Region of Waterloo

Chief Administrative Officer

CAO

To: Strategic Planning and Budget Sub-Committee

Meeting Date: September 11, 2024

Report Title: Administrative Costs and Efficiency Programs

---

1.   Recommendation

For Information.

2.   Purpose / Issue:

To provide summary information related to administrative costs and efficiency programs.

3.   Strategic Plan:

This report supports the Resilient and Future Ready strategic priority to ensure fiscal accountability and transparency in service delivery as we work toward achieving our goals within the Growing with Care priorities of Homes for All, Climate Aligned Growth and Equitable Services and Opportunities.

4.   Report Highlights:

- The Region of Waterloo provides over 200 services to the Waterloo Region community.
- The Community is rapidly growing to 1 million people, community needs are changing/becoming more complex, climate change impacts are becoming more pervasive, and the Region is facing an increasingly challenging fiscal framework as it responds to these needs.
- To meet these needs and challenges the Region proactively manages its costs, champions efficiency, while safeguarding the quality of service, growth and achievement of broader impacts towards the goals set out in the Region's Strategic Plan: Growing with Care.
- Over the past five years (2020-2024) the Region has achieved approximately $41.6 million in efficiency savings and consistently performs well against comparators in administrative cost-related performance indicators.
- This is reflected specifically in Appendix A, MBNCanada 2022 Cost Efficiency Related Performance Indicators Report. The MBNCanada report shows that:
  - The Region's performance was in the top or middle third of reporting municipalities in 76% (53 out of 70) of measures. Statistical measures

have been excluded.
- o Services with "top third" results (with "top third" meaning lower costs per unit or higher performance) include Child Care, Emergency Medical Services, Accounts Payable operating costs, Facility Operations costs, Governance and Corporate Management costs, Information Technology costs, in house and external Legal operating costs, long term resident and family satisfaction, and costs of waste collection.
- o Although yet unpublished, the 2023 preliminary results related to administrative costs would suggest that the Region is tracking similarly to the 2022 results in terms of performance in Accounts Payable, Facilities, Fleet, General Government, General Revenue, HR and Citizen Service, IT, Legal, Payroll and Procurement.
- o These measures, alongside other performance tracking processes, such as quarterly reporting of Growing with Care progress, ensure a robust framework to facilitate service delivery improvement, innovation and excellence across the organization.
- o Over the past several years the Region has employed rigorous service reviews as follows:
  - ▪ Region of Waterloo Service Review Final Report (KPMG, December 2019)
  - ▪ Identifying Opportunities to leverage AI (Price Waterhouse Cooper, April 2021)
  - ▪ Service Transformation Strategy Final Report (The Perry Group, January 2023)
- o These reviews have prompted significant service changes, adoption of new service models and provided guiding strategic direction that the organization continues to build off.
- o The development of the Region's first Digital Service Transformation Strategy offers a practical blueprint for improvement and innovation that will help the organization to leverage and scale existing and new technologies to meet the demands of a growing diverse community in better and more affordable ways.
- o This strategy is an actionable path to rethink and redesign services through the lens of digital capabilities, equity and environmental sustainability.
- o The report recommends an extensive program of change that includes five focus areas to build new capacity and capability. The approach supports gradual, iterative and adjustable implementation.
- o The key recommendations aim to:
  - ▪ Bring forward radical improvements in service experience for residents.
  - ▪ Make it easier for employees to do their work and focus on high

value activities, and
- Optimize organizational resources in a fiscally challenging context.
  o Appendix B provides a summary of recent operational efficiency, improvement and innovation projects in the areas of:
    1. Leveraging digital solutions to enable residents' easier access to information, self-serve options and improved opportunities to engage with the Region
    2. Adoption and utilization of business solutions that optimize business processes and workflows
    3. Technologies that improve employee collaboration, streamline processes for Councillor business, meetings and information flow
    4. Improved data integration, visualization and analytics for decision support
    5. New service delivery models that maximize existing staff capacity, curtail future costs to respond effectively to increasing service demands
    6. Focus on energy efficiency

