



C2020-1215 Attachment 5

SAVE Business Case Summaries
2020 November 9



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Note: The financial impacts for 2022 described in this attachment are cumulative amounts for the tax-supported operating budget only. The figures therefore speak directly to Council’s direction to find \$74 million in savings from the tax-supported budget by 2022. In certain business cases there are financial savings and/or benefits that occur in self-supported services which are not included in the figures presented in this attachment.

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Budget Modernization

Overview

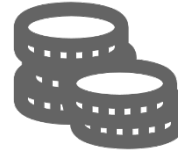
Modernize the budget allocation and management processes, optimize the level of flexibility budget owners need to operate efficiently and effectively in conjunction with the corporate oversight needed to make strategic financial decisions, and promote a “fail fast” mentality that shifts the culture towards explaining budget variances across management layers.

Benefits



- Cost Savings.
- Increased and clearer accountabilities and lines of authority.
- Engine for identifying future cost savings.

Financial Impacts



- Ongoing base budget savings of \$5M in 2021 and \$10M in 2022;
- One-time implementation cost of \$300K in 2021 and \$300K in 2022;
- Net budget impact of \$4.7M in 2021 and \$9.7M in 2022.

Risks



- **Inaction:** Inflated budgets with lower level of corporate oversight
- **Implementation:** Organizational culture inhibiting large scale change within the timelines
- **Operational:** N/A

Change Management



- Cross-corporate change management plan required
- Significant change in mindset and behavior with regards to budgeting and financial management

Timeline



- **Phase 1:** Through MCA for 2021 Savings
- **Phase 2:** Detailed analysis in 2021, Nov 2021 Adjustments

Business Meetings and Travel

Overview

This business case provides a justification for substantially reducing the amounts incurred on catering at internal meetings and for business travel (excluding training and conferences). Provision of meals, food and beverages at internal meetings has been formally discouraged through direction from the City Manager and CFO in recent times of financial challenges at The City.

Similarly, there have been attempts to manage the growing expenditure on business travel which witnessed approximately 35% growth between 2016 and 2019, reaching \$1M annually. Analysis of the Business Meeting (internal only) account used for catering showed a 12% increase in expenditures in 2019 compared to 2017, reaching approximately \$1.2M. This implies an estimated annual spend on catering and internal business meetings and business travel of \$2.2M.

Through a review of historical spend patterns and procedures for approval of activities that fall within the relevant accounts, potential annual budget savings of up to \$1.6M have been identified. This amount was derived by reviewing the impact of changing work patterns on annual budgets going forward as well as taking away consistently unspent portions of the relevant budgets.

Upon implementation of the business case, there will be a total budget balance of approximately \$1M remaining in both accounts that will be allocated to DeptID owners in proportion to their existing budgets, and available for catering and travel. Approval of expenditures in these budget categories will follow current practices for approvals and as defined in the Reimbursement Business Expenses Policy Supporting Procedure document.

Benefits



- Eliminating or reducing discretionary expenditures.

Financial Impacts



- Ongoing base budget savings estimated of \$1.6M in 2021 and \$1.6M in 2022;
- Net budget impact of \$1.6M in 2021 and \$1.6M in 2022.

Risks



Inaction

- Potential budget cuts in other areas, including directly to services and staff leading to the perception that “least harm” approach was not applied.

Implementation

- There could be some impact on the morale of employees who are accustomed to these as a valued feature of their jobs, and a sign of appreciation for their hard work

Change Management



- A communication and roll-out plan will have to be developed jointly by Finance, ALT, City Manager’s Office (CMO) and Communications to ensure all updates are accurately documented and communicated to the entire organization.
- Finance/Business Lead for this opportunity will have the responsibility to make updates to the Reimbursement of Business Expenses Policy Supporting Procedures documents as appropriate.

Timelines



- **Q4 2020** – Validation of savings estimates, ALT approval of updates to Policy Supporting Procedures Document, develop messaging to organization.
- **Q1 2021** – Deliver messaging to organization, implement budget savings.

Bylaw Enforcement & Animal Services CSR Worker App

Overview

The Bylaw Education and Compliance section of Calgary Community Standards (CCS) creates safe and inspiring neighborhoods through maintaining the established community standards in Calgary communities. Peace Officers within CCS actively enforce both municipal bylaws and provincial statutes through providing education, obtaining compliance and, where necessary, enforcement to support a society that meets the standards and expectations of communities.

These enforcement units handle approximately 80,000 case files annually which are either generated through citizen complaints or are officer initiated. The enforcement divisions within the business area rely heavily on electronic software to track enforcement related complaint history and manage case file workflow.

Currently, the Bylaw and Animal Services area is using both CSR (Customer Service Request), a Motorola-based program to record and direct complaints, and Animal Chameleon software, (a stand-alone product used for animal shelter management) as workflow and data mining tools. CCS is attempting to find technological solutions to stream-line work completed in the 311 CSR system and create efficiencies for front line staff. One solution brought forward is utilizing the Motorola Solutions Mobile 311 App, commonly called the CSR Worker App.

The CSR Worker App is a cloud-based application that can work on iOS (iPhone) for mobile workers (e.g. Peace Officers) in the field. The App allows Officers to complete activities, upload pictures and close requests from a mobile device. Access is granted through log-in using City of Calgary network credentials. The CSR Worker App is a simplified version of desktop CSR and can perform some but not all CSR functions. It is also effective for recording any proactive work.

Planning & Development (PD) has been using the Worker App for approximately 3 years. In general they have found the app easy to use. Staff can attach photos easily via their City-issued iPhones, create notes via voice dictation, map to the GEO location, and are able to conduct more proactive work. Along with these benefits, any configuration changes are pushed directly to the user's iPhone and instantly synced with the CSR Worker App. As well, there is currently no limit to the number of photos that can be added (note this may change).

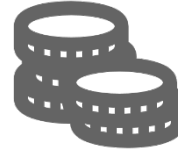
The CSR Worker App can be leveraged as a quick win solution that can streamline business processes and allow officers to work more efficiently.

