,395,024	145,317	1,560,000	-	89%
EBF11-02	Quayside Development	$\checkmark$	$\checkmark$	4,610,000	-	4,610,000	2,547,338	1,868,807	2,062,662	4,610,000	-	419
East Bayfront Wo	ork Packages			243,947,408	40,000	243,987,408	173,519,441	156,304,518	70,467,967	243,987,408	-	64%
WDL05-00	Corktown Common (or Don River Park)	<b>✓</b>	$\checkmark$	27,810,000	-	27,810,000	27,478,245	27,344,974	331,755	27,810,000	-	98%
WDL06-03	Stormwater Quality Management Facilities	×	<b>✓</b>	46,300,000	-	46,300,000	33,670,833	33,650,669	12,629,167	46,300,000	-	73%
WDL06-05	Woonerfs	✓	<b>✓</b>	7,190,000	-	7,190,000	6,858,467	6,671,173	331,533	7,190,000	-	93%
WDL08-00	Phase I/II Public Art	<b>~</b>	<b>✓</b>	6,516,526	-	6,516,526	442,271	442,271	6,074,255	6,516,526	-	79
WDL08-04	Front Street Public Art	<b>√</b>	<b>V</b>	2,240,000	-	2,240,000	2,216,776	2,217,211	23,224	2,240,000	-	99%
WDL08-05	Eastern-Sumach Public Art	<b>√</b>	<b>V</b>	511,557	-	511,557	511,557	511,557	-	511,557	-	100%
WDL10-00	Phase I Development	<b>V</b>	<b>V</b>	10,040,000	-	10,040,000	8,991,972	8,645,692	1,048,028	10,040,000	-	86%
WDL11-00	Phase II Development	<b>√</b>	<b>V</b>	4,500,000	-	4,500,000	3,686,783	3,484,974	813,217	4,500,000	-	77%
WDL12-00	Cherry St. Transit Line Extension	<b>√</b>	<b>V</b>	2,381,106	-	2,381,106	2,381,106	2,381,106	-	2,381,106	-	100%
WDL17-00	Phase III Development Costs	<b>V</b>	<b>V</b>	320,000	-	320,000	121,872	95,613	198,128	320,000	-	30%
West Don Lands V	Work Packages			107,809,189	-	107,809,189	86,359,880	85,445,239	21,449,309	107,809,189	-	79%
LDL01-00	Area-Wide Planning & Preliminary Work	✓	<b>✓</b>	20,140,000	-	20,140,000	19,586,687	19,541,269	553,313	20,140,000	-	97%
PFP01-00	PLFPEI Due Diligence and Project Planning	<b>V</b>	<b>V</b>	7,000,000	-	7,000,000	6,752,944	6,304,959	247,056	7,000,000	-	90%
PFP01-01	PLFPEI Implementation	<b>✓</b>	<u> </u>	40,000,000	-	40,000,000	39,399,628	23,010,514	600,372	40,000,000	-	589
PFP02-00	Cherry Street Stormwater and Lakefilling	<b>√</b>	<u></u>	65,000,000	-	65,000,000	45,854,030	14,236,056	19,145,970	65,000,000	-	229
Port Lands Project		*	•	132,140,000	-	132,140,000	111,593,289	63,092,799	20,546,711	132,140,000	-	489
				, .,		- , <b>,-</b>	, ,	, ,	,,	, .,		

# WATERFRONTOronto

## Board Financial Variance and Risk Report As at April 30, 2018

Code	Name	Schedule Status	Budget Status	Approved Investment	Investment Transfers	Current Approved Investment	Total Commitments	Total Cost to Date	Forecast to Completion	Anticipated Final Cost	Variance Fav/(Unfav)	% Complete (Cost to date/AFC)
TRN02-01	Lakeshore Boulevard Phase I	<b>4</b>	<b>✓</b>	-	973,263	973,263	867,628	-	105,635	973,263	-	0%
<b>Special Public Rea</b>	alm Projects			10,186,182	(16,593)	10,169,589	10,125,898	9,889,519	43,691	10,169,589	-	97%
SPR01-01	Project Under Gardiner Segment 1 (Strachan to Bathurst)	<b>4</b>	<b>V</b>	24,361,773	271,463	24,633,236	23,391,282	9,554,807	970,491	24,633,236	-	39%
<b>Waterfront Wide</b>	Initiatives			24,361,773	271,463	24,633,236	23,391,282	9,554,807	970,491	24,633,236	-	39%
<b>Grand Total</b>				659,560,123	491,367	660,051,490	543,247,414	460,272,202	116,532,613	660,051,490	-	70%

### **Schedule**



[Construction] forecast to complete more than 4 weeks behind schedux [Construction] forecast to complete 0-4 weeks behind schedule [Construction] forecast to complete on or before schedule

#### **Budget**

Forecast to complete more than 10% over approved budget Forecast to complete less than 10% over approved budget Forecast to complete within budget



# Finance, Audit and Risk Management Committee – May 31, 2018 Item 7c - Portlands Flood Protection & Enabling Infrastructure (PLFPEI) Project Cost Report David Kusturin

#### Portlands Flood Protection & Enabling Infrastructure (PLFPEI) – Early Works

Pursuant to the Consolidated Cost Management Report (attached), the following represents the financial status of the **Portlands Flood Protection & Enabling Infrastructure (PLFPEI) – Early Works** as at April 15, 2018:

- Current Approved Funding is \$40 million,
- Current Commitments equal \$28.67 million;
- Forecast of additional Future Commitments equals \$11.33 million; and
- All of the contingency of \$4 million remains Unallocated, available for future unknowns.
- Material commitments to date include:
  - Environmental, Geotechnical and Hydrological Investigation: Geosyntec Consultants International, Inc., Groundwater Technology BV, Ethical Solutions LLC, GHD Limited and WSP Canada Inc.
  - o Environmental Engineering Services: CH2M Hill Canada Limited.
  - o Program Management: Collier
  - Project Management: Projectus Infrastructure, Avison Yonge, HD Supply and Agree Incorporate.
  - o Procurement Peer Review: Rijkswaterstaat Room for the River
  - o Construction Manager: Ellis Don Civil Construction
  - Consulting Design and Contract Administration Services: Michael Van Valkenburgh and WSP Canada Inc.
  - o Consultation & Engagement: Bespoke Cultural
  - o Bridge Design and Engineering Services: Entuitive Corporation.
  - o Public Roads, Utilities and Management Services: WSP and DTAH
  - o Cost Consulting Service: ALTUS Group Ltd.
  - o Risk Management: HDR and Intech Risk
  - o DMNP EA Monitoring: TRCA
  - Direct Labour 2017-18: TWRC- Payroll
- Material Additional Commitments include:
  - Consulting Design and Contract Administration Services: Michael Van Valkenburgh (Amendment).

## Portlands Early Initiatives Cost Management Report as at 15-April-18

	Original	Budget	Current	Contract Cmtmt.	Non-Contract	<b>Total Committed</b>	<b>Total Cost Incurred</b>	Forecast Add'l.	Anticipated	Variance to	% Complete to
Description	Budget	Transfers	Budget	Amt.	Cost		to Date	Commitments	Final Cost	Budget	to Date
PFP01 Program Level Planning and Preliminary Work Total	\$ 1,400,000.00	\$ -	\$ 1,400,000.00	\$ 462,756.13	\$ 15,247.57 \$	478,003.70	\$ 495,898.29	\$ 921,996.30	\$ 1,400,000.00 \$	-	35%
PFP03 Roads & Services Total	\$ 997,170.00	\$ -	\$ 997,170.00	\$ 685,279.91	\$ - \$	685,279.91	\$ 308,741.72	\$ 311,890.09	\$ 997,170.00 \$	-	31%
PFP04 Bridges Total	\$ 5,134,545.00	\$ -	\$ 5,134,545.00	\$ 5,134,544.94	\$	5,134,544.94	\$ 1,731,600.07	\$ 0.06	\$ 5,134,545.00 \$	-	34%
PFP05 Flood Protection Features Total	\$ 7,577,285.00	\$ -	\$ 7,577,285.00	\$ 7,458,922.12	\$	7,458,922.12	\$ 5,143,815.74	\$ 118,362.88	\$ 7,577,285.00 \$	-	68%
PFP06 Public Realm Total	\$ 491,000.00	\$ -	\$ 491,000.00	\$ 490,929.31	\$	490,929.31	\$ 391,696.49	\$ 70.69	\$ 491,000.00 \$	-	80%
PFP07 Soft Costs	\$ 24,400,000.00		\$ 24,400,000.00	\$ 14,427,128.26	\$	14,427,128.26	\$ 5,406,344.92	\$ 9,972,871.74	\$ 24,400,000.00		22%
GRAND TOTAL	\$ 40,000,000.00	\$ -	\$ 40,000,000.00	\$ 28,659,560.67	\$ 15,247.57 \$	28,674,808.24	\$ 13,478,097.23	\$ 11,325,191.76	\$ 40,000,000.00 \$	-	34%

Key Project Statistics:			TODAY	J	an.15, 2018
	Total Current Project Budget:	\$	40,000,000	\$	15,600,000
	Total Committed:	\$	28,674,808	\$	8,667,283
	Anticipated Final Project Cost:	\$	40,000,000	\$	15,600,000
	Forecast Budget Variance	\$	-		
	Torecast Budget variance	Ψ			



# Finance, Audit and Risk Management Committee – May 31, 2018 Item 7c - Cherry St. Stormwater and Lakefilling Project Cost Report David Kusturin

#### **Cherry Street Stormwater and Lakefilling**

Pursuant to the Consolidated Cost Management Report (attached), the following represents the financial status of the **Cherry Street Stormwater and Lakefilling** as at April 15, 2018:

- Cherry Street Stormwater and Lakefilling Project Anticipated Final Cost is forecast to be \$65 million,
- Current Commitments equal \$46.74 million;
- Forecast of additional Future Commitments equals \$18.26 million; and
- **\$5.76 million** of the contingency has been allocated. **\$7.92 million** of the contingency is unallocated and available for future risks and unknowns.
- Material commitments to date include:
  - Consulting design and contract administration services: Michael Van Valkenburgh, and CH2M Hill Canada Limited
  - Advertisement & Communication: Construction Market Data Group Inc, Bespoke Cultural Collective.
  - Environmental, Geotechnical and Hydrological investigation: GHD Limited and WSP Canada Inc.
  - o Partner Agencies: Toronto Port Lands Company
  - Internal Staff Costs and Program Administration: Waterfront Toronto
  - o Construction Manager: Ellis Don Civil Construction (\$41.52 M incl.NRHST )
- Material Additional commitments awarded post reporting period:
  - o Partner Agencies: TRCA (\$546,328)

## PFP02-00: Cherry Street Stormwater and Lakefilling Project Cost Management Report as at 15-April-18

	Original	Budget	Current	<b>Total Committed</b>	<b>Total Cost Incurred</b>	Forecast Add'l.	Anticipated	Variance to	% Complete to
Cost Category	Budget	Transfers	Budget		to Date	Commitments	Final Cost	Budget	to Date
Soft Costs	7,341,000	0	7,341,000	4,173,343	2,768,249	1,198,122	5,371,466	1,969,534	52%
Hard Costs (Capital Construction)	40,800,000	0	40,800,000	40,800,000	10,307,902	7,634,607	48,434,607	-7,634,607	21%
Pilot Testing Costs	375,000	0	375,000	353,086	337,930	21,914	375,000	0	90%
Program Management, Project Planning & Implementation	1,950,000	0	1,950,000	625,079	624,629	1,324,921	1,950,000	0	32%
Total	50,466,000	0	50,466,000	45,951,508	14,038,710	10,179,564	56,131,073	-5,665,073	25%
NRHST	853,882	0	853,882	789,804	218,230	163,783	953,587	-99,705	23%
Totall (excluding Contingency)	51,319,882	0	51,319,882	46,741,312	14,256,940	10,343,347	57,084,660	-5,764,778	25%
Contingency	13,680,118	0	13,680,118	0	0	7,915,340	7,915,340	5,764,778	0%
GRAND TOTAL	65,000,000	0	65,000,000	46,741,312	14,256,940	18,258,687	65,000,000	0	22%

Key Project Statistics:		TODAY	As of Jar	nuary 15, 2018
	Total Current Project Budget: \$	65,000,000	\$	65,000,000
	Total Committed: \$	46,741,312	\$	46,269,104
	Anticipated Final Project Cost: \$	65,000,000	\$	65,000,000
	Forecast Budget Variance:		\$	-
	Unallocated Contingency: \$	7,915,340	\$	10,008,178
Allocated Contingency (incl. in Anticipated Final Project Cost): \$		5,764,778	\$	3,671,940
Anticipated Final Projec	t Cost as % of Current Project Budget:	100.0%		100.0%



# Finance, Audit and Risk Management Committee – May 31, 2018 Item 7c – The Bentway Segment 1 (Strachan to Bathurst) Project Cost Report David Kusturin

Pursuant to the Consolidated Cost Management Report (attached), the following represents the financial status of the **Bentway** (formerly known as "Project Under Gardiner") **Segment 1** (**Strachan to Bathurst**) as at April 15, 2018:

- The Bentway Segment 1 (Strachan to Bathurst) Anticipated Final Cost is forecast to be \$25.42 million or on budget;
- The Bentway Conservancy have approved and committed an additional \$633,073 in funding for additional scope elements;
- Current commitments equal \$25.07 million;
- Forecast of additional future commitments for unawarded contracts, changes to current contracts, and staff time and expenses ("forecast but uncommitted") equals \$352,863; and
- To date, **\$4.25** million of the \$4.31 million **contingency** has been allocated to specific tasks, leaving **\$0.06** million to be allocated in the future.

# SPR01-01: The Bentway Segment 1 (Strachan to Bathurst) (formerly Project Under Gardiner) Cost Management Report as at 15-April-18

Cost Category	Original Budget	Budget Transfers	Current Budget	Total Committed	Total Cost Incurred to Date	Forecast Add'l. Commitments	Anticipated Final Cost	Variance to Budget	% Complete to to Date
WT Project Management	540,000	0	540,000	450,000	405,000	90,000	540,000	0	75%
Design & Contract Administration	3,104,125	0	3,104,125	3,083,808	2,889,133	20,317	3,104,125	0	93%
Miscellaneous Consulting	1,128,004	58,850	1,186,854	1,393,052	1,270,485	-5,901	1,387,151	-200,298	92%
Sub-total Soft Costs	4,772,129	58,850	4,830,979	4,926,860	4,564,618	104,416	5,031,276	-200,298	91%
Hard Costs (Capital Construction)	14,357,156	1,492,630	15,849,786	19,720,094	16,131,181	180,107	19,900,201	-4,050,415	81%
Sub-total Hard Costs	14,357,156	1,492,630	15,849,786	19,720,094	16,131,181	180,107	19,900,201	-4,050,415	81%
NRHST	397,107	33,290	430,397	424,953	324,564	5,444	430,397	0	75%
Sub-total (excluding Contingency)	19,526,391	1,584,770	21,111,161	25,071,907	21,020,363	289,967	25,361,874	-4,250,713	83%
Contingency	3,973,609	340,000	4,313,609	incl. above	0	62,896	62,896	4,250,713	0%
GRAND TOTAL	23,500,000	1,924,770	25,424,770	25,071,907	21,020,363	352,863	25,424,770	0	83%

Key Project Statistics:		TODAY	As	of January 15, 18
	Total Current Project Budget:	\$ 25,424,770	\$	25,008,959
	Total Committed:	\$ 25,071,907	\$	24,079,368
	Anticipated Final Project Cost:	\$ 25,424,770	\$	25,008,959
	Forecast Budget Variance:			
	Unallocated Contingency:	\$ 62,896	\$	73,147
Alloca	ted Contingency (incl. in Anticipated Final Project Cost):	\$ 4,250,713	\$	4,240,462
Antic	ipated Final Project Cost as % of Current Project Budget:	100.0%		100.0%



# Finance, Audit and Risk Management Committee – May 31, 2018 Item 7c - Bayside External Services Project Cost, Schedule and Risk Reporting David Kusturin

#### **Bayside – External Services**

Pursuant to the Consolidated Cost Management Report (attached), the following represents the financial status of the **Stormwater and Sanitary Servicing Infrastructure Project** as at Apr 15, 2018:

- Stormwater and Sanitary Servicing Infrastructure Project Anticipated Final Cost is forecast to be \$66.54 million, which reflects the increased budget approved by the Board in September 2017;
- Current Commitments equals \$36.41 million; an increase from the prior report of \$0.10m;
- Forecast of additional Future Commitments equals \$24.98 million; and
- There is \$5.15 million of Unallocated Contingency remaining for future unknowns.

Construction of the underground component of the Sanitary Servicing Infrastructure is now complete and operational and the stormwater conveyance piping is more than 80% complete. Construction of the Sanitary Pumping Station (SPS) located at 480 Lake Shore Boulevard East is also complete, with the exception of installing permanent pumps, power, and controls. The Cherry Street Stormwater Facility (CS SWF) has been tendered and awarded within the budget carried to the work.

The above forecast is based the revised budget and implementation strategy that has been set out in the Request for Supplementary Capital Approval approved by the Board on September 14<sup>th</sup>, 2017. The final element of work, the In-water storm line is scheduled to be tendered and awarded this summer and work to complete by the end of the fiscal year.

# **Stormwater and Sanitary Servicing Infrastructure Consolidated Cost Management Report as at 15-April-18**

WP No.	Description	Original	Budget	Current	<b>Total Committed</b>	<b>Total Cost Incurred</b>	Forecast Add'l.	<b>Anticipated</b>	Variance to	% Complete to
	Description	Budget	Transfers	Budget		to Date	Commitments	Final Cost	Budget	to Date  40.25% 93.55% 57.56% N/A N/A N/A N/A
EBF04-04/WDL06-03	Stormwater Infrastructure	24,110,000.00	17,340,000.00	41,450,000.00	17,193,172.41	16,684,113.08	24,256,827.59	41,450,000.00	0.00	40.25%
EBF05-02	Sanitary Servicing Infrastructure	17,000,000.00	540,000.00	17,540,000.00	19,215,620.62	18,652,993.58	724,379.38	19,940,000.00	-2,400,000.00	93.55%
Sub-total (excluding Contingency)		41,110,000.00	17,880,000.00	58,990,000.00	36,408,793.03	35,337,106.66	24,981,206.97	61,390,000.00	-2,400,000.00	57.56%
Contingency - Planning/Design/Consulting		430,000.00	0.00	430,000.00	incl. above	incl. above	incl. above	0.00	430,000.00	N/A
Construction Contingency - Pre-Tender		3,595,000.00	0.00	3,595,000.00	incl. above	incl. above	1,625,000.00	1,625,000.00	1,970,000.00	N/A
Construction Contingency - Post-Contract		1,765,000.00	1,760,000.00	3,525,000.00	0.00	0.00	3,525,000.00	3,525,000.00	0.00	N/A
Sub-total Contingencies		5,790,000.00	1,760,000.00	7,550,000.00	incl. above	incl. above	5,150,000.00	5,150,000.00	2,400,000.00	N/A
GRAND TOTAL		46,900,000.00	19,640,000.00	66,540,000.00	36,408,793.03	35,337,106.66	30,131,206.97	66,540,000.00	0.00	53.11%

Key Project Statistics:		TODAY	As	on '15-Jan-18
	<b>Total Current Project Budget:</b>	\$ 66,540,000	\$	66,540,000
	Total Committed:	\$ 36,408,793	\$	36,304,252
	Anticipated Final Project Cost:	\$ 66,540,000	\$	66,540,000
	Forecast Budget Variance:	\$ -	\$	-
	Unallocated Contingency:	\$ 5,150,000	\$	5,150,000
Allocated Contingency	(incl. in Anticipated Final Project Cost):	\$ 2,400,000	\$	2,400,000
Anticipated Final Proj	ect Cost as % of Current Project Budget:	100.0%		100.0%



# Finance, Audit and Risk Management Committee – May 31, 2018 Item 7c - Bayside Phase II Project Cost Report David Kusturin

#### Bayside - Phase II

Pursuant to the Consolidated Cost Management Report (attached), the following represents the financial status of the **Bayside Phase II Project** as at April 15, 2018:

- Bayside Phase II Project Anticipated Final Cost is forecast to be \$44.7 million, which is the budget approved by the Board in December 2016;
- Current Commitments equals \$21.7 million; an increase from the prior report of \$0.77m;
- Forecast of additional Future Commitments equals \$16.2 million; and
- All of the contingency which equals **\$6.8 million** remains **Unallocated**, available for future unknowns.

Construction of the dockwall reinforcement and initial 90m of Water's Edge Promenade are in progress and are expected to be completed by August 2018.

Construction of Merchants Wharf is underway.

Procurement and construction of the private streets and remainder of the Water Edge promenade adjacent to Portland Slip is scheduled to be undertaken between year 2019/20 and 2022/23 respectively.

Project is on budget.

# EBF Bayside Phase II Consolidated Cost Management Report as at 15-Apr-18

WP No.	Description	Original	Budget	Current	<b>Total Committed</b>	<b>Total Cost Incurred</b>	Forecast Add'l.	Anticipated	Variance to	% Complete to
	Description	Budget	Transfers	Budget		to Date	Commitments	Final Cost	Budget	to Date
EBF04-09	Water's Edge Promenade (Bayside Phase 2)	15,200,000.00	0.00	15,200,000.00	10,513,499.65	5,209,330.72	4,686,500.35	15,200,000.00	0.00	34.27%
EBF05-09	Local Streets (Bayside Phase 2)	18,710,000.00	0.00	18,710,000.00	8,893,285.25	2,791,608.38	9,816,714.75	18,710,000.00	0.00	14.92%
EBF05-10	Hydro Connections	4,000,000.00	0.00	4,000,000.00	2,255,592.11	649,545.22	1,744,407.89	4,000,000.00	0.00	16.24%
Sub-total (excluding Contingency)		37,910,000.00	0.00	37,910,000.00	21,662,377.01	8,650,484.32	16,247,622.99	37,910,000.00	0.00	22.82%
Contingency		6,790,000.00	0.00	6,790,000.00	incl. above	incl. above	6,790,000.00	6,790,000.00	0.00	N/A
GRAND TOTAL		44,700,000.00	0.00	44,700,000.00	21,662,377.01	8,650,484.32	23,037,622.99	44,700,000.00	0.00	19.35%

(ey Project Statistics:		TODAY	A:	s of Jan-15-18
	Total Current Project Budget:	\$ 44,700,000	\$	44,700,000
	Total Committed:	\$ 21,662,377	\$	20,888,977
	Anticipated Final Project Cost:	\$ 44,700,000	\$	44,700,000
	Forecast Budget Variance:	\$ -	\$	-
	Unallocated Contingency:	\$ 6,790,000	\$	6,790,000
Allocated Contingen	cy (incl. in Anticipated Final Project Cost):	\$ -	\$	-
Anticipated Final Pro	oject Cost as % of Current Project Budget:	100.0%		100.0%



### Finance, Audit and Risk Management Committee – May 31, 2018 Item 8 – March 31, 2018 Audited Financial Statements Sampada Chandane

Agenda Item	Item 8, FARM Committee, May 31, 2018
Purpose	<del> </del>
Fulpose	For Committee approval and recommendation to the Board for approval.
	The purpose of the audited financial statements is to provide information about the results of the operations, financial position and cash flow of the Corporation.
Key Message	During the year ended March 31, 2018, the Corporation made capital investments totalling <b>\$ 75.9M</b> largely broken down as follows:
	\$46.7M was spent on projects that were capitalized as Assets Under Development in the Statement of Financial Position. This included Bayside Phase 2, Port Lands Flood Protection and Enabling Infrastructure, Cherry Street Stormwater and Lakefilling, East Bayfront Soil and Environmental Management, Stormwater Infrastructure and External Sanitary Servicing and Quayside development.
	\$18M was invested in capital assets for <b>The Bentway</b> , a philanthropic trust under administration by the Corporation (Note 19).
	\$8.5M was spent on projects that were expensed in the Statement of Financial Activities i.e. Broadview and Eastern Flood Protection EA, project management costs relating to Other Strategic initiatives, Mimico Park and transit studies.
Areas of note/	The key areas to note are as follows:
Key issues	Reporting format: Assets and Expenses have been reprofiled to show grouping by key project clusters to be consistent with the Corporate Plan and Annual Report.
	Statement of Financial Position:     Net Assets: The net assets at Mar 31, 2018 have increased by \$35.8M due to ongoing investment in roads, public realm, utilities and infrastructure and Parkland.     Capital assets: The increase of \$1.2M in capital assets is primarily driven by costs associated with the configuration and implementation of new integrated Enterprise Resource Planning system, design build services for office space expansion as well as network and server infrastructure refresh.
	<ul> <li>Statement of Financial Activities: The following key components are noteworthy:         <ul> <li>Revenues for the year ended Mar 31, 2018 increased by \$38.4M compared to FY 16/17 primarily due to City contributions for the Port Lands Flood Protection and Enabling Infrastructure and Cherry Street Stormwater and Lakefilling projects; and</li> <li>The excess of revenues over expenses at \$0.1M in FY 17/18 were lower by \$6.2M compared to FY 16/17 primarily as result of the sale of East Bayfront land (Block 3) in FY 16/17.</li> </ul> </li> <li>The Bentway (Note 18 of the financial statements): The Corporation is the administrator of a trust created for The Bentway (Project Under Gardiner). Although the financial statements of the trust are not consolidated with those of the Corporation, details regarding the financial position of the trust are provided in Note 19 of the financial statements.</li> <li>Qualified Donee Status: During the year, the Corporation was registered as a qualified donee with Canada Revenue Agency (See Note 20).</li> </ul>
Expected	The FARM Committee will review the financial statements for recommendation to
Outcome	the Board of Directors (Jun 28, 2018).
Key Takeaways/ Next Steps	The approved financial statements will be presented for approval to the Board of Directors on Jun 28, 2018.

Financial statements of

# **Toronto Waterfront Revitalization Corporation**

(c.o.b. as Waterfront Toronto)

March 31, 2018

March 31, 2018

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### Management's Responsibility for the Financial Statements

June 28, 2018

The integrity and objectivity of the accompanying financial statements of the Toronto Waterfront Revitalization Corporation ("the Corporation") is the responsibility of management. These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies of the Corporation are described in Note 2 to the financial statements.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements.

Management meets with the external auditors, the Finance, Audit and Risk Management Committee and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, the independent external auditors appointed by the Board of Directors. The accompanying Independent Auditor's Report outlines Management's responsibilities, the auditor's responsibilities, the scope of its examination and its opinion on the Corporation's financial statements.

