



# Outline

- **Purpose**
- **Background**
- **CCCP**
- **Project - Prioritization**
- **New Funding Model**
- **Benefits**
- **Questions**



# Purpose

**Provide general overview of the DND/CF  
Capital Construction Program (CCP)  
and the New Funding Model**



# Background

- **Management Command and Control Re-engineering Team (MCCRT) recommended devolution of budgets in the mid 1990s when the Department's funding was drastically reduced.**
- **DND's Real Property (RP) Management program activities devolved in mid-nineties without the necessary governance, processes and accountability structure**
- **RP has suffered from a chronic under-investment since the mid 1990s. As a result, CFDS provided access to a stable level of funding in 2007.**
- **Under the old model, DND has lapsed large amounts of funds on an annual basis**
- **Received departmental endorsement and approval (Jan/Mar 2012) to adopt a NEW funding management approach for the Department's construction program effective 1 April 2012.**



# **Capital Investment Plan (Infrastructure)**

Clayton Hemond



# Overview

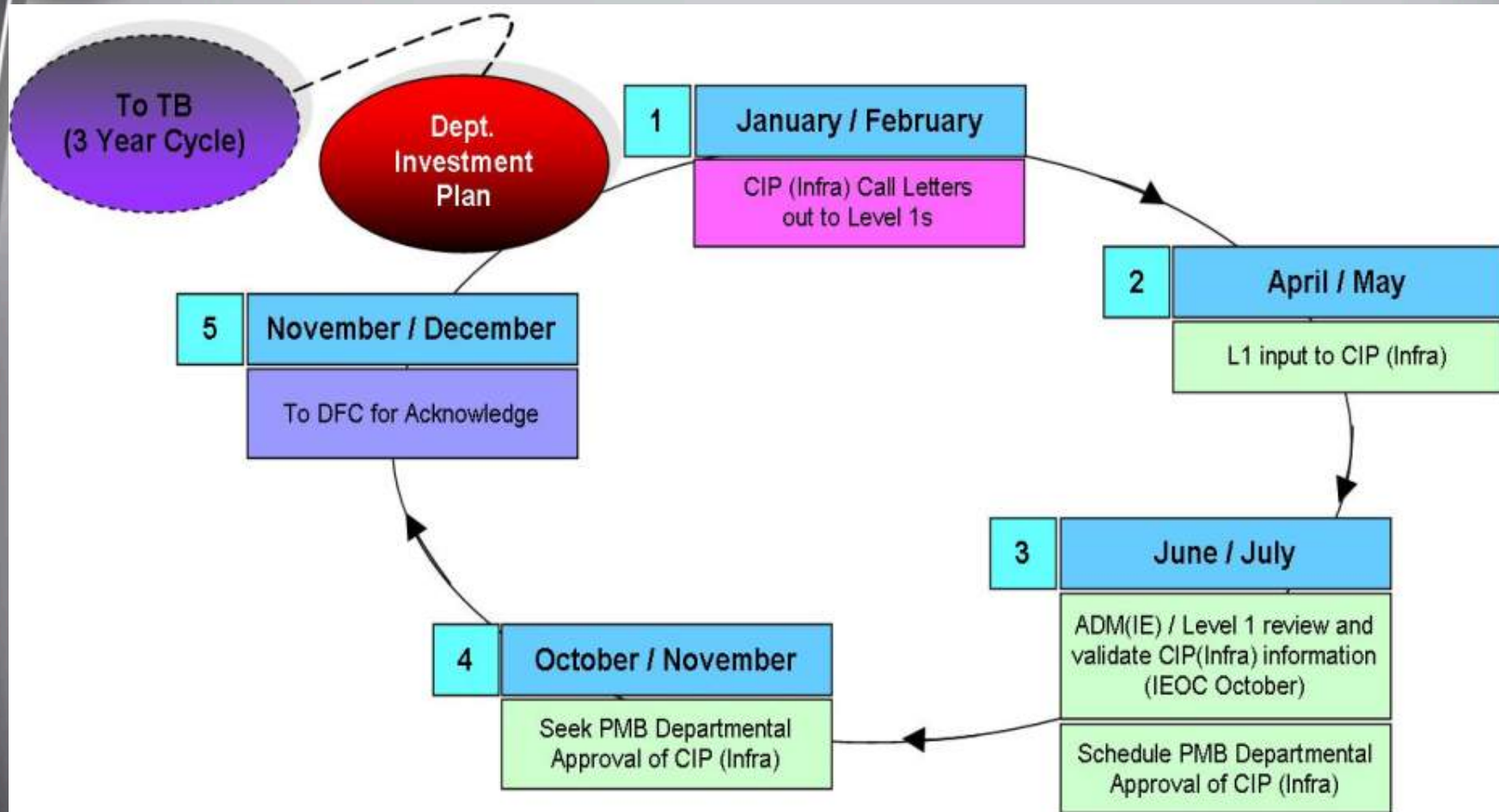
## Capital Investment Plan (Infrastructure)

