

## **Funding Servicing Priorities for East Bayfront Revitalization**

<b>Date:</b>	May 29, 2013
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer General Manager, Toronto Water
<b>Wards:</b>	Ward 28
<b>Reference Number:</b>	P:\2013\Cluster B\TW\bc13014

### **SUMMARY**

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The revitalization of the East Bayfront Precinct is underway and the servicing of development within the Precinct requires new stormwater management facilities in accordance with the City's Wet Weather Flow Master Plan, and upgrades to the existing sanitary sewer system. In particular, the approval of the Bayside Subdivision contained within the East Bayfront Precinct requires servicing, which is ultimately the responsibility of Waterfront Toronto under the subdivision agreement.

Waterfront Toronto receives and manages direct government funding through a Long Term Funding Plan approved annually by all three orders of government. Waterfront Toronto does not have sufficient funding for the preferred servicing strategy for this development. This report recommends an arrangement whereby the City will pay for constructing the servicing needs required for this development and other Waterfront Toronto and private development needs across the East Bayfront and North Keating Precincts and Waterfront Toronto will contribute over time, in its role as project lead for waterfront revitalization, a portion of those costs.

This recommended funding and servicing plan have several advantages in that it:

- a. provides the necessary sanitary servicing to permit the development of all lands across the two precincts;
- b. reduces overall servicing costs as it eliminates the need for the interim sanitary servicing solution for the Bayside Phase I development; and
- c. provides for a more cost-effective and timely construction of a stormwater treatment facility to service the East Bayfront Precinct and ultimately the future North Keating Precinct.

The total infrastructure cost for this servicing has been estimated at \$46.9 million. Waterfront Toronto, through the government funded Long Term Funding Plan, only has \$11.6 million in currently available funding.

This report proposes that the required \$46.9 million will be funded by Waterfront Toronto (\$11.6 million) and the balance by the City from Toronto Water's Stormwater Management and Sanitary Sewer Development Charges Reserve Funds (\$17.04 million) for a portion of the growth related share and Toronto Water's Capital Reserve Funds (\$18.26 million) for the remainder.

City will enter into a project delivery agreement pursuant to which Waterfront Toronto will contribute \$ 11.6 million and the City will pay the balance of the estimated construction costs up to a maximum estimated amount of \$35.3 million for the construction of the Waterfront Stormwater Infrastructure Project and the Waterfront Sanitary Servicing Infrastructure Project.

A contribution agreement will be entered into with Waterfront Toronto to pay the construction costs initially funded by Toronto Water's Capital Financing Reserve estimated to be \$18.26 million in exchange for the City constructing these works. Waterfront Toronto anticipates that the payment would occur when certain properties from the second phase of the Bayside subdivision are developed, in approximately ten years. Waterfront Toronto may also negotiate contributions by the benefitting property owners for their fair share of this cost. The benefitting lands for the new Stormwater infrastructure are shown in Appendix B. The benefitting lands for the new sanitary facilities are shown on Appendix C.

The \$17.04 million advanced from the Development Charges Reserve will be recovered as development charges.

Further, the sanitary servicing of the East Bayfront Precinct, west of Sherbourne Street, requires an upgrade to the City's Scott Street Sanitary Pumping Station and therefore authority is being requested to amend Purchase Order 6026913 issued to Associated Engineering Ltd., for engineering services for the construction administration phase related to the upgrading of the Scott Street Sewage Pumping Station. This related work will increase the pumping station's efficiency and capacity to service its surrounding catchment area including portions of the waterfront.

## **RECOMMENDATIONS**

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**The Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water, in consultation with the Acting Director, Waterfront Secretariat recommend that:**

1. Council authorize that Toronto Water's approved 2013 Capital Budget and 2014-2022 Capital Plan be amended to provide funding for sanitary servicing and

Stormwater infrastructure, necessary for servicing waterfront lands associated with the development of the East Bayfront Precinct, by adding the following capital projects:

