

PARKS ZERO-BASED REVIEW: FINAL REPORT AND ADMINISTRATION'S RESPONSE

EXECUTIVE SUMMARY

In June 2013, Council directed Administration to focus the Parks Zero-Based Review on the in-depth analysis of three service areas (Natural Areas, Pathways, and Parks Operations), and on the overall review of Parks' organizational functionality. This report brings forward the Final Report by PROS Consulting and the Administration's Response to the consultant's recommendations.

The recommended changes to the Parks operations are anticipated to generate approximately \$4 million in annual financial benefits (through a mix of productivity gains, cost savings and increased revenue generation) once fully implemented. In addition to the quantifiable financial benefits, there are other equally important service efficiency and effectiveness gains resulting from improved staff morale, greater accountability, a higher level of customer service and environmental benefits.

ADMINISTRATION RECOMMENDATIONS

That the Priorities and Finance Committee recommend that Council:

1. Approve the Administration's Response to Parks Zero-Based Review: Final Report by PROS Consulting (Attachment 4 Confidential).
2. Direct that Attachments 3 and 4 remain confidential pursuant to Sections 24(1)(a) and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act* until the conclusion of 2022.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2014 SEPTEMBER 16:

That the Administration Recommendations contained in Report PFC2014-0470 be approved.

Excerpt from the Minutes of the Regular Meeting of the Priorities and Finance Committee, held 2014 September 16:

"And further, that the City Clerk not reproduce the Attachments contained in Report PFC2014-0470, and that Members of Council retain their copies and bring them to the 2014 October 06 Combined Meeting of Council."

"CLERICAL CORRECTION

A clerical correction was noted to Attachment 1 contained in Report PFC2014-0470, in the Snow and Ice Control Chart on Page 41, across from the heading "Agency B" as follows:

- by deleting the amount "230" under the heading "Snow Removal Kilometers of Pathways" and by substituting with the number "247",

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- by deleting the amount "247%" under the heading "Snow Removal % of Pathways" and by substituting with the amount "25%"

by deleting the word "Acces" under the heading "Criteria for Snow Removal" and by substituting with the word "Access".

PREVIOUS COUNCIL DIRECTION / POLICY

On 2012 December 17, Council approved the Project Initiation of the Parks Zero-Based Review (PFC2012-0807). The report detailed the purpose, scope, method and governance of the Parks Zero-Based Review. Following this approval, PROS Consulting was retained through a competitive bid process to undertake the Parks Zero-Based Review.

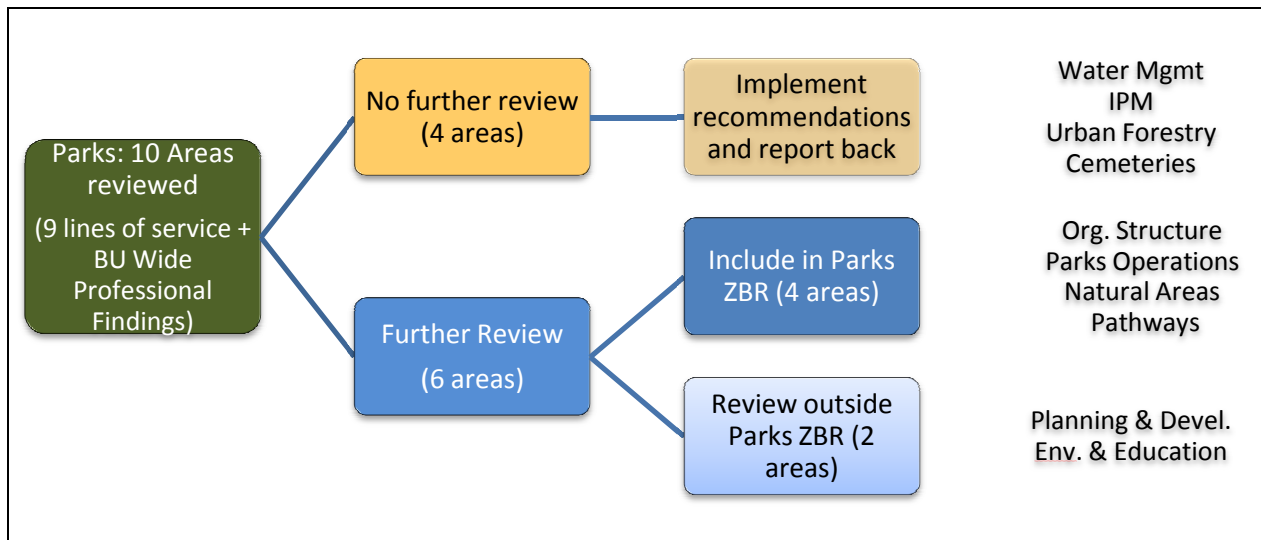
On 2013 June 18, the Priorities and Finance Committee (PFC) received for information the preliminary findings from PROS Consulting and approved the Steering Committee's recommendations to conduct in-depth reviews on four Parks' service areas (PFC2013-0417). In July 2013, Council approved a deferral of the Parks Zero-Based Review final report to June 2014 due to the flood, as Parks needed to re-prioritize operations to address public safety concerns.

