

CALGARY FIRE DEPARTMENT ZERO-BASED REVIEW AND ADMINISTRATION'S RESPONSE

EXECUTIVE SUMMARY

This report provides the Zero-Based review of the Calgary Fire Department carried out by Behr Energy Services Ltd ("Behr"), as well as Administration's response to the recommendations. Behr reviewed all services provided by the Calgary Fire Department at a high-level, and then reviewed in depth seven service areas crossing four broad themes (Management and Leadership, Diversity and Inclusion, Resource Optimization, and Asset and Facility Management). The areas subject to the in-depth review comprise more than 90% of the total Fire Department operating budget, making this ZBR the broadest in-depth review since the pilot.

The impact of the proposed recommendations is significant. The recommendations, once fully implemented, are expected to realize between \$15 million and \$16.2 million in annual (i.e. base operating budget) financial gains to be realized over the next three years, as well as a number of improvements in service effectiveness related to the focus areas noted above.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend that Council:

1. Receive for information the Executive Summary (Attachment 1) and the Behr Report "Calgary Fire Department Zero-Based Review" (Attachment 3);
2. Approve Administration's response (Attachment 2) to the recommendations in the Behr Report; and
3. Direct Administration to report back to Council on or before October, 2016 with a detailed implementation plan.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 June 17, Council approved the Project Initiation of the Calgary Fire Department Zero-Based Review (PFC2014-0471). On 2015 June 16, Priorities and Finance Committee approved a deferral of the CFD zero-based review final report to October 2015 to provide additional time for stakeholder consultation (PFC2015-0517).

BACKGROUND

The Zero-Based Review (ZBR) program was created in response to Council's direction to Administration to increase the focus on the effectiveness and efficiency of City services. It is an ongoing program designed not only to achieve service improvements in the short term, but also to develop and enhance the organizations culture with respect to continuous improvement. It does this by providing a method, tools and process to systematically and thoroughly investigate City services, using best-practices research, data analysis and expert opinion. The ZBR process looks at what is done (service scope and level) and how it is done (service delivery method). The objective of each review is to provide recommendations to address two fundamental service delivery questions:

- **Efficiency:** What changes could be made to services that would help to achieve greater results within available resources?

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- **Effectiveness:** What changes could be made to improve the achievement of service goals or outcomes?

The services provided by the Calgary Fire Department (CFD) contribute to the preservation of life and protection of property in this community through both preventative services (e.g. public safety, building code reviews, emergency planning) as well as emergency response services. The department is one of the largest in the organization, with an annual operating budget of \$220 million (2015), a 5-year capital program of \$205 million (2015-2018) and almost 1480 full-time equivalent staff (2015).

As with all ZBRs, the Fire Department was a partner in this process, not only contributing data to support the research and analysis, but also providing ongoing comments and ideas for consideration by the external consultant. Staff in the Department were also invited to provide input through a variety of means.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Performance data and service outcome data over the past ten years demonstrate that the CFD has been highly effective in protecting public safety. Fire losses in Calgary, measured through injuries, deaths and property loss, have declined and fire incidence has decreased. And while the CFD is not solely responsible for these community outcomes, they are a critically important partner. Over the same period, however, the inflation-adjusted per capita costs of fire suppression have increased by slightly more than 30% (see Attachment 1 for additional details).

The Calgary Fire Department ZBR report (Attachment 2) proposes a number of ways to maintain or improve fire service effectiveness while increasing service efficiency. In addition to the financial gains, which are discussed more below, the recommendations in the Fire ZBR will:

- Realign management and leadership to improve succession planning, communications and continuity and balance workload across the department;
- Improve diversity and inclusion practices in order to increase access to potential new recruits and to provide a healthy and supportive environment for all staff;
- Further improve the dynamic deployment system in order to better allocate resources based on an assessment of risk;
- Focus future service decisions on community outcomes and service performance, rather than measuring only process (response time); and
- Improve the CFD's coordination and alignment with other City services including, in particular, planning for multi-use facilities to maximize economies and service delivery.

Of the 34 recommendations provided by Behr, Administration recommends acceptance of 32. In a few of these cases, amendments have been proposed. These are generally minor changes, to provide more clarity, to align with other City initiatives underway, or to address timing issues. The two cases where Administration does not recommend acceptance are both related to proposed changes in deployment practices that could achieve additional operating cost savings,

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but which could also increase risk to public and staff safety. Administration has proposed alternative solutions that will achieve some of the same efficiency gains while preserving front line response capability. As well, Administration has committed to bringing forward information to Council that will use service outcomes (i.e. the reduction of fire losses including injury, death and property loss) to establish future service level standards.

