Capital Projects Portfolio Management Update

Presented to the Metropolitan Water
Pollution Abatement Advisory Committee

December 12, 2018

Today's Presentation

- Portfolio Management Recap

- Work to date

- Upcoming work

- Implementation Schedules

Project Portfolio Management

- In 2017, WTD introduced Project Portfolio Management into our infrastructure investments to:
- Allocate resources to the right projects at the right time
- Objective process to prioritize / balance / sequence investments
- Ensure transparent decision making

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Project Portfolio Management

- Created "categories" of similar type projects
- Prioritized projects based on each category's unique criteria
- Aligned categories with WTD strategy
  - Ensures strategies are funded and implemented.
- Reassessed project priority at each gate (continue/hold/cancel)

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Categories

- Category = A group of projects that are aligned to a common WTD strategy

- Funds will be allocated to each category by the Director and Senior Management

- Six categories have been identified

Asset Management

Regulatory

Resources & Energy

Operational Enhancements

Capacity Improvement

Resiliency

WTD Capital Categories

Portfolio Prioritization

- Multi-Criteria Analysis – Objective/measurable
- Example: **Asset Management Category**
  - Multi-criteria:
    - **Condition of Asset**
    - **Asset Risk**
    - **Obsolescence**
    - **Organizational Impacts**

Example: Asset Management Categories, Condition of Asset

Rating	Label	Description
0.0	Full Operating Condition	The asset is functionally operational and predictive maintenance/failure rate does not indicate it is within 6 years of its predicted end of life.
2.0	Good Condition	The asset is functionally operational and predictive maintenance/failure rate indicates it is outside of the 6 years of its predicted end of life with some deficiencies noted but is not in need of immediate corrective action.
4.0	Fair Condition	The asset is functionally operational and predictive maintenance/failure rate indicates it is within 6 years of its predicted end of service life with some deficiencies noted and service life could be extended outside of the 6-year window through enhanced upkeep, refurbishment, shift in operational strategy, and/or enhanced maintenance.
6.0	Poor Condition	The asset is not reliably meeting its designed functionality in an acceptable manner and predictive maintenance/failure rate indicates it is within 2 years of the end of service life with many deficiencies noted and is in need of replacement/refurbishment. Service life could be extended outside of the 2-year window through enhanced upkeep, refurbishment, shift in operational strategy, and/or enhanced maintenance.
8.0	Very Poor Condition	The asset is not reliably meeting its designed functionality in an acceptable manner and predictive maintenance/failure rate indicates it is within 2 years of the end of service life with many deficiencies noted and is in need of replacement/refurbishment. Service life cannot be extended outside of the 2-year window through enhanced upkeep, refurbishment, shift in operational strategy, and/or enhanced maintenance.
10.0	Unserviceable Condition	The asset is in an unserviceable condition, has met or exceeded its usable service life, and is in a state of disrepair such that it cannot be recovered to any usable condition. The asset is no longer providing the beneficial service and originally designed functionality, which may include emergent issues.

Implementation

Phased Approach:

- Pilot: launched processes for the 2019/2020 budget

- Steady-state: full buildout and integration of processes and procedures into structured program
  - Incorporating lessons learned from the pilot into processes

Lessons Learned: What Went Well

- Our WTD culture supports business change

- Portfolio categories directly link to WTD strategic objectives and business plan

- Managers said they had the information they needed to make decisions

- Enhanced the ability of WTD to communicate the capital budget plan to stakeholders

Lessons Learned: Key Opportunities

- Need a data management tool to:
  - Create and maintain a continual project inventory
  - Actively manage the portfolio
- Ensure accurate project data (project scope, schedule, cost estimate) early in prioritization process
- Develop Key Performance Indicators to monitor and control at portfolio category level
- Improve communication of decisions made
- Improve ability to track inter and intra-governmental commitments
- Need a resource management tool

