

Capital Approval Process

Board Meeting

January 30, 2008



WATERFRONToronto

Capital Allocation Process

- Purpose
 - To put in place the key requirements for the initiation, scoping and approval of all Waterfront Toronto projects.
- 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.

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 within justifiable, benchmarked budgets in a professional, timely manner.

Board Approval

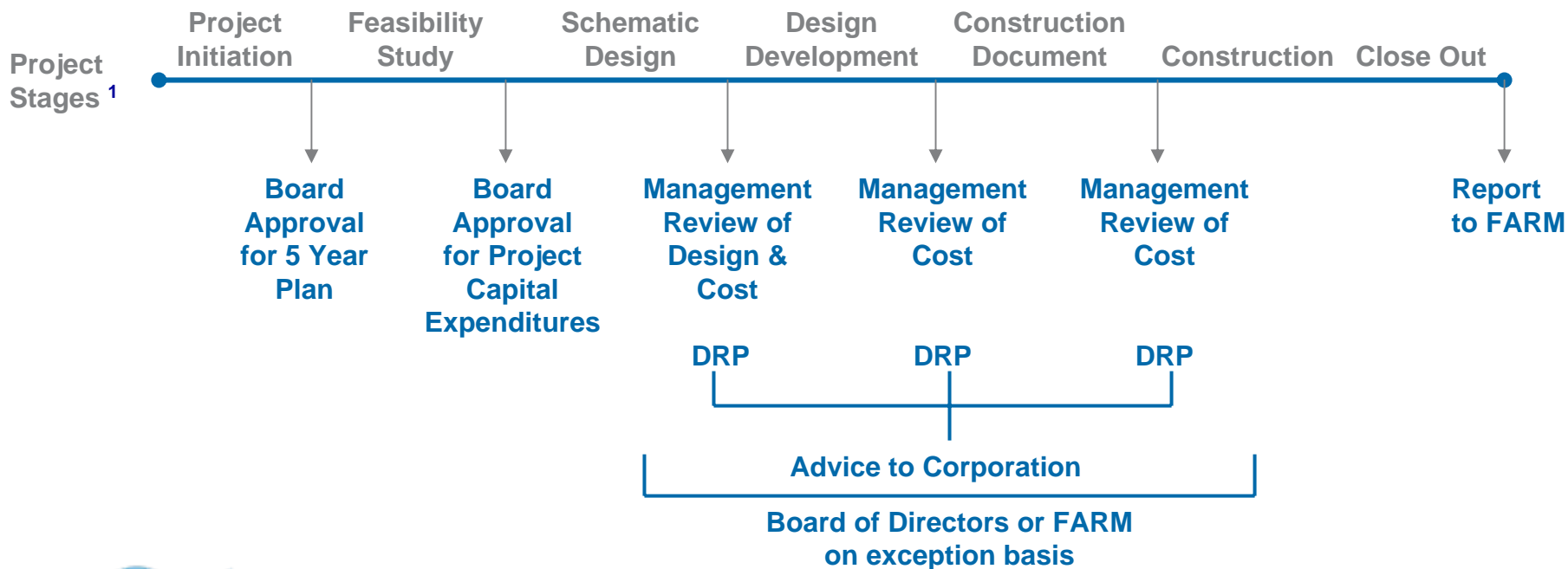
- Each project will be reviewed and approved by the Board:
 1. When it is initiated; and
 2. Prior to the start of detailed design.
- Only projects whose estimated costs have increased by more than 10 per cent above the Board approved budget will be required to come back to the Board through the Finance and Risk Management Committee for the approval to continue the project at the revised approved budget.
- All definable projects greater than \$2 million in total expected costs or identified as high risk projects must be approved individually by the Board of Directors of Waterfront Toronto.
- Projects less than \$2M will be covered in the approval of the annual budget process.

Board Approval – contd.

- Revised cost estimates are required at the end of every significant stage of the project as outlined in the attached Appendix A to support whether they continue to be within ten percent of their approved budget
- Projects will be reviewed and approved at the end of every significant stage of the project by the Management Committee and Design Review Panel prior to going to the Board or the Finance and Risk Management Committee as outlined in Appendix A.
- Project updates as to their current status of expenditure and completion will continue to come forward to the Board on a quarterly basis.
- A Close Out Report will be submitted to the Board upon the completion of the project stating whether the project met its predefined goals and objectives and a report on the projects final costs against budget.

Project Stages - At A Glance

Appendix A



¹ Project updates on status of completion to the Board on a quarterly basis.

Project Initiation Stage

- Goals
 - To move a project from an idea into a concrete project plan designed to meet the Corporation's established goals and objectives.
 - To develop a high level project plan that identifies key components and deliverables; project risks; project roles and responsibilities; estimated total costs; and an estimated project schedule.
 - To receive Management Committee and Board approval to proceed with the inclusion of the project in the long term plan.

Project Initiation Stage – cont'd

Deliverables

- **Completion of a Project Plan that includes:**
 1. **Project Description** – A brief description of the nature of the project;
 2. **Corporate Goals and Objectives Assessment** – An assessment of the degree to which the project will advance corporate goals and objectives;
 3. **Project Initiator** – An identification of who initiated the project request.
 4. **Options Considered** – Identification and assessment of possible alternatives to be considered during the feasibility study stage;
 5. **Key Project Risks**– Identification of major risks that could impact the success of the project in meeting its stated goals and objectives;
 6. **Concept Design – Pre-Schematic Design** – A high level concept design to be used in directing the schematic design.

