



WATERFRONTToronto

Capital Approval Process Policy

May 4, 2015

Capital Allocation Process

- **Purpose**

- To define the key requirements for the initiation, scoping and approval of all Waterfront Toronto projects by the Board of Directors.

- **Outcome**

- Alignment of projects with the goals and objectives of the Corporation and a process to ensure projects stay on track within approved goals, objectives, budgets and schedules.

- **Process**

- This presentation outlines the stages in the planning, design and construction of capital projects and the information and approvals required for each of these stages; including review by the “**FARM Committee**” prior to Board approval.

Primary Goals

- **Performance and Quality**
 - Deliver projects that meet the corporate goals and objectives of Waterfront Toronto and any specific pre-identified goals and objectives of the project.
- **Cost and Schedule**
 - Deliver projects on time and on budget.
- **Funding**
 - Ensure projects are adequately funded.

Board Capital Approval of Projects

- Projects will be reviewed and approved by the Board as follows:
 - i. Projects with a gross budget less than \$2 million will be approved as part of the approval of the Corporation's annual Long Term Funding Plan process.
 - ii. Projects with a gross budget greater than \$2 million must be approved individually in accordance with this policy. Further, the delivery and contracting methodology (procurement strategy including risk transfer) is to be approved by the Board.
 - iii. Projects with a gross budget greater than \$2 million whose estimated costs have increased by **the lesser of 10 per cent** or \$5 million above the Board approved budget will be required to come back to the Board for approval in order to continue the project at the revised approved budget.
 - iv. For the purpose of Capital approvals, projects may be defined as:
 - a) A discrete deliverable (i.e. Sherbourne Park , Canada Square) with a definite budget & schedule, or
 - b) A series of deliverables comprising an overall budget allotment and variable schedule intended to bring about a specific goal or objective (i.e. EBF Water's Edge Promenade).
 - v. **The FARM Committee will review/recommend all projects being put forward to the Board for capital approval and will also identify those projects that require monitoring by the Committee.**

Board Approval – contd.

- A Funding Strategy, including a risk assessment of the probability of recovering all sources of funding for the project on a timely basis, should be included for all capital approvals (original and revised) in excess of \$2 million.
- Project updates outlining the current status of expenditure, funding and completion will be provided to the Board on a quarterly basis.
- A Close Out Report will be submitted to the Board upon the completion of a project stating whether the project met its predefined goals and objectives and outlining the project's final cost against the Board approved budget.

Project Stages - At A Glance

Appendix A



¹ Project updates on status of expenditures, funding, risk management and completion to the Board on a quarterly basis.

Glossary

Appendix B

- **Gross Budget:**
 - The gross budget is the budget inclusive of costs to be funded by third party cost sharing revenues.
- **Schematic Design:**
 - An initial design scheme that seeks to define the general scope and conceptual design of the project including scale and relationships between its various components. These documents establish the conceptual design of the project based on an agreed upon schedule, program and budget. They may include a site plan, building or structures, sections and elevations. Additionally, study models or perspective sketches may be developed at this time. These designs are used for preparing preliminary cost estimates.
- **Design Development:**
 - This stage is where the design plans detailed drawings are prepared and finalized showing correct dimensions. Also included is an outline of the construction specifications, listing the major materials to be used. These documents establish detailed requirements of the project, establishing scope, relationships, forms and appearance of the project. Major materials and systems will be reviewed for design and quality levels.
- **Construction Documents:**
 - This stage sets forth in detail the requirements for the construction of the project. They should include specifications and drawings that establish in detail the quality level of material and systems. The Architect works with the Owner in this stage on the finalization of bidding requirements and contract requirements for the construction of the project.