



Finance, Audit & Risk Management Committee Meeting

Agenda and Meeting Book

THURSDAY, MAY 26, 2022 FROM 9:00 AM TO 12:00 PM

MICROSOFT TEAMS MEETING



Meeting Book - Finance, Audit & Risk Management Committee Meeting

Agenda - May 26, 2022 FARM Committee Meeting

9:00 a.m.	1. Land Acknowledgement	Information	K. Sullivan
9:05 a.m.	2. Motion to Approve Meeting Agenda	Approval	K. Sullivan
9:05 a.m.	3. Declaration of Conflicts of Interest	Declaration	K. Sullivan
9:10 a.m.	4. Consent Agenda		
	A) Highlights of Key Messages - 5	Information	All
	B) DRAFT Minutes of the Open Session February 24, 2022 FARM Committee Meeting - 7	Approval	All
	C) Q4 2021/22 Macro Dashboard (Corporate & Project Reporting):	Information	L. Taylor
	i. Finance & Administration Dashboards:		
	Coversheet - 12		
	Macro Dashboard - 13		
	a) Enterprise Risk Management	Information	L. Taylor / M. Santos
	Enterprise Risk Management Dashboard - 14		
	b) Audit	Information	L. Taylor / M. Santos
	Audit Dashboard - 15		
	c) Liquidity and Cash Flow Forecast - 18	Information	L. Taylor
	ii. Capital Projects:		
	a) Port Lands Flood Protection (PLFP) Dashboard	Information	D. Kusturin
	Executive Summary Q4 2021-2022 - 20		
	PLFP Dashboard March 2022 - 22		
	b) Lake Shore Blvd East (LSBE) Dashboard	Information	D. Kusturin
	Executive Summary Q4 2021-2022 - 28		
	Lake Shore Blvd E Bridge Public Realm March 2022 - 29		
	D) Quarterly Procurement Report - 32	Information	M. Boboc
	E) Regulatory Compliance Report - 34	Information	D. Kusturin / L. Ness / L. Taylor

	F) Fundraising Dashboard - 38	Information	I. McMullan
	G) COVID-19 Impact Update - 40	Information	D. Kusturin / L. Taylor
	H) ESG Update - 52	Information	L. Taylor
9:30 a.m.	5. Year-End Audited Financial Statements March 31, 2022	Approval	L. Taylor / S. Chandane
	Coversheet - 54		
	Financial Statements and Notes - 55		
9:40 a.m.	6. 2021/22 External Auditor's Results Report	Information	BDO Canada LLP
	Coversheet - 73		
	Report - 74		
9:50 a.m.	7. Internal Audit Plan Refresh	Approval	MNP LLP
	Coversheet - 93		
	MNP - WT Risk Based Internal Audit Plan Refresh Presentation - 94		
10:00 a.m.	8. Project Related Approvals		
	a) Parliament Slip Lakefill 60% Design Approval Amendment	Approval	P. Mallozzi
	Coversheet - 105		
	Presentation - 107		
	b) Broadview Eastern Flood Protection project Capital Approval	Approval	D. Kusturin / K. Dion
	Coversheet - 112		
	Presentation - 114		
10:20 a.m.	9. Port Lands Flood Protection (PLFP) Update		
	a) PLFP Program Update - 133	Information	D. Kusturin
	b) Q1/2022 Construction Cost Forecast and Risk Update and Quantification	Information	D. Kusturin
	Coversheet - 151		
	Presentation - 153		
	c) Report of the Independent Capital Monitor	Information	BTY Consulting Group Inc.
	Coversheet - 178		
	CPMAS Report #15 - 179		
10:40 a.m.	10. Annual Insurance Program Review	Information	L. Taylor / I. Ness
	Report - 213		
10:45 a.m.	11. Motion to go into Closed Session	Approval	All

Closed Session Agenda

The Committee will discuss items 12, 13, 14, 15, 16, 17 and 18 being, Annual Insurance Program Review (Continuation), consideration of the draft minutes of the Closed Session of the February 24, 2022 FARM meeting, Updated Internal Audit Fees, 2021/22 Integrated Annual Report (IAR), Art Trail Gift, Third-party Cybersecurity Report – Penetration Testing, Port Lands Risk Update, and the Committee Chair Discussion, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied upon for the discussion on item 12 is

Section 6.1.1(a), for item 13 is provided in the minutes of the Open Session February 24, 2022 FARM Committee meeting under item 4(b) of this agenda, for item 13(b) is Section 6.1.1(j), for item 14 is Section 6.1.1(k), for item 15 is Section 6.1.1(k), for item 16 is Section 6.1.1(a), for item 17 is Section 6.1.1(l) and for item 18 is Section 6.1.1(b) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to vote on any resolutions pertaining to the Closed Session.

Closed Session - 216

11:55 a.m.	19. Motion to go into Open Session	Approval	All
	Public Session Agenda		
11:55 a.m.	20. Resolution(s) Arising from the Closed Session	Approval	All
	Form - 217		
12:00 p.m.	21. Motion to terminate the Meeting	Approval	All
FYI	Next Meeting: Thursday, September 22, 2022	Information	All
FYI	Upcoming Board & Committee Meetings	Information	All
	Schedule - 218		

**Finance, Audit and Risk Management Committee – May 26, 2022
Item 4 (a) Meeting Materials - Highlights of Key Messages**

Agenda Item	Key Message
4 c Macro Dashboard (FI)	Macro dashboard provides the Q4 2021/22 status summary of three core areas of FARM Committee mandate, namely Corporate Plan Performance, Finance and Administration (including enterprise risk, audit and liquidity) and capital projects, all of which are supported by individual dashboards under Items 4 c) i-ii, 5 and 14.
4 c i a) Enterprise Risk Management (ERM) (FI)	No new high residual risks this quarter (one related to the financial ERP system remains and mitigation plan to address this, while delayed, is proceeding). Remaining enterprise risk portfolio is stable with top risk areas under management being cyber security, financial self-sustainability, climate, and Port Lands Flood Protection project delivery.
4 c i b) Audit Environment (FI)	No audits completed since last meeting. Port Lands Flood Protection (PLFP) contribution agreement compliance government audit initiated by Infrastructure Canada. Ontario Auditor General follow up audits initiated. WT Internal Audit Plan has been revisited and recommended updates outlined in Item 7.
4 c i c) Liquidity / Cash Flow Forecast (FI)	Positive cash balance > \$50M with no requirement to drawdown line of credit. Continued requirement for notional external borrowing from unspent project funds for certain projects. Increase in borrowing term to 2028 and limit to \$90M fully approved by all three governments effective May 2, 2022.
4 c ii) Capital Projects (FI)	All projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2022/23– 2026/27). There continues to be elevated schedule and budget risks for the PLFP project, some of which are realized (refer Item 9b). The Lake Shore Blvd East – Bridge & Public Realm project (budget \$163.2M fully funded by City of Toronto) is progressing as planned.
4 d) Quarterly Procurement Report (FI)	Two exceptions to the Procurement Policy for single source goods and services contracts over \$25,000. One contract term exception over five years related to property management services.
4 e) Regulatory Compliance Obligations (FI)	All required actions by the Corporation for regulatory compliance obligations have been performed as of March 31, 2022.
4 f) Fundraising Action Plan Update (FI)	Implementation of the Fundraising Action Plan is proceeding in accordance with the approved Rolling Five-Year Strategic Plan 2022/23-2026/27 and the revised Fundraising Action Plan approved December 2021.
4 g) COVID-19 Impact Update (FI)	Summary report on construction project and financial/ accounting impacts from COVID-19. Total cost to date (since March 2020) approx. \$2.0 M, net of ~\$1.35M savings resulting from reduced travel and office costs.
4 h) ESG Update (FI)	NEW quarterly report on Environmental, Social & Governance (ESG) and Waterfront Toronto's current initiatives in these areas.
5) Year End Audited Financial Statements For Approval	The Corporation's financial activities for the year ended March 31 2022 have remained stable in terms of investment levels compared to last year (at \$283M), largely due to the PLFP project, and increased 29% with respect to revenues to \$317M due to government contributions. One new note to the financial statements: Climate Risk (Note 24) - voluntary disclosure.
6) External Audit Report (FI)	BDO LLP anticipates a clean audit opinion on the annual financial statements. No material matters of concern to report regarding internal controls.
7) Internal Audit Plan Refresh For Approval	MNP LLP will present an updated Internal Audit Plan for review and approval.

**Finance, Audit and Risk Management Committee – May 26, 2022
Item 4 (a) Meeting Materials - Highlights of Key Messages**

8a) Approval Amendment – Parliament Slip For Approval	Management is seeking a minor amendment to a previous Board resolution to allow the Corporation to proceed from 30% design to 60% design on the north and south lakefill part of the Parliament Slip project.
8b) Capital Approval – Broadview Eastern Flood Protection project For Approval	Management is seeking capital approval totaling approximately \$7.6 million to undertake 60% design of the Broadview Eastern Flood Protection project, and to add this project to the Corporation's Rolling Five Year Strategic Plan (2022/23-2026/27).
9a) PLFP Update (FI)	Visual Progress Report from Chief Project Officer regarding the PLFP project.
9b) PLFP Construction Cost Forecast & Risk Update (FI)	Six Monthly Report from management regarding cost and risk for the PLFP project. Schedule risk from utilities relocation has been realised shifting forecast flood protection completion date from March 2024 to June 2024. While the project remains on budget the forecast probability of delivering on budget has decreased from 53% (in November 2021) to 4% primarily due to the schedule extension and dewatering costs.
9c) PLFP Independent Capital Monitor Report (FI)	Report #15 of the Independent Capital Monitor (BTY) notes: 1) that the PLFP project has no material scope changes; 2) that realized schedule risks have delayed the completion of flood protection to June 2024 (from March 2024) and final park planting to October 2024, and; 3) that the project continues to be on budget however due to the schedule extension and challenges on site there is the potential for the Approved Budget to be revised.
10) & 12) Insurance Program (FI)	Overview of WTs Corporate Insurance Program and outcome of 2022 renewals, including Directors & Officers insurance coverage.
13 b) Internal Audit Fees For Approval	Management is seeking approval for audit fees associated with the revised internal audit plan outlined under Item 7.
14) 2021/22 Integrated Annual Report For Approval	The Corporation's third Integrated Annual Report, combining WTs environmental, social and financial results in one integrated report. The theme of this year's report is <i>Coming Together on the Waterfront</i> which evokes the idea of people coming back together on the waterfront post-COVID and that the puzzle pieces of the "grand design" of the waterfront are falling into place.
15) Art Trail Gift (FI)	WTs Executive Director, Philanthropy will provide an update regarding the gift for an art trail on the waterfront.
16) Third-party Cybersecurity Report	WTs third-party security reviewer will provide a report on their recent testing.
17) Port Lands Risk Discussion (FI)	Update from management regarding certain elevated risks associated with the Port Lands Flood Protection project.

**MINUTES of the Open Session of the
Finance Audit and Risk Management Committee Meeting of the
Toronto Waterfront Revitalization Corporation
Via Microsoft Teams Teleconference
Thursday, February 24, 2022 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Drew Fagan
Michael Galego
Jeanhy Shim

REGRETS:

ATTENDANCE: WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
Lisa Taylor (Chief Financial Officer)
David Kusturin (Chief Project Officer)
Chris Glaisek (Chief Planning & Design Officer)
Julius Gombos (SVP, Project Delivery)
Rose Desrochers (VP, Human Resources and Administration)
Cameron MacKay (VP, Communications and Engagement)
Kristina Verner (VP, Strategic Policy & Innovation)
Iain McMullan (Executive Director, Philanthropy)
Alma Pjetra (Director, Program & Cost Management)
Marciana Boboc (Acting Director, Procurement)
Chris Shiers (Director, Information Technology)
Sampada Chandane (Director, Financial Management)
Mary Anne Santos (Director, Financial Planning)
Jeff Ross (Director, Strategic Development)
Ian Ness (General Counsel)
Charmaine Miller (Executive Assistant to the CEO & Board Admin)

Also, in attendance for part or all of the meeting were:

- Leslie Woo, Wende Cartwright, Directors, Waterfront Toronto
- Iswariya Tirunagaru, Analyst, Sarah Khan, Analyst, Investment, Partnerships and Innovation Branch, Laura Robbins, Program Analyst, Program Operations, Infrastructure Canada
- Chris Monahan, Director, Policy and Planning Branch of Infrastructure Research and Planning Division, Louis Bitonti, Senior Policy Advisor, Jessica Dulay, Research Analyst, Andre James, A/Manager, Agency Governance and Accountability Unit, Ontario Ministry of Infrastructure
- Jim Cruickshank, Daniel Kasun, Scott Crowley, MNP LLP
- Marie Foley, Louis Castillo, Gord Smith, BTY Consulting
- Jeff Barratt, Rob Clause, BDO Canada LLP

The Chair, Kevin Sullivan, appointed Ian Ness to act as secretary of the meeting. The Chair welcomed everyone to the meeting of the Finance Audit and Risk Management (FARM) Committee (the “Committee”) of the Toronto Waterfront Revitalization Corporation (“Waterfront Toronto” or the “Corporation”).

With notice of the meeting having been sent to all members of the Committee in accordance with the Corporation’s By-laws and a quorum being present, the Chair called the meeting to order at 9:02 a.m. and declared the meeting duly constituted for the transaction of business.

1. Land Acknowledgement

Kevin Sullivan acknowledged Indigenous Peoples’ presence and connections to lands under revitalization by Waterfront Toronto.

2. Meeting Agenda

ON MOTION duly made by Drew Fagan, seconded by Jeanhy Shim, and carried, it was **RESOLVED** that the Meeting Agenda be approved as presented.

3. Declaration of Conflicts of Interest

There were no conflicts declared.

4. Consent Agenda:

Highlights of the Key Messages were taken as read.

FARM Committee 2022 Workplan and Annual Mandate Review

In line with good governance, the mandate of the FARM Committee is reviewed annually. The current mandate and 2022 Committee Workplan were presented to the Committee for review and approval.

The Committee requested that the draft workplan be updated to show that matters of environmental, social and governance are reviewed quarterly by the Committee (rather than as required) through various reports, such as the Integrated Annual Report, Rolling Five Year Strategic Plan and monitoring dashboards. Subject to these edits and ensuring the language is consistent with the Committee mandate, the Committee approved the workplan.

ON MOTION duly made by Jeanhy Shim, seconded by Michael Galego, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the 2022 FARM Committee Workplan.

The Committee also reviewed the FARM Committee mandate and proposed no changes at this time.

Draft Minutes of Open Session November 25, 2021 FARM Committee Meeting

ON MOTION duly made by Drew Fagan, seconded by Michael Galego and carried, it was **RESOLVED** that the Minutes of the November 25, 2021 FARM Committee meeting be approved as presented.

Corporate and Project Reporting Dashboards and Reports

Management provided its quarterly dashboards and reports covering areas related to 2021/22 corporate plan performance, enterprise risk management, audit, liquidity, interim financial statements, capital projects, procurement, regulatory compliance, fundraising and COVID-19 impact.

While the reports were taken as read, management highlighted that with respect to capital projects, the schedule risk associated with utility relocation will likely be realized resulting in the Port Lands Flood Protection project being completed later in 2024 (in stages in Q2/3 vs entirely in Q1); corporate operating costs will likely come in 10% (\$2M) under budget this year, largely due to savings in HR; Enterprise Resource Planning system risk is elevated this quarter due to some functionality issues impacting largely project accounting and reporting resulting in manual workarounds (expected to be resolved in next 6 weeks and not impacting the general ledger); liquidity remains relatively strong and management expects government approval regarding the increase to the Corporation's borrowing limit within the next 5 weeks.

5. External Audit Plan 2021/22

BDO LLP (BDO) presented their Planning Report for the audit of the Corporation's March 31, 2022 financial statements. Planning materiality is set at \$4.0 million, approx. 2% of expenditures, in line with CPA Canada auditing standards. BDO completed their interim fieldwork in November 2021 and will complete their audit in the period April 25 to May 6, 2022.

The Committee confirmed with BDO that there were no non-audit services being provided to the Corporation and being satisfied with the audit approach approved the External Audit Plan. The audited financial statements will be presented to the Board for approval at the June 23, 2022 Board meeting.

ON MOTION duly made by Jeanhy Shim, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the 2021/ 2022 External Audit Plan.

6. Port Lands Flood Protection (PLFP) Update

a) PLFP Project Update

Waterfront Toronto's Chief Project Officer provided a visual progress report for the PLFP project.

b) Report of the Independent Capital Monitor

BTY Consulting LLP (BTY) presented their **14th report** as Independent Capital Monitor for the PLFP project and noted that:

- a. Budget remains at \$1.185 billion.
- b. The remaining contingency of \$41.8 M (\$43.1M last quarter) is 3.2% of the total project budget and 7.3% of the total project cost-to-complete.
- c. Scheduled project completion date could not be substantiated at this time. The schedule is currently being reviewed and re-baselined by the Construction Manager (Ellis Don) to revalidate the critical path and project completion date. BTY are monitoring and will report on this next quarter.
- d. No scope changes have been made to the project this quarter.

7. Delegations of Authority

Management has revised the Corporation's Delegations of Authority document to more clearly articulate the delegation process in the absence of the CEO or C-level executive as well as to ensure alignment with the recently updated Board Committee mandates. The Committee supports these revisions and this item is included for Board review and approval under Item 6 of the Board meeting agenda.

ON MOTION duly made by Drew Fagan, seconded by Michael Galego, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends approval of the updated Delegations of Authority by the Board of Directors.

8. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Jeanhy Shim, seconded by Drew Fagan and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 9(a) & (b), 10, 11, 12, 13, 14 and 15 of the agenda. The exception relied upon for the discussion on item 9(a) is Section 6.1.1(a) provided in the minutes of the Open Session November 25, 2021 FARM Committee meeting under item 4(c) of this agenda, for items 9(b) and 11 is Section 6.1.1(a), for items 10, 12 and 13 is Section 6.1.1(k) and for items 14 and 15 is Section 6.1.1(l) of By Law No. 2.

The meeting continued in closed session.

9. **Consent Agenda**

- a) **Draft Minutes of the Closed Session – November 25, 2021 FARM Committee Meeting**
- b) **Annual Review – Risk Appetite Statement**

10. **Internal Audit Report**

11. **Cybersecurity Risk Profile**

12. **Update on Government Reviews**

13. **Interim Use and Events Strategy Update**

14. **Port Lands Risk Update**

15. **Committee Chair Discussion**

16. **Motion to go into Open Session**

ON MOTION duly made Jeanhy Shim by and seconded by Drew Fagan and carried, the committee **RESOLVED** to go into Open Session.

The meeting continued in Open Session.

17. **Resolution(s) Arising from the Closed Session**

Draft FARM Committee Closed Session November 25, 2021 Minutes

ON MOTION duly made by Jeanhy Shim and seconded by Drew Fagan and carried, be it **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on November 25, 2021 be approved as tabled.

18. **Termination of the Meeting**

There being no further business, **ON MOTION** duly made by Drew Fagan, seconded by Jeanhy Shim and carried, it was **RESOLVED** that the meeting be terminated at 11:29 a.m. local time.

Committee Chair

Secretary

Purpose	For Committee Information.
Areas of note/ Key issues	<p>The following three areas are reported on in the attached Macro dashboard which is supported by several attached streamlined reports:</p> <ol style="list-style-type: none"> 1. <u>2021/22 Corporate Plan Performance</u> (caution areas noted (50-69% of plan achieved) – capital investment, revenues, and key deliverables largely driven by changes in schedule into FY 2022/23) 2. <u>Finance & Administration</u>: <ul style="list-style-type: none"> ○ <i>Enterprise Risk Management</i>: (overall no significant concerns, all high inherent risk areas are being adequately managed through mitigation plans, one continued residual risk area in the red zone related to ERP system). ○ <i>Internal audit</i> (no significant concerns; remaining internal audit plan focus areas and sequencing currently on hold pending review/refresh of internal audit plan per FARM agenda Item 7). ○ <i>Liquidity/ Cash Flow Management</i> (no significant concerns, continued notional external borrowing requirement from unspent project funds in short term; increase in WT borrowing term/limit approvals (to \$90M and May 2028) formally secured from governments in May 2022). ○ <i>Financial reporting compliance</i> (no concerns, in line with plan) 3. <u>Capital Projects</u> (caution areas noted for PLFP related to budget and schedule. Refer agenda item 9b) for further details. Individual project dashboards attached.
Resolution or Next Steps	The next macro level dashboard will be provided at the next FARM Committee meeting in September 2022.

2021/22 Corporate Plan Performance



As of Q4 2021//22, WT has achieved the following for 2021/22:

- 68% (Q3: 81%) of annual capital investment plan (\$279M of \$413M)
- 61% (Q3: 61%) of annual revenues (\$317M of \$523M)
- 63% (Q3: 64%) of key deliverables (27 out of 43)
- 72% (Q3: 79%) of performance KPI targets (13 out of 18), assuming economic impact targets are met.

Capital investment spend is lower than Plan by \$134M largely due to construction resequencing and supply chain delays for the Port Lands Flood Protection project. 16 of 43 key deliverables were not met mainly due to external imperatives beyond WT's control, such as changes in partner requirements, supply chain challenges and/or scheduling delays. Revenue is lower than Plan by \$206M due to timing of certain land sales revenues moved to FY 2022/23 (originally Q4 FY 2021/22). **None of these deferrals place the Corporation at risk of non-compliance with key contracts.**

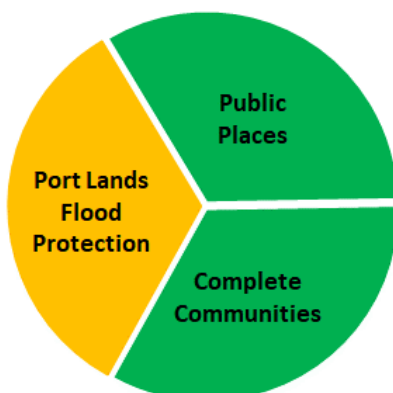
Refer to Section 5 of the draft *Integrated Annual Report 2021/22* for further details.

Finance & Administration



- Positive cash balance > \$50M, no current requirement to borrow; internal cash flow management being utilized for some projects. Tri-government consent formally secured in May/22 to increase WT's borrowing limit to \$90M and term extension to May/28 to enhance liquidity tools.
- ERM: Overall risk portfolio continues to be relatively stable (one continued high risk related to the ERP system).
- Internal Audit: Scope areas on hold pending refresh of WT internal audit plan per FARM agenda Item 7. 75% implementation rate of recommendations this quarter (Q3: N/A – no action items due).
- Government Audit: 100% implementation rate of 2021 action items from Standing Committee on Public Accounts- subject to audit by OAGO and will be concluded/reported on in Dec/22.

Capital Projects



- Currently tracking to deliver all projects in the capital portfolio in accordance with contractual budget/ schedule obligations however **caution** regarding probability of achieving the PLFP project on budget – refer Item 9b).
- **Caution** also remains for the Port Lands Flood Protection project schedule due primarily to utility relocation risk which has deferred substantial completion of flood protection three months to June 2024). Refer Item 9b) for further details.

Refer to the Program Portfolio Dashboards.

Legend: ● No concerns: greater than or equal to 70% of plan met ● Caution: some areas of plan were not met (met between 50% and 69% of plan) ● Concern: <50% of plan was met.




Enterprise Risk Management Dashboard– Q4 2021/22

Summary:

- Currently **one continued risk (Enterprise Resource Planning/ERP Risk) in the red zone (same as last quarter)** due to ongoing ERP issues. **Improvement in two residual risks on:**
 - Liquidity risk (reduced medium score)** - enhanced/more secure liquidity tools, and
 - Business continuity risk (reduced to green score)** – formalized BCP processes, continued productivity in business operations, and ongoing recovery from global pandemic situation.
- Overall WT's **risk portfolio** however continues to be **stable**.
- Management's specific mitigation strategies to address these risks are outlined in the attached Enterprise Risk Register (Appendix 1 – Confidential Attachment). Confidential attachment on heat map (Appendix 2).

Risk Area		Inherent Risk Score	Residual Risk Score	Inherent Risk Score	Residual Risk Score
1.	Enterprise Resource Planning System Risk	16	16	16	16
2.	Cyber Security	16	12	16	12
3.	Financial Self-Sustainability	16	12	16	12
4.	Port Lands Project Delivery	16	12	16	12
5.	Climate Risk	16	12	16	12
6.	Government Risk	12	12	12	12
7.	Procurement Process Risk	12	12	12	12
8.	Project Delivery: Non-Port Lands Projects	12	12	12	12
9.	Recruitment & Retention of Employees	12	9	12	9
10.	Strategic Plan Performance Risk	12	9	12	9
12.	Liquidity Risk	16	8	16	12
14.	Business Continuity	16	6	16	9

Note: Refer to attached Appendix 1 on the Detailed Risk Register (Confidential Attachment).

Risk Score	
	Low (1-6)
	Medium (>6 - 14.9)
	High (15 - 25)

Audit Dashboard– Q4 2021/22

Audit	2020/21 (Prior Year)	2021/22 (Current Year)	2022/23 (Next Year)
Internal Audits	Performance Measurement Framework (Completed Q2)	ERP System Process General Controls & Project Mgt. Process Controls**	Communications Processes and Controls**
	Cybersecurity Follow-Up Audit (Completed Q4)		Records and Information Management**
	Independent Capital Monitor (Port Lands), Quarterly	Independent Capital Monitor (Port Lands), Quarterly	Independent Capital Monitor (Port Lands), Quarterly
	HR Resource & Succession Planning (Completed 21/22)	HR Resource & Succession Planning (Completed Q4)	
External Audits	March 31, 2021 Financial Statements (Complete)	March 31, 2022 Financial Statements (Underway)	March 31, 2023 Financial Statements
Government Audits	ERP System Implementation (Completed Q2)	Contribution Agreement Compliance - Port Lands Flood Protection (PLFP) (Deferred to 2022/23)	Contribution Agreement Compliance - PLFP (Underway)
	Value-for-Money Follow-Up Audit (Completed Q3 – Report issued Dec 2020)	Federal Toronto Waterfront Revitalization Initiative (TWRI) Program Evaluation (Completed Q4)	OAGO Value-for-Money and Standing Committee on Public Accounts Follow-Up Audits (Underway)
	Tri-Government Strategic Review (Part A Background Study Completed Apr/21)	OAGO Value-for-Money Follow-Up (Complete – report issued Dec 2021)	
	City Auditor General Risks and Opportunities Assessment (Completed Q2)		
Total	9 audits	7 audits	6 audits

Status of Open Audit Action Items

March 31, 2022:

Overall:

- **100%** of 2020 **Performance Measurement Framework review** action items implemented.
- Substantial completion of 2021 action items from Standing Committee on Public Accounts (summary in Appendix).
- **91%** of 2020 **Provincial Value-for-Money Follow-Up** items implemented (no change); two remaining action items planned for completion 2022 and 2024, respectively (summary in Appendix).
- **50%** of 2022 **Resource and Succession Planning review** action items implemented.
- Refer to Confidential Attachment for an aging analysis and details of all outstanding audit action items (incl. Cybersecurity follow-up items).

** These scope areas are currently on hold pending review/refresh of WT Internal Audit Plan as per FARM Agenda Item # 7.

Note: The number of audits from 2003 to March 31, 2022 totals 73 (29 internal; 20 external and 24 government), average of 3.3 p.a.

Appendix: Recommendation Status of OAGO Value for Money Follow-Up Audit (Dec 2020)



The following six recommendations (containing 22 action items) were directed towards **Waterfront Toronto** (WT), of which **20 action items** have been **fully implemented** resulting in **91% implementation rate**.

Rec. #	Recommendation Area	# of Actions Recommended	Fully Implemented	In the Process of Being Implemented	WT Notes
2	Project budget, schedule and scope management	3	3	-	
3	Project information systems, procedures and reporting	7	7	-	
4	Oversight of organizations receiving funding from WT	7	7	-	
5	Development and implementation of a financial sustainability plan	1	-	1	WT developed a fundraising action plan in Dec 2019 and is expected to substantially implement this recommendation in 2022/23.
7	Best practices and lessons learned	1	1	-	
9	Port Lands Flood Protection Project budget management	3	2	1	Remaining action item relates to the effectiveness of WT's work in reducing the impact of construction risks on final cost. This will be assessed at the end of the project (i.e. 2024).
Total		22	20	2	
%		100%	91%	9%	

Appendix: Recommendation Status of Standing Committee on Public Accounts (Apr 2021)

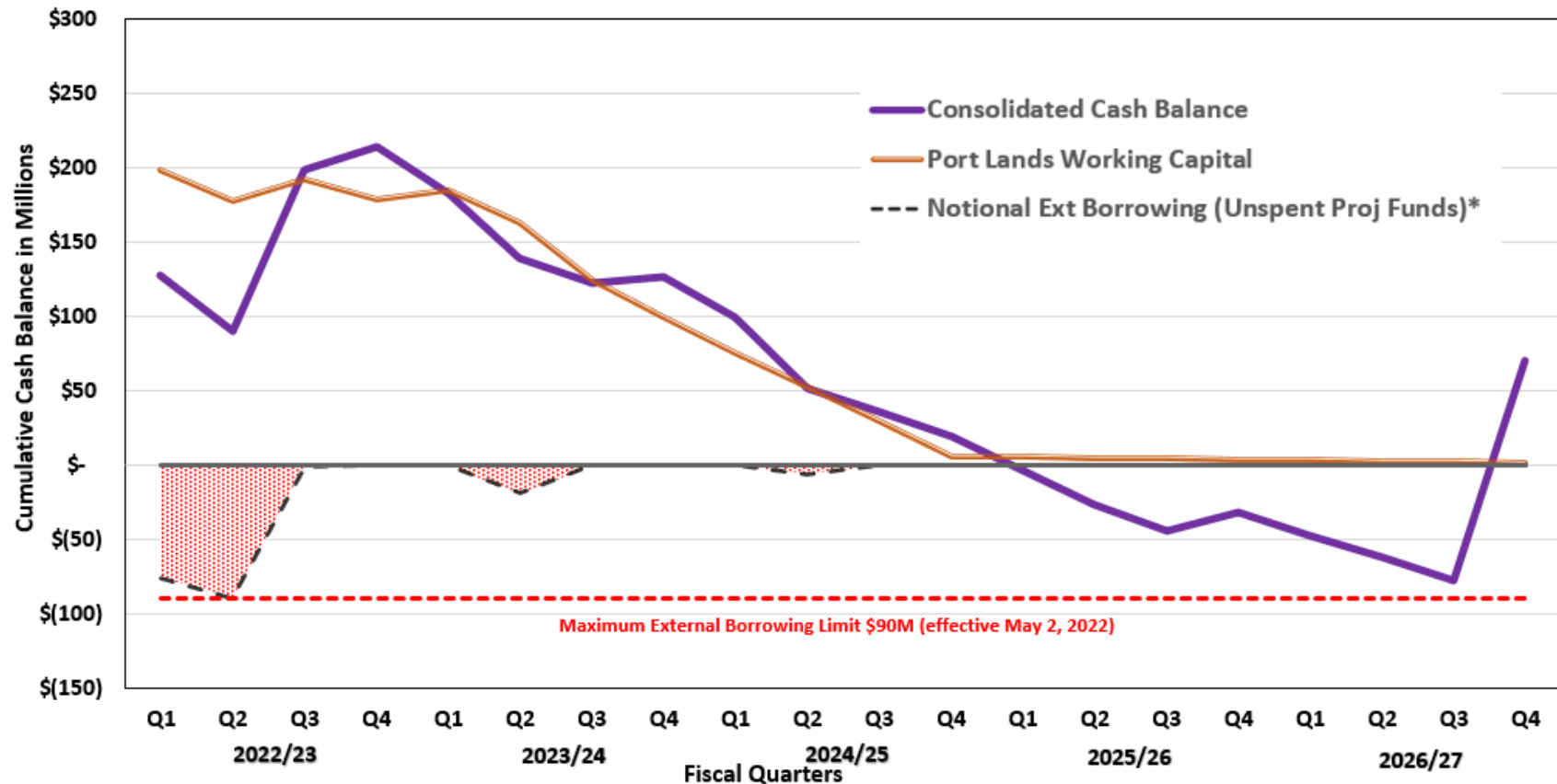
- The following three recommendations (containing six action items) were directed towards **Waterfront Toronto** (WT)
- These action items are being audited by OAGO and concluded upon in the Dec 2022 OAGO report.

Rec. #	Recommendation Area	# of Actions Recommended	Fully Implemented (per WT)	In the Process of Being Implemented	WT Notes
2	Development and implementation of a financial sustainability plan (fundraising)	3	3	-	Subject to OAGO review and audit.
3	Consultation with Intergovernmental Steering Committee and the Board of Directors prior to signing official agreements or making public announcements	1	1	-	Subject to OAGO review and audit.
4	Port Lands Flood Protection Project reporting (e.g., project cost and process, risk assessments)	2	2	-	Subject to OAGO review and audit.
Total		6	6	-	
%		100%	100%	-	

Note: While WT has shown all six action items as being fully implemented, this conclusion is subject to audit by the Office of the Auditor General of Ontario and will be concluded and reported on in Dec 2022.

Liquidity / Cash Flow Forecast (May 2022)

Cash Flow Forecast April 2022 to March 2027



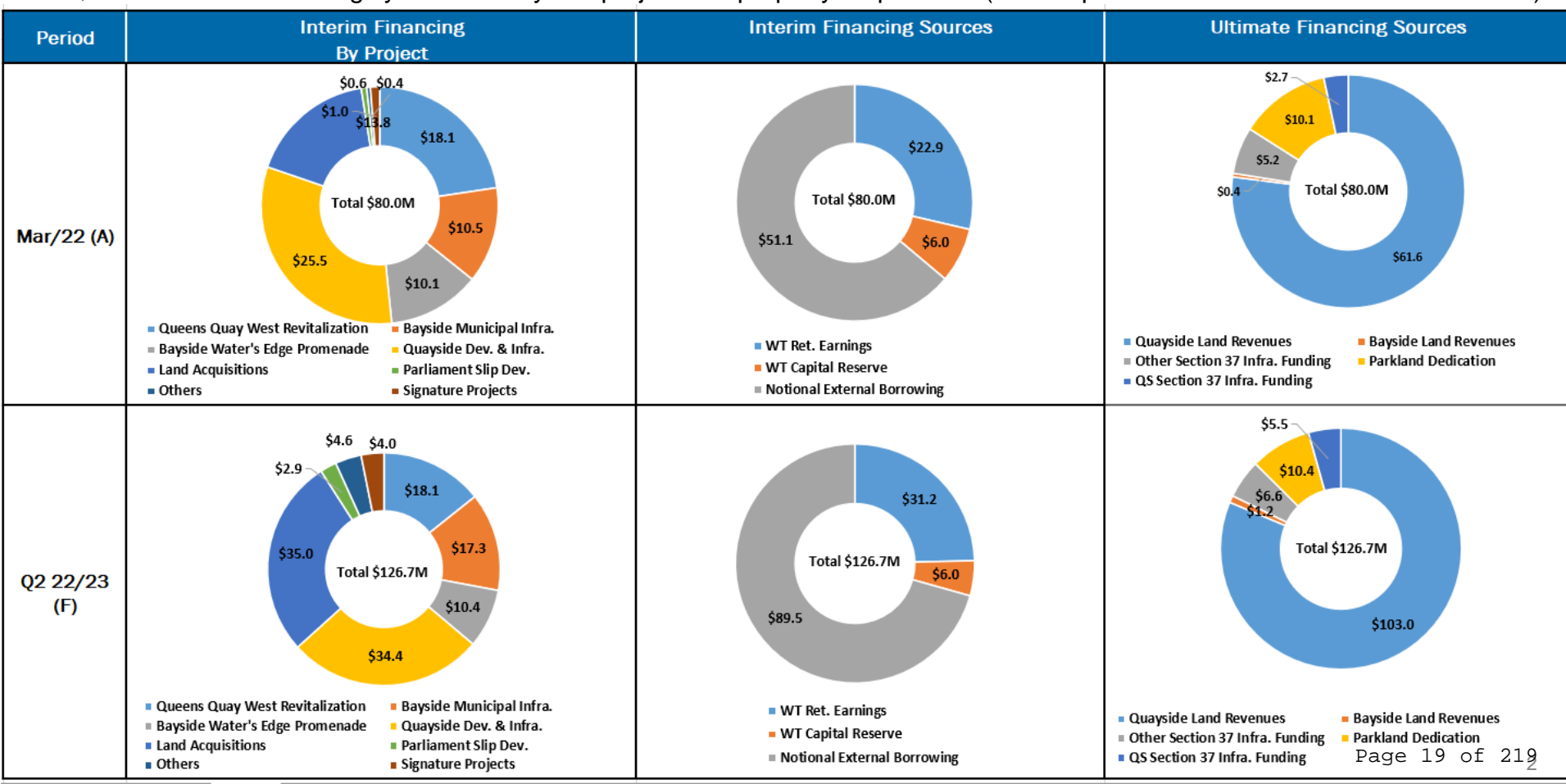
Conclusion

- External Borrowing is not anticipated to be required by Waterfront Toronto until Q1 2025/26 due to following:
 - Ability to temporarily borrow internally from the Port Lands Flood Protection project working capital and other unspent funding / revenue sources (back-stopped by WT's borrowing consent limit of \$90M approved in May/22).
 - Ability to pool bank accounts through Centralized Cash Control Facility with bank.
- External borrowing is currently forecast for six quarters until Q3 2026/27 mainly for Quayside municipal infrastructure related works, anticipated to be repaid with land and other revenues in 2026/27.

* Note – For details on the Notional External Borrowing, refer to next slide on Interim Financing Dashboard.

Interim Financing Dashboard

- Use of unspent cash resources intended for one project towards another project on a temporary basis
- Arises due to cash flow timing differences on certain projects.
- Minimizes external borrowing costs.
- **Rigorous internal controls and monitoring in place** that identify:
 - Projects and amounts requiring internal borrowing
 - Interim sources of funding
 - Ultimate sources of funding
- Current amount of government deferred contributions towards internal borrowing amounts to ~\$51M and forecast to increase to ~\$90M in Q2 2022/23 largely due to Quayside project and property acquisitions (to be repaid from land sales within FY 2022/23).



Finance, Audit & Risk Management Committee – May 26, 2022
Item 4)c)ii)a) – Port Lands Flood Protection (PLFP)
Dashboard Executive Summary
David Kusturin

Purpose	<p>For Committee Information</p> <p>The Port Lands Flood Protection (PLFP) Dashboard report is a key component of the Corporation's project planning and reporting framework. The purpose of this report is to monitor on a monthly 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.</p>
Areas of note/ Key issues	<p>Port Lands Flood Protection Overall Program is currently on budget in accordance with Tripartite Contribution Agreement and Board Approved Capital Project Budget.. The project team re-evaluated the Substantial Performance date of March 31, 2024 due to the realization of schedule risks primarily related to the relocation of utilities. The new baseline Substantial Performance date is June 20, 2024 and it aligns with the achievement of flood protection, however some park and river finishes will continue through 2024, to be completed by October 31, 2024.</p> <p>The following represents the financial status of the projects as of Q4 2021/22:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding remains unchanged at \$1.185 billion. • Current commitments are equal to \$1,011.09 billion, an increase of \$50.57 million from the last quarterly report. • Costs incurred to date equal \$659.46 million. • \$29.0 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for last quarter include:</p> <ul style="list-style-type: none"> • Completed fabrication of Cherry South bridge and delivered to site • Completed welding and connection of Commissioners Street bridge • Continued with steel fabrication of Cherry North vehicular bridge for delivery to site in summer 2022 • Completed horizontal directional drilling (HDD) for crossing of Keating Channel at Cherry Street and for River Valley at Commissioners Street bridge • Completed construction of wet utilities on Cherry Street south of Keating Channel to Cherry South bridge • Advanced construction of new Cherry Street/Lake Shore Boulevard intersection • Completed deep excavation and progressed with installation of drainage layer and risk management measures (RMM) in Elbow area (except under Commissioners Street bridge) • Continued installation of river finishes in Central River Valley including log crib walls, fabricated encapsulated soil lifts • Completed dock wall reinforcement works on Cousins Quay (MT 35) • Completed site preparation, grading and watermain relocation in the Sediment and Debris Management Area

	<ul style="list-style-type: none"> • Commenced removal of dock wall and tie backs in Polson Slip and excavation works in Polson Slip • Completed Atlas Crane repairs and painting
Resolution or Next Steps	The next Port Lands Flood Protection & Enabling Infrastructure Program Dashboard for Q1 2022/2023 will be presented at the next FARM committee meeting.

PLFP Monthly Program Dashboard - as of March 2022

Issued: April 29, 2022

PROGRAM SUMMARY

Waterfront Toronto is tracking the progress of the Port Lands Flood Protection (PLFP) Program and is proceeding in accordance with the contractual budget and schedule obligations. Schedule and budget risks are being closely monitored to ensure program delivery. The overall program budget of \$1.185B remains unchanged. Projects that are forecast to exceed budget are offset by projects that are forecast to complete below budget.

