

2013/14

# Waterfront Toronto Annual Corporate Plan



December 5, 2012

## **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 2013/14 plan is a subset of its 5 year Strategic Business Plan approved in 2011/12. The key elements of the Corporation's 2013/14 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 priority precincts and areas in accordance with the Corporation's Strategic Business Plan. Strategies to support the achievement of 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 precincts and areas, and corporate deliverables for the 2013/14 fiscal year.

### ***East Bayfront***

Key deliverables for East Bayfront:

- Commence construction of Bayside local streets and services (Phase 1), dockwall reinforcement (Phase 1) and water's edge promenade;
- Completion of offsite infrastructure;
- Select developer for Dockside's Blocks 1 and 2 including the Innovation Centre;
- Accelerate Dockside's Block 3 arrangements with George Brown College; and
- Commence development planning for Quayside district.

### ***West Don Lands***

Key deliverables for West Don Lands:

- Continue to work with Infrastructure Ontario on the delivery of the Pan Am/Parapan Am Games Athletes' Village (PAAV);
- Complete Don River Park (wet side);
- Complete construction of all remaining Woonerfs;
- Install Intelligent Community Network Services infrastructure provisioned for the River City residential development; and
- Develop land disposition strategy for future development blocks.

### ***Central Waterfront***

Key deliverables for Central Waterfront:

- Commence construction of Queens Quay Boulevard improvements (north side) and complete replacement of Queens Quay LRT tracks.

### ***Port Lands***

Key deliverables for Port Lands:

- Complete Don Mouth Naturalization Environmental Assessment and Port Lands Framework Plan as approved and directed by Toronto City Council;
- Provide oversight and co-ordination for stakeholders in West Keating development projects; and
- Lead development of precinct plans for Cousin's and Polson's Quay.
- Coordination with other stakeholders on the development of Port Land's funding strategy

### ***Waterfront-wide Initiatives***

Key deliverables for Waterfront-wide Initiatives:

- Contribution of funding for the construction of Union Station Second Platform;
- Install Intelligent Community Wi-Fi Network Services infrastructure provisioned in public realm spaces; and
- Creation of initial service delivery platform/portal to support intelligent community initiatives.

### ***Corporate***

Key Corporate deliverables include:

- Implement Waterfront Toronto's Carbon Tool and complete organization's first Corporate Responsibility Report;
- Initiate philanthropic strategy to increase sources of non-governmental revenues; and
- Continue high standards of stakeholder communications engagement and consultations for new project areas.

## Budget

The 2013/14 capital investment budget of \$133.2M (including \$12.4M for corporate costs) is presented below by precinct, funded primarily from government contribution agreements. Capital investments for 2013/14 fiscal year and total amounts are based on the 2012/13 Long Term Plan (LTP).

**Figure 1 - Waterfront Toronto 2013/14 Annual Corporate Plan (in \$millions)**

Long Term Capital Investment				
Precincts	Estimated Investment to March 31, 2013	Planned Investment 2013/14	Balance of Capital Investment	Total Capital Investment
East Bayfront	\$307.9	\$35.5	\$327.6	\$671.0
West Don Lands	182.8	15.0	2.2	200.0
Central Waterfront	158.1	39.7	30.4	228.2
Port Lands	97.1	2.4	0.6	100.1
Waterfront-wide Initiatives <sup>1</sup>	223.3	39.7	12.0	275.0
<b>Waterfront Toronto Total</b>	<b>\$969.2</b>	<b>\$132.3</b>	<b>\$372.8</b>	<b>\$1,474.3</b>
Non Waterfront Toronto Directed <sup>2</sup>	313.0	0.9	71.9	385.8
<b>Total Long Term Plan</b>	<b>\$1,282.2</b>	<b>\$133.2</b>	<b>\$444.7</b>	<b>\$1,860.1</b>

Included in the 2013/14 fiscal expenditure is the allocation of corporate costs by precinct, as follows:

