Agenda – Executive Policy Committee – December 9, 2025

REPORTS

Item No. 10 Annual Report on Continuous Improvement and Innovation

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That this report be received as information.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On December 15, 2022, Council adopted the recommendation of the Executive Policy Committee, which included the following recommendation:

2. That future continuous improvement initiative reporting be done through the Annual Report on the Innovation and Technology Project Portfolio presented to the Executive Policy Committee.

STANDING COMMITTEE RECOMMENDATION:

On July 8, 2021, the Standing Policy Committee on Innovation and Economic Development directed the Winnipeg Public Service to provide an annual report in December of each year, containing a summary of innovative projects that have been brought through the Public Service, including which projects have been implemented and their benefits.

ADMINISTRATIVE REPORT

Title: 2025 Annual Report on Continuous Improvement

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Giles	T. Graham	T. Graham	J. Dunford

EXECUTIVE SUMMARY

The City of Winnipeg faces challenges similar to other Canadian cities. These include inflation, population growth, evolving service demands, and labour force challenges; all of which have the potential to increase costs to taxpayers. To mitigate this, the City will be enhancing its improvement abilities in 2026.

The City has initiated a culture of continuous improvement over the last several years. The focus of improvement projects is shifting more toward citizen impact and measurable results.

In 2025, Council reformed the Budget Working Group into the Budget Savings Team. This new team connects improvement projects directly to the budget process. The team reviews projects for their service impact, ensuring that savings flow into current and future budgets. Previously, continuous improvement programs were run by each department. In 2025, the Chief Financial Officer (CFO) connected these separate programs to the budget process.

Lean Six Sigma, one of the most widely used improvement systems in the world, was chosen for the Public Service. This enabled a more consistent and connected improvement approach. A central Lean Six Sigma resource supported project design and coordination across departments. Early projects have reduced costs and improved efficiency. The 2025 and 2026 budgets reflect the results of these efforts.

Highlighted projects from the attached continuous improvement report include:

- **Fleet Vehicle Utilization Review** – Reduced the City's fleet by 71 vehicles. Eight vehicles were converted to an internal rental pool, and the rest were sold.
- **Invoice Processing Automation** – Introduces Artificial Intelligence (AI) functions to automate invoice data entry.
- **PeopleSoft Upgrade** – Improves Enterprise Resource Planning software functionality and maintenance, at lower cost.
- **Review of Work Schedules** – Reduces unbudgeted overtime through shift scheduling changes.
- **Parking Paystation Modernization** – Conversion to mobile apps, supported by more physical pass purchase locations.
- **Advanced Metering Systems Project** – Install advanced water metering infrastructure to improve billing accuracy and eliminate manual reading.

Looking ahead, the Public Service will build on this progress. In 2026, the City will:

- Form a team from senior management steering committee to guide and monitor improvement projects.
- Create a Corporate Continuous Improvement Unit and engage trained staff to lead pilot projects under the CFO's oversight.
- Adopt Lean Six Sigma methods.
- Offer in-house training and workshops to build skills within the public service.
- Apply change management to support engagement and build further buy-in.
- Ensure funding and resources are in place for success.

Through these actions, the City will improve service, manage costs, and build a stronger, more efficient Public Service for the future.

RECOMMENDATIONS

1. That this report be received as information.

REASON FOR THE REPORT

On July 18, 2019, Council directed the Chief Financial Officer and the City Auditor to consider various improvement tools and develop a comprehensive four-year continuous improvement review plan. The purpose was to identify efficiencies, control expenses, and improve processes and customer service throughout City departments.

On December 15, 2022, Council received the first Continuous Improvement Review Plan. Council adopted the recommendation of the Public Service that continuous improvement initiative reporting be combined with the Annual Report on the Innovation and Technology Project Portfolio.

Recommendation 1.l of the 2025 Adopted Budget directed the Public Service to continue and renew Continuous Improvement activities and reporting, and provided cost savings targets for 2025, 2026, and 2027. Under this direction, the CFO assumed responsibility for the Public Service's new continuous improvement process and annual reporting.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications arising from receiving this report as information.

HISTORY/DISCUSSION

Continuous Improvement at the City of Winnipeg

The City of Winnipeg faces similar pressures as those experienced by other Canadian cities: inflationary costs, rapid population growth, shifting social trends, and evolving service expectations. In addition, many organizations across the country, including the City, are facing challenges filling job openings with qualified candidates. These combined factors are creating operational and financial challenges, such as increased workers' compensation and overtime

costs. To mitigate these issues now and in the future, the City is strengthening its continuous improvement capabilities.

Continuous improvement is the ongoing increase of effectiveness and efficiency in service processes and outputs. Effectiveness speaks to the quality and speed of services delivered. Efficiency speaks to the amount of resources required to deliver service.

Driving continuous improvement and performance measurement in key processes and procedures across the organization is one of the four strategic directions in the 2024-2027 Corporate Strategic Plan. Improvement initiatives produce better service quality and better customer experience, as well as reduce relative costs, reduce risk, increase resiliency, and increase agility of City services.

The City began developing a culture of continuous improvement in 2019. Since 2022, continuous improvement initiatives have been tracked and reported each year in an annual continuous improvement report. Over time, this reporting has shifted to place greater emphasis on results, reflecting a more outcomes-focused approach.