### The CIP(Infra)

- **Departmental 10-year capital construction plan identifying:**
  - Individual projects valued at > \$1M; and
  - Projects <\$1M (single line item by Level 1);
- **Details recapitalization, betterment, new construction, acquisitions, capital leases, transfers, etc.;**
- **It is produced/updated on an annual basis (with input from the various Level 1s) and is presented to the Program Management Board (PMB) for Departmental approval;**
- **The construction program aligns with, and enables the achievement of Canada First Defence Strategy (CFDS) infrastructure investment goals and objectives;**
- **This plan feeds into the Department's overall Investment Plan**



# CIP(Infra) Cycle



# 5-Year CIP(Infra) 2011–2021

## Vote 5 A-Base Plan View

**Example  
Only**

	2011/12 (Planned Investments (\$K))	2012/13 (Planned Investments (\$K))	2013/14 (Planned Investments (\$K))	2014/15 (Planned Investments (\$K))	2015/16 (Planned Investments (\$K))	H1 Total (Planned Investments (\$K))
Projects with EPA or REPA {Impl Phase}	119,234.36	59,828.68	7,490.35	163.44	398.00	187,114.837
Phased Projects with PPA or RPPA {Impl Phase}	44,653.53	35,996.52	24,200.99	0.00	0.00	104,851.04
Projects with PPA or RPPA {Impl Phase}	90,724.48	240,700.16	341,879.24	263,233.73	208,043.54	1,144,581.15
Projects with ID or RID {All Phases}	139,581.79	153,496.31	155,038.72	210,579.66	238,716.35	897,412.83
Total Planned	394,203K	490,021K	528,609K	473,976K	447,157K	2,333,968K
<b>Notional</b>	<b>470,956K</b>	<b>455,090K</b>	<b>365,595K</b>	<b>365,622K</b>	<b>365,622K</b>	<b>2,022,888K</b>
<b>Surpluses / Pressures</b>	<b>76,753K</b>	<b>-34,931K</b>	<b>-163,014K</b>	<b>-108,354K</b>	<b>-81,535K</b>	<b>-311,080K</b>





# Project - Prioritization

- **Introduced a single departmental project prioritization system in 2011/12 for projects >\$1M;**
- **Investments and resources are focused on departmental priority projects;**
- **Initial prioritization of each project is the responsibility of the sponsor Level 1;**
  - **These priorities (by project) are presented to the Prioritization Board for review and validation when required;**
- **Once validated, they are reflected in the CIP(Infra) and are funded accordingly (subject to funding availability)**



# Prioritization Score Sheet



This is a copy of the roll-up Score Sheet identifying the priority of a project:

- Detailed criteria is used for the assessment
- Initially completed by the Level 1 sponsor
- Reviewed & validated by the Board
- Entered into the CIP(Infra)
- Analyzed for strategic impact, funding requirements and availability
- Determine source of funds and implementation schedule
- Expenditure Authority and delivery of the project

Project Priority Score Sheet		
WBS # : _____		
Project : _____		
Criteria	Serial	Priority Score
Health and Safety	1) Human Health & Safety	/100
	2) Quality of Life/Work Environment	/15
<b>Sub Total</b>		<b>/115</b>
Degree of Capability Deficiency	3) Degree of Infrastructure Deficiency and Risk	/100
	4) Degree of Capability Deficiency and Risk	/100
<b>Sub Total</b>		<b>/200</b>
Alignment with Policy and Direction	5) Alignment with CFDS, Transformation & Defence Priorities	/100
	6) Alignment with other Priorities and Direction	/100
<b>Sub Total</b>		<b>/200</b>
Compliance Risk	7) Statutory Compliance	/100
	8) Environmental Stewardship	/100
<b>Sub Total</b>		<b>/200</b>
Resource Use	9) Cost Effectiveness / Return on Investment	/30
<b>Sub Total</b>		<b>/30</b>
Other Factors	10) Non-Military Considerations	/100
	11) NPMP Investment Priorities	Future Use
<b>Sub Total</b>		<b>/100</b>
<b>Project Priority Score</b>		<b>/845</b>

