



PFC2021-0787 Attachment 2

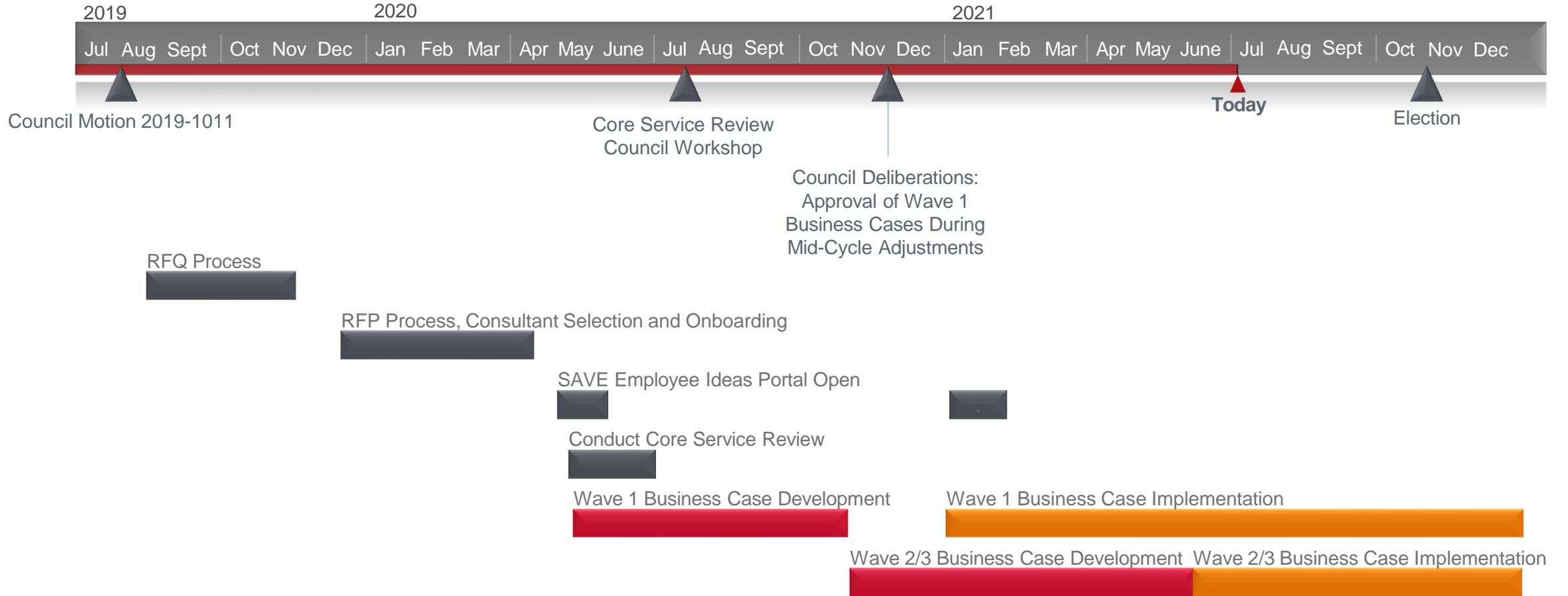
SAVE Program Update

2021 July 20

**Notice of Motion C2019-1011****Delivering Modern and Affordable Municipal Services in an Environment of Economic Constraint**

