

Calgary Building Services ZBR Implementation

January 17, 2018

2018 Update Report

Introduction

Planning & Development is about building Calgary for everyone. Whether you're a citizen, community member or a customer looking for information or services, we're focused on making it faster and easier to find what you need. People who access Planning & Development services put their trust in City experts to make their project or business a success. The role of Calgary Building Services is to ensure that development is realized and buildings are safe, so that our city grows to meet the needs of Calgarians today and into the future.

Calgary Building Services (CBS) works with a diverse cross section of customers and citizens, ranging from do-it-yourself homeowners to world class architects and engineers who are designing and constructing complex mixed use buildings. As the primary point of contact for Planning & Development customer transactions, CBS helps customers, citizens and communities meet their goals with a mixture of front counter, online, call centre, information, and technical support services.

The first recommendation of the Zero-Based Review (ZBR) was to focus the review on customer segments and improving their experience. The exercise to understand our customer base revealed that homeowners and small business owners comprise 79% of our customers. Homeowners and small business owners, require the most information and technical support services to help them realize their project or business goals.

The ZBR report, presented to Council in November 2016 centered on improving the customer experience and on managing the costs of improvements. This report highlights key changes underway within CBS to deliver the ZBR recommendations and to ensure our services are easy, intuitive, accessible, and that improvements are enduring.

ZBR Implementation Plan Summary

The balance to improving services and managing costs includes the understanding that while homeowners and small business customers represent 79% of our customer base, they generate only 8% of the permit fees. This makes interactions with these customer segments very costly compared to other customer segments. If we do not improve our service delivery, there would be a 20% increase in cost per customer contact over the span of 5 years.

There were three focus areas of the ZBR:

- Develop a self-directed online experience for our homeowner and small business customers
- Simplify our processes and business rules
- Adopt a portfolio management decisions making framework.

Because there is a need to create a more positive customer experience now and in the near future, we have elected to accelerate the recommended implementation timeline. The original plan was to spend 2017 planning and preparing for the ZBR recommendations and to implement recommendations from 2018 through to 2020. Because of the heightened need to improve the business environment in Calgary, we prioritized the execution of the ZBR recommendations. This work began in 2017 and is scheduled to be largely completed in 2018.

Since the ZBR recommendations were presented to City Council in November 2016, we strengthened the connection with customers by working closely with them to understand their needs and expectations. Based on our input, the webpages on Calgary.ca were updated make them more intuitive, helping customers and citizens find what they need.

To improve efficiency and convenience for citizens and customers accessing our services, a formalized risk-based decision-making model for inspectors has been adopted. This aligns inspection requirements with their associated risks, reducing the need for homeowners and small business owners to make time for an inspection that isn't necessary.

As progress continues on the 2017 ZBR commitments, we have shifted focus from being rules-based and process oriented to an outcome-based organization founded on the customer's perspective, with the goal of helping Calgarians build and improve their home, start and grow or change a business, and keeping communities safe.

The ZBR estimated annual financial benefits will be realized in the form of lowering our cost on a per transaction basis over time. This will be achieved by creating a simplified business model, adopting a formal risk based approach and providing better self-directed services.

To meet the long-term cost savings gained from the recommendations of the ZBR, an initial investment is required to ensure a successful self-directed, online experience for homeowners and small business owners.

As a result of accelerated ZBR implementation, we have recast the 2018 and 2019 ZBR financial benefit numbers to reflect higher costs in the early adoption years than originally anticipated. This also means that the return on investment will be higher than anticipated for the year 2019. The financial benefits stated in the ZBR for the years 2020 through 2022 are based on the assumption of a 15% increase in online activity year over year. Since implementation in early December, There has been an increase of 20% in homeowner online applications. This is important because it means less administration staff costs and reduced customer interaction time which has a direct relationship to the cost per transaction.

CBS ZBR Annual Financial Benefit Summary – Portfolio Management
(Investment in $ thousands)

	2017	2018	2019	2020	2021	2022
Yearly	100	---	---	---	---	---
Cumulative	100	100	100	100	100	100

(Savings in $ thousands – improvements in project planning and avoiding unsupported work)

	2017	2018	2019	2020	2021	2022
Yearly	---	1,200	1,200	1,200	1,200	1,200
Cumulative	---	1,200	2,400	3,600	4,800	6,000

CBS ZBR Annual Financial Benefit Summary – Business Model Simplification
(Investment in $ thousands)

	2017	2018	2019	2020	2021	2022
Yearly	4,700	8,000	---	---	---	---
Cumulative	4,700	12,700	12,700	12,700	12,700	12,700

