

Chairs Committee Meeting – November 16, 2017
Item 5 – 2018/2019 Human Resources Budget
Lisa Taylor, Chief Financial Officer

Agenda Item	Item 5, Chairs Committee, November 16, 2017
Purpose	For Chairs Committee Approval and Recommendation for Approval (as part of the 2018/19 Corporate Plan) to: <ul style="list-style-type: none"> the Finance, Audit & Risk Management (FARM) Committee (Nov 30, 2017); and the Board of Directors (Dec 7, 2017).
Key Message	The 2018/19 HR Budget outlines Waterfront Toronto’s staff requirements for fiscal 2018/19 and compares these against the 2017/18 HR budgets (original – December 12, 2016 and revised – September 14, 2017). These HR requirements are corporate wide and take into account the additional resources required to deliver on our 2018/19 strategic objectives relative to Port Lands Flood Protection and Quayside, as well as our existing priority projects.
Areas of note/ Key issues	The total HR Budget for 2018/19 is \$15.2 million. This is \$5.6 million (58%) more than last year and is explained as follows: <ul style="list-style-type: none"> We scaled back our team this time last year by 4% pending greater certainty about when and how our two largest projects – Port Lands and Quayside – would proceed. With both these major initiatives moving forward, we need to add essential project staff in areas such as project delivery, procurement, accountability and public engagement. This has increased our total headcount from 63.5 positions to 99, a growth of 35.5 positions. Of these: <ul style="list-style-type: none"> 16 positions were already approved as part of the 2017/18 Corporate Plan Amendment (Sept, 2017); and 19.5 more are proposed in the 2018/19 HR budget. Half of the total new hires (17.5) are contract positions. Almost a third of all new hires relate directly to Port Lands (11) and are fully funded. The majority of new hires (25.5) are at the Director and Manager levels (72%).
Expected Outcome	The Chairs Committee will review and recommend approval (as part of the 2018/19 Corporate Plan) to: <ul style="list-style-type: none"> the FARM Committee (Nov 30, 2017); and the Board of Directors (Dec 7, 2017).
Key Takeaways/ Next Steps	The approved HR Budget will: <ol style="list-style-type: none"> Be incorporated into the 2018/19 Corporate Plan which will be presented for approval by the FARM Committee on Nov 30, 2017 and the Board of Directors on Dec 7, 2017; and will be Operationalized in the 2018/19 Recruitment and Hiring Plan.

Please see 2018/2019 Human Resources Budget attached.

2018/19 HUMAN RESOURCES BUDGET

The Human Resources (HR) budget is a significant part of the 2018/19 Corporate Plan to be approved by the Board of Directors on December 7, 2017. The HR budget establishes the corporate wide HR resources that will be required to deliver on our 2018/19 strategic objectives relative to Port Lands Flood Protection and Quayside, as well as our existing priority projects. The HR budget comprises approximately 80% of our overall Corporate Operating Budget. Other elements of the Corporate Operating Budget include office, occupancy, information technology, strategic initiatives, public engagement and amortization.

Process and Validation

The process by which the required 2018/19 HR resources were arrived at included multiple corporate-wide discussions at the senior team level and at the executive team level of requirements analyzed by strategic project area. This ensured the effort was not a siloed one and premised on the experience of the team understanding what is required. The inter-departmental process also ensured we removed duplication of resources, seized opportunities to streamline and re-assign staff, and ultimately to prioritize which resources were required when.

In terms of validation of the process, we believe the budget to be reasonable and responsible. The flood protection process has received (and continues to receive) third party peer review that has included discussions of construction requirements and by extension, staff requirements. Further, with Ellis Don on board as the Construction Manager, we have a strong understanding of what Ellis Don will deliver and therefore, what Waterfront Toronto needs to be staffed to deliver. The outstanding 1.0 projects are known in terms of deliverables allowing us to be confident in the staff resources required. Quayside will evolve over the course of the next year particularly as the one-year work plan is created. This is why the majority of the Quayside resources are contingent upon the workplan being approved and funded.

The following tables provide breakdowns of Waterfront Toronto’s proposed 2018/19 HR budget and headcount compared to the 2017/18 Original and Amended HR Budgets previously approved by the Board.

