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New Community Growth Strategy: Stakeholder Engagement Review and Lessons Learned

The City of Calgary, Calgary Growth Strategies

August 26, 2019



ISC: Unrestricted

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Executive Summary

Purpose and Objectives

In May 2019, The City of Calgary (herein “The City”) issued a Statement of Requirements titled “New Community Growth Strategy” (RFQ 19-0104) and subsequently engaged Stack’d Consulting Inc. (herein Stack’d) to collect stakeholder feedback and lessons learned and provide recommendations for improvement regarding The City’s New Community Growth Strategy (NCGS) 2018 framework and process. The primary contact for Stack’d within City Administration was the Calgary Growth Strategies business unit.

The primary goal for collecting this feedback and creating recommendations was to improve the growth decision-making process, as per the commitment made to Council by Administration in July of 2018. As per the scope of work, Stack’d solicited feedback in the following three areas to identify opportunities for improvement:

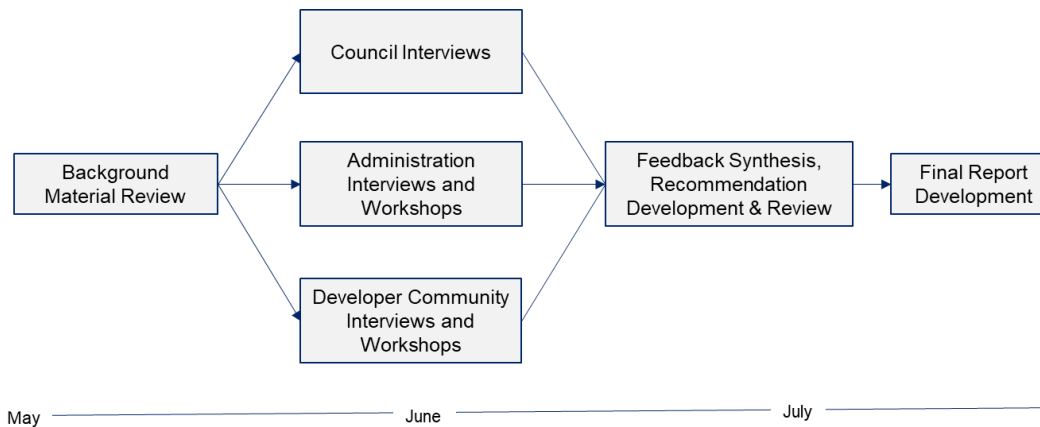
- 1. Process:** Collect feedback on process timelines, clarity, responsibilities, transparency, and communication;
- 2. Data and Analysis:** Understand perspectives on the data requested and provided in the business cases, data assumptions used, and analysis performed; and,
- 3. Evaluation Criteria Framework:** Solicit feedback on the criteria framework and whether it should be adjusted to measure any additional factors to achieve Council’s goals. Understand if measuring against the current evaluation criteria achieves a balanced outcome in strategic growth decisions.

Approach and Participants

The Stakeholder’s engaged were from three groups:

- 1. City Council:** the body that ultimately approves new community growth business cases;
- 2. Land Development Industry (Industry):** the developer community that submits business cases to be considered; and,
- 3. City Administration:** the staff that conduct or contribute to the process, assess the business cases and make recommendations to Council.

Over 55 members of these stakeholder groups (see Appendix A) were engaged over a two-month period utilizing both one-on-one interviews and workshops. The feedback received was then analyzed, and recommendations drafted and reviewed with the Calgary Growth Strategies Team in advance of developing this report (see illustration below):



Feedback Summary

To best understand the feedback received, it is important to appreciate the context of the NCGS 2018 process. In particular, the NCGS 2018 process was not a pre-defined, structured process. In addition, a process of this nature had not been conducted since the work of the Framework for Growth and Change in 2013, resulting in a sense of increased demand for new growth opportunities within the stakeholder community. As a result, the process evolved over time with the specification of requirements and criteria occurring to some degree, 'mid-flight.' As a result:

- By the end of the process, significant progress was made in structuring and defining the process, requirements, and decision criteria, providing a better starting point for future business case evaluations;
- The development of this structure while 'in-flight' resulted in many lessons learned and opportunities for improvement; and,
- The context for the NCGS 2018 process was unique, with stakeholder goals, needs, and requirements reflecting the community and business environment at that time.

As per The City's requirements, the feedback was received and is presented below in the three subject areas specified.

Evaluation Criteria

The purpose for establishing the Evaluation Criteria Framework (see Appendix B) was to help ensure that the set of approved new community business cases would help achieve Council's goals, support The City's strategic priorities and reflect a balanced outcome across the key factors considered. At the highest level the criteria applied was defined by the following three factors:

1. Municipal Development Plan (MDP) / Calgary Transportation Plan (CTP) Goals;
2. Market Demand; and,
3. City of Calgary Financial Considerations

Although there certainly were a variety of perspectives expressed by the different stakeholder groups engaged, a number of improvement opportunities were commonly shared across stakeholder groups including those for:

- Better clarity, alignment and focus on the highest priorities and decision criteria;
- More complete view of lifecycle costs and economic impact of specific business cases;

- Portfolio-based decision making rooted in the broader set of City strategic priorities; and,
- Greater flexibility in applying criteria to allow for variance in types of business case scenarios.

Data and Analysis

Given that the Evaluation Criteria Framework was formed mid-flight during the business case submission and evaluation timeline, the resulting data requirements and related requests, assumptions used, and the analysis performed likewise emerged over the course of the process.

Business Case Guidelines were developed into a draft format (see Appendix C) and communicated to those developers who expressed interest in submitting a business case (they were not widely distributed to all developers). The purpose of these Business Case Guidelines was to help ensure that business case submissions were focused appropriately and consistently on the right information to enable fair evaluation by Administration and decision making by Council.

Generally, suggested improvements regarding Data & Analysis focused on greater standardization and transparency regarding inputs, models and assumptions to better streamline and align the work effort in the preparation and analysis of business cases. In addition, both Industry and Administration agreed that tightening the Business Case Guidelines and evaluation process via a relatively prescriptive template that better defines the scope and level of information is required. This would help ensure better consistency in submissions, efficiency in their preparation, greater fairness in their evaluation, and less effort to prepare summaries for Council.

Process

Process feedback focused on the overall clarity and communication of the business case submission and review process, the roles and responsibilities of each group, timelines, and the transparency of the overall review and decision-making process.

Generally, stakeholders felt that the NCGS 2018 process was a positive initiative and that it will provide a solid foundation for future iterations of the process. Several opportunities for improvement commonly identified across all stakeholder groups included:

- Integrating and aligning the NCGS process with other growth initiatives and strategies (e.g. Established Areas and Industrial growth initiatives);
- Integrating and aligning with other City processes (e.g. One Calgary, budgeting cycle, Area Structure Plans);
- Ensuring the process is clear, repeatable, and flexible;
- Clearly defining and communicating goals and desired outcomes;
- Establishing more reasonable timelines and adhering to deadlines; and,
- Clarifying roles, responsibilities, and expectations for all parties involved throughout the process.

It is important to note that some of the feedback regarding communication, timelines, and expectations stems directly from the fact that the NCGS 2018 process was evolving and shifting over time. A number of these issues should be addressed in the next iteration of the process given there is now a previous process upon which to set expectations and project timelines.

Recommendation Summary

The recommendations outlined below are primarily based on the opportunities for improving the efficiency and effectiveness of the NCGS 2018 process as identified by the three stakeholder groups consulted. These recommendations reflect more of “what” should be considered for change, rather than specifying exactly “how” it should change, given the scope of this engagement did not include the completion of an objective performance review. Further efforts to validate and both develop and implement tactical solutions for these recommendations is required.

Overall, the top priority recommendations for the NCGS to implement for the next round of business case evaluations are:

- Establish overarching priorities for the portfolio across related initiatives (e.g. Established Area Growth, Industrial Growth) to help address competing priorities and coordinate efforts and resources across the full range of growth opportunities;
- Retain the three evaluation criteria ‘pillars’ as Guiding Principles and set specific priorities related to each pillar (MDP, Market Demand, City Financials) for a given business-cycle;
- Design a Business Case Template to directly reflect business cycle priorities and help ensure alignment of business case submission information with evaluation criteria;
- Establish and publish a master data set at the start of the process that reflects the supporting data and assumptions required by the business case economic and market projections to help reduce rework, debate, and inconsistency and improve transparency;
- Clearly define the NCGS process, how it fits within the broader set of corporate processes and growth initiatives, and publish expectations to stakeholders in advance of initiating the business case review process; and,
- Ensure transparent, frequent, and open communication across all stakeholders regarding all elements of the NCGS initiative.

Greater detail on each of these recommendations are captured in the main body of the report below.

1.0 Purpose, Objectives and Approach

1.1 Purpose, Objectives and Context

Purpose and Objectives

In May 2019, The City of Calgary (herein “The City”) engaged Stack’d Consulting Inc. (herein Stack’d) to collect feedback and lessons learned and provide recommendations for improvement regarding The City’s New Community Growth Strategy (NCGS) 2018 framework and process. The primary goal for collecting this feedback and creating recommendations was to improve the growth decision-making process for the expected NCGS evaluation ahead of the 2020 One Calgary mid-cycle budget adjustment.

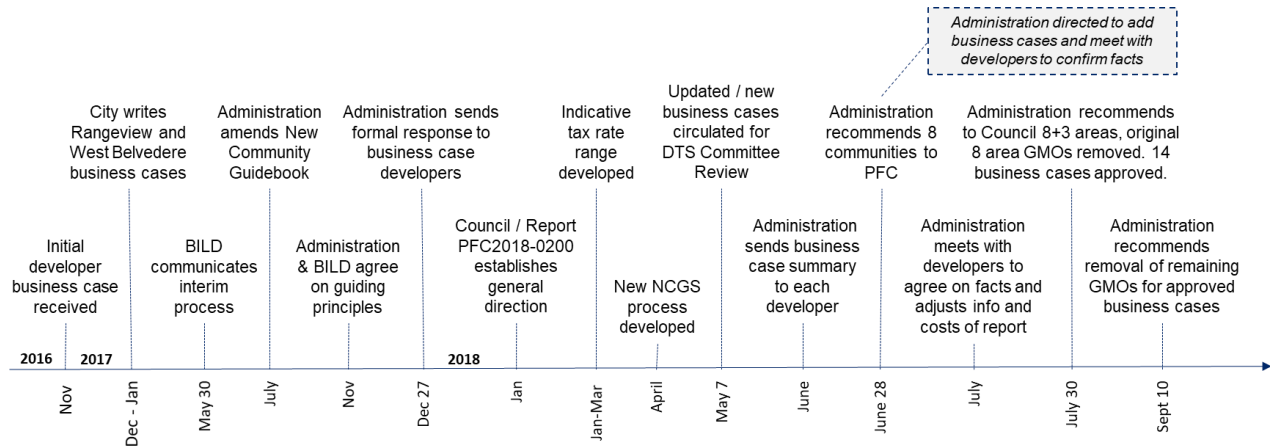
During the stakeholder engagement process, Stack’d solicited feedback in the following three areas to identify opportunities for improvement:

- 1. Process:** Collect feedback on process timelines, clarity, responsibilities, transparency, and communication;
- 2. Data and Analysis:** Understand perspectives on the data requested and provided in the business cases, data assumptions used, and analysis performed; and,
- 3. Evaluation Criteria Framework:** Solicit feedback on the criteria framework and whether it should be adjusted to measure any additional factors to achieve Council’s goals. Understand if measuring against the current evaluation criteria achieves a balanced outcome in strategic growth decisions.

