

# INFRASTRUCTURE CALGARY IMPLEMENTATION PLAN

## INVESTMENT OPTIMIZATION PROGRAM

### 1. OVERVIEW

Recommended Capital Project Description	Investment Optimization Program
<p><b>Executive summary</b> <i>Provide a brief description of the project and what it is expected to deliver. Capture only the essential elements of the business case, including most pertinent facts, in a clear, concise and strategic manner.</i></p>	<p>The Investment Optimization Program (IOP) is an enterprise-level program intended to optimize, strengthen and increase the value and benefit of The City's capital investment to benefit citizens. Currently proceeding as a pilot, the IOP will initially focus on a limited number of capital investments that meet one or more of the following objectives:</p> <ul style="list-style-type: none"> <li>• Enable improved decision making on specific capital investments by refining cost estimates, identification of potential value and benefit (e.g. economic, social, environmental, resiliency) in advance of the next business cycle</li> <li>• Fund Corporate capital programs that increase The Corporation's state of readiness, and improve understanding of certain investment requirements prior to the next business cycle; and</li> <li>• Improve efficiency and effectiveness of project delivery</li> </ul> <p>Investment in the IOP enables Infrastructure Calgary to facilitate a cross department / City-wide view approach to investment that will enable improved decision making, budget forecasting, and improve the ability for The City to proactively capture and maximize the value of its capital investment. The creation of the IOP includes establishment of criteria and governance as well as a mechanism for bringing requests for funding forward for consideration. Once the process is established, there will be ongoing monitoring of investments to ensure appropriate accountability and that results are being achieved.</p>
<p><b>Expected Key Deliverables</b></p>	<p>The IOP pilot is anticipated to deliver:</p> <ul style="list-style-type: none"> <li>• Improve project information to facilitate Council deliberations</li> <li>• Increased project understanding of specific projects being recommended within the next budget cycle</li> <li>• Introduction of corporate decision making tools related to project identification, selection and prioritization and allocation of funding and resources</li> <li>• Improved Corporate state of readiness in advance of the next budget cycle</li> <li>• Early strategic identification and assessment of potential and feasible Corporate capital investment opportunities leading to increased value to the citizen</li> <li>• Process to request, approve and allocate funding (including governance/oversight and definition of accountabilities and responsibilities)</li> <li>• Criteria for decision-making on allocation of funding</li> <li>• Confirmed business need / opportunity and alignment with Corporate strategy for identified projects and initiatives</li> </ul> <p>Establishment of the IOP into the next business cycle will address:</p> <ul style="list-style-type: none"> <li>• Improved Business Cases for funding requests that: identify project value and return on investment, propose projects that have been sufficiently developed for successful execution, improved budget class estimate / anticipated financial expenditures for Council approval, identify project risks and potential impact on stakeholders prior to approval</li> <li>• Reporting of funding requests, approvals and results (stakeholders, frequency, method)</li> <li>• Increased ability to identify and assess value of projects / programs which span across multiple department</li> <li>• Process to initiate multiple capital projects the required integrated project delivery</li> <li>• Greater accountabilities over contingency and the release of funds through stage gating</li> </ul>

