

2016/17 Annual Corporate Plan

Introduction

In accordance with the Toronto Waterfront Revitalization Corporation Act, 2002 (TWRC Act), the Corporation is required to adopt an annual business plan. The three orders of government pledged \$1.5 billion (\$500 million each) as seed capital to catalyze waterfront revitalization (Waterfront 1.0).

The revitalization of Toronto's waterfront is an opportunity to transform Toronto and to ensure that it remains among the best places in the world to live, work, invest and visit. Many cities around the world have used waterfront revitalization to enhance their economic competitiveness and create an improved quality of life. Time and time again, it has been demonstrated that countries that make a focused investment in their urban waterfronts have delivered strong economic, social and cultural benefits.

The Corporation, now more than halfway through its initial mandate, continues to deliver economic and social benefits to enable Toronto to compete with other leading global cities for investments, jobs and people. In 2014, Waterfront Toronto's Board approved its **Strategic Business Plan 2014 – 2023** (Waterfront Toronto 2.0) which focused on realizing a full vision of the waterfront revitalization with four key priorities: flood protection and enabling infrastructure; transit; land servicing; and public realm. The 2016/17 year represents a period of transition for Waterfront Toronto. The Corporation will manage the completion of existing projects while transitioning to the planning and design of new initiatives in support of Waterfront Toronto 2.0. The 2016/17 Annual Corporate Plan reflects the completion of existing projects and the early stages of the planning and implementation of Waterfront Toronto 2.0.

The Annual Corporate Plan ensures the Corporation aligns its resources to: meet obligations under its legislation; achieve project and corporate priorities; and mitigate and/or manage risks associated with delivery and implementation.

The key elements of the Corporation's 2016/17 Annual Corporate Plan include:

- Key Deliverables
- Budget
- Funding
- Business Development & Revenue Initiatives
- Governance
- Risk Management

Key Deliverables

Revitalization of 2000 acres of Toronto's waterfront requires ongoing coordination, planning and oversight across a complex, multidisciplinary and multi-stakeholder environment. In 2016/17, Waterfront Toronto will continue to undertake this key role and critical work in addition to the design, development and construction of significant projects within four precincts: East Bayfront, West Don Lands, Central Waterfront and Port Lands. Strategies to support the achievement of key deliverables include execution of funding agreements and securing other revenues, timely contract commitments, and implementation of program and risk management practices. As always, deliverables are undertaken to ensure broad public engagement and transparency of processes.

In 2016/17, the final phase of East Bayfront revitalization will commence with the selection of a development partner for Quayside. Waterfront Toronto acquired several properties in the north east corner of East Bayfront (bordered by Small Street and Bonnycastle Street) to assemble the 4.5 acre block known as Quayside. With development in Bayside well underway, Waterfront Toronto initiated the request for qualifications for Quayside in 2015/16 and will select a preferred proponent in 2016/17.



Rendering of Quayside within East Bayfront

The objectives of Waterfront Toronto's development approach, which are integrated into Waterfront Toronto's deal structures, include: attract private-sector investment in the waterfront; raise revenues for reinvestment in waterfront revitalization; ensure delivery of Waterfront Toronto's Precinct Plans and Minimum Green Building Requirements; promote delivery of community services and amenities that will achieve Precinct Plan objectives; and advance government policy objectives for sustainable city building, design excellence and delivery of complete and diverse communities.

Coinciding with the pace of development in East Bayfront, Waterfront Toronto will commence planning and design for the permanent revitalization of Queens Quay East. Interim improvements for Queens Quay East are already in place; however, Waterfront Toronto completed the permanent revitalization of Queens Quay West within the Central Waterfront precinct in the summer of 2015/16 and looks to complete the permanent revitalization of Queens Quay East. In 2016/17, the Corporation will begin planning and design work to phase the public realm improvements on Queens Quay East. These

improvements could include streetscaping and / or replacement of underground services between Bay and Parliament Streets.

The following is a list of key precinct and corporate deliverables for the 2016/17 fiscal year.

