Proprietary & Confidential

FINAL REPORT

City of Eugene

CAPITAL PROJECTS PROCESS REVIEW

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I. EXECUTIVE SUMMARY

A. BACKGROUND AND METHODOLOGY

The City of Eugene (City) engaged Moss Adams LLP (Moss Adams) to perform an efficiency and effectiveness review of the City's capital project policies and procedures for capital project planning, design, construction, and close-out. In 2018, Eugene voters approved both the Parks and Recreation Bond Measure 20-289 and Operating Levy 20-288, with the purpose of improving the cleanliness, safety, and general condition of the City's parks, recreation facilities, and natural areas. When matched with System Development Charge (SDC) funds and partnership dollars, the capital investment resulting from the bond will total over $63 million. In alignment with best practice, the City chose to conduct an efficiency and effectiveness assessment of capital project processes to prepare for the increase in capital project volume.

The purpose of this review was to assess the City's capital project processes to identify opportunities for improvement in service delivery, organization, operations, cost effectiveness, and process efficiency for the City's capital projects.

The assessment was conducted between March and June, 2019 and consisted of four major phases: 1) Project Initiation and Management, 2) Fact Finding, 3) Analysis, and 4) Reporting. The analysis was informed by interviews, document reviews, and research into industry best practices.

Themes

Three major themes of recommendations rose to the surface during this assessment:

- **Process alignment:** Align and document processes (including the required systems, policies, procedures, and people) to increase the efficiency of capital project delivery across all departments and divisions, including project management and procurement processes.
- **Planning and strategy:** Strengthen existing intra and interdepartmental planning and strategy efforts to improve collaboration and understanding. Increase organizational capacity through developing a culture of change management; to conduct workload assessments and workforce analysis; and to develop operational plans for capital projects.
- **Process enhancement:** Enhance capital project processes by adding capital project monitoring, a retrospective project process, and performance evaluation of vendors, as well as leveraging technology to accept electronic bids.

B. SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Observations and recommendations are summarized in the table below; the detailed observations and recommendations are provided in **Section IV** of this report.

OBSERVATIONS AND RECOMMENDATIONS		
PROCESS ALIGNMENT		
1.	**Observation**	The 2017 upgrade of the City's financial system (PeopleSoft) created significant disruption to procedures across many existing capital project processes.
	Recommendation	As critical system and process changes are implemented, document and update key procedures related to all phases of capital projects.
2.	**Observation**	The City's project management processes for capital projects are not fully documented nor aligned across all departments and divisions.
	Recommendation	Assess, develop, and update capital project management manuals that cover general principles of project management as well as align department/division specific elements for each phase of capital project delivery.
3.	**Observation**	The City does not have consistent capital project procurement processes, procedures, and resources (templates, guides, and checklists) developed to fit varying procurement needs across departments and divisions.
	Recommendation	Develop comprehensive and consistent procurement processes and procedures (including templates) for capital projects, including guides and manuals for non-procurement staff and stakeholders.
4.	**Observation**	Many capital project processes are multi-departmental. Primary pain points occur when a process crosses divisions and departments and can be aggravated when roles and responsibilities are not clearly identified and defined.
	Recommendation	Evaluate and document employees' roles, responsibilities, and authority throughout the capital project lifecycle and leverage tools, such as checklists, to ensure alignment and shared understanding at key transition points.
PLANNING AND STRATEGY		
5.	**Observation**	The City does not have deliberate, sustained change management practices in place, increasing the risk of employee resentment and resistance to future changes.
	Recommendation	Create a culture of deliberate change management to ensure new or adjusted processes are effectively developed, communicated, implemented, and adopted.

OBSERVATIONS AND RECOMMENDATIONS		
6.	**Observation**	The City may not have adequate staffing capacity or experience to fully implement Measure 20-288 and 20-289 projects and the overall capital program.
	Recommendation	Perform a workload analysis to assess adequacy of staffing and develop a workforce plan for capital project positions to proactively identify needs, develop employees, and support operational continuity.
7.	**Observation**	Divisions do not have a guiding operational plan to be used by staff to assess incoming requests and non-capital project work, increasing the risk that conflicting or changing priorities will hinder the successful delivery of upcoming Bond Measure capital projects.
	Recommendation	Develop a multi-year operating plan to define division strategies, priorities, upcoming projects, and required resources.
PROCESS ENHANCEMENT		
8.	**Observation**	The City does not have a consistent process for monitoring capital project information across different departments and divisions throughout the lifecycle of capital projects.
	Recommendation	Convene a working group of project oversight staff, project engineers, finance and budget staff, and management staff to develop an effective project monitoring process to increase project information transparency, efficiency, and coordination across divisions.
9.	**Observation**	There is not a consistent, cross-functional retrospective process for capital projects to capture knowledge and experience gained during the lifecycle of a capital project.
	Recommendation	Integrate retrospective meetings as part of the closeout phase to document project successes and issues in a central location, to share knowledge, and to leverage as a training tool.
10.	**Observation**	The City does not currently have a process for evaluating the performance of contractors across all capital projects.
	Recommendation	Design a process to evaluate, record, and discuss performance during contracts to maintain or improve performance and strengthening the quality of future capital projects.
11.	**Observation**	The City does not accept electronic bid documents during the bidding process for capital projects.
	Recommendation	Reassess available electronic bid systems and leverage the equity in contracting program to ensure that a transition to electronic bidding does not negatively impact the diversity efforts of the City.