**Figure 2 - Allocation of 2013/14 Corporate Costs to Precincts (in \$millions)**

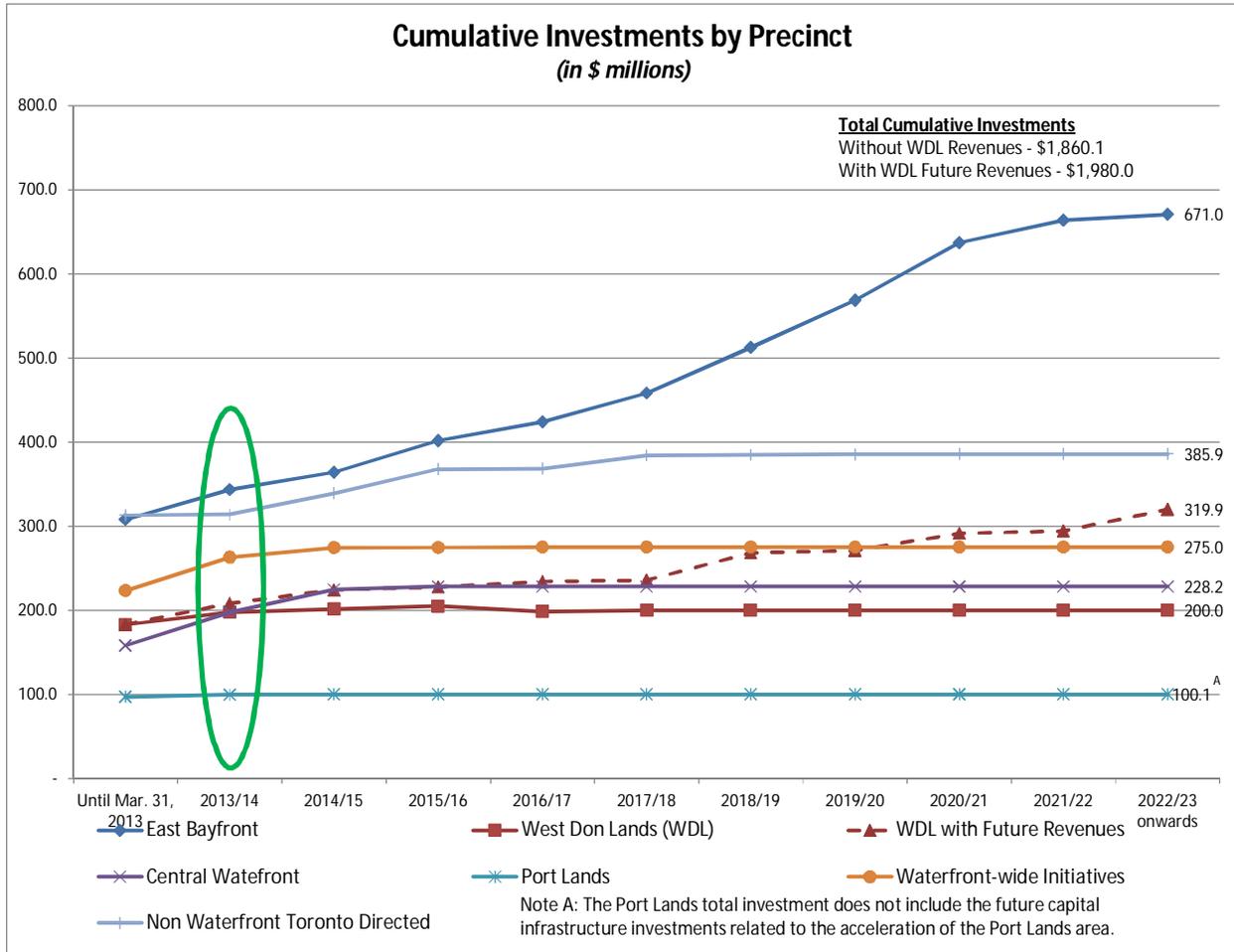
	East Bayfront	West Don Lands	Central Waterfront	Port Lands	Other	Total
Salaries and Benefits	\$3.5	\$1.9	\$2.5	\$1.5	\$0.5	\$9.9
General and Office Administration	0.4	0.3	0.3	0.2	0.1	1.3
Communications, Marketing and Government Relations	0.3	0.2	0.2	0.1	-	0.8
Information Technology	0.2	0.1	0.1	-	-	0.4
<b>Total corporate costs</b>	<b>4.4</b>	<b>2.5</b>	<b>3.1</b>	<b>1.8</b>	<b>0.6</b>	<b>12.4</b>
<b>Project construction costs</b>	<b>31.1</b>	<b>12.5</b>	<b>36.6</b>	<b>0.6</b>	<b>39.1</b>	<b>119.9</b>
<b>Waterfront Toronto Total</b>	<b>\$35.5</b>	<b>\$15.0</b>	<b>\$39.7</b>	<b>\$2.4</b>	<b>\$39.7</b>	<b>\$132.3</b>

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

<sup>2</sup> 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 2013/14 corporate costs budget of \$12.4M is lower than the average corporate costs budget for the preceding five years (2008/09 – 2012/13).

**Figure 3 - Cumulative Investments by Precincts**



The graph above depicts cumulative investments according to each precinct for the 2013/14 fiscal year and for future years. The chart clearly shows that the East Bayfront precinct accounts for the majority of Waterfront Toronto’s future years’ investment including fiscal 2013/14.

