Subject: Amendments to the Corporate Business Case and Project Management Policy and Framework

File Number: ACS2023-CMR-OCM-0009

Report to Finance and Corporate Services Committee on 7 November 2023

and Council 22 November 2023

Submitted on October 27, 2023 by Cyril Rogers, Interim General Manager and Chief Financial Officer Finance and Corporate Services Department

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Ward: Citywide

Objet :   Modifications de la Politique sur les analyses de rentabilité et la gestion de projets et du Cadre de gestion de projets

Numéro de dossier : ACS2023-CMR-OCM-0009

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 7 novembre 2023

et au Conseil le 22 novembre 2023

Soumis le 27 octobre 2023 par Cyril Rogers, Directeur général et chef des finances par intérim, Direction générale des finances et des services organisationnels

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Finance and Corporate Services Committee recommend that Council approve the amendments to the Corporate Business Case and Project Management Policy and the Project Management Framework, along with the new Criteria for Independent Reviews.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil d'approuver les modifications apportées à la Politique sur les analyses de rentabilité et la gestion de projets et au Cadre de gestion de projets, ainsi que les nouveaux critères relatifs aux examens indépendants.

BACKGROUND

At its meeting on December 14, 2022, City Council approved Motion ([2022 - 04/19](#)):

WHEREAS the City of Ottawa currently manages a significant number of projects, including several over $100 million, including the Ottawa Public Library and Library and Archives Canada Joint Facility, Ādisōke, the Lansdowne Park Revitalization, the Stage 2 Light Rail Transit project; and

WHEREAS the recently released Final Report of the OLRT Public Inquiry Commissioner outlined numerous issues with project management, including those related to costing, scope, procurement, stakeholder, issue and risk management; and

WHEREAS the City's report presented to the Finance and Economic Development Committee (FEDCO) on November 9, 2022, titled, "Update on the Ottawa Light Rail Transit Public Inquiry and Recommended Next Steps", included the following recommendation: *Recommendation 3: Direct the Chief Financial Officer, in consultation with other City departments, to consider the lessons learned and any final recommendations from the OLRT Public Inquiry related to internal project governance and communications for major projects as part of the ongoing review of the City's Business Case and Project Management Policy and Project Management Framework, as described in this report*; and

WHEREAS the City of Ottawa currently has no Enterprise Project Management Office that provides oversight of all project initiatives

THEREFORE BE IT RESOLVED that Staff consider the implementation of tiering and gating as part of its review of the City's Business Case and Project Management Policy and Project Management Framework

BE IT FURTHER RESOLVED that as part of its review of the City's Business Case and

Project Management Policy and Project Management Framework, staff consider examine an option to have an independent enterprise project management office established within the City to ensure oversight and respect for project management practices; and

BE IT FURTHER RESOLVED that Staff consider criteria for when to undertake an independent review during the project; and

BE IT FURTHER RESOLVED that Council direct the Acting Chief Financial Officer to bring the proposed amendments to the Business Case and Project Management Policy and Project Management Framework to the Finance and Economic Development Committee and Council for consideration and approval.

The City's Business Case and Project Management Policy was created in 2014, with the goal of providing direction and guidance to staff involved in project management, while respecting the unique project delivery needs of individual departments. It provides guidance on appropriate systems, processes and controls for managing projects, identifying and managing potential project risks, resource management, and communicating with stakeholders. The Policy ensures a common and consistent application of project management principles and practices and applies to all City projects and related contractual agreements for project work. In 2017, the Policy was updated as part of the Corporate Administrative Policy review cycle, most notably to include more information regarding the use of business cases to both define and justify the reasons for initiating a project. The Policy was due to be updated in 2022 but was put on hold pending the outcome of the Ottawa Light Rail Transit Public Inquiry.

The Policy and Project Management Framework have been updated with information from the following sources:

1. The motion itself;

2. The recommendations from the Update on the Ottawa Light Rail Transit Public Inquiry and Recommended Next Steps Report (ACS2022-CMR-OCM-0001) brought forward to Council on November 9, 2022 referenced in the motion;

3. The recommendations from the Provincial Ottawa Light Rail Transit (OLRT) Public Inquiry Report released on November 30, 2022;

4. Recommendations for improvements resulting from consultation with all departments and their project management stakeholders; and,

5. The City's maturing project management capabilities and the desire to incorporate innovations in project management since the policy's implementation.

