

Administration's Response to the PROS Consulting Recommendations (Including Peer Reviewers' Feedback)

This document is the Administration's response and comment on the recommendations in the Parks Zero-Based Review: Final Report by PROS Consulting (PROS).

OVERVIEW OF THE PROS FINAL REPORT

The PROS Final Report focuses on four service areas approved by Council (PFC2013-0417) for further analysis. These areas were identified as having the greatest potential for efficiency and effectiveness improvements: (1) Organizational Functionality; (2) Natural Areas; (3) Pathways; and (4) Parks Operations. The combined annual operating budget of the latter three service areas is approximately \$50 million, about 64% of Parks \$78 million annual budget for 2012.

A variety of methods and techniques were employed during the analysis to ensure a thorough and complete investigation of the issues and recommendations. Highlights include:

- PROS Consulting reviewed the legislative and policy analyses prepared by Administration. These analyses help to determine whether and how Parks' services may be constrained by legislation and regulations, and how Parks' services either do or should contribute to achievement of The City's long-term policy goals.
- PROS reviewed and further analyzed a substantial amount of data provided by The City, including existing performance data, citizen survey results, budgets and business operations information.
- Over 100 employees, including seasonal employees and other stakeholders, in Parks and other City areas (e.g. Finance and Human Resources) were interviewed. In addition to small focus groups, seasonal employees were presented the opportunity to respond to a simple anonymous survey. PROS received 88 responses, including some that a group of employees submitted jointly. PROS also conducted several workshops with employees to develop performance measures for all major Parks' services and to document current maintenance standards.
- A benchmark survey was developed and sent to six comparable municipalities: Denver, Edmonton, Helsinki (Finland), Minneapolis, Sydney (Australia), and Toronto. This benchmarking information was supplemented with data from Yardstick Parkcheck (international benchmarking for parks), National Recreation and Park Association (NRPA), and the PROS database developed over years of consulting.

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- Administration engaged four peer reviewers on two occasions to provide feedback on the PROS findings, draft recommendations and business cases. Two of the peer reviewers are from two Canadian municipalities, one is an academic with expertise in natural areas and public recreation spaces, and the fourth reviewer is an international benchmarking expert from New Zealand. The Steering Committee and Parks appreciate the peer reviewers' input on the report recommendations and suggestions for implementation. The peer review feedback is included in the Administration's comments where applicable.

The first part of PROS Final Report (Chapters 3 to 6) is an in-depth analysis of the four service areas; and the second part (Chapters 8 to 13) draws recommendations from the findings and develops them further in six business cases:

- 1) Performance Management and Maintenance Standards
- 2) Increased Productivity
- 3) Cost Savings
- 4) Levels of Service Provisions
- 5) Playfields Utilization & Cost Recovery
- 6) Other Recommendations

KEY FINDINGS AND OBSERVATIONS OF THE PROS FINAL REPORT (Chapters 3 to 6)

Some of the key findings are that:

- Citizens are very satisfied with the services Parks provides. The satisfaction ratings are 94% and above and the peer reviewers confirmed that Parks' satisfaction ratings are above average (p. 30, 38, 43).
- Parks' services contribute significantly to many of The City's major corporate policies (Municipal Development Plan, Calgary Transportation Plan, 2020 Sustainability Direction, and Council's Fiscal Plan), by providing services such as natural areas, urban forests, pedestrian connectivity, recreation opportunities and protection of environmentally sensitive areas.
- Over the past three years, Parks has realized more than \$10 million in productivity gains and cost avoidance by absorbing expenditures related to the maintenance of new parks acquired through the subdivision process, through contracting out some maintenance activities and through other cost-cutting and efficiency measures.
- The services examined are operating efficiently according to the National Recreation and Park Association (NRPA) standards. Natural Areas' unit costs are very low compared to the NRPA standard for equivalent level of service; Pathways' unit costs are also lower

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than the standard; and Parks Operations' unit costs are near the lower range of the standard (see table below for details). However, there are also opportunities for further effectiveness and efficiency improvements in Parks Operations.