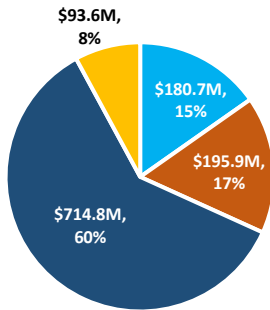
STATUS SUMMARY



In Q4, the program schedule was rebaselined to incorporate delays to certain components of work, specifically related to utility relocations. The new baseline reflects a Substantial Performance date of June 20, 2024. This date aligns with the achievement of flood protection, however, some park and river finishes will continue through 2024, to be completed by October 31, 2024. The Estimate at Completion (EAC) and contingency balance in this report reflect the updated status at month-end, based on the 90% Stage Gate EAC which was approved by the Executive Steering Committee in October 2020.

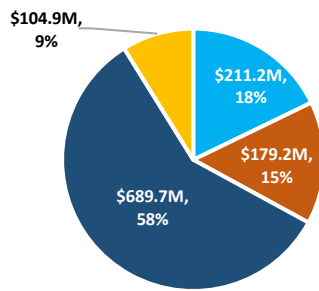
PROGRAM BUDGET ALLOCATION (Based on 30% Approved Budget)

Program Budget by Segment (\$1.185B)



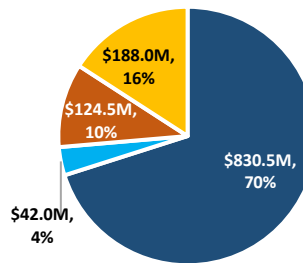
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

90% Cost Estimate by Segment (\$1.185B)



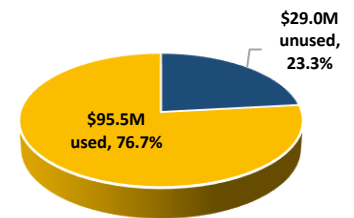
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

Program Budget by Category (\$1.185B)



- Hard Costs
- Escalation Allowance
- Risk Contingency
- Soft Costs

Contingency Allocation at Month-End (\$95.5M of \$124.5M)



- Total Contingency Unused
- Total Contingency Used

FINANCIAL SUMMARY

Project Name	Due-Diligence Budget (\$M)	Approved Changes (\$M)	Approved Budget (\$M)	Total Commitments (\$M)	Anticipated Commitments (\$M)	**Estimate At Completion (\$M)	Variance to Approved Budget (\$M)	*Costs Incurred to Date (\$M)	% Complete to Date	Status
■ Forecast to complete within budget ■ Forecast to complete within 10% of budget ■ Forecast to complete more than 10% overbudget										
Roads & Services	\$ 168.00	\$ 12.69	\$ 180.69	\$ 213.51	\$ 10.65	\$ 224.16	-\$ 43.47	\$ 112.51	50%	●
Commissioners St. West to New Cherry St.	18.00	9.86	27.86	31.78	0.97	32.75	-4.88	16.49	50%	●
Commissioners St. East to Saulters St.	7.00	-0.86	6.14	6.80	2.17	8.97	-2.83	3.34	37%	●
Cherry Street Re-alignment	22.00	15.61	37.61	30.64	0.84	31.48	6.12	14.09	45%	●
Don Roadway North	7.00	10.70	17.70	14.88	1.59	16.47	1.23	3.57	22%	●
Hydro One Integration	12.00	-2.85	9.15	6.12	0.14	6.26	2.89	5.34	85%	●
Site Wide Municipal Infrastructure	102.00	-19.77	82.23	123.30	4.94	128.24	-46.01	69.67	54%	●
Bridges & Structures	\$ 163.00	\$ 32.86	\$ 195.86	\$ 165.40	\$ 15.19	\$ 180.59	\$ 15.26	\$ 117.92	65%	●
Cherry Keating-Cherry Street Bridge North	55.00	-14.08	40.92	35.21	0.93	36.13	4.79	26.58	74%	●
Cherry Polson-Cherry Street Bridge South	42.00	-2.89	39.11	41.85	0.82	42.67	-3.56	33.51	79%	●
Commissioners Street Bridge/Don Roadway	43.00	6.22	49.22	50.34	1.01	51.36	-2.14	44.21	86%	●
Lake Shore Road & Rail Bridge Modifications	19.00	44.01	63.01	36.90	10.22	47.12	15.89	12.73	27%	●
Old Cherry St. Bridge Demolition	4.00	-0.40	3.60	1.10	2.21	3.30	0.29	0.89	27%	●
Flood Protection Features	\$ 762.00	-\$ 47.20	\$ 714.80	\$ 572.90	\$ 95.32	\$ 668.22	\$ 46.59	\$ 393.89	59%	●
River Valley System & Don Greenway	486.00	11.98	497.98	449.66	33.48	483.13	14.85	327.33	68%	●
Keating Channel Modifications	35.00	-6.45	28.55	8.04	1.59	9.63	18.92	5.78	60%	●
Polson Slip North Side Naturalization	60.00	-10.64	49.36	24.04	8.25	32.29	17.07	18.20	56%	●
Don Roadway Valley Wall Feature	27.00	-4.90	22.10	13.26	4.18	17.44	4.67	8.15	47%	●
Eastern Avenue Flood Protection	5.00	-0.88	4.12	1.52	0.02	1.55	2.57	1.21	78%	●
East Harbour Flood Protection	5.00	-4.10	0.90	0.04	0.00	0.04	0.86	0.04	108%	●
Flow Control Weirs	38.00	-15.38	22.62	7.13	1.69	8.82	13.80	5.32	60%	●
Sediment and Debris Management Area	78.00	-0.80	77.20	58.76	45.78	104.54	-27.34	22.03	21%	●
Villiers Island Grading	28.00	-16.03	11.97	10.45	0.34	10.78	1.18	5.84	54%	●
Parks & Public Realm	\$ 92.00	\$ 1.65	\$ 93.65	\$ 59.28	\$ 52.75	\$ 112.03	-\$ 18.38	\$ 35.15	31%	●
River Park North	23.00	-0.41	22.59	24.48	15.01	39.49	-16.90	13.99	35%	●
River Park South	27.00	-8.14	18.86	11.08	6.79	17.87	0.99	6.72	38%	●
Promontory Park South	42.00	10.21	52.21	23.72	30.96	54.68	-2.47	14.44	26%	●
Cumulative	\$ 1,185.00	\$ 0.00	\$ 1,185.00	\$ 1,011.09	\$ 173.91	\$ 1,185.00	\$ 0.00	\$ 659.46	56%	●

*Actual costs do not include accrued costs.

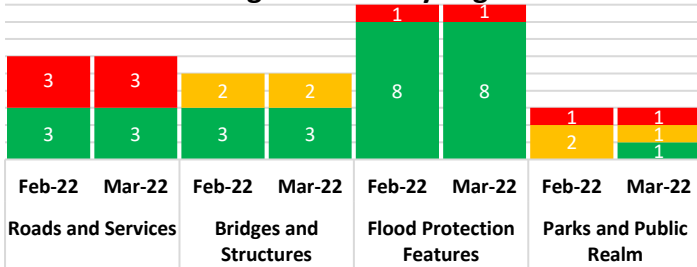
**Estimate at Completion at Month's End.

PLFP Monthly Program Dashboard - as of March 2022

Issued: April 29, 2022

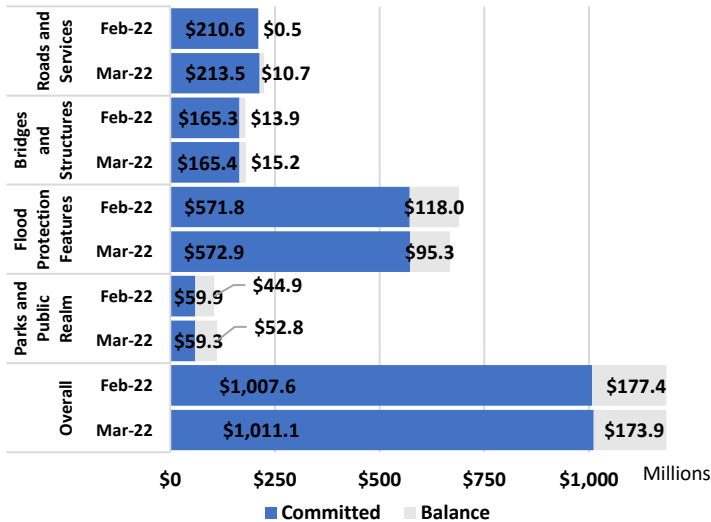
PROGRAM BUDGET STATUS

Budget Status - by Segment

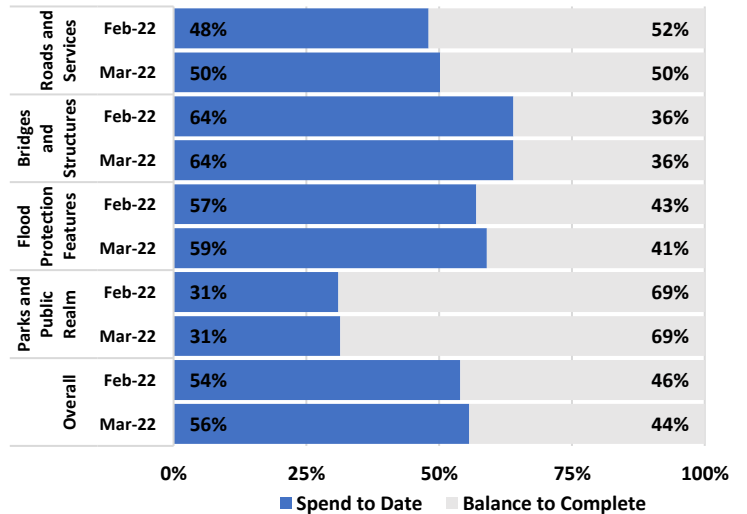


■	- Forecast to complete within approved budget
■	- Forecast to complete within 10% of approved budget
■	- Forecast to complete more than 10% over approved budget

Commitments and Balance to Complete (\$M) (Based on Month-End EAC)

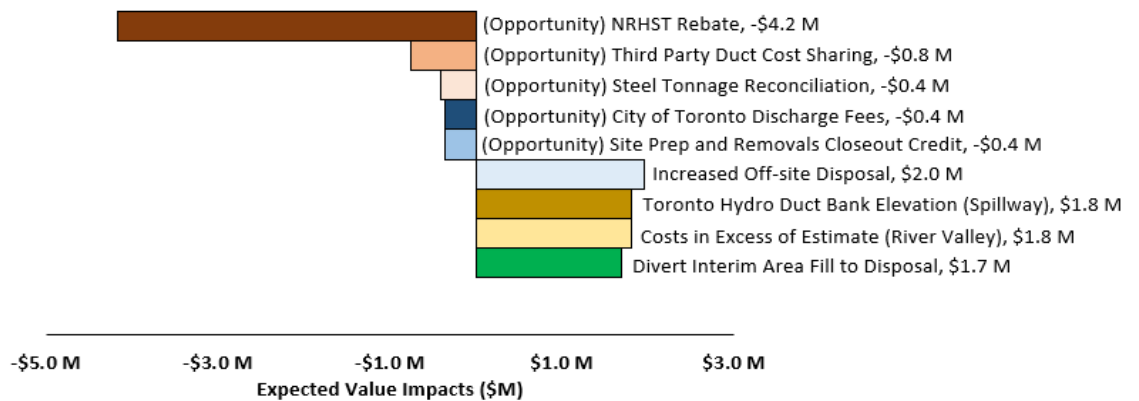


Program Progress - by Segment (Based on Month-End EAC)



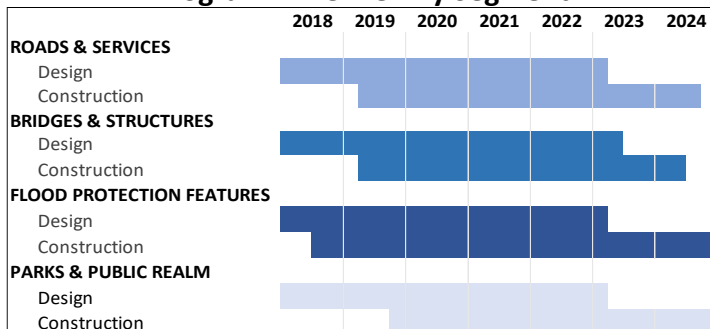
KEY BUDGET RISKS & IMPACTS

Top Risks Impacting Project Cost



PROGRAM SCHEDULE STATUS

Program Timeline - By Segment



Key Communications Milestones

River Valley Planting Begins	Spring 2022
Cherry South Bridge Opening	Summer 2022
Cherry North Vehicular Bridge	Fall 2022

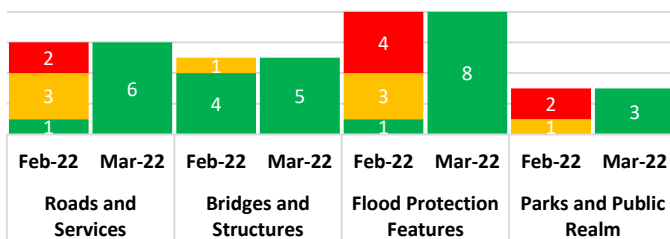
PLFP Monthly Program Dashboard - as of March 2022

Issued: April 29, 2022

SCHEDULE SUMMARY (CONSTRUCTION COMPLETION)								
Projects	Baseline*		Forecast**		Actual		Delay (months) from Baseline Finish date	Status
	Start	Finish	Start	Finish	Start	Finish		
■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule								
Roads & Services	27-May-19	29-Aug-24		15-Aug-24	16-Sep-19	4-Dec-20	0	●
Commissioners St. West to New Cherry St.	16-Sep-19	2-Aug-24		20-Aug-24	16-Sep-19		0	●
Commissioners St. East to Saulter St.	31-Jan-20	29-Aug-24		16-Jul-24	31-Jan-20		-1	●
Cherry St. Re-alignment	27-May-19	19-May-23		19-May-23	27-May-19		0	●
Don Roadway North	1-Mar-21	21-Aug-24		21-Aug-24	1-Mar-21		0	●
Hydro One Integration	15-Jun-20	4-Dec-20			15-Jun-20	4-Dec-20	0	●
Site Wide Municipal Infrastructure	12-Nov-19	12-Jun-24		2-Jul-24	12-Nov-19		0	●
Bridges & Structures	6-May-19	26-Apr-24	9-Mar-23	25-Apr-24	6-May-19		0	●
Cherry Keating-Cherry St. Bridge North	6-May-19	12-May-23		12-May-23	6-May-19		0	●
Cherry Polson-Cherry St. Bridge South	31-Jan-20	3-Aug-22		3-Aug-22	31-Jan-20		0	●
Commissioners St. Bridge/Don Roadway	15-Oct-19	6-Dec-22		6-Dec-22	15-Oct-19		0	●
Lake Shore Road & Rail Bridge Modifications	1-Jun-21	26-Apr-24		26-Apr-24	4-Oct-21		0	●
Old Cherry St. Bridge Demolition	9-Mar-23	24-Nov-23	9-Mar-23	24-Nov-23			0	●
Flood Protection Features	13-Sep-18	30-Oct-24	4-Apr-23	2-Oct-24	13-Sep-18		0	●
River Valley System & Don Greenway	13-Sep-18	30-Oct-24		30-Oct-24	13-Sep-18		0	●
Keating Channel Modifications	1-Feb-24	21-May-24	1-Feb-24	21-May-24			0	●
Polson Slip North Side Naturalization	14-Apr-20	5-Jun-23		5-Jun-23	14-Apr-20		0	●
Don Roadway Valley Wall Feature	1-Feb-22	27-Oct-23		27-Oct-23	1-Feb-22		0	●
Eastern Avenue Flood Protection	4-Apr-23	21-Nov-23	4-Apr-23	23-Nov-23			0	●
Flow Control Weirs	21-Sep-23	12-Aug-24	21-Sep-23	12-Aug-24			0	●
Sediment and Debris Management Area	27-Jan-20	7-Mar-24		7-Mar-24	27-Jan-20		0	●
Villiers Island Grading	2-Mar-20	5-Sep-24		5-Sep-24	2-Mar-20		0	●
Parks & Public Realm	28-Oct-19	31-Oct-24		31-Oct-24	28-Oct-19		0	●
River Park North	29-Jun-20	31-Oct-24		31-Oct-24	29-Jun-20		0	●
River Park South	27-Jul-20	27-Sep-24		30-Sep-24	27-Jul-20		0	●
Promontory Park South	28-Oct-19	30-Oct-24		30-Oct-24	28-Oct-19		0	●
Substantial Performance of PLFP / Achievement of Flood Protection		20-Jun-24		20-Jun-24			0	●
Substantial Performance of Parks		31-Oct-24		31-Oct-24			0	●
PLFP Close-Out		24-Dec-24		24-Dec-24			0	●
Cumulative	13-Sep-18	24-Dec-24	13-Sep-18	24-Dec-24	13-Sep-18	4-Dec-20	0	●

*Baseline Schedule: Based on February 2022 Baseline Schedule. ** Forecast Schedule: Based on March 2022 schedule update.

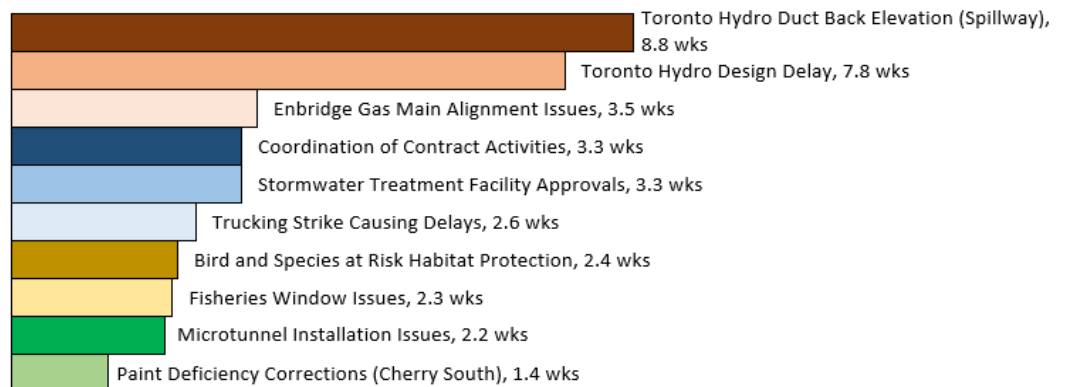
Schedule Status - by Segment



■	- On Schedule/0-1 months behind schedule
■	- 1-6 months behind schedule
■	- 6+ months behind schedule

KEY SCHEDULE RISKS & IMPACTS

Top Risks Impacting Project Schedule



0.0 wks

Expected Value Impacts (wks)

10.0 wks

PLFP Monthly Program Dashboard - as of March 2022

Issued: April 29, 2022

PROGRAM PROGRESS - KEY TASKS

Key Tasks To be Completed in Next 6 Months	March Completion	April Completion	May to Jul Completion	Aug to Oct Completion
<div> ■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule </div>				
Design Phase Status				
Don Roadway Valley Wall Feature		✓		
Lake Shore Bridge Modification			✓	
Enbridge Utility			✓	
Stormwater Treatment Facility & Sanitary Pumping Station			✓	
Toronto Hydro Main Feeder Line - Lake Shore Bridge				✓
Contracts to be Secured				
Flood Protection Landform - Earthwrks		✓		
Site Preparation (Program-Wide)			✓	
Wet Utilities			✓	
Park Landscaping and Finishes			✓	
Excavation, Dewatering, RMM, Stone Finishes & Plug Removal			✓	
Permits/Design Approvals to be Secured				
Don Roadway Valley Wall Feature Permit Package Prior to Construction			✓	
All Parks Permit Package Prior to Construction (excluding FH30 Renovation)			✓	
Villiers Island Grading			✓	
Sitewide Municipal Infrastructure				✓
Construction Completion				
Wet Utilities Horizontal Directional Drilling Under River	✓			
River Valley Spillway & Elbow - Demolition, Excavation, Haul & Soil Remediation		✓		
Polson Slip Canoe Cove Outfall		✓		
River Valley - Irrigation Distribution System			✓	
South Plug Dockwall Anchors / Sheet Pile			✓	
New Cherry St Intersection with Lake Shore Blvd			✓	
Cherry St North Vehicular Bridge Delivery			✓	
River Valley Pedestrian Bridges			✓	

INDIGENOUS CONSULTATION

Update

- Continued strategic discussions with Mississaugas of the Credit First Nation (MCFN) on priorities for the Indigenous Design for the PLFP Public Realm including possible roles in the upcoming Indigenous Artist Request for Proposal (RFP) process.
- Engagement for possible MCFN Field Liaison Representatives archaeological and fisheries monitoring opportunities.

Next Steps

- Continue strategic discussions with MCFN on priorities for the Indigenous Design for the PLFP Public Realm, including MCFN participation in advancement of the Indigenous Artist RFP process and the anticipated upcoming soils ceremony for PLFP.
- Continue engagement for possible MCFN FLR archaeological and fisheries monitoring opportunities.
- Organize Working Group Meeting for April 13th with MCFN – orientation and start-up for new MCFN Councillors on Committee.

SITE PHOTOS



Figure 1

River Valley - Installation of Wetland #1 Drowned Trees



Figure 2

Commissioners St Bridge - Excavation Underneath

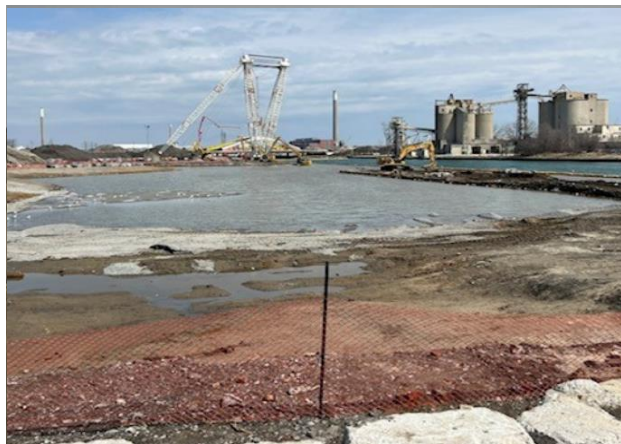


Figure 3

Canoe Cove - Wet Excavation and Finishes



Figure 4

New Cherry St - Installation of Cable Chamber



Figure 5

Commissioners St East - Ready to Install Load Transform Platform on Helical Piles



Figure 6

Lake Shore Blvd Eastbound Bridge


Change in Total Program Contingency	Draw	Balance	Date
Opening Balance (Due Diligence Report)*		164.0 M	
Less: Initial Soft Cost Contingency draw	7.7 M	156.3 M	Approved by ESC on March 20, 2018
Less: Additional Total Contingency draw at 30% Stage Gate	31.8 M	124.5 M	Noted by ESC on November 21, 2018
Less: TPLC Studio Accommodation	5.0 M	119.5 M	Approved by ESC on February 20, 2018
Less: Sediment Management Area Interim Design	13.1 M	106.4 M	Noted by ESC on November 21, 2018 (\$14.5M); adjusted through Design Optimizations (PLFP Program Dashboard contingency utilization has not been adjusted to reflect the new estimate)
Less: Construction Estimate Adjustments at 60% Stage Gate	19.1 M	87.2 M	Approved by ESC on November 12, 2019; Revised to include base costs for Eastern Avenue Flood Protection Project in Jan 2020
Less: Soft Cost Estimate at Complete Variance to Budget	7.0 M	80.3 M	Approved by ESC on November 12, 2019; Revised based on WT Projections
Less: 100% Risks Established at 60% Stage Gate	16.8 M	63.5 M	Approved by ESC on November 12, 2019
Savings: Commissioners/Cherry Bus Rapid Transit (Deferral)	-3.0 M	66.5 M	Approved by ESC on November 12, 2019
Savings: Soil Management Trade Package (#33.2) Adjusted Savings After Award	-11.3 M	77.8 M	Awarded on January 23rd, 2020
Less: CO Removal of Soil/Debris/Fill at 99/97 Commissioners	1.2 M	76.6 M	CO 47 - Approved; Amount corrected Jan 2021
Savings: Reallocation of Cherry St North Bridge Foundation costs to CSLF project in accordance with CSLF Contribution agreement and Project Charter	-4.2 M	80.8 M	Approved; Amount correct Jan 2021
Less: Pedestrian Lighting Rough-in	0.7 M	80.1 M	Approved by ESC on April 23rd, 2020
Less: NRHST Correction at 90% Stage Gate	-0.7 M	80.8 M	Approved by ESC on November 9th, 2020
Less: Construction Estimate Adjustments at 90% Stage Gate	1.8 M	79.0 M	Approved by ESC on November 9th, 2020
Less: Soft Cost Estimate Adjustments at 90% Stage Gate	4.8 M	74.2 M	Approved by ESC on November 9th, 2020
Less: Utility Cost Sharing at 90% Stage Gate	22.7 M	51.5 M	Approved by ESC on November 9th, 2020
Less: Changes - November/December 2020	10.3 M	41.2 M	Each TPBR/CO/SCO Approved by WT Executives
Less: January 2021	4.5 M	36.8 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: February 2021	-9.6 M	46.4 M	Each TPBR/CO/SCO Approved by WT Executives
Less: March 2021	0.5 M	45.9 M	Each TPBR/CO/SCO Approved by WT Executives
Less: April 2021	1.0 M	44.9 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: May 2021	-3.6 M	48.5 M	Each TPBR/CO/SCO Approved by WT Executives
Less: June 2021	5.4 M	43.1 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: July 2021	-0.4 M	43.4 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: August 2021	-0.3 M	43.7 M	Each TPBR/CO/SCO Approved by WT Executives
Less: September 2021	0.6 M	43.1 M	Each TPBR/CO/SCO Approved by WT Executives
Less: October 2021	0.8 M	42.3 M	Each TPBR/CO/SCO Approved by WT Executives
Less: November 2021	0.5 M	41.9 M	Each TPBR/CO/SCO Approved by WT Executives
Less: December 2021	0.1 M	41.8 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: January 2022	-0.7 M	42.5 M	Each TPBR/CO/SCO Approved by WT Executives
Less: February 2022	0.5 M	42.0 M	Each TPBR/CO/SCO Approved by WT Executives
Less: March 2022	13.0 M	29.0 M	Each TPBR/CO/SCO Approved by WT Executives
Unallocated Contingency Balance	135.0 M	29.0 M	

Finance, Audit & Risk Management Committee – May 26, 2022
Item 4)c)ii)b – Lake Shore Blvd East – Bridge and Public Realm (LSBE)
Dashboard Report
David Kusturin

Purpose	<p>For Committee Information</p> <p>The Lake Shore Boulevard East – Bridge and Public Realm (LSBE) Dashboard report is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a monthly 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.</p>
Areas of note/ Key issues	<p>The Lake Shore Boulevard East, Bridge and Public Realm Project is proceeding in accordance with the Delivery Agreement executed on June 14, 2021, between Waterfront Toronto and the City of Toronto. The project is currently on budget and schedule.</p> <p>The following represents the financial status of the projects as of Q4 2021/22:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding is \$163.2 million. • Current commitments equal \$79.4 million. • Cost incurred to date equals \$27.0 million. • \$27.8 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for the last quarter include:</p> <ul style="list-style-type: none"> • Finalized the Lake Shore bridge and Don Roadway intersection design pending direction from the city regarding the harbour lead line • Finalized Issued for Construction drawings for the bridge superstructure, finishes and safety components • Executed Agreement with Enbridge for temporary and permanent relocation of nominal pipe size (NPS) 20 gas main • Enbridge progressed design for temporary and permanent relocation of Nominal Pile Size (NPS) 20 main and filed for Leave to Construct with Ontario Energy Board • Implemented vehicular detours on Lake Shore Boulevard East to facilitate bridge and boulevard construction • Completed deck removal on southernmost, east bound Lake Shore/Don River bridge • Completed and tested sacrificial pile for load testing • Opened Mill / Cherry detour north of Lake Shore Boulevard
Resolution or Next Steps	<p>The next Lake Shore Blvd East – Bridge and Public Realm Dashboard will be for Q1 2022/2023 and will be provided at the next FARM Committee meeting.</p>

PROJECT NAME: PFP08-01 LAKE SHORE BOULEVARD EAST BRIDGE & PUBLIC REALM

PROJECT DIRECTOR: SIMON KARAM and SHANNON BAKER

PROJECT STATUS SUMMARY				
Budget Status				
Approved Budget \$163,245,000	Total Commitments \$79,398,013	Anticipated Commitments \$83,846,987	Estimate at Completion \$163,245,000	
Contingency \$27,760,000	Contingency Utilization 0%	Cost to Date \$27,011,063	Variance to Budget \$0	
Schedule Status				
Percent Complete 17%	Project Start 29-Apr-20	Construction Start 01-Jun-21	Substantial Performance 11-Nov-24	Warranty Complete 11-Nov-26
Project Progress Summary				
Project is on budget and expected to be completed on time. Project is currently under tendering and final approvals. Demo of Gardiner Logan Ramps completed. Bridge construction preparations have started. Removal of existing eastbound spans were completed in Mar-22.				

BUDGET AND COST SUMMARY									
Description	Due-Diligence Budget	Approved Changes	Approved Budget	Total Commitments*	Anticipated Commitments	Estimate at Completion*	Cost Incurred to Date*	Variance to Budget	% Complete
Hard Cost	\$ 110,300,000	\$ -	\$ 110,300,000	\$ 58,157,508	\$ 52,142,492	\$ 110,300,000	\$ 10,133,480	\$ -	9%
Soft Cost	\$ 22,355,000	\$ -	\$ 22,355,000	\$ 20,272,871	\$ 2,082,129	\$ 22,355,000	\$ 15,932,610	\$ -	71%
Contingency	\$ 27,760,000	\$ -	\$ 27,760,000	\$ 750,000	\$ 27,010,000	\$ 27,760,000	\$ 750,000	\$ -	3%
NRHST	\$ 2,830,000	\$ -	\$ 2,830,000	\$ 217,634	\$ 2,612,366	\$ 2,830,000	\$ 194,973	\$ -	7%
Total	\$ 163,245,000	\$ -	\$ 163,245,000	\$ 79,398,013	\$ 83,846,987	\$ 163,245,000	\$ 27,011,063	\$ -	17%

*Reflect March 2022 WT PMO Month-End Financial Report. NRHST included in Hard / Soft Cost.

SCHEDULE SUMMARY						
Milestone	Baseline		Forecast		Actual	
	Start	Finish	Start	Finish	Start	Finish
Project Start	16-Apr-18	12-Jan-24			29-Apr-20	n/a
Engineering & Design	16-Apr-18	15-Jun-22		15-Jun-22	29-Apr-20	
IFC (Completion Date)	n/a	15-Jun-22		15-Jun-22	n/a	
Construction	01-Jun-21	26-Nov-24		11-Nov-24	01-Jun-21	
Gardiner Ramps Demolition	01-Jun-21	04-Oct-21			01-Jun-21	04-Oct-21
Bridgework: Eastbound & Westbound Lanes	28-Feb-22	16-Apr-24		13-Apr-24	01-Mar-22	
Roadwork: Stage 1 (South Side) incl: Pre-Stage Traffic Detour	23-Aug-21	02-Mar-23		01-Mar-23	23-Aug-21	
Roadwork: Stage 2 (North Side) incl: Don Roadway NW Intersection	09-Feb-23	10-Jan-24	09-Feb-23	10-Jan-24		
Roadwork: Stage 3 (Centre Median)	16-Apr-24	26-Nov-24	16-Apr-24	11-Nov-24		
Warranty Complete	n/a	26-Nov-26	n/a	11-Nov-26		

* Baseline Schedule: Based on February 2022 Baseline Schedule. ** Forecast Schedule: Based on March 2022 schedule update.

PROGRESS OF WORK AND KEY DELIVERABLES	
Work Accomplished this Period	Work Planned for Next Period
1. Continued coordination with private utilities through Toronto Public Utilities Coordinating Committee (TPUCC) process.	1. Continue to coordinate with private utilities through TPUCC process.
2. Continued coordination with City of Toronto (CoT) team on outstanding design coordination items like: Don Roadway Intersection, South Multi Use Trail (MUT) & North Boulevard.	2. Finalize the outstanding design items like: Don Roadway Intersection, South MUT & North Boulevard.
3. Installation of Temporary Street Lighting ongoing.	3. Clean Cap work to start between Don Roadway and Saulters Street.
4. Removal of Asphalt from bridge deck, removal of existing railing and demolition of approach slabs for Eastbound lanes completed.	4. Contractor to complete preparatory works to start driving the sheet piles at south side of existing pier and abutments.

PROJECT NAME: PFP08-01 LAKE SHORE BOULEVARD EAST BRIDGE & PUBLIC REALM

5. Environmental Compliance Approval (ECA) approved by Toronto Water. Awaiting MECP approval.

5. Approval letter from MECP to be issued.

KEY PROJECT RISKS

Risk Register ID	Risk Description	Mitigation Strategy
1. UTL_ALT 20.01	(Risk) Unknown Utilities – Lake Shore Blvd (LSB) East: Base cost for utilities include wet utilities of \$5M, and dry utilities of \$10M Risk that additional funds might be required for the relocation of unknown utilities along LSB.	Mitigate; Team intends to mitigate through ongoing subsurface utility engineering investigations in addition to proposed test pits.

*Top 5 risks only

KEY ISSUES AND DECISIONS

Key Issues

1. WT and City to agree to design of Don Roadway Intersection.

Key Decisions

Due Date

1. City to advise on direction regarding the Harbour Lead Rail staying.

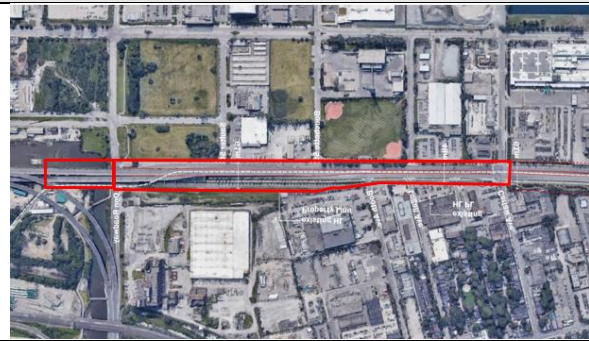
May-22

*Top 3 only

PHOTOS & ILLUSTRATIONS



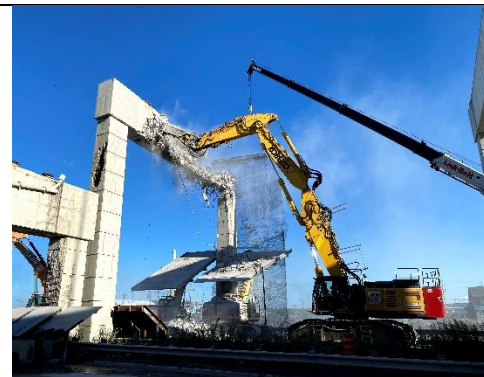
Location Map



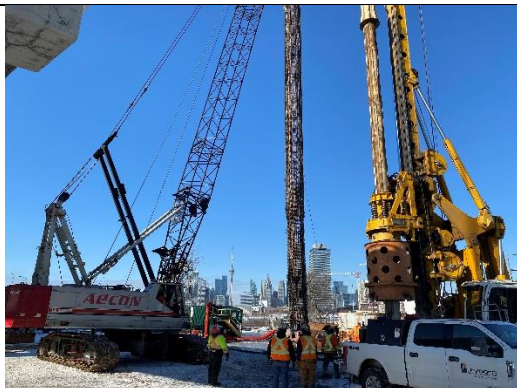
Project Overview



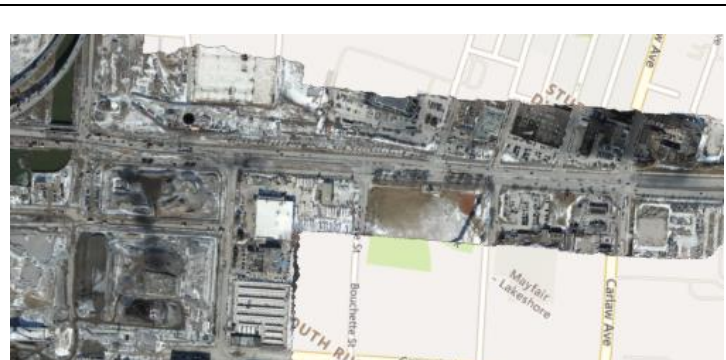
Gardiner Demo in progress



Demo of Gardiner Bents in Progress



Test Caisson installation



Current Site Status

PROJECT NAME: PFP08-01 LAKE SHORE BOULEVARD EAST BRIDGE & PUBLIC REALM

GENERAL COMMENTS

1. No additional comments.

Legend

Indicator	Budget Impact	Schedule Impact	Risk & Issues Impact
●	Forecast to complete more than 10% over approved budget	Forecast to complete more than 6 months behind schedule	High likelihood of risks occurring and/or issues flagged will impact schedule/budget
●	Forecast to complete within 10% of approved budget	Forecast to complete 1- 6 months behind schedule	Medium likelihood of risks occurring and/or likely issues flagged are likely to impact schedule/budget
●	Forecast to complete within approved budget	Forecast to complete on schedule or before	Low likelihood of risks occurring and/or issues flagged are expected to be resolved without impact to schedule/budget

Definitions

Anticipated Commitments (ACM): Unreleased Trade Packages + Unapproved Change Orders + Potential Claims = ACM

Cost Incurred to Date (CID): What you have paid to date for the work that has been done/completed = CID

Estimate at Completion (EAC): Given the current performance, what is the expected overall project cost when the project is completed = EAC= TCM + ACM

Percent Complete: Actual project progress based on Approved Budget and Cost Incurred to Date = CID / EAC

Project Contingency: Total Contingency allocated for a given project (includes both soft and hard contingency).

Program Contingency: Allocated Management Reserve for a given project.

Substantial Performance: Substantial completion date of the project.

Total Commitments (TCM): Includes: Approved Contracts + Approved Change Orders + Approved Change Directives + Approved Non-Contract Costs = TCM

Variance to Budget: Difference between the Approved Budget and what you are expecting it to cost at the end = EAC – Approved Budget

Warranty Complete: Warranty end date, calculated as two years from date of substantial performance.

1. S. 11 of the Procurement Policies require reporting to the FARM committee of (a) exceptions to the Procurement Policies; and (b) contracts awarded in excess of \$5 million.

Since the last Quarterly Procurement Report there were the following items:

(a) Exceptions to the Procurement Policies as follows:

- *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):*
 - *DTAH – Landscape Architect for Legacy Art Project Toronto (LAPT). Contract value: **\$129,255** (initial release of concept and design development).*
 - The LAPT is a foundation committed to honouring Terry Fox's legacy and is granting funds to Waterfront Toronto for the implementation of a permanent art installation. Waterfront Toronto at the direction of the LAPT, directly issued a contract to DTAH. It should be noted that a national competition was led by LAPT, which attracted top Canadian artists and was adjudicated by a selection panel of art professionals and community representatives. The jury unanimously selected DTAH and its sub-consultant, Jon Sasaki. The final value of this contract is anticipated to increase to \$220,238, which will include construction documents, tender and construction administration services.
 - *Tablino Consulting Inc. – Project Management Consultant for Quayside and Villiers Island projects. In July 2020, Tablino Consulting Inc. was retained to provide Project Management Consulting Services for Quayside Development on a sole-source basis. The consultant was retained due to his unique experience and skillsets in development strategy and leading complex development projects for major institutions around the globe (e.g. HOK, CBRE, Cushman & Wakefield, TD, RBC). In April 2021, a separate contract was issued to provide project management services for the Villiers Island project. The services are required for another year for both projects (from April 1, 2022, to March 31, 2023) with the anticipated costs of up to \$6,110 per week for Quayside Development and up to \$1,880 per week for Villiers Island Development. With this extension, the sum of the upset limit amount for both projects will be approximately \$958,283 covering services for almost 3 years, from June 2020 until March 2023. No further services are anticipated after March 2023.*
- *Length of contracts – contracts term not more than five years, the following does not meet Section 8 (2) for the first year of the five year extension period*
 - *DEL Management Solutions Inc. – Property Management Services. Extend the contract by five years, for a total term of 10 years ending June 30, 2027.*
 - Section 8(2) of WTs procurement policy outlines circumstances under which the Corporation can enter longer term contracts, such as major construction projects, and services less than \$25,000 annually where a change in vendor would not create value for money. In this case, a contract was issued to DEL

Management Solutions Inc (DMS) with a term of 5 years, ending on June 30, 2022 (RFP #2017-12). Currently, there are seven properties managed for total annual management fees of approximately \$40,000. As a result of the Quayside development project which anticipates selling four properties in 2022, effective 2023 the total annual management fees are expected to decrease to \$14,000 annually. At that time the extended contract term will no longer be an exception to section 8.2 (a)(ii) of the Procurement Policy. In addition, these services are specialized in nature, are the result of a management decision to outsource the function and would cause a disruption to the Corporation's business activities if such services were re-procured at this time.

