

four chapter business case method, as described below. In order for a project to be considered a good use of public funds it should perform well across all four chapters.

Chapter	Description
Strategic Case	Addresses to what extent and how a project achieves transportation objectives; Establishes 'how the project will change the way people move through the region'
Economic Case	Assesses the economic costs and benefits of the proposal; Establishes 'what the benefit to society' is in economic terms
Financial Case	Assesses the capital and resource requirements. Establishes 'how much the project will cost' in financial terms
Deliverability and Operations Case	Provides evidence on the feasibility and constructability of project options and considers risks; Establishes 'what is required to deliver and operate' the project

These four chapters reflect the key elements of a project, including transportation rationale, economic performance, capital and operating costs, and feasibility. There is also an important role for judgement in assessing business case analysis. Business cases evolve and advance over the project lifecycle. They transition from high-level comparisons of options in early planning stages, to detailed appraisals of a clearly scoped project through design and delivery.

Over the course of major Metrolinx capital projects and programs above \$50 million, four business case documents will be prepared:

- The **Initial Business Case** which compares project options and selects a preferred option for further refinement and design. This business case is typically used to secure funding from the Province for planning and preliminary design.
- The **Preliminary Design Business Case** which takes the recommended option of the Initial Business Case and reviews different approaches to refine and optimize it, further clarifying scope and cost. This business case is typically used to secure funding from the Province for procurement and construction.
- The **Full Business Case** which confirms a specific option (including benefits realization, financing, and delivery plans) for procurement.
- The **Post-Implementation Business Case** which reviews the actual costs and performance of the investment after the asset has gone into service. This business case provides lessons learned and opportunities to enhance the services being provided.

In every case, public transparency and accountability will be improved where these business cases are made public in advance of relevant Board decisions. Any material deemed commercially confidential will not be part of public materials.

Benefits Management

Metrolinx continues to improve its practice of identifying and quantifying project benefits (e.g., new riders, time savings, enhanced customer experience, reduced emissions). Strengthening how we track and realize these benefits through design, delivery and operation is a further maturing of Metrolinx decision making. Project benefits and performance are tracked through a clear stage-gate process that is governed by an Investment Panel composed of senior Metrolinx officials. In addition Project Sponsors, who will guide projects through their entire lifecycle, will be responsible for business cases and overseeing benefits realization.

Approval by the Investment Panel to progress through stage-gates will be based on several factors, such as the business case, funding status, procurement or commercial issues, stakeholder and public input, and a review of other project management execution and assessment risks. This improved process is being applied to the Regional Express Rail program. Benefits management will be rolled out to a broader range of projects and programs over the coming months.

Additional Inputs/Considerations

Business case analysis is used by Metrolinx as a sound and established method for evaluating mobility options in a comprehensive manner, and making recommendations to government. However, it is important to recognize that there are a wider range of factors that are considered as part of project selection. The Metrolinx business case is one of several factors.

These other factors will vary by project and include issues like broad economic objectives, local community considerations, and affordability. Specific policy objectives may contribute to advancing certain projects. Examples include enhanced social equity and serving high-need neighbourhoods, and connectivity to major institutions, such as hospitals or post-secondary schools.

Next steps

Next steps towards ensuring the thoughtful implementation of the business case process, benefits management, and the project sponsor role include:

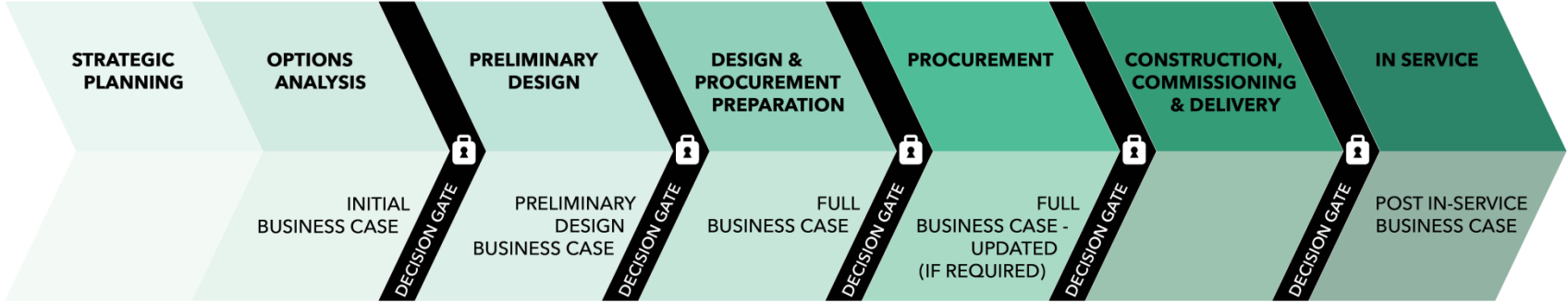
- Release of the draft Business Case Methodology for review and input
- Regular reporting to the Board on progress in moving to this more mature state of evaluation and decision-making

Respectfully submitted,


Joshua Engel-Yan


Director, Research & Planning Analytics, Planning & Policy

STAGE-GATE PROCESS





Identifies problem statement and defines benefits that the project needs to deliver.


Evaluates options and determines a preferred option. Typical point at which funding for planning and preliminary design is secured.


Refines preferred option, further clarifying scope and cost. Typical point at which funding for procurement and construction is secured.


Develops project framework, designs and requirements used as the basis for procurement.


Procures the project.


Delivers and commissions the project.


After the asset is in service, monitors the benefits and costs to identify opportunities for enhancements and lessons learned.