

Capital Infrastructure Investment Strategy

Administration's Capital Infrastructure Investment Strategy will work in conjunction with the Accelerated Capital for Economic Resilience (ACER) project to address several areas that have caused low capital spend rates in the past. Specifically, the strategy will:

1. Critically examine and recast cash flows

One of the reasons for the low capital spend rate is that not enough rigour has been put into forecasting the cash flows of capital projects. This results in budgets that do not reflect the anticipated cash flow, leading eventually to budget deferrals. Critically examining the cash flows is anticipated to yield a more realistic capital budget. This may also free up funding in some years to advance shovel ready projects that are budgeted in later years. The recast capital budget will be presented to Council in the Budget Finalization report in Q2 2016.

2. Determine the priority projects

Administration will review the prioritization of capital projects, taking a more corporate view of prioritization, understanding restricted funding sources. Rather than allocating funding to Departments to apply to the individual priority lists, the corporate priority list will be developed, with funding allocated on a project by project basis. A revised priority list will be presented to Council as part of the mid-cycle adjustment process.

3. Align with Federal and Provincial Government Initiatives

Administration will review Federal and Provincial governments' announcements to identify incremental funding initiatives. Administration will also work with these governments to identify priorities and processes for infrastructure investment and align The City's capital investment priorities accordingly.

4. Review funding sources and switch accordingly

Building off the corporate priority list, the funding sources will be considered and allocated on the basis of the most restricted sources first, in an attempt to free unrestricted funding.

5. Review allocation of funding

The current allocation of funding will be reviewed and redistributed to best meet the corporate priority list. This will result in the revised capital budget to be presented to Council in 2016 November as part of the mid-cycle adjustments.

6. Standardize processes

Cash flow estimation, procurement and permit application processes will be standardized to the greatest extent possible in order to gain efficiencies and remove key bottle necks that constrain spending.

7. Fund additional resources

Fund capital project acceleration initiatives through an increase of the existing corporate project management charge against capital budgets from up to 0.5% to a maximum of 1.5%. Funding will be used to augment capital project delivery capacity in key areas such as Law and Supply Management. It will also support the implementation of cross functional teams focused on

delivering capital projects efficiently and effectively. This funding will only be used as required and appropriate controls will be established.

8. Examine ways of involving the private sector to a greater extent

Discussions will include the private sector to determine the degree to which their participation can be increased in order to speed processes and delivery of infrastructure.

9. Identify and approve associated operating budget funding

The operating costs of new capital projects must be identified and any associated incremental Operating Budget funding relating to those projects be approved along with the Capital Budget funding associated with those projects.