



2018 September 25







Capital Infrastructure Investment Principles




Support the delivery of City of Calgary services, at approved service levels




Enhance the long-term value of City assets




Promote the well-being of communities, environment and economy



Integrate, coordinate and optimize The City's investments




Build an adaptable, resilient and smart city.




Optimize financing and funding sources

* Council approved Capital Infrastructure Investment Principles (C2018-0304) on 2018 March 21


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Infrastructure Calgary – Value to the Community




Capital investments facilitate the delivery of valued services to residents




Integrated, coordinated and optimized capital investments promote the well-being of a community through improved connectivity, accessibility, inclusion, and environmental health as well as long-term resilience.




Shared accountability to respond to stresses (constrained funding) and shocks (economic downturn)




Efficiencies across services to improve delivery (i.e. procurement, signage, communications to community)



Focus on building a local economy that is more resilient to change, with a modern and efficient municipal government that is focused on resilience and continuous improvement



The coordinated approach to capital investment supports infrastructure resilience, organizational alignment and a cultural shift to integrated service delivery

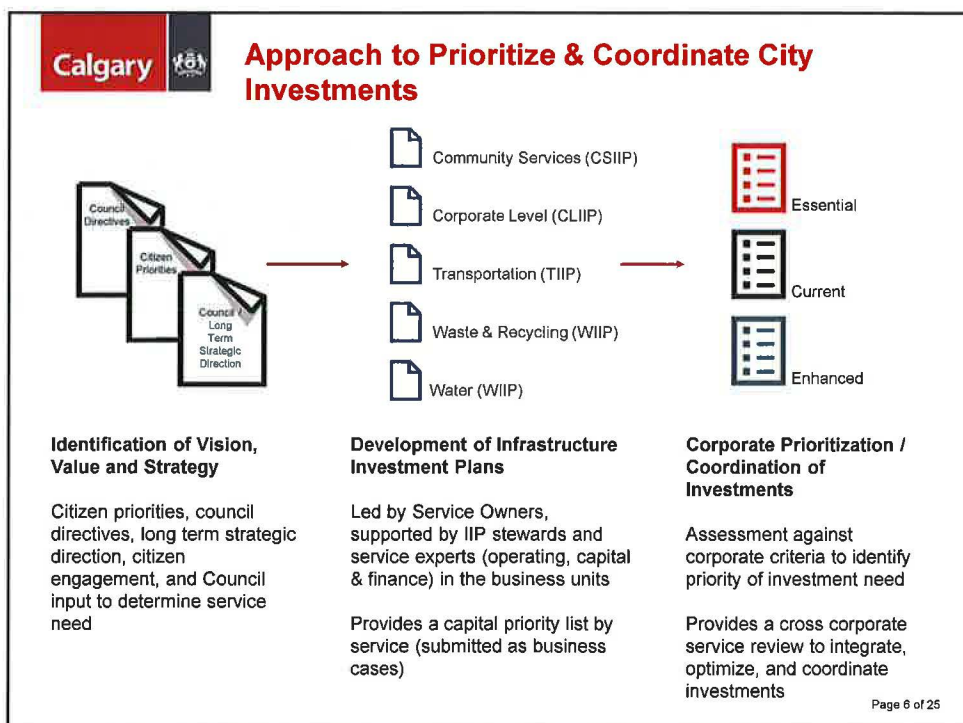
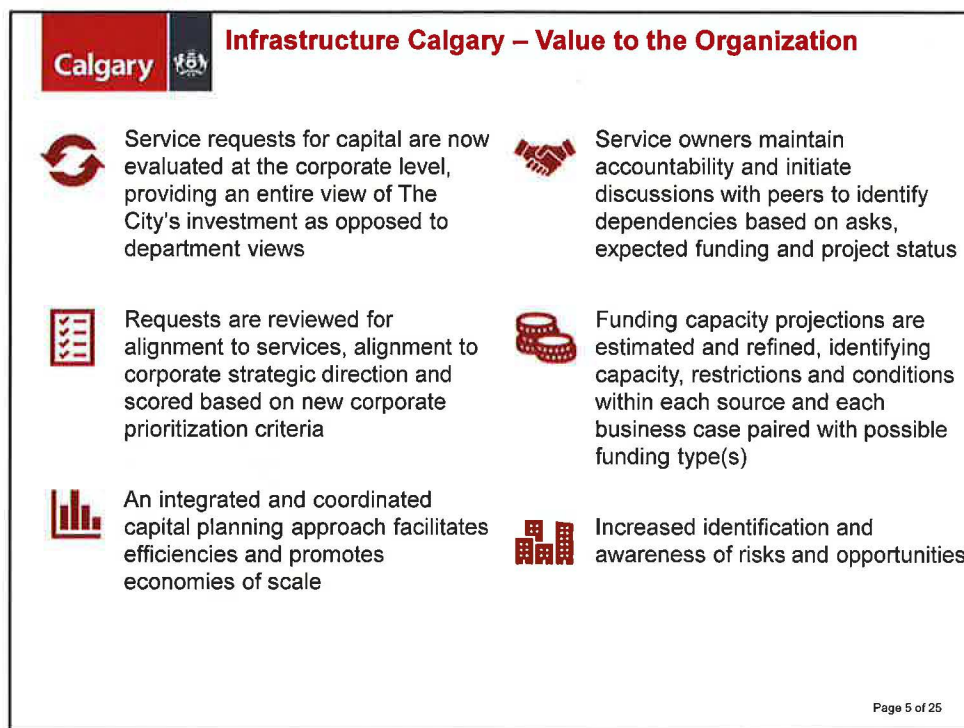