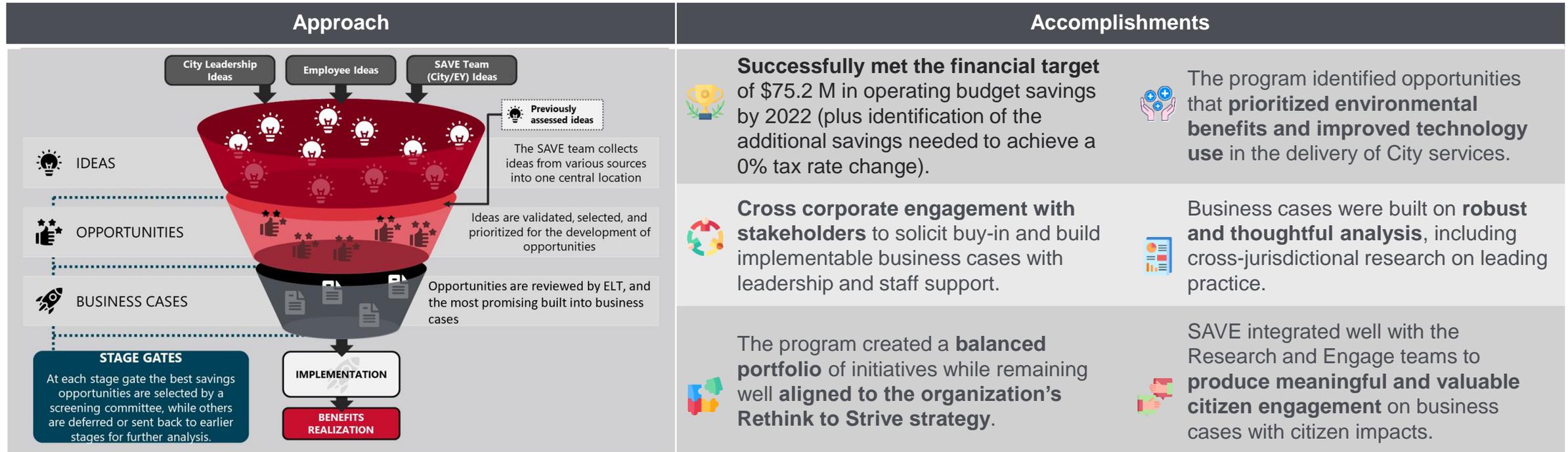
On 2019 July 29, Council unanimously directed Administration to release a Request for Qualifications to seek proposals from external experts about services available to assist Council and Administration with:

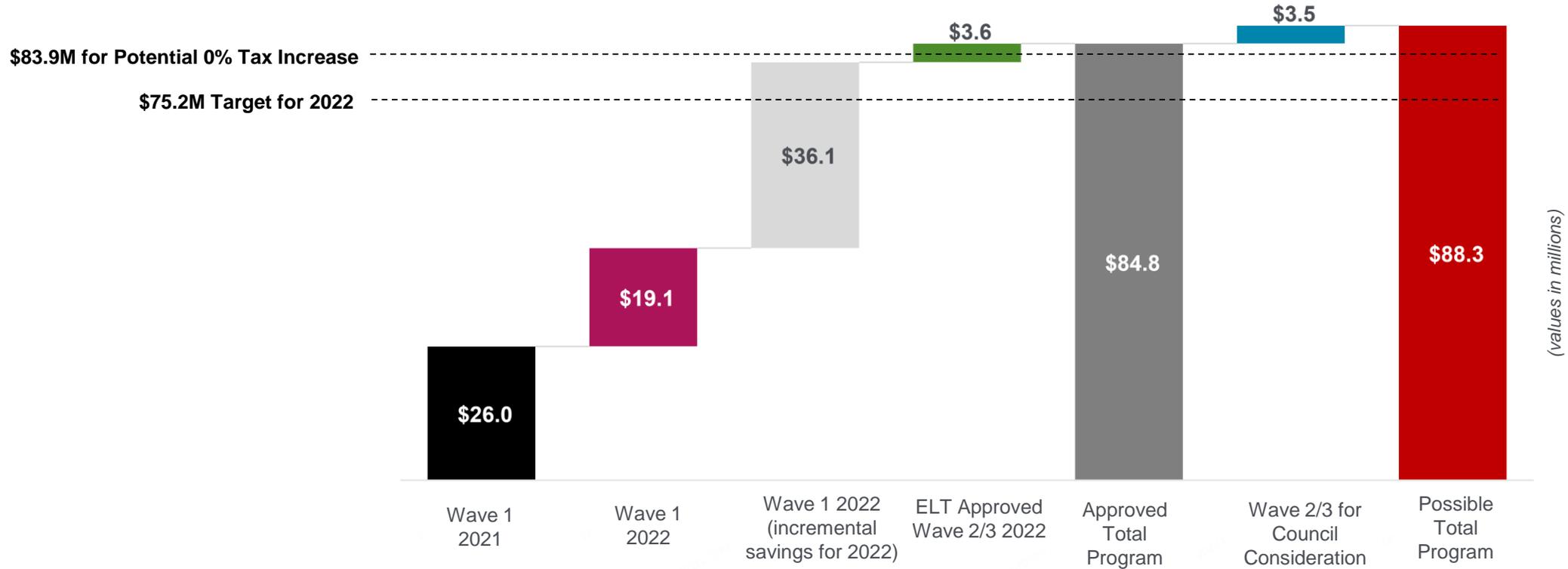
- a. Delivering on Citizen Priorities and Council Directives within an environment of economic constraint;
- b. Mechanisms for reducing the cost of delivering municipal services while taking into account Administrative initiatives and projects already underway and intended to contribute to this objective;
- c. Capitalizing on revenue generating opportunities available to The City; and
- d. Developing solid business cases for short and longer-term efficiencies across the Corporation that advance the achievement of Citizen Priorities and Council Directives within an environment of economic constraint.





