



The City of Calgary

Zero Based Review (ZBR)

Calgary Transit ZBR - Status Update

Calgary Transit ZBR Benefit Summary

Area	Annual Financial Benefit* (\$ millions)					CT Expected Annual Financial Benefit 2021 (\$ millions)	ZBR Estimated Annual Financial Benefit 2021 (\$ millions)
	2017	2018	2019	2020	2021		
Fleet Reliability							
Service Lane	\$0.0	\$0.2	\$0.4	\$0.6	\$0.8	\$0.8	\$0.8
Fleet Maintenance	(\$0.4)	\$0.1	\$0.6	\$1.2	\$1.8	\$1.8	\$1.8
Other benefits: Improved reliability; a culture shift to performance-based accountability; improvements in relation to safety, delivery, quality and employee engagement; more rigour around workforce planning.							
Janitorial/Outside Maintenance	\$0.4	\$2.4	\$2.6	\$2.8	\$3.0	\$3.0	\$2.7
Rail System Communication	(\$0.5)	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.0
Other benefits: A higher level of preventative maintenance will improve system reliability and reduce down-time.							
Supply Transit Enhancement Project	(\$0.2)	TBD	TBD	TBD	TBD	TBD	\$0.0
Other benefits: Ability to better meet service and vehicle commitment for customer; improved interdepartmental working relationship; better use of metrics to montior and improve process.							
Business Planning	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	\$0.0
Other benefits: More structured planning leads to better evaluation and progress towards goals.							
TOTAL FINANCIAL BENEFIT	(\$0.8)	\$3.1	\$4.0	\$5.0	\$6.0	\$6.0	\$5.3

* Annual financial benefit includes all project costs, cost savings and cost avoidance.

Area	Capital Cost Avoidance (\$ millions)					CT Expected Capital Cost Avoidance Over 5 Years (\$ millions)	ZBR Estimated Capital Cost Avoidance Over 5 Years (\$ millions)
	2017	2018	2019	2020	2021		
Fleet Reliability							
Fleet Vehicle Spares	\$0.0	\$0.0	\$0.0	\$12.0	\$13.0	\$25.0	\$25.0

All revenue-related items are still in progress through the frameworks of various Calgary Transit and inter-departmental initiatives. These include the advertising strategy, fare strategy, age friendly strategy and park and ride strategy.

Calgary Transit ZBR Update: Supply Transit Enhancement Project (STEP)

ZBR Recommendation

Pursue internal process improvements: better align leadership objectives between Transit and Supply; identify and address other root causes such as unclear roles and responsibilities, data collection and metrics; develop purchasing and inventory centres of excellence to drive continuous improvement, drawing on the experiences of other Canadian Transit agencies.

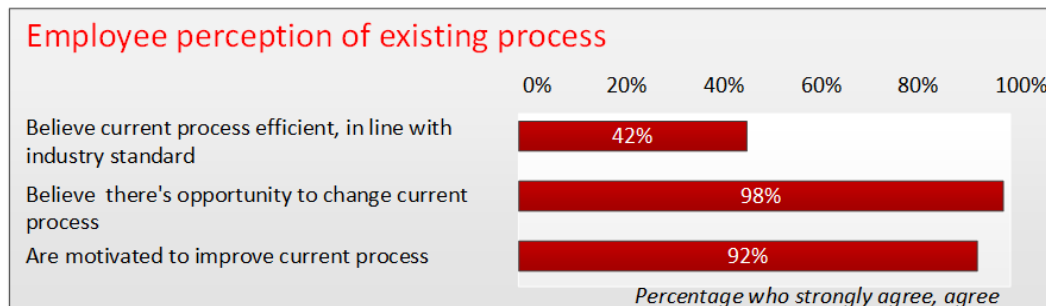
Service Description

Transit and Supply work together to make parts and services available to meet daily vehicle service levels and commitments for transit customers.

Update / Progress

Looking at the process from maintenance planning to the delivery of goods and service. Established an alignment team co-chaired by Supply and Transit leadership to guide process improvements. Formed a community of practice, comprised of Supply and Transit subject matter experts, to identify and implement process improvements. Adopted a structured approach to understand existing process and establish new process, which will be more cost-effective and facilitate better service. Have identified 30 key processes which have all been mapped in their current state and have identified owners of each process.

