



Finance, Audit & Risk Management Committee Meeting

Agenda and Meeting Book

THURSDAY, NOVEMBER 24, 2022 FROM 9:00 AM TO 11:30 AM

MICROSOFT TEAMS MEETING



Meeting Book - Finance, Audit & Risk Management Committee Meeting

Agenda - Thursday, November 24, 2022

Public Session Agenda

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 - 4	Information	All
	b) DRAFT Minutes of the Open Session FARM Meeting September 22, 2022 - 6	Approval	All
	c) Q2 2022/23 Macro Dashboard (Corporate & Project Reporting):	Information	L. Taylor
	Coversheet - 11		
	Macro Dashboard - 12		
	i) Finance & Administration Dashboards:		
	a) Corporate Plan Performance Dashboard Q2 2022-23 - 13	Information	L. Taylor
	b) Enterprise Risk Management	Information	L. Taylor / M. Santos
	Enterprise Risk Management Dashboard - 15		
	c) Audit	Information	L. Taylor / M. Santos
	Audit Dashboard - 16		
	d) Liquidity and Cash Flow Forecast - 19	Information	L. Taylor
	e) Q2 Interim Financial Statements (FS) September 30, 2022	Information	L. Taylor / S. Chandane
	Coversheet - 21		
	FS and Notes - 22		
	ii) Capital Projects:		
	Lake Shore Blvd East (LSBE) Dashboard	Information	D. Kusturin
	Executive Summary Q2 2022-2023 - 35		
	LSBE Dashboard Q2 2022-2023 - 36		

	d) Quarterly Procurement Report - 39	Information	M. Boboc
	e) Regulatory and Operational Compliance Report - 40	Information	D. Kusturin / I. Ness / L. Taylor
	f) Fundraising Dashboard - 44	Information	I. McMullan
	g) ESG Update - 46	Information	L. Taylor
9:45 a.m.	5. Infrastructure Canada (INFC) Port Lands Flood Protection (PLFP) Evaluation Report Coversheet - 48 Report - 49	Information	D. Kusturin
9:55 a.m.	6. Port Lands Flood Protection (PLFP) Project Update Presentation - 68	Information	D. Kusturin
10:00 a.m.	7. Internal Audit Update • ERP Lessons Learned Report Coversheet - 91 ERP Lessons Learned Review - 92 WT Internal Audit Plan Status Update - 105	Information	V. Bila MNP LLP
10:10 a.m.	8. Motion to go into Closed Session Closed Session Agenda The Committee will discuss items 9 (a) & (b), 10, 11, 12, 13 and 14 being consideration of the draft minutes of the Closed Session of the September 22, 2022 FARM meeting, Port Lands Flood Protection (PLFP) Dashboard, Draft Rolling Five-Year Strategic Plan, PLFP Q3 2022/2023 Semi Annual Cost Estimate Update, Port Lands Flood Protection Budget, Funding & Scope Options, Report of the Capital Monitor and the Directors Only Discussion, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied upon for the discussion for item 9(a) is provided in the minutes of the Open Session September 22, 2022 FARM Committee meeting under item 4(b) of this agenda, for item 10 is Section 6.1.1(k), for items 9(b), 11, 12 & 13 is Section 6.1.1(l), and for item 14 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 - 108	Approval	All
11:25 a.m.	15. Motion to go into Open Session Public Session Agenda	Approval	All
11:25 a.m.	16. Resolution(s) Arising from the Closed Session Form - 109	Approval	All
11:30 a.m.	17. Motion to Terminate the Meeting	Approval	All
FYI	Next Meeting: Thursday, February 23, 2023	Information	All
FYI	2022 Upcoming Board/Committee Meetings - 110	Information	All

Finance, Audit and Risk Management Committee – November 24, 2022
Item 4 (a) Meeting Materials - Highlights of Key Messages

Agenda Item	Key Message
4 c Macro Dashboard (FI)	Macro dashboard provides the Q2 2022/23 status summary of three core areas of FARM Committee mandate, namely Corporate Plan Performance, Finance and Administration (including enterprise risk, audit, financial statements and liquidity) and capital projects, all of which are supported by individual dashboards under Items 4 c) i-ii and 9 b).
4 c i a) 2022/23 Corporate Plan Performance (FI)	<p>As of this report WT is on track to achieve the following for 2022/23:</p> <ul style="list-style-type: none"> • 86% (Q1 85%) of annual capital investment plan (\$344M of \$400M) • 71% (Q1 74%) of annual revenues (\$330M of \$465M) • 50% (Q1 65%) of key deliverables (18.5 out of 37) • 79% (Q1 84%) of Performance Measure KPI Targets (15 out of 19) <p>Approx. 11.5 (Q1 – 4) key deliverables are deferred to a future year, five due to construction re-sequencing for the Port Lands Flood Protection (PLFP) project and 6.5 due to changes in project requirements/ schedules and/or funding revisions. A further seven deliverables may not be met this year due to external influence and/or project funding revisions/concerns.</p>
4 c i b) Enterprise Risk Management (ERM) (FI)	Overall increase in WT's enterprise risk portfolio this quarter with three residual risk areas rated as high (PLFP project due to cost escalations, ERP system risk, as well as Project Delivery: Non-Port Lands projects due to current macro-economic conditions). Other risk areas with inherent risk rated high and residual risk rated medium due to mitigations include cyber security, financial self-sustainability, climate risk and recruitment and retention of employees.
4 c i c) Audit Environment (FI)	Infrastructure Canada Program Evaluation of PLFP project completed – refer Item 5. WT Internal Audit on Enterprise Resource Management (ERP) Implementation Lessons Learned completed – refer Item 7. PLFP contribution agreement compliance government audit and Ontario Auditor General follow up audits substantially complete and will be reported on at next meeting.
4 c i d) Liquidity / Cash Flow Forecast (FI)	Positive cash and short-term investment 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 line of credit to \$90M substantially complete November 2022 (subject to some security discharges).
4 c i e) Sept 30, 2022 Unaudited Financial Statements (FI)	The financial activities for the six months ended September 30, 2022 are up 21% from the same period last year for investment levels (\$162.6M compared to \$134.1M), with revenues slightly lower by 7% (\$110.3M compared to \$118.2M), largely due to the PLFP project.
4 c ii) Capital Projects (FI)	Waterfront Toronto projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2022/23– 2026/27) except as otherwise noted. Several schedule and budget risks have been realized for the PLFP project which management has quantified under Agenda Items 9b) and 11. 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)	One exception to the Procurement Policy for a single source consulting contract totaling \$45,000. There were no construction contracts over \$5 million awarded this quarter.
4 e) Regulatory and Operational Compliance Report (FI)	All required actions by the Corporation for regulatory compliance obligations have been performed as of September 30, 2022.

Finance, Audit and Risk Management Committee – November 24, 2022
Item 4 (a) Meeting Materials - Highlights of Key Messages

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) ESG Update (FI)	Quarterly report on Environmental, Social & Governance (ESG) and Waterfront Toronto's current initiatives in these areas.
5) INFC PLFP Program Evaluation Report (FI)	Infrastructure Canada recently completed and publicly released its Program Evaluation of the PLFP project, which included several positive observations and no recommendations for improvement by WT.
6) PLFP Update (FI)	Visual Progress Report from Chief Project Officer regarding the PLFP project.
7) Internal Audit Plan Update (FI)	MNP LLP will report on the results of the recent ERP Lessons Learned review and provide an update on the status of the Corporation's Internal Audit Plan.
9 b) Capital Projects cont. (FI)	Waterfront Toronto projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2022/23– 2026/27) except as otherwise noted. Several schedule and budget risks have been realized for the PLFP project which management has quantified under Agenda Item 11.
10) Rolling Five-Year Strategic Plan For Approval	The Rolling Five-Year Strategic Plan (2023/24 - 2027/27) themed “ <i>Built for This</i> ” reflects the one-year update/ roll-forward of last year's plan. The Updated Plan of \$1.3 billion (2023/24 \$442 million) is consistent with existing strategic priorities and includes \$477M, 35% (2023/24 \$79M) of expenditures contingent on securing funding.
11) PLFP Q3 2022/23 Semi-Annual 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. The forecast probability of delivering the project on budget has decreased from 4% (in May 2022) to 0% primarily due to cost escalation arising from unprecedentedly global macro-economic conditions.
12) PLFP Budget, Funding and Scope Options (FI)	Management outlines options to address cost escalation and budget pressure.
13) PLFP Independent Capital Monitor Report (FI)	Report #17 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 Substantial Performance of flood protection to July 2024 (from June 2024) and project completion including parks planting to December 2024, and; 3) that the approved budget remains \$1.185B however due to the extension in the Schedule, global supply issues, escalation and inflation, the Project is projected to be overbudget.

**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, September 22, 2022 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Drew Fagan
Laurie Payne
Jeanhy Shim

REGRETS:

ATTENDANCE: WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
Chris Glaisek (Chief Planning & Design Officer)
David Kusturin (Chief Project Officer)
Lisa Taylor (Chief Financial Officer)
Julius Gombos (SVP, Project Delivery)
Rose Desrochers (VP, Human Resources and Administration)
Cameron MacKay (VP, Communications and Engagement)
Pina Mallozzi (VP, Design)
Kristina Verner (VP, Strategic Policy & Innovation)
Ian Ness (General Counsel)
Iain McMullan (Executive Director, Philanthropy)
Marciana Boboc (Director, Procurement)
Ed Chalupka (Director, Government Relations)
Sampada Chandane (Director, Financial Management)
Alma Pjetra (Director, Program & Cost Management)
Mary Anne Santos (Director, Financial Planning)
Chris Shiers (Director, Information Technology)
Ilidio Coito (Project Director, Infrastructure & Public Realm)
Mira Shenker (Sr. Manager, Communications & Public Engagement)
Natasha Tolkunow (Sr. Project Manager, Project Delivery)
Sameer Akhtar (Sr. Legal Counsel)
Liv Bautista (Legal Counsel)
Charmaine Miller (Executive Assistant to the CEO & Board Admin)

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

- Iswariya Tirunagaru, Analyst, Sarah Khan, Analyst, Investment, Partnerships and Innovation Branch, Laura Robbins, Program Analyst, Program Operations, Infrastructure Canada
- Hannah Verrips, Policy Advisor, Louis Bitonti, Senior Policy Advisor, Bill Raymond, Senior Policy Advisor, Cory MacDonald, Senior Policy Advisor, Jonathon Vita, A/Manager, Agency Governance and Accountability Unit, Ontario Ministry of Infrastructure

- Louis Castillo, BTY Consulting
- Veronica Bila, Partner, Enterprise Risk Services, MNP LLP

Ian Ness acted 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 9:04 a.m. and declared the meeting was 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 Jeanhy Shim, seconded by Drew Fagan, 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.

Draft Minutes of Open Session May 26, 2022 FARM Committee Meeting

ON MOTION duly made by Jeanhy Shim, seconded by Drew Fagan and carried, it was **RESOLVED** that the Minutes of the May 26, 2022 FARM Committee meeting be approved as presented.

The Committee reviewed a number of dashboards and reports with management, covering key areas such as 2022/23 corporate plan performance, enterprise risk (one new red/high risk related to realized schedule and budget risks for the PLFP project), audit, liquidity, capital projects, procurement, regulatory compliance, fundraising, environmental social governance (ESG) as well as the Corporation’s June 30, 2022 interim financial statements.

5. Supplementary Capital Approval – East Bayfront Precinct In-Water Pipes and Infrastructure

Management outlined a supplementary capital approval request for the East Bayfront In-water Pipes Infrastructure project to increase the budget by \$5M (21%) to \$28.75 million due to unforeseen budget and schedule challenges. This budget increase of \$5M is proposed to be funded from the Corporation's capital reserve (current balance of \$6M). The project is now anticipated to be completed in March 2023.

ON MOTION duly made Laurie Payne, seconded Jeanhy Shim, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors:

- a) an additional capital expenditure of \$5.0 Million for a total capital expenditure of \$28.75 Million to complete the construction of the East Bayfront In-Water Pipes.
- b) use of the capital reserve to fund the additional capital expenditure of \$5.0 Million.
- c) the additional capital expenditure of \$5.0 Million be added to the Corporation's Rolling Five-Year Strategic Plan (2022/23 – 2026/27).

6. Port Lands Flood Protection (PLFP) Update

a) PLFP Program Update

Julius Gombos, SVP, Project Delivery provided a visual progress report for the PLFP project.

b) Report of the Independent Capital Monitor

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

- While budget remains at \$1.185 billion, due to the extension in the schedule, global supply issues and escalation and inflation there is a potential for the project being over budget.
- Luis Castillo, Director from BTY noted that the construction industry is currently experiencing extreme budget and schedule pressures due to the global pandemic and global economic uncertainty. Mr. Castillo noted that the impact of these issues is being felt more acutely on the projects being tracked by BTY than on the PLFP project.
- The remaining contingency of \$22.9M is 1.94% of the total project budget and 4.68% of the total project cost-to-complete.
- Project schedule substantial completion date is June 20, 2024 excluding parks (consistent with last quarters report which re-baselined the schedule from

March 31, 2024 completion date), and December 24, 2022 including parks completion (delayed from October 31, 2024 as per last quarter's report).

- No scope changes have been made to the project this quarter.
- The risk management process implemented by WT is in line with industry best practices for large-scale, complex infrastructure projects.

7. Internal Audit Update

Veronica Bila, Partner from MNP LLP (MNP) provided a status update regarding the Corporation's internal audit plan for the next two years. The Enterprise Resource Planning (ERP) Systems Implementation Lessons Learned review is currently underway and results will be reported at the next FARM Committee meeting. Remaining audits to be undertaken over the next two years include streamlining procurement processes, robotic process automation opportunities, as well as cyber security and accessibility.

8. Independent Insurance Program Review

As part of Waterfront Toronto's Enterprise Risk Management Framework, management shared an independent report from Intech Risk Management (Intech) which assessed the adequacy of Waterfront Toronto's current insurance program. While Intech provided some minor recommendations such as potentially increasing deductibles to manage premium increase, and to consider limit increases in Commercial General Liability and social engineering insurance, the overall conclusion is that WT's coverages and limits are sufficient or more than sufficient (e.g. in the area of Directors and Officers insurance). Management will incorporate Intech's recommendations into the 2023 insurance renewal process.

9. 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 10, 11, 12, 13, 14 and 15 of the agenda. The exception relied upon for the discussion for item 10 is provided in the minutes of the Open Session May 26, 2022 FARM Committee meeting under item 4(b) of this agenda, for item 11 is Section 6.1.1(a), for item 12 is Section 6.1.1(k), for item 13 is Section 6.1.1(k), for item 14 is Section 6.1.1(l) and for item 15 is Section 6.1.1(b) of By-Law No. 2.

The meeting continued in closed session.

10. Consent Agenda

Draft Minutes of the Closed Session – May 26, 2022 FARM Committee Meeting

11. Cyber Security Risk Profile

12. Fundraising Strategy Review

13. Line of Credit Strategy & Liquidity Review

14. Port Lands Flood Protection (PLFP) Interim Cost Estimate Update

15. Committee Chair Discussion

16. Motion to go into Open Session

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

The meeting continued in Open Session.

17. Resolution(s) Arising from the Closed Session

Item 10 Draft Minutes of the Closed Session – May 26, 2022 FARM Committee Meeting

ON MOTION duly made by Jeanhy Shim and seconded by Drew Fagan and carried, it was **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on May 26, 2022 be approved as tabled.

Item 13 Line of Credit Strategy & Liquidity Review

ON MOTION duly made by Laurie Payne and seconded by Drew Fagan and carried, it was **RESOLVED** that the FARM Committee recommends that the Board of Directors approve, at the October 13, 2022 meeting, the Revised Line of Credit Strategy.

18. Termination of the Meeting

There being no further business, **ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan and carried, it was **RESOLVED** that the meeting be terminated at 11:26 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>2022/23 Corporate Plan Performance</u> (caution area noted (forecast performance between 50 - 69% of plan) for key deliverables largely driven by changes in schedule into FY 2023/24 together with funding and/or budget uncertainties) 2. <u>Finance & Administration</u>: <ul style="list-style-type: none"> ○ <i>Enterprise Risk Management</i>: caution due to overall increase in WT's risk portfolio (three residual risk areas in the red zone this quarter related to Port Lands Flood Protection project delivery, ERP system and Project Delivery: Non-Port Lands projects). ○ <i>Internal audit</i> (no significant concerns; ERP System Implementation Lessons Learned Review completed in Nov/22). ○ <i>Liquidity/ Cash Flow Management</i> (no concerns, continued internal borrowing requirement from unspent project funds in short term; increase in WT line of credit facility (to \$90M and May 2028) formally secured. ○ <i>Financial reporting compliance</i> (no concerns, in line with plan) 3. <u>Capital Projects</u> (concern areas noted primarily for PLFP related to budget and schedule. Refer agenda item 6 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 February 2023.

2022/23 Corporate Plan Performance



As of Q2 2022/23 on track to achieve the following for 2022/23:

- 86% of annual capital investment plan (\$344M of \$400M)
- 71% of annual revenues (\$330M of \$465M)
- 50% of key deliverables (18.5 out of 37)
- 79% of performance measure KPI targets (15 out of 19)

Concern areas relate to 18.5 key deliverables, 11.5 of which will not be met this fiscal year: five due to construction re-sequencing for the Port Lands Flood Protection project and 6.5 due to changes in project requirements/schedules and/or funding revisions. Seven deliverables may not be met mainly due to project funding revisions/concerns.

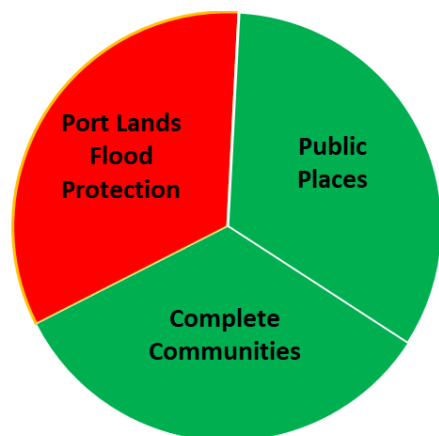
None of these deferrals place the Corporation at risk of non-compliance with key contracts.

Finance & Administration



- Positive cash & ST investment balance > \$50M; internal cash flow management being utilized for some projects. Amended line of credit facility agreement for \$90M executed November 2022 subject to completion of security revisions.
- ERM: **Caution** due to overall increase in risk portfolio (two continued high risks related to Port Lands project delivery and ERP system, one elevated to high risk for Project Delivery: Non-Port Lands projects).
- Internal Audit: No concerns. One action item due/implemented this quarter. ERP System Implementation Lessons Learned Review completed in Nov/22 (refer Item 7).
- Government Audit: 100% implementation rate of 2021 action items from Standing Committee on Public Accounts- subject to OAGO audit report (Dec/22). Favourable Infrastructure Canada Program Evaluation report for PLFP, refer Item 5.

Capital Projects



- Currently tracking to deliver all projects in the capital portfolio in accordance with contractual budget/ schedule obligations however **concern** regarding PLFP project budget pressure– refer Item 6.
- **Concern** relates to the Port Lands Flood Protection project due to realized budget and schedule risks (including utility approvals and installations) that are beyond WTs control, which have deferred substantial completion of project from March 2024 to late 2024 and placed budget pressures beyond available contingency. Refer Item 6 for further details.