		Page 50 of 192
President and CEO	Chief Financial Officer	

#### **Independent Auditor's Report**

#### To the Board of Directors of Toronto Waterfront Revitalization Corporation

We have audited the accompanying financial statements of Toronto Waterfront Revitalization Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of financial activities, remeasurement gains and losses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Waterfront Revitalization Corporation as at March 31, 2018, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants Mississauga, Ontario June 28, 2018

# Statement of financial position as at March 31, 2018

	March 31, 2018	March 31, 2017
	\$	\$
Assets	•	Ť
Current àssets		
Cash (Note 9)	42,189,860	16,966,265
Short-term investments	17,131,766	15,052,356
Receivables (Note 3)	2,181,400	18,072,577
Deposits and prepaid expenses	<b>-,</b> ,	
and other assets (Note 4)	7,442,441	4,785,015
	68,945,467	54,876,213
Deliate to the chief of the chief		
Restricted cash and investments (Note 5)	12,496,396	11,484,278
Assets under development (Note 6)	346,825,441	300,135,354
Capital assets (Note 7)	88,725,244	87,699,936
Other assets (Note 8)	34,181	26,625
	517,026,729	454,222,406
Liabilities and net assets		,
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	21,848,815	6,700,489
Deferred contributions (Note 11)	57,429,281	45,446,291
Other liabilities and settlements (Note 12)	1,084,505	466,631
	80,362,601	52,613,411
Other liabilities and settlements (Note 12)	4,688,183	5,491,844
	85,050,784	58,105,255
Net assets (Note 13)	431,975,945	396,117,151
	517,026,729	454,222,406

Approved on behalf of the Board:	•
•	Director
·	Director

# Statement of financial activities as at March 31, 2018

	March 31,	March 31,
	2018	2017
	\$	\$
Revenue		
City of Toronto	49,006,608	5,804,106
Other restricted contributions	3,209,591	4,027,662
Province of Ontario	* **	4,000,000
	52,216,199	13,831,768
Less: Government contributions for assets		•
under development	(35,733,103)	(11,471,822)
Increase/(decrease) in deferred contributions for		•
continuing operations related to future periods	(11,982,990)	12,896,550
	4,500,106	15,256,496
· · · · · · · · · · · · · · · · · · ·		
Expenses (Note 14)		
Strategic Initiatives	4,110,060	4,882,400
Complete Communities	2,725,101	7,934,825
Eastern Waterfront Transit	1,195,769	827,720
Public Places	467,743	699,530
	8,498,673	14,344,475
(Deficiency)/Excess of revenues over expenses before other items	(3,998,567)	912,021
Net other operating income (Note 17)	2,595,916	2,148,935
Other income from sale of land (Note 18)	1,520,328	3,326,343
Excess of revenues over expenses	117,677	6,387,299

# Statement of remeasurement gains and losses year ended March 31, 2018

	March 31,	March 31,
	2018	2017
	\$	\$
Accumulated remeasurement gains,		
beginning of the year	127,371	1,635
Unrealized gains (losses) attributable to		
foreign currency transactions	190,043	-
short term investments	(182,029)	125,736
Net remeasurement gains for the year	8,014	125,736
Accumulated remeasurement gains, end of the year	135,385	127,371

# Statement of changes in net assets year ended March 31, 2018

	March 31,	March 31,
	2018	2017
	\$	\$
Net assets, beginning of year	396,117,151	404,781,843
Add: Excess of revenue over expenses	117,677	6,387,299
Add: Net remeasurement gains	8,014	125,736
Less: transfer of assets to Government		(26,649,549)
Add: Government contributions for assets under	•	
development	35,733,103	11,471,822
Net assets, end of the year	431,975,945	396,117,151

Statement of cash flows year ended March 31, 2018

	March 31,	March 31,
	2018	2017
	\$	\$
Cash flows from operating activities		
Cash received from:		
Unrestricted contributions for operating activities	17,797,717	12,063,680
Government and other restricted contributions for operating activities	7,311,432	13,339,336
Sales tax rebates	2,137,055	2,844,370
Net rental income received for operating activities	1,754,451	2,276,602
Investment income received for operating activities	294,073	116,685
·	29,294,728	30,640,673
Cash paid for: Planning and implementation expenses	(18,061,049)	(11,843,197)
Project support expenses	(8,703,568)	(8,105,228)
Transfer payments	(540,730)	(788,500)
	(27,305,347)	(20,736,925)
Net cash received from operating activities	1,989,381	9,903,748
Cash flows from capital activities		
Cash received from government contributions for		
assets under development	46,717,433	16,962,658
Cash used to acquire assets under development	(20,481,855)	(15,210,574)
Cash used to acquire capital assets	(602,433)	(321,717)
Net cash received for capital activities	25,633,145	1,430,367
Cash flows from investing activities		
Cash used to purchase additional security investments	(2,389,564)	(1,621,362)
Invested in restricted cash	(9,368)	86,430
Cash received from short term investments redemption	(=,= 50)	1,000,000
Net cash paid from investment activities	(2,398,931)	(534,932)
Increase in cash	25,223,595	10,799,183
Cash, beginning of the year	16,966,265	6,167,082 Page 55
Cash, end of the year	42,189,860	16,966,265

Notes to the financial statements March 31, 2018

#### 1. Description of Corporation

The Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC") was initially incorporated on November 1, 2001 under the Ontario Business Corporations Act with the Province of Ontario being its sole shareholder.

Pursuant to the Toronto Waterfront Revitalization Corporation Act, 2002 (the "Act"), the Corporation was continued as a corporation without share capital on May 15, 2003. The Corporation is deemed not to be a Crown Agency within the meaning of the Crown Agency Act.

Under the Act, the Corporation's objects are to:

- implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and create an accessible and active waterfront for living, working and recreation and to do so in a fiscally and environmentally responsible manner;
- (b) ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner;
- (c) promote and encourage involvement of the private sector in the development of the designated waterfront area;
- (d) encourage public input into the development of the designated waterfront area; and
- (e) engage in such other activities as may be prescribed by regulation.

#### 2. Significant accounting policies

#### (a) Basis of presentation

These financial statements have been prepared in accordance Canadian public sector accounting standards for not-for-profit organizations including the 4200 series of standards contained in the Chartered Professional Accountants (CPA) handbook.

#### (b) Revenue recognition

The Corporation follows the deferral method of accounting for restricted contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions.

Contributions used for the purchase of amortized capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions for the purchase of non-amortized capital assets such as land as well as assets under development which will be transferred to government(s) upon completion are recognized as a direct contribution to net assets.

Under the Contribution Agreements, contributions from the Governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the Contribution Agreements. Unrestricted contributions such as other operating items are recognized as revenue in the current period.

In addition to contributions, the Corporation has several other revenue streams, which it accounts for as follows:

(i) Property Operations: Property revenues primarily consist of rental revenues from leasing activities and parking operations. Revenues from parking operations are recognized at the point of service on a cash basis. Property rental income is recognized as it is earned over the course of a tenants lease. Waterfront Toronto has retained substantially all of the risks and benefits of ownership of the properties which it rents out and therefore accounts for leases with its tenants page 56 of 192 operating leases. Rental revenue includes recoveries of operating expenses, including property, capital and similar taxes. Operating expense recoveries are recognized in the period that they are chargeable to tenants.

Notes to the financial statements March 31, 2018

#### 2. Significant accounting policies (con't)

- (ii) <u>Land Sales:</u> The gain or loss from the sale of real property owned by TWRC is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.
- (iii) <u>Delivery Agreements</u>: The Corporation has entered into certain agreements to deliver construction management and development services. Under these agreements, TWRC bills eligible costs to clients as they are incurred. Revenue from delivery agreements is recognized at the time of billing, when the costs become measurable and collection is reasonably assured.

#### (c) Financial instruments

Financial instruments are recorded at cost when acquired, except for contributions that are recorded at fair value. In subsequent periods, investments traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisiton, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) <u>Level 1:</u> Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- (ii) <u>Level 2:</u> Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability ,either directly (i.e. as prices) or indirectly (i.e derived from prices); and
- (iii) <u>Level 3:</u> Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Short-term investments consist of guaranteed investment certificates (GICs) and cashable bonds, which mature in December 2019. GICs are classified as Level 1 in the fair value hierarchy whereby their fair value is based on quoted prices in active markets for identical assets. Cashable bonds are classified as level 2 in the fair value hierarchy whereby their fair value is based on inputs other than quoted prices included in level 1 that are observable for the asset either directly or indirectly. There have been no transfers from Level 1, Level 2 or Level 3.

#### (d) Transfer payments and grants

The Corporation has entered into agreements with third parties who are responsible for managing various projects on Toronto's Waterfront. Expenditures related to these projects are recorded in the statement of financial activities as transfer payments and grants. Under the terms of the agreements, the Corporation does not assume ownership or ongoing operational responsibility during development or upon project completion.

#### (e) Allocation of general support expenses

The Corporation incurs a number of general support expenses that are common to the administration of the organization and each of its projects. General support expenses are incurred to support the functional areas of construction/implementation, planning, design and approvals, and project management. The expenses are allocated using a burden rate based on general support expenses as a proportion of direct labour costs.

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#### (f) Taxes

The Corporation is exempt from income taxes pursuant to paragraph 149(1) (d.3) of the Income Tax Act (Canada) and is eligible to claim a rebate of approximately 86.5% for HST paid on property and services acquired pursuant to section 123(1)(b) of the Excise Tax Act. TWRC is registered with the Canada Revenue Agency as a qualified donee and is eligible to issue official donation receipts and receive gifts from registered charities.

Notes to the financial statements March 31, 2018

#### 2. Significant accounting policies (con't)

#### (g) Assets under development

Assets under development represent those investments in assets which the Corporation has been directed to develop under an executed agreement and the Corporation has actual or beneficial ownership over during the development stage. Land under development under this category represents all costs associated with getting a parcel of land site ready for development, including costs associated with contracting with a developer, rezoning, and soil management and treatment.

Upon substantial completion these assets are either transferred to a respective government who assumes ownership and ongoing operational responsibility, transferred to capital assets for those assets the Corporation continues to have actual or beneficial ownership over, or sold to a third party. The assets transferred to a respective government are considered a related party transaction and the difference between cost and proceeds is recorded directly to net assets. Any gain or loss on assets sold to a third party is recorded through the statement of financial activities.

Assets under development are recognized at cost, are not amortized and include both direct project costs as well as overhead costs directly attributable to the asset under development.

#### (h) Capital assets

Capital assets are recorded at cost less accumulated amortization. With the exception of land which is not amortized. Capital assets less residual value are amortized on a straight-line basis over their estimated useful lives as follows:

Parking facility	10 years
Computer hardware and software	3 years
Leasehold improvements	5 years
Furniture and fixtures	5 years
Office equipment	5 vears

The cost incurred to enhance the service potential of a capital asset, including land, is a betterment and capitalized to the asset. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

#### (i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The items subject to the most significant estimates are the amortization and impairment of capital assets, accrued liabilities, deferred revenue and accrued benefit liability.

#### (j) Trusts under administration

Trusts administered by TWRC are not consolidated in the financial statements as they are not controlled by the Corporation.

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Notes to the financial statements March 31, 2018

3.

Receivables		
	March 31,	March 31,
	2018	2017
	\$	\$
HST receivable	1,182,501	162,480
Rent and other receivables	998,899	1,787,386
Sale of parking facility (Note 18)		11,687,382
Developer receivables	-	4,000,000
City of Toronto	-	435,329
	2,181,400	18,072,577

#### 4. Deposits and prepaid expenses

	March 31,	March 31,
	2018	2017
	\$	\$
Construction deposits	4,464,939	4,464,939
Prepaid expenses	2,959,506	287,610
Current portion of prepaid expenses and rent receivables (Note 8)	17,996	32,467
	7,442,441	4,785,015

The Corporation has provided the City of Toronto (the "City") and Toronto Hydro with certain construction deposits to guarantee satisfactory performance, completion of work and related obligations required for the construction of municipal and hydro infrastructure by the Corporation. The construction deposits will be released to Waterfront Toronto at the expiration of certain performance and guarantee periods. The construction deposits paid to the City of \$2,181,199 (2017 - \$2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of \$2,283,740 (2017 - \$2,283,740) will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada less two percent.

#### 5. Restricted cash and investments

The Corporation has received deposits that are subject to restrictions that prevent its use for operating purposes, as outlined below:

	March 31,	March 31,
	2018	2017
	\$	\$
East Bayfront public art	3,174,803	3,130,500
Deposit - Broadband services	2,803,370	2,803,370
Deposit - Bayside project agreement	2,155,938	2,125,852
West Don Lands security fund	1,574,638	1,574,638
East Bayfront child care facility	1,468,641	1,448,147
Holdbacks payable (including HST)	1,101,631	110,129
Escrow Account - River city development	217,375	291,642
	12,496,396	11,484,278

West Don Lands Security funds of \$1,574,638 represent financial security for municipal infrastructure necessary for West Don Lands Phase 1 development to be released to Waterfront Toronto in fiscal year 2018/19.

Notes to the financial statements March 31, 2018

#### 6. Assets under development

The following table details assets under development by category:

	March 31,	March 31,
	2018	2017
	\$	\$
Roads, public realm, utilities	255,207,795	244,640,810
Land under development	73,929,074	39,838,237
Parkland	17,688,572	15,656,307
	346,825,441	300,135,354

The following table details assets under development by precinct:

	Complete Communities	The Port Lands	Public Places	Quayside	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2017	288,445,905	1,464,729	8,952,201	1,272,519	300,135,354
Capital additions	9,891,719	27,637,370	1,155,877	882,711	39,567,676
Direct project management - Note 14	1,102,710	829,300	247,336	783,194	2,962,540
General and support expenses - Note 14	1,498,725	1,299,854	326,722	1,034,570	4,159,871
Balance, March 31, 2018	300,939,059	31,231,253	10,682,136	3,972,994	346,825,441

There were no transfers of completed assets during the year ended March 31, 2018.

#### 7. Capital assets

		March 31, 2018		March 31, 2017
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	87,305,565	_	87,305,565	-
Computer hardware and software	4,178,438	3,033,392	3,224,739	2,874,875
Leasehold improvements	963,034	698,138	720,569	681,895
Furniture and fixtures	669,843	660,215	665,537	660,040
Office equipment	269,054	268,945	269,054	268,718
	93,385,934	4,660,690	92,185,464	4,485,528
Cost less accumulated amortization		88,725,244		87,699,936

The Corporation owns land containing environmental contamination. The costs associated with the Corporation's environmental remediation, which depends on the ultimate use of the lands, will be recognized in the period when an obligation arises. The Corporation owns buildings on a number of its properties. As none of the buildings are intended for use other than on a temporary rental basis and all will ultimately be demolished, they have been recorded at a carrying value of \$Nil (2017 - \$Nil).

#### 8. Other assets

	March 31,	March 31,	
	2018	2017	
	\$	\$	
Developer receivable	_	26,625	60 of 192
Prepaid expenses and rent receivables	52, <del>1</del> 77	32,467	60 of 192
	52,177	59,092	
Less: current portion (Note 4)	(17,996)	(32,467)	
	34,181	26,625	

Notes to the financial statements March 31, 2018

#### 9. Credit facility

In 2015, the Corporation secured a revolving credit facility which provides for a maximum borrowing amount of \$40 million. The facility bears interest at the Canadian Prime less 0.25%. The interest rate was 3.20% at March 31, 2018 (2017 - 2.45%). The facility is secured by a first lien interest over several of the Corporation's real properties in the City of Toronto and a General Security Agreement creating a first priority interest over property of the Corporation not obtained through a contribution agreement, including accounts receivable. At March 31, 2018, the available borrowing limit is \$37 million as a result of a Letter of Credit issued by Waterfront Toronto during the year to the Department of Fisheries and Oceans for the Cherry Street Stormwater and Lakefilling project.

Under the current financing agreement, the Corporation is subject to a financial covenant. The revolving credit facility stipulates that the Corporation must ensure that the most recent appraised value of the properties which secure the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at March 31, 2018, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

#### 10. Accounts payable and accrued liabilities

	March 31,	March 31,
	2018	2017
	\$	\$
Accrued liabilities	17,946,776	5,555,936
Accounts payable	2,905,404	1,047,093
Holdbacks payable	996,635	97,460
	21,848,815	6,700,489

#### 11. Deferred contributions

Deferred contributions represent project specific contributions from Governments which have not been applied to eligible costs at March 31, 2018, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31,	March 31,
	2018	2017
	\$	\$
Expenditures of future periods		
Balance, beginning of year	45,051,919	50,925,223
Additional contributions	16,658,257	2,235,715
Less: amounts recognized as revenue	(4,324,944)	(8,109,019)
Balance, end of year	57,385,232	45,051,919
Capital contributions		
Balance, beginning of year	394,372	7,417,618
Add: contributions for acquisition of capital assets and assets under development	35,557,942	11,596,053
Less: direct contribution to net assets	(35,733,103)	(11,471,822)
Less: amount amortized to revenue	(175,162)	(7,147,477)
Balance, end of year	44,049	394,372
	57,429,281	45,446,291

Notes to the financial statements March 31, 2018

12. Other liabilities and	settlements
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Other liabilities and settlements largely represent security and developer deposits.

	March 31,	March 31,
	2018	2017
	\$	\$
Deposit - broadband services	2,525,038	2,989,064
Deposit - Bayside project agreement	2,163,145	2,131,658
Deposit - rent and other	1,084,505	466,631
Accrued benefit liability	-	371,122
Total other liabilities	5,772,688	5,958,475
Less: current portion	(1,084,505)	(466,631)
	4,688,183	5,491,844

#### 13. Net assets

a) Net assets recorded on the Statement of Financial Position are comprised of the following:

	March 31,	March 31,
	2018	2017
·	\$	\$
Invested in capital assets (net of deferred capital contributions)	87,305,565	87,305,565
Invested in assets under development	346,825,441	300,135,354
Unrestricted (deficit)/surplus (Note 13b)	(2,290,446)	8,548,861
Accumulated re-measurement gains	135,385	127,371
	431,975,945	396,117,151
b) Unrestricted surplus/(deficit)		

	March 31,	March 31,
	2018	2017
	. \$	\$
Unrestricted surplus/(deficit), opening balance	8,548,861	(1,390,549)
Excess of revenue over expenses	117,677	6,387,299
Contributed capital for parking facility	-	9,750,638
Transfer to assets under development	(10,956,984)	(6, 198, 527)
Unrestricted (deficit)/surplus, closing balance	(2,290,446)	8,548,861

Notes to the financial statements March 31, 2018

#### 14. Expenses by Precinct and Function

	Strategic Initiatives	Complete Communities	Eastern Waterfront Transit	Public Places	Quayside	The Port Lands	Total March 31, 2018
	\$	\$	\$	\$	\$	\$	\$
Direct project costs:							
Transfer payments and grants	-		-	58,319	-	-	58,319
Project planning and implementation costs	104,537	1,511,521	728,963	315,928	(30)	(154,759)	2,506,161
Project management - salaries, fees and benefits	1,725,775	1,643,695	201,123	287,615	783,194 <sup>°</sup>	984,021	5,625,423
Less project management - salaries, fees and				·	ŕ	,	
benefits related to assets under development (Note 6)	-	(1,102,710)	-	(247,336)	(783,194)	(829,300)	(2,962,540)
	1,830,312	2,052,506	930,085	414,526	(30)	(37)	5,227,362
General expenses:				,	` ,	` /	, ,
Salaries, fees and benefits	1,343,683	1,279,775	156,594	223,936	609,792	766,156	4,379,935
General and office administration	591,447	563,317	68,928	98,570	268,411	337,237	1,927,909
Communications, marketing and government relations	159,394	151,813	18,576	26,564	72,336	90,885	519,568
Information technology	136,630	130,131	15,923	22,770	62,006	77,905	445,365
Amortization	48,595	46,284	5,663	8,099	22,054	27,709	158,404
	2,279,748	2,171,320	265,684	379,939	1,034,599	1,299,892	7,431,181
Less general & support costs allocated to assets				•	•	. ,	
under development (Note 6)	-	(1,498,725)	. <del>-</del>	(326,722)	(1,034,570)	(1,299,854)	(4,159,871)
	4,110,060	2,725,101	1,195,769	467,743	-		8,498,673

General expenses for the year ending March 31, 2018 have been allocated to precincts using an overhead burden rate of 1.32 (2017 - 1.66) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$10,005,358 for the year ending March 31, 2018 (2017 - \$9,977,430) comprising direct project management salaries, fees and benefits of \$5,625,423 (2017 - \$4,730,643) and general salaries, fees and benefits of \$4,379,935 (2017 - \$5,246,787).

Notes to the financial statements March 31, 2018

#### 14. Expenses by Precinct and Function (Cont.)

	Strategic Initiatives	Complete Communities	Eastern Waterfront Transit	Public Places	Quayside	The Port Lands	Total March 31, 2017
	\$	\$	\$	\$	\$	\$	\$
Direct project costs:					•		
Transfer payments and grants	-		-	552,426	_	_	552,426
Project planning and implementation costs	268,059	3,665,110	409,881	(6,449)	(6,758)	(500,772)	3,829,074
Amortization	-	1,245,675	_		-		1,245,675
Project management - salaries, fees and benefits	1,731,787	2,296,457	159,265	138,129	217,064	187,942	4,730,643
Less Project management - salaries, fees and						,	
benefits related to assets under development (Note 6)	-	(1,185,506)	(6,523)	(100,416)	(217,064)		(1,509,509)
	1,999,846	6,021,736	562,623	583,690	(6,758)	(312,830)	8,848,308
General expenses:						, , ,	
Salaries, fees and benefits	1,920,736	2,547,015	176,642	153,200	240,747	208,448	5,246,787
General and office administration	606,035	803,639	55,735	48,338	75,961	65,770	1,655,477
Communications, marketing and government relations	153,167	203,108	14,086	12,217	19,198	16,622	418,398
Information Technology	135,412	179,565	12,453	10,801	16,973	14,696	369,899
Amortization	67,205	89,118	6,181	5,360	8,424	7,294	183,581
•	2,882,554	3,822,445	265,097	229,916	361,303	312,830	7,874,142
Less general & support costs allocated to assets							
under development (Note 6)	-	(1,909,356)		(114,076)	(354,545)		(2,377,975)
	4,882,400	7,934,825	827,720	699,530			14,344,475

Notes to the financial statements March 31, 2018

#### 15. Commitments

The Corporation has corporate lease commitments of \$4,894,563 until March 31, 2023.

#### 16. Risk disclosures

#### (i) Credit risk:

Credit risk arises from cash, short term investments, restricted cash and investments held with banks and credit exposure to governments and other debtors, including accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Corporation assesses the credit quality of funding partners and debtors, taking into account their financial position, past experience and other factors.

#### (ii) Liquidity risk:

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities; by focusing on debtor collection; and by requesting government funding in advance.

#### (iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's operations. The Corporation is exposed to changes in interest rates, which may impact interest revenue on short term investments. At March 31, 2018 had prevailing interest rates raised or lowered by 1% with all other variables held constant excess revenues over expenses would have increased or decreased by \$151,665 (2017 - \$84,098).

(iv) Currency risk: The Corporation has cash denominated in U.S. dollars and is exposed to currency risk. Included in the statement of financial position is \$4,638,905 of cash which has been translated from its U.S. denominated amount.

#### 17. Net other operating income

	March 31,	March 31,
	2018	2017
	\$	\$
Rental, parking and other income	4,382,644	4,450,962
Less: operating expenses	(2,850,393)	(3,125,628)
	1,532,251	1,325,334
Interest	841,504	506,835
Other Income	222,161	316,766
Net other operating income	2,595,916	2,148,935

#### 18. Other income from sale of land

During the year ended March 31, 2018, the Corporation received \$1,520,328 as a closing payment associated with the sale of a parcel of land in East Bayfront owned by the City of Toronto.

	March 31, 2018	March 31, 2017	
	\$	\$	
Sale of parking facility			
proceeds from sale	-	<b>11,687,382</b> e 65 of	192
Less: Net book value	-	(15,679,992)	
Less: Costs associated with the sale	•	(381,047)	
Loss on sale of parking facility	-	(4,373,657)	
Sale of East Bayfront land	1,520,328	7,700,000	
Net gain on sale of land and parking facility	1,520,328	3,326,343	

Notes to the financial statements March 31, 2018

#### 19. Trust under administration

In February of 2016, the Corporation became the administrator of the Project Under Gardiner fund (The Bentway). Based on the Memorandum of Understanding dated December 22, 2015, the total cost of the Project Under Gardiner is expected to total \$25,000,000, of which \$23,500,000 will flow to the Corporation from the City of Toronto to be used towards the execution of the project. The current estimated cost of the project is \$26,563,159 due to additional scope pursuant to the delivery agreement between the Corporation and the City of Toronto for the Events Dock and Garisson project and the Bentway Conservancy project agreement. Up until March 31, 2018 the Corporation has received \$25,078,515.

During the year ended March 31, 2018, the total cost to the Corporation for management of the Project Under Gardiner was \$237,196 in direct payroll charges, of which \$180,000 was charged to the fund (see project management fees below), the balance of \$57,196 being in-kind contributions.

The trust is entitled to any interest earned on the balance of funds. A summary of the trust's financial position, as at March 31, 2018, is as follows:

#### Financial Position as at March 31, 2018

	March 31,	March 31,
	2018	2017
	\$	\$
Cash and accounts receivable	6,138,175	17,405,555
Assets under development	21,414,727	3,371,952
Total assets	27,552,902	20,777,507
Accounts payable and accrued liabilities	(2,325,348)	(250,816)
Net assets	25,227,554	20,526,691

#### Revenues and expenditures as of March 31, 2018

<u>-</u>		March 31,	March 31,
		2018	2017
Revenues		\$	\$
Philanthropic revenue		3,801,887	17,500,000
Restricted revenue		776,628	_
Total revenues		4,578,515	17,500,000
Cumulative revenues (from incep	tion of trust)	25,078,515	20,500,000

	March 31,	March 31,
	2018	2017
Direct Project Costs	\$	\$
Planning and implementation	1,324,033	2,452,678
Implementation and construction	16,538,742	-
Public consultation and marketing	_	119,678
Project management fees	180,000	180,000
Total expenditures	18,042,775	2,752,356
Cumulative expenditure (from inception of trust)	21,414,727	3,371,952

#### 20. Qualified Donee Status

During the year, TWRC was registered with the Canada Revenue Agency as a qualified donee and is now eligible to issue official donation receipts and receive gifts from registered charities. The status is effective June 24, 2016 and as at March 31, 2018, the ge 66 of 192 Corporation had not received any donation or gifts.

Notes to the financial statements March 31, 2018

#### 21. Contingent Liabilities

(a) Under the terms and conditions of the Contribution Agreements, the Corporation provides an indemnity to the City, Province of Ontario and Government of Canada and their respective officers, employees and agents, from and against all claims, losses, damages, costs, expenses, actions and other proceedings related to any injury to or death of a person or damage to or loss of property, infringement of rights or any other loss or damages whatsoever arising directly or indirectly from any willful or negligent act, omission or delay on the part of the Corporation, the Corporation's directors, officers, employees, contractors, agents or Third Party Contractors, in carrying out a project or as a result of the project, except to the extent that the injury, loss or damage has been caused by the City, Province of Ontario and/or Government of Canada or their respective officers, employees or agents.

The Corporation requires all Eligible Recipients to indemnify the Corporation from and against liability on the same basis outlined above.

The Corporation requires most third party contractors to indemnify each level of government and the Corporation, its officers, employees and agents against all claims, liabilities and demands with respect to any injury to persons (including death), damage to, loss or destruction of property or infringement of rights caused by or arising directly from:

- (i) the breach of any term or condition of the contract by the third party contractor or its officers, employees or agents; or
- (ii any omission or any willful or negligent act of the third party contractor or its officers, employees or agents in relation to the applicable project.
- (b) Under the Delivery Agreement with each Eligible Recipient respectively, the Corporation provides an indemnity to the Eligible Recipient and its respective officers, employees and agents, from and against any claims with respect to direct loss arising from:
  - (i) any breach by the Corporation of the Delivery Agreement or documents or certificates given pursuant to the
  - (ii any negligent or willful acts or omissions of the Corporation, its officers, directors, employees or agents, in relation to the project.

Management attempts to limit the Corporation's exposure under these indemnifications through the purchase of directors and officers insurance, the allocation of risk to Eligible Recipients and contractors (outlined above) and through enforcing the Corporation's and Eligible Recipients' policies and procedures, as well as intense oversight where appropriate.

- (c) The Corporation has entered into a number of Development Agreements with third party builders with respect to lands located in the West Don Lands and East Bayfront. Under these agreements, the Corporation has provided the builders certain milestone representations based on specific Corporation development obligations. The representations primarily relate to schedule delays. The maximum potential future liability related to these representations is \$7.5 million under one development agreement with one builder and although under the other development agreements the amounts are not determinable, they are limited to the amount up to the respective builder's carrying costs and/or out of pocket expenses incurred on the development. No amount for these representations has been accrued in these financial statements.

  Management attempts to limit the Corporation's potential exposure under these guarantees through appropriate schedule, cost and scope management practices.
- (d) The Corporation has a municipal access agreement with the City of Toronto for the ongoing maintenance and potential removal of district energy pipes in West Don Lands. Management estimates the maximum potential liability to be \$1,600,000. These costs are currently unfunded.

#### 22. Comparatives

Certain comparative amounts have been reclassified to conform with the current year's method of presentation.