(Savings in $ thousands – operating cost avoidance)

	2017	2018	2019	2020	2021	2022
Yearly	---	721	1,205	1,532	1,974	2,061
Cumulative	---	721	1,926	3,458	5,434	7,495

Key Recommendations

Recommendation #1
Provide services to home/small business owners that enable customers to be self-directed

What we have already achieved

- **In May 2017**, two Customer Ambassadors joined the team – one focusing on the needs of homeowner customers, and the other focusing on small business owners. The Customer Ambassadors are there to help



homeowners and businesses who are overwhelmed; not understanding the processes, or frustrated by some aspect of their experience. This level of interaction then leads to potential process changes. Staff have also been versed in these areas of concern for customers and they know that the Customer Ambassadors can assist staff address a customer issue. These two positions and their interactions with citizens and customers helped us, as an organization, create the self-directed online customer journey.

- **In June 2017**, the Planning & Development pages on Calgary.ca were reviewed and updated, making it easier to find safety, bylaw and permit information.

- **In July 2017,** a new checklist was developed for customers applying for home improvement permits. These checklists help guide people through all of the steps required to apply for permits that gets their home improvements done.

- **In August 2017**, focus groups were conducted through Ipsos Reid with both homeowners and business owners to gather feedback on intuitive web design, help staff to understand the customer's journey and to simplify the experience for the customer.

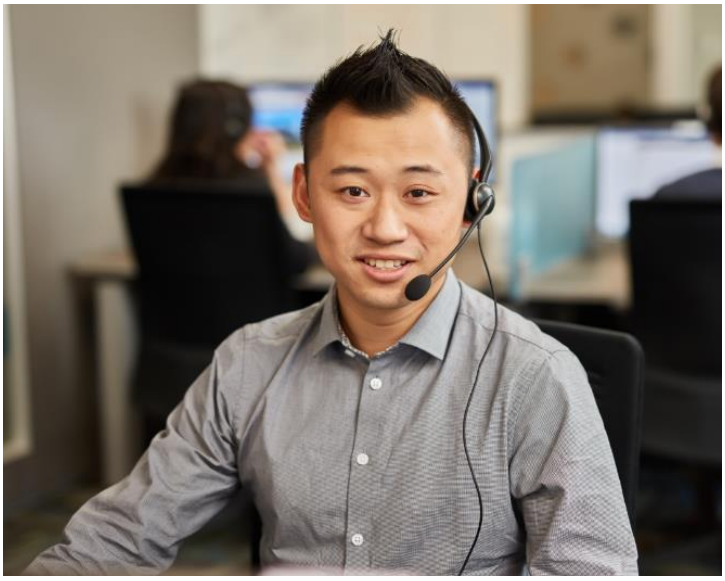
  Volume of visits to our Calgary.ca home improvement pages are trending up:
  - 2016 – 140,000
  - 2017 – 174,000 (mid-November) increase of 35% on an annualized basis

- Customer satisfaction with online content is headed in the right direction:
  - 2016 – 63% satisfaction
  - 2017 – 67% satisfaction

- **In September 2017,** we launched the myBusiness awareness campaign, notifying business owners that they can pay for business license renewals online.

  By creating awareness of online resources as a source of information for small business customers, there has been increases to the new web page Calgary.ca/mybusiness:
  - 2017 September – 5,181
  - 2017 October – 11,034 (113% increase)

- **In October 2017,** we introduced a new, straightforward application process that consolidates 51 applications into a single application form. The new approach cuts red tape and takes the guessing game out of permitting requirements. Homeowners no longer need to determine when a building, development or trade permit is required as City staff will coordinate these needs on their behalf.



- **In December 2017,** Planning & Development announced that homeowners can now apply online for the most popular home improvement permits. This will save time and money for people who use our services by avoiding a trip to City Hall to apply in person at the permit counter for:
  - Basement developments and interior renovations
  - Garages and decks
  - Homeowner plumbing and electrical permits

- Progress is being made towards helping home and small business owners to be fully self-directed

Services available or going on line	2017	2018
Booking inspections for home improvement projects	✓	
Business 101 online - providing business basics, planning resources, licencing, and business tax information,	✓	
Simplified checklist available on line to guide customers through various home improvement journeys	✓	
Pay for a business licence renewal	✓	
Demolition permits for contractors	✓	
Enhanced information online geared towards home/small business owners	✓	
Basement development and interior renovations	✓	
Garages	✓	
Decks	✓	
Homeowner electrical and plumbing permits	✓	
Development Permits for changing the use in a commercial building		✓
Development Permits for home-based businesses		✓
Automatic notification of an expiring development permit		✓
Mobile App for homeowners to book inspections		✓
Online chat for homeowners		✓
Enhanced online guide for small businesses dealing with land use, licencing, and permit approvals		✓
Pay for a new business licence		✓

