



# **RMWB 2015 Budget Review**

Oil Sands Community Alliance

March 24, 2015

# OSCA appreciates the opportunity to

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- Learn more about the RMWB's capital and operational planning and implementation process;
- Share our expertise; and
- Provide enhancements for RMWB consideration.

\* Total of 369 projects amounting to \$1.6 billion worth of capital infrastructure (2014-2017)

# RMWB's capital budget process

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- Ability to adjust forecasts to reflect current tenders
- Working to enhance project integration into long range planning
- Recognize the impact and risks of changing regulatory environments

# RMWB's capital budget process cont.



- Coordinating sequencing of projects
- Fit-For-Purpose design methodology recognized
- Leveraging available provincial/federal grant opportunities
- Future growth planning built into design
- Recently purchased software to assist in managing a large magnitude of projects and capital dollars

# OSCA Recommendations

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## 1. Enhance management of financial controls and performance:

- Set percentage limits for annual capital budget carry-over, e.g. 5% industry standard\*.
- Benefits include:
  - Proper planning for people/materials/supports which equals cost-effectiveness
  - Predictability in cash flow allows capital funding to be redistributed. Example: Reduce borrowing/debt.

# OSCA Recommendations cont.

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- ## 2. Provide information for useful and efficient management decisions:
- Develop and implement a more robust Optimization model.
  - Immediate alignment and adoption of a 2015 production, workforce and population forecasting model with industry.
  - Recruit and assign competency-based stakeholder representation to appropriate RMWB capital and operating budget committees.

# OSCA Recommendations cont.

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## Optimization model: 5 Key Aspects:

- What are we building?
- Why are we building it?
- Where are we building it?
- Who is building it?
- When are we building it?

## “Right scope, for the right problem at the right time”:

- Constructability
- Execution and contracting strategies
- Contracting vehicle
- Behavior (cost driven vs schedule driven)
- Is the technical solution for the project too robust?
- What were the alternatives considered?

# OSCA Recommendations cont.

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## 3. Improve program financial planning:

- Enhance ability to communicate total initiative investment and commitment by grouping into “projects or programs.”
- Annual planned spending should be fully transparent
- Group initiatives into Discretionary and Non-discretionary
- Annual evaluation of projects completed and results/learnings provided to appropriate committees



# Review RMWB 2015 Operating Budget

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- Based on adopted 2015 population forecasts:
  - Review and align 2015 FTE requirements
  - Review and align 2015 Capital Reserve fund requirements allocated from Operating budget.

# Summary of Recommendations

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- Set percentage limit for annual capital budget carry over (5%)
- Implement a more robust optimization model
- Implement new population forecasts
- Recruit/Assign stakeholder representation to RMWB capital/operating committee
- Improve program financial planning