The purpose of this report is to highlight the key feedback received from various stakeholders and identify the emerging recommendations that warrant further examination, validation, and planning for future cycles of this process.

Context

To best understand the feedback received, it is important to appreciate the context of the NCGS 2018 process. In particular, the NCGS 2018 process was not a pre-defined, structured process. In addition, a process of this nature had not been conducted since the work of the Framework for Growth and Change in 2013, resulting in accumulated demand for new growth opportunities within the stakeholder community. As a result, and as reflected in the high-level timeline summarized below, the process evolved over time with the specification of requirements and criteria occurring ‘mid-flight.’



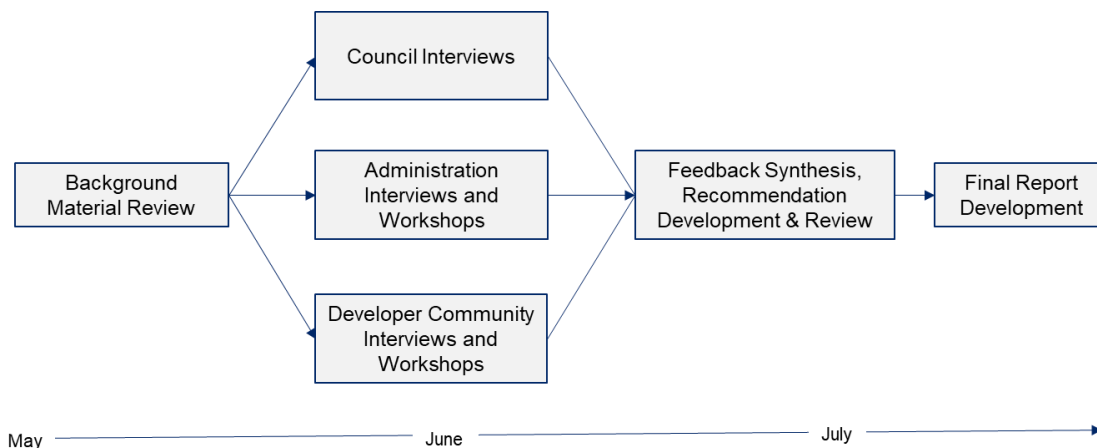
Given this context, the following general observations should be recognized:

- By the end of the process, significant progress was made in structuring and defining the process, requirements, and decision criteria, providing a better starting point for future applications;
- The development of this structure while ‘in-flight’ resulted in many lessons learned and opportunities for improvement; and,
- The context for the NCGS 2018 process was unique, with stakeholder goals, needs, and requirements reflecting the community and business environment at that time.

1.2 Approach and Participants

Approach

Stack’d was engaged to solicit stakeholder feedback, analyze the results, and make recommendations related to the NCGS 2018 process as summarized below:



Of note, the scope of this engagement did not include conducting external best practice research, nor an in-depth evaluation of City-internal methods, processes or analysis that the Calgary Growth Strategies Team and other internal supporting areas may have applied. As such, the results from this engagement’s approach primarily reflect the themes that emerged from the stakeholder community feedback. In

addition, they primarily identify “what” opportunities for improvement should be focused on, but not necessarily “how” they should be improved. Therefore, the resulting recommendations should be considered ‘emerging’ and subject to further validation and development.

Participant Stakeholders

Given the stakeholder-centric focus of this engagement, it was critical to identify and effectively engage the key stakeholders who were involved in the NCGS 2018 process. This project engaged those that helped develop, evaluate, recommend and decide on which new community growth business cases would be approved. At the highest level, the relevant stakeholders that were engaged were grouped as follows:

1. **City Council:** the body that ultimately approves new community growth business cases;
2. **Land Development Industry (Industry):** the developer community that submits business cases to be considered; and,
3. **City Administration:** the staff that conduct or contribute to the process, assess the business cases and make recommendations to Council.

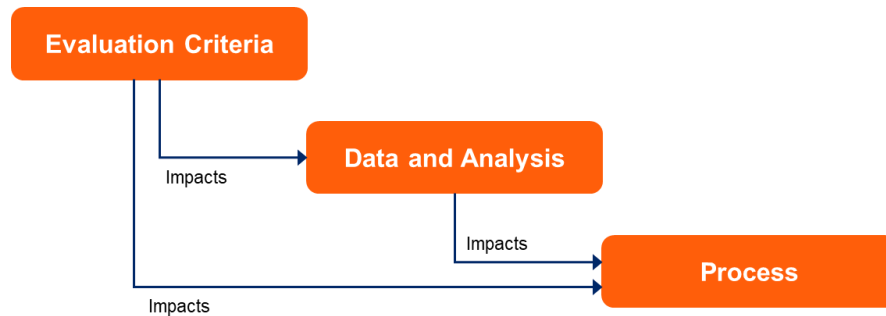
More specifically, Stack’d conducted the following stakeholder engagement activities with more than 55 members from these groups as summarized below (please refer to Appendix A for a detailed list of those stakeholders who chose to participate):



It should be noted that due to current availability and/or organizational changes since the 2018 process was conducted, stakeholder engagement could not include all who were part of the NCGS 2018 initiative.

2.0 Feedback Themes

A summary of the feedback received from the stakeholders engaged is provided in the sections below. This feedback is grouped by subject area as requested by The City (per Section 1.1) and the presentation organized according to the relationship among these three subject areas, as illustrated below:



For example, a change to certain Evaluation Criteria may impact which information and data is required from Industry and the analysis then required by Administration. These changes may also require additional changes to the overall application and evaluation process.

2.1 Evaluation Criteria

The purpose for establishing the Evaluation Criteria Framework (see Appendix B) was to help ensure that the set of approved new community business cases would help achieve Council's goals, support The City's strategic priorities and reflect a balanced outcome across the key factors considered. At the highest level the criteria applied was defined by the following three factors:

1. Municipal Development Plan (MDP) / Calgary Transportation Plan (CTP) Goals;
2. Market Demand; and,
3. City of Calgary Financial Considerations.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below. A high priority is indicated for those items that were specifically identified by one of more individuals as having a high priority. Medium priority items were considered important by a respondent(s) but not specified as high priority. Low priority items reflect those items that were identified but not of particular importance to the respondent.

Feedback Summary

Frequency: High (5+) Medium (2-5) Low (1) Priority level: ✓✓✓ high ✓✓ medium ✓ low

Feedback Summary	Frequency	Council	Industry	Administration
<p>1. Generally positive feedback overall: build on this foundation as ‘Guiding Principles’</p> <ul style="list-style-type: none"> Overall, the introduction of the evaluation criteria was generally seen as having a positive impact and bringing structure to the process, and at a high-level should serve as enduring guiding principles or pillars across business cycles 	High	✓✓✓	✓✓	✓✓✓
<p>2. Add business cycle specific priorities</p> <ul style="list-style-type: none"> Within these guiding principles or pillars, priorities specific to the current business cycle should be identified, weighted accordingly, and communicated widely to provide greater focus and enable more effective decision making 	High	✓✓✓	✓✓✓	✓✓
<p>3. Tighten business case guidelines to reflect business cycle-specific priorities</p> <ul style="list-style-type: none"> Tighten business case guidelines by creating a Business Case Template that reflects evaluation criteria broadly, and business cycle-specific priorities specifically 	High	✓✓✓	✓✓✓	✓✓
<p>4. Market Demand contentious: need greater clarity</p> <ul style="list-style-type: none"> Market Demand featured the most disparate views across the stakeholder groups. Views on which stakeholder group should serve as its authority ranged from Industry to City Administration. It was further noted that it requires greater clarity and transparency on application of criteria. 	High	✓✓✓	✓✓✓	✓✓✓
<p>5. Need longer-term, broader portfolio view when evaluating business cases</p> <ul style="list-style-type: none"> Need to evaluate business cases within a broader portfolio view of growth investments. In addition, move to incorporate full lifecycle costs to gauge long-term impact and account for phased implementations. 	High	✓✓✓		✓✓✓
<p>6. City Staff question value of work given eventual decision and outcome</p> <ul style="list-style-type: none"> Disconnect between Administration’s original recommendation of 8 business cases, and the eventual approval of 14 business cases created staff discontent with NCGS process 	High	✓✓		✓✓✓
<p>7. Varied views: ‘unleash’ vs. ‘control’; urban vs. suburban; myopic vs. broad</p> <ul style="list-style-type: none"> There was a range of philosophically disparate views across stakeholder groups on the following topics: <ul style="list-style-type: none"> i. Degree to which The City should be controlling development through the NCGS process; ii. Desired balance between urban and suburban growth investments; and, 	High	✓✓		

