

## 2014 Zero-Based Review Update (Fire and Water Services)

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### EXECUTIVE SUMMARY

This report brings forward the Project Initiation Document, which establishes the purpose, scope, method, timelines and governance for the Calgary Fire Department (CFD) Zero-Based Review (ZBR). The proposed approach for the CFD ZBR is consistent with the Council approved method, with some minor modifications as a result of on-going evaluations and lessons learned from ZBRs that have been completed or currently underway.

### ADMINISTRATION RECOMMENDATIONS

That the Priorities and Finance Committee recommend that Council:

1. Approve the Calgary Fire Department Zero-Based Review Project Initiation Document (Attachment 1); and
2. Approve a deferral request to bring forward the Water Services ZBR High Level Results Report to the 2014 September 16 Priorities and Finance Committee.

### PREVIOUS COUNCIL DIRECTION / POLICY

At its 2011 December 19 meeting, Council approved FCS2011-31, *Implementation of the Efficiency and Effectiveness Program, Including Zero-Based Review (ZBR) Method and Pilot*. The approved method prescribes five areas of analysis (service rationale, level and scope, efficiency, effectiveness and funding analysis) and sets out the terms for ZBR governance and reporting.

Following the ZBR pilot in 2012, the ZBR method was refined to include conducting more of the work in-house, extending timelines, and narrowing the scope part way through the process to allow for in-depth analysis of specified areas (PFC2012-0492). In November 2012, Council approved the ZBR review schedule for 2013 and 2014, which identified Water Services and Fire as the subjects of a ZBR starting in 2014 (PFC2012-0713). The Water Services ZBR is underway.

### 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 in creating the kind of city that citizens have said they want to live in.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

#### Fire ZBR Project Initiation

Attachment 1, for Council approval, provides the Calgary Fire Department Zero-Based Review Project Initiation Document. This document contains all of the standard elements for starting a ZBR including, purpose, scope, method, governance and timelines. One of the modifications being made to the Fire ZBR is that in addition to identifying ways to improve service effectiveness, an explicit goal of the Fire ZBR will be to identify cost savings and efficiency gains.

The scope of the review includes all of the services and sub-services of the Calgary Fire Department. Excluded in the zero-based review is the Calgary Emergency Management

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Agency (CEMA), which has its budget within the Fire Business Unit, but is operated and managed independently. The reason for this exclusion is that the Agency is currently undergoing an audit of the flood response, recovery and early resilience which includes collection, assessment and implementation of lessons learned. The Agency has in turn retained the Conference Board of Canada to conduct an independent assessment of its emergency management and response efforts as they relate to best practice. Given the work that is currently underway, conducting a zero-based review of the Agency at this time may result in a duplication of efforts and cause excessive disruption to the organization.

Through preliminary discussions of the CFD ZBR Steering Committee, two specific areas of examination have been identified for the CFD review: level of involvement in responding to medical emergencies and levels of service in established communities versus growth in new communities. As the formal zero-based review progresses, other areas of examination will be identified.

Attachment 2, to be received for information, contains a breakdown of the Calgary Fire Department's services and sub-services that will be included in the zero-based review. The Calgary Fire Department's 2013 actual operating costs of the services under review was \$189.4million. The capital budget for 2013 was \$30.4 million. The services identified for the Fire ZBR are:

- Emergency Response, including medical services, Firefighting, and Community Safety Services
- Facilities, Emergency Response Vehicles, Equipment & Resources
- Planning, Risk Analysis and Performance Measurement
- Workforce Training and Wellness
- Internal Services

Advertisement of the Request for Proposals to undertake the review began in late May and it is anticipated that a consultant(s) will be retained by mid-July. This is a modification to previous ZBRs where the procurement process was not initiated until after Council approval of the Project Initiation Document. The high level analysis will take place through the summer and fall of 2014 and the in-depth analysis will take place through the winter of 2015. Administration will provide a report to the Priorities and Finance Committee that will include the recommendations made by the consultant as well a response from the Administration by the end of June 2015. This timeline is consistent with the schedule outlined in PFC2012-0713 (Zero-Based Review Program for 2013 and 2014).

#### **Water Services ZBR Deferral Request**

In January 2014, the Priorities and Finance Committee approved the Project Initiation of the Water Services Zero-Based Review (PFC2014-0063), including a commitment to provide preliminary findings and recommended refinement of the ZBR scope on or before 2014 September 02. Administration is requesting a deferral of this report to the 2014 September 16 Priorities and Finance Committee to enable key members of Administration to be present at the meeting, and to align the timing with UEP presentations related to the Action Plan to the SPC on

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Utilities and Corporate Services on 2014 September 17. This deferral will not impact overall project timelines.

### **ZBR Program Update**

Zero-based reviews have been completed in Fleet Services and Parks and a review is nearing completion in Roads (September 2014). As part of the ZBR Program planning for 2015-2018, consultations with stakeholders from those business units, the Administrative Leadership Team, as well as staff involved with the ZBR Program is underway to ensure continuous improvement to the ZBR Program. A report on proposed ZBR Program improvements will be brought to the Priorities and Finance Committee on 2014 July 15.

### **Stakeholder Engagement, Research and Communication**

The management team of the Fire Business Unit was provided an overview of the ZBR Program and method in March. The management team also directly participated in two risk assessment workshops that informed the Fire ZBR project work plan, communications plan, and change management plan.

The communications plan outlines the audiences, tools and timing to ensure that each stakeholder group is getting the right information at the right time, using relevant and impactful methods. Audience analysis and research has been conducted to anticipate and plan for needs of specific stakeholder groups, and this analysis will continue throughout the project to ensure accurate and useful communication is being done at all times. Administration will communicate with union representatives to keep them informed of the status of the ZBR program and to address any questions.

### **Strategic Alignment**

The Zero-Based Review Program responds to the new Council Plan priorities for a "Well-Run City" as follows:

- Be as efficient and effective as possible, reducing costs and focusing on value-for-money
- Examine opportunities for alternative service delivery

Consistent with the ZBR method, all Calgary Fire Department services and sub-services will be assessed for their alignment to Council's strategic goals and objectives by reviewing each service in light of their contribution to long-term planning documents, specifically Council's Fiscal Plan (2012-2014), the Municipal Development Plan (MDP), Calgary Transportation Plan (CTP) and the 2020 Sustainability Direction.

### **Social, Environmental, Economic (External)**

The Calgary Fire Department plays an important social role in the in providing emergency response and public safety services to Calgary, as well as supports surrounding communities as a secondary responder. As such, the Department contributes to the health and safety of citizens.

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### Financial Capacity

#### Current and Future Operating Budget:

Costs for consulting fees and project coordination from Corporate Initiatives will be funded through the existing ZBR Program operating budget. Staff support from the Calgary Fire Department to undertake this project will be funded from the existing Fire business unit operating budget.

#### Current and Future Capital Budget:

There are no capital budget implications.

### Risk Assessment

A risk assessment for the CFD ZBR has been conducted and risk mitigation strategies have been put in place to reduce the likelihood and impact of potential risk events.

#### REASON(S) FOR RECOMMENDATION(S):

This report details the purpose, scope, method, timelines and governance of the Fire Zero-Based Review and initiates the CFD ZBR, consistent with Administration's previous direction from Council.

### ATTACHMENTS

1. Calgary Fire Department Zero-Based Review Project Initiation Document
2. Calgary Fire Department Services and Sub-services