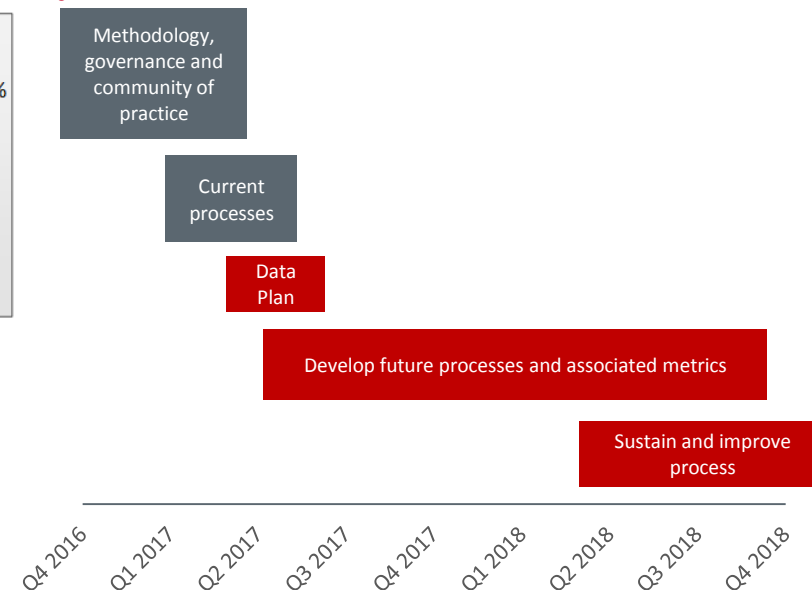
Opportunity for improvement



Story Behind the Baseline

A baseline engagement survey captured employee perceptions about the current process as well as workplace attitudes and environments. Results show that there is both acknowledgment and desire to improve the process and relationship between Transit and Supply, speaking to the character of employees and their commitment to collaborate.

Project Timeline



Next Steps

Map desired future state process, looking for solutions to pain points and providing clarity on roles and responsibilities. Develop metrics to assess effectiveness and efficiency of the new processes. Implement and develop sustainment plan for the new process. Transition the community of practice into a centre of excellence to pursue ongoing transit/supply process improvements.

Strategic Alignment

City Council:	Calgary Transit Commitment:
A well run city	A reliable service
A city that moves	

Calgary Transit ZBR Update: Transit Fleet Reliability (Maintenance and Service Lane)

ZBR Recommendation

Comprehensive internal change including improved workforce planning, and more rigorous planning, execution and measurement of maintenance activities, along with a reduction of fleet spares. This recommendation is tied to the Supply Transit Enhancement Project (STEP) with respect to availability of parts.

Service Description

The Transit Fleet division specifies, procures, repairs, maintains, cleans, fuels, and lines-up buses and trains to prepare them for service. Transit Fleet accounts for 19.6% of Calgary Transit's operating expenses (excluding fuel) and is performed in four facilities.

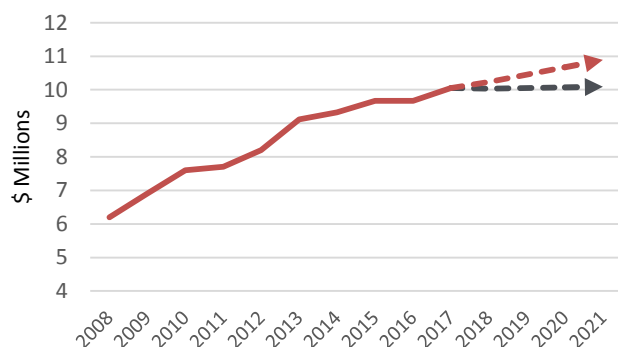
Update / Progress

Have begun pilot of continuous improvement business practices in Service Lane. Focus is on improvements to safety, quality, delivery and/or cost and employee morale.

Vehicle spares have been reduced as recommended by ZBR (40' bus reduction from 24% to 20%; shuttle from 38% to 23%).

Customer satisfaction for bus and train on-time performance has been increasing (76% in 2011 to 87% in 2016) and interior cleanliness has remained steady between 90% and 95% for the last 5 years.

Service Lane Expenditure (How well did we do it?)



