



Notice of Motion Engagement Session Consolidation

Infrastructure & Information Services

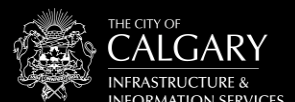
Prepared By:

Corporate Project and Asset Management

March 10, 2015

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Purpose

On February 10, 2015 a Notice of Motion came from Councillor Keating in regards to Project Management on Projects.

Three facilitated sessions were hosted with several interest groups in order to gather information to assist with the response to the notice of motion. The objective as requested by Steve Wyton:

1. Take note of potential opportunities to further improve the practice of project management within the City (including the key result that all capital projects be “On time On Budget” to undertake a cursory analysis to weigh these opportunities (cost and benefit) and to present them to Council for Consideration.

Methodology

These facilitation sessions were broken up in the following manner:

1. Steering Committee of the CPMF
2. Director Group
3. Managers including Steering Committee members that were not present at the first session

A copy of the Notice of Motion was distributed to the participants and they were asked to respond to elements of the document.

- a. Exploration of opportunities to better leverage 3rd party project management consultants,
- b. The application of innovative quality and project management approaches, including value management and stage gating,
- c. The identification of ways to better capture capital construction project savings and increase project efficiency,
- d. Analysis on how The City could better demonstrate economic benefit and the multipliers of all construction projects,

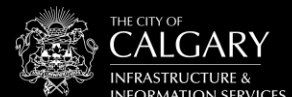
Discussions and leading questions that were pursued:

- Do we do these things now? Are we doing it well? What can we do better?
- How can we do more?
- What are the risks and blind spots regarding this? What do we want council to know

In order to understand the root cause of projects being challenged with being on time and on budget participants gave us some feedback and some support requirements that they would need from the Corporate Project Management Centre.

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Notice of Motion Resolve Statement	Reoccurring Themes
a.) Exploration of opportunities to better leverage 3rd party project management consultants,	The City of Calgary is currently using 3rd Party Project Management Consultants now in the organization. There are several open Requests for Standing Offers (RFSOs) Departments. The City already utilizes external consultants in a few different ways: • As part of the Project Team as advisors to the projects • To bring tacit knowledge from industry to help to mentor City Employees • Departments would like to see a correlation to the level of risk a project has, to the level of 3rd party use requirements • The City can leverage 3rd party expertise to do 'pure' PM Work • Presently we do use 3rd party expertise in areas such as design and advisors • Some work could be done on the timing of RFPs and the bidding process to allow better opportunities for 3rd parties (over saturated during the construction season) • There are several different types of Project Management Roles that can be identified at the City: Pure PM, Subject Matter Expert PMs, Owner Rep PMs. External consultants are used to augment city forces in all of these capacities. Some risks identified that department representatives identified, including: • The City of Calgary is a lifetime asset owners and internal City project managers are aware of those requirements. Typically external consultants will put more emphasis on building quickly and cost efficiently. Therefore there is a constant tension between the ways external consultants design and construct and the desired sustainability outcomes by the City. • External contractors are not held accountable for following City project management standards, resulting in project execution that do not necessarily meet project quality assurance requirements

	(specifically how the consultant develops project scope, undertakes estimating and contingency and manages project change). • Administration has had experience where external contractors did not do an adequate level of engagement of stakeholders, resulting in projects that do not meet the needs of all involved.
b.) The application of innovative quality and project management approaches, including value management and stage gating	The following work is already underway as part of the Corporate Project Management Framework Program: • A scope statement has recently been approved by the CPMF Steering Committee for Value Management • A scope statement has been recently approved by the CPMF Steering Committee for the Project Management Maturity Model. Directors are currently being engaged to determine what this work will entail • There is an opportunity to demonstrate value by tying it back to RBA methodology so the messaging can be consistent • The City's project management standards only apply to what are called "Level 3" projects, which are most typically projects that are high risk, expansive in scope or high project cost. Accordingly, capital projects that are low risk, small in scope or low cost do not necessarily need to comply with these standards unless the General Manager or project sponsor declares so.
c.) The identification of ways to better capture capital construction project savings and increase project efficiency	The following capital construction practices are already being investigated: • Dashboarding and project status reporting • CoC procurement process streamlining • Bids that include value added services • Improvements to Estimation and Contingency Standard to also include project scope and schedule. The following challenges have been identified:

	• it is not possible for a product, service or project to be delivered “cheap, fast and high quality”. The focus group identified that there may be a desire for certain stakeholders to deliver a project as quickly and as low cost as possible, but on the other hand there are stakeholders that desire assets that are of long term quality: that are sustainable, incur minimal lifecycle costs and are resilient to disaster. As such, the expectations of key stakeholders should be managed as per the adages: “quality takes time” and “time is money”. An agreed project plan, including scope, schedule and budget is critical to the delivery of a successful project and managing stakeholder expectations. • It is also important to understand that the time, scope and budgets presented to stakeholders are only estimates up to the point where the project contract has been signed by a contractor and The City. Project managers are often asked to develop project budgets and schedules to support preliminary engagement with stakeholders, but the further ahead that estimate is from the actual project start date, the less accurate the project estimate is. Industry practice is to provide “range estimates” for project budget and schedules to mitigate this risk, but our finance and project processes do not allow for reporting ranges. As a result, these budget and schedule estimates tend to become fixed prematurely (before significant due diligence is carried out). This enables a culture of communicating these estimates as final project commitments. • Stakeholders identified examples of projects that did not achieve a goal of “on time, on budget” and thus seemed to cast a negative shadow on all City of Calgary projects. It was identified that these specific examples provided were not, in fact, City of Calgary capital projects. Thus, it is important to recognize that The City’s project management standards do not apply to private companies, utility firms (telecom or gas utility
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	companies for instance) or developers.
d.) Analysis on how the The City could better demonstrate economic benefit and the multipliers of all construction projects	The following challenges have been identified: The capital planning process (including project prioritization, economic benefit and multipliers) happens prior to project delivery. Administration is exploring the improvements and the development of processes that better connect the capital planning process (portfolio management) with program and project management. The following challenges have been identified: PMO's will consider exploring the development typical delivery timeline for specific types of capital project in order to better inform stakeholders on project expectations. The opportunity exists to benchmark and investigate where other municipalities lie on the project delivery scale. Administration acknowledges the impact to project delivery schedules on the following processes: • Development Process • Supply Process • Law and risk management • Engage! The Corporate Project Management Framework will support savings effort /project risk management and takes time to undertake.
e.) Options to reduce capital construction project delivery timelines	