# City of Alexandria, Virginia
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# MEMORANDUM

Date:      OCTOBER 7, 2020

TO:        THE HONORABLE MAYOR AND THE MEMBERS OF THE CITY
           COUNCIL

FROM:      BUDGET AND FISCAL AFFAIRS ADVSIORY COMMITTEE (BFAAC)

SUBJECT:   FY 2022 BFAAC MEMO #1 – CITY OF ALEXANDRIA CAPITAL PROJECTS
           QUARTERLY REPORTING

The Mayor of the City of Alexandria asked BFAAC to review the processes surrounding City of Alexandria capital project status reporting. He felt that a good "quality gate" process is an important tool for the Council to monitor City projects' value versus the planned investment.

**Executive Findings:**

Based on the research and discussions with City staff, BFAAC recommends a two-pronged focus to enhance the City's project management oversight.

- **Management** - City Council and City staff leadership are recommended to provide oversight and support to Department of Project Implementation (DPI) as they develop standardized project management procedures as well as the implementation of off-the-shelf enterprise-wide project management tools for the City's projects.
- **Processes and Procedures** –DPI continue efforts to develop standardized project management procedures and processes across all City project management projects. The intent will be for all projects to approach project development, review, and reporting in a standardized manner as identified by DPI so that scope, cost, schedule are up-to-date and risks factors are identified early to allow for adjustments as needed.

Detailed recommendations are provided below.

**Background**:

**The Quarterly Capital Project Status Report.** Currently, the City of Alexandria Office of Management and Budget (OMB) compiles the Quarterly Capital Project Status Report. It is a public report that provides:

- summary details and updates on all active City Capital Category 2 and 3 projects, which are projects that are large periodic or cyclical renovations (Category 2) or new or expanded facilities or level of service projects (Category 3);
- Detailed status reports for selected Category 2 and 3 projects; and
- Summary financial information for all Category 1 (ongoing maintenance for an existing asset) or Capital Facilities Maintenance Program (CFMP).

The report does not include updates on Category 1 projects nor Alexandria City Public Schools capital projects.

The financial information for the report, including for individual projects comes from the OMB financial system. It includes the approved budget, what is currently on contract, and what is still to be put on contract. It also includes planned funding requirements beyond funds currently approved, but these do not reflect information as the project is proceeding through the planning, design, and construction phases of the projects.

The report also includes very high-level project status for the last quarter, expectations for current quarter progress, project timing and cost, and history. As currently constructed the report may not highlight changes in scope, budget, and schedule. It is really a rearview mirror representation of the project, without a reference to the initial project approved or the changes since that approval. Up until now, except for the Mayor's questions, there hasn't been feedback as to whether the report is useful or if it is read or utilized for project review. Project managers are asked to attend Council meetings in case projects are discussed, but usually the quarterly report in approved for the docket without discussion. OMB has developed guidelines to be used by projects providing input to the quarterly report. However, there isn't an established, repeatable review of the projects to determine changes in scope, budget, or schedule since approval.

**Project Management Institute.** The Project Management Institute has established a Project Management Professional (PMP) certification. It is a rigorous process that requires specific education, real world project management, and a certification exam that rivals other professional certifications. The globally recognized Project Management Professional (PMP) certification tells employers, peers, and the world that the holder knows project management. Just like a CPA validates expertise for accountants, the PMP recognizes certified project managers' ability to manage projects.[1] Further, PMI global standards are the foundation of the profession. These standards are established by consensus and approved by a recognized body, which provides for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context. Developed under a process based on the concepts of consensus, openness, due process, and balance, PMI standards provide guidelines for achieving specific project, program and portfolio management results.[2]

**City of Alexandria Department of Project Implementation (DPI).**

The City of Alexandria established the DPI in July 2013, with the intent of centralizing and standardizing project management across the City projects. The City recognized that there had not been a consistent approach to developing and implementing projects. As a result, different approaches to development of project planning, design, and construction prevails with no mechanism to evaluate such efforts. DPI helped established standard processes for development of CIP cost estimates. Although there is more work to be done, standards for escalation were established. The challenge is that budgets prepared before this year did not include our current escalation and contingencies. This can cause serious cost overruns once projects begin

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[1] Project Management Institute, https://www.pmi.org/certifications/types/project-management-pmp.

