

Enhancing Capital Infrastructure Program Coordination

Date: September 25, 2024
To: Infrastructure and Environment Committee
From: Deputy City Manager, Infrastructure Services
Wards: All

SUMMARY

Toronto continues to experience unprecedented growth and development at the same time that the City focuses on building affordable housing and expanding our transit networks across the City. To support this activity, there is a need to deliver the necessary infrastructure upgrades and invest in aging infrastructure. The construction coordination process that is currently in place has been challenged to keep pace with this rapid growth and complexity of infrastructure work.

The present five-year capital coordination process does not typically consider longer-term capital projects (5 to 10 years) that are forecasted to support areas of intense growth. Similarly, current capital construction coordination processes have difficulty adjusting to and accommodating emergency requests to conduct last-minute works. It is important that all capital construction projects are properly coordinated, sequenced and bundled, taking into consideration criteria that include safety and traffic congestion in order to minimize impacts to communities. These challenges have created an opportunity to enhance and strengthen the coordination of the City's capital infrastructure program while, at the same time, support the City's efforts to better manage congestion.

To advance and support the necessary work to improve coordination and integrate longer-term, near-term and last-minute capital projects across the City, a new Strategic Capital Coordination Office (SCCO) was established in April of this year within the office of the Deputy City Manager, Infrastructure Services. The creation of this new office was supported and informed by the findings of a management consultant's review and a staff led Capital Delivery Improvements Review; both completed in 2023.

The overall goal of this new SCCO is to:

- Provide strategic senior-level oversight of the City's capital coordination process to enable more timely resolution of emerging issues such as schedule conflicts and management of community impact

- Drive accountability among those involved in the planning, coordination and delivery of construction projects across the city
- Strengthen collaboration between internal divisions, City agencies and external partners such as utilities and developers with work that impacts the City's right of way
- Expand the capital program process to integrate coordination of longer-term plans (5 to 10 years) to maximize bundling and sequencing opportunities of construction projects
- Enhance communication and engagement with Councillors and the public to keep everyone informed on upcoming construction activities, community impacts, mitigating measures, and any changes during construction

The staff team within Engineering and Construction Services that are responsible for coordination of the Toronto Water and Transportation Services' annual five-year capital plan, were transitioned into the new SCCO in April 2024. As work continues to expand and strengthen the role of this office, additional staff are required to provide strategic coordination of capital projects across the City. Eight new temporary positions to support the implementation of the SCCO, fully funded by the capital budget, are being requested for 2024. An additional seven positions will be requested through the 2025 Budget Process to complete the SCCO.

The report also responds to the City Council direction with report IE7.2 of the November 8, 2023 City Council meeting, directing the Deputy City Manager, Infrastructure Services to report back with an approach on the enhancement and expansion of the existing capital coordination programs.

RECOMMENDATIONS

The Deputy City Manager, Infrastructure Services recommends that:

1. City Council increase the 2024 Operating Budget for Policy, Planning, Finance and Administration by \$550,000 gross, \$0 net and eight (8) new temporary positions for a term of 2 years, fully funded from the 2024-2033 Capital Budget and Plan for Transportation Services and 2024-2033 Capital Budget and Plan for Toronto Water for the implementation of the first phase of a new Strategic Capital Coordination Office to provide senior level oversight and accountability for the integration of the current capital delivery coordination program for infrastructure projects across the City.
2. City Council request the Mayor to include the required resources for an additional seven (7) positions under Policy, Planning, Finance and Administration through the 2025 Budget Process for consideration to support the full development of the Strategic Capital Coordination Office with full recovery from the 10-Year Capital Budget and Plan for Transportation Services and Toronto Water.

FINANCIAL IMPACT

The report requests approval for eight (8) new temporary full-time equivalent positions to be added to the 2024 Operating Budget for Policy, Planning, Finance and Administration (PPFA) to support the development of the Strategic Capital Coordination Office. These positions, along with their associated 2024 pro-rated costs of \$550,000 gross and \$0 net (with annualized 2025 costs estimated at \$1,669,000 gross and \$0 net), will be fully funded in the 2024-2033 Capital Budget and Plan for Transportation Services (50%) and the 2024-2033 Capital Budget and Plan for Toronto Water (50%).

