



STAFF REPORT ACTION REQUIRED

Expo 2025 – Feasibility Considerations

Date:	October 21, 2016
To:	Executive Committee
From:	City Manager Deputy City Manager, Cluster A Deputy City Manager, Cluster B Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	AFS 23672

SUMMARY

This report presents the results of a third-party Feasibility Study on hosting Expo 2025 in Toronto, commissioned by the World Expo Canada Bid Corporation (WECBC), as well as a Marketing Brochure recently released by WECBC. It also includes a Peer Review of the Feasibility Study, completed by HLT Advisory Services, and additional commentary and analysis by City staff, drawing in part on the recommendations of the Mayor's Advisory Panel on International Hosting Opportunities, and technical advice regarding capital infrastructure requirements provided by R.V. Anderson Associates Ltd. The Feasibility Study, Marketing Brochure, and Peer Review are attached to this report as appendices A, B, and C respectively.

The Feasibility Study and Marketing Brochure identify a number of high-level benefits of hosting Expo 2025 for the City of Toronto, including:

- A substantial boost to Toronto's economy, with an estimated increase of \$3.3 billion to the City's gross domestic product (GDP), and job creation equivalent to 40,000 person years of employment
- 9 million incremental visitors to Toronto in 2025, contributing \$3.2 billion in spending
- A flood-protected Port Lands with complete servicing, and many new and revitalized legacy buildings, parks, and other natural areas
- A significant contribution to affordable housing
- A showcase for Toronto to demonstrate its environmental and smart city leadership
- Broader global visibility, and increased trade and investment
- Inspiration for a generation of Canadians

Expo 2025 has the potential to be the largest and most impactful economic and cultural event held in Canada since Expo '67.

However, based on a review of the materials provided, this report recommends that Council not support the development of a bid to host Expo 2025 in Toronto. While the Feasibility Study notes the potential for considerable economic and other legacy benefits as a result of hosting Expo, there are a number of significant challenges and risks related to staging an event of this scale and complexity in the Port Lands in 2025 that outweigh these advantages:

- Neither the Feasibility Study nor the Marketing Brochure confirm whether the Province of Ontario or the Government of Canada would support a bid to host Expo 2025 in Toronto, contribute financially to the event or related capital projects, or guarantee the finances of the Expo. The Mayor's Advisory Panel on International Hosting Opportunities is clear that the support of other orders of government must be obtained before proceeding with a bid to ensure certainty and mitigate risk during the bidding process, and in the run-up to the event. As an example, the Government of Canada withdrew its membership in the Bureau International des Expositions (BIE), the international organization overseeing World Expos, in 2013 and remains a non-member. BIE rules prioritize bids from member countries over non-members, and until such time as the federal government renews Canada's membership, Toronto will be unlikely to succeed in a bid to host Expo 2025.
- Very significant capital funding in the order of \$6-7 billion must be made available by the City, provincial and federal governments for capital projects in and around the Port Lands between now and 2025. This funding is largely not yet committed, and Toronto's portion is not in the City's current capital plan.
- Staff have been advised and have concluded that it is highly improbable that the many major concurrent construction projects which are critical to hosting Expo – including but not limited to Port Lands Flood Protection, Port Lands servicing, East Bayfront Transit, a new RER Station at the First Gulf Development, the Gardiner East and Lake Shore Boulevard Reconfiguration, and the construction of the Expo site itself – can be successfully completed in time to host the event in 2025. The Feasibility Study relies on a number of major assumptions regarding the construction schedule for these complex projects, and there is a high risk that this schedule cannot be met.
- The extremely challenging construction schedule for Expo 2025 creates a very real risk of significant cost overruns. Any delays in construction scheduling will require increased funding to cover costs for a compressed project schedule. Considering the fixed dates for the opening of the Expo site, there will be no choice but to incur these costs to achieve timely and full completion – though even an increase in funding cannot fully eliminate the risk that the projects may not be completed on time.

Given these factors, the City cannot responsibly pursue a bid for the 2025 World Expo at this time without facing very significant financial, operational and reputational risks.

RECOMMENDATIONS

The City Manager, the Deputy City Manager, Cluster A, the Deputy City Manager, Cluster B, and the Deputy City Manager & Chief Financial Officer recommend that:

1. City Council not support the development of a bid to host Expo 2025 in Toronto.

Financial Impact

There is no financial impact arising from the adoption of this report.

If City Council were to support a bid to host Expo 2025, it is estimated that the cost of preparing a bid would range between \$10 – 15 million. Funding for a bid could be secured from various sources, including the private sector.

If the bid to host Expo 2025 is successful, the City would need to commit resources to forming a support secretariat, increase capacity to review and issue planning and building approvals, and, closer to the event, identify resources to best leverage the Expo's cultural and economic impacts.

The incremental capital expenditures to construct the Expo site are projected to be approximately \$2.580 billion, with \$1.909 billion of the costs shared between the three orders of government, and the balance being paid for by the private sector and foreign governments. The City's share of the cost is estimated to be between 25-50%, or \$475 million – \$950 million of the total incremental capital expenditure. The City would also need to fund the creation of an Expo Pavilion, which is not included in the above figures. Additional monies would need to be found to subsidize foreign government pavilions for countries that cannot afford them. The Feasibility Study estimates these costs to be \$200 million.

A complete and accurate budget estimate must take into account other capital expenditures required to make the Port Lands a feasible location for the Expo. First, the Feasibility Study identifies that approximately \$1 billion is needed for infrastructure improvements inside the Port Lands. Costs included in this category related to servicing could be incurred regardless of whether the City hosts Expo, as part of the planned redevelopment of the Port Lands. The City's share of this cost would likely be between \$250 million – \$500 million. Second, other major related and dependent capital projects must be considered, many of which have not yet been fully costed or funded. This includes projects such as the Port Lands Flood Protection, East Bayfront Transit, RER Station at the First Gulf Development, and the Port Lands and South of Eastern Transportation and Servicing Master Plan. Implementation of these projects in time for Expo 2025 is estimated to cost approximately \$3-4 billion over a 7-8 year period. The City's funding share of these projects, some of which have remained unfunded for years, would be substantial.

With respect to the Expo's operations, the Feasibility Study projects that Expo 2025 would have event-related operating expenses ranging between \$1.450 billion – \$1.800 billion, with a midpoint of approximately \$1.625 billion, and event-related operating revenues ranging between \$1.480 billion – \$1.800 billion, with a mid-point of \$1.640 billion. The Study has forecast that Expo 2025 could result in a net operating position ranging between a shortfall of \$320 million and an operating surplus of \$350 million, with the midpoint being a small surplus of \$15 million. There is no funding required from the City for event operations, assuming that the City does not guarantee a deficit. The City will, however, need to manage its own Expo Pavilion, with costs to be determined.

No funding for any Expo-related project has been confirmed at this time. Funding has also not been confirmed for the majority of the related capital projects noted above, and the majority of related capital projects are not currently included as part of the 2016-2025 Council-Approved Capital Budget and Plan.