Refer to the Program Portfolio Dashboards.

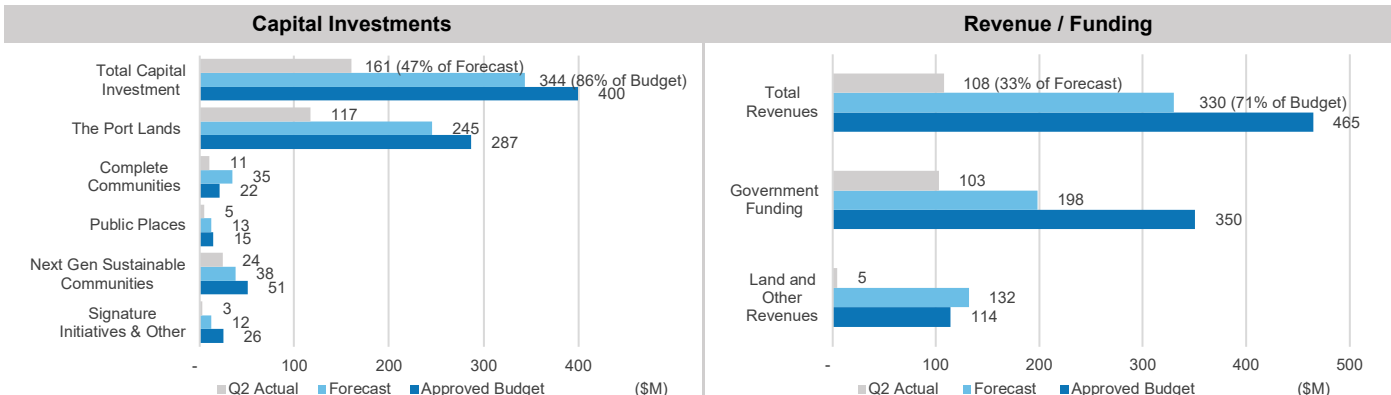
Legend: ● No concerns: greater than or equal to 70% of plan ● Caution: some areas of plan may not be met (between 50% and 69% of plan) ● Concern: some aspects (<50%) of plan will be not met.

Corporate Plan Performance Dashboard as of Sep 30, 2022 (Q2 2022/23)

Issued as of: November 24, 2022

Overall 2022/23 Corporate Plan Status: ● Capital Investment Plan ● Revenues ● Key Deliverables ● KPIs/ Targets

● No material concerns, in line with plan; forecast performance greater than or equal to 70% of plan; ● Caution - some areas of plan may not be met; forecast performance between 50% - 69% of plan; ● Concern - some areas of plan will not be met; forecast performance less than 50% of plan



Overall investment is forecast at \$344M, \$56M (14%) lower than Plan mainly due to:

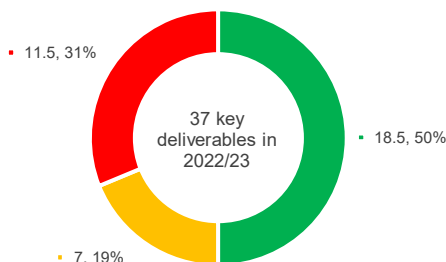
- Decrease in overall Port Lands Flood Protection expenditures due to construction re-sequencing and delays, pushing planned expenditures to FY 2023/24 (partially offset by higher than estimated costs to construct roads and services in the current fiscal year);
- Decrease in Quayside expenditures due to the delay in design contract award, pushing design and construction expenditures to FY 2023/24; partially offset by
- Increase in stormwater infrastructure (in-water pipes project) expenditures due to construction delays in FY 2021/22 pushing costs to the current fiscal year; and
- Addition of the Broadview Eastern Flood Protection Project (\$4.7M forecasted for FY 2022/23) per Board resolution in Q1 2022/23.

Overall revenues are anticipated to be \$330M, \$135M (29%) lower than Plan mainly due to deferral of City funding for the Port Lands Flood Protection project to align with expenditures and overall working capital levels.

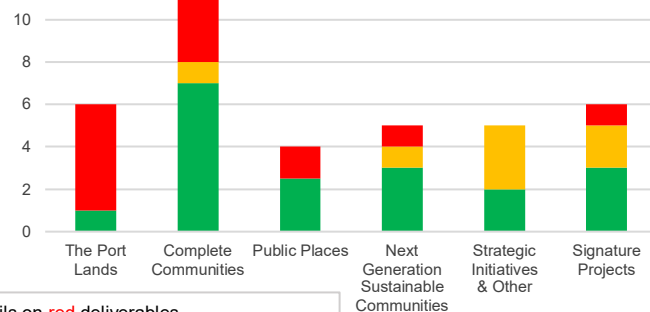
2022/23 Key Deliverables

● Achieved/ forecasted to be achieved by March 31, 2023; ● May not be achieved by March 31, 2023; ● Will not be achieved by March 31, 2023

Overall Status of Key Deliverables:

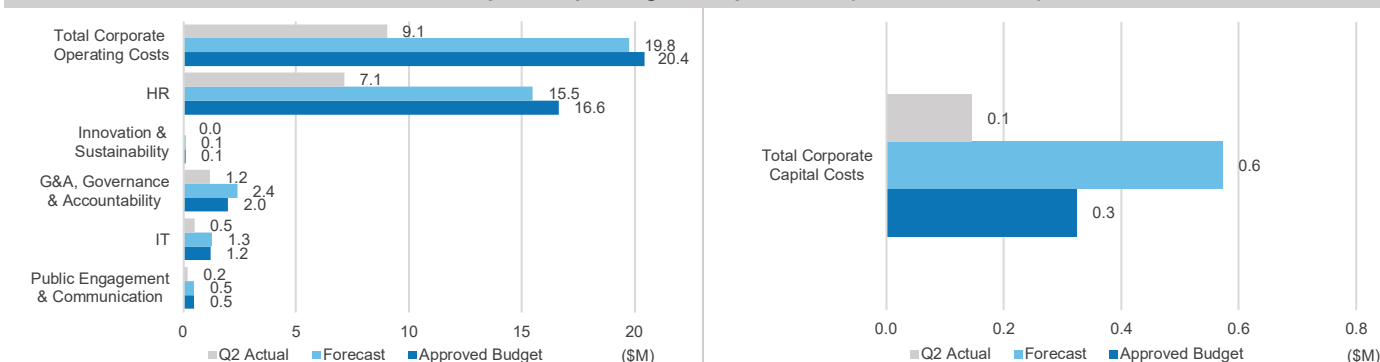


Key Deliverables by Priority Initiative:



See Appendix A for details on red deliverables.

2022/23 Corporate Operating and Capital Costs (excl. Amortization)

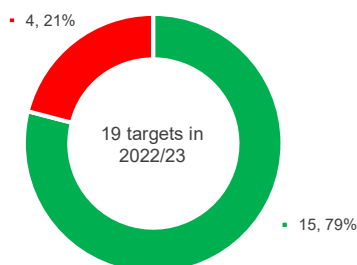


Corporate operating costs are forecast to be lower than approved budget by approx. \$0.6M. The major contributor to the anticipated savings is Human Resources due to conscious delays/ deferrals in hiring some positions. This is partially offset by unbudgeted consulting services such as for Indigenous engagement and commodity tax. Corporate capital investments are forecast to be higher than approved budget by \$0.3M mainly due to the Financial Planning & Analysis (FP&A) and SharePoint migration project implementations being deferred from prior years (to be funded from unspent prior years budgets).

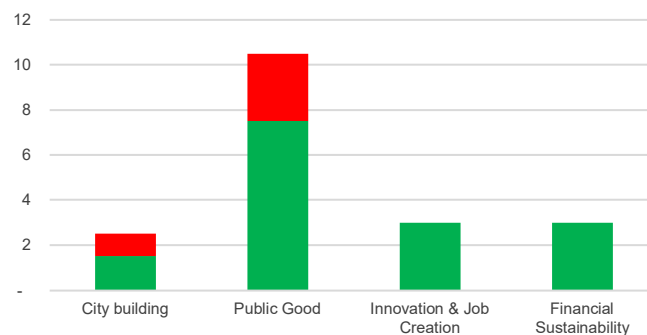
2022/23 Key Performance Indicators (KPIs)/ Targets

● No material concerns, in line with plan; ● Caution - some areas of plan may not be met; ● Concern - some areas of plan will not be met

Overall Status of KPIs:



KPIs by Strategic Priority:



Out of 19 KPIs with targets this year, 15 (79%) are on track to achieve their targets. The 4 KPIs (21%) anticipated not to be met this year include:

- Total project costs compared to original budget ($\leq 105\%$) and project completion time compared to original schedule (≤ 6 months) [2 KPIs]: Largely due to the in-water pipe project, which has encountered challenges including unforeseen site conditions, supply chain issues, and extreme winter weather, leading to additional costs and delay in schedule of one year.
- Square metres of new permeable surfaces created [1 KPI]: permeable streetscape completion delayed to July 2023 due to utility coordination and subsequent required redesign.
- Hectares of new parks and public spaces created [1 KPI]: Love Park opening delayed to Q1 2023/24 to allow for planting to establish and water features to be commissioned.

Appendix A

Details of Deferred Deliverables for 2022/23:

Reason	Priority	Deferred Deliverable	Comments
External Influence	The Port Lands	Complete construction of Cherry Street North Vehicular Bridge.	Delayed due to construction re-sequencing as a result of supply chain issues. The bridge has been delivered to site and installed (i.e. partially complete deliverable). Work on decking and finishes is ongoing. Full completion is now scheduled for June 2023.
		Complete installation of revetment in the Keating Channel.	Revetment (stone structure) cannot be completed this fiscal year as Keating Channel dredging by Ports Toronto, TRCA and the City of Toronto has been delayed. Completion is now scheduled for December 2023.
		Complete and open New Cherry Street.	Partially complete deliverable - Cherry St North bridge opened in October 2022. Full street opening delayed due to construction re-sequencing to prioritize other delayed deliverables. Opening of Cherry Street between Lake Shore Boulevard and Commissioners Street is now scheduled for June 2023.
		Complete and open Commissioners Street.	Delayed due to utility coordination and subsequent required redesign. Commissioners Street is to be opened May 24, 2023 instead of by March 31, 2023.
		Complete Lake Shore Bridge watermain relocation.	Delayed due to construction re-sequencing as a result of bridge design revisions based on partner requirements. Installation of watermain is now scheduled for October 2023.
		Complete Lake Shore Bridge eastbound superstructure (bridge structure between the bridge piers and abutments).	Delayed due to construction re-sequencing as a result of bridge design revisions based on partner requirements. Completion of the superstructure is now scheduled for June 2023.
	Complete Communities	Commence development approvals for Villiers Island Precinct.	Due to the expected completion and City Council approval of the Business Implementation Plan in FY 2023/24, the first development approvals for Villiers Island are not expected to be prepared until FY 2024/25.
		Substantial completion of T3 Bayside commercial building.	Delayed to Q2 2023/24 as per development partner's revised construction schedule.
		Complete approximately 150 metres of wooden boardwalk on top of in-water pipe structure in East Bayfront.	This deliverable is dependent on the completion of the in-water pipes project, which has been delayed due to supply chain challenges and productivity losses from winter conditions. Subject to funding, construction of the wooden boardwalk may be completed next fiscal year (2023/24).
	Quayside	Procure and commence construction for Parliament Slip.	Delayed due to additional time required to review stakeholder feedback. Construction on the lakefill scope will begin in 2023/24.
Budget Mitigation	Public Places	Complete construction and opening of York Street Park (Love Park).	Partially complete deliverable. Park will be open in Spring 2023 to allow for planting to establish and water features to be commissioned.
		Finalize design, initiate tender and begin construction of Rees Street Park.	Delayed due to forthcoming project budget adjustments.
	Signature Projects	Initiate a phasing and scalability assessment for the Waterfront Walk.	Project has been put on hold until March 2023 due to re-profiling of spending to future years to address overall project funding concerns.

Enterprise Risk Management Dashboard– Q2 2022/23

Summary:

- **Overall increase in WT's risk portfolio.**
- **Three areas in the red (high) residual risk zone this quarter (up from two last quarter) on:**
 - **Port Lands Project Delivery (increased residual score)** – due to realization of budget and schedule risks beyond WT's control,
 - **Enterprise Resource Planning (ERP) System Risk** – due to ongoing ERP issues, and
 - **Project Delivery: Non-Port Lands Projects (new this quarter)** – due to global macro-economic conditions.
- **Elevated inherent risk for Recruitment & Retention of Employees (now red/high)** – due to current resource concerns.
- 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	Q2 2022/23 (Current)		Q1 2022/23 (Previous)	
	Inherent Risk Score	Residual Risk Score	Inherent Risk Score	Residual Risk Score
1. Port Lands Project Delivery	20	20	16	16
2. Enterprise Resource Planning System Risk	16	16	16	16
3. Project Delivery: Non-Port Lands Projects	15	15	12	12
4. Cyber Security	16	12	16	12
5. Financial Self-Sustainability	16	12	16	12
6. Climate Risk	16	12	16	12
7. Government Risk	12	12	12	12
8. Procurement Process Risk	12	12	12	12
9. Recruitment & Retention of Employees	16	9	12	9
10. Strategic Plan Performance Risk	12	9	12	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– Q2 2022/23

Audit	2021/22 (Previous Year)	2022/23 (Current Year)	2023/24 (Next Year)
Internal Audits	HR Resource & Succession Planning <i>(Completed Q4)</i>	ERP System Implementation Lessons Learned Review <i>(Completed Q3)</i>	Cyber Security Audit
		Procurement Workflow	Accessibility
		Robotic Process Automation	
	Independent Capital Monitor (Port Lands), <i>Quarterly</i>	Independent Capital Monitor (Port Lands), <i>Quarterly</i>	Independent Capital Monitor (Port Lands), <i>Quarterly</i>
External Audits	March 31 2022 Financial Statements <i>(Completed)</i>	March 31 2023 Financial Statements	March 31 2024 Financial Statements
Government Audits	Contribution Agreement Compliance - Port Lands Flood Protection (PLFP) <i>(Initiated)</i>	Contribution Agreement Compliance - PLFP <i>(Completed Q3)</i>	<i>PLFP Outcomes and/or Reconciliation/ Financial audit (to be confirmed)</i>
	Federal Toronto Waterfront Revitalization Initiative (TWRI) Program Evaluation	Federal TWRI Program Evaluation <i>(Completed Q1)*</i>	
	OAGO Value-for-Money Follow-Up <i>(Complete – report issued Dec 2021)</i>	OAGO Value-for-Money and Standing Committee on Public Accounts Follow-Up Audits <i>(Completed Q3)</i>	
Total	6 audits	8 audits	5 audits

Status of Open Audit Action Items September 30, 2022:

Overall:

- 1 action item due and implemented in Q2 2022/23.
- Fully implemented all six action items from 2021 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 2023 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).

*Results of the Federal TWRI Program Evaluation is publicly available in Government of Canada's website and included under **Item 5** of FARM agenda (<https://www.infrastructure.gc.ca/pd-dp/eval/eval-twri-plfp-irsrt-ptpi-eng.html>).

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)

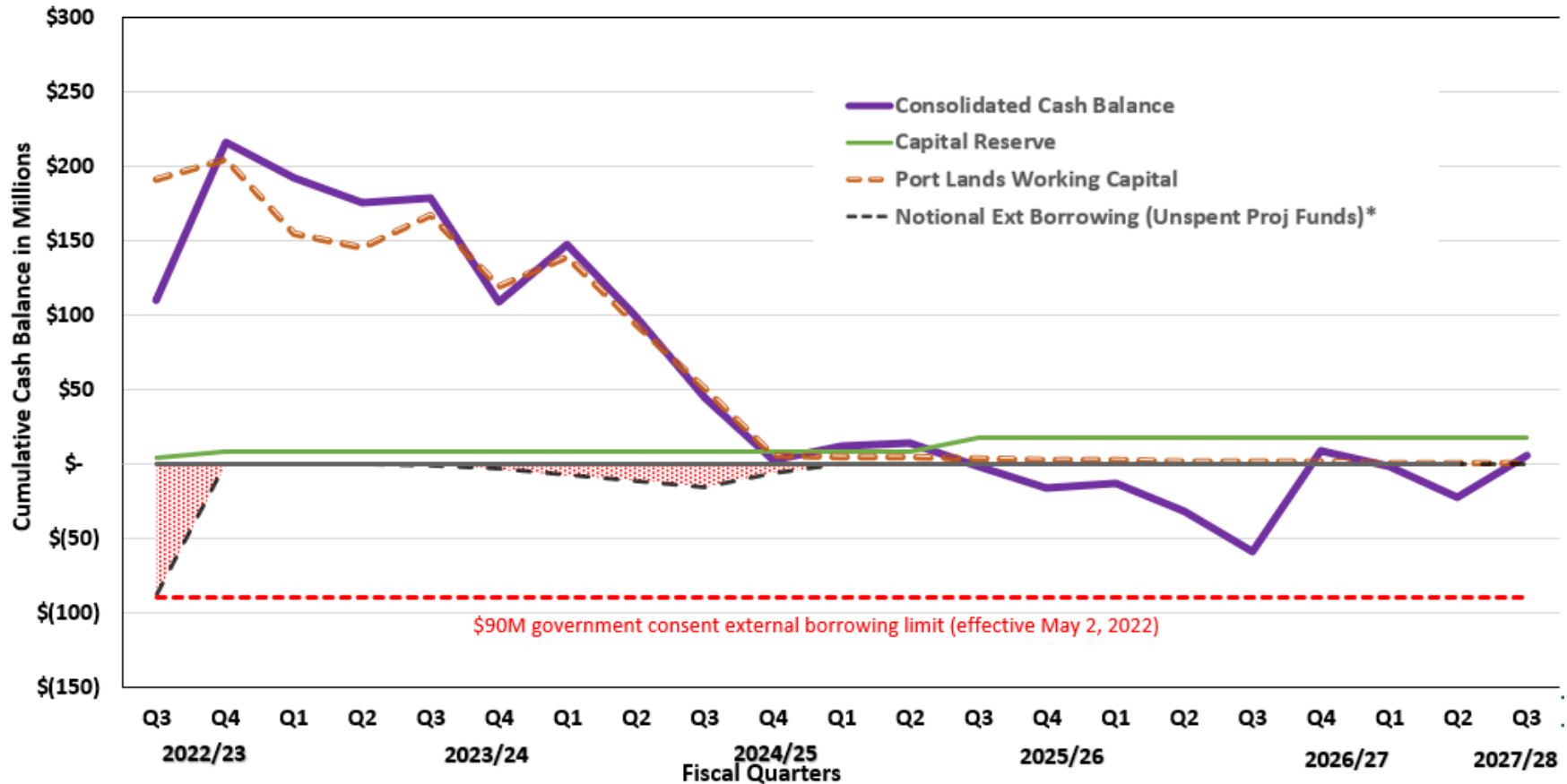
- The following three recommendations (containing six action items) were directed towards **Waterfront Toronto** (WT).
- These action items are being audited by OAGO and concluded upon in the Dec 2022 OAGO report.

