APPENDIX D:
CAPITAL BUDGET ADMINISTRATIVE
PROFILE PRIORITIZATION CRITERIA

2019—2022 Capital Budget Administrative Profile Prioritization Evaluation Guide

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 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.

Strategic Criteria

1. Healthy City

2. Urban Places

3. Regional Prosperity

4. Climate Resilience

Operational Criteria

1. Mandate

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

3. Change in Demand (Capacity Measure)

4. Capital or Operational Savings

5. Level of Service

6. 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, Executive Leadership Team (ELT) must review to ensure the recommendations are reasonable and reflect the spirit of Council's expectations for the capital budget they will eventually approve.

Strategic Alignment

Definition

The foundation for scoring Strategic Alignment is based on strategic goals as contained in Council's Strategic Plan 2019—2028. The foundational components of Council's plan, the 2050 Vision and the ten year principle and strategic goals were approved by City Council on June 12, 2018 and the final plan will be presented to Council in Q1 2019 following the capital and operating budget approvals. The profiles are evaluated based upon their score on each of the four strategic goals, profiles will score based on their degree of impact to achieve the scoring criteria related to the each definition as aligned to the four strategic goals.

Methodology

For each strategic goal described in Council's Strategic Plan, a number of strategic definitions are listed. These strategic definitions relate to a number of scoring criteria for which the profile's relative impact on is assessed on a scale of Low, Medium and High, or 'None' if the profile does not have an impact on the specific criteria. Each of the strategic goals contribute equally to the final prorated score. Guidelines for assessing scores are as follows:

Impact	Score	Strategic Alignment Description
High	10	The profile has a transformational impact on the strategic scoring criteria 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 criteria that can be clearly defined and articulated and will be visible to citizens and Council.
Low	2	The profile has a minor direct impact on the criteria that can be clearly defined and articulated and will be visible to citizens and Council.
None	0	The profile has no direct impact on the criteria that can be clearly defined and articulated and will be visible to citizens and Council.

Healthy City

Edmonton is a neighbourly city with community and personal wellness that embodies and promotes equity for all Edmontonians.

Definitions

1. Edmonton is a safe and caring community.

2. Edmontonians are healthy and fulfilled.

Scoring Criteria

1. Edmonton is a safe and caring community.

1. Edmontonians have increased access to affordable and safe housing and transportation options.

2. Edmontonians have access to physical and mental health support for all stages of their lives

2. Edmontonians are healthy and fulfilled.

1. The City of Edmonton strategies, services, facilities and spaces improve connectivity for all identities.

2. Edmonton's public spaces, festivals and events increase its vibrancy.

3. Edmonton maintains air and water quality that sustains healthy people and healthy ecosystems.

Urban Places

Edmonton neighbourhoods are more vibrant as density increases, where people and business thrive and where housing and mobility options are plentiful.

Definitions

1. Edmontonians live in complete and uplifting neighbourhoods.

2. Edmonton has appropriate and accessible infrastructure.

Scoring Criteria

1. Edmontonians live in complete and uplifting neighbourhoods.

1. Edmontonians have access to holistic, integrated neighbourhood level amenities for all seasons.

2. The City of Edmonton has a more efficient, connected and integrated multi-modal transportation system that encourages utilization of transit and active transportation modes

2. Edmonton has appropriate and accessible infrastructure.

1. Edmonton's neighbourhoods are built to be safer and more dense with diverse housing options.

2. The City of Edmonton maintains and provides adaptable, accessible and appropriate infrastructure.

Regional Prosperity

Edmonton grows prosperity for our Metro Region by driving innovation, competitiveness and relevance for our businesses at the local and global level.

Definitions

1. Edmonton region has an innovative, diverse and entrepreneurial economy.

2. Edmonton region has an integrated and globally competitive business climate.

3. The City of Edmonton has a resilient financial position.

Scoring Criteria

1. Edmonton region has an innovative, diverse and entrepreneurial economy.

   1. Edmonton increases innovation and entrepreneurial capacity in the region.

   2. The City of Edmonton partners to increase the reach and effectiveness of support for entrepreneurship and business innovation.

2. Edmonton region has an integrated and globally competitive business climate.

   1. The City of Edmonton has reduced barriers to business growth and better meets the needs of business and industry.

3. The City of Edmonton has a resilient financial position.

   1. The City of Edmonton has more balanced and sustainable revenue streams.

   2. The City of Edmonton has a more equitable share of the financial responsibility for infrastructure and services that benefit the region and Alberta.

Climate Resilience

Edmonton is a city transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate.

Definitions

1. Edmonton has robust infrastructure that ensures the continuity of critical services.

2. Edmonton is an energy sustainable city.

Scoring Criteria

1. Edmonton has robust infrastructure that ensures the continuity of critical services.

   1. Edmonton's neighbourhoods and infrastructure are better prepared and more resilient to disaster, crisis and severe weather impacts.

