



## **Subject: Capital Projects Governance Process**

### **APPROVALS:**

Dawny George, Director  
Mark Johnstone, Executive Director  
Marcel Ulliac, Chief Administrative Officer

### **Administrative Recommendation:**

THAT the Capital Projects Governance Process presentation for Type A projects be received as information.

### **Summary:**

Administration has developed two governance processes for Capital projects, towards continuous process improvement, based on the lessons learned in recent years from project delivery.

The two processes developed are classified as Type A and Type B. The Type A process is more elaborate and is derived for projects that Council may prefer more input and details. This process will provide additional connections with Council at strategic points. The Type B process is more straight-forward with less anticipated governance involvement. In this process, connection with Council is at the 95-percent design stage, similar to the current practices. This report emphasizes the process for a Type A projects governance model.

### **Background:**

On October 20, 2015, Council passed a resolution to develop policies or guidelines for Council's review and approval concerning the circumstances under which business cases will be prepared and presented to Council, and the content of such business cases in support of Administration recommendations for approval of large capital projects involving:

- (a) construction of buildings intended to provide recreation or leisure amenities; or
- (b) significant expropriations or purchases of private property; or
- (c) a public/private partnership business model.

Administration has already addressed item (b) the Land Acquisition Policy (ADM-250) and item (c) the Alternative Capital Financing Policy (FIN-170) which will be put into the Capital Project Framework (Attachment 3). Item (a) is now being addressed by this Capital Projects Governance process for Type A projects.

At the Oversight Committee meeting on November 26, 2015, Administration presented the Conklin Multiplex – Lessons Learned for Improved Governance Oversight of Capital Projects report. The report provided information from the October 22, 2015, Committee meeting, for the Conklin Multiplex project. The conclusion drawn was that there is a need for Council and Administration to work together in implementing an improved process of delivering future capital projects. Accordingly, Administration has prepared a Capital Projects Governance process for Type A projects which would be applied to new larger or special capital projects that may require elaborate Council input. This process will be applied to such projects in 2017 and beyond.

**Implications:**

Upon implementation of the Capital Projects Governance Type A process, project schedules and costs will be impacted. It is expected that the Type A process will add up to 24 months to the design of a capital project as compared to a typical Type B process. Given the short construction season, it is imperative to understand the implications of a Type A process which may ultimately delay the overall project completion schedule for a period up to 24 months or more.

**Rationale for Recommendation:**

This recommendation is supporting Council’s strategic direction to provide transparency and governance through the application of Type A process to future Special Capital projects delivered and also supports the Capital Project Framework initiative currently being developed by Administration.

**Strategic Plan Linkages:**

Pillar 1 – Building Responsible Government

**Attachments:**

1. Councillor McGrath Resolution October 20, 2015
2. Councillor Germain Resolution November 26, 2015 & Councillor Stroud Amending Resolution February 11, 2016
3. Capital Project Framework Flow Chart
4. Capital Projects Governance Process Presentation
5. Type A Project Process
6. Type B Project Process