

Section: Administration	Directive # 1340-20(d) Project Design
Subject: Operating and Capital Project Design and Reporting	Revision #

INTENT

To provide Senior Staff with guidance in designing for good Project outcomes and create financial/administrative back-up to the annual Corporate Workplan and Financial Plan.

BACKGROUND

This Directive is about general support to help you design Projects for good outcomes. As depicted in the chart below, design and outcomes are linked in a simple five-step process that represents work activities throughout the annual cycle. **This Directive will explain how to meet all five steps of the Project Design and Reporting process.** The Staff mentor for this Directive is the Senior Advisor, Strategic Initiatives. It is my expectation that you will seek reasonable support from him in the use of this Directive and its relevance to the Corporate Workplan software. I consider these to be essential strategic planning, operating and reporting instruments and the minimum standard of performance for all Senior Staff.



ACTION: Follow the Five Steps of Project Design and Reporting

Introduction

Under the guidance of this Directive, Senior Staff should be able to design a Project using the Corporate Workplan software and, once a Project has been approved, the software will be used to deliver and track the progress of the Project, allow for periodic reporting and be saved as financial and administrative records for back-up and performance related purposes.

Note: An intended activity that will consume more than **35 hours of collective managers' capacity** or more than **\$5,000** should be designed as a Project.

Note: a tangible item or group of like items costing **\$5,000 or more** and intended to have a **lifecycle of greater than one out-year** is likely a **Capital Project** and the Director of Financial Services/Deputy CAO will advise.

1. Set Clear Objectives

"If you don't know where you're going, you might wind-up someplace else."

Yogi Berra



A key part of Project Design – whether operating or capital – is the commitment to a specific objective. Lack of precision will later cause misunderstanding and wasted capacity and funding. **A sound objective has five characteristics:**

- a) It should specify the **constituency of interest** (to whom does the Project apply? All residents, a certain demographic or group, a particular geographical area, etc.);
- b) It should specify the **direction of intended change** (up/down, less/more, new/disposal);
- c) It should specify the **magnitude of expected change** (how much/how far?);
- d) It should specify the **time frame** over which the expected change(s) will occur (Project start and Project completion dates); and
- e) The outcomes must be **measurable** (counted in numbers, dollars, area, survey of satisfaction, number of complaints, change in recipients reached/excluded, etc.).

An example of a well-stated objective:

"The Water Smart Project is intended to reduce community-wide potable water consumption from 1,200.8 ML annually to 960.64 ML annually (a 20% reduction) by the end of 2017."

Constituency of interest:	community-wide (all water users)
Direction of intended effects:	reduce
Magnitude of expected change:	240.16 ML, or 20%
Time frame:	start now, finish end of 2017
Measure:	ML (mega-litres)

ACTION: The Project Objective should be developed and then stated in the text box provided in the Workplan software.

2. Design Effective Strategies

“A common mistake that people make when trying to design something completely foolproof is to underestimate the ingenuity of complete fools”.

Milton Glaser



Identify Project Policy Basis

(Council Priority, OCP, Statutory, Shared Service Agreement, etc.)

Making these choices **validates and narrows the focus** of a Project Objective and ensures it is within the short-, medium- and/or long-term direction provided by Council or outside regulatory bodies. These choices are proposed by the Senior Staff member proposing the Project, but approved by the CAO.



Project Start/Stop Time:

Making the best efforts to identify the beginning and completion dates of a Project is very important. It gives a time reference to your own Project-related Tasks and the Tasks that may be assigned by the Project Lead (you) to other members of the Senior Staff in Project Support roles. It also **identifies potential workload conflicts** and helps the Finance Department to better estimate and reconcile **cash flow and investment strategies**. Start and Stop times will be defined by the Project Lead, but approved by the CAO.



Level of Service

Changes to **the number of services delivered and levels of services are policy decisions made by Council**, not Staff. If a change in direction and magnitude are identified in the Project Objective, they must be due to a deliberate decision to consume more/less Capacity and Funding. Unapproved excess consumption leads to deficit, and unapproved under-consumption leads to surplus. Both affect the relationship between Council and the public, and neither demonstrates particularly good management practice.



From an operational perspective, changes to Levels of Service often affect multiple Departments. If a change has been approved, the Project Lead must ensure close liaison and *joint* planning with any supporting Department Head(s) to avoid unintended or unplanned changes to the consumption of Capacity and Funding that are the responsibility of another.

Asset Management planning and Council's Strategic Priorities for capital renewal will be primarily focussed on maintaining *existing* Levels of Service. To avoid invalidating these complex intentions and interfering with operational capabilities, the Project Lead must **identify in the Workplan software if a proposed Operating or Capital Project will:**

- a) Maintain an existing Level of Service;
- b) Upgrade an existing Level of Service;
- c) Downgrade an existing Level of Service;
- d) Create a New Level of Service and/or Asset(s);
- e) Eliminate an existing Level of Service and/or Asset(s); or
- f) Is a One-time Only Project that does not affect an existing Level of Service.

ACTION: Narrow the focus of the Project Objective by identifying adopted policies it supports; coordinate workload, Start/Stop Time and identify service level changes.

3. Identify Inputs

The more of other peoples' money you take to do something, the more inputs you'll get.
Thomas Lennon



Costs, Funding and the Public

The cost of a proposed or continuing Project is central to public acceptance of it and to the later assessment of performance in delivering it. Therefore, it is crucial that Project estimates be **accurate** and **publicly defensible**. Also, the **source of intended funding** must be identified: general revenue from taxation and/or fees, reserves, grants, donations, borrowing, economies, or, in the case of a previously approved yet incomplete or multi-year Project, carried-forward from the previous year (the latter is subject to CAO, Director of Financial Services and Council approval).