- The SAVE program was designed to enhance The City’s financial sustainability and increase service efficiency and effectiveness. SAVE aims to modernize municipal government while improving the service value that citizens receive.
- To meet these objectives, SAVE adopted a “funnel approach” for considering and developing ideas from different sources. Below is a snapshot of this approach along with the overall accomplishments of the program.





- 2022 savings target was increased from \$74M to \$80M during the Mid-Cycle Adjustments, then decreased to \$75.2M as a result of the property tax bylaw passed by Council on 2021 March 22.
- Wave 1 business cases (\$26.0M +\$19.1M) are being implemented; some are complete, some are in progress and some will begin soon. The \$19.1M was part of the original business cases and reflects additional savings in 2022 as full implementation occurs and up-front costs incurred in 2021 are no longer applicable.
- Wave 1 incremental savings (\$36.1M) for 2022 were newly identified during implementation and will be presented during the November 2021 adjustments process.
- ELT’s approval of Waves 2/3 (\$3.6M) business cases has secured the 2022 target. Council approval of additional contingency would ensure financial targets are met or would provide further financial options.



Business Cases Approved by the ELT	Estimated Savings for 2022
Corporate-wide Route Planning	\$290,000
Learning & Development	\$200,000
Reservoir Safety Funding Model	\$370,000
Scheduling and Time Tracking*	\$0
Public Art Program/Reserve	\$350,000
Reduced External Consulting	\$250,000
Manchester Shuttle Service	\$140,000
Centralized and Consistent Fuel Budgeting	\$920,000
Employee Kilometrage Expensing	\$710,000
Inventory Transformation – Calgary Transit	\$370,000
Cash and Liquidity Management	N/A
Management of Transit Parking	N/A
TOTAL	\$3,600,000

Business Cases for Council Consideration	Estimated Savings for 2022
TOTAL	\$3,490,000



Business Cases	Estimated Savings for 2022
Business Cases Approved by the ELT	\$3,600,000
Business Cases for Council Consideration	\$3,490,000
TOTAL	\$7,090,000