East Bayfront

Key deliverables for East Bayfront:

- Complete construction of Storm Water Management Facility core and shell, located at the intersection of Cherry and Lake Shore Boulevard East;
- Complete construction of dockwall reinforcing between Aitken Place Park and Parliament Slip;
- Commence planning and design for revitalizing Queens Quay East between Yonge and Small streets;
- Select Preferred Proponent for Quayside development;
- Completion of the Pre-Development agreement for the Waterfront Innovation Centre and present recommendations to Toronto City Council;

West Don Lands

Key deliverables for West Don Lands:

- Complete construction of Phase 1 Storm Water Management Facility core and shell (as discussed under East Bayfront; capital investment for the facility is allocated to East Bayfront and West Don Lands precincts);
- Close on sale of lands for River City Phase 4;

Central Waterfront

Key deliverables for Central Waterfront:

- Complete detailed plans and drawings for the first phase of improvements to the Jack Layton Ferry Terminal and Harbour Square Park (located next to the ferry docks);

Port Lands

Key deliverables for Port Lands:

- Complete Port Lands flood protection due diligence;
- Secure tri-government funding commitment for Port Lands flood protection;

Waterfront-wide Initiatives

Key deliverables for Waterfront-wide Initiatives:

- Complete the Gardiner Expressway East Environmental Assessment;
- Complete update of the Lake Ontario Park Master Plan;

Project: Under Gardiner

Key deliverables for Project: Under Gardiner:

- Completion of construction documents and award constructor contract for public spaces and multi-use trail beneath elevated expressway;

Corporate

Key Corporate deliverables include:

- Secure tri-government commitment to 2.0 program;
- Continued development of Waterfront Toronto's social media platforms and capacity to allow public to engage more directly with revitalization initiatives; increase engagement on Facebook and Twitter;
- Develop a programming strategy to animate waterfront public realm;
- Develop brand strategy to support the economic development objectives for the innovation corridor in East Bayfront;
- Develop a transition plan to manage the organization from Waterfront 1.0 and 2.0.

Budget

The 2016/17 estimated capital investment plan of \$77.4M is presented below by precinct. Capital investments for the 2016/17 fiscal year and out-years are based on the 2015/16 Long Term Plan (LTP). The LTP forecasts total project expenditures until the end of Waterfront Toronto's mandated term under its existing program.

Figure 1 - Waterfront Toronto 2016/17 Annual Corporate Plan (in \$millions)

Long Term Capital Investment				
Precincts	Estimated Investment to March 31, 2016	Planned Investment 2016/17	Balance of Capital Investment	Total Capital Investment
East Bayfront	\$392.5	\$30.3	\$278.4	\$701.2
West Don Lands	185.7	14.3	36.2	236.2
Central Waterfront	278.3	1.4	0.2	279.9
Port Lands	102.5	1.8	1.0	105.3
Waterfront-wide Initiatives ¹	281.6	3.2	1.3	286.1
Project: Under Gardiner ²	1.5	16.0	7.0	24.5
Waterfront Toronto Total	\$1,242.1	\$67.0	\$324.1	\$1,633.2
Non Waterfront Toronto Directed ³	322.6	10.4	47.4	380.4
Total Long Term Plan	\$1,564.7	\$77.4	\$371.5	\$2,013.6

¹ Includes Waterfront-Wide Initiatives (WWI) such as Union Station Second Platform, Mimico Waterfront Park and Port Union Waterfront Park.

² Project: Under Gardiner is a partnership with the City of Toronto and a private donor. The funding for this project is outside of the three governments' funding envelope and Waterfront Toronto's revenues.

³ Non Waterfront Toronto directed programs are waterfront revitalization projects funded from the Corporation's \$1.5 billion in government seed capital but funding for which is flowed directly to other government agencies. For example, West Don Lands' Flood Protection, GO Transit Expansion, Union Pearson Link, Fort York Pedestrian bridge and government waterfront secretariat costs.

