

Assuring Value for Capital Projects Government of Alberta



CSVA 2008 Conference

Markham, ON

Alberta Infrastructure

Our Ministry oversees capital programs for:

- **Education**
- **Health facilities**
- **Public buildings**

Current annual capital budget: \$3 billion

Value Management

Where have we been?

Value Management

- **Alberta Infrastructure has conducted VM since the late 1990's**
- **Benefits of VM studies:**
 - Stakeholder consensus
 - Optimum value
 - Improved functionality
 - Cost savings in project development
- **Examples of VM Studies:**
 - Calgary Courts Center (2002)
 - Scoping sessions for five Schools (2008)
 - Cost Management Business Review (2006)

Calgary Courts Center

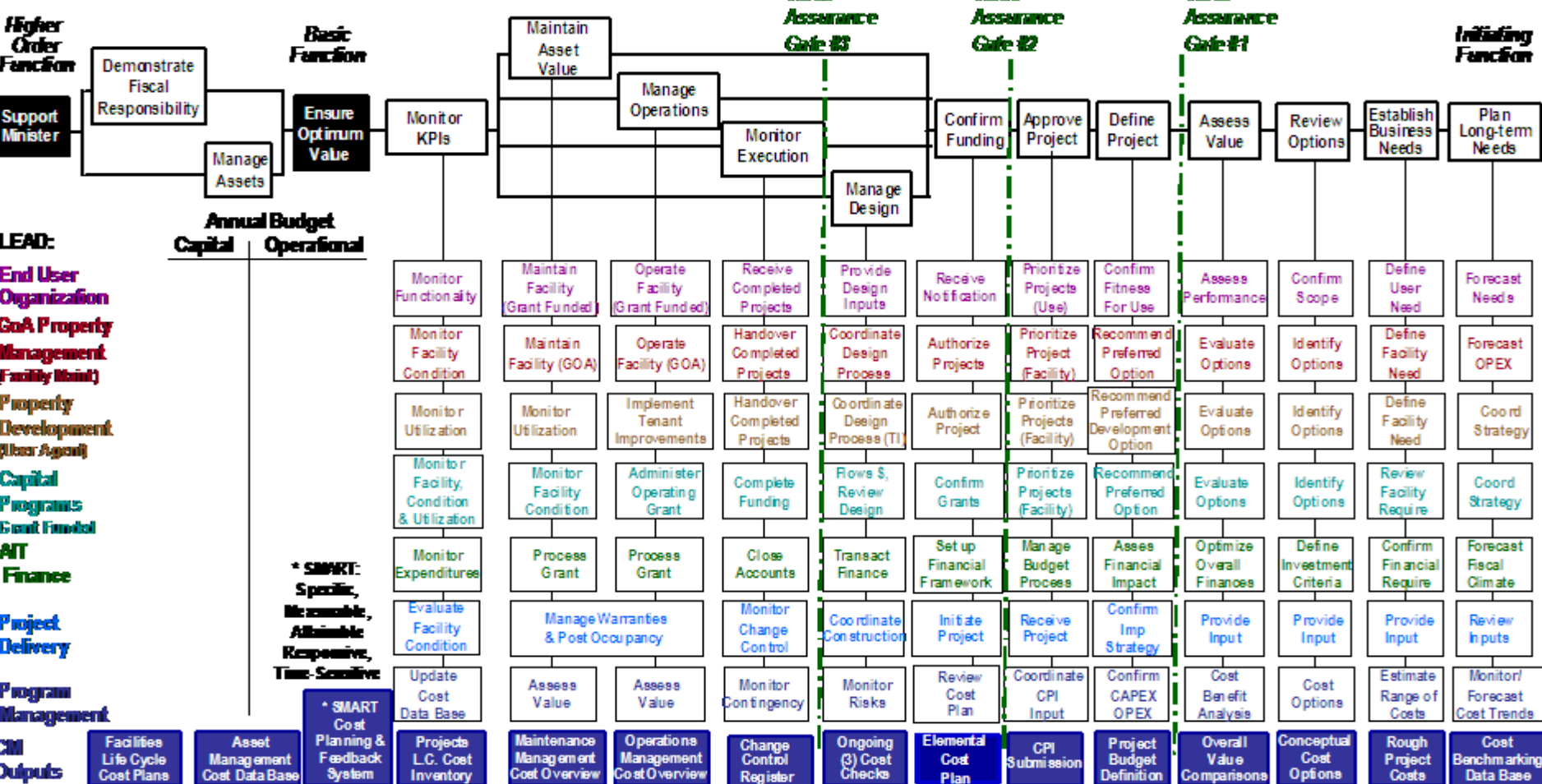


- **Developed through a P3 (Public-Private Partnership)**
- **Series of strategic sessions along with risk and value studies**
 - **quicker implementation**
 - **risk transfer**
 - **value for money on life cycle basis**
 - **world-class competitors**
 - **integrated approach**
- **Incorporates 30-year operations and cyclical renewals.**

Consolidates operations by replacing seven old courts facilities within Calgary.

