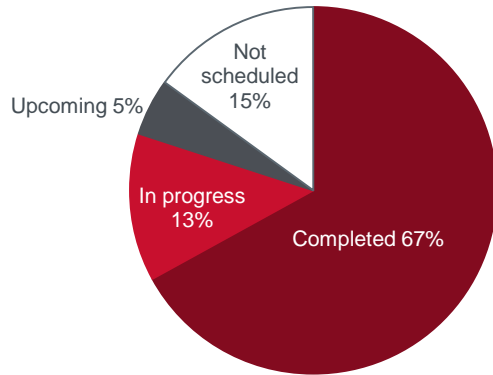
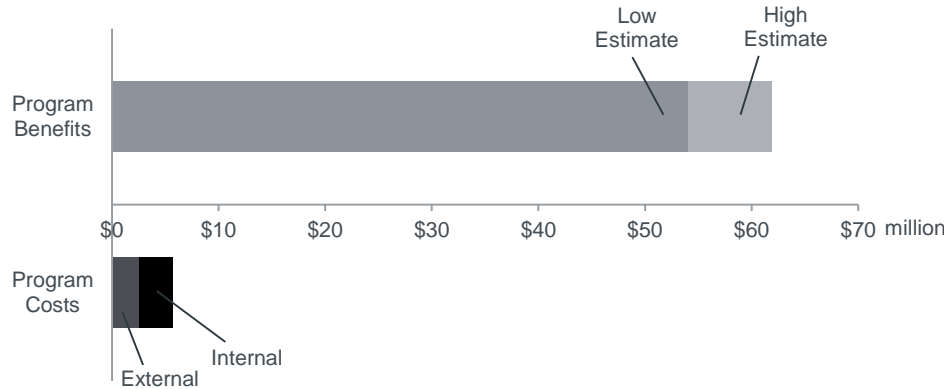
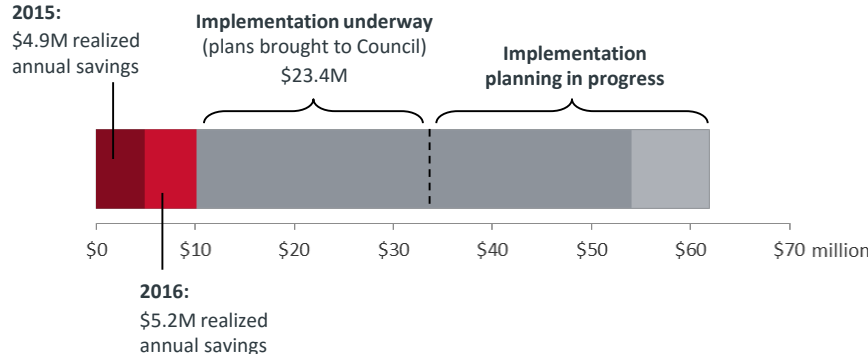


PROGRAM PURPOSE	PROGRAM OBJECTIVES	DATA DEVELOPMENT LIST
<p>The Zero-Based Review (ZBR) program exists to:</p> <ul style="list-style-type: none"><li>• Increase the value Calgarians get from their tax dollars by improving the efficiency, effectiveness and sustainability of services; and</li><li>• Build the organization’s capacity for continuous service improvement.</li></ul> <p>The ZBR program complements The City’s other continuous improvement activities by adding a periodic, more thorough review of whether the right services are being provided in the right way.</p> <p>It also helps to support internally-driven continuous improvement by developing skills, tools and other resources.</p>	<p>The ZBR program is mandated to deliver:</p> <ul style="list-style-type: none"><li>• Substantial efficiency gains including cash savings, productivity gains and cost avoidance.</li><li>• Tangible improvements in service effectiveness including service outcomes, customer satisfaction, employee morale, safety and partner relationships.</li><li>• Increased ability to identify and deliver further efficiency and effectiveness improvements internally.</li></ul>	<p>Work is underway to improve the ZBR program performance measures to guide decisions about the program and better communicate results. As a result of these efforts, this report presents new information including the range of estimated financial benefits (low and high end), realized financial benefits to date and case studies showing service effectiveness improvements.</p> <p>Further improvements that will be made in 2017 include:</p> <ul style="list-style-type: none"><li>• Tracking the results and status of individual recommendations.</li><li>• More robust tracking of service effectiveness gains.</li><li>• Year-over-year forecasts for when benefits are expected to be realized.</li><li>• Options for measuring the ZBR program objective of building capacity for service improvement within the organization.</li></ul>