- a. Waterfront Stormwater Infrastructure Project at an estimated cost of \$17.50 million, funded from the Stormwater Management Development Charge Reserve Fund (XR2113) in the amount of \$5.40 million and the Wastewater Capital Reserve Fund (XR6004) in the amount of \$12.10 million, with 2013 to 2015 cash flows as outlined in Table 1 of this report; and
  - b. Waterfront Sanitary Servicing Infrastructure Project at an estimated cost of \$17.80 million funded from the Sanitary Sewer Development Charge Reserve Fund (XR2026) in the amount of \$11.64 million and the Wastewater Capital Reserve Fund (XR6004) in the amount of \$6.16 million, with 2013 to 2014 cash flows as outlined in Table 1 of this report.
2. The General Manager, Toronto Water, in consultation with the Acting Director, Waterfront Secretariat, be authorized to negotiate and execute on behalf of the City a project delivery agreement pursuant to which Waterfront Toronto will as delivery agent for the City provide engineering, procurement and construction management services and under which Waterfront Toronto will contribute \$11.6 million and the City will pay the balance of the estimated construction costs up to a maximum estimated amount of \$35.3 million for the construction of the Waterfront Stormwater Infrastructure Project and the Waterfront Sanitary Servicing Infrastructure Project on terms and conditions satisfactory to the General Manager, Toronto Water and in a form satisfactory to the City Solicitor.
  3. The Deputy City Manager and Chief Financial Officer, in consultation with the Acting Director, Waterfront Secretariat, be authorized to negotiate and execute on behalf of the City a contribution agreement with Waterfront Toronto as project lead for waterfront revitalization, whereby the City agrees to construct the Waterfront Stormwater Infrastructure Project and the Waterfront Sanitary Servicing Infrastructure Project in exchange for Waterfront Toronto agreeing to pay the City the portion of the construction costs net of Waterfront Toronto's initial \$11.6 million contribution and amounts not recovered through development charges estimated to be \$18.26 million over ten years; on terms and conditions which are satisfactory to the Deputy City Manager and Chief Financial Officer and in a form satisfactory to the City Solicitor.
  4. Contributions received from Waterfront Toronto pursuant the foregoing contribution agreement are to be credited to the Wastewater Capital Reserve Fund (XR6004).
  5. Council consent to Waterfront Toronto acting as the City's agent to sign any infrastructure and servicing permits, licenses, applications and agreements required for the design, engineering and construction of the facilities funded by this report and any other facilities to be funded by the City, provided that

- Waterfront Toronto agrees to assume all obligations including costs and liabilities under such documentation and subject to such other terms required by and the GM to and the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water, and in a form satisfactory to the City Solicitor.
6. Council consent to City staff pursuing with Waterfront Toronto additional avenues to recover from benefitting landowners a portion of the developer portion of the cost borne by Waterfront Toronto of the sanitary servicing and stormwater infrastructure, necessary for servicing.
  7. The General Manager, Toronto Water, in consultation with the Acting Director, Waterfront Secretariat, be authorized to negotiate and execute on behalf of the City from time to time as necessary, project delivery agreements pursuant to which Waterfront Toronto will as delivery agent for the City provide engineering, procurement and construction management services paid for by the City for the construction of stormwater and sanitary servicing infrastructure required in connection with the revitalization of the waterfront by Waterfront Toronto
  8. Council authorize the General Manager, Toronto Water to amend Purchase Order No. 6026913 with Associated Engineering (ON) Ltd. for engineering services related to the construction phase of the Scott Street Sewage Pumping Station Rehabilitation by an additional amount of \$672,230.00 net of all taxes (\$684,061.25 net of HST recoveries) revising the current contract value from \$330,065.00 to \$1,002,295.00 net of all taxes (\$1,019,935.40 net of HST recoveries).
  9. The Deputy City Manager and Chief Financial Officer in consultation with the General Manager, Toronto Water, be authorized to execute and deliver all agreements, consents, authorizations, authorized by the foregoing recommendations on terms and conditions satisfactory to the Deputy City Manager and Chief Financial Officer and the General Manager and in a form satisfactory to the City Solicitor.

## **Financial Impact**

The construction of sanitary servicing and stormwater infrastructure to service the revitalization of East Bayfront Precinct requires approximately \$46.9 million. Waterfront Toronto currently only has \$11.6 million, through its Long Term Funding Plan, to support the construction of this infrastructure at this time. The result is an estimated shortfall of \$35.3 million. The funding strategy, proposed in this Report, addresses the shortfall through a combination of contributions from the Stormwater Management and Sanitary Sewer Development Charge Reserve Funds (\$17.04 million) for a portion of the growth related costs, and Toronto Water's Capital Financing Reserve Funds (\$18.26 million) for the non-development charges recoverable and local services (i.e. developer responsibility) portions, as per Table 1 below.

Table 1: Capital Expenditure and Sources of City Funding

<b>Toronto Water</b>	<b>Total (\$ million)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Expenditure</b>				
Waterfront Stormwater Infrastructure	17.50	1.75	13.05	2.70
Waterfront Sanitary Servicing Infrastructure	17.80	1.78	16.02	
<b>Total Expenditure</b>	<b>35.30</b>	<b>3.53</b>	<b>29.07</b>	<b>2.70</b>
<b>Funding</b>				
DC Reserve Funds:	17.04	1.70	15.34	0.00
<i>Waterfront Stormwater Infrastructure</i>	<i>5.40</i>	<i>0.54</i>	<i>4.86</i>	
<i>Waterfront Sanitary Servicing Infrastructure</i>	<i>11.64</i>	<i>1.16</i>	<i>10.48</i>	
TW Wastewater Capital Reserve Funds:	18.26	1.83	13.73	2.70
<i>Waterfront Stormwater Infrastructure</i>	<i>12.10</i>	<i>1.21</i>	<i>8.19</i>	<i>2.70</i>
<i>Waterfront Sanitary Servicing Infrastructure</i>	<i>6.16</i>	<i>0.62</i>	<i>5.54</i>	
<b>Sub-total Funding</b>	<b>35.30</b>	<b>3.53</b>	<b>29.07</b>	<b>2.70</b>
Initial Waterfront Toronto Contribution	<b>11.60</b>			
<b>Total Funding</b>	<b>46.90</b>			