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# Finance, Audit & Risk Management Committee – May 31, 2018 Item 9 – 2017/18 External Auditor's Report Jeff Barrett, BDO Canada LLP

Agenda Item	Item 9, Finance, Audit & Risk Management (FARM) Committee, May 31, 2018	
Purpose	For Committee Information.	
Key Message	<ul> <li>Clean, unqualified audit opinion on the Corporation's financial statements for the year ended March 31, 2018;</li> <li>No material matters of concern to report to the FARM Committee regarding internal controls.</li> </ul>	
Areas of note/ Key issues	Please refer to following two reports from BDO Canada LLP:  1. Final Report to the Finance, Audit and Risk Management Committee (May 31, 2018); and  2. Management Letter to the CFO (May 31, 2018).	
Expected Outcome	For information purposes.	
Key Takeaways/ Next Steps	The Board will approve the Corporation's financial statements for the year ended March 31, 2018 on June 28, 2018.	





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May 31, 2018

Members of the Finance, Audit and Risk Management (FARM) Committee Toronto Waterfront Revitalization Corporation 20 Bay Street Suite 1310 Toronto, Ontario M5J 2N8

Dear Members of the FARM Committee:

We are pleased to present the results of our audit of the financial statements of Toronto Waterfront Revitalization Corporation (the "Organization") for the year ended March 31, 2018. The purpose of our report is to summarize certain aspects of the audit that we believe to be of interest to the FARM Committee and should be read in conjunction with the draft financial statements.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the FARM Committee in fulfilling its responsibilities.

This report has been prepared solely for the use of the FARM Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We wish to express our appreciation for the co-operation we received during the audit from the Organization's management and staff that assisted us in carrying out our work. We look forward to discussing the contents of this report and any other matters that you consider appropriate.

Yours truly,

Jeffrey M. Barratt, CPA, CA

Partner

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants



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# **ENGAGEMENT SUMMARY**

Audit Results	Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance as to whether the financial statements are free of material misstatement.
	There were no significant departures from our audit plan as described in our planning letter to the FARM Committee dated March 8, 2018.
	A detailed description of our audit results has been included starting on page 6.
Status of Audit	As of the date of this final report, we have substantially completed our audit of the March 31, 2018 financial statements pending the completion of the items noted below. These items will need to be completed prior to issuance of our audit report on the financial statements:
	<ul> <li>Receipt of the signed management representation letter</li> <li>Subsequent events review through to financial statement approval date</li> <li>Approval of financial statements by the Board of Directors</li> </ul>
Audit Risks	In accordance with our audit plan, our procedures focused on the following areas that we identified as containing risks of material misstatements:
	<ul> <li>Assets under development</li> <li>Deferral of contributions and grants</li> <li>Accrued liabilities</li> <li>Capital assets</li> <li>Contribution agreements</li> <li>Non-government revenues</li> <li>Management override of controls</li> </ul>
	We have summarized the results of our audit procedures for each of these risk areas on page 7 and 8 of this report.
Internal Control Over Financial Reporting	We did not identify any deficiencies in internal controls over financial reporting during the year ended March 31, 2018 that we considered to be material weaknesses.
Fraud and Illegal Activities	We developed procedures within our audit plan as recommended by CAS 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. Based on these procedures, we have not encountered any illegal activities or fraudulent events with respect to the Organization.
Significant Events	As of the date of this letter, we have not identified any significant events which we believe should be brought to your attention.
Significant Accounting Policies	The Organization's significant accounting policies are set forth in Note 2 to the financial statements. We believe management's selection of accounting policies is appropriate under Canadian public sector accounting standards for not-for-profit organizations.



Estimates	Accounting estimates are an integral part of the financial statements and are based on management's current judgments. These judgments are based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.  Our comments on the significant estimates included in the financial statements are included on page 9 of this report.
Unadjusted Differences	Our materiality level of \$2,000,000 has remained unchanged from our audit planning letter presented to the FARM Committee on March 8, 2018.  There were no unadjusted differences for the year ended March 31, 2018 which would impact net assets.
Disclosures	There were no material omissions with respect to the disclosures in the financial statements for the year ended March 31, 2018 that we have noted.
Independence	We have developed appropriate safeguards and procedures to mitigate threats to our independence. As required under Canadian Auditing Standards (CAS), we have reported all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence. We have confirmed our independence to the FARM Committee for the year ended March 31, 2018 in our letter included as Appendix D in this report.
Representation Letter	A draft version of the representation letter to be signed by management is included in Appendix C.
Conclusion	We intend to issue an unmodified audit report on the financial statements of the Organization for the year ended March 31, 2018 once the outstanding items referred to above are satisfactorily resolved and the financial statements are approved by the Board of Directors.



### INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian auditing standards require us to communicate to the FARM Committee at least annually, all relationships between BDO Canada LLP and its related entities and Toronto Waterfront Revitalization Corporation and its related entities, that, in our professional judgment, may reasonably be thought to bear on our independence with respect to the audit of the Organization - Refer to Appendix D.

### **MATERIALITY**

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the FARM Committee, preliminary materiality was \$2,000,000. Final materiality remained unchanged from our preliminary assessment.

There were no uncorrected misstatements identified during our audit to report to the FARM Committee, other than those which we determine to be "clearly trivial". Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

### **AUDIT FINDINGS**

Based on our knowledge of the Organization's business, our past experience, and knowledge gained from management and the FARM Committee, we have identified the following significant risks; those risks of material misstatement that, in our judgment, require special audit consideration.

Significant risks arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the valuation of these financial statement areas, and the existence of new accounting pronouncements that affect them.

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Organization's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. In order to have a frank and open discussion, these matters will also be discussed verbally with you.



#### ACCOUNTING AND AUDIT MATTERS

#### Assets Under Development

#### Risl

The Organization capitalizes costs for assets under development.

#### Approach

Specific testing around the costs capitalized and review of memorandums of understanding and handover documents on a project by project basis.

#### Results

All audit testing in this area was executed as planned and no errors were noted.

#### Deferral of Contributions and Grants

#### Risk

Revenue deferred that relates to future periods. Contributions from the governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the contribution agreements.

#### Approach

Specific testing around the allocation of expenses and related revenues to recognize. Funding received for restricted projects should be deferred if no relating expenses have yet been incurred.

#### Results

All audit testing in this area was executed as planned and no errors were noted.

#### Accrued Liabilities

#### Risk

Accrued liabilities relating to contractors for existing ongoing projects.

#### **Approach**

Specific testing around the completeness of accruals. We will also obtain confirmations from various contractors/suppliers to ensure accruals are complete.

#### Results

All audit testing in this area was executed as planned and no errors were noted.

#### Capital Assets

#### Risk

Capital assets are a significant portion of total assets. Significant capital expenditures may be incurred.

#### Approach

Review and analysis of all capital asset balances with specific testing around additions or disposals.

#### Results

All audit testing in this area was executed as planned and no errors were noted.



#### ACCOUNTING AND AUDIT MATTERS (CONTINUED)

#### **Contribution Agreements**

#### Risł

Contribution agreements and other contracts may be complex in nature.

#### Approach

Review of all contribution agreements and discussion with management as necessary.

Conclusion on appropriate accounting policies and financial statements disclosures.

#### Results

All audit testing in this area was executed as planned and no errors were noted.

#### Non-government Revenues

#### Risl

A portion of revenue is derived from non-government organizations.

#### Approach

Assess the nature of nongovernment revenue to determine the level of specific testing to be completed.

#### Results

All audit testing in this area was executed as planned and no errors were noted.

#### Management Override of Controls

#### Risk

Management, due to its authority, is in a unique position to override internal controls, which potentially results in misleading financial information. This is a standard risk for all audits.

#### Approach

We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We will also obtain an understanding of the business rationale for significant transactions that we became aware of that were outside the normal course of operations for the Organization, or that otherwise appear to be unusual given our understanding of the Organization and its environment. We reviewed accounting estimates for potential biases and, if any, evaluated whether they represented a risk of material misstatement.

#### Results

All audit testing in this area was executed as planned and no errors were noted.



#### SIGNIFICANT ACCOUNTING ESTIMATES

Management is responsible for determining the Organization's significant accounting policies. The choice between accounting policy alternatives can have a significant effect on the financial position and results of the Organization. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the estimates in the financial statements are reasonable and the disclosures relating to accounting estimates are in accordance with the requirements of Canadian public sector accounting standards. BDO did not note any significant estimates.

#### **UNADJUSTED DIFFERENCES**

During our audit, there were no unadjusted differences noted, which would impact net assets.

#### PLANNED AUDIT PROCEDURES

Our overall audit strategy, including risks identified relating to the Organization and our planned procedures to address those risks, were outlined in our planning letter dated March 8, 2018. There were no changes to our planned audit procedures, and there were no additional procedures added to our audit plan.

#### MANAGEMENT REPRESENTATIONS

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented in our audit working papers through memoranda of discussions with management, as well as by written representations received from management. A copy of the representation letter we will request from management is included in Appendix C of this report.



#### FRAUD DISCUSSION

Canadian auditing standards require us to discuss fraud risk with the FARM Committee on an annual basis. We have prepared the following comments:

### Required Discussion

Details of existing oversight processes with regards to fraud.

Knowledge of actual, suspected or alleged fraud.

#### **BDO** Response

Based on prior year's audit and our planning process, the FARM Committee's oversight processes include:

- Discussions at meetings;
- Review and discussion of significant transactions; and
- Consideration of tone at the top.

Currently, we are not aware of any actual, suspected or alleged fraud.

### Question to the FARM Committee

Are there any new processes or changes in existing processes relating to fraud since the date of our previous discussion, that we should be aware of?

Are you aware of any instances of actual, suspected or alleged fraud affecting the Organization?

#### AUDITOR'S RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schedules designed to conceal it.

During our audit, we performed the following procedures in order to fulfill our responsibilities:

- Inquire of management, the FARM Committee, and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- Perform analytical procedures and consider unusual or unexpected relationships identified in the planning of our audit;
- Incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- Perform additional required procedures to address the risk of management's override of controls including;
  - o Testing internal controls designed to prevent and detect fraud;
  - o Examine a sample of journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
  - Review accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior year's estimates; and
  - Evaluate the business rationale for significant unusual transactions.

Toronto Waterfront Revitalization Corporation



#### INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Organization's internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on the Organization's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be exclusive. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

#### DEFICIENCIES IN INTERNAL CONTROL

Deficiency	Issue and Impact
None noted	None



## APPENDIX A - Other Required Communication

Re	equired	Audit Planning	Audit Results	Auditor	Communication
	nunication	Presentation	Presentation	Comments	Completed
und Aud	oonsibilities er Canadian iting ndards (CAS)	<b>√</b>		Included on page 6 of our audit planning letter to the FARM Committee dated March 8, 2018.	Y
stra	audit tegy and it scope	<b>√</b>		Included on page 7 of our audit planning letter to the FARM Committee dated March 8, 2018.	Υ
3. Frau	ud risk factors	✓		Included on page 11 of our audit planning letter to the FARM Committee dated March 8, 2018.	Y
4. Goir mat	ng concern ters		✓	None noted.	Y
esti	ificant mates or gments		✓	See Page 9.	Υ
6. Aud adju	it ustments		✓	There were no material audit adjustments made that require the attention of the FARM Committee.	Υ



	Required ommunication	Audit Planning Presentation	Audit Results Presentation	Auditor Comments	Communication Completed
	Unadjusted differences		<b>√</b>	There are no unadjusted difference that require the attention of the FARM Committee.	Υ
	Omitted disclosures		✓	None noted.	Y
	Disagreements with management		✓	There were no disagreements with management.	Υ
	Consultations with other accountants or experts		✓	No external experts were consulted during this engagement.	Υ
	Major issues discussed with management in regards to retention		✓	None.	Υ
	Significant difficulties encountered during the audit		✓	No difficulties were encountered during our audit.	Υ
	Significant deficiencies in internal control		<b>√</b>	No significant deficiencies were noted.	Y
14.	Material written communication between BDO and management		✓	No material written communications were noted.	Y
	Any relationships which may affect our independence	✓	✓	No independence issues noted, see letter in Appendix D.	Υ
	Any illegal acts identified during the audit		✓	No illegal activities identified through the audit process.	Y



Required Communication	Audit Planning Presentation	Audit Results Presentation	Auditor Comments	Communication Completed
17. Any fraud or possible fraudulent acts identified during the audit		<b>√</b>	No fraud identified through the audit process.	Υ
18. Significant transactions with related parties not consistent with ordinary business operations		✓	None noted.	Y
19. Non-compliance with laws or regulations identified during the audit		✓	No legal or regulatory non-compliance matters were noted as part of our audit.	Y
20. Limitations of scope over our audit, if any		✓	None.	Υ
21. Written representations made by management		✓	See Appendix C.	Υ
22. Any modifications to our opinion, if required		✓	Please see our draft independent auditor's report included in Appendix B.	Υ



### APPENDIX B Draft Independent Auditor's Report



#### Independent Auditor's Report

#### DRAFT FOR DISCUSSION PURPOSES ONLY

To the Board of Directors of Toronto Waterfront Revitalization Corporation

We have audited the accompanying financial statements of Toronto Waterfront Revitalization Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of financial activities, remeasurement gains and losses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Waterfront Revitalization Corporation as at March 31, 2018, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards

Chartered Professional Accountants, Licensed Public Accountants Mississauga, Ontario June 28, 2018



### APPENDIX C Representation Letter



June 28, 2018

BDO Canada LLP Chartered Professional Accountants 1 City Centre Drive Suite 1700 Mississauga, Ontario L5B 1M2

This representation letter is provided in connection with your audit of the financial statements of Toronto Waterfront Revitalization Corporation for the year ended March 31, 2018, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 4, 2016, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

#### Information Provided

- We have provided you with:
  - o access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

Toronto Waterfront Revitalization Corporation



- additional information that you have requested from us for the purpose of the audit;
   and
- o unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

#### Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - o management;
  - o employees who have significant roles in internal control; or
  - o others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.



Existence, Completeness and Valuation of Specific Financial Statement Balances

- All financial instruments have been appropriately recognized and measured in accordance with Canadian public sector accounting standards.
- Significant assumptions used in arriving at the fair value of financial instruments are reasonable and appropriate in the circumstances.
- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- Property, plant and equipment has been appropriately recognized and measured in accordance with Canadian public sector accounting standards.
- The employee future benefit costs, assets and obligation have been determined, accounted for and disclosed in accordance with Canadian public sector accounting standards. The source data and plan provisions provided are complete and accurate. The plans included in the valuation are complete. The determination of the discount rate and the use of specific actuarial assumptions are our best estimate assumptions. We feel that the extrapolations are accurate and have properly reflected the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolation.

#### General Representations

• We are aware of the environmental laws and regulations that impact our organization and we are in compliance. There are no known environmental liabilities or contingencies that have not been accrued for or disclosed in the financial statements.

Other Representations Where the Situation Exists

• We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,	
Signature	Position
Signature	Position

Toronto Waterfront Revitalization Corporation



## APPENDIX D Independence Letter



May 31, 2018

Members of the Finance, Audit and Risk Management (FARM) Committee Toronto Waterfront Revitalization Corporation 20 Bay Street Suite 1310 Toronto, Ontario M5J 2N8

Dear FARM Committee Members:

We have been engaged to audit the financial statements of Toronto Waterfront Revitalization Corporation (the "Organization") for the year ended March 31, 2018.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Organization and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute/ordre and applicable legislation, covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Organization and our Firm that, in our professional judgment may reasonably be thought to bear on our independence to May 31, 2018.

We hereby confirm that we are independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of May 31, 2018.

This letter is intended solely for the use of the Board of Directors, the FARM Committee, Management and others within the Organization and should not be used for any other purposes.

Yours truly,

Jeffrey M. Barratt, CPA, CA

Partner

**BDO Canada LLP** 

Chartered Professional Accountants, Licensed Public Accountants

Toronto Waterfront Revitalization Corporation



Tel: 905-270-7700 Fax: 905-270-7915 Toll free: 1-866-248-6660 www.bdo.ca BDO Canada LLP 1 City Centre Drive, Suite 1700 Mississauga, Ontario

L5B 1M2

May 31, 2018

Toronto Waterfront Revitalization Corporation 1310 - 20 Bay Street Toronto, Ontario M5J 2N8

Dear Ms. Taylor, CFO

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of Toronto Waterfront Revitalization Corporation for the year ended March 31, 2018, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Sampada Chandane and her team.

We would be pleased to further discuss any matters mentioned in this report at your convenience.

Yours truly,

Jeffrey M. Barratt, CPA, CA

Partner

**BDO Canada LLP** 

Chartered Professional Accountants, Licensed Public Accountants



#### Finance, Audit and Risk Management Committee – May 31, 2018 Item 10 – 2017/18 Annual Report Lisa Taylor

Agenda Item	Item 10, FARM Committee, May 31, 2018
Purpose	For Committee approval and recommendation to the Board for approval.
	The <b>2017/18 Annual Report</b> is a key component of the Corporation's Financial Planning and Reporting Framework.
	The purpose of the Annual Report is to provide a formal report back on the achievement of the previous year's Corporate Plan, in this case the 2017/18 Corporate Plan Amendment (approved by the Board in September, 2017).
	The Corporation's Annual Report is a companion document to the year-end financial statements, and both must be approved by the Board on/before June 30, 2018.
Key Message	2017/18 Annual Report builds on the 2018/19 Corporate Plan's visual foundations, and also weaves in language from the new narrative to express our vision of a vibrant and connected waterfront that belongs to everyone.
	<ul> <li>While we invested just under half of our Capital Investment Plan for the year, due to a variety of factors, much outside of our control (\$76 million vs. plan of \$162 million), we still achieved 76% of our key deliverables, and at the same time made significant progress in building our capacity as an organization.</li> </ul>
Areas of note/	The 2017/18 Annual Report is structured into three main sections:
Key issues	1. Vision and who we are;
	2. Project results; and
	3. Financial results.
	The appendices provide further details on specific deliverables (Appendix 1) as well as a reconciliation of our financial results to our audited financial statements (Appendix 2).
Expected Outcome	FARM Committee approval of the 2017/18 Annual Report and recommendation for approval to the Board of Directors.
Key Takeaways/ Next Step	The 2017/18 Annual Report will be presented by the FARM Committee Chair to the Board for approval on June 28, 2018.











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- Quayside
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- Corporate capital cost
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- Appendix I
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- Executive team



PATRICIADO

Surveying by the Keating Channel. This work is related to the Cherry Street lakefilling project, part of the \$1.25 billion Port Lands flood protection initiative, which began in December 2017. See pages 26-31

for more on this transformative project.



VISION

This year we've forged innovative partnerships, consulted intensively with Torontonians, and broken ground on a transformative infrastructure project. At the heart of everything we do this year and every year – is an unwavering commitment to the public good.



# From Will:

If you go down Cherry Street to Lake Ontario, you'll likely see people and equipment at work on the water. What you're looking at is the culmination of more than 10 years of careful planning and public consultation – and the start of a once-in-a-century transformation in the life and landscape of our city.

The Port Lands – an area the size of downtown, right next to downtown — is an urban transformation unlike any other in the world, and one of the largest infrastructure projects in the history of Toronto. The work we're doing there today will unlock immense economic opportunity: we project that it will add \$5.1 billion in value to the Canadian economy, create 51,900 full-time years of employment, and generate \$1.9 billion in government revenue. It will also enable an array of other benefits — like new parkland and affordable housing.

Fully realized, this 900-acre sustainable redevelopment initiative will include new mixeduse neighbourhoods and an abundance of public amenities for everyone, including a continuous riverfront park system; a more complete and connected Martin Goodman Trail; and plenty of new places for people to interact with Lake Ontario. All while protecting downtown Toronto from the flooding risks it will increasingly face as extreme weather events become more frequent and more intense.

We only get one chance to reimagine and redevelop this land for everyone's benefit. That's why, entrusted by three levels of government as stewards of the waterfront, we've been working for a decade with engineers, climate experts, urban planners, conservationists, and local communities to make sure our plan is the right one for this generation and the next.

In 2017 the governments of Toronto, Ontario, and Canada issued a powerful endorsement of our Port Lands vision: a combined funding commitment of \$1.25 billion. After much careful planning, Waterfront Toronto has revamped its project management systems and initiated

a Capital Peer Review Panel to help us execute this ambitious project.

Also this year, we launched an unprecedented partnership with Sidewalk Labs to plan Quayside: a new neighbourhood on the Eastern Waterfront where forward-thinking urban design and new digital technology will combine to create an inclusive, liveable, sustainable, and economically vibrant community. As we explore this exciting opportunity, we're listening closely to experts and the public on issues like data privacy and social inclusion. This year, we've hosted three live public consultations that have drawn hundreds of people, and our online engagement efforts have attracted thousands more substantive comments.

Other achievements: Toronto's newest linear park The Bentway (see p. 42), welcomed visitors for the first time. And our West Don Lands district was one of only 13 projects around the world singled out by the Urban Land Institute for a Global Award for Excellence. Described as the "Nobel Prize" of urban development, this recognition is a testament to the quality of the work Waterfront Toronto has been doing since its founding more than 15 years ago.

With much great work coming to fruition, and our most ambitious project ever breaking ground, it's been a momentous year for Toronto's waterfront. But the most exciting news of all is that this is only the beginning.

W.K. Jez

Will Fleissig, President & CEO



# From Helen:

Toronto's waterfront has become a vibrant, exciting community, thanks in large part to Waterfront Toronto's leadership - along with residents and businesses, technical experts and city planners - in developing assets and amenities of enduring value.

Today, Waterfront Toronto is taking on projects of unprecedented scale and significance — notably the Port Lands and Quayside, but many others as well. The organization is building its capacity and growing its team to manage these complex projects, while meeting the expectations of our government, development and community partners. We are finding new ways of engaging residents in planning and providing new public spaces. New housing and living spaces. New walking, cycling and transit routes. New parks and recreational areas. New public art installations.

Waterfront Toronto's success over the past 15 years has depended on a commitment to thoughtful community engagement, innovative design thinking, and a clear focus on the public good. These commitments will continue to serve us well in delivering on an even more ambitious mandate over the next decade. The organization is also prototyping new technologies to connect, online and in person, with partners and community members as projects evolve. At the same time, the organization is adopting new digital systems to support planning, management and analysis of the risks associated with these transformative initiatives.

To ensure that the best insights continue to inform our work, Waterfront Toronto has created two new independent advisory panels, both modeled on the success of the Design Review Panel. The Digital Strategy Advisory Panel will support a rigorous approach to data privacy and digital governance in creating a smart community at Quayside, and it will ensure that the public interest is at the heart of every decision. The Capital Peer Review Panel will support excellence in the planning and execution of complex infrastructure projects.

As we engage new leaders to help us realize Waterfront Toronto's vision for tomorrow, we are grateful to those who have enabled our success through many years of dedicated service. On behalf of the board and the staff at Waterfront Toronto, I extend heartfelt thanks to Ross McGregor, who stepped down from our board after serving with distinction since 2004. Ross is a true city-builder, whose commitment to Waterfront Toronto's public mission and to the betterment of this city is respected and shared by all of us.

Speaking of city-builders, I want to thank all my board colleagues for their vision, their insights, their hard work and their vigilance in supporting the ground-breaking work of Waterfront Toronto. They are a remarkable group of global citizens and urban leaders whose expertise in a range of fields - from real estate to sustainable development to public service to higher education — is highly valued and deeply appreciated.

I look forward to working with our board, with our visionary CEO Will Fleissig and his very talented Waterfront Toronto team, and with our many shareholders and stakeholders to continue creating a vibrant waterfront that works for everyone and showcases the best of Toronto to the rest of the world.

**Helen Burstyn, Board Chair** 

Waterfront Toronto / Vision 2017/18 Annual Report / Vision

## Who we are

Waterfront Toronto is working to create a vibrant, connected waterfront that belongs to everyone. As city-builders, we care about creating neighbourhoods, parks, destinations, and infrastructure that make people's lives better.

#### **Mandate**

Our organization was established in 2001 by the Government of Canada, the Province of Ontario, and the City of Toronto to unlock the social and economic potential of the waterfront. Our mandate has been to apply best practices in urban revitalization — from new technology and infrastructure to leading strategies in design and sustainable development — to over 800 hectares of underutilized land along Lake Ontario.

#### Record

So far, we've led or catalyzed 2.5 million square feet of development along the waterfront, adding affordable housing, commercial space, aquatic habitat, critical infrastructure, and beloved public spaces. Our projects have included the West Don Lands, Corktown Common, Underpass Park, Sugar Beach, Sherbourne Common, Queens Quay, the Port Lands, Jack Layton Ferry Terminal, and The Bentway.

#### Strategic Initiatives: Leading on urban innovation

Toronto's waterfront isn't just an area with untapped potential for development. It's one of the most exciting city-building opportunities on earth: a place where promising ideas for affordability, liveability, and sustainability can be tested, refined, showcased, and scaled.

This year, Waterfront Toronto will continue to advance strategic initiatives that explore the potential of our waterfront to not only enhance life in Toronto, but to contribute to the urgent global conversation about how to create better cities. We're part of a worldwide community of practice that's using design, technology, and sustainability principles to support dense, vibrant urban communities that are as friendly to people as they are to the planet.

**Sustainability**. We're working with partners like C40 Cities to craft plans to reduce our greenhouse gas emissions to less than zero, and to strengthen our green building requirements.

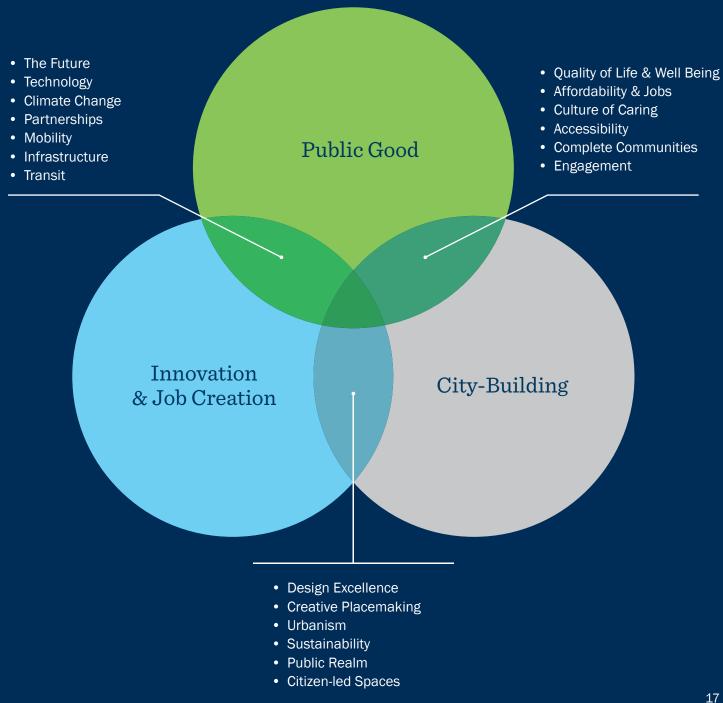
**Connectivity.** We're working with Beanfield Metroconnect to expand public Wi-Fi across more public spaces and facilities along the waterfront.

**Affordability.** We're looking at a range of financing, partnership, and development models that could create more affordable housing, faster.

**Innovation.** We're working with partners to create an urban innovation lab on the Quayside site, so the area can serve as an interim hub for city-building collaboration even as Torontonians engage in dialogue about what the area should eventually become.

## Areas of focus

To create a waterfront that supports the outcomes that matter to Canadians, we're thinking and building at the intersections of innovation and job creation, city-building, and the public good.



Waterfront Toronto / Vision

## Our board

Waterfront Toronto's Board of Directors is made up of 12 members, including a chair, jointly appointed by the three orders of government. Our directors are highly engaged in the corporation's activities and ensure that our mandate is delivered in an accountable and transparent manner.