Benefits



- Cost savings
- Improve productivity and efficiency through ability to handle cases on mobile devices

Financial Impacts



- Ongoing base budget savings of \$115K in 2021 and \$230K in 2022;
- Net budget impact of \$115K in 2021 and \$230K in 2022.

Risks



- Inaction:**
- Increasing Pressure on Staff and Budgets
- Implementation:**
- Implementation Delays
- Operational:**
- Regulatory Changes

Change Management



- Scope: Medium level of change to Bylaw
- Impacts: Approximately 100 officers, supervisors, and admin support staff
- Business Unit history with change: In 2019 a large-scale organizational change was implemented through the One Uniform Project, bringing two service lines into one. The project was well executed, staff engaged, and benefits were achieved

Timeline



- CSR Worker App Implementation: Q2 2021

Category Management and Strategic Sourcing

Overview

Supply Management transacts the purchase of goods and services for the City of Calgary, but procurement decisions are driven by the individual client business units, creating silos in purchasing and a lack of strategic procurement. This issue can be mitigated by implementation of Category Management and Strategic Sourcing.

This business case discusses the following:

1. Strategic procurement opportunities that plug the gap in current state
2. Implementation of category management, which is a holistic approach to managing spend, that lays the foundation to proactively monitor and manage procurement in a strategic manner

Category Management is based on the foundation of cross-functional collaboration and advanced strategic planning to proactively manage procurement activities and spend. This includes the establishment of a governance structure, a repeatable framework to identify and execute strategies for operational and financial benefits, manage suppliers, and build tools to monitor progress and achieve sustainable results.

Strategic Sourcing is an output of the category strategy phase and is executed as a series of sourcing “projects”, to realize and sustain benefits across each spend category. Category strategies also include non-sourcing levers such as demand management and alternative service delivery models.

While the cost saving opportunities will provide immediate financial benefits to The City, there is a need for a shift in the status quo to build the capacity for sustained and incremental benefits. Supply Management will need to further transition away from transactional business and enhance their offerings for strategic sourcing to continue to drive business value for its stakeholders. This shift requires changes to the operating model and overall approach to managing spend. Operating model process changes such as category governance, organization resizing, and performance management (including benefits tracking – which can be leveraged from an on-going pilot being delivered by Supply Management), are critical success factors to build momentum, capacity and capability to implement the identified opportunities.

Benefits



- Advanced planning and increased focus on collaboration and innovation
- Ability to consolidate spend across multiple client business units and vendors, where appropriate, leading to better overall pricing
- Emphasis on total cost of procuring, owning and maintaining the good/service rather than just the initial price
- Improved supplier collaboration and input through market sounding and negotiation sessions

Risks



- Lack of understanding on category management and identified cost saving opportunities, inadequate resources with relevant skill-sets and absence of a centralized category governance structure.

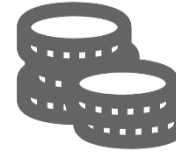
Timeline



The cost saving opportunities will be implemented in two waves.

- Q1 2021 - Mobilize project and kick-off
- Q2 2021 - Finalize operating model components and initiate change management
- Q3 2021 – Q4 2022 - Implement

Financial Impact



- Ongoing base budget savings of \$3.1M in 2021 and \$7.3 in 2022;
- One-time implementation costs \$700K in 2021 and \$900K in 2022;
- Net budget impact of \$2.4M in 2021 and \$6.4M in 2022;
- Capital budget impact of \$2.2M in 2021 and \$25.3M in 2022.

Change Management



- Build an understanding of category management across the organization to address misconceptions
- Develop and deliver applicable training to upskill staff
- Supply Management would require ALT support and sponsorship from all business units to advance the proposed changes as these initiatives have been met with resistance in the past.

Civic Census

Overview

The City has conducted an annual civic census since 1958. In 2019, the Government of Alberta announced that provincial grants for municipalities will no longer be tied to the population collected in a civic census. Instead, this will be managed by the Government of Alberta in collaboration with Statistics Canada. In addition, both Calgary school boards have indicated that they no longer use the civic census customized reporting, and their funding contribution to the costs will be reduced accordingly. These changes highlight a lessened need for the census.

Additionally, jurisdictional evidence has been collected to analyze common practices from comparative municipalities. Most municipalities in Canada do not conduct a civic census, instead relying on Statistics Canada federal population data to create population estimates based on formulae. A similar trend is also observed in municipalities from international jurisdictions, although variances exist.

As part of the business case, two options have been evaluated. The proposed option is to eliminate the civic census, which creates a cost saving opportunity worth \$936,145 annually. Council has also asked for a review of the triennial option. Under this option, cost savings are only available in non-census years, valued at \$766,013 each year in which the civic census is not conducted.

Eliminating the civic census creates a strong cost saving opportunity. However, it does increase some risks, and requires a significant change in culture and approach in the internal stakeholders who currently use the civic census data as a key source of information. Through significant engagement effort, these internal stakeholders have expressed their concerns over access to timely, frequent, and geographically granular data. Additional work might be required for the stakeholders to adjust to new data sources and models. This will be carefully managed through a change management plan and transition working group to minimize impacts.

After evaluating the key benefits and risks involved and consulting the feedback gathered through extensive stakeholder consultation, this business case recommends eliminating the civic census. A post-elimination evaluation¹ will be conducted by Q4 2022, per [Council direction](#) from February 3, 2020.

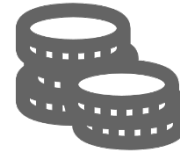
¹ The City conducted a Civic Census Review that assessed the value of an annual civic census. As part of the outcome, on February 3, 2020, Council directed that “the Returning Officer to report back with an evaluation of discussions with Statistics Canada and the provincial government and the ongoing value of a civic census by Q4 2022”. This was prior to SAVE’s evaluation of the elimination of the census, when the assumption was still to conduct the census in 2020 and 2022. If the civic census is eliminated, the above Council-directed evaluation needs to be repurposed. Administration would need to follow the proper procedural requirements (PROCEDURE BYLAW 35M2017) during the process of updating the original recommendations from February 2020.