Council authority is required to amend Toronto Water's approved 2013 Capital Budget and 2014-2022 Capital Plan, which currently has no provision for the East Bayfront revitalization servicing priorities, by adding two new capital projects: a) Waterfront Stormwater Infrastructure Project at an estimated cost to the City of \$17.5 million; and b) Waterfront Sanitary Servicing Infrastructure Project at an estimated cost to the City of \$17.8 million, for a total of \$35.3 million. These projects will be cash-flowed over a three year period, from 2013 to 2015, and fully funded from Development Charges and Toronto Water Capital Financing Reserve, with no debt impact to the City. Table 1 outlines recommended budget adjustments.

City will enter into a project delivery agreement pursuant to which Waterfront Toronto will contribute \$ 11.6 million and the City will pay the balance of the estimated construction costs up to a maximum estimated amount of \$35.3 million for the construction of the Waterfront Stormwater Infrastructure Project and the Waterfront Sanitary Servicing Infrastructure Project.

Waterfront Toronto will enter into a contribution agreement with the City to pay the City the estimated cost of \$18.26 million from proceeds of the East Bay Front Precinct development or from any other lands benefitted by the sanitary servicing and stormwater infrastructure. The amount of \$17.04 million will be recovered through development charges, for a total amount of \$35.3 million.

It is recognized that the amount and availability of future Waterfront Toronto revenues to honour its contribution obligations is subject to uncertainty, largely related to the timing and feasibility of the Bayside Phase 2 project, which is expected to be the primary source of funds for the contribution.

Waterfront Toronto will be relying primarily upon the use of sale proceeds and rents generated by the development of Phase 2. These lands are environmentally contaminated and are expected to require extensive measures to make them developable. Furthermore, Waterfront Toronto is not obligated to develop Phase 2 if the environmental costs for remediation and risk assessment are commercially unreasonable. Therefore there is no certainty that contributions will be made by WT and that the City's reserves will be replenished as planned.

The purchase order amendment for an additional of \$672,230.00 net of all taxes (\$684,061.25 net of HST recoveries) will increase the current contract value from \$330,065 net of all taxes to \$1,002,295.00 net of all taxes (\$1,019,935.40 net of HST recoveries). Funding for the purchase order amendment is included in Toronto Water's approved 2013 Capital Budget and 2014-2022 Capital Plan within the Engineering Consulting Fees Project (CWW470-02).

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

In May 2005, Council adopted, as amended, Clause 1 of Policy and Finance Committee Report 5, thereby endorsing the April 2005 West Don Lands Precinct Plan and the March 2005 West Don Lands Class Environmental Assessment Master Plan. With approval by Toronto Water, the plan was amended to relocate the Stormwater treatment facility from West Don Lands to 480 Lake Shore Boulevard East. The Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050517/pof5rpt/cl001.pdf>

In September 2005, Council approved a report entitled "Implementation of a New Governance Structure for Toronto Waterfront Renewal." The report confirmed that effective control of public lands in the waterfront was to be provided to the TWRC (now Waterfront Toronto) on an incremental basis, following Council approval of detailed business and implementation plans. The Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050928/pof8rpt/cl002.pdf>

In December 2005, Council approved the East Bayfront Class Environmental Assessment Master Plan. This Environmental Assessment addresses water, sanitary, stormwater and transportation infrastructure servicing requirements necessary to support the land uses proposed in the East Bayfront Precinct. This Master Plan was considered by Council along with the East Bayfront Precinct Plan. The staff report on the Precinct Plan and Environmental Assessment are available on the City's website at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051205/pof10rpt/cl002.pdf>

In July 2006, Council approved Waterfront Toronto's Business and Implementation Plan for East Bayfront designating Waterfront Toronto as the lead for the revitalization of East Bayfront. Its mandate included site preparation, servicing and public realm development

to transform the former industrial area to a mixed use Precinct. The Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl009.pdf>

In December 2008, City Council authorized the General Manager of Toronto Water to enter into a Sole Source agreement, in a form satisfactory to the City Solicitor, with Associated Engineering (Ont.) Ltd. in the total amount of \$767,740.00 net of GST, including disbursements and contingency as follows: (a) \$398,300.00 for design phase engineering services; (b) \$330,065.00 for construction phase engineering services; and (c) \$39,375.00 for post construction services. Accordingly, Purchase Order 6026913 was issued for engineering services associated with the construction phase of the project. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=1326>