#### **Helen Burstyn**

Chair of the Board of Directors
Appointed by the Province of Ontario
from February 24, 2016 to February 24, 2019
Designated as Chair of the Board of
Directors on January 1, 2017

#### **Mohamed Dhanani**

Special Advisor to the President, Ryerson University Appointed by the City of Toronto from April 1, 2016 to March 31, 2019

#### **Stephen Diamond**

President and CEO, DiamondCorp Appointed by the City of Toronto from April 1, 2016 to March 31, 2019

#### **Meric Gertler**

President, University of Toronto Appointed by the Province of Ontario from November 16, 2016 to November 15, 2019

#### **Susie Henderson**

President, Balance Infrastructure & Investments Inc.

Appointed by the City of Toronto from April 1, 2016 to March 31, 2019

#### **Julie Di Lorenzo**

President, Diamante Urban Corp
Appointed by the Province of Ontario
from November 4, 2015 to November 4, 2018

#### **Ross McGregor**

Former President & CEO, Toronto Region Research Alliance Appointed by the Province of Ontario from June 16, 2016 to February 28, 2018

#### **Denzil Minnan-Wong**

Deputy Mayor for the City of Toronto City Councilor for Ward 34, Don Valley East Appointed by the City of Toronto from December 2, 2014 to November 30, 2018

#### **Mazyar Mortazavi**

President & CEO, TAS

Appointed by the Government of Canada from

January 1, 2017 to December 31, 2019

#### **Michael Nobrega**

Former President and CEO, OMERS
Administration Corporation
Appointed by the Province of Ontario from
April 10, 2018 to April 9, 2021

#### **Sevaun Palvetzian**

CEO, CivicAction
Appointed by the Government of Canada from
December 1, 2016 to November 30, 2019

#### **Janet Rieksts-Alderman**

Managing Director, BRG's Global Capital Projects Appointed by the Government of Canada from December 1, 2016 to November 30, 2019

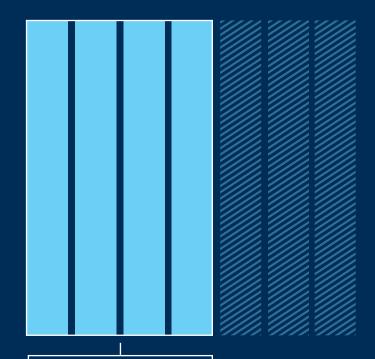
#### **Jeanhy Shim**

President and Founder, Housing Lab Toronto Appointed by the Government of Canada from June 7, 2017 to June 6, 2020

## Committees & Panels

In 2017/18 we restructured our oversight and advisory bodies to optimize them for the work Waterfront Toronto is doing today. We streamlined our Board committees, enabling them to sharpen their focus on key areas like risk management and partnerships. We also created new expert advisory entities in areas critical to our current projects, such as data governance and the delivery of complex infrastructure.

### Board Committees: streamlined from 7 to 4



- 1. Finance, Audit & Risk Management Committee
- 2. Stakeholder Relations Committee
- 3. Chairs Committee
- 4. Investment, Real Estate and Quayside Committee

### **Technical Advisory Panels:** increased from 1 to 3



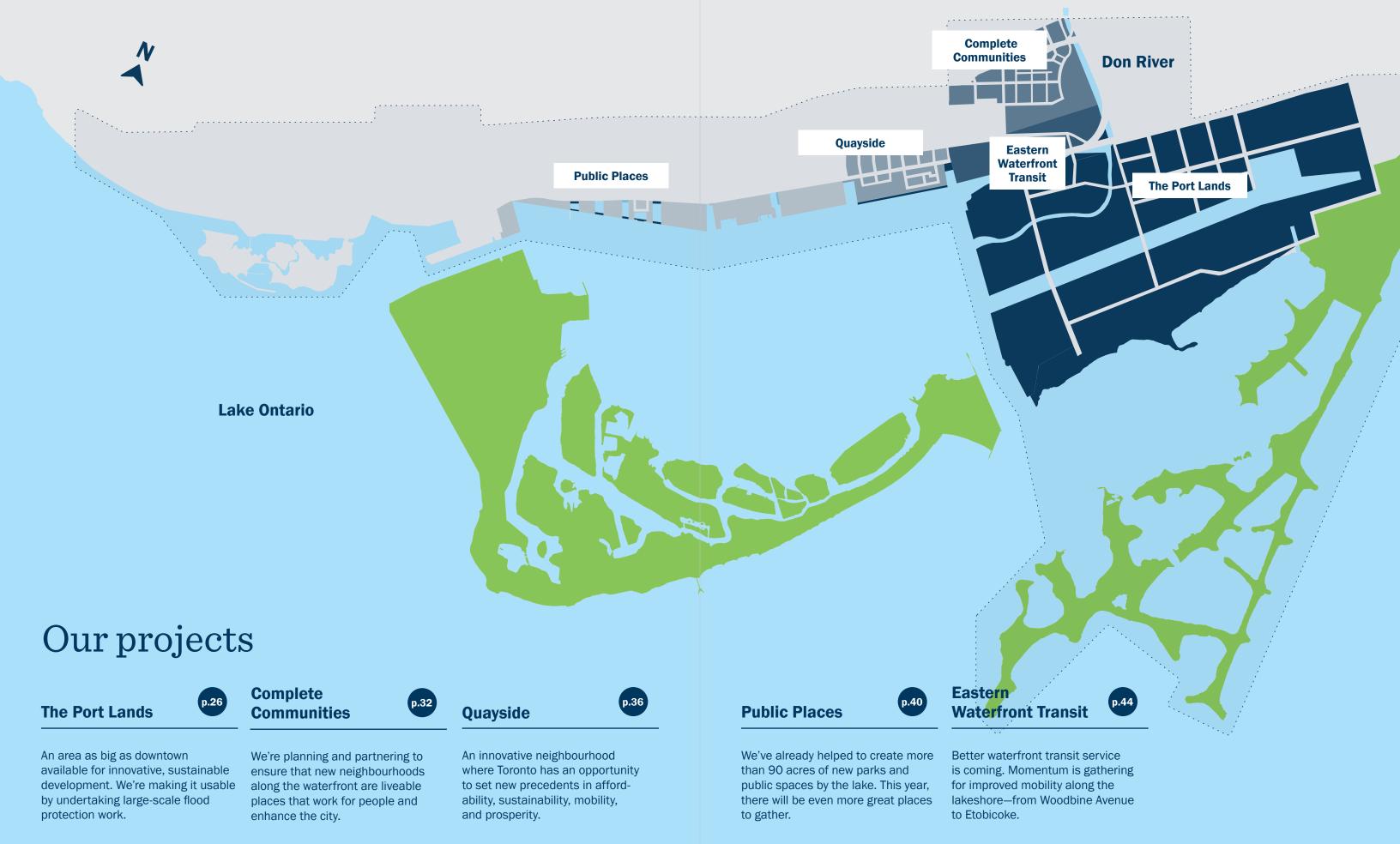
- 1. Design Review Panel (since 2005)
- 2. Digital Strategy Advisory Panel (since April 2018)
- 3. Capital Peer Review Panel (since May 2018)

18



#### **PROJECTS**

From parks to pathways to entire neighbourhoods, we have a record of making outstanding contributions to our city's built environment. We care so much about great physical places because we believe in their power to move the dial on the issues that matter most – like affordability, sustainability, and quality of life for all Torontonians.



Waterfront Toronto / Projects 2017/18 Annual Report / Projects

# Deliverables overview 2017/18

This year we set out to achieve 25 deliverables in seven areas of work: our five waterfront projects and two areas that support our ability to deliver results. Overall, we achieved 19 of our 25 planned deliverables (76%). This page presents a summary of the year. More detail is available in Appendix 1.

	<ul> <li>Port Lands</li> <li>Complete foundational work: planning, schematic designs, soil testing</li> <li>Start construction and earthmoving: perimeter berm, lakefilling</li> </ul>
<u></u>	Quayside  Select innovation and funding partner following RFP process, and conclude framework agreement
	Complete Communities
م⁄ <b>≊</b>	Bayside Phase 1 – parks and electrical
*	Bayside Phase 2 – plans, parks, dockwall, environmental
· S	6 Start building and equipping the Stormwater Management Facility
* &	<ul> <li>Queens Quay East and Parliament Street realignment</li> <li>acquire land, commence design</li> </ul>
ه <sup>ک</sup>	8 Coordinate with Toronto Hydro to bury power lines in Queens Quay revitalization area
<u>~</u>	Complete environmental assessment for Broadview and     Eastern Ave. flood protection
	Complete Villiers Island Precinct Plan and Villiers Island Framework
	Complete Public Realm Plan for Lower Yonge
	Conclude development agreement with The Rekai Centres for a new long-term care centre in the West Don Lands

# 

 $\approx$ 

#### **Public Places**

- Complete the first phase of The Bentway, including skating trail and gardens
- Complete entrance plaza to Jack Layton Ferry Terminal
- Launch International Innovative Design Competition for new parks (York St., Rees St.)



Submit Transit Reset Report and study of Union Station-Queens Quay connection options to Toronto City Council

#### **Strategic Initiatives**

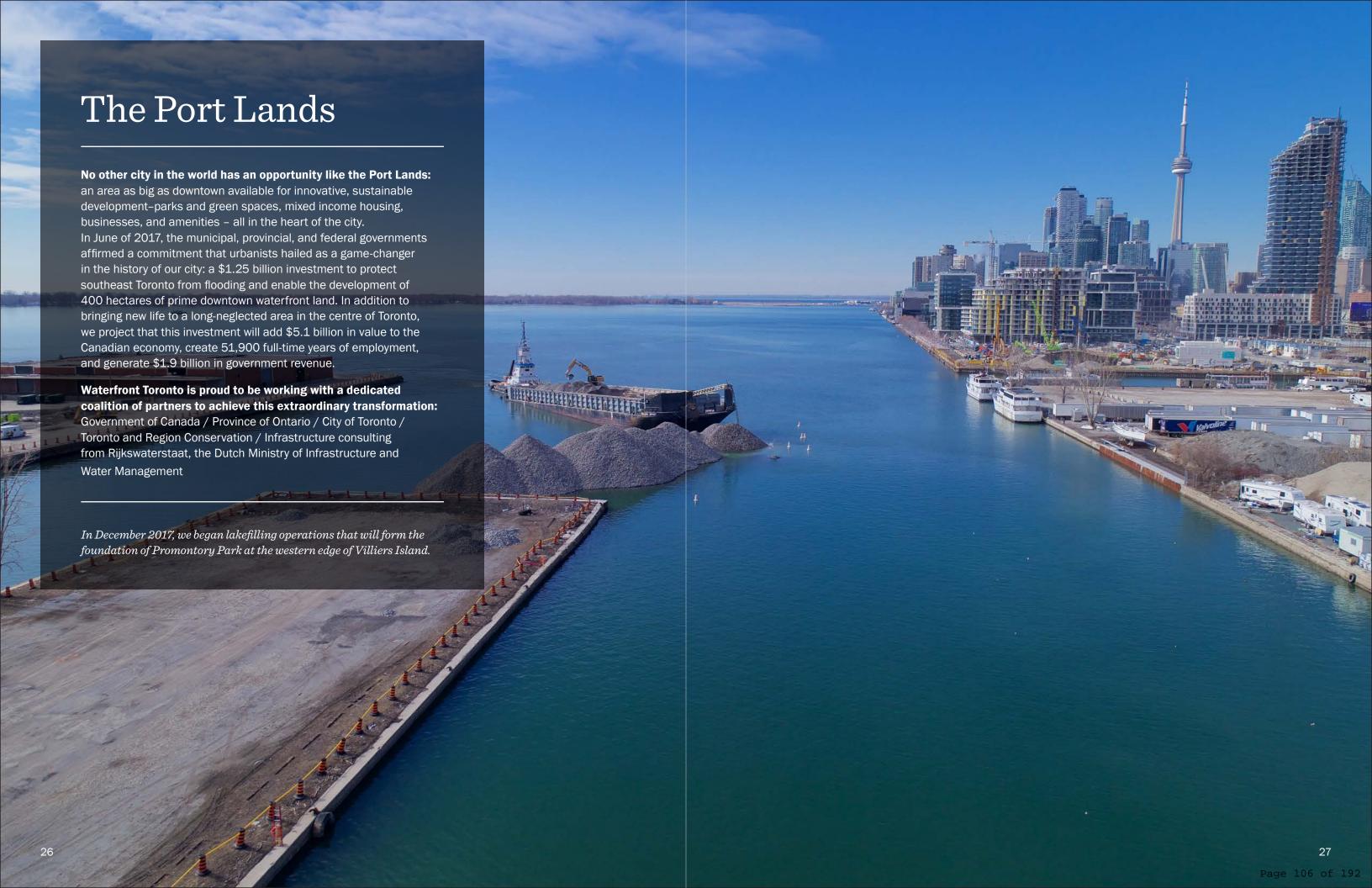
- 17 Complete public engagement strategy
- Streamline working relationship with our government partners
- Begin development of corporate philanthropy approach, with City Partnership Office
- 20 Advance portfolio of Innovation and Sustainability projects
- **21** Develop Partnership Strategy Framework

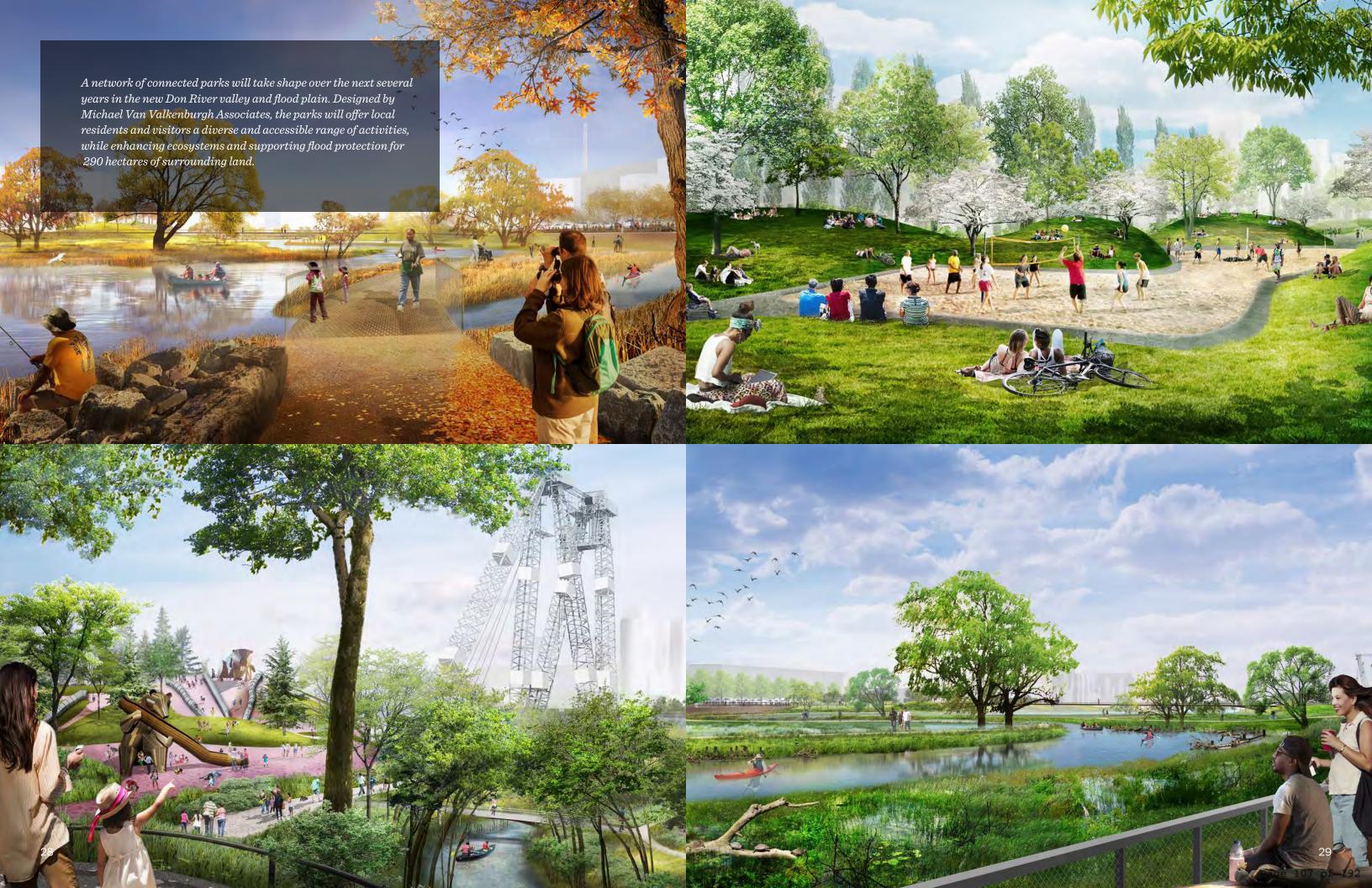
### Core Support Functions

- 22 Implement new strategic vision and organizational resiliency plan
- 23 Introduce flexible project delivery approach
- Implement new cloud-based Enterprise Resource Planning (ERP) system
- Make capital investments in communication technology and office space

#### Key

- Delivered
- We had to adjust our timing, at the request of one or more of our partners, in order to align with their construction schedules
- Lake or weather conditions slowed our progress
- Although we met our goals, some work was deferred to the next fiscal year as we adapted to new government funding schedules
- We chose to change our approach for a specific reason (see Appendix 1)





Waterfront Toronto / Projects

2017/18 Annual Report / Projects

## The Port Lands

In 2017/18, after all three levels of government affirmed their commitment to investing in the flood protection and infrastructure work that will revitalize a substantial part of the city, Waterfront Toronto got to work.

#### — This year we've:

- Embarked on one of the most ambitious engineering projects ever undertaken in Toronto. After a decade of planning, we've begun the lakefilling operations that will create the foundation of Promontory Park North on Villiers Island. The reconfiguration of the land mass that will become Villiers Island when the mouth of the Don is eventually restored to its original location is central to our flood protection work.
- Undertaken field testing of soil remediation technologies for land contaminated by past

industrial use. This work began in the fall of 2017 and was completed in March 2018.

 Met numerous planning and design targets, including the development of a complete-community plan for the neighbourhood that will eventually exist on Villiers Island. We also began the designs for the streets, bridges, parks, and flood protection infrastructure that will serve the new island and connect it to the mainland.

Actual 2017/18 investment \$31.1 million

Unspent \$29.0 million

7

The completion of the Port Lands project is expected to take seven years, and to harness a total combined investment of \$1.25 billion.

We spent \$29 million less this year than we'd planned because altered government funding schedules and unfavourable lake conditions both necessitated adjustments in our work schedule. More detail is available on pages 52-59 of this report, and at Portlands.ca

# The story so far

#### History

In the early 1900s, Toronto filled in the wetland now known as the Port Lands to make space for growing industry — and redirected the Don River with an unnatural hard turn. Today, the area holds enormous potential to enhance the life and prosperity of our city. To realize that potential, we need to rehabilitate the health of the soil and protect the area from flooding by restoring and enhancing the natural flood protection capacity that once existed at the mouth of the Don.

# What's next

#### **Future**

Over the next year, we'll continue to execute the detailed design work for bridges, roads, parks, and flood protection infrastructure. We'll also start digging the new mouth of the Don River, which will create Villiers Island.

"Investments in flood mitigation will help make this community safer for residents and stronger for economic growth."

The Insurance Bureau of Canada, on the Port Lands flood protection project

# Complete Communities

#### Holistic planning for thriving neighbourhoods

Through careful planning and smart partnerships, we're helping Toronto make the most of the large parcels of land available for development along the waterfront — ensuring that they become liveable communities that work for people and enhance the city.

Neighbourhoods that let residents work, play, shop, and access services close to home are good for people, economies, and the planet. They foster social ties, cut carbon emissions from vehicles, and let people spend less time commuting and more time being productive and doing the things they love. In the lands along Toronto's waterfront, we're planning connected communities that are good at meeting residents' needs—and we're working with developers, businesses, community agencies, and governments to bring them to life. In addition to housing and commercial space, these areas will have services like child care and elder supports, and offer good transportation links to the rest of the city.

In the foreground: East Bayfront, part of the new Bayside neighbour-hood master planned by Waterfront Toronto, and the Water's Edge Promenade, a generous public walkway by the lake. (Image courtesy of Hines Canada and Tridel.)

**Waterfront Toronto** / Projects 2017/18 Annual Report / Projects

# Complete Communities

Waterfront Toronto works with a wide range of partners developers and businesses, utilities, transit authorities, governments, and community groups - to plan neighbourhoods that have everything they need to thrive economically and socially, and to enhance the overall fabric of the city.

#### This year we've:

- Continued progress on Bayside, a 13-acre mixed-use community that's set to become a magnet for new employment opportunities and housing options. In September 2017, Bayside received its first residents as people moved into the Aqualina development at Queens Quay and Lower Jarvis. More activity is coming soon: this year Waterfront Toronto, as master developer of the area, executed a number of important steps on planning, funding, and approvals along with our development partners Hines Canada and Tridel, Toronto Hydro, and the City.
- Completed a precinct plan for Villiers Island, ensuring that the new, climate-positive neighbourhood being created near the mouth of the Don will have the right mix of supports and amenities – from workplaces and housing to parks and transit links.
- Developed a public realm plan for the Lower Yonge Precinct, the nine-hectare area bounded by Yonge Street and Lower Jarvis Street, Lakeshore Boulevard and Queens Quay East. The plan sets out a detailed vision for the materials and design approaches to be used in the area, to ensure they meet high standards of quality and fit into the surrounding waterfront landscape.
- Completed an environmental assessment for flood protection work where Eastern Avenue passes under the CN Rail line. This work is part of a broader flood protection initiative that will make large areas of downtown more amenable to development by protecting them from flooding risks associated with extreme weather.

Actual 2017/18 investment \$11.9 million Unspent \$49.2 million

We were unable to proceed with some of our work due to factors such as adverse weather conditions, changes in the timing of municipal infrastructure work, and changes in the schedules of our development partners. We also chose to defer a land acquisition to avoid a premature purchase, because the broader project schedule had changed.

## The story so far

#### **History**

Unlike much of Toronto, the waterfront still has large parcels of land available for revitalization. These areas have been underutilized, often due to contamination from past industrial use. It's rare for a big city like Toronto to have opportunities to develop large areas so close to downtown, as opposed to building infill. Making the best possible use of these waterfront parcels is vital to our city's future.

# What's next

#### **Future**

Some of our planned work this year was slowed by weather and water conditions. We're working to conclude those initiatives as soon as possible in 2018/19; they include public streets in Bayside, the Water's Edge Promenade, dockwall work in and around the Parliament Slip, and other public realm elements.

# Global award

#### A neighbourhood worth celebrating

The West Don Lands neighbourhood, a complete community master planned by Waterfront Toronto, won a prestigious award this year: the 2017/18 Urban Lands Institute Global Award for Excellence. One of 13 projects to be recognized – along with developments in Japan, Spain, Singapore and the United States - the West Don Lands was singled out by the international jury as a "an exemplary public-private partnership that demonstrated best practices that can be replicated...around the globe."

"The West Don Lands is Toronto urbanism at its best. Its evolution is a global showcase of city building that confirms our city's reputation as a place that's for and about the people it serves."

Richard Joy, Executive Director, Urban Lands Institute Toronto



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## Quayside

In October 2017, after a six-month competitive procurement process, Waterfront Toronto selected Sidewalk Labs as our innovation and funding partner for the development of Quayside. After we announced our intention to plan and develop a new kind of neighbourhood, Torontonians understandably had questions about what this neighbourhood might look like and how it might function. The answer is that the possibilities remain open – and we want help shaping the vision for Quayside. That's why our work this year has focused heavily on gathering questions, inviting input, and building advisory capacity.

#### What happened this year:

- We selected Sidewalk Labs as our innovation and funding partner after they presented the most visionary response to a request for proposals we issued last year.
- Soon after announcing the partnership, we hosted a Community Town Hall to share the Quayside story so far. The questions and comments we heard informed our Public Engagement Plan.
- The Public Engagement Plan was launched in February 2018; it's available for download from the Sidewalk Toronto site.
- Public meetings are one part of our engagement program.
- Some are small and local: we've attended meetings of neighbourhood associations adjacent to Quayside to offer information and answer questions

- about the partnership and the project. We'll continue to attend these meetings to offer updates and hear feedback, and we'll attend meetings with other groups across the city.
- Our larger-scale roundtable events are intended to provide updates and invite feedback at specific milestones. The first happened in March 2018, drawing more than 800 people in person and more than 3.300 online via livestream.
- We began hosting public talks on urban issues by local and international experts. These talks don't focus on Quayside itself; they're invitations to discuss and learn about big ideas cities are debating right now. The first event in our series focused on complete streets (March 2018); a talk on housing affordability followed in April.

sidewalktoronto.ca

# Sidewalk Labs



#### **Progress on the partnership**

The partnership with Sidewalk Labs we announced in November 2017 was grounded in a Framework Agreement that articulates the basic terms and principles of our initial working relationship. It sets out an initial joint planning process, including public engagement, which Sidewalk Labs committed to funding with up to \$50 million. The agreement also guides our collaborative creation of the master innovation and development plan: the vision for how we'll create a new kind of neighbourhood at Quayside.

While the Framework Agreement outlines guiding principles for our relationship, in the year ahead we'll be engaging in additional discussions and working toward agreements to define many of the specifics of our work together and what it will achieve. We designed this incremental planning process because, in view of the complexity of the project, we wanted to maximize opportunities for discussion, input, and adjustments to advance the public interest.

# The story so far

#### **History**

Quayside is a specific area of land largely owned by Waterfront Toronto and the City of Toronto, and located in a historically underutilized area near the foot of Parliament Street. Quayside has also become shorthand for a developing vision for the area, and an associated implementation plan.

Last year, Waterfront Toronto called for innovative ideas about how to plan, fund, and build a new kind of complete community by the lake. We invited proposals that would support mobility, inclusion, affordability, prosperity, sustainability, liveability, and great design. Sidewalk Labs made the most compelling proposal, and we've agreed to start exploring the future of Quayside in greater detail together — in consultation with Torontonians.

# What's next

#### **Future**

In the immediate term, the public engagement work described on the facing page will continue — and some new activities will begin, such as design jams and pop-ups. The work of the new Digital Strategy Advisory Panel, announced in April 2018, will begin in earnest. We'll continue working with our partners at Sidewalk Labs to lay the foundations of a master innovation and development plan.

If this outlook sounds heavy on planning and light on action, it is. This project is unique in the world. It involves a range of complex issues — from governance and privacy to emerging technologies. Waterfront Toronto is dedicated to approaching every part of this initiative with enormous care, and with an unwavering commitment to the public interest.



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## Public Places

Welcoming public places are essential to a vibrant waterfront that belongs to everyone. We're creating an interconnected series of parks, pathways, and facilities that stretch across the entire length of Toronto's lakeshore — inviting people toward the lake, from the water's edge into the city, and around the next bend.

#### This year we've:

- Completed the first phase of construction on The Bentway. In January, an opening party for the new skating trail drew plenty of skaters despite frigid temperatures. Our work on The Bentway this year also saw the creation of Shingle Beach, a new Shoreline Garden, and the development of The Bentway's interface with Fort York.
- Launched innovative international design competition for two new parks York Street and Rees Street in
- a bustling area. The competition, announced in February 2018, invited ideas for facilitating diverse activities, enhancing the parks' presence as gateways to and from the lake, and creating unique opportunities for cultural programming and public art.
- Made progress on the entrance plaza to the Jack Layton Ferry Terminal, which includes landscaping, play equipment, and the extension of the Queens Quay pedestrian promenade from Bay Street to the docks.

#### Actual 2017/18 investment \$19.3 million

#### **Unspent \$1.8 million**

Our work on the Jack Layton Ferry Terminal entrance had to pause to avoid disrupting summer ferry service. It will resume in the fall of 2018.

# The story so far

#### History

Since 2001, we've helped to transform 90 acres of waterfront land from empty, underutilized space into vibrant public gathering places — like Sherbourne Common, Underpass Park, Corktown Common, and the revitalized Queens Quay — that attract and connect Torontonians, and warmly welcome visitors from across Canada and around the world.

