

Business Case Template



**First Nations
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STRATEGIC CASE

Background and Context

- **Plan Review** – Short summary reviewing existing reports, studies and plans relevant to the project, including land use plans, strategic plans and proposed developments documents.
- **Current Challenges** – A description of infrastructure and service delivery challenges (today and anticipated in the future) and a description of how the project will address those challenges.
- **Existing Infrastructure** – A brief assessment of the current service delivery, condition, capacity, performance and remaining life expectancy of any existing infrastructure related to the project. This could include some or all of the following:
 - current capacity of the infrastructure and its original intended capacity;
 - services provided by the infrastructure and the recipients of the services;
 - quality of the services provided by the infrastructure;
 - reliability of the infrastructure in providing the services;
 - any operational challenges associated with the infrastructure;
 - any estimates of the remaining life expectancy of the infrastructure;
 - how the infrastructure may be contributing to service delivery challenges; and
 - potential impacts of any interruptions to service.

Objectives

- **Owner's Objectives** – A summary of the owner's objectives for the project, including their community's objectives regarding the services delivered by the project, where applicable.
- **Gap Analysis** – An analysis of the gaps between the owner's objectives for the project, including service delivery needs, and the existing infrastructure.

Project and Scope

- **Potential Solutions** – A list and brief description of potential infrastructure solutions that could address the existing infrastructure and servicing challenges.
- **Needed Scope** – A description of the project scope necessary to achieve the project objectives.
- **Expected Benefits** – A description of the expected benefits that will be realized if the project is completed and addresses existing challenges.

Alignment

- **Strategic Fit** – A description of how the owner's objectives directly link to and support the need for the project, including:
 - A description of how the project fits strategically with the owner's vision, strategic plans and any other proposed projects; and
 - An assessment of how the project is expected to meet or contribute to the project objectives.

TECHNICAL CASE

Long-List Options

- Critical Success Factors – Identification of the factors essential to the successful delivery of the project (should link with project objectives set out in the strategic case).
- Option Identification – The broad range of options identified for further evaluation, a description of the process followed to identify the long-list of options, and any stakeholder engagement undertaken to identify options.
- Initial Assessment – Key advantages and disadvantages of each long-list option and an initial assessment of the extent to which each option meets each of the critical success factors (can be as simple as stating the option fully meets, partially meets, or does not meet each).

Short-List Options

- Option Identification – A list of the options selected from the long-list for further evaluation (based on the initial assessment) and a brief rationale for excluding the other options.
- Process – A description of the process followed to identify the short-list of options for the project, including any key assumptions made and any stakeholder engagement undertaken.
- Evaluation – An evaluation of each short-list option that may include consideration of the following elements, as applicable:
 - technical aspects (i.e. technical performance, required footprint, site selection, servicing options, servicing capacity, regulatory compliance, service quality, geotechnical assessment, and design or technology reliability, or others);
 - environmental, social, public health, economic, and financial impacts, as appropriate;
 - the delivery timeline and impacts if the timeline is not achieved;
 - expected operational lifespan of the project;
 - the availability of resources needed (i.e. labour, materials, equipment, expertise, energy, specialized operators and technologies and consumable products, or others).

Preferred Option

- Identification – Identification of the preferred option (based on the above evaluation).
- Process – A description of the process followed to identify the preferred option for the project, including any stakeholder engagement undertaken.
- Cost Estimates – Best available cost estimates for the preferred option, including capital costs, operations and maintenance costs, and costs of anticipated major maintenance events.
- Service Recipient Groups – A description of the user groups that will benefit from the project and how those groups are categorized such as by land tenure, land use, membership status, building type, building ownership or other categorization, as appropriate.
- Detailed Evaluation – More detailed evaluation of the preferred option that may include the following considerations, as applicable: technical elements, constructability, operability, maintainability, reliability, continuity, risks, safety and security, community impacts, resiliency, redundancy, and sustainability.

COMMERCIAL CASE

Background

- **Project Summary** – A summary description of the project (informed by the strategic and technical cases). To the extent the following elements influence the appropriateness of different procurement models, the Project Summary should include:
 - A brief description of the project's scope, scale, complexity and desired timeline;
 - A summary of best available cost estimates;
 - Identification of potential funding sources and / or revenue streams; and
 - Whether the project is part of a larger capital program or a one-off standalone project.
- **Internal Project Delivery Readiness Assessment** – An assessment of the owner's experience with different delivery models and opportunities to capitalize on that experience, including:
 - Staff and human resources available to support project delivery and their experience with different delivery models;
 - Owner's advisors and contractors available to support project delivery and their experience with different delivery models;
 - Nature of relationships, such as internal working relationships, staff continuity, staff-Council relationship, and owner's perspective on its relationship with advisors, contractors, and third-party service providers.
- **Procurement Requirements Imposed by Potential Funder(s)** – A description of any requirements, conditions, or limitations imposed by potential funder(s).
- **Owner's Procurement Requirements** – A description of the owner's own requirements, conditions, or limitations related to its procurement processes.