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 (Nov 2022)

Cash Flow Forecast October 2022 to December 2027



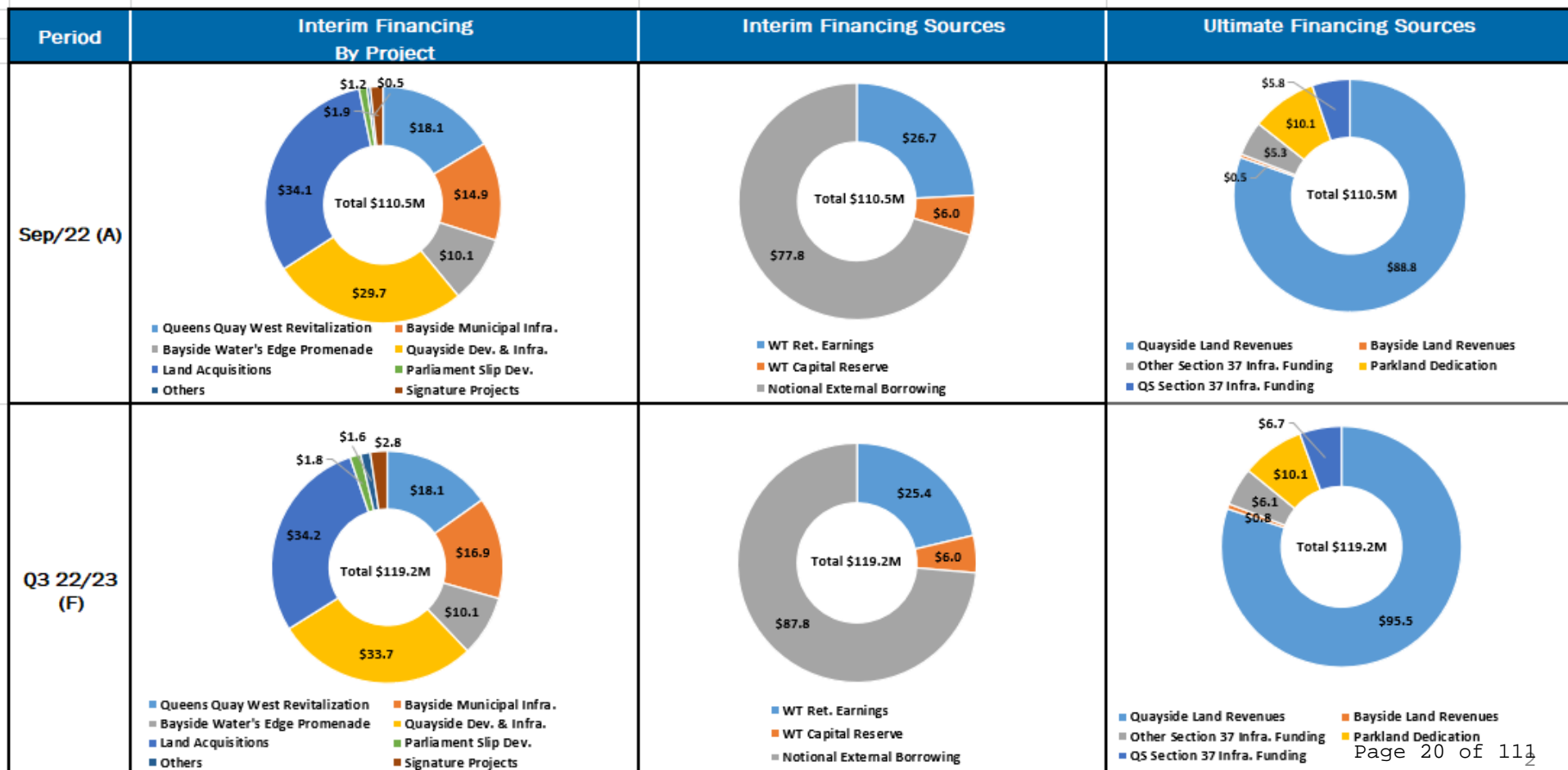
Conclusion

External Borrowing is not anticipated to be required by Waterfront Toronto until Q3 2025/26 and is forecast for up to six quarters mainly for Quayside municipal infrastructure related works (peak forecast borrowing in Q3 2026/27 of ~\$60M), anticipated to be repaid with land sale and other revenues. WTs Corporate Capital Reserve is planned to increase to \$18M by 2025/26 (net of \$5M to be spent in 2022/23 for In-water Pipe project per Jun/22 Board supplementary capital approval).

* 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 ~\$78M and forecast to increase to ~\$88M in Q3 2022/23 largely due to Quayside project and property acquisitions (targeted to be repaid from land sales by Q4 2022/23).



Purpose	<p>For information</p> <p>The purpose of the unaudited interim financial statements is to provide information about the results of the operations, financial position, and cash flows of the Corporation.</p>
Areas of note/ Key issues	<p>With respect to financial activities for the six months ended September 30, 2022, the Corporation has:</p> <ul style="list-style-type: none"> • Spent approx. \$162.6 million (up slightly from \$134.1 million for last year) of which \$132.6 million was capitalized as Assets Under Development, primarily for the Port Lands Flood Protection (\$117.5 million), \$20 million was capitalized for land purchase (Parliament Slip), \$8.5 million was expensed primarily for Queens Quay West Optimization (\$1.4 million), Villiers Island (\$1 million), Eastern waterfront transit (\$1.1 million), Bayside Childcare center (\$1.5 million), Bentway Phase 1B (\$0.5 million) and property related expenses (\$1.9 million). • Recognized revenues of \$110.3 million (down slightly from \$118.2 million for the same period last year) which is primarily made up of government contributions for Port Lands Flood Protection project including Lakeshore Bridge (\$96.2 million), cost sharing revenues for Port Lands and Lakeshore bridge project (\$6 million), public art contributions (\$2.8 million), York Street Park (\$0.1M), and parking/ rental and interest revenues (\$4.1 million). The decrease from prior year is largely due to government contributions for Port Lands Flood Protection project driven by timing of expenditures. • Slightly lower cash and short-term investments balance of \$74.9 million (down from \$90.4 million as of March 31, 2022) due to outstanding receivable of \$43 million from Government of Canada for Port Lands Flood Protection project. • Reported a higher net operating income as a result of increased revenues from Waterfront Toronto's interim property operations and higher interest income due to higher interest rates. <p>Other item of note during the period include:</p> <ul style="list-style-type: none"> • Transfer of various municipal infrastructure assets (West Don Lands Phase 1) costing \$49 million and transfer of land with historical cost of \$0.9 million to City of Toronto. • Unrestricted net assets (Note 12) is in a deficit position of \$79.7 million (increased from \$47 million as of March 31, 2022) 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 Q4 2022/23.
Key Takeaways/ Next Steps	<p>The Finance, Audit and Risk Management Committee acknowledges receipt of the unaudited interim financial statements for submission to the Board of Directors on December 8, 2022.</p> <p>The interim financial statements will be received by the Board of Directors on December 8, 2022.</p>

Interim Financial Statements of

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

September 30, 2022

Toronto Waterfront Revitalization Corporation

September 30, 2022

Interim Financial Statements

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Toronto Waterfront Revitalization Corporation

Statement of financial position

as at September 30, 2022

	September 30, 2022	March 31, 2022
	\$	\$
Assets		
Current assets		
Cash	24,987,547	90,435,454
Short-term investments	50,000,000	-
Receivables (Note 3)	62,783,411	100,033,195
Deposits and prepaid expenses and other assets (Note 4)	3,562,901	3,955,048
	141,333,859	194,423,697
Restricted cash (Note 5)	54,281,910	46,808,576
Assets under development (Note 6)	1,283,600,868	1,200,520,378
Capital assets (Note 7)	121,790,452	103,097,524
	1,601,007,089	1,544,850,175
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	90,975,654	84,948,044
Deferred contributions (Note 10)	180,558,202	200,666,459
Other liabilities and settlements (Note 11)	1,076,338	1,204,514
	272,610,194	286,819,017
Other liabilities and settlements (Note 11)	2,465,411	1,892,916
Environmental and contaminated sites liability (Note 16)	2,075,900	2,075,900
	277,151,505	290,787,833
Net assets (Note 12)	1,323,855,584	1,254,062,342
	1,601,007,089	1,544,850,175

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

Toronto Waterfront Revitalization Corporation

Statement of financial activities

Six months ended September 30, 2022

	Six months ended September 30, 2022	Six months ended September 30, 2021
	\$	\$
Restricted Revenues:		
Government of Canada	81,365,475	50,436,686
City of Toronto	18,529,925	63,258,254
Other restricted contributions	6,222,045	1,611,932
	106,117,445	115,306,873
Less: Government contributions for assets under development	(123,603,855)	(114,831,966)
Decrease in deferred contributions for continuing operations related to future periods	20,108,257	5,111,217
	2,621,847	5,586,123
Expenses (Note 13)		
Complete Communities	4,552,297	1,330,700
Eastern Waterfront Transit	1,129,239	4,933,900
Public Places	1,110,129	657,368
Strategic Initiatives	919,975	427,972
Signature Projects	777,663	827,405
	8,489,303	8,177,345
Deficiency of revenue over expenses before other items	(5,867,456)	(2,591,222)
Net other operating income (Note 17)	2,314,518	1,002,448
Excess of expenses over revenues	(3,552,937)	(1,588,774)

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

Toronto Waterfront Revitalization Corporation

Statement of remeasurement gains and losses

Six months ended September 30, 2022

	Six months ended September 30, 2022	Six months ended September 30, 2021
	\$	\$
Accumulated remeasurement loss, beginning of the year	(194,125)	(517,100)
Unrealized gain attributable to foreign currency transactions	4,664	1,956
Unrealized gain attributable to forward exchange contracts (Note 19)	186,459	204,519
Net remeasurement gain for the period	191,123	206,475
Accumulated remeasurement loss, end of the period	(3,002)	(310,625)

Statement of changes in net assets

Six months ended September 30, 2022

	Six months ended September 30, 2022	Six months ended September 30, 2021
	\$	\$
Net assets, beginning of the year	1,254,062,342	1,016,885,600
Add: Excess of expenses over revenues	(3,552,937)	(1,588,774)
Add: Net remeasurement gain	191,123	206,475
Add: Government contributions for assets under development	123,603,855	114,831,966
Less: Transfer of assets to Government (Note 6)	(49,508,030)	-
Less: Transfer of land to Government (Note 7)	(940,769)	-
Net assets, end of the period	1,323,855,584	1,130,335,266

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

Toronto Waterfront Revitalization Corporation

Statement of cash flows

Six months ended September 30, 2022

	Six months ended September 30, 2022	Six months ended September 30, 2021
	\$	\$
Cash flows from operating activities		
Excess of expenses over revenues	(3,552,937)	(1,588,774)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Amortization of capital assets	617,944	434,870
Unrealized gain attributable to foreign currency transactions	4,664	1,956
Unrealized gain attributable to forward exchange contracts	186,459	204,519
Changes in non-cash working capital balances		
Net decrease in deferred contributions	(20,108,257)	(5,111,217)
Current assets (Receivables, Deposits and prepaid expenses)	37,641,932	(31,545,632)
Current liabilities (Payables, Other liabilities and settlements)	6,471,928	11,482,102
Net cash received (paid) from operating activities	21,261,733	(26,122,176)
Cash flows from capital activities		
Cash received from government contributions for assets under development	123,603,855	114,831,966
Cash used to acquire assets under development	(133,529,290)	(124,079,121)
Cash used to acquire capital assets	(19,310,872)	(150,534)
Net cash paid from capital activities	(29,236,307)	(9,397,689)
Cash flows from investing activity		
(Invested in) received from restricted cash and investments	(7,473,333)	5,503,103
Cash invested in short-term investments	(50,000,000)	-
Net cash (paid) received from investment activity	(57,473,333)	5,503,103
Decrease in cash	(65,447,907)	(30,016,762)
Cash, beginning of the period	90,435,454	104,592,114
Cash, end of the period	24,987,547	74,575,352

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

1. Interim financial statements

The unaudited interim financial statements of the Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC") have been prepared by management in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods in their applications as the most recent annual financial statements. All disclosure required for annual financial statements has not been included in these financial statements. These financial statements should therefore be read in conjunction with the March 31, 2022 audited financial statements.

2. 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.

3. Receivables

	September 30, 2022	March 31, 2022
	\$	\$
Government of Canada	43,475,813	-
City of Toronto	12,776,101	2,810,810
HST receivable	3,381,334	10,564,582
Rent and other receivables	3,150,163	17,690,871
Province of Ontario	-	68,966,932
	62,783,411	100,033,195

4. Deposits and prepaid expenses

	September 30, 2022	March 31, 2022
	\$	\$
Construction deposits	2,181,199	2,181,199
Prepaid expenses	1,381,702	1,773,849
	3,562,901	3,955,048

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, 2022 - \$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:

	September 30, 2022	March 31, 2022
	\$	\$
Holdbacks payable	40,820,698	35,291,636
Developer contributions - East Bayfront public art	9,436,315	8,089,143
Developer Deposits - Broadband services	2,193,415	1,615,015
Developer Deposit - East Bayfront child care facility	1,567,926	1,551,918
Other	263,556	260,864
	54,281,910	46,808,576

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

6. Assets under development

The following table details assets under development by category:

	September 30, 2022	March 31, 2022
	\$	\$
Roads, Bridges, Services, Structures	601,532,267	581,331,585
Flood Protection Features	524,660,743	471,563,516
Land under development	95,149,664	91,401,055
Parks and Public Realm	62,258,194	56,224,222
	1,283,600,868	1,200,520,378

The following table details assets under development by Priority Initiatives:

	The Port Lands	Complete Communities	Quayside	Public Places	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2022	772,527,019	377,146,425	36,101,349	14,745,585	1,200,520,378
Capital additions	114,144,587	5,467,599	2,541,252	4,045,538	126,198,975
Direct project management - Note 13	2,824,326	542,339	1,834,546	244,084	5,445,295
General and support expenses - Note 13	495,083	87,385	321,582	40,200	944,250
Transfer of completed assets to City of Toronto		(49,508,030)			(49,508,030)
Closing balance, September 30, 2022	889,991,015	333,735,718	40,798,729	19,075,407	1,283,600,868

During the period, various municipal infrastructure assets (West Don Lands Phase 1) costing \$49,508,030 (March 31, 2022 - Jack Layton Ferry Terminal Phase 1A - \$3,173,209) were 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.

7. Capital assets

	September 30, 2022		March 31, 2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	119,994,147		100,812,146	-
Computer hardware and software	4,644,910	3,269,439	4,499,284	2,829,477
Leasehold improvements	1,582,741	1,237,706	1,582,601	1,058,181
Furniture and fixtures	539,371	463,572	539,371	448,220
Office equipment	145,563	145,563	145,563	145,563
	126,906,732	5,116,280	107,578,965	4,481,441
Cost less accumulated amortization		121,790,452		103,097,524

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 September 30, 2022, the Corporation has made a provision of \$Nil (March 31, 2022 - \$Nil) 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, 2022 - \$Nil).

During the year, land with a historical cost of \$940,769 (March 31, 2022 - \$Nil) was transferred to the City of Toronto and was recorded as a reduction in capital assets and a distribution of net assets in the statement of changes in net assets.

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 4.95% at September 30, 2022 (March 31, 2022 - 2.20%). The facility is secured by a first lien interest over several of the Corporation's real properties in the City of Toronto and a General Security Agreement creating a first priority interest over property of the Corporation not obtained through a contribution agreement, including accounts receivable. At September 30, 2022 the available borrowing limit is \$39.9 million.

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 September 30, 2022, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

Subsequent to September 30, 2022 and subject to reducing the number of secured properties, the Corporation secured an increased credit limit to \$90 million and a revised interest rate of Canadian Prime lending rate less 1.0%. All other terms of the credit facility remain the same.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

9. Accounts payable and accrued liabilities

	September 30, 2022	March 31, 2022
	\$	\$
Accrued liabilities	49,525,858	48,642,647
Holdbacks payable	41,189,555	35,057,157
Accounts payable	260,241	1,248,240
	90,975,654	84,948,044

10. Deferred contributions

Deferred contributions represent project specific contributions from Governments which have not been applied to eligible costs at September 30, 2022, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	September 30, 2022	March 31, 2022
	\$	\$
Expenditures of future periods		
Balance, beginning of year	200,666,459	140,660,162
(Utilization of) additional contributions	(18,104,354)	67,193,722
Less: amounts recognized as revenue	(2,003,903)	(7,187,425)
Balance, end of period	180,558,202	200,666,459
Capital contributions		
Balance, beginning of year	-	-
Add: contributions for acquisition of capital assets and assets under development	124,221,799	245,989,724
Less: direct contribution to net assets	(123,603,855)	(245,034,699)
Less: amount amortized to revenue	(617,944)	(955,025)
Balance, end of period	-	-
	180,558,202	200,666,459

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	September 30, 2022	March 31, 2022
	\$	\$
Deposit - broadband services	2,193,416	1,615,016
Deposits - rent and other	1,076,338	1,204,514
Deposit - Bayside project agreement	271,995	277,900
Total other liabilities	3,541,749	3,097,430
Less: current portion	(1,076,338)	(1,204,514)
	2,465,411	1,892,916

12. Net assets

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

	September 30, 2022	March 31, 2022
	\$	\$
Invested in non-amortisable capital assets	119,994,147	100,812,146
Invested in assets under development	1,283,600,868	1,200,520,378
Unrestricted deficit (Note 12b)	(79,736,429)	(47,076,057)
Accumulated re-measurement loss	(3,002)	(194,125)
	1,323,855,584	1,254,062,342

b) Unrestricted deficit

	September 30, 2022	March 31, 2022
	\$	\$
Unrestricted deficit, opening balance	(47,076,057)	(24,915,512)
(Deficit) excess of revenues over expenses	(3,552,937)	8,207,451
Investment in assets under development	(8,984,665)	(16,861,415)
Investment in land	(20,122,770)	(13,506,581)
Unrestricted deficit, closing balance	(79,736,429)	(47,076,057)

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

13. Expenses by Priority Initiative and Function

	Complete Communities	Eastern Waterfront Transit	Public Places	Strategic Initiatives	Signature Projects	Quayside	The Port Lands	Total September 30, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	3,367,645	844,269	886,712	39,557	77,768	-	-	5,215,949
Salaries, fees and benefits	1,322,929	207,783	370,184	641,946	510,320	1,572,113	2,420,305	7,045,580
Less salaries, fees and benefits related to assets under development (Note 6)	(542,339)	-	(244,084)	-	-	(1,834,546)	(2,824,326)	(5,445,295)
	4,148,235	1,052,052	1,012,812	681,503	588,088	(262,433)	(404,021)	6,816,234
<i>General and support expenses:</i>								
General and office administration	243,892	38,306	68,246	118,347	94,081	289,830	446,201	1,298,904
Amortization	116,030	18,224	32,468	56,303	44,758	137,885	212,277	617,944
Information technology	92,774	14,571	25,960	45,018	35,788	110,249	169,731	494,092
Communications and public engagement	38,751	6,086	10,843	18,804	14,948	46,050	70,895	206,379
	491,447	77,187	137,517	238,472	189,575	584,014	899,104	2,617,319
Less general & support costs allocated to assets under development (Note 6)	(87,385)	-	(40,200)	-	-	(321,582)	(495,083)	(944,250)
	4,552,297	1,129,239	1,110,129	919,975	777,663	-	-	8,489,303

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending September 30, 2022 have been allocated to priority initiatives using an overhead burden rate of 0.37 (2021 - 0.29) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$7,045,580 for the period ending September 30, 2022 (2021 - \$6,750,622).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

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

	Complete Communities	Eastern Waterfront Transit	Public Places	Strategic Initiatives	Signature Projects	Quayside	The Port Lands	Total September 30, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	338,583	4,471,174	530,086	25,027	341,871	-	-	5,706,741
Project management - salaries, fees and benefits	1,205,079	359,584	286,685	313,129	377,309	1,761,954	2,446,882	6,750,622
Less project management - salaries, fees and benefits related to assets under development (Note 6)	(513,718)	-	(221,092)	-	-	(2,102,165)	(2,897,326)	(5,734,302)
	1,029,944	4,830,758	595,679	338,156	719,180	(340,211)	(450,444)	6,723,061
<i>General and support expenses:</i>								
General and office administration	174,012	51,924	41,397	45,215	54,483	256,608	353,673	977,313
Information technology	78,366	23,384	18,643	20,363	24,536	115,564	159,277	440,133
Amortization	77,429	23,104	18,420	20,119	24,243	114,182	157,372	434,870
Communications, marketing and government relations	15,850	4,730	3,771	4,119	4,963	23,374	32,215	89,020
	345,657	103,142	82,231	89,816	108,225	509,727	702,537	1,941,336
Less general & support costs allocated to assets under development (Note 6)	(44,901)	-	(20,542)	-	-	(169,517)	(252,093)	(487,052)
	1,330,700	4,933,900	657,368	427,972	827,405	-	-	8,177,345

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

14. Commitments

The Corporation has corporate lease commitments of \$809,656 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 \$1,089,220 (March 31, 2022 - \$339,786) of cash and \$NIL (March 31, 2022 - \$662,420) of payables which has been translated from its U.S. denominated amount.