The Behr report concludes that "in terms of service rationale, scope of service and level of service CFD is almost entirely on target" (Attachment 3, page vi). Behr also notes that the CFD "is one of the most dedicated and respected departments in North America" (ibid, page i). Administration believes that, by approving the recommendations contained in Attachment 2, the CFD will be able to continue to maintain these high standards of service quality, improve its service efficiency and continue to make headway as an innovative and responsive fire service.

Stakeholder Engagement, Research and Communication

The Fire ZBR, like others, included consultation with a number of internal and external stakeholders to ensure that their knowledge and experience was considered in developing the recommendations. This included interviews with senior staff, Council members, the Fire Chief and the executive of the International Association of Fire Fighters (IAFF). As well, Fire staff were invited to participate in a survey, with 345 responses received. Citizen perception and satisfaction research was considered during the analysis. Finally, other City departments whose operations interact with Fire (e.g. Fleet Services, Corporate Properties & Buildings, and Human Resources) were also consulted at several stages during the project, and have concurred with the Administration recommendations in areas that affect their operations and mandates.

Consultation with Council will continue. As is standard for the ZBR process, Administration will report back within one year of this report going to Council (i.e. by October, 2016) with a detailed implementation plan. In addition, Administration has committed to report back within six months with a work plan on the revised approach to performance measurement as the basis for setting fire service standards (see Attachment 2, p. 11). The reason for the additional reporting back on this matter is that a revision to the approach to performance measurement is fundamental to the way that Council will provide strategic direction to the CFD in the future, and it is important that there be clear, shared understanding about how this will take place. It is not expected that the CFD will complete this work within six months, but only that the terms of the work and its outcomes will be brought for discussion with Council.

Strategic Alignment

The service effectiveness review takes into account how the CFD's services support and align with organizational priorities and goals, including in particular those in the Fire Department's 2015-2018 Action Plan. The ZBR recommendations will help to ensure that the CFD can continue to make progress towards achieving these strategic goals. The ZBR program 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 focussing on value for money." It also supports the Leadership Strategic Plan approved by Council on 2014 September 14, as part of the Integrated Performance System.

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Social, Environmental, Economic (External)

CFD services contribute in particular to social outcomes, through public safety and community education programs. Indirectly, the CFD also contributes to environmental goals (e.g. by using environmentally friendly practices in its operations) and economic goals (by helping to make Calgary a city that will attract and retain businesses). The ZBR recommendations will support the CFD in continuing to achieve these outcomes.

Financial Capacity

Current and Future Operating Budget:

The recommendations of the Calgary Fire Department ZBR (Administration's Response) will ultimately yield operating budget efficiencies ranging from \$15 million to \$16.2 million. In considering the impact on current and future operating budgets, it should be noted that:

- Of this amount, \$8.4 million had previously been identified as the CFD's efficiency gain in Action Plan; the ZBR has provided details on how this efficiency gain may be realized. The balance can be expected to result in reductions to the CFD approved budget.
- The operating efficiencies identified in this review are expected to be phased in over the next three years and fully realized by 2018; and
- Implementation of the proposed changes may require some funding that has not yet been identified. Specifically, it has been identified that creation of the Ombudsperson to support Diversity and Inclusion strategies may require additional funding. Any funding implications related to implementation of the ZBR strategies will be brought forward to Council as part of the implementation plan.

Current and Future Capital Budget:

There are no direct and immediate capital budget implications of this report. Participation by CFD in The City's multi-use facility program will influence future capital planning. As the report indicates, there are potential financial benefits to mixed use facilities, in addition to the social and environmental benefits.

Risk Assessment

The Administration's response to Behr's recommendations included consideration of acceptable risks. By and large, Administration believes that there are minimal risks to implementing the Behr recommendations, and that the recommendations will in fact help the CFD to further promote public safety.

The two exceptions are related to the two recommendations where Administration did not recommend acceptance of Behr's recommendations. As noted earlier, these recommendations proposed changes in deployment practices that could achieve additional operating cost savings, but which could also increase risk to public and staff safety. Administration did not recommend acceptance of these changes based on an opinion that the financial benefits did not warrant the

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increased risk. The alternatives proposed by Administration achieve some of the financial gains with minimal increased risk.

REASON(S) FOR RECOMMENDATION(S):

Approval of Administration's recommendations will make it possible for the Calgary Fire Department to proceed with implementation, and to achieve the benefits described in the report. Administration will report back in one year with a detailed implementation plan.

ATTACHMENT(S)

1. Fire Department Zero Based Review Executive Summary
2. Administration's Detailed Response to Calgary Fire Department ZBR Report from Behr
3. Calgary Fire Department Zero-Based Review (Report from Behr Energy Services Ltd.)