(b) Contracts awarded in excess of \$5 million as follows:

➤ N/A

Regulatory & Operational Compliance Report
(for the period from January 1, 2022 to March 31, 2022)
Finance, Audit and Risk Management Committee Meeting
May 26, 2022

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Wages, Taxes, Source Deductions and Employment-Related					
Harmonized Sales Tax Filing <i>Directors may be jointly and severally liable with the Corporation for unremitted HST</i>	Canada Revenue Agency	Monthly; last day of month following month's end	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	HST Return filed Apr 29, 2022 for period Mar 1, 2022, to Mar 31, 2022				
Corporate Income Tax Return <i>Directors may be liable for failure to file corporate income tax returns and up to 50% of unpaid taxes</i>	Canada Revenue Agency	Annually; June 30 of each year	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	March 31, 2021 CIT Return filed Sep 16, 2021 [nil tax liability]				
CPP, EI & Income Tax remittances <i>Directors may be liable for unremitted source deductions</i>	Canada Revenue Agency	Within 3 days of any pay date	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	ADP makes the remittances on behalf of Waterfront Toronto				
Workplace Safety and Insurance Board premium remittances <i>Directors may be liable for fines of up to \$25,000 for non-compliance by the Corporation under the WSIA</i>	Minister of Labour	Monthly; 30 th of each month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Health Tax Filing <i>Directors may be liable for failure to make payments under the Act</i>	Minister of Finance	Monthly; 15 th of every month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Wages and Accrued Vacation Pay <i>Directors may be liable for up to 6 months of unpaid wages accrued vacation pay</i>	Employment Standards Act	Semi-monthly	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	ADP administers payments; vacation pay accrual recorded in financial statements				

Other Filings – Operational					
Annual business plan to be adopted at least 90 days before the beginning of each fiscal year with updated 5-year plan <i>This is a key governance requirement of the TWRC Act</i>	TWRCA	Annually	Up to date	Yes	Chief Financial Officer
Additional comments:	Current annual business plan and current rolling 5-year strategic plan both adopted December 9, 2021				
Audited Financial Statements and Annual Report to governments within 90 days of the end of each fiscal year <i>This is a key governance requirement of the TWRC Act</i>	TWRCA and Ontario Business Corporations Act	Annually; financial year end is March 31	Audited financial statements and annual report presented to Board by June 30 of each year	Yes	Chief Financial Officer
Additional comments:	2020/21 Audited financial statements approved by the Board June 24, 2021 with signed copies provided to governments on/before June 30, 2021.				
Property Management <i>In the operation of the properties it owns or manages, the Corporation is responsible for various obligations</i>	Landowner's liability (Fire Code Act, Ontario Building Code, Occupier's Liability Act) /Landlord obligations under lease	Inspections are completed according to regulatory requirements and properties are maintained according to a regular maintenance schedule	Ongoing: up to date	Yes	Chief Financial Officer
Additional comments:	<p>The eight properties owned by the Corporation are professionally managed by DMS Property Management and third-party parking operators (SP+ and Target Park) except for the following:</p> <ul style="list-style-type: none"> • 54 Commissioners St. was vacated by the tenant in February 2020 and care and control of the property has been taken over by the Port Lands Flood Protection project (PLFP) through the Construction Manager for the purpose of material and equipment storage; and • 130 Commissioners St. has been demolished and care and control of the property taken over by PLFP through the Construction Manager for construction activities. 				

Lisa Taylor, Chief Financial Officer

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Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Employee Health and Safety – workplace incidents or injuries <i>Under OHSA, directors may be held responsible for non-compliance and liable for fines of up to \$100,000 and imprisonment for up to 1 year</i>	Occupational Health and Safety Act ("OHSA")	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	Port Lands Flood Protection Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Lake Shore Boulevard East Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Complete Communities <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period 				
Environmental Liability – spills, claims or administrative orders <i>Under the EPA, directors may be held responsible for non-compliance and liable for fines of up to \$4,000,000 and imprisonment for up to 5 years</i>	Environmental Protection Act ("EPA")	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	Port Lands Flood Protection Project <ul style="list-style-type: none"> March 2, 2022 - 62 Villiers. Fluid leak from an excavator entered the Keating Channel. Reported to MECP and City - MECP: 1-1NAZOG, City - 00647220. Clean-up completed report closure underway. March 24, 2022 - 324 Lakeshore. Overflow from the dewatering tank left the site, onto the Martin Goodman Trail. Reported to MECP and City - MECP: 1-1PTMVE, City: 00747152. Initial clean-up undertaken and report closure underway. Lake Shore Boulevard East Project <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period. Complete Communities <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period. 				


David Kusturin, Chief Project Officer



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Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Claims <i>In its projects and other operations, the Corporation is exposed to claims in the usual course of business</i>	None	Report to FARM	Ongoing: up to date	Yes	General Counsel
Additional comments:	<p>All existing claims which have proceeded to formal litigation against the Corporation are being defended by insurers under project insurance or the Corporation's corporate insurance program. The Corporation is not aware of any facts which would lead us to believe that the liability, if any, of the Corporation in respect of such claims would exceed the insurance coverage available.</p> <p>The Corporation has been made aware of one claim for a material amount less than \$5 million. Based on initial review and investigation, the Corporation does not believe the potential liability of the Corporation under this claim is in excess of \$1 million. This potential liability has been noted in the Corporation's financial statements as a Contingent Liability.</p>				
Privacy Breach <i>Breaches of personal information arising from the operations of the Corporation will be reported to the Board</i>	Canadian Privacy Principles	Report to FARM	Ongoing: up to date	Yes	General Counsel/Privacy Officer
Additional comments:	No breaches have been reported.				

Ian Ness, General Counsel

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Philanthropy Project & Signature Projects Dashboard - as of March 31, 2022

Issued: April 26, 2022

PHILANTHROPY PROJECT STATUS SUMMARY

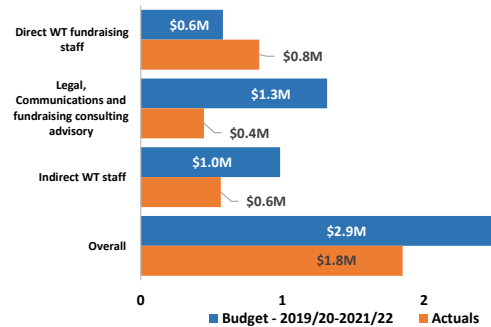
Fundraising Campaign Planning Study was approved by the Board on December 9, 2021 and has replaced the Fundraising Action Plan. The strategy and plan (detailed in the Study) are being executed.



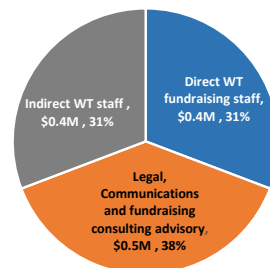
Prospect engagement is proceeding with the next critical event taking place June 6 (boat tour Art Trail). WT has not hired the additional staff that were planned for in this fiscal year to support fundraising efforts due to slower pace of prospect engagement. Overall, the Philanthropy Project is expected to remain within budget this fiscal year.

PHILANTHROPY BUDGET, FORECAST AND COSTS (EXCLUDING CAPITAL SIGNATURE PROJECTS)

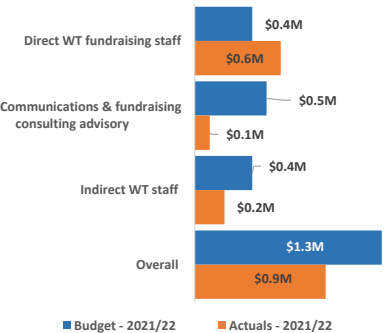
Budget* versus Actuals for Fiscal Years 2019/20 to 2021/22
*Board approved Dec 2020 and includes what was budgeted for in fy 2019/20-2021/22



Budget* for Fiscal Year 2021/22 (\$1.3M)
*Board approved budget Dec 2020

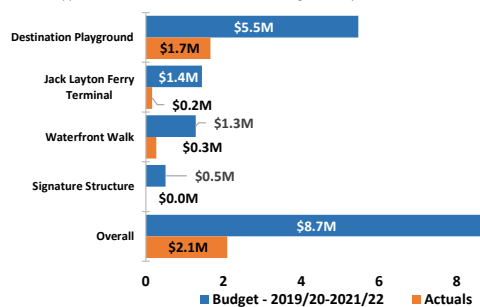


Budget* vs. 2021/22 Actuals (do not incl. accruals)
*Board approved budget Dec 2020

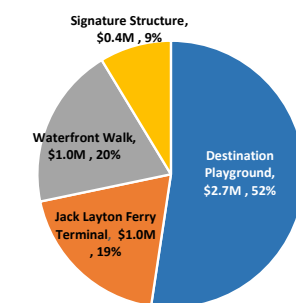


SIGNATURE PROJECTS EXPENDITURES (EXCLUDING PHILANTHROPY PROJECT)

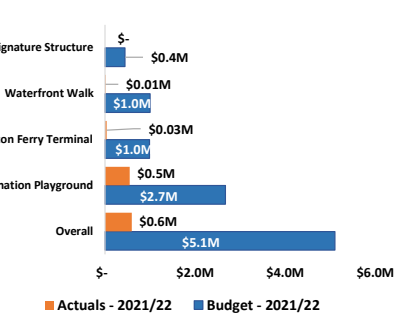
Budget* versus Actuals for Fiscal Years 2019/20 to 2021/22
*Board approved Dec 2020 and includes what was budgeted for fy 2019/20-2021/22



Budget* for Fiscal Year 2021/22 (\$5.1M)
*Board approved budget Dec 2020

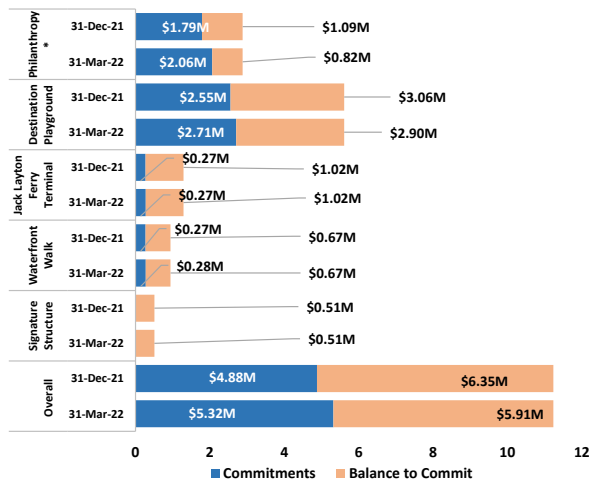


Budget* vs. 2021/22 Actuals (do not incl. accruals)
*Board approved budget Dec 2020



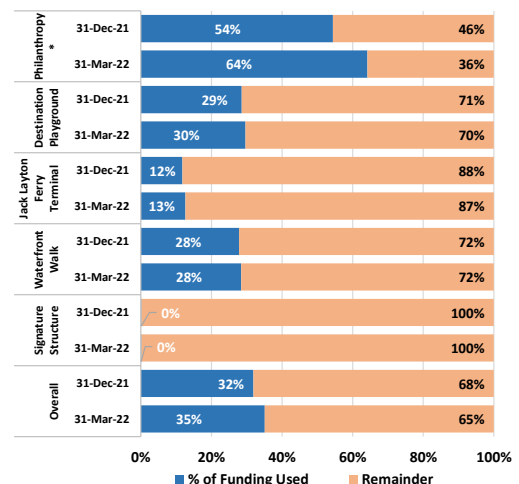
PHILANTHROPY AND SIGNATURE PROJECTS IMPLEMENTATION INDICATORS

Commitments and Balance to Commit (\$M) - relative to Funding



*includes Start up Cost and Cost of Fundraising for Destination Playground

Percentage of Funding Used



PHILANTHROPY PROJECT PRIORITY DELIVERABLES

Priority Deliverables	Completed to Date	Deferred Deliverables to 2022/23
Government Consent and City Alignment		
Amendments to WT consent to raise revenues (requested Sept 2019)	✓	
Fundraising MOU with City of Toronto Term Sheet	✓	
Execute Fundraising MOU		◆
Fundraising Capabilities		
Hire Fundraising Director	✓	
Develop Prospect Pipeline (Ongoing)	✓	
Hire Prospect Researcher	✓	
Hire Partnerships Officer		◆
Develop key policies, procedures and precedent legal agreements		◆
Fundraising for Destination Playground		
Develop Case for Support content	✓	
Undertake Planning Study	✓	
Develop Fundraising Strategy for Destination Playground	✓	
Undertake Market Sounding for Naming and Case for Support Toolkit	✓	
Build Presentation Model (maybe virtual)		◆
Advance Destination Playground		
Complete the conceptual design vision (10% design) for the Destination Playground	✓	
Complete O&M and governance strategy	✓	
Complete 30% Schematic Design		◆

PHILANTHROPY RISKS STATUS

HIGHEST KEY RISKS	
Risk Description	Mitigation Strategy
Limited interest in Waterfront Toronto's mission and Signature Projects from the philanthropic community since there isn't yet a well evidenced analysis of its fundraising potential.	Waterfront Toronto will be carrying out extensive prospective donor engagement over the next few months to determine overall fundraising potential. Operating cost for fundraising remains low. Implementation of Signature Projects like the Destination Playground is phased and a great playground can be created at a variety of cost levels below \$45M.
Inability to honour donors by naming public spaces suppresses overall fundraising yield	Waterfront Toronto is exploring remedies since the City currently has a moratorium on naming any (City controlled) public space in honour of donors which suppresses fundraising potential.

May 26, 2022

Waterfront Toronto Finance Audit and Risk Management Committee

COVID-19 Impact Update on Waterfront Toronto

Waterfront Toronto

Executive Summary

Waterfront Toronto response to COVID-19

- The **COVID-19** global pandemic constitutes an unprecedented challenge with potential severe socio-economic consequences and far-reaching implications to health and safety of all, including workers and their families
- Due to pandemic and government mandated restrictions on personal movements, companies and construction projects are facing labour shortages, reduced productivity and supply chain issues. Covid-19 related impacts to budget and schedule can result from the following:
 - Impacts to work force and materials
 - Reduced efficiency and productivity
 - Labour and material mobility
 - Third party & external dependency delays
 - Extended overheads and escalation

Executive Summary

Waterfront Toronto response to COVID-19 (Cont'd)

- In full alignment with governmental direction, Waterfront Toronto has implemented a comprehensive and coordinated approach to mitigate impact to the Corporation. Primary focus has been health and safety of all internal and external resources
- Cost Impacts from March 2020 to March 2022 (\$2.0M total):
 - Claims Realized for PLFPEI (2,017,357)
 - Reduced travel related costs for consultants (2020/21) \$400,000
 - Reduced parking revenue – approximately (2020/21 & 2021/22) (1,300,000)
 - Savings on corporate operating costs (2020/21 & 2021/22) \$950,000
- Claims received and under review (\$278,882), potential claims, associated costs and/or schedule impacts carried in the PLFP risk register
- Impacts related to staff availability, reduced productivity and enhanced safety procedures have been mitigated through sequencing of work.

Executive Summary

Waterfront Toronto response to COVID-19 (Cont'd)

- Cost escalation due to Covid-19 for specific commodities stabilized through mid – 2021
- Various sources (Stats Can, IO, BTY, Altus) confirm that cost escalation for non-residential construction increased through 2021 and continues to impact procurements in Q1 of 2022
- Cost escalation due to inflation substantially exceeds the 2.2% per annum carried at Due Diligence (DD)
 - Due Diligence cost escalation estimated at \$94M
 - Actual cost escalation estimated at \$179.2M (avg 4.4% per annum)
 - Additional \$85.2M in escalation taken from program contingency
- No material negative budget variances due to Covid-19 induced escalation have been realized on any other Waterfront Toronto projects as a result of Covid-19

Waterfront Toronto and COVID-19

Construction Project Impacts

Background

- Province of Ontario through the Emergency Management Act has implemented restrictions of activities to varying degrees through 2020, 2021 and into 2022
- These included various levels of shut-down to non-essential work-places beginning April 3, 2020
- All Waterfront Toronto construction projects have been deemed “essential” work-places through this period
- Construction has proceeded with enhanced health and safety procedures
- Risk of future restrictions has been mitigated where possible through contract language

Covid 19 – PLFP Claims Realized

Keller Foundations	\$91,123
Cut-off walls: west plug – quarantine for US based crews	\$91,123
GFL Infrastructure	\$200,514
Cut off Walls Phase 2, CO 110 <ul style="list-style-type: none"> Duplication and isolation of advisory staff from US. 	\$117,776
Cut-off walls Phase 2, CO 055 <ul style="list-style-type: none"> Repatriate and quarantine redundant workers from US to avoid delays 	\$82,738
Hermanns Contracting Limited	\$1,608,960
Supply of Topsoil <ul style="list-style-type: none"> Soil source impacted by restrictions on non-essential construction. Revised supply price resulted in increase of \$1,608,960 	\$1,608,960
Accuworx	\$ 116,760
<ul style="list-style-type: none"> Increase in unit costs for water treatment consumables due to Covid 19. COR in process 	
Total Costs Realized	\$2,017,357

Covid 19 – PLFP Claims Received and Under Review

GFL Infrastructure	\$327,408
<ul style="list-style-type: none"> Cut-off walls Phase 2 (TP 63.1) <ul style="list-style-type: none"> Claim received February 1, 2021: Under negotiation 	\$165,190
<ul style="list-style-type: none"> Cherry South Bridge Foundations (TP 54) <ul style="list-style-type: none"> Revised claim received December 7, 2020: Under negotiation 	\$162,217
Accuworx	\$338,990
<ul style="list-style-type: none"> Increase in unit costs for water treatment consumables due to Covid 19. Balance in Risk Register 	\$338,990
Echelon	\$12,485
<ul style="list-style-type: none"> Increase in stainless steel pricing through 2021. Under negotiation 	\$12,485
Consultant Travel Related Cost Recovery	(400,000)
<ul style="list-style-type: none"> Under negotiation 	(400,000)
Total Claims Received and Under Review	\$278,882

East Bayfront & West Don Lands Project Risk Status

Risk Issues affecting Complete Communities construction projects costs and schedule due to COVID 19 are currently estimated to be immaterial.

Waterfront Toronto and COVID-19

Finance and Accounting

Finance & Accounting Impacts of COVID-19 – No major changes since last report



- WT's finance and accounting operations remain uninterrupted by COVID-19 due to cloud-based accounting and finance system, which supports remote access of all WT users.
- WT continues to pay its vendors on time.
- WT continues to leverage benefits of technology to support productivity and working remotely, while maintaining and enhancing internal controls to prevent increased fraud risks (resulting from electronic approvals):
 - Collaboration platforms such as Microsoft Teams and Sharepoint Online
 - Use of DocuSign to collect and manage digital signatures on important documents
 - Use of Bonfire, a cloud-based Procurement sourcing platform for posting and receiving electronic bid submissions and electronic evaluation of the submissions
 - Electronic filing/payment systems (e.g., for government and banking requirements) thereby ensuring faster processing of payments/refunds
 - Formal Cyber Security Program, including creation of Cyber Security Risk Taskforce.
 - Implementation of Robin office booking software to support return to workplace (Nov 2021)
 - Use of Microsoft Teams Voice to increase call mobility, allowing calling from almost anywhere
- From a cash flow perspective WT remains secure with >\$50M in liquid funds and continues to have the funding support of the City, Provincial and Federal governments.
- Interim property parking operations have only been mildly impacted by COVID-19 in FY 2021/22 (~\$300K less in revenues than anticipated, largely due to less event revenue potential), as compared to \$1M decrease in FY 2020/21.
- Conversely WT has seen savings in operating costs of ~\$450K in FY 2021/22 (2021/22 \$500K) due to reduced office supplies, printing, travel, courier, parking and conference fees (to name a few), and move to virtual public and stakeholder consultation meetings.

Thank you.





info@waterfronttoronto.ca




Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfronttoronto.ca

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In accordance with the TWRC Act, WT's mandate is to enhance the economic, social, and cultural value of the designated waterfront area in a fiscally and environmentally responsible manner. ESG is embedded in Board committee mandates, strategic plans, and annual reports (aligned with leading international frameworks – Global Reporting Index, UN Sustainable Development Goals). This update is to provide advancements in specific areas of ESG in the past quarter (note: not exhaustive).

Topic	Q4 2021/22 Update	Oversight
Governance	New ESG Update Standing Item <ul style="list-style-type: none"> New FARM Committee “ESG Update” standing agenda item effective May 2022 to provide updates on ESG initiatives 	FARM
Environment SDGs supported:   	Task Force for Climate-Related Financial Disclosures (TCFD) <ul style="list-style-type: none"> New climate-related disclosures to be included in the 2021/22 Integrated Annual Report (IAR) based on TCFD recommendations on governance, strategy, risk management, and metrics and targets Engaged PwC to conduct current state analysis, peer analysis, and identify immediate opportunities <u>Next step</u>: develop action plan for FY 2022/23 and 2023/24 on climate-related risk and opportunity management 	FARM
	Greenhouse Gas (GHG) Inventory <ul style="list-style-type: none"> GHG emission disclosures to be included in the 2021/22 IAR on scope 1 and 2 emissions (direct emissions from sources owned/ controlled by WT and indirect emissions from purchased electricity) <u>Next step</u>: develop boundary and processes for gathering scope 3 emissions (indirect emissions from the supply chain, including construction work), to be reported in 2022/23 IAR 	FARM
	Financial Statement Climate Risk Disclosure <ul style="list-style-type: none"> New financial statement note on line items that can be potentially materially impacted by climate-related risks. Aligned with internationally recognized proposals on standardizing climate disclosures (including International Sustainability Standards Board). 	FARM
	Green Buildings at Quayside KPI 5.1 <ul style="list-style-type: none"> 7+ buildings adhering to WT's leading Green Building Requirements planned for development at Quayside, contributing to Canada's first all-electric, zero-carbon community at this scale 	IREC
Social SDGs supported: 	Diversity, Equity & Inclusion (DE&I) Strategy KPI 8.1 <ul style="list-style-type: none"> Engaged MNP who have conducted current state analysis and developed draft recommendations for WT's DE&I strategy to enhance workplace culture <u>Next step</u>: implement MNP recommendations to reach DE&I strategic objectives on/before Winter 2023, including development of baseline metrics 	HRGSR

  	Indigenous Cultural Safety Training <ul style="list-style-type: none"> Following the completion of Indigenous Cultural Safety training by all staff in fall 2020, WT staff and Board have now substantially completed the post training module called “<i>From Bystander to Ally</i>”. This session is about how to be a part of the social change needed to reconcile and reform our relationships with Indigenous people in Canada. 	HRGSR
	Affordable Housing at Quayside KPI 2.1 <ul style="list-style-type: none"> 800+ new affordable housing units planned for development at Quayside, aligning with WT’s overall commitment to >=20% affordable housing 	IREC
	Accessibility Strategy <ul style="list-style-type: none"> Established the Advisory Committee on Accessibility in Feb 2022 <u>Next step</u>: complete recommendations for the Accessibility Framework in 2022 to enhance people-friendly and accessible public spaces on Toronto’s waterfront 	IREC
	Interim Use and Events Strategy <ul style="list-style-type: none"> Completed interim animation strategy to enhance cultural and economic value of temporary underutilized waterfront lands. Plans include an open-air food market with diverse, local food vendors and sports events at Cherry Beach. 	FARM
	Supporting Artists through Akin Collective <ul style="list-style-type: none"> Provided low-cost studio space to Toronto-based artists at 200 Queens Quay E through subsidized rent to Akin Collective (Nov 2021 – Dec 2022) Creates an immediate vibrant hub that energizes the neighbourhood, builds culture and community, in line with WT’s mandate 	FARM/ Board
	Public Art <ul style="list-style-type: none"> Presented the draft Public Art Master Plan for Villiers Island and Keating West precincts to the Toronto Public Art Commission (TPAC) Appointed new artist-in-residence Lisa Hirmer, whose work examines life in this moment of climate emergency 	Board
	Ongoing Engagement with Indigenous Treaty Holders <ul style="list-style-type: none"> Continued engagement with the Mississaugas of the Credit First Nation (MCFN) regarding their participation in the Quayside proponent evaluation and negotiation process Advancing the idea of an Indigenous Centre on the waterfront, which would be of national significance and representative of all First Nations Cultures from coast-to-coast 	Board

Purpose	Submitted for approval and recommendation to the Board for approval. The purpose of the audited interim financial statements is to provide information about the results of the operations, financial position, and cash flow of the Corporation.
Areas of note/ Key issues	<p>With respect to financial activities for the year ended March 31, 2022, the Corporation has:</p> <ul style="list-style-type: none"> • Spent approx. \$283 million (down from \$290.4 million for last year) of which \$245.5 million was capitalized as Assets Under Development, primarily for the Port Lands Flood Protection (\$217 million), \$13.5 million was capitalized for land purchase, \$20.7 million was expensed, primarily for eastern waterfront transit (\$7 million), Villiers Island (\$2.3 million), Bentway Phase 1B (\$1.2 million) and property related expenses (\$4 million). • Recognized revenues of \$320.8 million (up from \$248.9 million for the same period last year) which is primarily made up of government contributions for Port Lands Flood Protection project including Lakeshore Bridge (\$279 million), Land sale proceeds (\$15 million), public art contributions (\$6.9 million), York Street Park (\$5.6M), eastern waterfront transit design (\$5 million), parking/ rental and interest revenues (\$5.5 million), and Rees Street Park (\$1.8 million). The increase from prior year is largely due to government contributions for Port Lands Flood Protection project driven by timing of expenditures. • Reported a higher net operating income as a result of increased revenues from Waterfront Toronto's interim property operations. <p>Other items of note during the year include:</p> <ul style="list-style-type: none"> • Acquisition of 11 Parliament Street to realign Parliament Street and to create Quayside development blocks reflected under Capital assets – land (Note 7). • Unrestricted net assets (Note 12) is in a deficit position of \$47 million representing a timing difference between realization of unrestricted revenues (such as Quayside land sale revenues) and corresponding expenditures funded out of the same (also related to internal borrowing). The deficit position is expected to continue until realization of further land sale proceeds in 2022/23. • The Corporation has no off-balance sheet transactions requiring note disclosure. • Impact of Climate Risk (Note 24) added to disclose climate risk related impact on financial statements.
Key Takeaways/ Next Steps	ON MOTION duly made by [●] and seconded by [●] and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee recommends the audited financial statements for the year ended March 31, 2022 be approved by the Board of Directors on June 23, 2022.

Financial Statements of

Toronto Waterfront Revitalization Corporation
(c.o.b. as Waterfront Toronto)

March 31, 2022

Toronto Waterfront Revitalization Corporation

March 31, 2022

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Management's Responsibility for the Financial Statements

June 23, 2022

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.

President and CEO

Chief Financial Officer

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at March 31, 2022

	March 31, 2022	March 31, 2021
	\$	\$
Assets		
Current assets		
Cash	90,435,454	104,592,114
Receivables (Note 3)	100,033,195	36,579,038
Deposits and prepaid expenses and other assets (Note 4)	3,955,048	4,784,428
	194,423,697	145,955,580
Restricted cash (Note 5)	46,808,576	40,234,509
Assets under development (Note 6)	1,200,520,378	955,012,647
Capital assets (Note 7)	103,097,524	89,882,349
	1,544,850,175	1,231,085,085
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	84,948,044	68,455,592
Deferred contributions (Note 10)	200,666,459	140,660,162
Other liabilities and settlements (Note 11)	1,204,514	1,117,303
	286,819,017	210,233,057
Other liabilities and settlements (Note 11)	1,892,916	1,890,528
Environmental and contaminated sites liability (Note 16)	2,075,900	2,075,900
	290,787,833	214,199,485
Net assets (Note 12)	1,254,062,342	1,016,885,600
	1,544,850,175	1,231,085,085

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:

Director

Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities

year ended March 31, 2022

	March 31, 2022	March 31, 2021
	\$	\$
Restricted Revenues:		
Province of Ontario	155,559,800	103,400,000
City of Toronto	87,965,359	62,612,065
Government of Canada	50,439,840	60,000,000
Other restricted contributions	6,003,272	998,688
	299,968,271	227,010,753
Less: Government contributions for assets under development	(231,819,525)	(256,316,839)
(Increase) Decrease in deferred contributions for continuing operations related to future periods	(60,006,296)	35,448,606
	8,142,450	6,142,520
Expenses (Note 13)		
Eastern Waterfront Transit	7,101,326	3,024,123
Complete Communities	5,061,487	2,363,299
Signature Projects	1,726,860	1,895,452
Public Places	1,670,409	217,365
Strategic Initiatives	1,149,165	1,133,488
	16,709,247	8,633,727
Deficiency of revenue over expenses before other items	(8,566,797)	(2,491,207)
Environmental and contaminated sites expense (Note 16)	-	(2,075,900)
Net other operating income (Note 17)	1,345,889	500,940
Land sale proceeds and/or other income (Note 18)	15,428,359	17,485,877
Excess of revenues over expenses	8,207,451	13,419,710

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation
Statement of remeasurement gains and losses
year ended March 31, 2022

	March 31, 2022	March 31, 2021
	\$	\$
Accumulated remeasurement (loss) gains, beginning of the year	(517,100)	49,920
Unrealized gain (loss) attributable to foreign currency transactions	12,800	(124,636)
Unrealized gain (loss) attributable to forward exchange contracts (Note 19)	310,175	(442,384)
Net remeasurement gain (loss) for the year	322,975	(567,020)
Accumulated remeasurement loss, end of the year	(194,125)	(517,100)

Statement of changes in net assets
year ended March 31, 2022

	March 31, 2022	March 31, 2021
	\$	\$
Net assets, beginning of the year	1,016,885,600	756,493,418
Add: Excess of revenues over expenses	8,207,451	13,419,710
Add: Net remeasurement gain (loss)	322,975	(567,020)
Add: Government contributions for assets under development	231,819,525	256,316,839
Less: Transfer of assets to Government (Note 6)	(3,173,209)	(8,336,109)
Less: Assets written off	-	(441,238)
Net assets, end of the year	1,254,062,342	1,016,885,600

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation

Statement of cash flows

year ended March 31, 2022

	March 31, 2022	March 31, 2021
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses	8,207,451	13,419,710
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities		
Amortization of capital assets	955,025	875,173
Unrealized gain (loss) attributable to foreign currency transactions	12,800	(124,636)
Unrealized gain (loss) attributable to forward exchange contracts	310,175	(442,384)
Changes in non-cash working capital balances		
Net increase (decrease) in deferred contributions	60,006,296	(35,448,606)
Current assets (Receivables, Deposits and prepaid expenses)	(62,624,777)	50,282,338
Current liabilities (Payables, Other liabilities and settlements)	16,582,051	22,947,031
Net cash received from operating activities	23,449,021	51,508,626
Cash flows from capital activities		
Cash received from government contribution for assets under development	231,819,525	256,316,839
Cash used to acquire assets under development	(248,680,940)	(277,876,807)
Cash used to acquire capital assets	(14,170,199)	(65,392)
Net cash paid from capital activities	(31,031,614)	(21,625,360)
Cash flows from investing activity		
Invested in restricted cash and investments	(6,574,067)	(12,540,576)
Net cash paid from investment activity	(6,574,067)	(12,540,576)
(Decrease) increase in cash	(14,156,660)	17,342,690
Cash, beginning of the year	104,592,114	87,249,424
Cash, end of the year	90,435,454	104,592,114

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

1. Description of Corporation

The Toronto Waterfront Revitalization Corporation 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:

- (a) 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 as 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.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (con't)

(ii) **Land Sales:** 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) **Delivery Agreements:** 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 acquisition, 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) **Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

(ii) **Level 2:** 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) **Level 3:** 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).

(d) 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. These expenses are allocated using a "blended rate" i.e. hourly rate incorporating both direct and indirect cost.

(e) Taxes and Charitable Status

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. The status is effective June 24, 2016 and as at March 31, 2022, the Corporation had not received any donation or gifts.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (con't)

(f) 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 and warranty period, 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.

(g) 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:

Computer hardware and software	3 - 5 years
Leasehold improvements	5 years
Furniture and fixtures	5 years
Office equipment	5 years

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.

(h) 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.

(i) Liabilities for contaminated sites

The Corporation recognizes a liability for remediation of contaminated sites on land owned by Waterfront Toronto when all of the following criteria has been met : there is evidence that contamination exceeds an environmental standard, the Corporation is directly responsible or accepts responsibility for the contamination, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

(j) Trusts under administration

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

3. Receivables

	March 31, 2022	March 31, 2021
	\$	\$
Province of Ontario	68,966,932	25,452,619
Rent and other receivables	17,690,871	2,187,454
HST receivable	10,564,582	3,934,601
City of Toronto	2,810,810	5,004,364
	100,033,195	36,579,038

4. Deposits and prepaid expenses

	March 31, 2022	March 31, 2021
	\$	\$
Construction deposits	2,181,199	2,181,199
Prepaid expenses	1,773,849	2,603,229
	3,955,048	4,784,428

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to guarantee satisfactory performance, completion of work, and related obligations required for construction of municipal 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 (March 31, 2021 - \$2,181,199) are non-interest bearing.

5. Restricted cash

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

	March 31, 2022	March 31, 2021
	\$	\$
Holdbacks payable	35,291,636	30,885,475
Developer contributions - East Bayfront public art	8,089,143	5,711,584
Developer Deposit - Broadband services	1,615,015	1,615,015
Developer Deposit - East Bayfront child care facility	1,551,918	1,538,024
Other	260,864	484,411
	46,808,576	40,234,509

6. Assets under development

The following table details assets under development by category:

	March 31, 2022	March 31, 2021
	\$	\$
Roads, Bridges, Services, Structures	581,331,585	458,019,808
Flood Protection Features	471,563,516	365,789,789
Land under development	91,401,055	86,883,659
Parks and Public Realm	56,224,222	44,319,391
	1,200,520,378	955,012,647

The following table details assets under development by Priority Initiatives:

	The Port Lands	Complete Communities	Quayside	Public Places	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2021	555,591,733	357,172,152	29,842,939	12,405,823	955,012,647
Capital additions	210,646,838	18,903,117	2,019,279	5,029,712	236,598,946
Direct project management - Note 13	5,570,808	953,527	3,755,360	429,946	10,709,640
General and support expenses - Note 13	717,640	117,630	483,771	53,313	1,372,354
Transfer of completed assets to City of Toronto				(3,173,209)	(3,173,209)
Closing balance, March 31, 2022	772,527,019	377,146,425	36,101,349	14,745,585	1,200,520,378

During the year, one completed asset (Jack Layton Ferry Terminal Phase 1A) costing \$3,173,209 (March 31, 2021 - \$8,336,109) was formally transferred to the City of Toronto. The transfer has been recorded as a reduction to assets under development and a distribution of net assets in the statement of changes in net assets.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

7. Capital assets

	March 31, 2022		March 31, 2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	100,812,146	-	87,305,565	-
Computer hardware and software	4,499,284	2,829,477	4,040,292	2,084,367
Leasehold improvements	1,582,601	1,058,181	1,377,975	886,837
Furniture and fixtures	539,371	448,220	539,371	409,650
Office equipment	145,563	145,563	145,563	145,563
	107,578,965	4,481,441	93,408,766	3,526,417
Cost less accumulated amortization		103,097,524		89,882,349

Land is recorded at cost in accordance with the significant accounting policy 2(h). Certain land, known as Quayside, has approximately 2,700,000 square feet zoned for development.

The Corporation owns land containing environmental contamination. As of March 31, 2022, the Corporation has a provision of \$2,075,900 (March 31, 2021 - \$2,075,900) for remediation cost of contaminated site (Note 16).

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 (March 31, 2021 - \$Nil).

8. Credit facility

In 2015 the Corporation secured a revolving credit facility with a Canadian commercial bank which provides for a maximum borrowing amount of \$40 million. The facility bears interest at the Canadian Prime Lending Rate less 0.5%. The Corporation's interest rate was 2.20% at March 31, 2022 (March 31, 2021 - 1.95%). 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 relating to real properties. At March 31, 2022 the available borrowing limit is \$38 million as a result of a Letter of Credit reissued by Waterfront Toronto during 2021 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, 2022, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

9. Accounts payable and accrued liabilities

	March 31, 2022	March 31, 2021
	\$	\$
Accrued liabilities	48,642,647	35,873,598
Holdbacks payable	35,057,157	27,037,500
Accounts payable	1,248,240	5,544,494
	84,948,044	68,455,592

10. Deferred contributions

Deferred contributions as at March 31, 2022 represent project specific contributions from Governments which have not been applied to eligible costs as well as other unspent restricted contributions and contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2022	March 31, 2021
	\$	\$
Expenditures of future periods		
Balance, beginning of year	140,660,162	176,108,768
Additional contributions	67,193,722	(30,181,259)
Less: amounts recognized as revenue	(7,187,425)	(5,267,347)
Balance, end of period	200,666,459	140,660,162
Capital contributions		
Balance, beginning of year	-	-
Add: contributions for acquisition of capital assets and assets under development	245,989,724	257,192,012
Less: direct contribution to net assets	(245,034,699)	(256,316,839)
Less: amount amortized to revenue	(955,025)	(875,173)
Balance, end of period	-	-
	200,666,459	140,660,162

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2022	March 31, 2021
	\$	\$
Deposit - broadband services	1,615,016	1,615,016
Deposits - rent and other	1,204,514	1,117,303
Deposit - Bayside project agreement	277,900	275,512
Total other liabilities	3,097,430	3,007,831
Less: current portion	(1,204,514)	(1,117,303)
	1,892,916	1,890,528

12. Net assets

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

	March 31, 2022	March 31, 2021
	\$	\$
Invested in non-amortisable capital assets	100,812,146	87,305,565
Invested in assets under development	1,200,520,378	955,012,647
Unrestricted (deficit) (Note 12b)	(47,076,057)	(24,915,512)
Accumulated re-measurement loss	(194,125)	(517,100)
	1,254,062,342	1,016,885,600

b) Unrestricted (deficit)

	March 31, 2022	March 31, 2021
	\$	\$
Unrestricted deficit, opening balance	(24,915,512)	(16,775,254)
Excess of revenues over expenses	8,207,451	13,419,710
Investment in assets under development	(16,861,415)	(21,559,968)
Investment in land	(13,506,581)	-
Unrestricted deficit, closing balance	(47,076,057)	(24,915,512)

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

13. Expenses by Priority Initiative and Function

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total March 31, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	6,225,617	2,632,191	723,457	1,391,665	158,703	-	-	11,131,633
Salaries, fees and benefits	662,301	2,647,403	758,876	576,305	749,089	3,206,067	4,755,971	13,356,012
Less salaries, fees and benefits related to assets under development (Note 6)	-	(953,527)	-	(429,946)	-	(3,755,360)	(5,570,808)	(10,709,640)
	6,887,918	4,326,067	1,482,333	1,538,024	907,792	(549,293)	(814,837)	13,778,005
<i>General and support expenses:</i>								
General and office administration	111,410	445,337	127,656	96,944	126,009	539,313	800,033	2,246,701
Amortization	47,358	189,303	54,264	41,209	53,564	229,251	340,077	955,025
Information technology	43,934	175,615	50,340	38,229	49,691	212,674	315,487	885,971
Communications and public engagement	10,706	42,795	12,267	9,316	12,109	51,826	76,880	215,899
	213,408	853,050	244,527	185,698	241,373	1,033,064	1,532,477	4,303,595
Less general & support costs allocated to assets under development (Note 6)	-	(117,630)	-	(53,313)	-	(483,771)	(717,640)	(1,372,354)
	7,101,326	5,061,487	1,726,860	1,670,409	1,149,165	-	-	16,709,247

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending March 31, 2022 have been allocated to priority initiatives using an overhead burden rate of 0.32 (2021 - 0.30) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$13,356,012 for the period ending March 31, 2022 (2021 - \$13,971,846).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

13. Expenses by Priority Initiative and Function (Cont.)

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total March 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	2,179,524	1,447,453	1,030,879	48,836	149,718	-	-	4,856,410
Project management - salaries, fees and benefits	651,432	1,822,280	666,838	605,838	758,773	4,547,177	4,919,508	13,971,846
Less project management - salaries, fees and benefits related to assets under development (Note 6)	-	(978,755)	-	(413,738)	-	(4,020,472)	(4,302,715)	(9,715,680)
	2,830,956	2,290,978	1,697,717	240,936	908,491	526,705	616,793	9,112,577
<i>General and support expenses:</i>								
General and office administration	97,245	271,828	99,545	90,431	113,269	650,521	761,787	2,084,626
Information technology	40,769	113,962	41,733	37,913	47,487	272,725	319,372	873,961
Amortization	40,826	114,120	41,791	37,965	47,553	273,104	319,815	875,173
Communications, marketing and government relations	14,327	40,048	14,666	13,323	16,688	95,841	112,234	307,127
	193,167	539,958	197,735	179,632	224,997	1,292,191	1,513,208	4,140,887
Less general & support costs allocated to assets under development (Note 6)	-	(467,637)	-	(203,203)	-	(1,818,896)	(2,130,001)	(4,619,737)
	3,024,123	2,363,299	1,895,452	217,365	1,133,488	-	-	8,633,727

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

14. Commitments

The Corporation has corporate lease commitments of \$1,452,528 until May 31, 2023.

15. Risk disclosures

(i) Credit risk:

Credit risk arises from cash, 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) 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 \$339,786 (March 31, 2021 - \$1,043,647) of cash and \$662,420 (March 31, 2021 - \$1,309,603) of payables which has been translated from its U.S. denominated amount.