Included in the 2016/17 fiscal expenditure is the allocation of corporate costs by precinct, as follows:

Figure 2 - Allocation of 2016/17 Corporate Costs to Precincts (in \$millions)

	East Bayfront	West Don Lands	Central Waterfront	Port Lands	WWI	Project: Under Gardiner	Total
Salaries and Benefits	\$5.9	\$2.8	\$0.3	\$0.3	\$0.6	-	\$9.9
General and Office Administration	0.8	0.4	0.1	0.1	0.1	-	1.4
Communications, Public Engagement and Government Relations	0.4	0.2	-	-	0.1	-	0.7
Information Technology	0.2	0.1	-	-	0.1	-	0.4
Total Corporate Costs	7.3	3.5	0.4	0.4	0.8	-	12.4
Direct Project Costs	23.0	10.8	1.0	1.4	2.4	16.0	54.6
Waterfront Toronto Total	\$30.3	\$14.3	\$1.4	\$1.8	\$3.2	16.0	\$67.0

The Corporation's 2016/17 corporate budget will be held constant against the 2015/16 budget at \$12.4M - this will ensure the Corporation has the ability to manage the closeout of existing projects and continue with ongoing priorities, while transitioning to the planning and design of new initiatives in support of Waterfront Toronto 2.0 and facilitating longer-term waterfront revitalization. Resources will be required for the development, coordination, planning and design of revitalization projects in the East Bayfront, West Don Lands and Port Lands. During the 2016/17 year, core responsibilities will be focused on three main areas, each of which are described below: 1) capital investments, 2) waterfront strategic initiatives, and 3) revenue generation and development management.

Capital investments are needed for the build out of East Bayfront and West Don Lands communities. Capital investment activities include managing planning, design and construction of public realm and physical infrastructure. Some initiatives for the 2016/17 year include planning and design for the permanent revitalization of Queens Quay East; construction of the storm water management facility and dockwall reinforcing along the water's edge in East Bayfront.

Waterfront strategic initiatives include efforts where Waterfront Toronto acts as the primary steward of revitalization, but the required capital contribution is currently uncommitted or the capital investment may be undertaken by others and not included as part of the Corporation's capital investments portfolio. These strategic initiatives encompass critical waterfront issues that require Waterfront Toronto involvement to protect our past investments, ensure ongoing land value creation, and deliver

on the core corporate mandates of design excellence, quality of place, public access to the waterfront, and open and transparent planning and approvals processes.

Waterfront Toronto staff are responsible for planning, preliminary work, project management and/or oversight of these strategic projects. Staff resources spent on these projects are included within Waterfront Toronto’s corporate budget, regardless if the project is included in the Corporation’s capital investments portfolio. Priorities for the 2016/17 year include the revitalization of the Jack Layton Ferry Terminal including all permitting and approvals, the Environmental Assessment for the rehabilitation of the Gardiner Expressway East, the design of important public realm projects being implemented by our development partners (e.g. Sugar Beach North by Daniels Corporation) and overseeing design excellence compliance of private developments that are required to seek the approval of Waterfront Toronto’s Design Review Panel (e.g. Bayside Phase 1 and 2, River City Phase 3 and 4, Waterfront Innovation Centre). Waterfront strategic initiatives also includes the Corporation’s efforts in managing appeals at the Ontario Municipal Board (OMB). Working in cooperation with the City of Toronto, Waterfront Toronto staff are involved in the settlement of OMB appeals to ensure precinct plans and waterfront revitalization objectives are met. Figure 3 illustrates the order of magnitude of several waterfront strategic initiatives.

Also categorized as part of waterfront strategic initiatives is the planning and preliminary work for Waterfront Toronto 2.0 which comprise of several efforts to support the Corporation’s longer term revitalization goals. As discussed in the Strategic Business Plan 2014-2023, philanthropic funding was identified as an opportunity to support public realm projects. The Corporation will assess the interest in targeted fundraising aligned with public realm projects as well as an operations and maintenance fund for Waterfront Toronto’s parks and public realm. We will work towards implementing a legal framework to allow the Corporation to receive private funds and issue tax receipts. Another revitalization priority identified in Waterfront Toronto 2.0 is the Port Lands flood protection initiative. Waterfront Toronto is completing the flood protection due diligence studies in 2016/17 and will work closely with our stakeholder partners to establish funding for this project (see section under Business Development for further details).