Reviewed and Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_  
Functional Level 1

Concurrence Support Level 1: \_\_\_\_\_ *(where applicable)*



# **New Funding Model**

**Lina Charbonneau**



# Overview

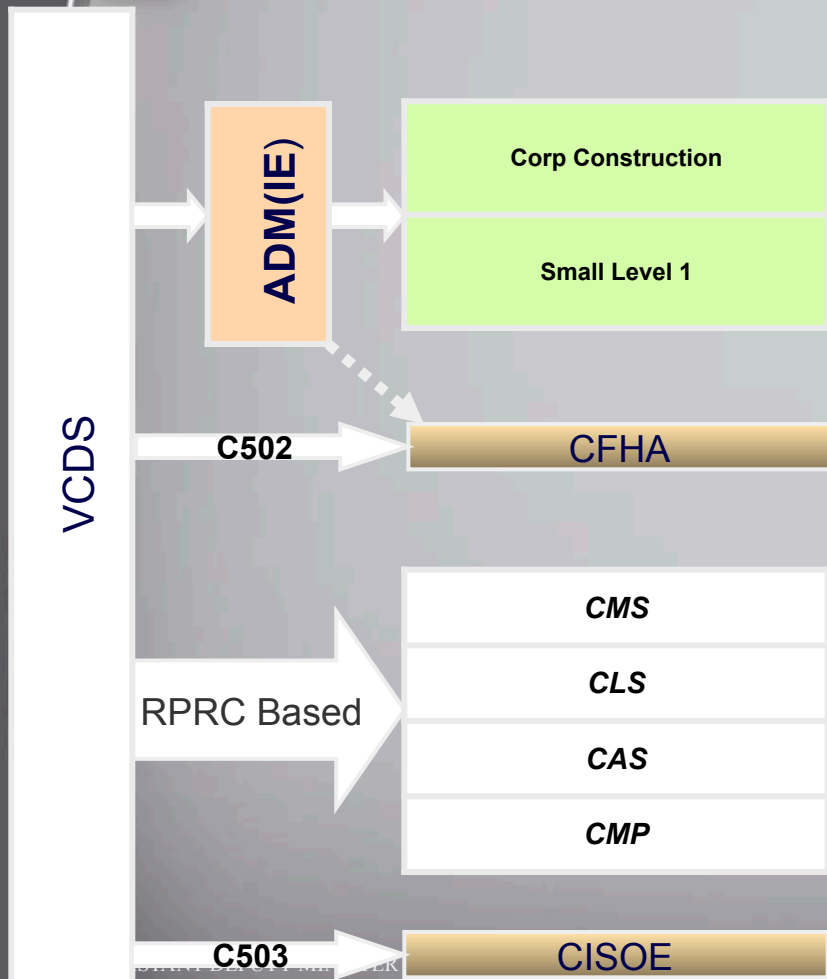
- **Construction Funding is now centralized in ADM(IE)**
- **Major Projects >\$5M – No longer funded by L1s**
- **Minor projects <\$5M – Funded through an apportionment to Custodial L1s**
- **Funding pressures addressed in a timely fashion**
- **Maximize the utilization of construction funding and minimizing risk of funding lapse**