Also refer to Note 24 regarding an assessment of the impact of COVID-19 on the financial statements.

16. Environmental and contaminated sites liability

The Corporation assesses all of its owned properties on an ongoing basis to determine if contamination, as defined under the standard and regulatory requirements, is present on any of its lands. In March 2021, the Corporation had made a provision for liability of contaminated sites of \$2,075,000 representing one Waterfront Toronto owned property zoned for parkland and not intended for development. As of March 31, 2022, there has been no change to management's estimates of the liabilities and remediation costs incurred.

17. Net other operating income

	March 31, 2022	March 31, 2021
	\$	\$
Rental, parking and other income	4,436,961	2,932,004
Less: operating expenses and changes in provision for doubtful debts	(4,056,406)	(3,934,969)
	380,555	(1,002,965)
Interest	918,585	980,562
Realized (loss) gain on foreign currency transactions	(148,036)	354,123
Other Income	194,785	169,220
Net other operating income	1,345,889	500,940

18. Land sale proceeds and other income

During the period ended March 31, 2022, the Corporation received \$15,428,359 (2021 - \$17,378,877) as closing payments associated with the sale of land in East Bayfront owned by the City of Toronto. During the prior year ended March 31, 2021 the Corporation realized Other Income of \$107,000 for sale of district energy equipment.

19. Forward Exchange Contracts

The Corporation uses forward exchange contracts to reduce its exposure to fluctuations in exchange rates that result from certain transactions in foreign currencies. The Corporation does not enter into forward exchange contracts for trading or speculative purposes. The Corporation recognizes any unrealized gains/losses related to unsettled future transactions in the Statement of Remeasurement Gains and Losses. Any realized gains/losses related to foreign exchange transactions are recorded in the Statement of Financial Activities. The unrealized gain on forward contracts included in the Statement of Remeasurement Gains and Losses for the period ended March 31, 2022 is \$310,175 (2021 - \$(442,384)). As at March 31, 2022, the Corporation has notional swing forward exchange contracts of US\$4,520,000 outstanding with settlements occurring monthly until March 2023.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

20. Related Party Transactions

By virtue of the TWRC Act, the Governments of Canada and Ontario, the City of Toronto and Waterfront Toronto are related parties. The Corporation receives funding and renders services to these entities in the normal course of carrying out its business. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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 Agreement, or
 - (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 received a claim from a development partner for the recovery of additional costs related to environmental risk management. An amount based on management's assessment of the liability has been accrued in the March 31, 2022 financial statements. Resolution of the claim is expected by September 30, 2022.

22. Comparatives

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

23. Impact of Climate Risk

The impact of physical climate-related events (severe weather events and other natural conditions) and the transition to a lower carbon economy were considered in preparing the financial statements. The Corporation assesses governance, strategy, risk management, and metrics and targets associated with climate risk. The items subject to material impact arising from climate risk are the valuation of assets under development, impairment of capital assets, and accrued liabilities. As of financial statement date, there has been no material impact on financial position and/or results of operations.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2022

24. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Amid rising infections exacerbated by variants of concern, on April 1, 2021, the Ontario Provincial government Emergency Management Act ordered the shut-down of non-essential workplaces. These restrictions were eased on June 11, 2021 until December 18, 2021 when Province of Ontario announced lowering of capacity limits amid rising concerns over Omicron variant. This included lowering of the capacity limits in more non essential businesses. When the Ontario Provincial government Emergency Management Act ordered shut-down of non-essential workplaces, all of Waterfront Toronto's major projects, including the Port Lands Flood Protection project, were determined to be essential workplaces and as such, continued construction activities. To date, while there has been some impacts to Waterfront Toronto's projects as a result of increased health and safety requirements and some delays in supply chain, there has been no material impact to assets, expenses and/or liabilities as of the date of these financial statements.

25. Subsequent Event

On April 16, 2021, the Corporation executed a Purchase and Sale Agreement with a third party to purchase property required for future waterfront revitalization. This transaction is expected to close in June 2022. The estimated financial effect of this transaction will be an increase to land assets, a decrease to cash and a drawdown of retained earnings (unrestricted deficit). At the time of preparing these financial statements, the amount is subject to confidentiality.

Finance, Audit & Risk Management Committee – May 26, 2022
Item 6 – 2021/22 External Auditor’s Report
Jeff Barrett, BDO Canada LLP

Purpose	For Committee Information.
Areas of note/ Key issues	<p>BDO Canada LLP (BDO) intends to issue a clean, unqualified audit opinion on the Corporation’s financial statements for the year ended March 31, 2022.</p> <p>There were no material matters of concern to report to the FARM Committee regarding internal controls.</p> <p>Please refer to the Final Report to the Finance, Audit and Risk Management Committee (May 26, 2022) from BDO.</p>
Key Takeaways/ Next Steps	The Board will consider approval of the Corporation’s financial statements for the year ended March 31, 2022 at its meeting on June 23, 2022.



Toronto Waterfront Revitalization Corporation

Audit final report to the Finance, Audit and Risk Management
Committee for the year ended March 31, 2022



To the Finance, Audit and Risk Management Committee of Toronto Waterfront Revitalization Corporation

For the year ended March 31, 2022

We are pleased to provide you with the results of our audit of Toronto Waterfront Revitalization Corporation (the "Corporation's") financial statements for the year ended March 31, 2022.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP



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For the year ended March 31, 2022



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Audit at a glance

Preliminary materiality was \$4,000,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Corporation's. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Toronto Waterfront Revitalization Corporation and our Firm that may reasonably be thought to bear on our independence.

LEAD
PARTNER
ON YOUR
AUDIT

Jeffrey M. Barratt

Email: jbarratt@bdo.ca

Direct: 905-272-7838

START
DATE

April 25, 2022

END DATE

May 6, 2022



Status of the audit

We have substantially completed our audit of the year ended March 31, 2022 financial statements, pending completion of the following items:

- Receipt of legal confirmations from Bennett Jones LLP and Gordon E. Kaiser Arbitrator & Settlement Counsel
- Receipt of funding confirmation from Province of Ontario
- Receipt of signed management representation letter
- Subsequent events review through to the financial statements approval date
- Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Finance, Audit and Risk Management Committee dated February 24, 2022.





Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Corporation's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management Override of Controls	<p>Management, due to its authority, is in a unique position to override internal controls, which potentially results in misleading financial information.</p> <p>Risk of management override of controls is a standard risk in all audits.</p>	<p>BDO tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We also obtained an understanding of the business rationale for significant transactions that we became aware of that were outside the normal course of operations for the Corporation, or that otherwise appeared to be unusual. We reviewed accounting estimates for potential biases and, if any, evaluated whether they represented a risk of material misstatement.</p> <p>All audit testing in this area was executed as planned and no errors were noted.</p>
Revenue Recognition	<p>There is a risk that revenue may be incorrectly deferred into future periods in order to reduce surplus, or recognized in the current year in order to reduce a deficit.</p> <p>Fraud risk in revenue is a standard risk in all audits.</p>	<p>BDO obtained an understanding of the key controls surrounding revenues, tested revenue transactions on a sample basis, obtained revenue confirmations for government funding, and performed an analysis over changes year over year.</p> <p>All audit testing in this area was executed as planned and no errors were noted.</p>
Accrued Liabilities	<p>There is a risk that accrued liabilities are recorded in the incorrect period relating to contractors for existing ongoing projects.</p>	<p>BDO obtained balance confirmation from vendors and reconciled it to the accounts payable and accrued liabilities. We also performed analysis over balances.</p> <p>All audit testing in this area was executed as planned and no material errors were noted.</p>



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Audit findings (continued)

Financial statement areas	Risks noted	Audit findings
Assets Under Development	There is a risk of accuracy and existence for the capitalization of assets under development. TWRC must have beneficial ownership of the projects that it capitalizes.	BDO performed specific testing around the costs capitalized and recorded as assets under development. All audit testing in this area was executed as planned and no errors were noted.
Construction Deposits	There is a risk of accuracy on the construction deposits. TWRC has made lump sum payments related to certain projects, which are to be repaid over time as certain levels or milestones of expansion are reached.	BDO confirmed with deposit holders the deposit balances. All audit testing in this area was executed as planned and no errors were noted.
Contribution Agreements	There is a general risk to TWRC surrounding the accuracy of the contribution agreement terms and project values. The project terms and agreements affect multiple financial statement areas.	BDO reviewed the contribution agreements and discussed with management as necessary. All audit testing in this area was executed as planned and no errors were noted.
Deferral of Contributions and Grants	There is a risk that contributions and expenses are incorrectly accounted for on a project-by-project basis to determine the completeness and accuracy of deferred contributions.	BDO performed specific testing around the allocation of expenses and related revenues to recognize. We also tested that funding received for restricted projects is deferred if no relating expenses have yet been incurred. All audit testing in this area was executed as planned and no errors were noted.
COVID-19	On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the coronavirus (COVID-19) pandemic resulting in economic uncertainties impacting the Corporation.	We assessed management's assessment of COVID-19 impact on the Corporation. No issues noted.
Climate Disclosures	Climate disclosures and the recommendation of the Task Force on Climate Disclosures (TFCD) is a popular topic for organizations to determine, if applicable.	BDO reviewed management's assessment for climate risk and the disclosure added to the financial statements. No issues noted.



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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Corporation'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 with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any 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 merits the attention of those charged with governance.

The audit expresses an opinion on the Corporation's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Adjusted and unadjusted differences

Summary of unadjusted differences

The following unadjusted differences were noted during the course of our audit engagement:

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Accrual for Clearway Construction vendor is higher than balance confirmed	267,771			-	267,771	-	(267,771)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	267,771	-	-	-	267,771	-	(267,771)
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	267,771	-	(267,771)

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	There were no such matters identified during the audit.
Material uncertainties related to events and conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.	There were no such matters identified during the audit.
Disagreements with management about matters that, individually or in the aggregate, could be significant to the Corporation's financial statements or our audit report.	There were no disagreements with management.
Matters involving non-compliance with laws and regulations.	No legal or regulatory non-compliance matters were noted as part of the audit.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	No items noted.
Management consultation with other accountants about significant auditing and accounting matters.	No management consultation with other accountants regarding significant matters.
Other Matters.	No other matters noted.



Appendices

- ▶ Appendix A: Draft Independent auditor's report
- ▶ Appendix B: Representation letter



Appendix A: Draft Independent auditor's report

Independent Auditor's Report

To the Board of Directors of Toronto Waterfront Revitalization Corporation

Opinion

We have audited the financial statements of Toronto Waterfront Revitalization Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2022, and the statements of financial activities, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 23, 2022



Appendix B: Representation letter

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

June 23, 2022

BDO Canada LLP
Chartered Professional Accountants
360 Oakville Place Drive
Suite 500
Oakville Ontario
L6H 6K8

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, 2022, 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 February 8, 2021, 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.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- 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.
- We have reviewed and approved all journal entries recommended by the auditors during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - 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;
 - additional information that you have requested from us for the purpose of the audit; and

- 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 non-compliance 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:
 - management;
 - employees who have significant roles in internal control; or
 - 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.

General Representations

- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as 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.
- Other than as disclosed in note 25 to the financial statements, no other impacts from the COVID-19 outbreak need to be reflected in the financial statements.
- Disclosures included in the financial statements regarding the relevant significant business, financial and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Yours truly,

Signature

Position

Signature

Position

Toronto Waterfront Revitalization Corporation
Summary of Unadjusted Misstatements
03/31/2022

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Accrual for Clearway Construction vendor is higher than balance confirmed	267,771			-	267,771	-	(267,771)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	267,771	-	-	-	267,771	-	(267,771)
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	267,771	-	(267,771)

Purpose	For Committee Approval.																								
Areas of note/ Key issues	<ul style="list-style-type: none">• In Feb. 2020, the FARM Committee approved MNP’s three-year internal audit plan for fiscal years 2020/21 to 2022/23 covering six audits.• As at March 31, 2022 two internal audits have completed to date compared to four at this time per plan).• Rationale for deferred timeline is due to more extensive scope of recent internal audit on HR resource/succession planning (completed Feb/22) and re-prioritization of internal resources towards government audits (refer to Item 4(c)(i)(b) for Audit Dashboard).• Given changes in WT’s risk landscape and ongoing organizational initiatives including opportunities for productivity improvement, Management together with MNP completed a plan refresh resulting in:<ul style="list-style-type: none">○ Proposed term extension by one year to 2023/24 to allow MNP to complete remaining audit areas. This will result in a four-year internal audit plan from 2020/21 to 2023/24,○ Proposed change in number of audits from six to seven focus areas due to term extension and more reasonable implementation timeline (~1.4 audits/yr proposed vs. 2 audits/yr original), and○ Proposed change in focus areas (nos. 3 to 7 below) due to organizational priorities. <table><tr><th>No.</th><th>Proposed Audit Area</th><th>Fiscal Year/ Quarter</th></tr><tr><td>1</td><td>Performance Measurement Framework</td><td>Q2 20/21 <i>completed</i></td></tr><tr><td>2</td><td>HR Resource & Succession Planning</td><td>Q4 21/22 <i>completed</i></td></tr><tr><td>3</td><td>ERP System Implementation Lessons Learned*</td><td>Q2 22/23</td></tr><tr><td>4</td><td>Procurement Process*</td><td>Q3 22/23</td></tr><tr><td>5</td><td>Robotic Process Automation*</td><td>Q4 22/23</td></tr><tr><td>6</td><td>Cyber Security Audit</td><td>Q1 23/24</td></tr><tr><td>7</td><td>Accessibility</td><td>Q2 23/24</td></tr></table> <p>*To be sequentially implemented in one fiscal year 2022/23 due to ERP-related scope in process improvements.</p> <ul style="list-style-type: none">• Refer to attached presentation of MNP which includes:<ul style="list-style-type: none">○ Internal Audit Plan Status Overview○ Internal Audit Plan Refresh Approach○ Internal Audit Risk Rating Criteria○ Proposed Updated Internal Audit Plan○ Updated Internal Audit Pool	No.	Proposed Audit Area	Fiscal Year/ Quarter	1	Performance Measurement Framework	Q2 20/21 <i>completed</i>	2	HR Resource & Succession Planning	Q4 21/22 <i>completed</i>	3	ERP System Implementation Lessons Learned*	Q2 22/23	4	Procurement Process*	Q3 22/23	5	Robotic Process Automation*	Q4 22/23	6	Cyber Security Audit	Q1 23/24	7	Accessibility	Q2 23/24
No.	Proposed Audit Area	Fiscal Year/ Quarter																							
1	Performance Measurement Framework	Q2 20/21 <i>completed</i>																							
2	HR Resource & Succession Planning	Q4 21/22 <i>completed</i>																							
3	ERP System Implementation Lessons Learned*	Q2 22/23																							
4	Procurement Process*	Q3 22/23																							
5	Robotic Process Automation*	Q4 22/23																							
6	Cyber Security Audit	Q1 23/24																							
7	Accessibility	Q2 23/24																							
Resolution	ON MOTION duly made by [●] and seconded by [●] and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves the Four-Year Internal Audit Plan (2020/21 – 2023/24).																								

Waterfront Toronto

Risk-Based Internal Audit Plan Refresh

FARM Committee Presentation

May 26, 2022



Wherever business takes you

[MNP.ca](https://mnp.ca)

Agenda

- ✓ Internal Audit Plan Status Overview
- ✓ Internal Audit Plan Refresh Approach
- ✓ Internal Audit Risk Rating Criteria
- ✓ Updated Internal Audit Pool
- ✓ Proposed Refreshed Internal Audit Plan
 - Fiscal Year - 2022-2023
 - Fiscal Year - 2023-2024
- ✓ Appendix A – Original Three-Year Internal Audit Plan Summary

Internal Audit Plan Status Overview

1. A three-year risk based internal audit plan (2020/21 – 2022/23) comprising six internal audits was approved by the FARM Committee in February 2020.
 - As of February 2022, two audits (33%) have been completed with four audits (67%) remaining for completion.
 - Most recently, MNP completed a Resource and Succession Planning review and presented this to the FARM Committee in February 2022.
 - Refer to [Appendix A](#) for the three-year internal audit plan summary.
2. Given the organization's risk appetite, changes in WT's risk landscape, ongoing organizational initiatives and the desire for continuous improvement, WT management and MNP took the opportunity to review the existing three-year risk based internal audit plan.
3. An internal audit refresh was undertaken with Management and has resulted in proposed changes to the internal audit plan, for both term and scope.
 - It is proposed that the internal audit plan term be extended by one year, which will result in a four-year internal audit plan from 2020/21 to 2023/24.
 - The proposed internal audit plan includes the conduct of seven audits over this four-year term (including completion of five audits in the next two years until 2023/24).

Internal Audit Plan Refresh Approach

MNP performed the following tasks to inform the review of WT's risk-based internal audit plan:

1. Reviewed **WT's Enterprise Risk Register** to understand the current risk landscape within the organization.
2. Facilitated discussions with WT on the **existing and emerging risks** facing the organization in order to inform an update to the risk-based internal audit plan.
3. Reviewed key documentation including strategic documentation, previous internal audit material and applicable information from comparable organizations, as well as leading literature.
4. Proposed audits were **prioritized** based on both WT's Enterprise Risk Register and an Internal Audit Risk Rating which considered several different criteria ([explained on next page](#)).
5. The internal audit plan and audit pool were refreshed and updated to reflect the above considerations.

Internal Audit Risk Rating Criteria

MNP considered the following criteria to help inform the update of WT's risk-based internal audit plan:

1. Internal audit risk rating criteria included a consideration of:
 - ☐ Risk to the organization
 - ☐ History of issues within an area
 - ☐ Was/is a major change within the audit area anticipated/taken place
 - ☐ Was the area recommended for audit by WT
 - ☐ Leading internal audit literature
 - ☐ Time of last audit
 - ☐ Upcoming other audits (e.g., government)
 - ☐ Organizational objectives/opportunities for productivity improvement
 - ☐ Open internal audit/other assessment findings
2. A review of the criteria above resulted in the development of an IA Risk Rating for each proposed audit to help inform audit prioritization.

Updated Internal Audit Pool

MNP linked audits to WT's ERM Risk Register, and provided an associated IA Risk Rating for each audit.

Selected audits are highlighted in blue below.

No.	Audit Name	WT ERM Residual Risk Rating	ERM Risk #	IA Risk Rating
1	ERP System Process General Controls *	High	IT1	High
2	ERP System Implementation Lessons Learned	High	IT1	High
3	ERP System Information Technology General Controls	High	IT1	High
4	Procurement Process	Medium	OP3	High
5	Cyber Security Audit	Medium	IT2	High
6	Robotic Process Automation	Medium	IT1,OP3,PM1,PS1	Medium-High
7	Accessibility	Medium	HR1, LG3	Medium-High
8	Records and Information Management *	Medium	OP6, ST6	Medium-High
9	Privacy	Medium	IT2	Medium-High
10	Project Management Process Controls*	Medium	PM1, PS1	Medium-High
11	Vendor/Contract Management	Medium	OP3	Medium
12	Communications Processes and Controls *	Medium	OP6, RP1	Medium
13	DE&I Strategy Implementation Review	Medium	HR1	Medium
14	Payroll	Medium	F16,HR1	Medium
15	ESG	Medium	OP5, LG1	Medium
16	Corporate Compliance	Low	LG3	Low

WT ERM Risk Legend

Risk No.	Risk Area
FI2	Currency Risk
FI5	Financial Self-Sustainability
FI6	Liquidity Risk
HR1	Recruitment & Retention of Employees
IT1	Enterprise Resource Planning System Risk
IT2	Cyber Security
LG1	Environmental Regulatory Compliance
LG2	Litigation
LG3	Compliance Risk (Non-environmental)
OP3	Procurement Process Risk
OP4	Strategic Partnerships Risk
OP5	Climate Risk
OP6	Business Continuity
PM1	Project Delivery: Non-Port Lands Projects
PS1	Port Lands Project Delivery
PS3	Quayside Project Risk
RP1	Public Trust Risk
ST4	Governance Risk
ST5	Government Risk
ST6	Strategic Plan Performance Risk

* Moved to audit pool from original internal audit plan.

Proposed Refreshed Internal Audit Plan

Five audits are proposed to be completed over two years - 2022/23 to 2023/24.

Fiscal Year 2022-2023

Timing	Audit #	Audit Name	Proposed Audit Scope	Audit Selection Rationale
Q2 2022/23 (July to September 2022)	1a	ERP System Implementation Lesson Learned	In pursuit of continuous improvement, WT would like to review its recent ERP system implementation to better understand and determine: <ul style="list-style-type: none"> • what lessons can be learned to inform future projects; • possible implementation gaps; • possible root cause factors for implementation delays and additional expenditures; and • opportunities for improvement. 	<ul style="list-style-type: none"> • High IA Risk Rating • Major Change Taken Place • Ongoing Issues • Management Priority Area • Organizational Opportunities - Process Efficiencies • Leading/Emerging Practice <p><i>These three audits are linked as they focus on interrelated aspects of the ERP system.</i></p>
Q3 2022/23 (October to December 2022)	1b	Procurement Process	A review of current procurement practices focusing on approval workflows and thresholds in order to identify possible efficiencies and opportunities to streamline procurement processes.	
Q4 2022/23 (January to March 2023)	1c	Robotic Process Automation	A review to identify and assess opportunities to enhance the use of RPA across the organization, with a specific focus on the areas of Finance and Accounting and PMO.	

Proposed Refreshed Internal Audit Plan Cont.

Fiscal Year 2023-2024

Timing	Audit #	Audit Name	Proposed Audit Scope	Audit Selection Rationale
Q1 2023/24 (April to June 2023)	2	Cyber Security Audit	A targeted review of WT's cybersecurity program, policies and standards, outstanding audit recommendation implementation, ability to respond to cyber threats, vulnerabilities, risk reporting, risk awareness and culture. This audit will also consider components of privacy and records management.	<ul style="list-style-type: none">• High IA Risk Rating• Management Priority Area• Open Internal Audit/Other Assessment Findings• Time Since Last Audit• Leading Practice

Timing	Audit #	Audit Name	Proposed Audit Scope	Audit Selection Rationale
Q2 2023/24 (July to September 2023)	3	Accessibility	Assess WT's compliance with the Accessibility for Ontarians with Disabilities Act ("AODA") and the standards defined in the Integrated Accessibility Standards Regulation ("IASR") to determine any gaps in compliance, the associated risks with non-compliance, and recommendations for improvement prior to the AODA compliance deadline of January 1, 2025.	<ul style="list-style-type: none">• Medium/High IA Risk Rating• Area Not Previously Audited• Management Priority Area• Leading Practice

Appendix A

Original Three-Year Internal Audit Plan – Summary



Fiscal Year	Audit Name and Summary Audit Scope	Status	Proposed Adjustment – IA Plan Refresh
2020/2021 – Q2	Performance Measurement Framework – Assessment of WT’s performance measurement framework and metrics.	Completed – Presented to FARM September 2020.	n/a
2020/2021 – Q3	Cyber Security Follow Up – Assess implementation and remediation of recommendations made in the 2018 Cyber Security Audit.	Completed – Presented to FARM February 2021.	n/a
2020/2021 – Q4 <i>Note: was deferred to FY 2021/2022 as approved at Feb 25, 2021 FARM.</i>	Resource and Succession Planning – Evaluation of WT’s resource capacity and succession planning frameworks and processes.	Completed – Presented to FARM February 2022.	n/a
2021/2022 – Q3	ERP System Process General Controls – Assessment of selected business processes and controls within the ERP system (A/P, A/R, etc.).	Not Yet Started These 2 ERP related audits were combined as approved at the November 25, 2021 FARM.	Given the ongoing issues WT has experienced with its ERP implementation, the original ERP audit has been re-focused and now will be a review to identify lessons learned and gaps from project implementation, review of specific procurement workflows, and to determine the opportunities for the use of robotic process automation within ERP processes. Q2 to Q4 2022/2023.
2021/2022 – Q4	Project Management Process Controls – Assessment of business process and controls with the PMIS functions of the ERP system and related PMO processes.		
2022/2023 – Q2	Communications Processes and Controls – Evaluation of the processes, controls and guidelines of external communications including crisis management plan and communication protocols.	Not Yet Started.	Moved to the Audit Pool. Replaced with Cyber Security Audit. Planned for Q1 2023/2024.
2022/2023 – Q4	Records & Information Management – Evaluation of the processes and controls for records management, and compliance to records retention policies.	Not Yet Started.	Moved to the Audit Pool. Replaced with Accessibility Audit. Planned for Q2 2023/2024.

Note: Recent updates marked in [blue](#).

Thank You



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CANADA 2019

Finance, Audit & Risk Management Committee – May 26, 2022
Item 8a – Parliament Slip Lakefill 60% design approval amendment
Pina Mallozzi

Purpose	For Approval
Areas of note /Key issues	<p>Management is seeking to amend the June 24, 2021 Board resolution related to Parliament Slip by removing the \$2.86M spending restriction to allow the Corporation to proceed to 60% design on the lakefill part of the Parliament Slip project. The incremental costs to proceed to 60% are not expected to exceed \$600K and any work beyond this lakefill design work will be subject to FARM and Board capital approval anticipated at the December 2022 Board Meeting.</p> <p>Background Information:</p> <p>While funding for the full Parliament Slip Activation Project has not been fully secured, funding is secured for Parliament Slip North and South lakefill (design and construction) through WT revenues.</p> <p>The Parliament Slip North lakefill is required in order to undertake the construction of the extension of Queens Quay East between Parliament Street and future Street A, and the realignment of Parliament Street. These projects create Block 3 of the Quayside development. These tasks are on the critical path for creating and conveying Block 3 to the development partner for Quayside. This portion of the lakefill is funded in the Quayside Infrastructure and Public Realm. The Parliament Slip South lakefill creates the land for the swimming pools and Wavedeck in the Corporation's vision for Parliament Slip. This lakefill is contiguous with the lakefill required for the extension of Queens Quay and shares one dockwall. This portion of the lakefill is funded through WT's contribution to Parliament Slip.</p> <p>Management is recommending undertaking the 60% design for both the Parliament Slip North and South lakefill as one coordinated effort given that:</p> <ul style="list-style-type: none"> • funding for this component of the Parliament Slip project has been secured through land revenues. • Coordinating the design and construction of both areas of lakefill will result in a cost efficiency of approximately \$11 million. <p>This approach would require the spending of \$600,000 for 60% design for Parliament Slip Lakefill South before additional government funding is confirmed for the larger Parliament Slip Project.</p>
Resolution/ Next Steps	<p>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 for approval the amendment of the following June 24, 2021 Board resolution related to Parliament Slip by removing (c) below to allow the fully funded lakefill portion of the project to advance to 60% design:</p> <p>a) <i>The Parliament Slip Project be added to the Corporation's Rolling Five-Year Strategic Plan (2021/22 – 2025/26).</i></p>

	<p>b) <i>a capital expenditure of \$4.67 Million for the Project to be completed between June 2021 and May 2022.</i></p> <p>c) <i>spending not to exceed \$2.86M until the full Project funding has been secured.</i></p> <p>d) <i>the engagement of a construction manager for pre-construction services once full Project funding has been secured.</i></p>
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May 26, 2022

Parliament Slip Lakefill Approval Amendment

Finance, Audit and Risk Management Committee Meeting

Parliament Slip – Amendment to 2021 Resolution

Management is seeking to amend the following June 24, 2021 Board resolution related to Parliament Slip by removing c) below:

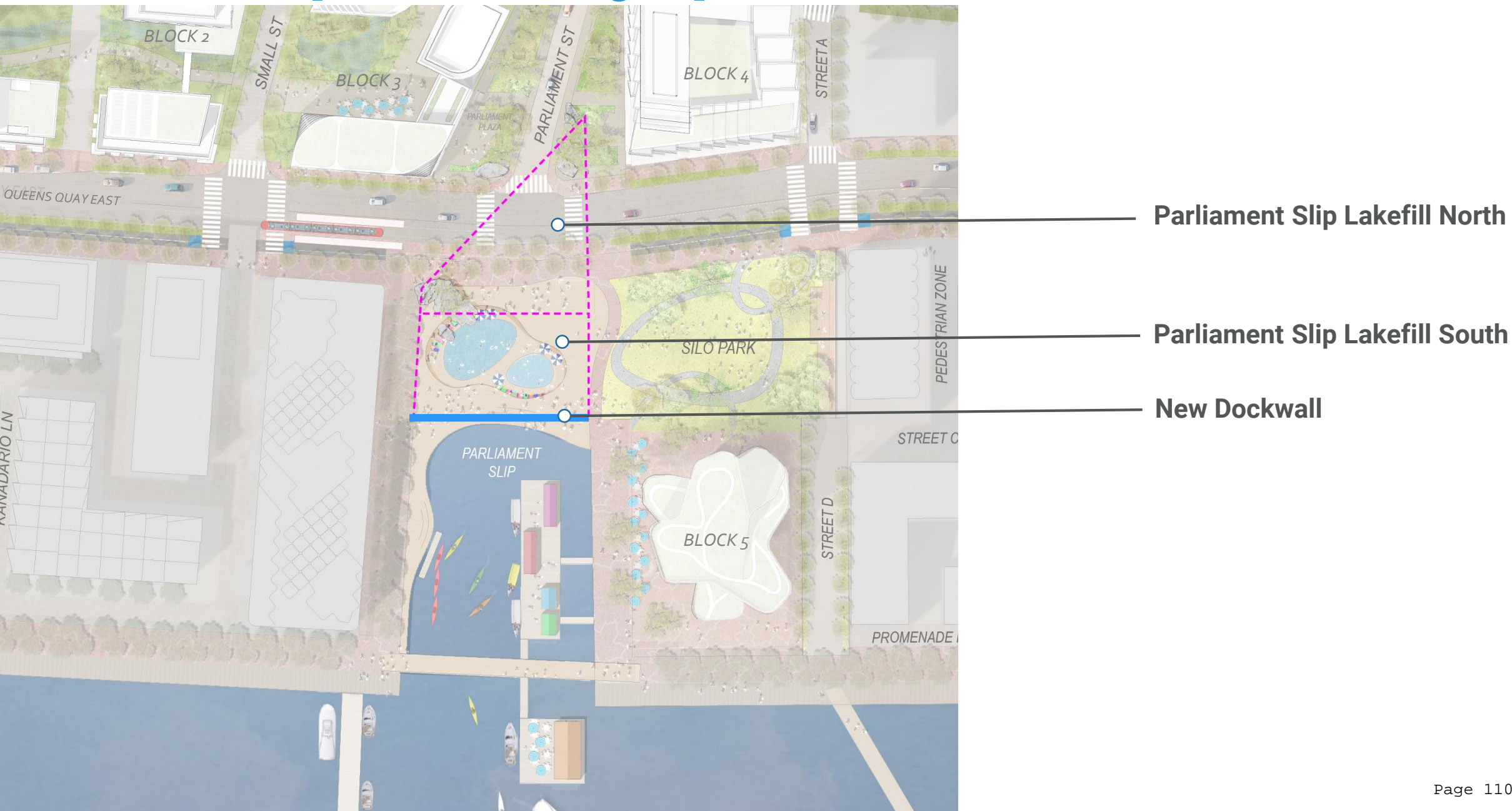
- a) *The Parliament Slip Project (the “Project”) be added to the Corporation’s Rolling Five-Year Strategic Plan (2021/22 – 2025/26).*
- b) *a capital expenditure of \$4.67 Million for the Project to be completed between June 2021 and May 2022.*
- ~~c) *spending not to exceed \$2.86M until the full Project funding has been secured.*~~
- d) *the engagement of a construction manager for pre-construction services once full Project funding has been secured.*

Management is seeking approval to remove the \$2.86M spending restriction to allow the Corporation to proceed to 60% design on the lakefill part of the Parliament Slip project. The incremental costs to proceed to 60% are not expected to exceed \$600K and any work beyond this lakefill design work will be subject to FARM and Board capital approval anticipated at the December 2022 Board Meeting.

Rationale for Request

- While funding for the full Parliament Slip Activation Project has not been fully secured, funding is secured for Parliament Slip North and South lakefill (design and construction) through WT revenues.
- The Parliament Slip North lakefill (see diagram on slide 130) is required in order to undertake the construction of the extension of Queens Quay East between Parliament Street and future Street A, and the realignment of Parliament Street. These projects create Block 3 of the Quayside development. These tasks are on the critical path for creating and conveying Block 3 to the development partner for Quayside. This portion of the lakefill is funded in the Quayside Infrastructure and Public Realm.
- The Parliament Slip South lakefill (see diagram on slide 130) creates the land for the swimming pools and Wavedeck in the Corporation's vision for Parliament Slip. This lakefill is contiguous with the lakefill required for the extension of Queens Quay and shares one dockwall. This portion of the lakefill is funded through WT's contribution to Parliament Slip.
- Management is recommending undertaking the 60% design for both the Parliament Slip North and South lakefill as one coordinated effort given that funding for this component of the Parliament Slip project has been secured through land revenues. In addition, coordinating the design and construction of the lakefill will result in a cost efficiency of approximately \$11 million.
- This approach would require the spending of \$600,000 for 60% design for Parliament Slip Lakefill South before additional government funding is confirmed for the larger Parliament Slip Project.
- This project and funding are part of the Board-approved Rolling Five Year Strategic Plan (2022/23 – 2026/27).

Parliament Slip Lakefill Funding Request



Proposed Resolution

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 for approval the amendment of the following June 24, 2021 Board resolution related to Parliament Slip by removing (c) below to allow the fully funded lakefill portion of the project to advance to 60% design:

- a) the Parliament Slip Project (the “Project”) be added to the Corporation’s Rolling Five-Year Strategic Plan (2021/22 – 2025/26).*
- b) a capital expenditure of \$4.67 Million for the Project to be completed between June 2021 and May 2022.*
- ~~c) spending not to exceed \$2.86M until the full Project funding has been secured.~~*
- d) the engagement of a construction manager for pre-construction services once full Project funding has been secured.*

Purpose	For Approval
Areas of note/ Key issues	<p>Broadview Eastern Flood Protection Project (BEFP Project) – Phase 1 Implementation, will advance the Flood Protection Landform (FPL) and grading solution (with associated infrastructure design), as defined in the project’s enabling Class EA (accepted in June 2021), to a 60% level of design by March 31, 2023. The Broadview Eastern Flood Protection Project is enabling infrastructure required to allow for occupancy of the proposed East Harbour Transit and will replace the Eastern Avenue Grading works proposed in Port Lands Flood Protection Project (PLFP).</p> <p>The presentation describes the project and Management’s request for Capital Approval for an initial expenditure of \$5.7 Million to be funded through a new Delivery Agreement by the City of Toronto to advance design for the BEFP Project. A separate funding allocation from the City of Toronto in the order of \$1.885M, will also be provided to advance pre-design field data collection works, through an amendment to the existing BEFP EA Delivery Agreement. This initial DA amendment should be executed by the end of May 2022.</p> <p>This project is not included in the Board approved Rolling Five Year Strategic Plan.</p> <p>The following are to be completed as part of Phase 1:</p> <ul style="list-style-type: none"> • 60% design of all project elements • Legal surveys • Risk identification & quantification; • Retain 3rd Party reviewers; • 100% design & permits for Oil Pipeline removals; • Collaborate & coordinate with various East Harbour Transit Oriented Community Project Teams; • Confirm Phase 2 project delivery & construction management approaches; and • Develop remainder of design & project implementation costs, advance scheduling and construction phasing & obtain funding/approvals to advance to Phase 2 (Final Design and Implementation). <p>Management will request additional Capital Approval from the Committee (for recommendation to the Board of Directors for approval) for the BEFP Project Phase 2 – Final Design and Implementation Works in Q4 2022/23.</p>

Resolution	<p>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 for approval, a capital expenditure of \$7.585 Million divided as follows, to undertake the Broadview Eastern Flood Protection Project:</p> <ul style="list-style-type: none"> • Pre-Design Data Collection Works – proceeding currently under an \$1.885M amendment to the existing BEFP EA Delivery Agreement, and • Phase 1 – 60% Design Works, subject to the execution of a funding Delivery Agreement valued at \$5.7M with the City of Toronto. <p>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 for approval, the addition of the Broadview Eastern Flood Protection Project to the Rolling Five Year Strategic Plan 2022/23-2026/27.</p>
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Broadview Eastern Flood Protection Project Phase 1 Implementation 60% Design Works Request for Capital Approval

Finance Audit and Risk Management Committee
May 26, 2022

Broadview Eastern Flood Protection (BEFP)

Phase 1 Implementation Scope and Objectives

- 60% design including
 - Utilities/servicing within footprint of flood protection
 - North & south Flood Protection Landform (FPL) segments & central grading section
 - New Don Valley Parkway on-ramp from Eastern Avenue (as per concept plan from City Broadview Extension Class EA)
 - Landscape for public and private areas impacted by design
- Legal surveys
- Risk identification & quantification
- Retain design and engineering consultants
- Retain 3rd party peer reviewers for cost, earth works
- 100% design & permits for Oil Pipeline decommissioning
- Collaborate & coordinate with East Harbour Transit Oriented Community (TOC) project teams;
- Confirm Phase 2 project delivery & construction management approaches

Background

Goal of Broadview Eastern Flood Protection:

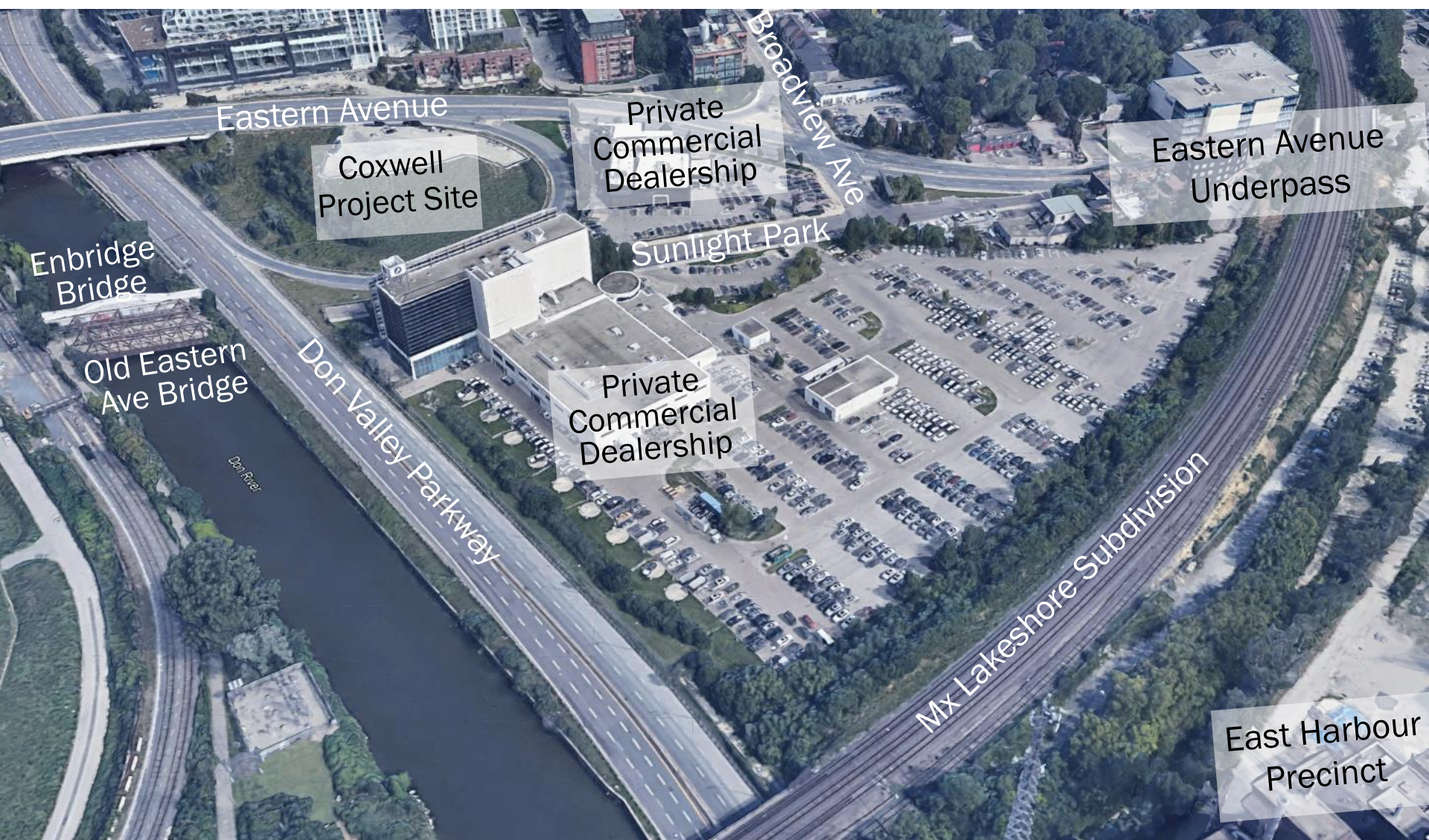
- BEFP will permanently remove risk of flooding from Don River to 8 hectares (20 acres) of urban land east of the Don River, south of Eastern Avenue and north of the Metrolinx Lakeshore East rail embankment.

