

2014/15

Waterfront Toronto Annual Corporate Plan



October 30, 2013

Introduction

In accordance with the Toronto Waterfront Revitalization Corporation Act, 2002 (TWRC Act), Waterfront Toronto (the Corporation) is required to prepare an annual business plan. Waterfront Toronto's 2014/15 plan is a subset of its long term Strategic Business Plan approved in 2011/12. The Corporation is currently developing a revised long term Strategic Business Plan that reflects additional projects and funding required to fulfill the Corporation's mandate.

The key elements of the Corporation's 2014/15 Annual Corporate Plan include:

- Major Deliverables
- Budget
- Business Development Initiatives
- Governance
- Risks and Challenges
- Appendices

The Annual Corporate Plan ensures the Corporation aligns its resources to meet project and corporate objectives, and manages and mitigates risks associated with delivery and implementation.

Major Deliverables

Waterfront Toronto will continue to design, develop and construct significant projects within the four precincts in accordance with the Corporation's Strategic Business Plan. Strategies to support the achievement of the key deliverables include execution of funding agreements and securing other revenues, timely contract commitments, and implementation of program and risk management practices.

The following is a list of key precinct and corporate deliverables for the 2014/15 fiscal year.

East Bayfront

Key deliverables for East Bayfront:

- Commence construction of the ballasted flocculation facility to serve both East Bayfront and West Don Lands storm water quality management facilities;
- Commence construction of the sanitary pump station located 480 Lake Shore Boulevard East, and the sanitary connection between East Bayfront and the new sanitary pump station;
- Substantially complete construction of Phase 1 Bayside local streets and services;
- Commence soil remediation for Phase 1 Bayside;
- Select preferred developer for Dockside Blocks 1 and 2 including the Innovation Centre; and
- Commence Dockside Block 3 development arrangements with George Brown College.

West Don Lands

Key deliverables for West Don Lands:

- Commence construction of the ballasted flocculation facility to serve both West Don Lands and East Bayfront storm water quality management facilities;
- Complete construction of all remaining woonerfs;
- Complete public art installation on Mill Street and commence public art installation on Front Street; and
- Completion of Pan Am/Parapan Am Games Athletes Village in cooperation with the Corporation's partners.

Central Waterfront

Key deliverables for Central Waterfront:

- Complete construction of Queens Quay street improvements (north side);
- Substantially complete construction of Queens Quay (south side);
- Complete replacement of Queens Quay streetcar tracks; and
- Complete Lower Yonge Urban Design Guidelines together with a Transportation Master Plan to identify transportation infrastructure to service the Lower Yonge precinct, bounded by Queens Quay, Lake Shore Boulevard, Lower Jarvis Street and Yonge Street.

Port Lands

Key deliverables for Port Lands:

- Obtain the Ontario Ministry of Environment (MOE) approval of Don Mouth and Lower Don Lands environmental assessments;
- Complete Port Lands Framework Plan; and
- Complete Cousins Quay precinct plan.

Waterfront-wide Initiatives

Key deliverables for Waterfront-wide Initiatives:

- Completion of Union Station Second Platform (mid-2014); and
- Complete public consultations on the alternative solution (maintain, improve, remove, replace) of the Gardiner Expressway Environmental Assessment; submit alternative solution for City Council endorsement in spring of 2014.

Corporate

Key Corporate deliverables include:

- Implement marketing plan to substantially increase public awareness of Waterfront Toronto and its projects; and
- Complete implementation of the Intelligent Community initiative in the Parkside Great Gulf (Monde) development; approximately 500 units will be connected to Beanfield's broadband infrastructure.

Budget

The 2014/15 capital investment budget of \$134.5M (including \$12.4M for corporate costs) is presented below by precinct, funded primarily from government contribution agreements. Capital investments for 2014/15 fiscal year and total amounts are based on the 2013/14 Long Term Plan (LTP).

Figure 1 - Waterfront Toronto 2014/15 Annual Corporate Plan (in \$millions)

Long Term Capital Investment				
Precincts	Estimated Investment to March 31, 2014	Planned Investment 2014/15	Balance of Capital Investment	Total Capital Investment
East Bayfront	\$340.2	\$51.0	\$268.5	\$659.7
West Don Lands	189.4	14.6	4.3	208.3
Central Waterfront	199.5	35.8	10.6	245.9
Port Lands	97.6	1.2	0.2	99.0
Waterfront-wide Initiatives ¹	246.3	28.6	2.5	277.4
Waterfront Toronto Total	\$1,073.0	\$131.2	\$286.1	\$1,490.3
Non Waterfront Toronto Directed ²	313.4	3.3	69.2	385.9
Total Long Term Plan	\$1,386.4	\$134.5	\$355.3	\$1,876.2

Included in the 2014/15 fiscal expenditure is the allocation of corporate costs by precinct, as follows:

