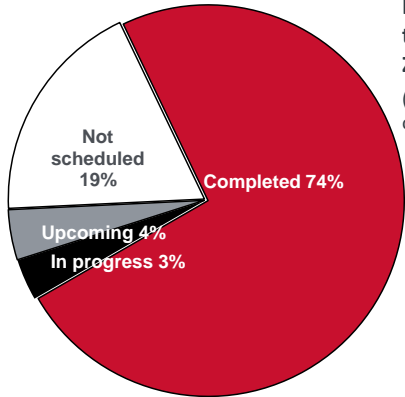




PROGRAM PERFORMANCE: HEADLINE MEASURES

How much did we do?

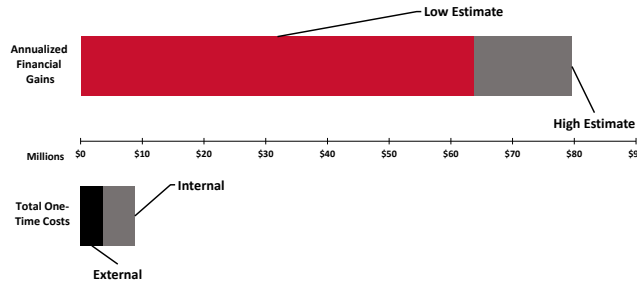
Proportion of City Services Reviewed through the ZBR Program
(measured by % of 2019 gross operating budget)



Story behind the data:

- To date, ZBRs have been completed on approx. 74% of City services. The program remains on track to meet the goal of reviewing 80% of City services by the end of 2020.
- Subsequent to the last update, the ZBRs for both Internal Recoveries and Legal Services have been concluded. Implementation planning is well underway for both initiatives.
- This year, the conversation continues with Council about the future focus of all streams of service efficiency and effectiveness work within the larger context of the Strategy for Improving Service Value (SISV). The Priorities and Finance Committee will be receiving monthly updates on the strategy, which will include ZBR updates.

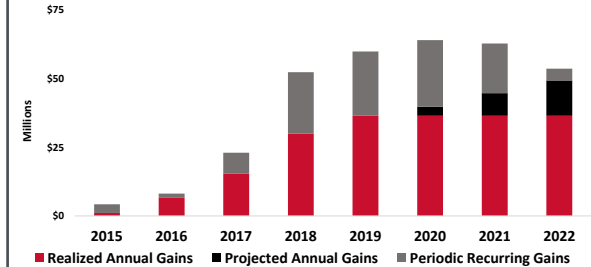
How well did we do it?



Story behind the data:

- The total predicted annual financial gains identified by the ZBR program to date are between \$64M (low estimate) and \$80M (high estimate) after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenue.
- Efficiency and effectiveness improvements go hand-in-hand. Beyond the financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and increased employee morale. Examples of effectiveness improvements are highlighted in Attachment 2.
- The estimated cost of undertaking the 11 completed ZBRs is around \$8.8M, including the pilot project with Fleet. This includes internal costs (staff time) and external costs (consulting contracts). This amount does not include costs associated with implementing the recommendations.
- Comparing costs and financial benefits, there have been about \$8.14 in annualized financial gains identified per one-time \$1 spent on the program.
- Annualized financial gains include annual gains plus the periodic recurring gains which are averaged over the implementation period.

Is anyone better off?



Story behind the data:

- A forecast for financial gains from the first ten completed ZBR projects is shown above (data as of 2019 Oct). Financial benefits include budget savings, cost avoidance, increased revenue, and improved productivity.
- As additional ZBR projects and implementation plans are completed (including Legal Services and Internal Recoveries), projections for future gains will increase accordingly.
- In addition to annual financial gains, which recur every year, a number of recommendations identify recurring cost avoidance or other gains which are realized at different frequencies. These are identified as periodic gains.
- Business units that have completed ZBR projects in the past are now adapting their tracking to regularly report on and forecast financial gains. The degree of accuracy in predictions will improve with time as this becomes an upfront requirement for business units completing their ZBR projects.