Procurement Options Analysis

- **Owner's Procurement Objectives** – Identification of the owner's objectives with respect to procurement (i.e. cost certainty, risk transfer, competition maximization, change flexibility, timeliness, strategic alignment, incentivization of innovation, or others).
- **Procurement Model Preliminary Options** – Identification of potential procurement models through which the project could be delivered after consideration of factors, such as the scale and complexity of the project, the availability of qualified and potentially interested service providers, scheduling or timing limitations, or other factors (refer to *Introduction to Procurement Models* on FNII's website).
- **Qualitative Market Sounding (Optional)** – A description of a market sounding exercise, if conducted, in which main project parameters are presented to industry and potential bidders seeking feedback to inform the procurement model decision.
- **Initial Evaluation of Preliminary Options** – An initial evaluation of preliminary procurement options seeking to identify those procurement models that appear to be (i) viable based on the Project Summary and Internal Project Delivery Readiness Assessment; (ii) capable of meeting relevant Funders' Requirements and relevant Owner's Requirements; and (iii) consistent with feedback received during the Market Sounding, if conducted.

- Short-List of Procurement Models – Identification of a short-list of procurement models for more detailed evaluation, based on the results of the initial evaluation.
- Qualitative Evaluation of Short-List Options – A more detailed evaluation of short-listed procurement options using a scoring system based on the owner’s procurement objectives.
- Quantitative Evaluation of Highest Scoring Short-List Options (optional, depending on project complexity) – Financial analysis informing the delivery model decision, including an analysis of estimated total risk-adjusted costs of delivering the project under different models.
- Identification of Preferred Delivery Model – Identification of the procurement model preferred by the project team based on the Procurement Options Analysis, including the Qualitative Evaluation and the possibly the Quantitative Evaluation, if conducted.

Next Steps

- Informing the Procurement Phase (Optional) – Any advice or recommendations for the procurement process, based on delivery model evaluation and selection, intended to increase the likelihood of successful project delivery. This could include guidance on the following:
 - type of procurement process (one-stage or two-stage) and open period;
 - procurement platform;
 - necessary bidder qualifications;
 - approach to contracting;
 - timeline requirements and milestones;
 - insurance requirements; or
 - other procurement-related elements.

FINANCIAL CASE

Financial Model

- Key Assumptions – A description of key assumptions contained in the financial model.
- Benchmarking (Optional) – A description of the benchmarking exercise, if conducted, to inform key inputs and assumptions.

Cost Estimates

- Cost Estimates – Identification of best available estimates of the project's whole-of-life costs, including capital costs, routine operations and maintenance costs, and larger periodic costs to renovate, rehabilitate, or replace major components to maintain services for intended lifecycle.

Allocation of Estimated Costs Among Service Recipient Groups

- Identification of Service Recipient Groups – A description of the groups that will receive services to be provided via the infrastructure.
- Allocation of Costs Among Service Recipient Groups – Descriptions of how costs have been allocated among service recipient groups and rationales for the allocation methods, by type of cost.

Sources and Approach

- Source(s) to Satisfy Costs – Descriptions of funding source(s), revenue stream(s), savings, or other source(s) to be utilized to satisfy capital costs, operations and maintenance costs, and asset rehabilitation costs. As the sources may vary by type of cost and service recipient group, descriptions should be provided for each service recipient group for which some portion of each type of cost have been allocated.
- Approach to Allocated Capital Costs – Description of those capital costs that will be financed over time. This may vary by service recipient group, so descriptions should be provided for each group.
 - Preferred Financing Option – If capital costs are to be financed over time, a description of financing options considered should be included, as well as any criteria by which options were evaluated, and the preferred option identified.
- Approach to Allocated Operations and Maintenance Costs – Description of approach employed in the financial model to satisfy operations and maintenance costs. This may vary by service recipient group, so descriptions should be provided for each group.
- Approach to Allocated Asset Rehabilitation Costs – Description of approach employed in the financial model to satisfy asset rehabilitation costs, including the establishment of reserve funds, and required contribution amounts and frequencies. This may vary by service recipient group, so descriptions should be provided for each group.
- Identification of Cost Recovery Tools – Description of cost recovery tools considered, if any, the criteria by which options were evaluated, and identification of preferred tool(s), by type of cost and by service recipient group.