Benefits of Broadview Eastern Flood Protection:

- BEFP will eliminate flood spill through the Eastern Avenue underpass
- BEFP will obviate need for Eastern Avenue Flood Protection element of Port Lands Flood Protection Project
- BEFP is required to flood protect the East Harbour Transit Hub, Broadview Extension and East Harbour Precinct.



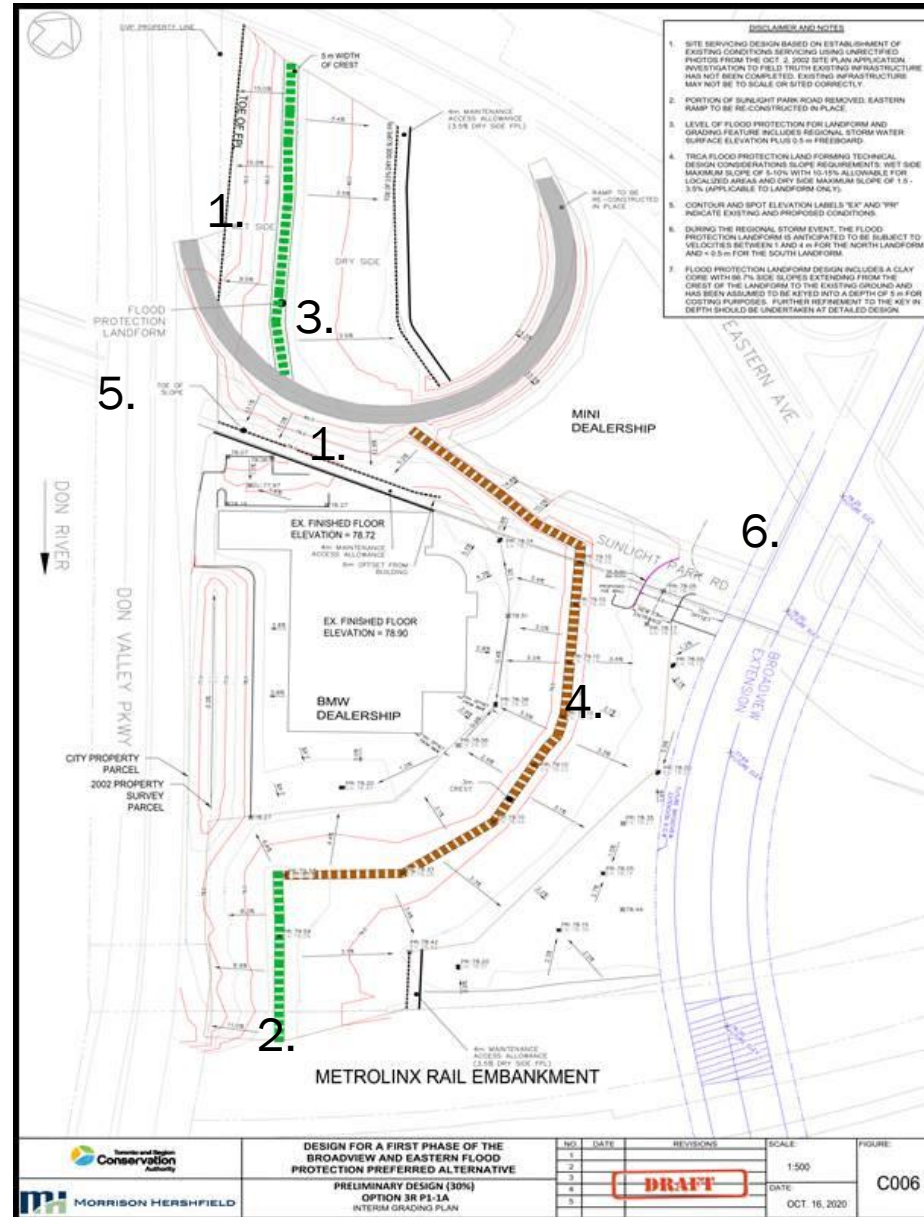
Background – Existing Configuration



Background

Overall Project Components:

1. Remove, reinforce or relocate utilities/servicing along Sunlight Park Road, including oil pipelines along Don Valley Parkway
2. Construct southern FPL to integrate with Metrolinx Lakeshore Subdivision, and related projects including Ontario Line, East Harbour Transit Hub, & East Harbour FPL
3. Construct northern FPL, replacing Eastern Avenue on-ramp with modified street system and infrastructure (defined in City Broadview Class EA)
4. Regrade land east of existing commercial dealership, connecting northern and southern FPLs.
5. Demolish Old Eastern Avenue Bridge to lower water levels in vicinity of the existing West Don Lands FPL & future Broadview Eastern flood protection.
6. Remove floodplain & Special Policy Area to enable Occupancy of East Harbour Transit Hub, East Harbour Precinct, and other areas into South Riverdale



Background

- This project is not included in the Board approved Rolling Five Year Strategic Plan

Background

Scopes of Work

- **Pre-design:** \$1.885M additional funding to be provided separately, through amendment to existing BEFP EA Delivery Agreement (May 2022). Work to include: Level B SUE surveys, topographic surveys, Subsurface Investigation Surveys, and Project Start-up administration. This will bring existing BEFP EA Delivery Agreement to a total of \$3.685M. Amendment to the DA is currently underway.
- **Phase 1 – 60% Design:** The focus of this report, will be funded through a new Delivery Agreement with City for 2022/23 – the scope of this work is described on Slide 2 above
- **Phase 2 – Final Design and Implementation:** Funding anticipated for 2023-27. Will be confirmed through amendment to Phase 1 Delivery Agreement.



Preliminary Project Risks

Risk Description	Potential Impact	Mitigation Strategy
Lack of coordination/consultation between TOC project partners and BEFP team	<ul style="list-style-type: none"> • Potential for failure to meet permanent flood protection function of Project. 	Early and clear communication between teams in all areas of physical overlap between project footprints and staging areas
Differing approaches between TOC, developer, BEFP and PLFP teams to address Scope of Work	<ul style="list-style-type: none"> • Potential for inflated hard and soft costs for BEFP delivery 	Establish staff, director and executive oversight to assist in addressing areas of conflict/impact and determining dispute resolution approaches
Unwieldy program decision-making procedures and authorities	<ul style="list-style-type: none"> • Potential for ineffective Program scheduling, delivery and construction management controls 	Clear lines of engagement through the overall Program Governance organization
Significant variation in utility / servicing design and cost as compared to Class EA assumptions	<ul style="list-style-type: none"> • Increased costs and time to undertake relocation, removals, reinforcements of utilities. • Infrastructure design may impact flood protection and real estate requirements 	
Significant variation in property costs as compared to Class EA	<ul style="list-style-type: none"> • Increased cost and time to facilitate temporary and long-term property needs to accommodate projects 	

Background

Preliminary Project Risks

Risk Description	Potential Impact	Mitigation Strategy
Significant variation in overall construction costs due to significant differences in Project assumptions and escalation	Substantial increases in soft and hard costs for the Project.	
Delays and restrictions in accessing privately-owned property during data collection	Early collection of SUE and subsurface investigation works are necessary to inform the utility and flood protection design process.	Seeking year-long blanket PTE through Mx with private landowners to enable SUE and subsurface investigations.

- Pre-Design Data Collection:
 - As per Slide 7, this is required to inform 60% design and will be funded through amendment of existing BEFP Class EA Delivery Agreement with City and TRCA
 - Project management and advancement of service procurement currently underway
- Phase 1 – 60% Design Delivery Agreement between Waterfront Toronto and the City of Toronto is in development and is anticipated to be executed, prior to the end of June 2022
- Waterfront Toronto is working with the City, TRCA, and Metrolinx to secure details that impact design and construction including
 - Permission to Access – Private properties
 - Confirmation of Project Area and Scope in areas of overlap between East Harbour TOC Project Leads
 - Development of work plans for upcoming RFP releases

- Key Consultants to be retained for Broadview Eastern Flood Protection, include:
 - **Pre-Design Data Collection (2022) - work to proceed under May 2022 BEFP EA DA Amendment**
 - Subsurface Investigation Team – Pre-Design Scope – to be retained via VOR
 - Level B SUE Investigation – Pre-Design Scope - Morrison Hershfield/T2 Utility through existing agreement with TRCA
 - **Design and Implementation (Phase 1 (2022-23) and Phase 2 (2023-2027))**
 - Design Engineer and Construction Administration Team (authorizing 60% design only)
 - Oils Pipeline Decommissioning and Removals Design (anticipated)
 - Scheduling and Risk Management
 - Cost Peer Review
 - 3rd Party earthworks Peer Review
 - Possible Soils Harmonization Peer Review (for City) (provisional)
 - Legal Surveyor (VOR)
 - Commercial Real Estate Estimator (provisional – contract may be with City)
 - 3rd Party Hydraulic Modeling Peer Review (provisional)
 - External Legal (provisional)

Capital Approval is required in order to undertake the Broadview Eastern Flood Protection Project - Phase 1 60% Design Phase Works

- Waterfront Toronto's policies and procedures provide for Capital Approvals to be obtained:
 1. After design has reached 60% completion
 2. When planned investments exceed \$5 Million
- Capital Approval is required as Phase 1 of the project is estimated to be \$5.7 Million as illustrated on the following slide

Capital Budget – Pre-Design Data Collection

Budget Estimate	Anticipated Project Cost for Phase 1
Hard Construction Costs	\$ 0
Soft Costs (project management costs)	\$ 1,610,000
Project Management	
• Waterfront Toronto	\$335,000
• TRCA	\$100,000
• Other WT Costs	
- External Legal (provisional)	\$25,000
- Private Property PTE costs (provisional)	\$50,000
- Subsurface Investigation (through WT Vendor of Record Procurement)	\$1,000,000
- Level B SUE Surveys (amendment of existing TRCA consultant contract for BEFP EA)	\$100,000
- Topographic Surveys (City of Toronto forces)	N/A
Contingency (15%)	\$241,500
Non-recoverable Harmonized Sales Tax	\$32,586
Total Estimated Capital Cost	\$1,884,086

Capital Budget – Phase 1 60% Design

Budget Estimate	Anticipated Project Cost for Phase 1
Hard Construction Costs	\$ 0
Soft Costs (project management costs)	\$ 1,396,000
Project Management	
• Waterfront Toronto	\$821,000
• TRCA	\$250,000
• Other WT Costs	
- External Legal (provisional)	\$50,000
- Private Property PTE costs (provisional)	\$50,000
- City 3 rd Party Harmonized Peer Review (provisional)	\$75,000
- 3 rd Party Hydraulic Modeling Peer Review (provisional)	\$100,000
- Possible FLR Agreement (MCFN) (provisional)	\$50,000

Capital Budget – Phase 1 60% Design

Budget Estimate	Anticipated Project Cost for Phase 1 (\$ Millions)
Soft Costs (design consultants)	\$ 3,465,000
60% Design	
<ul style="list-style-type: none"> Primary Design Team <ul style="list-style-type: none"> Geotechnical, geoenvironmental and hydrogeological design FPL and grading design Utility and servicing design (excluding oil lines) Road design including bridge demolition design team (bridge demolition will not be part of 60% design) Landscape design (public and private lands) Water resource engineering 	\$2,750,000
<ul style="list-style-type: none"> Oil Pipeline Decommissioning and Removal Design Team (procurement to proceed following discussion with Oil Companies) 	\$290,000
<ul style="list-style-type: none"> 3rd Party Peer Reviews & Other Stand-alone Contracts <ul style="list-style-type: none"> Scheduler and risk assessment 3rd Party Cost Peer Review 3rd Party earth works peer review (VOR) Legal Surveyor (VOR) Commercial Real Estate Estimator (provisional – may be under City contract) 	\$100,000 \$75,000 \$100,000 \$75,000 \$75,000
Contingency (15%)	\$729,150
Non-recoverable Harmonized Sales Tax	\$98,387
Total Estimated Capital Cost	\$5,688,537

Sources of Funding

Source	Funding (\$ Millions)
Amendment to existing City of Toronto BEFP EA Delivery Agreement – Pre-Design Data Collection (underway)	\$1.885
New City of Toronto Delivery Agreement – Phase 1 60% Design	\$ 5.7
Total Sources of New Funds	\$ 7.585

Management recommends that the Finance Audit and Risk Management Committee approve, for recommendation to the Board of Directors, a capital expenditure of \$7.585 Million divided as follows, to undertake the Broadview Eastern Flood Protection Project:

- Pre-Design Data Collection Works – proceeding currently under an \$1.885M amendment to the existing BEFP EA Delivery Agreement, and
- Phase 1 – 60% Design Works, subject to the execution of a funding Delivery Agreement valued at \$5.7M with the City of Toronto.

Management recommends that the Finance Audit and Risk Management Committee approve, for recommendation to the Board of Directors, that the Broadview Eastern Flood Protection Project be added to the Rolling Five Year Strategic Plan 2022/23-2026/27.

Management will seek Finance Audit and Risk Management Committee approval for the Broadview Eastern Flood Protection Project Phase 2 –Final Design and Implementation Works in Q4 2022/23, subject to Toronto City Council funding Approval.

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 for approval, a capital expenditure of \$7.585 Million divided as follows, to undertake the Broadview Eastern Flood Protection Project:

- Pre-Design Data Collection Works – proceeding currently under an \$1.885M amendment to the existing BEFP EA Delivery Agreement, and
- Phase 1 – 60% Design Works, subject to the execution of a funding Delivery Agreement valued at \$5.7M with the City of Toronto.

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 for approval, the addition of the Broadview Eastern Flood Protection Project to the Rolling Five Year Strategic Plan 2022/23-2026/27.

Join Us

Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfronttoronto.ca



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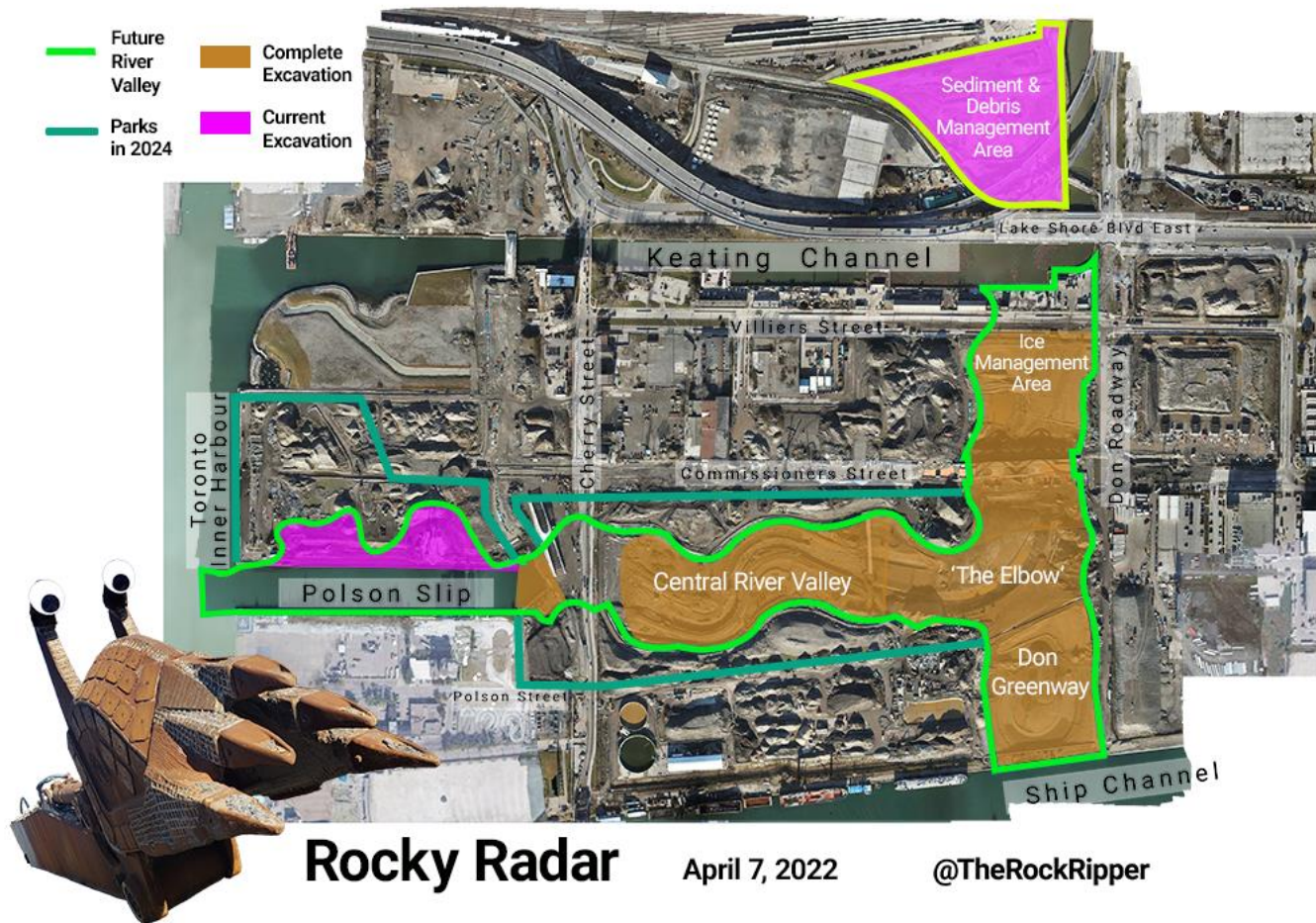
May 26, 2022

Port Lands Flood Protection Program Update

Presentation to the Finance, Audit and Risk Management Committee

Progress on Site

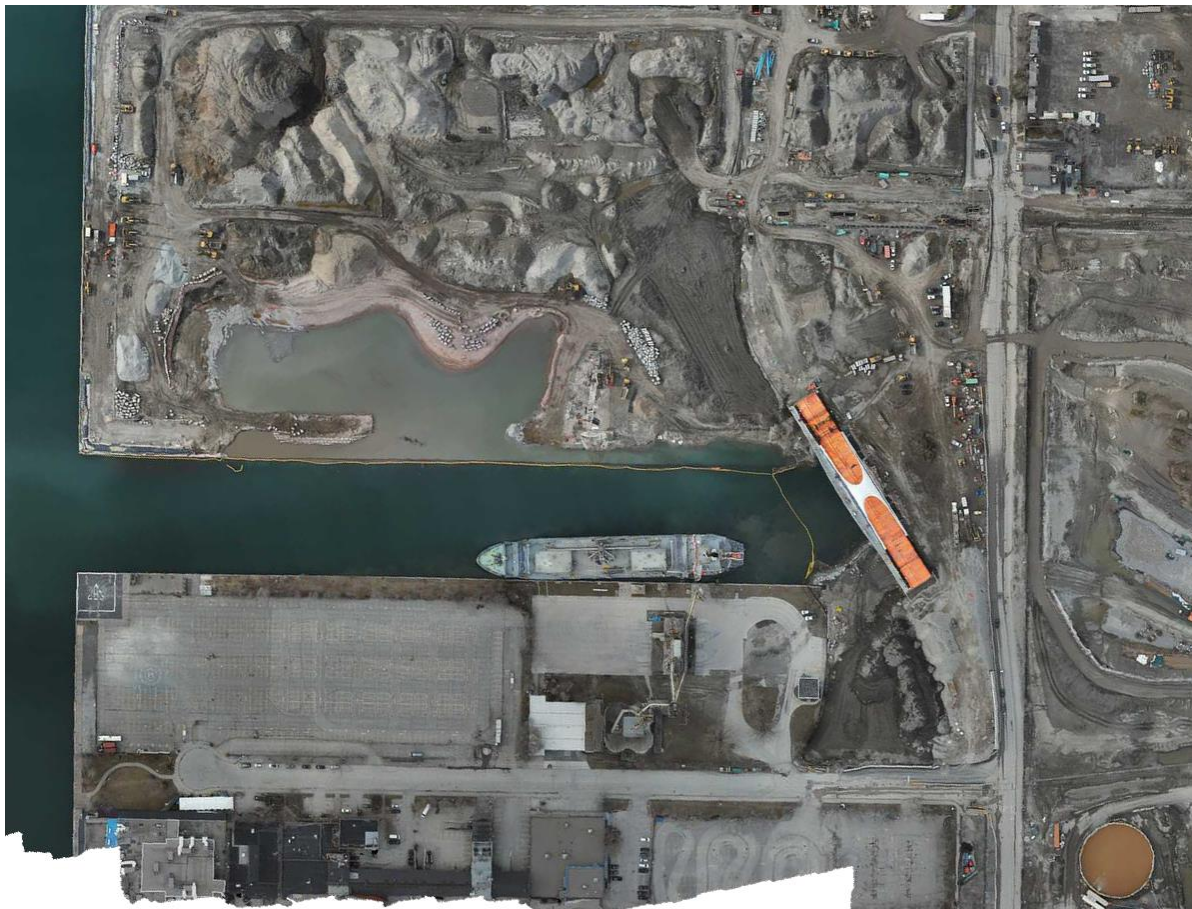
Port Lands Flood Protection: Construction Update



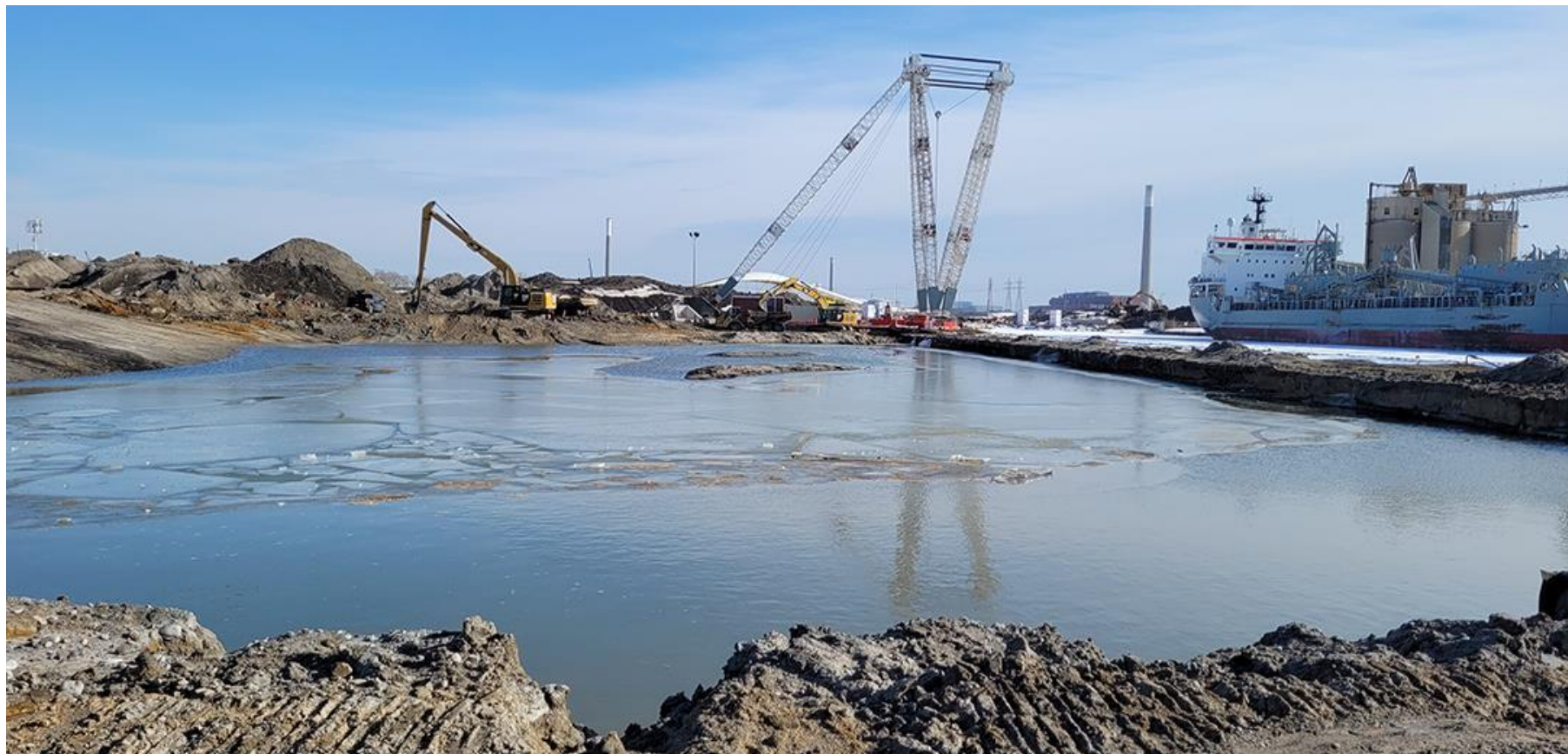
Port Lands Flood Protection: Construction Update



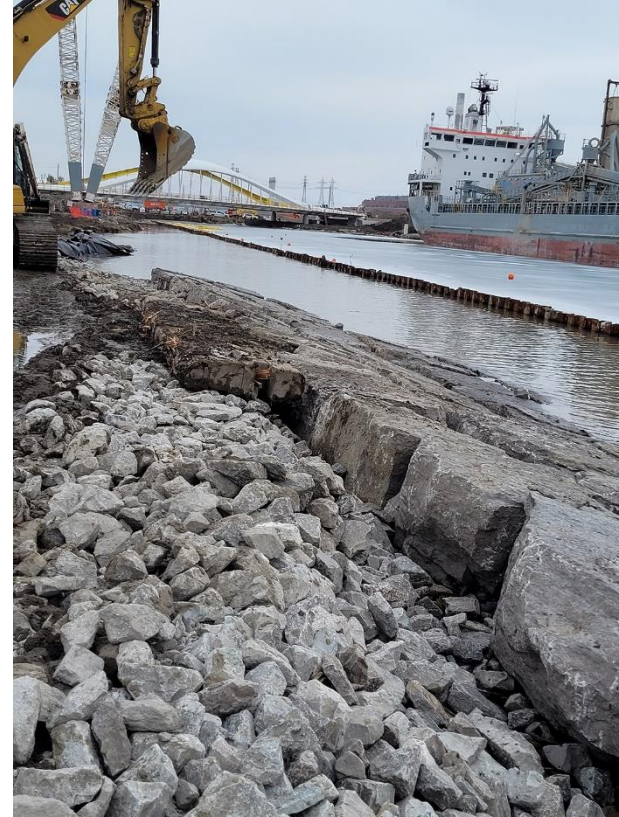
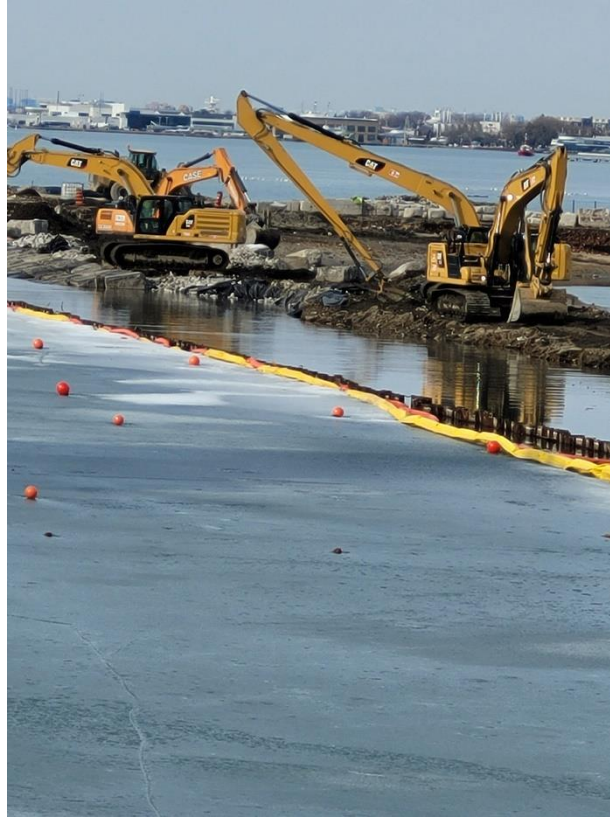
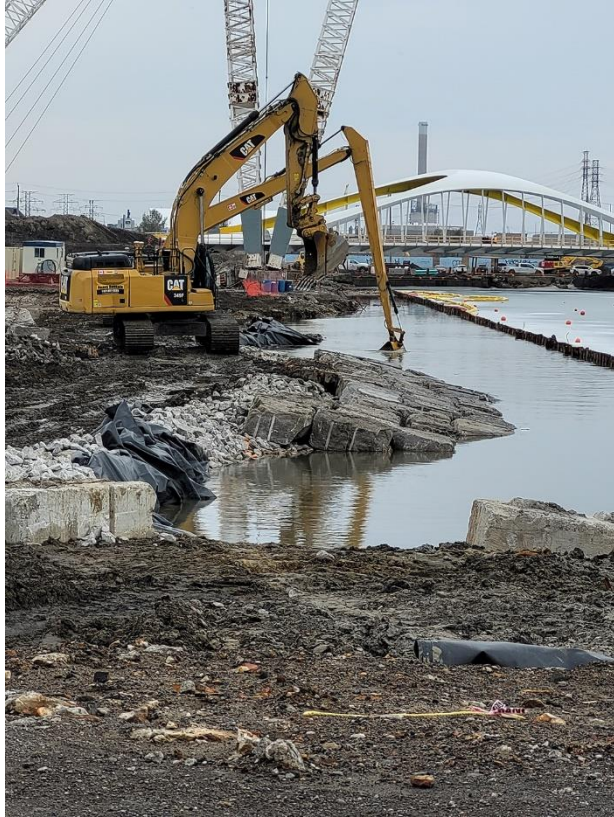
Port Lands Flood Protection: Cherry South Bridge and Canoe Cove



Port Lands Flood Protection: Canoe Cove Excavation



Port Lands Flood Protection: Canoe Cove Excavation



Port Lands Flood Protection: River and Wetland Finishes



Port Lands Flood Protection: Excavation Under the Commissioners Street Bridge



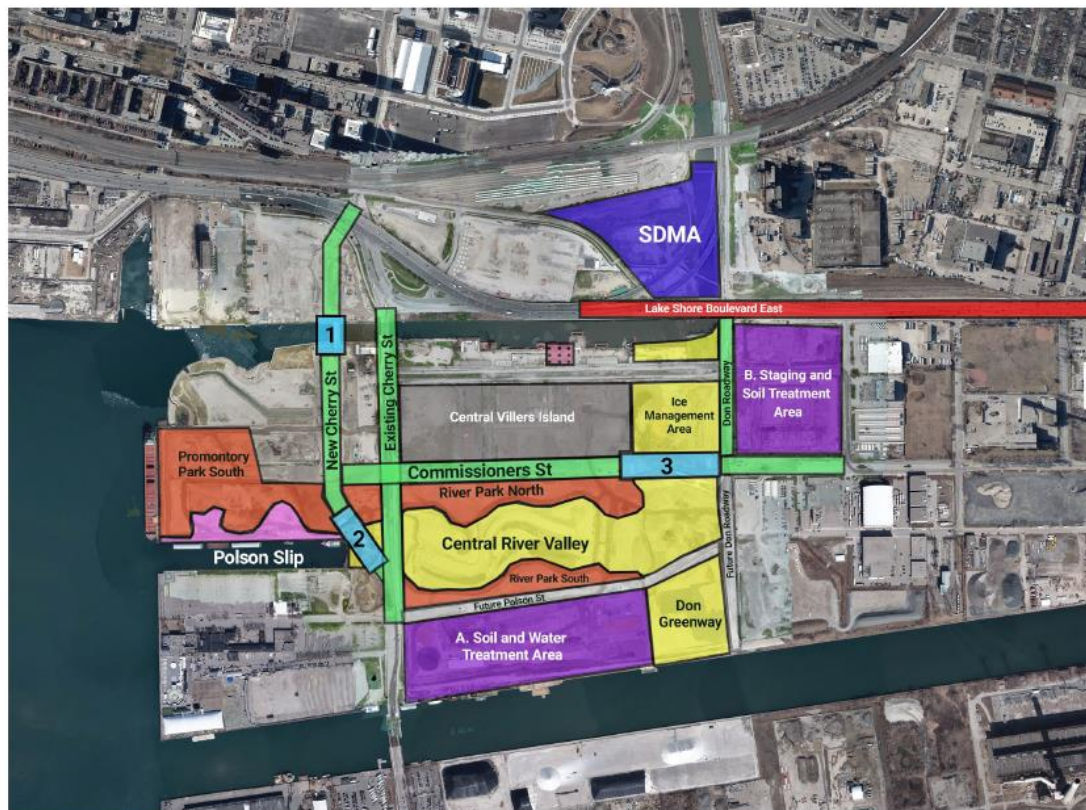
Port Lands Flood Protection: Sediment and Debris Management Area, River Dredging



Lake Shore Boulevard East: Bridge Deck Removal



Port Lands Flood Protection: Spring 2022 Construction Schedule



April-June 2022

- Roads**
 - Existing Cherry & Commissioners St: removal of existing and install new utilities, dewatering, excavation, grading and temporary paving, lane shifts
 - New Cherry St & Lake Shore: lane shifts, install and connect utilities, street lighting, temporary traffic controls, and paving
 - New Cherry St: install utilities, ground improvements, installation of green infrastructure, road base
 - Commissioners St: install utilities, ground improvements
 - Don Roadway & Future Don Roadway: ground improvements, flood protection landform, dockwall installation
- Bridges**
 - 1 Cherry St North Bridge: on-going fabrication of vehicular bridge (off-site)
 - 2 Cherry St South Bridge: concrete deck work, electrical work
 - 3 Commissioners St Bridge: additional concrete work, electrical work
- Parks**
 - Promontory Park South: excavation, structural fill placement
 - River Park North: surcharging, bike bridge foundation works
 - River Park South: surcharging, bike bridge foundation works
- River Valley**
 - Central River Valley: install pedestrian bridges, install river finishes, install wetland habitat features, install utilities, and dewatering
 - Ice Management Area: install river finishes, install wetland habitat features, and dewatering
 - North Ice Management Area: subcontractor mobilization
 - Don Greenway: excavation, dewatering, install fish gate, caisson wall removal, habitat boulder, seeding & mulch
- Polson Slip Naturalization**
 - Canoe Cove excavation, install river finishes, Atlas Crane Stabilization
- Staging and Treatment Areas**
 - A: Soil and water treatment
 - B: Construction staging and soil treatment
- Sediment & Debris Management Area (SDMA)**
 - Excavation, dredging and dockwall works
- Central Villiers Island**
 - Soil stockpiling and construction staging
- Utility Connection**
 - Excavation, microtunnelling and utilities installation
- Lake Shore Boulevard East Project**
 - Lane shifts, road surface improvements
 - Demolition of EB bridge and removal of Gardiner substructure
 - Foundation work for new bridge

Work Accomplished This Period:

Q4 2021-2022– January 1 to March 31, 2022

Overall Program Update

General	➤ Presented Semi-Annual Cost Update report (Q2) to: <ul style="list-style-type: none">• Capital Peer Review Panel (CPRP) January 13, 2022	
	➤ Completed monthly review of Estimate at Completion (EAC), risk register and schedule	
	➤ Completed re-baseline of schedule (#3) with data date of February 28, 2022	
	➤ Updated EAC to reflect revised schedule and date of substantial completion (now June 12, 2024)	
	➤ Completed risk workshops and began quantitative risk analysis in support of Semi-Annual Cost Update report for year end March 31, 2022 (Q4)	
Construction Procurement:		
Awarded*:	91.9 %	\$ 888.7 M
In Progress:	3.1 %	\$ 30.1 M
Not Started:	5.0 %	\$ 47.8 M

* Note: Includes Construction Procurements only

Work Planned Next Period:

Q1 2022-2023 – April 1 to June 30, 2022

Overall Program Update

General	<div>➤ Complete Semi-Annual Cost Update for the year end March 31, 2022 (Q4) and present to:<ul style="list-style-type: none">▪ Executive Steering Committee (ESC) April 25, 2022▪ Finance Audit and Risk Management Committee, May 26, 2022▪ Inter-Governmental Steering Committee – IGSC▪ Capital Peer Review Panel - CPRP</div> <div>➤ Complete monthly reviews and updates to the EAC, Risk Register and program schedule</div>	
Construction Procurement:		
Awarded:	92.4 %	\$ 893.3 M
In Progress:	2.8 %	\$ 26.7 M
Not Started:	4.8 %	\$ 46.6 M

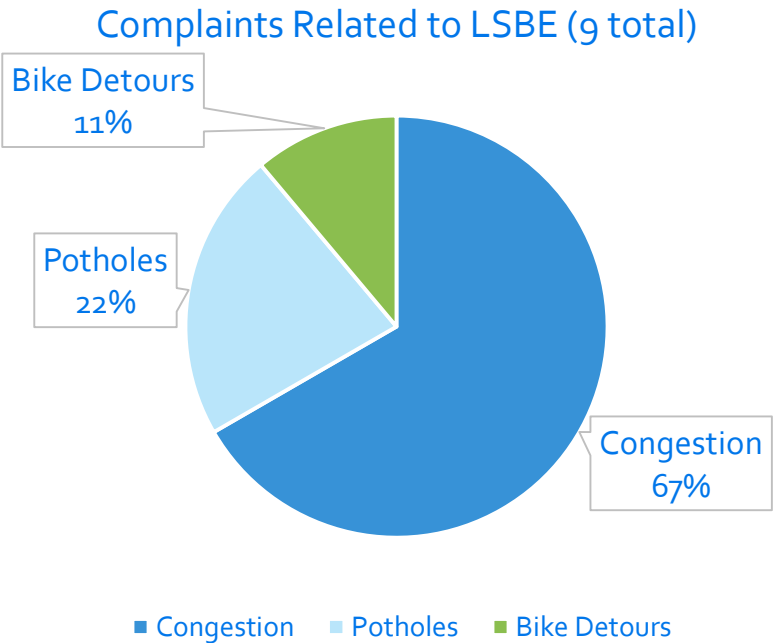
* Note: Includes Construction Procurements only

Complaints Tracking – PLFP



Report Period: January to March 2022

No complaints related to PLFP



Engagement with Indigenous Communities

Updates January to March 2022:

- Continued strategic discussions with Mississaugas of the Credit First Nation (MCFN) on priorities for the Indigenous Design for PLFP Public Realm.
- Finalizing drafting of RFP for Indigenous Art in PLFP Public Realm in collaboration with MinoKamik and MCFN.
- Continued administration of MCFN Field Liaison Representatives to participate in archaeological monitoring.
- Initiated discussions to organize Indigenous Soil Ceremony for Spring 2022.
- Scheduled next MCFN Working Group Meeting (for April 13) to introduce WT projects, including PLFP, to new Councillors.