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 September 30, 2022, there has been no change to management's estimates of the liabilities and remediation costs anticipated to be incurred.

17. Net other operating income

	September 30, 2022	September 30, 2021
	\$	\$
Rental, parking and other income	2,359,130	2,427,727
Less: operating expenses	(1,939,666)	(1,862,173)
	419,464	565,554
Interest	1,776,530	473,439
Realized (loss) gain on foreign currency transactions	18,906	(136,046)
Other Income	99,619	99,501
Net other operating income	2,314,518	1,002,448

18. 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 September 30, 2022 is \$186,459 (2021 - \$204,519). As at September 30, 2022, the Corporation has notional swing forward exchange contracts of US\$2,060,000 outstanding with settlements occurring monthly until March 2023.

19. 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.

20. Qualified Donee Status

In 2017, TWRC was registered with the Canada Revenue Agency as a qualified donee and is now eligible to issue official donation receipts and receive gifts from registered charities. The status is effective June 24, 2016.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2022

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 March 31, 2023.

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.

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 Q2 2022/23:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding is \$163.2 million. • Current commitments equal \$94.3 million. • Costs incurred to date equal \$43.8 million. • \$5.7 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for Q2 include:</p> <ul style="list-style-type: none"> • City provided Release for Construction for Lake Shore Boulevard East, Bridge and Public Realm with removal of Harbour Lead Line • Progressed design for electrical works on Lake Shore Boulevard East • Enbridge received Leave to Construct from Ontario Energy Board for temporary and permanent relocation of NPS 20 gas • Received approval from THESL for duct bank on Lake Shore Bridge • Progressed with construction of wet utilities and clean cap on south side of Lake Shore Boulevard East • Progressed with construction of piers and abutments for east bound Lake Shore Bridge • Progress with installation of temporary dock walls and protection on east bound Lake Shore Bridge • Progress with temporary relocation of watermain on west side of Lake Shore Bridge
Resolution or Next Steps	<p>The next Lake Shore Blvd East – Bridge and Public Realm Dashboard will be for Q3 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

PROJECT STATUS SUMMARY				
Budget Status				
Approved Budget	Total Commitments	Anticipated Commitments	Estimate at Completion	
\$163,245,000	\$94,287,774	\$68,957,226	\$163,245,000	
Remaining Contingency	Contingency Utilization	Cost to Date	Variance to Budget	
\$5,722,912	79%	\$43,839,752	\$0	
Schedule Status				
Percent Complete	Project Start	Construction Start	Substantial Performance	Warranty Complete
27%	29-Apr-20	01-Jun-21	26-Jun-25	26-Jun-27
Project Progress Summary				
Project is on budget and expected to be delayed by 6 months. Project is currently under construction. Demo of Gardiner Logan Ramps completed. Bridge construction have started. Watermain installation and clean cap work at Boulevard ongoing.				

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	\$ 73,579,281	\$ 55,754,807	\$ 129,334,088	\$ 25,672,129	\$ (19,034,088)	20%
Soft Cost	\$ 22,355,000	\$ -	\$ 22,355,000	\$ 20,490,858	\$ 4,867,142	\$ 25,358,000	\$ 17,972,650	\$ (3,003,000)	71%
Contingency	\$ 27,760,000	\$ -	\$ 27,760,000		\$ 5,722,912	\$ 5,722,912		\$ 22,037,088	0%
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	\$ 94,287,774	\$ 68,957,226	\$ 163,245,000	\$ 43,839,752	\$ -	27%

* Reflect September 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	24-Dec-24		26-Jun-25	01-Jun-21	
Gardiner Ramps Demolition	01-Jun-21	04-Oct-21			01-Jun-21	04-Oct-21
Bridgework: Eastbound & Westbound Lanes	04-Oct-21	26-Apr-24		22-Oct-24	01-Mar-22	
Roadwork: Stage 1 (South Side) incl: Pre-Stage Traffic Detour	23-Aug-21	02-Mar-23		05-Dec-23	23-Aug-21	
Roadwork: Stage 2 (North Side) incl: Don Roadway NW Intersection	09-Feb-23	15-Apr-24	04-May-23	16-May-25		
Roadwork: Stage 3 (Centre Median)	16-Apr-24	26-Nov-24	24-Oct-24	26-Jun-25		
Warranty Complete	n/a	24-Dec-26	n/a	26-Jun-27		

* Baseline Schedule: Based on February 2022 Baseline Schedule. ** Forecast Schedule: Based on September 2022 draft 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. Coordination with City team to close last set of comments ongoing.	2. Continue coordination with City team to close the last set of comments in comment log.
3. Excavation, clean cap and grading work for south side of boulevard and north side under rail tracks progressing well.	3. Excavation, clean cap and grading work to continue for south side and north side under the existing rail tracks to continue.
4. Request for Proposal (RFP) #3 for Permanent Road closed and is under review with Construction Manager.	4. Recommendation to award for RFP#3 for Permanent Road to be issued to WT by end of Oct-22.
5. Watermain installation progressing well south side.	5. Installation of watermain between Saulter and Logan to continue.

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

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. None.	
Key Decisions	
1. None.	
Due Date	

*Top 3 only

PHOTOS & ILLUSTRATIONS	
 <p>Location Map</p>	 <p>Project Overview</p>
 <p>Clean Cap Work in progress on North Side</p>	 <p>Excavation work in Progress on South Side</p>
 <p>Watermain Installation in progress on Boulevard on South Side</p>	 <p>Current Site Status</p>

GENERAL COMMENTS
1. No additional comments.

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

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 - Consulting Services, the following does not meet the permitted exceptions under Section 7 (2):*
 - *Navigator Ltd. – Develop Strategic Communications for Next Phase of Waterfront Revitalization. **Contract value: \$45,000***
 - After a scan of public relations/affairs firms' qualifications was undertaken, Navigator Ltd.'s qualifications most closely aligned with the Corporation's needs and is best suited to support of the 2040 Working Group's mandate extension objectives.

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

- *None.*

Regulatory & Operational Compliance Report
(for the period from July 1, 2022 to September 30, 2022)
Finance, Audit and Risk Management Committee Meeting
November 24, 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 Nov 3, 2022 for period Sep 1, 2022 to Sep 30, 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, 2022 CIT Return filed Sep 23, 2022 [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 year annual business plan and 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:	2021/22 Audited financial statements approved by the Board June 22 2022 with signed copies provided to governments on/before June 30, 2022.				
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 ten 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 taken over by the Port Lands Flood Protection project (PLFP) in 2020 through the Construction Manager for the purpose of material and equipment storage; • 130 Commissioners St. has been demolished and care and control of the property taken over by PLFP through the Construction Manager for construction activities; and • 11 Parliament St. is leased to prior owner, RCYC as part of the terms of the agreement of purchase and sale 				

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"> August 15, 2022 – Sediment and Debris Management Area. A spill of fuel was observed from a mechanical pump into a temporary cofferdam that was installed in the Keating Channel. Preliminary investigation of the issue suggested that trespassing had occurred and that an unauthorized individual had tampered with a valve. Absorbent spill pads were deployed and the incident was reported to MECP and City of Toronto. 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. The Corporation has also been made aware of a potential claim for an amount less than \$3 million. The Corporation does not believe the potential liability for this claim is in excess of \$ 2 million, any liability has been provided for in the budget of the Corporation and consideration is being given to claiming against a third party involved in the matter.</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

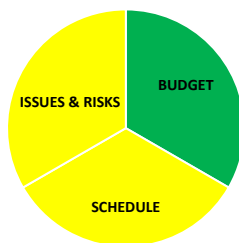
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Philanthropy Project & Signature Projects Dashboard - as of September 30, 2022

Issued: October 25, 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.

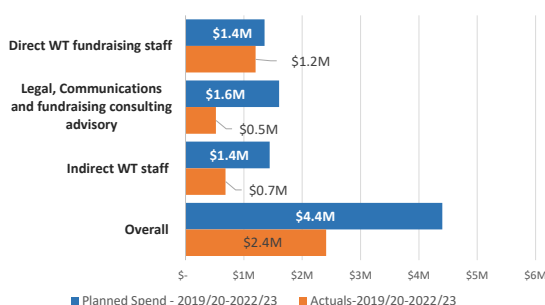


Prospect engagement is proceeding and the prospect pipeline is growing slowly. Waterfront Toronto has not yet hired the additional staff to support fundraising efforts due to slower pace of prospect engagement. Overall, the Philanthropy Project is expected to be under budget this fiscal year.

PHILANTHROPY PLANNED SPEND, FORECAST AND COSTS (EXCLUDING CAPITAL SIGNATURE PROJECTS)

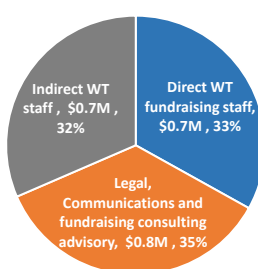
Planned Spend* versus Actuals for Fiscal Years 2019/20 to 2022/23

*Board approved Dec 2021 and includes what was planned for in fy 2019/20-2022/23



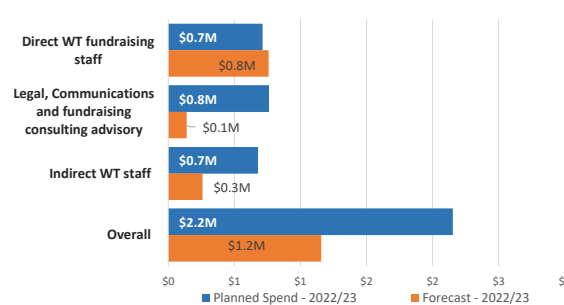
Planned Spend* for Fiscal Year 2022/23 (\$2.2M)

*Board approved Dec 2021



Planned Spend* vs. 2022/23 Forecast

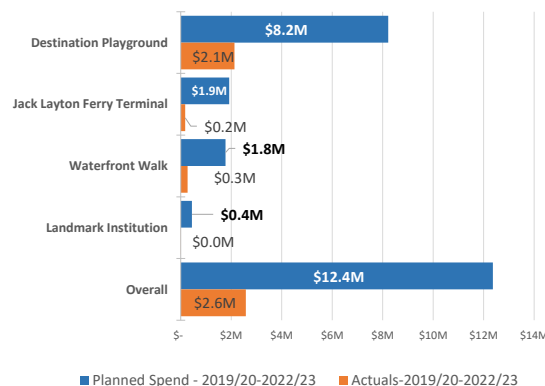
*Board approved Dec 2021



SIGNATURE PROJECTS EXPENDITURES (EXCLUDING PHILANTHROPY PROJECT)

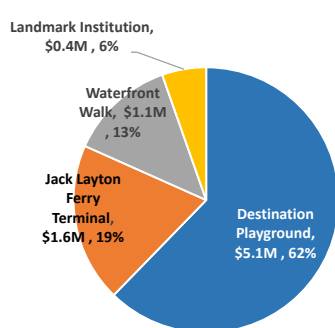
Planned Spend* versus Actuals for Fiscal Years 2019/20 to 2022/23

*Board approved Dec 2021 and includes what was planned for fy 2019/20-2022/23



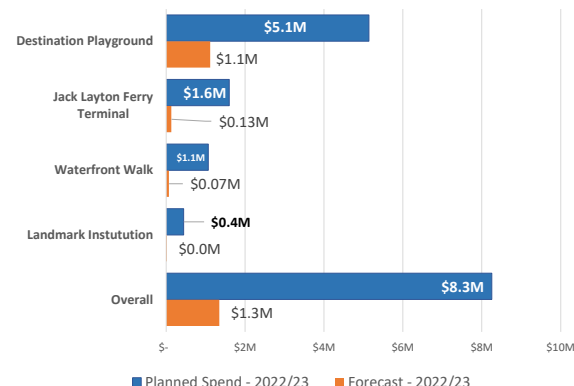
Planned Spend* for Fiscal Year 2022/23 (\$8.3M)

*Board approved Dec 2021



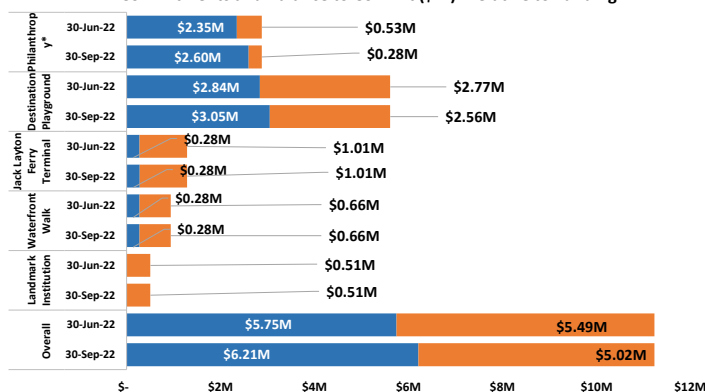
Planned Spend* vs. 2022/23 Forecast

*Board approved Dec 2021

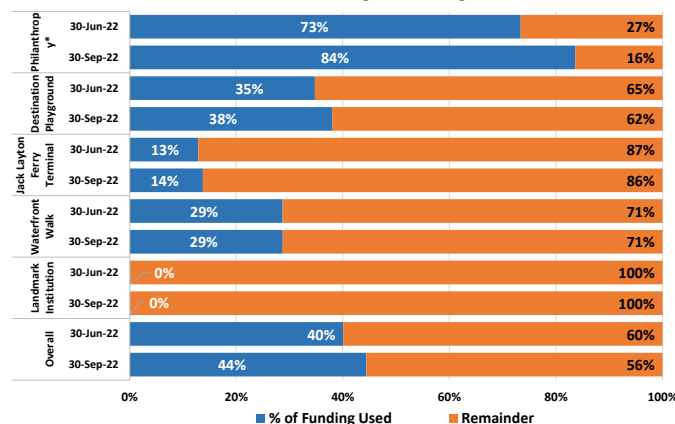


PHILANTHROPY AND SIGNATURE PROJECTS IMPLEMENTATION INDICATORS

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



Percentage of Funding Used



Philanthropy Project & Signature Projects Dashboard - as of September 30, 2022

Issued: October 25, 2022

PHILANTHROPY & SIGNATURE PROJECTS PRIORITY DELIVERABLES





Priority Deliverables	Completed to Date	Oct to Dec 2022 Forecast Completion	Jan to Mar 2023 Forecast Completion	Notes
◆ - Deliverable carried over from 2021/22	✓			
Government Consent and City Alignment				
Execute Fundraising MOU - ◆		•		
Fundraising Capabilities				
Hire Partnerships Officer - ◆				Not forecasting the completion of this deliverable as it is dependent on fundraising results
Develop key policies, procedures and precedent legal agreements - ◆				Not forecasting the completion of this deliverable as it is dependent on fundraising results
Establish Campaign Leadership Group			•	
Fundraising Liaison Committee.	✓			
Engage 25 prospective donors and execute agreement for first \$5M donation.	✓			
Fundraising for Destination Playground				
Build Presentation Model (maybe virtual) - ◆				Not forecasting the completion of this deliverable as it is dependent on fundraising results
Advance Destination Playground				
Complete 30% Schematic Design - ◆		•		
Progress design of the Destination Playground.				Completion expected in FY 23/24
Jack Layton Ferry Terminal				
Complete a scalability and phasing assessment for the expansion of the Jack Layton Ferry Terminal.		•		
Waterfront Walk				
Initiate a phasing and scalability assessment for the Waterfront Walk.	✓			




PHILANTHROPY RISK 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 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 has had a moratorium on naming any (City controlled) public space in honour of donors, which suppresses fundraising potential. Future City policies are not yet clear.

