



CAPITAL GROWTH PROFILE PRIORITIZATION

Profile Attributes and Scoring Criteria

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Infrastructure & Funding Strategies
Corporate Strategic Planning
Financial Services & Utilities



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CAPITAL GROWTH PROFILE PRIORITIZATION

Profile Attributes and Scoring Criteria

OVERVIEW

The information contained in this document is intended to assist in strategic decision-making with respect to the optimization of City funding resources to Capital Growth projects. Developed collaboratively, this Capital Prioritization Framework is designed to facilitate the systematic evaluation of project profiles based on a select number of categories and scoring criteria.

The categories and subcategories currently include the following and are discussed in more detail in the body of this document. Currently, the criteria are not weighted relative to each other. Capital Prioritization Planning Committee (CPPC) intends to do this at a time further along in the Capital Plan development process.

1. Mandate
2. Geographic Impact (External) OR Organizational Impact (Internal)
3. Value for Money
 - 3.1. Change in Demand (Capacity Measure)
 - 3.2. Capital or Operational Savings
 - 3.3. Level of Service
4. Project Readiness
5. Profile Growth & Renewal
6. Strategic Alignment
7. Corporate Operational Risk

This represents one step in the process of Growth Profile prioritization. Once complete, a funding allocation exercise must follow to ensure an optimal use of available Grants, Pay-As-You-Go, and other funding sources. Furthermore, Corporate Leadership Team (CLT) and CPPC must review to ensure the recommendations are reasonable and reflect the spirit of Council's expectations for the Capital Program they will eventually approve.

1. Mandate

Which of the following criteria does the profile meet?

- Federal or Provincial Directive / Regulatory & Legislative and/or
- Council / Board / Authorities Motion and/or
- Best Practices Industry

Operational Definition:

What criteria best represents the mandated nature of the profile? Directives, Regulations, and Legislation must:

- be current and directly applicable to the profile
- include terms that the City of Edmonton must be in compliance with at a date specified within the period;

As such, it is expected that few profiles will score a 10 in this category.

Scoring:

The score is calculated by determining the % of Profile Cost that applies to any of the criteria and then multiplying by the respective assigned points. Note, Profiles progress through the scoring, they do not accumulate scoring (total score cannot be greater than 10).

Points	Criteria	% of Profile Cost (Entered by User - must add up to 100%)	Prorated Points (calculated)
10	The consequence of not funding the profile will result in the City not meeting Federal or Provincial Directives / Regulations & Legislation	20%	2.0
7	Council has directed this profile as a priority via prior committed funding; for example, land and/or design	50%	3.5
5	Council has directed this profile as a priority via a motion		0.0
3	Profile is identified in a Strategic Plan or Master Plan		0.0
0	No Mandate to Provide the Profile	30%	0.0
TOTAL		100%	5.5

Example:1) Co-located Dispatch and Emergency Operations Center

The Co-located Dispatch and Emergency Operations Center has a legislated component related to the provision of the 911 service. This component amounts to 20% of the overall costs of the project. 50% of the profile relates to the provision of emergency management, as directed by policy, and to that end Council has previously funded land for use by this profile. The remaining 30% of the profile costs are related to future focused opportunity expenses to increase functionality, and therefore score 0.

20% x 10 (20% of Profile costs are due to a Legislative requirement at 10 points)

50% x 7 (50% of Profile costs are due to a motion by Council who has directed this project as a priority via prior committed funding for land and/or design at 7 points)

30% x 0 (30% of Profile costs address other needs at 0 points)

5.5 (Total points scored for the project)

2. Geographic Impact (External) OR Organizational Impact (Internal)

Operational Definition:

This is a matrix style score, which measures the Profile's area of influence within a defined geographic region (see Sector/Area Structure Plan map on following page) OR organizational unit coupled with % of population of that region OR % of employees of that unit that will actually use the asset(s) in the Profile on an annual basis.

Scoring:

		% OF AREA POPN' OR ORG. UNIT USING THE ASSET/SERVICE					
		0-10%	11-25%	26-50%	51-75%	76-90%	91-100%
AREA OF INFLUENCE	CITY or REGIONAL / CORPORATION (Pop'n: 200,000 - 825,000+)	3	5	6	8	9	10
	SECTOR / DEPT' (Pop'n: 50,000-200,000)	2	4	6	7	8	9
	ASP / BRANCH (Pop'n: 5,000 - 50,000)	1	2	4	6	6	8
	N/HBD / SECTION (Pop'n: 0 - 5,000)	0	1	2	3	4	5

Examples:

1) North East Transit Garage (Organizational Impact)

This profile would score 6 points as the Area of Influence is at the Branch level and 50-75% of the organizational unit would use this service.

