

TOMORROW'S WORKPLACE PROGRAM 2016 STATUS REPORT

EXECUTIVE SUMMARY

In 2011 November, Council directed Administration to form Tomorrow's Workplace (TW), a five year transformational change initiative to accommodate growth within The Corporation's existing real estate portfolio and avoid future real estate costs. The program's mandate includes determining ways to avoid the creation of 750 conventional work spaces by 2020, along with supporting City departments with their Action Plan targets to decrease 10 per cent of assigned office workstations by 2018. TW has focused on realizing this direction by increasing The Corporation's use of, and proficiency with, mobile technology, flexible workstyles and flexible work spaces. As the initiative approaches the final year of its mandate, significant progress has been achieved on a number of fronts. As of mid 2016, in conjunction with other key FM space planning initiatives, TW has contributed towards the avoidance of 900 conventional work spaces, well ahead of its target of 750 by 2020, resulting in a lease cost avoidance of over \$8 million.

Moving into 2017, TW will be transitioning from an interim program to being embedded in FM operations, as a formalized, repeatable and sustainable service component within Workplace Solutions. FM will report back on this transition and continued efforts of TW to realize its Corporate real estate cost avoidance mandate through a program closure report no later than Q4 2017.

ADMINISTRATION RECOMMENDATION(S)

That the Land and Asset Strategy Committee recommends that Council direct Administration to report back to Council through the Land and Asset Strategy Committee with a Tomorrow's Workplace program update and closure report no later than Q4 2017.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2015 July 20 Council received Tomorrow's Workplace's 2014 status report and directed Administration to report back to Council through Land and Asset Strategy Committee with a follow up status report no later than Q2 2016.

BACKGROUND

Technological advances and social changes are transforming how we work. The notion of "going to work" is no longer tied to a specific location. The Tomorrow's Workplace initiative is responding to this trend by developing solutions and providing support for flexible work styles and workplaces. In responding to this trend, The City:

- Manages costs by optimizing existing work spaces and reducing the need for new space;
- Attracts and retains productive employees through flexible workstyles;
- Enables more accessible and convenient services to citizens;
- Reduces the corporate environmental footprint;
- Enables an innovative and collaborative workplace;
- Improves health and wellness; and
- Prepares for business continuity and resiliency.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

As per Council direction, TW has supported The Corporation's efforts to accommodate growth within the existing real estate portfolio, subsequently avoiding future real estate costs. This has included the development and implementation of a number of key projects and the realization of a number of significant milestones.

2016 Key Achievements

As the TW initiative approaches the final year of its mandate, considerable progress has been achieved on a number of fronts, including:

Corporate Avoidance of Real Estate/Workspace Costs

As of mid 2016, in conjunction with other key FM space planning initiatives, TW has contributed towards the avoidance of 900 conventional work spaces. The original 2011 target of 750, proposed to occur by 2020, was completed in just four years. By shifting to an alternative flexible workspace model where only a percentage of workstations were assigned to staff and others remained available for "flexible use", the organization was able to achieve significant savings, resulting in a "lease cost" avoidance of over \$8 million. The avoidance of work spaces required careful planning and coordination across the organization and represented a true collaborative Corporate endeavour.

Business Unit Assigned Workstation Reductions – Information Technology (IT)

As per Action Plan, all departments have included a target to decrease 10 per cent of assigned office workstations by 2018. TW supports these efforts by providing support and expertise on the implementation of flexible work styles and work spaces for business units. TW's support resulted in IT realizing a reduction of 216 workstations to date, thereby allowing the CFOD to not only achieve its assigned workspace reduction target from Action Plan, but to surpass their overall departmental target of 180 workstations. Further, IT has also realized an 11 per cent reduction in workspace square footage, resulting in an associated cost avoidance of \$2.9 million in lease costs, with IT planning to reach a further workspace square footage reduction of 17 per cent.

TW is currently partnering on an ongoing basis with over 13 business units to support their efforts to realize workspace reductions, with workspace reduction targets ranging from 15 to 40 per cent depending on the business unit involved.

Establishment of the Municipal Building Flexwork Hub

The Flexwork Hub is a centralized, multi-functional drop-in workspace within the Municipal Complex that is accessible to all City of Calgary employees. It was designed to support The City's already mobile workforce and also aids business continuity by providing alternate work spaces for employees in the event of interruptions to business operations. Hub usage data shows that more than 50 staff members utilize the hub each day, averaging approximately 1400 visits per month.

With the majority of The City workforce not located in the downtown core and a continued demand for flex work spaces, TW is currently developing a Corporate Flexwork hub strategy to

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support employee productivity, reductions in our environmental footprint, attraction and retention of staff, along with continued real estate savings throughout The Corporation.

3-1-1 Early Adopter Project

This pilot project in partnership with Customer Service & Communications, provided 3-1-1 staff with the opportunity to work from home rather than commute to work. This project has resulted in approximately 9 per cent of 3-1-1 staff teleworking, increasing 3-1-1's capacity to respond quickly and effectively to citizens during peak periods and in the event of emergency situations. In addition, the project has avoided associated real estate costs by no longer requiring a 3-1-1 backup centre and resulted in a reduced environmental footprint, as less time is spent by staff commuting to and from work. Overall, 311 staff have reported a positive experience, highlighting that productivity has improved or remained the same.