Feedback Summary	Frequency	Council	Industry	Administration
iii. Preference to evaluate specific business cases on their individual merits vs. within the context of long term, broad City strategies.				
8. MDP criteria value questioned: too subjective				
<ul style="list-style-type: none"> MDP criteria was seen as too subjective and ineffective: needs to be more outcomes focused to enable better evaluation, decision making and accountability 	Med	✓✓	✓✓✓	
9. ‘Connect the dots’ more explicitly; ensure decision-implications clear				
<ul style="list-style-type: none"> Need to be more explicit in connecting the dots for decision-makers to ensure the full implications of decisions are understood (<i>e.g. capital growth investment budget constraints</i>) and the broader set of City strategic priorities and related investment requirements are accounted for 	Med	✓✓		✓✓✓
10. Add Developer Performance as criteria				
<ul style="list-style-type: none"> A developer’s past performance on meeting new community growth commitments and achieving targeted business case results should be part of the evaluation criteria 	Med	✓✓		✓✓
11. Flexibility to differentiate between low and high-risk cases; community-specific needs				
<ul style="list-style-type: none"> Need to be flexible on how to apply criteria to distinguish between complex, high-risk business cases and ‘slam dunk’ straight forward opportunities, and to recognize community-specific needs that broadly applied criteria may not adequately appreciate 	Med	✓✓	✓✓	
12. Disconnect with Council priorities created rework				
<ul style="list-style-type: none"> Not fully understanding Council’s level of investment appetite (i.e. 14 business case approvals out of 16) contributed to duplicate cycles of business case evaluation and recommendation development 	Med		✓✓	✓✓
13. “Open for business” was Council priority				
<ul style="list-style-type: none"> It was not clearly or commonly understood that Council valued “being open for business” to prevent the movement of investments to other jurisdictions communities 	Med	✓✓		
14. Need greater clarity on infrastructure requirements				
<ul style="list-style-type: none"> Infrastructure requirements (in particular Fire) were not clearly articulated or understood creating confusion and some frustration 	Med		✓✓	
15. Differentiate residential from non-residential criteria				
<ul style="list-style-type: none"> Application of criteria needs to be flexible to differentiate between residential and non-residential contexts (also see “Flexibility to differentiate...” above) 	Med		✓✓	

Feedback Summary	Frequency	Council	Industry	Administration
<p>16. Varied Views: weighting of Financial criteria</p> <ul style="list-style-type: none"> Alternate views were expressed on the weighting of the financial criteria. Some believed it required greater emphasis given current business-cycle realities. Others believed it received too much emphasis and may undermine achieving the long-term City vision. 	Med			✓✓
<p>17. Financial criteria needs lifecycle operating costs</p> <ul style="list-style-type: none"> Financial criteria should incorporate forecasted operating costs (even at rule of thumb level) to better understand expected economic value and full impact of business case decisions 	Med			✓✓
<p>18. Revisit Financial policies and priorities and align; focus on basics</p> <ul style="list-style-type: none"> City needs to revisit its community priorities and ensure that finances for basic community servicing needs are in place prior to investing in more discretionary community services 	Low			✓✓
<p>19. Apply criteria via third-party expertise</p> <ul style="list-style-type: none"> Utilize third-party expertise (e.g. advisory body composed of CED, University, Conference Board of Canada, etc.) to apply the evaluation criteria and vet the Administration's recommendations for Council 	Low			✓✓
<p>20. Focus on "Project Financials" not "City Financials"</p> <ul style="list-style-type: none"> Financial criteria should be about the Project Financials from a community perspective, not just from a City Financials perspective 	Low	✓✓		

Synopsis:

Although there certainly were a variety of perspectives expressed by the different stakeholder groups engaged, a number of improvement opportunities were commonly shared across all groups including those for:

- Better clarity, alignment and focus on the highest priorities and decision criteria;
- More complete view of lifecycle costs and economic impact of specific business cases;
- Portfolio-based decision making rooted in the broader set of City strategic priorities; and,
- Greater flexibility in applying criteria to allow for variance in types of business case scenarios.

However, it is also acknowledged that such a process will not likely find full agreement among all stakeholders given the different roles and goals each has within the new community growth context. A general summary of each stakeholder group's view of the evaluation criteria is provided below including some elements that distinguished their feedback from others.

Councillors

Out of the three stakeholder groups, Councillors had perhaps the greatest variety of perspectives within their participating members as it related to evaluation criteria. Understandably, this variety generally seemed to be rooted in the specific requirements and priorities of the ward served, although in some cases broader City-wide points of view were also expressed. Given unanimous agreement on evaluation criteria may be aspirational, generally the Councillor group agreed with the common items bulleted above. What most distinguished individual Councillor views from others within the group included:

- Challenging the Market Demand criterion, as some perceive Industry as "experts" in this assessment and the ones that bear much of the related risk; and,
- Questioning the degree of control The City applies in the growth of communities through the NCGS process.

Industry

Industry, as represented by BILD Calgary Region and the Developers and / or related consultants that chose to participate in the workshop, were less concerned about The City's broader strategic priorities or perhaps incorporating full lifecycle costs. Instead, they were more concerned with clarity on priorities and requirements (e.g. fire) being evaluated fairly and transparently, and that there is flexibility to account for business case specific contexts (e.g. residential versus non-residential).

Administration

Whereas Administration feedback on evaluation criteria aligned with the common items bulleted above, what distinguished their point of view regarding evaluation criteria was generally two-fold:

- The desire to ensure the role they play and the work they do is meaningful: i.e. understanding the decision criteria and driving a process that delivered the recommendations and information aligned with that criteria; and,
- From some, a more robust, and perhaps more highly prioritized application of financial considerations.

2.2 Data & Analysis

Given that the Evaluation Criteria formed mid-flight during the business case submission and evaluation timeline, the resulting data requirements and related requests, assumptions used, and the analysis performed were subject to the emerging criteria and therefore likewise emerged over the course of the process.

Business Case Guidelines were developed into a draft format (see Appendix C) and communicated to those developers who expressed interest in submitting a business case (they were not widely distributed to all developers). The purpose of the Business Case Guidelines was to help ensure that business case submissions were focused appropriately and consistently on the right information to enable fair evaluation by Administration and decision making by Council. More specifically, the Guidelines established were related to:

- Area Description and Projected Phasing / Rate of Growth;
- Capital Costs;
- Operating Costs;
- Municipal Development Plan/Calgary Transportation Plan Alignment; and,
- Triple Bottom Line Analysis.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below.

Synopsis:

Generally, suggested improvements for the data and analysis element of the NCGS 2018 process focused on greater standardization and transparency regarding inputs, models and assumptions to better streamline and align the work effort in the preparation and analysis of business cases. The in-flight evolution of evaluation criteria and lack of pre-established standard models (marketing, economic value) created greater rework and an environment requiring substantial effort by all involved.

As a result, the primary feedback regarding data and analysis centered around the selection and application of common models (economic, market, cost) and the transparency and consistent application of the supporting data and assumptions. In addition, both Industry and Administration agreed that tightening the Business Case Guidelines and evaluation process via a relatively prescriptive template that better defines the scope and level of information is required. This would help ensure better consistency in submissions, efficiency in their preparation, greater fairness in their evaluation, and less effort to prepare summaries for Council.

A summary of each stakeholder group's view of the data and analysis applied is provided below including some elements that distinguished their feedback from others.

Councillors

Generally, the Councillor group agreed with the common items identified above. One slight exception to this was a generally greater desire to leverage external expertise, as required, to help provide an independent economic and financial analysis.

Feedback Summary

Frequency: High (5+) Medium (2-5) Low (1) Priority level: ✓✓✓ high ✓✓ medium ✓ low

Feedback Summary	Frequency	Council	Industry	Administration
1. Agree on and apply single economic forecast model <ul style="list-style-type: none"> Establish a single, agreed upon economic model that meets Council's decision-making needs, Administration's evaluation requirements, and is practical and reasonable for Developers to comply with 	High	✓✓✓	✓✓✓	✓✓✓
2. Make Business Case Guidelines more prescriptive reflecting business cycle-specific priorities <ul style="list-style-type: none"> Tighten Business Case Guidelines by creating a Business Case Template that reflects evaluation criteria broadly, and business cycle-specific priorities specifically (similar feedback within Evaluation Criteria) 	High	✓✓	✓✓✓	✓✓✓
3. Establish more robust operating cost treatment <ul style="list-style-type: none"> Require more robust operating cost treatment, clear assumptions, and longer-term lifecycle cost analysis (assuming these are identified as key Evaluation Criteria improvements per feedback in previous section) 	High	✓✓✓	✓✓	✓✓✓
4. Establish one market demand model <ul style="list-style-type: none"> Need greater transparency regarding the market demand model applied in the evaluation process (including core assumptions and drivers), ensuring it integrates and aligns as necessary with the overall economic model 	High	✓✓	✓✓✓	
5. Need greater consistency across City Business Units in data and assumptions <ul style="list-style-type: none"> Where appropriate, need to ensure greater consistency and transparency in the application of common assumptions and data by the various supporting Business Units 	High			✓✓✓
6. Where appropriate, leverage external expertise to apply independent economic and financial analysis <ul style="list-style-type: none"> Augment Administration staff as required to conduct comprehensive economic and financial analysis, assumption and risk identification to address complexity of business case requirements, and help mitigate internal resourcing requirements given the infrequent need for these capabilities 	Med	✓✓✓	✓✓	✓✓
7. Include historical developer performance in analysis	Med	✓✓	✓✓	

Feedback Summary	Frequency	Council	Industry	Administration
<ul style="list-style-type: none"> Include market absorption and historical developer performance (e.g. accuracy of estimates) in meeting objectives in analysis of business cases (similar to item in Evaluation Criteria) 				
8. Only accept and evaluate data required by the evaluation criteria and priorities <ul style="list-style-type: none"> Apply a Request for Proposal (RFP) style discipline in establishing requirements (e.g. Business Case Template reflecting Evaluation Criteria) and methods that help ensure apples-to-apples evaluation of business cases 	Med	✓✓		✓✓
9. Need clarity on level of detail required in business case <ul style="list-style-type: none"> Business Case submissions reflected a wide range in level of detail submitted, creating difficulty in ensuring that a fair and consistent evaluation was applied 	Med	✓✓		✓✓
10. Communicate and consistently apply master data set with research-based assumptions <ul style="list-style-type: none"> Ensure common set of supporting data assumptions are transparent and defensible based on sufficient research 	Med		✓✓	✓✓✓
11. Business Case Summary document was excellent <ul style="list-style-type: none"> Generally, the work done by Administration to provide a consistent summary of each business case to help ensure a fair and equitable evaluation was considered exceptionally well done 	Med		✓✓	
12. Need clearer fire servicing and coverage requirements <ul style="list-style-type: none"> Perhaps due to a parallel in-flight initiative to address these requirements during the NCGS 2018 process, in the next iteration need clearer requirements related to fire services 	Med		✓✓✓	
13. Need better version and scope control to reduce confusion across Business Units <ul style="list-style-type: none"> Aligning Business Unit inputs with business case requirements proved challenging due to changes to business case scope, requirement specifications and inadequate version control / communication 	Med			✓✓
14. Need more tangible outcome-based, MDP-related data in business case <ul style="list-style-type: none"> Like the Evaluation Criteria item, Business Case Template should reflect outcome based MDP criteria where possible, recognizing limitations on specificity at this stage of development planning 	Low			✓✓

Feedback Summary	Frequency	Council	Industry	Administration
<p>15. Difficult balancing City long-term, broader needs with Developer-specific needs</p> <ul style="list-style-type: none"> How can Business Case Guidelines and Template (and upstream Evaluation Criteria) strike the right balance? 	Low		✓✓	
<p>16. Consider a preferred-vendor model to reduce rework / time to meet City standards</p> <ul style="list-style-type: none"> Establish a limited set of engineering vendors (for example) that are pre-certified as City-standard compliant such that technical approval is expedited 	Low		✓✓	

Industry

Industry was generally most focused on the transparency of the models, data, and assumptions Administration applied in the evaluation of the business cases. In addition, Developers were concerned about the rework and delays they experienced in meeting City standards. They were also unique in identifying the possibility of utilizing a preferred-vendor model regarding the evaluation of business cases to ensure alignment with established engineering standards. Accessing and meeting specific Business Unit requirements (fire, infrastructure, etc.) was also an area of particular focus and desired improvement.