DECISION HISTORY

At its meeting of June 6, 2012, City Council directed the City Manager and the General Manager, Economic Development and Culture to obtain input from the provincial and federal government, and relevant agencies and boards, and submit separate reports to the Economic Development Committee on the pros and cons of creating a bid to host World Expo 2025, as well as the 2024 Olympic Games in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.MM24.13>

In February 2014, Council received a report titled "Feasibility of Toronto Hosting 2025 World Expo" detailing the costs, requirements and an assessment of the opportunity to bid on Expo 2025, based on a Feasibility Study prepared by Ernst & Young. In receiving this report, Council requested that the General Manager, Economic Development and Culture, undertake work to address issues relevant to the public, other orders of government, and potential sponsors to gauge stakeholder support for a World Expo bid, and provide Council with sufficiently detailed information to determine if an official bid should be prepared. At the same time, the Economic Development Committee considered a report on the feasibility of hosting the 2024 Olympic Games in Toronto. The latter report was deferred indefinitely.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED28.4>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED28.5>

In March 2016, Executive Committee received a report from the Mayor's Advisory Panel on International Hosting Opportunities titled "Bringing the World to Toronto". The report was referred to the City Manager with a request for staff to report back with a strategy and guiding principles for future major international event hosting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.25>

In June 2016, City Council adopted the recommendations of the Mayor's Advisory Panel on International Hosting Opportunities to guide future event hosting in Toronto. City Council also accepted an offer by the Expo 2025 Steering Committee (now known as the

World Expo Canada Bid Corporation) to commission and fund an updated Feasibility Study on hosting Expo 2025, and directed the City Manager to report back to Executive Committee with comment and analysis on the results of the study in October 2016.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX15.7>

ISSUE BACKGROUND

An Expo (also referred to as a World's Fair, or World Expo) is a large public exhibition held in a particular city in rotating host nations on a cyclical basis. It is defined by the Bureau International des Expositions (BIE), the international organization overseeing the fairs, as a "global event that aims at educating the public, sharing innovation, promoting progress and fostering cooperation". Expos are organized by a host nation that invites other countries, international organisations, the private sector, and the general public to participate. Canada has hosted two successful Expos in the past – Expo '67, in Montreal, and Expo '86, in Vancouver.

There are two types of Expos – a "registered exposition", a major event with complex infrastructure and operational requirements taking place every five years and lasting up to six months, and "recognized expositions", a smaller scale exhibition no longer than three months in duration, and with substantially fewer capital requirements. Expo 2025 will be a registered exposition. Both registered and recognized Expos are focused on a particular theme, which forms the basis of the event's programming. Examples of recent Expo themes include "Feeding the Planet: Energy for Life" (Milan 2015), "Better City, Better Life" (Shanghai 2010), and "Nature's Wisdom" (Aichi 2005).

The call for bids to host Expo 2025 was launched on May 1, 2016. To begin the bidding process, a candidate nation must submit a letter of intent signed by their head of state to the BIE, which outlines the proposed theme of the Expo, and includes a financial guarantee from the nation's federal government. Once the first letter of intent is received, all other nations have six months from the date of submission to declare their own candidacy. The 169 member nations of the BIE will then consider detailed bid proposals from each of the candidate countries, and vote to select a winner. To date, no nations have submitted a letter of intent, but numerous media outlets have reported that bids are actively being considered by Paris, France; Manchester, United Kingdom; Osaka, Japan; and Baku, Azerbaijan. France in particular is reported to be in the advanced stages of completing its bid proposal, and is expected to declare its formal candidacy imminently.

In 2013, the federal government made the decision to withdraw Canada's membership from the BIE, and discontinued all programmatic functions related to Canada's participation in and hosting of international expositions. BIE rules grant priority to bids from member countries over non-members. If Canada does not re-join the BIE, Toronto will need to receive a two-thirds majority of votes from member nations in order to be named the host city of Expo 2025.

Despite an official communication by then Mayor Ford in 2013 requesting the reinstatement of membership, and ongoing engagement from the Expo 2025 Steering Committee, including letters signed by Mayor Tory, the Government of Canada has not committed to re-establishing its membership in the BIE as of the writing of this report. In May 2016, Prime Minister Trudeau wrote to Mayor Tory and the Expo 2025 Steering Committee to indicate that the federal government is "prepared to explore next steps" should Council choose to support a bid. Neither the Feasibility Study nor the Marketing Brochure contained any indication from either the federal or provincial government that serious work is underway to determine whether to support a bid, or whether to make any financial commitments needed for a bid.

Mayor's Advisory Panel on International Hosting Opportunities

In June 2016, City Council adopted the recommendations of the Mayor's Advisory Panel on International Hosting Opportunities as a framework to evaluate opportunities to host "mega events" such as a World Expo in Toronto. The Panel was convened by the Mayor in fall 2015 with a mandate to engage with members of the community and Councillors to determine the benefits and risks of hosting international events; the types of events that Toronto should consider hosting; the impact of hosting mega events on key city building objectives; and what needs to be done to ensure that Toronto can be successful if and when it decides to pursue hosting opportunities in the future. The Panel did recognize the significant benefits that could accrue to Toronto if a mega event were to be held in the City.

The Advisory Panel identified five core principles to inform decisions on event bidding and hosting opportunities. The analysis in this report has been shaped by these five principles, which are listed below:

1. **Start from a position of strength**, emphasizing the need for shared commitment by all orders of government and the private sector prior to launching an event bid;
2. **Optimize Toronto as a host city and region**, underscoring the importance of ensuring a strong hosting capacity through a responsible financial plan, diverse leadership team, and meaningful engagement with communities and partners across the Greater Toronto Area;
3. **Advance key City-building priorities** by leveraging a mega event to advance areas such as transit, affordable housing, and other civic infrastructure;
4. **Responsibly manage hosting costs, resources and risks** by minimizing the City's financial exposure, and mitigate risks related to bidding on and hosting a mega event; and
5. **Generate benefits and legacies for all Torontonians** to ensure that a mega event has a wide-ranging, positive impact for communities across the City.

A summary of staff's evaluation of the Expo 2025 bid against these criteria is provided later in this report.

COMMENTS

In June 2016, City Council accepted an offer from the Expo 2025 Steering Committee, now referred to as the World Expo Canada Bid Corporation (WECBC), to commission and fund an updated Feasibility Study that would explore the costs and benefits of hosting Expo 2025 in Toronto. As directed by Council, City staff contributed to the study's terms of reference by providing WECBC with a document outlining the City's expectations for the final Feasibility Study.

The Feasibility Study is attached to this report as Appendix A. The World Expo Canada Bid Corporation commissioned several reports as part of the study, including:

- Site analysis, masterplan, transport and infrastructure assessment, completed by Arup Group Ltd.;
- Evaluation of projected attendance, economic impact, and a preliminary operating budget, prepared by PwC Canada;
- Social and cultural legacy opportunities, prepared by Lord Cultural Resources;
- Security review, completed by Brad Taylor;
- Governance framework for Expo 2025, prepared by Terry Wright;
- Health and medical system preparedness report, prepared by Steve Urszenyi;
- Health and health equity impact assessment, prepared by the Wellesley Institute;
- Input from Toronto Fire Services on fire protection services for Expo 2025;
- Visioning and legacy propositions, prepared by EKS.