Moving to Steady-State

- Portfolio management is not just used to prepare capital budget proposals
- Portfolio processes are used to prioritize and select projects
- Portfolio processes will be used day-to-day to understand and support decision making needed when on-going projects or external events cause a change in plans
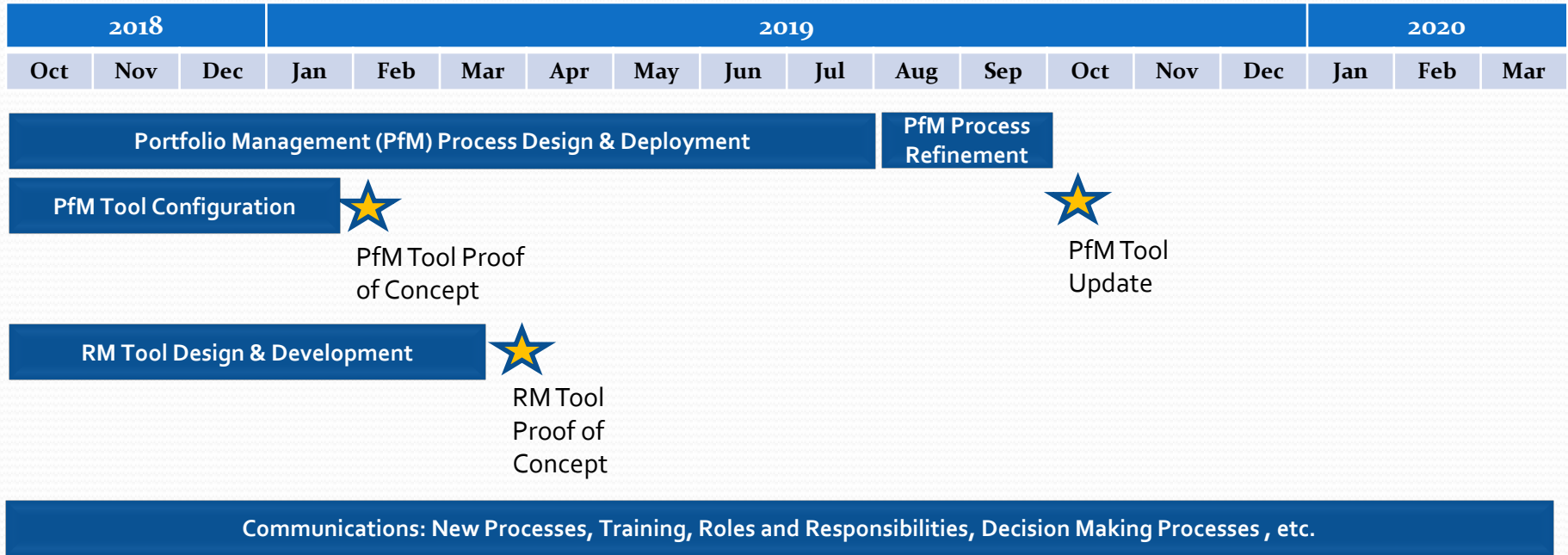
Portfolio Management Activities

❑ 2018 After Pilot Activities

- ❑ New Project Request Process Design
- ❑ Portfolio Category Ranking Criteria Refinement
- ❑ Day-to-Day Portfolio Management Process Design
- ❑ Escalation Ladder Development & Refinement

❑ 2019 Activities

- ❑ Staff Communication: new processes, roles and responsibilities, decision making processes
- ❑ Planned Technology Tool Rollout: resource management, PfM information system
- ❑ Small and Low Risk Project Streamlined Processes
- ❑ Continuous Project Evaluation and Ranking
- ❑ Process Deployment
- ❑ Plan Do Check Adjust

Pilot to Practice Timeline

2018			2019											2020		
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar

Portfolio Management (PfM) Process Design & Deployment

PfM Process Refinement

PfM Tool Configuration

PfM Tool Proof of Concept

PfM Tool Update

RM Tool Design & Development

RM Tool Proof of Concept

Communications: New Processes, Training, Roles and Responsibilities, Decision Making Processes , etc.

Questions?

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