

Capital Programs

The capital program of the corporation was set at \$2.1B at the September 3, 2008 Board Meeting after a thorough review of cost estimates for all components of the program. While the program cost had escalated and the scope had evolved since 2000 we addressed these issues by looking at our objectives and re-prioritizing and phasing work such that the initial long term plan was revised to live within our budget of grants and expected land revenues. However revenues came later in the cycle and it was expected that we would finance any cash flow shortfalls against future revenues.

Currently we do not have the operational governance requested to allow us to borrow, nor do we have access to a credit market that would allow for it.

This financing risk was identified at our recent strategic retreat as a significant challenge starting only in 2010/2011 as we had been able to alter some funding to cover any expected shortfall for 2009/2010. However to ensure that we don't ramp up investment this year that relies on additional funding next year (from revenues or financing) we are, as a prudent course of action, preparing a contingency plan that recasts the budget to constrain the capital expenditure to the \$1.5B funding envelope taking into account the annual funding caps identified by our government stakeholders.

While we have a number of potential opportunities for advanced or additional funding being developed and discussed we must establish a base case within which we can manage. This revised capital budget will be tabled at our next Board Meeting.

Economic Development and Competitiveness Strategy

Further to the presentation provided to the Board at the February Strategic Session, management is working to advance this program by among other things, leveraging partnerships with relevant stakeholders and agencies. We are in the process of securing a spot on the provincial Business Climate and Investment Deputies Committee (BCIDC) in April/May to provide provincial Deputies with an overview of revitalization with specific focus on our competitiveness and employment approaches. We are also in talks with Minister Papatello's office regarding how WT can facilitate the foreign investment initiatives of the Ministry for International Trade. We will be meeting later next month with the Chair of the Board of the new P3 office under Minister Flaherty in Finance.

Last month, we provided the Chair of the Board of Trade, Mr. Paul Massara with a comprehensive overview of the project and will follow up on the partnering opportunities which emerged from that discussion.

We have drafted a terms of reference for the establishment of an informal economic competitiveness "cabinet" the purpose of which is to ensure WT has the benefit of industry leaders and forward thinkers on issues related to economic development. We look forward to a first meeting of the group later this spring.

Construction

Construction is underway and continues on numerous projects across the Designated Waterfront Area including:

Waterfront Toronto (“WT”) Directed:

- Rees & Simcoe WaveDecks
- Martin Goodman Trail
- Street A and F municipal infrastructure in Dockside
- The interim District Energy facility in East Bayfront
- Mill Street excavation and municipal services
- Abel Property and Town and Country demolition
- Toronto Hydro servicing to Corus building

Eligible Recipient Directed:

- Cherry and Commissioners Street intersection improvement (TEDCO)
- Union Station Platform expansion (TTC)
- Mimico and Port Union Waterfront improvements (TRCA)

Contractor prequalification and tendering for additional projects was completed in Q4 2008/2009 including:

- Spadina Bridge
- East Bayfront Precinct including Sherbourne Park, Sugar Beach, Water’s Edge Promenade, Boardwalk, Public Realm, and Storm Water Management Facility
- West Don Lands Precinct including Don River Park, Mill Street public realm, Cherry Street, Front Street, local streets, woonerfs, and underpass area
- Abel Property and Town and Country demolition

Flood Protection Landform

Based on the most recent quarterly updated cost estimate provided by ORC, we are currently projecting that the FPL project will exceed our Long Term Plan Budget by up to \$50 million. This includes \$30 million of additional scope requested by either WT, TRCA or the City (e.g. we felt it was more prudent to have the berm contractors include Bayview, River Square etc. and have transferred this work to that account). We are continuing to work closely with MEI and ORC to assess forecasts and examine all available options to mitigate the impact of the increasing costs. ORC has also advised that due to the additional compressible and contaminated soils and reduced soil import quantities, the projected completion of the FPL in Q2 2010 is in jeopardy. We have requested an updated schedule from ORC to assess the implications of the potential, additional delay on the overall revitalization of the WDL precinct.

Union Station Platform

The TTC has provided progress report number 29 for the Union Station Second Platform project which identifies a projected construction cost of \$165.8 million, or \$28.3 million more than the \$137.5 million allocated in the LTP. The TTC continues to assess potential Value Engineering options available to reduce the total cost. The TTC also advises that the project is currently over four months behind schedule due primarily to drawing delays and the VE exercise. WT has requested that the TTC provide an updated forecast of costs including VE items.