Business Case	Description
<p>Corporate Wide Route Planning</p>	<p>Review feasibility of adopting a corporate-wide route optimization solution for performing scheduled maintenance and maximize the number of appointments that can be completed by crews in the field using GIS based route optimization tools/GPS enabled systems.</p> <p>Route optimization technology is used daily in many areas of The City and recent advancements open the door for new City users with more complex needs. When combined, the top four fuel users use 95% of The City's fuel expenditure and the majority of kilometers driven are already aided by route optimization software – considering mill-rate support, an existing opportunity for The City is in Roads, where a pilot program, started in 2018, has already demonstrated the efficacy of the technology. Full implementation can be achieved for the Snow and Ice Control season starting in late 2021.</p>
<p>Learning & Development</p>	<p>Identify potential savings through a centrally guided approach to decision making on learning and development (L&D) activities, specifically on professional development training opportunities available to employees.</p> <p>This business case presents the opportunities to optimize funding levels and process improvements for various types of professional development opportunities offered by the organization to its employees. Currently, each business unit across the City has the autonomy to decide and approve L&D opportunities and training programs for its employees. Therefore, a primary benefit of the business case is that it is expected to ultimately empower the Corporate L&D function and the organization as a whole to deliver a cohesive and efficient framework that will enable consistent professional development across the workforce. Technical training programs are excluded from this business case as there may be a need for reskilling due to the ongoing re-alignment work (i.e. only training programs that may be classified as 'professional development' are in scope). Professional memberships are also excluded as they were included in the previously approved External Memberships business case as part of Wave 1.</p>
<p>Reservoir Safety Funding Model</p>	<p>Review feasibility of eliminating or transferring cost of Recreation's water safety Boat Patrol on Glenmore Reservoir to the Water Utility. The Boat Patrol provides water safety education, environmental stewardship, and first response for water rescue operations throughout the boating season.</p> <p>Recreation runs the Boat Patrol from May to October, providing a direct contact, education-first approach to water and reservoir safety; proactive hazard identification and mitigation; on-water assistance to boaters; and, from a security perspective, maintaining an active presence on the drinking water asset. No directly comparable municipalities providing this service have been identified, nor any legislation that mandates boat patrol on the reservoir, deeming this service non-mandatory. Several unintended consequences have been recognized and are being investigated to consider the full implications of this case.</p>
<p>Public Art Program/Reserve</p>	<p>This business case documents completed work from an ongoing Arts and Culture service initiative to capture and track the cost savings tied to the transition of the Public Art Program to a third party.</p> <p>This initiative is a service project resulting in realized savings allocated to the SAVE program. On 2020 April 6, Council approved moving the Public Art Program to an external organization to ensure procurement and communication processes for new public art are simplified and more accessible to the arts community and the public. As of 2021 April, Calgary Arts Development was named the new operator of the Public Art Program and will be responsible for community programming, calls for artists, community engagement, and procurement of future public art. The savings from this business case will be realized in 2022. A savings of \$3.2M in one-time funding from the Public Art Reserve is also expected to be realized.</p>



Business Case	Description
<p>Reduced External Consulting</p>	<p>Determine options available to reduce expenditure on external consulting.</p> <p>This business case is focused on “management consulting” as opposed to technical, engineering or construction specialities. This case recognises the value external management consultants bring to The City and does not propose to completely replace this option; rather, it sought to evaluate options to displace portions of it. The approved proposals were: 1) Increase coordination of upcoming and existing internal policies and services, and 2) Explore options to displace some future external management consulting work with professional internal management consulting.</p>
<p>Manchester Shuttle Service</p>	<p>Review delivery of the Manchester Shuttle Service given the significant drop in ridership as a result of the pandemic which has led to increased adoption of virtual meetings and work from home policies.</p> <p>This is an internal efficiency business case. During the COVID-19 pandemic, the organization experienced a 90% reduction in usage for the Manchester shuttle as well as reduced demand for parking in the Manchester area. It is expected that most staff currently working remotely will continue to work remotely at least some of the time even after the pandemic. Therefore, this business case proposes elimination of the Manchester Shuttle service in 2022. It is also recommended that there should be review of implementation at the end of 2022 and present findings to ELT in Q4 2022.</p>
<p>Scheduling and Time Tracking</p>	<p>Modernizing the Time and Attendance process to reduce errors and time spent manually performing tasks and increase productivity.</p> <p>The Time and Attendance process involves scheduling, time capture, time processing, absence tracking, and time closure. For business areas with high scheduling and time management needs, it is an iterative process that requires agility and sometimes quick decision-making. Currently, this process is managed in an inconsistent manner across The City – some business units are performing these tasks manually, and some business units are using older versions of leading technology. This business case seeks to create a uniform adoption of an Ultimate Kronos Group (UKG) solution within all business areas with scheduling and time management needs. This software will drive efficiencies across the organization through reduced hours spent performing these tasks manually, and reduced errors.</p>
<p>Centralized and Consistent Fuel Budgeting</p>	<p>Create a centralized and consistent fuel budgeting system where business units forecast fuel expenditures in volume, and where a central office forecasts fuel prices and manages the fuel budget through a contingency account.</p> <p>This business case proposes a solution to the difficulties faced by different business units in preparing fuel budgets and managing the risk associated with fuel price volatility. Business units will be responsible for forecasting their fuel volume consumption within a framework developed by the Corporate Budget Office. It will also expand the fuel hedging program to allow better management of fuel price risk and budget certainty. This business case is consistent with the principles of the Budget Modernization and Energy Budgeting business cases developed in Wave 1 of the SAVE Program.</p>



