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Long-term Capital Strategy

Budget Committee September 20, 2019

Overview

1. Review Budget Committee Direction To-date

2. Defining a Long-Term Capital Strategy

3. 2014 Planned & Potential Strategic Projects' List

4. Review of Technology Strategy

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Capital Transition Work To-Date

GOAL: *A more predictable, strategic and sustainable approach to infrastructure investment and service delivery.*

Changes to-date from Council Direction:

➢Capital Prioritization Framework (Oct/18)

➢Asset Investment Framework (Jul/19)

Next Requests for Council Direction:

➢Long-term Capital Strategy (Today)

➢Capital Funding Framework (Sep/19)

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Why do we need a Strategy?

- 10-Yr Outlook continuing to be unfunded

- Unlimited list of requests for service changes and new infrastructure but limited resources (greatest value)

- Infrastructure creates multi-generational taxpayer commitments (higher risk decisions)

- Council Direction to be predictable, resilient, sustainable (need long-term plan to inform fiscal strategy requirements)

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Lifecycle Renewal Projects:

- Routine, repeatable activities across multiple assets in existing inventory

- Current commitments requiring ongoing investment to maintain existing service levels

- Requires coordination with asset users and operational maintenance partners

- Planning based on estimated service life, required service condition target, risk management

- Goal to maximize asset value and minimize lifecycle cost

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Significant Business Unit Projects:

- Specific non-routine & complex initiative for one or few assets

- Current commitments requiring changes to existing ongoing investment due to upgraded technologies or expanded capacity

- Requires coordination with asset users and operational maintenance partners PLUS external resources, service managers, funding partners

- Planning based on alignment to Council Priority Areas, master plans, partnership and funding program timelines & criteria, and new or enhanced service plan

- Goal to expand or enhance service delivery with improved infrastructure, extend asset life at optimized lifecycle cost

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Infrastructure Planning: Buildings

Building	Year Built	Estimated FCI	Short Term Plan (1 to 3 years)	Mid Term Plan (4 to 6 years)	Long Term Plan (7 to 10 years)
Cole Harbour Place	1974 Addition in 1988	8%	• Roof replacement • Parking lot rehabilitation • Hot water tank replacements • HVAC upgrades	• General state of good repair projects	• Ice plant upgrades • Pool rehabilitation
George Dixon Centre	1969 Addition in 1984	14%	• Maintenance Repairs	• Facility Replacement	
Scotiabank Centre	1978	7%	• Replace main electrical service, • Replace chilled water storage system • Replace cooling tower	• Exterior repairs • General state of good repair projects	• Replace HVAC equipment

Long-term plan is based on estimated standard lifecycle upgrades.

Short-term plan is based on risk management and service needs.

Factors incorporated into plans & timing/sequencing:

- Reliability/ Deferred Mtce
- Emerging Bldg Code changes
- Unknown facility conditions

- Resources & funding capacity to deliver
- Contractual obligations
- Partnerships

- Ability to meet service levels
- Capacity for services to manage downtime
- Major service program events

Signature Projects:

- Specific non-routine & complex initiative for a new, individual asset

- New long-term commitment requiring additional investment to create, operate, repair, maintain and rehabilitate

- Requires coordination with strategic partners, business industry, external resources, community at-large, funding partners

- Planning based on big-city expectations for economic centre, partnership and funding program timelines & criteria, significant community engagement

- Goal to create iconic placemaking infrastructure with strategic design, integrating community vision to define Halifax as a destination

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Planned & Potential Strategic List

2014 Planned Strategic Projects	Present Status	2014 Potential Strategic Projects	Present Status
Halifax Multi-pad (Forum Redevelopment)	Conceptual	Police Station Renewal	Conceptual
Dartmouth Multi-pad (RBC Centre)	Complete	Fire Services Training Facility	Planning
Dartmouth Sportsplex (Zatzman Sportsplex)	Complete	Stadium	Partnership proposal under investigation
Cogswell Redevelopment	Underway	Library Facilities' Plan	Underway
$50, 5 Year Downtown Investment	Discounted as a Strategic project when federal cost sharing did not materialize	Capital initiatives to be approved by Council as an outcome of a Cultural Spaces Plan (originally Performing Arts Centre)	Conceptual
		Commuter Rail	Cancelled
		Fast Ferry	Conceptual

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Validate Remaining Projects

Significant Business Unit Projects	Present Status
Halifax Multi-pad (Forum Redevelopment)	Conceptual
Police Station Renewal	Conceptual
Fast Ferry	Conceptual
Signature Projects	**Present Status**
Stadium	Partnership proposal under investigation
Capital initiatives to be approved by Council as an outcome of a Cultural Spaces Plan (originally Performing Arts Centre)	Conceptual

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What is Missing from the List?

o Scotiabank Centre replacement

o Bus Rapid Transit (BRT) Network

o Long-term Aquatic Strategy

o Others?

