

## Amendments to the Business Case and Project Management Policy from the OLRT Public Inquiry recommendations

This document details the updates to the Business Case and Project Management Policy and Project Management Framework and supporting documents undertaken to address the recommendations from the Ottawa Light Rail Transit (OLRT) Public Inquiry Report.

Fifteen of the 103 recommendations from the OLRT Report spoke to the Policy and Framework. The following response was provided to all 15 recommendations and was included in the [Action Plan report](#) that was brought to the Light Rail Sub-Committee and approved on April 28, 2023:

*The Finance and Corporate Services Department is reviewing the impact of this recommendation on the Business Case and Project Management Policy and the Enterprise Risk Management Policy. Where changes are required, staff will update the language of these policies and link to department-specific procedures for project execution. This review is part of a review of the Business Case and Project Management Policy that is already underway, which is expected to be concluded by Q4, 2023. Any policy or procedure changes will be communicated to City staff.*

Terms:

- The Policy – refers to the Business Case and Project Management Policy
- The Framework – refers to the Project Management Framework

| OLRT Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                    | Actions taken                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>OLRT #1<br/>Public entities, and their representatives, should take care to ensure that the priorities they set for complex infrastructure projects are appropriately applied throughout the planning and implementation stages of the project.</p>                                                                                                                                                                                                 | <p>Managing priorities is critical for all projects for them to achieve their goals. The City has incorporated this duty into a new section of the Framework called “Duties of the Project Manager”. The Policy requires all staff acting as a project manager to follow and understand these duties. It has also been incorporated as a reminder to project managers as they develop the Project Charter, the Project Management Plan, the Stakeholder Register and as part of the Change Request process.</p>                                                           |
| <p>OLRT #2<br/>Public entities should consider ways they can identify and address the root causes of cognitive biases. Optimism bias in project planning, for example, leads people to underestimate project costs and risks. Public entities should consider using established approaches such as reference class forecasting, which uses data about prior projects and their outcomes to account for unconscious biases and unanticipated risks.</p> | <p>The City has incorporated acknowledgement of these biases in the Framework under “Duties of a Project Manager.”<br/>They have also been incorporated into the Business Case Guidelines, as that is where most projects start, and where biases can creep into the process.</p> <p>Additionally, IWSD is developing and implementing training that addresses optimism and uniqueness bias. Appropriate language will be incorporated into IWSD business practices and processes. IWSD is also reviewing estimating practices and will implement required revisions.</p> |

| <b>OLRT Recommendation</b>                                                                                                                                                                                                                                                                                                                                                             | <b>Actions taken</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p><b>OLRT #3</b><br/>Public entities should also strive to avoid “uniqueness bias” – the belief that the project being planned is unique and not comparable to others. Instead, public entities should identify similarities to established projects and learn from the outcomes of those projects.</p>                                                                               | <p>The City has incorporated acknowledgement of these biases in the Framework under “Duties of a Project Manager.”<br/>They have also been incorporated into the Business Case Guidelines, as that is where most projects start, and where biases can creep into the process.</p> <p>Additionally, IWSD is developing and implementing training that addresses optimism and uniqueness bias. Appropriate language will be incorporated into IWSD business practices and processes. IWSD is also reviewing estimating practices and will implement required revisions.</p> |
| <p><b>OLRT #4</b><br/>Public entities should avoid, wherever possible, introducing complexity into the major components of the project. For example, if there are to be several stations on a rail line or similar project, keep the differences between the stations to a minimum.</p>                                                                                                | <p>Avoiding unnecessary complexity requires the project manager to thoroughly review what is being designed. The City has incorporated this concept in the Framework under “Duties of a Project Manager”. It has also been incorporated into the Business Case Guidelines, as that is where most projects start, and where unnecessary complexity can creep into the process.</p>                                                                                                                                                                                         |
| <p><b>OLRT #5</b><br/>Public entities should ensure, from the project outset, that they have access to the expertise that will be required throughout the project, in order to effectively engage in and oversee the project’s development from planning through to public launch.</p>                                                                                                 | <p>The project manager should determine if more expertise is required on the project. The City has incorporated this concept in the Framework under “Duties of a Project Manager”.<br/>It has also been incorporated into the Project Charter to ensure the right resources are identified and available for life of the project.</p>                                                                                                                                                                                                                                     |
| <p><b>OLRT #6</b><br/>A detailed Concept of Operations should be prepared before the preliminary design of the project, and where the operation of the system is not being contracted out, ideally before the project agreement is finalized.</p>                                                                                                                                      | <p>Planning for the ongoing operation of a project’s outcome is a very important aspect of project management. The City has incorporated this concept in the Framework under “Duties of a Project Manager”. It has also been incorporated into the Business Case Guidelines, as that is where most projects start, and where a detailed Concept of Operations should be considered before starting the project.</p>                                                                                                                                                       |
| <p><b>OLRT #8</b><br/>Public entities should clearly communicate (to elected officials, the public, and other stakeholders, as appropriate) any restrictions, caveats, or limitations applicable to cost estimates developed during the planning of complex infrastructure projects. They should also clearly communicate that such estimates are subject to change as the project</p> | <p>Project managers should avoid setting a budget too early and if it must be communicated, (to any stakeholders as appropriate) clearly indicate any restrictions, caveats, or limitations applicable to cost estimates developed during the planning of the projects. Clearly communicate that such estimates are subject to change as the project planning progresses. The City has incorporated this concept in the Framework under “Duties of a Project Manager”. It has also been incorporated into the Cost Estimate Template that project managers use.</p>       |