	2017/18		2018/19	Variance	
	Original (Board approved Dec 12/16)	Amended (Board approved Sep 14/17)	Proposed (Chairs Committee Nov 16/17)	\$ Increase from 2017/18 Original	% Increase from 2017/18 Original
<i>\$ millions</i>					
Salaries and Benefits	\$ 9.2	\$ 10.6	\$ 14.7	\$ 5.5	59%
Directors Fees	0.2	0.2	0.2	-	-
HR Management & Staff Development	0.2	0.5	0.3	0.1	50%
Total Human Resources Budget	\$ 9.6	\$ 11.2	\$ 15.2	\$ 5.6	58%

	2017/18		2018/19	Variance	
	Original (Board approved Dec 12/16)	Amended (Board approved Sep 14/17)	Proposed (Chairs Committee Nov 16/17)	Increase from 2017/18 Original	Increase from 2017/18 Amended
<i>Headcount - By Position Level</i>					
Executive Staff (VP & up)	9.0	11.0	12.0	3.0	1.0
Directors	8.0	14.0	18.0	10.0	4.0
Professional Staff (includes Project Managers)	38.5	44.5	54.0	15.5	9.5
Support Staff (Admins & Coordinators)	8.0	10.0	15.0	7.0	5.0
Total Headcount	63.5	79.5	99.0	35.5	19.5

The total proposed HR Budget for 2018/19 is **\$15.2 million**. This is \$5.6 million (58%) more than last year and is explained throughout the following sections.

We scaled back our team this time last year to a total headcount (including contract positions) of 63.5 pending greater certainty about when and how our two largest projects – Port Lands and Quayside – would proceed. With both these major initiatives now moving forward, we’re proposing to add essential project staff in areas such as project management, procurement, accountability and public engagement. This has increased our total headcount to 99, a growth of 35.5 positions, 16 of which are currently being operationalized in 2017/18 as part of the approved 2017/18 Corporate Plan Amendment, and 19.5 of which are proposed to be operationalized in 2018/19.

Of the 35.5 positions, three (8%) are at executive (VP) level and are in the areas of Project Delivery (Port Lands), Operations & Administration, and Communications. The remaining 32.5 positions are split between Director and Manager level (72%) and Support level (20%).

Key Assumptions

The following key assumptions were made in developing this HR budget:

1. To the degree possible, contract positions have been assumed for approximately half (17.5) of the new roles, particularly for Quayside, Strategic Initiatives and some Core Support Function roles. This allows the Corporation some flexibility with respect to managing its proposed HR budget. The total portion of the budget comprising contract positions – new and existing - is \$2.1 million (14%).
2. The Corporation is currently implementing a new Enterprise Resource Planning (ERP) system which is expected to result in significant streamlining, automations and efficiencies. This may also result in opportunities for us our to refocus our HR resources in future years.
3. A significant portion (11) of the total new hires (31%) relate directly to the Port Lands project. The cost of these new hires is fully funded by the Port Lands project budget of \$1.25 billion.
4. Currently a workplan is being developed for the Quayside project between Waterfront Toronto and Sidewalk Labs, which will be reviewed by the Board through the Quayside Committee. This will provide agreement on the portion of Quayside resources to be funded by Sidewalk Labs. As a result, the majority of all Quayside new positions are contingent on this workplan being approved and funded. The total portion of the budget comprising new Quayside contract positions is approximately \$0.8 million.
5. The 2018/19 HR Budget includes a provision of \$0.5 million for anticipated one-time salary increases as a result of the market based salary benchmarking exercise currently underway. The last time such a study was conducted was almost ten years ago and this initiative will help to ensure we are able to retain the core team required to deliver on our strategic objectives, as well as overall gender and peer pay equity.
6. The primary workload drivers inherent in this budget have been outlined on the following pages by strategic project cluster.