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Long-term Capital Strategy

"It is recommended that Budget Committee:

1. Validate the planned and potential projects listed in the Strategic Capital Funding Strategy report dated June 5, 2014;

2. Direct staff to add any additional desired Signature or Significant Business Unit projects to the capital planning portfolio."

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2020-21 Capital Budget
Technology Strategy

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Digital Business Transformation

Digital business transformation is the process of exploiting digital technologies and supporting capabilities to create a robust new digital business model.
                    ~Gartner IT Glossary

There has always been a business ecosystem, but digital technologies have shifted the organization's perspective outwards and created the opportunity to develop innovative new business models.
                    ~Gartner

Transformation Background / Drivers

Background

Limited advancements due to a historical approach of "keeping the lights on".

> ➢ Resulting in ever-increasing technology debt and antiquated business processes that has limited the organizations ability to do new things expected by citizens and endangered our ability to continue delivering existing services

Drivers

Strategic and Operational

> ➢ Requirement to replace key systems that have reached or past end-of-life
>
> ➢ Increasing business service expectations*
>
> ➢ Requirement to manage IT like other Infrastructure (e.g. – buildings / roads)
>
> ➢ Exponential rate of technology advancements
>
> ➢ Maintaining integrity, accessibility and confidentially from cybersecurity threats
>
> ➢ Leveraging corporate information and shared information to improve planning and service delivery.

Increasing Service Expectations

Evolving as a "Smart City"
- ➢ Administration
- ➢ Citizen Engagement
- ➢ Decision Making
- ➢ Infrastructure
- ➢ Innovation
- ➢ Services Offered
- ➢ Transportation

Self Service – Providing an ability for customers to easily access answers and services they need, when, where, and how they choose.

Frictionless User Experience – Providing consistent, easy to use and efficient user experience regardless of channel or what business area is providing the service (One customer One experience).

Integration – ensuring new technologies integrate with current platforms whenever possible and managing the life cycle of all critical platforms.

Cybersecurity – mitigating risks related to security of data and systems including privacy concerns.

Areas for Digital Transformation

Asset Management — Utilities, Infrastructure, Street Lights, Buildings / Facilities

Prioritized City Services — "My City", Services, Self Service, ePayment

City Transit — Parking, Transportation, Driverless Vehicles, Traffic Signal / Mgmt.

High-Speed Connections — Portals, Citizen Engagement, Outreach, Bi-Directional

Revenue Management — Enterprise Content Management, Administration, Corporate Scheduling (SAP), Process Optimization

Innovation — Collaborative Planning, Incubator Projects, Public / Private Partnerships