Communications and Public Engagement



Image: Cherry South Bridge arrival event



• New video footage showing excavation under Commissioners Street Bridge

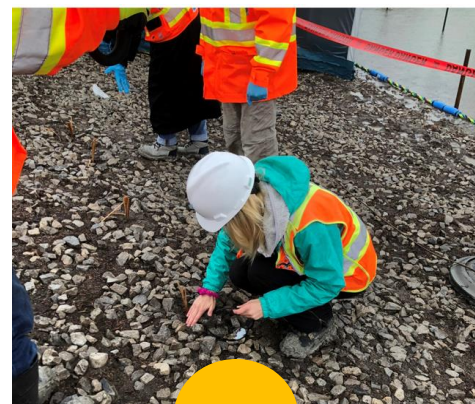


Image from community planting at Cherry Street Lakefilling site in 2019

WINTER 2022

- Partner event(s) to mark Cherry South Bridge arrival
- 2021 in review video

SPRING 2022

- Promo tied to completion of river valley excavation
- Video and blog content promoting 100-year-old seeds, river valley plantings

SUMMER 2022

- Promo tied to Cherry Street South Bridge opening

- Outreach re: Lake Shore Blvd. Traffic

- On-site ceremony tied to soil placement in river
- CONTACT Photography Festival 2022

- Public planting event in River Park North
- Habitat box building workshop

Thank you.

info@waterfronttoronto.ca

Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfronttoronto.ca

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Purpose	For Information
Areas of note/ Key issues	<p>The Q1 2022/23 Semi-Annual Cost Estimate Update is a key component of the Corporation's project risk management and governance framework. The purpose of this report is to provide a status update on the budget and schedule for the PLFP Project as at Q1 2022/23 (March 31, 2022).</p> <p>As reported previously, the project schedule has been affected by the design, approvals and construction of utilities which impact on the reopening of Cherry Street and Commissioners Street. The revised schedule updated on April 6, 2022, reflects flood protection and Substantial Completion moving to June 20, 2024 from March 31, 2024.</p> <p>Final plantings for the parks will be deferred to the fall planting season to maximize plant survivability. Parks completion is therefore forecast on October 31, 2024. Project closeout and contractor demobilization is anticipated December 24, 2024.</p> <p>The budget for the PLFP Project remains unchanged at \$1.185B however the construction cost estimate has increased by \$21.2M since the previous report. Additional costs are due primarily to the impact of the schedule extension (\$8.9M) and the realization of risks associated with dewatering sewer and water mains due to site conditions (\$8.5M).</p> <p>The contingency forecast to be remaining at the end of the project has reduced from \$29.9M to \$5.7M. The likelihood of delivering the Port Lands Flood Protection Program on budget is 4% based on the forecast remaining contingency. Additional contingency in the amount of \$23.0M would be necessary to increase the probability to 75%.</p> <p>Actual contingency remaining to be allocated as of March 31, 2022, equals \$29.0M.</p>

	<p>There have been no scope changes made to the project to date.</p> <p>The Semi-Annual Construction Cost Forecast, Risk Update and Quantification process allows Waterfront Toronto to complete the design process and regularly reassess construction risk, to ensure that the likelihood of achieving the program budget remains high as risks are realized and retired throughout the life of the project.</p>
Resolution/Next Steps	<p>Q3 2022/23 will be the next Semi-Annual Cost Estimate Update presented to the FARM committee.</p>

Port Lands Flood Protection and Enabling Infrastructure Semi Annual Cost Estimate Update March 31, 2022

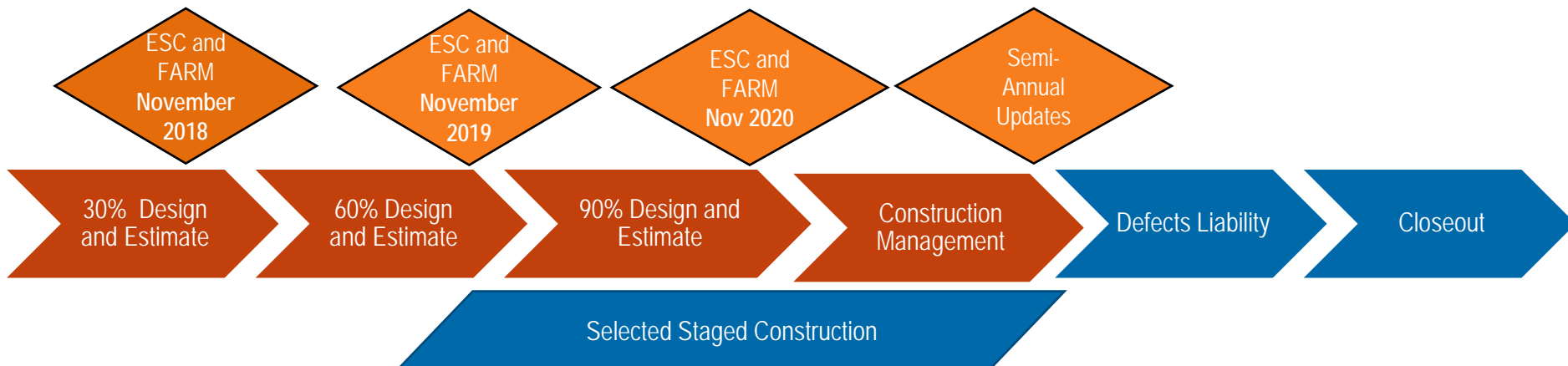
**Presentation to the Finance, Audit & Risk Management Committee
May 26, 2022**

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1. Project Status Update
2. Summary of Program Current Status
3. Schedule of Events
4. Program Contingency Analysis
5. Project Risk Update & Analysis
6. Contingency Allocation
7. Optimizations Included to Date
8. Appendices

Project Status Update

- 30% Stage Gate design and cost estimates provided to Executive Steering Committee on November 21, 2018
- Project Charters and budgets developed from 30% cost estimates; executed April 2019
- 60% Stage Gate design and cost estimates provided to Executive Steering Committee (ESC) on November 12, 2019. ESC approved of the 60% Stage Gate Estimate at Completion
- 90% Stage Gate finalized, presented and approved at the ESC (December 9, 2020), Finance and Risk Management Committee (FARM) (November 26, 2020) and WT Board of Directors (December 10, 2020)
- Schedule re-baselined February 28, 2021
- Scheduled re-baselined February 28, 2022 (Program Substantial Completion (flood protection) June 20, 2024)
- Semi-Annual Cost Updates will be provided to the ESC, FARM and WT Board of Directors (Q1/2021, Q3/2021, etc.)



Current Status – Earthworks, Marine and Parks



River Valley/Marine/Parks

Design

- Issued for Construction (IFC) for Don Roadway Flood Protection Landform
- Awarded contract for Sediment and Debris Management Area dock walls and dredging
- Finalized Issue for Tender (IFT) drawings for flow curtain and submit TRCA permit application
- Progress with Site Plan Approval for Fire Hall 30

Construction

- Completed excavation in Elbow area under Commissioners Street Bridge
- Completed dock wall improvements at the South Plug
- Continued installation of River finishes in Central River Valley and Spillway
- Continued excavation and progressed shoreline fills in Canoe Cove
- Completed Cousins Quay (MT35) dock wall reinforcement works
- Complete watermain relocation through Sediment and Debris Management Area
- Complete removal of pedestrian bridge over Don River
- Completed Atlas Crane surface repairs
- Continued foundation construction for Fire Hall 30

Procurement (March 31, 2022)

- Awarded: 90.5 % = \$ 467.5 M
- In progress: 3.8 % = \$ 19.5 M
- Not started: 5.7 % = \$ 29.7 M

Current Status – Bridges

Design

- Executed agreement with Enbridge for temporary and permanent relocation of Enbridge NPS 20 gas main
- Enbridge progressed design for temporary and permanent relocation of NPS 20 main and filed Leave to Construct with Ontario Energy Board
- Finalized Lake Shore Bridge and Don Roadway intersection design pending direction from City regarding the Harbour Lead Line
- Finalized and Issued for Construction (IFC) drawing for Lake Shore Bridge superstructure, finishes and safety components

Construction

- Completed construction of deck on Commissioners Street Bridge
- Complete, deliver to site, assemble and install Cherry South Bridge onto piers and abutments
- Continue with steel fabrication of superstructure for Cherry North Bridge for delivery to site in July 2022
- Complete and open cycle detours through the Port Lands and on Mill / Cherry streets
- Implemented vehicular detours on Lake Shore Boulevard
- Mobilize Lake Shore bridge contractor and commence demolition of southern most, eastbound bridge

Procurement (March 31, 2022)

- | | | |
|----------------|--------|-------------|
| • Awarded: | 96.0 % | = \$116.2 M |
| • In progress: | 3.2 % | = \$ 3.9 M |
| • Not started: | 0.8 % | = \$ 1.0 M |

Current Status – Roads and Services

Design

- Finalized Cost Sharing Agreements with THESL, Bell, Rogers, Beanfield and 3C
- Obtained Release for Construction from City for all major roads
- Obtained approval from THESL for construction of permanent THESL assets on Cherry and Commissioners Streets
- Closed and awarded RFP for site preparation, clean cap and wet utilities on Lake Shore Boulevard East
- Completed geotechnical investigation and advanced design for ground improvements for gas main on Villiers Street

Construction

- Completed HDD for watermain crossing of River Valley at Commissioners Street Bridge
- Completed rigid inclusions for Load Transfer Platform east of Commissioners Bridge
- Completed wet utilities on Cherry Street, south of Keating to Cherry South Bridge
- Completed clean cap installation on Cherry Street
- Progressed construction of Lake Shore Boulevard / New Cherry intersection
- Completed concrete works for OGS and SWPS shafts
- Progressed with dry utility construction on Cherry and Commissioners Streets
- Completed micro-tunnelling under River Valley for storm and sanitary sewers

Procurement (March 31, 2022)

- | | | |
|----------------|--------|--------------|
| • Awarded: | 91.5 % | = \$ 155.7 M |
| • In progress: | 3.3 % | = \$ 5.6 M |
| • Not started: | 5.2 % | = \$ 8.9 M |

Schedule of Events

Schedule

- Initial Program Baseline Presentation February 24, 2022
- First Draft Program Baseline Schedule received March 1, 2022
- BTY Sign-off on Program Baseline Schedule received April 4, 2022
- Final Program Baseline Schedule received April 6, 2022

EAC

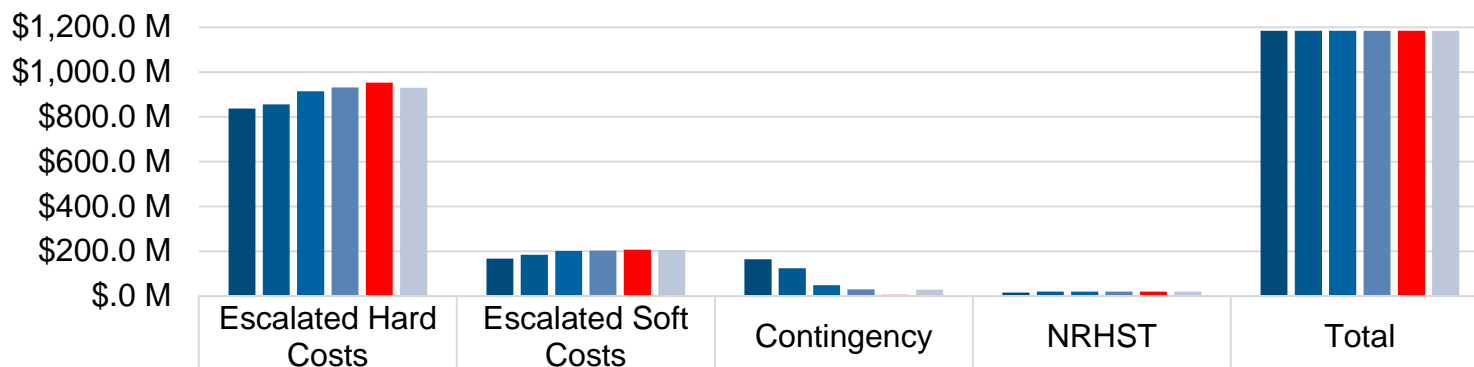
- Initial March EAC reviewed March 16, 2022
- March EAC received March 31, 2022

Risk Analysis

- Risk Analysis initial results received April 11, 2022

PLFP – Q1/2022 EAC Forecast

Port Lands Flood Protection Q1/2022 Estimate at Completion (EAC) Forecast



	Escalated Hard Costs	Escalated Soft Costs	Contingency	NRHST	Total
■ Due Diligence	\$837.2 M	\$167.8 M	\$164.0 M	\$16.0 M	\$1,185.0 M
■ 30% Design/Approved Budget	\$855.4 M	\$184.6 M	\$124.5 M	\$20.5 M	\$1,185.0 M
■ 90% Stage Gate	\$914.6 M	\$201.7 M	\$48.9 M	\$19.8 M	\$1,185.0 M
■ Q3/2021 EAC Forecast	\$931.3 M	\$203.8 M	\$29.9 M	\$20.0 M	\$1,185.0 M
■ Q1/2022 EAC Forecast	\$952.5 M	\$206.9 M	\$5.7 M	\$20.0 M	\$1,185.0 M
■ Q1/2022 Actual EAC	\$929.8 M	\$206.3 M	\$29.0 M	\$20.0 M	\$1,185.0 M

- **The Forecast EAC remains unchanged at \$1.185B.**
- Construction cost estimate has increased \$21.2M (2.3%) from the Q3/2021 Forecasted EAC
- \$21.2M Q1/2022 EAC Forecast from Q3/2021 EAC Forecast is primarily related to:
 - Increased costs associated with schedule extension
 - Increased costs for dewatering
- Soft cost estimate has increased \$3.1M (1.5%) from the Q3/2021 Forecasted EAC related to:
 - Increase for Design Services / Construction Administration (related to schedule extension)

Q1/2022 Construction Cost Estimate Variance

The overall increase in the Construction Cost Estimate (Hard Costs) is \$21.2M (2.3%) from the Q3/2021 Forecasted EAC.
Major Variances from Q3/2021 Forecast is driven by:

- Increased General Conditions related to schedule \$ 8.9 M
- Increased costs for dewatering \$ 8.4 M
- Ground Improvements \$ 1.7 M
- Additional Costs Don Roadway Feeder Main (THESL) \$ 1.4 M
- Removals for Enbridge crossing of Polson Slip \$ 1.4 M
- RESCU system at Lake Shore / New Cherry \$ 1.0 M
- Deletion of the Harbour Lead Line (\$ 4.5 M)

Program Segment	Due Diligence	30% Stage Gate: Program Budget	90% Stage Gate	Q3/2021 EAC Forecast	Q1/2022 EAC Forecast	Q1/2022 EAC Actual	Variance: Q1/2022 EAC Forecast to Q3/2021 EAC Forecast	
							\$	%
Roads and Services	\$ 188.0 M	\$ 136.0 M	\$ 173.2 M	\$ 179.1 M	\$ 190.6 M	\$ 188.0 M	\$ 11.5 M	6.4%
Earthworks, Marine and Parks	\$ 604.3 M	\$ 577.3 M	\$ 599.6 M	\$ 610.0 M	\$ 624.4 M	\$ 600.0 M	\$ 14.4 M	2.3%
Bridges	\$ 114.9 M	\$ 142.1 M	\$ 141.8 M	\$ 142.2 M	\$ 137.5 M	\$ 141.8 M	-\$ 4.7 M	-3.3%
Escalated Construction Cost Estimate	\$ 837.2 M	\$ 855.4 M	\$ 914.6 M	\$ 931.3 M	\$ 952.5 M	\$ 929.8 M	\$ 21.2 M	2.3%

Q1/2022 Soft Cost Estimate Variance

Soft Cost EAC Forecast is \$3.1M (1.5%) from the Q3/2021 Forecasted EAC.

Major Variances from Q3/2021 Forecast is driven by:

- Design / Contract Administration increases for lead consulting teams
 - MVVA \$1.8 M
 - WSP \$1.6 M

Program Segment	Due Diligence	30% Stage Gate: Program Budget	90% Stage Gate	Q3/2021 EAC Forecast	Q1/2022 EAC Forecast	Q1/2022 EAC Actual	Variance: Q1/2022 EAC Forecast to Q3/2021 EAC Forecast	
							\$	%
Roads and Services	\$23.9 M	\$22.0 M	\$23.5 M	\$25.8 M	\$27.6 M	\$27.5 M	\$1.8 M	7.0%
Earthworks, Marine and Parks	\$120.4 M	\$131.3 M	\$148.5 M	\$148.3 M	\$149.6 M	\$148.8 M	\$1.3 M	0.9%
Bridges	\$23.5 M	\$31.0 M	\$29.7 M	\$29.7 M	\$29.7 M	\$30.0 M	\$0.0 M	0.0%
Escalated Soft Cost Estimate	\$167.8 M	\$184.6 M	\$201.7 M	\$203.8 M	\$206.9 M	\$206.3 M	\$3.1 M	1.5%

Contingency Drawdown

	Hard Cost	Soft Cost	Contingency Balance
Approved 30% Budget (Mar 2019)	\$855,445,331	\$184,565,460	\$124,493,923
60% Stage Gate EAC (Nov 2019)	\$903,439,587	\$193,796,549	\$67,268,578
90% Stage Gate EAC (Nov 2020)	\$914,585,746	\$201,737,170	\$48,855,875
Q1/2021 EAC	\$916,432,835	\$202,869,859	\$45,876,097
April 2021	\$1,012,405	\$664	\$44,863,028
May 2021	-\$3,909,801	\$265,280	\$48,507,549
June 2021	\$5,436,889	\$11,014	\$43,059,747
July 2021	- \$350,016		\$43,409,662
August 2021	-\$451,483		\$43,861,145
August 2021 – NRHST Adjustments (not impacting Hard Cost EAC)	\$137,296		\$43,723,849
September 2021	\$649,458	-\$40,454	\$43,114,845
Q3/2021 EAC	\$918,820,287	\$203,106,363	\$43,114,845
Correction from April 2021	-\$83,055	\$83,055	\$43,114,845
October 2021	-	\$773,944	\$42,340,900
November 2021	\$42,265	\$442,939	\$41,855,69
December 2021	\$264,386	-\$17,232	\$41,768,542
January 2022	-\$1,855,369	\$1,105,821	\$42,518,091
February 2022	\$152,324	\$383,077	\$41,982,690
March 2022	\$12,423,613	\$574,714	\$28,984,365
Q1/2022 Actual EAC	\$929,764,451	\$206,292,683	\$28,984,365

Changes to Risk Register

- Compared to the previous analysis update, there is approximately **\$6.6M** decreased cost risk and **4.2 months** of increased schedule risk, after implementing risk mitigation strategies.
- The sum of schedule risks does not accurately represent potential schedule delays since it assumes all delays are cumulative and on the critical path. As a result, the schedule risks reported do not account for the ability to continuously adjust the schedule by accelerating and re-sequencing work.

Stage Gate	Cost Impacts		Schedule Impacts	
	Pre-Mitigated	Mitigated	Pre-Mitigated	Mitigated
Current Analysis (Risk Register as of 4.1.22)	\$32.8 M	\$28.8 M	18.8 mo	14.8 mo
Previous Analysis (Risk Register as of 10.25.21)	\$38.4 M	\$35.4 M	15.1 mo	10.7 mo
Variance	-\$5.7 M	-\$6.6 M	3.8 mo	4.2 mo

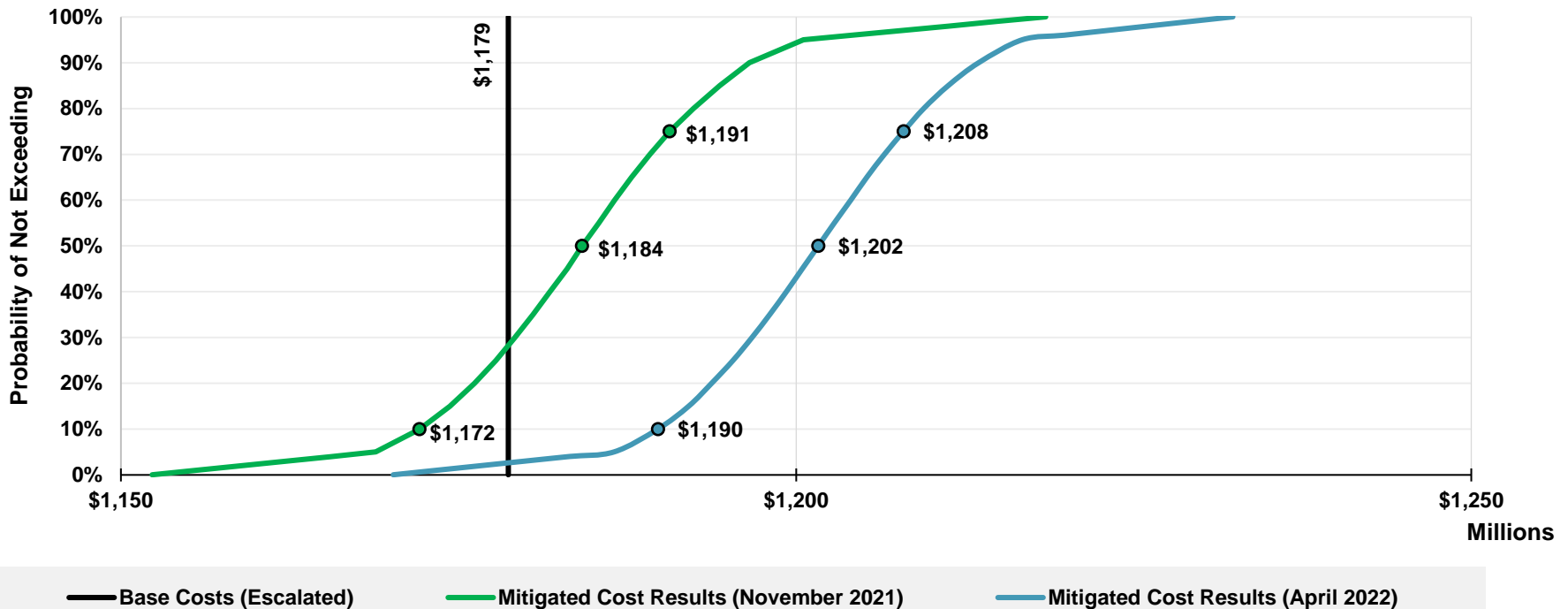
Values reflect probability-adjusted high estimates from the risk register.

Cost Risk Analysis

Comparison to Previous Analysis Update

- Since the previous analysis update, the P75 cost estimate has increased to **\$1,208M** which represents an increase of \$17.3M. The probability of achieving the \$1,185M budget has **decreased from 53% to 4%**
- The base costs have increased by **\$25.4M** which offsets the reduction in cost risk impacts
- Results exclude extended overhead / delay costs since the EAC has accommodated costs associated with the schedule extension

Risk Analysis Results, Project Cost



Risk Analysis Results

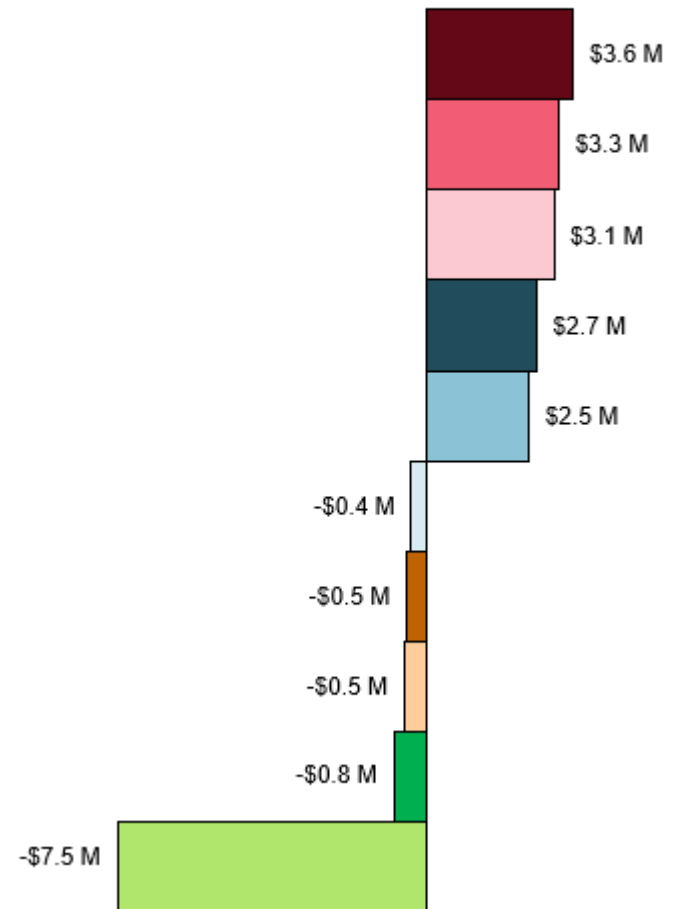
- Current base costs increased by **\$25.4M** compared to the previous update
- Risk-adjusted cost estimate at the 75th percentile increased by **\$17.3M**
- Increase in contingency of **\$23.0M** beyond current budget of \$1,185M will increase probability to 75%

	Due Diligence	30% Stage Gate	90% Stage Gate	Q3/2021 Update	Q1/2022 Update	Variance Q3/2021 & Q1/2022 Updates
Hard Costs	\$837 M	\$855 M	\$915 M	\$931 M	\$953 M	+\$21.2 M
Soft Costs	\$168 M	\$185 M	\$202 M	\$204 M	\$207 M	+\$4.1 M
NRHST	\$16.0 M	\$20.5 M	\$19.8 M	\$20.0 M	\$20.0 M	+\$0.0 M
Total Base Costs	\$1,021 M	\$1,061 M	\$1,136 M	\$1,155 M	\$1,179 M	+\$25.4 M
Total Budget	\$1,185 M					-
P75 Cost Risk Estimate	\$1,197 M	\$1,189 M	\$1,190 M	\$1,191 M	\$1,208 M	+\$17.3 M
Target Budget	\$1,185 M					-
Probability of Achieving Target with Current Contingency	90%	73%	70%	53%	4%	-49%
Estimated Remaining Contingency (excl. CSLF)	\$164 M	\$124 M	\$48.9 M	\$29.9 M	\$5.7 M	-\$25.4M
Additional Contingency Needed to Achieve Target with 75% Confidence	\$11.9 M	\$3.9 M	\$4.9 M	\$5.6 M	\$23.0 M	\$17.3 M

Top 10 Cost Risks and Opportunities

Risk	Probability	Low	High	Estimated High Impact*
Costs in Excess of Estimate (River Valley Scope)	90%	\$0.0 M	\$4.0 M	\$3.6 M
Increased offsite disposal - does not meet quality criteria	50%	\$1.3 M	\$6.5 M	\$3.3 M
Requirement to Divert Interim Area Fill for Disposal	60%	\$1.3 M	\$5.2 M	\$3.1 M
THES Duct Bank Elevation (Spillway Crossing)	90%	\$1.0 M	\$3.0 M	\$2.7 M
Additional Offsite Disposal of Soils (Excavation - Debris) - Canoe Cove	80%	\$1.0 M	\$3.1 M	\$2.5 M
(Opportunity) City of Toronto Discharge Fees - Costs in Excess of Estimate	50%	-\$0.7 M	-\$0.7 M	-\$0.4 M
(Opportunity) Priestly Site Prep and Removals Closeout Credit	80%	-\$0.6 M	\$0.0 M	-\$0.5 M
(Opportunity) Steel Tonnage Reconciliation	90%	-\$0.6 M	\$0.5 M	-\$0.5 M
(Opportunity) Third Party Duct Cost Sharing	50%	-\$1.5 M	-\$1.5 M	-\$0.8 M
(Opportunity) NRHST Rebate	50%	-\$15.0 M	-\$5.0 M	-\$7.5 M

Top Risks Impacting Project Cost
Probability Adjusted High Impacts (\$M)



Summary of New Baseline Schedule

New Program Baseline Schedule was published April 6, 2022 with a data date of February 28, 2022.

- | | |
|--|-------------------|
| • PLFP Substantial Completion / Flood Protection | June 20, 2024 |
| • PLFP Parks Substantial Performance | October 31, 2024 |
| • PLFP Close-out | December 24, 2024 |
| • LSBE Substantial Completion | December 24, 2024 |

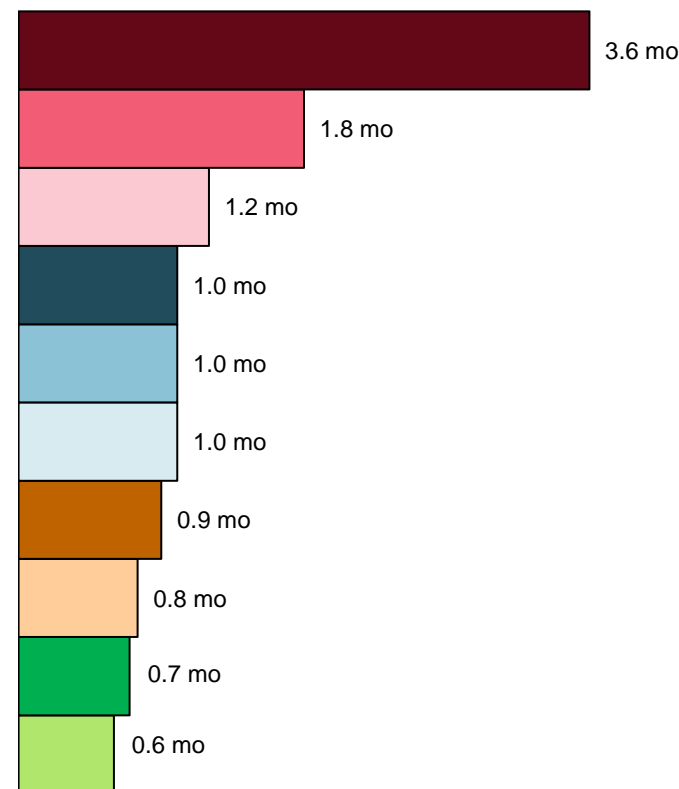
Top 10 Schedule Risks

- Schedule risks accepted in rebaselined program schedule in Feb 2022
- Schedule risk results do not account for the ability to continuously adjust the schedule by accelerating and re-sequencing work

Risk	Probability	Low	High	Estimated High Impact*
		Months		
THESL Duct Bank Elevation (Spillway Crossing)	90%	1.5	4.0	3.6
THESL Design Delay	60%	3.0	3.0	1.8
Enbridge Gas Main Alignment Issues	40%	1.0	3.0	1.2
Coordination of Contract Activities	25%	2.0	4.0	1.0
Bird and SAR Habitat Protection	50%	0.5	2.0	1.0
Stormwater Treatment Facility (STWF) Approvals	50%	1.0	2.0	1.0
Trucking Strike Causing Delays	30%	1.0	3.0	0.9
Installation Issues (SWTF – Oil Grit Separator (OGS))	50%	0.5	1.5	0.8
Fisheries Window Issues	35%	1.0	2.0	0.7
Paint Deficiency Corrections - Cherry South	10%	1.0	6.0	0.6

*Values reflect probability-adjusted high estimates from the risk register

Top Risks Impacting Project Schedule
Probability Adjusted High Impacts (Months)

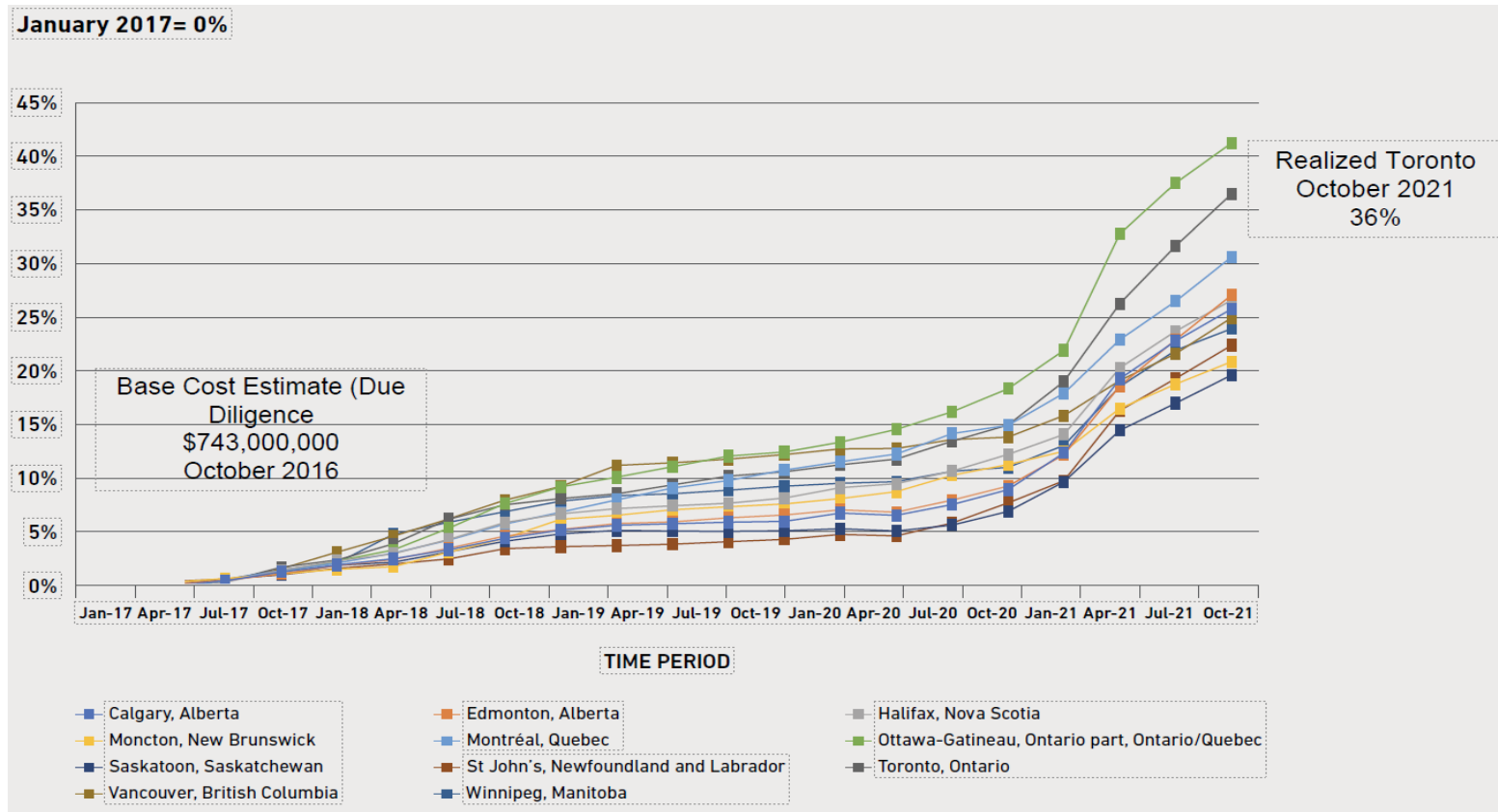


Contingency Allocation

• Escalation	\$ 85.2 M
• Ground Improvements	\$ 33.4 M
• Gardiner Accommodation (Interim SDMA)	\$ 16.4 M
• THESL PSWHA Cost Sharing	\$ 12.2 M
• Delay costs (utility approvals, COVID, etc.)	\$ 10.2 M
• Geotechnical / Environmental Investigations	\$ 6.0 M
• Enbridge NPS 20	\$ 5.0 M
• TPLC Studio Contribution	\$ 5.0 M
• Fire Hall Purchase and Improvements	\$ 4.4 M
• Enbridge PSWHA Cost Sharing	\$ 4.2 M
• COVID Claims realized	\$ 2.0 M
• Atlas Crane	\$ 1.7 M
• Total	\$ 185.7 M

Note: Per BTY, escalation (including the impact of COVID on productivity, materials, supply chain) over the period 2017 to 2022 (see slide 19) has been as high as 36% yielding an additional \$88.3M over and above the escalation shown here.

Residential and Non-Residential Construction Escalation Rates 2017 - 2021



Source: BTY Data & Analytics March 2022

Base Cost Estimate at Due Diligence:	\$ 743,000,000
Realized Escalation at 36% per BTY:	\$ 267,480,000
Due Diligence Escalation:	\$ 94,000,000

Realized escalation could be as much as \$173.5M above Due Diligence Escalation.

Cost Optimizations to Date

30% Stage Gate:

Secondary Budget Contingency



- Waterfront Toronto has completed costing of the secondary contingency items which could potentially be optimized/removed from project scope.
- The results indicate that there are additional cost savings ranging from **\$14.1M to \$47.9M** that the project team could implement with no impact on the required scope of the project and an additional **\$17.5M** which would be considered scope changes and require government approval

Secondary Contingency Items (\$M)	Estimated Reduction Low	Estimated Reduction Most Likely	Estimated Reduction High
Reduce River/Park Plantings	3.2	4.0	4.8
Reduce Park Features	7.3	19.7	29.3
Third Pipe System	2.0	4.0	6.0
Reduce Villers Island grading	0.5	1.1	2.1
Eliminate Heritage Scope	1.1	5.6	5.6
Subtotal - Under WT Control	14.1	34.4	47.9
Defer LRT Bridge over Keating	15.0	15.0	15.0
Seed BRT ROW instead of asphalt	2.5	2.5	2.5
Subtotal - Gov't Approval Required	17.5	17.5	17.5
Total - Secondary Contingency	31.6	51.9	65.4

60% Stage Gate:

Appendix A1: 60% Design Optimizations



60% design optimizations that have been implemented by the project team include (but are not limited to):

Roads & Services	Estimated Savings
Increase use of Excavated Soil On-Site Through the Soil Treatment Facility	\$4.0M
Remove the Waterloo Barrier System	\$4.0M
Demolition of 54 Commissioners	\$0.6M
Traffic Signals	\$1.8M
Sanitary Pumping Station Efficiencies	\$6.5M
Convert Micro Tunnel shafts to Maintenance Holes	\$0.6M
Existing Utility Removals	\$0.5M
Recycle Concrete as Granular Base	\$0.6M
Remove Rigid Inclusion Outside of Hard Surface Areas Along Roadways	\$0.9M
Landscape Optimization	\$0.5M
Streetscape Optimization (granite pavers, reduced planting, associated reduced soils cells)	\$0.5M
Defer Stormwater Management Storage Shaft	\$3.3M
Revision to Stormwater Outlet	\$0.6M
Bridges	Estimated Savings
Updated Cherry North Coascons Lengths Based on Pile Test Results	\$2.6M
VE based 2400mm dia. Caisson: Cherry South and Commissioners	\$4.7M
Remove Cofferdam at Cherry South	\$1.0M
Remove Pile Caps at Cherry South	\$0.6M
Bridge Contractor Bonding	\$0.4M
Revised Cherry North Concrete Pricing by Concrete Sub-Contractor	\$0.3M
Reduce Pile Cap Size for Commissioners	\$0.6M

Design optimizations do not represent changes in the agreed scope as defined in approved project charters.

Appendix A1: 60% Design Optimizations (Cont'd)



60% design optimizations that have been implemented by the project team include (but are not limited to):

Earthworks, Marine and Parks	Estimated Savings
Earthwork/Environmental/Geotechnical	
Reuse Clean Peat	\$0.5M
Reduce Excavation at Canoe Cove	\$0.9M
Increase Soil Treatment and Retention	\$10.7M
Reduce SDMA Excavation	\$2.2M
Reduce West Plug Excavation	\$0.7M
Modify Risk Management Measures at Canoe Cove	\$5.1M
Marine	
Delete Polson Slip East Dockwall	\$0.6M
Reduced Weir Length	\$0.7M
River Channel	
Wetland Plants - Material Unit Cost Reduction	\$0.6M
Reduce Habitat Wood in Wetlands	\$0.4M
Reduce Goose & Rodent Protection	\$1.2M
Reduce Habitat Shoal Boulders	\$0.2M
Parks	
Reduce Height of Promontory Park South	\$4.2M
Reduce Site Furniture	\$0.6M
Reduce Pavement	\$0.9M

Design optimizations do not represent changes in the agreed scope as defined in approved project charters.