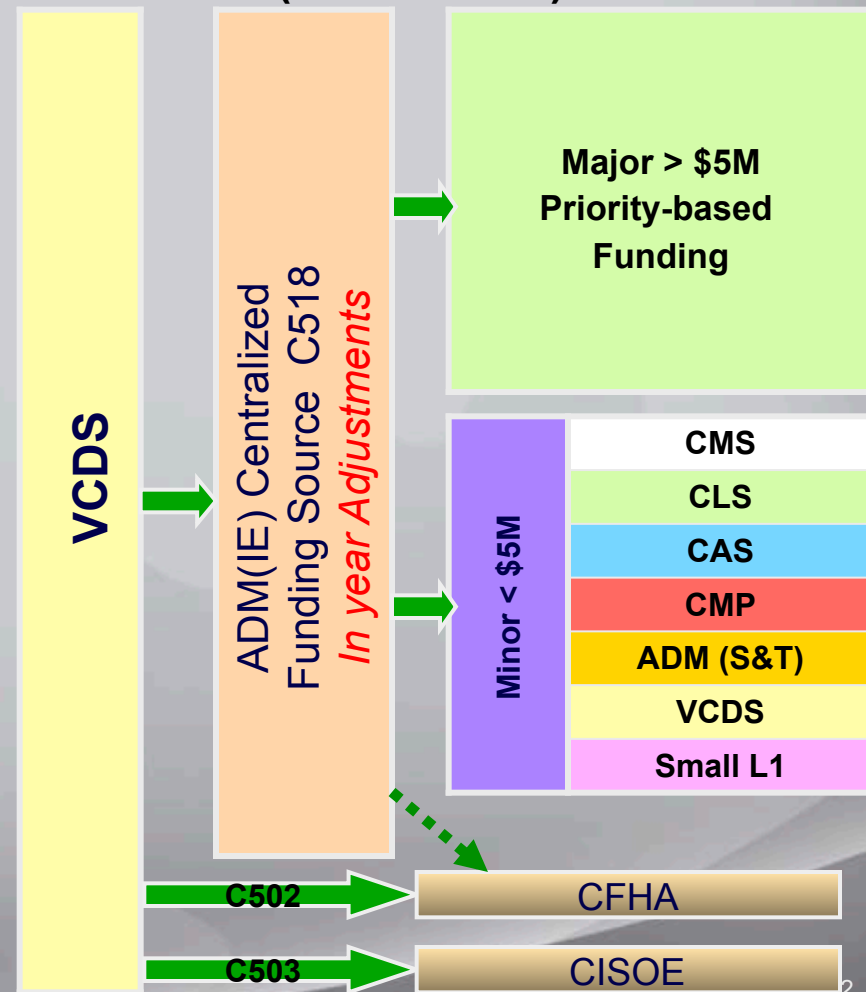
# Program Funding Models

## Vote 5 Construction

**Old** *(prior to April 2012)*

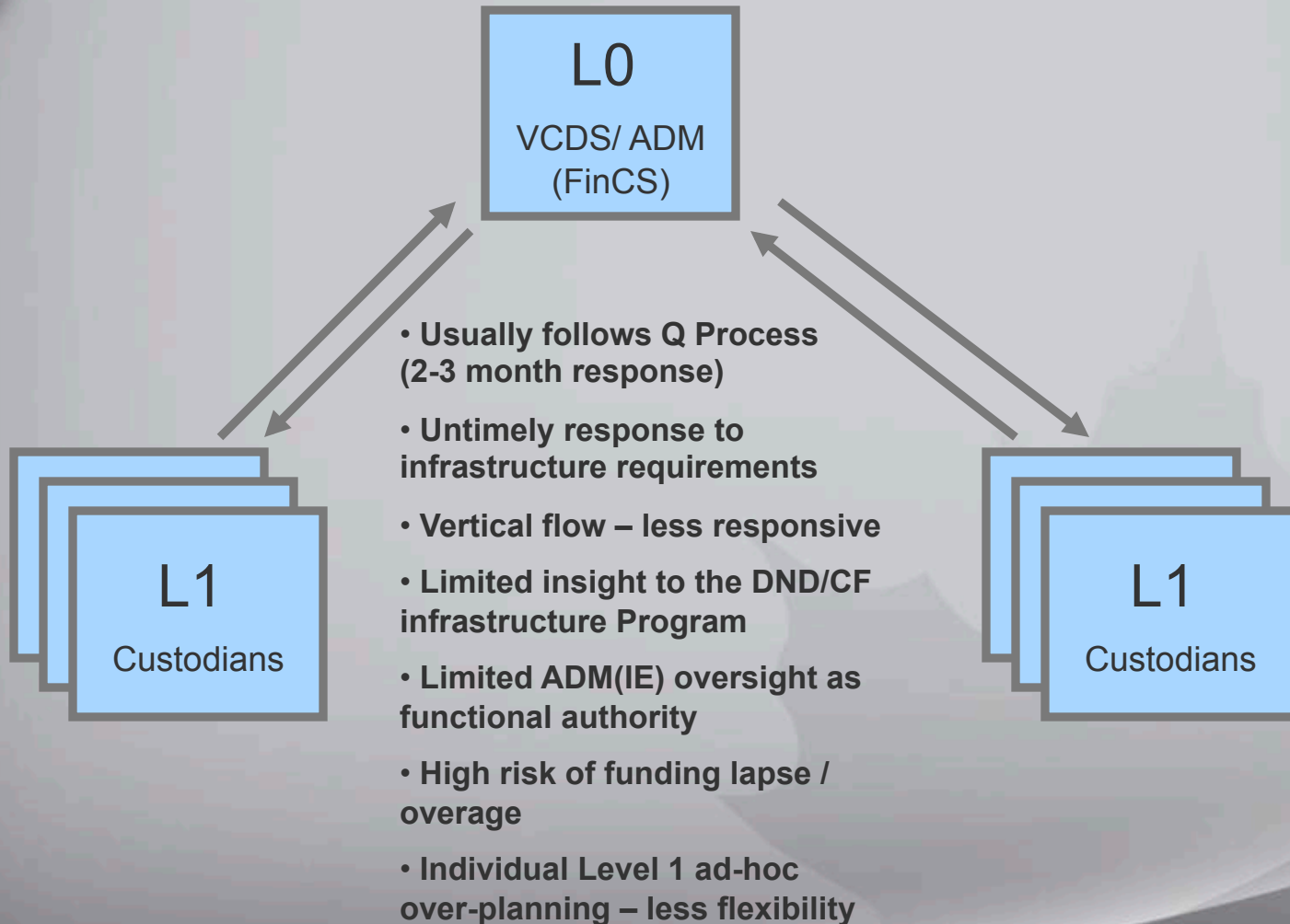