Expo 2025 Marketing Brochure

WECBC also released a marketing brochure to the media promoting Expo 2025 on October 14, 2016 (attached as Appendix B). The brochure presents WECBC's argument as to why Toronto should bid to host Expo 2025, and contains selected excerpts of the Feasibility Study to support its case. It also includes its own assessment of the proposal to bid on Expo 2025 using the criteria of the Mayor's Advisory Panel on International Hosting Opportunities.

The brochure was specifically created as a promotional tool in favour of hosting Expo 2025. Staff were not involved in the creation of the brochure, and did not review its contents ahead of publication. Staff caution that the assessment of the Expo proposal using the Mayor's Advisory Panel criteria has not been vetted by any third parties, and should be viewed as a statement of WECBC's opinion only.

Review of Feasibility Study

The City engaged HLT Advisory Services to complete a Peer Review of the Feasibility Study (included as Appendix C). The objective of the Peer Review is to assess the strengths and limitations of the Feasibility Study and its methodology, along with the rationale for the conclusions and recommendations presented.

HLT's comments are included throughout this report, along with comments from various City divisions including the Affordable Housing Office, City Manager's Office – Strategic and Corporate Policy, City Planning, Economic Development and Culture, Engineering and Construction Services, Office of Emergency Management, Toronto Building, Toronto Fire Services, Toronto Office of Partnerships, Transportation Services, and the Waterfront Secretariat. Comments were also received from staff at the Toronto Port Lands Company and Waterfront Toronto and are incorporated as part of this report.

The completed study has also been submitted by WECBC to the federal government through the Office of the Minister of Heritage, and the provincial government through the Ministry of Tourism, Culture and Sport. WECBC has not informed the City of any comments from the federal or provincial governments on the contents of the study.

Projected Attendance and Economic Impact of Expo 2025 in Toronto

The World Expo Canada Bid Corporation commissioned PricewaterhouseCoopers (PwC) Canada to conduct an analysis of projected attendance and economic impact.

Attendance

PwC concludes that an Expo held in Toronto in 2025 could achieve total attendance of approximately 30 million visits. This figure was reached based on trend analysis considering attendance at previous Expos, and an assessment of the tourism market potential in Toronto. The total attendance projection assumes that 36% of visits (10.8 million) are by persons from the Greater Toronto Area, 12% (3.6 million) from elsewhere in Ontario, 12% (3.6 million) from elsewhere in Canada, 35% (10.5 million) from persons in the United States, and 5% (1.5 million) from other international locations.

Of the 30 million visits, it is projected that 18.4 million would be unique visitors, and that 9 million of these unique visitors would be considered "incremental" (e.g. visitors who could be attracted to Toronto because of the presence of an International Exposition in 2025, and who would not normally have travelled to Toronto). Approximately 5.4 million unique visitors would be expected to need overnight accommodation, either paid or with friends and family. This would be a very significant boost to tourism in 2025.

PwC has assumed that tickets would cost between \$35-40 per person per day. Their study also recommends that consumer surveys be completed as a next step to confirm total potential visitation.

HLT's review of PwC's attendance projections concludes that their methodology is reasonable, but that there is some risk associated with the study's use of attendance figures from previous Canadian Expos (Montreal '67 and Vancouver '86) to forecast attendance at Expo 2025 in Toronto. Both events had significantly higher proportions of out-of-town visits than more recent Expos, resulting in uncertainty as to whether these Expos are appropriate benchmarks for Toronto 2025.

City staff are in agreement that the market potential exists to support an event of this scale in Toronto given the population in Canada and Eastern United States. To underscore how big this event is, projected attendance for Expo 2025 far exceeds that of other major special events recently held in Canada. For comparison, the Pan Am / Parapan Am Games attracted approximately 2 million visits to all events (ticketed and non-ticketed) over a four-week period, and 1.3 million tickets were sold for the Winter Olympics in Vancouver in 2010. The Expo attendance forecast projects 2-3 times as many visits on a daily basis than that of all Pan Am / Parapan Am Games sites - and all concentrated within one event location. Given the size and location of the proposed Expo, very significant transit and people flow measures will be needed.

Economic Impact

PwC's analysis outlines the potential for significant economic benefits for Toronto, Ontario, and Canada arising from the construction and operations of Expo 2025. Within Toronto, the study identifies the potential for:

- More than \$6.1 billion in total direct, indirect, and induced spending;
- Close to \$3.3 billion in total direct, indirect, and induced GDP impacts;
- Over 40,000 person years of employment;
- Approximately \$2.3 billion in employment income growth; and
- More than \$2.5 billion in total consumer spending.

These represent about 75% of the overall economic benefits, with the balance going to the rest of Ontario and Canada.

The study also identified the potential for considerable tax revenues for the different orders of government, with the greatest benefit going to the federal and provincial governments. PwC projects that Expo could generate \$1.268 billion in direct government revenues. The City stands to collect a much lower share than other orders of government at \$133 million, given that the majority of government revenues would be derived from income and sales taxes. Sources of City revenue include property taxes, building permit fees, and development charges.

A summary of the projected economic impact of Expo 2025 is included in the table below.

Table 1: Summary of Projected Economic Impacts for Expo 2025			
Category	Within:		
	Toronto	All Ontario	All Canada
Spending Impacts	\$6.142 billion	\$7.377 billion	\$8.180 billion
GDP Impacts	\$3.262 billion	\$3.958 billion	\$4.365 billion
Employment Impacts <i>(in person years of employment)</i>	40,050	46,935	50,775
Employment Income Growth <i>(in salaries and wages)</i>	\$2.310 billion	\$2.692 billion	\$2.899 billion

Category	Within:		
	Toronto	All Ontario	All Canada
Visitor Spending	\$2.510 billion	\$2.769 billion	\$2.769 billion
Government Revenue Impacts (from income tax, sales tax, property tax, DCs, building permits)	\$133 million	\$549 million	\$575 million

HLT has concluded that PwC's methodology to estimate economic impact is reasonable. HLT notes that PwC has taken a relatively conservative approach to estimating the Expo's economic impact, as their GDP and employment impacts are calculated solely based on event operating and construction expenditures. As a result, the GDP and employment impacts do not include jobs associated with increased visitor spending across the City (e.g. additional hotel, hospitality and restaurant jobs). HLT also notes that the study could benefit from further analysis of the impact of the Expo on business start-ups and international trade.

Budget Considerations

PwC's scope of work included the preparation of a preliminary budget outlining the potential range of revenues, operating and capital expenditures which the event could be expected to incur.

Operating Budget and Net Position

PwC has forecast that Expo 2025 could result in a net operating position ranging between a shortfall of \$320 million and an operating surplus of \$350 million. Using the midpoint of these ranges, and assuming that the Expo is managed to balance revenue against expenses, PwC has concluded that it is reasonable for the event to achieve break-even operations, with a small potential surplus of \$15 million. The range of potential outcomes considered by PwC is summarized in Table 2 below, though staff note that other outcomes are also possible.