Figure 2 - Allocation of 2014/15 Corporate Costs to Precincts (in \$millions)

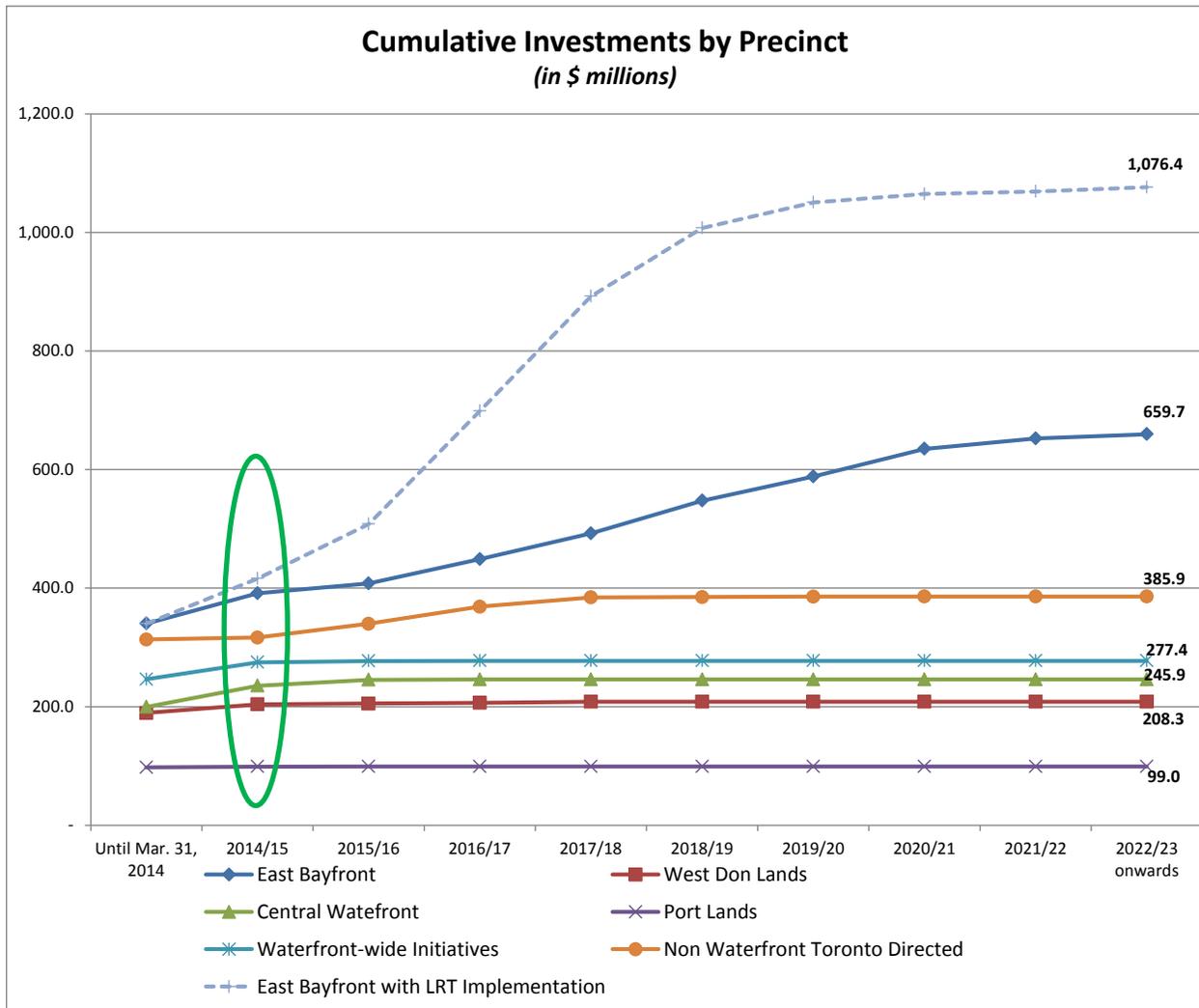
	East Bayfront	West Don Lands	Central Waterfront	Port Lands	Other	Total
Salaries and Benefits	\$3.7	\$1.6	\$3.2	\$0.9	\$0.5	\$9.9
General and Office Administration	0.5	0.2	0.5	0.1	0.1	1.4
Communications, Marketing and Government Relations	0.3	0.1	0.2	0.1	-	0.7
Information Technology	0.1	0.1	0.1	0.1	-	0.4
Total corporate costs	4.6	2.0	4.0	1.2	0.6	12.4
Direct project costs	46.4	12.6	31.8	-	28.0	118.8
Waterfront Toronto Total	\$51.0	\$14.6	\$35.8	\$1.2	\$28.6	\$131.2

¹ Includes Waterfront-wide initiatives such as Union Station Second Platform, Mimico Waterfront Park and Port Union Waterfront Park.