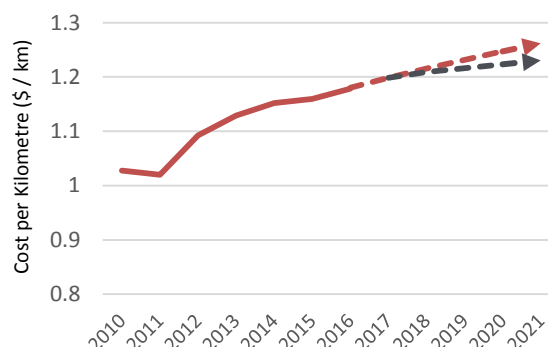
Story Behind the Baseline

Service Lane costs have been increasing steadily over time. With the introduction of continuous improvement business practices we expect to save \$750,000 by 2021 while maintaining customer satisfaction.

Next Steps

Continue work to establish a collaborative system to solve problems and improve the business. Once the pilot is complete in mid-2017 we will move into sustainment phase for Service Lane and expand the program into Transit Fleet Maintenance areas.

Maintenance Cost per km (How well did we do it?)



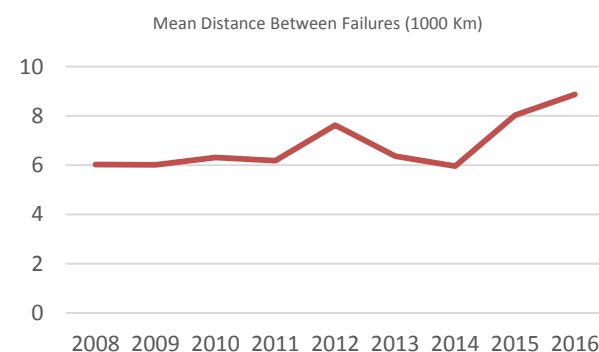
Story Behind the Baseline

Maintenance costs per km have been increasing due to parts costs and labour costs. Fleet reliability has been improving mainly due to reduction in average vehicle age. LRV reliability (not shown) has been improving due to reliability improvement program being set up which focuses on components with highest failure rates.

Next Steps

Life cycle retirement of first generation shuttles (expected to significantly improve shuttle reliability). Introduction of Reliability Centered Maintenance and more robust root cause analysis throughout the reliability team. Review the life cycle of all vehicles in the fleet to optimize the replacement cycle/age. Continue to monitor the spares ratio in relation to our ability to meet commitment. Continue to target a \$25 million reduced capital ask in the next budget procurement cycle as a result of reduced spares. Roll out continuous improvement practices throughout the maintenance areas. Expected cost savings of \$1.8 million by 2021.

Bus Reliability (How well did we do it?)



Strategic Alignment

City Council: A well run city

Calgary Transit Commitment: Reliable, Safe and Clean

Calgary Transit ZBR Update: Janitorial and Outside Maintenance

ZBR Recommendation

Increase use of external service providers in place of in-house provision for tasks where significant cost savings can be achieved, while maintaining service quality.

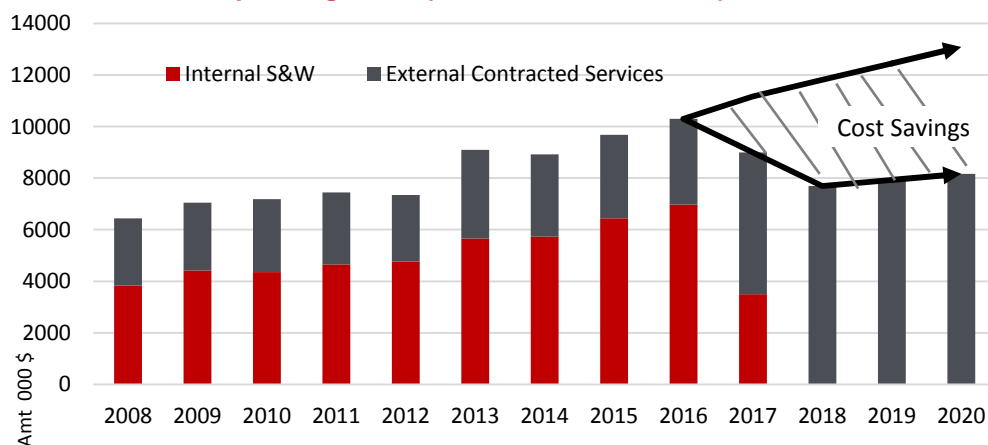
Service Description

Cleaning, landscaping, and snow and ice control at stations, park and ride lots and other Calgary Transit facilities. The quality of this work affects customer experience and satisfaction.