**As of April 1, 2012**  
**(Centralized)**





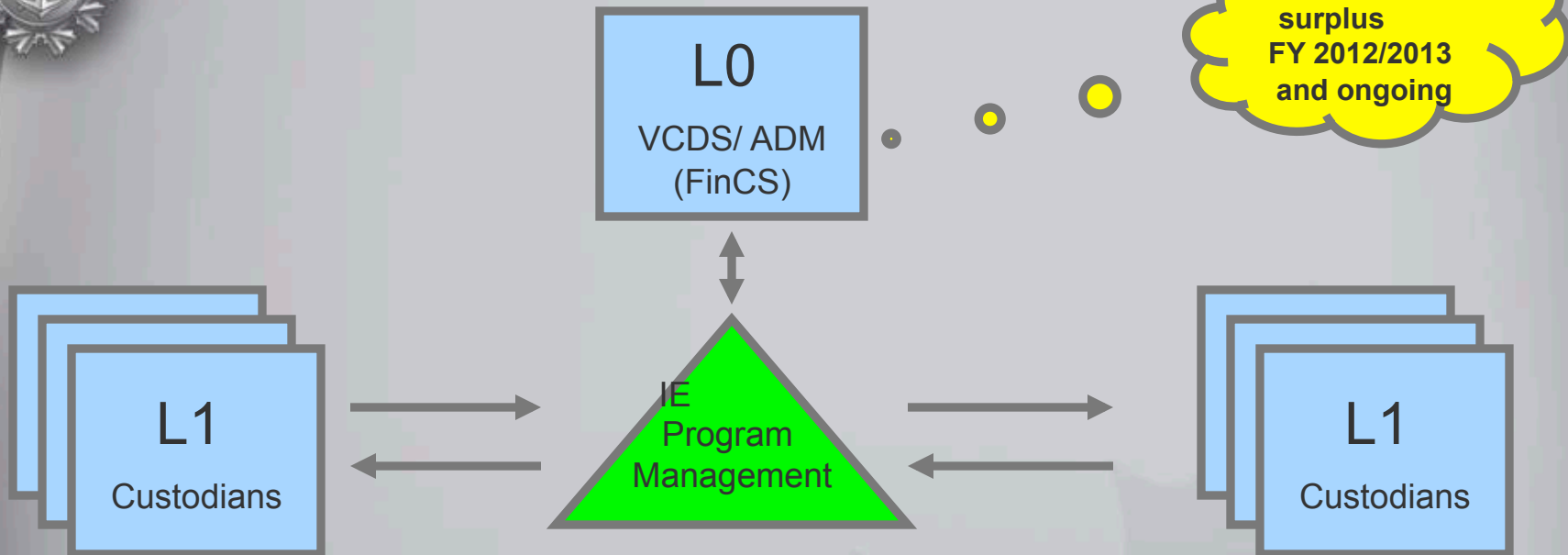
# Funding/Communication Flow Vote 5 Infrastructure *(Old Process)*





