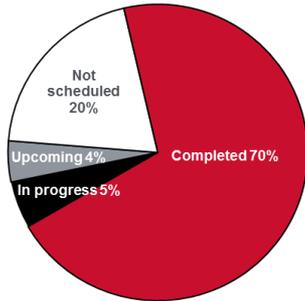




PROGRAM PERFORMANCE: HEADLINE MEASURES

How much did we do?



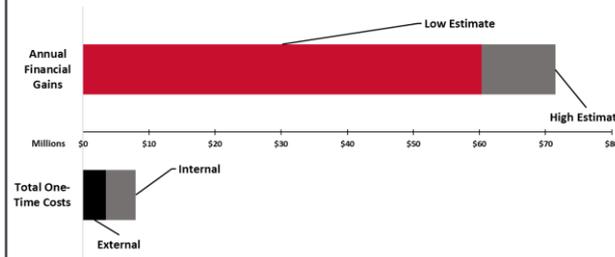
Proportion of City Services Reviewed through the ZBR Program

(measured by % of 2018 gross operating budget)

Story behind the data:

- To date, ZBRs have been completed on 70% of City services. Despite the completion of the IT ZBR, this number has not changed from the last report due to the increased budget in areas not scheduled for review. The program remains on track to meet the goal of reviewing 80% of City services by 2020.
- Looking forward, the focus of the ZBR program in 2019 will continue to be on The City's internal services.
- These services have smaller budgets but are key drivers of whole organization efficiency. As such, the maximum value to be gained from these reviews lies not inside each business unit but in the relationships and processes between them – and those they serve. Improvements in these areas will have far-reaching benefits across the corporation. Any financial gains identified are likely to be for front-facing client business units, not in the internal service budget.
- Opportunities for improvement in internal-facing business units will continue to be addressed through functional or service-based ZBRs; in addition we will collaborate with multiple services to address internal services' common issues in the Shared Challenges of the Internal Services ZBR.

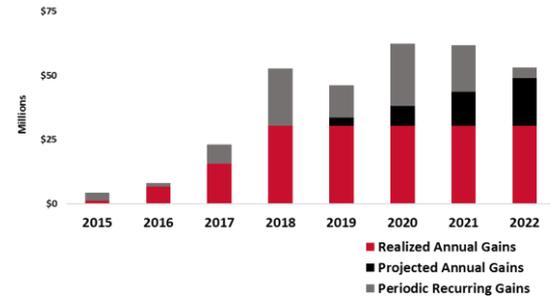
How well did we do it?



Story behind the data:

- The total predicted annual financial gains identified by the ZBR program to date are between \$60.4 million (low estimate) and \$71.5 million (high estimate) after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenue.
- Efficiency and effectiveness improvements go hand-in-hand. Beyond the financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and increased employee morale. Enhanced measures on effectiveness improvements are currently under development.
- The estimated cost of undertaking the ten completed ZBRs was around \$8 million, including the pilot project with Fleet. This includes internal costs (staff time) and external costs (consulting contracts). This does not include costs associated with implementing the recommendations.
- Comparing costs and financial benefits, there have been about \$8.24 in annual financial gains identified per one-time \$1 spent on the program.
- The annual financial gains include annual gains plus the periodic recurring gains which are averaged over the implementation period.

Is anyone better off?



Story behind the data:

- A forecast for financial gains from the first ten completed ZBR projects is shown above (data as of Dec 2018). These figures have been updated for this program status report. Additional forecasted gains from the Recreation ZBR will be included once implementation planning has been completed.
- As more ZBRs are completed, projections for future gains will increase accordingly.
- In addition to annual financial gains, which recur every year, a number of recommendations identify recurring cost avoidance or other gains which are realized at different frequencies. These are identified as periodic gains.
- Business units that have completed ZBRs in the past are now adapting their tracking to regularly report on and forecast financial gains. The degree of accuracy in predictions will improve with time as this becomes an upfront requirement for business units completing their ZBR projects.