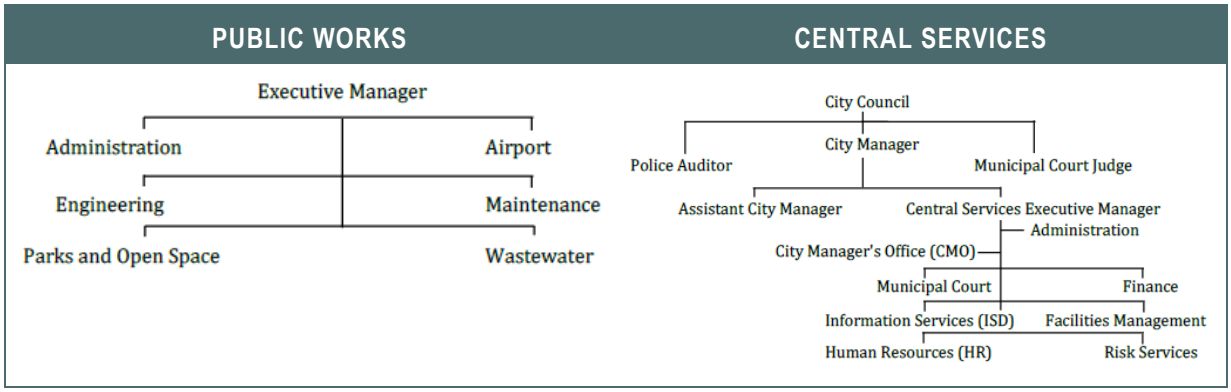
II. BACKGROUND AND METHODOLOGY

A. BACKGROUND

The City defines capital projects as the activities that create, improve, replace, repair, or maintain capital assets and/or that result in a permanent addition to the City's asset inventory. This is accomplished through projects where the goal is rehabilitation, reconstruction, or renovation of an existing facility (extending its useful life); the acquisition of property; and/or the construction of new facilities. Capital assets include land, site improvements, parks, buildings, streets, bike paths, bridges, stormwater facilities, and wastewater systems. The City groups capital projects into six categories:

- **Airport:** The preservation, improvement, and construction of airport facilities.
- **Parks and Open Space (POS):** The preservation, maintenance, and modification of existing POS facilities to meet operational, safety, and cost-efficiency goals, and park development and acquisition necessary to address community growth.
- **Public Buildings and Facilities:** The preservation and maintenance of public facilities including community centers, swimming pools, fire stations, government offices, parking structures, and the public library.
- **Stormwater:** The preservation of existing facilities, restoration of stormwater facilities to a more natural condition, improvements to stormwater quality, and increases in the system's capacity.
- **Transportation:** The preservation and reconstruction of the roadway system; improvements to substandard streets with City standard curbs, gutters, and sidewalks; and enhancements to meet system capacity needs.
- **Wastewater:** The extension of service to growth areas within the urban growth boundary, and the provision of the wastewater collection system.

Capital projects are primarily managed by staff within the Public Works and Central Services departments:



The divisions and sections primarily involved in capital projects include:

	Division	Section
Public Works	**Engineering**	
	Parks and Open Space	Parks Planning and Ecological Services Financial Services Parks Operations
	Administrative	Financial Services
	Airport	
	Wastewater	
Central Services	**Finance**	Purchasing Accounts Payable Financial Reporting Receivables Budget and Analysis
	Facility Management	Design and Construction Administration and Finance

A limited amount of capital funding from the City's General Fund is available for rehabilitation and renovation of existing assets. Historically, the City has used bond measures as the major funding mechanism for park development and renovation projects (with bonds successfully passed in 1998, 2006, and 2018). The 2018 *Parks and Recreation System Plan* outlines a 30-year vision, which includes a total investment of approximately $380 million—$225 million of which is specific to POS. In 2018, Eugene voters approved both the Parks and Recreation Bond Measure 20-289 and Operating Levy 20-288. The $39.35 million Parks and Recreation Bond Measure Bond includes renovation of parks that are outdated, development of new parks in underserved areas of town, creation of new trails and renovation of existing trails, habitat enhancement projects, lighting projects, renovation of fields and sports facilities shared with local school districts, and renovation and expansion of two pools and a community center. When matched with System Development Charge (SDC) funds and partnership dollars, the total capital investment will be over $63 million.

In alignment with best practice, the City chose to engage with Moss Adams to conduct an efficiency and effectiveness assessment of capital project processes to prepare for the increase in capital project volume.

B. SCOPE AND APPROACH

The purpose of this review is to document and assess the processes surrounding the administration of the City's capital projects and identify opportunities for improvement. The review was conducted between March and June 2019. The analysis was informed by interviews, document reviews, and research into industry best practices. The project consisted of four major phases:

1. **Project initiation and management:** This phase concentrated on comprehensive project planning and project management, including identifying staff to interview, identifying documents to review, communicating results, and establishing regular reports on project status. During this phase, we determined Capital Project topics would include (but not be limited to):
    - Planning and Design
    - Bidding, Contracting, and Procurement
    - Project Management
    - Financial and Performance Monitoring
2. **Fact finding:** This phase included four working sessions with staff from within Public Works and the Central Services departments, as well as document review and industry standard research.
3. **Analysis:** This phase served as the assessment portion of the project where, based on information gathered, we evaluated the importance, impact, and scope of our observations in order to develop recommended efficiency and effectiveness changes.
4. **Reporting:** This phase concluded the project by reviewing draft observations and recommendations with City management to validate facts and confirm the practicality of recommendations.

III. COMMENDATIONS

Although the focus of the review was to identify opportunities for improvement, it is important to acknowledge areas of strength that can be leveraged throughout the organization. The City should be commended for the following accomplishments:

- **Continuous improvement culture:** The City's culture of continuous improvement is a best practice. The collaborative and solution-driven culture focuses on providing high levels of service.
- **Employee commitment:** Based on interviews, many employees—from front-line staff to managers—are dedicated to and take pride in their work.
- **Strong Capital Improvements Program (CIP) documentation:** The City publishes a detailed and thorough CIP plan that aligns with many best practices. The document provides readers with relevant information into the process, funding sources, and planning inputs used by the City to craft and update the CIP.
- **Use of CIP goals and qualifying criteria:** The City has identified three goals of the CIP; provide a balanced program, illustrate unmet needs, and serve as the basis for the Capital Budget. To be included in the CIP, a capital project must meet one or more of the six criteria identified by the City.
- **Equity and inclusion efforts:** In 2009, the City published its Diversity and Equity Strategic Plan 2009-2014, which shaped initiatives in subsequent years. While the plan is somewhat dated, City employees referenced the importance of the equity and inclusion efforts in considering capital project processes. Additionally, in 2010, both the Central Services and Public Works departments have published their respective Equity and Human Rights Action Plans.
    - *Equity in Contracting (EIC) program:* The EIC program has been directed by City Council to collect data on the City's utilization of business certified by Oregon's Certification Office for Business Inclusion and Diversity (COBID). COBID-certified businesses include disadvantaged business enterprises, minority-owned businesses, woman-owned businesses, businesses that service-disabled veteran owned, and emerging small businesses. The City's policy is to require at least one COBID-certified business provide a quote (if one exists that fits the procurement need).
- **Existing transparency and regular reporting:** The Public Works department publishes monthly reports regarding activities and events. The Engineering division also publishes current Public Works construction projects throughout Eugene by using the ARC GIS tool.

We would like to thank City staff, management, and leadership for their participation in this study.