# Funding/Communication Flow Vote 5 Infrastructure

(New Funding Model Process)



- Enables timely / cost effective infrastructure investment decisions
- More responsive to out of cycle requirements
- Horizontal flow – more flexible
- Project “priority based” program – more leverage
- ADM(IE) involvement as program manager – full visibility
- Timely re-apportionment of funds – more responsive / reduced risk of lapse
- Centralized over-planning – more flexibility / reduced risk



# Apportionment of Funding

- **Planning amounts for future years already known for short term (Horizon 1)**
- **Long term (Horizon 2 & 3) amounts as per formula below**
- **Formula:**  $\text{Custodian Level 1's Apportionment} = \left( \frac{\text{L1 RPRC}}{\text{DND/CF RPRC}} \right) \times \text{CCCP Minor A-Base Allocation}$
- **L1 will apportion to designated subordinate FC in accordance with the L1 priorities**





# Over-planning

- **Over-planning is an acceptable practice as it provides the ability to effectively manage unforeseen project slippage within the program**
- **L1s are responsible for the management of the over-planning within their apportionments which includes off-ramps**



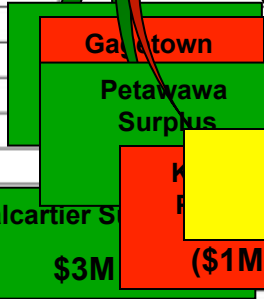
# Minor Program

Visualization of CLS apportionment and flexibility (example)

**\$231M**

- CMS = \$30M
- CLS = \$96M**
- CAS = \$50M
- CMP = \$17M
- Small Level 1 = \$25M

CLS designated Fund Centres			Apportionment	Project \$1-5M in CIP (Infra)	Project <\$1M	
Level 3	2189ZY	CLS Minor Construction	\$88,500,000	\$x,xxx,xxx		CLS has flexibility for minor apportionment
Level 4	2189ZD	MNC ASU Calgary		\$x,xxx,xxx		
Level 4	2189ZE	MNC ASU Chilliwack		\$x,xxx,xxx		
Level 4	2189ZF	MNC ASU London				
Level 4	2189ZG	MNC ASU Northern Ontario				
Level 4	2189ZH	MNC ASU St Jean		\$x,xxx,xxx		
Level 4	2189ZJ	MNC ASU Toronto		\$x,xxx,xxx		
Level 4	2189ZK	MNC CFB Suffield		\$x,xxx,xxx		
Level 4	2189ZL	MNC CFB/ASU Edmonton				
Level 4	2189ZM	MNC CFB/ASU Gagetown				
Level 4	2189ZN	MNC CFB/ASU Kingston				
Level 4	2189ZP	MNC CFB/ASU Montreal		\$x,xxx,xxx		
Level 4	2189ZQ	MNC CFB/ASU Petawawa		\$x,xxx,xxx		
Level 4	2189ZR	MNC CFB/ASU Shilo		\$x,xxx,xxx		
Level 4	2189ZS	MNC CFB/ASU Valcartier		\$x,xxx,xxx		
Level 4	2189ZT	MNC CFB/ASU Wainwright		\$x,xxx,xxx		
<b>TOTAL</b>				<b>\$88,500,000</b>	\$x,xxx,xxx	