90% Stage Gate:

Appendix D: Cost Optimizations Included



Description	Estimated Cost Savings
Earthworks, Marine & Parks	
Eliminate dockwall on west side of Don Roadway	\$ 0.0 M
FPL 60% At Design Excavation Optimization	\$ 4.0 M
Conversion of Non-Structural Secant Pile Wall to Slurry Wall Along Eastern Project Limit	\$ 2.6 M
Reduced temporary works and construction costs at North Plug	\$ 2.0 M
Reduced temporary works and construction costs at Don Roadway WWF/TPL	\$ 1.5 M
Expansion of Interim Fill Areas by increasing soil placement volumes	\$ 1.4 M
Reuse of granular and recycled crushed concrete	\$ 1.0 M
Property Amalgamation to increase direct reuse of soil	\$ 0.9 M
Deconstruct demolition of 65 Villers Street (CMCO)	\$ 0.9 M
Elimination of Street Pile at Commissioners Street Bridge Abutments	\$ 0.8 M
Refine Ice Management Area and Greenway Excavation Surfaces	\$ 0.6 M
Reduced excavation complexity and cost at South Plug	\$ 0.5 M
West Plug wet excavation subcontract below cost estimate	\$ 0.5 M
Reuse of Granular Filler Pod	\$ 0.5 M
Over excavation of peat and replacement with property soil under barrier (geotech and soil reuse improvements)	\$ 0.5 M
Refine Excavation Surfaces at Commissioners St LRT Bridge	\$ 0.3 M
Maintain ground improvement test cell	\$ 0.2 M
Eliminate Transition Dockwall and Bargeout Removal in Keating Channel	\$ 0.5 M
Removal of Feed Weir and Replace with Flow Curtain	\$ 3.0 M
Earthworks Volume Correction in Polson Slip	\$ 2.0 M

Appendix D: Cost Optimizations Included



Description	Estimated Cost Savings
Earthworks, Marine & Parks	
Alternate Island Design in Polson Slip	\$ 1.6 M
Aqueduct RRM Deletion in Polson Slip	\$ 1.2 M
Dimensional Stone Reduction in Polson Slip	\$ 0.9 M
Removal of Promontory Park North Interim Fill Line in Keating Channel	\$ 0.5 M
Deletion of one Habitat Shoal in Keating Channel	\$ 0.3 M
Removal of Habitat Logs in Canoe Cove	\$ 0.2 M
Atlas Crane East Reinvestment Guiding in Polson Slip	\$ 0.1 M
Removal of Destruction Playground Finishes	\$ 1.7 M
Removal of Earth Cast Concrete Wall	\$ 1.3 M
Promontory Park Reduce Suncharge Locations	\$ 0.4 M
Reduced Concrete Pavement	\$ 0.4 M
Removal of Gathering Spaces Logs	\$ 0.3 M
Removal of Light Poles and Electrical from Lower Don Trail	\$ 0.3 M
Fire Hall 30 Public Building / Conservation Plan Upgrades	\$ 0.3 M
Promontory Design Updates	\$ 0.2 M
Promontory Wall Design Optimization	\$ 0.2 M
Reduction in Fencing	\$ 0.2 M
Reduction in Planting (2.5%)	\$ 0.2 M
Reduction in Signage (25%)	\$ 0.2 M
Reduction in Berches (20%)	\$ 0.1 M

Appendix D: Cost Optimizations Included



Description	Estimated Cost Savings
Bridges	
Optimize Jump Bridge, Ground Improvement and Installation Methodology of Superstructure, Negotiate Claims	\$ 1.1 M
Removal of redundant GOs	\$ 0.7 M
Removal of Landscaping allowance at Commissioner's St. Bridge	\$ 0.9 M
Partial demolition of existing Cherry St. Bridge	\$ 0.9 M
Negotiation of Sub-contractor claims and reduction in Settlement Monitoring at Cherry South Bridge	\$ 0.4 M
Change under-bridge lighting to a simpler fixture	\$ 0.3 M
Roads & Services	
BRT - Further Realized Savings (Electrical, Streetlighting, etc.)	\$ 3.9 M
Cherry St - Suncharge remains in place	\$ 2.0 M
Overland Flow Pipe Deletion	\$ 1.5 M
Cherry/Polson Intersection Lowering	\$ 1.4 M
Future Polson St Suncharge and Monitoring Deletion	\$ 1.1 M
Villers East Deletion	\$ 1.0 M
Open Trench Installation Method - replace microtunneling, delete MH112	\$ 0.7 M
Below Work Construction Optimization	\$ 0.7 M
Don Roadway Streetscape Optimization (due to dockwall deletion)	\$ 0.6 M
Commissioners St Streetscape Design Optimization	\$ 0.5 M
Villers West (to new Cherry St) Deletion	\$ 0.5 M
Open Trench Excavation Method between: MH112 to MH116	\$ 0.5 M
Water Treatment Savings	\$ 0.3 M
Replace network vaults with Submersible Transformers	\$ 0.3 M

Waterfront Toronto Budget and Schedule Performance Metrics

- Risks to the Port Lands project, both known and unknown, have reduced the probability that the project will be completed within the original budget and schedule
- Waterfront Toronto Board of Directors has approved Strategic Plan fiscal performance measures as outlined in following table

Success for Waterfront Toronto is:	Performance measures	Cumulative result 2001–2021	Annual target 2022–2023	5-year target 2022/2023– 2026/2027
4. Implementing a plan in a fiscally responsible manner <ul style="list-style-type: none"> • Waterfront Toronto will work within the funding provided and will search out new revenue sources to support the development of the waterfront • Waterfront Toronto will use thorough processes to set and manage the projects 	4.1 Percentage of competitive procurements by dollar value	99.08% since 2019	>95%	>95%
	4.2 Total cost of projects completed within budget	103.6% since 2019	<=105.0% of budget	<=105.0% of budget
	4.3 Average completion time of projects within original schedule	<= 1 month of schedule since 2019	<= 6 months of schedule	<= 6 months of schedule

- Program is currently on track to meet these performance metrics for both schedule and budget
- Risk analysis concluded that \$23.0M beyond the budgeted \$1,185M is required to increase probability of completion to >75% which is equal to 101.9% of original budget
- Revised baseline schedule pushed date of substantial completion from March 31 to June 20, 2024, which is less than 3 months from the original schedule

Strategy and Recommendation

- There remains \$29M in contingency within the \$1,185M budget
- A total of \$659M of the \$1,185M budget has been spent (+/- 56%) to March 31, 2022
- Approximately 92% of the construction work has been procured
- Risk of over-committing or spending beyond the \$1,185M budget in the next 12 months is low
- **Recommend** proceeding through to next reporting cycle, Q3 update to be presented in October/November 2022
- Further details and an accurate breakdown of additional budget requirements will be provided at that time
- This approach provides sufficient time for presentation to and consideration by the stakeholders
- We do not currently have sufficient detail to quantify or breakdown further budget detail requirements but will update as noted above

Appendices

Potential Enhancements Pending Availability of Funds



Description	Estimated Cost Savings
Roads & Services	
Add streetscaping features on Don Roadway and Commissioners Street	\$0.6 M
Earthworks, Marine & Parks	
Habitat Shoal (Keating Channel)	\$0.3 M
Habitat logs in Canoe Cove (Polson Slip)	\$0.2 M
Destination Playground Finishes (Promontory Park Slip)	\$1.7 M
Add Signage and Wayfinding Scope (Parks)	\$0.3 M
Add Fencing (Parks)	\$0.3 M
Increase Planting (Parks)	\$0.2 M
Add Bench Furnishings (Parks)	\$0.1 M
Atlas Crane Finishes (Promontory Park South)	\$1.0 M
Pedestrian Lights on Street	\$0.7 M
Total	\$4.8 M

Thank you / Questions

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Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfronttoronto.ca



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**Finance Audit and Risk Management Committee May 26, 2022
Item 9)c) – Report of the Independent Capital Project
Monitoring BTY Consulting Group Inc.**

Purpose	For information: to support Committee oversight of the Port Lands Flood Protection (PLFP) Capital Project on technical matters related to the budget, scope and schedule.
Areas of note/ Key issues	<p>The Independent Capital Project Monitoring & Assurance Services Consultants' Quarterly Report #15 (Q4 2021/22), key findings:</p> <ul style="list-style-type: none"> • Budget: <ul style="list-style-type: none"> ○ The Approved Budget is \$1,185,000,000. ○ The 'Estimate at Completion' (including current commitments) is \$1,185,000,000. ○ Due to Schedule extensions and cost increases in some activities/challenges such as dewatering activities, there is a potential for the Approved Budget to be revised. • Schedule: <ul style="list-style-type: none"> ○ The program schedule was re-baselined and now incorporates previously discussed delays to certain components of the work; Substantial Performance (Excluding Parks) is now moved to June 20, 2024. The Project Artifacts currently indicate a 'low risk' for Schedule under the assumption that the new baseline is agreed by all stakeholders. It is our understanding that the Project Schedule and the new Completion Date need to be adjusted by the three levels of government, this is not expected to happen before Q1/2022-2023. ○ Substantial Performance is now scheduled to be achieved as follows: <ul style="list-style-type: none"> • PLFPEI Substantial Performance (Excluding Parks) on June 20, 2024 • PLFPEI Substantial Performance (Including Parks) on October 31, 2024 • Scope: No changes, no Project Charter revisions were executed. • Risk: <ul style="list-style-type: none"> ○ The draft Project Dashboard for the month of March 2022 indicates an 'amber' risk level, which means a medium likelihood of risks occurring that may impact the schedule/budget. The main reasons for an overall amber risks rating are (1) Utilities relocation, (2) Increased costs for off-site disposal, (3) Toronto Hydro Duct Bank Elevation (Spillway), (4) Toronto Hydro design delay and (5) Costs in Excess of Estimate (River Valley) (6) Dewatering activities. ○ The WT Project Team has informed the Chair of the FARM that a strike by the Operators Union has the potential to result in delays and costs to the project. ○ The PLFP Risk Management process implemented by WT is in line with industry best practices. • The general technical aspects presently known have been assessed against experience of large-scale, complex infrastructure projects, the processes are found to be robust and in accordance with industry best practices.
Resolution or Next Steps	BTY will provide our Independent Capital Project Monitor and Assurance Services Report #16 at the August 2022 FARM Committee meeting.

INDEPENDENT CAPITAL PROJECT MONITORING &
ASSURANCE SERVICES CONSULTANT

WT Port Lands Flood Protection Project

REPORT NO. 15.0 (PERIOD ENDING
MARCH 31, 2022)

MAY 10, 2022

Prepared for:

Waterfront Toronto (FARM) Committee

127 John Street, Toronto, ON, M5V 2E2
T 416-596-9339

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Prepared By	Reviewed By	Date
Luis Castillo Paul Margerrison	Luis Castillo Marie Foley	May 10, 2022

1.0 Independent CPMAS Consultants' Project Dashboard

1.1 DASHBOARD

Site Visit	Details	Comments
Date of Visit	April 8, 2022	Our next inspection will be on or after June 30, 2022.
WT PLFP Project	Details	Independent CPMAS Consultant Comments & Risk
Objective		Our Quarterly Report No.15 provides an assurance review for Q4 2021/22 (period January 1, 2022 to March 31, 2022), based on our discussions with the FARM Committee, as follows: Budget, Schedule, Risk Management, and Scope.
Project Artefacts		Please refer to Section 2.6 in Appendix 1 of this Report for the list of Project Artefacts received by BTY this period.
Risk Coding		BTY observations of the Project Artefacts are colour coded to reflect our opinion on any associated risk, as follows: Green - None, Amber - Medium, Red - High
Budget	Approved Budget	Approved Budget: WT Capital Program Management Office ("WT CPMO") report the Approved Budget at \$1.185Bn. Based on the cost incurred, the Estimate at Completion ("EAC") and contingency, the overall project budget remains the same. The 90% Stage Gate was approved by the Executive Steering Committee on October 19, 2020 in the amount of \$1.185Bn. Current discussions and comments received from the WT CPMO indicating that due to the anticipated Schedule extensions and cost increases in some activities/challenges such as dewatering activities, there is a potential for the Approved Budget to be revised.
	90% Stage Gate	i. Refer to section 3.2.
	Cost Optimisation	No cost optimisation was identified by WT CPMO in the finalised 90% Cost Estimates in the current reporting period.
	Contingency	<ul style="list-style-type: none"> i. The remaining Contingency is equal to 2.45% of the total EAC and 5.52% of the estimated cost-to-complete ("CTC") calculated by the EAC less 'Costs Incurred to Date'. In our opinion, this is within a reasonable range in normal circumstances, however it is significantly lower when compared with the previous reporting periods. ii. The Contingency has been reduced by \$12.9M and indicated to be \$28.9M in the current reporting period. Based on our review of the Project Artefacts, adjustments have been made in different projects to offset increases resulting from current commitments and revisions to the EAC forecast. iii. The Project Artefacts continue to indicate that sub-project PFP.05.08 # 12 has almost no Contingency though the works are incomplete (78% paid as shown in the project artifacts). We have been informed by the WT CPMO that all commitments have been issued and therefore, no further work for this package will be undertaken.
	Total Commitments incl. Procurement & Change Orders	<ul style="list-style-type: none"> i. The 'Costs Incurred to Date' indicates that 56% of the work complete is paid. ii. The 'Total Commitments' have increased \$50.57M this quarter to \$1,011.09M or 85% of the EAC, which is an increase of 4% over the previous quarter end. Specifically, Roads & Services sub-projects average 95% committed, Bridges & Structures are 92% committed, Flood Protection sub-projects committed to 86% of and the Parks/Public Realm committed to 53% based on the current EAC. iii. The Procurement List (March 2021) is generally consistent across the Artefacts, with WT CPMO reporting of 'Commitments' showing it is within a range of +/- 1.7%. iv. Change Orders: As of the end of the last quarter four hundred ninety-five (495) CO's had been issued totalling \$53.02M. This is approximately +/-7.1% of the Hard Costs Commitments. Refer to section 3.7.3 for more details.
	Risk	Budget Risk Impact: Of the twenty-two (22) sub-projects, three (3) are identified by WT CPMO to have a medium impact to budget, five (5) are identified to have a high impact, and

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		the remaining fourteen (14) sub-projects are low risk. This represents two more sub-projects indicated to have a high impact compared to the previous quarter. Refer to the 'Risks' section.
		Utility Cost-Sharing: THESL: As reported last period the EAC includes an estimated Toronto Hydro (THESL) utility relocation cost; it has been informed to us that an agreement was reached with THESL and a reimburse of \$10.5M for the enhancements will be provided. Enbridge: The negotiations for the 20" gas main utility relocation are finalized and an agreement has been executed in late February 2022.
		Heated Market: WT CPMO has indicated that more than 90% of the project has been procured at this stage and therefore the risk associated to the heated market has been addressed and accommodated in the current EAC.
		Escalation: WT CPMO indicated that escalation allowances are embedded within the current EAC, however, the contingency has been largely used to offset escalation and cost increases in the last quarter. Despite of the project been more than 90% procured, there is the risk of additional costs due to escalation. This needs to be closely monitored.
		COVID-19: Claims realised to-date are included in the EAC; whilst the pandemic is on-going the restrictions and protocols remain in place that have the potential to impact project costs and productivity. WT CPMO have not advised of any substantial claims within the current reporting period.
		The 'PLFP Dashboard' includes unchanging budget information under the 'Program Budget Allocation' pie charts. The data is of the 30% Approved Budget and static rather than reporting no changes to the tracked information, except for the Contingency pie-chart. This does not provide the reader any new information related to the outlook of the EAC.
		The WT Project Team has informed the Chair of the FARM that a strike by the Operators Union has the potential to result in delays and costs to the project. The impact associated to this issue will be monitored and included in our next report.
Schedule	Risk	The program schedule was re-baselined and now incorporates previously discussed delays to certain components of the work; Substantial Performance (Excluding Parks) is now moved to June 20, 2024. The Project Artifacts currently indicate a 'low risk' for Schedule under the assumption that the new baseline is agreed by all stakeholders. It is our understanding that the Project Schedule and the new Completion Date need to be adjusted by the three levels of government, this is not expected to happen before Q1/2022-2023.
	Substantial Completion	A revised baseline was presented this period, Substantial Performance is now scheduled to be achieved as follows: I. PLFPEI Substantial Performance (Excluding Parks) on June 20, 2024 II. PLFPEI Substantial Performance (Including Parks) on October 31, 2024
	Critical Path	Please refer to section 4.3.1.
	Operators Union Strike	The WT Project Team has informed the Chair of the FARM that a strike by the Operators Union has the potential to result in delays and costs to the project. The impact associated to this issue will be monitored and included in our next report.
	COVID-19	The PLFP Project remains open and operational; and WT and EllisDon are following all necessary health and safety regulations and guidelines. No delay claims are identified by WT CPMO in the current reporting period.
	Project Charters	WT CPMO have confirmed that there were no revisions issued to the Project Charters during quarter ending March 31, 2022.
Risk	Overall Risk Status	The Project Dashboard for the month of March 2022 indicates an 'amber' risk level, which means a medium likelihood of risks occurring that may impact the schedule/budget. The main reasons for an overall amber risks rating are (1) Utilities relocation, (2) Increased costs for off-site disposal, (3) Toronto Hydro Duct Bank Elevation (Spillway), (4) Toronto

		Hydro design delay and (5) Costs in Excess of Estimate (River Valley) (6) Dewatering activities.
	Reporting on Risk	The risk management process is robust, and risks are identified, quantified and reported within the Project Artefacts. A 6-month update on the impact to the budget and / or schedule was presented in Q4-2021/22, please refer to section 6.0 for further details.
<ul style="list-style-type: none"> • Exclusions: BTY has not undertaken a review of the Project Artefacts for Project ID PFP08-01 Lake Shore Boulevard East Bridge & Public Realm ("LSBE Modifications"). Whilst this is reference and/or included in some of the PLFP Project Artefacts, these works are outside of the scope of the PLFP Project. BTY will continue to monitor these works in terms of any impact to the Port Lands Flood Protection Project only. • Best Practice Review: The general technical aspects presently known have been assessed against experience of large-scale, complex infrastructure projects. The processes are found to be robust and in accordance with standard industry practices. • Schedule Re-Baseline: A new Baseline was introduced during the reporting Quarter, please refer to section 4.0 for further details. 		
Next Steps for the Independent CPMAS Consultant		
<ul style="list-style-type: none"> • Our next report will monitor and evaluate the technical aspects of the PLFP Project based on the Project Artefacts for the period Q1 2022/23: April 1, 2022 – June 30, 2022. This will specifically include: <ul style="list-style-type: none"> ○ EAC and Uncommitted Costs (cost-to-complete). ○ Procurement v Committed Costs. ○ Schedule. 		

1.2 PLFP PROJECT SUMMARY: QTR-ON-QTR COMPARISON OF BUDGET-SCHEDULE-RISK

The following table indicates WT CPMO's assessment/comment of the risk status for budget-schedule-risk management based upon the likelihood of impact to the overall project budget / schedule against the original baseline schedule, as follows:

Project	ID	WT CPMO Status Summary (Dec. 2021)			WT CPMO Status Summary (March 2022)			BTY Comment
		Budget	Schedule	Risks	Budget	Schedule	Risks	
PFP03-01 Commissioners Str W to New Cherry St.	15A							Costs associated with construction challenges for utility crossing at Spillway and dewatering activities.
PFP03-02 Commissioners Str E to Saulter St.	15C							Costs associated with construction challenges for utility crossing at Spillway and dewatering activities.
PFP03-03 Cherry Street Re-Alignment	14A							
PFP03-05 Don Roadway North	7A							
PFP03-06 Hydro One Integration	18							
PFP03-07 Site Wide Municipal Infrastructure	5							Higher tender results, additional dewatering, unforeseen situations.
PFP04-01 Cherry Street North Bridge	14B							
PFP04-02 Cherry Street South Bridge	14C							Dampers to be installed if vibrations exceed limits. Winter work premiums may exceed budget.
PFP04-03 Commissioner Street Bridge	15B							Dampers to be installed if vibrations exceed limits.
PFP04-04 Lakeshore Road & Rail Bridge Mods.	13							Relocation of Enbridge and THES risks.
PFP04-05 Old Cherry St Bridge Demo	14D							
PFP05-03 River Valley System	3							
PFP05-04 Don Greenway & Spillway	4							
PFP05-05 Keating Channel Modifications	16							
PFP05-06 Polson Slip Naturalisation	2							
PFP05-07 Don Roadway Valley Wall Feature	8							Dock wall and roadway ground improvements sequencing.
PFP05-08 Eastern Avenue Flood Protection	12							
PFP05-10 Flow Control Weirs	11							
PFP05-11 Sediment & Debris Management Area	10							Costs related to Gardiner emergency repairs, dock wall and Hydro One Constructability.
PFP05-12 Villiers Island Grading	19							
PFP06-01 River Valley Park North	20							Dewatering for wet utilities, additional soil required due to bulking.
PFP06-02 River Valley Park South	21							
PFP06-03 Promontory Park South	17B							Dewatering activities.
WT CPMO Overall Project								
BTY Summary (based on WT CPMO 'Risk Criteria')								5 Projects current hold a 'high impact' cost status.
Budget		Schedule		Risk Management				
+10% over Approved Budget		Over 6-months behind		High likelihood &/or impact to budget /schedule				
Up to 10% over Approved Budget		Up to 6-months behind		Medium likelihood &/or impact to budget / schedule				
Within Approved Budget		On Schedule		Low likelihood &/or resolution without impact to budget/schedule				

1.2.1 INDEPENDENT CPMAS CONSULTANT OPINION ON THE QUARTERLY STATUS

Based on the Project Artefacts received in Q4 2021/22, we opine:

- 1. Budget:** A 'low risk' status for the overall Budget is shown in the March 2022 Monthly Program Dashboard. However, based on the information shared by the WT CPMO, we do not agree for this to be shown as a 'low risk' item, and it should be indicated as a 'medium risk' pending on confirmation of potential cost increases due to anticipated Schedule extensions, cost increases in some activities and the risk analysis modeled for the period. Please note that there is a potential for the Approved Budget to be revised. Please note that we have been informed by the WT CPMO that the March data and report predated the revised EAC and HDR Risk Assessment so additional Budget risk was not apparent on the March 31st Artifacts.
- 2. Schedule:** The schedule risk is also shown as 'low risk' in the March 2022 Monthly Program Dashboard. It is our understanding that the Project Schedule and the new Completion Date need to be adjusted by the three levels of government, this is not expected to happen before Q1 2022-2023.
- 3. Risk:** WT has assigned a 'medium risk' in the March 2022 Monthly Program Dashboard, this is due to (1) an increased in the costs for off-site disposal, (2) Toronto Hydro Duct Bank Elevation backfill (Spillway), (3) Toronto Hydro design delay, and (4) Costs in excess of Estimate (River Valley) in addition to escalation of costs in the supply chain. These risks are being actively tracked by WT CPMO in terms of budget and schedule risk. We understand that allowances are carried within the EAC, and/or absorbed by the available unused contingency. However, the remaining balance of contingency may not be enough to cover potential cost increases.

2.0 Introduction & Methodology

2.1 INSTRUCTIONS RECEIVED

BTY Consultancy Group Inc. (“BTY” or “Independent CPMAS Consultant”) has been retained to perform Independent Capital Project Monitoring and Assurance Services on the Port Lands Flood Protection (“PLFP”) project in support of the governance and oversight function of Waterfront Toronto (“WT”) Board of Directors and its Finance, Audit and Risk Management (“FARM”) Committee.

As per the terms of our engagement and the direction received from the FARM Committee on May 23, 2019, BTY is required to independently monitor, analyse and advise upon:

- The completeness and relevance of the monthly updated Project Artefacts.
- The robustness of the processes in-place to manage budget/costs, schedule, scope and risks.
- Verification of the status of the Project, in terms of the budget, schedule, scope and risks through construction delivery phase, on a sampling basis of at least 20% of the sub-projects of the PLFP Project compared to the available project reporting by WT CPMO and the Construction Manager (“CM” or “EllisDon”); and
- Attend FARM Committee and provide any technical advisory related to the development and construction activities required by the Committee.

Please refer to our finalised Project Execution Plan dated August 16, 2019.

2.2 REPORT RELIANCE

This report has been prepared in accordance with the scope of work contained in the Professional Services Agreement (# 2150) between Toronto Waterfront Revitalization Corporation and BTY Consultancy Group Inc., dated August 27, 2018 and is subject to the terms of that Agreement. BTY, its Directors, staff or agents do not make any representation or warranty as to the factual accuracy of the information provided to us by Waterfront Toronto, third party consultants or agents, upon which this report is based. BTY will not be liable for the result of any information not received which, if produced, could have materially changed the opinions or conclusions stated in this report.

Any advice, opinions, or recommendations within this document should be read and relied upon only in the context of this report in its entirety. The contents of this report do not provide legal, insurance or tax advice or opinion.

Opinions in this report are not an advocate for any party and if called upon to give oral or written testimony, it will be given on the same assumption.

2.3 REPORTING QUALIFICATIONS

This report has been prepared based on information provided to us by WT Capital Program Management Office (“WT CPMO”) up to the date of issue of this report. BTY does not accept accountability for the Project Artefacts (information) that has not been provided to us or is not available at the time of preparing this report.

BTY has reviewed the Project Artefacts provided to us by WT CPMO. We note that this Independent CPMAS Quarterly Report presents a snapshot of time review of the project fundamentals in a ‘live’ project environment. This means that ‘Project Artefacts’ provided may be draft, be inconsistent and/or subject to change due to timing of the reporting cycle.

BTY has not undertaken an independent evaluation of viability of PLFP Project budget-schedule-risk.

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2.4 PROJECT DESCRIPTION

The Port Lands Flood Protection and Enabling Infrastructure Project (“the Project” or “PLFP Project”) is a comprehensive plan for flood protecting southeastern portions of downtown Toronto including parts of the Port Lands, South Riverdale, Leslieville, south of Eastern Avenue and the First Gulf/Unilever development site, which are at risk of flooding under a provincially defined Regulatory Storm event. As a result, these areas are within a provincially designated Special Policy Area and are effectively undevelopable and economically under-utilized until the flood risk is removed.

The PLFP Project comprises of 23* sub-projects, these projects fall into 4 categories of work:

- i. Roads and Services,
- ii. Bridges and Structures,
- iii. Flood Protection, and
- iv. Parks/Public Realm.

* We note that sub-projects 3 and 4 are combined, and subsequently, our report refers to 22 sub-projects throughout rather than 23. This is consistent with WT CPMO’s approach and does not reflect a change to the scope of the PLFP Project.

Each sub-project of the PLFP Project is described within the Project Charters v.5 approved by the Executive Committee for the PLFP Project on April 29, 2019 and /or Project Charters v.6 approved in July 2019 (refer to the Table in Appendix 4, Section 5.2 of this report).

There has been no formal change to the Project Charters approved, and therefore the Project Scope is unchanged during the current quarterly reporting period.

2.5 METHODOLOGY & APPROACH

This report is based upon Project Artefacts received from the WT Capital Program Management Office (“WT CPMO”) relevant to the period Q4 2021/22 (January 1, 2022 to March 31, 2022). We understand that all reporting presented to the FARM Committee for discussion is based on the same timeline.

BTY, in capacity of independent monitor, engaged with the WT CPMO Office, the WT Chief Project Officer, and EllisDon in order to prepare this report.

In addition, we have reviewed and substantiated the data reported by WT CPMO Office and the Construction Manager related to budget/costs, schedule, scope, and risk management in the Project Artefacts listed in Section 2.6 of Appendix 1 to this report.

Our independent findings and recommendations related to the Project Artefacts are discussed within the Executive Summary, with further details in the appendices to this report.

2.6 PROJECT ARTEFACTS RECEIVED

The following Project Artefacts for reporting period ending March 31, 2022 (Q4 2021/22) were received from the WT CPMO and reviewed and analysed by the Independent CPMAS Consultant team, as follows:

- a. WT’s PLFP Project Monthly Status Reports (January and February 2022);
- b. WT’s PLFP Project Monthly Status Reports for March 2022;
- c. 2022_03_31_90%StageGateEACvsCurrentEAC_March2022;
- d. PLFP Project Dashboard (January and February 2022);
- e. PLFP Project Dashboard for March 2022;
- f. Ellis Don Monthly Progress Report for January, February and March 2022;

- g. Budget documents and 90% Cost Estimates including:
 - i. Mar.2022EAC SummaryRev2;
 - ii. Semi Annual Cost Estimate Update March 31, 2022 – Draft
- h. Procurement documents including:
 - i. WT Procurement Log ‘PLFP_WT_Procurement log_31Mar2022’;
 - ii. EllisDon Procurement Log ‘Ellisdon’s contract procurement log_31Mar2022’;
 - iii. Change Orders ‘Ellisdon PO 2044 CO List_Mar.31 2022’;
 - iv. ELLISDON ‘PO line for PO2044 line ED March 31 2022’;
 - v. A copy of each of the following executed Change Orders nos.: CO 131, 254, 294, 313, 319, 423, and 452;
- i. Program Schedule including:
 - i. 2022_Baseline Schedule Rev.01b.pdf;
 - ii. 2022_Baseline Schedule Rev.01b.xer;
 - iii. Schedule Update #52_March_2022_Draft.pdf;
 - iv. Schedule Update #52 March_2022_Draft.xer;
- j. Risk Register including:
 - i. 2022_01_Risk Register_January2022.xlsx;
 - ii. 2022_02_Risk Register_February2022.xlsx;
 - iii. 2022_03_Risk Register_March2022.xlsx;
 - iv. Risk Issues Update-ESC April 25 2022.pdf;
- k. Updated Project Charters: Not received.

The Project Artefacts are provided by WT CPMO and reflect the activities underway during any given reporting period. BTY are not responsible for any additional information that may be available but not provided by WT CPMO and/or the PLFP Project team via WT CPMO. This includes information that had it been received, would have materially changed the opinions contained in this report.

2.7 EXCLUSIONS

The following are excluded from our review and reporting, except should any become a monitored risk with the potential to impact schedule, budget or scope:

- Regulatory approvals including permits, licences and approvals.
- Public and Stakeholder Communications.
- Indigenous Consultation.
- Health & Safety.
- Environmental matters.
- Site Conditions.
- Design review and compliance.
- Status of construction period payments.
- Disputes, claims or liens.
- Changes in Law.
- Warranties.
- Maintenance plans.

2.8 NEXT STEPS

We expect our next report to be a monitoring report of the technical aspects of the PLFP Project being executed based on the Project Artefacts for the period April 1 – June 30, 2022. Our next report is due in August 2022, actual date to be determined.



2.9 FURTHER INFORMATION

Should the reader have any queries regarding the content of this report, please contact either of the following:

Marie Foley, MRICS, PQS, LEED™ AP

Director

BTY Group

127 John Street

Toronto, ON, M5V 2E2

T: 416 596 9339 | E: mariefoley@bty.com

Luis Castillo, CEC

Director

BTY Group

127 John Street

Toronto, ON, M5V 2E2

T: 416 596 9339 | E: luiscastillo@bty.com

3.0 Budget / Cost Management

3.1 INTRODUCTION AND APPROACH

Our role is to provide a review of the cost management process implemented by the project team and provide opinion on whether the process is being performed in line with expected professional industry standards and best practices.

During Q4 2021/22 (period January 1, 2022 – June 30, 2022), we undertook a general review of the Project Artefacts related to budget and financial summaries, to confirm the budget reporting. In addition to the PLFP Monthly Program Dashboard and Monthly Status Reports for each sub-project, BTY received additional project artefacts to support the 90% cost estimates, contingency, committed costs (procurement and change orders) and the current EAC forecast.

The goal of our review is to monitor the reporting prepared by WT CPMO to confirm that it is prepared in accordance with good industry practices and a sample was checked for accuracy.

3.2 APPROVED BUDGET & 90% STAGE GATE

3.2.1 APPROVED BUDGET

There is no change to the Budget of \$1.185Bn this quarter.

3.2.2 90% STAGE GATE

The 90% Stage Gate Budget is \$1.185 Bn. This was approved by the Executive Steering Committee on October 19, 2020. The 90% Stage Gate process is now concluded.

3.3 BUDGET / COST MANAGEMENT PROCESS

3.3.1 90% COST ESTIMATE FINALISATION PROCESS

The Parks and Public Realm (3 sub-projects) and Flood Protection (9 sub-projects) scope of works at the 90% SG is based on the 60% Cost Estimate(s). As previously reported, the 90% Cost Estimates were pending the finalisation of scope and detailed design decisions, which was forecast to be finalised post-90% SG.

In our last report, it was indicated by the WT CPMO that the 90% Cost Estimate milestone had been completed, specifically:

- 8 of 9 of the Flood Protection sub-projects have been completed in accordance with the previously reviewed cost management process (refer to our CPMAS Report #9, section 3.2);
- 1 of 9 the Flood Protection (the SDMA package) and the 3 x Parks/Public Realm sub-project works were estimated based on 90% design data using a deviated cost management process.

Based on our discussions with WT CPMO, we understand that the cost management process has partially deviated compared to all previous stage gate Cost Estimates. Previously, we reported that the cost management process was four-fold:

1. Cost Consultant prepares cost estimate based on design documentation;

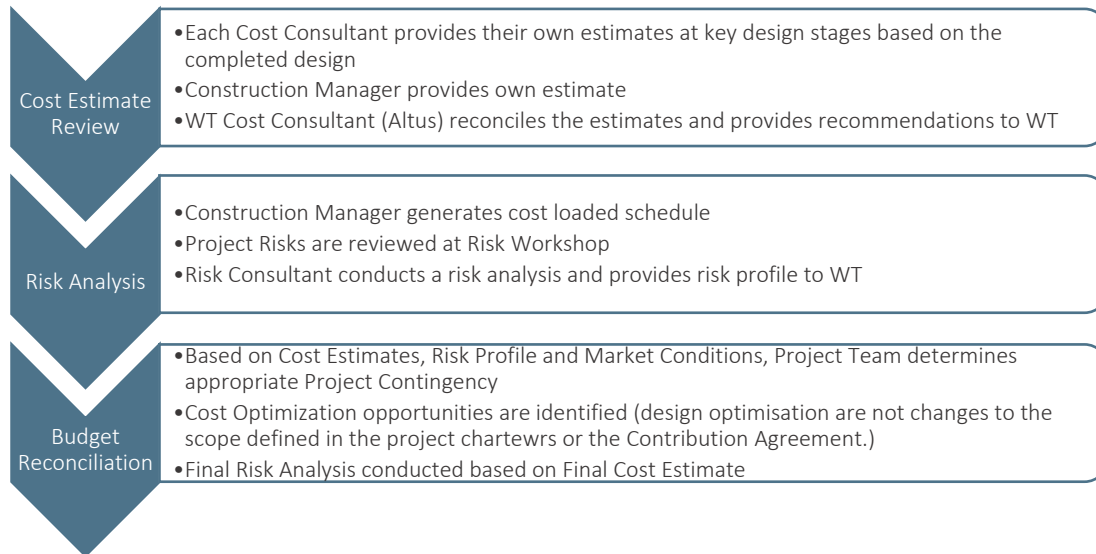
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2. The managing Cost Consultant is responsible to reconcile all cost estimates and omit any errors, omissions and duplication;
3. Risk workshops, risk pricing; and
4. WT CPMO and the CM, EllisDon finalise the EAC based on the Report of the Managing Cost Consultant, and the risk profile, market conditions and contingency.

The diagram identifies the cost management process adopted at each stage gate.



The revised cost management process omits the first stage, use of a Cost Consultant. We understand that the decision to amend the cost management process was because of poor performance and poor cost reliability provided by the consultant. Instead, we understand that EllisDon and the Managing Cost Consultant completed detailed Cost Estimates for the Flood Protection (SDMA package) and Parks/Public Realm.

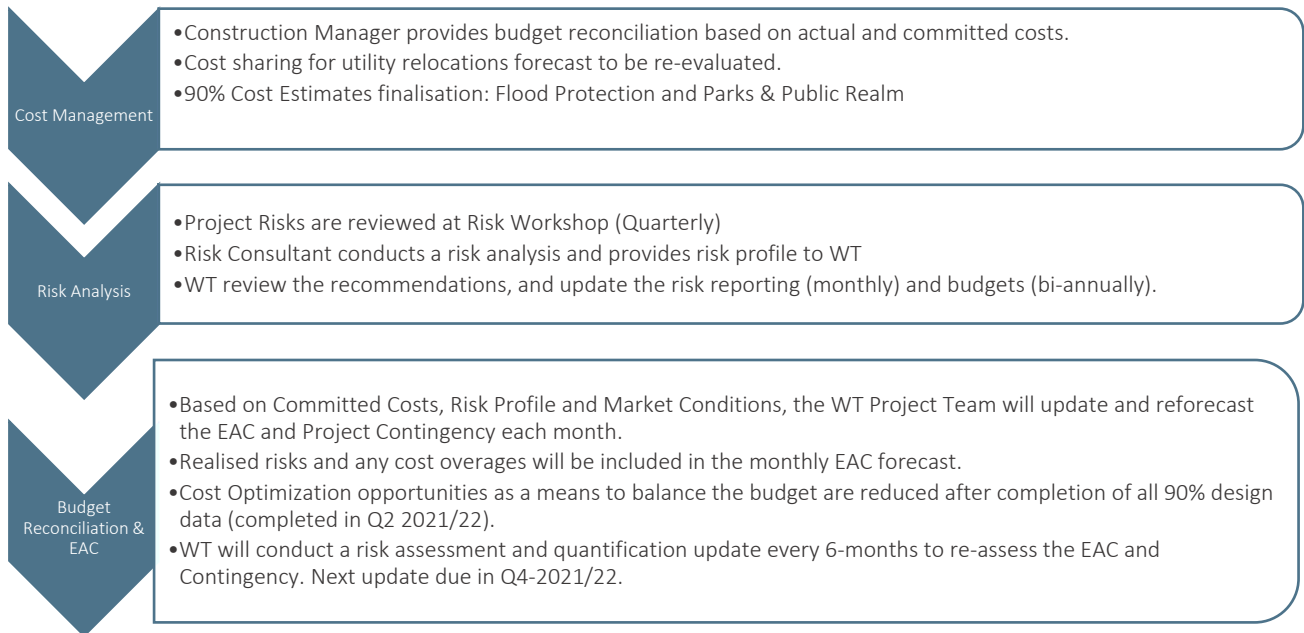
We received in the last period estimate reconciliations between EllisDon and Altus for Parks/Public Realm and the Sediment & Debris Management Area (SDMA). A 95% Estimate Reconciliation R1 for Parks and Public Realm dated December 14, 2021 was received for the last quarter. Please note that it is indicated that these estimates are limited to WP 9 scope (park finishes and landscape) which includes escalation and excludes committed costs, GC, bond and fee. It is our understanding that the estimate carries only uncommitted costs. Also note, as previously reported, that there are discrepancies between the estimates and the EAC (Please refer to our CPMAS Report #14 for more details).

3.3.2 PROJECT ID 9 & 12 - SCOPE FINALISATION AND BUDGET IMPACT

WT CPMO has confirmed these works are complete. BTY has not completed a review of any related project artefacts.

3.3.3 POST-90% STAGE GATE COST MANAGEMENT PROCESS

Based on our discussions with WT CPMO, we understand that the Post-90% Stage Gate cost management process shall reflect the following, per the table:



In our opinion the post-90% stage gate cost management process is robust.

3.4 EAC - RISK ANALYSIS

WT CPMO advise that any commitments, realised or probable risk and allowances for market conditions are included in the reforecast EAC, however, there is a potential for cost increases due to anticipated schedule extensions, costs increase in some activities and escalation.

A copy of the Risk Issues Update presentation to the Executive Steering Committee was provided for the current period. WT CPMO indicates in this document the following risk issues:

1. Enbridge Gas – Relocation of 20" Gas Main over Don River;
2. Purchase of the Cherry Street Lake Fill (CSLF) from Ports Toronto required by spring 2022;
3. THESL Cost sharing – Risk retired;
4. Keating Channel dredging – Higher bed elevations in Keating Channel, due tot existing sedimentation that has not been dredged out;
5. Covid-19 – Global pandemic with far reaching implications to health and safety;
6. City Approval to Open New Roads - Road openings require approval by City Council during election blackout period between July and December

We also received a copy of the Semi-Annual Cost Estimate Update March 31, 2022 (Draft) where it is indicated that since the previous analysis update, the P75 cost estimate has increased by \$17.3M and meaning that there is a 75% chance of total project costs being equal or less to \$1.208Bn. The probability of achieving the \$1.185Bn. budget has decreased from 53% to 4%.

Please note that this information has not been substantiated and we are unable to confirm the validity of the data.

3.5 COST & COMMITMENTS V BUDGET RECONCILIATION PROCESS

Refer to section 3.8.

3.6 ESTIMATE AT COMPLETION ("EAC")

3.6.1 UPDATED EAC FORECAST

The forecast EAC remains unchanged at \$1.185Bn., however, the construction estimate has been increased by \$21.2M from the Q3 2021/22 EAC. Please note that WT CPMO has indicated that the increase in the EAC forecast is primary related to increased costs associated with schedule extension, increased costs for dewatering, consultant services and administration services due to project extension.

The following table provides an overview of the budget movement between the 90% Stage Gate (October 2020) EAC forecast and the current EAC (March 2022) based on the quarterly Project Artefacts, as follows:

Budget	Escalated Hard Costs	Escalated Soft Costs	Contingency	NRHST	Total
90% Stage Gate (Approved)*	\$911.9 M	\$201.7 M	\$51.5 M	\$19.8 M	\$1,185 Bn
Post-90% SG: EAC @ December 30, 2021	\$919.0 M	\$204.2 M	\$41.8 M	\$19.9 M	\$1,185 Bn
Post-90% SG: EAC @ March 31, 2022	\$929.8 M	\$206.3 M	\$29.0 M	\$19.9 M	\$1,185 Bn
Difference QTR-on-QTR	\$10.8 M	\$2.1 M	\$12.8 M	\$0.0 M	\$0 M

BTY have reviewed back-up to the financial summary information reported in the 'Dashboard' and 'Project Status Report' provided for the quarterly Project Artefacts, and we have confirmed that the EAC forecast is being updated by WT CPMO each month to reflect the impact of actual costs and current commitments (tender packages awarded, change orders, and risk) against the individual project EAC forecast.

For clarity, budget movement against the individual projects is normal movement within the overall budget / EAC forecast envelope.

3.6.2 UPDATED EAC FORECAST - RISK ANALYSIS

WT CPMO has advised that the probability of achieving the EAC of \$1.185Bn has decreased from 53% to 4%. It is noted in the Semi-Annual Cost Estimate Update March 31, 2022 (draft) that the risk analysis results show a current base cost increased by \$25.4M when comparing to the previous update, a risk-adjusted cost estimate at the 75% increased by \$17.3M and that an increase in contingency of \$23.0M beyond current budget of \$1.185Bn. will increase probability to 75%.

3.7 COMMITMENTS

3.7.1 TOTAL COMMITMENTS

The 'Project Status Reports' identify any changes to the 'Total Commitments' split between Hard Costs, Soft Costs and Contingency. Based upon the available Project Artefacts we note:

- i. 'Total Commitments' are \$1.011Bn. or equal to 85.3% of the Approved Budget / EAC amount of \$1.185Bn, which is an increase of 4.3% over the previous quarter end. Specifically,
 - a. Roads & Services sub-projects average 95% committed,
 - b. Bridges & Structures are 92% committed,
 - c. Flood Protection sub-projects committed to 86%
 - d. Parks/Public Realm committed to 53% based on the current EAC
- ii. Hard Cost 'Total Commitments' are equal to 85.2% of the Hard Cost EAC in March 2022.
- iii. 'Costs Incurred to Date' are reported by WT CPMO to be equal to 56% of the overall Approved Budget; however, this has not been verified by BTY.

Please note that WT has indicated that the current EAC has been updated to reflect the current project known challenges and risks. Please refer to section 3.3.1 for additional commentary on commitments.

3.7.2 PROCUREMENT

Trade packages are tendered for the Project as a whole; however, the Budget is monitored against the individual projects. This means that the tender award value is apportioned across the relevant sub-projects of the PLFP based on the discretion and judgement of WT CPMO [and Ellis Don]. Whilst BTY has not completed a detailed review of the WT CPMO reported 'Total Commitments' for the PLFP Project, we observe that the reporting generally aligns with the WT CPMO reported 'Procurement' (tenders awarded).

A Procurement Log, inclusive of the contract award has been provided. WT CPMO provided a Procurement Log (ref: 'PLFP_WT_Procurement log_31Mar2022') where Commitments are allocated across the individual sub-projects of the PLFP works. Based upon our review of the available Project Artefacts, monthly financial reports and procurement logs, we note the Project Artefact reporting to be generally consistent (+/- 1.7%), this is an acceptable range.