Benefits



Cost savings are the main benefits from eliminating the civic census.

Financial Impacts



- Ongoing base budget savings of \$942K in 2021 and \$936K in 2022;
- One-time implementation costs \$18K in 2021 and nil in 2022;
- Net budget impact of \$924K in 2021 and \$936K in 2022.

Risks



Inaction

- Lost opportunity to identify savings

Implementation: N/A

Operational

- Potential workload increases to internal civic census data users
- Potential consistency issue in applying alternative data sources
- Losing access to granular data sets which might be used to monitor growth of the city.
- Losing ability to request customized data
- Inability to report forecasting and analysis to the level of detail desired

Change Management



- **Communication:** Should the civic census be eliminated, The City will need to engage and communicate with internal and external stakeholders. This includes the general public, external and internal stakeholders, as well as Statistics Canada and the Government of Alberta, to prepare for future dialogues on service level as The City will rely on their data going forward.
- **Planning & Stakeholder Support:** Internal stakeholders (who traditionally used civic census data) will be supported through the transition. A collaborative working group should be established to support all stakeholders and identify other options to access similar data.

Timeline



Should the proposed option to eliminate the civic census proceed, the change will be communicated to stakeholders in Q4 2020. Stakeholders will be consulted and supported through the transition to help them better understand the alternative data sources available to them. (Q4 2020 – Q2 2021). A standardized forecasting model and approach based on alternative data sources will be evaluated and developed during the first three quarters of 2021.

Civic Partnerships Funding

Overview

This business case focuses on Civic Partners, as defined in the Investing in Partnerships Policy that receive an annual operating grant from The City. In the full cycle approach to partnerships adopted in the Policy, partnerships are periodically assessed to ensure accountability for public investment, and effective service delivery. Civic Partners fall under eight lines of service in One Calgary, including Economic Development and Tourism, Library Services, Recreation Opportunities, Planning Development and Policy, Arts and Culture, Parks and Open Spaces, Affordable Housing and Community Strategies. The City invests in these organizations to deliver programs and services in targeted areas, develop and advance strategies and construct and manage assets.

In view of the current economic downturn, and the fiscal challenges The City is facing, it is proposed to reduce the Civic Partners funding for 2021 by the inflationary increases approved through One Calgary (\$601K). In addition, reduce base funding for the Tourism Calgary's Special Event Fund by \$2M and provide a one-time funding of equal amount for 2021. This approach aligns with the overall approach The City has taken to cost control in an environment of economic constraint.

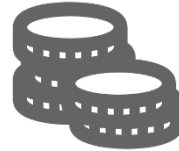
This business case requires executive sponsorship, citizen engagement and active stakeholder management.

Benefits



- Cost Savings

Financial Impacts



- Ongoing base budget savings of \$2.6M in 2021 and \$2.6M in 2022;
- One-time funding of \$2M to Special Events Fund for 2021 and nil in 2022;
- Net budget impact of \$601K in 2021 and \$2.6M in 2022.

Risks



- **Inaction:** Not promoting fairness and equity between The City and Partner organizations e.g. inflation increase for Partner organizations may impact staff morale at The City.
- **Implementation:** Public and media attention.
- **Operational:** Not applicable for The City. Potential risks to the partner organizations.

Change Management



- Communications and stakeholder management
- Understand impact of funding reductions to Civic Partners and Calgarians
- Important to communicate proactively and look for citizen engagement
- Strong sponsorship required to manage anticipated pushback from stakeholders
- Council support and championing of these changes will be critical to success

Timeline



- Post Council approval in January 2021

Contract Compliance

Overview

With over \$300M spent on contracted services, but with no automated contract compliance capabilities across the organization, The City is susceptible to value leakage and overspending on contracts - research shows that this can be 1%-5% of the total contract value. Manually inspecting invoices (as done at The City today) to ensure compliance to original contract terms and conditions is a time-consuming exercise which may not yield the desired results due to human error. Non-compliant spend can also be difficult to recover for The City and hence it is important for The City to improve its contract compliance capabilities. The use of Real Time Contract Management (RTCM) using automated contract compliance solutions would eliminate the manual effort associated with contract/invoice due diligence, detect deviations or errors with better accuracy for follow-up to prevent over-payment, and allow employee time to be focused on analytical tasks rather than repetitive data management.

Benefits



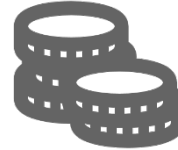
- Efficiency increases of 1-8 hrs / FTE per week (52-416 hrs / year) which can be spent on higher value tasks
- Increased confidence that the city is not paying for incorrect charges
- Improved reporting which helps The City's contract managers identify and address incorrect charges in a timely manner
- Improvements in vendor behaviour due to increased attention on invoice charges

Risks



- To realize the full benefits of RTCM solutions, contract and invoice formats would need to be standardized to ensure efficient processing using automated software. This would require business unit buy-in and support
- While Supply Management holds the domain expertise related to contract management,

Financial Impacts



- Ongoing base budget savings/(costs) of (\$700K) in 2021 and \$400K in 2022;
- One-time implementation costs \$400K in 2021 and nil in 2022;
- One-time savings of \$2.6M in 2021 and \$4.3M in 2022;
- Net budget impact of \$1.5M in 2021 and \$4.7M in 2022.