Administration

Administration generally shared the same desire to clarify and apply consistent models and underlying assumptions and data to help streamline and evaluate business cases. Of particular note was the need to align with supporting Business Units on the assumptions, data, and requirements of the NCGS process.

2.4 Process

Feedback in this area focused on the overall clarity and communication of the business case submission and review process, the roles and responsibilities of each group, timelines, and the transparency of the overall review and decision-making process.

While the NCGS 2018 process was built while it was already 'in flight,' the core series of activities that took place provides a foundation for future iterations of the business case submission and review cycle. A visualization of the process that took place is available on page 10 of this document for reference.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below.

Feedback Summary

Frequency: High (5+) Medium (2-5) Low (1) **Priority level:** ✓✓✓ high ✓✓ medium ✓ low

Feedback Summary	Frequency	Council	Industry	Administration
<p>1. Integrate and align with other initiatives and strategies (e.g. Established Areas, Industrial, etc.)</p> <ul style="list-style-type: none"> • Would be valuable to have a portfolio-level view of growth investments so business case selection decisions don't inadvertently exhaust resources which may be required for other growth and / or capital needs 	High	✓✓✓	✓✓✓	✓✓✓
<p>2. Integrate and align with other processes (e.g. One Calgary, budgeting cycle, ASP process)</p> <ul style="list-style-type: none"> • Process needs to become part of regular cadence of City business and purposefully feed into and draw information from relevant corporate-level initiatives and processes. Current sentiment is that there is some duplication of effort and the NCGS process seemed to be operating somewhat separately from other City planning and budgeting processes. 	High	✓✓✓	✓✓✓	✓✓✓
<p>3. Ensure process is clear, repeatable, and flexible</p> <ul style="list-style-type: none"> • Repeating the process with small changes will be easier for all stakeholders to navigate than using a fundamentally different process each time. Rather than overhauling the process, take the foundational pieces that worked well and make minor tweaks to areas that could be improved. 	High	✓✓	✓✓✓	✓✓✓
<p>4. Clearly define and communicate goals and desired outcomes</p> <ul style="list-style-type: none"> • Widely communicate the overall priorities for the process and desired outcomes so all stakeholders can work towards the same goal and provide the best information possible. If the direction changes mid-cycle, communicate this widely so that everyone is working with the same information. 	High	✓✓✓	✓✓✓	✓✓✓
<p>5. Establish more reasonable timelines and adherence to deadlines</p> <ul style="list-style-type: none"> • Administration generally indicated that they wanted longer deadlines or more advance notice of expectations and deadlines prior to being engaged. Timelines would be more reasonable if they could anticipate when the wave of work will arrive. 	High	✓✓	✓✓✓	✓✓✓

Feedback Summary	Frequency	Council	Industry	Administration
<ul style="list-style-type: none"> Developers generally wanted stricter adherence to deadlines on The City's side indicating that if everyone is clear on the timelines and deadlines, they should be able to meet them if people are held accountable to them. Some members of Council wanted the overall process timing to be expedited or streamlined. 				
<p>6. Clarify roles, responsibilities, and expectations for all parties throughout process</p> <ul style="list-style-type: none"> Clearly define the role of each party and hold them accountable to those actions / activities (one group suggested using a responsibility assignment matrix / RACI). Ensure understanding across all groups of what others are responsible for and impacts of not meeting deadlines. 	High	✓✓	✓✓	✓✓✓
<p>7. Maintain level of collaboration and engagement between City and Industry</p> <ul style="list-style-type: none"> Continue strengthening this relationship and supporting the process with input from both sides to produce an improved process and mutually beneficial outcome. 	High		✓✓✓	✓
<p>8. Dedicated City resources required (both generalists and SMEs)</p> <ul style="list-style-type: none"> All parties were happy with the work and dedication of the Calgary Growth Strategies Team. However, it was acknowledged there is a need to create additional capacity and capability for the team to meet the bandwidth required to support the process. 	Med		✓✓	✓
<p>9. Better tracking of Return on Investment (ROI) of approved business cases</p> <ul style="list-style-type: none"> This feedback links back to overall quality and accuracy of data. There is a desire to implement activities to track data and develop ways to better predict ROI and actual "success rates" for developments. This could be used to not only hold developers accountable, but also create more accurate numbers for The City to use as inputs. 	Med	✓✓		✓✓
<p>10. Minimize politicization of process</p> <ul style="list-style-type: none"> While recognizing Councillors are elected to represent their constituents, need to emphasize what is best for Calgary as a whole, rather than specific communities Referring to business cases as each representing new "communities" created a public perception difficult to undo (i.e. 14 new "communities" were not approved) 	Med	✓		✓✓

Synopsis:

Generally, stakeholders felt that the NCGS 2018 process was a positive initiative and that it will provide a solid foundation for future iterations of the process with only minor tweaks required to make it run more smoothly and efficiently.

There were several opportunities for improvement identified as a medium to high priority across all stakeholder groups, including:

- Integrating and aligning the NCGS process with other growth initiatives and strategies (e.g. Established Areas and Industrial);
- Integrating and aligning with other City processes (e.g. One Calgary, budgeting cycle, ASP process, etc.);
- Ensuring a clear, repeatable, and flexible process;
- Clearly defining and communicating goals and desired outcomes;
- Establishing more reasonable timelines and adhering to deadlines; and,
- Clarifying roles, responsibilities, and expectations for all parties involved throughout the process.

It is important to note that some of the feedback regarding communication, timelines, and expectations stems directly from the fact that the NCGS 2018 process was evolving and shifting over time. These issues will likely be addressed in the next iteration of the process given there is now a previous process upon which to set expectations and project timelines.

Each stakeholder group also had perspectives that distinguished their feedback from the other groups. A general summary of each group's unique feedback regarding the overall NCGS process is provided below.

Councillors

While there were a variety of perspectives among Councillors, this group generally agreed with the common items identified in the summary above. Some Councillors identified the need to better track ROI of approved business cases. While opinions were mixed on how to best calculate and track this value, it was identified that ROI could be used to not only help hold developers accountable, but also create more accurate numbers for The City to use as inputs into future calculations.

The most unique feedback that came from Councillors was the suggestion that given the current financial situation, The City should use the next iteration of the cycle to focus on gaps in growth that need to be filled to address specific community needs, rather than another broad, open call for business cases.

In addition, the process needs to emphasize that a business case does not represent a new "community" necessarily. Careful communications will help avoid creating a public misperception (i.e. 14 new "communities" were not approved).

Industry

Industry, as represented by BILD Calgary Region and those Developers and / or related consultants that chose to participate in the workshop, were mostly concerned with maintaining the level of collaboration, engagement, and openness between The City and Industry in future iterations of the process. They also felt that there is a need to continue having dedicated City resources working on this process. However, they generally felt that further capacity and capability is required within the Calgary Growth Strategies Team during this process to meet the timelines required.

Two additional pieces of unique feedback were identified by individuals who attended the Industry workshop (but are not representative of the entire Developer group):

- Leverage Area Structure Plan (ASP) requirements and find ways to share information / reduce rework to help streamline the process; and,
- Limit Administration's role to analysis of business cases but stop short of providing a concrete recommendation to Council.

Administration

In addition to aligning with the common items listed in the summary section, individual members of the Administration group echoed Industry's desire to maintain the level of collaboration and engagement between The City and industry. They also generally suggested adding more capacity to the Calgary Growth Strategies Team to support the execution of this process. As well, Administration identified a need to explore tracking of ROI in the long term to collect data, drive better decision making, and hold developers accountable.

Members of Administration felt that the process was overly politicized. In particular, while recognizing Councillors are elected to represent their constituents, the view was overall there was not sufficient focus on what was best for Calgary as a whole, but rather on advancing individual communities.

Administration also had a unique perspective regarding customizing different approaches for each Business Unit based on the complexity of their contribution / analysis and additional needs they may have. Because some Business Units required longer timelines or more information than others to perform their reviews, it was suggested that there could be multiple streams of internal review work with different timelines based on the amount of review / iteration required for their piece.

3.0 Observations and Recommendations

The recommendations outlined below are primarily based on the opportunities for improving the efficiency and effectiveness of the NCGS 2018 process as identified by the three stakeholder groups consulted. These recommendations reflect more of “what” should be considered for change, rather than specifying exactly “how” it should change, given the scope of this engagement did not include the completion of an objective performance review. Further efforts to validate and both develop and implement tactical solutions for these recommendations is required.

The recommendations are organized according to the three subject areas examined: Evaluation Criteria, Data and Analysis, and Process. Stack’d reviewed each set of recommendations with the Calgary Growth Strategies business unit and evaluated them based on the matrix shown below.

3.1 Prioritization Matrix

Level of Value: The degree to which the overall process will benefit from the recommendation. Value includes attributes such as accuracy, completeness, efficiency, effectiveness, stakeholder relationship, etc.

Level of Implementation Difficulty: How difficult it would be to achieve the value of this recommendation. Contributing factors could include solution complexity, risk, stakeholder alignment, effort / time / resources required, expertise, etc.