Table 2: Net Operating Position			
Revenue Category	Estimated Operating Revenues		
	Low	Mid-point	High
Ticket Sales	\$1,050,000,000	\$1,125,000,000	\$1,200,000,000
Sponsorships	205,000,000	220,000,000	230,000,000
Other Revenue	225,000,000	295,000,000	370,000,000
Total Operating Revenue	\$1,480,000,000	\$1,640,000,000	\$1,800,000,000
Expense Category	Estimated Operating Expenses		
	Low	Mid-point	High
Staffing Costs	\$155,000,000	\$170,000,000	\$185,000,000
Venue and Grounds Maintenance	190,000,000	\$215,000,000	240,000,000

Expense Category	Estimated Operating Expenses		
	Low	Mid-point	High
Programming	275,000,000	300,000,000	325,000,000
Marketing and Communications	200,000,000	225,000,000	250,000,000
Office and Admin	225,000,000	250,000,000	275,000,000
Security	135,000,000	155,000,000	175,000,000
Other	130,000,000	155,000,000	180,000,000
Contingency	140,000,000	155,000,000	170,000,000
Total Operating Expenses	\$1,450,000,000	\$1,625,000,000	\$1,800,000,000
Net Operating Position	(\$320,000,000)	\$15,000,000	\$350,000,000

HLT has concluded that the methodology to calculate the operating budget is reasonable, but that security costs may be understated as the budget does not include any Expo-related security that would be required outside of the main event site. Security costs are also very dependent on global situations completely outside the control of the Expo organizers and are thus difficult to estimate.

City staff have further noted that ticket revenues based on the Expo 2025 attendance projections represent a considerable share of total projected revenues (69%) compared to both prior Expos, and prior mega events held in North America. The Pan Am / Parapan Am Games, for instance, realized ticket revenues of approximately \$39 million towards an operating budget of \$1.8 billion (excluding the Athletes' Village), and the Vancouver Olympics, which realized ticket sales revenues of \$270 million towards an operating budget of \$1.9 billion. Staff believe there is some risk that revenue projections may not be met as a result.

Capital Expenditures

PwC has identified capital costs in two categories – "Planned Infrastructure Costs", which are unfunded costs associated with projects in the Port Lands that are already being contemplated by the City of Toronto, Waterfront Toronto and Metrolinx, and "Incremental Capital Costs", referring to costs that will be incurred solely as a result of Expo taking place. Planned Infrastructure Costs are primarily related to site servicing, and include new roads and bridges, storm water drainage, utility reinforcement, required works in the ship channel, land acquisition, and other similar costs. Incremental Capital Costs consist of expenses in the Port Lands that are incurred solely as a result of hosting Expo 2025, such as internal site infrastructure, transit, traffic, and access improvements within the Expo site, site overlay costs, Expo buildings and facilities, and post-event site conversion to facilitate eventual reuse. An overview of PwC's capital budget estimates is included in tables 3 and 4 below.

Table 3: Planned Infrastructure Costs in the Port Lands	
Category	Total Cost
Planned Infrastructure Projects	\$683,146,000
Permanent Building Works	377,318,000
Total Planned Infrastructure Costs	\$1,060,464,000

The Planned Infrastructure Costs in Table 3 above are neither approved nor funded.

Table 4: Incremental Capital Costs in the Port Lands, incurred solely as a result of hosting Expo 2025	
Category	Total Cost
2025 Expo Site Improvements	\$111,904,000
2025 Expo Transport Improvements	293,524,000
Expo Site Overlay Equipment and Supplies	240,000,000
Expo Buildings and Facilities	1,730,929,000
Expo Site Clean-up and Handback	97,839,000
Acceleration of Planned Infrastructure Projects	106,046,000
Total Incremental Capital Costs	\$2,580,243,000

Of the incremental costs noted in Table 4 above, PwC assumes that approximately \$1.909 billion will be paid for by the City, provincial and federal governments. The remaining costs are attributed to other funders, including foreign governments (approximately \$0.431 billion) and private corporations (approximately \$0.241 billion).

Additional Capital Costs for Consideration

City staff note that a third category of "Enabling Infrastructure Costs" must also be considered in order to develop a fully accurate capital cost projection related to Expo 2025. Enabling Infrastructure Costs would account for major capital infrastructure projects that are committed to or are currently being considered by the City, Waterfront Toronto and Metrolinx, private developers, and other agencies in and around the Port Lands that must be completed in order to host the event. Enabling Infrastructure Projects include but are not limited to:

- Port Lands Flood Protection
- Port Lands and South of Eastern Transportation Servicing Master Plan
- East Bayfront Transit; and
- A new RER/GO Station near the First Gulf Development Site

While final costing is not yet complete for all of the Enabling Infrastructure Projects, staff estimate that the total infrastructure investment could be in the range of \$3-4 billion over 7-8 years. These costs will involve funding from all three orders of government, and from other sources, such as development charges. While these projects will be needed at some point, the key issue here is whether this funding can be made available in the limited timeframes required for Expo. This is a very significant unknown. In total, \$6-7

billion dollars would need to be spent on construction projects in less than eight years, much of which is currently unfunded.

Additional commentary on the complex technical requirements of the Enabling Infrastructure Projects is included later in this report.

Expected Costs and Revenues for the City of Toronto

The Feasibility Study does not fully outline the costs and revenues that the City would be expected to incur if it were to host Expo 2025. The following table summarizes some of the key elements from that Study and adds elements based on staff's best estimates. Significant detail is still unknown.

Table 5: Expected Costs and Revenues for the City of Toronto			
Category	Total Cost	Possible Cost to City	Comments
<i>Costs and Revenues Specific to Expo 2025</i>			
Bid Preparation Costs	\$10-15 million	Unknown	Preparation of a bid will require significant staff time. It is expected that some staff would be placed on secondment assignments. The City could also be required to pay any top-up bid costs, if other sources do not fully cover bidding expenses.
Expo Planning and Administration Costs (if bid is successful)	Unknown	Unknown but in excess of several \$ million per year. The cost will increase closer to 2025.	The City would likely need its own Secretariat to coordinate with Expo 2025 and to keep a strong focus on legacy impacts, as well as a devoted team for planning and building approvals, and another team for the Toronto Pavilion and associated leveraging of Expo for trade and investment purposes.
Expo Operations Costs – Costs of City services	Unknown	Unknown	Limited commentary is provided in the Feasibility Study on what costs the City would have to incur during Expo outside the site (emergency services, transit operating, etc.). These could be significant, and while some costs could be recovered from the Expo Corporation, not all would be. Other than Expo assuming some of the costs of City services, there may not be any direct revenue opportunities to offset this expense.