In August of 2010 Council accepted the proposal of Hines Canada Management Company ULC for the development and subdivision of the Bayside Lands. Council granted authority for the City, as owner of the Bayside Lands, to enter into a Land Development Agreement with Hines that includes the disposition of the Bayside Lands through agreements of purchase and sale, ground leases, rights of first offer and rights of first refusal. Pursuant to this report authority was given for the City to direct certain proceeds from such were assigned to Waterfront Toronto. Waterfront Toronto has undertaken to the City that funds received from Hines or a site developer under the agreement for purchase and sale or all base rent for the first 33 years of the term of the ground leases, as the case may be, shall be used for re-investment in the revitalization of the waterfront in accordance with Policy and Finance Committee Report 9, Clause 1, headed “Governance Structure for Toronto Waterfront Revitalization” adopted by Council at its meeting on November 30, December 1 and 2, 2004.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX46.33>

In November 2012, Council was given notice of the Chief Planner's draft conditions of the Bayside subdivision requiring, amongst other matters, adequate sanitary and sewer facilities to service the development. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=5668>

## **ISSUE BACKGROUND**

Servicing the revitalization of the East Bayfront Precinct (see Appendix A) requires upgrades to the local sanitary sewer system, and the implementation of stormwater management controls, consistent with the City's Wet Weather Flow Master Plan. The approval for the development of the Bayside Subdivision contained within the East Bayfront Precinct requires servicing, which is ultimately the responsibility of Waterfront Toronto. Waterfront Toronto receives and manages direct government funding through a Long Term Funding Plan approved annually by all three orders of government.

In 2011, Waterfront Toronto expressed concerns about the cost to construct the required sanitary service connection from the Bayside Subdivision (located east of Sherbourne Street) to the Cherry Street sewer, and therefore proposed a short term sanitary servicing option for Phase 1 of the Bayside Subdivision. While the temporary servicing solution is workable in the short term, given the significant development pressures within the sewer shed service area for the Scott Street Sanitary Pumping Station and within the East Bayfront and North Keating Precincts, the timely construction of a longer term sanitary servicing solution is necessary.

Consistent with the requirements of the City's Wet WeatherFlow Master Plan, Waterfront Toronto initially proposed a stormwater treatment facility to service the Bayside Subdivision which included the construction of a ballasted flocculation facility (BFF) to provide high-rate treatment for stormwater, which would be located on the Bayside Phase 2 lands within the East Bayfront Precinct. This facility would treat stormwater from both the East Bayfront and North Keating Precincts respectively. However, at that time, the construction of another BFF, which had been previously approved to exclusively service the West Don Lands Precinct, was about to be tendered. This facility was to be located on City owned lands, at 480 Lake Shore Boulevard East. Upon further review, Waterfront Toronto and Toronto Water agreed that the desirable option was to consolidate the stormwater treatment of all three Precincts through one larger BFF facility by expanding the West Don Lands BFF. The consolidated approach would result in a more cost effective solution and reduce long-term maintenance costs to the City.

Given the significant financial pressures to Waterfront Toronto associated with the construction of these service requirements, Waterfront Toronto and Toronto Water have been in discussions over the past two years to explore interim and longer term servicing solutions.

## **COMMENTS**

The revitalization of East Bayfront is underway with two new parks, a water's edge promenade and the opening of Corus Entertainment and George Brown College in the Dockside Subdivision west of Sherbourne Street. Site preparation activities are also underway for the proposed Bayside Subdivision located between Sherbourne Common and the Parliament Street Slip, south of Queens Quay. In addition to the City ownership in East Bayfront, there are privately owned lands planned for high density mixed use development. Immediately east of East Bayfront Precinct, is the North Keating Precinct consisting of lands owned by the City, Waterfront Toronto and private owners. At this time, the Official Plan and zoning for these lands is before the Ontario Municipal Board. A general layout for the area is presented in Appendix A.

The servicing plan for the Bayside Subdivision has been developed to be phased-in to coincide with the implementation of this subdivision plan. Further, the stormwater and sanitary servicing infrastructure designs were developed to service not only the Bayside subdivision but to have capacity to accommodate future development from the adjacent North Keating Precinct.

## **Stormwater Infrastructure**

As noted above, the consolidated approach of constructing one stormwater treatment facility to service of all three Precincts, by expanding the West Don Lands BFF would result in a more cost effective solution in the construction of the facility and reduce long-term maintenance costs to the City. Construction for the West Don Lands facility has been put on hold pending the redesign of the facility to accommodate stormwater runoff from all three areas.

In concept, this longer term solution includes the expansion of the noted West Don Lands BFF, an attenuation tank to store stormwater to be located at the foot of Bonnycastle Street extension, a pipe connection from the Dockside Subdivision to the attenuation tank, piping to connect the attenuation tank to the BFF and piping back to the Ultra Violet Treatment Facility within Sherbourne Common, at an estimated cost of \$27.5 million. Waterfront Toronto is expected to draw on \$8 million in Provincial funding, approved for the construction of this facility. Waterfront Toronto, through a reallocation of its Capital Budget, can provide an additional \$2 million towards the construction of the stormwater infrastructure. This results in a net funding shortfall of \$17.5 million.