Project Initiation Stage – cont'd

7. **High Level Cost Assessment** – Early assessment of scope without detailed work breakdown prepared on a rough order of magnitude;
8. **Project Schedule** – A proposed schedule for the completion of the project including an assessment of the applicability of a private / public partnership delivery model;
9. **Assumptions** – Key assumptions underlying the project plan; and
10. **Recommendation to Proceed** - A recommended option upon which to proceed with the inclusion of the project in the long term plan.

Feasibility Study Stage

- Goals
 - To develop detailed project plan that identifies key components and deliverables; project risks; project roles and responsibilities; estimated total costs; and an estimated project schedule.
 - To complete a feasibility study that provides an analysis of options considered and makes a recommendation to proceed with the preferred option.
 - To receive Management Committee and Board approval to proceed with the inclusion of the project in the long term plan.

Feasibility Study Stage – cont'd

Deliverables

- **Completion of a Feasibility Study and Detailed Project Plan that includes:**
 1. **Project Description** – A brief description of the nature of the project;
 2. **Corporate Goals and Objectives Assessment** – An assessment of the degree to which the project will advance corporate goals and objectives;
 3. **Project Sponsor** – An identification of who will be accountable for the delivery of the project.
 4. **Project Owner** – An identification of who will take responsibility for the project upon completion and the steps that will be put in place to pass on the completed project to its owner;
 5. **Project Team** - Identification of project members and their roles and responsibilities;
 6. **Options Considered** – Identification and assessment of all alternatives considered as part of the completion of the feasibility study;
 7. **Key Project Risks**– Identification of major risks that could impact the success of the project in meeting its stated goals and objectives and planned actions to be taken to address these risks; and
 8. **Concept Design / Pre-schematic Design** – A high level concept design to be used in directing the schematic design.

Feasibility Study Stage – cont'd

9. **High Level Cost Assessment** – A cost estimate that incorporates risks facing the project (CEVP) and the contingencies to address these risks;
10. **Project Schedule** – A proposed schedule for the completion of the project including an assessment of the applicability of a private / public partnership delivery model;
11. **Measurement of Results** – A performance measurement plan and targets against corporate goals (i.e., sustainability, design excellence, etc.) for the project;
12. **Design Review Panel** – A plan and schedule for the review of the projects design with the Design Review Panel;
13. **Community/stakeholder Plan** - A communication plan for the project that includes strategies for public involvement;
14. **Recommendation to Proceed** - A recommended option upon which to proceed with the design and construction of the project.

Schematic Design Stage

- **Goal**
 - To develop a clearly defined design with a comprehensive scope, budget and schedule for approval of the Management Committee. The Design Review Panel would also be asked for their advice at this stage.
- **Deliverables**
 1. Updated Detailed Project Plan;
 2. 90% Schematic Design drawings and specifications;
 3. Structural peer review report;
 4. Required permits and approvals (i.e. completion of environmental assessment);
 5. Updated budget and schedule; and
 6. Funding agreement.
- A change request approval is required from the Finance and Risk Management Committee if the current estimate exceeds the original approved estimate by more than ten per cent.

Design Development Stage

- **Goal**
 - To develop the project design to the level of detail necessary to work out a clear, coordinated description of all aspects of the project. To gather the information necessary to develop a design development estimate. To receive approval from the Management Committee to proceed. The Design Review Panel would be asked for their advice at this stage.
- **Deliverables**
 1. Updated Detailed Project Plan;
 2. 100% Design drawings and specifications;
 3. Required permits and approvals; and
 4. Updated budget and schedule.
- A change request approval from the Finance and Risk Management Committee and funding change request is required if the current estimate exceeds the revised approved estimate by more than ten per cent.

Construction Documents Stage

- Goal
 - To develop a complete set of contract documents that provide a comprehensive, fully coordinated set of construction documents and specifications that a contractor will use in bidding on the project construction.
 - To submit construction documents to external authorities with jurisdiction for plan check review and code compliance in order to obtain approval to construct.
 - To receive Management Committee approval to proceed to issue construction RFP.
 - The Design Review Panel will also be asked for their advice at this stage.

Construction Documents Stage

- **Mandatory Requirements**
 1. Updated Detailed Project Plan;
 2. 100% Construction drawings and specifications;
 3. Required permits and approvals; and
 4. Draft RFP; and
 5. Updated budget and schedule.
- A change request approval from the Finance and Risk Management Committee and funding change request is required if the current estimate exceeds the revised approved estimate by more than ten per cent.

Construction Stage

- **Goal**
 - To safely and efficiently build the project as represented in the construction documents within the budget and schedule approved by the Board of Directors.
- **Deliverables**
 1. Periodic project progress update to the Board.
- A change request approval from the Finance and Risk Management Committee is required if the current estimate exceeds the revised approved estimate by more than ten per cent.

Close Out Report to the Board

- Goal
 - To facilitate the turnover of the finished and fully commissioned project after the completion of the warranty period and to close out the project including measures on the results obtained.
- Mandatory Requirements
 - Summary Close Out Report submitted to Management Committee and the Finance and Risk Management Committee that states whether the project met the goals and objectives it set out to complete and a report on the final cost against budget of the project with an explanation of any significant variances.
 - Proper transfer documents and spare parts required to complete the transfer of the project to the City of Toronto.

Glossary

- **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.