PROGRAM PERFORMANCE: HEADLINE MEASURES												
<div><h3>How much did we do?</h3><p><b>Proportion of City Services Reviewed through the ZBR Program</b> (measured by % of gross operating budget in 2016)</p><table><tr><th>Category</th><th>Percentage</th></tr><tr><td>Completed</td><td>67%</td></tr><tr><td>In progress</td><td>13%</td></tr><tr><td>Upcoming</td><td>5%</td></tr><tr><td>Not scheduled</td><td>15%</td></tr></table></div> <div><h3>Story behind the data:</h3><ul style="list-style-type: none"><li>• To date, ZBRs have been completed on 67% of City services, measured by the 2016 gross operating budget. We are on track to meet the goal of reviewing City services that account for 80% of gross operating budget by 2020.</li><li>• Looking forward, the focus of the ZBR program in 2017 and 2018 is on The City’s support services.</li><li>• These services have smaller budgets but are key drivers of whole organization efficiency. As such, the maximum value to be gained from these reviews lies not inside each business unit but in the business relationships and processes between them – and those they serve.</li><li>• Improvements in these areas will have far-reaching benefits across the corporation.</li></ul></div>	Category	Percentage	Completed	67%	In progress	13%	Upcoming	5%	Not scheduled	15%	<div><h3>How well did we do it?</h3><p><b>Story behind the data:</b></p><ul style="list-style-type: none"><li>• The total financial gains <i>identified</i> by the ZBR program to date are between \$54 million (low estimate) and \$62 million (high estimate) annually after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenue.</li><li>• Efficiency and effectiveness improvements go hand-in-hand. Beyond the financial gains, approximately half of the ZBR recommendations identify service improvements such as better customer service and reduced environmental impact.</li><li>• The estimated cost of undertaking the eight completed ZBRs is around \$6 million, including the pilot project with Fleet. This includes internal costs (staff time) and external costs (consulting contracts). This does not include costs associated with implementing the recommendations.</li><li>• Comparing costs and benefits, there have been about \$10 in financial benefits identified per \$1 spent on the program.</li></ul></div>	<div><h3>Is anyone better off?</h3><p><b>Story behind the data:</b></p><ul style="list-style-type: none"><li>• Since the first full ZBR was completed in July 2014, approximately \$10 million in recurring annual savings have been <i>realized</i> (as of December 2016).</li><li>• Additional savings are expected in 2017 and beyond as a result of completed ZBRs. Work is underway to collect information on forecasted benefits so that future reports will provide a year-by-year breakdown of when we expect to realize the balance of savings.</li><li>• The City has also realized benefits in the form of service effectiveness. These results are diverse in nature and may be harder to quantify, making it difficult to present them as a single headline measure. Administration is developing measures to better capture these effectiveness gains; in the interim, a collection of case studies is provided in Attachment 2 as examples.</li><li>• Benefits can take time to be fully realized. Some of the recommendations can be implemented quickly. Others are more fundamental and, while the benefits are often more significant, it can take several years for implementation to be completed and for benefits to manifest.</li></ul></div>
Category	Percentage											
Completed	67%											
In progress	13%											
Upcoming	5%											
Not scheduled	15%											



## STATUS OF PUBLIC-FACING ZBR PROJECTS

	Presented to PFC	Current Project Status					Identified Annual Financial Benefit		Realized Annual Financial Benefit (as at Dec 2016)
		Phase 1: Understand	Phase 2: Discover	Phase 3: Develop	Phase 4: Implement	Phase 5: Benefit	Low Estimate	High Estimate	
Fleet (pilot project)	July 2012					✓	-	-	-
Parks	July 2014				→		\$4.3M	\$4.3M	\$1.5M
Roads	Oct 2014				→		\$1.4M	\$1.9M	\$3.7M
Water Services	Mar 2015				→		\$2.4M	\$5.0M	\$1.8M
Fire	Nov 2015				→		\$14.1M	\$15.1M	\$3.1M
Calgary Transit	June 2016				→		\$10.3M	\$10.3M	-
Water Resources	Sept 2016				→		\$17.0M	\$20.5M	-
Calgary Building Services	Nov 2016				→		\$4.6M	\$4.6M	-
Recreation	TBD			→			TBD	TBD	-
Total							\$54.1M	\$61.7M	\$10.1M