3.7.3 CHANGE ORDERS

Four hundred ninety-five (495) Change Orders ("CO's") had been issued totalling approximately \$53.02M and distributed across different tender packages, representing 7.1% of the Hard Cost Commitments to-date. We received and reviewed the 'Ellisdon PO 2044 CO list_Mar.31 2022' document, which details the executed CO's to date issued against the Contract #2044 (we understand this reference is for the Port Lands Flood Protection project in its entirety). Based upon a cursory review, there does not appear to be any change to the scope of the project.

The following table lists the CO's that exceed \$800K in increases or \$500K in decreases that were executed, please note that WT provided the back-up documents for the below indicated CO's:

	Description	Value in \$/M	Back-up
1	CO304-TP16 -GFL Final Reconciliation and Settlement	\$7.43	Provided
2	CO03-TP13-Shallow Excavation at 51/63 Commissioners St. Part	\$3.51	Provided
3	CO158-TP42-Soil Disposal with Debris and NAPL	\$2.38	Provided

	Description	Value in \$/M	Back-up
4	CO452-TP41-185 Villiers Street NAPL Stockpile Disposal	\$2.33	Provided
6	CO273-TP76 -Wet Utilities Trenching-Water Treatment -Site Wide	\$2.29	Provided
7	CO144-TP11-CSN/COMM-Hydro Enclosure Fabrication	\$1.80	Provided
8	CO124-TP50 -Supply of Topsoil-Parks, River & Roads	\$1.70	Provided
9	CO281-TP41 -Reconciled Quantities to March Soil Movements	\$1.60	Provided
10	CO423-TP41-Reconciled Quantities to June Soil Movements	\$1.50	Provided
11	CO47-TP42-EW 2.2 Additional Material (York Material)	\$1.14	Provided
12	CO191-TP42 Offsite Peat Disposal Reconciliation	\$1.09	Provided
13	CO91-TP41 - Inherited Stockpile Disposal	\$1.08	Provided
14	CO92-TP41 -QM Bonding	\$0.99	Provided
15	CO306-TP76-Wet Utilities Trenching	\$0.93	Provided
16	CO06-TP13-Additional Disposal of Excess Soil at 51/63 Commis.	\$0.92	Provided
17	CO01-TP05-Shallow Excavation at 51/63 Commissioners St. Part	\$0.89	Provided
18	CO68-TP16 -Tremie Placement of Concrete	\$0.84	Provided
19	CO132-TP43 -Trans Northern Pipeline Removal	\$0.80	Provided
20	CO313-TP41-Vertical Clay Berm Replacement with Site Soils	(\$0.50)	Provided
21	CO28-TP23-Power Cash Allowance Descoping	(\$1.06)	Provided
22	CO165-TP46 Package 50.4 Closeout	(\$1.17)	Provided
23	CO109-TP17 -CSN -Reconciliation (Soletanche Bachy Canada)	(\$1.20)	Provided
24	CO55-TP26 -Wall C Secant to Slurry	(\$1.29)	Provided
25	CO283-TP37-Tree and Rootwad Supply: Closeout and Reconciliation of Calculation Errors in CO-161	(\$1.69)	Provided
26	CO439-TP41-Cut-Off Spoils Reconciliation	(\$3.89)	Provided
27	CO18-TP17- CSLF-PLFP Scope Transfer	(\$4.24)	Provided
28	CO272-TP26 -Phase 2 Cut Off Wall Contract Reconciliation	(\$4.38)	Provided

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3.8 CONTINGENCY

3.8.1 CONTINGENCY PROCESS

As reported previously, Contingencies included within the PLFP project are split into three tranches: Hard Cost Contingency (construction), Soft Cost Contingency (design and engineering phase or development cost related), and Program Contingency. Further, WT CPMO considers Contingencies to either be used, allocated but unused and unused. Our references to Contingency are inclusive of all contingency funds, unless stated otherwise.

Please note that the current EAC update has readjusted the contingency allowance in some projects. WT CPMO informed that these re-allocations are based on the updated EAC and reflect to the best of their knowledge the known current challenges and risks related to the completion of the project. Additionally, as previously stated, WT has indicated that the remaining project contingency, though assigned to individual sub-projects, may be distributed in any way that WT CPMO elects as a "Contingency pool".

3.8.2 CONTINGENCY STATUS

The total, unused Contingency is \$29.08M at the end of the reporting period. Adjustments and commitments (+/-) in different projects have been noted. The following shows the current contingency balance per project:

Project Charter	Contingency (Q3 2021/22)	Contingency (Q4 2021/22)	Difference
PFP03-01 Commissioners St West to New Cherry St	\$2,733,149	\$870,101	\$(1,863,048)
PFP03-02 Commissioners St East to Saulters St	\$362,908	\$406,383	\$43,475
PFP03-03 Cherry St Re-Alignment	\$1,681,237	\$713,246	\$(967,991)
PFP03-05 Don Roadway North	\$1,110,369	\$284,040	\$(826,329)
PFP03-06 Hydro One Integration	\$1,653	\$110,703	\$109,050
PFP03-07 Site Wide Municipal Infrastructure	\$2,921,358	\$2,480,356	\$(441,002)
PFP04-01 Cherry St North Bridge	\$845,442	\$452,249	\$(393,193)
PFP04-02 Cherry St South Bridge	\$1,984,665	\$428,068	\$(1,556,597)
PFP04-03 Commissioners St Bridge	\$697,740	\$208,272	\$(489,468)
PFP04-04 Lakeshore Road and Rail Bridge Modification	\$5,449,393	\$4,428,580	\$(1,020,813)
PFP04-05 Old Cherry St Bridge Demolition	\$197,740	\$195,032	\$(2,708)
PFP05-03/04 River Valley & Don Greenway and Spillway	\$5,639,517	\$7,104,212	\$1,464,695
PFP05-05 Keating Channel Modifications	\$208,465	\$105,218	\$(103,247)
PFP05-06 Polson Slip Naturalization	\$1,287,715	\$1,283,325	\$(4,391)
PFP05-07 Don Roadway Valley Wall Feature	\$1,286,336	\$158,840	\$(1,127,496)
PFP05-08 Eastern Avenue Flood Protection	\$0	\$12,678	\$12,678
PFP05-09 East Harbour Flood Protection	\$-	\$0	\$0
PFP05-10 Flow Control Weirs	\$208,465	\$129,581	\$(78,884)
PFP05-11 Sediment and Debris Management	\$4,559,469	\$5,239,114	\$679,645
PFP05-12 Villiers Island Grading	\$1,424,039	\$304,168	\$(1,119,870)
PFP06-01 River Park North	\$3,194,327	\$1,426,236	\$(1,768,091)
PFP06-02 River Park South	\$1,693,834	\$717,991	\$(975,844)
PFP06-03 Promontory Park South	\$4,280,725	\$1,925,973	\$(2,354,753)
Total	\$41,768,546	\$28,984,365	\$(12,787,180)

Based on the current EAC, the unused Contingency is equal to 2.45% of the Approved Budget. 5.52% of the total project cost-to-complete (EAC less Costs Incurred to Date).

3.8.3 OPINION ON CONTINGENCY

Whilst the overall Contingency appears to be in-range, we note that there are undefined costs or insufficient budget allocated to some specific projects (discussed in 3.3.1, 3.3.3 and Risk - Appendix 6) that have the potential to impact the Budget.

In our opinion, this is within a reasonable range in normal circumstances, however it is significantly lower when compared with the previous reporting periods. The Contingency has been reduced by \$12.9M and indicated to be \$28.9M in the current reporting period. Based on our review of the Project Artefacts, adjustments have been made in different projects to offset increases resulting from current commitments and revisions to the EAC forecast. The Project Artefacts continue to indicate that sub-project PFP.05.08 # 12 has almost no Contingency though the works are incomplete (78% paid as shown in the project artifacts). This is not in accordance with best practice.

We are unable to validate the adequacy of the Contingency until procurement and / or finalisation of the scope liabilities are finalised.

3.9 INDEPENDENT CPMAS REVIEW (PROJECT SAMPLING)

BTY reviewed a random sample of the financial reporting in order to validate the process and accuracy of reporting by WT CPMO.

Project	Project ID	WT CPMO Budget Dec 2021	WT CPMO Budget Mar 2022	BTY Comment
PFP03-01 Commissioners Str W to New Cherry St.	15A			Contingency has been severally reduced by \$1.86M
PFP03-02 Commissioners Str E to Saulters St.	15C			
PFP03-03 Cherry Street Re-Alignment	14A			
PFP03-05 Don Roadway North	7A			
PFP03-06 Hydro One Integration	18			
PFP03-07 Site Wide Municipal Infrastructure	5			
PFP04-01 Cherry Street North Bridge	14B			
PFP04-02 Cherry Street South Bridge	14C			Contingency has been severally reduced by \$1.56M
PFP04-03 Commissioner Street Bridge	15B			
PFP04-04 Lakeshore Road & Rail Bridge Mods.	13			
PFP04-05 Old Cherry St Bridge Demo	14D			
PFP05-03 River Valley System	3			
PFP05-04 Don Greenway & Spillway	4			
PFP05-05 Keating Channel Modifications	16			Contingency has been severally reduced by \$1.02M
PFP05-06 Polson Slip Naturalisation	2			
PFP05-07 Don Roadway Valley Wall Feature	8			Contingency has been severally reduced by \$1.13M
PFP05-08 Eastern Avenue Flood Protection	12			
PFP05-10 Flow Control Weirs	11			
PFP05-11 Sediment & Debris Management Area	10			
PFP05-12 Villiers Island Grading	19			Contingency has been severally reduced by \$1.12M
PFP06-01 River Valley Park North	20			Contingency has been severally reduced by \$1.77M
PFP06-02 River Valley Park South	21			
PFP06-03 Promontory Park South	17B			Contingency has been severally reduced by \$2.35M
WT CPMO Overall Project				Same as previous status rating.
BTY Summary (based on WT CPMO 'Risk Criteria')				Potential increase to the budget has been discussed with the WT CPMO, contingency level seems low to offset these possible increases.



Source: Monthly Status Reports – January 2022, February 2022 and March 2022.

Of the twenty-two 22 Work Packages (sub-projects), three (3) are identified by WT CPMO to have a medium impact to budget and five (5) are identified to have a high impact.

3.10 INDEPENDENT CPMAS FINDINGS

The overall 'Estimate at Completion' continues to reconcile with the 90% Stage Gate and the Approved Budget of \$1.185Bn. However, based on discussions with the WT CPMO, potential costs increases are being monitored mainly due to (1) Utilities relocation, (2) Increased costs for off-site disposal, (3) Toronto Hydro Duct Bank Elevation (Spillway), (4) Toronto Hydro design delay and (5) Costs in Excess of Estimate (River Valley) (6) Dewatering activities. These potential cost increases could represent an augmentation in the overall project budget.

4.0 Schedule Management

4.1 INTRODUCTION AND METHODOLOGY

Discussions have been held between ED and WT since October 2021 leading to the development of a revised baseline schedule for the project. It is our understanding that some of the reasons given for the necessity to revise the previous baseline schedule can be summarised as follows.

- Most of the milestone dates in the previous baseline were no longer achievable. This is apparently because of delays to the design, procurement and implementation of several key utilities which are not under the direct control of ED. Some of these delays are significant.
- The Achievement date for the Flood Protection part of the works has been extended to 20th June 2024. This date excludes the parks which have a Substantial Performance completion date of 31st October 2024. In the previous baseline, the planned completion date was 28th December 2023.
- It is noted that the completion date for the Lakeshore Bridge modifications remains at 24th December 2024.

At the end of January 2022, a revised baseline schedule BL3.0 was issued by ED which indicated a data date or 31st January 2022. A subsequent review by all parties highlighted several observations which required ED to address. This led to further discussions during February and March 2022. The expectation is that the comments and observations made in the review and during the discussions would be incorporated into the schedule resulting in a final version of the revised baseline schedule.

Baseline schedule BL3.1 was issued at the end of March 2022 indicating a data date of 28th February 2022. Following a further review, minor amendments were made to this schedule and the final acceptable version of revised baseline schedule BL3.1 (R01) was issued on 4th April 2022. The data date remained on 28th February 2022.

4.2 SCHEDULE

4.2.1 BASELINE SCHEDULE: 2022_BASELINE SCHEDULE REV.01B

It is our understanding that Schedule 2022_Baseline Schedule Rev.01b has been adopted as new baseline with information to February 28, 2022.

4.2.2 CURRENT SCHEDULE: #52 BL3.1 (R01)

Schedule update #52 BL3.1 (R01) was issued on 29th April 2022. This is an update to the revised baseline. The data date for the schedule update is indicated as 31st March 2022.

No slippage in the schedule has been observed between the baseline schedule and the current update for March 2022.

4.3 COMPLETION DATES (MILESTONES)

As in previous baseline schedules, the activities relating to the PLFP Project and the Lake Shore Bridge East Modifications ("LSBE Modifications") are combined in the latest baseline schedule BL3.1 (R01) and the subsequent schedule update for March 2022.

The completion milestones for the PLFP Project and the Lake Shore Bridge East Modifications are identified in the revised baseline schedule and updated schedule for March 2022 as follows:

Description	Previously Approved Baseline Schedule	Baseline Schedule (March 2022)	WT Risk Status
PLFPEI Substantial Performance (excluding Parks)	December 28, 2023	June 20, 2024	
PLFPEI Substantial Performance (including Parks)	March 31, 2024	October 31, 2024	

Note: *The reader should note that the Substantial Completion date indicated on the updated monthly schedule is December 24, 2024 for the combined PLFP Project and the LSBE Modifications. The 'Achievement of Flood Protection' is the forecast completion date for the PLFP Project works.

4.3.1 CRITICAL PATH OBSERVATIONS

It is noted that there are several critical paths evident in the baseline schedule which are also evident in the schedule update for March 2022. ED indicate that the schedule has 5 critical paths with some interdependencies between them. For reference, these are identified as follows.

Flood Protection Achievement:

- CP#1: Partial Opening of Cherry Street.
- CP#2: Open New Commissioners Street

PLFP Substantial Completion:

- CP#3: CP#1 & CP#2 + Upland finishes.
- CP#4.1: Canoe cove Excavation; Promontory Park Surcharge; Promontory Park Construction & planting.
- CP#4.2: River Park North Construction & planting.

LSBE Substantial Completion:

- CP#5: LSBE Eastbound Bridge & Boulevard; LSBE Westbound Bridge & Boulevard; Permanent Gas Relocation

4.4 CURRENT PROGRESS

Current progress, as expected is in accordance with the revised baseline schedule. We visited the site on April 8, 2022.

5.0 Scope Management

5.1 INTRODUCTION AND METHODOLOGY

During the current reporting period, BTY undertook a review of the Project Artefacts in relation to scope management. The objective of our review was to substantiate the reporting by WT CPMO and the Construction Manager.

5.2 PROJECT CHARTERS

No revisions to the Project Charters have been provided as part of the Project Artefacts for period ending March 31, 2021. The current status of the Project Charters is noted to be as follows:

Project Charter	Revision 5 Executed Date	Revision 6 Executed Date
PFP03-01 Commissioners St West to New Cherry St	May 6, 2019	July 2019
PFP03-02 Commissioners St East to Saulters St	May 6, 2019	July 2019
PFP03-03 Cherry St Re-Alignment	May 6, 2019	-
PFP03-05 Don Roadway North	May 6, 2019	-
PFP03-06 Hydro One Integration	May 6, 2019	-
PFP03-07 Site Wide Municipal Infrastructure	May 6, 2019	-
PFP04-01 Cherry St North Bridge	May 6, 2019	-
PFP04-02 Cherry St South Bridge	May 6, 2019	-
PFP04-03 Commissioners St Bridge	May 6, 2019	-
PFP04-04 Lakeshore Road and Rail Bridge Modification	May 6, 2019	-
PFP04-05 Old Cherry St Bridge Demolition	May 6, 2019	-
PFP05-03/04 River Valley System & Don Greenway and Spillway	May 6, 2019	-
PFP05-05 Keating Channel Modifications	May 6, 2019	-
PFP05-06 Polson Slip Naturalization	May 6, 2019	-
PFP05-07 Don Roadway Valley Wall Feature	May 6, 2019	-
PFP05-08 Eastern Avenue Flood Protection	May 6, 2019	-
PFP05-09 East Harbour Flood Protection	May 6, 2019	July 2019
PFP05-10 Flow Control Weirs	May 6, 2019	-
PFP05-11 Sediment and Debris Management	May 6, 2019	-
PFP05-12 Villiers Island Grading	May 6, 2019	-
PFP06-01 River Park North	May 6, 2019	-
PFP06-02 River Park South	May 6, 2019	-
PFP06-03 Promontory Park South	May 6, 2019	-

We have been verbally advised by the WT CPMO team that there are no PLFP Project scope revisions in the current reporting period.

5.3 COST OPTIMISATION – SCOPE IMPACT

As per previous Stage Gates, design and cost optimisations were evaluated by the design team. Measures were approved by the Executive Steering Committee on October 19, 2020. For clarity the optimisations are not scope changes, and do not impact the Project Charters or the Contribution Agreement, as confirmed by WT CPMO.

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There is no further update during the current reporting period.

5.4 APPROVED CHANGES (CONSTRUCTION PHASE)

We have been verbally advised that there are no scope changes as a result of any approved Change Orders by the WT CPMO team. This has not been independently verified, as this is not possible based on the detail available in the Change Order Log reviewed by BTY this quarter.

5.5 PENDING SCOPE REVISIONS

Previously, the Project Artefacts identified further scope of work that may be omitted or amended within the PLFP Project, as follows:

- Lake Shore Rail Bridge (currently still in scope, decision pending).
- Eastern Avenue Flood Protection is not included in the Approved Budget, though the deletion is pending approval.

These matters will be reviewed in future Project Artefacts provided by WT CPMO.

5.6 OTHER SCOPE MATTERS – PROJECT ID #9 (PFP05-09) 'EASTERN HARBOUR FLOOD

As previously reported, the scope of work is to be finalised, and we note that an allowance was carried at 60% Stage Gate for Soft Costs and Contingency. During the current period, WT CPMO has advised that a 90% Cost Estimate will not be completed for this project because the East Harbour design and construction is to be undertaken by Cadillac Fairview with review and oversight only by WT CPMO and TRCA. Allowances for WT CPMO role is included in the EAC.

5.7 CONCLUSION: INDEPENDENT CPMAS CONSULTANT FINDINGS – SCOPE ANALYSIS

BTY understands that there are no changes to the PLFP scope this reporting period.

6.0 Risk Management

6.1 INTRODUCTION AND METHODOLOGY

During the current quarterly reporting period to March 31, 2022, BTY undertook a review of the Project Artefacts for risk management including the updated Risk Register. The objective of our review was to substantiate the reporting by WT CPMO and the Construction Manager, and that the process of risk management is undertaken in accordance with best practices.

Further, based on the noted process, the 'top key risks' were reviewed to verify the reporting by WT CPMO is consistent with the 'Risk Register' ("RR") and / or other Project Artefacts.

6.2 RISK MANAGEMENT PROCESS

6.2.1 RISK REGISTER

The primary process for risk management is based on the establishment of a Risk Register: All risks are listed within the risk register, and the probability of the risk occurring is agreed, and based on the probability of its occurrence the expected budget/schedule impact is assessed. We understand that if a risk has occurred or is forecast to have a 100% probability of occurrence it is transferred to the budget and / or schedule. Refer to 6.2.4 for further discussion.

The risk register is actively managed each month for new risks and/or updated assessments of risk impacts (cost/schedule) and probability. Further, risks that have been mitigated, inactive or retired are identifiable.

These are further discussed in 6.2.5 of this report.

6.2.2 RISK REPORTING: INCORPORATION OF RISK REGISTER IN BUDGET

The risk register is actively managed and updated monthly, and the WT CPMO monthly project status reports and dashboard reflect the updated risk register 'top risks'. Further, the risks that are considered to have a 100% probability prior to October 2020 were quantified and included in the approved 90% Stage Gate. This is unchanged.

Risks are actively monitored in the risk register and the 'top risks' section of the available Dashboards in the Project Artefact package. Whilst these risks are quantified and the probability of occurrence is assigned, no allowance for schedule or budget impact is carried. However, this is actively monitored monthly, and the EAC will be re-forecast twice annually.

If a new risk is realised, this will be drawn down against the available unused Contingency and allowances reported in the project EAC line item.

6.2.3 UPDATED EAC FORECAST - RISK ANALYSIS

Copies of the Semi-Annual Cost Estimate Update (March 31, 2022) presentation to the Executive Steering Committee and the presentation to the Finance, Audit and Risk Management Committee were provided for the previous reporting period. On top of the comments on risks included in section 3.5, high impact activities were included in the before mentioned update (refer to section 6.2.5).

Please note that this information has not been substantiated and we are unable to confirm the validity of the data.

The Risk Analysis Results included in the Semi-Annual Cost Estimate Update (March 31, 2022) included the following notes:

- i. Since the previous analysis update, the P75 cost estimate has increased by \$17.3M and meaning that there is a 75% chance of total project costs being equal or less to \$1.208Bn.
- ii. The probability of achieving the \$1.185Bn. budget has decreased from 53% to 4%.

Please note that this information has not been substantiated and we are unable to confirm the validity of the data.

WT CPMO indicate in this document that the current risk analysis results show that there is 75% of probability that the total project costs are equal or less than \$1.208 Bn in year-of-expenditure (YOE) after implementing risk mitigation strategies.

The model shows that increasing contingency by \$23.0M beyond the current budget of \$1.185Bn. the probability will be increased to 75%.

6.2.4 RISK REPORTING: INCORPORATION OF RISK REGISTER IN UPDATED SCHEDULE

We have been informed that Schedule related items have been included in the current risk analysis and in the revised baseline.

6.2.5 IDENTIFICATION OF 'TOP RISKS' IN OTHER PROJECT ARTEFACTS (OVERALL)

The 'top risks' are ten (10) budget and ten (10) schedule risks, which were identified by WT CPMO in the PLFP Project Dashboard for the period ending March 31, 2022. We understand that identification of a 'top risk' is based on the likelihood of the risk occurring and largest impact.

This means that some of the risks with larger indicative cost and/or schedule impact, should the risk occur, may not feature in the 'top risks' if the probability of its occurrence is low. This approach is normal practice, and we note that the WT CPMO continually monitor all risks included within the Risk Register until each risk is realised, mitigated and/or retired. The following 'Top Risks' are identified in the Project Artefacts:

Risk ID	Key Risks / Opportunities by Category	Risk Impact Assessment by WT CPMO			BTY Comment / Observation
Roads & Services		Budget	Schedule	Scope	
UTL 900.10	Enbridge Gas Main Alignment Issues		3.5 wks.		No changes
UTL 20.36	Toronto Hydro Ductbank Elevation (Spillway Crossing)	\$1.8	8.8wks.		New 'Top Risk' for budget, increase of 2.9 weeks in schedule risk
UTL 10.23	Third Party Duct Cost Sharing	-\$0.8M			New 'Top Risk'
ULT 10.22	Stormwater Treatment Facility Approvals		3.3wks		New 'Top Risk'
UTL 20.38	Microtunneling Installation Issues		2.2wks		New 'Top Risk'
UTL 10.21	Toronto Hydro Design Delay		7.8wks.		No changes
Bridges & Structures					
CNS 900.59	Paint deficiencies corrections		1.4wks.		New 'Top Risk'

CNS 900.60	Steel Tonnage Reconciliation	-\$0.4M		New 'Top Risk'
Parks & Public Realm & Marine Structures				
FCCO 10	City of Toronto Discharge fees – cost in excess estimate	-\$0.4M		No changes
FCCO9	Cost in Excess if Estimate (River Valley)	\$1.8		New 'Top Risk'
CNS 70.74	Divert Interim Area Fill to Disposal	\$1.7M		New 'Top Risk'
CNS 30.05	Fisheries Window Issues		2.3wks.	No changes
ENV 60.01	Bird SAR Habitat Protection		2.4 wks.	No changes
CNS 70.73	Increase offsite disposal does not meet quality criteria	\$2.0M		New 'Top Risk'
Other				
CTR 900.01	Coordination of Contract Activities		3.3wks.	No changes
CTR 70.02	Trucking Strike causing delays		2.6wks	New 'Top Risk'
CNS 900.36	Opp: NRHST Rebate	-\$4.2M		Increased opportunity by \$2.8M

6.2.6 UNIDENTIFIED RISKS IN OTHER PROJECT ARTEFACTS

6.2.6.1 Extraordinary Escalation

Though detailed Hard Cost increases were not identified in the current quarter EAC, we are aware that WT CPMO are tracking highly escalated costs. WT CPMO indicated that some escalation allowances are embedded within the current EAC; also, it has been confirmed that some tenders have returned higher than anticipated. Any extraordinary overages will need to be off-set or mitigated by contingency if the carried escalation allowance is insufficient, however due to the current discussions, potential for a budget increase to reflect escalation is expected.

6.2.6.3 Heated Market

Detailed Hard Cost increases were not identified in the current quarter EAC forecast; however, we are aware that WT CPMO are tracking the impact of market response on tenders. WT CPMO has also indicated that more than 90% of the project has been procured at this stage and therefore the risk associated to the heated market has been addressed and accommodated in the current EAC.

6.2.6.4 COVID-19

COVID-19 claims realised to-date are included in the EAC; whilst the pandemic is on-going the restrictions and protocols remain in place that have the potential to impact project costs and productivity. WT CPMO provided a copy of the COVID-19 Impact Update on Waterfront Toronto presentation for the current quarter indicating the impacts of COVID-19 on the project include claims totaling \$2.0M.

EllisDon's Monthly Report indicates there is a risk to increase the cost of Reinforcing Steel due to market conditions as well as supply chain challenges to get steel, cable, lighting and traffic light materials on time however they are implementing mitigation strategies including discussions with contractors and suppliers to expedite the delivery of materials and pre-order wherever possible.

6.3 QUARTER-ON-QUARTER CHANGES IN RISK

We understand that known risks with 100% probability have been incorporated into the 90% Stage Gate and allowances are reflected in the updated EAC to March 31, 2022. Changes Noted in Top EAC/Budget Risks (post-90% SG).

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6.4 OTHER ISSUES

WT CPMO are monitoring the following risks to the PLFP Project:

1. Enbridge Gas – Relocation of 20" Gas Main over Don River: Existing 20-inch gas main on Lake Shore Rail Bridge to be permanently relocated. Require a solution that meets both PLFP budget and schedule constraints;
2. Purchase of the Cherry Street Lake Fill (CSLF) from Ports Toronto required by spring 2022: CreateTO purchase of the Cherry Street Lake Fill (CSLF) areas from Ports Toronto is required by spring 2022 so that new Cherry Street can be opened to the public in mid-2022;
3. THESL Cost sharing – Risk retired: Cost sharing agreement with THESL for enhancements has been executed and is reflected in current EAC;
4. Keating Channel dredging – Higher bed elevations in Keating Channel, due to existing sedimentation that has not been dredged out;
5. Covid-19 – Global pandemic with far reaching implications to health and safety;
6. City Approval to Open New Roads - Road openings require approval by City Council during election blackout period between July and December including Cherry Street South of Commissioners Street (July 19, 2022) and Cherry Street North of Commissioners Street to Lake Shore Boulevard (November 4, 2022).
7. The WT Project Team has informed the Chair of the FARM that a strike by the Operators Union has the potential to result in delays and costs to the project.

6.5 COVID-19 RISK UPDATE

Following public authorities directions, Waterfront Toronto implemented a comprehensive approach to mitigate impacts to the project related to COVID-19 with a primary focus on health and safety of all internal and external resources.

Based on the Project Artefacts for Q4 2021/22, we understand the following to be a summary of the realised COVID-19 claims and the potential claims resulting from the alleged impacts of COVID-19 on the PLFP Project, as reported by WT CPMO:

- i. **Budget:** We have been verbally informed by WT CPMO that there are no significant new claims or potential claims due to COVID-19, however, we cannot corroborate this information based on the available Project Artefacts. We recommend that any information related to this matter be shared with us for further analysis.
- ii. **Schedule:** The revised Baseline incorporates delays related to COVID-19, we have been informed that restrictions related to COVID-19 have been retired as a consequence of public health restrictions been lifted.
- iii. **Risk:** The Risk Register provided in the Project Artefacts prepared by WT CPMO for quarter ending March 31, 2022, is monitoring one active risks resultant of COVID-19 pandemic with a potential to impact the schedule, as follows:
 - o **COVID19: Covid 19 Impacts to Construction** – Cost escalation due to COVID-19 appears to have stabilized mid 2021 however overall cost escalation to date substantially exceeds 2.2% per annum escalation carried in Due Diligence estimate.

In our experience on other mega-infrastructure projects, we are advised that all facets of projects - design, procurement, and construction - are being impacted in terms of cost and schedule. Throughout the industry, the impact of COVID-19 on construction projects is still being assessed and claims continue to be filed alleging impact to budget/schedule.

Typically, we are observing claims for reduced productivity resultant of health and safety measures and/or sickness and absenteeism; global supply chain issues; disruption to other essential businesses that support



construction including permits, licenses and approvals, utility agreements, design and engineering consultancies and testing agencies, reduced immigration creating labour shortages, etc. The situation continues to be closely monitored in order to determine the associated risks.

6.5.1 RISK REGISTER:

We note that the WT CPMO assigned the status to be medium risk for risk management, and this reflects the utility risks. Overall, based on the available Project Artefacts, we concur with the 'medium risk status assigned by WT CPMO. The risk management process in-place is generally found to be robust.

INDEPENDENT CERTIFICATION

WT Port Lands Flood Protection Project

APPENDICES

Appendix 1: Photo Report (April 8, 2022)

Appendix 2: BTY Independent Assurance Report No. 15

127 John Street, Toronto, ON, M5V 2E2
T 416-596-9339



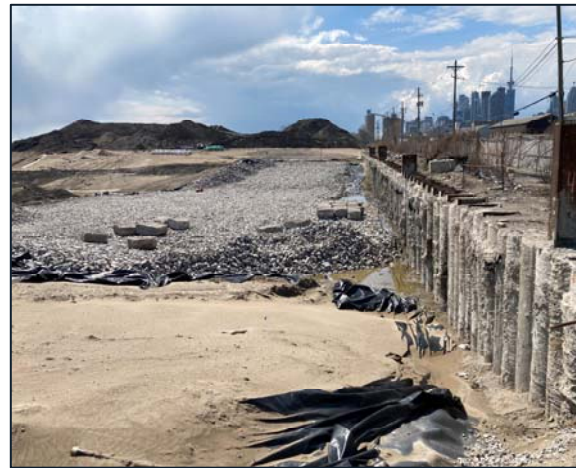
APPENDIX 1

Photo Report (April 8, 2022)

2 PAGES



Utilities Shafts – North of Villiers Street.



Plug Wall and Ice Management Area – Works ongoing.



Riverbed at Elbow Area – Stone being placed.



Commissioners St. Bridge – Excavation underneath the bridge complete.



Soil Bearing Capacity Improvement – Structural slab complete.



River Valley – Geotextile and membrane installation ongoing.



River Valley – Tree Planting and geotextiles for bank protection installation in progress.



Heritage Building Relocation – Placed onto new foundation inside park boundaries.



Utilities Shaft south of Villers Street – Shaft Complete.



Polson Slip – Backfill and shore alignment in progress.



Commissioners St. – Dewatering ongoing.



Cherry St. Bridge – In final position on abutments.



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BUILDING INTELLIGENCE

Purpose	<p>For Committee Information.</p> <p>To complete the annual review of the Corporation's insurance program, which is part of Waterfront Toronto's Enterprise Risk Management framework.</p>
Areas of note/ Key issues	<ul style="list-style-type: none"> • The Corporation uses a competitively procured insurance broker, HUB International HKMB Limited (HUB), to secure all insurance coverage. • HUB assisted Waterfront Toronto in completing its annual insurance renewal program for the 2022/23 year. • HUB noted an increased "hard" insurance market this year largely due to low interest rates, climate changes, increased claims/ insurance losses, high inflation rate, ongoing pandemic among others, which have resulted in an increase in premiums and reduced limits of coverage in the marketplace. • Overall, while Waterfront Toronto was able to successfully maintain existing coverages, the continued harder insurance market resulted in a premium increase of approx. 18% (\$40K or from \$220K to \$260K) for FY 2022/23, largely because of Commercial General Liability, CGL (up 32%), Directors & Officers (up 15%) and Cyber coverages (up 15%). • In addition, the harder market resulted in WT's incumbent CGL insurer, Markel, withdrawing coverage, with WT successfully switching to Lloyd's of London (through Howden Specialty) with the same \$10M coverage but a higher deductible (from \$5,000 to \$25,000). • Given the environmental changes noted above, WT has also engaged a third-party insurance risk advisor (Intech) to advise the Corporation with respect to the adequacy of WT's insurance coverages and overall program. This review is expected to be completed in June 2022 (last similar review completed in 2019). <p>The attached Waterfront Toronto Insurance Summary lists the potential risk exposures and the insurance coverage that mitigates that risk.</p>
Resolution or Next Steps	<ul style="list-style-type: none"> • The FARM Committee is expected to update the Board regarding Waterfront Toronto's insurance program at the June 23, 2022 meeting. • Management will report on the results of the independent insurance adequacy review at the September 2022 FARM Committee meeting. • The next insurance program review for 2023/24 fiscal year will be completed by the FARM Committee in May 2023.

Waterfront Toronto Insurance Summary

Updated as of April 30, 2022

The summary below identifies potential enterprise and project-specific risk exposures and the insurance coverage that mitigates that risk. In addition, Waterfront Toronto utilizes indemnification language in contracts and requires contractors to provide performance bonds and insurance certificates to mitigate risk.

A. Enterprise-wide risk exposures (no change in coverage limits)

Potential Loss Exposure	Insurance Policy	Coverage Limit FY 2021/22	Coverage Limit FY 2022/23
Management Liability Loss Exposures (including litigation) <i>(Directors' & Officers' Liability (D&O))</i>	<ul style="list-style-type: none"> D&O Insurance (Not for Profit) <i>(Including Employment Practices Liability)</i> Insurer - AIG 	\$10.0M	\$10.0M
	<ul style="list-style-type: none"> Excess D&O Insurance (Not for Profit) <i>(Including Employment Practices Liability)</i> Insurer – Great American Insurance Group (GAIG) 	\$5.0M	\$5.0M
	<ul style="list-style-type: none"> Excess D&O Insurance (Not for Profit) <i>(Only covers individuals)</i> Insurer - Chubb 	\$5.0M	\$5.0M
Property Loss Exposures <i>(Losses caused to damage to WT's office and portfolio of properties including sudden and accidental breakdown of all boilers, pressure vessels, mechanical and electrical machinery and apparatus)</i>	<ul style="list-style-type: none"> Property Insurance <i>(Includes coverage for rental income loss)</i> Insurer – Royal and Sun Alliance 	\$15.9M	\$17.4M ¹
	<ul style="list-style-type: none"> Boiler & Machinery Insurance Insurer - The Boiler Inspection and Insurance Company 	\$10.0M	\$10.0M
Liability Loss Exposures Premises & Operations Liability <i>(Losses where organization is held liable because of bodily injury or property damage caused by either accident occurring on the premises or accident occurring away from premises if it is organization's ongoing operations)</i>	<ul style="list-style-type: none"> Commercial General Liability ("CGL") Insurance Insurer – Lloyd's of London through Howden Specialty (note: Markel in 2021/22) 	\$2.0M	\$2.0M ³
	<ul style="list-style-type: none"> Umbrella Liability Insurance <i>(Aggregate follow form underlying CGL policy)</i> Insurer – Lloyd's of London through Howden Specialty (note: Markel in 2021/22) 	\$8.0M	\$8.0M
Fraud & Cyber Crime Loss Exposures <i>(Losses caused by employees by way of theft, forgery, frauds, property damage & cyber crimes)</i>	<ul style="list-style-type: none"> Crime Insurance 	Note 2	Note 2
	<ul style="list-style-type: none"> Cyber Insurance 	Note 2	Note 2

Notes:

- Increase is on account of higher rental revenues anticipated from 259LSBE/ 291LSBE.
- Refer to Closed Session agenda Item 12 for Crime and Cyber Insurance coverages.
- Markel did not renew WT's CGL policy for 2022/23 due to loss experience in last five years and thus the change in insurance provider to Lloyd's. Further, deductibles for CGL also increased from \$5K (in 2021/22) to \$25K (in 2022/23).

B. Property/ Project specific exposures (overall same limit)

Potential Loss Exposure	Insurance	Coverage Limit FY 2021/22	Coverage Limit FY 2022/23
Environmental or Pollution Liability	<ul style="list-style-type: none"> 7 Queens Quay East <i>(Losses caused by environmental damages such as pollution or biodiversity)</i> 	\$10.0M	\$10.0M
	<ul style="list-style-type: none"> 54 Commissioners St. <i>(Losses arising from bodily injury, property damage and other remediation costs from pollution incidents at, on, or emanating from the covered location)</i> 	\$10.0M	\$10.0M
	<ul style="list-style-type: none"> Contractors Pollution Liability Insurance <i>(Losses caused as a result of pollution conditions (sudden/accidental or gradual) arising from contracting operations performed by the contractor)</i> 	\$10.0M	\$10.0M
	<ul style="list-style-type: none"> East Bayfront Pollution and Remediation Liability <i>(Losses resulting from any pollution condition on, at the covered location including any remediation expenses)</i> 	\$25.0M	\$25.0M
Builders Risk <i>(All Risks or Direct Physical Loss or Damage including but not limited to Flood, Earthquake, Windstorm, Boiler & Machinery but excluding maintenance cover and Delayed Start Up)</i>	<ul style="list-style-type: none"> The Port Lands Flood Protection 	\$876.3M	\$876.3M
Wrap Up Liability <i>(Losses arising from all liability exposures typically associated with the construction projects including bodily and property damage)</i>	<ul style="list-style-type: none"> Wrap Up Liability Insurance - Port Lands project 	\$50.0M	\$50.0M
	<ul style="list-style-type: none"> Excess Wrap Up Liability – Port Lands project 	\$50.0M	\$50.0M
Professional Liability <i>(Losses arising from any claim or claims made for any error, omission or negligent act committed in the conduct of the business)</i>	<ul style="list-style-type: none"> Primary Professional Liability Insurance - The Portlands Toronto 	\$10.0M	\$10.0M
	<ul style="list-style-type: none"> 1st XS Professional Liability Insurance - The Portlands Toronto 	\$5.0M	\$5.0M
	<ul style="list-style-type: none"> 2nd XS Professional Liability Insurance - The Portlands Toronto 	\$2.5M	\$2.5M
	<ul style="list-style-type: none"> 3rd XS Professional Liability Insurance- The Portlands Toronto 	\$2.5M	\$2.5M

Closed Session

1) Item 13a Draft Minutes of the Closed Session – February 24, 2022 FARM Committee Meeting

ON MOTION duly made by [●] and seconded by [●] and carried, be it **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on February 24, 2022 be approved as tabled.

2) Item 13b Updated Internal Auditor Fees

ON MOTION duly made by [●] and seconded by [●] and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee approves the Updated Internal Auditor Fees for fiscal years 2020/21 – 2023/24.

3) Item 14 2021/22 Integrated Annual Report (IAR)

ON MOTION duly made by [●] and seconded by [●] and carried, be it **RESOLVED** that the FARM Committee recommends that the Board of Directors approve the 2021/22 Integrated Annual Report substantially in the form presented, with such changes thereto as the Board may approve.

The 2021/22 Integrated Annual Report will be presented to the Board for approval on June 23, 2022.

CALENDAR YEAR 2022 UPCOMING MEETING SCHEDULE BOARD / COMMITTEES

S/N	Date	Board/Committee	Key Agenda Item(s) include:
1.	Thursday, February 3 Revised date: Friday, February 11	IREC	Quayside
2.	Tuesday, February 15	Board	Quayside
3.	Thursday, February 24	FARM	Per FARM Work Plan
4.	Thursday, March 3	HRGSR	Per HRGSR Work Plan
5.	Thursday, March 10	IREC	<ul style="list-style-type: none"> • Detailed Status Report on all Development Projects • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
6.	Thursday, March 24	Board	<ul style="list-style-type: none"> • Reports of the IREC, FARM and HRGSR committees
7.	Thursday, May 26	FARM	Per FARM Work Plan
8.	Thursday, June 2	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
9.	Thursday, June 9	HRGSR	Per HRGSR Work Plan
10.	Thursday, June 16	Board Strategic Session	
11.	Thursday, June 23	Board	<ul style="list-style-type: none"> • Reports of the HRGSR, IREC, and FARM committees • Approve 2021/22 Annual Report • Approve 2021/22 audited financial statements • Year-end Performance Assessment for CEO and approval of compensation for 2022/23
12.	Thursday, September 15	HRGSR	Per HRGSR Work Plan
13.	Thursday, September 22	FARM	Per FARM Work Plan
14.	Thursday, September 29	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
15.	Thursday, October 13	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees

			<ul style="list-style-type: none"> • 2023 Board and Committee Meeting Calendar
16.	Thursday, November 10	HRGSR	Per HRGSR Work Plan
17.	Thursday, November 17	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
18.	Thursday, November 24	FARM	Per FARM Work Plan
19.	Thursday, December 8	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • Approval of 2022/23 Corporate Plan