BACKGROUND

As part of the preliminary high level assessment phase of the Parks Zero-Based Review (ZBR), all of Parks' lines of service, along with the overall organization structure, were investigated (PFC2013-0417). Of the ten areas investigated in the high level assessment report:

- Four services, namely Cemeteries, Integrated Pest Management, Urban Forestry, and Water Management, were found to be operating effectively and efficiently and required no further investigation. In some cases, such as Water Management, Parks had implemented best practices.
- Two services, Planning and Development and Environment & Education Initiatives, were to be further examined outside the ZBR process.
- Four remaining areas were identified as having the greatest potential for effectiveness and efficiency improvements, and were approved as the subject of the ZBR in-depth review.
 - Natural Areas
 - Pathways
 - Parks Operations
 - Organizational Functionality (not a single service, but business-unit wide policies, processes and practices).

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The annual operating budget of the services under in-depth review for the Parks ZBR is about \$50 million and accounts for approximately 64% of Parks' 2012 annual operating budget of \$78 million.

The external consultant, PROS Consulting (PROS), interviewed and surveyed over one hundred City staff as part of its in-depth analysis. PROS also conducted several workshops with employees to develop performance measures for all major Parks' services and to document current maintenance standards. To compare Parks lines of service with other municipalities, a benchmarking survey was developed and sent to the following six municipalities: Denver, Edmonton, Helsinki (Finland), Minneapolis, Sydney (Australia), and Toronto.

Administration also engaged four peer reviewers to provide feedback on the findings, recommendations and business cases.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

CONFIDENTIAL AND PUBLIC REPORTS (Recommendation 2)

The *Parks Zero-Based Review: Final Report* by PROS Consulting and the Administration's Response to this report contain some information that must be held confidential. The potential harms of disclosing the confidential information are:

- Negative impact on the economic interests of The City.
- Ability to effectively implement the proposed changes.

In keeping with the principle of transparency, Attachment 1 (PROS Final Report) and Attachment 2 (Administration's Response) are public documents that disclose all the information, except for the sections that must be kept confidential for the reasons noted above. Attachment 3 (PROS Final Report) and Attachment 4 (Administration's Response) are complete

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versions of the same documents and include confidential information. Most of the information in the attachments is public information.

The confidential and public attachments mirror each other except for sections that contain confidential information. The confidential information in Attachments 3 and 4 is outlined in text boxes, and in the public attachments, information is removed from these boxes and replaced with the following caption: "Information withheld due to confidentiality".

PROS CONSULTING FINAL REPORT

PROS' Final Report (Attachments 1 and 3) outlines the findings for the four areas selected for in-depth analysis and then develops the recommendations in six business cases. The business cases group similar recommendations together and "allow key decision-makers at The City an opportunity to evaluate the merits of each recommendation, assess the benefits and costs of implementation, and provide guidance to the business unit" (p. 69).

Key Findings

As part of the in-depth analysis, the consultant investigated the following five fundamental ZBR questions (see pages 64-65 of the PROS Final Report for a summary of the conclusions):

- Service Rationale – Do we need to provide this service? Why or why not?
- Service Level and Scope – What quality and quantity of service do we need to provide?
- Service Effectiveness – Is the service achieving its intended outcomes?
- Service Efficiency – Is the cost per output reasonable?
- Service Funding – Is the funding sustainable?