1. Edmonton is an energy sustainable city.

   1. Edmonton sources energy more sustainably and Edmontonians are engaged in using energy more efficiently.

   2. The City of Edmonton manages operations to generate fewer greenhouse gas emissions as we grow.

Mandate

Definition

Some profiles are partly driven by mandate. Mandates can include Federal or Provincial legislation and directives where non-compliance may place the city in breach of contractual obligations or the law. Other mandates relate to specific Council direction, expressed either through previously committed funding, or a motion that highlights a profile as a priority. Finally, other profiles that may not relate to the mandates noted above, but are identified in a Strategic or Master Plan may still be given consideration under this criteria.

Methodology

Each profile is given a score by determining the percentage of profile costs that applies to any of the criteria and then multiplying by the assigned points for that criteria. Table 1 below outlines the scoring methodology for mandate.

Table 1: Mandate

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

Example:

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 per cent 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 per cent of the profile costs are related to future focused opportunity expenses to increase functionality, and therefore score zero.

Geographic and Organizational Impacts

Definition

Scoring for this criteria is based on a profile's area of influence either within a defined geographic region, or within an organizational unit of the City as a corporation. Profiles that have a broader geographic/organizational reach, and a higher percentage of the either the population or organizational unit using the proposed asset or service will score higher than those with more limited reach.

Methodology

Scoring is provided on the matrix shown in Table 2 below. Each profile is assessed first for its area of influence, and then for the percentage of that area that will benefit from the asset or service on an annual basis. Areas of influence can be specific to the general population (Public) or internal within the City as a corporation (Corporate). These areas are as follows:

Area of Influence	
Public	**Corporate**
Neighbourhood (0–5,000)	Section
Area Service Plan (5,001–50,000)	Branch
Sector (50,001–200,000)	Department
City or Regional (200,001 +)	Corporation

Table 2: Geographic and Organizational Impact

	% of Area Population or Org. Unit Using the Asset / Service					
	0–10%	11–25%	26–50%	51–75%	76–90%	91–100%
City or Regional / Corporation	3	5	6	8	9	10
Sector / Department	2	4	6	7	8	9
ASP / Branch	1	2	4	6	6	8
Neighbourhood / Section	0	1	2	3	4	5

Change in Demand

Definition

Change in Service Demand

An assessment of the impact each profile will have on overall service demand. Anticipated change in demand is forecast with a 10-year outlook, and is in excess of estimates for general population growth. Change in demand is considered using current service demand (before the asset is built) as a baseline.

Methodology

A score is assigned based on the projected change in service demand as outlined in Table 3 below:

Table 3: Change in Demand

Change in Demand	Capacity Measure	Score
Substantial Increase	25% or more increased demand	10
Significant Increase	15%–24% increased demand	7
Modest Increase	5%–14% increased demand	4
Minimal Increase	1%–4% increased demand	1

Example:

1. In the next 35 years, use of a major freeway is expected to double. However, the City's overall population is expected to double in this same timeframe. Therefore, a profile such as this would score one point according to the table above, as service demand is not expected to exceed population growth.

Levels of Service

Definition

Levels of service are parameters or combinations of parameters that reflect social, environmental, and economic outcomes that the organization has agreed to deliver. Change in service level is considered using current service level (before the asset is built) as a baseline.

Methodology

A score is assigned based on the projected change in service level, in conjunction with projected impact on costs. Scores are based on the matrix and guidelines provided in Table 4 below.

Table 4: Levels of Service

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

Guidelines:

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

Example:

A service provided by the City has been growing on average by five per cent per year, contrasted with an average population increase of three per cent. Over a 10–year planning horizon, the net increase in service demand would be 20 per cent. Therefore, this profile would score seven points based on the table above.

Capital or Operational Savings

Definition

Consideration is given to profiles that provide operational savings. Savings can be in the form of process efficiencies, reductions to labour, or overall reductions to operating budget requirements. Savings can also include cost avoidance, provided it can be clearly demonstrated, measured, and potentially reallocated to other purposes.

Methodology

The matrix shown in Table 6 below is used to assign a score for each profile based on the payback period and the overall return on capital investment.

Table 5: Savings

	% Return on Capital Investment				
	0%	**1%–25%**	**26%–50%**	**51%–75%**	**›75%**
› 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

Corporate Operational Risk

Definition

This criteria assesses the corporate operational risk and the potential impact on the city's ability to provide existing services if the profile being considered is not undertaken.

Methodology

Corporate Operational Risk is determined by rating the Impact and Probability and then applying it to the matrix shown in Table 6 below.

Table 6: Risk

Likelihood	Impact: Corporate Operational Risk				
	Negligible	**Moderate**	**Substantial**	**Severe**	**Disastrous**
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