Change Management



- Training to embed the new automation driven processes at The City
- Communications with the vendor community to appraise them of upcoming changes to the contract compliance mechanism

contracts are owned by business units and their support would be required to engage with vendors to recover non-compliant charges

- Delay in procurement/on-boarding of the RTCM solution provider beyond the estimated deadline (mid Q2 2021) may result in the slippage of benefits realization timelines
- Integration challenges of the RTCM solution with The City's current contract/supply management IT ecosystem may cause delays

Timeline



- ~6 months for procurement of services for RTCM solution provider
- 2-4 weeks for analysis of contracts and invoice data to determine feasibility for real time contract compliance.
- 4-6 weeks (per vendor, depending on complexity of contract, similarity to existing contracts, etc.) to model contract terms and conditions and prepare dashboards / reporting as desired for selected vendors
- Expected Go-Live by Q3 2021 post training and change management

- Vendors should be encouraged (or required if possible) to enter cost data (including Labour, Expenses and Materials (LEMs), quantities, etc.) using a consistent, digital input format to support the RTCM solution
- Process(es) for closure of identified / outstanding non-compliant charges (i.e. non-compliant rates, unidentified labour / equipment) must be agreed upon between supply chain, business unit, and other stakeholders

Data Sales

Overview

Generate additional revenue by increasing the price of property information reports (including Tax Certificates, Assessment Information, etc.) based on jurisdictional benchmarking.

Benefits



- Pricing aligned with jurisdictional benchmarks
- Significant revenue increases
- Increased revenue enables The City to invest in the online services that Calgary’s business community wants

Risks



Inaction:

- Loss of revenue by not increasing prices

Implementation:

- Potential hiring and timeline delays impact ability to increase prices in 2021
- Dependency on City Online replacement to maintain revenue stream beyond 2021
- Potential customer opposition of price increases

Operational:

- Potential for increased access to self-serve data to add to security risk (for City Online upgrade)

Timeline



- **Q4 2020:** Consult with Tax and Assessment; receive Council approval for user fee increases
- **Q1 2021:** Onboard limited term Intellectual Property Analyst to support implementation
- **Q2 2021:** Engage stakeholders; develop and launch communication strategy
- **Q3 2021:** Implement new pricing

Financial Impacts



- Ongoing base budget revenue increase of \$947K in 2021 and \$1.89M in 2022;
- One-time implementation costs of \$65K in 2021 and nil in 2022;
- Net budget impact of \$881K in 2021 and \$1.89M in 2022.

Change Management



- Internal consultation required with impacted data stewards
- Communication plan required to inform and prepare customers for the price change
- Mitigation needed to prepare for potential customer opposition to price increases

Digital Service Enablement

Overview

The City can continue to increase the number of City services (both transactional and informational services) delivered through digital channels (apps and web), thus reducing the reliance on cost- and resource-intensive traditional channels (phone or in-person). Utilizing the digital channels would reduce the transactional costs by over 80% while improving transparency, responsiveness, efficiency, and effectiveness of service delivery. In addition to increasing options for accessing services through digital portals, The City must also raise citizens' awareness and participation in using digital channels by ensuring their needs (related to user-friendliness, functionality, and intuitiveness) are met through these channels. Furthermore, the demand of migrating service delivery to digital channels and using digital tools has increased significantly from citizens, businesses and City employees during the COVID- 19 situation and is expected to continue when COVID-19 measures are lifted. Enhancing the City's digital capabilities to keep pace with changes of citizens' behaviours and preferred interactions driven by the pandemic will enable The City to accelerate the shift to these digital channels while improving user experience.

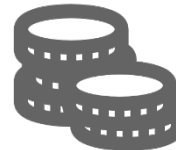
This business case aligns to all five strategies of Rethink to Thrive, particularly in line with the strategy of being innovative, tech savvy and future-focused. It includes three digitization opportunities within 311, Assessment, and Recreation. In addition, these initiatives must be designed, developed, and implemented as part of a broader digitization program at The City, so they are not delivered in silos, but instead are able to leverage cross-corporate synergies.

Benefits



- Improved customer satisfaction
- Creating a more efficient, resilient, responsive, citizen-focused, and open government
- Increased ongoing operating savings (by reducing the transactional cost of service delivery)

Financial Impacts



- Ongoing base budget savings of \$888K in 2021 and \$1M in 2022
- One-time implementation costs \$34K in 2021 and nil in 2022
- Net budget impact of \$854K in 2021 and \$1M in 2022

Risks



Inaction:

- Increased cost for delivering customer service functions in-person and over the phone

Implementation:

- Resistance from business units to move 311 service requests online

Operational:

- Lower than expected citizen participation in digital channels
- Cyber security and data privacy concerns from moving services and citizen data online

Timeline



- Ongoing from January 2021

Change Management



- Increase engagement with business units to promote transition to digital service delivery by addressing existing concerns about practicality and feasibility
- Improve marketing and awareness campaigns to promote uptake and adoption of digital channels among the public by addressing existing concerns about functionality and usability
- Promote a cultural mindset change from emphasis on incremental, more narrowly focused initiatives to transformational, cross-corporate approaches

Duplicate & Fragmented Functions

Overview

This business case explores the duplication and fragmentation of roles and responsibilities within The City of Calgary. This document reflects analysis and engagement that is important in bolstering future transformation within The City and in pursuing the Rethink to Thrive strategy by supporting functional realignment of activities and creating increased coordination of service delivery.

Duplication exists in several areas and can be defined as the overlap of tasks that pertain to a particular service or function within The City. This business case has identified the need to assess duplication in the context of an effective shared services model, and in exploring duplication of position titles embedded across multiple departments. The analysis required to identify this duplication can be performed in conjunction with the Organization Realignment initiative, however, if implemented in tandem, any delay would impact projected savings realized through both initiatives in 2021.

Shared services at The City of Calgary are services that are held centrally and delivered across the organization to individual business units. In many cases, shared services operate with an embedded model in which service leads are designated to a particular business unit for support. Fragmentation is considered within the context of shared services, in identifying which functions operate as a centralized function, while encountering similar activities conducted as shadow functions in other departments, or business units.

Phase 1: Conduct a detailed analysis of existing shared service functions to identify key activities and roles that require recentralization. Service areas in scope include Human Resources and Vehicle and Equipment Safety Trainers.

Proposed Phase 2: Explore the adoption or enhancement of a centralized model across an additional group of services including Finance (with a focus on Collections), Information Technology and Corporate Analytics and Innovation (with a focus on consolidating the analytics function), Customer Service and Communications (with a focus on Engagement), 311 (to address the variety of call centres that exist across The City), and Business Strategists.