Resource Requirements by Strategic Project Cluster

The following table provides a summary of new positions by strategic project cluster:

Project Clusters:	New Positions*		
	Permanent	Contract	Total
Port Lands Flood Protection	10.0	1.0	11.0
Core Support Functions (Finance, accounting, IT, HR, Operations, Program Management Office, Corporate Procurement, Legal, Office of CEO)	4.0	5.5	9.5
Quayside	1.0	6.5	7.5
Strategic Initiatives (Partnerships, Government Relations, Communications and Public Engagement, Innovation, Sustainability and Prosperity)	2.0	3.0	5.0
Complete Communities	1.0	0.5	1.5
Public Spaces	-	1.0	1.0
Waterfront Transit	-	-	-
Total Headcount Increase	18.0	17.5	35.5

*These include the 16 new positions approved in the 2017/18 Corporate Plan Amendment and the 19.5 new positions proposed for 2018/19 (total 35.5).

Port Lands Flood Protection

The 11 new positions anticipated for the Port Lands Flood Protection project are comprised of a VP – Project Delivery – who will lead the overall project delivery, two Project Directors, and eight professional and support roles in the areas of design, project management, procurement, accounting, and coordination.

The project management of the Port Lands project will be supplemented by a third party, outsourced program manager role. The anticipated cost of this is not part of this HR Budget (part of the project budget). Reporting into the relevant Waterfront Toronto Project Directors, it is anticipated that the outsourced program manager will be responsible for day-to-day project management of Earthworks, Bridges, and Roads and Services. Waterfront Toronto internal resources will be responsible for senior leadership of the overall project, as well as the day-to-day project management of Soil & Groundwater Management, Marine Works, and the River and Parks.

The key workload drivers for this project include:

- The magnitude of the capital budget - \$249 million for 2018/19, and \$1.25 billion over seven years;

- Twenty one distinct project elements to be managed under three core work streams – Civil & Earthworks, Structures & Marine Works, and Parks & Public Realm. All have significant impacts on volumes of procurements, contracts, invoicing, project controls, public engagement; communications, and stakeholder consultation; and
- Increased accountability and reporting requirements to the three orders of government.

Core Support Functions

The 9.5 new positions anticipated for Core Support Functions include a new VP executive position for Operations and Administration, as well as two new positions (Director and Coordinator) to establish the Program Management Office (PMO). The remaining 6.5 positions comprise additional resources required in human resources, accounting, the Office of the CEO (Director level), procurement and design review panel.

The key workload drivers for this strategic cluster include:

- The opportunity to streamline operations and administration functions leveraging the current integration initiatives underway currently through the streamlining of business processes, the implementation of a new ERP system and the formalization of a program management function; and
- The smooth running and base of core support required as a result of the significant increase in the volume of project work associated with Port Lands and Quayside.

Quayside

The 7.5 new positions anticipated for Quayside are primarily contract positions and are focused in the areas of infrastructure/finance (Director level), project management, planning, urban design and communications/ public engagement. These positions will also be supplemented by outside technical advisors and/or partnerships in areas of data privacy policy and energy systems, as required.

The key workload drivers for this project include primarily the requirement for a multi-disciplinary team focused in areas of infrastructure finance, sustainability, public engagement and urban design to collaborate with key stakeholders and partners to develop the Master Innovation and Development Plan.

Strategic Initiatives

The 5 new positions anticipated for Strategic Initiatives include a VP Communications, two community engagement staff, a partnerships coordinator and an administrative assistant. The intent is to also bring on public relations and government relations outsourced expertise to supplement our internal resources. This cost is part of the broader Corporate Operating Budget in the 2018/19 Corporate Plan.

The key workload drivers for this area include:

- Implementation of an integrated communications strategy including the new corporate narrative;
- Prototyping and testing of new engagement methods – both in-person and digital;
- Continuing our thought leadership strategy; and
- Ensuring communications robustness with regards to the key projects underway and the Waterfront Toronto brand.

Complete Communities and Public Spaces

The 2.5 new positions anticipated under Complete Communities and Public Spaces are at the Director and Manager levels.

The key workload drivers for these areas include:

- Completion of all Waterfront Toronto Phase 1.0 projects including our fifteen development projects underway in Bayside, Dockside, Parkside and West Don Lands, public spaces projects including public art activation, as well as important new infrastructure projects such as the Queens Quay East and Parliament St intersection realignment.
- Existing staff have been fully or partly reassigned to Port Lands and Quayside, resulting in a need to backfill some positions.