

Cherry Street Stormwater & Lakefilling Request for Capital Approval

Finance Audit and Risk Management Committee

June 1, 2017

Item 9b

Objectives

- To provide an update on the current status of the Cherry Street Stormwater & Lakefilling Project
- To provide background on the October 25, 2016 Board of Directors' approval to commence project
- To obtain FARM Committee approval of a \$65 million investment for the completion of the Cherry Street Stormwater & Lakefilling Project

Background

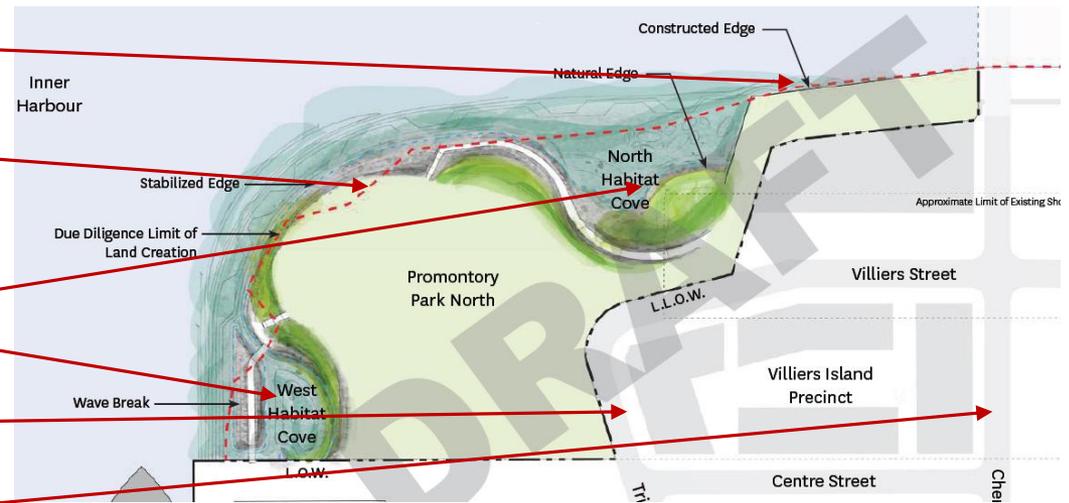
- The three levels of Government announced \$65M in funding for the Cherry Street Stormwater & Lakefilling Project (Formerly titled Essroc Quay Lake Filling & Naturalization Project)
- The Cherry Street Stormwater & Lakefilling Project (CSLF) is a part of the broader Port Lands Flood Protection and Enabling Infrastructure Project (PLFP)
- The Federal/Provincial Clean Water and Waste Water Fund program criteria requires that the project be completed not later than March 31, 2019



Background (continued)

The project includes the design and construction of the following elements:

- Rock armoring and dockwall structures
- Confinement berm structures
- Aquatic and land ecological habitat structures and features
- Lakefilling
- Diversion of an existing storm sewer on Cherry Street



- Management obtained Board of Directors approval on October 25, 2016 to commence the project. The Board instructed Management to limit investment on the project to \$2M, pending execution of the funding agreement between Waterfront Toronto and the City
- The Project Charter was completed and executed by Waterfront Toronto, the City of Toronto and Toronto and Region Conservation Authority in March, 2017
- The Delivery Agreement between Waterfront Toronto and the City has been negotiated and is anticipated to be executed prior to the end of May, 2017
- Management is procuring key approvals that impact design and construction including:
 - Department of Fisheries and Oceans - Aquatic Habitat Compensation
 - Transport Canada - Navigation Protection Act Approval
 - Ontario MOECC - Storm Sewer Diversion Environmental Compliance Approval

Status (continued)

- Key consultants have been procured and commenced work, including:
 - In-water geo-environmental investigation
 - Cost estimating
 - Ecological habitat and sewer diversion design and approvals
 - Engineering and design consulting team (20% design is complete)
 - Scheduling & risk analysis consultant
- Board of Directors approved the CSLF contracting strategy – Construction Management – on March 27, 2017
 - Construction manager Negotiable RFP documents are anticipated to be issued in May, 2017

Capital Approval is required in order to complete the Cherry Street Stormwater & Lakefilling (CSLF) Project

- Waterfront Toronto's policies and procedures provide for Capital Approvals to be obtained after design has reached 20% completion in accordance with standard industry practice as summarized below
- Cost estimates based on 20% design completion generally represent a Class 3 level of accuracy pursuant to the American Association of Cost Engineering International (AACEi) classification system.
- The AACEi classification system specifies that *“Class 3 estimates are generally prepared to form the basis for budget authorization, appropriation, and/or funding. As such, they typically form the initial control estimate against which all actual costs and resources will be monitored”*
- Cost estimates for the CSLF project have been completed by the consulting team estimator as well as by the independent estimator retained directly by Waterfront Toronto based on the 20% design submission issued by the engineering and design consultants

Capital Budget

Budget Allocation	Anticipated Total Project Cost (\$ Millions)
Hard Construction Costs	\$ 40.8
Soil Treatment and Stabilization Bench Scale Pilot Tests	\$ 0.4
Soft Costs (design, consulting, project management and approvals)	\$ 9.3
Contingency (including risk and escalation)	\$ 13.7
Non-recoverable Harmonized Sales Tax	\$ 0.8
Total Estimated Capital Cost	\$ 65.0

Sources of Funding

Source	Funding (\$ Millions)
Capital Cost Estimate	\$ 65.0
Federal Funding	\$ 32.5
Provincial Funding	\$ 16.25
City Funding	\$ 16.25
Total Sources of Funds	\$ 65.0

Project funding will be obtained through a Delivery Agreement between Waterfront Toronto and the City of Toronto (on behalf of all three orders of government). The Delivery Agreement has been negotiated and is anticipated to be executed prior to the end of May, 2017

Project Risks

Risk Description	Potential Impact	Mitigation Strategy
Aggressive design and approvals schedule	Project delays and additional costs	Initiate Fisheries Act as well as Navigation Protection Act reviews concurrently with design. Advance habitat design.
Waterlot acquisition	Project delays and additional costs	Start discussion with Ports Toronto ASAP and escalate to Senior Management as needed.
Complications in evacuating vessels that are currently using the slip	Project delays and additional costs	Engage with Ports Toronto and TPLC on this matter early and start the notification process as soon as Delivery Agreements are executed
Water flow restrictions necessitating changes in design	Project delays and additional costs	Advance water's edge profile design and finalize model and verification by TRCA early.

Project Risks (Continued)

Risk Description	Potential Impact	Mitigation Strategy
Availability of fill	Project delays and additional costs	Start exploring suitable fill sources early. Reduce fill levels and grade elevation to reflect available quantities of fill
Potential Presence of Soft Sediments in the Lakefill Areas requiring dredging before filling	Project delays and additional costs	Expedite the procurement and implementation of in-water (lakebed) geotechnical exploration and pursuant design.
Delay in Delivery Agreement execution and funding availability	Need to borrow	Work closely with Government to negotiate DA in a timely manner. Confirm source of interim funding (Waterfront Toronto working capital or borrowing).
Eligible/Ineligible Cost Definition	Alternative funding source required	Negotiations with the City of Toronto have minimized the potential for ineligible cost exposure

Recommendation

Management recommends that the Finance, Audit and Risk Management Committee approve, for recommendation to the Board of Directors, a capital expenditure of \$65 Million to complete the Cherry Street Stormwater and Lakefilling Project.

ON MOTION duly made, seconded, and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee approves, for recommendation to the Board of Directors, a capital expenditure of \$65 Million to complete the Cherry Street Stormwater and Lakefilling Project.

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