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Briefing Note

Core Area Wastewater Treatment Program Commission Lessons Learned

September 2, 2015

Lessons Learned Report Background

At its August 12, 2015 meeting, the Core Area Liquid Waste Management Committee (CALWMC) passed a Resolution asking the Core Area Wastewater Treatment Program Commission to prepare a “lessons learned” report for the Committee. The resolution is attached as Appendix A. The Commission Chair has been asked to present the report at the open meeting of the Committee.

The report is attached. It includes input from two Roundtable discussions of the Commission, as well as input from past and current individual Commissioners, the Project Director and two of 25 suppliers invited to provide input.

**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY AUGUST 12, 2015**

SUBJECT Core Area Wastewater Program 'Lessons Learned' Report

ISSUE

To make a recommendation to the Core Area Liquid Waste Management Committee (CALWMC) on an issue arising from the Core Area Wastewater Program Commission ('the Commission') Meeting of July 31, 2015.

BACKGROUND

My role as Chair, Core Area Liquid Waste Management Committee under CRD Bylaw 3851, *A Bylaw for the Establishment of a Capital Regional District Commission to Administer the Core Area Wastewater Treatment Program*, is to attend meetings of the Commission and to advise and liaise between the Commission, the CALWMC and the Regional Board. It is in this capacity I have prepared the following report for Committee.

At the Commission meeting on July 31 2015, I asked if the remaining Commission members and the former Program Director would be interested in preparing a report for the CALWMC on 'lessons learned' from the previous process. The insights of the Commission members and Program Director can help in the process now underway and as the CALWMC moves forward. If there are personnel or other implications, the report may need to be first presented in Closed Session with a rise and report on all items possible so the public is able to review the lessons learned as well. The report could cover issues such as governance, procurement, project management, roles and accountabilities, skill requirements, risk transfer, and communications, and it should be as much forward-looking as backward-looking.

RECOMMENDATION

That the Core Area Liquid Waste Management Committee recommend to the Core Area Wastewater Program Commission that the Commission prepare a 'lessons learned' report for the CALWMC to be considered at the CALWMC September meeting.

Respectfully Submitted,



Lisa Helps, Chair, CALWMC

Core Area Wastewater Treatment Program Commission Lessons Learned September 2015

Introduction

Commissioners have had the privilege of serving on the Core Area Wastewater Treatment Program (formerly Seaterra) Commission for the last 2 ½ years. There have been frequent difficult times and occasional tough issues, but working on public infrastructure projects can be a satisfying endeavour and, when they ultimately materialize, highly rewarding.

The Core Area Liquid Waste Management Committee of the Capital Regional District (CRD) has asked for the Commission's input on "Lessons Learned" to date. The committee invited comments on "issues such as governance, procurement, project management, roles and accountabilities, skill requirements, risk transfer, and communications and it should be as much forward-looking as backward-looking". We have taken this to mean that our advice could be useful in some parts to the recently appointed Technical Oversight Panel as it completes its review of system configuration alternatives and, at a future date, to the workings of the Commission when it reactivates to oversee the project construction. We have structured our comments accordingly.

Many of the lessons we have learned in our collective experience delivering major capital projects are directly applicable to the wastewater treatment program in Victoria.

Early Stages

Infrastructure projects by their very nature (scale and public cost) invite public interest. In addition, because they involve significant construction in neighbourhoods, there will always be special interest by communities that will be impacted by the physical presence of the project.

- *The public must be fully informed and engaged about the need for and regional benefits of an infrastructure project and its objectives*
- *Public education and engagement must be paramount from the outset*
- *The host organization should have an organizational structure with sufficient expertise to plan and deliver this project and to manage community consultation and communications*

Clear Project Parameters

The CRD established the Core Area Wastewater Treatment Program Commission in advance of having all approvals in place for the project's components. While this made some sense in that technologies and design configurations should ideally be interrelated with zoning and permit processes, in this instance the parameters changed completely and the process resulted in significant wasted effort and cost.

- *Before tasking a Commission with planning and implementation of a project, ensure the basic parameters are clearly defined and not subject to reversal*
- *A dispute resolution mechanism capable of expeditiously determining an outcome must be available if levels of government cannot reach a consensus agreement on critical elements of a project*

Build Trust

Trust amongst the partners involved in a major infrastructure project is key to its successful implementation. While a certain amount of tension is to be expected, at heart, the partners need each other in order to succeed.

- *Trust must be built between CRD staff, PMO team members, CRD politicians, Commissioners, and consultants*
- *Through a competitive process, the CRD and the Program Management Office (PMO) assembled an outstanding team of experts: technical advisors; project managers; a peer review team; and operations, design, and procurement advisors including legal and fairness advisors. The CRD also retained experts with the required skills and experience to populate the Commission. This was an incredible gathering of international knowledge, expertise and experience. This expertise should be used and trusted to deliver the project*
- *A culture of enquiry would be more effective than a culture of cross-examination at the Board, Committee, Staff, Commission and project management teams. Interactions should be respectful and constructive.*
- *Among other things, lack of trust has resulted in additional research and investigation, added staff reports, rework and expensive deferrals. All of these have had ramifications in terms of wasted time, resources and the cost of delays*
- *This lack of trust also spills into public confidence about program objectives, funding, budgeting, and technical issues.*

Roles and Accountabilities

Governance is critical to the success of any program. The delivery of this major project has stalled primarily because of an inappropriate allocation of accountabilities, as well as changing parameters. Our experience indicates that for successful delivery of major capital projects, there must be ultra-clear roles and responsibilities, and decision-making authority must be defined, aligned, and appropriately delegated.