ZBR Program Dashboard

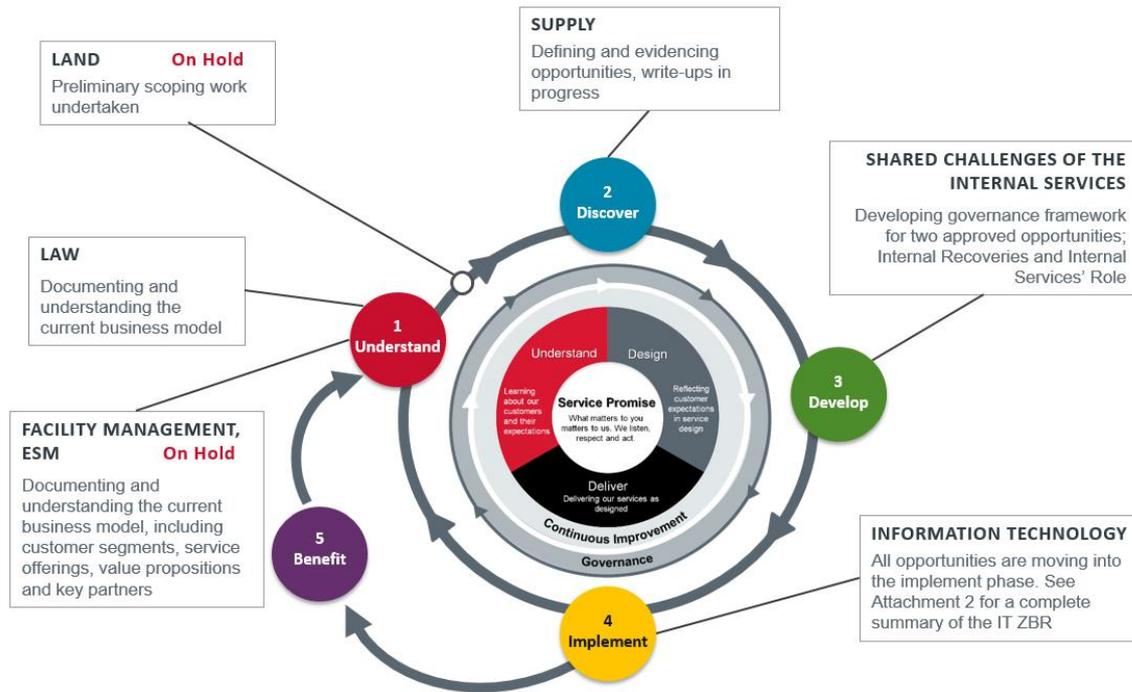
DATA DEVELOPMENT LIST

Additional work is underway to improve tracking of service effectiveness gains and options for measuring the ZBR program objective of building capacity for service improvement within the organization.

Staff involved in the implementation of past ZBRs have been engaged to identify key options and opportunities related to the development of measures that assess capacity building within Business Units and across the Corporation.

STATUS OF ZBRs PLANNED AND UNDERWAY

Mapping ZBRs to the Continuous Improvement Process





ZBR Project Implementation Tracker

Business Unit	Date Reported to PFC	Approx. Date of Full Implement'n	Current Status of Recommendations			Financial Benefits - Annual Gains		Annual Gains Realized To Date*
			Total Recommendations	Number Being Implemented	Number Complete	Low Estimate	High Estimate	
Fleet (pilot project)	Jul-12	Closed	8	0	8	-	-	-
Parks	Jul-14	2019	6	1	5	\$4.3M	\$4.3M	\$3.0M
Roads	Oct-14	Closed	5	0	5	\$1.4M	\$1.9M	\$2.8M
Water Services	Mar-15	2022	5	4	1	\$2.4M	\$6.1M	\$7.0M
Fire	Nov-15	2019	4	1	3	\$14.1M	\$15.1M	\$14.1M
Calgary Transit	Jun-16	2021	7	5	2	\$10.3M	\$11.1M	\$3.7M
Water Resources	Sep-16	2026	4	4	0	\$17.0M	\$20.5M	\$11.2M
Calgary Building Services	Nov-16	2019	4	2	2	\$3.2M	\$4.6M	\$1.8M
Recreation	Jun-18	TBD	8	8	0	\$2.0M	\$2.2M	-
IT	Jan 2019	TBD	7	6	1	\$5.7M	\$5.7M	-
ZBR Program Total			58	31	27	\$60.4M	\$71.5M	\$43.6M

*Includes annual financial gains plus periodic gains (recurring cost avoidance or other gains which are realized at different frequencies). As reporting continues the dashboard will evolve, in line with our ongoing commitment to the continuous improvement of the program.



To date, the implementation of the recommendations from the **Parks ZBR** has resulted in annual ongoing gains of \$3.0M (up from \$2.4M in 2017). In conjunction with Recreation, Parks completed and is now implementing work from the Sport Field Strategic Plan. With Parks now moving into sustainment activities as they relate to the ZBR recommendations, a Parks ZBR closeout report is planned for the next ZBR Program Report.



A final implementation report on the **Roads ZBR** is included as Attachment 3. \$10M in variable annual gains were realized over four years (an average of \$2.5M per year). Roads' realized annual recurring gains were \$345K every year since 2015. Please refer to the attachment and cover report for more details. Note that a correction has been made where onetime amounts were previously reported as recurring.



The **Water Services ZBR** implementation is well underway. Annual financial gains in 2018 were \$7.0M with an additional \$2M in one-time only gains in 2017, outperforming predicted gains.



The **Fire ZBR** implementation has resulted in \$14.1 million in annual gains in 2018 (up from \$5M in 2017), inline with predicted gains. Fire is developing a Training Academy Master Plan (to be completed in 2019) which will identify strategies to address the revenue challenges the Training Academy faces in this economy. The Training Academy itself has already generated \$73,800 in revenue for 2018, plus \$236,535 of in-kind facility rentals to The Corporation.



The **Calgary Transit ZBR** started realizing financial gains in 2017. In 2018, \$3.7 million in annual ongoing gains have been realized (up from \$1.1M in 2017), with additional benefits to be realized each year until 2021. Implementation work on the Janitorial and Outside Maintenance recommendation and the Rail System Communications recommendation is complete and benefits were realized at the start of 2018.



All of the recommendations from the **Water Resources ZBR** are being implemented with gains being realized. A total of \$22.5 million has been realized since 2017 (average of \$11.2M per year). Financial gains are expected to be fully realized by 2022. Implementation of the customer delivery and service levels ZBR recommendations will wrap up in 2026.



Substantial progress has been made on all recommendations in the **Calgary Building Services ZBR**, which started realizing efficiencies in 2018. This cost avoidance will continue and is projected to reach \$4.6M by 2022. Moving services online and realizing efficiencies in inspections services are the primary factors that will increase the annual gains between 2019-2022.



Implementation planning on the **Recreation ZBR** has already begun and will be presented in a future report.



The **IT ZBR** has defined and developed all seven identified opportunities which are now moving into the Implement phase. Implementation of one of these opportunities is already complete and two are well underway.



The **Shared Challenges of the Internal Services ZBR** already has two opportunities in process. Intensive work began in the fall of 2018 to develop options to improve The City's use of Internal Recoveries.



Next ZBR Program Report: Summer 2019