

Oversight and Accountability within the Utility Cut Process

Date: April 8, 2022

To: Infrastructure & Environment Committee

From: General Manager, Transportation Services

Wards: All

SUMMARY

The Transportation Services Division is responsible for maintaining City roads and sidewalks in an acceptable condition for the safe use and enjoyment by all users. In addition to ongoing state of good repair work the City also has to contend with cuts into roads and sidewalks made by utility companies. Utility companies provide vital services to residents and businesses across the City including water, natural gas, electricity and telecommunications and it is important for both the City and utility companies to work together collaboratively to serve the public. Utility company's infrastructure networks are located either above or below the City's public right of way and when required to perform repairs and/or upgrades to their infrastructure are often need to cut into the roads and/or sidewalks to access their infrastructure.

A "utility cut" occurs when it becomes necessary to excavate a portion of public right of way in order to provide access to underground utilities, such as watermains, power lines, and telecommunications infrastructure. Reasons for needing to access above or underground infrastructure can include performing routine maintenance, installing new infrastructure, upgrades, additions, and/or alterations to utility infrastructure.

Annually, Transportation Services issues 35,000 cut permits to utility companies. Utility cuts can be disruptive to the public in a number of ways including dust and noise from construction, impacts to sod, and uneven pavements. The improper restoration of utility cuts can also accelerate the deterioration of City roads and sidewalks. Therefore, it is important for the City to manage the utility cut process to protect City infrastructure and to provide good customer service.

This report addresses two Council approved members motions and aims to provide an update on the status of utility cut program including recent process improvements, challenges and next steps for the program. The report will also identify the current fees charged to utilities and will provide an update on the status of a staffing and fee update.

RECOMMENDATIONS

The General Manager, Transportation Services recommends that:

1. Infrastructure & Environment Committee receive this report for information.

FINANCIAL IMPACT

Transportation Services confirms that there are no financial implications resulting from the recommendation included in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting on November 9, 2021, requested the General Manager, Transportation Services to report to the Infrastructure and Environment Committee in April 2022, on Item [IE14.16](#). "Increasing the Oversight in the Utility Cut Process"

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE25.23>

Infrastructure and Environment Committee, at its meeting on July 09, 2020 requested the General Manager, Transportation Services to report back to the Committee on ways to improve the oversight of short stream utility permits and provide an update on the One Stage Repair Initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE14.16>

City Council, at its meeting on May 22, 2018, City Council approved the incorporation of Universal Equipment Placement Guidelines. The report also identified other improvements to the utility cut process including allowing utilities to perform their own permanent restoration of cuts.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW29.3>

COMMENTS

Background

In 2021, Transportation Services Division issued 34,546 utility cut permits. Overseeing the permitting of these cuts, as well as the resultant repairs, is referred to as the Utility Cut Process, and is administered primarily by the Transportation Services Division.

All Cut Permits and work performed on the street must adhere to all requirements of City of Toronto Municipal Code Chapter 743 - Streets and Sidewalks, Use of as well as all standard and special conditions stipulated on the permit. Utilities must also follow the guidelines identified within the City's Municipal Consent Requirements (MCR) document which outlines the Utility Cut Process and guidelines for utilities to follow. Together, these requirements set minimum expectations utilities must follow.

Temporary & Permanent Repairs

After receiving an authorized permit from the City and any other required approvals, utilities will then prepare to perform the work to their infrastructure. Typically, utility construction is completed in two stages. The first stage involves the utility company performing work to their infrastructure and then temporarily repairing their cuts with asphalt. This temporary asphalt ensures that pavement surfaces are safe and passable in the interim. The purpose of completing the work in two stages is to immediately make the road safe and passable with temporary repairs and allow for sub-surface material to settle. Subsequently, utility contractors can then engage a qualified contractor to perform permanent restorations that satisfy City road condition standards at a later date. During the second stage of the work, the utility is required to permanently repair the area impacted by their cuts which includes the reinstatement of roads, curbs, sidewalks and other City infrastructure back to its previous state and in compliance with City construction standards and specifications.

Utility Cut Program

In January 2018, Transportation Services changed the permanent restoration process whereby utility companies perform the permanent restoration of city infrastructure. All Permanent restorations completed by utilities are now required to comply with all City of Toronto construction standards and specifications. The City has been working with the utility companies on the implementation and oversight of their permanent restoration programs. At the present time, there are no plans for the City to take back the responsibility for the permanent restoration of utility cuts from the utilities.

