

Capital Project Delivery Process



Objective

The objective of this audit was to determine whether the City is effective and efficient at coordinating and delivering capital projects that meet identified needs.

Background

This report focuses on the project management, quality management, and construction inspection services that the Public Works Department uses to deliver capital projects.

We also address aspects of the vendor evaluation process, managed by the Capital Contracting Office. The Office is located within the City's Financial Services Department.

What We Found

Public Works did not consistently follow processes designed to contain costs and ensure the quality of capital projects. Flaws in the process for assessing contractor performance may affect the quality of future capital projects, and departments are dissatisfied with the rate and quality of project updates.

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- Tested projects frequently did not go through the entire quality management review process, which may lead to avoidable cost increases during construction. More recent projects are more likely to have gone through the final stages of review. Staff and management reported frustration with the length of the process, saying that it has been intentionally disregarded for high priority projects, such as the New Central Library.
- Project managers regularly allowed contractors to complete work outside the scope of the original contract before change orders are approved. The City must pay for this work, regardless of whether the price is appropriate or the work is necessary. As an example, the City approved a change order for the Waller Creek Tunnel that included \$66,500 in already completed work.
- Capital projects often exceeded their initial cost estimates by large margins. Examples include the recent City Hall renovations (467% increase) and the Shoal Creek Storm Drain Improvements (700% increase). Although many factors affect the final cost of a project, inaccurate estimations may affect funds available for future projects.
- Construction inspectors did not always complete required elements of their logs. This may affect the overall quality of finished work, or the City's ability to pursue legal action if the work is insufficient.

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What We Found, Continued

The City's process for assessing contractor performance on capital projects discourages constructive feedback and lacks nuance, which may affect the procurement and quality of future capital projects.

- Virtually all evaluations of professional services and construction contractors result in perfect scores, which may make it more difficult for new contractors to compete. The lack of constructive feedback is due to aspects of the form itself. Legal settlements the City has entered into may also influence evaluations. The Capital Contracting Office recently improved the vendor evaluation process, but some areas for improvement remain.

Although Public Works recently improved their communication with sponsor departments, departmental staff are still dissatisfied with the rate and quality of project updates.

- Departments are not satisfied with the frequency of project updates they receive in eCAPRIS, the City's project management system. Project managers do not consistently update eCAPRIS, and some managers maintain shadow systems for project management due to frustration with eCAPRIS.

What We Recommend

- Public Works review, update as necessary, and enforce its quality management, change order, and cost estimation processes;
- Public Works review, update as necessary, and enforce its documentation requirements for construction inspectors;
- Public Works and the Capital Contracting Office continue to work together to improve its vendor evaluation process and reduce barriers to incorporating constructive feedback, including documenting sub-contractor performance; and
- Public Works work with stakeholders to develop an effective project management tool, or improve existing tools, to increase coordination and project manager efficiency.