	Unit Cost	
	Calgary	NRPA *
Natural Areas	\$290/hectare (11% of NRPA standard)	\$2,700 - \$3,200/hectare
Pathways	\$3,100/km (66% of NRPA standard)	\$4,800 - \$7,000/km
Parks Operations	\$12,500/hectare (matches the standard)	\$12,300 - \$14,800/hectare

* National Recreation and Park Association

- Parks provides a safe work environment, and employees are passionate about the work they do; the interviews and surveys also indicated that improving staff morale would improve productivity (p. 16, 18).
- Performance measures, especially those measuring efficiency and effectiveness, are currently limited. Through the ZBR process, PROS Consulting worked with Parks to develop service effectiveness and efficiency performance measures for all major lines of service through facilitated workshops in the fall of 2013. These measures are now in place.
- Improved management of small equipment will reduce downtime and improve productivity. Additional training on equipment in the field will optimize horticultural results.
- Systems for measuring efficiency and effectiveness and managing seasonal employee performance are not consistently applied.
- The productivity of seasonal staff can be improved. Parks is heavily dependent on seasonal labour, hiring more than 600 people per year (80% of The City's seasonal membership of CUPE Local 37). Changes to a number of existing practices, including the hiring process, performance management and processes related to schedules and transfers, could improve work planning and overall productivity. Some of these changes will require agreement with CUPE Local 37.

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- Playfield user fees are currently low. There is indication that some existing youth sports organizations are reserving more hours of playfields than they can use. There is opportunity to increase cost recovery and potentially to improve utilization and accommodate more emerging sports by increasing rates (p. 63).
- Parks is home to large and diverse portfolio of assets, significantly higher than most of the benchmarked cities and in some cases exceeding NRPA standards. The current level of assets reflects a number of factors, including current practices related to growth and development in Calgary. The quantity and type of assets provided affects both annual maintenance and lifecycle costs. Council approved the PROS recommendation to review the assets and standards as part of a review of the Parks Planning and Development division outside of the ZBR process (PFC2013-0417).

RECOMMENDATIONS & BUSINESS CASES (Chapters 7 to 14)

The PROS Consulting Final Report includes 22 recommendations that are developed in six business cases. The business cases group similar recommendations together and provide evidence through tools, such as cost-benefit analysis, that the recommendations are appropriate for the organization and will yield the expected results.

Of the 22 recommendations in the PROS Final Report, Administration recommends full acceptance of 19 of the recommendations and recommends that the remaining three be accepted with amendment. Six of 22 recommendations have potential quantifiable financial benefits that will total approximately \$4 million annually in financial benefits once fully implemented. The table below summarizes the financial benefits projected in the PROS Final Report. Equally important are the effectiveness gains, such as improved service levels, that result from all the recommendations.

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Business Case	Recommendation	Efficiency & Effectiveness Gains	Potential Financial Benefits (\$ annual)
<i>Information withheld due to confidentiality.</i>			
Total Savings & Productivity Increases			3,070,000
Playfield Utilization & Cost Recovery	5.2 Playfield user charges	50% of playfield maintenance costs recovered through fees; and increase in playfield utilization and opportunities for emerging sports.	1,240,000
TOTAL FINANCIAL BENEFITS			4,310,000

Business Case 1: Performance Management & Maintenance Standards

This business case is about implementing formal systems that will improve the accountability of the work performed. About 85% of the staff who were interviewed or surveyed indicated that leadership, morale and accountability are issues that need to be improved "out in the field" (p.18). The three accountability systems developed in this business case are:

- **Performance management** – Parks' current method of measuring the performance of seasonal employees is inconsistently applied (p.18), and PROS recommends that a formal system that takes a more comprehensive approach by managing performance throughout the season be developed and applied consistently.
- **Maintenance standards** – PROS worked with Parks staff to document the tasks currently performed in the field along with the frequency at which these tasks are performed. The consistent application of maintenance standards will not only allow better planning of work and resources, but it will also enable leaders to hold the staff more accountable to the plans.

