

### **Port Lands Interim Streetscape Study**

As there are a variety of streetscape projects planned or underway within the Port Lands by various agencies such as Waterfront Toronto, TEDCO, the Toronto Port Authority, and the City of Toronto, as well as by a few private developers, it was agreed that there is a need to ensure consistency among these initiatives. Although the Port Lands will eventually have an ultimate, permanent streetscape once major revitalization is underway in the future, both Waterfront Toronto and the City of Toronto determined that an Interim Streetscape Study would be beneficial to first compile an inventory of all the current and proposed public and private projects with a streetscape component within the public right-of-way, and then to study and compare them, and finally, to provide interim streetscape recommendations for any upcoming near-term projects.

Waterfront Toronto took the initiative in engaging PMA Landscape Architects to undertake the study in late summer 2008. After extensive consultations and feedback from Councillor Fletcher, TEDCO, City Planning, Parks, Urban Design, Transportation and Technical Services staff, as well as Waterfront Toronto staff, the study was completed in December 2008.

It is intended to make this study available to City Planning and Urban Design staff as a reference in the review of the streetscape component of private development projects, as well as to City Transportation and Technical Services staff in the streetscape design of public projects within the Port Lands.

Please refer to Tab 7 for the full report.

### **Long Term Plan**

Progress continues on the 2009 Long Term Plan for discussion with the Board at the Board Planning Session, February 22, 2009. The expectation at this time is that the LTP will concentrate on measures related to addressing budget overages, such as the WDL berm, as well as cash flow timing. To date the 2008 LTP has not been approved by the Provincial and Federal governments. Approval is expected imminently.

### **Spadina WaveDeck - Nominated for Award**

Waterfront Toronto's Spadina WaveDeck has been nominated for a prestigious 2009 Brit Insurance Design Award in the category of architecture and is the first Canadian project ever to be short-listed for the awards. The Brit Insurance Design Awards are the Design Museum of London's annual exploration of the most innovative and forward-looking new work in design. The museum selects projects from the last 12 months nominated by a group of internationally distinguished design and architecture writers, critics and curators. An exhibit showcasing the nominated projects will be on display at The Design Museum of London from February 12 – June 14, 2009 and the winners will be announced on February 24, 2009.

Waterfront Toronto issued a news release on January 7, 2009 and has received lots of interest including the lead story in the January 9<sup>th</sup> edition of *Novae Res Urbis*, a small write-up in the *Toronto Sun* and numerous mentions on architecture and design related websites and blogs.

## **Port Union Waterfront Improvement Project**

Late last year we received a joint proposal from the City of Toronto and the Toronto and Region Conservation Authority (TRCA) requesting WT's support in amending the Port Union project to include eastern trail initiatives connecting the park to the City of Pickering. The City of Pickering would be co-funders of this project and WT's contribution would be capped at \$500,000. As this was contemplated in the original park concept, enhances the connectivity of the waterfront trail, and has been requested by the only stakeholder who could take issue with this, we are proceeding forward.

### **Cost Report**

#### **Corporate Costs - Overview**

Waterfront Toronto (WT) goes through a yearly process of developing a corporate budget which is tabled for approval with the Finance, Audit and Risk Management Committee and the Board. As part of this annual fiscal process, WT benchmarks its corporate costs against other agencies with similar mandates (both Canadian and International).

Each year, staff is asked to develop and cost out their work plans based on the corporate and project deliverables established with the Board and the three governments as part of the development of a Long Term Plan for the Corporation.

Corporate costs are impacted by WT's efforts to continuously improve its governance and accountability practices including board reporting, public consultation, project controls, enterprise risk management, internal audit and performance management. As these systems mature costs are expected to decrease in this area.

Other areas of corporate costs are impacted by the number, timing and size of projects being delivered by Waterfront Toronto. WT's total annual expenditures over the next five years as outlined in the Long Term Plan are expected to increase significantly over prior years as the Corporation moves into a very heavy implementation phase of its mandate. Corporate costs, such as occupancy, IT support, finance, communications, procurement and accounting vary directly in relation to this level of activity. Consequently it is challenging to maintain the absolute dollar value of corporate costs at a similar level to previous years.

As a percentage of the Corporation's total annual fiscal plan, corporate costs continue to decrease and are expected to be below five percent for fiscal 2009/10, well within the lower range of comparable benchmarks of other agencies examined.

#### **Fiscal 2009/10**

It is critical that WT maintain and deliver on its mandate of revitalization, as outlined in the approved Long Term Plan, with investment in public infrastructure. WT is helping to stimulate the economy by contributing to employment in the construction industry at a time where private sector investment is slowing down.

However, given the current economic climate it is critical that WT be able to clearly demonstrate to the public and its funding partners that it is exercising restraint and achieving value-for-money through all its programs, including corporate costs.

With that objective in mind, staff was notified that effective immediately:

- There will be no foreign or domestic travel unless approved in advance by the CEO (travel will be limited to Ottawa and those events for which WT is already committed to attend);

- That all meeting costs, including meals shall be limited to those meetings for which participants outside of Toronto would be participating;
- That the delegation of authority to commit the Corporation for legal, audit and human resource services be limited to the VP Legal Services and the Chief Financial Officer;
- That all new hires must be approved by the CEO; and
- That discretionary costs, such as courier services, colour photocopying, hard copies of documents, etc. be used only in exceptional circumstances.