- *Establish an outcome-driven governance structure with clear political interests, objectives and expectations at the start of the project and include these in any funding agreements*
- *Establish a Project Protocol Agreement to ensure that partners have clear and common understanding of each other's deliverables and expectations*
- *Once the program is approved, project implementation must be delegated to the project oversight body (i.e. the Commission)*
- *The oversight body must be clearly mandated with complete project authority granted to it, against which it is held accountable.*

- *Transfer those critical responsibilities that the project absolutely needs for success to the team responsible for delivering the project*
- *The host organization and its administrative staff need to accept a transfer of day-to-day control of project decision-making*
- *The Commission should be established early in the process, and prior to the PMO*
- *The Commission should be empowered to develop and implement a strategic communications plan for its project*

Commission Logistics

- *6-8 Commissioners is an optimal number. There is a “long tail” for major infrastructure projects, so terms should be for three years, with one-third renewing each year. Reappointments are encouraged*
- *It is crucial that Commissioners include persons who are experienced in governance, large-scale wastewater, financing, and alternative methods of procurement and construction*
- *Given that the Commission comprises experts from across Canada (and beyond), the Commission should be empowered to have meetings by conference call, web meetings or video conference call*
- *The Commission needs to be empowered to set aside time away from staff and the public to deliberate key issues and concerns as they arise in the course of project delivery*
- *Following the ToP’s review, the Commission should revalidate the program budget prior to re-commencement of its implementation mandate*

Program Management Office

The PMO worked well. A separate office location away from the CRD, core resources that were a mix of CRD seconded staff and expert consultants, and an established separate set of project management best practices procedures and processes, and detailed program cost control and reporting, enabled this to be an efficient and effective organization, for the most part. Difficulties included the inability to act as quickly as desired due to the retention of overriding policies and procedures of the CRD, including approval limits, salary scales that made it difficult to attract qualified term project staff and the push and pull with the CRD as to who was in charge of the program.

- *A separate project office, with a focussed team, is a necessity*
- *The Program Director should be employed by or contracted to the Commission and not the CRD -- therefore clearly answering to only one master*
- *Basing PMO procedures on industry best practices served the Commission well*
- *Conclude any outstanding zoning and environmental permits that are required early in the process -- they help define deliverables. Unexpected surprises can prove very costly and create delays*
- *Do not underestimate the political risk of working in a flawed governance model*
- *Establishment of terms and conditions of PMO staffing contracts and salary levels should be delegated to the Commission*
- *Program teams need to be experienced with alternative methods of procurement to avoid duplication of efforts*
- *Have a clear definition of scope and performance specifications before commencing the procurement process*

- *Ensure coordination between the financial, technical and legal teams*
- *Involve the legal team early in the procurement process*
- *Staff reports need to be comprehensive and address all aspects of an issue, including judgements made and inherent risks*
- *Reports to the Commission should be condensed into usable summaries*
- *The wastewater operations team of the CRD must be engaged in all aspects of the PMO work (design, RFPs, evaluation, construction) since a new piece of infrastructure must integrate seamlessly and optimally with the existing infrastructure*

Contracts

Major P3 construction projects rely heavily on comprehensive RFP documents, proponent responses and contracts negotiation. Best practices for RFP issuance, fair and transparent adjudication of responses, selection of preferred proponents and contract awards are well-established and were effectively utilized by the Commission. As a result, respondents were inspired to submit proposals that were innovative in their designs for utilization of proven technology and competitively priced.

- *Ensure a fair, transparent process*
- *Engage a fairness advisor*
- *There will be disputes - ensure the resolution process is clear and acceptable*
- *Ensure appropriate risk transfer - retain those that are important to the organization*
- *Ensure risks are appropriately evaluated with commensurate mitigation measures*
- *Amend the standard CRD contract agreements to include a termination for convenience clause*

Political Championship

Unless a public program has political championship at all levels of government involved, it will struggle and likely fail. Public projects require political compromises.

- *A political champion is a necessity*
- *The political champion must be the public face of the program, supported by key staff*
- *Accept that there must be some loss of day-to-day control, and hold the commission responsible for achieving outcomes*
- *Focus on the likely outcomes not improbable ones*
- *Distance project decisions from politics*
- *The project management system must be robust enough to withstand the vagaries of political cycles*
- *Proactively manage intergovernmental relations*

Communications

No amount of consultation is too much. Initial education and consensus building of the public through communication of the overarching rationale and benefits of undertaking a major project is the responsibility of the host organization. Follow-on strategic communication on how the

project is proceeding, combined with engagement of local stakeholders impacted by construction, should be the responsibility of the Commission and PMO.

- *The objectives of the program need to be clearly explained by the host organization (CRD) well in advance of program implementation, in an organized education and consultation effort*
- *The implementing organization (Commission) needs fully delegated responsibility to develop a strategic project-specific communications initiative*
- *Need for a proactive not reactive approach*
- *Stakeholders and municipalities impacted by construction must receive focussed and special attention*
- *Even now, while the program is on pause, public education about sewage treatment, should be ongoing*