

Zero-Based Review Program Status Update: November 2015

PFC2015-0903
ATTACHMENT 2

» Overview

The Zero-Based Review (ZBR) program is a component of The City of Calgary's Integrated Performance System, designed to promote innovation and continuous improvement. This system supports the Leadership Strategic Plan, specifically the objective to better serve our citizens, communities, and customers.

Each ZBR focuses on an analysis of services to achieve a greater level of efficiency and effectiveness. By combining the skills and experience of Business Unit staff, internal consultants (from the Corporate Initiatives team)

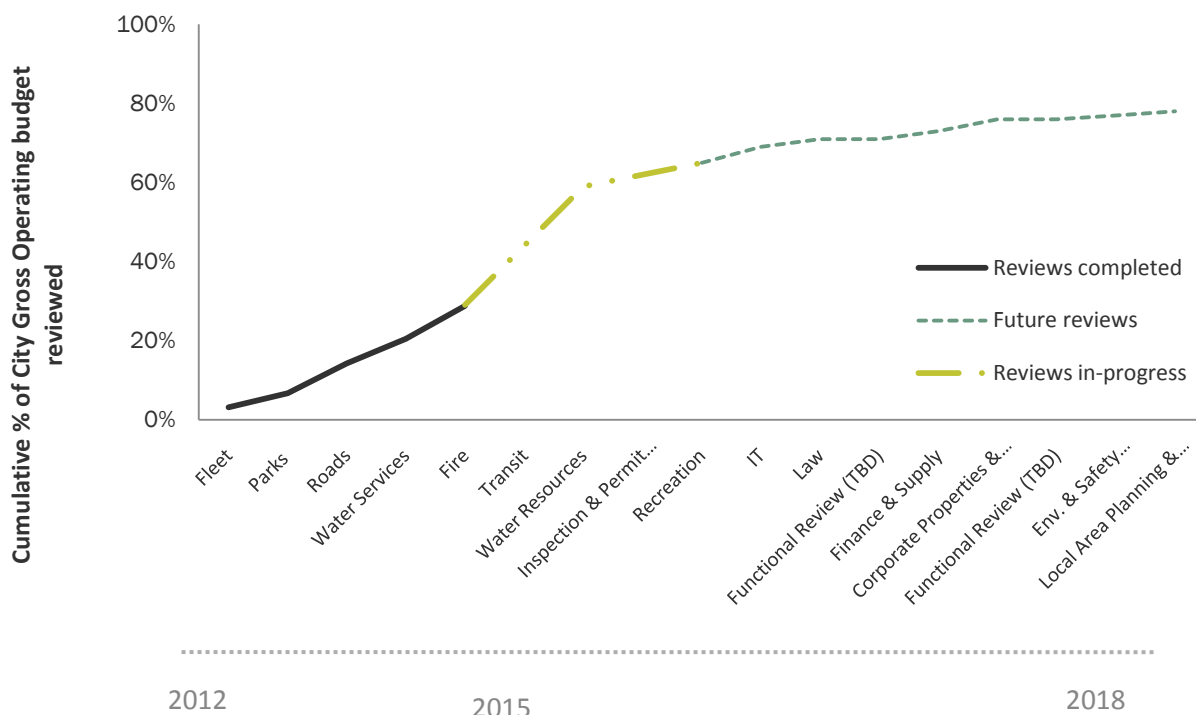
and external subject matter experts, the reviews not only identify specific improvement opportunities but – with the other elements of the Integrated Performance System – support the wider objectives of the Leadership Strategic Plan. These include developing a cohesive leadership culture and an engaged workforce that is focused on service improvement, sound management practices and progressive public service.

INTEGRATED PERFORMANCE SYSTEM



» How much did we do?

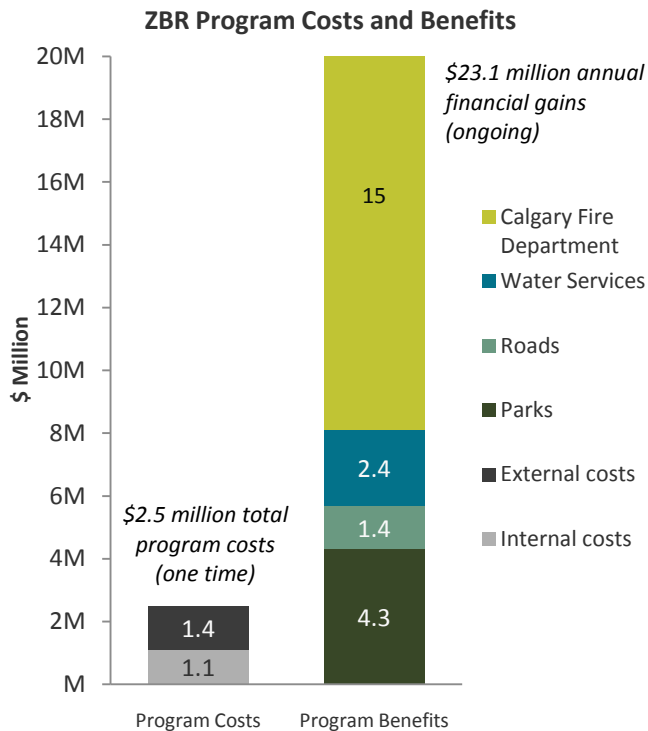
To date, **five** ZBRs have been completed (Fleet, Parks, Roads, Water Services, and Fire), and **four** more are underway (Transit, Water Resources, Inspection & Permit Services, and Recreation). **Eight** additional reviews are scheduled to be initiated by the end of 2018. We are on track to meet our target of reviewing 80% of City operations (as measured by gross operating budget) by 2020.