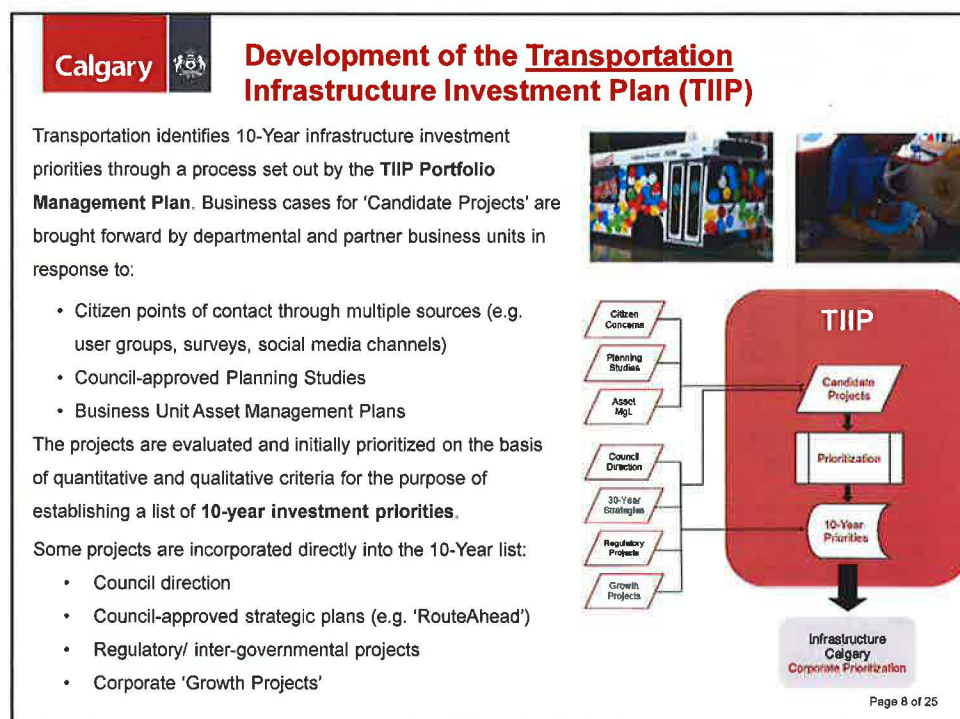
Responsive investment to meet emerging community needs