Figure 3 – Waterfront Strategic Initiatives, Order of Magnitude

<i>Initiatives / Projects</i>	<i>Order of Magnitude</i>
Jack Layton Ferry Terminal	\$100M to \$200M
Gardiner Expressway East: Hybrid, Remove, Maintain Options (includes operations & maintenance)	\$400M to \$1B
Waterfront Toronto 2.0	\$1.65B

Revenue generation and development management include the work undertaken by Waterfront Toronto to deliver significant capital investment by our development partners. In particular, we undertake development planning initiatives to mitigate risk and improve the value of public land and attract private sector investment. We execute land disposition strategies to raise revenue and ensure Waterfront Toronto's revitalization mandate is implemented. Specifically, activities include feasibility analysis, obtaining municipal development approvals, carrying out stakeholder and government negotiations, undertaking developer proposal calls and executing development transactions. Priorities for the 2016/17 year include advancing Bayside Phase 2 municipal approvals, including subdivision and environmental approvals and infrastructure payments agreement. In addition, Waterfront Toronto will manage development agreement compliance of the following projects:

- Bayside Phase 1
- Monde
- River City Phase 3 and 4
- Dundee Kilmer's post Pan-Am/Parapan Games development
- Anishnawbe Health Toronto
- Re kai Centre

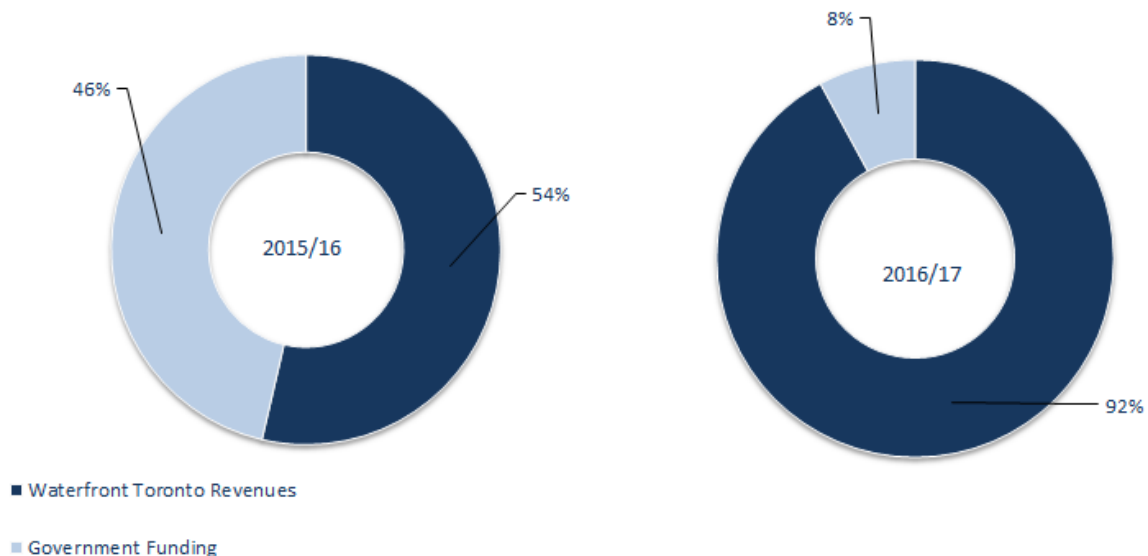
Efforts under revenue planning are instrumental in unlocking land values on the waterfront that are subsequently re-invested into revitalization.

