



## STAFF REPORT INFORMATION ONLY

### Parks, Forestry and Recreation Capital Budget Task Force Update

<b>Date:</b>	November 6, 2009
<b>To:</b>	Budget Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation
<b>Wards:</b>	All
<b>Reference Number:</b>	

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#### SUMMARY

The purpose of this report is to provide a summary of the discussions and recommendations from the Parks, Forestry and Recreation (PF&R) Capital Budget Task Force meetings held on June 20, June 25 and July 6, 2007.

The task force reviewed the processes and challenges of PF&R's Capital Projects Section (CPS). The main objectives of the task force were to identify key areas and efforts of CPS' service delivery, to improve the PF&R Capital Budget delivery success rate and to problem-solve identified systemic issues.

#### Financial Impact

There are no financial implications resulting from the adoption of this report. This report is for information purposes only.

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#### DECISION HISTORY

At its special meeting on March 7, 2007, City Council recommended that a task force be formed by the Chair of the Budget Committee, the Parks and Environment Committee, and the Community Development and Recreation Committee to examine ways to improve Parks, Forestry and Recreation's capital spending rate.

Link to the Decision Document:

<http://www.toronto.ca/legdocs/mmis/2007/cc/minutes/2007-03-07-cc04-mn.pdf>

At its meeting on October 26 and 27, 2009, City Council amended and adopted Audit Committee Report AU11.6 entitled Parks, Forestry and Recreation - Capital Program – The Backlog in Needed Repairs Continues to Grow in which Recommendation #5

requests Parks, Forestry and Recreation to report to Budget Committee by November 2009 on the outcome of the Capital Budget Task Force.

Link to the Decision Document:

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-10-26-cc41-dd.htm>

## **ISSUE BACKGROUND**

During the 2007 City of Toronto Capital Budget debate, PF&R along with a small number of other Divisions were identified as historically having difficulty spending their requested funding.

There had been a growing interest and scrutiny of the project completion and spending rates. Councillors, the Chief Administrative Officer, the Chief Financial Officer, and Financial Planning staff have all indicated a desire to see an improved performance and spending of assigned funds.

In 2006, PF&R's Capital Projects Section began implementing a number of operational changes to its staffing structure and its business practices. Results from the Capital Budget Task Force discussions in June 2007 provided further suggestions for additional operational changes. Although the effectiveness of the changes may not have been apparent within the first year or two of implementation, over time a steady improvement in the overall annual capital spending and project delivery efficiency has been noted.

## **COMMENTS**

### **Capital Budget Task Force 2008**

The Capital Budget Task Force (CBTF) met three times on June 20, June 25 and July 6, 2007 and reviewed the processes and challenges of the Capital Projects Section (CPS). The main objectives of the task force were to identify key areas and efforts of CPS' service delivery, to improve the PF&R capital budget delivery success rate and to problem-solve identified systemic issues.

Membership for the task force included the Budget Committee Chair, the Parks and Environment Chair, the Community Development and Recreation Chair and various staff from Parks, Forestry and Recreation, Finance and Administration, Purchasing and Materials Management, Legal, Financial Planning Division, and City Manager's and DCM's office.

In order to identify ways to improve the PF&R capital spending rate, the following key areas were addressed at the meetings:

- History and Background of PF&R Capital Processes and Performance
- Corporate Capital Budget Reporting Policies and Systems
- Challenges and Issues
- Opportunities to Improve Outcomes
- 2008 PF&R Capital Plan and the 5 Year Plan

## **Operational Changes to Improve Capital Spending**

As a result of the CBTF discussions and additional analysis by CPS, the following outlines the initiatives implemented where there were opportunities to improve project delivery.

### Hiring of additional project management staff:

In 2006, 5 additional full-time permanent Senior Project Coordinators (SPCs) were hired, increasing the number of SPCs to 18.

In 2007, 4-5 Construction Coordinators (CCs) were hired on an 18-month contract to support the SPCs by providing junior level support that the SPCs and Capital Projects Supervisors needed to improve delivery of projects in their portfolio. As the 18 month period is coming to a close, the contribution of the CCs is currently being evaluated. It has been difficult to retain some of the CCs and the Division has had to post the position several times internally and externally.

In 2008, 1 Project Manager, Construction Operations was hired on a temporary basis to coordinate and oversee the day to day delivery of the construction unit. Since the Project Manager is able to provide day to day supervision of staff and projects, the Manager has been able to increase his attention on the capital budget and related issues and the pre-planning of future projects.

In 2008, with the resignation of the Landscape Technologist, a review of the staffing structure determined that the duties of a Facilities Planning Specialist (FPS) were more suitable and would better support the Capital Projects operation. The CPS structure now includes a permanent FPS as of February 2009.

### Implementation of monthly project reviews:

CPS management, SPCs and CCs meet monthly to review the status of all projects assigned. Project monitoring has helped to identify critical issues affecting delivery earlier in the project planning stage and has allowed for appropriate and proactive actions to address them where possible.

In 2006, a project tracking database was developed in-house by CPS to be utilized by all staff involved in the capital project delivery process. The database tracks project location, scope of work, budget and financials, project milestones and status.

### Access to a full functioning dedicated buyer in Purchasing and Materials Management Division (PMMD):

1.5 new buyer positions were created in PMMD to assist in the procurement of professional services dedicated to Parks, Forestry and Recreation, however, not in the procurement of construction tenders.