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		<ul style="list-style-type: none"> <li>Improved method to explore external funding and coordination with external opportunities</li> <li>Ability to enhance resiliency within existing investments</li> </ul>
<b>Benefits</b> <i>Describe and/or quantify value and outcomes of project</i>	<b>Economic</b>	Economic benefits will be dependent on the project selected for investigation. Funding decisions will be considered in light of potential economic benefits. Efficiency and effectiveness related to project delivery has the potential to reduce costs, and streamline delivery. Other criteria for approving funding include the degree to which the funding will have positive impact on Gross Output, Gross Domestic Product (GDP), Income and Employment. These are also potential measures.
	<b>Social</b>	Social benefits will be dependent on the project. Social value will be considered as part of the determination of funding eligibility. Specific criteria will address to what degree projects requesting funding meet the social needs of Calgarians now and in the future.
	<b>Environmental</b>	Evaluation of funding requests will include environmental benefits. Approval of funding will depend on the degree to which the initiative will inform and allow for an understanding of environmental impacts of capital projects and identify areas for improvement prior to project funding approval.
<b>Return on Investment</b> <i>Describe short and long term investment returns including expected financial, social and environmental considerations, avoided costs etc. Include quantifiable and qualitative returns.</i>		The return on investment of the Investment Optimization Program in the short and long terms will be realized through targeting funds to increase value of capital investments. This includes exploration of opportunities to initiate capital projects to determine integrated project opportunities, performance of advance work on projects to ensure readiness to proceed, improvements to capital planning/budgeting processes, facilitation of greater accountabilities over contingency and the incremental release of funds. In summary, this initiative will support efforts to quantify value of investments, maximize return on investment, and, timely response to emerging capital investment opportunities.
<b>Address, Ward/ Catchment</b>	City-wide, City-Wide	<b>Project type (MUGS)</b> M,U,G,S
<b>Business Unit (BU)</b>	<b>Resilience &amp; Infrastructure Calgary</b>	
<b>Strategic Alignment</b> <i>IC has this information and will complete this section</i>	Council Priorities	A well run city
	Capital Investment Plan	All (supports projects in all themes)
	Calgary Economic Development (CED) 10 year Economic Strategy: Focus	Collaborative
	CED 10 year Economic Strategy: Strategy	2
	CED 10 year Economic Strategy: Action	1

### 2. RESILIENCE

<b>Program / Project Assumptions</b>	<ul style="list-style-type: none"> <li>Infrastructure Calgary will coordinate allocation of the funding</li> <li>Funding will align with existing and developing corporate standards (i.e. Corporate Project Management Framework) and policies</li> <li>Program would be able to determine the optimal type of infrastructure to support future program and services needs within individual or across multiple departments</li> </ul>
<b>Constraints</b>	<ul style="list-style-type: none"> <li>Ability to identify and coordinate programs</li> <li>Financial limitation to fund all possible projects</li> </ul>
<b>Dependencies:</b>	<ul style="list-style-type: none"> <li>Ability for individual projects to articulate the business need prior to funding</li> </ul>
<b>Risk(s):</b> <i>Describe any known risks</i>	<ul style="list-style-type: none"> <li>Funding requests could exceed amount available</li> </ul>

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### 3. PUBLIC CONSULTATION PLANS

<i>Provide a brief description of public consultation completed and the dates of consultation.</i>	Due to the internal nature of this fund and the focus on upfront (pre) planning, limited public consultation will be pursued. The Investment Optimization Program however is intended to advance projects that are the result of an identified program or service need. As a result, projects being considered for investment will adhere to existing policies and practices regarding public consultation.
<i>Provide a brief description of public consultation outstanding and the dates of the planned consultation.</i>	Depending on the project being invested in, public consultation may be pursued to clarify the program or service being considered. If a project has been identified based on external opportunities, or alignment with external stakeholders further consultation will be required to understand the opportunity.

### 4. CAPITAL ESTIMATES

<b>Estimate Class</b>	N/A. Program in nature comprised of projects as identified through selection.
<b>External Funding (Anticipated / Received)</b> <i>List funding source and their contribution to the total cost estimate</i>	NIL
<b>Operating Impact</b> <i>Describe operating impact of investment if any (i.e. whether new or able to be absorbed within existing operating budget). Where possible provide a precise financial and operating response identifying operating benefits of the investment. Operational efficiencies may also be identified.</i>	<p>Program will enable existing internal resources to optimize existing investments, respond to external opportunities, or explore collaboration / internal efficiencies through the integration of multiple projects.</p> <p>The intent of this investment is to create greater financial estimates of project work, improve internal efficiencies of The City's capital budget, and to promote long term sustainability of operations through reduced operating requirements.</p>