Benefits



- Reduced operational costs across multiple business units
- Increased quality and consistency of service
- Improved ability to gather data and inform decision making
- Improved accountability through clarity of roles, responsibilities, and reporting relationships
- Enable a collaborative approach to key functions across The City

Risks



Inaction:

- Risk of inaction results in continued fragmentation and lost efficiency

Implementation:

- Implementation risks attributed to organizational culture, inhibiting large scale changes within estimated timeframes

Operational

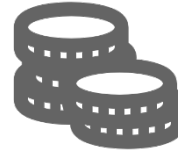
- Change fatigue, workload increase, and failure to account for nuances in employee job functions and workloads

Timeline



- Conduct activity analysis and stakeholder engagement from 2020 into 2021
- Consolidate like functions to operate under centralized functions in 2021
- Implement savings recommendations by eliminating additional roles once centralized to realize initial savings in 2022 and incremental savings in 2023 and beyond

Financial Impacts



- Ongoing base budget savings of nil in 2021 and \$1.7M in 2022;
- One-time implementation costs of \$182K in 2021 and \$547K in 2022;
- Net budget impact of (\$182K) in 2021 and \$1.1M in 2022.

Change Management



- Change management will be crucial in the implementation of this business case across shared service leaders, those impacted by the centralization of resources, and sponsorship, particularly with connection to the Rethink to Thrive strategy.
- Change management efforts will need to carefully consider how this work will be conducted in alignment to ongoing initiatives related to organizational realignment at The City.

Energy Budgeting

Overview

This business case proposes a solution to the intersecting challenges of: a) each Service holding and managing its own risks and contingencies related to energy consumption and price volatility, and b) inconsistent Corporate incentives and mechanisms to actively manage and reduce energy consumption, including differing expectations around which business area realizes the benefit of implementing capital investments to improve energy efficiency. These two challenges have led to a current state wherein the budget process incentivizes Services to maintain a buffer in energy budgets to handle unforeseen cost increases while at the same time providing inconsistent incentives to invest in energy conservation initiatives. Some Services have intentionally used capital investments in energy efficiency to free up operating budgets to allocate towards other work, including towards other capital investments, while other Services have put their capital investment priorities elsewhere.

The proposed solution is to 1) engage in a higher degree of energy consumption forecasting, governed by the Energy Management Office (EMO), to establish an energy consumption budget in units of consumption (i.e. megawatt hours (MWH) of electricity or gigajoules (GJ) of natural gas), and 2) set financial budgets for business units (BUs)/Services equal to the budgeted units of consumption multiplied by actual unit prices, to be right-sized through allocations to or from Corporate Costs on an annual or quarterly basis as actual energy prices change. BUs would be guaranteed to have budget allocated to cover the actual price of approved units of consumption, but would be responsible for funding the cost of any consumption overages.

This proposal would free Services from individually managing their energy cost risks and move that risk management responsibility to a corporate level. This creates an opening to use risk as an opportunity for increasing risk tolerance. By centralizing the risk management of energy cost increases, the Corporation enables existing Corporate Costs contingency budgets to be reduced to achieve \$1.3M in savings in the near term. By implementing increased corporate governance of energy consumption forecasting and budgeting, the Corporation can also leverage the budget process as a tool to develop increased accountability as well as related skillsets within Services to manage energy consumption. By developing the policies and processes to support this budget approach, the Corporation can establish increased consistency in expectations for how different BUs and Services are expected to manage energy, consumption and capital investments to improve efficiency. Altogether, implementation of this business case aligns with a broader culture shift towards working for the Corporate benefit over individual BU benefit, and is expected to enable improved environmental impacts through more conscious energy consumption behaviours.

Benefits



- Savings in tax-supported budgets.
- Improved consideration of energy consumption and conservation leading to improved environmental impacts.
- Increased accountability.
- Culture shift towards corporate risk management.

Risks



Implementation:

- Relative immaturity in consumption forecasting may lead to insufficient budget in early years; related risk of needing to draw on reserves to fund variance.
- Pricing risk centralization may have unanticipated service impacts due to practice of managing to bottom line.

Operational:

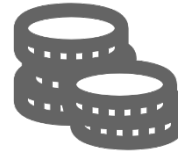
- Some years may see greater price volatility than others, resulting in insufficient budget to deliver services and requirement to draw on reserves to maintain service levels.

Timeline



- Development of specific policies and procedures by Q2 2021.
- Full corporate rollout of energy consumption forecasting and budget process in 2021, with resulting budget rationalization applying to 2022.
- Cultural transformation extending into 2023 and beyond.

Financial Impacts



- Ongoing base budget savings of \$1.6M in 2021 and \$1.9M in 2022;
- One-time implementation costs \$296K in 2021 and \$145K in 2022;
- Net budget impact of \$1.3M in 2021 and \$1.8M in 2022.

Change Management



- Significant change in budget development and allocation process and policies – new processes and policies to be developed and socialized through Q1-Q2 2021.
- New skill required for energy consumption forecasting within Services – allowance for learning curve is required.

External Counsel

Overview

The work directed by the Gas, Power and Telecommunications Committee (GPT) (regulatory group) currently relies on external counsel to provide all legal services to the regulatory group. There is an opportunity to reduce a portion of the external legal service and spend by shifting some of the legal work in-house. This opportunity could result in an overall savings of approximately \$125K by shifting some responsibilities to an in-house lawyer and reducing the regulatory group’s reliance on external counsel services. The additional work for in-house lawyers can likely be absorbed by existing staff. The use of in-house resources not only provides a reduction of external counsel spend per year but also builds internal expertise, builds relationships with the regulatory group and strengthens Law’s ability to provide service to the Corporation. In 2021, Law will continue to provide support to external counsel which should lead to savings to the Corporation. However, with the deferral of a number of hearings in 2020, it is expected that there will be an increased workload and/or increased pace of work in 2021 that may make it difficult to complete required knowledge transfer with in-house resources as quickly as desired. For this reason, only \$60K is proposed for a 2021 reduction, increasing to \$125K in 2022. Law has assessed roles that could be undertaken by an in-house lawyer and has determined that the proposed changes have minimal impact to the service and minimal risks to the Corporation. Furthermore, this change will not impact advice the regulatory group will receive from external legal counsel but will be a new service model with support from the in-house lawyer.