In the absence of sufficient funds, Waterfront Toronto can only proceed to construct an interim solution which includes the necessary piping extending to the BFF, an expansion of the BFF building housing the originally planned BFF to service the West Don Lands Precinct exclusively, but which could accommodate an expansion of the BFF to service the East Bayfront and North Keating Precincts in the future. This temporary solution would remain in place until sufficient funds are raised by Waterfront Toronto to permit the facility expansion. The delay in implementation of the permanent solution will result in the discharge of untreated stormwater from the East Bayfront Precinct.

## **Sanitary Servicing Infrastructure**

Sherbourne Street is the east-west boundary defining the split in sanitary sewer shed service areas, wherein lands to the west are to be serviced via the Scott Street Sanitary Pumping Station (located near Scott Street and The Esplanade as shown in Appendix A) and lands east of Sherbourne Street are to be serviced via an existing sanitary sewer on Cherry Street. The approval for the development of the Bayside Subdivision within the East Bayfront Precinct requires Waterfront Toronto be responsible to provide adequate sanitary servicing. In this case, sanitary servicing that connects to the sanitary sewer on Cherry Street. In 2011, Waterfront Toronto expressed concerns about the cost to construct the required sanitary service connection from the Bayside Subdivision to the Cherry Street sewer.

As a temporary solution, Toronto Water agreed to allow the Bayside sanitary flows to drain to the west, and serviced via the Scott Street Sewage Pumping Station conditional on the permanent solution being constructed within one year from the time that the available capacity at the pumping station was committed for the servicing of future development within its catchment area (i.e. west of Sherbourne Street). This interim solution allows Waterfront Toronto to meet its obligations to satisfy draft plan conditions with Hines Development (within the Bayside Subdivision), where Waterfront Toronto is

to ensure that the site is fully serviced by the fall 2014.

Waterfront Toronto subsequently advised it cannot commit to completing the construction of the permanent servicing solution of redirecting sanitary flows to the Cherry Street sewer, within the prescribed timelines set by Toronto Water. Given recent media reports and private development interests for the lands west of Sherbourne Street including the Pinnacle site and lands in the Lower Yonge precinct, Toronto Water has expressed concern that the Scott Street Sanitary Pumping Station capacity could soon be exceeded, and the construction of the longer term solution must be advanced at this time.

The permanent sanitary servicing solution includes gravity sewers from the Bayside Subdivision to a new sanitary sewage pumping station to be located at 480 Lakeshore Boulevard, and then via a sanitary force main to the existing Cherry Street sanitary sewer, at an estimated cost of \$19.4 million. The Long Term Funding Plan only allocates \$1.6 million, at this time, which results in a net funding shortfall of \$ 17.8 million.

### **Funding Arrangement**

As described above, servicing of the East Bayfront Precinct requires the construction of two major capital projects referred to as the: Waterfront Stormwater Infrastructure Project and Waterfront Sanitary Servicing Infrastructure Project, respectively.

A breakdown of each of the Projects' key components and their associated proposed funding arrangements along with the projected cash flow expenditures is presented in Table 2. As shown in the Table, the total funding shortfall is an estimated \$35.3 million, consisting of \$17.5 million and \$17.8 million for the Waterfront Stormwater Infrastructure Project and Waterfront Sanitary Servicing Infrastructure Project, respectively.

Infrastructure costs associated with new development are determined to be either a developer responsibility (e.g. local servicing) or a City responsibility (e.g. where a broader benefit is derived, external to a development) wherein the growth related component of the infrastructure construction is eligible for funding from the City's Development Charge Reserve Funds.

The estimated \$ 17.5 million funding shortfall for the Stormwater Infrastructure Project, consists of the dockside piping and BFF (treatment facility) expansion which are considered local developer responsibilities, wholly funded by Waterfront Toronto at an estimated cost of \$12.1 million; while the piping and attenuation tank are considered City responsibilities and therefore eligible for partial Development Charge Reserve funding of an estimated cost of \$5.4 million.

The estimated \$17.8 million funding shortfall for the Sanitary Servicing Infrastructure Project consists of sanitary sewer works and a pumping station. The Project benefits the development of both Waterfront Toronto development lands and private property owners within the service area. Therefore, the funding contributions are split with Waterfront

Toronto being responsible for an estimated \$6.2 million and the balance of an estimated \$11.6 million being drawn from Development Charge Reserve funding.