Based on this prioritization, the recommendations have been grouped into four categories:

Higher	Primary Recommendations <i>(next round of business case evaluations)</i>	Longer-Term Key Recommendations
Level of Value	Secondary Recommendations <i>(next round of business case evaluations)</i>	Longer-Term Potential Ideas
Lower	Lower	Higher
	Level of Implementation Difficulty	

- 1) *Primary Recommendations* – higher-value recommendations that may require less effort to implement and should be considered as part of the next round of business case evaluations.
- 2) *Secondary Recommendations* – recommendations that are lower-value but may require limited effort to implement and should be considered for the next round of business case evaluations.
- 3) *Longer-Term Key Recommendations* – higher-value recommendations that may be difficult to implement or have major interdependencies with other initiatives or processes. These recommendations may still add significant value but are likely long-term initiatives.
- 4) *Longer-Term Potential Ideas* – lower-value recommendations that will be difficult to implement based on the current context. These items should be kept in mind, but likely aren’t worth the short-term effort of pursuing.

3.2 Overall Recommendations

Overall, the top priority recommendations for the NCGS to implement for the next round of business case evaluations are:

- Establish overarching priorities for the portfolio across related initiatives (e.g. Established Area Growth, Industrial Growth) to help address competing priorities and coordinate efforts and resources across the full range of growth opportunities [P1];
- Retain the three evaluation criteria ‘pillars’ as Guiding Principles and set specific priorities related to each pillar (MDP, Market Demand, City Financials) for a given business-cycle [C2];
- Design a Business Case Template to directly reflect business cycle priorities and help ensure alignment of business case submission information with evaluation criteria [C3];
- Establish and publish a master data set at the start of the process that reflects the supporting data and assumptions required by the business case economic and market projections to help reduce rework, debate, and inconsistency and improve transparency [D2];
- Clearly define the NCGS process, how it fits within the broader set of corporate processes and growth initiatives, and publish expectations to stakeholders in advance of initiating the business case review process [P3]; and,
- Ensure transparent, frequent, and open communication across all stakeholders regarding all elements of the NCGS initiative [D5].

Below we have summarized all recommendations grouped according to subject area.

3.3 Evaluation Criteria Recommendations

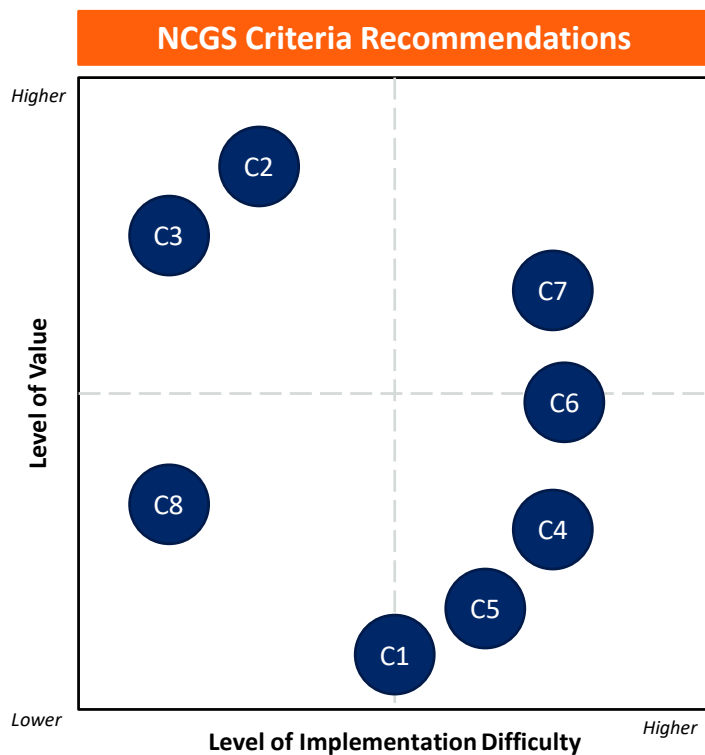
The following recommendations respond to the stakeholder feedback received regarding the NCGS 2018 Evaluation Criteria. These recommendations are organized according to their relative priority as drafted and reviewed with the Calgary Growth Strategies business unit (see matrix on the right side of this page).

Primary Recommendations

C2. Retain criteria framework’s three evaluation criteria ‘pillars’ as Guiding Principles

Given that the evaluation criteria was generally seen as having a positive impact and bringing structure to the NCGS 2018 process, it is recommended that they be retained and elevated into Guiding Principles that provide a sustainable, consistent criteria framework to evaluating new community business cases across business cycles.

However, to help ensure they are both relevant and effective within a given business cycle, it is recommended that specific priorities related to each of the criteria framework’s pillars (MDP, Market Demand, City Financials) are set for a given business-cycle at the initiation of the NCGS process. This will require engaging Council in advance of the



NCGS process to establish the related business cycle priorities, consistent with the overarching NCGS initiative parameters per recommendation C1.

Improving the application of the Evaluation Criteria would help drive alignment across all parties and create clarity on the overall priorities, reducing rework, frustration, and debate among groups.

C3. Design Business Case Template to directly reflect business cycle priorities

To help make the business-cycle specific priorities ‘real,’ it is recommended that Administration ensure that the Business Case Guidelines are consistent with these priorities, and augmented with a more prescriptive Business Case Template for Industry that directly reflects these priorities to help ensure only relevant information is provided and is done so in a consistent fashion.

As part of this recommendation, Administration should ensure broad-based communication is conducted across the stakeholder community and includes the NCGS parameters relative to other strategic goals, the business cycle priorities, and the related Business Case Template.

Designing a template directly aligned with the business cycle priorities can help create a more efficient business case development and evaluation process, ensuring that all information collected is relevant to the decision-making process. This change should be relatively easy to implement, as it would require modification of the existing template or the creation of a similar template focused on the priority criteria.

Note: this recommendation would need to be completed to achieve full value of implementing C2.

Secondary Recommendations

C8. Strengthen MDP alignment by establishing more tangible outcome-oriented criteria

The current MDP criteria includes several goals and related considerations. Alignment is difficult to tangibly demonstrate for many of these goals given how early in the Developer’s process the NCGS process is (e.g. urban design is downstream from this process). Information provided in the business cases is directionally aligned, but not outcome-specific, and is therefore perceived as being applied too subjectively, limiting the overall effectiveness of the MDP criteria. For example, for the “Greening the City” criteria, are developers going to be evaluated on high-level commitments to incorporate renewable energy services and green buildings? Or are they expected to provide estimates of how many electric vehicle charging stations or solar-powered amenities will be included?

While it would be difficult to drive to that level of detail, there are perhaps a limited set of MDP goals / considerations where outcome-based criteria might be established that Developers can be held accountable to. Given this, it is recommended that Administration lead a process to identify and establish this limited set of outcome based MDP criteria for future business cycle applications. Having more outcome-focused criteria for evaluating MDP alignment will enable better business case evaluation, decision making, and accountability.

Longer-Term Key Recommendations

C7. Strengthen Financial criteria by advancing toward full lifecycle costs

Currently, only capital costs are well understood and considered in the business case evaluation and approval process, largely due to the complexity and existing limitations in determining incremental life-cycle operating costs. However, without the financial criteria incorporating forecasted operating costs to better understand the full investment required for a given business case, the implications of the approval decisions may have unintentional and potentially negative long-term impact to The City.

Therefore, it is recommended that an initiative is developed to establish a consistent basis by which to estimate the full lifecycle costs of a new community business case, and to understand the associated

risks. It is expected this may require a staged approach given the concern expressed by stakeholders about managing the complexity of estimating full lifecycle costs. In the shorter term, the approach may be more 'rule of thumb' oriented (e.g. based on typical industry cost drivers), but could provide a consistent means by which to gauge relative cost levels of the various business cases submitted.

Longer-Term Potential Ideas

C1. Establish overarching NCGS parameters aligned to City's strategic goals and priorities

It is important to ensure that the context for the NCGS process is well defined within The City's overall strategic goals and priorities. With limited resources, it is critical to broadly establish the level of investment to be considered in new communities for any given business-cycle relative to other strategic goals and priorities of The City, helping to ensure NCGS works within capital budget constraints specific to this initiative, and therefore preserving capital for those other City priorities.

As part of this, it is important that portfolio-level rationale and leading practices are applied to identify and present the optimum set of recommended business cases within such parameters, and that the approval process includes considering them as such an 'optimized' set.

This recommendation has a direct dependency on other initiatives and corporate processes. Until a similar approach is applied across the Established Area and Industrial Grown portfolios, the value of this recommendation will be limited in the short term.

C6. Gain agreement on Market Demand criteria, model, and basis for evaluation

Taking steps to ensure accepted, clear, and consistent Market Demand criteria is applied evenly across all business cases should help bridge the current varied stakeholder perspectives regarding this Evaluation Criteria pillar. It is recommended that the relevant market demand criteria for a given business cycle is selected and agreed to by representatives of each stakeholder community in advance of initiating the NCGS process, utilizing third-party expertise as necessary to achieve this in a transparent and unbiased fashion.

While this recommendation could add a great deal of credibility and, therefore, support and buy-in from Industry, it is expected to be challenging to get all stakeholders aligned before the next round of business case evaluations.

C4. Design criteria (and process) should flex with different levels of risk and community-specific needs

Although it is critical to set a strong, consistent foundation for the Evaluation Criteria, it will also be important to understand when / how to be flexible and nimble to apply criteria in a fair and equitable way. A one-size-fits-all approach may not adequately distinguish between complex, high-risk business cases and relatively simple, low-risk opportunities. In addition, community specific needs may not be adequately recognized by broad City-wide Evaluation Criteria.

It is recommended that the Evaluation Criteria priorities established for each business cycle include an appreciation for acceptable levels of risk and community-specific needs. These priorities should be applied in a consistent and equitable fashion across all developers. Incorporating flexibility for risk and community-specific needs will optimize the overall portfolio and help ensure community needs are being met.

This recommendation will have downstream implications to the data, analysis, and process design of NCGS and may represent a level of sophistication that extends beyond a 'next step' in the evolution of NCGS.

C5. Consider use of third-party body to objectively apply criteria and support decision process

It is recommended that third-party, objective experts be considered to apply the Evaluation Criteria to the set of recommended business cases proposed by Administration as a means to independently vet the results as a service to The City. This would not only strengthen the independence of the analysis, but also assist The City balance its resourcing requirements in light of the NCGS process demands.

This objective third party may take various forms and efforts are required to identify the most appropriate options. However, it is acknowledged that sourcing and securing the right skill sets, knowledge, and expertise to conduct this review could be challenging from both a resourcing and financing point of view.