Waterfront Toronto will continue its revitalization mandate in the Designated Waterfront Area (“DWA”) by using the West Don Lands (“WDL”) revenues generated outside of the Pan Am/Parapan Am Village lands, currently estimated at approximately \$120M. In Figure 3, the dotted line – WDL with Future Revenues – illustrates the reinvestment opportunity utilizing these additional future revenues in the waterfront. These additional revenues will assist with the expansion of project activities in the waterfront area outside of East Bayfront. During 2013/14, Waterfront Toronto will work closely with Ministry of Infrastructure to secure this interest.

## **Business Development Initiatives**

In 2013/14 Waterfront Toronto will lay the foundation for a number of business development initiatives which will be required to support implementation of Waterfront Toronto's Strategic Business Plan in future years.

### ***Port Lands Acceleration Initiative***

Over the last year at the direction of Toronto City Council, Waterfront Toronto in partnership with the City of Toronto and Toronto and Region Conservation, developed a business and implementation plan and undertook a comprehensive consultation process for revitalizing the Port Lands.

City staff recommendations for the Port Lands Acceleration Initiative (PLAI) were unanimously approved by City Council (October 2012). Waterfront Toronto and its project team partners are now developing a detailed project plan for Phase 2 to meet the following 2013/14 objectives:

- Obtain all necessary approvals for the Don Mouth Naturalization Environmental Assessment;
- Engage private land owners and long-term lease holders in the creation of an implementable development plan; and
- Lead development of precinct plans for Cousin's and Polson's Quay.

### ***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 has been committed by the City of Toronto and is evidenced by a signed Memorandum of Understanding between Waterfront Toronto, City of Toronto 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 2013/14, Waterfront Toronto expects to complete a number of transactions and initiatives that will support the corporation in achieving its revenue targets. They include:

- Financial closing for the Monde residential transaction with Great Gulf;
- Selection of a developer for Dockside's Blocks 1 & 2 consisting of approximately 350,000 SF of commercial space including Innovation Centre;
- Acceleration of Dockside's Block 3 option lands (north of existing college campus) with George Brown College;
- Realization of new revenue streams including George Brown College underground parking facility, Intelligent Communities revenues, and public art contributions; and

- Investigate optimal asset management strategy and review opportunities for interim parking, signage, and sponsorship and philanthropy.

### ***Ontario Place***

In August 2012, the Province of Ontario endorsed the Minister's Advisory Panel's recommendation (led by John Tory) for the Ontario Place Revitalization. Infrastructure Ontario has been tasked with leading the revitalization initiative. Waterfront Toronto is currently in discussions with the Province regarding partnering in the Ontario Place revitalization, given that the project falls within the designated waterfront area.

### ***Philanthropy and Sponsorship Strategy and Implementation Plan***

Philanthropy and sponsorship has been identified as a potential source of revenue. In 2013/14 Waterfront Toronto will develop a strategy for how the corporation could undertake a philanthropy and sponsorship program. The strategy will be shaped by current industry best practices and research already undertaken by Waterfront Toronto and developed in conjunction with the City of Toronto and other key stakeholders. The strategy will define an overall approach to public/corporate fundraising and sponsorship, establish revenue targets and objectives, and set out an implementation plan and budget for a minimum five-year period. The draft strategy will be presented to the Board of Directors for review in late 2013.

### ***Governance***

In an effort to be as effective and efficient as possible in the implementation of its mandate as well as to take advantage of market opportunities, 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 (eg. Quayside), to borrow, mortgage, encumber its assets and earn additional revenues. One of the objectives of the corporation in the TWRC Act is to ensure that development on the waterfront can continue in a financially self-sustaining manner, something that is not possible in the absence of enhanced operational governance authorities.

An example of a project that delivers Waterfront Toronto's innovation objective but requires enhanced governance, is the Intelligent Communities initiative which includes the implementation and installation of an open access ultra-high-speed fibre optic network throughout the waterfront. Through an open and competitive RFP process, Waterfront Toronto selected a private sector service provider. This public private partnership model includes an innovative revenue share agreement in keeping with the objects of the TWRC Act. Revenues will begin to come on stream in 2013 and Waterfront Toronto will require the consent of the three orders of government in order to realize these revenues.

To ensure the long term sustainability of Waterfront Toronto, the current LTP, as negotiated with all orders of government, requires the ability to borrow in 2018/19 to deliver key precinct objectives. Having borrowing capabilities sooner would allow for Waterfront Toronto to accelerate project implementation.

Waterfront Toronto continues to work with the three orders of government to ensure the timely implementation of enhanced operational authorities.

## **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 included in the LTP. 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 and costs. 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.