

## **Port Lands Flood Protection**

**Date:** December 5, 2017

**To:** Budget Committee

**From:** Deputy City Manager Cluster B and Acting Chief Financial Officer

**Wards:** Ward 30

### **SUMMARY**

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This report provides further details associated with the funding of the Port Lands Flood Protection project, which is included in the City's recommended 2018 to 2027 Capital Budget and Plan. In addition, this report seeks City Council authority to enter into a Contribution Agreement with the Federal and Provincial governments and Waterfront Toronto.

The Port Lands Flood Protection project will enable the redevelopment of the Port Lands and the South of Eastern areas, including the Unilever Precinct. The project will provide flood protection to the level of the regulatory storm event (the equivalent of Hurricane Hazel), a precondition for revitalization in the Port Lands and South of Eastern areas.

On November 8, 2016, City Council directed the Deputy City Manager, Cluster B, and Chief Financial Officer to identify funding for the City's one-third share of Port Lands Flood Protection, and to make the necessary cost sharing funding requests to the Federal and Provincial governments. In addition, Council approved funding for the Cherry Street Stormwater and Lakefilling project, a "quick-start" component of Port Lands Flood Protection. Subsequently, through the 2017 to 2026 Capital Budget and Plan, Council approved the City's share of funding for the full project, with a related cash flow.

On June 28, 2017, the Prime Minister, Premier and Mayor announced funding for the full Port Lands Flood Protection project. The announcement followed Federal and Provincial Treasury Board approvals for two-thirds of the funding for the overall \$1.25 billion dollar project. The Federal and Provincial governments have thus matched the City's one-third share of funding.

Changes are required to the project cash flow that was approved by Council in the 2017 to 2026 Capital Budget and Plan. These changes are the result of negotiations between the government partners around the timing of Federal and Provincial funding

contributions. Under the finalized cash flow, City funding will be required between 2017 and 2020, while Federal and Provincial funding will be provided between 2018 and 2023.

City staff require Council authority to enter into a Contribution Agreement with the Federal and Provincial governments and Waterfront Toronto. Attachment 1 summarizes the key terms of a Contribution Agreement that City staff will advance as part of ongoing negotiations between the three governments and Waterfront Toronto.

## **RECOMMENDATIONS**

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The Deputy City Manager Cluster B and the Acting Chief Financial Officer recommend that Council authorize the Deputy City Manager Cluster B, or his delegate, in consultation with the Acting Chief Financial Officer, to execute a Contribution Agreement with the Federal and Provincial governments and Waterfront Toronto for Port Lands Flood Protection, based substantially on the terms outlined in Attachment 1, upon such terms and conditions as may be acceptable to the Deputy City Manager, or such delegate, and the Acting Chief Financial Officer, in a form acceptable to the City Solicitor.

## **FINANCIAL IMPACT**

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### **Cost of Project**

The Port Lands Flood Protection project totals \$1.250 billion, with cash flows over the 2017 to 2023 period that include funding for the Cherry Street Stormwater and Lakefilling project (\$65.0 million) and the Port Lands Flood Protection project (\$1.185 billion). These projects will be funded by the three orders of government (Federal, Provincial and City) on an equal 33.3% share basis. The City portion of the Port Lands Flood Protection and related projects total is \$416.7 million and is summarised in Table 1 on the following page.

Table 1: Summary Revised Port Lands Flood Protection Cash Flow

	2017	2018	2019	2020	2021	2022	2023	Total Project Cost	% Share
Project Costs									
Cherry Street Stormwater and Lakefilling	35.0	25.0	5.0					65.0	
Port Lands Flood Protection	17.6	232.4	314.0	279.0	206.0	81.0	55.0	1,185.0	
Sub-Total Project Costs	52.6	257.4	319.0	279.0	206.0	81.0	55.0	1,250.0	
Funding									
Federal	17.5	117.6	51.0	44.2	50.4	81.0	55.0	416.6	33.3%
Provincial	8.8	6.3	117.7	128.4	155.6			416.7	33.3%
City Share	26.4	133.5	150.4	106.4				416.7	33.3%
Sub-Total Funding	52.6	257.4	319.0	279.0	206.0	81.0	55.0	1,250.0	100%