Business Case	Description
Employee Kilometrage Expensing	<p>Implement new policy to reduce personal vehicle kilometrage expenses, and right size the budget for kilometers reimbursed.</p> <p>The policy will require employees to attend meetings virtually where possible. In the circumstances where business travel is necessary, the policy will require employees to take a FlexFleet vehicle. To be reimbursed for the use of personal vehicle kilometrage, it is proposed that employees will be required to provide business justification for travel, and evidence that a Fleet vehicle was not available.</p>
Inventory Transformation – Calgary Transit	<p>Modernize inventory management at Calgary Transit through improved planning and technology-driven process transformation that reduces manual touchpoints in handling inventory and helps the City avoid losses due to write-offs of obsolete materials and supplies.</p> <p>Improved maturity of forecasting inventory requirements based on maintenance schedules will enable supply management to stock garages with required materials at the right levels ahead of time instead of overstocking warehouses. The current method of forecasting is more backward-looking based on historical trends rather than forward-looking. Improved integration between Transit’s M5 and Supply Management’s PeopleSoft systems will enable seamless tracking and tracing of parts and supplies (currently done manually by inventory technicians). This also enables Transit technicians to pull supplies off shelves by themselves without relying on Supply Management staff.</p>
Cash and Liquidity Management	<p>Review The City of Calgary’s cash and liquidity management strategy and processes.</p> <p>This business case considers two simultaneous approaches that can improve the ability of Treasury to forecast cash-flows, optimize cash balances and reallocate cash to longer-term investments that could potentially generate additional revenue. No budget adjustments are proposed due to the market-driven nature of potential increased revenue and uncertainty around how much additional cash Treasury will be able to move into longer-term investments.</p>
Management of Transit Parking	<p>Council directed Administration (2019 November 29) to consider new or improved revenue streams specifically referencing Calgary Transit park and ride fees.</p> <p>This business case investigated the opportunities presented through pay-for-parking at all Transit parking facilities. Linkages amongst parking usage and LRT and feeder bus ridership need to be further understood in terms of demand elasticity and anticipated Transit customer behaviour with the introduction of a new fee. As a result of the downturn in the local economy, downtown vacancy rates, existing parking surplus in the core and ongoing impacts of the pandemic severely impacting ridership, it has been determined that the environment is not appropriate for action at this time. Calgary Transit will monitor key criteria and evaluate to determine when conditions are appropriate for implementation of pay-for-parking in the future. As a return to full ridership is not anticipated for some time, this is unlikely to occur with the SAVE program’s timeframe.</p>



That the Priorities and Finance Committee recommends that Council:

1. Consider approving the two business case summaries presented in Attachment 3 for implementation and inclusion in the 2022 Budget Adjustments in 2021 November;
2. Direct that this report be forwarded as urgent business to the 2021 July 26 Combined Meeting of Council; and
3. Direct that Attachment 3 remain confidential pursuant to Section 24(1)(a), (d) and (g) of the Freedom of Information and Protection of Privacy Act to be reviewed by 2026 July 20.