2) Coronation Community Recreation Centre (with a Velodrome) – (Geographic Impact)

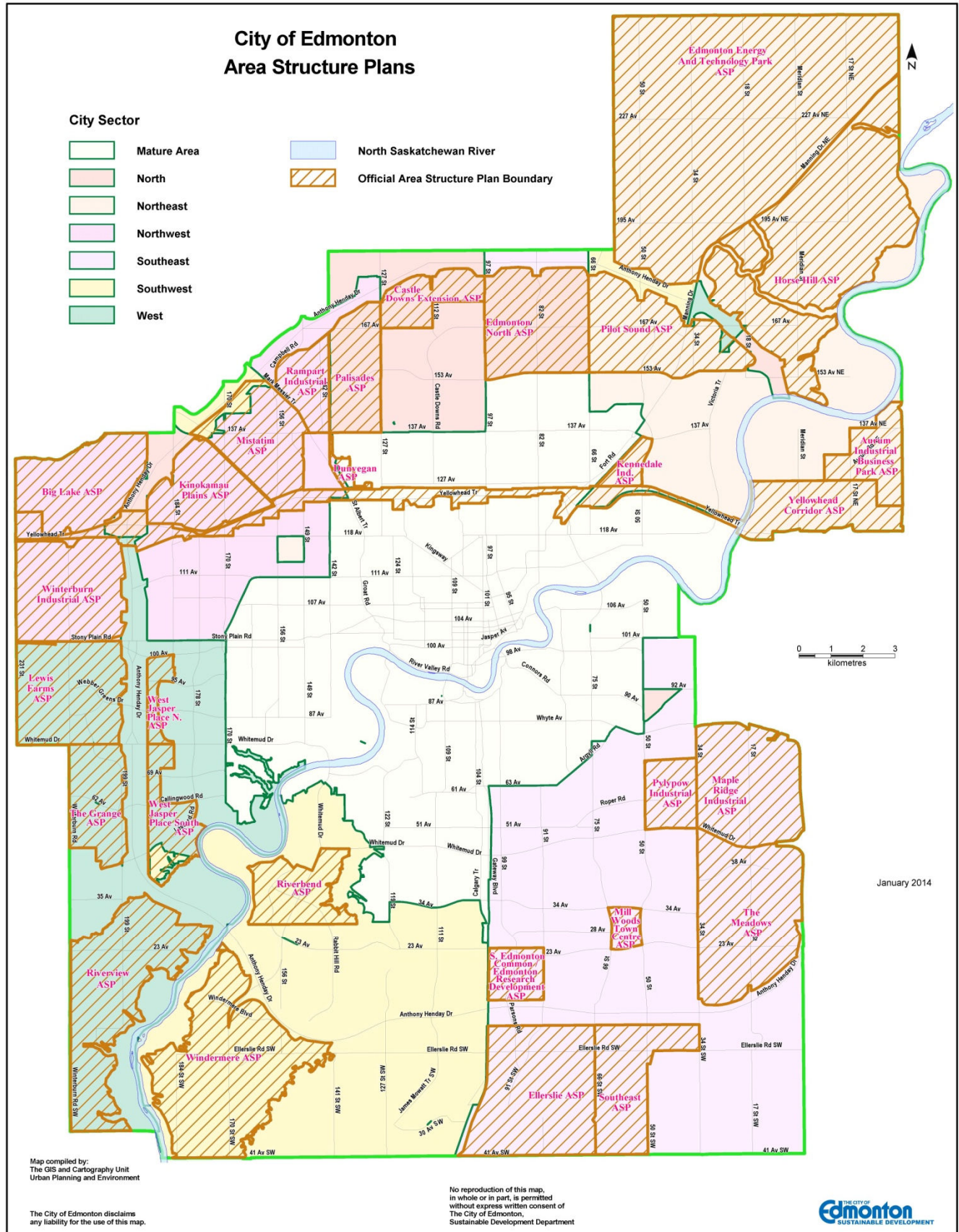
This profile would score 3 points as the Area of Influence is at the Regional level but would only impact 0.1% of the Area Population.

