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COMMUNICATION
FAA - MAR 2/15
ITEM - 1

TO: HONOURABLE MAYOR and MEMBERS of COUNCIL

FROM: BARBARA CRIBBETT, INTERIM CITY MANAGER

COPY TO: SENIOR MANAGEMENT TEAM (SMT)
LAURA MIRABELLA-SIDDALL, DIRECTOR – FINANCIAL PLANNING & ANALYTICS

DATE: FEBRUARY 24, 2015

SUBJECT: COMMUNICATION – FINANCE, ADMINISTRATION AND AUDIT COMMITTEE

ADDITIONAL INFORMATION AND JUSTIFICATION
REQUESTED BY FAA COMMITTEE ON FEBRUARY 9, 2015
FOR SPECIFIC ADDITIONAL RESOURCE REQUESTS
IN STRATEGIC & CORPORATE SERVICES COMMISSION

Background:

On February 9, 2015, the following resolution was passed by the Finance, Administration and Audit Committee in relation to the 2015 Budget (Referred).

“That staff provide additional information and justification for the positions of Project Manager, Property Manager and Systems Analyst/Project Leader (JDE – Purchasing CI) and further, if these positions are needed, that staff identify the risks of including them in the full review of all positions conducted later this year by the Task Force for inclusion in the 2016 Budget”

The following information is consistent with the information and justifications previously submitted and presented as part of the 2015 budget process (i.e. hard copy submissions, and presentation on January 23, 2015 FAA Committee Meeting – Commission Based presentations).

The proposed positions would achieve different objectives. The Project Manager would result in overall savings to the corporation (although it is an increase to the Operating budget), improved institutional memory and efficient project delivery timelines. The Property Manager would meet the need for a coordinated and one point of contact approach to leasing and licensing all City properties for public use, as well as the City leasing properties from external organizations, thus mitigating risk to the City. The System Analyst/Project Leader JDE –Purchasing CI will assist in further leveraging of the JDE system and the Finance and Procurement Modules which to date have not been fully utilized, as identified in the Corporate IT Strategy as well as enabling the process improvements identified in the Procure to Pay Operational Review.

The positions are further described as follows:

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Title of Requested Position	Rationale/ Risk of Postponing/not Approving	Linkage to Corporate Priorities	Key Departments Being Served
Project Manager (Building & Facilities Department)	<p>The Project Manager position will be responsible for managing capital projects which have a budget of \$100,000 or more. This position will significantly reduce (but not eliminate) the need to retain external project management companies, which can cost up to 15% of the total project budget.</p> <p>This position will support Buildings and Facilities to "Demonstrate Excellence in Service Delivery": Enhanced project management capability will enable the department to deliver capital projects in a timely and efficient manner. It will also "Ensure a High Performance Organization": Enhanced project management capability will enable the department to reduce capital project backlog and ensure high performance in the department.</p> <p><u>Risk/Impact of Deferral</u></p> <ol style="list-style-type: none"> Continued Cost to Capital Projects - The alternate solution is to continue to retain external project management companies to deliver all capital projects over \$100,000,, which will either increase the cost of each capital project by up to 15%, or reduce the amount of budget available for the construction (i.e. - deliver a smaller program than envisioned. In 2014 alone, approximately \$350,000 was spent on external project managers. This position will be able to significantly reduce this need and result in a capital savings of at least \$200,000 on an annual basis. Project Delays - Project Management services are usually procured through a Request For Proposals (RFP), a time consuming process for both Purchasing Services and the requesting Department, as it includes: releasing a scope of work, responding to questions, conducting submission evaluations, and checking references. Continued issuance of RFPs for project management services will place an additional strain on B&F's resources, and further reduce Staff's ability to undertake capital projects. Loss of Institutional knowledge - This knowledge, which accumulates during the delivery of capital projects, will not remain with the City; Outsourced project managers 	Develop and implement a corporate wide Asset management system	Buildings and Facilities Any depts. requiring capital projects over \$100,000