2016-2017 Key Ongoing Initiatives

Workplace App and Boardroom Strategy

TW is currently developing a Workplace App and Boardroom Strategy that will lead to the optimization of real-estate costs through improved use of office space. The app and associated strategy will improve employee productivity and satisfaction by simplifying the scheduling of meeting spaces, increasing availability and collaboration. The app will also enable booking of meeting rooms from a mobile device; allow staff to locate unassigned spaces and Flexwork hubs, and the ability to provide security and safety push notifications.

Roads Early Adopter Project

This pilot project, with a target of a 40 per cent mobile workforce, will enable the business unit to meet demands for growth without increasing work spaces, while simultaneously contributing back to the Corporate workspace inventory. The construction of a citizen facing permit counter and a corporate Flexwork Hub on the main floor of Manchester Building E will release part of the main floor back to The Corporation's real estate portfolio. At the same time approved lifecycle upgrades for the Manchester complex will be coordinated within the flexible work project construction work. This project represents an example of optimized facility management and real estate portfolio planning efforts, while also increasing collaboration among business areas and enhancing citizen service delivery efforts.

The Attachment provides a complete listing of current TW initiatives, including status updates.

Moving into 2017, TW will be transitioning from an interim program to being embedded into FM operations, as a formalized, repeatable and sustainable service component within Workplace Solutions. FM will report back on this transition and continued efforts of TW to realize its Corporate real estate savings mandate through a program update and closure report no later than Q4 2017.

Stakeholder Engagement, Research and Communication

TW has embedded collaboration with its key stakeholders into its ongoing operational model. This includes partnering with business units on a host of projects from workspace avoidance initiatives to the development of hub spaces and accessibility projects.

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Externally, TW participated in this year's Door Open YYC event, providing tours of the Flexwork Hub to the public to demonstrate an effective and innovative use of space.

The City's approach to avoiding future real estate costs, supporting business continuity and achieving other important outcomes through flexible work in a municipal environment is increasingly being recognized across the country as a municipal best practice. The organization's profile and reputation have been enhanced through participation in the International Facility Management Association (IFMA) where TW has presented on the benefits of flexible work. Through this association, TW has been recognized as a municipal leader in flexible work, providing advice, guidance and support to other organizations considering or implementing flexible work.

Strategic Alignment

TW supports Council's priority to be a "well-run city", and specifically the direction to be "as efficient and effective as possible, reducing costs and focusing on value for money". TW also supports the corporate "How" initiative approved by Council in Action Plan 2015-2018. As part of this initiative, all departments have included a target to decrease 10 percent of assigned office workstations by 2018.

Further, the TW team is working closely with the newly created Integrated Civic Facility Planning Program to inform how mobility will further support the rationalization and optimization of the Corporate facilities portfolio.

Social, Environmental, Economic (External)

TW contributes to social outcomes by connecting staff with flexible work styles and work spaces that enable work-life balance and improve employee satisfaction and productivity. It also improves The City's ability to attract and retain employees.

Real estate and facilities are one of the greatest areas of opportunity for The City to reduce its environmental footprint. Flexible work spaces achieve this by helping reduce energy and water consumption, reducing employee commuting trips to and from the office, and making more efficient use of office amenities. Flexible work styles can contribute to reduced peak hour traffic congestion.

TW also works collaboratively with business units to convert convention work spaces to unassigned flexible spaces, creating value for money through increased asset utilization and avoiding real estate costs.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget implications associated with this report.

Current and Future Capital Budget:

Originally, through LAS2011-66, TW was authorized to spend \$26.8M in Corporate funds to support organizational efficiency and responsible asset management with an emphasis on avoiding future real estate costs; with the requirement to repay \$18.8M to the Reserve for

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Future Capital (RFC). Subsequently, in 2015 Administration worked with its business unit partners to secure cost efficiencies which resulted in a Program budget relinquishment of \$2.5M. In addition, Administration has also paid back \$1.2M to the RFC, for a total of \$3.7M returned to date.

Risk Assessment

The TW initiative addresses Corporate risks around growth and associated real estate costs by working with departments to realize space reduction targets and fostering flexible work environments. A continued collaborative focus by FM at the department and business unit levels will subsequently serve to partially mitigate ongoing Corporate space and sustainability challenges.

REASON(S) FOR RECOMMENDATION(S):

In 2011 November, Council directed Administration to form Tomorrow's Workplace (TW), a five year transformational change initiative to accommodate growth within The Corporation's existing real estate portfolio, subsequently avoiding future real estate costs. Moving into 2017, TW will be transitioning from an interim program to being embedded into FM operations, as a formalized, repeatable and sustainable service component within Workplace Solutions. FM will report back on this transition and continued efforts of TW to realize its Corporate real estate savings mandate through a program update and closure report no later than Q4 2017.

ATTACHMENT(S)

Overview of Tomorrow's Workplace Projects: June 2015 – May 2016