3) Neighbourhood Library (Geographic Impact)

This profile would score 2 points as the Area of Influence is at the ASP level and 25% of the population utilizes the service.

4) New Pocket Park Composite (Geographic Impact)

This (fictional) profile is proposed to build between 5-6 pocket parks throughout the City. Assuming one pocket park per neighbourhood, and approximately 5 neighbourhoods per typical ASP, this would qualify at the ASP Area of Influence. Assuming 10% of the population would access these parks results in a total score of 1



3. Value for Money

The following three sub-categories, each with their own distinct scoring system, are grouped together to create the 'Value for Money' category. These sub-categories are scored based on the individual sub-weightings assigned to them.

3.1. Change in Demand (Capacity Measure)

Operational Definition:

What is the likely increase in service demand that your profile is addressing? Note that the demand being considered can only consider the current situation (i.e. the asset being built does not yet exist), and the service being supplied is contributing to the City's strategic goals. The demand projection should consider a 10-year horizon. Note that change in demand is in excess of general population growth (estimated at 3% annually).

Scoring Table 1:

SCORE	Change in Demand for the Project (Capacity Measure)	
10	Substantial Increase	Profile addresses substantial increase in demand (25% or more)
7	Signification Increase	Profile addresses significant increase in demand (15% - 24%)
4	Modest Increase	Profile addresses modest increase in demand (5% - 14%)
1	Minimal Increase	Profile addresses minimal increase in demand (1% - 4%)

Examples:

1) Yellowhead Trail Improvements

In the next 35 years, use of Yellowhead Trail is projected to double. However, so will Edmonton's overall population, therefore it would score at best a 1 (i.e. this change in demand is not in excess of the population growth)

2) Transit Fleet Growth

Transit use has been growing on average by 5% a year, contrasted with an average population increase of 3%. Over 10 year planning horizon, this nets to 20% increase in demand, and therefore would score a 7.

3.2. Capital or Operational Savings

Operational Definition:

The profile generates net capital or operating savings for the City. Consider process efficiency, reductions to FTE requirements, or reductions to operating budget requirements. This can also include cost avoidance, provided it can be clearly demonstrated, measured, and potentially reallocated to other purposes.

Scoring Table 2:

The scoring is based on the matrix table below which looks at the %return on the capital investment relative to the time to pay back the capital investment.

		% OF RETURN ON CAPITAL INVESTMENT				
		0%	1-25%	26-50%	51-75%	> 75%
TIME FOR PAY BACK OF CAPITAL INVESTMENT	> 20 YEARS	0	1	2	3	4
	10 - 20 YEARS	0	3	4	6	8
	6 - 10 YEARS	0	4	6	8	9
	0 - 5 YEARS	0	6	8	9	10

Examples:

1) LED Streetlights

This program includes converting all existing roadway streetlighting to LED technology (requiring less power consumption) and the operating savings will yield a 100% return on the capital investment within 13-17 years. Based on this assessment the program would score an 8.

2) Parking Management Technology

This program includes the equipment supply and installation to operate an automated system for public on-street parking. The investment is expected to have efficiencies in the operation as well as opportunities for increased revenue from enforcement. The rate of return against the original capital investment is expected to be 100% and to occur over a period of 5 years. Based on this assessment the program would score a 10.

3.3. Levels of Service

Operational Definition:

Levels of service are parameters or combinations of parameters that reflect social, environmental, and economic outcomes that the organization has agreed to deliver. The profile is ranked based on the below Service and Cost chart.

Scoring Table 3:

5	The profile will allow for an increase in program service levels with a decrease in costs.
3	The profile will allow for an increase in program service levels with maintained costs or maintained service levels with a decrease in costs.
1	The profile will allow for an increase in program service levels with an increase in costs or a decrease in service levels with a decrease in costs.
0	The profile will allow for maintained program service levels with maintained costs.
-3	The profile will allow for maintained program service levels an increase in costs or decreased service levels with maintained costs.
-5	The profile will cause a decrease in program service levels with an increase in costs.

	Higher Cost	Same Cost	Lower Cost
Higher Service	1	3	5
Same Service	-3	0	3
Lower Service	-5	-3	1

Example:

1) New Firehall

A fire hall provides higher service at a higher cost resulting in a score of 1.

