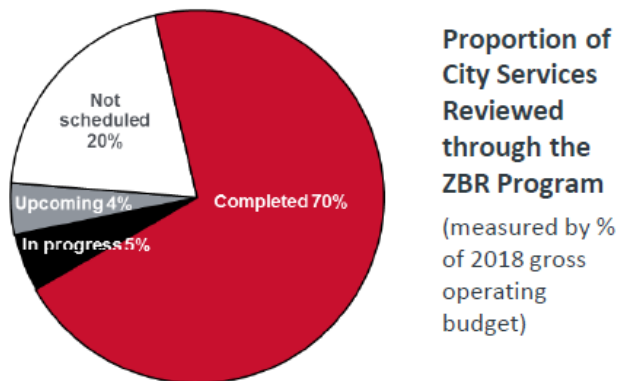


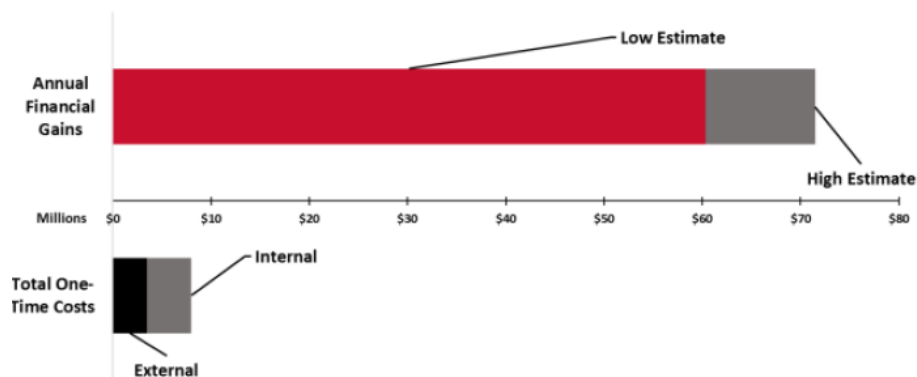
The Zero-Based Review Program

The Zero-Based Review (ZBR) program complements The City of Calgary's other continuous improvement activities by adding a periodic, more thorough review of whether the right services are being provided in the right way. Ten ZBR reviews have been completed since 2012 representing approximately 70% of The City's annual budget. Total annual financial gains identified through the program are between \$60.4 million to \$71.5 million and the total annual gains realized to date are \$43.6 million. The ratio of program costs to identified savings since the inauguration of the program remains a favorable \$1 in one-time costs to \$8.24 in identified annual savings.

How much did we do?



How well did we do it?



Continuous improvement of the program

The program itself has evolved over time, driven by both the changing circumstances since its inception and the continuous improvement ethos of the ZBR program itself. Direction for the program is therefore contained in a number of previous reports to Council, including:

- The initial report establishing the program and setting up the pilot (FCS2011-31);
- Follow-up reports, modifying some program parameters, reflecting lessons learned and further method improvements (PFC2012-0492, PFC2012-0713 and PFC2014-0554); and
- Approval of a new program mandate and reporting approach to enable the program to continue delivering results in the face of changing circumstances and new requirements. One of the key improvements made in the program is in taking a corporate-wide approach, instead of individual service reviews, towards reviewing internal services because they support the organization as a whole (PFC2016-0883).

Purpose of the ZBR program

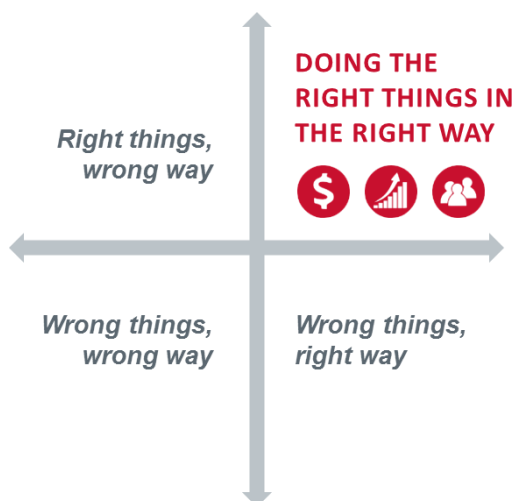
The ZBR program exists to:

1. Increase the value Calgarians get from their tax dollars by improving the efficiency, effectiveness and sustainability of services; and
2. Build the organization's capacity for continuous service improvement.

By first asking fundamental questions about whether we are doing the 'right things' in the 'right way', the ZBR program lays a foundation for true efficiency and effectiveness (Figure 1).

This work is especially important when resources are limited but the demand for City services is not. The recent economic downturn has increased the pressure on Administration to use fewer resources without compromising service quality, and incremental budget cuts are no longer enough to address this challenge. The ZBR Program helps The City balance changing citizen needs and priorities with the resources available and applies risk-based thinking to ensure The City is able to enhance opportunities and avoid risk while achieving its results in a time of constraint. The savings identified by the program will help Administration to achieve the targets for efficiencies and other savings established in One Calgary: 2019-2022 Service Plans and Budgets.