3.4 Data & Analysis Recommendations

The following recommendations respond to the stakeholder feedback received regarding the Data and Analysis as part of the NCGS 2018 process.

Primary Recommendations

D5. Ensure transparent, frequent, and open communication across all stakeholders

Often, challenges and issues are improved or even fully addressed simply through effective communication. As a lower-cost, immediate opportunity, it is recommended that Administration establish and diligently execute an effective communications plan across all stakeholders upon the initiation of the next NCGS business case review cycle.

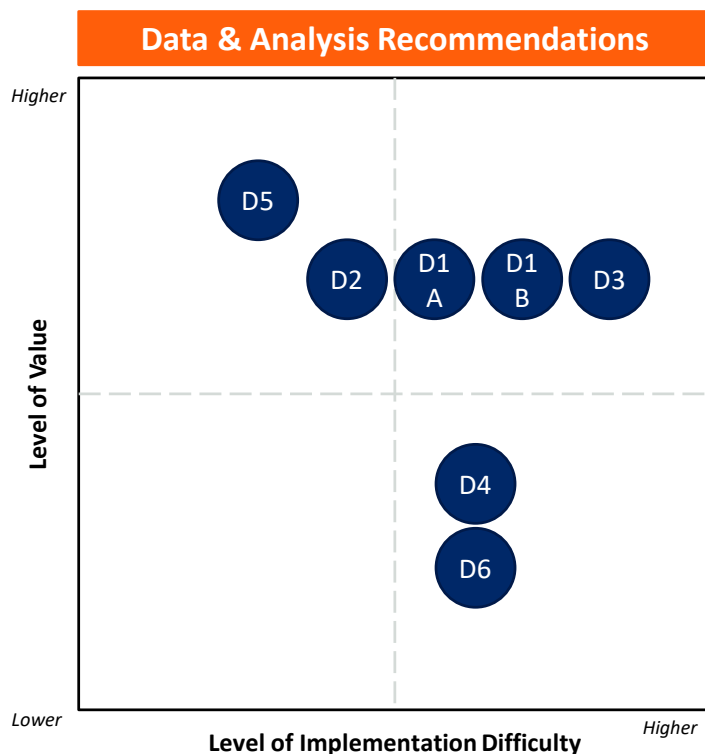
This recommendation originated with concerns regarding a lack of clarity regarding what assumptions, data and calculations were applied by Administration, but then broadened to include clarity concerns regarding the evaluation criteria and process subject areas as well.

This recommendation will be particularly important if numerous changes are implemented (as contemplated in this report). In addition, stakeholder issues regarding clarity of business plan detail, better understanding fire servicing and coverage requirements, and managing version and scope control may all benefit from more effective communications. Regardless, better communications will help ensure participants have a clearer understanding of the data required (and why it is required), the analysis being applied, and the results of the process.

Implementing this recommendation may be best accomplished by integrating communications with NCGS stakeholders with other growth initiatives or corporate processes they may be also a part of.

D2. Establish and consistently apply master data set with clear well-founded assumptions

To help reduce rework debate, and inconsistency and improve transparency, a key recommendation is to establish and publish a master data set that reflects the supporting data and assumptions at the start of the process. This may include certain economic factors, population forecasts, inflation rates, timing



assumptions, etc. This will assist in increasing the level of consistency of data and assumptions applied within the business case economic and market projections and subsequent evaluation analysis. This will be even more important should operating costs be included in the evaluation process given the challenges with estimating full lifecycle costs.

Communication and alignment by Administration both internally with Business Units and externally with Developers and their consultants will help ensure the desired level of transparency is established. However, it is understood that there may be circumstances where alternate assumptions are appropriate within certain Business Unit contexts that will require reconciliation and/or recognition. Regardless, it is important that this master data / assumption set is defensible and based on solid rationale, rigorous research, and industry leading practices.

Longer-Term Key Recommendations

D1A. Agree on a single economic forecasting model up-front

It is recommended that Administration lead an effort to establish a single, agreed-upon economic model that meets Council's decision-making needs and Administration's evaluation requirements while remaining practical and reasonable for Developers to comply with.

Establishing and communicating a clear, agreed-upon economic model to relevant stakeholders up front will streamline the business case development and evaluation process. This clarity will also help ensure that consistent and comparable reviews are performed across the set of business cases.

As necessary, Administration may wish to utilize third-party expertise to achieve this in a transparent and unbiased fashion.

D1B. Consistently and fairly estimate full lifecycle costs

Assuming the Evaluation Criteria related to full lifecycle costs goes forward (recommendation C7), the Data and Analysis conducted during the NCGS process will need to include a more robust operating cost treatment, clear assumptions, and longer-term lifecycle cost analysis. Currently, only capital costs are well understood and considered in the business case evaluation and approval process, largely due to the complexity and existing limitations in determining incremental life-cycle operating costs for a specific business case. However, incorporating forecasted operating costs is critical to better understand the true economic value and full impact of business case decisions.

Therefore, it is recommended that an initiative is developed to establish a consistent basis by which to evaluate the full lifecycle costs of a new community business case. It is expected this may require a staged approach given the concern expressed by stakeholders about the level of complexity involved in this analysis. In the shorter term, the approach may be more 'rule of thumb' oriented, but at least a consistent means by which to gauge relative cost levels of the various business cases submitted. Whatever approach is established must align with the economic forecasting model selected.

D3. Establish one market demand model aligned with Market Demand criteria

Assuming the Evaluation Criteria recommendation related to Market Demand criteria improvement (C6) is accepted, the Data and Analysis conducted during the NCGS process will need to include selecting a Market Demand model consistent with the related criteria. This model will need to be communicated to the stakeholder community in advance of initiating the NCGS process and integrated within the overall economic model utilized.

Given that members of Industry each may have adopted different market demand models that integrate into their current practices, it is not expected that Administration will gain agreement from all stakeholders on a common market demand model. However, improvements can be made by increasing the transparency of the model selection process and how the model is applied in the business case

evaluation process. Where appropriate, utilizing third-party expertise in the market demand model selection process may help achieve greater acceptance by Industry as a whole.

While this recommendation could add a great deal of credibility and, therefore, support and buy-in from Industry, it would likely be very challenging to get all stakeholders aligned on this before the next round of business case evaluations.

Longer-Term Potential Ideas

D4. Consider use of third-party expertise to apply more robust, objective economic analysis

As necessary, consider leveraging independent, third party expertise to conduct comprehensive economic and financial analysis as well as assumption and risk identification for complex business case requirements. This will potentially become increasingly important in the event Administration pursues full lifecycle costing as part of the analysis.

Identifying and securing the correct skill sets and knowledge base may be a challenge when implementing this recommendation, from both a resourcing and cost perspective.

D6. Implement processes and tools to measure and track results

It is recommended that Administration include a methodology and tool to track and measure data from approved and progressing business case projects in order to enable more accurate development and evaluation of estimates in the future, and to gauge developer performance and help hold them accountable to commitments. The intent is to track the data that reflects the evaluation criteria by which the business case was originally approved, whether that may include the number of jobs generated, market absorption rates, construction progress, etc. It is not clear to what extent the current mid-cycle review process may already address some of these items, and therefore it is expected this recommendation would build on the mid-cycle review current practices and plans as required.

The City could encounter challenges related to data availability and establishing a common measurement system across all stakeholders.

3.5 Process Recommendations

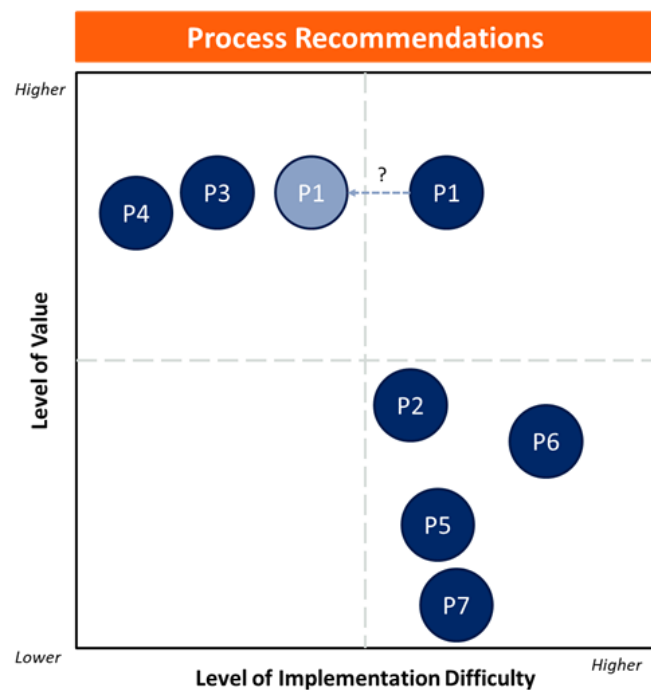
Primary Recommendations

P4. Maintain collaboration and consultation with Developers and BILD Calgary Region

Because stakeholders broadly felt that the collaboration between The City and Industry streamlined and added value to the NCGS process, it is recommended that The City continue to foster this relationship during future iterations of this process.

In particular, BILD played a key role representing Industry and committing time and resources to regularly meet with Administration and help enable the NCGS process in order to make it as efficient and effective as possible.

Maintaining this relationship should be relatively easy to do and will continue to build and



strengthen lines of communication between The City and Industry, improving the overall quality of the business cases submitted for review, and providing more frequent opportunities for collaboration and continuous improvement.

P3. Clearly define process, publish expectations, and hold all stakeholder groups accountable to them

Given that a primary frustration across stakeholder groups centered on rework resulting from a lack of clarity around expectations and timelines, it is recommended that The City make efforts to clearly define and outline the next iteration of the process in detail up front. To ensure all parties are aligned early on, time should be taken to establish roles, responsibilities, timelines, deadlines, criteria, templates, and expectations for all groups involved (Administration, Council, Developers).

While there is value in being nimble, it is important to adhere to the expectations established at the beginning of each cycle. If expectations or deadlines change mid-process, these should be communicated clearly and widely to all stakeholder groups.

Providing clear expectations and timelines at the onset of the process will help eliminate rework and duplication of effort to create a more efficient and streamlined process. The biggest challenge when implementing this recommendation will be responding to shifting priorities and pressures as the process progresses and developing a fair and reasonable process / mechanism for holding stakeholders accountable to deadlines and commitments.