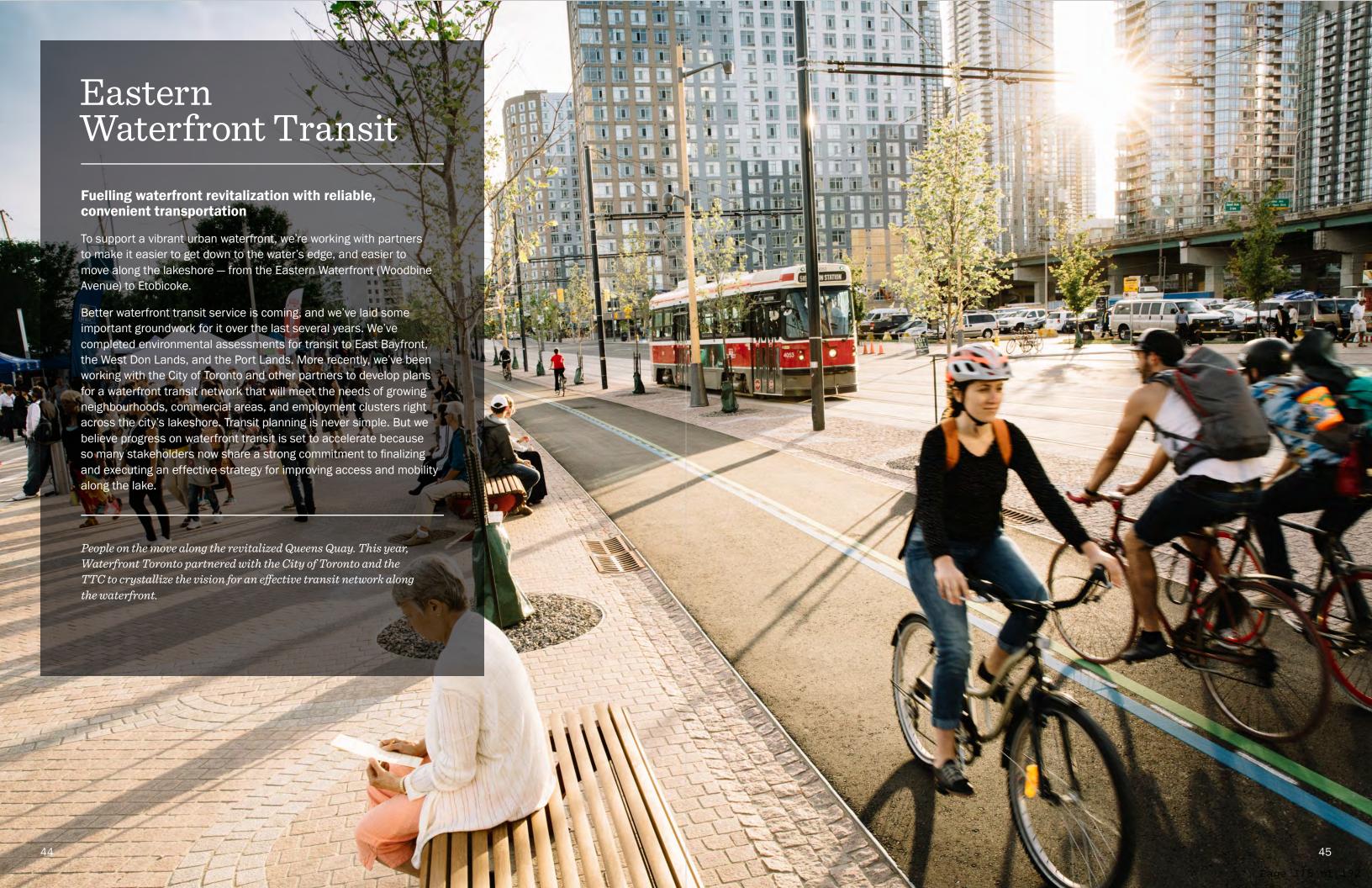
# What's next

#### **Future**

New public places across the waterfront will continue to enhance the life of our city the years ahead. Detailed proposals for York and Rees Parks are expected in 2018/19. The Bentway is moving into its next phase of development, with amenities and programming extending eastward toward Spadina. And the public realm plans developed this year for areas like Villiers Island, Promontory Park, and the Don River Mouth will come into clearer focus — with park designs and public art projects getting underway.

"[The Bentway skating trail] has really captured people's imagination; they're beginning to [ask]: 'What's next?"

Julian Sleath, CEO of The Bentway, on public excitement about the possibilities for new public places under the Gardiner Expressway



## **Eastern Waterfront Transit**

Great transportation along the lake is essential to successful waterfront redevelopment. Accessible, reliable public transit will drive commercial activity and job creation; fuel the growth and vibrancy of new neighbourhoods; and knit the waterfront into the life of the city. Waterfront Toronto was active on the transit file in 2017/18.

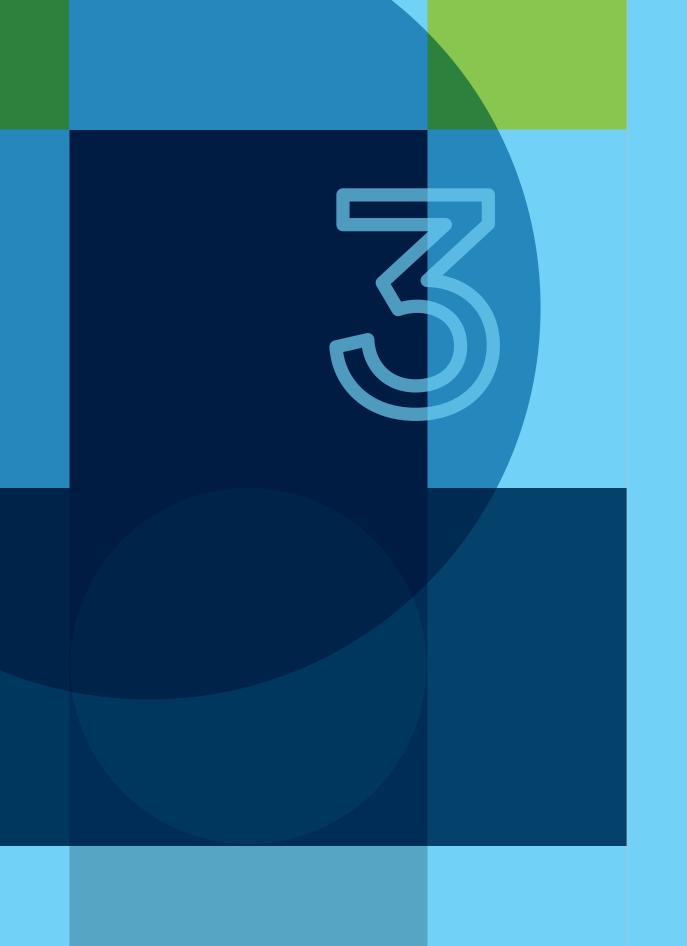
- In 2017, we were part of a collaboration with the City of Toronto and the Toronto Transit Commission (TTC) to develop an integrated transit strategy along the lake. The Waterfront Transit Network Plan proposed a waterfront-wide network running from Scarborough to Etobicoke, and serving new waterfront neighbourhoods like Bayside and the West Don Lands in the centre of the city. Toronto City Council approved the proposal in January 2018, incorporating it into the Official Plan Review of Transportation and Transit policies.
- A vital link in any waterfront transit network will connect Union Station Canada's busiest public transportation hub with the heart of the downtown waterfront at Queens Quay. In 2017/18 Waterfront Toronto and its partners at the TTC and the City presented Council with three options for this link, and a related light rail connection along Queens Quay East. Council accepted this menu of options and called for a focused feasibility study of two of the three options: light rail and an automated funicular (a cable-drawn vehicle), both of which would operate below grade.

# The story so far

#### History

For most of the last century, the waterfront was underutilized and demand for transportation options along the lake was relatively low. More recently, the area has been changing – and transportation planners have been crafting solutions to enhance movement to and from this increasingly vibrant part of our city. In 2016, City of Toronto staff and others took stock of existing plans and studies, seeking to identify and integrate the best ideas. Over the past year, Waterfront Toronto has partnered to create a clear, workable vision for waterfront transit – and in the years ahead we'll be working to realize that vision.





#### FINANCIALS

This year we launched two new projects that are unprecedented in their scale and ambition. We're evolving our capabilities—with an emphasis on technology, project execution, and risk management—to ensure that we're positioned for resilience, accountability, and success.

## Building our capacity to deliver

Waterfront Toronto is taking on new projects that are unprecedented in their scale and complexity — and also unprecedented in the value they're expected to create for Toronto, Ontario, and Canada. The Port Lands flood protection project is one of the most ambitious infrastructure initiatives ever undertaken in Toronto. Quayside is an urban innovation project unlike any other in the world.

As the scope of our work expands, we're building our capabilities accordingly. The goal is to bring the same levels of transparency, accountability, fiscal prudence and design excellence that have defined our approach over the past 15 years — and earned us a reputation as leading city-builders with an unwavering commitment to the public good. In 2017/18 Waterfront Toronto made investments in a number of key areas to ensure that we have the people, skills, processes, and tools we need to deliver extraordinary outcomes on the transformative projects now getting underway.

#### **Risk Management**

We've strengthened our risk management capabilities, addressing risks to our own enterprise and to the large-scale capital projects we're responsible for delivering. New governance and oversight mechanisms, a unified internal Project Management Office, and a new platform for enhanced real-time project monitoring are all part of our approach.

#### **Skills & Capacity**

This year we strategically built out our team, engaging a mix of full-time, part-time, and contract staff, as well as an outsourced program manager role. Our goal is to ensure that we have the knowledge and experience to manage the demanding projects we're now executing, as well as the flexibility to adapt to evolving needs.

#### **Expert Insights**

Two new external advisory bodies — the Capital Peer Review Panel for the Port Lands, and the Digital Strategy Advisory Panel for Quayside — will ensure that our two most ambitious projects are guided by field-leading experts and aligned with best practices.

#### **Technology & Workspace**

To empower our team to do their best work, this year we're adopting more effective technology in areas like financial management and oversight. To accommodate our new team members and enable more effective collaboration, we completed a modest expansion of our workspace and developed a reconfiguration plan that we'll carry out in 2018/19.

The following financial results are most informative if read in conjunction with Waterfront Toronto's March 31, 2018 year-end audited financial statements, available at www.waterfrontoronto.ca

## A. Capital investments

## In September 2017, Waterfront Toronto's Board of Directors approved \$162.3 million in capital investment for fiscal 2017/2018.\*

This investment was directed primarily toward our capital initiatives as outlined in the Projects section of this report (pp. 20 to 47). Some funding was also allocated to strategic initiatives such as partnerships and community engagement, and to enhancing Waterfront Toronto's resiliency.

Our actual capital spending in 2017/18 was \$75.9 million<sup>†</sup>, 47% of the planned total. The Deliverables Overview on pages 24 and 25 summarizes the results this spending achieved, as well as areas in which investments and deliverables were deferred.

**Actual 2017/18 spending \$75.9 million** 

**Unspent \$86.4 million** 

Most of the variance of \$86.4 million was caused by factors outside our control, such as adverse weather conditions, changes in the timing of municipal infrastructure work, or changes in the schedules of our development partners. Two factors resulted in \$29 million in deferred investment on the Port Lands Flood Protection project: altered government funding schedules and unfavourable lake conditions both necessitated adjustments in our work schedule. Environmental conditions (including high water tables and a severe winter) also affected our public realm work for Bayside; this planned work — and the associated investment of \$25 million – will proceed in 2018/19. We paused design work on the Stormwater Management Facility to ensure that our eventual plan is compatible with the City of Toronto's planned realignment of the Gardiner Expressway. As a result, \$9 million of construction work planned for 2017/18 was shifted into 2018/19.

These changes in the timing of our investments have not affected overall project budgets, and the schedule changes will not negatively affect the public.



In September we adopted an amendment to our original 2017/18 Corporate Plan, which had been approved by the Board in December 2016. The Corporate Plan Amendment was a response to significant changes in our resources and responsibilities, resulting from the confirmation of major government funding commitments to the Port Lands. Both the original Corporate Plan (December 2016) and the Corporate Plan Amendment (September 2017) comprised the period from April 1st, 2017 through March 31st, 2018, the period covered by this Annual Report.

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More information about Waterfront Toronto's capital investments as reflected in our audited financial statements is available in Appendix 2. Our complete audited financial statements are available online at www.waterfrontoronto.ca

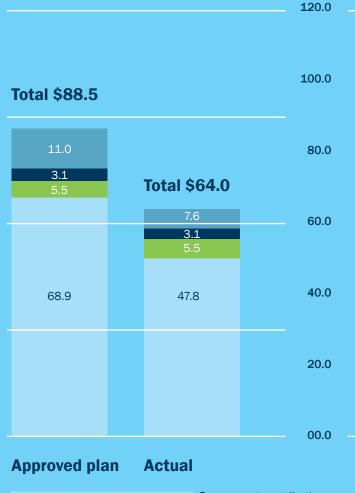
## B. Capital funding

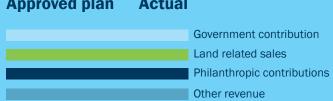
Waterfront Toronto realized \$64.0 million\* (72%) of the \$88.5 million our Corporate Plan anticipated.

Of the \$64 million in revenue we realized in 2017/2018, 75% came from governments. Government contributions represented a larger share of our funding in 2017/18 than in previous years because all three levels of government made substantial commitments to the Port Lands: in total, the governments of Toronto, Ontario, and Canada have agreed to invest \$1.25 billion over the next seven years in flood protection and enabling infrastructure in the area.

The 25% of our funding that did not come from governments in 2017/18 was collected through land or transaction sale revenues in East Bayfront (9%), philanthropic contributions toward The Bentway (5%), and other revenue streams such as cost recovery agreements, interest and property revenues (11%). Our funding mix was largely consistent with the Corporate Plan, although the revenues we realized from government were moderately lower than our Plan had anticipated. Some aspects of the Port Lands work were deferred as governments adjusted their funding schedules. We had also expected to borrow up to \$18 million in 2017/18 largely for a planned land acquisition; this was deferred to avoid a premature purchase because the construction schedule for the area had changed.

#### 2017/18 Revenues from all sources





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More information about Waterfront Toronto's capital funding as reflected in our audited financial statements is available in Appendix 2. Our complete audited financial statements are available online at www.waterfrontoronto.ca

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# C. Corporate operating costs

Waterfront Toronto is now executing projects that are unprecedented in their scale and complexity. So over the past year we've added staff in key areas to ensure that we have the capacity and the right mix of skills to deliver on our major initiatives, including the Port Lands and Quayside.

Our actual corporate operating costs for 2017/18 were \$1.0 million (7.2%) lower than the approved operating budget, mainly because we experienced some hiring delays as we sought people with the right capabilities to advance our key projects. We expected to fill a total of 16 positions (11 full-time and five short-term) in fiscal 2017/18, but four remained open at year end.

	2 Approved	017/18 Budget	017/18 al Cost	Va	riance (\$)	Variance (%)
General and Office Administration	\$	1.4	\$ 1.5		(0.1)*	(7.2%)*
Information Technology		0.7	0.6		0.1	14.3%
Public Engagement and Communications		0.6	0.6		-	0.0%
Human Resources (HR)		11.2	10.2		1.0	8.9%
Total Operating Budget	\$	13.9	\$ 12.9	\$	1.0	7.2%

Figures are in \$ millions

Corporate operating costs are reflected in Note 14 of Waterfront Toronto's March 31, 2018 audited financial statements (Expenses by Precinct and Function), and are made up of Project Management — salaries, fees and benefits of \$5.6 million – as well as general expenses of \$7.4 million, for a total of \$13.0 million.

\*

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Parentheses indicate unfavourable variance: spending in excess of approved budget

# D. Corporate capital costs

In 2017/18, Waterfront Toronto scaled up its capacity in key areas – technology, infrastructure, space, and facilities — to support the successful execution of our ambitious new projects. In addition to simply replacing digital systems that had reached the end of their lives, we added 1,600 square feet of office space to accommodate new team members and additional meeting and collaboration space.

Our actual spending on corporate capital fell short of the approved budget by \$0.9 million (43%). We still intend to devote these funds to upgrading our collaboration spaces – both physically and in terms of their digital connectivity and audiovisual capabilities. We deferred this work to 2018/19 to ensure that the design of the improved meeting rooms will be effectively integrated with the overall office space reconfiguration project planned for 2018/19.

Corporate capital costs are reflected in Note 7 of our March 31, 2018 audited financial statements (Capital Assets).

	20 Approved I	17/18 Budget	17/18 Il Cost	Va	riance (\$)	Variance (%)
Technology Infrastructure	\$	1.3	\$ 0.9	\$	0.4	30.8%
Information Technology		0.8	0.3		0.5	62.5%
Total Capital Budget	\$	2.1	\$ 1.2	\$	0.9	42.9%

Figures are in \$ millions

### E. Risk Management

Waterfront Toronto is committed to managing its entire portfolio of projects — and the public investments that make them possible — with excellence and accountability.

This year, we've enhanced our governance framework to improve the anticipation, monitoring, and mitigation of risks associated with our work.

Our new framework applies the widely used "three lines of defence" approach to risk management and control, assigning clear roles and responsibilities to:

- 1. Risk owners: the project and financial managers who execute projects and operational functions on a day to day basis.
- 2. Functions that oversee risk, including our new Program Management Office and technical advisory and peer review panels.
- 3. Assurance mechanisms, such as our internal audit function designed to ensure that our risk management is working effectively.

The first two lines have direct accountability to Waterfront Toronto's senior management, and third line to the Board of Directors and the Finance, Audit, and Risk Management Committee as well as senior management. This separation of roles not only enhances accountability by clarifying responsibilities, it helps to reveal and address blind spots to ensure that we're actively identifying and managing key risks.

Waterfront Toronto is committed to continually adapting and evolving our risk management practices as our environment and the demands of our projects change. This year our internal auditors performed an independent peer review of our enterprise risk management framework to ensure it meets best practices, given the expanded scope and scale of our organization.

# Project-specific oversight and advisory bodies

In 2017/18 we created new governance bodies for our two largest initiatives: the Port Lands and Quayside. The Port Lands Executive Steering Committee continues to meet monthly and we have created a dedicated Executive Steering Committee for the Quayside project. We have also implemented two new expert panels including the Digital Strategy Advisory Panel for Quayside and the Capital Peer Review Panel for the Port Lands. In combination with the new Project Management Office, the Executive Steering Committees and expert panels strengthen our second line of defence (risk oversight) by monitoring risks associated with our most complex and demanding projects.

#### **The Port Lands**

**The Port Lands Executive Steering Committee** provides executive project management oversight and coordination for the implementation of the Port Lands flood protection work and related planning projects. It includes senior representatives from Waterfront Toronto, Toronto and Region Conservation, the City of Toronto, the Province of Ontario, and the government of Canada. It meets at least monthly.

Capital Peer Review Panel. Waterfront Toronto recently established the Capital Peer Review Panel, which engages some of the industry's top experts in specific industry areas – such as infrastructure, project execution, and audit – to offer advice on project and program risks in developing, procuring, and implementing large projects and programs. Although the Panel has been engaged primarily to support our work on the Port Lands, its mandate is not limited to this project.

#### **Quayside**

**The Quayside Executive Steering Committee** provides project-level oversight and coordination from all three levels of government. It includes Waterfront Toronto's CEO, senior representatives from Sidewalk Labs, as well as the City of Toronto, the Province of Ontario, and the Government of Canada. It meets every six weeks.

**Digital Strategy Advisory Panel.** This year we crafted the mandate for a Digital Strategy Advisory Panel. Announced in April, the Panel is an arms-length entity tasked with providing Waterfront Toronto with objective, expert advice on the responsible use of data and technology across all waterfront projects, including Quayside. It will provide insight on ethics, accountability, transparency, protection of personal privacy, data governance, and cyber security. Its proceedings will be open to the public.

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### Project risk management capacity

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In 2017/18 we took two other notable steps to enhance our overall project risk management:

We significantly advanced the implementation of a new Enterprise Resource Planning (ERP) system to enhance the efficiency of our oversight processes. The new tool is expected to deliver customized dashboards and detailed reporting in real time. It also strengthens our "three lines of defence" model by automating certain processes and more sharply separating the functions of project execution ("line one") and project control ("line two"). Finally, the new system eliminates risks associated with our old financial system, which has reached end-of-life and is no longer supported by the manufacturer.

We established a Program Management Office (PMO) to streamline and coordinate work flows throughout our projects' lifecycles, and to manage risk associated with specific phases and functions. Our project management approach has always been effective and delivered strong results. As our projects increase in scale, the PMO adds a new level of formality to build confidence across all our stakeholder groups about our projects' pace, resourcing, design and expected outcomes.

"Waterfront Toronto has taken a great approach with [the Digital Strategy Advisory Panel]. It aligns with their long history of stewarding strong engagement processes. The panel is set up to take a long-term view on the impacts of the Quayside project and what they will mean for the people of Toronto. Its initial members have been, and will no doubt continue to be, both critical and constructive when sharing their advice about what to do when technology and the public interest intersect."

Bianca Wylie, Co-Founder, Tech Reset Canada

# Appendix I 2017/18 Corporate Plan Key Deliverables Scorecard

Project	2017/18 Deliverables	Score	Comments			
Port Lands						
Port Lands Flood Protection & Enabling Infrastructure: Early Works	Complete preliminary schematic design on select project elements.	•	Achieved in March 2018.			
	Formalize the project schedule, project budget breakdown, cashflows and project implementation plan with the construction manager.	•	Achieved in March 2018. Details included in the executed tri-government contribution agreement.			
	Begin field testing for selected soil remediation technologies.	•	Achieved. Field testing commenced in October 2017 and completed in March 2018.			
	Commence planning for the construction of the new Cherry Street Bridge over the Keating Channel in tandem with the Cherry Street Stormwater and Lakefilling Project.	•	Achieved in February 2018.			
	Obtain endorsement on Port Lands Framework Plan from City Council	•	Achieved in December 2017.			
	Modify the official implementation plan and imbed the Framework Plan and Villiers Island Precinct Plan into policy. Obtain endorsement from the City Council.	•	Achieved in December 2017.			
Cherry St. Stormwater and Lakefilling Project	Commence construction of the Cherry Street Stormwater and Lakefilling Project, which includes relocating the storm water outfall. This project is an important part of the required flood protection work in the Port Lands.	•	Achieved. Construction of perimeter confinement berm and lakefilling operations commenced in December 2017.			
	Initiate and obtain the Cherry Street Lakefilling Zoning Bylaw.	•	Achieved in April 2017.			
Complete Communities						
Bayside Phase I	Commence construction of the public realm elements of the private street (Edgewater Drive) for Aquavista with target completion date of June 2018.	•	<ul> <li>Deferred to fiscal year 2018/19</li> <li>Construction of public realm elements deferred to Q1 2018/19 to align with developer's timetable.</li> <li>Completion of Edgewater Drive targeted by September 2018.</li> </ul>			
	Initiate Aitken Place Park construction with target completion by 2018/19.	•	Deferred to Q1 2018/19 due to required park redesign to achieve project budget.			
	Complete the electrical room inside Tridel's Aqualina for the Water's Edge Promenade in Bayside.	•	Achieved.			
	Deliver first residential occupancy in Bayside (Aqualina).	•	Achieved in September 2017.			
Bayside Phase II	Complete construction of the public local streets. This includes relocation and reconstruction of the combined sewer outfall below Small Street and the construction of new streets, underground utilities including water, sewer, hydro and gas, and public realm to service the eastern half of the Bayside development.	•	Completion deferred to Q2 2018/19 due to challenges in acquiring dewatering permits, high water tables, winter conditions, and existing soil conditions.			
	Register Phase II Plan of Subdivision for Bayside.	•	Achieved in November 2017.			
	Close on land with Hines/Tridel for Block R5 (Aquabella).	•	Achieved in December 2017.			

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Project	2017/18 Deliverables	Score	Comments
Bayside Phase II (continued)	Obtain Record of Site Condition (RSC) from the Ontario Ministry of the Environment and Climate Change.	•	Achieved in November 2017.
	Complete all financial commitments to Toronto Hydro for the design, permitting and construction of hydroelectric infrastructure for Bayside Phase II.	•	Achieved in October 2017.
	Complete the first 90 meters of public realm infrastructure for the Water's Edge Promenade in Bayside Phase II.	•	Completion deferred to Q2 2018/19 due to challenges in acquiring dewatering permits, high water tables, winter conditions, and existing soil conditions.
	Complete the reinforcements to dockwalls for the balance of the Bayside Phase II water's edge, including Parliament Slip.	•	_
Stormwater Management Facility	Complete environmental remediation and construction of the exterior building for the Stormwater Management Facility core and shell.	•	Deferral in construction tender from spring 2018 to fall 2018 as follows:
	Commence installation of stormwater treatment	•	The facility has been redesigned to accommodate changes caused by the pending realignment of the Gardiner Expressway.
	process equipment.		b. Board supplementary capital approval was only obtained in September 2017.
			<ul> <li>Extended procurement process due to complexity of project and extensive questions from bidders late in the RFP process.</li> </ul>
Queens Quay East & Parliament Intersection	Initiate the process to secure lands and further develop the design for the Parliament Street realignment and Queens Quay East extension.		Deferral of land acquisition from early 2018 to late 2018 is attributed to:
			a. Extended discussions with landowner resulting from an expanded negotiation scope which now includes assistance with identification of potential location options to address landowner's access to their facilities, and
			b. Timeline for the land acquisition has been re-assessed to avoid a premature purchase. An innovation and funding partner has been brought on-board to help invest in a year-long process to conceive of a globally transformational project that will see development happen a year later than planned.
Queens Quay Revitalization	Transfer the temporary overhead power connections to the new underground system and replace older hydro poles with Waterfront Toronto's signature light poles. The work will commence pending Toronto Hydro's completion of new underground electrical infrastructure.	•	Completion dependent on Toronto Hydro's energization of new hydro infrastructure on the south side of Queens Quay.
Broadview & Eastern Avenue Flood Protection	Conduct due diligence and a class environmental assessment for the flood protection of the site located at the Eastern Avenue underpass of the CN Rail Line.	•	Achieved. Project on track for completion in June 2018.
Villiers Island Planning	Complete the Villiers Island Precinct Plan and obtain endorsement from City Council.	•	Achieved. Precinct Plan completed in September 2017 and endorsed by City Council in December 2017.
	Complete the Villiers Island Framework Plan and obtain endorsement from City Council.		Achieved. Villiers Island Framework Plan Complete in September 2017 and endorsed by City Council in December 2017.
West Don Lands Phase III Development	Execute the Rekai Development Agreement for Block 5 in West Don Lands.	•	Achieved in December 2017.