Since its inception, the ZBR program has used a service based approach including five areas of analysis:



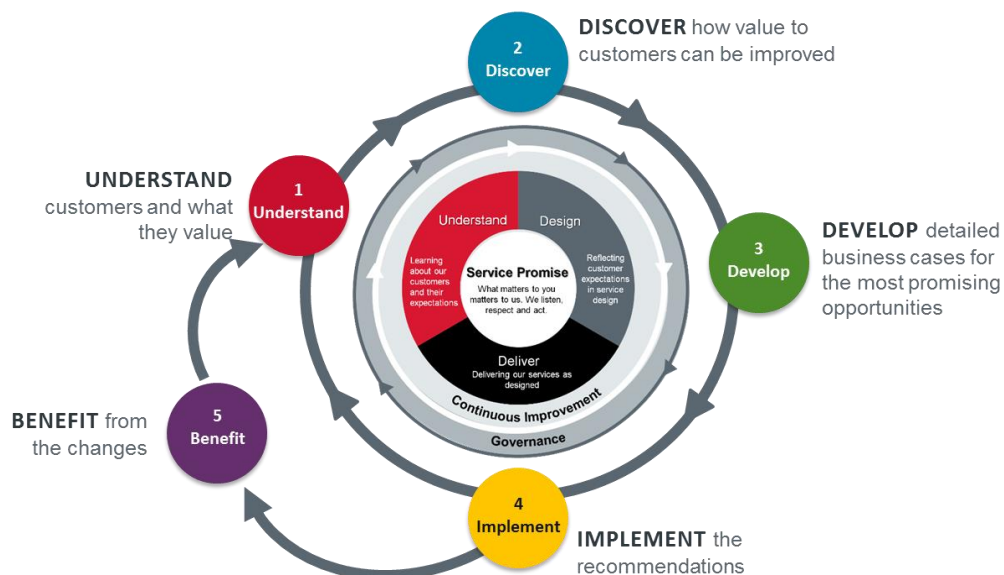
1. **Service Rationale:** Why is The City providing the service? Should we be in this business?
2. **Service Level and Scope:** Why is The City providing the scope and level of service?
3. **Service Efficiency:** According to the industry standards, is the service efficient?
4. **Service Effectiveness:** According to the industry standards, is the service effective?
5. **Service Funding:** Are the sources of funding sustainable and appropriate?

While these fundamental questions are unchanged, the frameworks, approaches and tools used in the program have evolved over time. The continuous improvement architecture that underpins the ZBR program is the same one that guided the service planning and budgeting process used in One Calgary. Using a common approach of applying results- and evidence-based decision making across all elements of The City's Performance Management System, a culture of continuous improvement that is a hallmark of every high-performing organization, is instilled in the way we deliver services every day, not only in times of financial constraint. Our efforts to further embed this culture at The City will continue in the 2019-2022 cycle.

The continuous improvement process

The continuous improvement process used in ZBRs is based around The City of Calgary's Customer Service Approach. As such, the process starts with understanding what citizens and customers value about the service in the 'Understand' phase shown below.

The ZBR continuous improvement process



What customers value forms the desired results of the service, so that the elements of results-based thinking process (Results-Based Accountability™ or RBA) can be applied towards understanding the internal and external influences on achieving our desired results, being accountable for our service performance levels and how well we are doing, whether our customers are better off, and continuously find ways to do better with low-cost, no-cost methods, while appropriately managing the risks impacting the achievement of results.

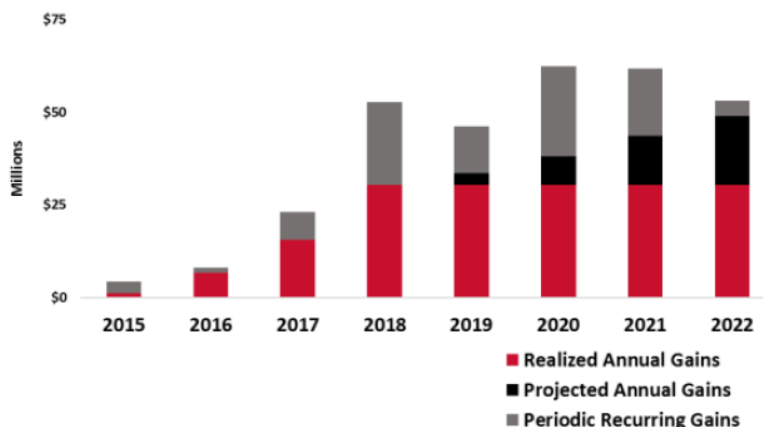
Achievements to-date of the ZBR program

Since the first ZBR was conducted in 2012, zero-based reviews have been conducted on 70% of City services by budget. These are: Fleet, Parks, Roads, Water Services, Fire, Calgary Transit, Water Resources, Calgary Building Services, Recreation, and Information Technology.

To date, the total predicted annual financial gains identified through the ZBR program are between \$60.4

million and \$71.5 million after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenues.

Is anyone better off?



Efficiency and effectiveness improvements are complementary in that associated with the anticipated financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and improved employee morale. Some practical and relatable examples of how the zero-based review of services have improved the way we deliver our services include quicker turnaround times for pavement rehabilitation work and replacement of streetlight poles; reduced disruption to commuter traffic, residences and businesses related to repair of sewer backups; reduced downtime of transit ticketing machines; and a simplified single (previously fifty-one applications) online application process, with online live chat support, for building and development permits for homeowners.

Moving forward, the foundational work of the One Calgary program to present City services using a results-based way of thinking with what customers value as the focus will allow future ZBR work and accelerate the review process in 2019. The program will be focused on reviewing The City's internal services, and is currently on track to complete in-depth reviews of 80% of City services by 2020. Our approach moving forward will also speak to things such as addressing Council's areas of top concern, the speed of the reviews, breadth of coverage, level of granularity, and linking the results to the plans and budgets.