



Board Meeting – February 18, 2015
Queens Quay Revitalization & Bayside
Project Budget and Cost Forecast Update - Public
D. Kusturin

1. Queens Quay Revitalization

Current Approved Budget	\$128,898,254.00
Anticipated Final Cost Forecast as at February 17, 2014	\$128,797,515.00
Variance	\$100,739.00

The forecast Final Cost of the Queens Quay Revitalization project, as reported to the Risk Oversight Committee (ROC) on February 11, 2015, was \$129.15 million or about \$0.25 million more than the approved budget. As discussed with the ROC, Management has identified approximately \$0.25 million in design changes and value engineering initiatives that will be implemented in order to keep the project on budget and pursuant to the ROC's request has re-evaluated the potential additional costs and credits that have yet to be resolved. The cost containment initiatives and negotiations being pursued by Management result in an Anticipated Final Cost forecast of \$128.9 million and savings of approximately \$0.1 million on the current scope of work.

Management also advised the ROC that Toronto Hydro Electric System (THES) has indicated it will be unable to provide permanent power to Queens Quay before the end of 2015, preventing Waterfront Toronto from achieving total completion as originally scheduled. Additional out of scope costs are anticipated for, among other things: catch basin relocations; contractor mobilization/demobilization; extended utilization of temporary poles and power connections; temporary paving; public realm installations deferred until after THES's work is complete; and extended consultant contract administration costs.

A contracting strategy is under development to minimize the cost of the finishing works and the ROC has requested that Management quantify as soon as practicable the impact costs related to the delayed provision of permanent power by THES. Quantification of these costs is dependent on a number of factors which remain to be resolved. These include the completion date of hydro infrastructure work that is currently underway, the final cutover date to permanent power by THES in 2016, the contracting strategy and the quantum of work that must be deferred until after permanent power is available.

Conclusion

The initiatives being pursued by Management to minimize Waterfront Toronto's exposure to additional costs for both in scope and out of scope work 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, Waterfront Toronto intends to demobilize its construction manager and trade contractors in summer 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 to Waterfront Toronto final finishing works; and
3. Management will continue to pursue third parties to make equitable contributions toward cost increases to work being constructed on their behalf by Waterfront Toronto, and to reimburse Waterfront Toronto for the impact costs associated with delays for which they are responsible, so as to reduce the funding impact to Waterfront Toronto.

2. Bayside Phase 1

Current Approved Budget	\$68,715,416.00
Anticipated Final Cost Forecast as at December 15, 2014	\$68,601,969.00
Variance	\$113,447.00

Management intends to increase as necessary the remaining available contingency so that it is sufficient for untendered work and on-going construction operations for Aitken Place Park and Bayside Private Streets. These works have not yet been tendered and design is in the very early stages. Management will ensure that the designs include for provisional items, which can be excluded if necessary in order to remain within the approved budget.

Conclusion

It is forecast that the Bayside Phase 1 project will be completed for less than the current budget due to the cost control initiatives that are currently underway and those that can be implemented in the future.

3. Bayside External Sanitary and Storm Sewer

Current Approved Budget	\$46,900,000.00
Anticipated Final Cost Forecast as at December 15, 2014	\$45,434,553.00
Variance	\$1,465,447.00

Conclusion

The Bayside External Sanitary and Storm Sewer project is forecast to be completed within the current budget due to the cost control initiatives that have been undertaken to date and those that may be implemented in the future.