IV. OBSERVATIONS AND RECOMMENDATIONS

Based on the input gathered from interviews, document review, and comparisons to best practices, we prepared a comprehensive set of observations and recommendations, which are presented in the three tiers previously described. The observations and recommendations for each tier are detailed below.

A. PROCESS ALIGNMENT

Capital Project Procedures

1.		
	Observation	**The 2017 upgrade of the City's financial system (PeopleSoft) created significant disruption to procedures across many existing capital project processes.**
	Recommendation	**As critical system and process changes are implemented, document and update key procedures related to all phases of capital projects.**

In October 2017, the City transitioned its PeopleSoft Financials system from the obsolete and highly-customized 8.4 version to the updated and standardized 9.2 version. While the previous version of the system was outdated, it did include customizations built to fit the needs of each department. To manage the transition, the City organized several interdepartmental teams focused on specific business process bundles. For two years these teams worked to redesign business processes to align with the new version of PeopleSoft, formally referred to as the Corporate Renovation Project (CRP). The City also worked to integrate PeopleSoft 9.2 with other key systems, such as the construction management software used by the Engineering Division (Aurigo Masterworks). At the same time as the financial system transition, the City implemented Oracle's Planning & Budgeting Cloud System to replace its budgeting software. The City's reimplementation of PeopleSoft's Human Capital Management system went live in the first quarter of 2019 and included new modules such as Time & Labor. These system changes increased the number of business process changes across the City, not just within the realm of capital projects.

While the City is likely to experience multiple benefits from the reimplementation, the effort has disrupted the majority of business processes that rely upon the PeopleSoft Financials system, including those directly related to capital projects. Employees reported that the systems had not yet achieved full connectivity or functionality. The reimplementation also raised issues regarding which positions are responsible for accessing and updating various types of data. For example, data entry in support of certain business processes used to be done by administrative staff around the City. Now, the responsibility to enter the same data has shifted toward project staff; however, there have not been deliberate conversations about which positions should enter which types of data.

The City's progress on the documentation of procedures—and subsequent training—has not kept pace with this fundamental shift in processes. Implementation and functionality challenges have created increased workloads and heightened levels of frustration amongst staff. If left unaddressed, higher workloads could create a reactive, heads-down culture that could negatively impact employee morale and limit staff time.

The City should leverage the continued work from the CRP efforts to determine which processes related to capital projects still need to be documented and create a prioritized schedule to address documentation. As part of this prioritization, the City's leaders should clearly define who is responsible for documenting and reviewing each of the new processes. One approach could be leveraging a small working group made up of key capital project stakeholders, including project managers from Facilities, Parks, and Engineering, as well as representatives from Central Finance, Purchasing, Public Works Finance, and other individuals as appropriate.

For procedures that are much more operational than policies, the City should develop a step-by-step guide to ensure processes are performed appropriately, consistently, and in a timely manner. In addition, procedures should align with the staff's roles, authority, and responsibilities over specific tasks and decisions. Capital projects procedures should be stored in a central, organized, and easy-to-navigate repository. Well-developed and properly applied policies and procedures will help increase employee accountability, strengthen project management, and ultimately improve the City's ability to deliver capital projects.

Project Management Alignment

2.	Observation	**The City's project management processes for capital projects are not fully documented nor aligned across all departments and divisions.**
	Recommendation	**Assess, develop, and update capital project management manuals that cover general principles of project management as well as align department/division specific elements for each phase of capital project delivery.**

Each City department and division has created different ways of tracking and managing capital projects. There is no shared project management system, so divisions primarily use programs such as Excel and Microsoft Project. When dedicated systems exist—such as Aurigo Masterworks—they often do not connect to other like-systems, reducing the ability to streamline reporting and automate procedures. The sophistication and availability of data varies across divisions as well.

In addition, staff say that their experience with the quality of reporting from PeopleSoft 9.2 continues to be challenging, and has hindered their ability to effectively and efficiently perform tasks. Staff in capital project financial roles shared that the difficulties—such as finding erroneous data when running a report on purchase order encumbrances—have

required them to perform extra, manual tasks in order to access information. Project managers often lead several projects at once; however, there is no existing system that allows users in any division to easily view key information about multiple projects in one place.

Project Management in Divisions

- A team in the Parks and Open Space Division is in the early phases of testing the use of Hive.com, a cloud-based project management platform, in anticipation of managing the Bond Measure projects.
- The Engineering Division uses Excel and Microsoft Project to track certain elements during the planning and design phase; during construction, Aurigo Masterworks serves as the division's project management software. Staff report that it has not yet been fully integrated with PeopleSoft 9.2, making it difficult to fully leverage the potential automation, workflows, and capabilities.
- The Facilities Division primarily uses subcontractors for capital projects, and does not use a project management platform. Monthly status reports are created in Excel to share the status of projects by project manager.

Project managers who currently work on capital projects have varying degrees of project management experience. For example, staff report that the financial closeout of capital projects is sometimes inconsistent across Public Works divisions. Some of the inconsistencies can be attributed to the change in business processes with the reimplementation of PeopleSoft 9.2—changes to systems can slow down processes, either due to technical challenges or learning curves. However, it may also be due to the fact that the City leverages delegated authority for some financial processes. Since the Engineering Division has authority for many of its financial processes, the division has dedicated resources to support financial and project processes.

Some divisions have documented policies and procedures that support knowledge management and transfer. For example, the Engineering Division has a project manager manual, which is reviewed during the APWA accreditation process. The Construction & Design Section in the Facility Management Division has a robust manual for its project managers as well, and the section has prioritized succession planning and training in preparation for the retirement of several key positions in 2019. The Finance Manual from the Central Services Department contains some procedures specific to capital projects. However, these documents are not aligned or leveraged across all departments and divisions involved in capital projects.

To ensure consistent project delivery, the City should update project management manuals so they are aligned across similar types of projects, rather than by division. In addition, existing project management guidelines and checklists should be updated to reflect process and procedure changes from the PeopleSoft 9.2 reimplementation. All manuals should be expanded to include guidance for each project phase and include duties of all divisions that are responsible for project delivery, if not currently included. The City should also identify a

process to regularly review and update the manuals, ideally in a cross-discipline setting with a mix of representation from different groups.

In addition, the City should consider providing ongoing project management training in order to better equip staff to deliver on capital projects. Centralized training can improve project consistency across divisions and departments, as it can provide a foundational understanding of what is required for capital projects. The development of training should be an iterative process with each of the divisions that have core roles in the delivery of capital projects, in order to ensure that all involved City staff—including administrative support staff—understand the specific needs and resources of the various types of capital projects.