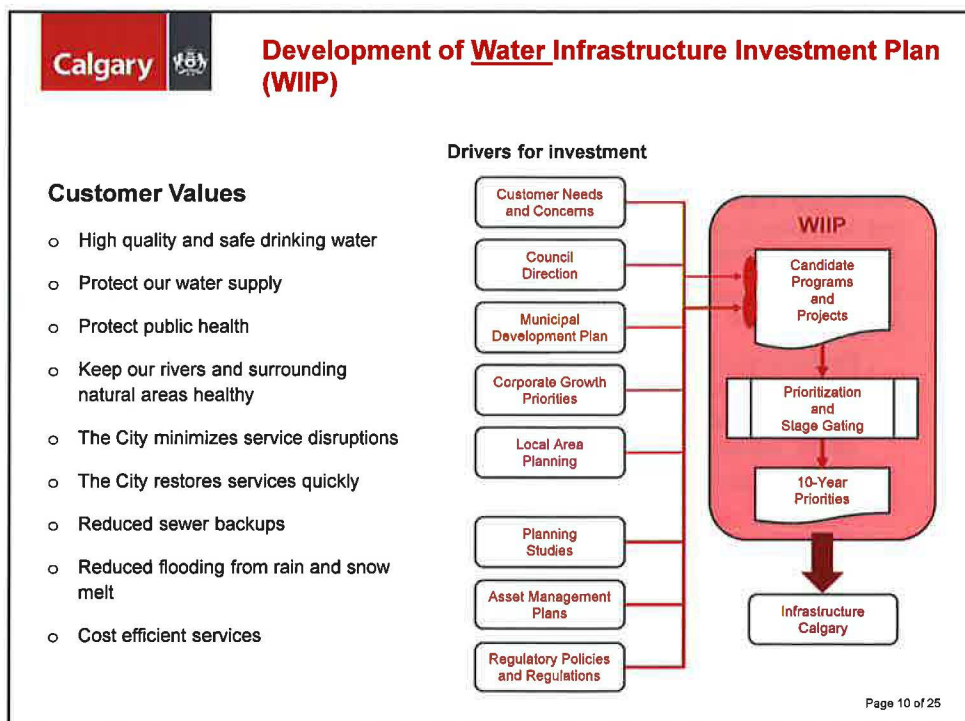
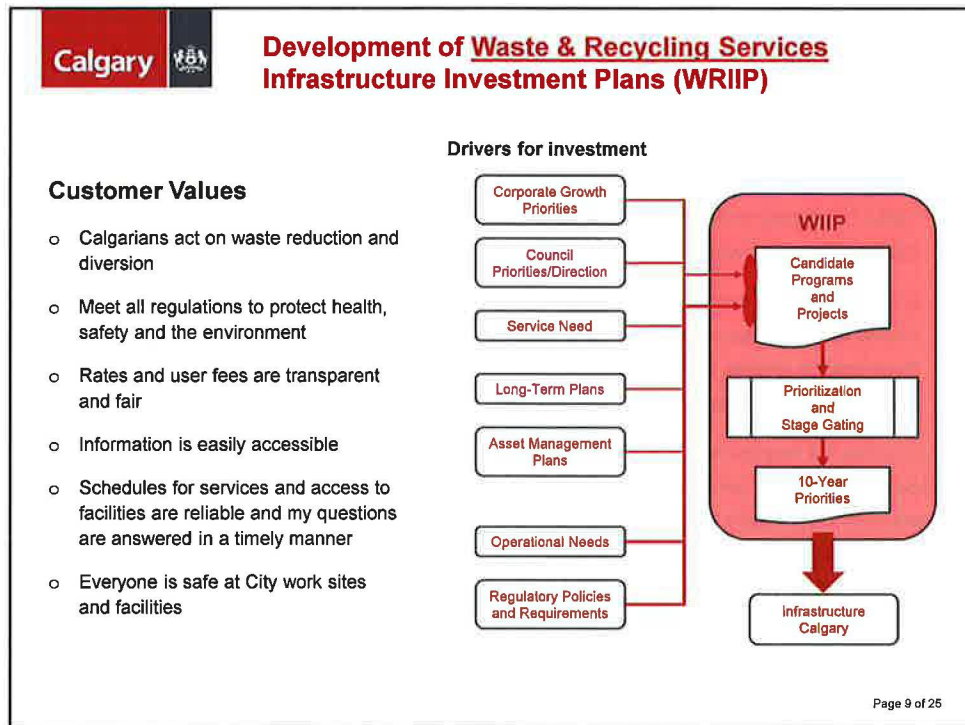
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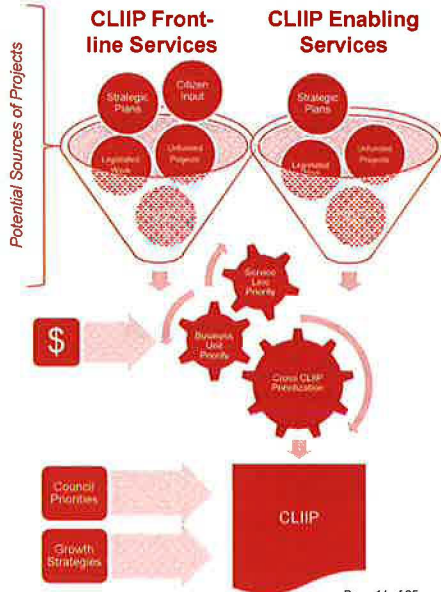