Decision Making — Data Exchange, KPIs, Open Data, Business Intelligence

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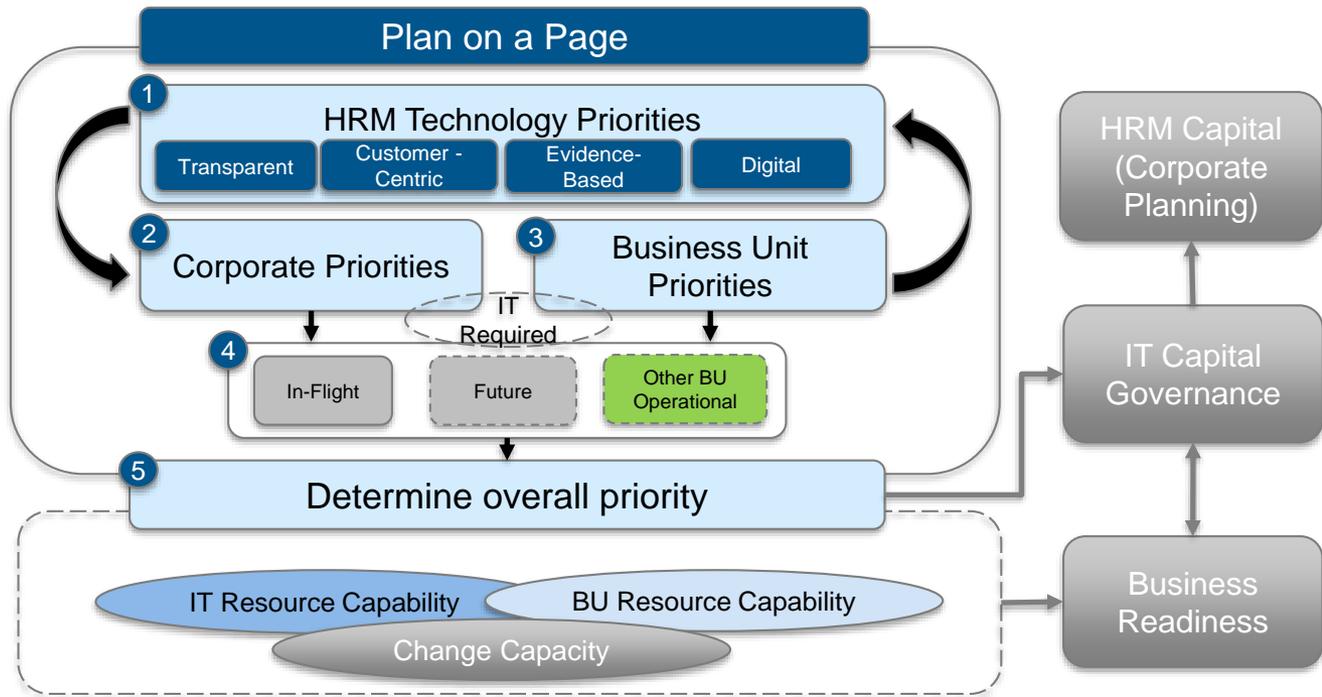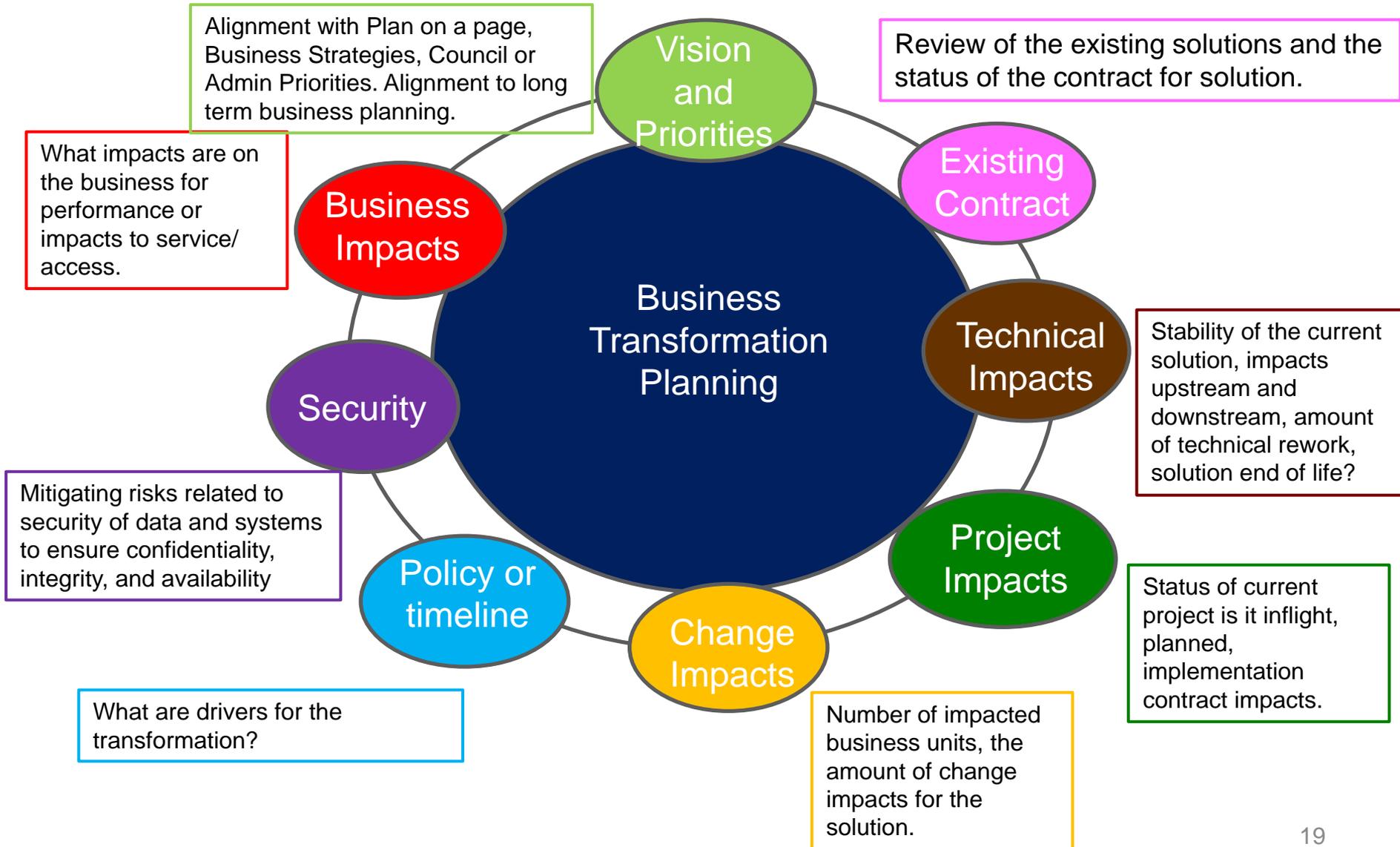
Prioritization and Ability to Deliver

