



Finance, Audit and Risk Management Committee – June 23, 2015
Queens Quay Revitalization
Project Cost, Schedule and Risk Reporting
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Pursuant to the Cost Management Report (attached), the following represents the financial status of the Queens Quay Revitalization project as at April 30, 2015:

- Queen's Quay Revitalization Project **Anticipated Final Cost** is forecast to be **\$127.77 million** or **\$1.13 million** (0.9%) less than the approved budget;
- The **Anticipated Final Cost** has decreased by **\$0.95 million** since last reported as at February 28, 2015;
- **Current Commitments** equal **\$123.87 million - \$1.38 million** more than last reported as at February 28, 2015;
- Forecast of additional **Future Commitments** for known project changes equals **\$3.9 million**;
- There is **\$1.13 million** in **Unallocated Contingency** remaining for outstanding unknowns.

The reduction in the forecast since last reported is primarily attributable to the completion of reviews and negotiation of a number of outstanding sub-trade changes as well as the initial reconciliation of contract cash allowances.

The Queen's Quay Revitalization Project will be substantially complete by the end of June 2015, on schedule for use during the Pan Am Games this summer. The updated forecast reflects Management's best estimates for the final approved values of potential and known changes, with the exception of the following potential credits and additional costs that have yet to be incorporated into the Anticipated Final Cost:

1. Final reconciliation of the contract with Toronto Hydro Electric System (THES) for relocation of its plant within the Queens Quay right-of-way. An advance was provided to THES at the beginning of construction in accordance with THES policies. THES has still to confirm the actual scope of work (and applicable costs, if any) that were undertaken on the project. It is anticipated that the final reconciled costs will be less than the approximately \$1 million deposit that was paid.
2. Outstanding submitted and potential un-submitted contractor claims which may be in excess of \$1 million in aggregate should they materialize; and
3. The additional costs associated with finishing work that cannot be completed until after final completion of THES works in 2016, which work will be confirmed and costs quantified prior to August 31st.

The updated Risk Register for May 2015 identified 2 high, 6 medium, and 47 closed risks. This represents a decrease of 3 high and 5 medium risks and closure of 10 risks since the previous report, which was based on the February 2015 Risk Register. The remaining high risks relate to potential claims and the cost of finishing works, while the medium risks are being actively managed and will be eliminated upon completion of construction.

The initiatives being pursued by Management to minimize Waterfront Toronto's exposure to additional costs can be summarized as follows:

1. Management will continue to analyze, review and negotiate the contractor's submissions in order to settle outstanding claims at an equitable amount;
2. With respect to the extended time required by THES to complete its work, Management intends to demobilize its construction manager and trade contractors in August 2015 and determine the most cost effective way to remobilize resources once THES work is complete and no additional risk remains of delay or disruption of Waterfront Toronto's final finishing works; and
3. Management will continue to pursue third parties to make equitable contributions toward cost increases for work being constructed on their behalf, or impacts to Waterfront Toronto, so as to reduce the funding impact to Waterfront Toronto.