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- **Performance measures** – Parks worked with PROS to develop performance measures that go beyond measuring volume of work performed to measuring efficiency (unit costs) and effectiveness (service quality). Performance measures were developed for major services, including Integrated Pest Management, Natural Areas, Parks Operations, Pathways, Urban Forestry, and Water Management.

The benefits of these systems occur at several levels. Efficiency gains come from work that is better planned, organized and executed. Effectiveness improvements come from consistent standards applied across the city (i.e. improved customer services) and from evidence-based decisions in the field as well as at other levels of Parks. Staff morale is also positively affected by clear expectations and consistently applied accountability systems – and a more engaged staff is more creative and productive.

The green columns in the table below are for Council approval.

Business Case 1: PERFORMANCE MANAGEMENT & STANDARDS (Chapter 8)			
For Council Approval		For Information	
PROS Consulting Recommendations	Admin Response	Administration Comments	
1.1 Performance Management: Create a formal performance management system for park seasonal employees that not only assesses an individual's performance at the end of each season but throughout (pp. 2, 4).	Accept	Human Resources will work with Parks on this recommendation.	
1.2 Maintenance Standards: Adopt and ensure consistent implementation of maintenance standards that were developed through two staff workshops in the fall of 2013 (p. 3).	Accept		
1.3 Performance Measures: Implement the performance measures so that both effectiveness and efficiency of work can be better measured (p. 4, 5).	Accept	The areas that will implement performance measures are natural areas, pathways, parks operations, integrated pest management, urban forestry, and water management.	

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Business Case 2: Increased Productivity

The business case on increased productivity is about increasing the amount of work done by seasonal staff that are hired for four to six months around the summer months. Productivity increases in this business case come from changing the existing rules, policies and practices that cause the greatest inefficiencies, or from changing how they are applied in the field. The three areas of change highlighted by PROS Consulting are: CUPE Local 37 Collective Agreement; attendance management; and reasonable accommodation of injured or ill employees.

Information withheld due to confidentiality.

In addition to the benefits above, there are indirect softer benefits – such as improved staff morale and better management of staff – that are more difficult to measure but will have a positive impact on productivity.

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Business Case 2: INCREASED PRODUCTIVITY (Chapter 9)			
For Council Approval		For Information	
PROS Consulting Recommendations	Admin Response	Administration Comments	
<i>Information withheld due to confidentiality.</i>			
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Business Case 2: INCREASED PRODUCTIVITY (Chapter 9)			
For Council Approval		For Information	
PROS Consulting Recommendations	Admin Response	Administration Comments	
2.4 Attendance Support Program: In conjunction with Human Resources, the Parks Business Unit should create a formal attendance support program in an effort to promote strong culture of work ethic and reduce the lost time associated with injury and illness (p. 2).	Accept	- The City currently has an attendance support program for permanent staff. This recommendation will fill the gap for seasonal staff. - Human Resources will create and Parks will implement an attendance support program specifically for seasonal staff. - One-time funding required to develop the program will be proposed as part of the 2015-2018 business plan and budget cycle. - This recommendation requires effort and time to implement; the Peer reviewers from other jurisdictions have had success over time.	
2.5 Reasonable Accommodation: Parks must, in conjunction with Human Resources, develop clear parameters, processes and accountabilities for reasonably accommodating employees who are ill or injured in order for Parks to support employee health and safety while maintaining productivity (p. 2).	Accept	Parks will review accommodations to bundle light duties.	