Funding

In 2001, the three orders of government pledged \$1.5B (\$500M each) as seed capital to help catalyze waterfront revitalization. The current forecasts for the total support of the waterfront revitalization include \$1.5B in government seed funding, plus \$79M in additional government supported investments (including Pan Am projects), and approximately \$436M in revenue for a total of \$2.0B in capital investment. These forecasts do not include Waterfront Toronto 2.0 initiatives since these projects have not received formal commitment and support from the tri-government partners.

By March 31, 2016, it is anticipated that 97 percent of government funding will have been invested in waterfront revitalization. The funding provided by each level of government has coincided with the respective governments' planning and priorities. For 2016/17, government funding is estimated to make up 8 percent of the Corporation's total estimated investment and the balance at 92 percent will be from Waterfront Toronto revenues. Consequently the Corporation will increase its reliance on non-government funding from 2015/16 when an estimated 46 percent of the Corporation's total revenue was contributed from governments and 54 percent was attributed from Waterfront Toronto generated revenue (see *Figure 4*).

Figure 4 – Funding Breakdown by Source



As anticipated, with less reliance on government contributions and to ensure financial sustainability, the Corporation is focusing its business model to one with an increased dependence on business development and revenue opportunities.

Business Development & Revenue Initiatives

In 2016/17 Waterfront Toronto will continue working on a number of business development initiatives which will be required to support implementation of Waterfront Toronto’s long-term objectives. With the majority of the government contributions already invested, Waterfront Toronto’s reliance on land sales and other revenues is critical to the organization’s ability to successfully deliver its projects.

Additional Land Sales Revenues in the West Don Lands

Waterfront Toronto’s 2015/16 Long Term Plan includes land sales revenues from additional blocks in the West Don Lands precinct. These additional blocks add \$76M in revenues for waterfront revitalization. Waterfront Toronto will work in partnership with the Province towards the refinement and implementation of a disposition strategy – which sets out timing and approach to releasing these sites to market - for these blocks. These additional revenues are allocated to infrastructure and public realm improvements in the West Don Lands and North Keating precincts.

The planned work in the West Don Lands will implement the Precinct Plan and Class Environmental Assessment master plan requirements, increasing the value of provincially owned land and facilitating redevelopment. These infrastructure investments include streetscape improvements and underground services on segments of Front and Trinity streets. These projects will commence in 2017/18 and take two years to complete.

Infrastructure improvements for the North Keating project will facilitate development for the private sector as well as enhance the attractiveness of Waterfront Toronto's development block. The project focuses on Queens Quay, east of Parliament Street. Major works include re-aligning Queens Quay between Parliament and Small Streets, land acquisition and reclamation at the Parliament slip. Parliament Street will be extended to the re-aligned Queens Quay. Public realm enhancements and underground services will also be undertaken. These infrastructure investments will commence in 2018/19 and take two years to complete.

Other Business Development Initiatives

In 2016/17, Waterfront Toronto expects to complete a number of transactions and initiatives that will support the Corporation in achieving its revenue targets. These business development initiatives include planned revenue transactions, potential revenue opportunities and business development initiatives that support future growth. Planned revenue transactions for 2016/17 include the closing of land sales in the East Bayfront Precinct and the proceeds from the monetization and sale of George Brown College parking.

Waterfront Toronto is working with the City of Toronto to formalize mechanisms for securing revenues anticipated in Waterfront Toronto's Council-approved East Bayfront Business and Implementation Plan, so that these revenues can be dedicated towards waterfront revitalization as initially planned. Examples of such revenue sources include infrastructure payments and parkland dedication charges, to reimburse Waterfront Toronto for its up-front delivery of precinct-wide parkland and infrastructure. Waterfront Toronto is also working with the City to secure contributions towards Waterfront Toronto's East Bayfront Public Art Master Plan, which was approved by the Toronto Public Art Commission in 2015/16. The Corporation will continue working with City of Toronto staff in 2016/17 to formalize and clarify the assignment of these contributions.