Item 4g Environmental, Social, and Governance (ESG) Update

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	Q2 2022/23 Update	Oversight
Governance	Quarterly ESG Update Standing Item <ul style="list-style-type: none"> Quarterly “ESG Update” a standing agenda item for Board Committees effective June 2022 Plans for a comprehensive Board-level update in early 2023. 	Board
Environment SDGs supported: <div>    </div>	Recommendations of Task Force for Climate-Related Financial Disclosures (TCFD) <ul style="list-style-type: none"> Published WT's inaugural TCFD-recommended disclosures in the 2021/22 Integrated Annual Report (IAR), outlining our approach to climate risks and opportunities from the perspectives of governance, strategy, risk management, and metrics and targets (<i>refer Appendix 4 of the IAR</i>) Following recommendations from a recent PwC review of physical and transitional climate risk facing WT, developed a Climate Action Plan focused on four priorities: exploring net zero target, green procurement, stakeholder engagement, and governance. 	FARM
	Greenhouse Gas (GHG) Inventory <ul style="list-style-type: none"> Published corporate scope 1 and 2 GHG emissions (direct emissions from sources owned/ controlled by WT and indirect emissions from purchased electricity) in the 2021/22 IAR Notable progress being made to measure scope 3 emissions (indirect emissions from the supply chain, notably construction emissions from Port Lands Flood Protection project) 	FARM
	Green Buildings KPI 5.1 <ul style="list-style-type: none"> Continued to welcome new tenants to the Waterfront Innovation Centre (125 Queens Quay East), a LEED Gold registered building that puts sustainability first with a focus energy efficiency and carbon emissions reduction 	IREC
Social SDGs supported: <div>  </div>	Diversity, Equity & Inclusion (DE&I) Strategy KPI 8.1 <ul style="list-style-type: none"> DE&I Strategy recommendations from MNP remain underway for implementation, targeting Winter 2023 for completion. Key initiatives include the draft completion by a staff working group of WT Organizational Values and an Affirmation Statement in support of a people-first DE&I Strategy 	HRGSR
	Indigenous Cultural Safety Training <ul style="list-style-type: none"> WT staff and Board continue to receive Indigenous Cultural Safety training (part II “<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

  	Accessibility Strategy <ul style="list-style-type: none"> With support from the newly minted (Feb, 2022) Advisory Committee on Accessibility, WT progressed the development of Waterfront Accessibility Design Guidelines, building on the AODA and Toronto Accessibility Design Guidelines, to guide public realm design and demonstrate leadership in accessible design excellence on the waterfront. 	Board
	Interim Use and Events Strategy <ul style="list-style-type: none"> As part of the Corporation's interim animation strategy, WT completed hosting Smorgasburg on waterfront lands, as a weekly open-air food market featuring diverse local vendors (8 Saturdays in July - Sept 2022) 	FARM
	Public Art <ul style="list-style-type: none"> WTs 2022 Artist in Residence, Lisa Hirmer, completed three projects (two installations and one workshop series) focused on the way that human relationships interact with their surrounding ecologies and life in this moment of climate emergency. Winning artists were selected for the King/Queen Triangle and Anishnawbe Health Toronto sites in the West Don Lands, for major Indigenous permanent public artworks. Third installation of the Villiers Street billboards, showing the progression of PLFP, for Contact Photography Festival 2022. 	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 negotiation and design process Submissions received and under evaluation for the Request for Prequalification (PQ) to seek Indigenous architects, designers and artists to create a series of integrated features in the new mouth of the Don River Recognized the National Day for Truth and Reconciliation on September 30th by inviting Darin Wybenga, a Traditional Knowledge and Land Use Coordinator for MCFNs Department of Consultation and Accommodation present at WTs staff Townhall about the history of MCFN and the treaties relevance to Lake Ontario and Toronto. WT also lent our social media channels to MCFN on Sept 30th to help amplify important stories about the legacy of residential schools, and our work together on reconciliation. 	Board

Purpose	For Information
Areas of note/ Key issues	<p>Infrastructure Canada is required to complete a program evaluation of all grants and contributions that exceed \$5M every five years. The objective of the evaluation is to assess the relevance and effectiveness of their grants and contributions program. In 2021 Infrastructure Canada completed a program evaluation of the PLFP project which concludes that:</p> <p>“Overall, the evaluation findings were positive, and no recommendations were made as a result of this evaluation.”</p> <p>Key findings of the evaluation include:</p> <ol style="list-style-type: none"> 1. The PLFP project supports the Government of Canada’s continued environmental priorities with a focus on resilience 2. The PLFP project is making progress toward its expected outcomes 3. Unexpected challenges pose a risk to project costs and timelines; however, Waterfront Toronto has managed to mitigate impacts to date 4. The four-party project delivery mechanism is an efficient and effective model given the PLFP project’s type, scale and complexity 5. The PLFP project is leveraging extensive engagement and best practices to create inclusive public spaces <p>The report makes no recommendations for improvement and requires no response on behalf of Waterfront Toronto or the Federal Government Infrastructure Ministry.</p>
Resolution/Next Steps	No further action required.



Evaluation of the Toronto Waterfront Revitalization Initiative's PLFP Project Final Report April 27 2022

This publication is available upon request in accessible formats.

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Program Overview

Program description

The Toronto Waterfront Revitalization Initiative (TWRI) was created in 1999 when the Governments of Canada and Ontario, and the City of Toronto, announced a plan to rebuild and renew the districts of West Don Lands, East Bayfront, and the Port Lands. This led to the creation of a designated waterfront area in the City of Toronto. Waterfront Toronto (WT), a not-for-profit corporation with a Board of Directors appointed by the three levels of government, was established in 2001 with a 25-year mandate to lead the revitalization work.

Phase 1 of the TWRI included a commitment of \$500 million each from the Governments of Canada and Ontario, and the City of Toronto. Phase 1 funding ended March 31, 2014, with all \$500 million of federal funds spent by 2012-2013.

Phase 2 of the TWRI, Waterfront 2.0, was developed in response to the need for a comprehensive flood protection plan identified during Phase 1 to advance the TWRI. Phase 2 includes \$1.185 billion in tri-government funding dedicated to the Port Lands Flood Protection (PLFP) project, with the federal contribution totaling \$384 million. A Contribution Agreement (CA) signed by all three levels of governments and Waterfront Toronto outlines the tripartite funding for the earthworks, infrastructure construction and public and park space creation and enhancements of this phase of the project and related expected outcomes. It also details the mechanisms for oversight, reporting and dispute resolution. Following the signing of this CA, the PLFP project began in 2017 and is expected to end in 2024.

Phase 2 was designed to protect approximately 240 hectares of land in southeastern portions of downtown Toronto that are at risk of flooding, and to remediate approximately 32 hectares of brownfields. Additionally, approximately 29 hectares of green space and 11 hectares of parkland will be available for public use. The PLFP project will also result in upgrades to municipal infrastructure in the area. This includes making improvements to roads, bridges, transit rights-of-way, and water and wastewater systems. In the long term, the project will provide opportunities for residential and commercial development, access to affordable housing, and public transit.

PLFP outcomes

Immediate Outcomes

- Investments contribute to enhanced flood protection
- Investments contribute to the remediation of undeveloped brownfields
- Investments contribute to the practice of sound environmental processes

Intermediate Outcomes

- Investments contribute to enhanced storm water management
- Investments contribute to improved public access
- Investments contribute to enhanced critical infrastructure
- Investments contribute to improved environmental management of Toronto’s waterfront area

Final Outcomes

- Investments increase capacity to adapt to climate change impacts, natural disasters and extreme weather events
- Investments support more inclusive and accessible public spaces
- Investments increase opportunities for economic growth and development

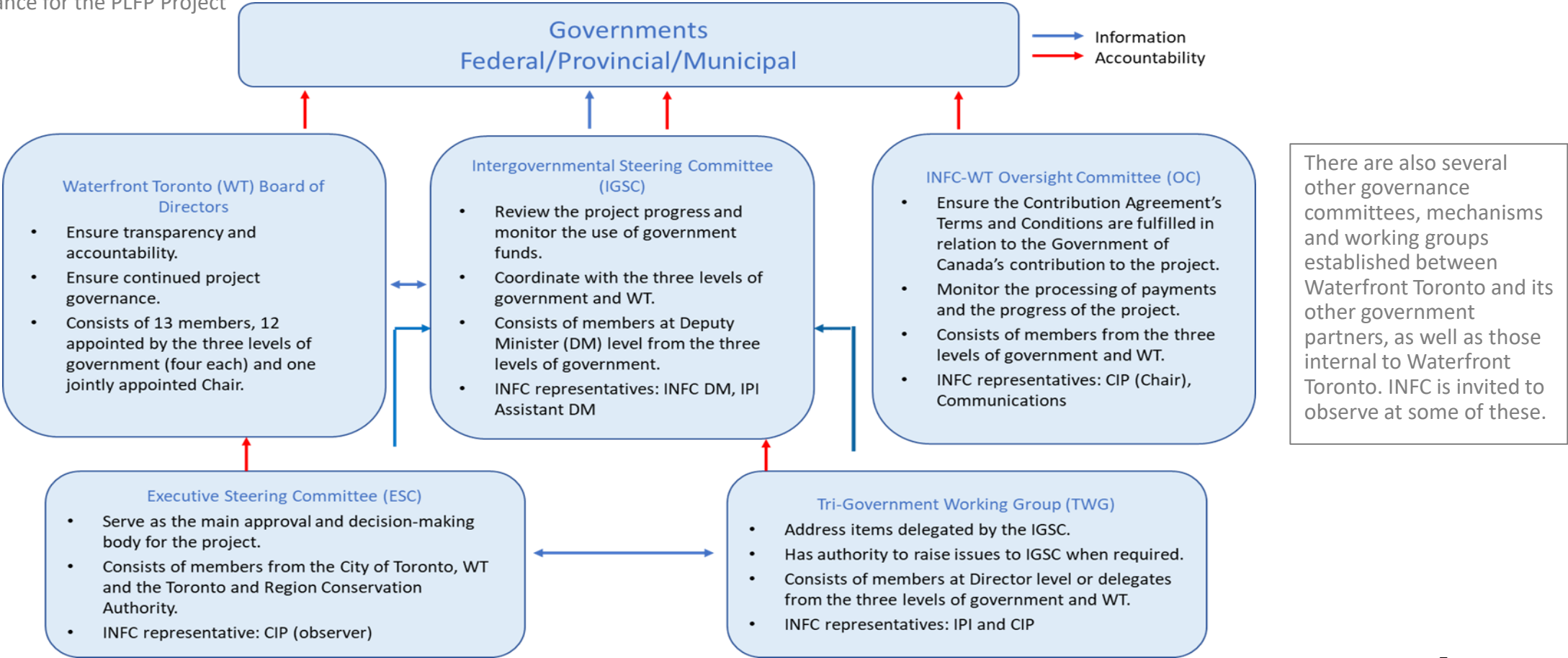
Program Overview

Governance

The three levels of government, along with Waterfront Toronto, make up a four-party mechanism responsible for the administration and governance of the PLFP project. Within INFC, the Investment, Partnerships and Innovation (IPI) Branch manages Waterfront Toronto (which, as a corporation, manages the broader waterfront revitalization project) and the Community Infrastructure Programs (CIP) Branch manages the PLFP project itself.

There are a number of governance committees, some of which oversee the broader waterfront revitalization issues and some of which focus specifically on the PLFP project. The governance structure is further outlined in Figure 1.

Figure 1: INFC Governance for the PLFP Project



Evaluation Objective and Scope

Objective

The objective of the evaluation is to meet section 42.1 of the FAA which requires an assessment every five years of all grants and contributions that exceed \$5 million.

The evaluation covers issues of relevance and effectiveness as defined by the Treasury Board's *Policy on Results* and related Directive:

- Relevance: the extent to which a program, policy or other entity addresses and is responsive to a demonstrable need. Relevance may also consider if a program, policy or other entity is a government priority or a federal responsibility.
- Effectiveness: the impacts of a program, policy or other entity, or the extent to which it is achieving its expected outcomes.

This evaluation also includes the government-wide commitment to include Gender-Based Analysis Plus (GBA+) in all evaluations as outlined in the *Directive on Results*.

Scope

The federal contribution in the timeframe required by the FAA obligation is for Phase 2 of the TWRI. This evaluation focuses on the PLFP project, the sole project under Phase 2 of the TWRI. The evaluation covers the period between April 1, 2017, and December 31, 2020, which is when the PLFP project began until the initiation of this evaluation.

Evaluation questions

The evaluation used three lines of evidence – a document review, literature review and key informant interviews – to address the following questions:

- Q1. To what extent does the PLFP project meet the needs to be addressed by the TWRI?
- Q2. To what extent has progress been made towards expected outcomes for the PLFP project?
- Q3. To what extent is this four-party project delivery mechanism efficient and effective?
- Q4. To what extent has the design and implementation of the PLFP project incorporated inclusiveness?

Summary of Key Findings

Relevance

The project is well positioned under the Toronto Waterfront Revitalization Initiative and supports the Government of Canada's continued environmental priorities, with a focus on resilience. (p.9)

Progress toward achievement of outcomes

The PLFP project is making progress toward its expected outcomes. (p.10-12)

- Flood protection, brownfield remediation and river naturalization work is in progress and partially completed. Longer-term outcomes such as green infrastructure and green and public spaces are expected to be completed by the end of the project.
- There are some challenges with the selected performance measures and the ability to report on some of the indicators before project completion.

Unexpected challenges pose a risk to project costs and timelines; however, Waterfront Toronto (WT) has managed to mitigate impacts to date. (p.13)

- Waterfront Toronto successfully managed the unexpected impacts of COVID-19 by mobilizing and responding quickly to new and evolving circumstances.
- Project partners are aware of the challenges and continue to monitor impacts to the project's contingency.

Governance

The four-party project delivery mechanism is an efficient and effective model given the PLFP project's type, scale and complexity. (p.14)

Inclusivity

The PLFP project is leveraging extensive engagement and best practices in order to create inclusive public spaces. (p.15-16)

- The PLFP project implementation includes employment initiatives that support a diverse workforce in jobs resulting directly from the project. The project also creates the foundation for future development plans that promise to include accessible and inclusive design.
- Public and Indigenous engagements for the PLFP project reflect best practices and have helped identify public priorities and support opportunities for Indigenous Peoples, namely the Mississaugas of the Credit First Nation, through the signing of a Memorandum of Understanding.

Conclusions

1. While it is still early in the PLFP project and work is ongoing, progress is being made towards expected outcomes.

The PLFP project’s CA does not require measurement of project outcomes before the project is completed. A number of indicators for the project can only be fully measured upon project completion, making project progress assessment challenging.

However, early data indicates there is progress towards addressing climate resilience needs through brownfield remediation and disaster mitigation in support of INFC and the TWRI’s objectives. As well, the creation of public spaces and infrastructure through the PLFP project will lay the groundwork for future development that aims to revitalize the Toronto waterfront in an accessible and inclusive manner. This aligns with recent commitments to support natural and hybrid infrastructure projects and help improve well-being, mitigate the impacts of climate change particularly on the most vulnerable, and prevent costly natural events.

2. The current governance structure is an effective mechanism for the delivery of a multi-partner project like the PLFP project.

The PLFP project’s multipartite governance structure has enabled coordination and communication amongst project partners that strongly supports the project’s progress so far and is justified/warranted for a project of this type.

Specifically, with Waterfront Toronto as the delivery agent for the project, relationships have been facilitated and the delivery of mutually beneficial results in the context of a tri-government partnership has been enhanced.

3. Waterfront Toronto has demonstrated robust engagement practices with diverse audiences and Indigenous peoples that align with documented best practices and support inclusiveness.

Waterfront Toronto has developed expertise and knowledge in public engagement, and particularly in Indigenous engagement, that demonstrate an interest in and commitment to developing inclusive and community-driven projects. Waterfront Toronto’s Indigenous engagement may constitute a model to follow for future projects like the PLFP project. Its expertise in this area could continue to play an important role in subsequent/future Toronto Waterfront Revitalization Initiative projects.

Overall, the evaluation findings were positive, and no recommendations were made as a result of this evaluation.



Annex A

Detailed Findings

Key finding #1: The PLFP project supports the Government of Canada's continued environmental priorities, with a focus on resilience.

PLFP outcomes target climate change, economic, accessibility and inclusiveness objectives. These are in line with INFC's mandate, particularly the focus on community resilience.

- There is a documented and current need for climate-resilient infrastructure and flood protection that can respond to the increase of natural disasters due to climate change and other factors such as human interventions in natural habitats.
- The PLFP project is designed to address the need to protect 240 hectares of urban land that have historically been at risk of flooding. This includes extensive flooding under the Regulatory Flood¹, due to heavy urbanization (over 80%) and development of the area prior to stormwater management control requirements.
- The project is also designed to address significant human impacts on the Don River because of marsh/pond filling, removal of vegetation, rerouting of streams, and destruction of natural habitats.
- The project includes remediation and redevelopment of brownfields resulting from industrialization and infill practices in the area.
- The project is well positioned under the Toronto Waterfront Revitalization Initiative. As part of the broader initiative, the PLFP project is expected to result in land that is usable, sanitary and safe, allowing for public infrastructure and green spaces that achieve climate change objectives.

¹ The Regulatory Flood is defined in provincial guidelines as a flood centered over the Don watershed that would result from an equivalent level of rainfall as from Hurricane Hazel, a storm that occurred on October 15 -16, 1954, and resulted in severe flooding and damage estimated at \$1 billion today.



Aerial view of Port Lands, 2008

Key finding #2: The PLFP project is making progress towards its expected outcomes.

While it is too early to assess the achievement of long-term outcomes, some data for immediate and intermediate outcomes was available. Flood protection, brownfield remediation and river naturalization work is in progress and partially completed. Work on green infrastructure and green and public spaces is pending and is expected to be completed by the end of the project. As of December 31, 2020, the following results had been achieved*:

IMMEDIATE OUTCOME INDICATORS	
Number of hectares of brownfields prepared for reuse (parkland, roads, new habitat)	(Target: 32 ha) <ul style="list-style-type: none">425,493 m³ out of 1,369,119 m³ (31%) of soil had been excavated within the project footprint of 46 hectares of brownfields.26,438 m² out of 125,140 m² (21%) of the horizontal environmental barrier system had been installed in the river valley.
Number of Environmental Approvals obtained (species at risk, Fisheries Act, navigation, Public Lands Act, etc.)	(Target: minimum of 4) <ul style="list-style-type: none">5
Number of metres of protected shoreline	(Target: 6,000 lm) <ul style="list-style-type: none">525 m (including 60 m of dockwall reinforcement at Cherry Street North bridge abutment and 360 m protected at Polson Slip).
INTERMEDIATE OUTCOME INDICATORS	
Number of new bridges	(Target: 3 bridges) <ul style="list-style-type: none">Cherry Street North (2 bridges) design complete and under construction. First of two Cherry Street North bridges delivered November 2020.Cherry Street South (1 bridge) design complete and under construction.Commissioners (1 bridge) in design and under construction.
Number of metres of green infrastructure added	(Target: 2,800 m of armouring and valley walls) <ul style="list-style-type: none">2,580 lm of cut-off walls that define the new river valley had been completed.None of the channel bioengineering has yet been completed. Flood Protection Landform/Valley Wall Structures have not yet been constructed.
Number of linear metres of grade adjustments (raising)	(Target: 1.5 to 2 m of grade raising above existing) <ul style="list-style-type: none">127,339 m³ out of 998,014 m³ (13%) had been placed as fill to raise grades within the project footprint of 46 ha of brownfields. <p>*This does not translate directly into a linear measurement as various areas require different heights of fill to meet project goals.</p>
Number of linear metres of new river channel added	(Target: 1,390 m of new river channel) <ul style="list-style-type: none">550 m of the new river valley out of 1,513 m (36%).

*Note: The target measures for outcomes as outlined in the Contribution Agreement do not always match the data that can be collected during the project’s progress. See p.11 for further discussion.

Key finding #2 (continued): The PLFP project is making progress towards its expected outcomes.

Some immediate and intermediate outcome indicators could not be assessed due to the following challenges:

IMMEDIATE OUTCOME INDICATORS	
Number of hectares of land protected from flooding	(Target: 240 ha) ▪ Lands will be protected from flooding upon project completion scheduled for 2024.
Removal/altering of Special Policy Area designation of project zone (designates project area as a flood zone)	The Special Policy Area designation, as it pertains to the floodplain designation, cannot be removed in full until the new river valley is complete and connects the existing Don River to Lake Ontario through its new course. Additionally, the flood protection landform (located on Cadillac Fairview lands north of Lake Shore), the valley wall feature south of Lake Shore, and sediment and debris management area will need to be functionally complete to achieve flood protection and support the removal of the Special Policy Area designation. However, a phased removal of Special Policy Area designation could proceed as various components of work are completed.
INTERMEDIATE OUTCOME INDICATORS	
Number of linear metres of stormwater/ sewer added	(Targets: 2,550 m of storm sewer, 2,585 m of watermain and 2,008 m of gravity flow sewer) ▪ Sewers under construction in 2021.
Number of hectares of public and green space added	(Target: 11 ha of parkland, 29 ha of green space, 13.1 km of water edge access) ▪ Public and green space will be one of the last components completed.
Number of hectares of habitat restoration	(Target: 30 ha) No habitat has been restored so far using PLFP project funds.

