

# 2024 – 2035 Major Capital Project Prioritization

## ISSUE

The Administration has been working on a 2024 – 2035 Major Capital Prioritization process utilizing the guiding principles previously approved by the Governance and Priorities Committee (GPC). This report provides an update on that process and recommended 2024 – 2035 Major Capital Prioritization list.

## BACKGROUND

### History

At the July 18, 2022 GPC meeting when considering the [2024 - 2035 Major Capital Prioritization Process](#) report, Committee resolved:

“That the Administration be directed to develop and bring forward a 2024 – 2035 Capital Project Prioritization process based on the approach outlined in the July 18, 2022 report of the Chief Financial Officer.”

[Step 1 - Principles for the 2024 - 2035 Major Capital Prioritization Process](#) was presented to the GPC on September 19, 2022 where committee resolved:

- “1. That the guiding principles identified in the September 19, 2022 report of the Chief Financial Officer be approved;
2. In recognition of projects under the \$2M threshold that would be considered under the typical RCE prioritization process, that Administration includes an option for an additional RCE allocation from the 2024-2035 Major Capital Funding Plan in future steps/reporting’ and
3. That a Triple Bottom Line assessment for each project be incorporated as part of the prioritization process.”

### Step Two – Identification and Prioritization of Major Capital Projects

Since the approval of the Guiding Principles on September 19, 2022 the Administration has been moving forward on step two of the Major Capital Prioritization Process which included the identification and prioritization of 2024-2035 Major Capital Projects.

Identification of capital projects started with a kick-off meeting on September 23, 2022 to a variety of internal stakeholders including Directors and Projects Managers. This meeting focused on an overview of the ultimate vision, reporting and decisions that have been made regarding the 2024 – 2035 Major Capital Prioritization Process and next steps. Following this meeting a template was developed and provided to internal stakeholders to submit projects that fit the guiding principles approved by the Governance and Priorities Committee. To be considered in the process, all projects needed to be approved by the applicable General Manager, in total 68 projects were submitted as part of this prioritization process.

To prioritize these projects as objectively as possible the guiding principles approved by GPC were utilized with the following weighting:

1. 20% scoring for Maximizing Financial Resources;
2. 40% scoring for Strategic Plan Alignment;
3. 20% scoring for Risk Avoidance; and
4. 20% scoring for Triple Bottom Line Alignment.

A series of questions under each category were provided in the project submissions. The answers to these questions were then evaluated by an 8-person sub-committee with representation from across the organization to award points under each category and independently evaluate the information provided to ensure the benefits of each project or strategic alignment were not over or under stated by the submitter. A full listing of each of the 68 projects and associated information that was submitted can be found in Appendix 1.

The sub-committee scored each project individually; the individual scoring was then averaged against each other to arrive at the preliminary prioritization list. Minor adjustments were then made by the Sub-Committee and Executive Leadership Team to reflect previous decisions, prioritization processes and work underway.

### Triple Bottom Line Inclusion

As directed by the Governance and Priorities Committee at the September 19, 2022, meeting, a Triple Bottom Line analysis was added to the evaluation criteria. However, it should be noted a full triple bottom line analysis was not completed for each individual project at this point since they were at a varying level of maturity and a full triple bottom line analysis for each project would not be possible or comparable across projects.

Alternatively, a summarized Triple Bottom Line analysis was developed and utilized for each project to award points and prioritize projects that moved Triple Bottom Line Priorities the most. This process highlighted and prioritized projects that have the highest impact to Triple Bottom Line priorities. As previously outlined in the report, a projects' impact on Triple Bottom Line criteria was weighted at 20% of the overall scoring.

### 2024 – 2035 Major Capital Prioritized Projects

The result of the prioritization process undertaken by the Administration can be found in Appendix 2. As included in the appendix, prioritized results have been broken into five distinct categories:

1. Fire Services Priorities;
2. Sustainability Priorities;
3. Recreation & Culture Priorities;
4. Civic Infrastructure Priorities; and
5. Corporate Infrastructure Priorities

This categorization is an effective way to illustrate the competing priorities across the City. While the prioritization process was effective in developing a prioritization list there were some limitations of the tool in comparing projects that have significant impacts on achieving the City's Strategic Goals versus other categories are simply required to maintain existing service delivery. By placing these projects into 5 distinct categories it helps minimize the limitations of the tool and gives a clearer picture of the varying City priorities and will allow for flexibility in the development of the eventual funding plan.

## **OPTIONS**

### **Option 1 – Approve the Recommended List as Presented**

This option would be approving the Prioritization List as presented in Appendix 2 of this report. If approved, the Administration will utilize this prioritization list to build a draft 2024 – 2035 Funding Plan which will pull from each of the presented categories. Projects that are not identified at or near the top of each prioritization list would be unlikely to receive funding as part of the 2024 – 2035 Funding Plan unless alternative funding sources such as Federal or Provincial Government Programs were established beyond what is known today.

### **Option 2 – Adjust the Recommended List as Presented**

This option would include adjustments to the recommended prioritization list in Appendix 2. This option could include removing projects from the list, adjusting prioritization, or adding new projects that are not currently included on the list. Since the options to adjust the prioritization list are endless, the Administration would recommend a process whereby the list would be adjusted via motions from Committee like the Reserve for Capital Expenditures process during Budget Deliberations. Alternatively, if City Council wishes to significantly re-prioritize the list, the most effective approach would be to develop a scoring process where each member of City Council prioritized initiatives and the Administration would bring back a new prioritized list based on that scoring process.

## **RECOMMENDATION**

That Option 1 be approved which includes the approval of the presented 2024-2035 Major Capital Prioritization List to be used in the development of a future funding plan.

## **RATIONALE**

Although Administration is recommending the prioritized list it developed based on the criteria approved by GPC, it is expected that City Council could adjust the priorities. Appendix 2 provides a prioritized listing that is in line with the previously approved 2024 – 2035 Major Capital Prioritization Process guiding principles.

## **NEXT STEPS**

Pending approval of the prioritized listing of 2024 – 2035 Major Capital Projects, the administration will take this information back to build a 2024 - 2035 funding plan and varying options for Committee's future approval. This funding plan will use the prioritization list as a starting point; however, professional judgement will also be applied to determine the recommended funding amounts and timing. The 2024 – 2035 Major

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Capital Funding Plan will be presented for approval to Committee prior to 2024 Budget Deliberations.

As previously reported, the prioritization process and funding plan will be continuously evolved between today and the end of the plan (2035). Final decisions on capital projects will still be made during the annual budget process, however, the prioritization list and eventual funding plan will provide a roadmap and direction to the Administration on how to build future budgets.

### **APPENDICES**

1. 2024-2035 Major Capital Project Details
2. 2024- 2035 Recommended Capital Priorities

### **REPORT APPROVAL**

Written by: Clae Hack, Chief Financial Officer  
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Approved by: Jeff Jorgenson, City Manager

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