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	<p>are unlikely to be as responsive or as committed to the City's vision and goals as staff will.</p> <p>4. Inefficient use of Manager of Building Construction's time – Currently, the Manager is required to function as a project manager on several of the City's larger projects, interfering with management and oversight responsibilities.</p>		
<p>Property Manager (Building & Facilities Department)</p>	<p>This Property Manager position would allow for centralization on a corporate level for City leased and licensed properties. Currently, different aspects of leased and licensed properties are distributed across the Corporation. This creates inconsistencies in agreements and potential missed opportunities for revenues and rising or unnecessary costs.</p> <p><u>Opportunity</u> This position as a best practice for a growing municipality and as an opportunity to have one point of contact for all leases, permits and licenses, providing better oversight as a centralized service, enhancing revenue opportunities and consistency, and aligning with the strategic priority "Manage Corporate assets". The Property Manager will coordinate work with several departments (B&F, Legal Services and Recreation Services), to provide effective Property Management Services.</p> <p><u>Risk/Impact of Deferral</u></p> <ol style="list-style-type: none"> 1. Lack of clarity regarding accountability for leasing and licensing of properties 2. Inconsistent wording in agreements, making compliance more difficult 3. Potential missed opportunities as revenues are not collected, and consistent cost recoveries targets do not find their way into agreements. 4. Increased likelihood of non-compliance due to fragmented responsibility for leases. The risk of non-compliance exists for the City both as a lessee and as a lessor, which could lead to financial losses and/or injury, depending on the non-compliance. 5. Missed opportunities for better management of leased properties. 	<p>Develop and implement Integrated Risk Management Strategy</p> <p>Develop and implement a Corporate-wide Asset Management System</p>	<p>Buildings and Facilities</p> <p>Legal</p> <p>Real Estate</p> <p>Rec & Culture</p> <p>Finance</p>

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<p>Systems Analyst / Project Leader (JDE – Purchasing CI)</p> <p>(Information & Technology Management Department)</p>	<p>This position relates will support the increased and more effective use of the Procurement and Finance modules of the JDE system, and the implementation of the Procure to Pay (P2P) recommendations (Continuous Improvement).</p> <p>JDE serves approximately 600 users and manages business processes such as, finance, budget, procurement, payroll, case tracking, fleet management and preventative maintenance. Initiatives such as P2P, Corporate Work Management System, and Business Intelligence tools will require an internal resource to assist with the implementation of efficient automation of processes related to these initiatives, as well as integration of other solutions such as CLASS, AMANDA, V-Tax and GIS.</p> <p><u>Opportunity</u> The need to implement business transformation initiatives has increased demand to leverage and enhance JDE modules, such as Finance and Procurement. Leveraging of these JDE modules will align with the P2P Implementation Strategy, providing enhanced automation which will improve work flow management, reduced time and transaction costs, enhanced audit capabilities and controls, and improved data analytics. This position will strive to maximize the City's significant investment in the JDE system by more fully utilizing Finance and Procurement modules to automate improved processes resulting from the P2P Initiative. These modules provide functionality that the City owns, but does not currently use. This role is also key to ensuring on-going solution performance and reliability, as well be a key participate and liaison with technical and business resources within the organization.</p> <p><u>Risk/Impact of Deferral</u></p> <ol style="list-style-type: none"> 1. Continued heavy reliance on labor intensive paper processes 2. Inability to fully utilize the JDE modules paid for by the City 3. Difficult to keep up with corporate growth work volumes, which could result in customer dissatisfaction, and business transformation – specifically the P2P implementation. 4. Continued challenge in generating meaningful data to support management decisions 	<p>Implement Corporate IT Strategy</p> <p>Implement operational reviews</p>	<p>Purchasing</p> <p>Finance</p> <p>City departments</p> <p>VFRS</p> <p>VPL</p>
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Communication prepared by:

Michael Shatil
Director – Building & Facilities

Dimitri Yampolsky
Chief Information Officer (CIO)

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Barbara Cribbett', with a long horizontal flourish extending to the right.

Barbara Cribbett
Interim City Manager

Copy: John Henry, Commissioner of Financer and City Treasurer
Laura Mirabella-Siddall, Director of Financial Planning & Analytics