Category	Total Cost	Possible Cost to City	Comments
Expo Operations Costs – City Pavilion at Expo	Unknown	Unknown	No commentary on this is included in the Feasibility Study, but costs would be significant for staffing, hosting of visitors and programming. The pavilion is unlikely to have much offsetting revenue.
Capital Costs – Expo Site Development	\$2.6 billion total, with \$1.9 billion attributed to government	Unknown. At an average of 25%, the City could incur \$475 million in costs, and \$950 million at 50%	For Pan Am, the local municipality was expected to cover 44% of capital costs. Using the Waterfront Toronto cost-sharing model, the City would cover 33% of costs. A range of 25% to 50% probably encompasses the possibilities.
Government Revenues – Received due to operating and capital activities for Expo through taxes permits, development charges, etc.	\$1.2 billion	\$133 million	The Feasibility Study estimates government revenues from the Expo-related capital and operating expenses. The City is unlikely to source sponsorship revenue, as sponsors would give priority to the Expo 2025 event itself, as was the case with the Pan Am Games.
<i>Other costs and revenues related to Expo 2025</i>			
Capital Costs – Planned Port Lands Infrastructure	\$1.1 billion	Unknown. At an average of 25%, the City would incur \$275 million in project costs, and \$550 million at 50%.	These costs would be incurred regardless of whether the City hosts Expo 2025, as part of an assumed redevelopment of the Port Lands. The Feasibility Study only ascribed some of the interest costs for advancing this to the City. Funds still need to be found to complete the capital works. This could be partially offset by development and other related charges.
Capital Costs – Assumed Enabling Infrastructure	\$3-4 billion (staff estimate)	Unknown. At an average of 25%, the City would incur between \$750 million - \$1 billion in costs, and between \$1.5 – 2 billion at 50%.	Determining the funding split between different parties will involve very complicated negotiations, depending on the type of infrastructure required (rail, transit, water, etc.). While these costs are expected to be incurred eventually with or without an Expo, there will be a time premium for advancing them. Also, the funding would need to be available in the time period before 2023.

Site Analysis and Infrastructure Considerations

The World Expo Canada Bid Corporation commissioned Arup Group to complete an analysis of the Port Lands as a potential site for hosting Expo 2025, and an initial conceptual plan for the site. Other potential sites for Expo were not considered as part of the study. Arup's analysis considers a number of key factors to determine the suitability of the Port Lands as the event site, including land availability, transportation planning, infrastructure requirements, and an implementation schedule. Arup concludes that it is feasible to host Expo 2025 in the Port Lands, provided that the following conditions are met:

1. Implementation of the Lower Don Flood Protection works in line with the current schedule
2. Completion of the new GO station adjacent to the First Gulf Site, and associated capacity and infrastructure improvement works to the rail network by Metrolinx
3. Development of an expedited process for City of Toronto and Provincial approvals, both for infrastructure and building works for the Expo and interfacing projects

Staff from City Planning, Engineering and Construction Services, Transportation Services, the Waterfront Secretariat, and Waterfront Toronto have reviewed Arup's analysis and provided commentary. Based on a review of the materials provided, staff believe that it is very unlikely that the Expo site could be completed on time and within the cost parameters outlined in the Feasibility Study.

Enabling Infrastructure Projects

As noted earlier, consideration must be given to the Enabling Infrastructure Projects in and around the Port Lands that are critical to determining the City's ability to successfully host the Expo in 2025. The City has engaged R.V. Anderson Associates Limited to provide an opinion on the City and other proponents' capacity to carry out the Enabling Infrastructure Projects in time for Expo 2025. Their review concluded that the many Enabling Projects will take significant time to complete as a result of inherent challenges in the Port Lands, leaving a short window for the construction of pavilions and related works. The schedule that this would impose on pavilion construction may be unreasonable and presents a serious risk that the event site may not be completed on time.

The following table lists the Enabling Infrastructure Projects that will be implemented in the vicinity of the proposed Expo 2025 site. The table provides information on the current status of design, approvals and funding for each project. Estimated completion dates are based on best available current information. Comments on the construction schedule for the Expo pavilions are also included in the table below, as work cannot begin on the event site until key enabling works are complete.

Table 6: Status of Enabling Infrastructure Projects							
Project	Lead Proponent	Status			Estimated Date Complete	Risk Level	Comments
		Approval	Design	Funding			
Port Lands Flood Protection and Enabling Infrastructure	Waterfront Toronto	Partial	Detailed Design	Unfunded	Q4 - 2023	Med.	Flood protection works must be completed to allow subsequent works to proceed.
Gardiner Expressway and Lakeshore Boulevard Reconfiguration	City of Toronto	Partial	Conceptual Design	Funded	Q4 - 2025	Med.	Procurement approach and schedule under review.
Metrolinx New Station and Track	Metrolinx	Partial	Class EA	Status Unknown	Q1 - 2024	High	Very little information received from Metrolinx. Complex works in congested area. Major schedule uncertainty.
Unilever Site	First Gulf	No	Planning	Status Unknown	Q4 - 2024	High	Very early on in project development. Major schedule uncertainty. Work will happen simultaneously but is not necessary for Expo.
East Bayfront Transit	City of Toronto / Waterfront Toronto / TTC	Partial	Conceptual Design	Unfunded	Unknown	High	East Bayfront Transit is under review through Waterfront Transit Reset.
Coxwell Bypass - Don River / Central Waterfront CSO Tunnel	City of Toronto	Yes	Detailed Design	Funded	Q3 - 2023	Low	No risk to Expo. Work will happen simultaneously but is not necessary for Expo.

Project	Lead Proponent	Status			Estimated Date Complete	Risk Level	Comments
		Approval	Design	Funding			
Port Lands and South of Eastern TSMP EA (Includes site servicing)	City of Toronto / Waterfront Toronto	No	Class EA	Unfunded	2026 - 2042	High	Class EA in draft. Design cannot begin until EA complete. Approval expected Q1 2017. Unlikely to meet timelines for completion of works in 2025.
EXPO 2025 Pavilions	Private Consortium	No	Feasibility	Unfunded	Q3 - 2025	High	Financing not in place. Approvals not in place. Cannot proceed to construction until enabling works completed.

Of the Enabling Infrastructure Projects that are critical to the implementation of the Expo 2025 master plan, four of the projects remain unfunded, and only one is fully approved by Council. While these projects may eventually be approved and funded, there is no certainty as to the timing of approvals or funding commitments. Detailed design for these critical infrastructure projects cannot be advanced without funding.

Given the fixed deadlines associated with the completion of the Expo 2025 site work, any project delays resulting from physical, environmental or other conditions would affect the timing of dependent projects. Any significant delays in completion of the flood protection or servicing works in particular would delay the opening of the Expo site and/or trigger considerable cost premiums in order to maintain project schedules. In addition, if a decision on full funding for the Port Lands Flood Protection project is delayed beyond early 2017, it is highly unlikely that the proposed construction timelines could be met.

Unknown soil and groundwater conditions in the Port Lands will impact remediation activities and overall project completion timelines. While substantial environmental investigation and due diligence has occurred recently as part of the Port Lands Flood Protection project, less detail is available on the properties in the rest of the proposed Expo site.

The Expo 2025 schedule assumes that event site preparation and servicing can begin in Q2 2022. All significant work associated with flood protection and municipal infrastructure would need to be completed by this date. However, as indicated in the table above, the estimated completion date for the flood protection is currently forecast for Q4

2023. In addition, the Port Lands and South of Eastern Transportation Servicing Master Plan, currently under review, contemplates a phased buildout of the subject area, with a majority of infrastructure provided in the two decades following the implementation of Port Lands Flood Protection. To be completed in time for the Expo, this timeline would need to be compressed and accelerated to approximately 5 years. Based on a review of the proposed projects for the Port Lands, City and Waterfront Toronto staff strongly doubt that this timeline can be achieved.