In addition, to support the full implementation and expansion of the SCCO's capabilities, PPFA will request an additional seven (7) capital-funded positions to manage capital delivery coordination program for infrastructure projects across the City, as part of the 2025 Budget process for consideration. The pro-rated cost to add an additional seven (7) positions is estimated at \$673,000 gross, \$0 net, fully funded by Transportation Services and Toronto Water (50/50) with full recovery from the respective 10-Year Capital Budget and Plan.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact Section.

DECISION HISTORY

At its meeting of October 25, 2023, Infrastructure and Environment Committee adopted the Congestion Management Plan 2023-2026 with amendments. The staff report of Infrastructure and Environment Committee for item IE7.2 can be found at:

<https://www.toronto.ca/legdocs/mmis/2023/ie/bgrd/backgroundfile-239866.pdf>

At its meeting of November 8, 2023, City Council considered the Congestion Management Plan 2023-2026 that was adopted with amendments by Infrastructure and Environment Committee on October 25, 2023. Council adopted the report with further amendments and directed the Deputy City Manager, Infrastructure Services to further enhance and expand the existing capital coordination programs and report back in the second quarter of 2024 with an approach to this work that improves integration across major capital projects, enhances oversight and accountability and streamline processes. The direction of City Council for item IE7.2 can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE7.2>

At its meeting of February 27, 2024, Infrastructure and Environment Committee adopted the Congestion Management Plan 2023-2026 with amendments. The staff report of Infrastructure and Environment Committee for item IE11.1 can be found at:

<https://www.toronto.ca/legdocs/mmis/2024/ie/bgrd/backgroundfile-243081.pdf>

At its meeting of May 22, 2024, City Council adopted recommendations for MM18.5 - Taking Congestion Seriously - A Plan to Accelerate Construction of Gardiner Expressway with amendments. Council adopted the amended motions to direct the General Manager, Transportation Services, in consultation with the Chief Engineer and

Executive Director, Engineering and Construction Services, to provide an interim report as part of the Congestion Management Plan and Construction Coordination reports coming to the Infrastructure and Environment Committee in July 2024, including a plan to accelerate work on the Gardiner Expressway Strategic Rehabilitation Plan and minimize the traffic and congestion impacts. The direction of City Council for MM18.5 can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2024.MM18.5>

At its meeting of July 24, 2024, City Council adopted recommendations with amendments for EX16.1 - Acceleration of the State of Good Repair Design-Build Contract for the F.G. Gardiner Expressway Rehabilitation Section 2 - Dufferin Street to Strachan Avenue and Enhanced Congestion Management Measures. Council adopted the amended motion to direct the Chief Financial Officer and Treasurer, and the Executive Director, Engineering and Construction Services, in consultation with the General Manager, Transportation Services, to include safety and traffic congestion as part of the prioritization criteria used by the new construction coordination office. The direction of City Council for EX6.1 can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.1>

COMMENTS

Background

In 2009, the Major Capital Infrastructure Coordination office (MCIC) was launched to coordinate the planning and delivery of major capital programs with City divisions, TTC and agencies. This included the development of the consolidated 5- and 10-year infrastructure plans, procedures and protocols related to capital infrastructure delivery, and a framework for coordination of major capital projects with multiple program impacts. This office operated within the Deputy City Manager Office of the former Infrastructure and Development Services.

To respond to the expansive growth of transit initiatives, the coordination of transit infrastructure became a significant component of work delivered by MCIC. As transit continued to expand, a Transit Expansion Division dedicated to coordination of transit infrastructure was created in 2019. To support this new Division, staff from MCIC with transit related functions were moved into the Transit Expansion Division, while a small complement of staff continued to coordinate the capital program in MCIC. At that time, the intent was to review MCIC's remaining capital coordination functions for opportunities to streamline processes and to review and replenish the required staffing level for successful program delivery. In 2019, MCIC's remaining functions, known as the Infrastructure Coordination Unit (ICU), were temporarily moved to the Engineering & Construction Services Division. ICU continues to operate today, responsible for establishing the City's annual capital delivery plan in coordination with internal city divisions and external stakeholders. All of these stakeholders have a role in the coordination of capital projects in the City.

Toronto continues to experience significant growth, along with increased municipal infrastructure construction activities to support this growth. This work is delivered by the City and external public and private stakeholders, including transit agencies, utilities and developers. While the volume and complexity of construction activities has significantly increased, the City's current coordination process has not kept pace. This has created the opportunity for a new approach to expand and enhance our existing capital coordination programs.