In addition to these immediate measures that have been put in place WT staff will be asked, in the preparation of the fiscal 2009/10 corporate budget, to consider additional cost saving measures that can be taken without impacting WT's ability to meet its corporate and project objectives – to find ways of doing things better with less resources.

In order to meet this objective staff will be required to identify:

- The impact of a 5 percent reduction to corporate program budgets over the previous year;
- The impact of freezing the corporate staff complement at its current level (68 FTEs); and
- The ability to defer non-critical projects and activities to future periods.

Management will assess the information gathered and will prepare a corporate budget which will then be presented to the Finance, Audit and Risk Management Committee and brought forward to the Board for approval at its March, 2009 meeting.

Listed below are the key areas of expenditures included in the corporate cost budget.

### **Salaries and Benefits**

Salaries and benefits include all compensation paid to Board members, management and staff.

WT currently employs 68 staff members to deliver on its revitalization program, with expenditures estimated at \$1.7 billion over the next five years. WT's staff is organized into the following functional areas:

- |  |                                 |
|--|---------------------------------|
| • Project Management and Cost Control    | • Development                   |
| • Planning and Design                    | • Procurement                   |
| • Government Relations                   | • Communications and Marketing  |
| • Finance and Enterprise Risk Management | • Controllership and Accounting |
| • Human Resources                        | • Administration                |
| • Information Technology                 | • Legal Services                |

WT has doubled its staff complement over the last three years as its revitalization program has moved from planning into the implementation phase and as the organization is reaching its maturity. This has allowed WT to decrease its reliance on external resources. WT now utilizes external resources only in those specialized areas where obtaining internal expertise through the addition of staff would not be cost-effective.

WT manages its overall level of salaries and benefits through the use of Human Resource (HR) systems and controls including: a job evaluation system; regularly updating job descriptions; performance appraisals; succession planning; and bi-annual benchmarking of compensation and benefits.

WT has received direction from the three governments that fund its operations that salary increases for fiscal 2009/10 should correspond with those being offered to public servants for this period and will institute the same restrictions on its salaries.

WT's Board of Directors includes representation from all three governments. The 10 members of the Board bring a mix of private and public sector expertise in the areas of management, business, accounting, real estate and law.

The Board meets 8 to 10 times a year. The Board is supported by committees made up of Board members. These committees meet at least 2 to 4 times a year or as needed. The committees are:

- Finance, Audit and Risk Management Committee
- Human Resources and Compensation Committee
- Investment and Real Estate Committee
- Governance Committee
- Communications and Marketing Committee

### **Professional Fees**

Professional fees include:

- legal fees related to governance activities, HR matters, procurement and other corporate activities not directly related to specific projects
- financial services such as external and internal audit
- HR advisory services

External experts such as architects, planners, engineers, etc. are used to support the delivery of specific projects where obtaining internal expertise through the addition of staff would not be cost-effective. The costs of these services are charged directly to the related projects.

### **General and Administrative**

General and administrative costs include:

- occupancy costs for both corporate and project management staff
- capital costs including leasehold improvements and office equipment
- insurance costs (commercial general liability, directors and officers, and property)
- office expenses (including supplies, telephone, etc.)
- HR administration.

### **Communications**

WT develops and oversees a comprehensive communications and marketing program in support of the corporation's and the three orders of governments' strategic goals, objectives and the information needs of waterfront stakeholders, the public, and the media. This program includes marketing and branding, media relations, issues management, participation in events and conferences, stakeholder and public consultation, as well as the Annual General Meeting.

### **Information Technology**

Information technology costs include Information Technology hardware and software, Web site development and maintenance, IT support services, financial accounting system, document management system and other systems to support its ability to effectively carry out its mandate.

## Benchmarking Studies

WT's corporate costs as a percentage of its total annual program has decreased significantly as WT matured. At inception, 2001/02, corporate costs accounted for more than 89% of the Corporation's expenses. This has been reduced to 5.2% of total expense in 2008/09. The Corporation expects this percentage to continue to drop well below 5% as its annual program increases from \$166 million to a peak of \$393 million over the next few years.

In 2005, Waterfront Toronto undertook a benchmarking study of its projected corporate overhead costs compared to those of other waterfront development corporations and also compared itself to other Canadian governmental agencies. The Corporation's research into each of the organizations included a review of their mandates, organizational structure, sources of funds, total investment, number of employees, and financial data to compare corporate overhead costs.

For those organizations where financial data was available, the range of corporate overhead costs as a percentage of total expenses and/or development was 5.7% to 32.6%.

Waterfront Toronto has also performed benchmarking comparisons to other governmental agencies and organizations in Canada. These include:

<b>Benchmark*</b>	<b>Corporate Costs as Percentage of Total Revenues/Funding</b>
Toronto and Region Conservation Authority	5.7%
Canada Lands Company	15.1%
Greater Toronto Airport Authority	9.8%
Halifax Waterfront Development Corporation	28.8%
Infrastructure Ontario	15.4%

\*Data from 2006

Not all directly attributable WT project costs have been charged to projects. Some costs such as office space, administration, supplies, and IT and HR resources have instead been included in corporate costs to simplify the Corporation's accounting system and to allow for greater transparency in reporting to governments. If WT charged these additional direct costs to project costs, as is the normal practice in project accounting systems, the corporate overhead cost would be significantly less than 5.2% for fiscal 2008/09.