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Business Case 3: Cost Savings

This business case on cost saving is about savings through expansion of third party contracting and streamlining internal maintenance processes, and through longer term shifts such as the naturalization of select manicured park areas. The two main recommendations are:

- **Third party contracting** – *Information withheld due to confidentiality.*
 PROS along with the peer reviewers stressed the importance of maintaining flexibility to bring the work in-house when necessary, as markets can shift quickly, particularly in Calgary's economic environment - the increase in contract costs in 2014 is an example of this. PROS therefore recommends implementing managed competition where Parks would annually determine their unit costs and then compare the cost of internal forces with that of the external market. This information would be used to determine the right balance of work to be performed internally and by external contractors. A further benefit of contracting out routine maintenance work is that it would allow Parks to better manage 311 requests. Currently, priority is often placed on these requests, pulling Parks staff away from routine work, and disrupting work schedules.
- **Naturalization** – This is a longer term strategy where mowing and maintenance is reduced to areas used for recreation purposes. New habitat requiring minimal maintenance is introduced in the non-active recreation areas. The peer reviewers emphasised that this is the future direction when it comes to both financial and environmental sustainability. The successful implementation of this strategy in Calgary requires significant public education and community engagement, as Calgarians will experience a different form of park spaces than has been the case in the past. Parks has achieved some success over the last five years and will continue advancing naturalization.

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Business Case 3: COST SAVINGS (Chapter 10)			
For Council Approval		For Information	
PROS Consulting Recommendations	Admin Response	Administration Comments	
3.1 Third Party Contracting: Further expansion of third party contracting of park maintenance services to further reduce personnel costs should be explored (p. 5). <i>Information withheld due to confidentiality.</i>	Accept with amendment	Administration agrees that there are further opportunities to reduce costs and increase efficiencies and is committed to achieving these. Administration proposes to examine and compare several options,	

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Business Case 3: COST SAVINGS (Chapter 10)			
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		including: ○ Third party contracting, where Parks will continue to maintain the flexibility to do the work in-house; ○ Managed competition, wherein City operations may compete with third parties on a bid proposal; ○ Use of external service providers for growth areas; and ○ Exploration of additional cost savings within City operations. Administration proposes to evaluate the options and implement accordingly in 2015-18. This is not expected to delay the implementation of changes or the realization of efficiencies and cost savings. Information will be provided to Council as requested. ● Parks will track the cost savings.	
3.2 Naturalization of Parks System: Develop and implement systematic process improvements to create a balance between manicured and naturalized land in the system, in an effort to reduce the level of "manicured" parkland in the system and create a higher level of naturalization (p. 6).	Accept	● Parks will continue their efforts in naturalizing select park areas. ● This is the future direction for financial and environmental sustainability. ● It is a long term strategy that will require extensive public education and community engagement to be successful. ● Additional up-front capital will be required and identified to Council during the appropriate budget cycle.	

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Business Case 3: COST SAVINGS (Chapter 10)			
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3.3 Urban Conservation Rating System: Implement a Habitat Condition Index and Asset Condition Rating to establish sustainable funding (p. 4).	Accept	Full application of an urban conservation rating system is anticipated to be completed by 2018.	
3.4 Strategic Action Plan: - Fully develop a strategic action plan to successfully implement the realignment initiative that has been developed by Parks over the last 6 months (p. 4). - Fully develop a strategic action plan to shift the maintenance responsibilities along trails to the Pathways Portfolio. Note: The Pathways portfolio has begun the development of an action plan and expects to implement the plan in 2014 (p. 5).	Accept	- Natural Areas Plan will be part of the Biodiversity Plan and is targeted to go to Council in the fall of 2014. - Parks will transfer the maintenance of trails from Natural Areas to Pathways. - The efficiency gains from the above transfer are minimal. The main benefit will be improvements in service to citizens. The user experience when transitioning from hard to soft trails will be seamless.	
3.5 Asset Management Model: Fully implement PARIS to become highly efficient and effective in managing lifecycle replacement and the tracking of operational maintenance costs associated with the park system's assets by the end of 2015 (p. 6).	Accept	Parks will use the existing functionality in Parks Asset Reporting and Information System (PARIS) to track operational activity costs.	

Business Case 4: Levels of Service Provisions

Calgary has an expansive and diverse portfolio of assets that in some cases exceeds benchmarking standards. This not only has a significant financial impact on the lifecycle replacement, but also on the annual operating costs. The recommendation in this business case is to further investigate the quantity of assets that Parks currently has and receives annually from developers. This will be investigated as part of the review of the Parks Planning and Development Division which will take place outside the current zero-based review.