Cost Management Business Review

Managing the Costs of Vertical Infrastructure; who should be responsible for what?



Value Management

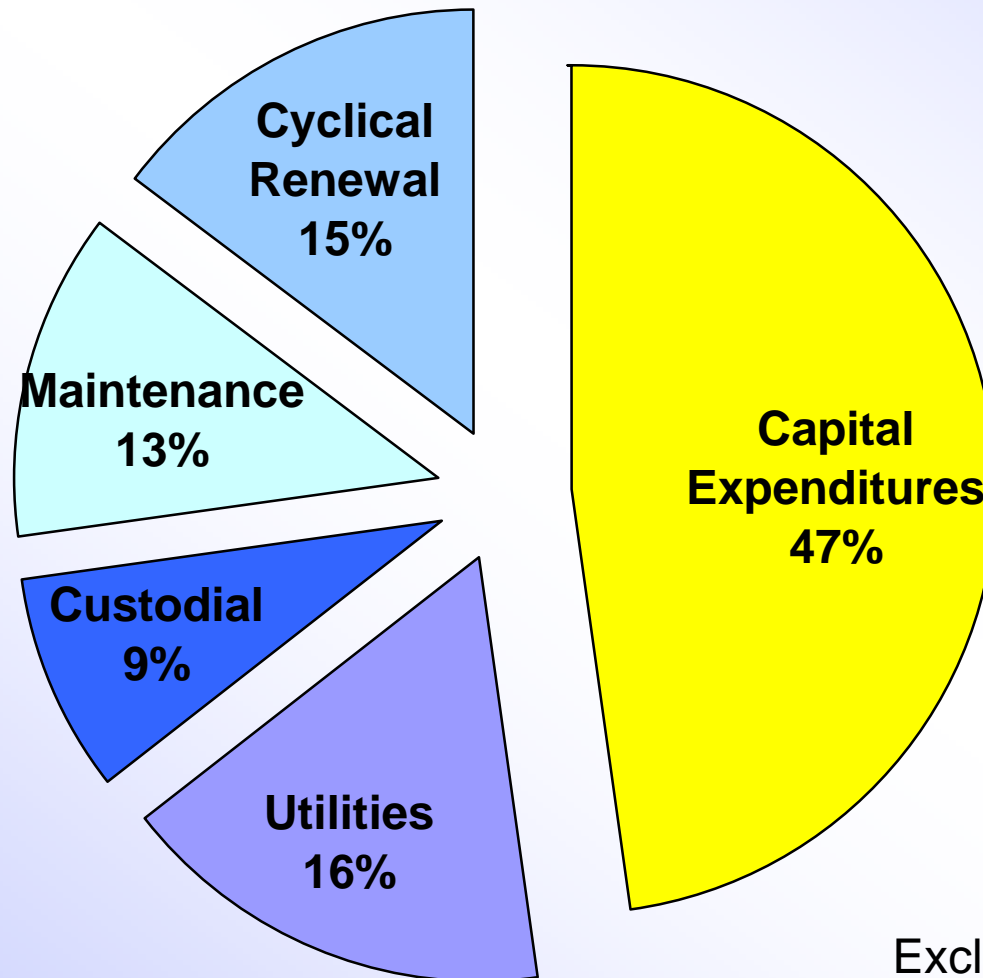
Where are we going?

Who We Serve

- Grant Funded Projects (arms length)
 - 64 School Boards
 - 18 Health Authorities
 - 21 Universities and Colleges
- Government Projects (direct control)
 - 26 Ministries