Following careful consideration of the recommendations, the Policy and Framework were amended, and a new "Criteria for Independent Reviews" guideline document was created.

DISCUSSION

Council is being asked to approve the enhancements contained in Document 1 - Revised Business Case and Project Management Policy, Document 2 - Revised Project Management Framework and Document 3 – Criteria for Independent Reviews.

The updated Policy and Framework continue to follow the standards set by the Project Management Institute (PMI). The PMI is the world's leading not-for-profit professional membership association for the project management profession. It sets the project management standard through its Project Management Body of Knowledge (PMBOK), which provides terminology, concepts, processes, skills, and techniques. The application of methodologies based on these guidelines increases the likelihood of a project's success. The practice of project management is constantly evolving and the PMBOK along with it. As such, the Policy and Framework are reviewed every 4 years. The Policy details what is required in the Business Case Guidelines, as well as what is in the Framework, along with the minimum mandatory documents required for every project. The discussion below outlines the key enhancements to the Policy and Framework.

Project Tiering

"Tiering" in the context of project management, refers to the development of specific levels, or tiers, that projects can be grouped into based on their attributes (e.g. the budget, scope, size, timeframe, complexity, etc. of the project). The projects assigned within the various defined tiers would require a different level of effort, support, or documentation based on their tier (aside from the minimum project deliverables). Staff have noted that this is more common in organizations with a small number of unique service areas/lines of business.

With over 100 areas of service, the creation of an effective and consistent corporate tiering structure based on a project's attributes would be difficult. The City does, however, already have some tiering considerations embedded at the level of certain departments/service areas, to ensure that larger, more complex projects have more due diligence built in. For example, the Infrastructure and Water Services Department has developed a comprehensive tiering structure for their projects that is specific to infrastructure design and construction.

To that end, the Policy has been updated to allow for departments and service areas to develop their own tiers for projects based on their service delivery requirements. The Policy also states that if a department develops their own tiering structure, not only must it follow the concepts in the Policy and Framework (and meet the minimum documentation standards), it also must be approved by the department's General Manager and be clearly communicated to staff.

Project Gating

The updated Policy and Framework have also introduced the concept of "gating", which speaks to a process where there is a "gate" at the end of a particular phase of a project, at which point certain criteria must be met before the project can proceed to the next phase. This concept is already used by many City service areas, for example, Information Technology Services commonly uses a gating process before proceeding to the next phase of a software delivery lifecycle and Infrastructure Services uses a gating process before proceeding to different steps during infrastructure project delivery. The policy provides direction for the appropriate introduction of project gating, and minimum requirements before advancing phases. As with the concept of "tiering", department- or service area specific gating considerations must be approved by a department's General Manager and clearly communicated to staff.

Independent Project Reviews

Both the motion and the OLRT recommendations discuss the concept of independent reviews. An independent review is a critical assessment of a project. It is an unbiased, independent, and detached evaluation of project health, conducted by qualified and objective individuals.

An independent review can view documents (designs, contracts, etc.) to ensure that best practices are used, look for gaps in scope, as well as provide unbiased assessments of a project's progress in meeting its objectives at any point in the life of the project.

This practice exists in some City departments. For example, Infrastructure Services uses a third-party expert review as part of their project delivery and in 2014, developed a "Guide to Value Engineering and 3rd party review for bridges and Major Structural Projects" that is updated on a regular basis.

The Policy now directs project managers to consider an independent review as a potential support to any project. Including an external independent review requires

planning and budget within the project. Document 3 - Criteria for Independent Project Review details when an independent review should be considered.

Enterprise Project Management Office

In general, an Enterprise Project Management Office (EPMO) (also known as a Corporate Project Management Office, or Portfolio Management Office) operates at the executive level of an organization, independent from any department, with three key functions:

1. Ensuring that projects are aligned with the strategic goals and priorities of the organization,
2. Developing and maintaining corporate project management practices and ensuring they are followed, and;
3. Reporting on project progress to senior management.

There are several functions currently in place in the City's organizational structure that perform key functions of an EPMO, most notably: departmental Business and Technical Support Services teams (BTSS), Infrastructure Services (IS) in the Infrastructure and Water Services Department (IWSD) which manage the City's capital construction projects, Departmental Leadership Teams (DLT), and large-scale dedicated project offices. This approach provides consistent, corporate functions across the organization, while meeting the unique business requirements of each department.