Longer-Term Key Recommendations

P1. Establish overarching priorities for portfolio across related initiatives

To help address competing priorities, it is recommended that the Calgary Growth Strategies Team develop overarching priorities for the next round of business case evaluations that can be applied across all growth initiatives (NCGS, Established Area, and Industrial Growth).

Creating this high-level set of context-dependent priorities for each cycle would help guide a more coordinated view of the full range of growth opportunities and allow for a more holistic prioritization of The City's growth portfolio.

To fully achieve the value of this recommendation, the Established Area and Industrial growth strategies would require clearly defined scopes and processes. Based on stakeholder feedback, more analysis would also need to be done to determine whether Council should set business cycle priorities or if Administration should rely on long-term guiding documents.

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

Note: It is assumed that because the NCGS process precedes the Established Area Growth and the Industrial Growth initiatives, that realizing the value of this recommendation is contingent on those initiatives being sufficiently defined to enable a prioritization that crosses all three. This interdependency, together with assuming the next round of business case evaluations would be initiated in the fall of 2019, is the reason for plotting this recommendation in the Longer-Term Key Recommendations quadrant. In the event our assumption is proved incorrect and meaningful prioritization can occur in advance of the next round of business case evaluations, then this recommendation would be a Primary Recommendation.

Longer-Term Potential Ideas

P2. Establish clear NCGS scope and integrated approach across broader growth program and with other corporate processes

The City should consider taking an integrated approach across growth initiatives and within broader corporate processes to identify and manage process interdependencies between growth initiatives and other City processes. A regular cadence of activities and timelines needs to be established so that the NCGS process and other growth initiatives become more integrated into the regular business cycle rather than an unexpected piece of work to support a special project. Having this broader picture of how growth fits within The City and its other initiatives will also position the Calgary Growth Strategies Team to more easily 'connect the dots' for Council when providing recommendations and analysis.

This has been listed as a long-term potential idea because the value of this activity will be somewhat limited until the other growth strategies are well-defined and operational. Clearly defining where this process fits within the broader suite of City processes would still be a valuable exercise to help business units anticipate and support the NCGS process as part of their regular business cycle.

It will also be difficult to implement this recommendation given the organizational complexity of The City and differing opinions about where NCGS should fit within overall City processes (e.g. which processes drive or feed into NCGS and which processes does NCGS drive or feed into).

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

P6. Address resourcing concerns

Both Industry and Administration indicated that the Calgary Growth Strategies Team faced resourcing limitations during the NCGS process and that additional resources should be explored. To address these issues, it is recommended that The City consider seconding or hire additional resources to Growth Strategies Team to more easily meet the demands placed on them during the NCGS process (e.g. SMEs, industry experience).

If resources were able to focus primarily on NCGS work during the process, reviews and analysis could be completed more efficiently and effectively, reducing rework and helping the overall process run more smoothly.

Given the current economic situation, it will likely be difficult to secure additional internal resourcing or significant consulting resources. As a result, this is listed as a long-term improvement opportunity.

P5. Consider more fulsome pre-app process to streamline analysis-heavy processes

The City could explore developing a more robust pre-application review or analysis process to support business case development and shorten overall process timelines. This would be most appropriate for business units that contribute to areas of business cases requiring detailed analysis or input from subject matter experts (e.g. infrastructure).

It has been listed as a long-term recommendation because the value added by creating a formal process may be limited, as some pieces of this already happen on an informal basis. Rather than providing detailed analysis at this phase, a high-level conversation could be held between developers and these business units where City staff could provide basic feedback on whether a concept would be feasible or not. Even at this more limited level, it could be difficult to implement without duplicating effort or placing a greater burden on Administration.

P7. Develop growth Portfolio Management capabilities and align with corporate Portfolio Management

Applying Portfolio Management leading practices, processes, tools, and skills to the NCGS process would improve the overall efficiency and effectiveness of the process. Having a portfolio-level view of growth within The City would improve decision making processes by providing a broader view to the impacts of and interdependencies between initiatives.

While this recommendation could add a great deal of value in the long term, the effectiveness of a portfolio management program will be limited until all three growth strategies are established.

Adding leading practices, processes, and tools to NCGS work would not be overly difficult to accomplish over time, but broader portfolio management work is nearly impossible until other initiatives are up and running.

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

Appendix A: Stakeholders Consulted

Interviews – City Council

- Councillor Joe Magliocca
- Councillor Jyoti Gondek
- Councillor Gian-Carlo Carra
- Councillor Shane Keating
- Councillor Druh Farrell
- Councillor Ward Sutherland
- Councillor Sean Chu
- Councillor Evan Woolley

Interviews – BILD Calgary Region

- Grace Lui – Director, Strategic Initiatives and Government Relations
- Guy Huntingford – former CEO

Workshop – External Developers & Consultants

- Josh White – Dream
- Peter Trutina – Truman
- Ben Mercer – Qualico
- Grace Lui – BILD Calgary Region
- Leah McKenna – Brookfield
- Marcello Chiacchia – Genstar
- Bela Syal – Situated
- Charles Boechler – Minto
- Graeme Melton – Melcor
- Jeff Petrick – Pacific
- Jane Power – Urban Systems
- David Symes – Stantec
- Annie Stefaniuk – Genesis
- Mac Logan – OpenGate (Maplehawk)
- Kathy Oberg – B&A

Note: the following three participants are City Staff who attended the “External” workshop

- Marie Standing – City of Calgary, Water Resources
- Nazrul Islam – City of Calgary, Calgary Growth Strategies
- Ashley Parks – City of Calgary, Water Resources

Interviews – City GMs / Senior Leaders

- Stuart Dagleish – Planning and Development
- David Duckworth – Utilities & Environmental Protection
- Brad Stevens – Deputy City Manager
- Jill Floen - City Solicitor
- Carla Male – CFO

DIGC Workshop – City Directors

- Steve Dongworth – Fire Chief
- Jason Halfyard – Manager, Land & Asset Management, representing Real Estate & Development Services
- Darrel Bell – Director, Facility Management
- Kyle Ripley – Director, Calgary Parks
- Debra Hamilton – Director, Community Planning
- Ryan Vanderputten – Director, Transportation Planning
- Matthias Tita – Director, Calgary Growth Strategies
- Maggie Choi – Manager, Infrastructure Planning, representing Water Resources
- Bruce McBride – Leader, Geospatial Analysis & Planning, representing the Manager, Strategic Services for Fire
- Thao Nguyen – Director, Finance/City Treasurer

Interviews – Additional City Directors and Managers

- Francois Bouchart – Director, Water Resources Planning
- Feisal Lakha – Manager, Transportation Development Services

Workshop – City Staff & Growth Strategy Team

- Stacy McFarlane – Finance
- Nikhil Lobo – Transit
- Stephen Hove – Corporate Analytics and Innovation
- Kathy Davies Murphy – Calgary Growth Strategies
- Zheng Dou – Facility Management
- Kiranpreet Singh – Calgary Transit
- Trudy Webster – Law
- Gillian Skeates – Finance
- Matthew Sheldrake – Calgary Growth Strategies
- Shawn Small – Calgary Growth Strategies
- Robyn Jamieson - Calgary Growth Strategies

Appendix B: Evaluation Criteria Framework

BUSINESS CASE EVALUATION CRITERIA

Factor	MDP Goal	Definition	Current New Community Considerations
Strategic Alignment: Municipal Development Plan / Calgary Transportation Plan	Prosperous Economy	Planning for our economy's long-term sustainability ensures that current and future generations are resilient and adaptable to economic cycles and unanticipated changes.	How many temporary construction jobs are expected from development in the business case area? How many future jobs/permanent jobs are expected within the business case area? How does the business case area support innovative economic diversification for Calgary?
	Compact City	A dispersed and spread out population creates some social, economic and environmental challenges. In a compact city, balancing growth between new and developed areas builds vibrant, thriving communities. A compact city is made up of complete communities that provide a broad range of housing choices and services, as well as high quality transit and transportation options.	Is the business case area contiguous? Is the business case area logically serviceable? How does the business case area meet the intensity target of 60 people and jobs per gross developable hectare?
	Great Communities	Great communities are flexible. They adapt to the needs of current and future residents by providing a variety of housing options and services so that people can meet their day-to-day needs within their own neighbourhood. Essentially, it is about creating communities where residents can live, work and play.	Is the business case area greater than 40 hectares? If larger than 75 hectares, what is the plan to accommodate multiple neighbourhoods? How does the business case area include non-residential development, or leverage adjacent non-residential development? How the business case area integrate Neighbourhood Activity Centres (NAC), a Community Activity Centre (CAC), and/or leverage a Major Activity Centre (MAC)? How does the business case area support City facilities, such as libraries and recreation centres?
	Good Urban Design	Good urban design is the result of collaboration and coordination between various disciplines, creating public places that people enjoy.	How does the business case area meet or exceed the MDP intensity target of 60 people and jobs per gross developable hectare? How does the business case area demonstrate innovation or a new approach for development in Calgary (e.g. LEED, BREAM)?
	Connecting the City	The design of the transportation system has a significant impact on how a city grows and how people get around. The Municipal Development Plan encourages more sustainable transportation options such as walking, cycling and transit to create a system that provides more choice. This means prioritizing investment to improve transit networks, designing streets to accommodate cycling and walking, plus improved connectivity.	How does the business case connect to the rest of the city via walking and cycling networks? How does the business case area integrate with the Primary Transit Network in the MDP/CTP?
	Greening the City	Protecting environmentally sensitive areas and promoting renewable energy sources, energy efficiency, low-impact development for stormwater management, construction of green buildings, and encouraging cycling and walking all work together to make Calgary more environmentally friendly.	How does the business case help deliver quality public spaces or open spaces for residents/employees?
	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	How does the business case area use existing municipal infrastructure or deliver on current municipal strategies and initiatives? What does the business case propose as a practical strategy to achieve the long term city wide fire/emergency service response policy?
	Factor	MDP Goal	Definition
Market Demand	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	What is the status of required environmental/infrastructure servicing studies? (e.g., Master Drainage Plan, Transportation Impact Assessment) Are there any considerations involving third parties? (e.g., public land claims, rights of way acquisitions, Provincial funding or approvals) How can it be demonstrated that the required private investment capital will be available after the City investments are made? How does the business case area benefit the city-wide serviced residential or non-residential growth capacity? How does it improve near term market competition? How does the business case area benefit the sector/local serviced residential or non-residential growth capacity? How does it improve near term market competition?
Factor	MDP Goal	Definition	Considerations
City of Calgary Financial Considerations	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	What do you expect are the City of Calgary capital costs for the business case area over the lifetime of the development? Include pertinent information around the expected phasing of these costs. What do you expect are the City of Calgary annual operating costs for the business case area over the lifetime of the development? What is the anticipated total amount of levies to be contributed by the business case area (using 2018 rates)? What is the average annual City portion of the property tax revenue for the business case area over the lifetime of the development?
Other	Other	Are there any other key attributes that should be highlighted about the business case area? Examples could include improvements to city resiliency and sustainability, service efficiency, alignment to other City initiatives, and innovative approaches.	