Considerations for performance measurement

- The indicators chosen to measure project outcomes are inconsistent across program documents, causing some difficulties in matching reported results to the predefined outcomes in the CA. These internal discrepancies were noted by Community Infrastructure Programs (CIP) Branch who recently undertook to review and standardize these in consultation with INFC’s Policy and Results Branch (PRB).
- Despite detailed and regular reporting, much of the progress data do not align with the outcome indicators from the CA. The CA did not require progress against outcomes measures to be reported prior to completion of the project and several project indicators can only be fully measured upon project completion, which makes measuring progress of the PLFP project challenging. However, Waterfront Toronto was able to provide and validate data on some of the performance measures in the CA upon request.

Key finding #2 (continued): The PLFP project is making progress towards its expected outcomes.

Examples of PLFP project achievements:

Cherry Street North bridge on its way



Photo Credit: Waterfront Toronto

Designing and installing new bridges:

The design of the Cherry Street North, Cherry Street South and Commissioners Street bridges that will connect Villiers Island to the mainland was completed by the end of 2020. The first new bridge, the Cherry Street North bridge, traveled over 1,200 km on the Atlantic Ocean and St. Lawrence Seaway to get to Toronto from Dartmouth, Nova Scotia, [arriving in November 2020](#). The design and engineering of the Port Lands bridges were recognized with a Special Jury Award for Catalytic Infrastructure at the [2019 Toronto Urban Design Awards](#).

Forming new collaborations for environmental and archeological monitoring:

In collaboration with the Mississaugas of the Credit First Nation, Waterfront Toronto has been carefully protecting and monitoring ecosystems throughout the project to minimize the effects of lake filling and other work on wildlife. As well, it is working closely with the Mississaugas of the Credit First Nation and the Toronto and Region Conservation Authority to identify, recover and protect any artifacts uncovered during excavation work. This collaboration has been solidified in a Memorandum of Understanding signed in 2020.

Digging in the Port Lands



Photo Credits: Waterfront Toronto/Vid Ingelvics/
Ryan Walker

An aquatic bird in the Port Lands area



Photo Credits: Waterfront Toronto/Vid Ingelvics/Ryan Walker

Key finding #3: Unexpected challenges pose a risk to project costs and timelines; however, Waterfront Toronto has managed to mitigate impacts to date.

Some challenges and inefficiencies posed risks to the project in terms of cost, schedule and scope, but Waterfront Toronto successfully navigated and resolved these unanticipated issues.

Cost and schedule uncertainties

In March 2020, the COVID-19 global pandemic created a climate of uncertainty with the potential to severely impact the PLFP project's schedule and budget. Waterfront Toronto successfully managed this unexpected challenge and associated negative impacts by mobilizing and responding quickly to new and evolving circumstances. For example, in response to the shutdown of nonessential workplaces in Ontario in April 2020, Waterfront Toronto and EllisDon (construction manager) established the site as an essential construction workplace, thus ensuring that on-site work continued. Non-site project staff were able to work from home during this time. As well, when the city of Toronto stopped collecting permit applications temporarily in the spring of 2020, Waterfront Toronto worked successfully with the City of Toronto's Waterfront Secretariat to continue its work. Lastly, as public engagement, public meetings and on-site archeological monitoring were suspended in the spring of 2020, Waterfront Toronto implemented interim measures and alternatives to maintain these activities. For example, smaller public meetings were held on Microsoft Teams and digital photos and video were used to record and share work for field liaison representatives from the Mississaugas of the Credit First Nation to review for monitoring purposes. Sound mitigation strategies and regular and open communication between project partners on unanticipated issues as they arise have helped lessen cost and schedule uncertainties like the ones discussed here.

Potential implications

The rising costs due to COVID-19, as well as additional work and unexpected costs resulting from utilities relocation issues, have placed some added strain on the remaining contingency. As noted, communication is strong for the project, ensuring that all project partners are aware of this situation and able to monitor it closely.

Key finding #4: The four-party project delivery mechanism is an efficient and effective model given the PLFP project's type, scale and complexity.

The four-party project delivery mechanism supports the delivery and implementation of the PLFP project, a complex infrastructure project with multiple partners, in a transparent, well-coordinated and effective manner.

- While complex, the four-party governance structure is well suited to the PLFP project and aligns with best practices for multi-partner projects such as working within a formal agreement with the help of a facilitating agency; maintaining clear roles, responsibilities and expectations; and supporting regular communication through committees and other forums.
- All parties agreed that the governance structure is appropriate and efficient given the requirements of the project, and that it supports continuous and direct communication among the partners.
- Transparency of information and decision-making are facilitated through the governance structure in place. For example, the Executive Steering Committee meets monthly and may identify issues to the Intergovernmental Steering Committee as necessary.
- The expectations, roles and responsibilities are outlined and defined in the documentation, such as the Contribution Agreement and Terms and Conditions. Interviewees confirmed that these are clear and being implemented as planned.

There are some challenges internal to INFC with respect to the nested nature of the PLFP project within the larger Toronto Waterfront Revitalization Initiative.

- At times, due to nested nature of the PLFP project within the broader Toronto Waterfront Revitalization Initiative, there is some complexity and lack of clarity concerning internal responsibilities and committee relationships.
- For instance, the management of the PLFP project and the management of Waterfront Toronto are distinct yet related within INFC. Because the PLFP project – a CIP responsibility – is part of the broader Toronto Waterfront Revitalization Initiative that Waterfront Toronto – an IPI responsibility – oversees, there is some perceived overlap in responsibilities towards project management and project queries that involve Waterfront Toronto.
- While the roles and responsibilities of the Intergovernmental Steering Committee and the Oversight Committee are defined in their respective governance documents, some interviewees expressed that the hierarchy and accountability relationships between these committees could be clearer.
- However, interviewees agreed that regular and open communication between CIP and IPI on these matters helps shed light on these situations. As well, these internal considerations did not have a visible impact on external partners.

Key finding #5: The PLFP project is leveraging extensive engagement and best practices to create inclusive public spaces.

GBA+ Considerations in Project Implementation

While project construction phases often lead to traditionally gendered employment opportunities (i.e., most construction positions are often filled by men), the PLFP project has resulted in direct positive employment impacts for women in this sector through targeted hiring by Michael Van Valkenburgh Associates (MVVA), the lead landscape architect and designer for the project in 2020.

As well, Waterfront Toronto's Employment Initiative (WTEI) and the Memorandum of Understanding (MOU) with the Mississaugas of the Credit First Nation (MCFN) have also enabled employment and training opportunities for unemployed and underemployed individuals such as new immigrants, youth, and Indigenous people, thus supporting a more diverse workforce. The WTEI promotes employment opportunities at Waterfront Toronto, as well as connects unemployed and underemployed individuals to employment and training opportunities on projects like the PLFP. The MOU with the MCFN aims to create opportunities for participation in economic and commercial initiatives resulting from the PLFP and other waterfront projects. It also recognizes the need to offset costs related to MCFN's meaningful participation in activities like environmental monitoring or working groups.

Indigenous Engagement

Overall, engagement with Indigenous communities and representatives for the PLFP project has been well received and demonstrates potential best practices for other projects. Waterfront Toronto has engaged with several Indigenous communities and organizations by providing regular updates and information since the start of the PLFP project, in alignment with the duty to consult delegated by the province of Ontario. In response to a 2018 Crown directive to seek a higher level of engagement with the Mississaugas of the Credit First Nation as treaty holders for the project area, Waterfront Toronto signed a Memorandum of Understanding (MOU) in 2020. This MOU leverages best practices for Indigenous engagement and recommends establishing collaborative relationships. The MOU formalizes Waterfront Toronto's relationship with the MCFN, outlining commitments to an Indigenous presence and an ongoing relationship with MCFN, as well as to employment opportunities, economic development and the continued celebration of Indigenous history and culture in the area through the PLFP and other waterfront projects.

Waterfront Toronto's approach to Indigenous engagement emerges as exemplary because of its inclusive, holistic, open, respectful and knowledgeable stance towards Indigenous ways. Waterfront Toronto has actively incorporated Indigenous cultural frameworks and knowledge by, for example, working from the four directions, forming online sharing circles during COVID and taking the time needed to engage properly and fully with Indigenous peoples and organizations. Indigenous project partners have received Waterfront Toronto's efforts positively.

The ongoing relationship with MCFN has directly resulted in environmental and wildlife monitoring in the construction area and fish habitats, as well as archeological monitoring of the site during excavation. More recently, engagement has also involved design and creative components for the project. This has included discussions on the inclusion of cultural identifiers such as clan-based family structure identifiers, references to different Indigenous languages, the selection and landscaping of indigenous plants in habitat restoration areas, and Indigenous involvement in calls for proposals and the selection of Indigenous artists for design elements.

Finally, future plans for development in the area include open spaces on Villiers Island that are expected to be inclusive and inviting for Indigenous peoples. These spaces will form an open, public ceremonial area by the water for various uses and ways to reconnect to the land and water.

Key finding #5 (continued): The PLFP project is leveraging extensive engagement and best practices to create inclusive public spaces.

Public Consultations and Engagement

Waterfront Toronto continued to build upon previous consultations that began in 2005 during the environmental assessment phase of the project. Over an 11- year span, Waterfront Toronto engaged with over 150,000 people by using a variety of forums and media such as detailed presentations, displays, in-person and virtual meetings, and stakeholder advisory and landowner and user committees. This broad public engagement helped reach diverse audiences and, from 5,300 initial comments, helped identify 183 consensus comments on public priorities such as affordable and accessible activities and housing, green space, and inclusive and accessible transit. The input from this public engagement serves as a key component of Waterfront Toronto's design process and plans of public realms, particularly parks.

Having mostly reached middle-aged, higher income and white audiences in its initial public consultations, Waterfront Toronto held additional focus groups and workshops in 2019 with underrepresented groups such as youth, seniors and users outside downtown and east Toronto. These targeted consultations with underrepresented groups helped to further focus programming and design choices on needs such as park spaces for all ages, spaces and opportunities for socializing, accessible uses and public transportation. This reflects best practices for public engagement that seek to overcome systemic inequities by considering diverse representation and the existence of potential barriers to broader participation within a given community.

Waterfront Toronto continues to engage in public engagement and awareness through social media, newsletters, media releases and other platforms.

Future Considerations for Inclusive and Accessible Public Spaces

A theme of public access and inclusivity runs through the programming and design of future plans for development in newly remediated lands and developable lands created through the PLFP project. This project creates the foundation for future land development plans that aim to incorporate accessible and inclusive design and delivery. Plans are outlined in the Port Lands Planning framework and the Villiers Island Precinct Plan and include mixed-use complete community with affordable housing; sustainable building and design; transit that connects the area to the rest of the city; and specialized playground equipment.

These plans align with documented strategies to make spaces more inclusive by diversifying their uses and research that shows that socially mixed neighbourhoods strengthen local economies and increase social cohesion. Future plans for the Toronto waterfront meet and may even surpass provincial *Accessibility for Ontarians with Disabilities Act* (AODA) requirements. These plans outline expectations for diverse and accessible experiences, public areas and parks that reflect best practices for accessibility, such as considering the physical aspects and materials of parks and accessible transportation to public and green spaces.

However, these plans are out of scope of the current project and there are no requirements in place to ensure that the design and development is implemented as intended. Given the documentation for PLFP has a strong emphasis on equitable and inclusive spaces in future development, and INFC is responsible for affordable housing initiatives, it would be in the Department's interest to establish a mechanism to ensure that its support for creating developable space results in the desired outcomes beyond the completion of PLFP Phase 2.



Annex B Methodology

Methodology

Lines of Evidence

The three lines of evidence used for this evaluation draw on qualitative data (e.g., document review, literature review and key informant interviews) and some quantitative data (e.g., administrative and financial data). The analytical methods used for this evaluation were tailored to the nature of the data available. The evaluation design and level of effort were calibrated with available INFC resources. The following paragraphs describe the lines of evidence used for data collection as well as the limitations encountered during data collection and analysis, and the mitigation strategies used to address those limitations.

Document Review

The document review considered foundational project documents for context and an understanding of the need for the Port Lands Flood Protection (PLFP) project as part of the broader Toronto Waterfront Revitalization Initiative (TWRI), as well as the project's governance structure and functioning. It examined documents that outline accessibility and inclusiveness measures in the design and delivery of the PLFP project and future development of land created and remediated as a result of the project. The document review also looked at evidence tracking and reporting on progress towards expected outcomes and any challenges that have affected project progress. There were some inconsistencies in the alignment and uniformity of progress data reported in project documentation compared to the outcome indicators chosen for the project, making it difficult to compare and report comprehensively on project progress so far. The data that was available was verified with both Waterfront Toronto and CIP and reported accordingly in findings. As well, the nested nature of the PLFP project within the TWRI meant that some of the documentation available for review reflected projects outside the scope of the PLFP project phase and therefore not funded under the PLFP Contribution Agreement. These overlaps in project documents required some filtering to parse out data that was relevant to the current evaluation only.

Literature Review

The literature review focused on the evaluation issue of design and delivery. It involved a scan of academic and policy literature on best practices for multiparty governance and project delivery and implementation approaches. This included examining best practices for public consultations, and accessibility and inclusiveness in infrastructure, parks and public space design. The literature review also explored how the project fit within a broader global context of documented disaster mitigation and climate resiliency needs. To fill a gap identified after interviews were conducted, a brief literature scan of indigenous engagement best practices was added to supplement information on Indigenous engagement emerging from interviews with key stakeholders.

Interviews

Key informant interviews were conducted to further contextualize and illuminate progress made toward outcomes and any challenges that affected project progress and the inner workings and effectiveness of the governance structure. Interviews also shed light on lessons learned related to project delivery and implementation so far, namely in terms of multiparty governance structures and Indigenous engagement. Interviews also provided more depth of understanding of Indigenous and public engagement, and inclusiveness dimensions of the PLFP project. Key informant groups included INFC officials, provincial and municipal representatives from the Oversight Committee, Waterfront Toronto staff, and members of Indigenous leadership that were involved in the engagement for the project. Although interviews with Indigenous participants were successful in providing added perspective on Indigenous engagement for the project, future evaluations involving Indigenous participants would benefit from more time to build relationships and trust. This documented best practice was reflected both in the literature review and in the feedback received from Indigenous interview participants.

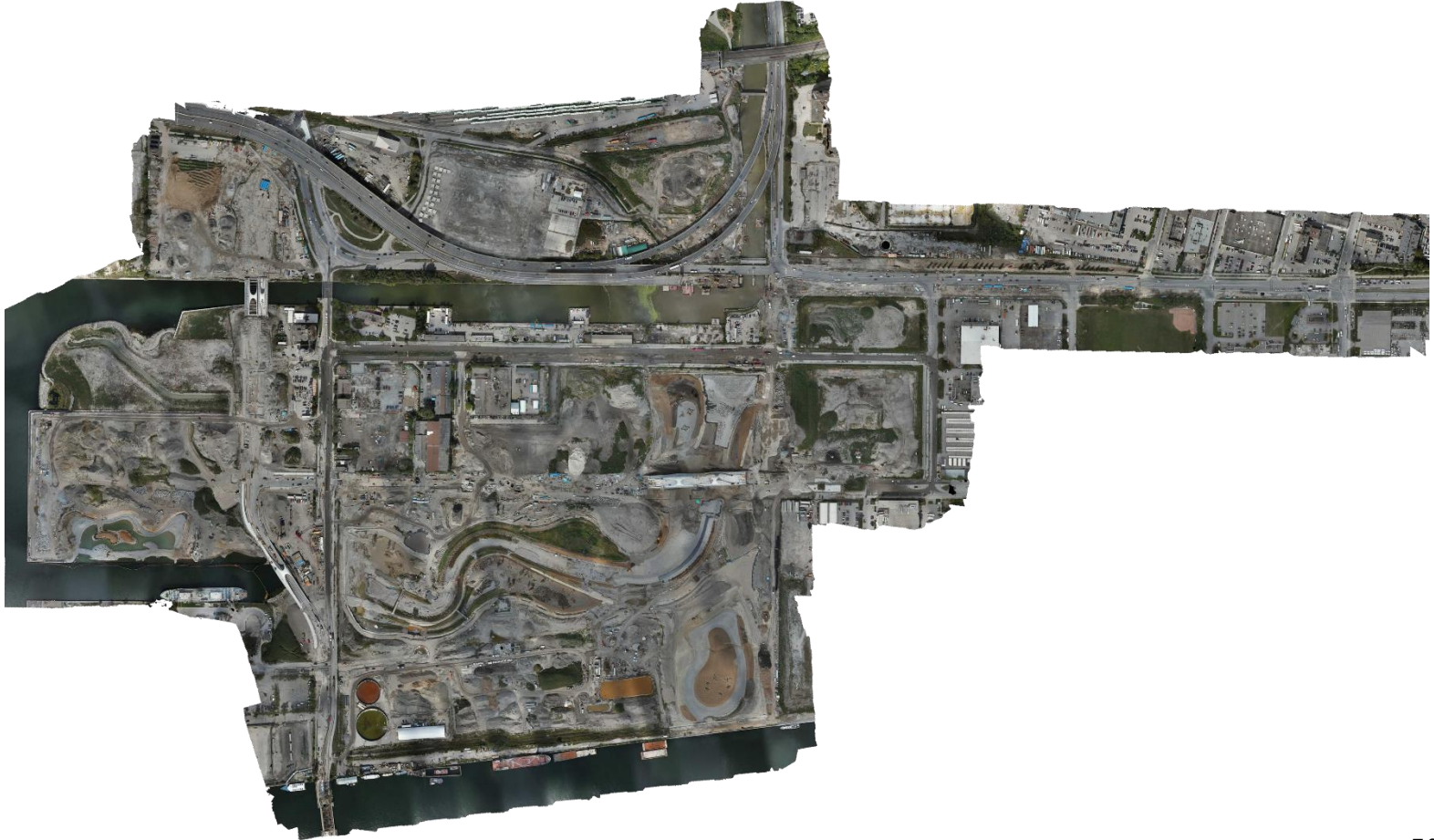
November 24, 2022

Port Lands Flood Protection Program Update

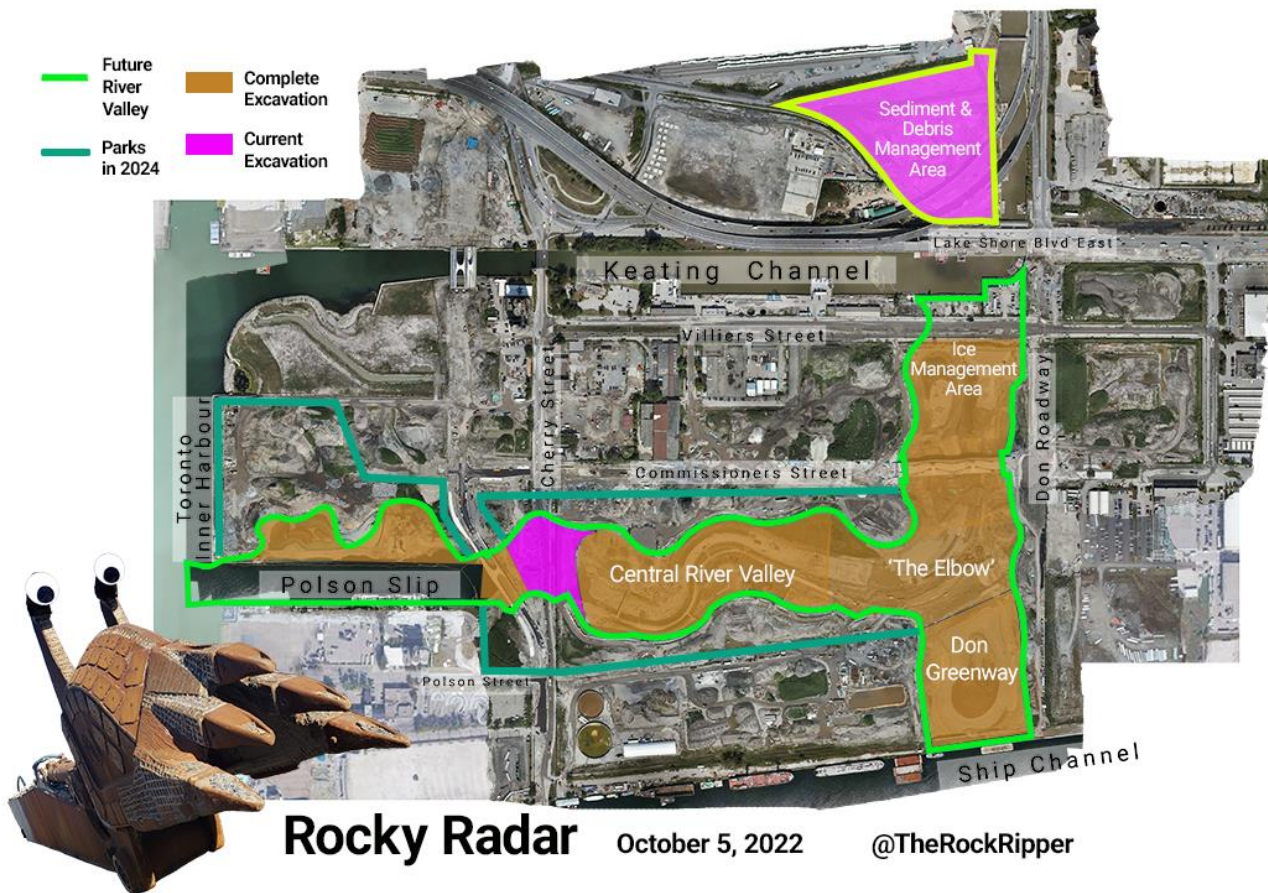
Presentation to the Finance, Audit and Risk Management Committee