As the Corporation moves towards a greater reliance on its own revenues, the adverse impact from potential revenue shortfalls will increase. To shield the Corporation from revenue shortfalls due to timing and materialization of actual vs planned amounts, Waterfront Toronto will explore options to dispose of certain assets. The Corporation will carry out the due diligence on selling these assets in 2016/17. Waterfront Toronto will continue to research and pursue other revenue opportunities with a view to supporting our long-term priorities and the revitalization of the waterfront.

Philanthropic Initiatives

In addition to the revenue initiatives discussed, Waterfront Toronto is in partnership with the City of Toronto and a private donor to create a new public landscape beneath a section of the Gardiner Expressway. Waterfront Toronto is the implementation agent to lead the design and construction of Project: Under Gardiner.



Rendering of Project: Under Gardiner

This initiative will create more than four hectares (10 acres) of new public space and 1.75 kilometres of multi-use trail beneath the elevated expressway from west of Strachan Avenue to Spadina Avenue. The initiative will transform the areas beneath the expressway into vibrant community spaces that will play host to a range of cultural programming and provide active transportation infrastructure for the use of the 70,000 residents in nearby neighbourhoods and visitors who use the many amenities and attractions in the area.

This initiative may be a catalyst for future waterfront philanthropy and stewardship. As such, Waterfront Toronto will revisit the philanthropic plan in 2016/17. The Corporation will assess the interest in targeted fundraising and partnerships aligned with public realm projects and the most appropriate fundraising strategies for Waterfront Toronto to access those funds. Philanthropic funding will support the Corporation's goal in fulfilling public realm projects as identified in Waterfront 2.0 as well as set up an operating and maintenance fund for Waterfront Toronto's public realm. The philanthropic plan will allow the Corporation to better understand the organizational efforts and resources, including marketing, required to support these fundraising efforts. A key first step will be for the Corporation to adopt a legal framework to allow it to receive private funds and issue tax receipts.

Waterfront 2.0 and Port Lands Flood Protection

Also in 2016/17, Waterfront Toronto will move forward in alignment with the Strategic Business Plan 2014-2023 (Waterfront 2.0). The Corporation will communicate to its stakeholders the commitment that is required to deliver Waterfront 2.0 and the potential impact of these initiatives. A key initiative is the Port Lands.

The Port Lands - a massive underutilized area with extensive waterfront access – represent an unprecedented development opportunity for Toronto. However, most of the Port Lands are within the flood plain of the Don River and must be flood protected before the area can be fully developed. The scope of the work includes rerouting the Don River to the middle of the Port Lands between the Ship Channel and the Keating Channel, remediating the area's contaminated soil, creating new parks, wetlands and resilient urban infrastructure that will remove the flooding risk. There is a strong business

case for flood protecting the Port Lands; doing so would enable the development of new, highly-livable, mixed-use communities in Toronto's rapidly-growing downtown.



Rendering of the Port Lands from Inner Harbour looking east towards the Don River

Flood protecting the Port Lands will create significant economic value for the Canadian economy, showcase a focus on innovation and environmental sustainability, and will position Toronto as a global leader in building a resilient city. These new communities created by unlocking the Port Lands will attract the growing number of people coming to Toronto for the city's quality of life and its economic opportunities as well as invite investment in commercial, residential and other development.

In 2016/17 Waterfront Toronto will complete the due diligence studies on the Port Lands flood protection and naturalizing the mouth of the Don River. These studies will provide Waterfront Toronto's government partners with greater certainty on the estimated cost of the project. The due diligence studies will look at soil and groundwater management strategies, mitigation measures and an implementation strategy. Waterfront Toronto has proposed a shared funding solution for the Port Lands project, which would see each level of government provide one-third of the project funding. The project would take approximately seven years to complete and would be ready to start by 2017, subject to funding.