Development of the Corporate Level Infrastructure Investment Plan (CLIIIP)

The CLIIIP is comprised of the 19 Business Units that include:

- capital investments for front-line services (e.g. CityOnline, 311, etc.) and
- enabling services (e.g. IT, Supply, etc.) that support other front-line service providers. For those enabling services, CLIIIP relies on the front-line service to engage citizens and Council.

Each service line develops its proposed list of capital investments and considers the needs of its internal clients (e.g. Roads, Water, etc.) and its front-line services. The potential investments to support the service lines are then prioritized across the entire CLIIIP portfolio.



The diagram illustrates the development of the CLIIIP. It shows two funnels: 'CLIIIP Front-line Services' and 'CLIIIP Enabling Services'. Both funnels receive input from 'Potential Sources of Projects' (Strategic Plans, Citizen Input, Legislative Mandate, Unfunded Projects, and Unmet Needs). The outputs of these funnels feed into a central process involving 'Service Line Projects', 'Business Unit Projects', and 'Cross CLIIIP Prioritization'. This process is influenced by 'Council Priorities' and 'Growth Strategies' (indicated by arrows from the bottom left). The final output is the 'CLIIIP' portfolio, which is also influenced by a 'Cost' factor (indicated by a dollar sign and arrow from the left).

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Resilience Focus in Investment Planning

- Resilient communities are supported by services that are less vulnerable to stresses and shocks.
- Prioritization criteria developed using reference to City policy, other government criteria and descriptions, service owner expertise, and collective experience and lessons learned from stresses and shocks in our history.
- Service owners used the criteria to analyze their proposed project lists against three specific outcomes:
 - **Essential** service levels that support meeting the needs of our communities and those that we, as a municipality, are accountable to deliver.
 - **Current** service levels that support the quality of life in Calgary that makes our city a vibrant, energetic place.
 - **Enhanced** service levels that help our service delivery be modern, nimble and efficient.



Inclusive Leadership & Decision Making
Calgary capitalizes on its diverse human assets



Environment Resilience
We strengthen our natural assets and ecosystems within our city and regions




Economic Resilience
We strengthen our economic drivers to be better prepared for stresses and shocks






Infrastructure Resilience
Calgary has infrastructure that supports and integrated, connected and well managed city

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Development of Corporate Prioritization & Coordination Criteria