Project	2017/18 Deliverables	Score	Comments
Public Places			
The Bentway	Complete construction on Phase 1: Fort Frontage, Shingle Beach and Shoreline Garden, the skating trail and the skating building.	•	Achieved in December 2017.
Jack Layton Ferry Terminal - Phase 1A	Complete the design and construction of the entrance plaza to the ferry terminal, which includes landscaping, play equipment and the extension of the Queens Quay pedestrian promenade from Bay Street to the ferry terminal entrance (60 linear meters).	•	<ul> <li>Project suspended as requested by City of Toronto to ensure access to the ferry terminal in May 2018.</li> <li>Project to be re-mobilized and completed in fall 2018.</li> </ul>
[NEW DELIVERABLE] - York Street Park and Rees Street Park	Launch International Innovative Design Competition as part of pre-design works for the Rees Street Park and York Street Park.	•	<ul> <li>Achieved.</li> <li>International Innovative Design Competition launched in February 2018, with selection of successful proponent targeted in September 2018.</li> </ul>
Quayside			
Quayside Development	Select Innovation and Funding partner(s) for the Quayside Development. We plan to issue a Request for Qualifications for the Quayside development in early 2017. The Innovation and Funding partner(s) is/are expected to be identified by the end of 2017.	•	Achieved. Waterfront Toronto selected Sidewalk Labs as its Innovation and Funding partner in October 2017.
	Execute Framework Agreement with the Innovation and Funding Partner.	•	Achieved in October 2017.
Eastern Waterfront Transit			
Eastern Waterfront Transit	Complete the Waterfront Transit Reset Study.	•	<ul> <li>Achieved in January 2018.</li> <li>Completed Transit Reset Report for the entire waterfront from Scarborough to Etobicoke, including transit demand modelling in partnership with the City of Toronto and the Toronto Transit Commission.</li> <li>The study including recommendation was approved by the City Council in January 2018.</li> </ul>
	Complete the Union Station to Jack Layton Connector Report.	•	<ul> <li>Achieved in January 2018.</li> <li>Completed studies on three options for the connection between union station and Queens Quay including: funicular, moving sidewalk and LRT.</li> <li>The City Council approved moving forward with additional study on the funicular and LRT options in January 2018, and requested for status update in early 2019.</li> </ul>
Strategic Initiatives			
Community Engagement, Stewardship & Community Building	Implement Engagement Plus strategy for community consultation, stakeholder and public engagement.	•	<ul> <li>Achieved.</li> <li>Draft of new corporate narrative finalized in March 2018.</li> <li>Engagement Plus strategy finalized in March 2018. New approaches to diversifying audience including a number of pop up engagement pilots successfully implemented</li> </ul>
Government Relations	Clarify and streamline the working relationship with our government partners, particularly with regard to operational issues and deliverables.	•	Achieved. Inter-governmental Steering Committee (IGSC) meetings with governments are happening regularl and have helped address these issues.
Philanthropy, Corporate Sponsorship & Revenue Generation	We will begin to evaluate and execute the recommendation from the 2015 report on philanthropic opportunities and corporate readiness to engage in sponsorship activities, to accelerate the delivery of identified projects particularly with regard to the public realm.	•	Achieved. Beginning simultaneously, relationships established with interested corporations who want to assess Waterfront Toronto as philanthropic opportunity. The Corporation is undertaking these efforts in collaboration with the City of Toronto's Partnership Office.

**2017/18 Annual Report** / Appendix

Project	2017/18 Deliverables	Score	Comments			
Innovation & Sustainability	Continue to evolve Waterfront Toronto's approach in transforming the market and respond to critical challenges that we are facing locally, nationally and globally.	•	Achieved. Ongoing initiatives include: updating Minimum Green Building Requirements to reflect more ambitious targets and activating first phase of Wi-Fi in the waterfront public realm.			
Partnership & Economic  Development  Working alongside the Partnership Committee of the Board of Directors, we will put in place the strategic framework, guidelines and instruments to provide a base for these engagements.		•	Achieved. Partnership Strategy Framework has been finalized in March 2018, and is targeted for discussion at the next Partnerships Board Committee (now referred to as Stakeholder Relations Committee effective March 2018) meeting in Q1 2018/19.			
Core Support Functions						
New Strategic Vision — Organisational Resiliency Plan	Implement Waterfront Toronto's new strategy, objectives, priority projects and initiatives and accompanying organizational restructuring and integrated resourcing plan.	•	Achieved in March 2018.			
Project Delivery	Introduce flexible project delivery approach.	•	Achieved. Full-time roles presently being complemented with contractual and outsourced positions to address variable project volumes. Procurement for an outsourced Program Manager role for Port Lands is complete.			
	Complete salary benchmarking study.	•	Achieved in March 2018.			
Information Technology	Implement new cloud-based Enterprise Resource Planning (ERP) system.	•	Target "go-live" date has shifted from April 2018 to July 2018 as a result of more complex business process requirements together with constrained staff resources.			
Capital Investments	Implement new communication technology (audiovisual equipment) and other Boardroom upgrades.	•	Deferred to 2018/19 to integrate with the overall office space reconfiguration project planned in 2018/19.			
	Provide additional office space to primarily support the Port Lands project.	•	Achieved. Total additional office space secured is 1,600 s.f., primarily for the Port Lands project.			

#### Key

- Achieved by March 31, 2018.
- Deliverable not within Waterfront Toronto's immediate control, hence not achieved by March 31, 2018
- Not achieved by March 31, 2018 / deferred to a future year.

## Overall Waterfront Toronto achieved approximately 19 of 25 (76%) deliverables for 2017/18.

**Approximately 76%** 

# Appendix 2 Reconciliation to Audited Financial Statements

In accordance with Canadian public sector accounting standards for not-for-profit organizations, the total capital investments of \$75.9 million are reflected in the Corporation's March 31, 2018 audited financial statements as follows:

	\$ millions
Statement of Financial Position/ Note 6: Additions to/ increase in Assets Under Development	\$ 46.7
Statement of Financial Activities: Expenses	\$ 8.5
Note 19 Trust under administration: Expenditures – The Bentway	\$ 18.0
Note 4 Deposits and prepaid expenses: Prepaid insurance recognized as an asset in the audited financial statements	\$ 2.7
Total Capital Investments	\$ 75.9

Capital funding of \$64 million is reflected in the Corporation's March 31, 2018 audited financial statements as follows:

	\$ millions
Statement of Financial Activities:	
Revenue	\$ 52.2
Net other operating income	2.6
Other income from sale of land	1.5
Note 3 - Receivables:	4.0
Land sale income received in 2017/18 and recognized	
for financial statement purposes in a prior period	
Note 19 - Trust under administration: Philanthropic contributions	3.7
Total Capital Funding	\$ 64.0

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\*Board-approved September 14, 2017.

## Executive team

William Fleissig

President and CEO

Meg Davis

Chief Development Officer

**David Kusturin** 

Chief Project Officer

Marisa Piattelli

Chief Strategy Officer

Lisa Taylor

**Chief Financial Officer** 

**Chris Glaisek** 

Senior Vice President, Planning and Design **Leslie Gash** 

Vice President, Development

**Julius Gombos** 

Vice President, Project Delivery

**Cameron MacKay** 

Vice President, Strategic Communications and Engagement

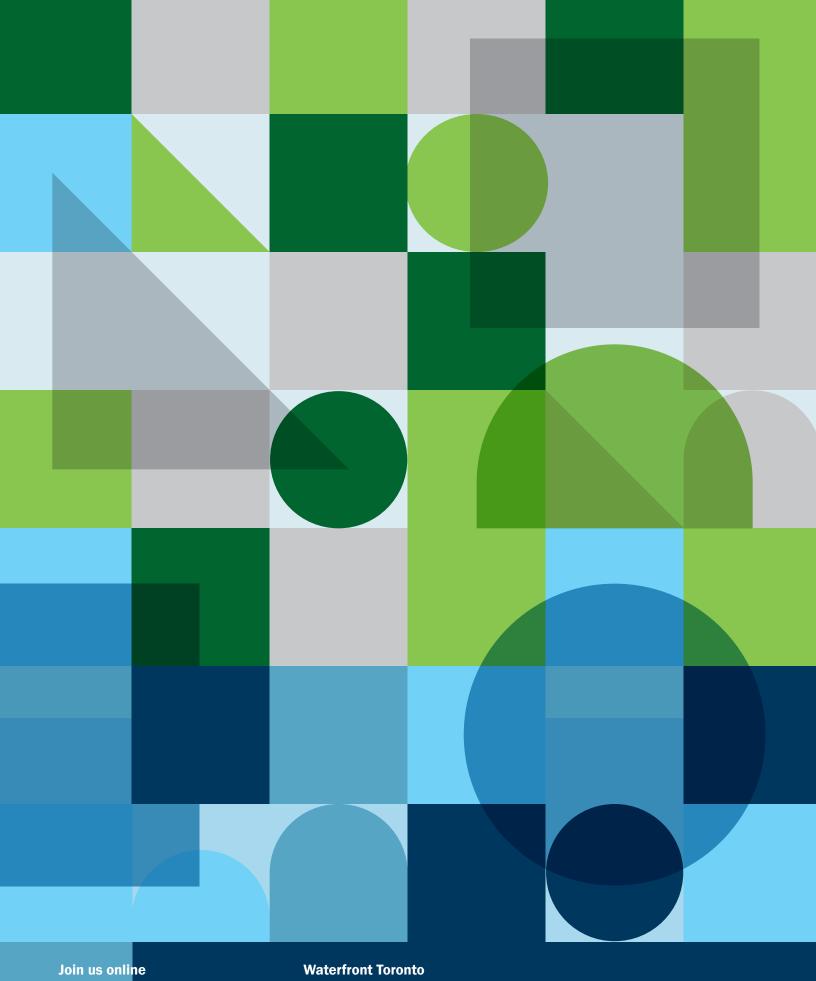
**Kristina Verner** 

Vice President, Innovation, Sustainability, and Prosperity

Ian Beverley

**General Counsel** 













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# Finance, Audit & Risk Management Committee – May 31, 2018 Item 11 – Portlands Flood Protection Project Capital Approval Site Preparation and Early Construction David Kusturin

Agenda Item	Item 11, Finance, Audit & Risk Management (FARM) Committee, May 31, 2018
Purpose	For the FARM committee to review the site preparation and early construction work Request for Capital Approval and to recommend approval to the Board of Directors.
Key Message	Management is seeking Capital Approval in the amount \$136.7M for early construction work including site preparation, shallow excavation, procurement of long lead delivery material (bridge steel) and construction management general conditions and fees
	The requirement to expedite construction in advance of the 30% design stage was included in the approved Due Diligence schedule in order to mitigate escalation costs and to accelerate the receipt of land development revenues
	10% design stage construction cost estimate (\$723.7M) compares favorably to Due Diligence construction cost estimate (\$740.4M)
Areas of note/ Key issues	Capital Approval is required to maintain the approved project schedule and avoid delay costs
	• 10% design stage risk analysis identified top risks which are quantified at \$121.3M
	The estimated budget for site preparation and early construction work (including long lead items procurement) occurring between July 1, 2018 and March 31, 2019 is \$136.7M
	30% design stage gate cost estimates and risk quantification will be presented to the FARM Committee in September 2018
	10% design stage cost estimate and capital approval request will be reviewed with new Capital Peer Review Panel and Port Lands Executive Steering Committee
	Additional scope items totaling \$56.9M are identified for future mitigation
Expected Outcome	FARM Committee recommendation to approve capital investment of \$136.7M for Port Lands Flood Protection site preparation and early construction work
Key Takeaways/ Next Steps	Convene inaugural Capital Peer Review Panel meeting and review Capital Approval request documentation and strategy with CPRP
	Review with and obtain Executive Steering Committee endorsement of Capital Approval request on June 20, 2018

### Port Lands Flood Protection & Enabling Infrastructure

# Request for Capital Approval Site Preparation and Early Construction Works

Finance Audit and Risk Management Committee
May 31, 2018



## WATERFRONTOron

### **Table of Contents**

- 1. Purpose, Key Information and Expected Outcome
- 2. Summary of Due Diligence Scope and Cost Estimate
- 3. Summary of 10% Design Stage Estimate and Cost Risks
- 4. Capital Approval Request for **\$136.7M** for site preparation and early construction works between July 01, 2018 to March 31, 2019

### **Port Lands Flood Protection & Enabling Infrastructure**

## 1. Purpose, Key Information and Expected Outcomes





## 1. Purpose, Key Information and Expected Outcome

- Key takeaways
- Approval process risks and mitigation
- Program background
- Milestone schedule for phased Board of Directors project approvals
- Capital Approval required for site preparation and early construction works in the amount of \$136.7M in order to maintain project schedule and avoid budget impacts

## **Key Takeaways**



- 10% design construction cost estimate is \$16.7M less than due diligence (\$723.7M vs \$740.4M)
- Expected Value of **top risks** is **\$15.4M less** than due diligence (\$121.3M vs \$136.7M)
- Approval is for long lead delivery materials and work between July 1, 2019 and March 31, 2019
- The requirement to expedite construction in advance of the 30% design stage was included in the approved Due Diligence schedule in order to mitigate escalation costs and to accelerate the receipt of land development revenues
- Capital Approval is required to maintain the approved project schedule and avoid delay costs
- All schedule float has been expended
- Potential additional scope items totaling \$56.9M are excluded and require mitigation
- Capital Approval of \$136.7M is required for site preparation and early construction

## Capital Approval Process Risk and Mitigation



### **Approval Process Risk**

- Standard Stage Gate process -- Capital Approvals are sought at the 30% design stage
- Approved Due Diligence schedule Approved Due Diligence specifies an expedited construction start (in advance of standard 30% design stage gate) in order to minimize cost escalation factors and allow for accelerated development and occupancy of Villiers Island and East Harbour
- Site Preparation and Construction Initiation -- Project is at 10% design, and approval of early construction is required to avoid increased project costs due to construction and material cost escalation (estimated at \$40M per annum in Due Diligence report)
- Schedule "Float" Expended -- prolonged funding approval process and accommodating existing tenancies within the Port Lands has used up any additional flexibility

### **Approval Process Mitigation**

- 10% construction cost estimates have been reviewed independent cost consultant (Altus), construction manager (Ellis Don), program manager (Colliers) and Waterfront Toronto staff have reviewed consultant estimates
- The Capital Approval requested is time bound approval is limited to work being undertaken between July 2018 and March 2019

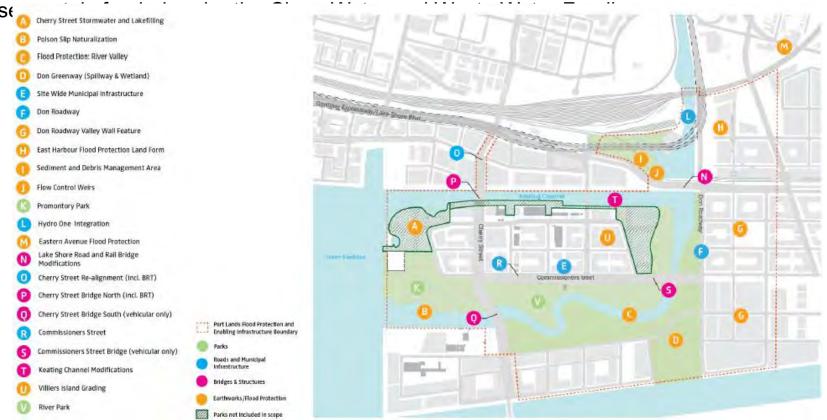
• The work to be undertaken has low risk of change – approval is limited to work

## Program Background



 Contribution Agreement executed in May 2018 - The three levels of Government announced, in 2017, \$1.250B in funding for the Port Lands Flood Protection and Enabling Infrastructure (PLFP) Program. The project components the make up the PLFP program are illustrated below.

• Cherry Street Stormwater & Lake Filling Project is underway - The PLFP Program includes \$65M for the Cherry Street Stormwater & Lake Filling Project (CSLF) which is



## PLFP Roadmap 2018



- Reviews, oversights and governance over PLFP Program execution
  - Quarterly Board of Directors and Finance Audit and Risk Management (FARM) Committee
  - Bi-Monthly- Capital Peer Review Panel
  - Monthly Port Lands Executive Steering Committee

		MAY			JUN		JUL	AUG	SEI	)	ОСТ		NOV		DEC
Capital Peer Review Panel				Tue Jun 05			×	Х	Tue Sep 11			Tue Nov 06			
Port Lands Executive Steering Committee	Wed May 16				Wed Jun 20		Tue Jul 31	Х	S	se 8	Tue Oct 16		tbd		tbd
Finance, Audit & Risk Management Committee			Thu May 31				Х	X		Thu Sep 20				Thu Nov 29	
Board of Directors	Thu May 10	Wed May 30 (Quayside)				Thu Jun 28	Х	Х			Thu Oct 11				Thu Dec 6

#### May/June

- Review 10% design estimates
- Establish and inaugurate Capital Peer Review Panel
- Review and approve capital budget for site preparation and early construction works (July 2018 to March 2019)

#### September/October

Full review of 30% design cost estimates risk register and risk quantification

#### November / December

Review and approve capital budgets for balance of project components (potentially excluding parks)

## Capital Approval Request Cost Summary



• The budget estimate for site preparation and early construction work is \$136.7M and breaks down as illustrated in the table below.

Project Element	10% construction Cost Estimate	Risk Contingency	Non- Refundable HST	Total
Roads and Services	\$2.9M	\$0.6M	\$0.1M	\$3.6M
Bridges	\$52.9M	\$11.8M	\$1.1M	\$65.8M
Flood Protection Features	\$54.0M	\$12.1M	\$1.2M	\$67.3M
Parks and Public Realm	\$-	\$-	\$-	\$-
Total	\$109.8M	\$24.5M	\$2.4M	\$136.7M

### **Port Lands Flood Protection & Enabling Infrastructure**

## 2. Summary of Due Diligence Scope and Estimated Cost





## Summary of PLFP Due Diligence Scope and Cost Estimate

\$ 1,185,000,000

	Project	Project	Project <b>Due Diligenc</b>		
	Code	Component	Project Budget		
	Description	Numbering		Estimates	
1	Commissioners St. West to New Cherry St.	15a	\$	18,000,000	
2	Commissioners St. East to Saulter St.	15c	\$	7,000,000	
3	Cherry Street Re-alignment (North & South of Keating)	14a	\$	22,000,000	
4	Don Roadway North	7a	\$	7,000,000	
5	Hydro One Integration	18	\$	12,000,000	
6	Site Wide Municipal Infrastructure	5	\$	102,000,000	
Roa	ds and Services Total		\$	168,000,000	
7	Cherry Keating-Cherry Street Bridge North	14b	\$	55,000,000	
8	Cherry Polson-Cherry Street Bridge South	14c	\$	42,000,000	
9	Commissioners Street Bridge/Don Roadway	15b	\$	43,000,000	
10	Lakeshore Road & Rail Bridge Modifications	13	\$	19,000,000	
11	Old Cherry St. Bridge Demolition	14d	\$	4,000,000	
Brid	ges Total		\$	163,000,000	
12	River Valley System	3	\$	486,000,000	
13	Keating Channel Modifications	16	\$	35,000,000	
14	Polson Slip North Side Naturalization	2	\$	60,000,000	
15	Don Roadway Valley Wall Feature	8	\$	27,000,000	
16	Eastern Avenue Flood Protection	12	\$	5,000,000	
17	East Harbour Flood Protection Landform	9	\$	5,000,000	
18	Flow Control Weirs	11	\$	38,000,000	
19	Sediment and Debris Management Area	10	\$	78,000,000	
20	Villiers Island Grading	19	\$	28,000,000	
Floo	d Protection Features Total		\$	762,000,000	
21	River Park North	20	\$	23,000,000	
22	River Park South	21	\$	27,000,000	
23	Promontory Park South	17b	\$	42,000,000	
Park	s and Public Realm Total		Ś	92,000,000	
				405 000 000	

**Grand Total** 

- Projects are grouped in four distinct segments for project management purposes
- The PLFP Program consists of 23 projects with estimated budget of \$1.185B

## Summary of PLFP Due Diligence Scope and Cost Estimate (continued)



	Project	Project		Hard Cost		Soft Cost		Total												
	Code	Component		Project		Project		Project												
	Description	Numbering		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate
1	Commissioners St. West to New Cherry St.	15a	\$	14,936,312	\$	3,063,688	\$	18,000,000												
2	Commissioners St. East to Saulter St.	15c	\$	5,801,165	\$	1,198,835	\$	7,000,000												
3	Cherry Street Re-alignment (North & South of Keating)	14a	\$	18,270,292	\$	3,729,708	\$	22,000,000												
4	Don Roadway North	7a	\$	5,801,165	\$	1,198,835	\$	7,000,000												
5	Hydro One Integration	18	\$	10,001,942	\$	1,998,058	\$	12,000,000												
6	Site Wide Municipal Infrastructure	5	\$	84,949,908	\$	17,050,092	\$	102,000,000												
Road	ds and Services Total		\$	139,760,786	\$	28,239,214	\$	168,000,000												
7	Cherry Keating-Cherry Street Bridge North	14b	\$	45,808,935	\$	9,191,065	\$	55,000,000												
8	Cherry Polson-Cherry Street Bridge South	14c	\$	34,407,381	\$	7,592,619	\$	42,000,000												
9	Commissioners Street Bridge/Don Roadway	15b	\$	35,806,993	\$	7,193,007	\$	43,000,000												
10	Lakeshore Road & Rail Bridge Modifications	13	\$	15,803,108	\$	3,196,892	\$	19,000,000												
11	Old Cherry St. Bridge Demolition	14d	\$	3,333,981	\$	666,019	\$	4,000,000												
Brid	ges Total		\$	\$ 135,160,397 \$ 27,839,60		27,839,603	\$	163,000,000												
12	River Valley System	3	\$	405,012,065	\$	80,987,935	\$	486,000,000												
13	Keating Channel Modifications	16	\$	29,139,031	\$	5,860,969	\$	35,000,000												
14	Polson Slip North Side Naturalization	2	\$	50,409,324	\$	9,590,676	\$	60,000,000												
15	Don Roadway Valley Wall Feature	8	\$	22,471,069	\$	4,528,931	\$	27,000,000												
16	Eastern Avenue Flood Protection	12	\$	4,200,777	\$	799,223	\$	5,000,000												
17	East Harbour Flood Protection Landform	9	\$	4,200,777	\$	799,223	\$	5,000,000												
18	Flow Control Weirs	11	\$	31,606,216	\$	6,393,784	\$	38,000,000												
19	Sediment and Debris Management Area	10	\$	65,079,228	\$	12,920,772	\$	78,000,000												
20	Villiers Island Grading	19	\$	23,337,866	\$	4,662,134	\$	28,000,000												
Floo	d Protection Features Total		\$	635,456,352	\$	126,543,648	\$	762,000,000												
21	River Park North	20	\$	19,003,885	\$	3,996,115	\$	23,000,000												
22	River Park South	21	\$	22,471,069	\$	4,528,931	\$	27,000,000												
23	Promontory Park South	17b	\$	34,673,789	\$	7,326,211	\$	42,000,000												
Park	s and Public Realm Total		\$	76,148,743	\$	15,851,257	\$	92,000,000												
Grar	nd Total		\$	986,526,278	\$	198,473,722	\$	1,185,000,000												

The PLFP budget is broken into Construction Cost (construction related) and Soft Cost (consultant related) categories

## Summary of PLFP Due Diligence Scope and Cost Estimate (continued)



	Project	Project		Due Diligence
	Code	Component	Soft Costs	
	Description	Numbering		Estimate
1	Commissioners St. West to New Cherry St.	15a	\$	3,063,688
2	Commissioners St. East to Saulter St.	15c	\$	1,198,835
3	Cherry Street Re-alignment (North & South of Keating)	14a	\$	3,729,708
4	Don Roadway North	7a	\$	1,198,835
5	Hydro One Integration	18	\$	1,998,058
6	Site Wide Municipal Infrastructure	5	\$	17,050,092
Roa	ds and Services Total		\$	28,239,214
7	Cherry Keating-Cherry Street Bridge North	14b	\$	9,191,065
8	Cherry Polson-Cherry Street Bridge South	14c	\$	7,592,619
9	Commissioners Street Bridge/Don Roadway	15b	\$	7,193,007
10	Lakeshore Road & Rail Bridge Modifications	13	\$	3,196,892
11	Old Cherry St. Bridge Demolition	14d	\$	666,019
Brid	ges Total		\$	27,839,603
12	River Valley System	3	\$	80,987,935
13	Keating Channel Modifications	16	\$	5,860,969
14	Polson Slip North Side Naturalization	2	\$	9,590,676
15	Don Roadway Valley Wall Feature	8	\$	4,528,931
16	Eastern Avenue Flood Protection	12	\$	799,223
17	East Harbour Flood Protection Landform	9	\$	799,223
18	Flow Control Weirs	11	\$	6,393,784
19	Sediment and Debris Management Area	10	\$	12,920,772
20	Villiers Island Grading	19	\$	4,662,134
Floc	d Protection Features Total		\$	126,543,648
21	River Park North	20	\$	3,996,115
22	River Park South	21	\$	4,528,931
23	Promontory Park South	17b	\$	7,326,211
Parl	s and Public Realm Total		\$	15,851,257
			4	400 472 722

**Grand Total** 

The Waterfront Toronto
 Board of Directors approved

 \$198.5M Soft Cost Capital
 Budget in March 2018.

## Summary of PLFP Due Diligence Scope and Cost

**Estimate** (continued)

	,				
	Project	Project	Due Diligence		
	Code	Component		Hard Costs	
	Description	Numbering		Estimate	
1	Commissioners St. West to New Cherry St.	15a	\$	14,936,312	
2	Commissioners St. East to Saulter St.	15c	\$	5,801,165	
3	Cherry Street Re-alignment (North & South of Keating)	14a	\$	18,270,292	
4	Don Roadway North	7a	\$	5,801,165	
5	Hydro One Integration	18	\$	10,001,942	
6	Site Wide Municipal Infrastructure	5	\$	84,949,908	
Roa	ds and Services Total		\$	139,760,786	
7	Cherry Keating-Cherry Street Bridge North	14b	\$	45,808,935	
8	Cherry Polson-Cherry Street Bridge South	14c	\$	34,407,381	
9	Commissioners Street Bridge/Don Roadway	15b	\$	35,806,993	
10	Lakeshore Road & Rail Bridge Modifications	13	\$	15,803,108	
11	Old Cherry St. Bridge Demolition	14d	\$	3,333,981	
Brid	ges Total		\$	135,160,397	
12	River Valley System	3	\$.	405,012,065	
13	Keating Channel Modifications	16	\$	29,139,031	
14	Polson Slip North Side Naturalization	2	\$	50,409,324	
15	Don Roadway Valley Wall Feature	8	\$	22,471,069	
16	Eastern Avenue Flood Protection	12	\$	4,200,777	
17	East Harbour Flood Protection Landform	9	\$	4,200,777	
18	Flow Control Weirs	11	\$	31,606,216	
19	Sediment and Debris Management Area	10	\$	65,079,228	
20	Villiers Island Grading	19	\$	23,337,866	
Floo	d Protection Features Total		\$	635,456,352	
21	River Park North	20	\$	19,003,885	
22	River Park South	21	\$	22,471,069	
23	Promontory Park South	17b	\$	34,673,789	
Park	s and Public Realm Total		\$	76,148,743	
Gran	nd Total			986,526,278	

 The estimated due diligence construction cost (including escalation allowance, risk contingency and non-refundable HST as illustrated on the following slide) is \$986.5M



Elaboration of PLFP Due Diligence Scope and Cost Estimate

<u> </u>	<u> </u>												
	Project	Project	Hard	Н	HC Escalation HC Risk		Hard Cost		Due Diligeno				
	Code	Component	Cost		Allowance	C	Contingency		NRHST	Р	roject Budget		
	Description	Numbering	Estimate		Av 12.6%		Av 18.3%		.2.6% Av 18.3% Av 1.		Av 1.76%	Estimates	
1	Commissioners St. West to New Cherry St.	15a	\$ 11,000,000	\$	1,510,200	\$	2,279,100	\$	147,012	\$	14,936,312		
2	Commissioners St. East to Saulter St.	15c	\$ 4,200,000	\$	586,600	\$	835,300	\$	179,265	\$	5,801,165		
3	Cherry Street Re-alignment (North & South of Keating)	14a	\$ 13,800,000	\$	1,747,200	\$	2,487,600	\$	235,492	\$	18,270,292		
4	Don Roadway North	7a	\$ 4,200,000	\$	586,600	\$	835,300	\$	179,265	\$	5,801,165		
5	Hydro One Integration	18	\$ 7,300,000	\$	911,000	\$	1,525,500	\$	265,442	\$	10,001,942		
6	Site Wide Municipal Infrastructure	5	\$ 64,000,000	\$	8,187,200	\$	11,657,600	\$	1,105,108	\$	84,949,908		
Roa	ds and Services Total		\$ 104,500,000	\$	13,528,800	\$	19,620,400	\$	2,111,586	\$	139,760,786		
7	Cherry Keating-Cherry Street Bridge North	14b	\$ 34,500,000	\$	4,430,600	\$	6,337,300	\$	541,035	\$	45,808,935		
8	Cherry Polson-Cherry Street Bridge South	14c	\$ 26,500,000	\$	2,681,800	\$	4,756,900	\$	468,681	\$	34,407,381		
9	Commissioners Street Bridge/Don Roadway	15b	\$ 27,000,000	\$	3,419,600	\$	4,911,800	\$	475,593	\$	35,806,993		
10	Lakeshore Road & Rail Bridge Modifications	13	\$ 12,000,000	\$	1,497,600	\$	2,160,800	\$	144,708	\$	15,803,108		
11	Old Cherry St. Bridge Demolition	14d	\$ 2,500,000	\$	337,000	\$	458,500	\$	38,481	\$	3,333,981		
Bric	lges Total		\$ 102,500,000	\$	12,366,600	\$	18,625,300	\$	1,668,497	\$	135,160,397		
12	River Valley System	3	\$ 305,500,000	\$	38,539,200	\$	55,973,600	\$	4,999,265	\$	405,012,065		
13	Keating Channel Modifications	16	\$ 22,000,000	\$	2,745,600	\$	3,994,800	\$	398,631	\$	29,139,031		
14	Polson Slip North Side Naturalization	2	\$ 38,000,000	\$	4,792,800	\$	6,982,400	\$	634,124	\$	50,409,324		
15	Don Roadway Valley Wall Feature	8	\$ 17,000,000	\$	2,171,600	\$	3,077,800	\$	221,669	\$	22,471,069		
16	Eastern Avenue Flood Protection	12	\$ 3,000,000	\$	424,400	\$	690,200	\$	86,177	\$	4,200,777		
17	East Harbour Flood Protection Landform	9	\$ 3,000,000	\$	424,400	\$	690,200	\$	86,177	\$	4,200,777		
18	Flow Control Weirs	11	\$ 24,000,000	\$	2,995,200	\$	4,221,600	\$	389,416	\$	31,606,216		
19	Sediment and Debris Management Area	10	\$ 49,000,000	\$	6,277,800	\$	9,024,900	\$	776,528	\$	65,079,228		
20	Villiers Island Grading	19	\$ 17,500,000	\$	2,159,000	\$	3,359,500	\$	319,366	\$	23,337,866		
Floo	od Protection Features Total		\$ 479,000,000	\$	60,530,000	\$	88,015,000	\$	7,911,352	\$	635,456,352		
21	River Park North	20	\$ 14,000,000	\$	2,122,000	\$	2,701,000	\$	180,885	\$	19,003,885		
22	River Park South	21	\$ 17,000,000	\$	2,171,600	\$	3,077,800	\$	221,669	\$	22,471,069		
23	Promontory Park South	17b	\$ 26,000,000	\$	3,507,000	\$	4,693,500	\$	473,289	\$	34,673,789		
Parl	ks and Public Realm Total		\$ 57,000,000	\$	7,800,600	\$	10,472,300	\$	875,843	\$	76,148,743		
	Portlands Flood Protection Program		\$ 743,000,000	\$	94,226,000	\$	136,733,000	\$	12,567,278	\$	986,526,278		

Total construction cost estimate includes allowances for escalation, risk contingency and non recoverable HST.