### Project Cash Flow

The Port Lands Flood Protection project, including the Cherry Street Stormwater and Lakefilling project, was approved in the 2017 to 2026 Capital Budget and Plan with cash flows totaling \$1.250 billion, including the City share at \$411.0 million. The original cash flow plan split the funding by year in equal shares between Federal, Provincial and City financing sources for the balance of the Port Land Flood Protection project, with the Federal government picking up 50% of the costs associated with the Cherry Street Stormwater and Lakefilling project. Changes to the funding assumptions for the Federal portion of the overall project costs to a one-third share for both Port Land Flood Protection and the Cherry Street Stormwater and Lakefilling projects, have resulted in the City share of total project costs increasing to \$416.7 million in the revised cash flow estimates. The 2018 budget and future year cash flow changes for the City share of the

Port Lands Flood Protection project are part of the City's recommended 2018 Capital Budget and Plan.

Negotiations in May 2017 finalized the funding details and timing of payments from the Federal and Provincial partners, resulting in changes to the cash flow by funding partner which are included in the City's recommended 2018 to 2027 Capital Budget and Plan.

Table 2 below summarises the impact of the negotiations that will result in the City share increasing by \$5.5 million and the timing of City funding shifting to the first four years of the project, with the Federal and Provincial funding weighted more to the last three years of the project.

Table 2: Summary Cash Flow Changes

	2017	2018	2019	2020	2021	2022	2023	Total Project Cost
Revised Cash Flow 2018-2027 Budget and Plan	52.6	257.4	319.0	279.0	206.0	81.0	55.0	1,250.0
Approved 2017-2026 Capital Budget and Plan	75.3	253.5	303.9	281.4	193.5	90.0	52.5	1,250.0
<b>Change in Funding</b>								
Federal/Provincial Funding	-26.9	-47.2	-34.4	-15.0	77.0	21.0	20.0	-5.5
City Share	4.2	51.1	49.5	12.6	-64.5	-30.0	-17.5	5.5
Sub-Total Change	-22.7	3.9	15.1	-2.4	12.5	-9.0	2.5	0.0

### Sources of City Funding

The City share of \$416.7 million of project costs will be financed from a combination of: recoverable debt (327.6 million) with debt charges funded from DC reserves for Roads (XR2110), Sanitary Sewer (XR2112) and Stormwater (XR2113); City issued tax supported debt (\$45.7 million); Capital Finance Reserve (\$27.1 million); Water Capital reserve fund (\$10.7 million) and the Storm Water Management DC reserve fund (\$5.5 million). Table 3 on the following page summarizes the financing sources by project.

Table 3: Summary City Share Financing

	2017	2018	2019	2020	2021	2022	2023	Total Financing
Recoverable Debt DC's	11.1	112.9	119.3	84.3	0.0	0.0	0.0	327.6
Debt	6.2	8.9	15.0	15.6	0.0	0.0	0.0	45.7
Capital Finance Reserve (XQ0011)	0.3	5.5	14.8	6.5	0.0	0.0	0.0	27.1
Sub-Total Port Lands Flood Protection	17.6	127.3	149.1	106.4	0.0	0.0	0.0	400.4
Water Capital RF (XR6003)	8.8	2.0	0.0	0.0	0.0	0.0	0.0	10.7
Storm Water DC (XR2113)	0.0	4.3	1.3	0.0	0.0	0.0	0.0	5.5
Sub Total Cherry St. Stormwater and Lakefilling	8.8	6.3	1.3	0.0	0.0	0.0	0.0	16.3
Total City Share	26.4	133.5	150.4	106.4	0.0	0.0	0.0	416.7

The City's financing sources will be subject to change pending the completion of the 2018 Development Charges Bylaw Review and background study scheduled for Council approval in the spring of 2018. Changes to City funding sources will be considered in future year budget processes.

### **Toronto Port Lands Company (TPLC)**

As a result of the Port Lands Flood Protection project, TPLC will experience a loss in revenues from the development of the new river mouth, associated parks and infrastructure. TPLC has estimated lost revenues and reduced future land values associated with the flood protection project over the next six years to be in the order of \$17 million.

Dividends from TPLC along with Build Toronto will be used to support the City's new Toronto Realty Agency beginning in 2018. The impact in 2018 is not projected to be material, however any loss in revenue that impacts the funding of the Toronto Realty

Agency operations will need to be addressed in future year budget processes and may influence future dividends to the City.