4. Project Readiness

Operational Definition:

Based on the 2015-2018 Capital Budget Cycle, identify which of the criteria are applicable to your profile. It is acceptable to have an N/A in the non-asterisked criteria. *The asterisked criteria (A, C, D, F, and H) would apply to all projects whereas the non-asterisked criteria may or may not apply. Therefore, a project would not be penalized for criteria that have a non-applicable status.

Scoring:

10	Profile meets 89-100% of the Criteria
8	Profile meets 64-88% of the Criteria
5	Profile meets 41-63% of the Criteria
3	Profile meets 21-40% of the Criteria
1	Profile meets 13-20% of the Criteria

How many of the following criteria does the profile meet?

CRITERIA		Enter '1' if Criteria Met Enter N/A if Not Applicable (Rows B, E and G ONLY)
A	Substantive Project Plan in Place (Including Charter, construction timelines, etc)*	1
B	Approvals in Place (Environmental, Historical, etc)	N/A
C	Internal/External Stakeholder Involvement in Place of Completed*	1
D	Needs Assessment Complete*	1
E	Land / Zoning in Place	N/A
F	Project Risk Identified & Mitigating Strategy in Place*	
G	Project Funding from Other Sources in Place	N/A
H	Operating Impact of Capital Identified*	1
% Criteria Met		80%
Points		8

Example:

In this hypothetical example, as shown on the above table, Criteria's B, E and G are not applicable to the profile. Criteria's A, C, D and H are applicable and a score of 1 is entered into the appropriate cell. Criteria F could potentially apply to the project but the risk has not yet identified and there is no mitigating strategy in place and therefore the cell is left blank. The calculations for the % criteria met are as follows:

Maximum possible number of criteria (Criteria A to H inclusive) = 8

Number of criteria applicable to the profile (Criteria A, C, D, H) = 4

Number of criteria that do not apply to the profile (Criteria B, E, G) = 3

Therefore, % Criteria met:

= # of applicable criteria divided by (possible maximum of 8 criteria minus the # of non-applicable criteria)

= $4 / (8-3) = 4/5 = 80\%$

The profile meets 80% of the criteria which falls within the 64-88% range in the Scoring table resulting in the adjacent score of 8.

5. Profile Growth & Renewal

Operational Definition:

For a profile to receive points in this category, it must be demonstrated that there is a renewal need that must be addressed within the period in which funding is requested. If 90% or greater of the profile is for renewal purposes, the profile is considered to be a “Pure Renewal” profile and is outside the scope of this prioritization exercise and will be considered as part of the renewal allocation.

Scoring:

The scoring is based on the percentage of renewal need as demonstrated in the Scoring List below. For example, if a Profile contains a 30% renewal component, then that profile would score a value of 4.

SCORING LIST	
% RENEWAL	SCORE
85% - 89%	10
80%	9
75%	9
70%	8
65%	8
60%	7
55%	7
50%	6
45%	5
40%	5
35%	4
30%	4
25%	3
20%	3
15%	2
10%	2
5%	1
0%	1

CRITERIA FOR SCORING 'GROWTH & RENEWAL' CATEGORY			
Enter % of profile related to RENEWAL			
30%	% of Profile related to RENEWAL		
70%	% of Profile related to GROWTH		
<table border="1"> <tr> <td>SCORE</td> <td>4</td> </tr> </table>		SCORE	4
SCORE	4		

Example: Hypothetical Roadway Twinning Project (where the existing two lanes require rehabilitation)

In this hypothetical example, 30% of the profile is considered to be for renewal purposes and the remaining 70% is for growth purposes. 30% Renewal needs would therefore score a 4.

6. Strategic Alignment

Operational Definition:

The foundation for scoring Strategic Alignment is based on strategic goals and corporate outcomes as contained in the City of Edmonton's Strategic Plan, *The Way Ahead*. On March 26, 2014, a report to City Council revising the Transportation goal and corporate outcomes was approved. Within *The Way Ahead* are six Directional plans that provide long-term strategic direction. The profiles are evaluated based upon the number of corporate outcomes met for each of the six Directional plans and the degree of impact (as shown on the following table) for each outcome.

Scoring:

Impact	Score	Strategic Alignment Description
High	10	The profile has a significant direct impact on the corporate outcomes that can be clearly defined and articulated and will be visible to citizens and Council at large.
Medium	5	The profile has a moderate direct impact on the corporate outcomes that can be clearly defined and articulated and will be visible to citizens and Council.
Low	1	The profile has a minor direct impact on the corporate outcomes that can be clearly defined and articulated and will be visible to citizens and Council.