Process Improvements:

As part of the transition towards having utility companies perform their own permanent restorations to City infrastructure, Transportation Services requested the Internal Audit Division to review the utility cut program and identify issues to be addressed. The

Internal Audit was completed in 2019 and identified a number of key risks facing to the program including:

- Insufficient City staff to monitor and inspect work performed by the utility-hired contractors;
- The possibility for utilities procuring unqualified or inexperienced contractors to complete permanent restorations;
- Lack of knowledge and expertise in the areas of road and sidewalk repairs;
- Lack of coordination for permanent restorations;
- Insufficient performance monitoring and warranty tracking; and
- A growing backlog of staff inspections.

Along with identifying risks to the program there were also three overarching strategies to mitigate the risks. These included:

- Increasing the amount of City staff and other resources for oversight responsibilities,
- Improving the planning and coordination efforts between the City and utilities; and
- Providing timely feedback and direction to utilities to improve processes.
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Lastly, the report also recommended to review the Permit Fees associated with this work to ensure all costs related to the inspection and oversight are fully recovered through fee revenue. Since receiving this report Transportation Services has been working on addressing the recommendations and has made progress in a number of areas as outlined below.

Application and Monitoring System Improvements

Transportation Services utilizes internal software applications for managing the utility cut permitting and repairs processes. These systems were customized to meet the needs of the previous business model where the city would perform the permanent restoration. As such, the existing systems need to be updated to represent City staff's new responsibilities to perform oversight and inspection of utility-led permanent restoration and warranty tracking.

In consultation with the Technology Services Division, Transportation Services initiated updates to its Road Allowance Control System (RACS), which will allow staff to better monitor utility-led permanent restorations as well as tracking of warranty issues. Staff have also been working to integrate the tracking and performance monitoring of utility work through the new Enterprise Work Management System (EWMS) which will be implemented in late 2022 and continue throughout the next few years. The new system is anticipated to improve tracking of work locations, resource balancing and automating some functions such as warranty inspection scheduling.

Quality Assurance Material Testing

Now that utilities are permanently restoring City infrastructure it is important to ensure that all infrastructure maintenance meets city specifications and standards. In addition to performing visual inspection, Transportation Services has also started a third party

Quality Assurance testing program. Under this program the City tests the materials used by the utilities during their permanent restorations such as asphalt and concrete. Where materials used are not compliant with City specifications, Transportation Services will work with the utility and develop a plan for rectification. This program started in 2021, however staff capacity and coordination issues have presented implementation challenges. Transportations Services is continuing to work with the utilities to address coordination of Quality Assurance testing requirements and will be developing a communications protocol for failed tests.

Notifications

In accordance with cut permit conditions and the MCR guidelines, utility companies are required to provide advance public notice to properties impacted by their work. With exception of emergency situations, notices must include information with respect to the type of installation, location of the work, anticipated duration and contact information for the utility company and must be issued a minimum of 48-hours prior to the commencement of the work. Additionally, utilities are required to have project information signage present on-site indicating the name of the company performing the work, who they are under contract to and contact information.

For non-emergency work, Transportation Services and the utilities will collaborate to establish protocols and procedures to ensure appropriate notifications are executed prior to work commencement.

City Staff Construction Coordination Committee

To address concerns raised over the coordination, planning and scheduling of utility-led permanent restoration, Transportation Services created a new Construction Coordinating & Oversight Committee made up of internal staff. Through this group, staff can discuss common issues, develop solutions and communicate these to the utilities through the Toronto Public Utilities Coordination Committee (TPUCC). One example of an item that has been addressed through the group is the development of a document outlining the standard expectations for submitting Road Disruption Activity Reports (RODARs) and Work Zone Coordination Approval requests. This standard process improves the coordination of work between the City and Utilities reducing the impacts of construction on traffic and the public.

To assist the utilities with the transition of the permanent restoration program staff also developed an annual educational workshop which is provided to all utilities as well as their vendors. This workshop covers topics including the permitting process, work zone approvals process, public notifications, and technical items related to permanent restorations. These workshops have been held annually since 2019 and provide an opportunity to address issues to both the utility as well as their vendors performing the work.