### **Development Charge Optimization**

The Development Charges Act s.6(1) and (2) and its Regulations describe how the City's estimate of recoverable growth related capital costs are reduced to adjust for capital grants, subsidies or other contributions made to a municipality.

The City can optimize its development charges (DC) funding if a funding contribution agreement contains a clear provision that Provincial and Federal project contributions be applied to non-DC eligible project works to the extent possible. Alternatively, the agreement could provide that the City can direct its funding to specific components of the project costs.

In the absence of an expression of such "clear intention" in the contribution agreement, the capital costs are to be reduced in accordance with s.6(2) of the Regulation (i.e., in the same proportion for all individual projects).

Accordingly, the key terms for the Contribution Agreement contain provisions to optimize the City's development charges recovery. It is anticipated that these provisions will have no practical impact on the way the Provincial and Federal funding is flowed. However, these recommended provisions will marginally reduce the City's net tax and rate supported capital contributions.

### **DECISION HISTORY**

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On July 7, 2015, City Council approved, in principle, the undertaking of a second phase of waterfront revitalization ("Waterfront 2.0") and requested the Mayor to initiate a "Call to Action" negotiation process with the federal and provincial governments to secure funding. Flood protection, waterfront transit, land servicing, and public realm enhancements were identified as capital project priorities. City Council affirmed Waterfront Toronto as the preferred delivery entity, under the assumption of a tri-government funding and governance scenario.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.6>

On November 8, 2016, City Council was presented with findings from Waterfront Toronto's Port Lands Flood Protection and Enabling Infrastructure Due Diligence Review. City Council directed the Deputy City Manager, Cluster B, and Deputy City Manager and Chief Financial Officer to make any necessary submissions to any Provincial and Federal government funding programs and identify funding for the City's one-third share of the balance of the Port Lands Flood Protection Project. In addition, Council approved funding for the Essroc Quay Lake Filling and Naturalization (now referred to as the Cherry Street Stormwater and Lakefilling project).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX18.3>

On July 4, 2017, City Council endorsed, in principle, the draft Port Lands Official Plan modification to the Central Waterfront Secondary Plan and the preferred street, transit, and municipal servicing solutions for the Port Lands South of Eastern Transportation and Servicing Master Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG21.4>

On November 15, 2017, the Planning and Growth Management Committee considered the Port Lands Official Plan modification to the Central Waterfront Secondary Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG23.6>

## COMMENTS

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### 1. Issue Background

Port Lands Flood Protection is a longstanding City Council priority. The 2003 Central Waterfront Secondary Plan identified Don Mouth Naturalization and Flood Protection as a "big move" to redefine Toronto's future.

Port Lands Flood Protection follows the successful implementation of the Corktown Commons flood protection landform, which removed approximately 210 hectares (or 520 acres), including the West Don Lands and the Financial District, from vulnerability to the regulatory flood event (Hurricane Hazel). This project allowed redevelopment to proceed in the West Don Lands and East Bayfront.

Port Lands Flood Protection will flood protect approximately 290 hectares (or 715 acres) of land around the mouth of the Don River and "unlock" the development – and value – of lands located within the existing flood plain. This area comprises the Port Lands north of the Ship Channel and the South of Eastern areas, including the Unilever Precinct. Flood protection will be achieved through naturalizing the mouth of the Don River, including establishing a natural greenway and adjacent valley wall feature. The project will incorporate large-scale enabling infrastructure, such as roads, bridges, municipal servicing, parks, and public realm, which is most efficiently constructed at the same time as the flood protection works. The project will also yield significant environmental and recreational benefits through the creation of naturalized open spaces.

This project is a cooperative venture among the three orders of government, numerous City Divisions, Waterfront Toronto, the Toronto and Region Conservation Authority (TRCA), and other agencies, including TPLC. Preliminary work for the project began in 2005 and two related Environmental Assessments were completed and approved by the Ontario Ministry of Environment and Climate Change.

Funding for the \$1.250 billion flood protection project was announced on two occasions. In September 2016 the government partners announced \$65 million for the Essroc Quay Lakefilling and Naturalization project (now referred to as the Cherry Street Stormwater and Lakefilling project), a standalone component of the larger flood protection project. Construction has started and the undertaking will be completed by the end of March 2019.