Surplus Funding Redistributed

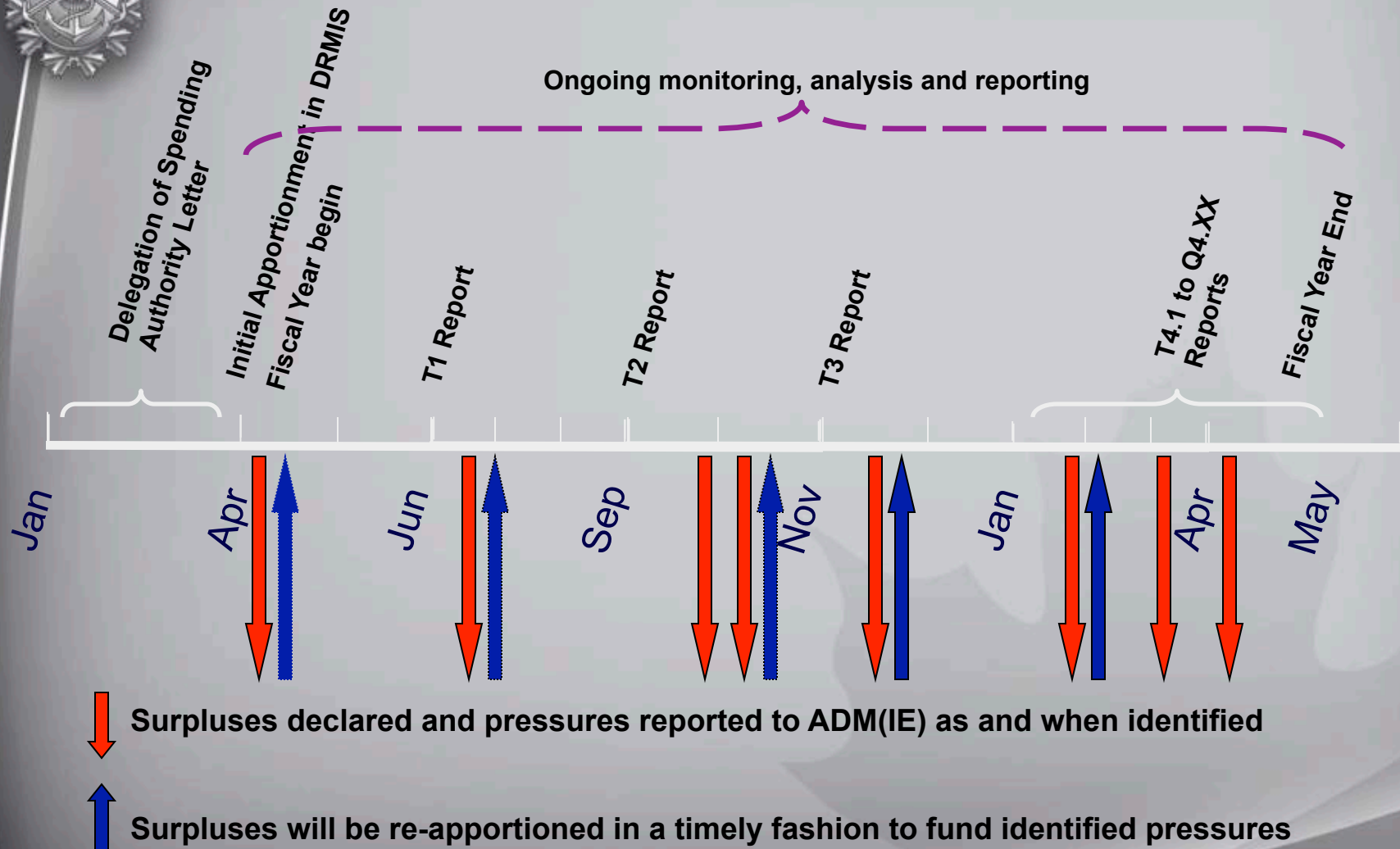
CLS Surplus \$7.5M



Corporate Capital Construction Program (DRPP 4)



# Process Timeline





# Benefits

Clayton Hemond



# Benefits - Departmental

- **Provides a corporate priority-based portfolio approach** and aligns capital infrastructure investment with priorities
- Enable the achievement of CFDS infrastructure investment goals
- **Leverages slippage to support Level 1 pressures** (within the construction program) and provide timely reappportionment of funds
- Improves performance of capital construction program by **enabling timely and cost effective investment decisions**
- Provides flexibility to maximize the utilization of available construction funding and minimizing risk of funding lapse (Communication and funding flows across horizontally rather than vertically resulting in a time savings of 2-3 months)
- **Full Visibility of the Vote 5 Capital Construction Program**



# Questions?