



REQUEST FOR DECISION

Report Date: June 29, 2020

Contact: Michael Stamhuis

Agenda Item Number: 9.1

Meeting Date: July 8, 2020

TO: Town Council

FROM: Ryan Roycroft, Director of Infrastructure, Operations and
Development Services / Mike Stamhuis, Special Projects Advisor

SUBJECT: Town Hall Review

RECOMMENDATION:

THAT Council adopt the recommendations in this report.

REPORT SUMMARY

The intent of this report is to present a document produced by Johnathon Huggett reviewing lessons learned as part of the Town Hall review, and recommendations for future projects.

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS

That Council support this report.

REPORT

BACKGROUND/CONTEXT

Attached is an unedited report from Johnathon Huggett, dated June 9, 2020, reviewing key lessons learned during the initial phases of the Strathmore Municipal Building.

Key recommendations from his Report are:

- 1) All projects should be managed by a designated project manager who reports monthly to a steering Committee of senior management / Council members.
- 2) Procurement Management should include in business case assessment of all project procurement options and models with a clear rationale as to the recommended option.
- 3) Significant scope changes should not be the prerogative of the Project Manager. Council and Senior Management must retain full and complete authority over any significant scope changes. This is another reason for project oversight through steering committee.
- 4) Every project should have a risk assessment which should be presented at a high level to Council through the steering committee.
- 5) A steering committee should review the project budget with the PM on a monthly basis and where there are significant challenges should report that to Council.

Administration fully agrees with the core of these recommendations, and, with some modifications they will form the basis of the Capital Projects Delivery Policy, to be discussed on Council's future agenda this summer.

DISCUSSION

Further items have been identified by the new Project Team, including:

- 1) Clear project authority
- 2) Clear project risks assessments
- 3) Authority of changes
- 4) Reporting and cost tracking requirements
- 5) Oversight requirements
- 6) Decision making procedures or authority

Since the project has been assigned to the new Project Team, review and oversight is considerably increased. Updates are presented to the CAO every week, with time set aside for discussion. Council is kept well apprised of all costs, timing and unexpected occurrences, with up to date cost tracking presented to Council every month. All aspects of the project have been scrutinized and will continue to be scrutinized at every step. Administration can now comfortably say that this is a fully managed project, with political oversight, and that any important decisions are being relayed to Council.

It should be noted that currently the Steering Committee, as recommended in the Huggett Report, is now Committee of the Whole of Town Council. This is appropriate in a project of this size and scope and with such a high level of public interest.

Council has also been more fully engaged on next steps with Kinsmen Commons projects and will continue to be engaged prior to any further projects being moved forward.

CONCLUSION

As written above Administration can now comfortably say that this is a fully managed project, with political oversight, and that any important decisions are being relayed to Council. The review of the project has identified many important areas for improvement. In a future Council agenda, staff will be presenting the framework for a Capital Project Delivery Policy intended to deliver on the recommendations made by internal and external reviewers.

SUPPORTING DOCUMENTATION

Strathmore Municipal Building Project – Lessons Learned – 9 May 2020 attached as Appendix A.

REVIEWED & APPROVED BY RYAN ROYCROFT/MICHAEL STAMHUIS

Strathmore Municipal Building

Lessons Learned

9 June 2020

Introduction

The purpose of a lessons learned process is to define the activities required to successfully capture and use lessons learned. The lessons learned process shown in Exhibit 1 includes five steps: identify, document, analyze, store and retrieve.

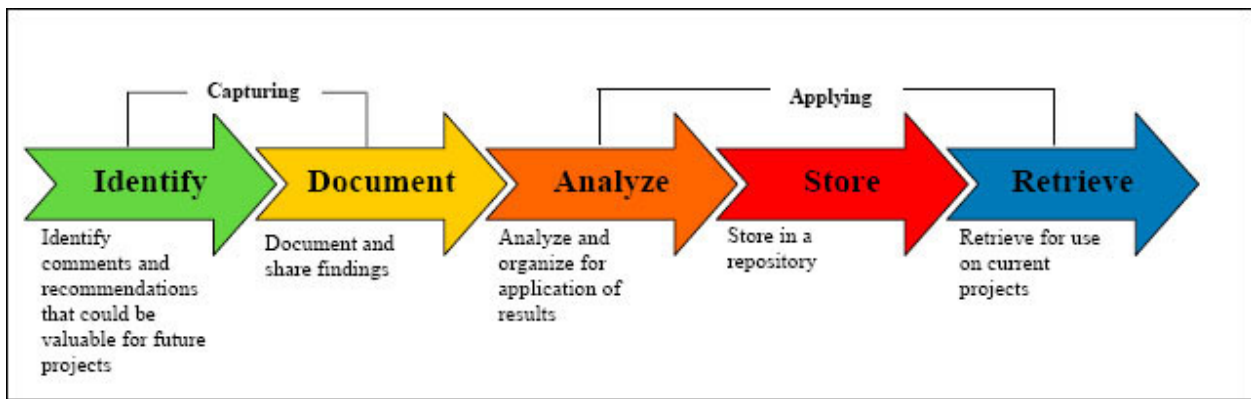


Exhibit 1 – Lessons Learned Process

A Lessons Learned process should always ask the three key questions.