Funding for the remaining \$1.185 billion of Port Lands Flood Protection was announced by the government partners in June 2017. Combined with the Cherry Street Stormwater and Lakefilling project, the City's total contribution is \$416.7 million. Waterfront Toronto has commenced detailed design and is in the process of securing project approvals. A construction manager has been retained, as well as design consultants associated with civil works, earth works, bridges and structures, and marine works. Project completion is anticipated for the end of 2023. A two-year post-construction warranty phase is anticipated, as well as a number of years of environmental monitoring.

The 2017 to 2026 Capital Budget and Plan allocated \$15.6 million of City funding in 2017 to advance the project and keep to the schedule identified in the 2016 Due Diligence report. Staff have executed a Delivery Agreement with Waterfront Toronto to enable site investigations, detailed design, approvals and coordination with nearby City/Metrolinx capital projects.

## **2. Contribution Agreement**

Contribution Agreements are the mechanism by which governments flow funds to Waterfront Toronto. Contribution Agreements are typically generated on a project by project basis and each Contribution Agreement contains important legal and fiscal risk management tools, such as indemnification clauses, insurance requirements, audit requirements, etc.

Staff from the three orders of government began negotiating the key terms for the Port Lands Flood Protection Contribution Agreement after the joint \$1.185 billion funding announcement on June 28, 2017. From the start, the three orders of government agreed that government requirements should be streamlined to minimize reporting redundancy and to ensure that the information shared with the government partners is consistent with the needs of government.

Following these objectives, the project's Contribution Agreement will be structured as a comprehensive umbrella agreement with annexes for items that are specific to individual governments. The Contribution Agreement will feature common terms for eligible expenses, project description, project management, government-led audits, general reporting, quarterly reporting of milestones and risks, and a communications protocol.

A summary of key terms and conditions for the Flood Protection Contribution Agreement is attached to this report as Attachment 1. This term sheet will form the basis upon which City staff will negotiate.

An executed Contribution Agreement between the government partners and Waterfront Toronto will require multiple rounds of review by each party. This process is expected to extend until the end of March 2018.



### **3. Project Governance**

The Port Lands Executive Steering Committee (ESC) will be the central executive project management oversight and coordination vehicle for the implementation of the flood protection project. The ESC was originally established for the Port Lands Acceleration Initiative by the City of Toronto, Waterfront Toronto and the TRCA, and was the primary oversight body for the Port Lands Due Diligence exercise, the Port Lands Planning Framework, and related studies. For the Flood Protection project the membership of the ESC has been expanded to include the Federal Government and the Province of Ontario as observer members. The City is represented on the ESC by the Deputy City Manager, Cluster B. Staff from the Toronto Realty Agency and TPLC will be engaged through the ESC to ensure effective coordination and communication.

Contribution agreements for Flood Protection will be managed by the Waterfront Revitalization Initiative's Intergovernmental Steering Committee (IGSC) – a committee of senior government officials that meets quarterly to oversee interjurisdictional coordination in the waterfront, as well as the management of government contribution agreements. The City is represented on the IGSC by the City Manager and the Deputy City Manager, Cluster B.

The government partners have agreed that Waterfront Toronto will be the delivery agent for the flood protection project, and will be responsible for the creation of proposals, budgets, design matters, drawings and procurement for approval by the ESC. Each order of government will fund Waterfront Toronto directly.

### **4. Use of City Land for Flood Protection**

The Port Lands is an area of approximately 800 acres (or 325 hectares) with much of the property owned by TPLC, a self-financing City corporation that owns, manages, leases and develops over 400 acres (or 160 hectares) of land. The majority of the affected lands for flood protection are located west of the Don Roadway and north of the Ship Channel. There is a need for approximately 160 acres (or 65 hectares) of land for short term construction, including soils management where some contaminated soils will be remediated. Pending Ontario Ministry of Environment and Climate Change soil and groundwater management approvals, 700,000 m<sup>3</sup> of soils will be relocated and 400,000 m<sup>3</sup> will require disposal. Access to these lands will be through temporary access license agreements issued by TPLC.

It is anticipated that approximately 90 acres (or 35 hectares) of land will be needed in perpetuity for the new river mouth, the sediment management facility, and flood protection landforms, as well as new parks, streets, and bridges. These lands may be transferred from TPLC to the relevant City operating divisions and agencies for long term management (TRCA, Parks, Forestry and Recreation, and Transportation) once the project has been completed. TPLC will retain ownership of the remaining development parcels. In the future, Council will consider a detailed Business and Implementation Plan for the Port Lands, requested as part of the Port Lands Planning Framework process. This Business and Implementation Plan will be prepared by Waterfront Toronto, in consultation with City divisions, the Toronto Realty Agency and TPLC. The Business and Implementation Plan will recommend the roles and

responsibilities for both Waterfront Toronto and City agencies, including the Toronto Realty Agency and TPLC.