Affordability

- Owner's Affordability Assessment – An assessment of project affordability, if taken on, from the owner's perspective, which should consider the owner's financial situation more broadly, and may consider other projects being undertaken, existing obligations and other borrowings, current revenues and expenditures, or other factors, as appropriate.
- Rate Comparison (Optional) – If the financial model utilizes cost recovery tools, the financial case could include an analysis of rates, charges, fees, etc. from the perspective of the service recipient group(s) that will be asked to pay them or a comparison with rates, charges, fees, etc. for comparable services in the region, or other similar analysis. If the analysis finds proposed rates to be largely inconsistent with rates for comparable services in the region, short explanations justifying any inconsistencies should be included.

Risk and Contingencies

- Sensitivity Analysis – Description of the analysis undertaken and results on overall financial sustainability associated with changes in selected inputs or key assumptions.
- Risk – Identification of financial risks, assessment of risks and potential impacts, and risk management strategies, including mitigation measures.
- Contingencies – Description of any contingency funds to be established.
- Strategies to Address Shortfalls – Description of strategies to address potential shortfalls during implementation of the project's financial plan.

Sustainability Statement

- Confirmation of Sustainability – The financial case should include a statement confirming the financial sustainability of the project's financial plan.

MANAGEMENT CASE

Project Management Arrangements

- **Project Team** – Description of the process followed to assemble the project team and ensure it has the capacities required to successfully deliver the project.
 - **Required Capacities** – Identification of all capacities required for successful project delivery.
 - **Existing Capacities** – Identification of current capacities of the owner, including its existing staff available to participate on the project team and engaged outside advisors and contractors supporting the project.
 - **Gaps** – Identification of gaps in current capacities or insufficient availability of capacities, relative to required capacities, across all critical areas.
 - **Strategies to Fill Gaps** – Description of strategies and measures undertaken to fill identified capacity gaps, including capacity building and training, use of outside advisors and contractors, or other strategies.

Project Governance

- **Decision-Making Processes** – Identification of key decisions that will need to be made for successful project delivery and descriptions of how those key decisions will be made.
- **Roles and Responsibilities** – Identification of key governance roles with detailed descriptions of responsibilities within the project team as they relate to successful project delivery.
- **Reporting** – Description of all critical reporting lines, which can include a chart or graphic.

Project Plan

- **Project Timeline** – Identification of the planned delivery schedule, including the following:
 - required phasing;
 - analysis of available timelines for preferred suppliers; and
 - desired project timeline.
- **Key Milestones** – Identification of key milestones required for successful project delivery.
- **Critical Path Analysis** – Description of event dependencies within the project timeline, identification of potential bottlenecks within each of the key stages of implementation, and plan to circulate the critical path among project team members.

Risk Management

- **Risk Identification and Analysis** – Identification of key project risks, including an analysis of the impact (financial and other) and probability of risks being realized. Risk analysis may rate risks using a risk rating formula [risk rating = potential impact x probability].
- **Risk Management** – Descriptions of strategies to manage identified risks (i.e. avoid, transfer, mitigate, accept), the event required to trigger risk management actions, the party responsible for undertaking such actions, the required timeline for such actions, and any associated contingency plans.

Engagement Plan

- **Stakeholders** – Identification of stakeholders, groups, parties or entities with whom to engage, their interest level in the project, and the level of influence each has on the successful delivery of the project.
- **Strategies** – Identification of engagement strategies to increase the project team's understanding of the interests, concerns, or level of support for the project associated with each stakeholder group in order to increase the likelihood of successful project delivery.
- **Communications Plan** – Description of how the project team will communicate with each of the stakeholder groups, including the frequency of communication or events that trigger a requirement communicate and the objective of the communication.

Resource Management

- **Contract Management** – Identification of a resource to manage contracts, and description of the process to ensure terms and conditions are adhered to, contractual obligations are met, and contracted services are delivered to the agreed level of performance, including performance monitoring, and potential penalties in the event of non-delivery of contracted services.

Monitoring and Evaluation

- **Performance Metrics** – Identification of the performance indicators that will be used to measure progress.
- **Progress Reporting** – Define how, when, and to who progress will be reported.
- **Evaluation Framework** – Description of the process for evaluating whether project outcomes are being achieved as planned.

Post-Implementation Review

- **Post-Project Evaluation Plan** – Description of how performance of the infrastructure, asset, facility or service will be assessed after implementation.
- **Benefits Realization Plan** – Define intended benefits and describe how they will be tracked and measured over time.
- **Lessons Learned** – Description of the process to review and capture lessons learned for possible implementation in future projects.