- What went right
- What went wrong
- What needs to be improved

Lessons Learned

1. Governance, the Project Manager and Accountability

Some key character qualities a good project manager should exhibit are as follows:

- **Accountability**—Assuming responsibility for the delivery of the Project.
- **Availability**—Making a schedule and priorities to include all of the required activities.
- **Determination**—showing determination throughout the project. Persisting in investigation until full understanding is achieved.
- **Diligence**—Investing time and energy to fully understand the root causes of project problems.
- **Flexibility**—Being able to change to a culture where communication is key. And being able to make the changes quickly.

- Focus – Paying attention to the relevant information under consideration, prioritizing activities and concentrating on the details.
- Integrity—Adhering to moral and ethical principles. And providing accurate information on project activities.
- Respect—Showing regard or consideration for a person or position.
- Responsibility—Knowing and doing what is expected.
- Self-control—Rejecting wrong desires and doing what is right. Allowing all project team members the opportunity to speak on behalf of the project, even if you do not like what is being said.
- Transparency—Being completely open and honest.
- Truthfulness—Earning future trust by accurately reporting past facts.

Character is the inward motivation to do what is right in every situation. It is important that the project manager exhibit the behaviors that support learning. Successful socialization of project information is dependent upon the project manager's interaction with the project team. Leading the project team in the right direction, and in the right way, is not just desirable – its mandatory.

To ensure the Project Manager exhibits these qualities on a continual basis, the PM needs to report to a Project Steering Committee on a regular (at least monthly) basis. The PM needs to provide regular (weekly) status reports in writing summarizing:

- Progress made during the past month
- Any changes to scope
- Adherence to budget and schedule
- Anticipated Activities during the next month
- Problems to be resolved

2. Procurement Management

Procurement options span a broad spectrum that ranges from delivery methods with very little private sector involvement, to delivery methods with significant private sector involvement. They can also range in terms of their risk transfer from the Town to the contractor: from minimal transfer of risk, to most of the risk being borne by the contractor.

There is considerable evidence to support expected outcomes of one model when compared to another with respect to risk transfer and schedule and budget adherence. In reviewing the potential procurement options, the challenges associated with the particular aspects of the elements of the Project, as well as the general construction market, should be considered, and a number of approaches selected for analysis. Most project delivery options with fall under 4 broad headings:

1. Design Bid Build (DBB) – essentially a low bid tender
2. Design Build (DB) – contractor and architect/engineer on the same team
3. Construction Management

4. Partnering – which may include not only the design and construction but also finance, operations and maintenance.

There should be an analysis of which option is recommended with a clear explanation as to why. The choice of construction management for the SMB project did not appear to have a transparent justification as to why Construction Management was recommended. It is also clear that the project manager did not clearly articulate to senior management of Council the risks and costs of this type of procurement.

3. Scope Management

Scope management is the process of defining what work is required and then making sure all of that work – and only that work – is done. Scope management plan should include the detailed process of scope determination, its management, and its control. Scope management ensures a project's scope is accurately defined and mapped and enables project managers to allocate the proper labor and costs necessary to complete the project.

The scope of the SMB project changed significantly under the direction of the project manager. Neither Senior Management nor Council appear to have been adequately made aware of scope changes that the PM initiated in order to remain within budget. The presence of a steering committee would have prevented that.

A project scope, or project scope statement, is a tool used to describe the major deliverables of a project including the key milestones, high level requirements, assumptions, and constraints. It also defines the boundaries of a given project and clarifies what deliverables are in and out of scope.

4. Risk Management

Every successful project must consider and manage risk. Risk management is defined as the actions, or planned actions, that impact the probability and consequences of a risk event in order to ensure that the level of risk assumed falls within an acceptable limit for the Project Team. The goal of any form of a procurement is to allocate project risks to the party best able to manage them at a reasonable cost to the project. An efficient allocation of risk between the Town and the contractor will ultimately lead to an optimal project price and optimal value for money for taxpayers.

A risk assessment of every project should be established by the PM and presented through the steering committee to Council. The SMB project does not appear to have any formal risk management process. On some projects the risk management can be as simple as a one page statement. On more complex projects a more detailed analysis is required. The recommendation is that every project should have a statement of risk and how these risks are being managed.

5. Budget Control

Frequent budget oversight prevents a project from getting too out of hand. And a project without frequent reforecasting will likely end in disaster. Updating and managing an inherently turbulent budget is a necessity for any project. The project manager must update the project budget on a monthly basis and present it to the steering committee.

It was clear on the SMB project that the PM knew in May 2019 that the project budget was not achievable. At that point the PM had a duty to inform both senior management and Council of that. Had a steering committee been in place, the report to the steering committee would have flagged that as a critical issue.

Recommendations

1. All projects should be managed by a designated project manager who reports monthly to a steering committee of senior management / Council members.
2. Procurement Management should include a business case assessment of all procurement options and models with a clear rationale as to the recommended option.
3. Significant scope changes should not be the prerogative of the Project Manager and Council and Senior Management must retain full and complete authority over any significant scope changes. This is another reason for project oversight through a steering committee.
4. Every project should have a risk assessment which should be presented at a high level to Council through the steering committee.
5. A steering committee should review the project budget with the PM on a monthly basis and where there are significant challenges should report that to Council.