In addition to determining priorities, we need to consider our ability to deliver and the total impact on our respective Business Units.

1. Is there alignment with HRM priorities?

2. What overall corporate priorities impact the BU?

3. Do priorities help achieve business strategic objectives?

4. What other projects are impacting BU's?

5. omplete a holistic view across all BU's; overall priority must consider multiple factors

Plan on a Page

1. **HRM Technology Priorities**
   - Transparent
   - Customer - Centric
   - Evidence-Based
   - Digital

2. **Corporate Priorities**

3. **Business Unit Priorities**

IT Required

4. In-Flight | Future | Other BU Operational

5. **Determine overall priority**

IT Resource Capability | BU Resource Capability

Change Capacity

HRM Capital (Corporate Planning)

IT Capital Governance

Business Readiness

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Business Transformation Evaluation

Alignment with Plan on a page, Business Strategies, Council or Admin Priorities. Alignment to long term business planning.

Review of the existing solutions and the status of the contract for solution.

What impacts are on the business for performance or impacts to service/access.

Stability of the current solution, impacts upstream and downstream, amount of technical rework, solution end of life?

Mitigating risks related to security of data and systems to ensure confidentiality, integrity, and availability

Status of current project is it inflight, planned, implementation contract impacts.

What are drivers for the transformation?

Number of impacted business units, the amount of change impacts for the solution.

Vision and Priorities

Existing Contract

Business Impacts

Technical Impacts

Business Transformation Planning

Security

Project Impacts

Policy or timeline

Change Impacts

Example of Other Jurisdictions - Gartner

IT Spending as a Percentage of Operation Expense

IT spending as a percentage of operational expense (represents steady state expense).

Gartner: State and Local government 4.27% – Halifax 2.28%

Note: Calculation for Halifax does not comprehensively include all IT expenditures e.g. Transit.