Capacity

Project Capacity is measured in the time of the Lead Senior Manager (in hours) *plus* the time of *all* Supporting Senior Managers. The sum of managers' annual time available is a fixed amount, so the number of Projects that can be accomplished in a year is limited by this total available Capacity. Therefore, accurate time estimates will ensure deserving Projects get done, the lower priority items do not and any embarrassing mid-delivery amendments to the approved Workplan and Financial Plan can be kept to an acceptable minimum.



Communications/Public Engagement

Decisions to provide Non-statutory Services and the Levels of those Services, rest with council members. Decisions to provide Statutory Services are made by senior governments or other regulatory bodies, and the minimum Levels of Service are typically mandated for Staff to meet. Regardless of this differentiation, each Project in the Workplan consumes resources and supports, to varying degrees, the delivery of *all* Services – statutory *and* non-statutory. Therefore, **it should be expected that every Project would attract some degree of public interest and we should allocate resources for that eventuality.**



The minimum requirement to be used for Project planning is the “Spectrum of Public Participation” developed by the International Association of Public Participation (IAP²). Unless specifically excused by the CAO, each Project will include one of the following levels of Public Engagement:

- a) **Inform** (we will keep you informed);
- b) **Consult** (we will seek your feedback on prospective decisions);
- c) **Involve** (we will work with you to ensure your concerns are understood and considered);
- d) **Collaborate** (we will partner with you to develop preferred alternatives and solutions); or
- e) **Empower** (you will make the final decision).

ACTION: For every item meeting the Project threshold, identify Capacity and Funding estimates and recommend a public participation level to the CAO.

4. Deliver and Report Progress

*And the people came shouting, "What's all this about...?"
They looked! And they stared with their eyes popping out!
"My goodness! My gracious!" they shouted. "MY WORD!"
It's something brand new! IT'S AN ELEPHANT-BIRD!!!"
"Horton Hatches the Egg" – Dr. Seuss*



This section is about Project *delivery* and *interim monitoring* to ensure that what was stated as the Project Objective – and approved by Council – is the direction in which the Project is actually going. Organization-wide progress checks and reports will be made by the CAO to Council following the second, third and fourth quarters. The Workplan software will help identify any Projects that have or are expected to deviate from their Objective (Capacity or Funding) and may require consequential changes to the adopted Workplan and Financial Plan (i.e. "elephant-birds", or anomalies). **Interim progress reporting will consist of three variables as follows:**

Percent Capacity Expended (first-level variance analysis #1)

The Time Tracking entry system contains the time estimates of all Project Tasks in the Workplan software. This allows for **periodic comparison and analysis of all time actually spent (relative to the approved estimates) for the CAO**. This facilitates Capacity progress reporting and identification of potential issues in sufficient time to address unanticipated deviation(s) (i.e. before they actually become 'elephant-birds').



Percent Funding Expended (first-level variance analysis #2)

Weekly throughout delivery, the DFS will provide **up-to-date financial data** to each Senior Manager regarding the Projects for which he or she is responsible. There will also be a collective financial analysis provided to the CAO each quarter for purposes of organization-wide oversight and quarterly reporting to Council. The weekly cycle of financial reporting is also intended to assist you in the early identification of potential 'elephant-birds'.



Percent Overall Project Complete (second-level variance analysis #1)

Each Senior Manager will update **overall progress of each Project** in the Workplan software **at the end of each quarter**. The intent is to cause a deliberate review at specific intervals of the status of all Projects at that time, relative to what was intended. Most importantly, any problems will therefore be caught in time to adjust the Workplan and/or Financial Plan before they become end-of-year and very public 'elephant-birds'. **When deciding a Project's progress, you should consider the *measure(s)* identified in the Project Objective.**



ACTION: Quarterly during delivery, update the percentage of Capacity and Funding expended and the Percent Overall Project Complete relative to what was intended.

Directive: Operating and Capital Project Design and Reporting Process

5. Identify and Report Outcomes

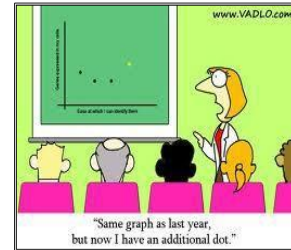
However beautiful the strategy, you should occasionally look at the results.
Winston Churchill



The *Community Charter* requires that before June 30 in each year, a council must prepare an **annual report** for public inspection that must include:

- (d) a **progress** report respecting the previous year in relation to the **objectives** and **measures** established for that year under paragraph (f); [and]
- (f) a statement of municipal **objectives**, and the **measures** that will be used to determine **progress** respecting those objectives, for the current and next year.

Hence, to meet these requirements, we begin each planning year by identifying Project **Objectives** that include ‘how the outcomes will be measured’. Then, to complete the annual cycle – once the entire Workplan has been delivered and the annual audit complete – we report **progress** in its entirety using the **measures** established for Projects when the Workplan was approved.



ACTION: Provide department input to the annual municipal report (AMR). The AMR is *not interim* progress reporting (Step 4), it is *final reporting* (Step 5) on the entire Workplan and Financial Plan for a full year using the *measures* identified in each Project Objective (Step 1).

Concluding Comments

As can be seen, by following the Operating and Capital Project Design and Reporting Process provided in this Directive, Senior Staff will not only be using a ‘best practice’ but employing that practice as a means to satisfy a very important statutory requirement.

Note: The process of gathering the organization-wide Capacity and Funding **outcomes** data for the annual municipal report will be coordinated by the Director of Legislative Services with the support of the Director of Financial Services and the Senior Advisor, Strategic Initiatives on my behalf. The raw data will not be disclosed, but the final document will be something we can collectively endorse as a fair, complete and open description of our accomplishments on behalf of Council and for the benefit of the public.

AUTHORIZATION:	DATE:
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