Progress on Site

Port Lands Flood Protection: Construction Update



Port Lands Flood Protection: Excavation



Port Lands Flood Protection: Canoe Cove Islands



Port Lands Flood Protection: Canoe Cove



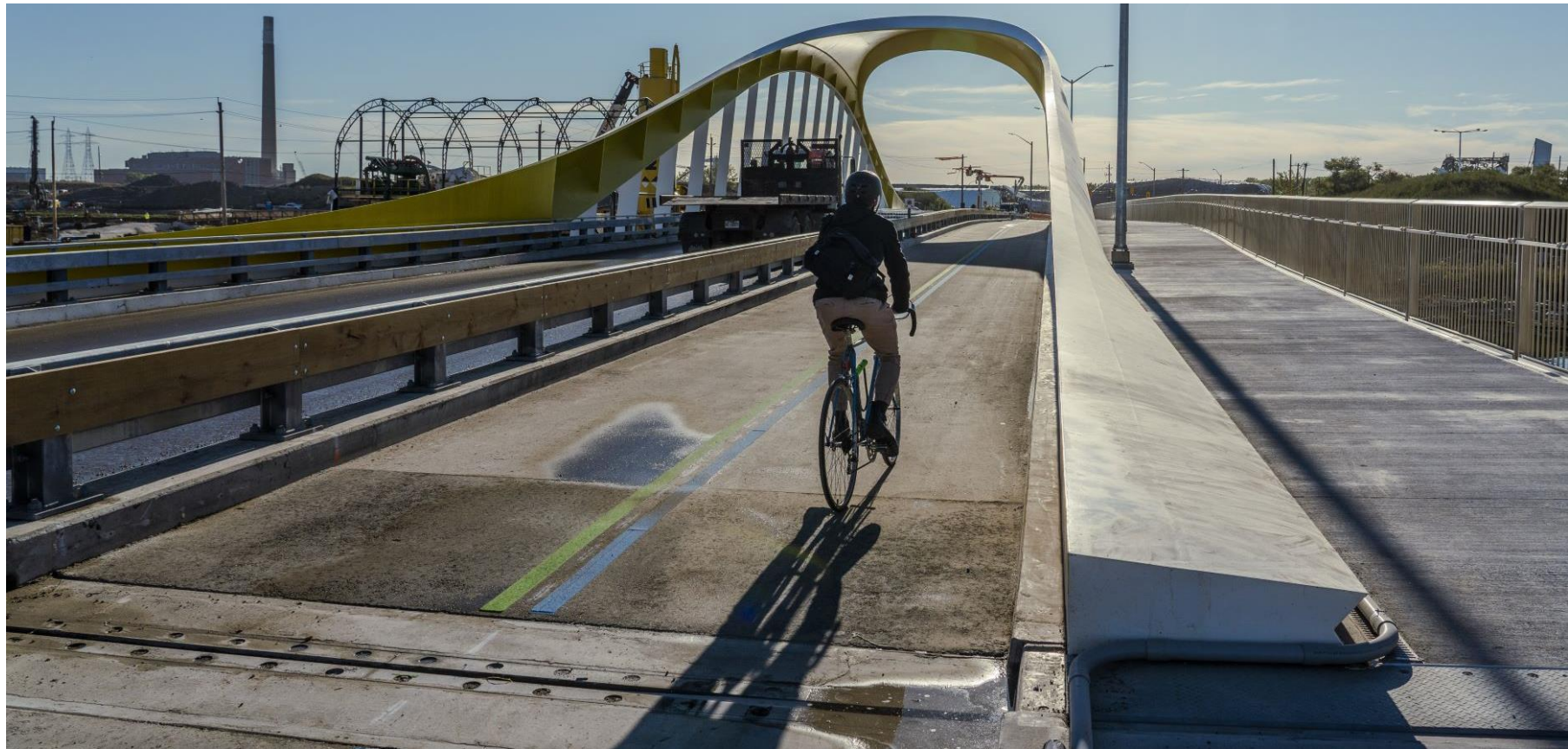
Port Lands Flood Protection: Cherry St. North Vehicular Bridge



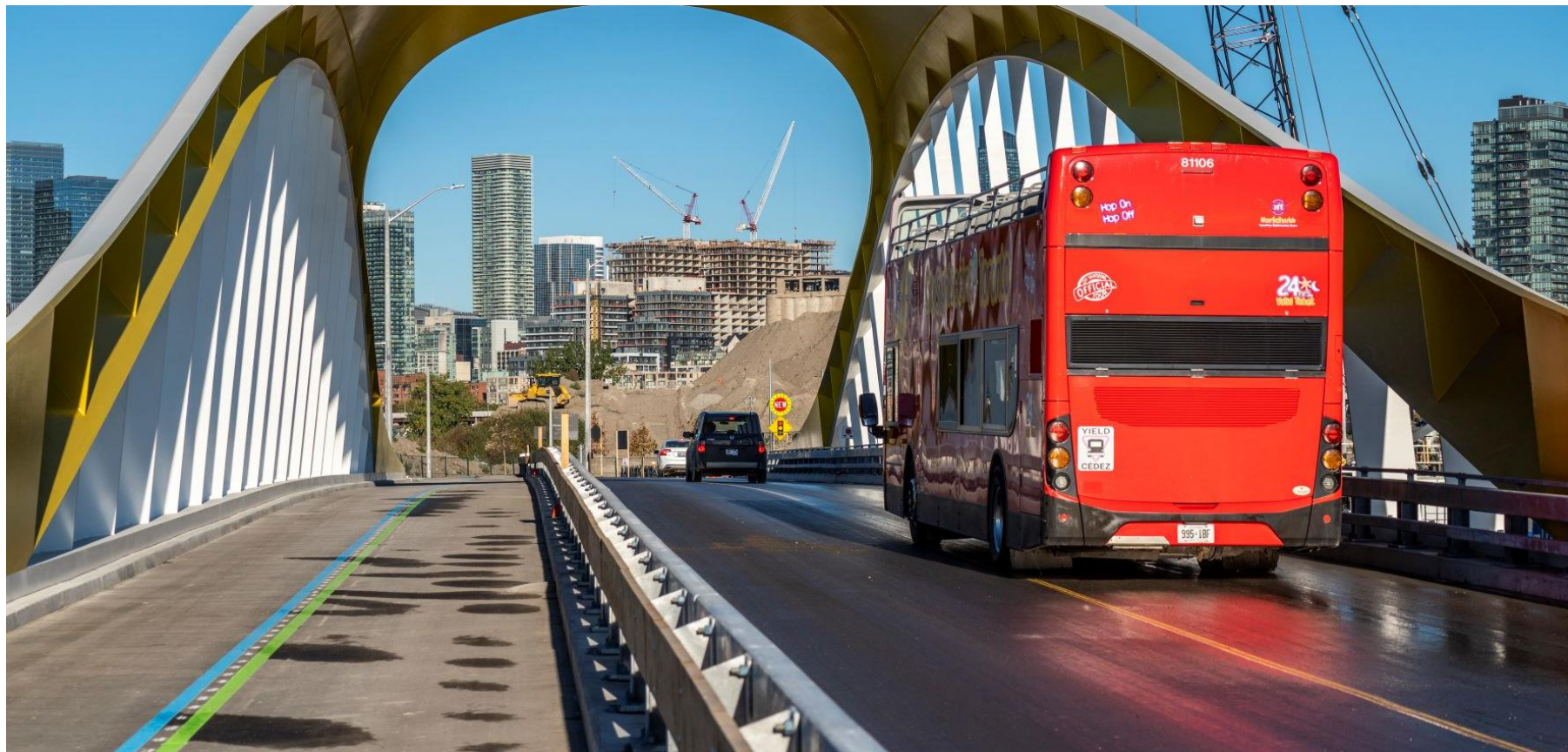
Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: Commissioners Street Extension



Port Lands Flood Protection: Plantings – Sedge Meadow



Port Lands Flood Protection: Lake Shore Bridge



Port Lands Flood Protection: River Valley Pedestrian Bridge



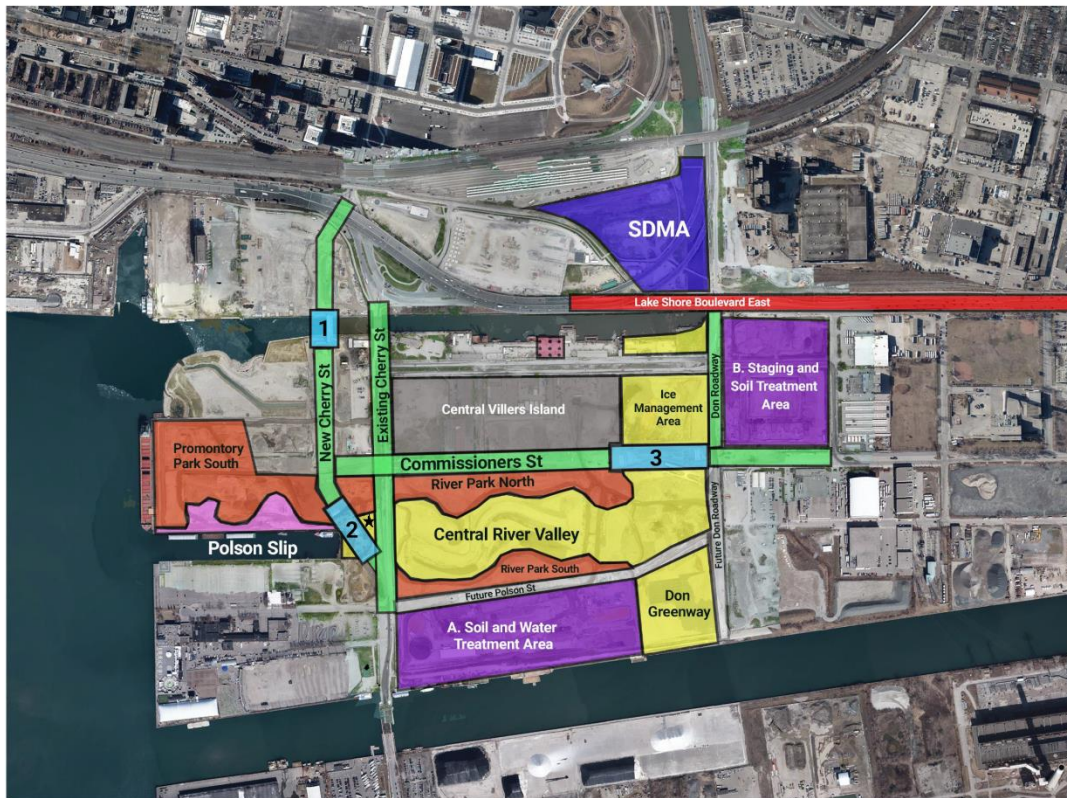
Port Lands Flood Protection: River Access Node



Port Lands Flood Protection: Wild Visitors



Port Lands Flood Protection: Summer Construction Schedule



October - December 2022

Roads

- **New Cherry St & Lake Shore Intersection:** 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, paving. Opening of New Cherry St. between Commissioners St. and Polson St.
- **Commissioners St:** install utilities, ground improvements, paving.
- **Don Roadway & Future Don Roadway:** ground improvements, flood protection landform, dockwall installation

Bridges

- **1 Cherry St North Bridge:** vehicular bridge concrete deck work, sidewalk concrete work and railings, road connection
- **2 Cherry St South Bridge:** Bench installation
- **3 Commissioners St Bridge:** additional concrete work, utility work, paving, benches, handrails

Parks

- **Promontory Park South:** excavation, structural fill placement, surcharging
- **River Park North:** surcharging, structural fill placement, park facilities infrastructure
- **River Park South:** surcharging, structural fill placement, park facilities infrastructure

River Valley

- **Central River Valley:** planting, install river finishes, install wetland habitat features, and dewatering. Cut off wall installation at the west plug (★)
- **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, habitat boulder, planting

Polson Slip Naturalization

- Canoe Cove islands construction and stone finishes

Staging and Treatment Areas

- **A:** Soil and water treatment
- **B:** Construction staging and soil treatment

Sediment & Debris Management Area (SDMA)

- Dredging and dockwall works

Central Villiers Island

- Fill placement, temporary soil stockpiling and construction staging

Utility Connection

- Excavation, microtunnelling and utilities installation

Lake Shore Boulevard East Project

- Foundation work for new bridge
- Road sub-base preparation and utilities installation

Work Accomplished This Period: Q2 2022-2023– July 1 to September 30, 2022



Overall Program Update

General

- Complete quantitative risk analysis to define upper, lower and probability based EAC and schedule
- Prepare Interim Cost Estimate Update confirming potential additional budget and funding requirements
- Process included detailed line by line review of:
 - Estimate at Completion
 - Realized risks and forecasted costs
 - Cost and schedule risk
 - Quantitative risk assessment
- Presented to FARM Committee September 22, 2022
- Began preparation of Semi-Annual Cost Update for September 30, 2022 (Q3) which will provide basis for discussions on funding with stakeholders

Construction Procurement:

Awarded*:	84.5%	\$ 848.8 M
In Progress:	9.8 %	\$ 98.4 M
Not Started:	5.7 %	\$ 57.1 M

Work Planned Next Period:

Q3 2022-2023 – October 1 to December 31, 2022

Overall Program Update

General

- Prepare Semi-Annual Cost and Risk update presentation to stakeholders based on Q3 2022/23 which will include a comprehensive analysis of budget mitigation strategies
- Presentation to stakeholders as follows:
 - Executive Steering Committee (ESC) October 26 & November 23, 2022
 - Finance Audit Risk Management Committee (FARM), November 24, 2022
 - Inter-Governmental Steering Committee, December 7, 2022
 - Board of Directors, December 8, 2022
- Prepare deferral plan, confirming scope, budget and risks for program in the event that additional funding commitments not confirmed prior to March 31, 2023

Construction Procurement:

Awarded:	84.5 %	\$ 848.8 M
In Progress:	9.9 %	\$ 99.6 M
Not Started:	5.6 %	\$ 55.9 M

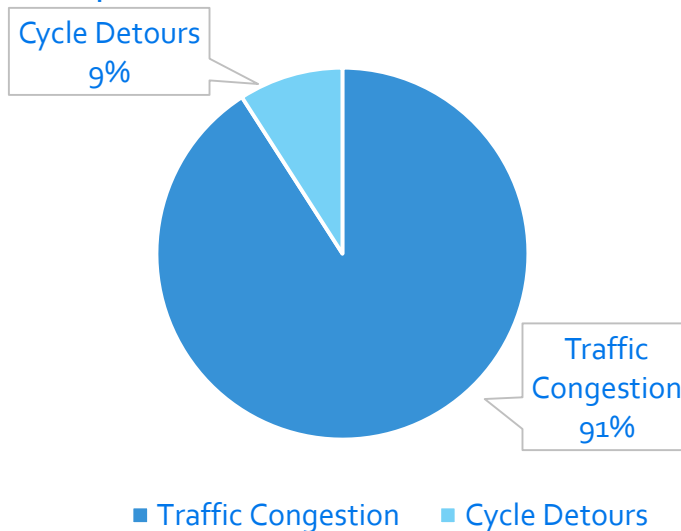
* Note: Includes Construction Procurements only

Complaints Tracking – PLFP

Report Period: July to September 2022

- No complaints related to PLFP

Complaints Related to LSBE (11 Total)



Engagement with Indigenous Communities

Updates July to September 2022:

- Finalized release of RFP for Indigenous Art in PLFP Public Realm in collaboration with MinoKamik and MCFN, on August 25th
- Continued to collaborate with MCFN's and other Indigenous representatives to define the RFP review and selection process, and their respective roles during the public art development and implementation phases – as part of a PLFP - Indigenous Design & Stewardship Advisory Committee
- Continued outreach with MCFN regarding potential FLR involvement in monitoring opportunities
- Site tour of PLFP (and other WT projects) organized for October 17th for MCFN

Next Steps

- Organizing meeting with MCFN to discuss proposed totems on Lake Shore Boulevard Bridge
- Closing of PLFP Indigenous Art RFP in mid-October and initiation of the submission review process
- Organizing MCFN Working Group Meeting for late-October or early-November

Communications and Public Engagement



Images from left:

- Planting event
- 2022 Science Fair

FALL 2022

WINTER 2023

SPRING/SUMMER 2023

- River mouth excavation

- Traffic management on Lake Shore Boulevard East

- Cherry North Bridge opening
- Commissioners Street Bridge opening

- Planting event with MCFN
- Planting explainer video featuring MinoKamik
- TBC: Community event at Cherry South Bridge

- Notices, outreach re: Lake Shore construction impacts
- Sugar Shack TO pop-up

- Habitat box building workshop
- Pop-ups and events TBC

Thank you.