By investing in ongoing professional development, the City can ensure staff are equipped to perform their roles and increase effective delivery of a greater volume of capital projects. Providing training will be helpful particularly for less tenured staff with less experience with City policies and procedures. Training can help to improve consistency by ensuring that all staff have a similar, foundational understanding of project management as it pertains to capital projects. Project management training may also help to lessen the reliance on senior and administrative staff involvement in project management.

Procurement Procedures and Guidance

3.	Observation	**The City does not have consistent capital project procurement processes, procedures, and resources (templates, guides, and checklists) developed to fit varying procurement needs across departments and divisions.**
	Recommendation	**Develop comprehensive and consistent procurement processes and procedures (including templates) for capital projects, including guides and manuals for non-procurement staff and stakeholders.**

While the City has a Purchasing Office in the Central Services Department, a significant amount of the City's procurement activity is decentralized. Both the Engineering Division and the Facilities Division have delegated authority for many capital project procurement activities. Central Services purchasing staff focus primarily on larger dollar volume purchases and complicated contracts. Decentralized purchasing and contract administration allows operating departments more autonomy and flexibility to meet their unique needs, but it also creates increased risk if procurement capacity is limited or lacking documented policies and procedures.

For example, during the American Public Works Association (APWA) accreditation process, the City identified an issue of inconsistent use of contracts across different departments and divisions. It was found that, at times, Engineering Division contract templates had been used by other divisions for projects where the standards and language may be inappropriate. For example, the Engineering Division must use very specific standards and specifications

within the context of Right of Way construction projects. These standards and specifications are problematic if included or used for another type of contract.

A successful decentralized purchasing model requires senior procurement authority with dedicated resources to provide strategic oversight and the ability to collaborate with operational departments to align procurement policies, procedures, and guidance. Well-documented, cross-functional processes and clear collaboration rules are critical for ensuring the standardized use of the correct types of purchasing tools and resources. The City should leverage a cross-functional team to inventory current procurement policies and procedures, determine what additional documentation need to be created, and establish a prioritized schedule for developing comprehensive, consistent procurement policies and procedures—including guides and manuals for non-procurement staff and stakeholders. The Purchasing Advisory Team formed in 2019 within Central Services could be expanded to include representatives from all parties involved in capital projects.

The City could also develop short, easy-to-understand reference guides for the most common types of capital project purchasing activities to share with non-procurement staff and stakeholders. For contracts, guiding documentation should provide clear direction for the types of projects that use specific contract language, in order to lower the risk of incorrect usage of contract types, streamline contract review, and reduce vendor confusion. Once procedures are updated, they should be available in a centralized location, such as an intranet, for employees to easily reference.

Defining Roles and Responsibilities

4.	Observation	**Many capital project processes are multi-departmental. Primary pain points occur when a process crosses divisions and departments and can be aggravated when roles and responsibilities are not clearly identified and defined.**
	Recommendation	**Evaluate and document employees' roles, responsibilities, and authority throughout the capital project lifecycle and leverage tools, such as checklists, to ensure alignment and shared understanding at key transition points.**

Various departments and divisions will be responsible for different elements of a project, depending on its type, such as securing project funding, developing initial project scopes, and providing programmatic oversight throughout the design and construction phases. This separation of responsibility between City departments and divisions is similar to other jurisdictions. Capital project delivery is complicated and can take significant effort. Because of this, centralizing this function can lead to more consistent and efficient project delivery. Staff report that roles, responsibilities, and decision-making authority is sometimes unclear during the transition from one division or section to another, over the course of a capital project.

There are multiple challenges when a process crosses line of authority. These include:

- Identifying who is responsible for completing specific actions during a specific process, which may contribute to miscommunications and potentially unnecessary delays. When roles and responsibilities have not been clearly defined or understood, this can create inefficiencies and frustrations during the transition between divisions.
- How to best partner and collaborate with operations and maintenance staff, both during the design and construction of capital projects.
- For some projects, there is not always a clearly defined trigger of when the transition of "ownership" of the new capital asset occurs after construction is completed.

The City should evaluate and clearly document the position roles, responsibilities, and authority into capital project related process and procedure documentation. The City should focus on clarifying the authority and responsibilities of positions and roles spanning the project lifecycle. Setting clear expectations around roles and responsibilities can improve operational efficiencies as well as relationships between employees. Developing and agreeing to a scope and project plan in the initial phase of a project is critical to the quality and appropriateness of the design and construction phases.

B. PLANNING AND STRATEGY

Change Management

5.	Observation	The City does not have deliberate, sustained change management practices in place, increasing the risk of employee resentment and resistance to future changes.
	Recommendation	Create a culture of deliberate change management to ensure new or adjusted processes are effectively developed, communicated, implemented, and adopted.

The adoption of new systems and processes presents ongoing and long-term challenges for all organizations. Significant change—especially if technical difficulties arise—can cause staff to retreat into silos to avoid change, create resentment, and increase resistance to future change. For example, while the new financial system was reportedly designed for front-line staff to do more data entry directly, employees reported that the preceding job responsibilities and tasks are often prioritized over these new tasks. As a result, some legacy processes—such as how groups track capital project budget and expenses—can be difficult to update and improve if staff do not understand why a process needs to be done differently.

To improve implementation, adoption, and buy-in as system updates and functionality improvements continue to roll-out, the City should establish a change management process for organizational and procedural changes. Wherever possible, employees should be

engaged, prior to announcing new changes, to provide input on potential concerns and provide suggestions to improve implementation. Department and division leadership should actively seek input from staff, engage in dialogue to understand options, and clearly communicate next steps. For example, a representative from the operational divisions should be involved in the development of future procurement training for staff. Collaboration between front-line managers and central finance staff helps ensure that the documentation and training is relevant and realistic to all parties involved.

The following are key elements for implementing successful change management.