Since the current coordination process focusses on the five-year capital delivery program, it does not address:

- Longer-term coordination of growth-related capital projects that are forecasted years in advance of when they are needed. If strategically coordinated, these longer-term capital projects would be properly timed and sequenced to support the rate of growth and, where possible, be integrated and coordinated with known City capital projects. This would avoid future scheduling conflicts leading to the reconstruction of infrastructure.
- Last-minute requests for capital works (typically issues identified within the construction year) that have the potential to disrupt the established (coordinated) annual capital program. These issues arise annually due to unforeseen emergency work, miscommunication, and/or a need for stakeholders to perform additional advanced planning. When they occur, these requests may result in the need to reschedule works, which can have consequential resource and schedule impacts on other projects and programs.

Review of Existing Capital Coordination Process

In determining how best to improve the construction coordination process, in May 2022, an internal Capital Delivery Improvements Review Team was formed. This team was comprised of subject matter experts from the Transportation Service, Toronto Water, and Engineering and Construction Services divisions. The team was asked to undertake a comprehensive review of the existing construction coordination process and investigate how our internal divisions could improve processes, enhance collaboration, and mitigate risks by providing an effective and timely delivery of capital construction. The review involved a number of staff surveys and workshops, and the analysis of these results was completed in December 2023.

The analysis by this internal Capital Delivery Improvements Team identified the following recommendations:

- Develop improvements to enhance the formal capital planning and coordination process
- Establish measures to improve communications for closer working relationships and collaboration between stakeholders
- Refine project definitions to maximize and streamline bundling of projects for delivery
- Improve technology to support systems functionality
- Implement new data standards and data management tools
- Develop measures to improve schedule reliability

Along with the above recommendations, the internal team concluded that the Infrastructure Coordination Unit (ICU), within Engineering and Construction Services, should be provided with more senior-level oversight in order to increase its influence with internal and external stakeholders. This recommendation aligns with the recent move of the ICU into the newly created Strategic Capital Coordination Office within the Deputy City Manager's Office in April 2024.

In parallel to the internal staff review, a management consultant, KPMG, was retained to explore opportunities to expand and take a more strategic approach to capital coordination. KPMG consulted with over ten divisions on the City's capital delivery practices, held similar discussions with external partners and engaged with other municipalities to assess leading practices in capital delivery.

KPMG found that there was limited strategic coordination amongst public and private stakeholders. KPMG noted that more collaboration between these stakeholders is needed in order to better coordinate and optimize construction activities in the City. This is particularly the case as it relates to high-growth areas (referred to as 'clusters') where there are concentrations of longer-term major capital projects that support growth. Seven clusters were identified through the consultant's review. At the time of their report, they identified Woodbine, Downsview, Scarborough City Center, Midtown, Lower Don, Rockcliffe and Ontario Place as clusters. It is expected that this list of cluster areas will need to be updated regularly to reflect changing conditions. It was concluded that the existing capital coordination process should be expanded to take into consideration the cluster capital plans.

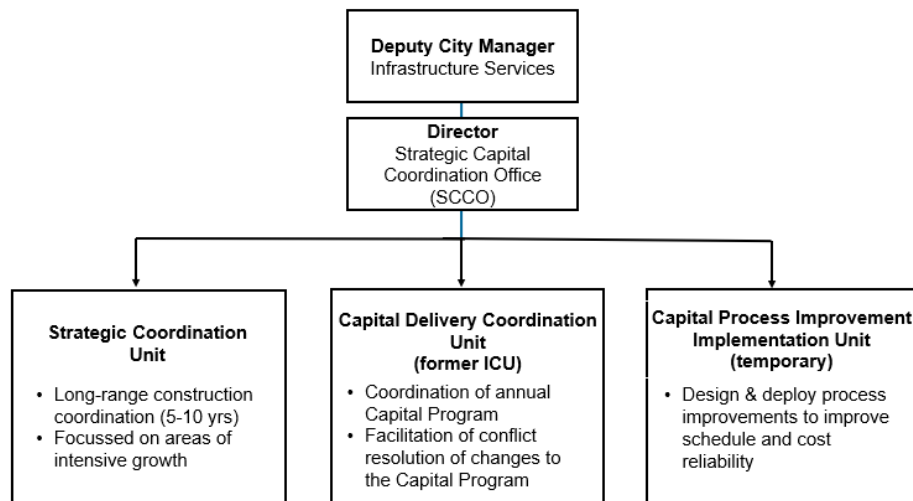
The consultant also determined that it is important for the City to create a single office to provide common oversight and management of an integrated capital coordination process (i.e., long-term and the five-year capital coordination processes) with senior-level oversight to drive accountability.