The Feasibility Study has also not considered whether there is sufficient labour capacity within the local construction industry to complete such a high number of complex, specialized projects in a condensed timeframe within a specific geographic area. Consideration should be given to whether there is enough skilled labour and specialized equipment available in the Toronto area to complete the work required for Expo 2025.

Expedited Approvals Process

The Feasibility Study recommends a process for expedited provincial and municipal approvals. An expedited process would need to include federal approvals related to the Canadian Environmental Assessment Act and other applicable federal legislation. The study does not indicate whether any orders of government have been consulted on this recommendation. An expedited approvals process was previously implemented for the construction of the Pan Am/Parapan Am Athletes Village – a much smaller and far less complex project, and one which was much further along in its design and approvals process.

Land Ownership and Availability

The study assumes the availability of significant areas of land in the Port Lands for Expo facilities. The Toronto Port Lands Company (TPLC) has identified a number of privately-owned properties, as well as properties owned by TPLC which are currently under long-term lease, that are within the proposed Expo site, and would be impacted by the Expo during both the construction period and the run of the event itself. Arup indicates that initial consultations have taken place with some of the key landowners and stakeholders in the Port Lands.

City staff have not been involved in these conversations and cannot currently comment on the study's assumptions regarding land availability. However, staff note that it remains unclear how private businesses could continue to operate within a secure perimeter that would be set up surrounding the event site. Extensive negotiations with landowners and lease holders would be required in order to secure the use of privately-owned or leased land for use during the Expo. Agreements would need to be put into place to purchase, lease, relocate, and/or expropriate privately-owned properties and those under long-term leases within the secure boundary. The study does not indicate how many tenants would need to be moved, or how this would occur in order to accommodate Expo 2025, though the budget included in the Feasibility Study allocates \$50 million for costs arising related to such relocation agreements. There is also no discussion on the

displacement of outdoor storage south of the ship channel, nor any discussion on displacement of other companies currently operating in the area of the planned Expo site. A 2015 employment survey by the Toronto Port Lands Company found that there are an estimated 6,600 jobs in the Port Lands. There is no discussion in the Feasibility Study on whether these numbers would be reduced.

The World Expo Canada Bid Corporation presented the results of Arup's site analysis to the Toronto Film, Television and Digital Media Board at its meeting of September 9, 2016. The Board expressed concern that hosting an event of this scale in the Port Lands would have a negative impact on the film industry in Toronto. Board members noted that the large influx of visitors, as well as the ongoing construction in the years leading up to Expo, would likely discourage production companies from filming on location in the city, or from using the studio facilities located in the Port Lands.

A number of decisions must also be made about the use of City lands for the Expo, including lands controlled by the Toronto Port Lands Company, the Commissioners Street waste transfer station, Cherry Beach Park, and the Unwin Avenue sports fields. It should be acknowledged that the Port Lands is a working port where regular dockwall access is required for industries related to concrete and cement, as well as road maintenance (road salt). Similarly, both the Federal and Provincial governments own significant property in the Port Lands and their availability would need to be negotiated.

Legacy Opportunities

WECBC also commissioned a study by Lord Cultural Resources on the long-term legacies of Expo 2025. The study argues that long-term legacies can be expected to emerge as both tangible and intangible cultural and social benefits at or around the Expo site, and across the Greater Toronto Area.

The Feasibility Study concludes that a key potential legacy benefit of Expo 2025 is the acceleration of development in the Port Lands. Expo proponents have argued that the event could act as a catalyst to implement a number of existing plans for the revitalization of an underutilized portion of Toronto's waterfront, and to do so within a defined time frame. In addition, Lord identifies a number of other potential built legacy opportunities, including the use of heritage buildings in the Port Lands as broadcast / connectivity hubs, the re-use of Expo's Canada Pavilion as a new Aboriginal museum, the repurposing of the Hearn as a community cultural centre, a passenger marine terminal, and a new park along the Don River Valley. The future ownership of these facilities, as well as responsibility for programming, operations and maintenance, is not addressed in the study.

Lord's study also details cultural and social benefits of hosting an Expo. The cultural and social legacy of Expo 2025 would be defined and directed by the development of a clear and relevant theme for the Expo. Lord notes that the Expo has the potential to engage residents with their city in meaningful ways, and promote inclusivity, access, and connectedness. Examples of potential cultural and social benefits include new arts initiatives, digital connectivity projects, promoting innovation, and more.

Affordable Housing

In addition to the legacy opportunities outlined in Lord's study, the site masterplan includes a proposal to build 1,000 units of affordable housing as a legacy of the Expo. Temporary housing is typically provided by an Expo's host country for foreign event staff. The study argues that there is an opportunity to convert this accommodation into affordable housing following the close of the event, and further that this housing does not need to be limited to the Port Lands. It suggests that the housing could be spread across neighbourhood improvement areas in Toronto, provided that there is suitable transit access to and from the Expo site.

City staff note that this proposal would require a well-funded central co-ordinating entity to manage the construction and conversion of Expo facilities into affordable housing, similar to Infrastructure Ontario's role in the development of the Pan Am Village. Staff agree that \$291 million is an appropriate estimate to build 1,000 affordable housing units in 2024, allowing for inflation, while noting that this cost would need to be shared between the different orders of government, as was the case with the funding for affordable housing in the Pan Am Village. It is unknown as this time whether funding for affordable housing would be shared equally, or whether other cost-sharing arrangements would be considered.

Health, Safety and Environmental Factors

The World Expo Canada Bid Corporation commissioned Brad Taylor, an independent consultant, to complete a study on security considerations for hosting Expo 2025 in Toronto. Drawing on best practices from other major international events, including past Olympics, World Expos, and recent G8 / G20 summits, the review identifies and assesses a number of security risks, and sets out initial security planning concepts for consideration. Staff agree with the study's assessment of security risks, and note that security needs and costs could vary in the lead-up to 2025 depending on global and local events.

Also submitted for the City's consideration are studies on health and medical system preparedness, and a health equity impact assessment. These studies state that the large number of visitors coming to Toronto for the Expo will require thorough planning and consideration of the impact on public health. The studies assume that Toronto Public Health will serve as the lead agency in matters related to the public health impact of Expo 2025. TPH's services in the lead-up to and during the event would include performing public health surveillance, emergency preparedness, incident response, engaging in health promotion activities, ensuring food and water safety, and issuing heat messaging and alerts as applicable during the summer months. The study identifies additional staff and financial resources required for this effort. Staff further note the need for a comprehensive risk assessment to fully consider the potential impact of the event on public health.

Governance Framework

The Feasibility Study also includes a proposed governance structure for Expo 2025. The overview is based on the assumption that all three orders of government will actively participate as committed members in the funding and oversight of the Expo. The study draws on best practices from other major events to recommend that a tripartite agreement be developed between the three orders of government as part of the bidding process. The study further recommends that a corporation be established to oversee the delivery of the event, and that a coordinating committee with representation from the three orders of government be formed to provide strategic guidance. If Toronto were to be successful in a bid for Expo 2025, extensive discussions would be required among all project partners to determine an administrative and governance model that is consistent with best practices for the event. This governance model would need to be adopted and approved by City Council.