- **Communicate the need for change:** Ongoing communication is critical to change management. Affected employees should be aware of the business need for change and buy into potential solutions. City leadership should build awareness around the organization's needs and the risks in remaining with the status quo. Where appropriate, end users should be involved in defining requirements and the design process. Project sponsors should ensure that clear and open lines of communication are maintained and advocate for two-way dialogue to provide answers and reassure end users.
- **Plan for and understand the ramifications of the change:** Clearly identify what is changing, how it is changing, who will be affected, how users will be affected, and when the change will occur. Change should occur in a multi-step, well-communicated process that includes ample training and no surprises to staff. Key communication messages should be developed and disseminated to ensure staff are aware of progress towards implementation and are reminded of personal benefits they can expect to derive from the new system or process.
- **Build staff knowledge and abilities through training opportunities:** Following implementation, provide reinforcement and allow employees to provide feedback on the change and change process. Ensure consolidation by providing policies, procedures, and performance measures that reflect the change and can serve as resources for staff.

Workload Assessment and Plan

6.	Observation	**The City may not have adequate staffing capacity or experience to fully implement Measure 20-288 and 20-289 projects and the overall capital program.**
	Recommendation	**Perform a workload analysis to assess adequacy of staffing and develop a workforce plan for capital project positions to proactively identify needs, develop employees, and support operational continuity.**

Like most local governments, the City emerged from the recession with significant revenue constraints, and as a result, approached re-staffing efforts in a more conservative fashion. For example, a new position is often not submitted until there is a full position's worth of work, meaning that other staff are carrying higher workloads until the position is filled. The 2018 Bond Measure will significantly increase the volume of capital project delivery in the City. These projects are typically complicated and can take significant effort—projects can

be unique and complex. While the City has added field positions, such as project managers, in anticipation of the Bond Measure, internal service and administrative staffing positions have not been added at a comparable pace. City employees reported concerns about the City's staffing capacity on several fronts—including institutional knowledge, experience, and staffing levels as identified below.

- First, that the knowledge management challenges associated with the ongoing and upcoming retirement of seasoned employees presents an elevated risk that institutional knowledge may be lost.
- Second, that the majority of City employees—particularly within the POS and Facility Management divisions—likely be involved in the management and delivery of Bond Measure capital projects will not have experience working on capital projects at the City.
- Third, that current staffing levels may be insufficient to deliver upon the Bond Measure capital projects in addition to other division functions in a timely manner.

These risks have been compounded by the transition of many business processes to project staff after the reimplementation of PeopleSoft 9.2 as previously discussed in **Observation 1**. In addition to disrupting processes, the reimplementation also created a fundamental shift in workflows and the volume of tasks which has not yet been matched by a realignment of workloads and supporting resources.

To assess current staffing knowledge, skills, and capacity, the City should consider performing a workload analysis for the most highly-impacted positions related to capital projects. Workload analyses typically include the following steps:

- **Identify roles and work activities:** After determining relevant roles to be analyzed, leadership collaborates with staff to create a comprehensive list of major activities.
- **Obtain time estimates for workload activities:** Using a worksheet that lists each major activity, staff track their time over the course of two to four weeks. It can also be helpful for staff to report the tasks they were unable to accomplish during the timeframe due to bandwidth constraints.
- **Analyze activities:** Once tracked, the data can be aggregated to get a sense of overall workloads across the team, time associated with specific tasks or case types, and activity gaps.
- **Take action:** Once the analysis is complete, it should provide actionable data about areas of success, workload challenges, and staffing gaps.

Although performing a workload analysis, as outlined above, provides information about potential resource needs, it does not take the quality of work into consideration. As such, it should not be used as a stand-alone analysis, but rather, part of a wider conversation around staff capacity and team performance.

The City should also assess its capital projects workforce across all types of projects, including staffing levels and required skills. Workforce planning entails identification of competency and staffing level gaps in an organization's current and future operations. The

purpose of a workforce plan is to understand how well the current workforce is prepared for future job requirements and to identify gaps in capacity and competency to support employee development. The plan should focus on retaining institutional knowledge, identifying key areas of knowledge, and determining ways for employees to develop their careers. An effective workforce planning process should contain the following elements:

- Active leadership involvement
- A process to identify essential positions and their critical competencies
- Methods for identifying and filling gaps in succession (i.e., strengthen internal capabilities and/or recruit from the outside)
- Procedures to identify, promote, and select high-potential staff, along with plans for individual career development
- Integration with the City's existing planning documents
- Regular review of each essential position's plan to ensure its effectiveness

An example of a workplan is provided in **Appendix B**.

Operating Plan

7.	**Observation**	**Divisions do not have a guiding operational plan to be used by staff to assess incoming requests and non-capital project work, increasing the risk that conflicting or changing priorities will hinder the successful delivery of upcoming Bond Measure capital projects.**
	Recommendation	**Develop a multi-year operating plan to define division strategies, priorities, upcoming projects, and required resources.**

Like other cities, staff report that employees across the City must often juggle competing demands on their time and funding. For divisions responsible for delivering capital projects, unplanned projects and additional requests for service make it challenging to successfully deliver planned projects and preventative maintenance on capital assets. High workloads contribute to a reactive culture, where task completion is prioritized over proactive planning and deliberate action.

Within this context, it can be difficult for employees to know how to prioritize workloads, assess staffing needs, and ensure team accountability. For example, the City has made fossil fuel and greenhouse gas reduction a priority in its capital projects, operations, and maintenance practices. While this is an important goal for the City, integrating new projects intended to drive towards this outcome into existing project workloads is challenging. Employees note that energy efficiency and greenhouse gas assessments have been an area of significant impact on the resources and availability of Facilities Division project managers and staff. Additionally, the City is preparing for the IAAF World Track and Field

Championships, coming to Eugene in 2021. This initiative is creating a significant workload increase for staff in the Parks and Open Space division.

Each division should develop a multi-year operating plan to define division strategies, priorities, upcoming projects, and required resources. The operating plan should be a practical and actionable guide for the next one to three years of capital project activities, ultimately setting the direction of a division and its teams. In particular, the operating plan should address necessary staff resources for each project; this plan can then serve as a decision framework for evaluating new initiatives. In this way, the plan should help City leadership identify staffing gaps, better prepare for unplanned projects, and determine areas of work that can be reduced in order to free up staff time for more critical projects. In turn, as new requests come in, the plan should also provide City staff a clearer way to discuss resource availability, the impact of introducing new initiatives, and better prioritize with executive leadership.

C. PROCESS ENHANCEMENT

Capital Project Monitoring

8.	Observation	The City does not have a consistent process for monitoring capital project information across different departments and divisions throughout the lifecycle of capital projects.
	Recommendation	Convene a working group of project oversight staff, project engineers, finance and budget staff, and management staff to develop an effective project monitoring process to increase project information transparency, efficiency, and coordination across divisions.