### **Port Lands Flood Protection & Enabling Infrastructure**

## 3. Summary of 10% Design Stage Estimate and Cost Risks



## 10% Design Stage Risk Analysis



#### Risk Workshop

Organized and facilitated the risk workshop (March 21-22, 2018)

#### Post Workshop Review

 Project teams reviewed risk register to refine impacts, descriptions and mitigation strategies

### Work Underway / Next Steps

- Primary and secondary risk owners assignment
- Periodic risk register update reviews with assigned risk owners
- Risk modelling, vetting, and reporting

### List of top risks at 10% Design Stage developed

- Total expected value (EV) of top risks is currently quantified at \$121.3M vs \$136.7M during Due Diligence
- EV is calculated based on probabilistic risk modelling (e.g. Monte Carlo simulation) undertaken by the Risk Management Consultant

Refer to following slides for details on top risks, probabilities and costs

## Top Risks at 10% Design (1)



Risk Name	Description	Probability (L,M,H)	Low Impact (\$M)	High Impact (\$M)	EV Impact (\$M)
Peat / Settlement Issues	Risk that large amounts of thick peat result in necessary ground improvements prior to road compaction. Stockpiling soil in areas with thick peat may also damage existing utilities.	Н	\$20.0 M	\$40.0 M	\$30.0 M
Hydraulic Operational Requirements at HONI Bridge	Potential risk to the design schedule associated with necessary changes required to meet hydraulic operational requirements of the Don River at the point where the HONI bridge crosses. Cost risk relates to design solution (extending or replacing bridge) not fully carried in due diligence	н	\$15.0 M	\$20.0 M	\$17.8 M
Bridge "Design to" Cost Overrun	Approved bridge design leads to cost overrun relative to the "design to" budget.	Н	\$12.8 M	\$21.4 M	\$17.1 M
Increased Construction Costs - Sediment Management Area	Risk that construction costs for the sediment management area increases relative to that carried in due diligence budget. The increases in construction costs are primarily driven by increased earthwork volumes.	Н	\$7.4 M	\$12.4 M	\$9.9 M
De-watering Effluent Discharge	Risk that cost for de-watering effluent discharge is more expensive that what is currently within the budge due to higher levels that may be treated.	М	\$10.0 M	\$25.0 M	\$9.5 M
Risk Aggregate below Threshold	Sum of risks including tree removal (\$0.3M), and additional property costs (\$0.5M) that fall below the defined \$1M individual cost threshold.	М	\$3.0 M	\$20.0 M	\$5.3 M
Sediment Management Technology Alternatives	Multiple technologies are being assessed including hydraulic pumping into geotubes, sand collector systems, and manual dredging. There is a risk that the technology option chosen has increased ongoing sediment management costs and does not meet the proposed budget.	н	\$2.0 M	\$10.0 M	\$4.5 M
Unidentified Utility Conflicts during Construction	Revisions to road design for both Cherry St. and Commissioners St. due to unexpected utility conflicts / need for additional crossings.	Н	\$2.0 M	\$7.0 M	\$3.6 M
Atlas Crane Foundation	Risk that current design affects the integrity of Atlas crane foundation resulting in design iterations and foundation stabilization.	Н	\$2.7 M	\$4.5 M	\$3.6 M

## Top Risks at 10% Design (2)



Risk Name	Description	Probability (L,M,H)	Low Impact (\$M)	High Impact (\$M)	EV Impact (\$M)
Sub-grade Excavation and Backfill at Polson Slip	Risk is constructability of the exposed armour with a potential requirement for additional excavation and an overall quantity uncertainty. There is a risk of additional excavation to build the slope and fill it back.	Н	\$2.0 M	\$5.0 M	\$3.2 M
Contaminated Material Volume	Risk that the volume of soil unsuitable for use within the project limits and requiring off-site disposal is greater than anticipated.	М	\$4.0 M	\$8.0 M	\$3.0 M
Heritage Buildings	Additional requirements for heritage buildings protection and/or relocation (in excess of budgeted amounts within the base cost estimate) may be required which would result in additional project cost and schedule impacts.	Н	\$1.5 M	\$5.0 M	\$2.6 M
Open Water in Excavation Cannot be Released to Lake Ontario	Risk that open water in excavation cannot be released to Lake Ontario due to a higher level of contamination and requires pre-treatment. This may result in potential project delays and increased costs.	М	\$5.0 M	\$7.0 M	\$2.4 M
Sub-grade HONI Design at Don Roadway	There is an underground transmission corridor to the east of the tower line (from Lakeshore to Commissioners along Don Roadway). The two cables that cross from the bridge are very delicate and susceptible to fill weight and changes in grade.	Н	\$1.0 M	\$5.0 M	\$2.3 M
Temporary Roadworks in Support of Traffic Management	Risk that traffic detours occur prior to the completion of necessary detour roadway works resulting in project delay.	Н	\$1.0 M	\$5.0 M	\$2.3 M
Treatable Soil Remediation Approach does not Achieve Objectives	Risk that the technologies selected underperform and soil cannot be remediated to reuse standards. If the contractor underperforms, there is a schedule risk since iteration will be required.	L	\$4.0 M	\$9.0 M	\$2.2 M
Cherry St. North Left Turn Requirement	Current design does not include left turn requirement on Cherry St. North. 3C may require this depending on the outcome of traffic modelling.	М	\$3.8 M	\$6.3 M	\$2.0 M

## **Key Risk Mitigation Strategies**



- Evaluate suitability of alternative construction means & methods to mitigate key risks including:
  - Soil stabilization alternatives jet grout in lieu of sheet piling and over-excavation to reduce: a) wet vs. dry excavation quantity; b) overall excavation and soil treatment quantity; c) dewatering requirements, and d) contaminant entry into new river valley
  - Underground utilities installations directional drilling or microtunneling vs. open cut excavation for municipal services (water mains, storm and sanitary sewers) to minimize: a) contaminant infiltration; b) excavation volumes, and c) dewatering costs.
  - Ground improvement techniques Implement various solutions such as vibration and dynamic compaction in conjunction with installation of columns consisting of gravel, and grout in lieu of compaction methods to alleviate poor geotechnical conditions
- Take advantage of opportunities:
  - Optimize cut-fill quantities balance soil excavation/treatment/disposal and implement slope stabilization techniques in order to mitigate additional excavation at the Polson Slip
  - Align Gardiner Hybrid and Flood Protection construction schedules mitigate cost risks associated with the Gardiner piers underpinning in the sediment management basin and Lakeshore Bridge modifications
  - Optimize earthwork and soil treatment volumes explore value engineering and design alternatives to reduce earthworks, soil treatment and haulage of contaminated material, and dock wall reconstruction

### Additional Scope Items



- Gardiner Hybrid cost impacts excluded from due diligence accommodation of the Gardiner Hybrid project and existing film studio uses were included in the Due Diligence cost estimate.
- Mitigation options include The project team is analyzing a variety of options to address these out-of-scope costs:
  - Alternative design solutions
  - Deferral of flood protection work or acceleration of Gardiner Expressway work align schedule, scope and funding to mitigate cost risks

Scope Name	Description	EV Impact (\$M)
Gardiner Columns Underpinning	Existing Gardiner foundations require underpinning prior to the construction of the sediment management area. Cost impacts not included in Due Diligence Report.	\$28.4 M
Lakeshore Road and Rail Bridge Modification	Cost Escalation to accommodate bridge widening as required for the Gardiner Expressway Hybrid solution. Cost impacts not included in Due Diligence Report.	\$23.5 M
Studio Temporary Accommodation	Risk that WT has to provide a temporary studio. Commitment approved by Executive Steering Committee)	\$5.0 M

## 10% Design versus Due Diligence Construction Cost Estimate



Component Number	Work Packages	Due Diligence Estimate	10% Design Estimate	Variance
	ROADS			
1 & 2	Commissioner Street East & West	\$15,306,902.65	\$15,306,902.65	\$0.00
3	Cherry Street Re-alignment	\$13,758,584.07	\$13,758,584.07	\$0.00
4	Don Roadway North	\$4,235,929.20	\$4,235,929.20	\$0.00
5	Hydro One Integration	\$7,266,371.68	\$7,266,371.68	\$0.00
6	Site Wide Municipal Infrastructure	\$63,636,902.65	\$63,882,477.88	(\$245,575.22)
	SUB-TOTAL	\$104,204,690.27	\$104,450,265.49	(\$245,575.22)
	BRIDGES			
7	Cherry Bridge North	\$34,451,858.41	\$51,508,658.41	(\$17,056,800.00)
8	Cherry Bridge South	\$25,824,601.77	\$33,324,401.77	(\$7,499,800.00)
9	Commissioners Bridge	\$26,920,000.00	\$19,446,600.00	\$7,473,400.00
10	Lakeshore Bridge Mod.	\$11,944,778.76	\$11,944,778.76	\$0.00
11	Old Cherry Bridge Demo	\$2,510,619.47	\$2,510,619.47	\$0.00
	SUB-TOTAL	\$101,651,858.41	\$118,735,058.41	(\$17,083,200.00)
	FLOOD PROTECTION			
12	River Valley System	\$304,459,469.00	\$280,547,277.00	\$23,912,192.00
13	Keating Channel	\$21,898,761.06	\$26,190,796.46	(\$4,292,035.40)
14	Polson Slip	\$37,869,734.51	\$20,790,088.50	\$17,079,646.02
15	Don Wall Features	\$16,966,017.70	\$13,691,681.42	\$3,274,336.28
16	Eastern Avenue	\$3,030,442.48	\$3,030,442.48	\$0.00
17	East Harbour (First Gulf Site)	\$3,030,442.48	\$375,575.22	\$2,654,867.26
18	Flow Control Wiers	\$23,889,557.52	\$14,686,017.70	\$9,203,539.82
19	Sediment Mgmt	\$48,918,407.08	\$57,679,469.03	(\$8,761,061.95)
20	Villiers Island	\$17,397,345.13	\$5,184,955.75	\$12,212,389.38
	SUB-TOTAL	\$477,460,176.96	\$422,176,303.55	\$55,283,873.42
	PARKS			
21	River Park North	\$14,267,256.64	\$11,346,902.65	\$2,920,353.98
22	River Park South	\$16,966,017.70	\$12,496,991.15	\$4,469,026.55
23	Promontory Park South	\$25,866,814.16	\$54,501,769.91	(\$28,634,955.75)
	SUB-TOTAL	\$57,100,088.50	\$78,345,663.72	(\$21,245,575.22)
	TOTAL CONSTRUCTION COST (Ex GC's, Fees, Contingency & NRHST)	\$740,416,814.13	\$723,707,291.16	\$16,709,522.97

### Port Lands Flood Protection & Enabling Infrastructure

# 4. Site Preparation and Early Construction Works Capital Approval Request



## Capital Approval Request Summary of Work



- Approval request covers work planned for July 01 2018 to March 31 2019 the first nine months of construction.
  - Demolition and site preparation
  - Shallow and deep excavation
  - Soil remediation
  - Early procurement of steel structure for bridges
  - Surveying, subsurface utility engineering (SUE)
  - Construction management, general conditions and general construction services
- Approval is timed to maintain schedule and avoid escalation costs due to delays in implementation
- Procurement status, commitment value, value of work in place and forecasts to complete will be reported on a quarterly basis to the FARM Committee

## Capital Approval Request Cost Summary



 The Budget estimate for site preparation and early construction work is \$136.7M and breaks down as illustrated in the table below. (refer to following slide for additional detail)

Project Element	10% construction Cost Estimate	Risk Contingency	Non- Refundable HST	Total
Roads and Services	\$2.9M	\$0.6M	\$0.1M	\$3.6M
Bridges	\$52.9M	\$11.8M	\$1.1M	\$65.8M
Flood Protection Features	\$54.0M	\$12.1M	\$1.2M	\$67.3M
Parks and Public Realm	<b>\$-</b>	\$-	\$-	\$-
Total	\$109.8M	\$24.5M	\$2.4M	\$136.7M

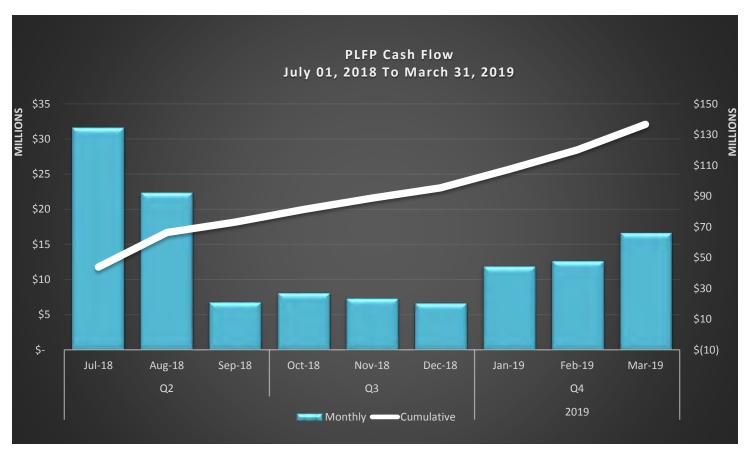
## **Detailed Capital Approval Request Summary**



Coc Des  1 Com 2 Com 3 Che 4 Don 5 Hyd 6 Site  Roads an 7 Che 8 Che 9 Com 10 Lake 11 Old  Bridges T  12 Rive 13 Kear 14 Pols 15 Don 16 East 17 East	coject de scription mmissioners St. West to New Cherry St. mmissioners St. East to Saulter St. erry Street Re-alignment (North & South of Keating) n Roadway North dro One Integration e Wide Municipal Infrastructure nd Services Total erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South mmissioners Street Bridge/Don Roadway	Project Component Numbering  15a 15c 14a 7a 18 5		ue Diligence Hard Cost Estimate  14,936,312 5,801,165 18,270,292 5,801,165 10,001,942 84,949,908 139,760,786 45,808,935	\$ Project Hard Cost ul 18 - Mar 19 2,885,294	Project Contigency (18.3%) 646,278	\$ NRHST (1.76%)	Total
1 Com 2 Com 3 Che 4 Don 5 Hyd 6 Site  Roads an 7 Che 8 Che 9 Com 10 Lake 11 Old  Bridges T 12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	mmissioners St. West to New Cherry St. mmissioners St. East to Saulter St. erry Street Re-alignment (North & South of Keating) in Roadway North dro One Integration is Wide Municipal Infrastructure ind Services Total erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South	Numbering  15a 15c 14a 7a 18 5  14b 14c	\$ \$ \$ \$ \$	Estimate  14,936,312  5,801,165  18,270,292  5,801,165  10,001,942  84,949,908  139,760,786	\$ ul 18 - Mar 19	(18.3%)	\$ (1.76%)	 Total
1 Com 2 Com 3 Che 4 Don 5 Hyd 6 Site  Roads an 7 Che 8 Che 9 Com 10 Lake 11 Old  Bridges T 12 Rive 13 Kear 14 Pols 15 Don 16 East 17 East	mmissioners St. West to New Cherry St. mmissioners St. East to Saulter St. erry Street Re-alignment (North & South of Keating) n Roadway North dro One Integration e Wide Municipal Infrastructure nd Services Total erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South	15a 15c 14a 7a 18 5	\$ \$ \$ \$ \$	14,936,312 5,801,165 18,270,292 5,801,165 10,001,942 84,949,908 139,760,786	\$	\$	\$	
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3 Che 4 Don 5 Hyd 6 Site  Roads an 7 Che 8 Che 9 Com 10 Lake 11 Old  Bridges T 12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	erry Street Re-alignment (North & South of Keating) in Roadway North dro One Integration e Wide Municipal Infrastructure ind Services Total erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South	14a 7a 18 5 14b 14c	\$ \$ \$ <b>\$</b>	18,270,292 5,801,165 10,001,942 84,949,908 139,760,786	2,885,294	\$ 646,278	\$ 62,156	
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6 Site  Roads an  7 Che 8 Che 9 Com 10 Lake 11 Old  Bridges T  12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	e Wide Municipal Infrastructure  and Services Total  erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South	5 14b 14c	\$ <b>\$</b> \$	84,949,908 <b>139,760,786</b>	\$			
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7 Che 8 Che 9 Com 10 Lake 11 Old Bridges T 12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	erry Keating-Cherry Street Bridge North erry Polson-Cherry Street Bridge South	14c	\$		\$			
8 Che 9 Com 10 Lake 11 Old  Bridges T 12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	erry Polson-Cherry Street Bridge South	14c		45,808,935	2,885,294	\$ 646,278	\$ 62,156	\$ 3,593,728
9 Com 10 Lake 11 Old  Bridges T 12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East			\$		\$ 31,252,710	\$ 7,000,301	\$ 673,253	\$ 38,926,263
10 Lake 11 Old  Bridges T  12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	nmissioners Street Bridge/Don Roadway	15b		34,407,381	\$ 21,586,154	\$ 4,835,087	\$ 465,014	\$ 26,886,255
<ul> <li>11 Old</li> <li>Bridges T</li> <li>12 Rive</li> <li>13 Kear</li> <li>14 Pols</li> <li>15 Don</li> <li>16 East</li> <li>17 East</li> </ul>	0,		\$	35,806,993				
Bridges T  12 Rive  13 Kea  14 Pols  15 Don  16 East  17 East	eshore Road & Rail Bridge Modifications	13	\$	15,803,108				
12 Rive 13 Kea 14 Pols 15 Don 16 East 17 East	Cherry St. Bridge Demolition	14d	\$	3,333,981				
13 Kea 14 Pols 15 Don 16 East 17 East	Total		\$	135,160,397	\$ 52,838,864	\$ 11,835,388	\$ 1,138,267	\$ 65,812,519
14 Pols 15 Don 16 East 17 East	er Valley System	3	\$	405,012,065	\$ 54,022,337	\$ 12,100,475	\$ 1,163,761	\$ 67,286,573
15 Don 16 East 17 East	ating Channel Modifications	16	\$	29,139,031				
16 East 17 East	son Slip North Side Naturalization	2	\$	50,409,324				
17 East	n Roadway Valley Wall Feature	8	\$	22,471,069				
	tern Avenue Flood Protection	12	\$	4,200,777				
18 Flov	t Harbour Flood Protection Landform	9	\$	4,200,777				
	w Control Weirs	11	\$	31,606,216				
19 Sed	liment and Debris Management Area	10	\$	65,079,228				
20 Villie		19	\$	23,337,866				
Flood Pro	iers Island Grading		\$	635,456,352	\$ 54,022,337	\$ 12,100,475	\$ 1,163,761	\$ 67,286,573
21 Rive	iers Island Grading otection Features Total	20	\$	19,003,885				
22 Rive		0	\$	22,471,069				
23 Pro	otection Features Total	21						
Parks and	otection Features Total er Park North		\$	34,673,789				
Grand To	otection Features Total er Park North er Park South	21	\$ <b>\$</b>	34,673,789 <b>76,148,743</b>				\$

### **Cash Flow Projection**

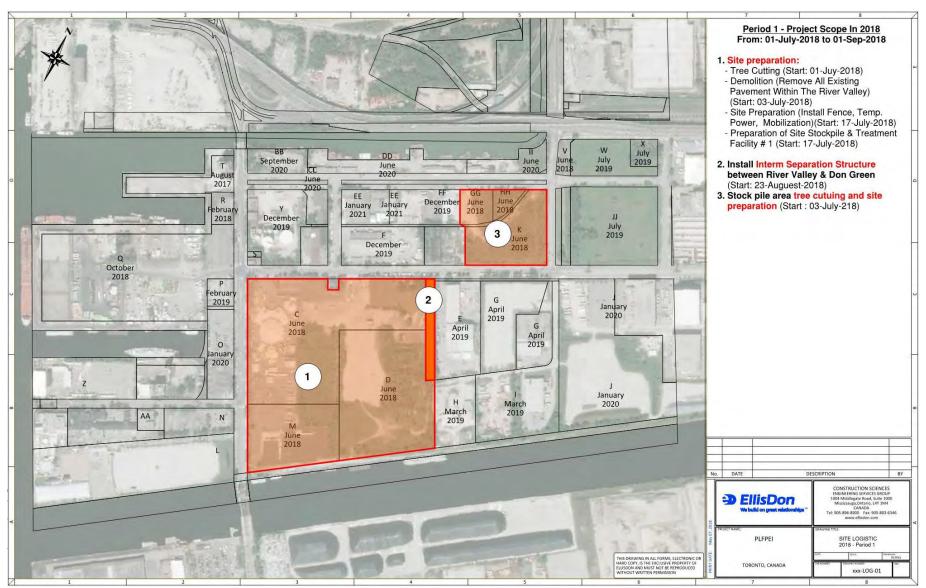




- Majority of investment in Q2 includes
  - Early Procurement of Steel Structure for Bridges
  - Demolition and Site Preparation
- River Excavation commences in September 2018

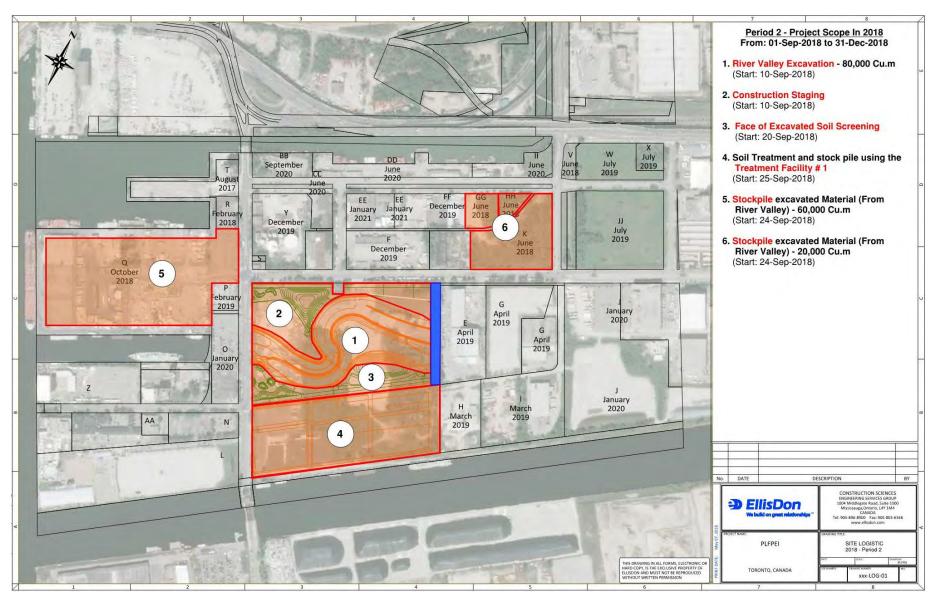
## Construction Work Zone 1 – July to Sep 2018





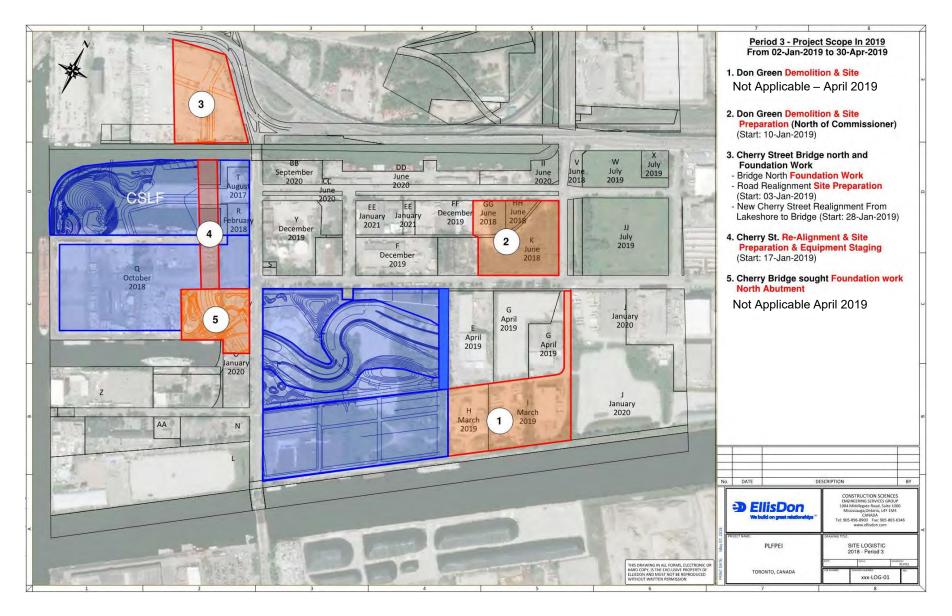
### Construction Work Zone 2 – Sep to Dec 2018





### Construction Work Zone 3 – Jan to Mar 2019





## **Motion**



ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves, for recommendation to the Board of Directors, a capital expenditure of \$136.7M Million for Port Lands Flood Protection site preparation and early construction works between July 1, 2018 and March 31, 2019.

This recommendation is made subject to review of the Request for Capital Approval and any comments provided by the Port Lands Executive Steering Committee at its meeting on June 20, 2018.

