

JUN 20 2016

ITEM: 7.5.2 DFC2016-0469  
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ISC: Unrestricted  
PFC2016-0469  
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City Manager's Report to  
Priorities and Finance Committee  
2016 June 07

## **CALGARY TRANSIT ZERO-BASED REVIEW AND ADMINISTRATION'S RESPONSE**

### **EXECUTIVE SUMMARY**

This report provides the results of an independent consultant's (Morrison-Hershfield's) Zero-Based Review (ZBR) of Calgary Transit, as well as Administration's response to Morrison-Hershfield's recommendations. In the first stage of the ZBR, Administration (Corporate Initiatives) reviewed all services provided by Calgary Transit, at a high level, and identified opportunities with the greatest potential for efficiency improvements for the in-depth analysis. Morrison-Hershfield then reviewed four subject areas in-depth. The areas that were subject to an in-depth review comprised approximately 32% of Calgary Transit's operating expenditures.

Administration expects that the ZBR recommendations, once fully implemented, will result in operating financial benefits of \$9.2 million annually, made up of \$5.3 million in savings and \$3.9 million in revenues. Administration also expects that Calgary Transit will realize (on average) another \$5.0 million per year in capital cost avoidance over five years. In addition, there are a number of improvements in service effectiveness related to improved service reliability, equity and reduced environmental impact.

Transit expects to begin implementation of the proposed changes in 2016. Because some of the changes have associated up-front implementation costs, Transit proposes to draw on a share of contributions to the Budget Savings Account to support initiation of implementation this year.

### **ADMINISTRATION RECOMMENDATION(S)**

That the Priorities and Finance Committee recommend that Council:

1. Approve Administration's response (Attachment 2) to the recommendations in the Morrison Hershfield Report;
2. Receive for information the Opportunity Identification Report (Attachment 1) and the Morrison-Hershfield report Calgary Transit ZBR Final Report (Attachments 3 and 5);
3. Direct Administration to report back to Council by June 2017 with a detailed implementation plan as well as an update on any progress already achieved;
4. Approve the transfer of one-time funds from the Budget Savings Account to Calgary Transit Operating Budget as follows:
  - a) \$350 thousand in 2016, to begin implementation of business cases related to Fleet Reliability (Service Lanes and Fleet Maintenance), and Janitorial and Outside Maintenance; and
  - b) \$1.55 million in 2017 to continue implementation of the business cases noted above and to support implementation of the business case related to Rail System Communications; and
5. Direct that Attachments 4 and 5 remain confidential pursuant to Sections 24(1)(a)&(b) of the *Freedom of Information and Protection of Privacy Act* until the end of 2026.

**CALGARY TRANSIT ZERO-BASED REVIEW AND ADMINISTRATION'S RESPONSE**

**RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED  
2016 JUNE 07:**

That Council:

1. Approve Administration's response (Attachment 2) to the recommendations in the Morrison Hershfield Report **with the exception of the Seniors' fares policy, which was referred.**
2. Receive for information the Opportunity Identification Report (Attachment 1) and the Morrison-Hershfield report Calgary Transit ZBR Final Report (Attachments 3 and 5);
3. Direct Administration to report back to Council by June 2017 with a detailed implementation plan as well as an update on any progress already achieved;
4. Approve the transfer of one-time funds from the Budget Savings Account to Calgary Transit Operating Budget as follows:
  - c) \$350 thousand in 2016, to begin implementation of business cases related to Fleet Reliability (Service Lanes and Fleet Maintenance), and Janitorial and Outside Maintenance; and
  - d) \$1.55 million in 2017 to continue implementation of the business cases noted above and to support implementation of the business case related to Rail System Communications; and
5. Direct that Attachments 4, 5 and **the In Camera discussions** remain confidential pursuant to Sections 24(1)(a)&(b) of the *Freedom of Information and Protection of Privacy Act* until the end of 2026.

Opposition to Recommendation 1:

Opposed: W. Sutherland