The management of capital projects can require substantial commitment of organizational time and resources. Capital projects are planned and implemented across multiple departments and divisions; however, there are not shared systems or processes that can be leveraged across the various stages of a capital project's lifecycle. In part, because of these disconnected systems, the City does not currently have a centralized process for monitoring capital projects information across all divisions. Employees report that it can be challenging for information to flow between key stakeholders, including project sponsors, project managers, and the eventual owners of capital projects (such as the operational divisions) across all the phases of a project's lifecycle.

Various divisions and departments currently track data used for reporting, including financial data and performance measures. However, there is no collective or centralized monitoring or reporting covering all capital projects. Tracking data is the first step, followed by identifying meaningful ways to report out on metrics—both internally and externally—for the departments and divisions involved in capital projects. In order to provide transparent and

consistent capital project reporting, the City should consider how to most effectively and meaningfully structure its monitoring and reporting approach.

The City should establish a capital projects monitoring and reporting framework to create a centralized, cohesive source of meaningful and clear information about the City's capital program. To ensure that metrics and measures are defined, calculated, and appropriate across the different departments and divisions, the City should use a collaborative, cross-departmental process to develop the initial monitoring and reporting framework. The group should identify relevant data for legal and fiduciary requirements, as well as data relevant to internal (e.g., project oversight staff, project engineers, finance and budget staff, executive management) and external (e.g., contractors, bondholders, rating agencies, grantors, elected officials, constituents) stakeholders.

Meaningful reports should provide straightforward project information for executive leadership and internal staff as well as citizens and the media, at minimum:[1]

- Provide a comparison current status to the project plan;
- Comparison of results in relation to established performance measures;
- Highlight any significant changes to project scope, costs, schedule, or funding.

To aid in the reporting, a snapshot of key schedule, cost estimate, and available funding information should be taken to establish baseline data. Enhancing reporting capabilities can help project managers track project budgets and schedules more efficiently and enable leadership and managers to monitor the capital program projects more easily. An example of a capital project summary report is provided in **Appendix D**.

Retrospective Process for Projects

9.	**Observation**	**There is not a consistent, cross-functional retrospective process for capital projects to capture knowledge and experience gained during the lifecycle of a capital project.**
	Recommendation	**Integrate retrospective meetings as part of the closeout phase to document project successes and issues in a central location, to share knowledge, and to leverage as a training tool.**

Currently, the City does not have a consistent project close-out process for capital projects across all divisions involved in capital projects. Project managers across divisions do not document lessons learned or hold retrospective meetings to capture knowledge and

[1] Government Finance Officers Association, *Capital Project Monitoring and Reporting*. https://www.gfoa.org/capital-project-monitoring-and-reporting

experience learned during projects. As part of the City's continuous improvement efforts, lessons learned should be integrated into the capital projects process.

The City should identify the most efficient and effective way to implement a retrospective process for capital projects. For example, after finishing a capital project, project managers might prepare a short project completion summary report that includes information such as the project summary/scope, positive aspects of the project, project challenges, and lessons learned. After the initial draft report is complete, another peer (project manager) could review the completion report, and include any comments or feedback to finalize the summary, or discussed it in team meetings. Implementing a peer review or team discussion approach would help ensure accountability to the retrospective process and share lessons learned. The City benefits from documenting the results of a retrospective process, which can be used to:

- Highlight success strategies for others;
- Train and teach new employees; and
- Improve future capital project delivery.

A structured framework for implementing a retrospective phase in project closeout would also allow lessons to be shared more consistently across work groups and divisions. An example of a capital project completion report is provided in **Appendix A**.

Performance Evaluation of Vendors

10.	**Observation**	**The City does not currently have a process for evaluating the performance of contractors across all capital projects.**
	Recommendation	**Design a process to evaluate, record, and discuss performance during contracts to maintain or improve performance and strengthening the quality of future capital projects.**

The City does not currently have a consistent process for capital project vendor performance evaluation and reporting. The City's Finance Manual notes that departments are responsible for documenting performance problems with vendors. Documentation should include written notification to the vendor of a problem, evidence of attempts to resolve the problem and a summary of the final outcome of the situation.

A vendor performance evaluation process using guidelines that have clearly defined metrics and descriptions allows for systematic evaluation of contractors and consultants used during a capital project. A performance evaluation process provides a method for the City to evaluate, report, and track the evaluation of services provided by consultants and contractors to ensure that a high quality of services and performance is maintained.

Recording contractor current performance information periodically during the contract and discussing the results with contractors is a powerful motivator for contractors to maintain high quality performance or improve inadequate performance before the next reporting cycle. Current performance assessment is a best practice for contract administration, and is one of the most important tools available for ensuring good contractor performance.

Once captured, performance evaluations can be used for future contract evaluation (when evaluating a contractor for award of a contract, where factors other than price are being considered). For low-bid contracts, performance evaluations of previous work with the City could be included in the assessment of the bidder's experience. While performance evaluations may not be appropriate for all vendors, those should be the exception.

Evaluation criteria might include categories such as:

- Schedule/timeliness of performance
- Budget/cost control
- Quality of work performed
- Invoicing and payments
- Deliverables
- Procurement compliance
- Regulatory compliance and permitting
- Adequacy and availability of workforce
- Project and contract management
- Communications, cooperation, and business relations

See **Appendix C** for an example of a performance evaluation program used by the City of Austin, Texas to evaluate capital project contractors.

Electronic Bid System

11.	Observation	The City does not accept electronic bid documents during the bidding process for capital projects.
	Recommendation	Reassess available electronic bid systems and leverage the equity in contracting program to ensure that a transition to electronic bidding does not negatively impact the diversity efforts of the City.

The City does not currently accept electronic bid documents during the bid phase of a capital project. Employees report previously conducting research on possible electronic bid solutions; however, at the time, the available solutions did not provide the option for the City to receive both hardcopy (paper) and electronic submissions. Historically, some sections within the City have made being able to receive hardcopy documents a priority, due to

concerns that electronic bid submission may make participating in the bidding process more difficult for small and minority owned businesses. The City has made it a priority to ensure that any changes to the bidding process do not conflict with the equity and diversity efforts of the City. It is the City's policy to give disadvantaged, minority, and women-owned business enterprises an opportunity to compete on an equal basis with all other vendors. For these firms, one of the most common challenges to winning contract awards with public agencies is navigating the bid and proposal preparation process. While diversity in contracting plays a critical role in the long-term success of the City, not accepting electronic bid documents is creating process inefficiencies.