Strategic Capital Coordination Office (SCCO) and Staff Resources

Building on the consultant's recommendations, a new Strategic Capital Coordination Office has been created in the office of the Deputy City Manager, Infrastructure Services. **The role of this office is** to strengthen and expand the city's approach to the capital delivery coordination process, including a more strategic longer-term view, and to provide means to manage last-minute disruptions to the coordinated annual capital program taking into consideration criteria that include safety and traffic congestion.

The structure of the new office is illustrated in the diagram below. SCCO is led by a Director reporting directly to the Deputy City Manager responsible for Infrastructure Services.

SCCO Organization Structure



The SCCO is comprised of three units with the following key functions:

Strategic Coordination Unit – responsible for engaging with internal and external stakeholders to align longer-term projects and to:

- Coordinate the longer-term capital projects of cluster areas (areas within the City where there is significant growth and complexity)
- Bring public and private stakeholders to the table in advance of the existing five-year capital delivery coordination process to develop a cluster capital plan to be integrated with the annual capital coordination process
- Provide long-term support and tracking of the cluster capital plan for timely resolution of emerging scheduling conflicts

Capital Delivery Coordination Unit – continue with existing functions to develop a coordinated annual capital program, and enhance processes to better manage last-minute disruptions to the coordinated annual capital program. This unit will:

- Provide continued collaboration with internal and external stakeholders in the five-year capital program coordination process
- Integrate existing process with the cluster capital plan
- Establish a senior leadership-level table with representatives from City divisions, agencies and external partners including utilities and developers to resolve conflicts
- Adopt improvements and new processes to enhance capital delivery coordination and to manage last-minute disruptions to capital plans.

Capital Process Improvement Implementation Unit – a temporary unit to:

- Design and implement process improvement tools
- Enhance and expand the current coordination process

- Lead the implementation of process change through the development of training tools, process documentation, and the implementation of change management strategies

An Executive Steering Committee, comprised of senior leadership members from stakeholder divisions and the TTC, has been established to support the continued implementation of the SCCO. This committee will be expanded to include senior level representatives from external stakeholders (developers, utilities, etc.) for the timely escalation and resolution of issues brought forward by SCCO. Senior level outreach meetings with a number of external stakeholders (i.e., Utilities and Metrolinx) have been held to introduce SCCO and further engagement is in progress. To date, the general feedback has been supportive.

To provide adequate staffing for the above functions, this report requests approval for eight (8) new temporary staff in 2024 to develop and implement short-term improvements; and seven (7) new additional staff through the 2025 Budget Process to further advance the coordination and process improvement work.

SCCO Next Steps

The following table identifies the next steps staff will be taking to advance the strategic capital coordination and process improvement work within the SCCO. The progress of these key tasks will be monitored and refined as work progresses. These improvements will provide a more complete, integrated and robust capital coordination process leading to improved schedule reliability and ultimately reduced neighbourhood impact.

Task	Target Dates
Complete Initial Stakeholder Outreach	Q3 2024
Recruitment of temporary staff for program kickoff	Q3 2024
Build processes and operationalize strategic coordination pilot for two clusters	Q4 2024
Incremental rollout of performance measures for tracking and future reporting	Q3 2024 to Q1 2025
Capital Delivery Process “Quick Win” Improvements, including: <ul style="list-style-type: none"> • A more collaborative program development process • Deployment of enhanced change management tracking 	Q1 2025
Councillor Engagement and Information Strategy	Q1 2025
Assessment for improvements to technology/systems functionality	Q3 2025

Task	Target Dates
Ongoing Updates of Capital Planning and Coordination Process	Q4 2025
Anticipated technology and systems enhancement	2025 to 2027

Benefits for Public and Partners

The improvements to the City's capital coordination process will achieve benefits, however it will take time to realize all of the benefits. As these improvements are implemented to better coordinate future capital projects and as projects move towards construction, their results will become more evident. Some of the benefits of the new approach to the City's capital coordination process will include the following:

- Reduced negative impacts of construction (e.g., less delay, inconvenience, and congestion, etc.) for the community
- Improved reliability of construction schedules
- Enhanced communications to better support City Councillors
- Enhanced communications to the public as to what they can expect
- Improved collaboration between internal and external stakeholders
- Combined projects to avoid reconstruction (i.e., bundling of projects)
- Improved public trust and goodwill

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