<div style="display: flex; align-items: center;">  <div style="margin-left: 5px;"> Essential Capital Criteria </div> </div> <p>Outcomes: Address The City's legal obligations including the investments required to maintain the delivery of critical services necessary to maintain health and safety of residents</p> <ul style="list-style-type: none"> Legal, regulatory, health & safety requirement Critical infrastructure Critical asset risk mitigation Minimizes service delivery costs 	<div style="display: flex; align-items: center;">  <div style="margin-left: 5px;"> Current Capital Criteria </div> </div> <p>Outcomes: Deliver existing levels of service for The City's 61 services.</p> <ul style="list-style-type: none"> Deliver existing levels of service Attracts private investment, and / or public & other government funding (regional) Improves connectivity, accessibility, and inclusion of communities 	<div style="display: flex; align-items: center;">  <div style="margin-left: 5px;"> Enhanced Capital Criteria </div> </div> <p>Outcomes: Provides an increase in the level of service of an existing service, or introduces a new service for residents</p> <ul style="list-style-type: none"> Invests in approved new or expanded services
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**Criteria were presented to Council on 2018 May 16 (C2018-0586).
 Criteria aligns with the six objectives stated in the Capital Infrastructure Investment Principles.*

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Capital Context for 2019-2022 Service Plan and Budget

- The City remains in a fortunate capital funding situation compared to many other municipalities. While capital is more constrained this cycle compared to previous cycles, The City is still making a significant investment in the community.
- Infrastructure Calgary criteria guides capital investment to support service based delivery, and ensures The City delivers what it is accountable for.
- The amount of unrestricted capital available is insufficient to meet the entire capital need identified by Service Owners as "essential."
- Infrastructure Calgary will optimize each available funding source and dollar.
- While essential funding requests will drive recommendations, we acknowledge that Council may identify additional community needs.
- The future capital environment is uncertain – revenue sharing with the province and federal infrastructure funding is still being determined.

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**Capital at a Glance (July 4, 2018)****388** capital business cases submitted**53/61** services with a capital budget request
(through capital business cases)**\$7.5B** total capital budget request for 2019-2023+**\$4.1B** essential capital identified**\$2.9B** current capital identified**\$0.5B** enhanced capital identified**\$3.0B** available in capital funding sources

*presented to Council on 2018 July 4 (C2018-0848)

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**Capital Funding – Action Plan compared to
One Calgary Estimates (July 4, 2018)**

Funding Source	2015-2018 (\$millions)	2019-2022 (\$millions) July 4
Government Grants (e.g. MSI, BMGT, GTF)	920	336
Corporate Reserves (e.g. PAYG, LMUR)	552	562
Self-Supported Debt	1,491	897
Business Unit Reserves	853	~850
Developer/Other Contributions / Levies	390	~350
Funding for New Capital Requests	4,206	2,995

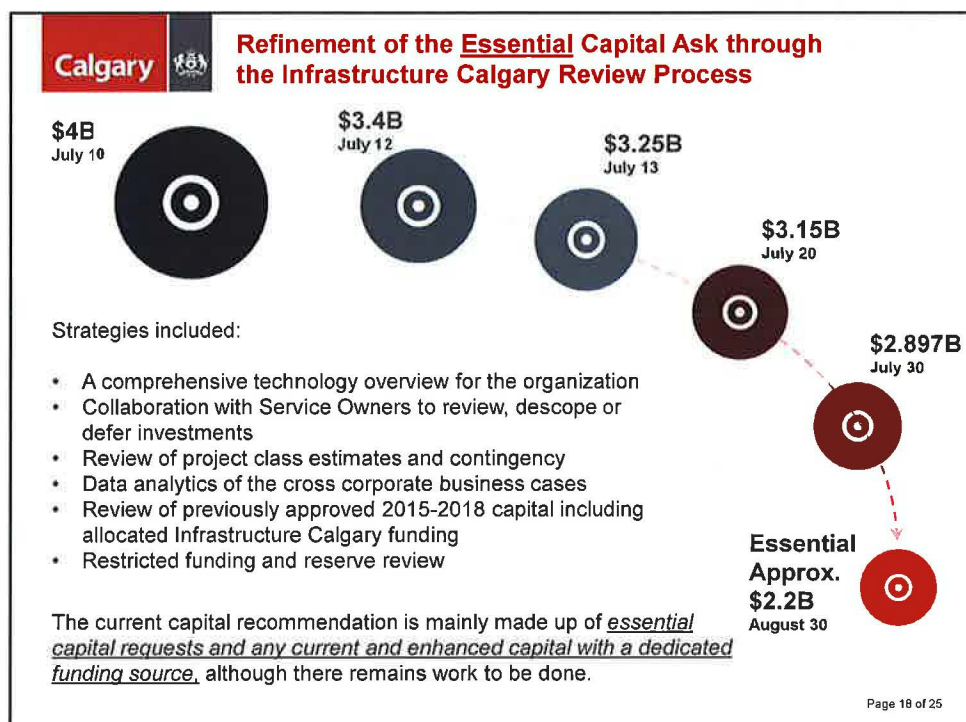
* Funding estimate excludes capital relating to previously approved, actively developing communities, 2018 carry forwards, New Communities and Green Line (except for previously approved).