The City should reassess available electronic bid systems as it continues to streamline and modernize its procurement services related to capital projects. A standard system that allows for electronic bids and submittals can lay a roadmap for sustained efficiencies and future procurement enhancements. The investment in an electronic bid system will assist in improving customer service to internal and external customers by enhancing transparency, reducing cycle times, and providing self-service options. The City can adopt rules to protect the identification, security, and confidentiality of electronic bids or proposals, as well as implement procedures to ensure that the electronic bids or proposals remain effectively unopened until the proper time.

In order to ensure that a transition to electronic bidding does not adversely impact access and equity efforts, the City should actively solicit feedback from the community during system selection. The equity in contracting program could be leveraged to gather input specifically from minority-owned business enterprises, woman-owned business enterprises, service-disabled veteran-owned businesses, and emerging small businesses. Additionally, the City should consider providing workshops that focus on the skills and knowledge required to complete bids and proposals for public agencies. These workshops should focus on providing attendees with base knowledge to take with them when bidding and proposing on future City projects, as well as projects for other government agencies.

APPENDIX A. EXAMPLE PROJECT COMPLETION REPORT

After finishing a capital project, project managers should prepare a project completion report (including information such as the project summary/scope, positive aspects of the project, project challenges, and lessons learned).

Project Name:			
Project Start Date:		**Project End Date:**	
Site:			
Project Category:			
Project Sponsor:			
Project Participants & Stakeholders:			
Project Team:	Project Manager Project Engineer Construction Manager Contractor Project Inspector Other Team Members Consultants		
Project Summary/Scope:			
Positive Aspects of the Project:			
Project Challenges:			
Original Budget:	$		
Final Budget:	$		

APPENDIX B. EXAMPLE DIVISION WORKPLAN

A workplan is a resourced project schedule that defines who does what, by when, and at what cost. It identifies individual project tasks, costs, relationships among tasks, durations, and resources.

Criteria used to determine overall project priority ranking include:

- **Active grants:** Projects with active grants have deadlines that must be met in order to utilize the money.
- **Stakeholder influence:** Outside influences can include City council, school districts, industry, or other entity participation.
- **Projects underway:** Projects that are already in the preliminary engineering, final engineering, right-of-way, or construction phases. Projects in the construction phase are typically given the highest priority.
- **Potential grants:** Projects for which grants are being pursued or have potential for grant applications. These projects may be given a higher priority than those that don't have funding or lack elements that would make them competitive grant candidates.
- **Cost:** Not all projects are fully funded due to their high cost. In order for high-cost, high-priority projects to move forward, they are included in the TIP and funds are allocated as they become available for different phases. High-priority projects tend to stay at the top of the list in their group due to factors such as concurrency failure or sufficiency rating of bridges. These projects may have a higher overall priority than other projects that meet more of the prioritization factors in order to keep them moving toward completion as funding becomes available. The project may gain additional funding or complete funding through grants or other outside sources.
- **Funding source:** How a project is funded. The associated timelines and requirements tied to funding determine the priority of each project. Examples are municipal bonds, traffic impact fees, and the Bridge Replacement Advisory Committee (BRAC).
- **Timing/deadlines:** Projects may have deadlines associated with funding or a need to be constructed by a certain date due to factors such as concurrency failure or inadequate sufficiency rating.
- **Regulatory requirements:** Projects may not be a priority within the City, but due to regulatory requirements for compliance, such as American with Disabilities Act, they must be included in the TIP. These projects are then prioritized by assessing need, cost, timing, and other applicable factors.
- **Professional judgment:** Once all factors are considered, if an overall ranking is not apparent, the governance group relies on their professional judgment to rank a project accordingly.

APPENDIX C. EXAMPLE PERFORMANCE EVALUATION

From the City of Austin, Texas[2]

Example Evaluation Form

CONTRACTOR PERFORMANCE EVALUATION

Capital Contracting Office Solicitation #:_____

Project Name:	
CIP ID Number:	
Contract Number:	CT / MA #:_____ DO #:_____
Contractor: *(Name of Firm)*	
Contractor's Primary Contact: *(Name & email address)*	

EVALUATION CRITERIA *- Needs Improvement (1 Point) = Does not meet contractual, technical or professional requirements.* *- Successful Performance (2.5 Points) = Meets contractual requirements.* *- Exceptional Performance (3 Points) = Exceeds contract requirements to the City's benefit.* *Detailed Performance Evaluation Guidelines can be found at:* http://www.austintexas.gov/department/consultant-performance-evaluation	**Needs Improvement** (1 point)	**Sucessful Performance** (2.5 Points)	**Exceptional Performance** (3 Points)
1. Quality	☐	☐	☐
2. Schedule	☐	☐	☐
3. Wage Compliance and Required Job Postings	☐	☐	☐
4. Compliance with MBE/WBE/DBE Procurement Program(s)	☐	☐	☐
5. Invoicing and Payments	☐	☐	☐
6. Regulatory Compliance and Permitting	☐	☐	☐
7. Safety and Protection	☐	☐	☐
8. Adequacy and Availability of Workforce	☐	☐	☐
9. Project and Contract Management	☐	☐	☐
10. Communications, Cooperation, and Business Relations	☐	☐	☐
Total Score (30 Points Maximum):	**0**		

Comments *(Facts concerning specific events or actions to justify the evaluation)*:

	Signature / Print / Date
Project Manager (PM):	
Sponsor Dept.:	
Inspector:	

Please email completed evaluation(s) to the Capital Contracting Office at:
PerformanceEvaluations@austintexas.gov

[2] Source: City of Austin: http://www.austintexas.gov/department/consultant-performance-evaluation

Evaluation Criteria

Contractors will be evaluated utilizing the service and quality levels laid down in their contract with the City, and with the ratings and corresponding scores indicated in the following table. The descriptions should be used by the evaluators/raters as general guidelines for scoring. The scoring guidelines are not designed to be inclusive of all situations; they are intended to provide evaluators with a general framework to assist in the completion of an evaluation. Evaluators must include a supporting narrative that explains scores of “Needs Improvement” or “Exceptional/Exceeds Expectations” and attach documentation to support the score given. Ratings are made on a scale from 1-3, with a rating of 2.5 indicating general success. A rating of 1 indicates a need for improvement and characterizes performance levels that result in detriment to the project. Conversely, a rating of 3 indicates exceptional performance beyond expectations and characterizes performance levels that result in substantial positive contributions to the project. An average score of 2.5, therefore, characterizes the level of performance associated with a reasonably prudent, diligent, and skilled contractor. Ratings for each factor should be based on how often, how quickly, and to what degree the following criteria were met by the contractor during the performance of the work under contract.