Some of the key findings are:

- All the Parks services examined are "core and essential" services that The City should continue to provide its citizens, according to the PROS Community Values Model. Calgarians highly value these services and are very satisfied with them. The services also contribute substantially to a number of The City's major corporate policy goals, including the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP).
- The maintenance level of some services (general maintenance, natural areas and pathways) provided by Parks and some of the associated budgets for these activities are below that of the benchmarked cities. Other services (floral, large area mowing and playfields) are at par with other cities. The maintenance levels are affected by the expansive park asset inventory and large metropolitan area of Calgary.
- The services examined are operating efficiently according to the National Recreation and Park Association (NRPA) standards. Over the past three years, Parks has realized more than \$10 million in productivity gains and cost avoidance. Parks provides a safe work environment, and employees are passionate about the work. The interviews and surveys also indicated that improving staff morale would improve productivity.
- Performance measures, especially those measuring efficiency and effectiveness, are limited. Through the ZBR process, PROS worked with Parks to develop performance

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measures for all major lines of service. These are now ready to be implemented and used.

- The productivity of seasonal staff, on which Parks is heavily dependent, can be improved. Changes to existing practices could improve work planning and overall productivity. Some of these changes will require negotiation and agreement with CUPE Local 37.
- Playfield user fees are low, and there are indications that existing users are booking more time than they actually use.
- Calgary is home to a large and diverse portfolio of Parks assets, exceeding the level of most benchmarked cities. This affects both annual maintenance and lifecycle costs.
- Systems for planning and organizing work, measuring efficiency and effectiveness, and managing employee performance are not consistently applied.

PROS Recommendations and Business Cases

The PROS Final Report includes 22 recommendations that are organized into six business cases for change and improvement. These business cases are summarized below.

<i>Business Case 1: Performance Management & Maintenance Standards</i>
The three recommendations in this business case are about improving accountability and thereby increasing productivity by consistently implementing maintenance standards across the city; developing and consistently applying a formal performance management system for staff; and implementing the efficiency and effectiveness performance measures that were developed for all major lines of service as part of the Parks ZBR process.
<i>Business Case 2: Increased Productivity</i>
This business case is about increasing the productivity of the 600+ seasonal staff through a number of changes to existing practices. Some would require changes to the existing collective agreement between The City and CUPE Local 37.
<i>Business Case 3: Cost Savings</i>
The two key recommendations in this business case involve the expansion of third party contracting and the potential increase of naturalization in selected park spaces. In addition to the potential for cost savings, environmental benefits are expected from increased naturalization.
<i>Business Case 4: Levels of Service Provisions</i>
Calgary's expansive and growing asset portfolio is not sustainable. The recommendation in this business case is to investigate further the planning and development process through which assets are acquired.
<i>Business Case 5: Playfields Utilization & Cost Recovery</i>
The recommendations are to develop a playfield strategy in conjunction with Recreation and to increase the hourly rate of playfield rentals to recover 50% of the maintenance costs.

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Business Case 6: Other Recommendations

The six general recommendations in this business case supplement the recommendations in the other five business case. In particular, recommendations such as improving communication and enhancing collaboration across service line boundaries are based on the organizational functionality findings.

The anticipated financial impact of acting on these business cases over the next few years is approximately \$4 million annually once fully implemented. The \$4 million can be subdivided into approximately \$3 million from increased productivity of seasonal staff and savings from potentially increasing third party contracting and approximately \$1 million from an increase in playfield user fees.

ADMINISTRATION'S RESPONSE (Recommendation 1)

Administration recommends full acceptance of 19 of the 22 recommendations, and recommends that the remaining three be accepted with some amendment. The proposed amendments are about fine-tuning the recommendations and enhancing their alignment with other plans, policies and City values. Administration's response to each of the 22 recommendations is provided in Attachment 4 (confidential document for Council approval). Attachment 3 is a parallel public document without the confidential information.

Of the \$4 million, Parks plans to implement most of the \$3.0 million gains during the 2015-18 business plan budget cycle subject to market conditions, and some of these gains will occur at the corporate level. There are risks, such as the ability to negotiate with the union and increase in market prices, which may negatively impact the projected gains. Parks will continue to mitigate these risks wherever possible.