TPLC's business revenues will experience a year over year loss as a result of the Port Lands Flood Protection project, both during construction and as a result of the creation of the new river mouth and associated parks and infrastructure. TPLC has estimated lost revenues and reduced future land values associated with the flood protection project over the next six years to be in the order of \$17 million.

Dividends from TPLC along with Build Toronto will be used to support the City's new Toronto Realty Agency beginning in 2018. The impact in 2018 is not projected to be material, however any loss in revenue that impacts the funding of the Toronto Realty Agency operations will need to be addressed in future year budget processes and may impact dividends to the City. More detailed information will be reported to the TPLC Board, as well as to Council, as part of the detailed Business and Implementation Plan for the Port Lands.

## CONTACT

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## SIGNATURE

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John W. Livey, F.C.I.P.  
Deputy City Manager, Cluster B

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Joe Farag  
Acting Chief Financial Officer

## ATTACHMENTS

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Attachment 1 – Port Lands Flood Protection: Key Terms Among the City of Toronto, the Province of Ontario, the Government of Canada and Waterfront Toronto

## **ATTACHMENT 1:**

### **PORT LANDS FLOOD PROTECTION**

#### **KEY TERMS**

#### **AMONG THE CITY OF TORONTO, THE PROVINCE OF ONTARIO, THE GOVERNMENT OF CANADA AND WATERFRONT TORONTO**

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#### **THE PARTIES:**

Parties to the agreement are:

- The Government of Canada ("Canada");
- The Province of Ontario (the "Province");
- The City of Toronto (the "City"); and
- The Toronto Waterfront Revitalization Corporation ("Waterfront Toronto").

#### **PURPOSE:**

This term sheet outlines the proposed terms and conditions for the Port Lands Flood Protection project ("the Project") and forms the basis upon which some or all of the parties, as appropriate, will enter into a Contribution Agreement to give effect to the terms hereof.

#### **STRUCTURE:**

This Contribution Agreement will be structured as a comprehensive umbrella agreement with annexes for items that are specific to each government.

#### **PROJECT:**

The Port Lands Flood Protection project builds upon the \$65 million Cherry Street Stormwater and Lakefilling project that was approved by City Council at its meeting of November 8 and 9, 2016. The Project provides flood protection for the southeastern portion of downtown Toronto – including the Port Lands and south of South of Eastern area, including the Unilever Precinct – that is at risk of flooding under a regulatory storm event, as defined by Provincial regulation.

The Project is described in the Port Lands Flood Protection and Enabling Infrastructure Due Diligence Report and the cost is \$1.185 billion, which is the total cost of Flood Protection (\$1.250 billion) minus the Cherry Street Stormwater and Lakefilling project component (\$65 million).

Port Lands Flood Protection	\$1,185,000,000
Cherry Street Stormwater and Lakefilling	\$65,000,000
<b>Total Flood Protection</b>	<b>\$1,250,000,000</b>

The Due Diligence report divided flood protection into 21 sub-projects and the components that are included in the \$1.250 billion cost estimate are provided below. Waterfront Toronto recently retained a construction manager and is in the process of refining the scope, budget and schedule for each sub-project.

<b>Due Diligence Ref #</b>	<b>Sub-Project Description</b>
01	Cherry Street Stormwater and Lakefilling
02	Polson Slip Naturalization
03	River Valley System
04	Don Greenway (Spillway & Wetland)
05	Site Wide Municipal Infrastructure
07a	Don Roadway North
08	Don Roadway Valley Wall Feature
09	First Gulf/Unilever FPL
10	Sediment and Debris Management Area
11	Flow Control Weirs
12	Eastern Avenue Flood Protection
13	Lake Shore Road Bridge Modifications
14a	Cherry Street Re-alignment
14b	Cherry Street Bridge North (V+T)
14c	Cherry Street Bridge South
14d	Old Cherry Street Bridge Demolition
15a	Commissioners Street West
15b	Commissioners Street Bridge

<b>Due Diligence Ref #</b>	<b>Sub-Project Description</b>
15c	Commissioners Street East
16	Keating Channel Modifications
18	Hydro One Integration
19	Villiers Island Partial Regrading
(17b-20-21)	Park Construction (Promontory Park South; River Park North & South)

**RECIPIENT:**

Waterfront Toronto will be responsible for implementing and delivering the completed Project, including the creation of proposals, budgets, design matters, drawings and procurement for approval by the Executive Steering Committee.