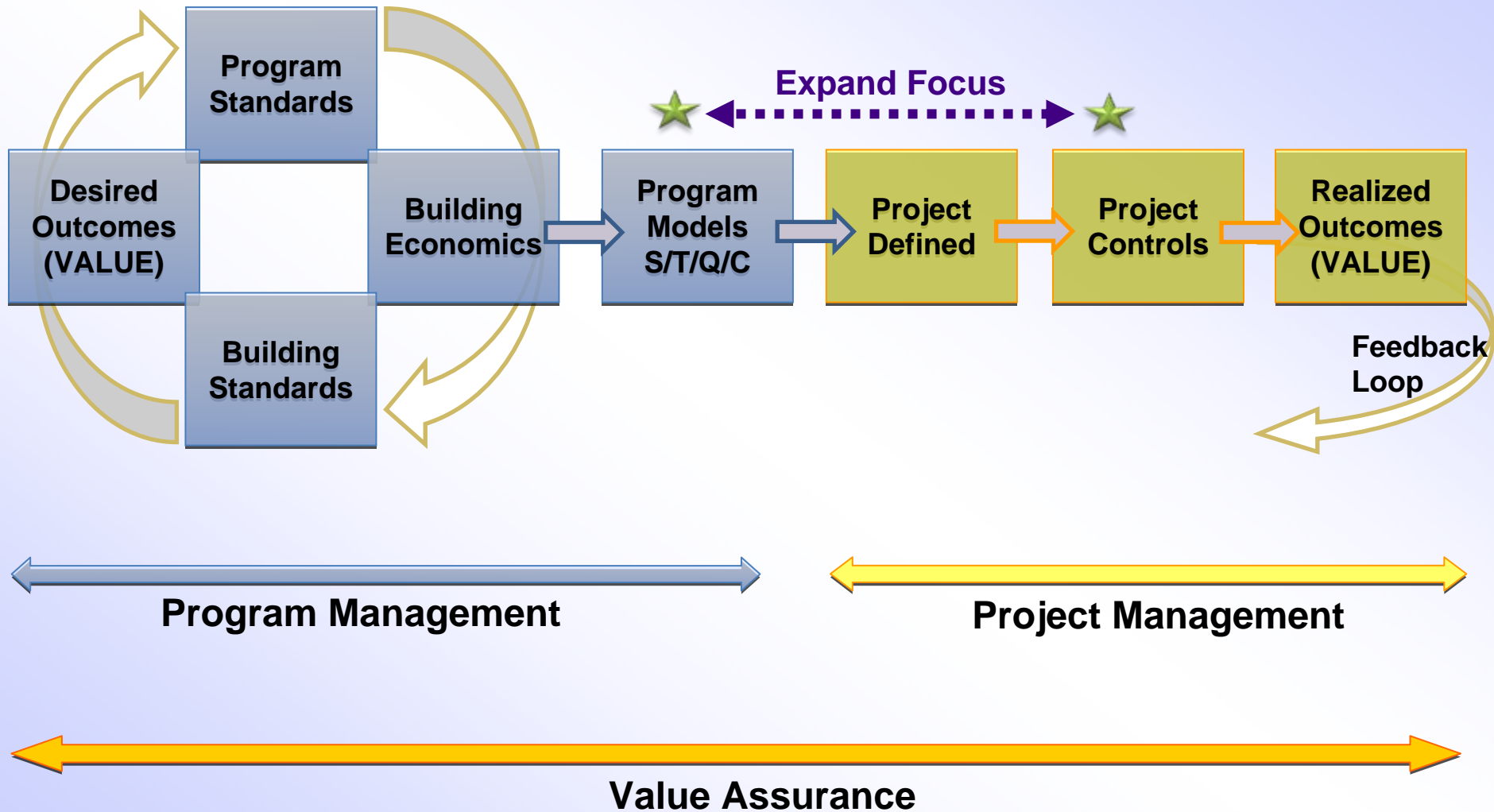
Managed Outcomes

Total Life Cycle Costs



Elementary School
Excludes Program Costs

Managed Outcomes



Key: placing Value Management Program in a Value Assurance context

Value Management

- VM is a tool that can be applied to:
 - Program Management Process
 - Project Management Process
 - Business Processes that support both
- VM supports Value Assurance

Value Management Program Application



Value Assurance

v1: Strategic Value Planning

Determine clear business strategies or formal project scope

v2: Value Analysis

Optimize function & cost; confirm realistic outcomes

v3: Value Engineering

'Tighten' project or program proposals to achieve outcomes

v4: Process Value Improvement

Optimize ongoing service or facility operation

Concept

- Develop a framework for clients to use
 - Build awareness
 - Establish business processes
 - Establish practices
 - Establish practitioner standards
 - Provide resources
 - Share experiences to improve

Value Management

Where are we now?

Value Management Program

- **Value scoping sessions**
 - Five pilot exercises *(complete)*
 - Six awarded sessions *(Fall 2008)*
- **Development** *(current)*
 - RFP for pre-qualifying VM consultants to perform VM sessions within Alberta Infrastructure
 - Development of VM Program
- **Implementation** *(next year)*
 - Implementation of VM Program for all capital projects (grant funded and government owned)

Challenges

- Awareness

 - What is VM?

 - What can it do?

 - Where and when can it be used?

- Design

 - Easily accessible

 - Scalable

 - Provide resources, help and guidance

- Implementation

 - Broad target audience

 - Limited resources

 - Delivery vehicle

- Maintenance

 - Capture lessons learned

 - Share and apply

Questions and Discussion