The Project Manager also communicates regularly with PMMD to identify upcoming projects and discuss any issues with current projects. CPS has also been able to provide input into the development of new strategies and processes to improve efficiency.

Purchasing and Financial Control by-law changes advantageous to CPS:

The increase of the Departmental Purchase Order (DPO) limit to \$50,000 from \$7,500 implemented by PMMD in September 2007 has been extremely beneficial in improving the efficiency of the project delivery process.

Firm Capital Plan:

The PF&R Capital Budget process has operated on a firm 5-year plan and with the 2010 Capital Budget is now moving to a 10-year plan. The firm capital plan has enabled PF&R to dedicate a team of SPCs to work on projects in advance of their approval year. This expedites the actual construction initiation date by ensuring that design programs are finalized with clients and proper funding is identified to avoid funding shortages and not being able to meet expectations.

Improved cash flow management:

All capital projects over \$200,000, a reduction from \$500,000, are now planned over 2 capital budget years; the first year to plan and design and the second year to construct. Cash flow projections are reviewed annually within the 10-year Capital Plan to better reflect timing.

Improved communication between CPS and Clients (Councillors, Recreation staff, etc.):

SPCs and CCs work with clients to clearly define the project scope to eliminate or minimize add-ons or changes which prolong the original completion date and interfere with the delivery of other projects SPCs are assigned.

**Factors that may always delay projects**

Despite the best efforts of staff to plan for unforeseen issues, there are a number of factors that may always play a role in the delay of projects.

Weather:

Weather related delays are managed as best as possible. Extreme negative weather conditions, such as a wetter than normal construction season, can be significant to CPS operations. On average, 60% of PF&R's capital projects involve exterior work; therefore, any reduction in the typical number of 'build-able' days has a significant affect.

### Time-sensitive projects:

Example: If a project to re-line an outdoor pool tank is approved in April, most likely the district PFR staff would rather defer work until after the outdoor pool season to avoid service impacts. The project can be designed over the summer but actual construction cannot start until September at the earliest. The fall season is most susceptible to weather swings which impact the ability to complete work in the same year as approved. Furthermore, there is often a need for consultation in the projects both with the local ward councillor and the community. The organizing and undertaking of one or several meetings can add a significant amount of time to a project. Public consultation meetings in the summer are avoided due to low turn out. As a result, July and August are often unavailable for construction.

### Public Consultations:

CPS has been receiving increased pressure for greater public consultation that has stalled a number of projects and moved their completion dates into future budget years. CPS staff do their best to schedule meetings where required and attempt to minimize over-consultation of groups and community members. When pressure is put upon CPS staff to increase public consultation, clients are reminded that additional meetings and over-consultation will significantly delay the completion of their project. In response to the Auditor General's report entitled *Parks, Forestry and Recreation – Capital Program – The Backlog in Needed Repairs Continues to Grow*, City Council requested the General Manager to report to the Executive Committee on January 4, 2010 on appropriate guidelines for community consultations with respect to the PF&R state of good repair projects.

### Delays due to coordination with other partners or third party funds/donations delayed or withdrawn:

CPS often works on projects in cooperation with other divisions, agencies and private corporations and individuals such as Toronto Community Housing Corporation (TCHC), Toronto and Region Conservation Authority (TRCA), 'A Bunch of Guys' for Neshama Playground, Maple Leafs Sports and Entertainment (MLSE), etc. Sometimes unforeseen delays that have affected another partner have impacted CPS' ability to deliver a project on time, or at all.

In an effort to increase regular communication between TRCA and CPS and improve the flow of projects delivered by TRCA, the two groups have met regularly since early 2008. Representatives from each group have been able to discuss issues with current projects and CPS has been able to provide advance notice of future projects.

Capital projects with Section 37, Section 45 or third-party financing have sometimes been included in the Capital Budget and Plan before these funds have been secured, resulting in delays. Going forward, CPS is not including such projects in the Capital Budget and Plan until funds are received by the City and it is possible to incorporate them into the CPS seasonal work plan.

## Capital Completion / Spending Rate

It is estimated that in a “best case scenario”, the maximum spending rate that could ever truly be achieved is 80%.

Despite the best efforts of staff, there will continue to be impediments to project delivery that are beyond the control of the CPS. However, with staff engaging in better project planning, an appropriate amount of time can sometimes be built into the timeline to accommodate for some unforeseen delays.

As summarized in the table below, the spending rate appears to rise and fall each year, even though the Council-approved annual capital budget has consistently increased.

Year	Approved Spending	Actual Spending	% Spent
	\$000's	\$000's	
2009*	\$ 121,559	\$ 76,547	77%
2008	\$ 114,494	\$ 74,080	65%
2007	\$ 97,825	\$ 59,065	60%
2006	\$ 115,714	\$ 64,784	56%
2005	\$ 88,757	\$ 42,631	48%
2004	\$ 77,506	\$ 47,160	61%
2003	\$ 72,914	\$ 44,659	61%
2002	\$ 65,341	\$ 31,853	49%
2001	\$ 63,788	\$ 39,749	62%

Note: \*2009 Year-End Capital Budget Spending Rate Projection as of Sept. 30th, 2009.

It is expected that the CPS annual spending rate will continue to improve. There will continue to be ongoing monitoring of the current initiatives and, where possible, solutions will be identified and implemented as new impediments to project delivery appear and new opportunities to improve efficiencies arise.

## CONTACT

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## SIGNATURE

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