Update / Progress

Held meetings with union to gather feedback on potential alternatives to contracting out. Comparable savings were not found.
Identified significant cost savings in alignment with ZBR (\$2.7 million / year) through outsourcing all section activities.
The landscaping and janitorial contracts have been awarded. Work underway to secure other service contracts. These changes impact over 60 cleaning and outside maintenance staff and will become effective June 23, 2017.

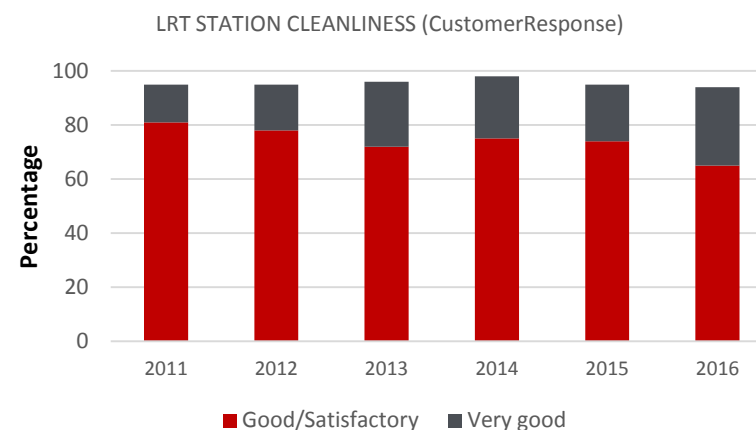
Operating costs (How well did we do it?)



Story Behind the Baseline

Service costs have been increasing steadily for the past ten years. While use of external service providers has grown, contracted service costs have decreased as a percentage of the overall budget. By relying solely on external service provision, Calgary Transit expects to reduce its service cost budget by \$2.7 million/year in wages, benefits and materials.

Customer Satisfaction (How well did we do it?)



Story Behind the Baseline

Customers are satisfied with LRT station cleanliness. In customer surveys over the last 5 years, the proportion feeling positive towards station cleanliness has remained above 90%. As we transition to contracted services, we expect customer satisfaction to remain the same.

Next Steps

Secure other service contracts.

Review existing contracts as they come up for renewal for further efficiencies.

Implement service metrics tracking and reporting.

Expand asset inventory and asset management plan.

Strategic Alignment

City Council:
A well run city

Calgary Transit Commitment:
Safe and Clean

Calgary Transit ZBR Update: Rail System Communications

ZBR Recommendation

Review the consultant's benchmarking and industry trends outlined in the ZBR to determine a new approach for the maintenance of Rail System Communications.

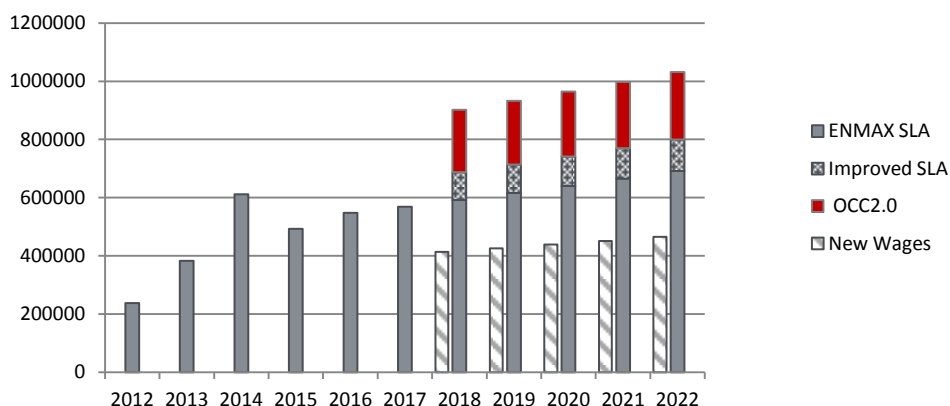
Service Description

These systems help provide important services, such as passenger announcements, station Help Phones and cameras, train tracking technology, system signals, and staff radio communications. Calgary Transit operates and maintains these systems, with some system maintenance services sourced from an external provider.