Each BTSS has a Project Management Office (PMO). The responsibilities of the BTSS PMO include coordinating business case development, drafting project charters, developing and managing project workplans, developing change management and communication plans, ensuring the projects align with the City and Department Strategic Plans, coordination and management of project meetings, and benchmarking research and status reporting, and often serve as a centre of project expertise for the department.

In addition, the Finance and Corporate Services Departments (FCSD) BTSS is responsible for ensuring the Policy, Framework, and corporate training are consistent with the City's Framework and align with industry best practices such as the Project Management Institute.

The City's capital construction projects are managed by IS within the IWSD. IS has developed several processes, resources, and tools, which are aligned with the City's Policy and Framework and are tailored specifically for the delivery of infrastructure

projects that are aligned with the strategic priorities of the City. All capital construction projects are managed using the IS Project Management System, which includes a Project Delivery Manual and Project and Quality Management processes. IS also utilizes software that encompasses all critical components of project management, including scope, cost, schedule, and risks to manage projects. The tool incorporates document management, gating and tiering, project complexity, and the typical lifecycle for construction projects. The features of this system have been designed to align with the existing and proposed changes to the corporate policy and framework and enables the team to report on all projects managed by IS in a standardized manner. The project reports are sent via email to members of City Council on a monthly basis.

Departments are also able to create separate offices or units to oversee large transformational projects, such as the Ādisōke central library, so long as the Policy and Framework are followed.

DLTs are the governance team for each department, and are comprised of the General Manager, Service Area Directors and the Manager of the department's BTSS. Major project updates, risks and decisions to be made at the department-level are reviewed with this group, with any risks or issues beyond the scope of the department being escalated to the Senior Leadership Team or the Business Integration Team, comprised of the BTSS Managers in the organization.

The City also considered approaches from other municipalities in Ontario. The volume of projects and range of unique business lines at the municipal level have motivated several municipalities to have project offices embedded within departments. There is also a trend among municipalities to setup separate offices or units, a model sometimes used by the City, for very large infrastructure/transformational projects.

Therefore, staff are proposing to enhance and improve the project oversight and reporting functions of these existing organizational structures currently in place rather than implement an Enterprise Project Management Office.

Additional Updates

15 of the recommendations from the Commissioner's final report of the OLRT Public Inquiry pertained to project management practices. These recommendations were incorporated into relevant areas of the Policy and related tools and templates, including how to identify and address the root causes of cognitive biases, avoid introducing complexity into the major components of the project, and ensure all stakeholders, including suppliers, operators, and maintainers are involved as early as is practicable.

These updates are summarized in Document 4 attached to this report and will also be reported out with the other recommendations from the OLRT report to the Light Rail Sub-Committee and City Council.

In addition to the updates listed above, staff have also incorporated items from departmental requests as well as changes in project management practices since the last time the Policy and Framework were updated. Those additions include:

- Adding Agile as a lifecycle and methodology that project managers can use;
- Adding change/outcome management to the fundamental elements of project management;
- Adding records management to the responsibilities and fundamental elements of project management that incorporates the recommendations from the Update on the Ottawa Light Rail Transit Public Inquiry and Recommended Next Steps Report (ACS2022-CMR-OCM-0001);
- Adding a new "Duty of a Project Manager" section that incorporates several of the OLRT recommendations along with duties outlined by the Project Management Institute (PMI).

Upon approval of the report and supporting documents, staff will update the Policy and Framework on the City's internal website and communicate the changes to staff.

FINANCIAL IMPLICATIONS

There are no financial implications to the approval of this report

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-Wide item

CONSULTATION

Staff from every department were consulted in the preparation of the new policy and framework and support the new policy and framework.

ACCESSIBILITY IMPACTS

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This

report is administrative in nature and has no associated accessibility impacts.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitments the current 2023 - 2026 Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy. The report also promotes the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1: Revised Business Case and Project Management Policy

Document 2: Revised Project Management Framework

Document 3: Criteria for Independent Reviews

Document 4: OLRT Public Inquiry Recommendations Pertaining to Project Management

Supporting Templates and Guides are available upon request.

DISPOSITION

Once approved, staff will update the Business Case and Project Management Policy and Project Management Framework on the City's internal website. Staff will also update the relevant tools, templates, and training. These updates will be communicated to all staff in general corporate communications, as well as to project management practitioners and departmental leadership teams specifically.