Community Engagement and Consultation

The World Expo Canada Bid Corporation has begun to undertake initial community consultations with selected stakeholder groups. Consultation meetings have been held with some community stakeholders in the Port Lands, including the West Don Lands Committee. A visioning session was also held to begin to develop thematic concepts for the event.

The Mayor's Advisory Panel on International Hosting Opportunities strongly recommends that the community must be engaged in a major event such as Expo 2025 from the earliest stages of planning. Ongoing, meaningful consultation helps to ensure that an event is relevant and impactful for communities across the City. Additional community consultation and broad public engagement will be required should work on a bid continue, in order to best leverage the potential legacies of Expo, identify and address any concerns from residents, and ensure consistent communication between event organizers and impacted communities.

Other Factors for Consideration

City staff have noted two critical areas which are not addressed in sufficient detail in the Feasibility Study. This includes an analysis of Toronto's likelihood of winning the bid to host Expo 2025, and intergovernmental support.

Competitive Analysis

The Mayor's Advisory Panel on International Hosting Opportunities recommends that the City consider the degree of confidence in the success of a bid prior to allocating financial and staff resources. While all event bids carry a degree of uncertainty, it is important to understand Toronto's relative strengths and weaknesses compared to other candidate cities in order to make an informed decision on whether to prepare a bid. This question is particularly relevant as Toronto has lost previous bids to host a World Expo, most

recently for Expo 2000, which was ultimately awarded to Hannover, Germany. At this time, however, no in-depth analysis has been completed addressing the question of whether Toronto could win a bid to host Expo 2025. As previously noted, Toronto may face competition from Paris, France; Manchester, United Kingdom; Osaka, Japan; and Baku, Azerbaijan.

Supporters of an Expo bid have stated that there is a desire to have the event return to North America after a prolonged absence. While it may be true that the BIE as an organization wishes to re-establish a presence in North America, there is no indication that the voting member nations would opt for a North American candidate city over one in Europe or Asia. Voting can depend on a number of factors, including bilateral relationships, trade, regional affiliations, and whether a voting nation could stand to benefit from the candidate city's proposal.

Intergovernmental Support

WECBC has not informed the City of the results of any conversations with the provincial and federal governments with respect to supporting a bid to host Expo 2025.

A key recommendation of the Mayor's Advisory Panel on International Hosting Opportunities is to confirm support from all orders of government before deciding on whether to proceed with a bid. The Panel's report identified a number of considerations with respect to government partnerships, including but not limited to confirming cost-sharing arrangements, financial guarantees, and shared hosting responsibilities. The Panel also advised that the terms of a partnership between the different orders of government should be outlined in writing well before a bid for a mega event such as Expo 2025 is submitted.

BIE officials have confirmed that the Government of Canada would be the lead agency representing a bid to host Expo 2025 in Toronto. The federal government must submit the bid on the host city's behalf, and provide a financial guarantee to ensure that the organizers have sufficient resources to stage the Expo. The responsibility for the financial guarantee could be transferred to other orders of government – for the Pan Am / Parapan Am Games, for instance, the guarantee was undertaken by the Government of Ontario. Following the submission of a bid, the federal government must take a leadership role in rallying support from the 169 member nations of the BIE to vote in favour of hosting Expo 2025 in Toronto, by activating consular and trade networks around the world.

Based on the recommendations of the Mayor's Advisory Panel, several outstanding issues must be resolved with these governments prior to submitting a bid, most notably the renewal of Canada's membership in the BIE, the nature of the financial guarantee, and cost-sharing agreements on Expo costs as well as the major capital works that are needed in and around the Port Lands. While the letter received from the Prime Minister has indicated that the federal government is prepared to explore next steps should Council choose to support a bid, the Mayor's Advisory Panel was clear that support from other

orders of government should be a prerequisite to Council's decision to pursue a bid for a mega event such as Expo 2025. To date, no such support has been confirmed.

It should also be noted that a previous bid by the City to host Expo 2015 in Toronto was abandoned just before submission due to a lack of support from other orders of government. The City had invested considerable staff and financial resources in preparing this bid, which was ultimately not completed. Expo 2015 was later awarded to Milan, Italy.

Consideration must also be given to how hosting a World Expo would impact provincial and federal funding for other City-building priorities. Hosting the Expo would require a significant investment from both the province and the federal government, and Council has mandated that any Expo funding be separate and in addition to any current and future funding allocations to transit, housing, and other infrastructure. Given the scale of investment in Expo required from other orders of government, staff believe there is a risk that government funding for other City projects could be delayed, deferred or cancelled should Toronto pursue a bid for Expo 2025.

Risk Assessment

Based on a review of the Feasibility Study materials, staff have identified a number of significant financial, operational and reputational risks that the City is likely to face should it pursue a bid to host Expo 2025 in Toronto. As a result of time, financial, and other constraints, the City is limited in its ability to effectively mitigate the impact and likelihood of these risks. The table below summarizes these risks, noting the likelihood and impact of each as low, medium, high, or extreme.

Table 7: Risk Assessment		
Description of Risk	Likelihood of Risk	Impact of Risk
<p>Risk that other orders of government will not support bid</p> <p>At this time, it remains unclear if other orders of government will support a bid to host Expo 2025 in Toronto. The BIE has made clear that the federal government must act as the lead representative for Toronto in submitting a bid, and financially guarantee its operations. If the federal and provincial governments do not make a decision on whether to support a bid, and commit to funding the Expo and related projects by March 2017, Toronto's ability to complete a bid will be severely compromised.</p>	Medium	High

Description of Risk	Likelihood of Risk	Impact of Risk
<p>Risk of price inflation and cost overruns</p> <p>The completion of a large number of construction projects over a condensed timeframe in a concentrated geographic area creates the risk that the City and its partners will be required to pay a significant premium to finish capital work on time. Vendors will be in a position to charge a much higher rate than what would otherwise be required in order to accelerate the delivery of essential construction projects in and around the Port Lands, as well as added costs for 24/7 construction, and working outdoors during winters.</p>	High	High
<p>Risk of delays in the completion of event-related construction, and other construction scheduled for the same area</p> <p>As noted earlier in this report, the construction schedule proposed in the Feasibility Study relies on very ambitious timelines to complete multiple concurrent, complex capital projects in the same geographic area. There is a significant risk that construction projects could be delayed as a result of technical, financial, environmental or other factors, which would in turn have major cost implications to the City and project partners. Most notably, any delays in the completion of the Port Lands Flood Protection would call into question whether the event site preparation can be completed on time to launch the Expo in 2025.</p>	High	Extreme (could delay or cancel the Expo)
<p>Reputational risk to City of Toronto</p> <p>Preparations for the Expo will attract considerable scrutiny from the media, the BIE, and participating nations in the lead-up to the Expo. If doubts about Toronto being able to meet its obligations to host the event as a result of construction or other delays persist, or if it is perceived by stakeholders that Toronto is incurring huge cost overruns, Toronto's global reputation will suffer, even if the event is held as planned in 2025.</p>	Medium	High
<p>Risk that bid will be unsuccessful</p> <p>As with any bid for a major event, there is a risk that the bid will not be successful. Financial and staff resources for the development of a bid would be invested without any certainty that the bid will be successful. In addition, as noted earlier, an analysis of Toronto's competitive position has not been completed at this time, making this risk difficult to assess.</p>	Medium	Medium

Evaluation of Bid Proposal

The Mayor's Advisory Panel on International Hosting Opportunities identified five strategic hosting principles that can be used to inform decisions on whether to pursue an opportunity to host a major event such as Expo 2025. The strategic hosting principles were adopted by City Council as a guiding framework for events bids in June 2016.