## KEY MILESTONES



The **Fleet ZBR** recommendations have been implemented, which primarily focused on internal re-alignment. Fleet Services continues to assess its business model and make improvements as required. A current focal point is utilization and standardization of the fleet.



The **Parks ZBR** is nearing full implementation – by the end of 2017, Parks will have implemented 20 of the 22 recommendations. Information on the final stages of implementation will be brought forward in the Q4 2017 ZBR program update.



The **Roads ZBR** has resulted in better than expected efficiencies. While implementation is still in progress, realized benefits have already exceeded the upper estimate identified in the ZBR, with additional efficiencies expected in 2017.



The **Water Services ZBR** implementation is well underway. Water Services has already realized \$1.8 million in financial benefits and is on track to realize the balance of identified benefits by 2020, including customer service improvements.



The **Fire ZBR** implementation has so far resulted in \$3.1 million in annual savings. Fire is on track to achieve the balance of identified savings by the end of 2018.



The **Calgary Transit ZBR** plan for implementing the recommendations is attached to this report for information (Attachments 3 and 4).



The **Water Resources ZBR** implementation is complementary to other efforts underway in the Water Utility to identify budget reductions (PFC2017-0402). To ensure alignment, a deferral is being requested to bring the ZBR implementation plan forward in Q2 2018.



The **Calgary Building Services ZBR** recommendations were presented to Council in November 2016. Details on implementation will be brought forward in Q4 2017.



The **Recreation ZBR** is developing recommendations to align Recreation services to the needs of target customers. These recommendations will be presented in Q4 2017. The second phase of the ZBR will commence later this year and will examine how future recreation facilities constructed by The City should be operated.

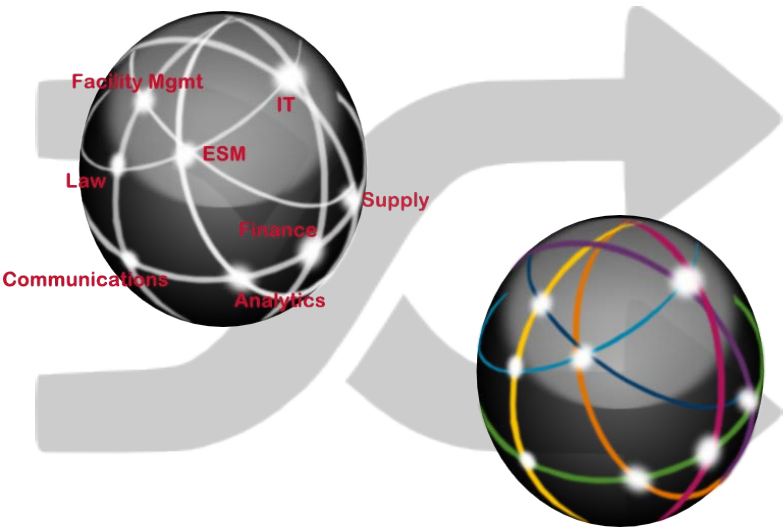


The first **support service ZBRs** are currently identifying customer pain points and prioritizing opportunities for improvement. Selected deep dive areas arising from this work will be presented in Q4 2017.



**Next ZBR Program Report: Q4 2017**

## STATUS OF SUPPORT SERVICE ZBR PROJECTS

Business Unit	Phase 1: Understand	Phase 2: Discover	<i>Transitioning from a business unit focus...</i>  	Value Chain	Phase 3: Develop	Phase 4: Implement	Phase 5: Benefit
IT	→			TBD			
Law	→			TBD			
Supply	→			TBD			
Facility Mgmt	→			TBD			
Environmental & Safety Mgmt	→			TBD			
Communications				TBD			
Analytics				TBD			
Finance				TBD			