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<div> <div>Calgary</div> <div> <div>Capital Funding Estimate – Action Plan Compared to One Calgary (August 30, 2018)</div> <div>DRAFT</div> </div> </div>			
Funding Source	2015-2018 (\$millions)	2019-2022 (\$millions) July 4*	2019-2022 (\$millions) August 30*
Government Grants (e.g. MSI, BMGT, GTF)	920	336	520
Corporate Reserves (e.g. PAYG, LMUR)	552	562	579
Self-Supported Debt	1,491	897	935
Business Unit Reserves	853	~850	~302
Developer/Other Contributions (Levies)	390	~350	~48
Funding for New Capital Requests	4,206	2,995	2,384

* Funding estimate excludes capital relating to previously approved, actively developing communities, 2018 carry forwards, New Communities and Green Line (except for previously approved).

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Capital at a Glance (August 30, 2018)

48/61 services with a new 2019-2022 capital budget request
(through 197 capital business cases)

\$7.5B total capital budget request for 2019-2023+

\$2.192B proposed essential capital ask

\$0.149B proposed current capital ask

\$0.043B proposed enhanced capital ask

\$2.384B

\$1.944B essential capital funding shortfall

\$2.739B current capital funding shortfall

\$0.468B enhanced capital funding shortfall

\$5.151B

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The City of Calgary's Services by Citizen Priority

Below are the services The City of Calgary provides. We work together as One for Calgary to provide service value for citizens, customers and communities.



A Prosperous City

- Affordable Housing*
- Arts & Culture*
- Business Licensing
- Community Strategies*
- Economic Development & Tourism*
- Land Development & Sales
- Library Services*
- Social Programs

A City of Safe & Inspiring Neighbourhoods

- Building Safety
- Bylaw Education & Compliance
- Calgary 9-1-1
- City Cemeteries
- City Planning & Policy*
- Development Approvals
- Emergency Management & Business Continuity
- Fire & Emergency Response
- Fire Inspection & Enforcement
- Fire Safety Education
- Neighbourhood Support
- Pet Ownership & Licensing
- Police Services

A City That Moves

- Parking
- Public Transit
- Sidewalks & Pathways
- Specialized Transit
- Streets
- Taxi, Limousine & Vehicles-for-Hire

A Healthy & Green City

- Environmental Management
- Parks & Open Spaces*
- Recreation Opportunities*
- Stormwater Management
- Urban Forestry
- Waste & Recycling
- Wastewater Collection & Treatment
- Water Treatment & Supply

A Well-Run City

- Appeals & Tribunals
- Citizen Engagement & Insights
- Citizen Information & Services
- City Auditor's Office
- Corporate Governance
- Council & Committee Support
- Executive Leadership
- Mayor & Council
- Municipal Elections
- Property Assessment
- Records Management, Access & Privacy
- Taxation

Enabling Services (foundational to all five Citizen Priorities)