Note: for the purpose of this evaluation, contractor performance includes the contractor staff, subcontractors, suppliers or anyone else for whom contractor is responsible that is associated with the contract/project)

Needs Improvement	Successful Performance	Exceptional Performance
(1 Point)	(2.5 Points)	(3 Points)

• Performance does not meet contractual requirements and recovery did not occur in a timely or cost effective manner.
• Serious problems existed and corrective actions have been ineffective.
• Major, extensive minor, and/or recurring non-compliance issues or problems.
• Performance indicates very little or no effort extended to satisfy the minimum contract requirements.
	• Performance meets contractual requirements.
	• May have had some minor problems; however, satisfactory corrective actions taken by the contractor were highly effective.
	• Problems were not repetitive.
		• Performance exceeds contract requirements to the City’s benefit.
		• Exceptional performance may reflect some of the following achievements:
		  ○ Identified cost-savings, innovative options or efficiencies;
		  ○ Demonstrated excellence in quality of work and service delivery;
		  ○ Added value; and/or
		  ○ Went above and beyond City expectations.
		• Consistently exceeded expectations and always provided exceptional results.

- **Needs Improvement:** To justify a Needs Improvement rating, rater should identify significant events in each category that the Contractor had trouble overcoming and state how it impacted the City. A singular problem; however, could be of such serious

magnitude that it alone constitutes an unsatisfactory rating. A Needs Improvement rating should also be supported by referencing the management tool that notified the contractor of the contractual deficiency (e.g., management, quality, safety, wage, or environmental deficiency reports or communications)

- **Successful Performance:** To justify a Successful rating, there should have been NO significant weaknesses identified. A fundamental principle of assigning ratings is that the contractor will not be evaluated with a rating lower than successful solely for not performing beyond the requirements of the contract.
- **Exceptional Performance:** To justify an Exceptional Performance rating, rater should identify significant events and state how they were of benefit to the City. A singular benefit, could be of such magnitude that it alone constitutes an Exceptional rating. Also, there should have been NO significant weaknesses identified.

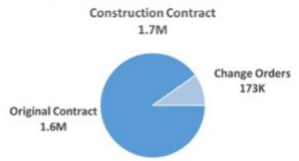
APPENDIX D. EXAMPLES OF CAPITAL PROGRAM REPORTING

CAPITAL PROGRAM PROJECT SNAPSHOT

Campus/Project ***Status***

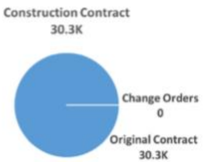
Anoka Technical College

Manufacturing and Automotive Technical Lab Renovation *Closeout**



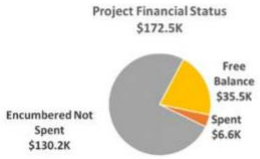
Bemidji State University

Academic Learning Center, Campus Renovation and Hagg Sauer *Design*



Minnesota State Community and Technical College

Fergus Falls Center for Student and Workforce Success *Schematic Design*



Snapshot Elements

- Project Name
- Project Status
- Project Financial Status
  - Spent
  - Encumbered Not Spent
  - Free Balance
- Construction Contract ($)
  - Original Contract
  - Change Orders

[3] Source: https://www.minnstate.edu/system/finance/facilities/design-construction/cip/docs/January%201,%202018-June%2030,%202018.pdf

MONTHLY CAPITAL PROJECT SUMMARY – MINNESOTA STATE[4]

BEMIDJI STATE UNIVERSITY

Academic Learning Center, Campus Renovation and Hagg Sauer Demolition

CAMPUS PLAN - Bemidji
Campus website: www.bemidjistate.edu

PROJECT DESCRIPTION

The scope of this project includes:

- Demolition of Hagg Sauer Hall – approximately 82,500 SF
- Construct Academic Learning Center – approximately 27,750 SF
- Renovate significant spaces in Bensen Hall, Sattgast Hall, Bridgeman Hall, Bangsford Hall and A.C. Clark Library approximately 54,883 SF

Impact for students and facility as a result of this project includes:

- Reducing the FCI from .10 to .09,
- Eliminating more than $8.8 million in deferred maintenance,
- Create more flexible teaching spaces and active learning classrooms,
- Create student study, gathering and collaboration spaces,
- Provide ADA compliant restrooms,
- Upgrade technology infrastructure,
- Create and upgrade faculty offices and flexible multi-purpose labs,
- Programs affected: Computer Science, Criminal Justice, Education, English, Geography, History, Library Services, Math, Music, Philosophy, Political Science, Psychology, Social Work, Sociology, and a new Tutoring Center

PROJECT STATUS
Construction

PROJECT CONSTRUCTION COMPLETION DATE
August 2020

PROJECT FUNDING

$ 1,013,000	2014 State G.O. Bonds (Design)
$ 22,512,000	2018 State G.O. Bonds (Design/Demo/Construction)
$ 75,000	2018 HEAPR (Restroom Renovation for ADA Compliance)
$ 23,600,000	Total

PROJECT HIGHLIGHTS

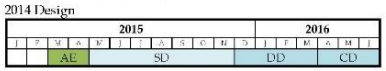
Area:	Remodel	54,883 GSF
	New	27,739 GSF
	Demolition	82,500 GSF
Estimated Construction Cost:	$ 17,400,000	
Construction Bid Award:	$ 17,273,885	
Project Delivery Method:	Construction Manager at Risk	

PROJECT TEAM

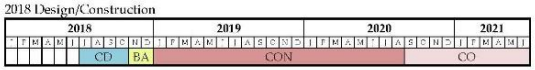
Campus Project Manager:	Karen Snorek
SO Program Manager:	Jim Morgan
Architect/Engineer:	Bentz / Thompson / Rietow Architects
Contractor:	Terra General Contractors

PROJECT SCHEDULE

2014 Design



2018 Design/Construction



AE	Architectural/Engineering Design Consultant Selection	BA	Bidding and Award
SD	Schematic Design Phase	CON	Construction
DD	Design Development Phase	CO	Project Closeout
CD	Construction Document Phase		

Bemidji State University
Academic Learning Center and Campus Renovation 6/30/2019

[4] Source: https://minnstate.edu/system/finance/facilities/design-construction/projectstatus/index.html

MOSSADAMS