² Non Waterfront Toronto directed programs are waterfront revitalization projects funded from the Corporation's \$1.5 billion government seed capital but funding for which is flowed directly to other government agencies. For example, West Don Land's Flood Protection, GO Transit Expansion, Union Pearson Link, Fort York Pedestrian bridge and government waterfront secretariat costs.

The 2014/15 corporate costs budget of \$12.4M is 8% (\$1.1M) lower than the average corporate costs budget for the preceding six years (2008/09 – 2013/14).

Figure 3 - Cumulative Investments by Precincts



The graph above depicts cumulative investments according to each precinct for the 2014/15 fiscal year and for future years as per the 2011/12 long term strategic business plan (solid lines). The chart clearly shows that the East Bayfront precinct accounts for the majority of Waterfront Toronto’s future years’ investment including fiscal 2014/15.

Revitalization of Toronto’s waterfront will require an effective transportation system that is able to service the large number of planned residential, employment and educational developments. To implement a transit solution for East Bayfront, project funding beyond the current \$90M included in the 2011/12 long term Strategic Business Plan is required. In 2014/15, Waterfront Toronto will lead the acceleration of the implementation of East Bayfront Light Rail Transit (EBF LRT) and work with relevant

City, Provincial and Federal organizations and agencies in exploring several opportunities to source additional funding for the EBF LRT including the Public Private Partnership (P3) Canada fund. Public transit is one of the eligible project sectors for funding and up to 25% of the project's construction costs can be obtained through the P3 Canada fund, which if successful construction and funding would commence in 2014/15. In Figure 3, the dotted line – EBF with LRT Implementation – illustrates the cash flow and level of investment required for the East Bayfront precinct with LRT implementation.

Business Development Initiatives

In 2014/15 Waterfront Toronto will continue working on a number of business development initiatives which will be required to support implementation of Waterfront Toronto's Strategic Business Plan in future years. These initiatives are outlined in the following paragraphs.

Revenue Initiatives

With the majority of government funding already invested, Waterfront Toronto's reliance on land sales and other revenues becomes more critical to the organization's ability to successfully deliver projects. The reinvestment of land proceeds associated with East Bayfront and the Port Lands have been committed by the City of Toronto and are evidenced by a signed Memorandum of Understanding between Waterfront Toronto, City and Toronto Economic Development Corporation (now Toronto Port Lands Company). In addition, Waterfront Toronto will also develop similar agreements with the City and Province of Ontario to secure additional contributions for special purposes such as (but not limited to) public art, parks dedication and new land parcels. Waterfront Toronto will continue to research other revenue opportunities with a view to enhancing Waterfront Toronto's long term capital program.

In 2014/15, Waterfront Toronto expects to complete a number of transactions and initiatives that will support the corporation in achieving its revenue targets. They include the development of lands north of the existing college campus (Block 3) with George Brown College.

Governance

WT, now at the mid-point of its legislative mandate, continues to deliver important economic and social benefits which increasingly enable Toronto to compete with other leading global cities for investment, jobs and people.

WT is preparing a revised (updated) strategic business plan that identifies new capital investment required to complete our mandate over the next 10 years. The strategic business plan will identify the required investment for each group of projects and the financing needed for each group. The projects identified reflect government objectives to enable the delivery of key infrastructure projects and initiatives that are in the public interest and that stimulate economic growth.

The evolution of WT's governance model is now a pre-requisite to the delivery of the remainder of WT's mandate and the goals set out by governments in our legislation. In order to deliver on our tri-government mandate as effectively and efficiently as possible and ensure that the next ten years of waterfront revitalization is successful Waterfront Toronto will continue to seek enhanced operational

governance powers and the authority to enter into joint venture business arrangements through real estate subsidiaries for potential development transactions (e.g. Quayside), to borrow, mortgage, encumber its assets and earn additional revenues.

The governance powers contemplated are consistent with both the mandate, scope of responsibility and caliber of WT's Board of Directors and consistent also with the management and accountability structure in place at WT.

Risks and Challenges

Funding Risk

One of the challenges associated with delivering projects on a timely and efficient basis is the impact of funding. Approved funding is required in order to achieve key deliverables. Moreover, in later years, Waterfront Toronto will need to borrow to complete the projects as per the Long Term Plan. The Corporation will be focusing on revenue management and establishing a sufficient reserve to mitigate situations that are impacted by funding risks.

Construction Risk

Budget and schedule risks related to cost overruns or project scheduling changes resulting in a variance to the required work may impact Waterfront Toronto's ability to deliver and complete projects as planned. For example, delays in approvals from the various orders of government and their agencies will impact schedules and could impact project completion timing. Waterfront Toronto will need to continue to monitor or consider actions that may mitigate this risk. Program management of the budget, schedule, forecast and scope will assist in minimizing the impact of cost overruns or schedule risks.