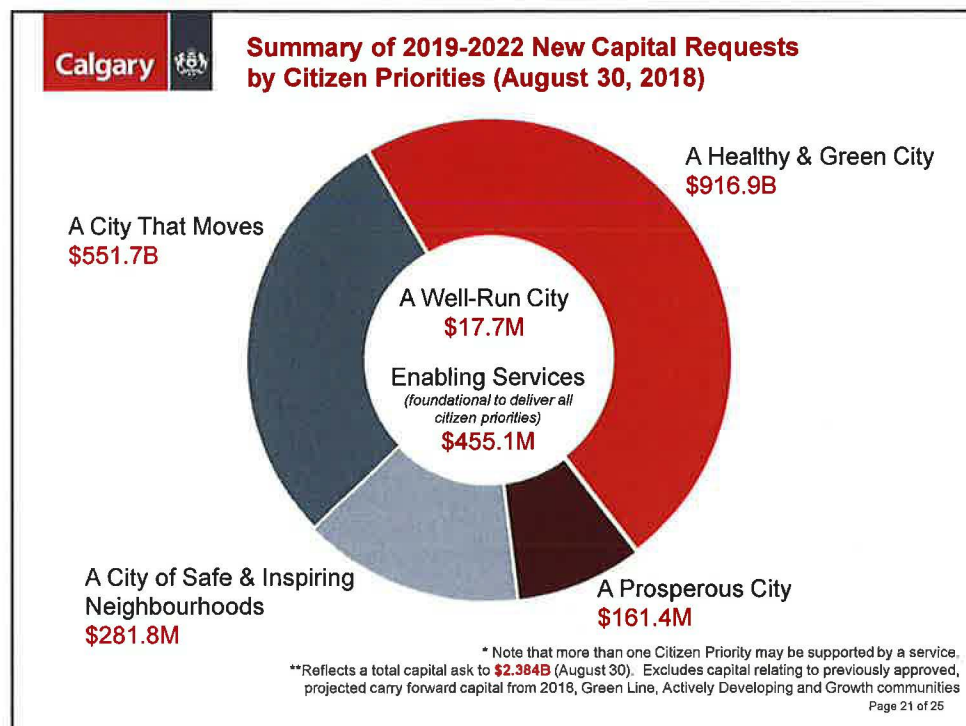
- Corporate Security
- Data Analytics & Information Access
- Facility Management
- Financial Support

- Fleet Management
- Human Resources Support
- Infrastructure Support
- Insurance & Claims

- IT Solutions & Support
- Legal Counsel & Advocacy
- Organizational Health, Safety & Wellness

- Procurement & Warehousing
- Real Estate
- Strategic Marketing & Communications

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Calgary  **2019 – 2022 Funding Approach**

- Funding to be allocated to recommended capital asks
- There are risks associated with some restricted funding sources
- Projects should be restricted from starting until funding is confirmed
- A corporate holdback is required to manage unpredictable circumstances
- Seek and optimize other funding sources available for capital throughout 2019 - 2022
- Any additional funding capacity should be used to manage unfunded projects that address Corporate Risks, Citizen priorities, Council Directives

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 Key Capital Investment Risks 2019-2022	
Risk Trigger	Risk
Reduced lifecycle maintenance (<i>Annual Investment Programs</i>)	<ul style="list-style-type: none"> - Potential for increased operating costs, increased costs in future cycles, possible failures/outages and service level impacts - Contributes to infrastructure gap
Reduced Program and Project budgets	<ul style="list-style-type: none"> - Reduced scope and functionality; program/project may not meet all objectives/outcomes; schedule delays; potential for program/project budget shortfall - Contributes to infrastructure gap
Introduction of Service Based Planning and Budgeting	<ul style="list-style-type: none"> - Aligning capital planning and budgeting to services results in redistribution of budgets across service lines, potentially leaving dependencies without funding
Funding Uncertainty	<ul style="list-style-type: none"> - Funding sources and project eligibility may change

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 Next Steps Prior to November Budget Deliberations	
<ul style="list-style-type: none"> • Sept 25 – Oct 11 - continue to address “what we heard” from Council and consider as capital recommendations are finalized • Oct 11 – more detailed discussion with Council on capital investments* • Continue to match capital projects to funding sources to optimize The City’s investment • Nov 14 – release of 2019-2022 Service Plan & Budget document 	
<p><i>*If this meeting is approved by Council</i></p>	

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