The table below presents the results of a staff assessment of the proposal to bid on Expo 2025, which also incorporates input from HLT's Peer Review of WECBC's Feasibility Study. The assessment shows that while the proposal to host Expo could result in strong economic and cultural legacies for Toronto and other orders of government, a number of major concerns remain – specifically related to support for the bid from other government partners, the degree of confidence in the success of a bid, and the City's ability to manage the project within an acceptable level of risk. The evaluation is graded from 'Low', meaning a poor score, to 'High', meaning a positive score.

Table 8: Staff Assessment of Bid Proposal using Strategic Hosting Principles		
Description	Rating	Comments
1. Start from a position of strength		
- Does the event have the necessary support and commitment of government partners?	Low	Little comment has been provided in the Feasibility Study on the likelihood of receiving support from other orders of government. Moreover, the Mayor's Advisory Panel strongly emphasizes the need for confirmed support from other orders of government before committing resources to support a bid.
- Does the event have the necessary commitments from Toronto's corporate community?	Medium	The Feasibility Study contains endorsements from some private businesses.
- Does the event engage the local community in a meaningful way, and respond to their interests and concerns?	Medium	While WECBC has engaged in some initial discussions with selected stakeholder groups, much more extensive public engagement and consumer research is required in order to properly assess the level of community support for Expo 2025.
- Is there a high degree of confidence in the success of a bid?	Low to Medium	A competitive assessment was not included as part of the Feasibility Study.

2. Optimize Toronto as a host city and region		
- Do the investments in both the bid and hosting concept have public value?	Strong	The Feasibility Study identifies a number of potential legacy projects that would benefit the public.
- Is the event built on (i) existing capacity, (ii) strong/diverse leadership, and (iii) a regionally-coordinated approach?	Medium	The Feasibility Study identifies common objectives shared by different orders of government that could be achieved by hosting Expo 2025. However, the event's primary beneficiary is Toronto, and is restricted to one area of the city.
3. Advance key City-building priorities		
- Will the event advance key City-building priorities such as transportation infrastructure, community development, and/or affordable housing?	Medium	The Feasibility Study identifies a number of infrastructure improvements that would be completed for Expo 2025. However, it remains unclear how Expo could impact funding for other City priorities separate from the event. Many of these would be in the rest of the City (transit, affordable housing, etc.)
4. Responsibly manage hosting costs, resources and risks		
- Do the City and its partners have confidence that they can manage costs/resources and avoid or mitigate for risks associated with hosting the event?	Low	As noted earlier, there is considerable risk that the City and its partners will be required to pay significant premiums to complete work for Expo on time. The Feasibility Study does not address contingency planning in sufficient detail.
5. Generate benefits and legacies for all Torontonians		
- Will the event generate broadly shared benefits, and will it leave a meaningful legacy for local communities after the event has ended?	Medium	The Feasibility Study identifies a number of valuable potential legacies for Toronto, though many are concentrated only within the Port Lands and surrounding area.

CONCLUSION

Hosting a major international event such as Expo 2025 is a national undertaking involving all orders of government, businesses, civic organizations, and citizens from across the host region and beyond. While an event of this scale has the potential to deliver major economic, cultural, and other legacy benefits, it also involves substantial public costs, significant financial and operational risks, and potentially difficult trade-offs for the host city. Based on a thorough review of the potential benefits of hosting Expo, measured against the high degree of risk, this report recommends that Council not support a bid to host Expo 2025.

A lack of clear commitment from other orders of government to support a bid, contribute to required capital projects, and financially guarantee the event adds to the high degree of risk associated with pursuing a bid at this time. The likelihood of Toronto succeeding in a bid to host Expo 2025 is very low if the federal government does not renew Canada's membership in the BIE, or commit to taking a leadership role in promoting Toronto's bid. The Mayor's Advisory Panel on International Hosting Opportunities is clear that confirmed support from other orders of government must be a prerequisite to Council's decision to pursue a bid for a mega event such as Expo 2025. Any commitment of City resources for a bid at this time would be made without confirmation that other orders of government will support Toronto's candidacy to host the Expo.

A decision to bid on Expo 2025 would also have significant financial implications for the City's Long Term Fiscal Plan. The Feasibility Study projects that the Expo could achieve break-even operations, but this is far from certain. Moreover, if Toronto's bid were to be successful, the City and other orders of government would incur approximately \$1.909 billion in event-related capital expenditures, approximately \$1 billion in required infrastructure and servicing for the Expo site, and an additional \$3-4 billion in other capital related expenditures in and around the Port Lands over the next 7-8 year period. There is a strong risk that the cost of such infrastructure would be inflated as a result of the fixed deadlines for the opening of the event site in Expo 2025. Further, while the event has the potential for a substantial economic impact, the City would only receive a small share of revenues compared to other orders of government.

There is a significant risk that the City will be unable to complete the many concurrent construction projects that are required in order to host Expo 2025, and to do so without incurring major cost overruns. WECBC's study relies on a number of unrealistic assumptions related to the completion of key infrastructure projects in and around the Port Lands, including the completion of the Port Lands Flood Protection, the new GO station at the First Gulf Site, and with other associated capacity and infrastructure improvements by Metrolinx. The City must also give consideration to the completion of related infrastructure projects, including but not limited to the Port Lands Servicing and Transportation Master Plan, East Bayfront Transit, and the Gardiner East and Lake Shore Boulevard Reconfiguration. Flood protection and site servicing in particular must be completed prior to commencing the build-out of the Expo site and pavilions, placing a major constraint on the project schedule, and casting considerable doubt on whether the

event site can be opened on time and within budget. Further, the majority of enabling projects remain unfunded, creating additional uncertainty as to whether they can be completed on time.

In addition to these financial and operational risks, the City faces a considerable reputational risk should it pursue a bid for Expo 2025. Toronto is regularly ranked among the top global cities with respect to liveability, economic competitiveness, arts and culture, prosperity, and others. However, there is a very significant risk that Toronto's strong international reputation would suffer if the City is unable to meet its obligations to partner nations in hosting Expo 2025, or if costs far exceed early estimates.

Given these considerable risks, and the high degree of uncertainty associated with pursuing a bid, it is recommended that City Council not support continued work on a bid to host Expo 2025 in Toronto.

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ATTACHMENTS

Appendix A – World Expo Canada 2025 Feasibility Study (commissioned by World Expo Canada Bid Corporation)

Appendix B – World Expo Canada 2025 Marketing Brochure

Appendix C – Peer Review of Feasibility Study (produced by HLT Advisory Services Ltd)