| OLRT Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Actions taken                                                                                                                                                                                                                                                                                                                                                                       |
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| <p>planning progresses. Particularly when communicating with the public, public entity representatives should not commit to an estimate as if it were a set budget for a project. The public should be accurately informed about the status of the estimate and, where the estimate is subject to change, that fact should be clearly communicated.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>OLRT #9</b><br/>Public entities should avoid setting budgets too early, and remain flexible as project cost estimates evolve during the planning for such projects.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Budget development and flexibility are concepts that have been incorporated into the Framework under “Duties of a Project Manager”. It has also been incorporated into the Cost Estimate Template that project managers can use.</p>                                                                                                                                             |
| <p><b>OLRT #13 A-G</b><br/>When selecting a delivery model for a complex infrastructure project, the public entity should use objective criteria appropriate to the project’s circumstances to evaluate the available delivery models, including:</p> <ul style="list-style-type: none"> <li>a. The model’s comparative value from the perspective of quality, cost, and schedule as compared with other approaches;</li> <li>b. Whether the model properly aligns the interests of the parties involved, and whether the project risks will be managed by the parties best positioned to handle them.</li> </ul> <p>Consideration should be given to whether the transfer of specific risks, in whole or in part, is likely to encourage or undermine collaborative behaviour between the parties working on the project;</p> <ul style="list-style-type: none"> <li>c. The incentives and tools that each model offers to enforce contractual obligations;</li> <li>d. The measures each model has in place to ensure public transparency, accountability, and oversight of major infrastructure projects;</li> <li>e. The degree of control the government authority should retain, given the project’s circumstances and the public authority’s experience;</li> <li>f. The degree of flexibility each model offers to the public entity to alter the</li> </ul> | <p>Project delivery needs to be considered as part of the Business Case as it directly impacts the budget. Options analysis of the models is to be documented in the business case.</p> <p>Project and procurement models have been incorporated into the Business Case Guidelines and evaluation along with the evaluation criteria indicated in the OLRT recommendation (a-g)</p> |

| OLRT Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Actions taken                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>infrastructure over the project's life without facing major contract change fees; and</p> <p>g. The manner and extent to which each model prioritizes the public interest.</p>                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>OLRT #14</p> <p>The public entity should ensure that the evaluation criteria used accurately reflect all the priorities set for the project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Along with identifying the priorities, is evaluating if those priorities have been met. This has been incorporated in the Framework under "Duties of a Project Manager". Evaluating if the project has met its objectives is a part of the Project Charter development and project close-out processes.</p>                                                                                                                                                                                                                                            |
| <p>OLRT #15</p> <p>The public entity should ensure that the potential benefits and drawbacks associated with each delivery model are identified and considered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Project delivery needs to be considered as part of the Business Case as it directly impacts the budget. Options analysis of the models is to be documented in the business case.</p> <p>Project and procurement models have been incorporated into the Business Case Guidelines and evaluation along with the evaluation criteria indicated in the OLRT recommendation (a-g)</p>                                                                                                                                                                       |
| <p>OLRT #16</p> <p>In considering a delivery model that requires the private sector to provide project financing, care must be taken to ensure that the rights accorded to private creditors do not create additional risks for the project. For example, where changes to the project require creditor consent, limits should be placed on the additional equity they can demand as a condition to their consent.</p>                                                                                                                                                                                     | <p>Project delivery needs to be considered as part of the Business Case as it directly impacts the budget. Options analysis of the models is to be documented in the business case.</p> <p>Project and procurement models have been incorporated into the Business Case Guidelines and evaluation along with the evaluation criteria indicated in the OLRT recommendation (a-g)</p>                                                                                                                                                                       |
| <p>OLRT #17</p> <p>Introducing new or untested project elements (including technology and workforce) increases project risk. Where possible, public entities should give preference to using service-proven designs, components, labour markets, and supply chains. This is particularly so for key project components, components that present the most inherent risk, and components that cannot be quickly and cost-efficiently replaced in the event of a problem. For example, LRVs should be built in dedicated manufacturing facilities, and ideally in a pre-existing LRV production facility.</p> | <p>Risk management is a key activity in project management. Any new or untested project elements can increase the risks the project will face. This risk, and the potential to reduce it has been incorporated into the Business Case Guidelines, as that is where most projects start, and where new and/or untested elements would appear. If new, or untested elements are approved to be in the project, it has also been incorporated into the Project Management Plan development process as that is where details around risks are identified.</p> |

| <b>OLRT Recommendation</b>                                                                                                                                                                                                                                                                                             | <b>Actions taken</b>                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>OLRT #21</p> <p>The public-sector entity should consider retaining (or empowering) an independent advisor with expertise in the type of project to be constructed to ensure that any draft project agreement used as a starting point for negotiations reflects best practices and does not include scope gaps.</p> | <p>The concept of an Independent Review is not new to the organization, however, was never regularly considered across the organization. It has been added as an option to both the Policy and the Framework. Detailed criteria for when to use an independent review have also been developed and are in a new support document for staff to reference. It has also been added to the Business Case Guidelines.</p> |
| <p>OLRT #47</p> <p>All stakeholders, including suppliers, operators, and maintainers, should be involved as early as is practicable in the project (including, where possible, procurement) with a view to aligning the parties' incentives to collaborate and to avoid conflicts in stakeholder objectives.</p>       | <p>Stakeholder management is a Fundamental Element of project management. Avoiding conflict and clarifying objectives is a key part of Stakeholder management. "Objectives" has been added to the description in Section 6 of the Framework.</p>                                                                                                                                                                     |