Benefits



- Reduction in budget.
- Adding to the expertise of in-house lawyers.

Financial Impacts



- Ongoing base budget savings of \$60K in 2021 and \$125K in 2022;
- Net budget impact of \$60K in 2021 and \$125K in 2022.

Risks



Implementation:

- Regulatory work is highly variable and a significant increase in the need for external counsel could impact the budget. Initial reliance on a single in-house lawyer may reduce the savings if the individual becomes unavailable for any reason.

Operational:

- City in-house lawyer’s capacity to provide service.
- Succession planning coverage for in-house lawyer.

Change Management



- Communication and collaboration between the regulatory group to define roles and responsibilities and the communication process.

Timeline



- Service Level Agreement complete by end of Q1 2021.
- Implementation complete by Q1 2022.

External Memberships

Overview

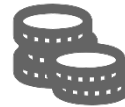
Reducing the number of discretionary memberships The City pays for will generate savings and provide the added benefit of developing a corporate inventory of all memberships held across the organization as well as procedures guiding the subsequent categorization and approvals of these memberships. Membership fees include payments for corporate, departmental, agency and individual memberships, registrations and licensing with accredited boards, associations, societies and similar professional and technical organizations.

Benefits



- The organization will develop a holistic view of some of the ancillary expenditures incurred on employee development
- Improved value realized from professional affiliations
- Annual savings on tax-supported operating budgets
- Employee affiliation with beneficial professional associations for continuous development

Financial Impacts



- Ongoing base budget savings of up to \$195K in 2021 and \$195K in 2022;
- Net budget impact of \$195K in 2021 and \$195K in 2022.

Risks



Inaction

- The City continues to incur substantial costs on discretionary memberships

Implementation

- Business Units justify reclassifying discretionary memberships as mandatory

Operational

- Employees could lose access to resources and knowledge of best practices to maintain excellent service delivery
- **Q4 2020** - Business Lead will engage all business units to identify specific memberships to be eliminated or renegotiated. These numbers will also be validated by the Finance Leads for each department/business unit.
- **Q1 2021** - Communicate changes and budget impacts; realize benefits

Change Management



- All BUs and multiple employees are likely to be impacted
- The Business Lead will work with the departments and business units to identify specific memberships to be discontinued or renegotiated
- Some memberships have been held on to for many years and there could be resistance from employees to let these go
- There may be a material impact on employee morale and therefore culture

Timeline



Financial Reserves Optimization

Overview

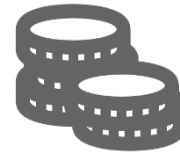
Review The City of Calgary’s reserves for their purpose, utilization, funding sources, adequacy and the reasonability of their balance, with an eye towards identifying areas where The City can capture excess annual contributions or other ongoing fiscal benefit and redirect it to general revenue to support ongoing savings, including reducing the amount collected for Provision for Reduction in Assessments.

Benefits



Capturing excess funding of reserves and redirecting it to ongoing savings demonstrates financial acumen and responsible management of taxpayer money. Pooling of reserves contributes to One Calgary culture by supporting collective accountability for the financial position of The City.

Financial Impacts



- Ongoing base budget savings of \$5M in 2021 and \$5M in 2022;
- One-time savings of \$14.4M in 2021 and \$2.2M in 2022;
- Net budget impact of \$19.4M in 2021 and \$7.2M in 2022.

Risks



Inaction:

- Reputational – raising property taxes while significant funds sit unused in reserves

Operational:

- Potential for increased operating volatility and pressure on tax rate, if tax-supported debt varies in the future
- Potential for increased risk exposure and inability to manage through adverse financial events

Change Management



- Not anticipated to be a significant requirement for this business case
- Changes proposed will be managed by a limited number of Business Units who are supportive of the changes and have the technical expertise for implementation
- Only minor implications to The City’s ongoing operations and those changes will not be felt widely, if at all

Timeline



Capture savings through mid-cycle adjustments in November 2020
 Report to council on structural changes of reserves, flow-throughs, and level of funding in Spring 2021
 Merge reserves as required in Summer 2021

Fleet Operational Change

Overview

By moving all ~1,100 light duty fleet vehicles from a time-based to a use-based preventative maintenance schedule, vehicles that are currently maintained annually which have low utilization will no longer be over-maintained. The change will generate cross corporate savings, plus a range of additional benefits starting in Q1 2021.

Benefits



Increased customer satisfaction, reduced vehicle downtime, lower maintenance costs, efficient lifecycle management, improved productivity of maintenance staff

Financial Impacts



- Ongoing base budget savings of \$36K in 2021 and \$36K in 2022;
- One-time savings of \$24K in 2021 and nil in 2022;
- Net budget impact of \$60K in 2021 and \$36K in 2022.

Risks



Inaction:

- Safety, expenditure growth

Implementation:

- Savings realization

Operational:

- Customer buy-in, program modifications

Change Management



- Communication to impacted BUs on process changes and budget impacts.
- Need for stakeholder engagement beyond creating awareness is low

Timeline



Q4 2020

- System Implementation
- System Testing
- Stakeholder Communications
- Planning and Scheduling

Q1 2021

- Full Implementation

Fleet Operator Management

Overview

By leveraging vehicle telematics solutions, The City will improve operator behaviour through enhanced reporting, accountability practices and targeted training. Two specific beneficial outcomes—reduced discretionary idling and avoidable collisions—are explored in detail.