The criteria table for scoring Strategic Alignment is shown on the following page. The strategic goals (Directional Plans) contained within *The Way Ahead* each contain a number of desired corporate outcomes. For example, the strategic goal, *Transform Edmonton's Urban Form*, contains two corporate outcomes; *Shift Edmonton's Transportation Mode* contains two corporate outcomes, and so on for a total of 12 corporate outcomes. Each of the strategic goals contributes equally to the final prorated score. It is highly unlikely that any profile would achieve a score of 10 (the maximum) as this would mean the profile has a high impact on all 12 corporate outcomes.

For illustration purposes, the following table shows that if all six strategic goals and their associated corporate goals scored a '10', then each strategic goal contributes equally (1/6th of the total) to the final prorated score. At the end of this section, the Valley LRT Line project is used to demonstrate the scoring method.

CRITERIA FOR SCORING 'STRATEGIC ALIGNMENT'					
STRATEGIC GOALS	CORPORATE OUTCOMES	DOES THE PROFILE ACHIEVE THE CORPORATE OUTCOME?		SCORE	PRORATED SCORE
		Select YES or NO from the Dropdown List	If you answered YES then what is the degree of impact (Select Low, Medium, or High from the Dropdown Menu)		
Transform Edmonton's Urban Form	Edmonton is attractive and compact.	YES	High	10	1.7
	The City of Edmonton has sustainable and accessible infrastructure.	YES	High	10	
Shift Edmonton's Transportation Mode	Edmontonians use public transit and active modes of transportation.	YES	High	10	1.7
	Goods and Services move efficiently through the city	YES	High	10	
Improve Edmonton's Livability	Edmontonians are connected to the city in which they live, work and play.	YES	High	10	1.7
	Edmontonians use facilities and services that promote healthy living.	YES	High	10	
	Edmonton is a safe city.	YES	High	10	
Preserve and Sustain Edmonton's Environment	The City of Edmonton's operations are environmentally sustainable.	YES	High	10	1.7
	Edmonton is an environmentally sustainable and resilient city.	YES	High	10	
Ensure Edmonton's Financial Sustainability	The City has a resilient financial position	YES	High	10	1.7
Diversify Edmonton's Economy	Edmonton has a globally competitive and entrepreneurial business climate.	YES	High	10	1.7
	Edmonton Region is a catalyst for industry and business growth.	YES	High	10	
TOTAL SCORE STRATEGIC ALIGNMENT (Max Score of 10)					10.00

7. Corporate Operational Risk

Operational Definition:

There may be a risk to corporate operations and an impact to the City's ability to provide existing services if the profile being considered is **NOT UNDERTAKEN**. Risk is determined by rating Impact and Probability and then applying it to the scoring matrix on the following page.

Scoring Impact Table:

<i>Impact (Consequences) – Corporate Operational Risk</i>	
Disastrous	A direct and measureable negative impact on multiple provisions of service, the majority of which are in critical areas and may endanger the lives or livelihood of citizens
Severe	A direct and measureable negative impact on operations, with a broad impact to a number of different provisions of service, with a minority in critical areas
Substantial	A externally noticeable negative impact on operations, though in non-critical areas
Moderate	Some negative impact to operations, however mostly internal
Negligible	Impact is small

Scoring – Probability Table

<i>Probability (Likelihood) – Corporate Operational Risk</i>	
Imminent	Impact may be imminent or has already occurred
Very Likely	Impact likely to occur at some time within 1 year
Likely	Impact likely to occur at some time within 2 years
Unlikely	Impact likely to occur at some time within 4 years
Negligible	Impact unlikely to occur within 10 years

Scoring Matrix

		IMPACT - CORPORATE OPERATIONAL RISK				
		Negligible	Moderate	Substantial	Severe	Disastrous
PROBABILITY - CORPORATE OPERATIONAL RISK	Imminent	4	7	8	9	10
	Very Likely	2	4	6	7	8
	Likely	2	3	5	6	6
	Unlikely	1	1	3	4	5
	Negligible	0	1	1	2	3

Example:1) Fire Fleet Growth

This example profile is to add additional units to the Fire Fleet to increase capacity to ensure that there are sufficient units to keep in service at all times. The Probability is Very Likely - in essence it has occurred in the past but is not a daily occurrence, and the Impact would be moderate with some negative impact to operations resulting in a total score of 4.