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Purpose	For Committee Information.
Areas of note/ Key issues	<ul style="list-style-type: none"> • MNP LLP (MNP) completed the <i>Enterprise Resource Planning (ERP) Implementation Lessons Learned Review</i>, the third of seven audits included in Waterfront Toronto's (WT) FARM Committee approved four-year internal audit plan (2020/21 to 2023/24). • WT completed the implementation of Microsoft Dynamics D365 a cloud-based ERP solution in Dec 2019, replacing the existing end-of-life system. • In pursuit of continuous improvement management identified the opportunity to identify lessons learned from the implementation of this major IT/ business transformation project in relation to best practices to help inform future projects. • The review identified key strengths during three phases of the implementation (pre-implementation, implementation, and post-implementation) e.g., upgrading to a cloud-based system to increase organizational resilience, complying with internal procurement processes including application of evaluation criteria and cross-functional membership for the selection committee, and building internal capacity (hiring ERP subject matter expert) to provide long-term ERP support • In addition to areas of strengths, MNP noted lessons learned in six areas: <ol style="list-style-type: none"> 1. Project Governance 2. Project Resourcing 3. Define Roles and Responsibilities 4. Business Process Standardization 5. Requirement and Feature Gaps 6. Project Management Competencies and Standards • Management supports the findings in the report, which will be considered in future projects. • Attached is MNPs summary presentation and status update on the remaining four audits. <p>Note: The status of previous internal audit recommendations is reported under the Audit Dashboard, Item 4 c) i c).</p>
Resolution or Next Steps	The next internal audit update will be at the February 2023 FARM Committee meeting. The next scheduled internal audit is on Procurement Workflow planned to commence shortly.



ERP Lessons Learned Review

Presentation to the FARM Committee

November 24th, 2022



Wherever business takes you

MNP.ca





EXECUTIVE SUMMARY

PROJECT OVERVIEW

ERP Lessons Learned Review

In 2017, Waterfront Toronto (“WT”) embarked on a journey to modernize its ERP system which was identified as approaching end of life. The implementation of Dynamics 365 was identified as a key component of WT’s Organizational Resiliency plan as it noted that WT required a modern and comprehensive cloud-based ERP solution which aligns to current and future business needs.

Following the business case development for the new system, a solution selection process was completed with a resulting RFP which was released for open procurement. The project kicked off in September 2017 with the system Go-Live date occurring in December 2019. The project experienced overruns in budget, scope changes, and scheduling issues which have been translated into lessons learned within this report.

The efforts of the Waterfront Toronto team in moving the project forward to completion are not to be understated. Their contributions are recognized in this report under the “Strengths” section in each key area under review. As part of this review, there is a focus on providing tangible lessons learned in relation to best practices and opportunities for improvement which can be used to guide future projects and initiatives within the organization.

ERP Modernization – Digital Transformation

The implementation of an organization wide ERP is a significant undertaking and is often referred to as a **digital transformation**. This type of transformation is a key strategic initiative that organizations undertake in order to modernize their technology and meet the needs and expectations of their employees and those they serve. It is about improving both the employee and stakeholder experience using modern tools.

Digital transformation focuses on **leveraging modern technology** to **standardize, streamline, and automate processes** in order to deliver greater value to users. It results in **employees being able to focus their time and energy on higher value activities** rather than manual tasks which in turn results in greater service delivery and opportunities for expansion and growth.

Digital transformation is also a **cultural shift** for many organizations – one that encourages employees to **continually challenge the status quo while striving for excellence in service delivery**. This sometimes means **challenging long-standing business processes** in favour of new practices that are still being defined. **Innovative thinking** becomes incredibly important as there is a need to remain flexible and agile throughout the transformation. Employees must **embrace the discomfort of learning new ways** of delivering services.

Digital transformations aim to improve the employee experience, standardize and enhance operational processes, and increase productivity through the utilization of modern technology designed not only for today, but for the future.



Organizational Readiness and Digital Transformation

In anticipation of a digital transformation project, such as an organization ERP implementation, it is essential that organizations allocate sufficient time to **assess their readiness** for the undertaking.

The **four elements shown to the right** work together to determine **the organizational resolve or commitment** to implementing change, as well as the collective capacity to ensure the change will be successful and sustainable. When organizational readiness is high, **employees are more likely to engage proactively** throughout the change and contribute greater effort to ensuring it is successful.



Vision and Strategic Alignment

Transformation goals are clearly defined, realistic, well outlined, understood and achievable. There is strong alignment to organizational priorities and strategies.



Leadership and Governance

Leadership believes in, understands, and advocates for the transformation. Leaders are clear on their role and accountability, demonstrate needed change management knowledge, and actively participate in project governance activities.



Culture & Climate

Employees understand the need for and are receptive to change including the willingness to redefine business processes to consider best practice processes inherent in modern technology tools.



Resource Capacity and Skills

The organization has the internal expertise or ability to access qualified external expertise to undertake and successfully implement the change. Where internal resources are utilized, sufficient capacity is available to ensure project success.

ERP Modernization Statistics and Industry Trends

As part of the ERP Lessons Learned Review, it is crucial to understand the key performance indicators and industry trends surrounding the implementation of an ERP system including common challenges and benefits. **Organizations implementing an ERP face many of the same challenges and benefits when undergoing a major ERP transformation effort.**

ERP Adoption and Budget Trends



- The average **budget per user** for ERP software is **\$9,000 USD**.
- **62.7%** of organizations go with **cloud-based ERP systems** over on-premise software.
- **50%** of companies are **acquiring, upgrading, or planning to update** ERP systems soon.
- **87%** of companies seek guidance for ERP implementation covering the entire lifecycle. **67%** seek guidance only for ERP planning.

ERP Implementation Challenges



- Regardless of the deployment method, most **implementations cost 3 to 4 times more than the original budget**.
- **50%** of ERP implementations **experience initial failure during the first implementation attempt**.
- On average, ERP implementations **take 6 months to 2 years** and the schedule is typically **30% longer than originally estimated**.
- **29%** of companies believe they face **budget overruns with ERPs due to organizational issues**.

ERP Benefits



- **95% of businesses achieve major improvements** after using an ERP through reducing process times, increasing collaboration, and centralizing enterprise data.
- On average, an ERP implementation **reduces operational costs by 23%** and administrative costs by **22%**.
- **88% of organizations consider their ERP implementation helped them to succeed**.

Review Process | ERP Lessons Learned Review

Stakeholder interviews and a review of background documentation was completed in order to summarize the implementation strengths and shortcomings. Lessons learned findings are formulated of the observations and shortcomings identified. Team members who are no longer with the organization were not contacted as part of the stakeholder interview process.

The following section provides detail of the individuals interviewed and background documentation reviewed during the Lessons Learned Review:

Stakeholder Interviews

The interview process focused on identifying stakeholders who represent each business area of WT and who are considered to be **functional leads for the Dynamics 365 ERP**. A subset of the interviewees were also present during **at least one or more of the implementation stages**. Interviews were completed with the following teams: Executive (CEO, CPO, CFO), Projects, Human Resources, Procurement, and Information Technology. **The WT ERP project manager is no longer an employee of WT and was not contacted.**

Interviews with vendors were also identified and requested, which Microsoft agreed to. **Despite repeated attempts to contact ThinkMax (WT's ERP Implementation Partner), an interview was not granted.**

Background Documentation

Key Documents Reviewed:

- ERP Evaluation Summaries (Procurement)
- Project Charter
- Risk Matrix, Issues Log, Change Request Log
- Change Orders and Purchase Orders
- D365 Outstanding Items Report
- CRP Testing Log Files
- Steering Committee Meeting Minutes
- ERP Vendor Status Reports

Methodology | People, Process & Technology Framework

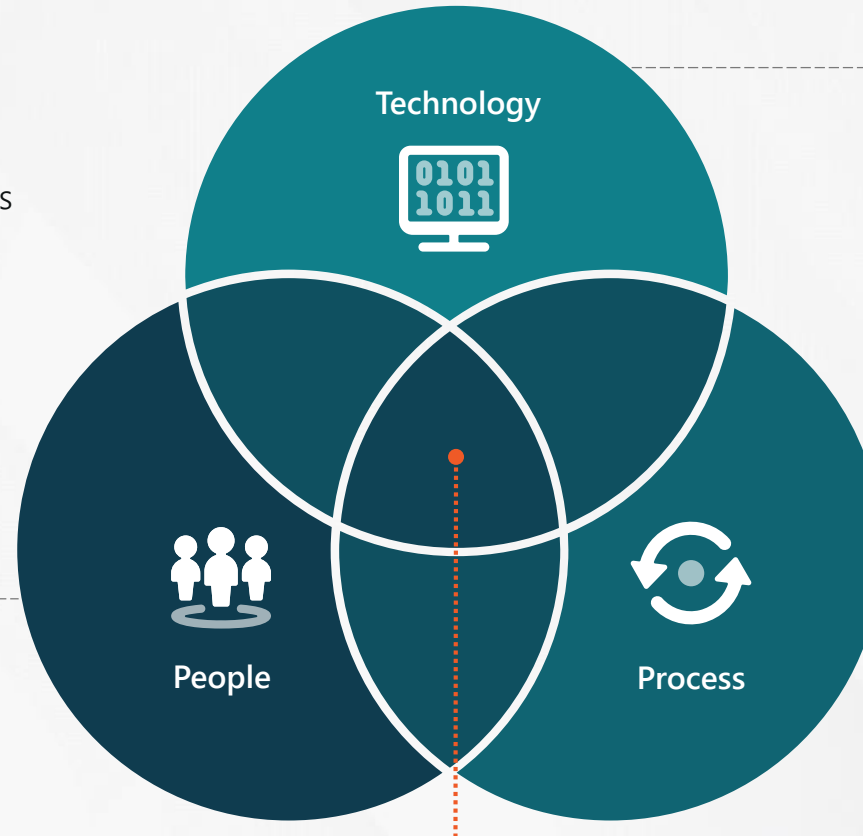
MNP's People, Process and Technology Framework

Framework brings together the three foundational elements of successful technology strategy and planning – **People, Process, and Technology**.

Applying this framework ensures that a comprehensive understanding of the current state is established and any future recommendations are holistic and pragmatic.

People

- Team Structure and Capabilities
- Organizational Alignment
- Communication and Stakeholder Engagement
- Technology Partner Performance
- Steering Committee, Internal Project Manager, Department Leaders



ERP Lessons Learned Review

Technology

- Functional and Technical Requirements Gathering
- Data Migration
- Testing Activities
- Post-Implementation Support

Process

- Change Management Processes
- Project Management Processes
- Risk and Issue Management
- Project Cost Management
- Post-Implementation Support

Methodology | ERP Lessons Learned Review

The ERP Lessons Learned methodology assessed 13 **key focus areas** which occur across the three stages of the implementation:

Approach and Analysis

Within each key focus area, the review focused on the following attributes:

- **Strengths**
- **Shortcomings**
- **Lessons Learned**

The above attributes were compared against leading practices in order to provide tangible recommendations and lessons learned.

Pre-Implementation	Implementation	Post-Implementation
1. Approve Project	3. Initiate Project	12. Provide Technical Support
2. Procure Solution	4. Define Requirements	13. Provide Ongoing Training
	5. Resource Project	
	6. Perform Solution Testing	
	7. Migrate Data	
	8. Manage Issues and Risks	
	9. Manage Change	
	10. Train Stakeholders	
	11. Manage Vendor	

EXECUTIVE SUMMARY

Key Strengths

Strengths have been summarized by identifying **consistent and significant patterns across all 13 focus areas** examined in the report.

References to **each focus area number** of the report are noted under each strength.



Pre-Implementation

- The WT technology team **identified** the need to upgrade the ERP system to a cloud-based system, as part of increasing the organization's overall **resilience**. Planning for the ERP replacement began well ahead of the product's end of life.
- WT recognized the need to engage a **third-party** consultant to **validate** the ERP upgrade business case and provide **guidance** on next steps in the ERP upgrade process.
- Internal **procurement processes** were followed, including **consistent application of evaluation criteria** against potential proponents. The selection committee included team members across **multiple areas of the organization**.



Implementation

- The WT Project Team **actively flagged and documented issues and risks** in an **open and collaborative** manner.
- Many of the major issues that affected the project **were brought up early** within the project timeline and **immediately** brought to the **Steering Committee for discussion**.
- WT functional leads devoted **significant time and resources to preparing training materials** and ensuring their teams were trained for the system Go-Live.
- Both Microsoft and the ERP Vendor were **held accountable** for ensuring the NR HST feature was developed and added into Dynamics 365.



Post Implementation

- In August 2020 following the Go-live, WT **recognized the need to categorize, prioritize, and assign ownership of all outstanding tasks**. A report was developed to understand the extent of all outstanding issues and the level of effort required to **move towards resolution**.
- The WT team is **actively engaged in building internal capacity to provide ERP support long term**. Team members are developing troubleshooting, report creation, and workflow creation skills in the **D365 environment**.
- Cloud-based delivery of the application allowed for **increased operational resilience during the COVID pandemic**. WT were able to access the system **securely and easily** from anywhere.

EXECUTIVE SUMMARY

Key Lessons Learned

Lessons Learned (also continued on the next page) have been summarized by identifying **consistent and significant patterns across all 13 focus areas** examined in the report.

References to **each focus area number** of the report are noted under each lesson learned.



1. Project Governance

Before embarking on any transformation project, a **governance strategy should be created and approved by the project sponsors, project manager, and steering committee. The project governance strategy should define clear roles and responsibilities** pertaining to critical issue management, change order approval, and deliverable acceptance. Creating a strong governance strategy **will result in reducing cost overruns, allowing for effective vendor management, and contribute to improved team morale** over the course of the project.

Focus Area References: 8, 9, 11



2. Project Resourcing

Prior to undertaking a significant corporate transformation project, the organization should have a clear, accurate understanding of the **internal and external resourcing that will be required** to complete the transformation. If there are risks or issues identified during the course of the project pertaining to resourcing, there should be **effective resolution of these challenges prior to moving forward. Critical specialist roles that are required internally for the project must be staffed prior to their assigned activities.** In the event of staff turnover, vacation, or other resourcing issues, a **backup list of suitable external consultants should be maintained** on standby.

Focus Area References: 5, 7, 9



3. Define Roles and Responsibilities

Roles and responsibilities for all positions within the project should be defined in the project charter. To provide clarity for the project team, **definitions surrounding the hierarchy of decision making and reporting structures are an essential part of the project charter. Effective processes should be defined** for issue resolution, risk mitigation, and management of project controls. In addition, **clearly defined roles and responsibilities surrounding expenditure management** will contribute to reduced cost overruns over the course of the project.

Focus Area References: 3, 5, 8, 12, 13

EXECUTIVE SUMMARY

Key Lessons Learned

*Continued from
Previous Slide*



4. Business Process Standardization

When migrating to a system which includes many standard out of the box features, **business processes should be agile and flexible in adapting to standard system features.** Flexibility in modifying the business process workflow to fit into the system will ensure lower implementation costs and reduced system complexity.

Documenting and standardizing business processes prior to a transformation project is essential in reducing process changes during the implementation. **Project management processes must be sufficient in managing all requests** to modify the new system, including specific criteria that evaluate which requests are approved and prioritized by the organization.

Focus Area References: 4, 6, 8



5. Requirement and Feature Gaps

During any system implementation, there are occasional cases where the procurement process fails to identify core requirements that are missing from the product. Vendors can also misinterpret requirements and mark the requirement as included in the product, even though the requirement is not met. Case studies and references should also be reviewed in order to ensure a suitable product fit. Following the procurement process and contract approval, **unique requirements must be validated a second time during the requirements gathering process of the implementation.**

Focus Area References: 1, 2, 4, 8



6. Project Management Competencies and Standards

Internal project managers responsible for transformation projects **should have sufficient prior experience implementing the product or system.** In the event of identified gaps in technical skills or competencies, **a third party can be engaged to provide additional oversight of subject matter expertise.**

All general **project management practices should be clearly documented** for the following areas: issue resolution, risk mitigation, cost management, and lessons learned. This will ensure all transformation projects are consistently managed by the assigned project managers.

Focus Area References: 3, 5, 8, 11

Project Cost Summary

Original Contract Budget

Following the procurement process, the initial project budget amount of **\$821,234** was noted in the first purchase order for **Contract #2055**.

Final Project Cost

The total contract end value following the implementation Go-Live was listed as **\$2,096,321** for **Contract #2055**.

Change Requests

From project initiation to the Go-Live date in December 2019, approximately **14 change requests** were created and approved for the implementation for **Contract #2055**. Total change request expenditures **were \$1,275,087**, approximately **1.5 times** the original contract value. The change orders that were processed in relation to the project covered number of areas **including resourcing, technical modifications, additional testing, feature extensions, and rescheduling of Go-Live activities**.

Credit Memos

Two credit memos for the **total amount of \$200,061** were applied in August 2019 following negotiation between the ERP Vendor and WT. **The credit memos were issued due to discrepancies between the services invoiced and the value of the services provided to WT.**

Questions?

Waterfront Toronto

Internal Audit Plan Status Update

For FARM Committee – November 24, 2022



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Remaining Two Years of Internal Audit Plan – Status

(FARM-Approved May 26, 2022)



Fiscal Year	Audit Name and Summary Audit Scope	Status
2022/2023 – Q2	ERP System Implementation Lessons Learned Review* – In pursuit of continuous improvement, this lessons learned review will assess the recent ERP system implementation to better understand and determine: <ul style="list-style-type: none"> - what lessons can be learned to inform future projects; - implementation strengths; - implementation gaps; - root cause factors for implementation delays and additional expenditures; and - opportunities for improvement. 	Completed <i>(Presenting to FARM Committee – November 24, 2022)</i>
2022/2023 – Q3	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.	Audit Planning <i>(Audit execution to commence November 2022)</i>
2022/2023 – Q4	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.	Not Yet Started <i>(Audit planning to commence December 2022)</i>
2023/2024 – Q1	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.	Not Yet Started
2023/2024 – Q2	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.	Not Yet Started

*Note. The three internal audits in 2022/23 are linked as they focus on interrelated aspects of the ERP system.

Questions?
Thank You



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Closed Session

Item 9 Draft Minutes of the Closed Session – September 22, 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 September 22, 2022 be approved as tabled.

Item 10 Draft Rolling Five-Year Strategic Plan (2023/24 – 2027/28 (including 2023/24 Corporate Plan))

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 Rolling Five-Year Strategic Plan (2022/23-2026/27), substantially in the form presented, with such changes thereto as the Board may approve.

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) • ESG Update
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.	Wednesday, July 20 (Added July 2022)	IREC	<ul style="list-style-type: none"> • Quayside Update
13.	Tuesday, August 30 (Added August 2022)	IREC	<ul style="list-style-type: none"> • WT Office Space Lease
14.	Thursday, September 8 (Added August 2022)	Board	<ul style="list-style-type: none"> • WT Office Space Lease
15.	Thursday, September 15	HRGSR	Per HRGSR Work Plan

16.	Thursday, September 22	FARM	Per FARM Work Plan
17.	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)
18.	Thursday, October 13	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • 2023 Board and Committee Meeting Calendar
19.	Thursday, November 10	HRGSR	Per HRGSR Work Plan
20.	Thursday, November 24	FARM	Per FARM Work Plan
21.	Thursday, November 17 REVISED DATE: Friday, November 25	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)
22.	Thursday, December 8	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • Approval of 2022/23 Corporate Plan