### Join Us



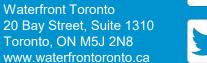
https://www.youtube.com/user/WaterfrontToronto



https://www.facebook.com/WaterfrontToronto



https://www.linkedin.com/company/waterfront-toronto





https://twitter.com/WaterfrontTO





#### Finance, Audit & Risk Management Committee – May 31, 2018 Item 12 – Project Risk Governance & Capital Peer Review Panel Update

Agenda Item	Item 12, Finance, Audit & Risk Management (FARM) Committee, May 31, 2018
Purpose	For Information.
Key Message	The Capital Peer Review Panel (CPRP) Mandate has been updated to reflect the panel as a component of the Second Line of Defense.
	Four candidates have accepted appointment to the CPRP including Matti Siemiatycki, Shoshanna Saxe, Ehren Cory and Doug Tipple.
	Additional candidates are being sourced through Civic Action, Federal, Provincial and Municipal Governments, Board of Directors and the Dutch government.
	The Capital Program Management Office (CPMO) is now fully constituted and CPMO staff are engaged in developing reports, reviewing and preparing project cost and risk updates and approvals documents and configuring and testing the new Enterprise Resource Management system.
Areas of note/ Key issues	Management is currently attempting to schedule the inaugural meeting of the CPRP for early June.
	The objectives of the first meeting are: to familiarize the panel with its mandate and confirm logistics; to review the Due Diligence Report findings and; to review the Capital Approval Request for site preparation and initial construction. It is our intent that the panel review the Site Preparation and Initial Construction Capital Approval request in advance of the Executive Steering Committee and Board of Directors meetings in June.
	Additional CPRP candidates will be assessed for their expertise and qualifications in major public infrastructure management and delivery, environmental risk management and remediation, and infrastructure investment/finance.
Expected Outcome	For information purposes.
Key Takeaways/ Next Steps	Confirm full slate of panelists and date for inaugural meeting of the CPRP.



#### Finance, Audit & Risk Management Committee – May 31, 2018 Item 13 – Waterfront Toronto Insurance & Benchmarks Ian Beverley

Agenda Item	Item 13, Waterfront Toronto Insurance & Benchmarks
Purpose	For information purposes.
Key Message	<ul> <li>At the May 10, 2018 Board meeting, Management was requested to provide an overview of the corporation's insurance programs at the next Board meeting.</li> <li>The way in which an organization chooses to finance its risk is a finance function and therefore these materials are being provided first to FARM for information and comment before being provided to the Board.</li> <li>There are two key dimensions to Waterfront Toronto's insurance program: (i) the Corporate Insurance Program consisting of property/boiler insurance, general liability insurance, directors and officers liability insurance, crime insurance and contractor's pollution liability insurance; and (ii) project specific insurance that is taken out for specific construction projects.</li> <li>Maria Ruberto, CIP CRM, Vice President of HUB International HKMB will provide an overview of Waterfront Toronto's Corporate Insurance Program with relevant benchmarks.</li> <li>Ryan Brown, CIP, CAIB, Manager Lender Insurance Services of INTECH Risk Management Inc.will provide an overview of the Project Specific Insurance Program for the Port Lands Flood Protection Project with relevant comparisons and benchmarks.</li> </ul>
Areas of note/ Key issues	Waterfront Toronto's Corporate Insurance Program is consistent with benchmarks     The Project Specific Insurance Program for the Port Lands Flood Protection Project is consistent with benchmarks/comparable projects.
Expected Outcome	Management will appreciate comments on the materials presented which will be presented again at the June 28 Board meeting.
Key Takeaways/ Next Steps	n/a





Waterfront Toronto

Corporate Insurance Program &

Port Lands Flood Protection Insurance Program

# **Agenda**



- Waterfront Toronto Corporate Insurance Program
  - Maria Ruberto, Vice President, HUB International HKMB
- Portlands Flood Protection Project Insurance Program
  - Ryan Brown, Manager, INTECH Risk Management Inc.

# 2018 - 2019 **Waterfront Toronto Corporate Program Structure**



Limit of Loss \$20,443,401

Earthquake & Flood \$16,965,307

#### **DEDUCTIBLE**

All Other Losses - \$5,000
Except;
Flood -\$25,000
Earthquake 3% values at risk - \$100,000
minimum
Sewer Back up \$25,000
District Energy Plant

\$10,000

Don River Park-Dry side

\$10,000

Limit Per Any One Accident \$10,000,000

Gross Rents: \$3,683,888 18 Month Indemnity

Extra Expense - \$1,000,000

#### **DEDUCTIBLE**

All Losses - \$5,000 Except; Extra Expense - \$10,000 Business Interruption – 24 Hours Waiting Period Policy Aggregate \$15,000,000 Shared Limit of Liability With: D&O / Employment Practices

Crisis Management Fund for D&O \$10,000

#### RETENTION

All Claims \$25,000 Limit Per Loss \$1,000,000

Social Engineering Fraud - \$50,000

Telephone Fraud - \$50,000

#### **RETENTIONS**

All Losses - \$5,000 Except; Social Engineering Fraud -\$10,000 UMBRELLA \$8,000,000 Limits of Liability

PRIMARY \$2,000,000 Limits of Liability

#### **DEDUCTIBLE**

PRIMARY
Per Occurrence
\$2,500

UMBRELLA Retention- \$10.000 Limits of Liability \$10,000,000 Per Pollution condition or Site Environmental Condition

\$10,000,000 Total Policy & Program Aggregate

> RETENTION \$50,000 General / Cat Management Per Pollution / Site Environmental Condition

**PROPERTY** 

**BOILER** 

**D&O LIABILITY** 

CRIME

LIABILITY

CONTRACTOR'S POLLUTION LIABILITY

### **Executive Summary - The Benchmarking Database We Used**



- We used an American insurance program database, Advisen, in order to benchmark your insurance coverage limit.
- All figures indicated on Benchmarking charts in this report are in U.S. Dollars.
- Waterfront Toronto's limits are in Canadian Dollars.
- Waterfront Toronto is not a U.S. company.
- Waterfront Toronto is not a public traded company.
- We used data from: Construction & Engineering, Real Estate Management & Development, Transportation-Infrastructure & Non-Profit firms.

### **Executive Summary – Other considerations and recommendation**



### **Commercial General Liability / Umbrella Liability:**

• Waterfront Toronto's Cdn \$10M Commercial General Liability/Umbrella limit is in the low middle of the range when compared to it's peer group with company asset between \$400 - \$700 million.

### **Commercial General Liability:**

• Waterfront Toronto's Cdn \$1M Commercial Liability limit is in the middle of the range when compared to it's peer group with company revenue between \$250 - \$700 million.

### **Umbrella Liability:**

• Waterfront Toronto's Cdn \$9M Umbrella limit is in the low end of the range when compared to it's peer group with company revenue between \$250 - \$500 million.

### **Crime Liability:**

• Waterfront Toronto's Cdn \$1M Crime limit is in the middle of the range when compared to it's peer group with company revenue between \$250 - \$500 million.

### **Contractor's Pollution / Environmental Liability:**

• Waterfront Toronto's Cdn \$10M Contractor's Pollution/Environmental limit is in the high end of the range when compared to it's peer group with company revenue between \$250 - \$500 million.

### **Executive Summary – Other considerations and recommendation**



### **Directors & Officers Liability:**

- We were not able to find enough D&O insurance data for government organizations to pull a benchmarking report.
- It is safe to assume all of the firms in this study are for-profit, share, companies rather than not-for-profit organizations.
- Most of these companies in this study buy D&O insurance to protect against securities class action lawsuits, an exposure that Waterfront Toronto does not have.
- In general, for-profit organizations purchase higher D&O coverage limits than not-for-profit organizations.
- In general U.S. domiciled organizations purchase higher D&O coverage limits due to the relatively more litigious legal environment.
- Waterfront Toronto's is Cdn \$15M D&O insurance program includes defense costs outside of the coverage limit. This is unique feature is not found on D&O insurance programs purchased in the United States.
- It is very safe to assume that none of the companies in the benchmarking study have this unlimited defense cost feature. The D&O coverage limits purchased by American companies are inclusive of defense costs, judgments and settlements.

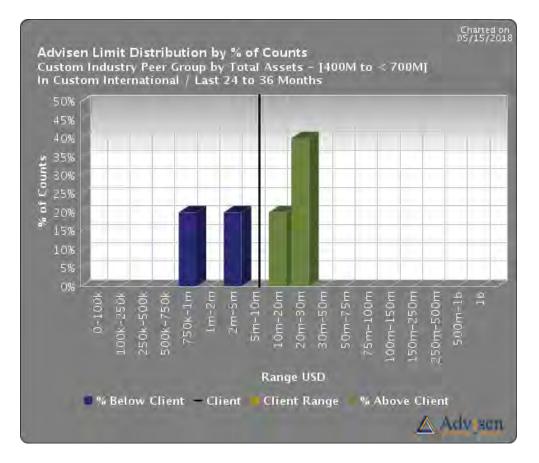
# **Advisen Report Parameters**

# Commercial General and Umbrella Liability

### **Liability/Umbrella - \$10M Limit**

# Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Companies With Assets Between \$400M - \$700M





- The Client's Limit of USD 10,000,000, when compared to the LOB Peer Group – All is in the Low Middle of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution
by % of Counts
Custom Industry Peer Group by Total
Assets - [400M to < 700M]
In Custom International / Last 24 to 36
Months

	Client: 10M
% Below or Equal to	Client: 40.0
% Above	Client: 60.0

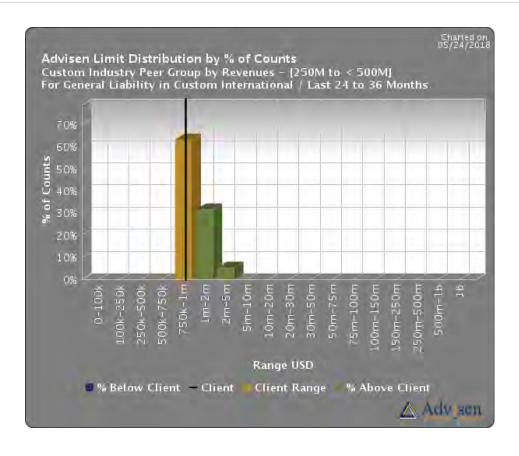
Range USD	% of Counts	Cumulative %				
20m-30m	40.0	100.0				
10m-20m	20.0	60.0				
2m-5m	20.0	40.0				
750k-1m	20.0	20.0				
Program Count: 5						

Advisen

Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit - Associations, Real Estate Management & Development, Transportation - Infrastructure
Coverage: All	Company Type: All Companies
LOBS: All	Company Exposure (Revenues): Less than \$25M
Filter Benchmarking Range: None	Location: United States, Canada
Peer Group Size: 24,588	
V-10/-1-10-01-	▲ Adviser

# Commercial General Liability - \$1M Limit Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Companies With Revenue Between \$250M - \$500M





- The Client's Limit of USD 1,000,000, when compared to the LOB Peer Group General Liability, is in the Middle of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution by % of Counts Custom Industry Peer Group by Revenues - [250M to < 500M] For General Liability in Custom International / Last 24 to 36 Months

1	-	Client: 1M Client: 63.2 Client: 36.8
Range	% of	Cumulative %

Range USD	% of Counts	Cumulative %			
2m-5m	5.3	100.1			
1m-2m	31.6	94.8			
750k-1m	63.2	63.2			
Program Count: 19					
		▲ Advisen			

Salacted Poor Croun Filters

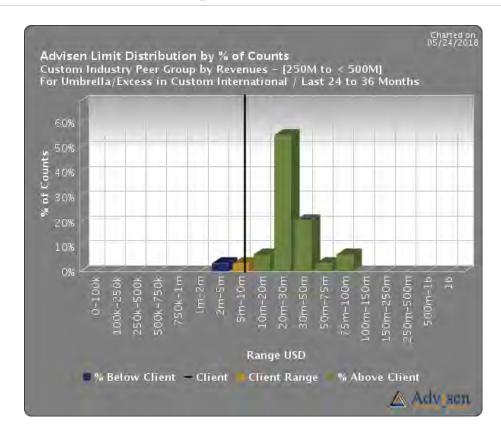
Selected Feet Group Filters	
Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit -
	Associations, Real Estate Management &
	Development, Transportation - Infrastructure
Coverage: Liability	Company Type: All Companies
LOBs: General Liability	Company Exposure (Revenues): \$250M to \$500M
Filter Benchmarking Range: None	Location: United States, Canada
Peer Group Size: 19	
	A devices



### **Umbrella Liability - \$9M Limit**

# Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Companies With Revenue Between \$250M - \$500M





- The Client's Limit of USD 9,000,000, when compared to the LOB Peer Group Umbrella/Excess, is in the Low End of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution by % of Counts Custom Industry Peer Group by Revenues - [250M to < 500M] For Umbrella/Excess in Custom International / Last 24 to 36 Months

	Client: 9M
% Below or Equal to	Client: 3.4
% Above	Client: 96.6

Range USD	% of Counts	Cumulative %
75m-100m	6.9	99.9
50m-75m	3.4	93.0
30m-50m	20.7	89.6
20m-30m	55.2	68.9
10m-20m	6.9	13.7
5m-10m	3.4	6.8
2m-5m	3.4	3.4
Prog	jram Count	:29
		Advisen.

#### Selected Peer Group Filters

Selected reel aloup rinters		
Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit –	
	Associations, Real Estate Management &	
	Development, Transportation - Infrastructure	
Coverage: Liability	Company Type: All Companies	
LOBs: Umbrella/Excess	Company Exposure (Revenues): \$250M to \$500M	
Filter Benchmarking Range: None	Location: United States, Canada	
Peer Group Size: 29		

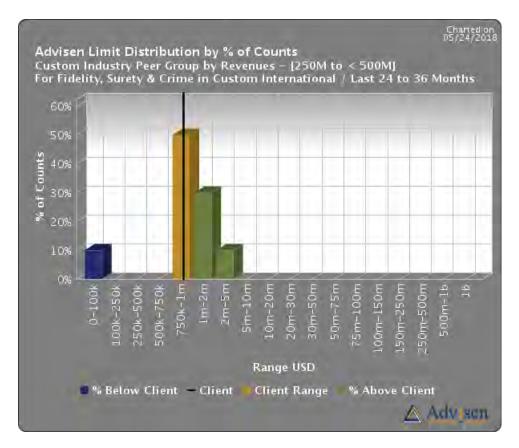


# **Advisen Report Parameters**

# **Crime Liability**

# Crime Liability - \$1M Limit Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Companies With Revenue Between \$250M - \$500M





- The Client's Limit of USD 1,000,000, when compared to the LOB Peer Group - Fidelity, Surety & Crime, is in the Middle of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution by % of Counts Custom Industry Peer Group by Revenues - [250M to < 500M] For Fidelity, Surety & Crime in Custom International / Last 24 to 36 Months

Client	1M
% Below or Equal to Client:	60.0
% Above Client:	40.0

Range USD	% of Counts	Cumulative %	
2m-5m	10.0	100.0	
1m-2m	30.0	90.0	
750k-1m	50.0	60.0	
0-100k	10.0	10.0	
Program Count: 10			

Selected Peer Group Filters

Sciecca reer aroup rincers	
Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit –
	Associations, Real Estate Management &
	Development, Transportation – Infrastructure
Coverage: Fidelity, Surety & Crime	Company Type: All Companies
LOBs: All Fidelity, Surety & Crime	Company Exposure (Revenues): \$250M to \$500M
Filter Benchmarking Range: None	Location: United States, Canada
Peer Group Size: 24	
LOBs: All Fidelity, Surety & Crime Filter Benchmarking Range: None	Development, Transportation - Infrastruct  Company Type: All Companies  Company Exposure (Revenues): \$250M to \$500M

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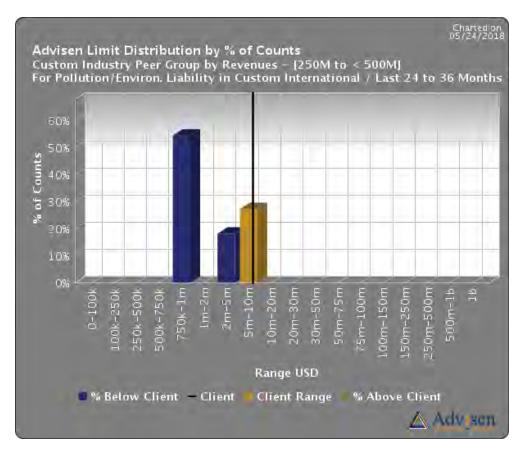


# **Advisen Report Parameters**

# **Contractor's Pollution / Environmental Liability**

### **Contractor's Pollution / Environmental Liability - \$10M Limit Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Companies With Revenue Between \$250M - \$500M**





- The Client's Limit of USD 10,000,000, when compared to the LOB Peer Group - Pollution/Environ. Liability, is in the High End of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution by % of Counts **Custom Industry Peer Group by Revenues** - [250M to < 500M]For Pollution/Environ. Liability in Custom International / Last 24 to 36 Months

Client: 10M % Below or Equal to Client: 100.0 % Above Client: 0.0			
Range USD	% of Counts	Cumulative %	
5m-10m	27.3	100.0	
2m-5m	18.2	72.7	
750k-1m	54.5	54.5	
Program Count: 11			
		▲ Advisen	

Selected Peer Group Filters

Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit –
	Associations, Real Estate Management &
	Development, Transportation - Infrastructure
Coverage: Liability	Company Type: All Companies
LOBs: Pollution/Environ. Liability	Company Exposure (Revenues): \$250M to \$500M
Filter Benchmarking Range: None	Location: United States, Canada
Peer Group Size: 11	
	A Advison

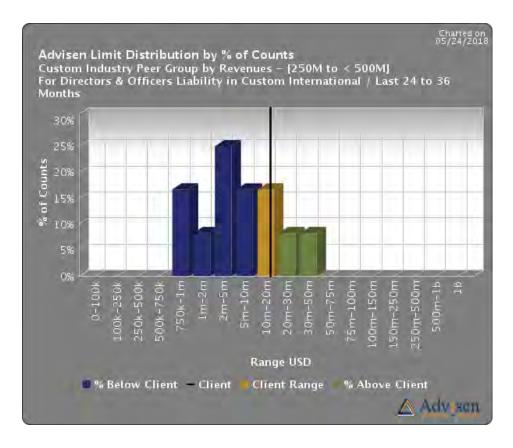


# **Advisen Report Parameters**

# **Directors & Officers Liability**

# Directors & Officers Liability - \$15M Limit Construction & Engineering, Non Profit-Associations, Real Estate Management & Development, Transportation-Infrastructure Between Revenue \$250M - \$500M





- The Client's Limit of USD 15,000,000, when compared to the LOB Peer Group Directors & Officers Liability, is in the High Middle of the range.
- The chart above illustrates the percentage of program counts that are within each limit range.

Advisen Limit Distribution by % of Counts Custom Industry Peer Group by Revenues - [250M to < 500M] For Directors & Officers Liability in Custom International / Last 24 to 36 Months

% Below o	r Equal to (	Client: 15M Client: 75.0 Client: 25.0
Range USD	% of Counts	Cumulative %
30m-50m	8.3	100.0
20m-30m	8.3	91.7
10m-20m	16.7	83.4
5m-10m	16.7	66.7
2m-5m	25.0	50.0
1m-2m	8.3	25.0
750k-1m	16.7	16.7
Program Count: 12		

Selected Peer Group Filters

Sciected Leet aloub Litters	
Time Periods: 24 to 36 Months	Industries: Construction & Engineering, NonProfit –
	Associations, Real Estate Management &
	Development, Transportation – Infrastructure
Coverage: Management Liability	Company Type: All Companies
LOBs: Directors & Officers Liability	Company Exposure (Revenues): \$250M to \$500M
Filter Benchmarking Range: None	Location: United States, Canada
Peer Group Size: 16	

▲ Advrsen



## 2018 - 2023 Waterfront Toronto Portlands Project



#### **The Don River Mouth Naturalization And Flood Protection Project**

Limit of Liability
\$876,239,800
Earthquake & Flood
\$876,239,800
Physical Damage (Hard Costs)
\$719,239,800
Soft Costs - 12 months indemnity

#### **DEDUCTIBLE**

\$157,000,000

All Other Losses - \$100,000

Except;
Flood & Water - \$250,000

Earthquake 
3% TIV - \$100,000 minimum

Soft Cost - 14 Days Waiting Period

BUILDER'S RISK /
COURSE OF CONSTRUCTION

#### **Excess Liability**

Limits of Liability \$50,000,000 Any One Loss

#### **Primary Liability**

Limits of Liability \$50,000,000 Each Occurrence / Aggregate

**DEDUCTIBLE** 

**Primary Liability** 

Per Occurrence - \$25,000

**Excess Liability** 

Retention-\$10,000

**WRAP UP LIABILITY** 

# Port Lands Flood Protection and Enabling Infrastructure

Project Insurance Overview



# **INTECH**

- INTECH Risk Management is an independent insurance consultant and outsourced risk manager which specializes in infrastructure development. We are not owned by, or affiliated with, any insurance broker or insurance company.
- INTECH has been engaged as insurance advisor on 100+ Public-Private-Partnership (PPP) infrastructure projects across the globe and over 80 of which have reached financial close. We act on behalf of project proponents, lenders, and/or government authorities.
- INTECH was engaged in November 2017 by Waterfront Toronto to act as insurance advisor with respect to the Port Lands Flood Protection and Enabling Infrastructure (PLFPEI) project.

# Scope

- Review of the insurance sections of various construction contracts (including CCDC 5B the project was awarded on).
- Review and provide recommendations on project insurance.

- Negotiate project insurance parameters with interest parties (Waterfront Toronto, Construction Manager, various design professionals).
- Coordinate placement of Waterfront Toronto-procured policies.

## **Construction Insurance Procurement**

- Generally governed by the construction agreement (whether under a standard CCDC contract, PPP Project Agreement, or otherwise).
- The owner, contractor or construction manager, as applicable, both have the ability to take out certain "project" insurances which are designed to cover both parties.
- If the "owner" takes out insurance this is often referred to as an Owner-Controlled Insurance Program ("OCIP"). Conversely, if the contractor takes out insurance is referred to as a Contractor-Controlled Insurance Program ("CCIP").
- Both parties may want to utilize existing insurance relationships or partnerships in order to obtain (a) competitive pricing or (b) competitive terms and conditions.
- Insurance procurement, responsibility, and minimum requirements are often intensely negotiated in large infrastructure development.

# **Background: Typical Construction Insurance**

- **Builders risk insurance** covers property in the course of construction against physical loss or damage (e.g. property insurance for a construction project)
- Wrap-up liability insurance covers third party liability (bodily injury and property damage) arising out of construction operations
  - Contractual indemnities can be picked up by this policy provided the underlying claim is related to third party injury or damage (e.g. indemnifying a municipality for a third party injury caused by the project construction activities)
- **Pollution liability** covers third party liability arising out of pollution conditions at or emanating from a certain location. Coverage can also include on-site clean-up of new pollution conditions at the project site.
- **Professional liability** covers certain parties for their errors and omissions (or professional negligence) in performance of their professional services (e.g. architects, engineers)

# **Background: Typical Construction Insurance**

- **Automobile Liability Insurance** covers third party liability arising out of the operations or use of automobiles.
- Worker's Compensation statutory worker's compensation insurance related to injuries sustained by employees.
- Aircraft/Watercraft Liability Insurance covers third party liability arising out of the operations or
  use of aircraft or watercraft, if applicable to the project.
- **Contractor's Equipment** covers physical loss or damage to construction equipment (not forming part of the project)

# **Procurement Matrix**

Policy	Typical Responsible Party
Builders Risk	Owner or Contractor
Wrap-up Liability	Owner or Contractor
Pollution Liability	Owner or Contractor
Professional Liability	Design professionals/firms
Automobile Liability	Contractor (and other parties as applicable)
Worker's Compensation	Each Party (as applicable)
Aircraft/Watercraft Liability	Contractor
Contractor's Equipment	Contractor

# **PLFPEI Project**

- Contractual obligations set minimum coverage requirements from various interested parties:
  - Contribution Agreement(s)
  - City Project Delivery Agreement
  - Waterlot License of Occupation Agreement
  - City of Toronto Economic Development Licence Agreement

# **Contractual Requirements**

Insurance	Contractual Requirement(s)
Builders Risk	100% of project construction costs
Wrap-up Liability (or Commercial General Liability)	\$5MM to \$10MM
Professional Liability	\$5MM for all professionals
Pollution Liability	\$5MM to \$10MM
Automobile Liability	\$2MM to \$5MM
Marine/Watercraft Insurance	\$25MM
Contractor's Equipment	Replacement cost

# **Appropriate Requirements**

- While the contracts set the minimum threshold for coverage we believe a greater "standard" of coverage was required in accordance with industry norms for this type of project.
- The insurance program for the Port Lands Flood Protection program was designed, with reference to relevant benchmarks, to address the foreseeable risks for which insurance coverage would be available, and to limits typically maintained on large infrastructure development which would be agreeable to both Waterfront Toronto and other relevant project parties (e.g. Construction Manager).
- The grant of indemnity to governments (or others for that matter) is not unusual to infrastructure development and in our opinion does not change or affect the risk of the project or, therefore, the coverages that should be appropriate to the project.

# Benchmarking

### Comparable infrastructure projects (mix of civil, social, and transportation)

Project	Location	Size	Wrap-up Requirement	Professional Requirement	Pollution Requirement
Confidential Project 1, 2011	Toronto	\$125MM	\$25MM	\$10MM (Project-Specific)	\$10MM (Contractors-only)
Confidential Project 2, 2015	Toronto	\$4B	\$300MM	\$100MM (Project-Specific)	\$50MM (Project-Specific)
Confidential Project 3, 2011	GTA	\$1.2B	\$200MM	\$25MM (Project-Specific)	\$25MM (Project Specific)
Confidential Project 4, 2017	Toronto	\$100MM	\$125MM	\$10MM (Project-Specific)	\$10MM (Project Specific)
Confidential Project 5, 2012	Toronto	\$100MM	\$100MM	N/A	\$25MM (Project Specific)
Confidential Project 6, 2012	Toronto	\$700MM	\$200MM	\$25MM (Project-Specific)	\$25MM (Project Specific)
Confidential Project 7, 2017	B.C.	\$100MM	\$100MM	\$10MM (Project-Specific)	\$10MM (Project Specific)
Confidential Project 8, 2016	МВ	\$250MM	\$75MM	\$25MM (Project-Specific)	\$10MM (Project Specific)
Confidential Project 9, 2015	Sask	\$186MM	\$100MM	\$15MM (Project-Specific)	\$10MM (Project Specific)
Confidential Project 10, 2017	USA	\$2.5B	\$100MM (CGL)	\$25MM (Project-Specific)	\$10MM (Contractors)

# **PLFPEI Insurance Specifications**

- Based on the benchmarking exercise and upon instructions from Waterfront Toronto, the following minimum specifications were provided to relevant project parties.
- In our opinion the overall breadth of coverage and limits provided are consistent with similar infrastructure projects in Canada.

Policy	Limits
"All Risks" Builders Risk	\$716MM hard costs \$157MM soft costs
Wrap-up Commercial General Liability	\$100,000,000 per occurrence
Professional Liability	\$25,000,000 each claim
Project-Specific Pollution Liability	\$25,000,000 each claim

# PLFPEI - Insurance Procurement

- Waterfront Toronto has typically relied on their contractors to take out and maintain most project insurance as laid out under standard CCDC contracts.
- For the Cherry Street portion of the PLFPEI project the Construction Manager procured and maintains project insurance in accordance with the CCDC5B requirements. A full owner-controlled program was briefly contemplated upon our engagement, however, logistically could not be delivered in time for project commencement.
- For the balance of the PLFPEI project, a full owner-controlled program was explored and compared to equivalent coverage proposed by the Construction Manager.

# PLFPEI - Insurance Procurement

- After a detailed comparison of proposed coverage and premium it was determined that a
  Waterfront Toronto placement of select policies resulted in significant cost savings while
  improving upon coverage terms and conditions.
- Waterfront Toronto elected to maintain responsibility for procurement of the builders risk and wrap-up liability policies.
- The construction manager remained responsible for the environmental/pollution insurance, and other policies typically left to the contractor (auto, workers comp, marine, etc).
- The project-specific professional liability policy has been quoted but not yet put in force pending further instructions from Waterfront Toronto. We are have the understanding this will be put in force in the coming weeks.