Recommended reduction targets are set for 2021 and 2022:

- Reduced idling for light duty fleet by 40% of current levels in 2021 and 80% of current levels in 2022
- Reduced idling for medium & heavy duty fleet by 30% of current levels in 2021 and 60% of current levels in 2022
- Reduced idling for equipment by 20% of current levels in 2021 and 40% of current levels in 2022
- Reduced number of avoidable collisions by 10% of current numbers in 2021 and 35% of current numbers in 2022

This change to process and people will require a broad change management plan and strong management accountability. Both outcomes will have a positive impact on citizens through improved operator safety and reduced greenhouse gas (GHG) emissions.

Benefits



- Reduced GHG emissions
- Improved safety
- Targeted training
- Improved management accountability
- Increased vehicle uptime

Risks



Inaction:

- Public safety, City reputation, environmental impact, carrier profile at risk (provincial safety rating)

Implementation:

- Reluctance to participate by BUs, Labour Relations disputes, capital costs arise

Operational:

- Operator behaviour unchanged, lack of capacity to maintain program objectives

Timeline



Q1 2021: Corporate communications, anti-idling campaign, monthly vehicle-based Eco Reports, quarterly driver-based behaviour reports, targeted driver training

Financial Impacts



- Ongoing base budget savings of \$193K in 2021 and \$407K in 2022
- Net budget impact of \$193K in 2021 and \$407K in 2022

Change Management



- Significant behaviour changes will be required
- Training, awareness and consequences to behavior will be critical to successful implementation and sustainment

Fleet Utilization

Overview

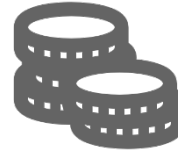
By implementing FlexFleet (a system where vehicles are shared amongst City of Calgary services in order to avoid underutilization of vehicles), multi-purposing and standardization of vehicles and equipment, The City will improve utilization and reduce the size and cost of fleet. These modernization efforts that leverage existing initiatives will derive a range of financial and non-financial benefits. A broader change management plan will be required to implement this program level change. As internal projects, there is no service impact expected for citizens.

Benefits



- Reduced size of fleet
- Productivity gains for staff
- Simplified inventory management
- Improved safety through standardized training

Financial Impacts



- Ongoing base budget savings of \$172K in 2021 and \$645K in 2022
- Net budget impact of \$120K in 2021 and \$593K in 2022

Risks



- Inaction:**
- Fleet size growth, increasing expenditures
- Implementation:**
- BU participation, program governance, COVID, proof of concept delays
- Operational:**
- Program management & governance, project scaling, BU buy-in

Change Management



- Key Messaging: prioritization of corporate initiative
- Training: system & equipment
- Transition & Sustainment Plan: FlexFleet governance to be implemented

Timeline



- Initiatives begin in 2020 with expansion through 2022 and beyond.

Future of Office Work & Footprint Reduction

Overview

The City's pre-COVID approach to mobile work was mature, however, it was not aiming for mass adoption and capturing the related cross-Corporate savings. The COVID emergency changed this; it has forced adoption beyond what may have been achieved by any other means. Observation of The City's readiness and response, preliminary internal surveying, evolving external research and the rapidly changing global approach to work suggest that the question to be asked is not "Should The City adopt mobile work?" but rather "How does The City intentionally maximize the advantages of greater mobile work adoption to better achieve its objectives?"

Three components bring the organization to this answer:

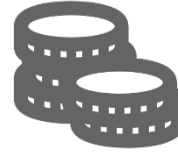
1. **Make an Immediate Decision: Maintain the office workforce in its current state through 2021, with flexibility, and capture related savings** – Leverage the relative stability achieved by the 3,300-4,500 office staff that have shifted workstyles since the initial COVID shock, continue to realize the savings associated with less in-office activity, provide workforce certainty in a time of uncertainty, satisfy the bulk of preliminary employee demand while being flexible to the employees and circumstances that require a return to the office.
2. **Take Near-term Action through 2021: Build evidence to inform a long-term decision aligned with Rethink to Thrive** – Do the work to provide the basis (i.e. evidence) for a long-term, intentional target for The City's workstyle mix in line with savings goals, cultural goals, the objectives of Rethink to Thrive and a better understanding of the post-COVID reality. Aim to set this target at the end of 2021 (as is relevant in the COVID environment).
3. **Take Long-term Action: Embed new ways of working and scale up existing facility consolidation strategies to right-size the office facility portfolio** – Make intentional changes to how The City supports a greater population of mobile office workers, scale The City's existing facility consolidation strategies to the degree afforded by the demands of the shifted workforce, budget and invest in changes to optimize retained workspaces and fully realize the long-term savings associated with a right-sizing of office space to the future needs of its users.

Benefits



- Reduced in-office expenses
- Higher productivity & increased resilience
- Greater flexibility, reduced absenteeism, maintain retention and competitiveness as an employer of choice
- Consolidated and/or right-sized office real estate portfolio (long-term)

Financial Impacts



- Ongoing base budget savings of \$513K in 2021 and \$513K in 2022;
- One-time implementation costs of \$204K in 2021 and nil in 2022;
- Net budget impact of \$309K in 2021 and \$513K in 2022;
- Long-term facility consolidation savings are potentially material and related to volume of permanent workstyle change adoption.

Risks



- Primary risks are related to COVID emergency:
- Cultural expectations of office work post-COVID are not yet determined
 - Understanding of employee experience is only preliminary

Change Management



Reduced change management effort required due to the rapid adoption of work-from-home is incalculable. Key benefit of doing this now.

Change management remains a critical component in formalizing mass long-term adoption of work-from-home from employee wellness, future adjustments and modernization of processes. Will have an impact on organizational culture that should be closely monitored in line with Rethink to Thrive objectives.

Timeline



- **Immediate** – Savings related to variable office expenses are already being seen (e.g. office supplies).
- **2021/2022** – Build evidence to inform intentional long-term targets and continue to realize savings.
- **2023+** – Savings and revenue generating opportunities for corporate accommodation and real estate consolidations can begin.