- Based on market trends, industry baselines and the current adoption rates, the participation rate of self-directed online services is anticipated to reach 60% by the end of 2022. This participation rate would create a 23% drop in cost per customer contact; going from the current $65 to an anticipated $50. This will allow us to provide better service to an increasing customer base (and increasingly diverse) without increasing our costs.

- Our business imperative is that maintaining the status quo would have an adverse effect on our costs and will increase the customer contact cost to an estimated $78.

What we are working towards

- **Inspection booking app**: By Q1 2018, homeowners will be able to book their home improvement inspections using our 311 app. This customer segment will no longer need to contact 311 by phone, and email confirmations will offer reminders of what inspections are booked.

- **Home sales & Real Property Reports online submissions**: By Q2 2018, citizens who are selling their home will be able to submit their Real Property Report online and upload required documentation. Homeowners will no longer need to visit City Hall and apply in person.

- **Online business license registration and renewals:** In 2016, we introduced online business licence applications, but the service could not be completed online. By Q2 2018, business owners will be able to complete their online business licence experience by being able to apply and pay for a new business licence and business licence renewal.

Year	# of New Business Licenses	# applied online	% applied online
2016	9483	1270	13%
2017 (Oct)	6917	1578	23%%
2018	9500	4275	45%

- **Live online customer service assistance:** By Q4 2018, citizens and customers will be able to chat with staff online. People using this service will experience online assistance/support through a two-way dialogue to replicate their face to face experience while not having to come downtown.

Recommendation #2 – Improve home/small business owner processes and supporting business rules by using a risk based approach.

What we have already achieved

- **In April 2017,** we changed the application requirements for relaxations on existing properties to simplify the process for homeowners, saving customers time and money. Homeowners, real-estate agents, and lawyers often work together to ensure a smooth home sale transaction, but sometimes an existing structure on the property (such as a deck or a shed) fails to meet the rules of the Land Use Bylaw. In 2016, nearly 1,500 development permits were applied for by a homeowner for a bylaw relaxation. The new process reduces time, money, and stress for the homeowner during the home sale process while still providing the same service for citizens and adjacent homeowners to provide input on these relaxations.
    - The need for homeowners to make a second trip to the planning services counter has been reduced by not requiring a copy of their Land Title, and allowing for photos of the existing structures to be provided digitally at a later time.

- **From May – July 2017** Although we are focused on improving the online experience for customers and citizens, many people continue to visit the front counter for services, which is why renovations were made to improve the counter experience as well. This has helped to decrease transaction time and improve the customer experience.

- When citizens, communities and customers encounter inconsistent information and confusing processes, some dissatisfaction will occur. Although wait times and total amount of time spent at the counter is important, it is more important that the right service, product or information has been provided by the end of the transaction. By using simple & informative plain language, we adjusted the amount of information required by customers during the application intake phase. This has led to more consistent information being provided and has reduced the average total time a customer spends at the counter.

Reduced # of visits to the front counter	1,600 customers applying online (15% of homeowner permits) 1,000 applications eliminated due to Land Use Bylaw changes 1,200 coordinated permits related to the sale of a house

- **In May 2017**, we streamlined the application process for a Change of Use development permit to improve timelines and create more certainty for business owners. This has resulted in the following benefits:
  - In some cases, ownership changes can now be applied for over the phone and instantly approved.
  - No need for a site plan or floor plan.
  - All information can be submitted in one form instead of in multiple documents.
  - An average business owner saves two to three weeks in preparation time.

Cost savings	Block plan not required ($1,300 - $1,800) 1,700 land titles not required ($10 per document) 1,000 registered title documents not required ($10 per document) 2,100 homeowner plumbing permit fees simplified and aligned

- **In 2017**, we made it easier for event organizers by allowing a development permit approval for annual events (such as Stampede) to last for three years if certain criteria are met.

- **Land Use Bylaw improvements:** Small businesses and homeowners have unique and sometimes urgent needs when it comes to accessing City services. Cost and time savings are important to ensure that businesses can be up and running as efficiently as possible and that homeowners are able to complete projects on time and on budget. Land Use Bylaw (LUB) changes are only one way in which to assist these customers. Recommendations were brought forward to Council through the Planning & Urban Development Committee (PUD2017-1165), which propose changes to the LUB that will clarify use definitions, remove redundancies, align better with the Alberta Building Code and eliminate some unnecessary process requirements.