Update / Progress

Business case complete and approved. Identified unexpected opportunity to save costs and avoid future costs by sourcing all communications systems maintenance services internally. Expect a higher level of preventative maintenance will improve system reliability and reduce down-time. Four fulltime staff will replace one of the external contracts for a \$175,000 per year cost savings.

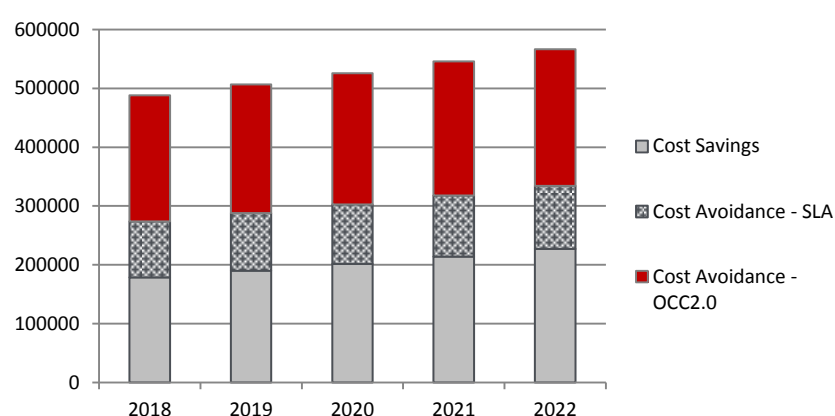
Internal vs External Operating Costs (How well did we do it?)



Story Behind the Baseline

Maintenance costs more than doubled from 2012-2016. Maintenance services sourced externally currently don't meet Calgary Transit requirements. Estimated maintenance costs, sourced externally, for improved services would increase the cost by almost \$100,000/year and for the new Operations Control Centre (OCC2.0 becomes operational in late 2017) would increase the cost by over \$200,000/year. This would bring maintenance costs for all systems to about \$900,000 annually. In contrast, estimated total systems maintenance costs using internal resources is just over \$400,000/year.

Total Cost Savings and Avoidance (How well did we do it?)



Story Behind the Baseline

Communications systems maintenance using internal resources will result in \$175,000 budgetary cost savings and \$310,000 future cost avoidance annually, for a combined total of almost \$500,000 in savings and avoidance in 2018.

Next Steps

Hiring and training new staff May-August 2017. External contract expiring Q4 2017.
Tracking cost savings and performance metrics.
Develop asset inventory and asset management plan.

Strategic Alignment

City Council:
A city that moves.

Calgary Transit Commitment:
A safe, reliable and informative system.

Calgary Transit ZBR Update: Business Planning (10-year plan)

ZBR Recommendation

Continue to formalize and improve the approach to business planning for Calgary Transit.

Service Description

Business planning in Calgary Transit ensures that funding is allocated appropriately between divisions to ensure customers receive the best service possible. Business planning also ensures that money collected from taxpayers and customers is used in the most efficient and effective way possible.

Progress / Update

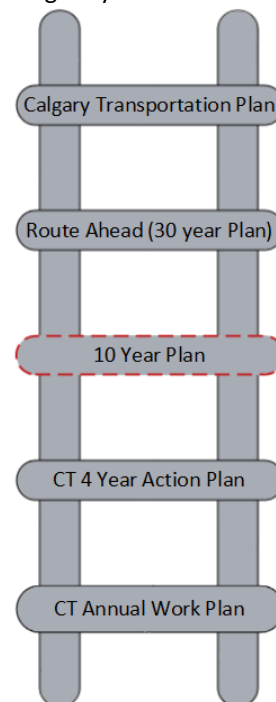
The first draft of Calgary Transit's 10-year Operating and Capital Plan has been completed. Customer commitment objectives are being aligned with internal Key Performance Indicators (KPIs) to track if internal benefits achieved improve customer satisfaction. Developing the plan provides more robust insight and analysis into expenditures, assisting the Calgary Transit in managing its business more efficiently and effectively in both the short and the long term. The plan is also being coordinated with the Calgary Transit Asset Management Plan and takes into upcoming transit investments, such as BRTs and the Green Line.