Table 2: Waterfront Infrastructure Projects Funding Arrangements (\$ million)

	Project Cost	Available Waterfront Toronto Funding	Shortfall Total	Shortfall				
				Funding Source		Cash Flows		
				DC Reserves	TW Capital Reserves	2013	2014	2015
<b>Stormwater Infrastructure</b>								
BFF expansion	\$16.0	\$10.0	\$6.0	\$0.0	\$6.0	\$0.6	\$2.7	\$2.7
EBF attenuation Tank	\$7.0	\$0.0	\$7.0	\$4.2	\$2.8	\$0.7	\$6.3	\$0.0
EBF piping	\$2.0	\$0.0	\$2.0	\$1.2	\$0.8	\$0.2	\$1.8	\$0.0
Dockside piping	\$2.5	\$0.0	\$2.5	\$0.0	\$2.5	\$0.3	\$2.2	\$0.0
<b>Total</b>	<b>\$27.5</b>	<b>\$10.0</b>	<b>\$17.5</b>	<b>\$5.4</b>	<b>\$12.1</b>	<b>\$1.8</b>	<b>\$13.1</b>	<b>\$2.7</b>
<b>Sanitary Servicing Infrastructure</b>								
EBF sanitary sewers	\$13.4	\$1.6	\$11.8	\$8.0	\$3.8	\$1.2	\$10.6	\$0.0
Pumping Station	\$6.0	\$0.0	\$6.0	\$3.6	\$2.4	\$0.6	\$5.4	\$0.0
<b>Total</b>	<b>\$19.4</b>	<b>\$1.6</b>	<b>\$17.8</b>	<b>\$11.6</b>	<b>\$6.2</b>	<b>\$1.8</b>	<b>\$16.0</b>	<b>\$0.0</b>
<b>Total for EBF Infrastructure Projects</b>	<b>\$46.9</b>	<b>\$11.6</b>	<b>\$35.3</b>	<b>\$17.0</b>	<b>\$18.26</b>	<b>\$3.6</b>	<b>\$29.1</b>	<b>\$2.7</b>

There is sufficient funding in Toronto Water's Stormwater and Sanitary Development Charges Reserve Funds to provide the recommended Development Charge Reserve funding for these projects. It is proposed that expenditures in the amount of an estimated \$18.26 million be funded from the Toronto Water Capital Reserves

Waterfront Toronto staff have indicated their willingness to recommend that Waterfront Toronto enter into an infrastructure contribution agreement with the City, under which Waterfront Toronto would pay the City \$18.26 million in order to facilitate the infrastructure investment at this time. The timing of payment would be related to Waterfront Toronto's ability to pay, which in turn will be affected by market conditions and other factors, in particular the timing of the Bayside Phase 2 development. Provided that Phase 2 of Bayside, as shown on the attached Concept Plan is developed by Waterfront Toronto, Waterfront Toronto expects to receive a considerable payment upon development of the commercial and market housing within Bayside Phase 2, well in excess of the infrastructure contribution to the City, even if Phase 2 contains two affordable housing blocks. The uncertainty with the development of Bayside Phase 2 is due to the environmental conditions of the lands which are expected to require extensive measures for remediation and risk management. Waterfront Toronto is not obligated to develop these lands if the costs are commercially unreasonable. Waterfront Toronto may also negotiate the recovery of funds from other benefiting landowners. These funding

sources would enable Waterfront Toronto to honour its contribution agreement obligations, and for the City to replenish Toronto Water's Capital Reserves.

### **Scott Street Pumping Station Rehabilitation - Amendment to Purchase Order 6026913**

In 2011, a construction contract to increase the capacity of the Scott Street Sanitary Pumping Station, necessary to provide servicing of a portion of the East Bayfront Precinct, was awarded to a general contractor, through a competitive procurement.

Associated Engineering Ltd. was also retained to provide professional engineering services for the design of the upgrades to the pumping station and monitoring of the construction by the general contractor. The original project schedule called for completion of the construction phase in June 2012. In August 2012, Associated Engineering Ltd. advised Toronto Water that due to unforeseen conditions in the initial construction period, the construction progress was significantly delayed and work was expected to be completed in August 2013. During the lapsed time from August 2012 to April 2013, Associated Engineering continued to provide full time construction phase engineering services. The extension of the engineering services through to construction completion, expected in September 2013, requires an amendment to the existing Purchase Order of \$672,230.00 net of all taxes revising the current contract value from \$330,065.00 to \$1,002,295.00 net of all taxes.

Additional construction phase engineering services attributed to this amendment are necessary due to construction schedule delays associated with both the general contractor's poor performance, and complexities discovered once excavation work at the site commenced. Listed below are several key issues relevant to the delays in question:

- Incorrect information provided by the utility companies pertaining to the location of abandoned Toronto Hydro duct bank, and various other concrete structures and conduits which came to impede excavation work.
- The poor condition of below grade concrete walls on two access shafts exposed during excavation activities required repairs.
- Toronto Hydro requested to maintain overhead wiring associated with wireless internet connections required permitting and approval for temporary service pole installations.
- The general contractor submitted shop drawings that were poor in quality and required many revisions and resubmissions due to errors or missing information.
- The general contractor did not follow the prescribed method in the contract relating to the initial subsurface exploratory work. The contract specifications required vacuum excavation and the contractor chose to perform this work using mechanical excavation which resulted in greater disruption to the site.
- The contract specifications required the bidder to name the subcontractor who would perform the piling and shoring activity needed to allow for the site excavation. After award, the general contractor advised the City that the named subcontractor would not be available for four months and requested the City to approve an alternate slide rail method for shoring. After a thorough review, the

slide rail method was deemed not appropriate and as a result the original piling method was used resulting in a four month delay.