**FINANCIAL CONTRIBUTIONS OF THE PARTIES:**

Funding for the Port Lands Flood Protection project was identified through two funding announcements, with the understanding that project costs will be distributed on a 33.3% share basis, up to \$1.250 billion. The first funding announcement was made in September 2016 for the \$65 million Cherry Street Stormwater and Lakefilling project. Funding was secured through the Clean Water and Wastewater Fund and the sub-project was endorsed by City Council at its meeting of November 8 and 9, 2016. The balance of funding for the Port Lands Flood Protection project funding, totalling \$1.185 billion, was announced in June 2017 by the government partners. Since the Government of Canada paid 50% of the \$65 million of the Cherry Street Stormwater and Lakefilling project, Canada's share for the Project will be \$384.2 million, while the Province and City will each contribute \$400.4 million.

**ELIGIBLE AND INELIGIBLE EXPENDITURES:**

A schedule will be prepared that details eligible and ineligible expenditures for the Project. In general, eligible expenditures are all direct and necessary expenditures incurred and paid by Waterfront Toronto towards the Project, and any costs that are associated with acquiring, planning, designing, constructing or renovating a tangible asset. The Government of Canada will reimburse land acquisition costs up to one third of \$5 million, and the remainder will be reimbursed by the Province and/or the City.

**DEVELOPMENT CHARGES:**

The City will be entitled to direct, in its sole discretion, any funding provided by the City towards those specific projects or project sub-components of the Port Lands Flood Protection project as deemed appropriate by the City, provided that all such allocations are made for the purposes of the Port Lands Flood Protection project, and will comply with the annual cash flow obligation provisions of the Contribution Agreement.

The effect of this provision is to allow funding from the Provincial and Federal Governments to apply to non-development charges recoverable project works. These provisions will have no practical impact on the Provincial and Federal funding partners, but will marginally reduce the City's net contributions.

### **PROJECT MANAGEMENT:**

The Port Lands Executive Steering Committee ("ESC"), as defined by its Terms of Reference, will be the central executive project management oversight and coordination vehicle for implementation of the Project.

The ESC will be responsible for oversight of:

1. Detailed design;
2. Public and stakeholder consultation;
3. Approvals;
4. Procurement;
5. Spending against budget;
6. Schedule;
7. Project-related risk management;
8. Coordination with other capital projects;
9. Issue identification to the Intergovernmental Steering Committee (IGSC); and
10. Reporting on results.

The ESC will be comprised of the following members:

- City of Toronto: Deputy City Manager, Cluster B;
- Government of Ontario: Assistant Deputy Minister, Ministry of Infrastructure (active observer);
- Government of Canada: Director, Program Operations Branch, Infrastructure Canada (observer);
- Waterfront Toronto: President and CEO; and
- Toronto and Region Conservation Authority: CEO.

Any disputes regarding the Project will be escalated to the Intergovernmental Steering Committee.

### **PAYMENT:**

Project funding will be provided to Waterfront Toronto on a quarterly basis through advanced payments and reconciliation invoices. Each order of government will determine the invoice method that is appropriate for their reporting requirements.

If the Project is delivered below the \$1.250 billion cost, Waterfront Toronto will reconcile the contributions made by each government so that each government's share of project cost is equal to 33.3% of project costs.

## GENERAL REPORTING:

Good governance requires Waterfront Toronto to regularly update the government partners on the status of the Project. Waterfront Toronto will provide quarterly updates to the government partners on a variety of project outputs. Potential performance measurements may include:

- Completion of earthworks component;
- Completion of the roads, services and utilities component;
- Completion of the bridges and dockwall structures component;
- Completion of parks, public realm and natural habitats components;
- Brownfield remediation;
- Sound environmental processes;
- Enhanced storm water management;
- Improved public access;
- Enhanced critical infrastructure;
- Improved environmental management of the waterfront area;
- Enhanced flood protection;
- More inclusive and accessible public spaces;
- Increased capacity to adapt to climate change impacts, natural disasters and extreme weather events; and
- Increased opportunities for economic growth and development.