Gartner findings

Government report:
➢ Digital is a top priority that most are executing on.
➢ IT is increasingly recognized as a catalyst to achieving mission outcomes.
➢ Insufficient resources and culture remain as barriers to achieving digital Gov't ambition.
➢ **~50%** of Gov't CIOs (all levels) report digital Gov't will increasing impact the way gov't conducts oversight and delivers its services.
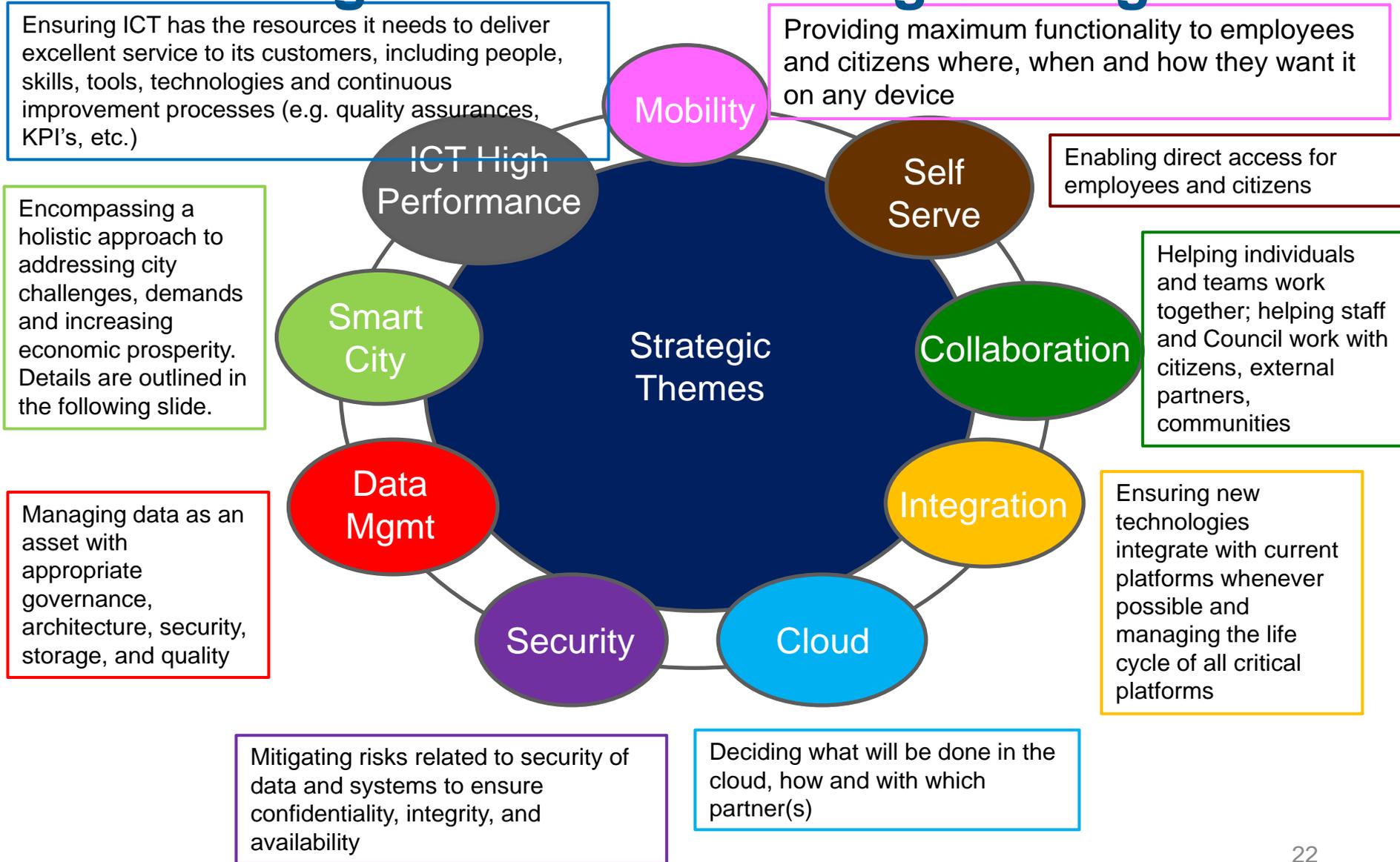
Outputs and outcomes:
Much of what government does will fundamentally remain the same…
➢ What will dramatically change are the process used for fulfillment.
➢ Use of platforms, cloud, data, analytics and AI will greatly improve capabilities in supporting traditional government.
➢ Digitization will deliver services at a scale previously unachievable.
➢ Digital investment will likely impact government operating models more significantly than (surveyed have) anticipated.