Insource Maintenance of Fire Department Light Duty Vehicles

Overview

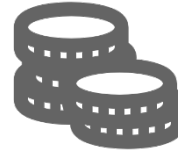
By insourcing maintenance of all 110 Calgary Fire Department (CFD) light fleet vehicles, The City can realize some financial benefit. CFD currently outsources maintenance of light fleet to the private sector and has no contractual obligations to continue using the current provider in place. There is no impact to citizens expected from this operational change.

Benefits



- Maintenance productivity
- Data consolidation
- Reduced cost of labor

Financial Impacts



- Ongoing base budget savings of \$73K in 2021 and \$77K in 2022;
- Net budget impact of \$73K in 2021 and \$77K in 2022.

Risks



Inaction:

- Outsourcing continues

Implementation:

- Labour relations

Operational:

- Over-committing, database complexities

Change Management



- Shared work between CFD and Fleet around job code analysis.
- An appropriate Service level agreement is required.

Timeline



- **Q4 2020:** Maintenance management system data consolidation
- **Q2 2021:** Fleet Services Light Fleet Scheduling of CFD units (non-response)
- **Q4 2021:** Fleet Services Light Fleet Scheduling of CFD units (response)

Process Automation

Overview

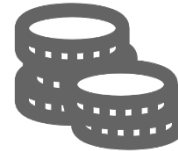
This business case explores a first wave within a greater Process Automation program. Its scope is limited to four key process areas for this first wave: Accounts Payable, Position Change Requests, Inventory Management, and Purchase Order Management. While these automations are executed to demonstrate early success, a Centre of Excellence will be established using existing staff to identify/sustain ongoing automation and improvement efforts, generating new savings long after the SAVE timeframe has passed.

Benefits



- Reduced process cycle time
- Improved engagement for impacted employees
- Improved output quality and consistency
- Better controls
- Predictable 24/7 process output
- Improved user satisfaction
- Key modernization skill development

Financial Impacts



- Ongoing base budget savings of \$483K in 2021, \$1.7M in 2022, and \$2.42M per annum at full realization in 2023
- One-time implementation costs of \$288K in 2021 and \$252K in 2022
- Net budget impact of \$195K in 2021 and \$1.4M in 2022;

Risks



- Leadership not having capacity to lead the program, limiting overall momentum
- Staff depart the organization before automation, leading to knowledge loss
- Inefficient processes are selected for automation resulting in poor results
- Insufficient technical capabilities limit achievement of return on investment

Change Management



Process automation will require careful change management, communications, and training. Employee impacts need to be monitored by an automation Centre of Excellence to avoid potential impacts on morale, productivity, reputation, and institutional knowledge.

Timeline



This business case can begin implementation immediately, with some activities able to be completed in late 2020. Activities are split into three workstreams: Automation Execution, CoE Stand-up, and Management & Oversight:

- **Q4 2020 – Q1 2021:** Mobilize project team, conduct service provider procurement, and undertake technology review
- **Q1 2021:** Design automation Centre of Excellence, and stand up slim/interim version
- **Q2 2021:** Prioritize processes, and conduct first proof of concept automations
- **Q3 2021 – Q4 2022:** Complete process automation sprints, developing, testing, and deploying automated processes
- **Q2 2021 – Q4 2022:** Manage risk, change, and program performance on an ongoing basis

Span of Control

Overview

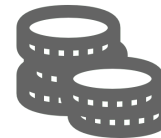
Align The City of Calgary’s span of control and managerial layers to leading practice. Determine the optimal span of control by accounting for nuances that may exist across functions and levels of hierarchy. Consider the type of work, complexity of work, and similarity of work when determining the optimal span of control for each supervisor.

Benefits



- Savings of \$8.4M at full implementation.
- Increased productivity across the organization.
- Increased accountability and empowerment at lower levels.
- Clearer accountabilities and lines of authority.
- Faster decision-making.

Financial Impacts



- Ongoing base budget savings of \$4.2M in 2021 and \$8.4M in 2022;
- One-time implementation costs of \$6.2M in 2021 and nil in 2022.;
- Net budget impact of (\$1.9M) in 2021 and \$8.4M in 2022.

Risks



Inaction:

- Inflated budgets for excessive managerial layers and unclear governance and reporting structures.

Implementation:

- Organizational culture inhibiting large scale changes within estimated timeframes.

Operational:

- Change fatigue, workload increase, and failure to account for nuances in employee job functions and workloads.

Change Management



- Careful consideration of employee perception across the organization will be required.
- Change management will be required across the organization for the supervisors, peers and direct reports of impacted roles.
- Change management efforts will need to carefully consider how this work will be conducted in alignment to ongoing initiatives related to organizational re-design at The City.

Timeline



- November 2020: initiate additional analysis required to complete savings estimates.
- July 2021: implement recommendations and begin realizing savings.
- January 2022 onward: realize full savings.

Value-Added Fitness/Nutrition Services for Firefighters

Overview

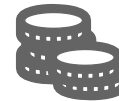
This business case looks at reducing the volume of some discretionary fitness and nutrition services (e.g. individualized nutrition counselling, weekly workout plans) currently provided to firefighters and finding other efficiencies within the Wellness Centre to realize cost savings. The change to services offered by the Wellness Centre will be minimal, with only some discretionary fitness and nutrition services impacted (reduced offering, but not eliminated). Ultimately, the business case would lead to cost savings without having a significant impact on the range of services provided to firefighters, maintaining Calgary’s position as a leading municipality in Canada for firefighter wellness.

Benefits



Cost savings.

Financial Impacts



- Ongoing base budget savings of \$379K in 2021 and \$418K in 2022;
- One-time implementation costs of \$54K in 2021 and nil in 2022;
- Net budget impact of \$325K in 2021 and \$418K in 2022.

Risks



Implementation risk: reduced employee morale and/or engagement

Change Management



Given the small staff at the Wellness Centre, the FTE changes will have an impact on day-to-day operations and culture. Recommended change management includes:

- Change Leadership Workshop and Tools Session.
- Clear communications to Wellness Centre employees.
- Clear communications to Firefighters and Unions.
- Employee Support.

Timeline



Implementation will begin immediately and be completed by the end of January 2021.