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Business Case 4: LEVELS OF SERVICE PROVISIONS (Chapter 11)			
For Council Approval		For Information	
PROS Consulting Recommendations	Admin Response	Administration Comments	
4.1 Levels of Service Provisions: Further analyze the Standard Development Agreement (Park) for park system amenities and assets to curtail the trend of creating an expansive inventory of assets that is not financially sustainable (p. 6).	Accept	The peer reviewers suggested to sub-divide level of provision into: quantity of assets and level of service. They also suggested that if controlling costs is a priority, the trade-off between costs and citizen satisfaction should be examined further.	

Business Case 5: Playfields Utilization & Cost Recovery

PROS has recommended an increase in hourly playfield rental rates to ensure 50% recovery of playfield maintenance costs. This is in reference to the youth rates of just over \$2 per team per hour (p. 95). The three benefits of increasing rates are:

- Increase in utilization of playfields. There are indications that teams are renting playfields but not actually using them, and that the low hourly rates for youth encourages overbooking.
- Increase in opportunities for emerging and non-traditional sports. As pointed out by the peer reviewers, greater accessibility to other groups is a key effectiveness benefit.
- Increase in revenue to cover a greater portion of the playfield maintenance costs.

The peer reviewers acknowledged that increasing fees is a difficult decision, but that in jurisdictions where it has been implemented, it has yielded many benefits. Administration will ensure that any changes to rates are aligned with City policies, such as Fair Calgary and the User Fee Policy, and Parks will examine the rate increase recommendation after the Playfield Strategic Plan is complete.

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Business Case 5: PLAYFIELDS UTILIZATION AND COST RECOVERY (Chapter 12)			
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PROS Consulting Recommendations	Admin Response	Administration Comments	
5.1 Playfield Strategic Plan: The Parks business unit in cooperation with the Recreation business unit is embarking on a strategic plan for the utilization and future development of playfields that includes cost recovery. This Plan will be instrumental in creating a balance of playfield utilization across the system while determining appropriate user charges based on user benefit and costs of providing the service (p. 6).	Accept	Parks and Recreation are in the process of developing a framework for this project.	
5.2 Playfield Reservation User Charges: Prior to the development of the Playfield Strategic Plan, increase the hourly user charge to recover at least 50% of the actual costs attributed to Playfield Maintenance (p. 6).	Accept with amendment	- To ensure alignment of rate increases with the Playfield Strategic Plan, Parks will review the rates after the Plan is developed. The Plan will be implemented in 2017. - Peer reviewers highlighted that where fee increases were successfully implemented, playfield utilization increased and emerging sports flourished.	

Business Case 6: Other Recommendations

This business case contains general recommendations that supplement recommendations in the other five business cases. In particular, the recommendations in the table below cross service line boundaries and are based on the findings on the organizational functionality of the Parks business unit.

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Business Case 6: OTHER RECOMMENDATIONS (Chapter 13)			
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PROS Consulting Recommendations	Admin Response	Administration Comments	
6.1 Communication: Develop communication standards for staff that mandates consistent and ongoing communication of the maintenance standards by which work is to be performed (p. 2).	Accept		
6.2 Leadership Training Program: Develop and implement a leadership training program that is specific to the needs of Parks business unit with initial focus on the foreman position (p. 2).	Accept		
6.3 Inventory and Maintenance: Parks must identify the most needed and appropriate level of parts needed to repair "non-rolling stock" equipment quickly to reduce downtime in the field (p. 2).	Accept		
6.4 Best Practice Training: Develop and implement a "hands-on" training program to teach staff the best practices of how to effectively use equipment in the field to achieve effective horticultural results (p. 3).	Accept	This training is an expansion of the current training program.	
6.5 Fleet Partnership: Continue to optimize relationship with Fleet for the acquisition, maintenance, and disposal of Parks "rolling stock" vehicles and equipment (p. 3).	Accept		
6.6 Collaboration: Foster an environment of collaboration across lines of service to achieve more effective and efficient outcomes of work (p. 3).	Accept		