The Corporation will work closely with the governments through the City of Toronto's Call to Action, set up as part of the Waterfront Strategic Review, to establish funding for this project in 2016/17. The Call to Action is proposed as a structured intergovernmental negotiation process to confirm funding commitments for the Port Lands project and other revitalization priorities as set out in Waterfront 2.0. Also as part of the Waterfront Strategic Review, the City hired an external party to conduct a performance assessment of Waterfront Toronto. The external party examined the Corporation's program and project delivery processes to facilitate the completion of 1.0 projects and develop recommendations on the next phase of revitalization. The report states "Waterfront Toronto has established both tri-government funding and tri-government buy-in". Assuming a tri-government

funding commitment for the Port Lands project, both City Staff and external party recommend Waterfront Toronto as the preferred delivery entity for the second phase of waterfront revitalization⁴. City Council affirmed its commitment for a tri-government partnership for ongoing waterfront revitalization in July 2015. At that time, City council also affirmed its four priority areas for revitalization including, flood protection, transit, land servicing and public realm. These priorities are consistent with Waterfront Toronto's Strategic Business Plan 2014-2023, the Central Waterfront Secondary Plan and the City's Official Plan.

Governance

Waterfront Toronto places high value on the importance of good governance and have put in place strong governance practices. The Corporation continues to practice this philosophy in the way it conducts its business. Waterfront Toronto operates in an open and transparent manner and its information disclosures meet or exceed those of similar agencies. In response to City of Toronto's Waterfront Strategic Review in June 2015, Waterfront Toronto strengthened its Freedom of Information policies and wrongdoing reporting policies. These enhancements will improve the Corporation's responsiveness to requests going forward and as it transitions to Waterfront 2.0.

Risk Management

A sophisticated risk management framework is required to manage the complex business environment in which the waterfront is being revitalized. The Corporation has gained over 10 years of experience successfully managing and mitigating risk along with its formation of innovative approaches to infrastructure development and issues management. In 2016/17, with continuous improvement in mind, the Corporation will continue to further focus on risk management strategies.

The following have been identified as the most significant risk categories to the Corporation meeting its objectives and deliverables for 2016/17:

*i. **Financial Sustainability Risks** - Uncertainty in relation to future revenue*

As the Corporation moves towards a greater reliance on its own revenues, uncertainty related to revenue streams driven by economic factors will increase. Informed and evidence-based estimates will help decrease the likelihood of overly aggressive targets and exposure to market risks, but the uncertainties related to economic factors will not be fully mitigated. To guard against short-term revenue shortfalls and adverse impacts to project delivery, the Corporation will set up a Capital/Revenue reserve. The reserve is capped at \$25 million. If the Capital/ Revenue reserve is unused in 2022, the monies will be allocated to the East Bayfront boardwalk construction. In addition to the uncertainty related to revenues, risks impacting the financial sustainability of the Corporation due to uncertain government funding are expected to increase as the Corporation

⁴ June 19, 2015, City of Toronto Staff Report, Waterfront Strategic Review

transitions to Waterfront Toronto 2.0 priorities. By March 31, 2017, 97 per cent of government funding will have been invested in Waterfront Toronto directed projects; \$1.17B as a percentage of \$1.2B of total government funding for Waterfront Toronto directed projects for Waterfront 1.0. Moving forward, it will require more effort and coordination to gain commitment from the varying levels of government on future infrastructure projects and funding to support the flood protection of the Port Lands and other key priorities as identified in the strategic plan.

ii. ***Project Risks – Unforeseen project issues and associated cost escalation***

Infrastructure projects of the scale and complexity managed by Waterfront Toronto present many inherent risks and opportunities. Over the past decade, the Corporation has developed processes and utilized a wide variety of tools to better identify, understand, analyze, and manage capital project risks throughout the project life cycle. Key forms of risk addressed include: project cost overruns (“cost risk”), late project delivery (“schedule risk”), and adequacy of information to support project decision-making and oversight.

Risk awareness has been cultivated throughout the organization and risk management processes and practices have been implemented that are intertwined with all project management activities, with emphasis placed on risk mitigation and action. Lessons learned during the initial stages of revitalizing the East Bayfront, West Don Lands, and Central Waterfront Precincts have been captured in order to more effectively deliver future projects.