

ROADS AND WATER SERVICES ZERO-BASED REVIEW DEFERRAL REPORT

EXECUTIVE SUMMARY

This report requests deferral of the Roads Zero-Based Review (ZBR) Final Report from 2014 September to 2014 October 14 to allow key members of Administration and the external consulting team to present their findings and respond to questions.

This report also requests deferral of the Water Services ZBR High Level Results report pending Council's consideration of improvements to the Zero-Based Review Program for 2015-2018 (PFC2014-0554).

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend that Council:

1. Approve a deferral of the final report and recommendations of the Roads Zero-Based Review from 2014 September to 2014 October 14.
2. Approve a deferral of the High Level Results report of the Water Services Zero-Based Review from 2014 September 16 to 2014 October 14, pending Council's consideration of Zero-Based Review Program: 2015-2018 (PFC2014-0554) and approval to eliminate the requirement for the High Level Results report to be provided to PFC.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2014 SEPTEMBER 02:

That the Administration Recommendations contained in Report PFC2014-0624 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 December 10, the Priorities and Finance Committee approved PFC2013-0751, Roads Zero-Based Review: Results of High Level Analysis. The report identified the consultant's preliminary findings and stated that the final report of the Roads ZBR will be provided to the Priorities and Finance Committee no later than 2014 September.

On 2014 January 28, the Priorities and Finance Committee approved the Project Initiation of the Water Services Zero-Based Review (PFC2014-0063 and PFC2014-0471), including a commitment to provide preliminary findings and recommended refinement of the ZBR scope on or before 2014 September 02. The report was then deferred to 2014 September 16 (PFC2014-0471).

On 2014 July 15, the Priorities and Finance Committee recommended to Council, with amendment, the report on the Zero-Based Review Program: 2015-2018 (PFC2014-0554). On 2014 July 28, Council referred this report to the Mayor's Office, for further discussion with Administration, and for inclusion in the Agenda for the 2014 September 15 Special Strategic Planning Meeting of Council.

BACKGROUND

ZBRs are a part of the Corporate Strategy for Efficiency and Effectiveness (C2011-55) and respond to Council's direction to transform government. They examine what products and services are provided as well as how they are provided, to ensure that resources are used well

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in creating the kind of city that citizens have said they want to live in. Each review has two major phases:

- an initial high-level assessment of all services in the business unit to identify current strengths and to identify areas that would benefit from more in-depth analysis, and
- an in-depth review of the recommended areas, to identify potential changes to service level, scope or service delivery method that would improve efficiency and/or effectiveness.

Each review involves an external consultant, with expertise in the service under review, to provide an independent perspective.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Roads ZBR Final Report

The Roads Zero-Based Review is complete. However, one of the leading external consultants and key members of the Transportation department will not be available on 2014 September 30. The presence of the external consultant to present their final report and recommendations is an important component of the ZBR process, as is the presence and active involvement of Business Unit leaders. As such, Administration is recommending that the Roads ZBR Final Report be provided to the Priorities and Finance Committee at its 2014 October 14 meeting.

Water Services Phase 2A ZBR Report

The High Level Analysis of the Water Services ZBR is complete, and was originally scheduled to come to PFC on 2014 September 16. However, prior to initiating the next series of ZBRs in the 2015-2018 business cycle, Administration undertook a review of the Program, and recommended potential changes to ensure continuous improvement. These improvements provide greater clarity regarding the ZBR Program's purpose and expected results, while allowing a more flexible and faster process.

One of the proposed changes is to eliminate the mandatory requirement for the High Level Results report to Council. This recommendation reduces the process time to prepare the reports, and eliminates the delay while waiting for Council consideration. It also helps to manage program costs by reducing staff and external consultant time on interim reporting. Council, and other interested stakeholders, will be engaged about the status of ZBR projects through other means, such as memos and briefings.

The proposed changes were described in a report to Priorities and Finance Committee on 2014 July 14 (PFC2014-0554). Included in this was a recommendation that the changes be applied to ZBRs currently underway, including to the Water Services ZBR. This would have removed the need for the 2014 September 16 PFC High Level Analysis report for Water Services.

Priorities and Finance Committee recommended approval the proposed changes on 2015 July 15. However, when the report was discussed at Council on 2014 July 28 it was referred to the 2014 September 15 Council Strategic Session, to be discussed in the context of the City Manager's proposed work plan and the overall performance management system.

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The 2014 September 15 Council debate will occur too late for a decision to be made about eliminating or deferring the Water Services High Level Results report on September 16. Administration is therefore requesting a deferral of the report to October 14. If Council approves the recommended process changes on September 15, no High Level Results report would be required, and the Water Services ZBR would realize the benefits of the improved process in this case. If Council does not approve this recommendation on September 15, then Administration would provide the High Level Results report to PFC on 2014 October 14.

Stakeholder Engagement, Research and Communication

Employees and stakeholders will be informed of the revised timelines for the Roads' and Water Services' reports.

Strategic Alignment

The ZBR Program responds to direction in the 2012-2014 Council's Fiscal Plan to "implement a program of ongoing in-depth service reviews using a zero-based review philosophy." Moving forward into the next business plan and budget cycle, the Program aligns with Council's Strategic Direction for Action Plan 2015-2018. The ZBR Program will contribute to the priority to be "a well-run city," supporting two strategic actions: "be as efficient and effective as possible, reducing costs and focusing on value-for-money" and "examine opportunities for alternative service delivery" (C2014-0401).

Social, Environmental, Economic (External)

None

Financial Capacity

Current and Future Operating Budget:

None

Current and Future Capital Budget:

None

Risk Assessment

Not deferring these reports would result in the following risks:

- *Roads ZBR Final Report:* Key members of Administration and the external consulting team would not be available to present their findings and respond to Committee's questions.
- *Water Services ZBR High Level Results Report:* The process used by the Water Services ZBR would not be in line with the improvements recommended for the ZBR Program in 2015-2018, *resulting in additional time and costs to deliver the report and stalling work planning and research while waiting for Council's approval.*

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REASON(S) FOR RECOMMENDATION(S):

The deferral request of the Roads ZBR Final Report will allow key members of Administration and the external consulting team to attend the Priorities and Finance Committee meeting to present their findings and respond to questions.

The deferral request for the Water Services ZBR High Level Results report is pending Council's consideration of the improvements to the 2015-2018 ZBR Program on 2014 September 15.