Through the Construction Coordination Committee and the TPUCC the City has also been working with the utilities on developing a daily work location reporting procedure. As part of this procedure the utilities are requested to provide a summary of their active work locations as well as the type of work being performed that day. This has proved

challenging given the number of utilities and the number of contractors working on their behalf, however the City continues to work with the utilities to improve coordination and identify opportunities to streamline reporting and oversight.

Customer Service

When a resident has a customer service issue with respect to utility work they can submit a request through the 311 Service. Requests can be submitted over the phone, online and/or through the recently launched mobile application. Similar to most other requests within Transportation Services, once received, an initial triage of the issue is completed by staff and then forwarded to the appropriate party for follow up and resolution. It is important that issues or concerns are submitted to the City via 311 so that there are records of the issue and investigation are documented for future review. When this involves work performed by a utility, the issue will be addressed in consultation with the respective utility who has ultimate control over the worksite.

Staffing Resources & Fees Review

Inspection and Enforcement

On average the City issues approximately 35,000 utility cut permits per year which does not include utility work completed under site servicing permits. Full stream permits, which typically include the most complex and invasive work, have periodic inspection and monitoring by City Engineering and Construction Services staff during the initial stage of the utilities' work up until the temporary restoration. This inspection focuses on addressing unknown site conditions and executing corrective actions.

Short stream and emergency permit applications make up over 90% of all permits issued to utilities on an annual basis, and due to the high volume of these permits, inspection efforts have focused on performing inspection during the permanent restoration phase of the work. The primary purpose of construction inspections are to identify and document deficiencies, warranty issues and non-compliance with City specifications. When these types of issues are identified they are raised to the appropriate utility for resolution.

One improvement that Transportation Services has implemented is the creation of a new job classification whose primary role during the construction season is for inspections of utility led permanent restorations. The positions within the new classification are being created through the re-purposing of another job classification from the previous utility cut process model. Currently, four positions have been filled and another eight will be recruited. There are also eight positions under the previous classification which are being converted once they are vacant.

The current level of resources dedicated for construction inspection and monitoring have been found to be insufficient. A preliminary staffing model has been developed for the program which includes additional resources for inspection as well as additional dedicated resources to assist in the planning and coordination of the work. A third party consultant will be retained in 2022 to develop and recommend updated, full cost

recovery fees which reflect the proposed staff model and any associated changes in the cost of delivering the utility cut program.

Whereas the construction inspection of utility work is primarily focused on identifying, documenting and resolving instances of non-conformance with City specifications and standards, enforcement is focused on addressing issues of non-compliance with City bylaws and/or conditions of permits. Enforcement of bylaw and permit conditions is typically undertaken on a complaint basis and require different staff than those who perform construction inspections. In the Transportation Services Division enforcement of bylaws and permit conditions are completed by Transportation Standards Officers (TSO) who have authority under the Provincial Offences Act. Presently, the TSOs respond to and conduct investigations for various different bylaw issues and complaints received and are not dedicated solely to the utility cut program. As part of the staffing and fee review the Transportation Services Division will be recommending the addition of dedicated TSOs for enforcement of utility activities.

Fees

The fee structure for utility cut permits depends on the application stream of the permit. Short stream and emergency permits generally require less resources to review and approve the permit applications. The current fees associated with short and emergency streams are \$263.91 per permit. The full stream permit fee which includes engineer review and site inspection up until the temporary repairs is \$1,306.83.

To address resource limitations and ensure that all costs related to the utility cut program are recovered from the utilities, Transportation Services is in the process of retaining an independent consultant to assist with a fee review. Part of that assignment will include collaborating with City staff to analyze existing workload requirements for the program. The consultant will use this information to conduct a full cost assessment of the program, and then make recommendations on an updated fee schedule which reflects full cost recovery. It is anticipated that engaging a third party vendor to perform the fee review will assist in gaining buy-in from utility stakeholders and help to ensure there is an appropriate level of transparency to the process. The full cost recovery model and methodology developed by the vendor will also provide a valuable baseline from which future program fee reviews may be conducted. This will ensure ongoing cost recovery as and when new processes and program improvements are introduced. This consulting assignment is anticipated to begin in the summer of 2022.

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SIGNATURE

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ATTACHMENTS