Union Station Loop

WT asked the TTC to provide analytical data which demonstrated the need for the expansion to the Union Station Loop. WT reviewed this material and concluded that it is reasonable that the existing TTC streetcar loop and platform configuration at Union Station is likely to be insufficient to effectively accommodate existing and future demands for streetcar vehicle and passenger traffic within acceptable tolerances for delay. WT will continue to study with TTC and The City of Toronto alternative strategies including timing, potential phasing approaches and cost sharing for the expansion of the streetcar loop.

Stormwater Management

In the past two years, WT's (WT) approach to stormwater management was to submit separate stormwater management proposals for East Bayfront (EBF) and West Donlands (WDL) to the City in accordance with the approved Environmental Assessment (EA) applications. As the Lower Don Lands (LDL) project, particularly the North Keating precinct, started to take shape, the City requested that WT revisit its design and take an integrated approach to stormwater management, in order to consolidate stormwater management storage and ultraviolet treatment facilities, and to reduce the City's future maintenance/operation activities.

Accordingly, WT prepared several options to minimize the stormwater management facilities for EBF, WDL and North Keating/LDL. It is expected, with Toronto Water acceptance of the integrated stormwater management approach, the site plan applications for WDL, EBF, District Energy Centre, and Sherbourne Park, will be approved by the City without further delays.

Soil Depths in East Bayfront Parks

Discussions with the City of Toronto on the issue of an appropriate sub-grade depth for Sherbourne Park and Sugar Beach remain outstanding. Based on an agreed-to approach with the City, WT has advanced detailed designs of each park, utilizing a thorough, scientific analysis of soil conditions, employing our sustainability mandate and taking into consideration the numerous criteria developed by the Ministry of the Environment regarding public and worker safety. City staff initially favoured a generic standard of 1.5 metre of cover, but based on recent discussions we believe they may re-evaluate their position. If the City does not accept the submissions there will be an increase in cost for these parks in the range of \$2.0 to \$3.0 million. In the alternative, should discussions become protracted, there is the potential for delays in delivery of these parks.

The Board should note that this issue is potentially larger than the two parks in question. The City's generic approach applied to all new public realm being constructed by WT would have significant cost implications for the corporation. It also brings into question the validity of the risk assessed approach, one that the three governments agreed would be the remediation approach utilized as part of waterfront revitalization.

Queens Quay Environmental Assessment

Over the last few months, WT together with the City of Toronto and the TTC has been meeting with landowners and affected stakeholders, refining the three design alternatives for Queens Quay and has completed the evaluation process required in the Environmental Assessment process. On March 25, 2009, at a public meeting, WT will be presenting the preferred alternative for Queens Quay from Spadina to Parliament Streets. In July 2009 the draft Environmental Study Report ("ESR") will be taken to council for endorsement and submitted to the Ministry of the Environment in August of 2009.

Lake Ontario Park

WT staff and consultants are currently reviewing possible Phase I options for Lake Ontario Park. These options include the coordination with Toronto Water, and city agencies for a proposed wetland in Coatsworth Cut. This proposal would involve relocation of existing boat clubs, and augmentation of the existing shoreline at Ashbridges Bay. Other options include development of the “transect” or pathway from Cherry Beach to the bottom of Leslie, and development of the rolling “bar” landscape south of Unwin Avenue.

There have been several initiatives suggested by Parks and Transportation for sites that are within the Lake Ontario Park designated area. Based on these projects and once a budget for Phase I is finalized WT would like to seek council approval of the Master Plan to ensure that any future initiatives meet guidelines established by the Master Plan. We are planning to bring the Master Plan to the Board in May 2009.

Sustainability

WT’s pilot for the US Green Building Council LEED for Neighbourhood Development (LEED ND) program includes the West Don Lands, East Bayfront and North Keating areas. WT submitted a documentation package for Stage 1 (pre-review) certification in June 2008. Preliminary review comments resulted in a resubmission for some credits, on March 12, 2009. WT will receive the results of the final review in approximately 8 weeks (mid May 2009).