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» How well did we do it?

The ZBR program supports the Council Priority of “A Well-run City”, contributing to the strategies to “*be as efficient and effective as possible, reducing costs and focusing on value for money*” and “*examine opportunities for alternative service delivery*”.



Since the program’s inception, annual financial gains ranging from **\$23.1 million** (low estimate) to **\$27.5 million** (high estimate) have been identified. Most of the gains will reduce base operating budgets so that, once they are fully implemented, the benefits will be achieved year after year.

The total cost of the ZBR program to date is **\$2.5 million**. This includes both fees for external resources as well as costs for staff in the Business Units reviewed and on the Corporate Initiatives team.

The ratio of program financial benefits to program costs is about 10 to 1 even when considering only the first year of efficiency gains. In other words, the financial gains resulting from a ZBR in the first year of its implementation are, on average, 10 times the total cost of the review. When the impact of ongoing financial gains is taken into account, the cost-benefit ratio is even more favourable.

In the spirit of the ZBR initiative, Administration is continually improving the ZBR method itself. Some major changes to date include:

- increasing the proportion of work completed by internal City staff in order to maximize efficiency and skill/knowledge retention;
- implementing a peer-review process;
- accelerating the ZBR schedule so that we are now completing three per year; and
- streamlining the process so that both Council and Administration time and effort is focused on results rather than approving steps within the process.

» Is anyone better off?

The intended results of the ZBR program are to

- increase service efficiency and effectiveness, and
- increase the organization’s capacity, tools and practices to support continuous improvement.

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The **Service Efficiency Improvements** are made up of cost savings, cost avoidance, productivity gains, and in some cases, revenue generation opportunities. Many of the efficiency gains are the result of detailed analysis of current practices, benchmarking of best practices and application of technical subject-matter expertise. For example:

- Cost savings through adoption of different methods and processes (for example, adoption of trenchless technology through the Water Services ZBR, and increasing dynamic deployment through the Fire ZBR)
- Cost avoidance (for example, taking a risk based approach to maintenance in Water Services)
- Improved performance management (for example, various changes in practices to increase the productivity of seasonal employees in Parks)
- Revenue generation (for example, increase playfield reservation rates to equal at least of 50% of actual maintenance costs in Parks ZBR)

Evaluating options for alternative service delivery is a consideration in all ZBRs.

- As part of the analysis in the Parks ZBR, grounds maintenance costs were compared against other options, resulting in a recommendation to expand third party contracting.
- As part of the analysis in the Roads ZBR, it was recommended that the City outsource street light maintenance to multiple service providers (in contrast to continuing to using a single provider) to enhance maintenance standards, improve service performance and meet customer expectations.
- As a result of a comparative analysis between unit costs of sign and graphic production in Roads' Sign Shop and market alternatives, an external consultant recommended keeping this business in-house and focusing on core sign production.
- The Fleet ZBR recommended additional contracting out of some maintenance functions, but also contracting *in* some other functions where City costs are below those of external providers.

Service Effectiveness Improvements delivered through the ZBR program have provided social, environmental and customer service improvements, such as:

- Elevating the customer experience across the Parks system by establishing consistent and appropriate standards of maintenance by which work is completed.
- Establishing service level standards, increasing the visibility of customer data and creating a self-service portal for customers, to promote a consistent customer journey within Water Services.
- Focusing increased efforts to embed diversity and inclusion practices with the Fire Department in order to retain and grow qualified candidates from the broad population the Department serves.
- Reviewing playfield charges to manage use and improve access for emerging sports.
- Increasing the naturalization of parks to achieve a number of environmental benefits (water quality, bank erosion, reduced use of chemicals, promotion of native species and reduced energy consumption).

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Organizational capacity for continuous improvement has been increased through every ZBR, and will help Administration to extend the benefits of the service review beyond the immediate outcomes of the ZBR itself.

- Improved performance measures have been identified, and will help Business Units manage their services more efficiently and effectively going forward. For example, the Fire ZBR recommended establishing service standards based on population outcomes (harm to property and people) rather than process results. This provides a forward-thinking opportunity for Fire to manage its resources for the maximum benefit. In Parks, a suite of performance measures related to efficiency and effectiveness for all major lines of service will help to manage performance and evaluate service standards. New measurement methods in Water Services be used going forward in measuring, monitoring, and informing the delivery of services.
- The Water Services ZBR report introduced the notion of “scalability”, which involved extending the efficiency and effectiveness impact of implementing ZBR recommendations across the entire business unit, rather than one service area. The fact that the recommendations from the Water Services ZBR can be then scaled to other areas of the business shows the impact the program can have on efforts towards continuous improvement.