5.   Background

- At the June 4th Administration and Finance Committee meeting, the following direction was provided to staff with regards to development of the 2025 Plan and Budget: that Staff conduct a comprehensive review of the Region's administrative expenses, and what could be done differently operationally.
- Every year, efficiencies and cost savings are realized through a number of mechanisms, including: utilities and energy saving retrofits, reviewing and adjusting staffing levels and overtime requirements, training, conferences, meetings, mileage and travel, new user fees and revenue streams, office supplies and minor maintenance, consulting fees and purchased goods and services, and service level adjustments. Over the past five years, $41.6 million in savings has been achieved.
- Several rigorous service reviews have been completed over the past few years, prompting significant changes. Appendix B provides a summary of recent operational efficiency, improvement and innovation projects. Some examples include:
    1. Leveraging digital solutions to enable residents' easier access to information, self-serve options and improved opportunities to engage with the Region:
       - Implementation of the Region's first Call Centre Chatbot and Interactive Virtual Agent (IVA), coupled with state-of-the-art digital queue technology increases the options for the 360,000+ annual calls from residents to interact with Regional services in the most convenient way while

maximizing existing resources.

- Implementation of web application software that manages and builds service-related on-line forms to improve resident experience. This solution has full logic capability, advanced reporting functionality, the ability to take payments and to assign workflow, reducing processing time.

2. Adoption and utilization of business solutions that optimize business processes and workflows:
   - Automated messaging to road maintenance staff during peak demand events, reducing time while improving the accuracy of callouts and optimizing scheduling.
   - Creating efficiencies across client referral processes, appointment booking and automation of Electronic Medical Record entries, replacing the need for time consuming manual transcription by Public Health Staff (133% reduction in staff time).

3. Technologies that improve employee collaboration, streamline processes for Councillor business, meetings and information flow:
   - Implementation of full web conferencing solutions across the Region to facilitate digital collaboration, reducing employee travel-time and milage expenses
   - e-Scribe implementation, a digital end-to-end Council meeting management solution, enabling electronic voting functionality for both in-person and remote council meetings and streamlined workflows for review, package assembly and distribution

4. Improved data integration, visualization and analytics for decision support:
   - In-house development of an integrated Growing with Care performance dashboard, providing up to date status updates on the Region's key strategic initiatives and saving costs associated with off the shelf commercial software.
   - Continued implementation of the Region's Asset Management decision-support software to enable more efficient management of our most significant assets accurately, consistently and in a single system.

5. New service delivery models that maximize existing staff capacity, curtail future costs to respond effectively to increasing service demands:
   - Optimizing Regional office space needs to reduce current and future administrative office footprint, reduce lease, facility maintenance and energy costs amounting to $100

million over the next 20 years

- Multiple Paramedic Services innovations, such as Fit2Sit, Alternative Care Pathways that provide patients with the care they need, while reducing offload delays getting paramedics back on the road faster

6. Focus on energy efficiency:

- Corporate Energy Plan implementation of 210 energy conservations projects saving over $2 million in utility costs and leveraging over $8 million of new incentives and grants

o Each of the above examples offer a snapshot of what's possible with continued investment in digital service transformation, innovation and business optimization activities.

- Investment in these programs is needed to save costs in the longer term for fiscal resilience and affordability for the taxpayer.

6.   Communication and Engagement with Area Municipalities and the Public

Area Municipalities: Nil

Public: Nil

7.   Financial Implications:

Over the past five years (2020-2024) the Region has achieved approximately $41.6 million in efficiency savings.

8.   Conclusion / Next Steps:

The Strategic Planning and Budget Sub-committee may choose to develop recommendations regarding the content of this review to present to the Strategic Planning and Budget Committee in October 2024.

9.   Attachments:

Appendix A: MBNCanada 2022 Cost Efficiency Related Performance Indicators

Appendix B: Summary of Regional Efficiency, Improvement and Innovation projects

Prepared By: Van Vilaysinh, Manager, Corporate Strategy and Strategic Initiatives

Christopher Wilson, Manager, Corporate Budgets

Reviewed By: Jennifer Smith, Director Corporate Strategy and Performance

Approved By: Connie MacDonald, Chief Communications and Strategy Officer