Performance measurements for each output will be developed collaboratively by the government partners and Waterfront Toronto. In addition, Waterfront Toronto, in consultation with its consultants and construction manager, will be required to develop Project Charters for each sub-project component for ESC approval. Each Project Charter will include, but will not be limited to, a description of scope, budget/cost estimates, anticipated cash flows, schedule, key milestones/key performance indicators, team/project members, risks and risk mitigation strategies, etc. The Project Charters will be the foundation from which quarterly reports will be benchmarked.

## QUARTERLY REPORTS:

Once Project Charters have been generated for all aspects of the Project, Waterfront Toronto will be required to prepare the following quarterly reports for the government partners:

- **Advanced Payment Report:** forecast of expenditures and key performance indicators by sub-project for the next quarter. These invoices will be paid within 20 business days of the details from the last information request being provided to the government partners; and
- **Reconciliation Payment Report:** actual expenditures and key performance indicators by sub-project from the previous quarter. The report will include a discussion of variances from previous forecasts and these invoices will be paid within 20 business days of the details from the last information request being provided to the government partners.



Each report will be circulated to the government partners and annual contributions will be consistent with the cash flow (see next page).

**PAYMENT CERTIFICATION:**

Waterfront Toronto invoices will follow Construction Lien Legislation and work will be invoiced monthly to Waterfront Toronto and quarterly to the government partners. The Prime Consultant for each sub-project will certify contractor invoices and the Program Manager will certify each Prime Consultant invoice.

**AUDIT:**

Waterfront Toronto will submit its annual audited financial statements to the government partners by June 30th of each year. The audit will be conducted by an accredited and independent auditor in accordance with Canadian Auditing Standards.

Each government reserves the right to undertake, at any time, any other audit in relation to the Project (at its expense). A multi-year Audit Plan will be developed by the government partners and will coordinate government-led audits for the lifespan of the project.

**COMMUNICATIONS:**

A Communications Protocol will specify the roles and responsibilities of the Parties for the Project. The Protocol will address governance, operational communications, media events, signage, outreach, etc. In particular, all parties will be acknowledged in communications and all parties will have a role in announcement events.

**DECLARATION OF COMPLETION:**

Waterfront Toronto will sign a Declaration of Completion form upon expiration of the warranties for the various elements of the project. The form will include the list of documents provided in satisfaction of the Handover Protocol and any additional documents required to close out the project.

**INSURANCE:**

Adequate insurance coverage will be obtained by Waterfront Toronto and its contractors and designers.

The City's insurance requirements will be guided by the City's risk management guidelines and policies, and will be approved by the Director of Risk Management.

**INDEMNITY:**

Each order of government will have an Indemnity Schedule based on the advice from their respective legal counsels.

**CASH FLOW:**

In the spring of 2017 the Government of Canada and the Province of Ontario reached an agreement on a preferred cash flow for the Project. Treasury Board direction was based on the cash flow below.

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Federal	\$0.0	\$105.1	\$48.4	\$44.2	\$50.4	\$81.0	\$55.0	\$384.2
Provincial	\$0.0	\$0.0	\$116.4	\$128.4	\$155.6	\$0.0	\$0.0	\$400.4
City	\$17.6	\$127.3	\$149.1	\$106.4	\$0.0	\$0.0	\$0.0	\$400.4
<b>Total:</b>	<b>\$17.6</b>	<b>\$232.4</b>	<b>\$314.0</b>	<b>\$279.0</b>	<b>\$206.0</b>	<b>\$81.0</b>	<b>\$55.0</b>	<b>\$1,185.0</b>

The implementation of the Project will be aligned with the preferred Federal/Provincial cash flow above. Any dollars unused in one calendar year will be re-profiled into the next calendar year.

**AGREEMENT END DATE:**

In order to account for project close out and auditing requirements, the agreement end date will be March 31, 2026. An extension to the agreement will be a delegated authority to staff.

**WARRANTY AND POST-PROJECT ENVIRONMENTAL MONITORING:**

Warranties and environmental monitoring are part of the Project. It is anticipated that the warranty period will be two years beyond the construction phase of the Project. Environmental monitoring requirements will be defined as part of the environmental approvals for the Project.