

Cost Drivers

1. Functional Program

The development of the functional program includes the foundational building blocks that inform the size and scale of a facility project. It is largely informed by business partner requirements, including service level expectations (both now and in the future). Depending on the service, it may also include broader engagement of the public to account for expectations of that service. Examples of factors that may influence the functional program include:

- a. current proximity or access to service(s)
- b. whether it is a new service(s) or expansion of existing service(s)
- c. the projected demand for the service(s)
- d. approved Council Strategy and Policies relating to the service level
- e. council or public expectations for the facility

Based on the information confirmed within the functional program, the facility size may differ significantly when compared to other facilities.

2. Market Factors

The City in itself does not design or build facilities in isolation but in partnership with Private Industry; including planning and designers (architects and engineers) and builders (contractors and material suppliers/vendors). These partners operate in an open and competitive marketplace where costs can vary depending on various supply and demand factors. The City does undertake a variety of measures to mitigate the impact of these factors, but they are largely out of its direct control. Examples of these factors include:

- a. Market Costs - Inflation Projections
- b. Market Interest - Competition with other Projects, Resource Capacity
- c. Supply Chain - Sourcing and Availability of Materials

Depending on the time and space in which the project requirements are defined in an open market, these can be significant drivers of capital costs. The City has multiple strategies to help mitigate these risks, including the use of different Delivery Methodologies (eg. Design-Bid-Build, Construction Management, etc.).

3. Risk Tolerance

How a municipality, like the City, considers its risk tolerance in relation to project performance expectations can largely inform the basis of how partnerships are structured with various parties, including the terms and conditions. This can manifest itself in different forms relating to the project execution. Examples include:

- a. Contract Terms and Conditions
- b. Insurance Requirements
- c. Owner Performance Expectations (Schedule, Budget, Scope)

Depending on the risk tolerance, this can be applied differently in many ways, which can translate to additional project costs. Similarly, it may influence the level of market interest (or disinterest) in working with the City of Edmonton, affecting market competition. The City reviews this on a project by project basis to ensure that the objectives for the work are clear in terms of managing expectations for project success.

4. Design Context

The design context for a facility project is the culmination of many different influences, including codes, policies, bylaws and other user requirements. These are generally composed of a minimum threshold as outlined in codes, regulations, and standards, but are often augmented by additional factors within approved City policies and bylaws. The list of examples contributing to the design context, include but are not limited to:

- a. Codes
 - i. Building Codes
 - ii. Other Regulatory Acts or Regulations
- b. City Policies
 - i. C573A Complete Streets Policy
 - ii. C627A Climate Resilience Policy
 - iii. C555 Private Public Partnership (P3) Policy
 - iv. C591 Capital Project Governance Policy
 - v. C598 Infrastructure Asset Management Policy
 - vi. C602 Accessibility for People with Disabilities Policy

- vii. C593A Public Engagement Policy
- viii. C587A Enterprise Risk Management Policy
- ix. C588 Winter Design Policy
- x. C556B Sustainable Procurement Policy
- xi. C458D Public Art to Enhance Edmonton's Public Realm
- xii. C512 Environmental Policy (ENVISO)
- c. Administrative Directives
 - i. Financial Administration and Control A1206 EAF
 - ii. Contract Administration A1205
 - iii. Public Involvement A1448
 - iv. OHS A1147D
- d. Administrative Standards
 - i. Procurement Standard
 - ii. City of Edmonton - Design Standards and Construction Standards
 - iii. Professional Engineering & Geoscience (PEG) and Quality Management System (QMS)
 - iv. Project Management for Capital Projects (i.e PMRG, PMMA, PMIS, etc.)
- e. Municipal Bylaws
 - i. Edmonton Design Committee Bylaw 20673
 - ii. Edmonton Zoning Bylaw 20001