

COUNCIL POLICY



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

Policy Name: Alternative Capital Financing
Department Name: Financial Services
Policy Number: FIN-170
Effective Date: October 18, 2016

Next Revision Date: October 18, 2019

STRATEGIC PLAN LINKAGE

This Policy safeguards the appropriate use and accounting of Municipal funds, in line with the Municipality's vision of "building a responsible government" by demonstrating principles of accountability, integrity, and transparency.

POLICY STATEMENT

The Municipality will establish a framework to guide evaluation and approval of Alternative Capital Financing Arrangements to ensure that the Municipality achieves Value for Money from each arrangement.

PURPOSE AND OBJECTIVE

The objective of this Policy is to provide a framework governing Alternative Capital Financing Arrangements to ensure the following:

1. Projects identified to be delivered through an Alternative Capital Financing Arrangements are aligned with Municipality's priorities;
2. Project delivery resources are harnessed and appropriately allocated;
3. Project risks, rewards and responsibilities are identified, shared and managed; and
4. Public interest is preserved through a fair competitive and transparent process.

GENERAL PRINCIPLES

1. Definitions:

- 1.1. "Alternative Capital Financing Arrangement" means a long-term contractual arrangement between the Municipality and a private or non-profit partner to deliver priority infrastructure, and some or all related services through proper allocation of resources, risks, rewards and responsibilities. The private or non-profit partner may be responsible for any and all aspects of design, construction, operation and maintenance of the infrastructure and provide a component of private finance and/or expertise.
- 1.2. "Alternative Capital Financing Project Team (Multidisciplinary)" means a team led by a project chair who is responsible for assessment, procurement, delivery and performance monitoring of projects.

- 1.3. “Value for Money” (VfM) means a balanced assessment of qualitative and quantitative factors. The quantitative assessment of VfM is the difference between the risk adjusted net costs to the Municipality of traditional infrastructure delivery and the Alternative Capital Financing method using the Net Present Value technique.

2. Responsibilities:

- 2.1. Council to:
 - 2.1.1. Approve this Policy and all amendments as required.
 - 2.1.2. Approve all Alternative Capital Financing Arrangements.
- 2.2. Chief Administrative Officer (CAO) or designate to:
 - 2.2.1. Support the implementation of this Policy.
 - 2.2.2. Provide Council with periodic performance reports.
 - 2.2.3. Establish an Alternative Capital Financing Steering Committee (“ACF Committee”) and an Alternative Capital Financing Project Team (Multidisciplinary).

3. General Procedures:

- 3.1. Alternative Capital Financing Arrangements will only be considered when the following conditions are met:
 - 3.1.1. Project being considered is a Municipal priority and has been approved by Council within the capital plan;
 - 3.1.2. Public interest is protected through appropriate engagement of stakeholders resulting in clear objectives that take into consideration: affordability, quality, public access, health and safety, user rights and privacy enforceable parameters;
 - 3.1.3. Partnership will result in VfM demonstrated through consideration of both qualitative and quantitative benefits to the Municipality;
 - 3.1.4. Project risks, including construction, financing, schedule, maintenance and operation, are identified and appropriately allocated through a cost effective risk mitigation strategy;
 - 3.1.5. Private partner is appropriately engaged through a transparent, competitive, equitable, accountable and timely procurement process; and
 - 3.1.6. Alternative Capital Financing Arrangements will not be used as an alternative or replacement to work currently done by Municipal CUPE staff.

4. Identification of Alternative Capital Financing Arrangement Opportunities:

- 4.1. Projects of sufficient value must be considered for Alternative Capital Financing evaluation based on the following criteria:

- 4.1.1. Grant funding is contingent upon evaluating a project as an Alternative Capital Financing Arrangement;
- 4.1.2. Projects costs are estimated to be \$50 million or greater;
- 4.1.3. Project cost may be a stand-alone project or a bundle of projects; or
- 4.1.4. Resources needed for the evaluation are considered and weighed against the cost of the project and potential benefit of Alternative Capital Financing delivery.

5. Unsolicited Alternative Capital Financing Arrangement Proposals:

- 5.1. All unsolicited Alternative Capital Financing Arrangement proposals will be referred to the Supply Chain Management Department for evaluation.
- 5.2. Unsolicited Alternative Capital Financing Arrangement proposals will be accepted after evaluating and reviewing proposals using the Alternative Capital Financing Administrative Directive FIN-200.
- 5.3. Once an unsolicited Alternative Capital Financing Arrangement proposal is accepted, the Municipality will issue a Request for Expression of Interest to initiate a competitive procurement process.

6. Governance and Oversight:

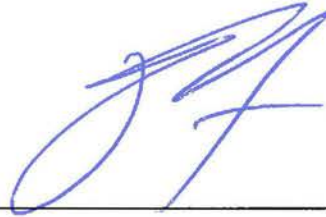
- 6.1. The ACF Committee shall exercise general oversight on all Alternative Capital Financing Arrangements and provide strategic direction, review and recommendation on issues and reports brought forward by the project chair of the Alternative Capital Financing Project Team.
- 6.2. The Committee shall ensure that the Alternative Capital Financing Project Team has adequate resources and direction.

SUPPORTING REFERENCES AND POSITION RESPONSIBLE

Legal References:	Not Applicable
Cross References:	Alternative Capital Financing Administrative Directive FIN-200 Procurement Policy PUR-100
Position Responsible for Policy:	Director, Financial Services

APPROVAL

This Policy was approved by Council. It will be reviewed on its next Revision Date to determine its effectiveness and appropriateness. It may be assessed before that time as necessary to reflect organizational change.



David Leflar, Chief Legislative Officer

October 18, 2016

Council Approval Date