Phase 1 of the plan captured the following:

1. 10 Year projections for ridership, revenues, operating costs, capital costs, and fare strategy
2. Team linkages and expenditure projections
3. Top KPIs at BU level and linkages with customer commitment objectives
4. Team level KPIs and linkages with BU level KPIs
5. Preliminary asset condition and state of good repair investments

Background / Context

Calgary Transit needs to be resilient and adaptive and be able to provide service irrespective of economic conditions. This plan is meant to bridge the gap between long-term strategic plans, such as the 30-year Route Ahead, and short-term plans, such as the 4-year Business Planning and Budget Cycle.



Next Steps

Continue to review and refine KPIs to strengthen the linkages to our customer commitment in preparation for the next business planning cycling. Continue to develop tools that will provide timely insight into current and projected revenue and expenditures. Review service standards to prevent ridership erosion and ensure transit remains an attractive travel choice for Calgarians.

Strategic Alignment

City Council:
A well run city

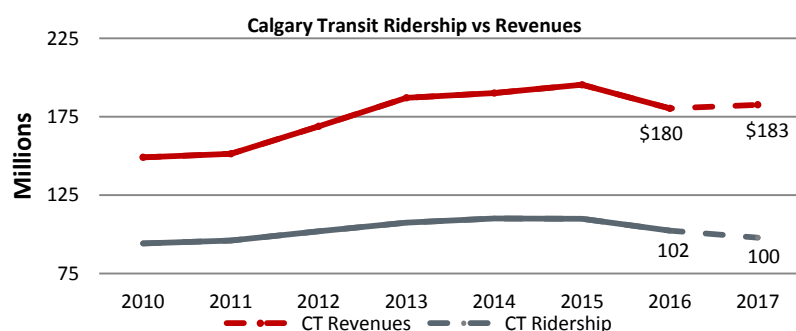
Calgary Transit Commitment:
Reliable, Safe, Helpful, Informative, Easy to Use, Clean

Calgary Transit ZBR Update: Transit Revenue

ZBR Recommendations

1. (Amended) Refer to the consultant's recommendation to transfer funding and administration of low-income transit pass program from Calgary Transit to Calgary Neighbourhoods to align with the Fair Entry program and alleviate distortion of Calgary Transit's revenue/cost ratio, to the SPC on CPS no later than Q4 2017.
2. (Amended) Refer to the consultant's recommendation to transition non-low income Senior fare pricing to Youth pricing levels to better align with Fair Calgary.
3. (Amended) Act on the recommendations of the 2015 Advertising Review.
4. (Amended) Refer the consultant's recommendation, to pursue a demand-based approach to parking revenue at Park and Ride lots, to the SPC on Transportation and Transit in Q1 2018.

How well are we doing?



Update / Next Steps

1. Sliding scale for low income passes implemented. Provincial funding of \$4.5M, plus 5% contingency, each year for 2017-2019 is approved. Transfer of Low Income eligibility processing to Calgary Neighbourhoods is complete. Funding gap of \$255k is anticipated in 2017, \$490k in 2018, and \$1.5M in 2019. As of now, no funding source is identified to bridge this gap. Calgary Neighbourhoods and Calgary Transit in discussion regarding the ZBR recommendation and will report back by Q4 2017.
2. Further engagement with seniors in advance of the Seniors Age-Friendly Strategy report back to SPC on Community and Protective Services in Q2 2018.
3. New digital advertising contract will generate revenue of \$5.025M over a 10-year period at a minimum. Revenue expected to start late 2018. ATMs at LRT stations generate revenue of \$160k every year at a minimum. Transit is working with other city business units on coordinated street furniture strategy. An RFP is expected to be released in 2018.
4. Policy options for park and ride usage and pricing currently under review. Revenue from park and ride declined in 2016 and continues to decline in 2017. Report including differential pricing based on demand due to SPC on Transportation and Transit in Q1 2018.

Story Behind the Baseline

Overall revenues have been decreasing due to the economic climate (decreasing ridership and reserved parking). If conditions persist, minimum guarantees for advertising might decrease in the future. Projected increase in 2017 revenue is driven by fare increases. Diversification of revenue sources and efforts to structure fare pricing fairly will assist Calgary Transit in the effort to maintain service levels and coverage.

Strategic Alignment

City Council:

A well run City

Calgary Transit Commitment:

Reliable, Safe, Helpful, Informative, Easy to use, Clean