What we are working towards

- **Simplified business permitting process**: By Q1 2018 there will be a simplified application intake process for opening a business in Calgary and for homeowners improving their home, saving them time, and in many cases reducing their costs.

- **Improved inspection booking convenience:** By Q2 2018 new workflow management tools are being introduced to allow enhanced resource scheduling, giving customers the freedom to select an inspection time frame that suits their availability.

- **Improved measurement and service monitoring:** By Q2 2018 we will have mature metrics which will effectively delineate between outputs and outcomes, focusing on the customer's experience.

Amount of paper saved	5,200 pages if 15% of homeowners apply online	9,000 pages from simplified/eliminated documents required for permit applications

Recommendation 3 – Adopt a business portfolio management framework to improve the governance, management, and monitoring of projects required to meet Council priorities and action plans.

What we have already achieved

- **In January 2017**, the Planning & Development Projects Oversight Committee was established to provide strategic direction and set priorities for Planning & Development's major operating and capital projects. Having prioritized select projects, within capacity limits, that are projected to bring the greatest value to customers, citizens and communities, the committee provides a monthly forum for project reporting and accountability.

- In June 2016, PD had 65 projects on the business plan. To date, the Planning & Development Projects Oversight Committee has refined the improvement project listing to nine in-flight projects, refocusing the projects on improving the citizen, customer, and community experience.
  - This includes the refinement of the 2017 and 2018 Calgary Building Services capital budgets directed towards projects, reducing program budgets by $4.3 million in 2017, and an additional $8.4 million in 2018.

- The decisions made at the Committee establish the priorities for the improvement projects, and course corrections are made as required.

- Through the implementation of the Projects Oversight Committee, accountability on the quality, time, and budget for each project is established at the onset, and are managed as a program.

- Some of the achievements of the projects that report to the Projects Oversight Committee are reflected in the achievements referenced in recommendations 1 and 2, and include:

Contractors and home builders can now apply and pay online for all residential permits, track projects and manage inspections.

Benefits for customers:

- Apply online 24/7.
- Book an inspection that has a window of time without needing to call 311.
- Instant correspondence; emails are sent out at each stage.
- No finding or paying for downtown parking or standing in line.
- No more printing multiple copies of drawings.
- Customer can update permit details online such as:
  - Contact information, contractor changes and drawings.

Improved notices for planning and building approvals which are simple, informative and transparent.

Benefits for citizens, communities and customers:

- Plain language is used for all notices online, onsite and in the mail.
- The new notices will continue to improve based on feedback received from Council and citizens.
- The Planning & Development Online Development Map (Calgary.ca/development) now has an improved user experience and includes all development permit applications.
- Online feedback opportunities which, for example, generated comments on the new notices:
  1. 413 citizens completed a survey on the improvements,
  2. 72% saw improvements in the new notices,
  3. 83% said the new notices clearly communicate how to learn more,
  4. 80% said new notices clearly show what is proposed, and
  5. 64% said they would go to Calgary.ca/development or call 311 to learn more about an application.
- The onsite development notices, as of November 30, 2017, are now larger, written in plain language, and include a location map.
- The re-designation letters that are sent to citizens in the mail now have new templates, content and mail-out process.
- More information is available more easily for citizens and communities.
- Real-time updates and status is available online.
- Content can be shared through social media.
- Links to relevant policy are available online.
- Location maps are now included on the onsite notice posting.

What we are working towards

- **In 2018,** all services are planned to be online, complete with digital submission and circulation. The projects that report to the Project Oversight Committee will be focusing on further transitioning Planning & Development services online for citizens, customers, and communities, as well as working towards fully digitizing approvals, reducing paper requirements for our home and small business customers, as we modernize building and development approvals in Calgary.

Conclusion

The ZBR program helped us establish focus on two customer segments that needed more focus. We have accelerated the timelines to meet the deliverables to which we committed, for these two customer segments, well ahead of schedule.

Through this work, we have also established a way of working on improvements that is more effective, in that it both targets improvements that are most valued by our customer, citizen and/or community, and where time to implementation is quicker.

This is a way of working, which creates an unwavering focus on who we serve, and establishes a legacy that will last beyond the core implementation time frame of this ZBR.




Come in
WE'RE
OPEN