Appendix C: Business Case Guidelines

Business Case Guidelines for Future Investment Areas (Growth Management Overlay Removal Submission)

CONTENTS

1. Purpose of the business case
2. Foundation for the review
3. Guidelines
 - a) Area Description and Projected Phasing / Rate of Growth
 - b) Capital Costs
 - c) Operating Costs
 - d) Municipal Development Plan/Calgary Transportation Plan Alignment
 - e) Triple Bottom Line Analysis

1. PURPOSE OF THE BUSINESS CASE

The purpose of the business case is to present a rationale and funding proposal for initiating development in lands where a Growth Management Overlay (hereafter, Overlay) is in place. If an Overlay is in place for a development area (hereafter, Overlay Removal Area), this indicates that no funding source has been identified for required capital and operating costs necessary to bring City services to the Overlay Removal Area, as determined by The City.

Therefore, the applicant's goal in submitting the business case is for a Council approved Area Structure Plan amendment to remove the Overlay for the Overlay Removal Area. Please note that all applicants in all Area Structure Plans can submit Land Use/Outline Plan applications, however Council must remove the Overlay prior to approval.

In pursuit of this, the business case is to address five elements - Area Description and Projected Phasing/Rate of Growth, Unfunded Capital Costs, Unfunded Operating Costs, Municipal Development Plan/Calgary Transportation Plan Alignment, and Triple Bottom Line Analysis. Requirements are described later in this document in **blue font**. Following Administration's review and written assessment of the business case, the applicant will have a choice:

Option A: Wait for the next City of Calgary service plans and budget cycle, where the business case may be considered by Administration for a Council funding recommendation. In this case, the Overlay would be recommended for removal following Council approval of funding.

Option B: Proceed ahead with entering into financial and risk mitigation agreements that detail commitments made around capital and operating costs, to the satisfaction of Administration and/or

Council. In this case, Administration would make a recommendation on the funding agreements to the Priorities and Finance Committee.

2. FOUNDATION FOR THE REVIEW

In completing its review, Administration will rely upon the direction provided in the New Community Planning Guidebook (Volume 2 of the Municipal Development Plan):

4.3 Urban Growth Policies

These policies provide a decision-making process for Council to decide on the co-ordination of growth and servicing within each Plan Area, pursuant to growth management policies in place at the time.

1. Growth Management Overlay

- a. *A Growth Management Overlay (Overlay) will be applied to the undeveloped parts of each ASP and will be removed as Council deems growth management issues have been resolved.*
- b. *A portion (or all) of an Overlay should be removed (through an amendment to the ASP) when issues regarding the coordination of the funding and financing of municipal infrastructure and services with the rate of growth have been resolved.*
- c. *The area removed from the Overlay should form a logical and well-defined planning and servicing area. Except in extenuating circumstances regarding servicing, the Overlay should not be removed for an area smaller than a Neighbourhood.*
- d. *Prior to approval of an Outline Plan/Land Use Amendment application to accommodate fully-serviced urban development within a site, the portion of the Overlay that applies to the site must be removed.”*

2. Growth Management Analysis Submission

An application to amend an Overlay must include a growth management analysis that addresses the means of coordinating development with the funding and financing of municipal services over time. It shall contain the following elements:

- a. *the projected phasing and rate of growth;*
- b. *the major on-site and off -site municipal water, sanitary, stormwater, emergency services and transportation infrastructure improvements necessary to serve the subject site;*
- c. *the proximity of the application area to existing municipal water, sanitary, stormwater, emergency services and transportation servicing;*
- d. *the Provincial, Municipal, and developer financial obligations for municipal water, sanitary, stormwater, emergency services and transportation infrastructure improvements, noting who pays for what and when;*
- e. *whether or not the required municipal water, sanitary, stormwater, emergency services and transportation infrastructure to service the application area is identified within The City’s Capital Budget and/or Capital Plan; and*
- f. *The City’s ability to provide emergency services to City and Provincial standards, considering both capital and operating costs.*

City of Calgary Review and Governance

A business case review will be coordinated through Calgary Growth Strategies, with a recommendation made to the Directors Integrated Growth Committee (DIGC). The recommendation may, at DIGC’s discretion, be forwarded for endorsement to the General Managers Strategic Growth Committee (GMSGC). This Administrative recommendation will be, in the case of Option A, developed through the service plans and budget process, or in the case of Option B, presented to the Priorities and Finance Committee (PFC), which will then make a recommendation to Council.

3. GUIDELINES

a) Area Description and Projected Phasing/Rate of Growth

This section addresses site/development attributes.

1. Provide a map and description of the proposed Overlay Removal Area. The Overlay Removal Area shall become fully serviced (water, sanitary, stormwater, transportation, emergency response) if this business case is approved by Council.
2. Provide:
 - a. Proposed land use and road pattern (Area Structure Plan or Outline Plan level detail)
 - b. Proposed intensity (people and jobs)
3. Indicate if the Overlay Removal Area is contiguous, of a minimum size, and logically serviceable, as per Attachment 1: Key Definitions for the Strategic Growth Decision Framework
4. Provide the anticipated timeframe of development for the Overlay Removal Area, including annual absorption rate and estimated annual starts and time to total build out.
5. Provide a market analysis and rationale for the annual absorption rate, taking into account local and citywide supply and demand considerations.

b) Capital Costs

This section addresses the identification of required City leading capital infrastructure. All capital costs required to service the Overlay Removal Area should be identified.

Administration will review any proposed alternative funding mechanism, however, please see below for notes about the availability of certain common mechanisms.

MECHANISM	STATUS
Future Budget Inclusion (associated with Option A)	Business case is based on presenting rationale for future City capital budget inclusion. Administration makes funding recommendations prior to each major capital budgeting exercise. If the required capital costs are not recommendation for inclusion, business case would be held until next major capital budgeting exercise.
Construction Finance Agreements (Front	Administration has indicated that Construction Finance Agreements are not currently supported , due to the impact on City debt capacity

Ending) (associated with Option B)	during a time when debt flexibility is necessary. This position may be updated as conditions warrant.
No City Portion Recovery Agreement (associated with Option B)	This mechanism is still under evaluation. The premise is that the applicant would finance both the City portion (if applicable) and the developer (levy) portion of a required capital asset. The City portion would never be reimbursed to the applicant. The developer (levy) portion could be reimbursed once sufficient targeted funding was available in City off-site levy accounts.
No City Capital Costs Required (Unassociated)	This mechanism is based on the premise that all required City capital costs are in place, in approved budgets, or that developer funded interim servicing is proposed.

1. Indicate the maximum capital costs for the following leading infrastructure types:
 - a. Water
 - b. Sanitary
 - c. Stormwater
 - d. Emergency Services (Calgary Fire Department)
 - e. Transportation
2. Please indicate whether capacity is existing (i.e. all required City infrastructure is existing or in approved budgets) or whether an alternate funding mechanism is required (i.e., a City sized infrastructure piece is not in place and not included in approved budgets). If an alternate funding mechanism is required, please describe the methodology including the repayment terms.
3. Indicate proximity to existing City of Calgary infrastructure servicing. Indicate whether third party lands will need to be acquired in order to support the business case.
4. Indicate if any infrastructure listed in #1 above is proposed to be serviced using interim measures, and if so, provide details.
5. Is Provincial coordination/funding required for any infrastructure listed in #1 above, and if so, what is the funding approach?
6. Briefly indicate the necessary capital infrastructure required for the next development phase beyond the Overlay Removal Area.

c) Operating Costs

This section addresses the identification of City operating costs necessary to service the Overlay Removal Area. If The City has not approved operating costs for the Overlay Removal Area in its service plans and budgets, then The City does not have the ability to fund operating costs in an Overlay Removal Area unless a funding mechanism is volunteered by an applicant.

1. Indicate if the applicant is willing to accept the Developer Funded Operating Cost Offset mechanism, developed between The City and BILD Calgary Region (**note, this work is ongoing and the mechanism is not yet available*).

d) Municipal Development Plan/Calgary Transportation Plan Alignment

Administration endeavours to ensure that all development in the city helps to achieve the vision, goals and objectives of the Municipal Development Plan, Calgary Transportation Plan and the relevant Local Area Plan. Please ensure benefits described are directly related to development in the Overlay Removal Area.

1. Comment on how development in the Overlay Removal Area addresses the key sections of the MDP:
 - a. A prosperous economy
 - b. Shaping a more compact urban form
 - c. Creating great communities
 - d. Urban design
 - e. Connecting the city
 - f. Greening the city
2. Consider how the Overlay Removal Area helps achieve the growth policies in the MDP's Chapter 5: Framework for growth and change.
3. Comment on how development in the Overlay Removal Area addresses the goals and implementation of the Calgary Transportation Plan.
4. Comment on how development in the Overlay Removal Area addresses the goals and implementation of the Area Structure Plan.

e) Triple Bottom Line Analysis

Administration will also consider the economic, social and environmental merits of development in the Overlay Removal Area. This is in alignment with The City's Triple Bottom Line Framework. Please ensure the benefits described are directly related to development in the Overlay Removal Area.

1. Describe how development in the Overlay Removal Area addresses key aspects of the Triple Bottom Line:
 - a. Economic
 - a. Stimulus Benefits
 - i. Jobs created by infrastructure investment
 - ii. Jobs created by development in the Overlay Removal Area
 - iii. Investment by developer/homebuilder in Overlay Removal Area
 - b. City Financial Impact
 - i. Property tax generated in Overlay Removal Area
 - ii. Off-site levies payable
 - iii. Fees paid
 - c. Lasting Economic Impact
 - i. Jobs created by eventual land use and development
 - b. Social
 - a. How does the development provide social benefit to the local area and the city?
How does the development help achieve other City policies?
 - c. Environmental
 - a. How does the development provide environmental benefit to the local area and the city?