Project Delivery Update

Jerry Dobrovolny, P.Eng, MBA
COMMISSIONER / CHIEF
ADMINISTRATIVE OFFICER

Cheryl Nelms, P.Eng., Ph.D.
GM, PROJECT DELIVERY

Dana Hayden, M.Sc., C.Dir
INDEPENDENT CONSULTANT

Metro Vancouver Board of Directors: October 2, 2020
Greater Vancouver Water District

Greater Vancouver Water District
Timeline

Oct: GVS&DD Board Referred to FIC

Feb: Formation of Project Delivery Department

Apr: update to FIC and Board with KPMG recommendations

May: COVID Update at Task Force

Sep: 2nd update to FIC and Board

Nov: 3rd update to FIC and Board
Best Practice Response: Independent Review

Project Delivery Framework – KPMG Review April, 2020

Leadership
- Vision, Mission & Values
- Organizational Culture
- Capability, Capacity and Competence
- Management of Change
- Communications
- Soft Controls

Governance
- Oversight
  - Decision, Authority & Escalation Protocols
- Organizational Design
- Reporting/Line of Sight
- Performance Management
- Shareholders

Commercial
- Project Structure
- Project Economics
- Contract Strategy
- Supply Chain & Markets
- Risk Management
- Finance & Funding

Stakeholder
- Government & Regulatory
- Indigenous Relations
- Community/Public Engagement
- Internal Stakeholders
- Relationship Management
- Industrial Relations

Technical
- Engineering Management
- Budget & Schedule
- Project Controls
- Technology, Systems & Process
- Regulatory Requirements & Permitting
- Asset Management

Greater Vancouver Water District
Staffing needs identified commensurate with the scale and complexity of the key major projects.

Project leaders hired for key major projects with experience in projects with similar scope/complexity.
• Identified opportunities to improve contracts
• Improving contract enforcement
• Maximizing benefits to the local economy
• Market sounding conducted to ensure competitive and attractive procurements
• Enhanced ability to rely on past experience with contractors when making procurement decisions
Stakeholder

Internal Stakeholder Agreements

- Ongoing change management initiatives with staff
- Proactive internal communications with staff impacted by new department
- Developed agreements to transition projects to Project Delivery Department
Technical

Project Controls & Technology, Systems and Process

Project Controls

• Established consistent approach to COVID claims

Technology, Systems & Process

• Improved and standardized monthly reports to track progress
• Outside expertise (Dana Hayden) engaged to review governance oversight including:
   1. The scalability of project oversight
   2. Authority and accountability at each level of oversight
   3. The potential need for independent oversight
• Review is ongoing – initial recommendations being acted on
Capital Project Governance/Oversight Best Practices

Support management and expenditure decision-making, accountability and transparency by establishing processes to:

- Monitor and control projects
- Set performance measures and track them
- Measure benefits and manage risks
- Ensure a smooth transition to operations
- Translate and incorporate “lessons learned”
Internal Governance

- Effective oversight of projects requires regular standardized reports customized to each level of oversight

### Sample project dashboard

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>This report</th>
<th>Last report</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>cost</td>
<td></td>
<td></td>
<td>No unmanageable cost pressures.</td>
</tr>
<tr>
<td>schedule</td>
<td></td>
<td></td>
<td>The Covid-19 public health emergency is impacting the ability of contractors to retain adequate staff to meet schedule</td>
</tr>
<tr>
<td>safety</td>
<td></td>
<td></td>
<td>Six recordable incidents occurred over the reporting period. Site inspections are ongoing and staff are working with contractors to reinforce safety procedures.</td>
</tr>
<tr>
<td>environment</td>
<td></td>
<td></td>
<td>3 minor environmental incidents occurred during the reporting period. Two were unplanned discharges from the lagoon outfall and 1 was a small (&lt; 1 m³) discharge of gasoline that was cleaned up immediately.</td>
</tr>
</tbody>
</table>
1. Scalability of Project Oversight (Cont.)

- Standardized reports required
- Standard project review milestones
- New additional reports
- Improved reports
2. Authority and Accountability

• MV to establish consistent Project Charters
  - Consistent levels of authority and accountability between projects
  - Clarity about who can decide what
  - Balance the powers of those accountable with the skills and information required to make decisions

• $5M contract approval limit should be increased
  - Avoid project delays and facilitate implementation
  - MV staff to come forward with recommendations
3. The potential need for independent oversight

- Complex/high risk/high value projects may also benefit from independent (non-staff) expertise. e.g.:
  - construction contract negotiation
  - stakeholder engagement
  - project business environment
  - construction financing
  - risk management
  - claims arbitration
  - project controls
  - indigenous participation

- Potential benefits and implementation options being developed - will report back
Staff continue to implement recommendations from KPMG review
• New and improved reports
• Standardized Project Charters to establish authority and accountability to be put in place
• $5M contract approval level to be reviewed
• Independent oversight being assessed
Staff will report back regularly with progress
Discussion