- During the site excavation the contractor discovered wood debris and stopped work until the City would advise on how disposal costs would be paid for, contrary to the terms and conditions of the contract resulting in delay.
- The general contractor's failure to confirm site measurements resulted in additional work needed to correct the size of the access hatches and the rebar spacing for the electrical chamber.
- The excessive number of water leaks due to construction deficiencies in the new below grade electrical chamber required specialized interior water proofing remediation and resulted in delay.
- Failed attempt by the general contractor with the initial temporary bypass system installation in late 2012, and a very lengthy delay in establishing a suitable replacement bypass pumping system.

At the City's request, the general contractor has since replaced the project manager and had demonstrated improved performance and is currently on track to complete the work by early September 2013. Any delays incurred as a direct result of the general contractor's poor performance will be assessed and liquidated damages applied.

Funding for the purchase order amendment is included in Toronto Water's approved 2013 Capital Budget.

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## SIGNATURES

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## **ATTACHMENTS**

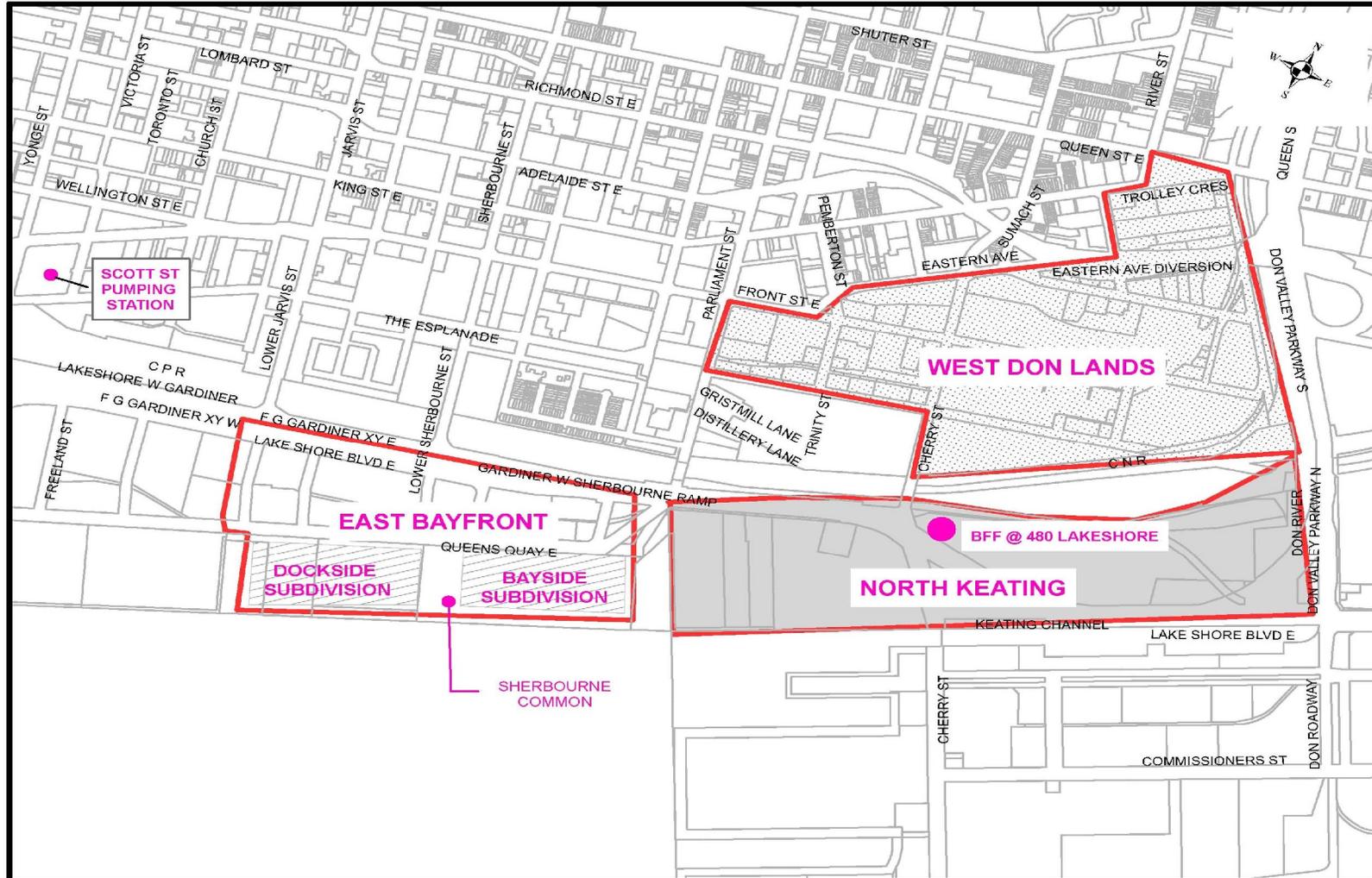
Appendix A – Area Plan

Appendix B – Bayside Development Concept Plan

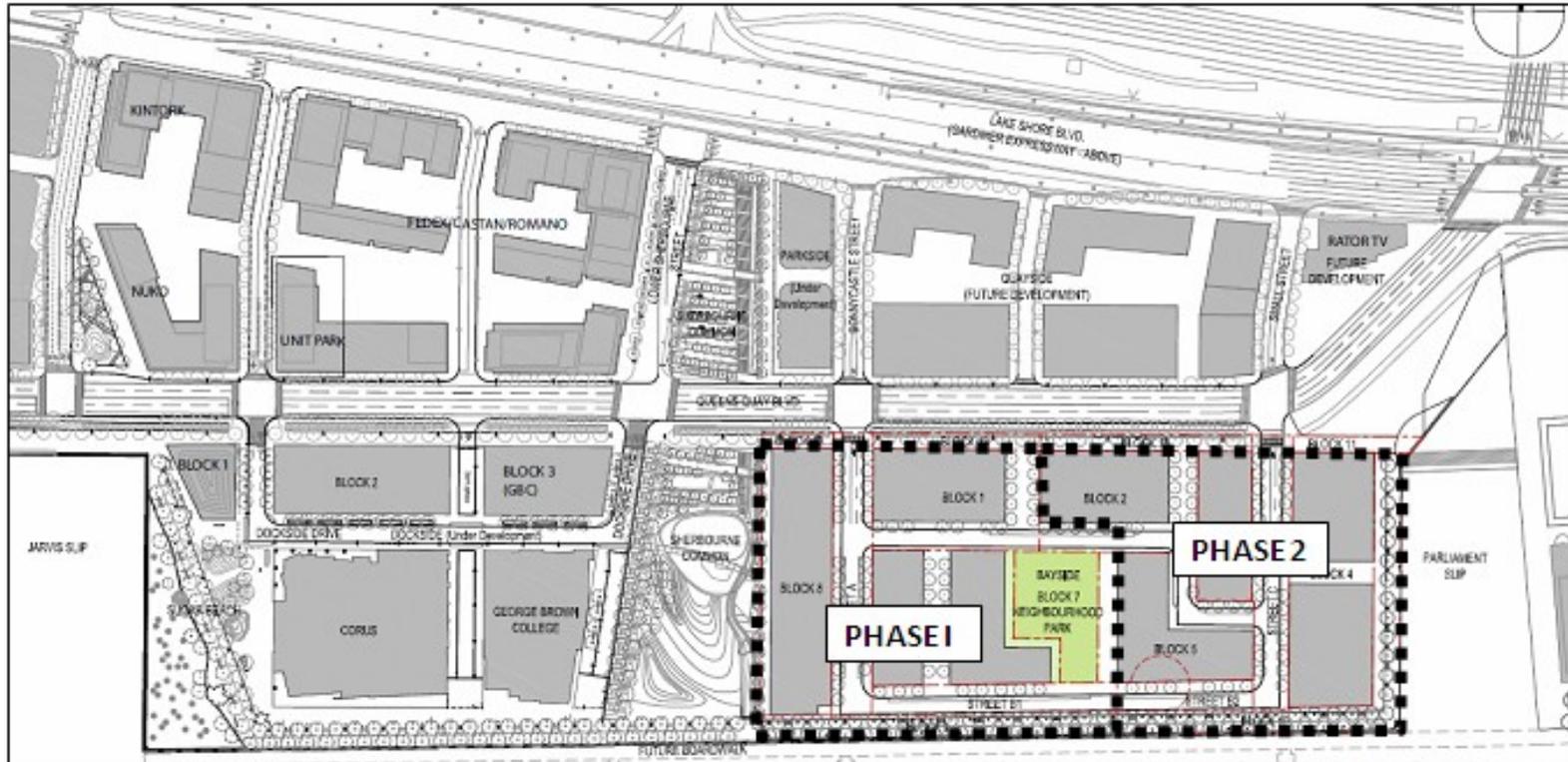
Appendix C – Stormwater Management Infrastructure Benefitting Areas

Appendix D – Sanitary Servicing Infrastructure Benefitting Areas

Appendix A  
East Bayfront, North Keating and West Don Lands Precincts Area Plan



Appendix B – Bayside Development Concept Plan



Appendix C – Stormwater Management Infrastructure Benefiting Area