[2] Project Management, Institute, https://www.pmi.org/pmbok-guide-standards/about

implementation. Further, there has been no standardized approach to monitoring projects against approved baselines as the project progresses through planning design, and construction. Such a standard, consistent, and regular monitoring is critical to identifying scope, schedule, budget, and risks associated with City capital projects.

DPI is currently working to identify standards by which capital projects are developed and implemented. It plans to utilize PMI standards and encourage PMP certified projects managers be responsible for City capital projects. Once DPI establishes a baseline for project standards for the City, it will then identify an enterprise-wide off-the-shelf system to develop and implement projects. This will include dashboard status reports to monitor project progress and identifying risks and deviations from the original approved plans. This will establish a standardized reporting process to inform the City Council, City Managers, and Department leads as to how projects are proceeding through development and implementation. To save on wasted cost and effort, DPI is going to start moving DPI's project database over to a project management system. It was initially just set up for data tracking but will then be able to build out our project management standards and tools into this system. Although the timing is not ideal, DPI decided to pilot the system, while continuing to work across departments to define the standards. Licenses were just procured, but work has not yet begun.

 **Interviews with the City of Alexandria Council.** BFAAC members interviewed the City Council members they represented about the current Quarterly report as well as reviews of current City capital projects. The following are the key points the City Council members provided.

- The current communication of project status and implementation activities is insufficient. Currently, only projects that have high visibility get any noticeable review.
- Reports should be streamlined and provide an executive-level dashboard status.
- Monthly reports to the City Council would be helpful to keep the City Council up to date on on-going City projects; and
- Policy reviews of projects should be done regularly (perhaps every 2-5 years) to ensure projects are still deemed worthy by the City Council

**Recommendation:**

**Management:**

- BFAAC congratulates the City for establishing the DPI. Further, the City is recommended to continue hiring project management professionals for DPI and across the City. Current leadership has the right approach to establishing a centralized and standardized project management program for the City. DPI's utilization of PMI standards and processes is the right approach because it is the gold standard in project management. DPI development of standard operating procedures for City capital project management will be a significant undertaking. But the rewards will be better stewardship of taxpayer funds for such projects.
- BFAAC recommends the City Council, City Manager, and Department leadership provide oversight, encouragement, and provide top cover for DPI centralization and standardization efforts. This means getting the appropriate buy in from all levels of the

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City.  This is the primary reason such standardized and centralized efforts fail, so this strong support and buy in is critical.

- The City Council giving this attention and officially recognize the importance of such efforts.  The Council can communicate that these efforts will inform the Council on capital projects scope, budget, and schedule deviations from originally approved projects.
    - Part of this effort should include regular reports to the City Council on project status led and coordinated by DPI.  DPI's department head should be the lead on this to the Council.  This will show the Council interest, show DPI as the recognized leader of this effort, and provide needed insight if projects deviate from the initial approval baseline.  One challenge that should be addressed is ensuring information provided to the Council is informative, but also that it does not undermine the City's negotiating position with contractors.
- The City Manager and his Department leadership are recommended to provide meaningful oversight and encouragement for the use of such DPI standards across City capital projects.  This would include ensuring such DPI standards are utilized when all projects are first developed and used to monitor project implementation on an on-going schedule until completion.  City leadership utilizing the standards, processes and procedures in oversight of City projects will help establish the legitimacy of such efforts.

**Processes and Procedures**

- Project managers must be required to use the DPI standards and they should not be punished for identifying project problems such as changes in scope, schedule, and risk.  If project managers are punished for identifying issues, there will be a chilling effect on future problem identifications.
- DPI should be given the responsibility to review development of project plans.  Further, it should be responsible for monitoring project implementation and to help identify project deviations from scope, schedule, and cost, as well as providing guidance to help resolve and communicate these types of deviations.  The relationship between City capital project managers and DPI should be a partnership that ensures the best value and implementation of City capital projects.
- Implementation of the enterprise-wide off-the shelf system should be integrated with the City financial system with a focus on automate input and reporting.  The system should also have the capability to provide dash board reports that can be tailored to all levels of the organizations:  high level status reports for the Council, more specific status reports for the City Manager and Department leads, and detailed reports that can help DPI and project managers identify project status and implementation efforts.
- This process will take time to implement and there will be hurdles and setbacks but continued focus on PMP-driven guidelines as projects are reviewed and implemented will have long-lasting positive impact for the City.

The City is commended for recognizing the need for standardized and centralized project management within the City.  The above efforts will be help ensure building on the successful efforts to date by the City in Capital Project implementation.