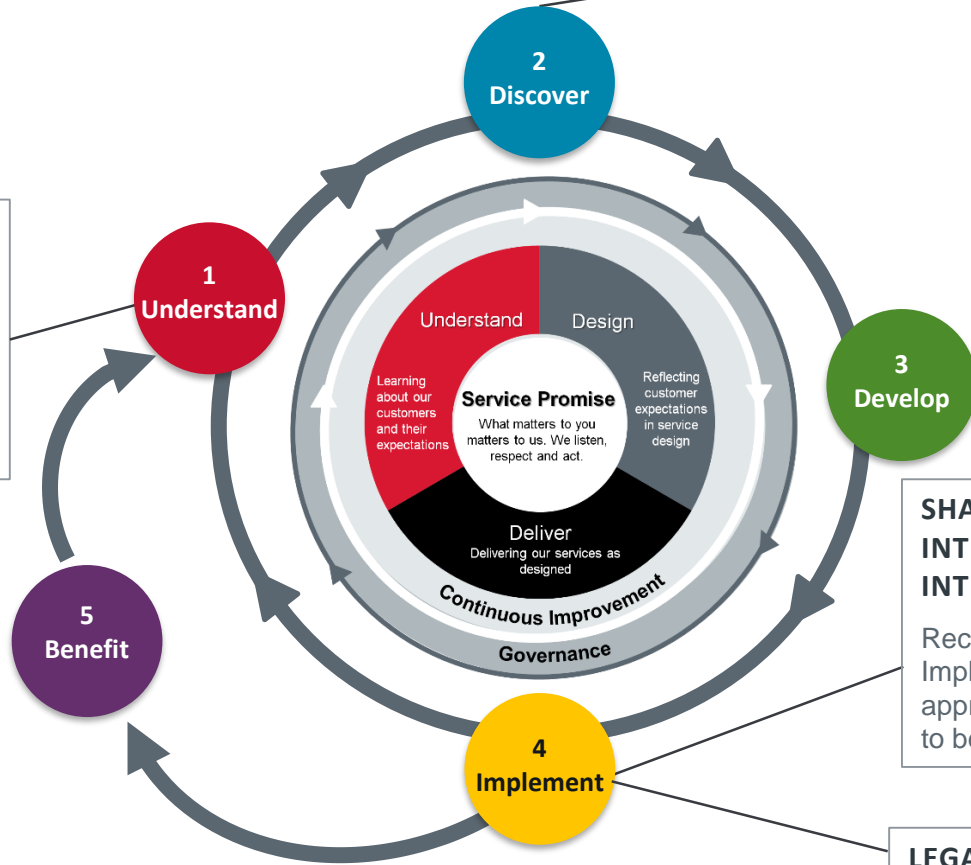


SUPPLY ON HOLD

Work on defining and evidencing opportunities is complete. To avoid rework and provide a solid foundation for future ZBR efforts, Supply is now focused on completing its policy redesign before proceeding with the ZBR.

FACILITY MANAGEMENT ON HOLD

ZBR delayed till the ongoing Corporate Coordinated Operations Management initiative is concluded to avoid any distortions in achieving corporate objectives



SHARED CHALLENGES OF THE INTERNAL SERVICES – INTERNAL RECOVERIES
Recommendations for the Implementation Phase have been approved and plans are underway to begin implementation.

LEGAL SERVICES
Implementation planning is in progress.



ZBR Project Implementation Tracker

	Date Initially Reported to PFC	Approx. Date of Full Implementation	Current Status of Recommendations			Financial Benefits - Annual Gains (\$M)		Annual Gains Realized To Date* (\$M)
			Total Recommendations	Number Being Implemented	Number Complete	Low Estimate	High Estimate	
Fleet (pilot project)	Jul 2012	Closed	8	0	8	0	0	0
Parks	Jul 2014	Closed	6	0	0	4.3	4.3	3.0
Roads	Oct 2014	Closed	5	0	0	1.4	1.9	2.8
Fire	Sep 2015	Closed	4	0	0	14.1	15.1	14.1
Water Services	Mar 2015	2022	5	4	1	2.4	6.1	7.0
Calgary Transit	Jun 2016	2021	7	4	3	10.3	11.1	4.6
Water Resources	Sep 2016	2026	4	3	1	17.0	20.5	14.4
Calgary Building Services	Nov 2016	2019	4	2	2	3.2	4.6	5.8
Recreation	Jun 2018	2022	8	8	0	2.0	2.2	0.0
IT	Jan 2018	TBD	7	6	1	5.7	5.7	1.4
Legal Services	Jan 2020	TBD	6	4	0	3.0	6.0	0.0
Internal Recoveries	Jan 2020	TBD	3	3	0	0.5	2.2	0.0
ZBR Program Total			67	34	16	63.9	79.7	53.1

*Includes annual financial gains plus average periodic gains (recurring cost avoidance or other gains which are realized at different frequencies). As reporting continues the dashboard will evolve with our ongoing commitment to the continuous improvement of the program.



ZBR Program Dashboard: Key Milestones



The **Calgary Transit ZBR** started realizing financial gains in 2017. A total of \$4.8M has been realized in annual savings in 2019 with estimated additional benefits of \$1.2M to be realized in 2020 and 2021. It is also anticipated that \$25M will be realized over the next two years from capital cost avoidance because fewer replacement buses will be ordered as a result of a lowering in the bus spares ratio.



The **IT ZBR** defined and developed seven opportunities. Implementation started in 2017 and non-financial benefits were immediately realized. A total of \$1.4M in financial savings was found in 2019 with the bulk of this amount saved as a result of the Right Device initiatives.



The **Water Services ZBR** implementation is well underway and has delivered a total annual savings of \$7M to date, above the predicted savings.



The **Water Resources ZBR** continues to deliver gains beyond its projections with an annual average of \$14.4M being realized since 2017. The Capital Investment Portfolio Management initiative is now fully implemented, and the other recommendations are expected to be fully implemented by the end of 2026.



Implementation for the **Recreation ZBR** kicked off in 2019 and savings are yet to be captured from its initiatives. However, ZBR implementation is projected to realize up to \$1.8M in revenue generation over four years and \$131K – \$374K in annual savings.



All recommendations from the **Calgary Building Services ZBR** have been successfully implemented. An annual savings of \$5.8M has been realized from ZBR-related initiatives, outperforming the original projected savings of \$3.2-4.6M. A close-out report will be submitted to PFC at the next update.



In 2019 the **Shared Challenges of the Internal Services ZBR** worked with external consultants to conduct a review of the existing internal recovery model. The consultants provided recommendations for a Future State Model which were approved by ALT on 2019 Nov 4. The financial benefits of adopting the recommendations could be up to \$2.2M. Implementation planning is ongoing.



The **Legal Services ZBR** concluded in 2019 and four of Administration's six commitments are underway. Implementation planning for the other commitments will begin in early 2020 while the budget requirements to complete implementation will be brought through the mid-cycle budget adjustments process.