The remaining \$1 million, related to the increase in playfield rates, requires further investigation and will be brought back to Council for approval upon the completion of the Playfield Strategic Plan that is scheduled to be implemented in 2017.

PARKS UPDATE ON COMMITMENTS

Attachment 5 provides a status update on a number of commitments Parks made in June 2013 as part of the Administration's Response to the Parks Zero-Based Review Report: High Level Assessment (PFC2013-0417). To date, Parks has undertaken a number of actions including, but not limited to:

- Development of performance measures for major lines of service, including integrated pest management, urban forestry, and water management.
- 300 water meters were decommissioned in 2012 and 2013, and another 70 are planned for 2014.
- The iTree Eco and Urban Tree Canopy Studies are in progress, and they will be used to update the Urban Forest Strategic Plan.
- Parks is working with developers, Transportation Infrastructure and Water Services on several projects that use storm water for irrigation purposes.

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Stakeholder Engagement, Research and Communication

PROS consulted internal stakeholders, including Human Resources and Finance, in addition to Parks management and staff, during the investigation and recommendation development phases of the project.

Administration also engaged a number of stakeholders, such as Human Resources, Finance, Recreation, Law, Fleet and FOIP Office, during the development of the Administration's response to the PROS report.

Communications with Parks staff occurred at various points throughout the project, including an update on the preliminary recommendations to all Parks staff at a meeting in March 2014. Parks staff will receive further updates as the recommendations are finalized and approved by Council.

The results of the Parks ZBR were communicated to the affected unions prior to the public release of the final report.

Strategic Alignment

Alignment with the following four corporate policies was part of the high level analysis: Council's Fiscal Plan, the Municipal Development Plan (MDP), Calgary Transportation Plan (CTP) and the 2020 Sustainability Direction. During the in-depth phase, alignment was reviewed and confirmed.

Social, Environmental, Economic (External)

Economic impact – The overall focus on efficiency has resulted in quantifiable financial benefits of approximately \$4 million, subject to market conditions, as well as other efficiency gains that were not quantified in the final report. These economic benefits are aligned with Council's Fiscal Plan.

Social impact – Open public spaces supports a number of social objectives including building a city that people want to live and work in. Citizens are very satisfied with parks and open spaces, as indicated by the citizen satisfaction ratings of 95%. The consistent application of maintenance standards across the city supplemented with performance measures on service quality will further enhance user experience in park spaces. In addition, the increase in playfield user charges has the benefit of increasing playfield usage and increasing opportunities for emerging sports by improving playfield availability.

Environmental impact – The increase in naturalization of select park spaces is aligned with environmental sustainability, and in particular, with improving the biodiversity in Calgary through use of native plant xeriscaping (Sustainability Direction 2020).

Financial Capacity

Current and Future Operating Budget:

Except for the one-time costs to develop the attendance support program for seasonal staff, all other implementation costs will be absorbed within existing operating budgets. Human

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Resources will identify a one-time funding request as part of the 2015-18 business plan and budget process.

Parks will bring forward potential savings from ZBR implementation to the 2015-2018 Action Plan process for Council's review and direction.

Current and Future Capital Budget:

Parks will bring forward a proposed capital budget for naturalization of select parks spaces in the 2015-18 capital budget.

Risk Assessment

The significant risks to implementation of the recommendations are:

- Changes to the collective agreement are dependent on successful negotiations with the union.
- Changes in the economy may affect Parks' ability to expand third party contracting out and/or may reduce the projected savings.
- Some changes that increase seasonal staff productivity may reduce Parks' flexibility to move staff around and may result in service delivery gaps.
- Current community values may not be aligned with increasing naturalization of select park spaces or playfield user charges.
- Some recommendations are longer term in nature and may take more than one business cycle to complete.

REASON(S) FOR RECOMMENDATION(S):

Administration agrees that the recommendations in the Parks ZBR Final Report by PROS Consulting will result in efficiency and effectiveness improvements in the Parks Business Unit.

ATTACHMENT(S)

1. Parks Zero-Based Review: Final Report
2. Administration's Response to the PROS Consulting Recommendations
3. Parks Zero-Based Review: Final Report (Confidential)
4. Administration's Response to the PROS Consulting Recommendations (Confidential)
5. Parks Update on the Commitments in the High-Level Analysis