Strategic Themes & Objectives

Customer Focus	Service Excellence	Building Community – at work and at home	Management of Information	Innovation Partner
• Provide services to internal and external customers when, how and where they require through: • Effective collaboration across BU's and service delivery partners • Expanded self-service options for all customers (employees, managers, citizens) • Enhanced internal and external partnerships • Expertise, capacity and structure in ICT that is aligned with business objectives	• Support business objectives with best-fit technologies and processes • Measure and report on operations and projects with relevant and timely KPIs and performance reporting • Provide technologies and processes to maximize employee effectiveness • Training and recruitment processes that mature ICT staff • Be nimble, responsive and integrated with business objectives • Manage technology assets in accordance with best practices lifecycle principles to maximize productivity and cost efficiency and to mitigate risks	• Contribute to a diverse, inclusive, engaged, high-performing workforce community that has the tools required to achieve HRM's mission • Provide technologies and processes to expand citizen and community participation in HRM activities that will: • Drive economic development in HRM • Build resilient communities • Reduce isolation/increase connectedness within communities	• Manage data as an asset to ensure it is: • Accessible • Reliable • Protected • Enhance the predictive value of data through data analytic tools and technologies, allowing BU's to be proactive in leveraging opportunities and managing risk • Enable evidence-based decision-making that leads to optimum business outcomes and the most efficient resource allocation	• Maintain supportive, collaborative relationships with business units, ensuring technology opportunities are captured and technology risks are mitigated in support of business strategies • Enable a business transformation agenda using technology to maximize business capacity and flexibility • Nurture a spirit of entrepreneurship and invention that supports risk-taking and continuous learning from experience • Research in future technologies while partnering with experts to develop HRM's future technology path and current requirements to achieve our future.
Enablement	**Do things well**	**Maximize engagement**	**Data driven**	**Collaborate to Innovate**

Strategic Themes Enabling Strategies

Ensuring ICT has the resources it needs to deliver excellent service to its customers, including people, skills, tools, technologies and continuous improvement processes (e.g. quality assurances, KPI's, etc.)

Providing maximum functionality to employees and citizens where, when and how they want it on any device

Encompassing a holistic approach to addressing city challenges, demands and increasing economic prosperity. Details are outlined in the following slide.

Enabling direct access for employees and citizens

Mobility

ICT High Performance

Self Serve

Smart City

Strategic Themes

Collaboration

Helping individuals and teams work together; helping staff and Council work with citizens, external partners, communities

Data Mgmt

Integration

Managing data as an asset with appropriate governance, architecture, security, storage, and quality

Security

Cloud

Ensuring new technologies integrate with current platforms whenever possible and managing the life cycle of all critical platforms

Mitigating risks related to security of data and systems to ensure confidentiality, integrity, and availability

Deciding what will be done in the cloud, how and with which partner(s)

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Business Benefits and Improvements

Project	Smart City	Service Expectations
Recreation Services Solution • Provides citizens with Self Serve capabilities for Program Registration and Equipment Rentals • Standardized processes • Improved data for reporting and decision making	Smart Services Smart Administration	Improved Service Self Serve/User Experience
Finance and HR Business Transformation Program* • Modernized technology and platform for future growth capabilities • Standardized business processes and workflow • Improved data accuracy and reporting capabilities • Foundation for all financial and HR system integrations.	Smart Administration	Improved Service (internal customer) Self Serve/User Experience(internal customer) Integration
Enterprise Content & Records Management (ECRM) • Incorporates new Records Retention rules • Defined data classifications by business units • Improved document storage & collaboration across Business Units • Ease of access and use • Consistent version control.	Smart Administration Smart Services	Self Serve/User Experience Improved Service (internal customer)

* Includes replacement for current Tax & Revenue Management functionality on Hansen

Business Benefits and Improvements

Project	Smart City	Service Expectations
Customer Relationship Management* • Consistent approach/access for doing business with HRM • Enables ease of use for citizens interacting with HRM • Foundational to support integration with key customer facing solutions (Recreation, Permitting and Licensing, Parking, Asset Management (work orders))	Smart Services Smart Citizen Engagement	Integration Self Service/User Experience
Permitting, Licensing & Compliance* • Streamlined processes for Permit application & payments • Increased efficiencies and standardized processes • Mobile access from work sites • Ease of use for customers and citizens • Supports the Planning & Development Business Transformation Strategy	Smart Services Smart Administration	Improved Service Integration Self Service/User Experience
Parking Technology • Modernization of equipment (Pay Stations) • Integrations with Justice system • Improved service for Public and ease of use • Aligns with Integrated Mobility Plan (IMP) and supports the Parking Strategy	Smart Services Smart Transportation Smart Administration	Improved Service Self Service/User Experience Integration

* Replacement for current CRM and Permitting functionality on Hansen

Thank You