Advancing the Culture of Continuous Improvement

Historically, continuous improvement programs and methodologies were localized in individual City departments, with varying degrees of resourcing and maturity. Over the past year, the Chief Administrative Officer (CAO), the Chief Financial Officer (CFO), and the City's senior management team have worked together to further strengthen the Public Service's continuous improvement capabilities, and to prepare for future challenges. Actions taken over the year include:

- Council transforming the former Budget Working Group into the Budget Savings Team.
- Council providing focused corporate efficiencies targets to the Public Service to be achieved through continuous improvement.
- The CFO linking departmental improvement programs to the annual budget process.
- Establishing a centralized continuous improvement resource to support project development across departments.
- Expanding Lean Six Sigma knowledge within senior management, with plans to extend training more broadly throughout the Public Service.

Budget Savings Team

In 2025, Council restructured the Budget Working Group into the Budget Savings Team, directly linking continuous improvement reporting to the budget process. Throughout the year, the team evaluated improvement opportunities based on their impact on services and finances and made recommendations on funding where appropriate. This approach helped ensure that identified efficiencies were reflected in the 2025 approved and 2026 preliminary budgets. It also enabled the ability for improvement initiative benefits to be carried forward into future years.

Corporate Efficiency Targets

One of the performance expectations of any continuous improvement program is to deliver financial benefit to organizations. The Public Service was provided a corporate efficiencies target of $26,100,000 in the 2025 Adopted Budget, with more savings to be achieved in the future.

Past targets to balance the budget had been achieved to a large extent through unbudgeted one-time events and transfers. Further building the culture of continuous improvement will move the Public Service away from these uncertain and unsustainable practices, toward more operational stability through deepening the understanding of operations and their financial drivers.

Improvement initiatives can produce a range of financial benefits. These financial benefits can come in a range of forms, affecting both revenue generation and organizational costs that exist now, or that can come in the future. These financial benefits can include:

1. Reduction of unbudgeted costs (reduce unbudgeted expense trends, such as overtime).
2. Reduction of budgeted costs that reduce budget on a one-time or temporary basis (protect the budget against unexpected events – but not expected on an ongoing basis).
3. Reduction of budgeted costs that reduce budget on ongoing basis (reduce the budget).
4. Reduction of future costs (cost avoidance by increasing the productivity of existing resources).
5. Reduce gap between budgeted and realized revenues.
6. Increase revenues in excess of budgeted amounts.

The following are descriptions of projects that contributed to the financial savings achieved in 2025, as well as projects that will continue to contribute other financial benefits to the City in the future.

Highlighted Improvement Initiatives

Some of the initiatives that contributed to the Public Service's 2025 and future operational efficiencies targets include:

Fleet Vehicle Utilization Review

Through the 2025 Adopted Budget, the Public Service committed to comprehensively review the City's vehicle fleet with the aims of optimizing utilization and finding efficiencies. This review was completed through the participation of many City departments over the course of several months.

The review produced results that exceeded the original efficiencies target. Seventy-one underutilized vehicles were identified, producing the following results:

- Some vehicles were converted from single-department use to an internal rental pool, saving an estimated $72,987 annually in future external rental fees.
- Ongoing annual operating savings from the lower fleet are estimated at $359,171.
- A one-time gain of $353,269 was achieved from vehicle sales.

In total, this initiative achieved efficiencies of at least $785,426 of which $432,000 are annual savings.

Invoice Processing Automation

One of the improvement initiatives developed in response to the Mayor's Artificial Intelligence (AI) challenge is the automation of invoice processing. The new system developed through this initiative uses AI document intelligence to extract key data from invoices, classify the data, and automatically populate financial systems. This reduces time and energy spent manually reviewing and entering invoice data. Automated processing can also reduce the risks of transposition error from human entry, and natural workflow delays that arise from fluctuating workloads throughout the year.

The pilot for the initiative showed high accuracy for automated transactions, performing in line with expectations. The fully-implemented initiative is expected to generate over $120,000 in annual savings, with the possibility of further expansion in the future.

PeopleSoft Upgrade

Enterprise Resource Planning (ERP) systems are substantial assets for any organization, often requiring significant investment to sustain. Since the implementation of the City's PeopleSoft ERP system in 2002, the Public Service has maintained the system at the lowest possible cost to taxpayers.

In 2025, the Public Service was able to negotiate a maintenance service contract with the software provider that offers more up-to-date software maintenance and access to more program features, at a lower price than the City's prior vendor. The new contract is estimated to save between $85,000 and $340,000 annually (based on bi-annual licence fee projections), with total estimated savings of $1,600,000 over the term of the contract.

Review of Work Schedules

As part of Public Works' ongoing continuous improvement efforts, the Streets Maintenance division worked with the union and staff to shift schedules from five 8-hour days to four 10-hour days each week. The goal of this change was to reduce overtime costs associated with reactionary maintenance activities, while also improving overall productivity.

Early results show increased efficiency and lower unbudgeted overtime expenses. Because streets maintenance work is highly weather-dependent, the overall cost and productivity impacts will vary annually and will be further evaluated following the 2025 summer season.

Parking Paystation Modernization

By 2025, the City's network of over 250 physical, cash-and-card, parking paystations has reached the end of their useful lives. The decision factors on whether to replace the network included:

- Technology: Aging hardware in the units was becoming obsolete, creating the need for manual adjustments to each paystation for system-wide updates. The units also operated on 3G technology. Canada's mobile service providers announced they were phasing out 3G technology in 2025 and 2026, which would render the existing paystation network inoperable.
- Aesthetics: The current paystations were aging, reaching a state of visible disrepair. The units were also attracting multiple cases of theft and vandalism.

- Customer Demand: Recent payments trends were showing that the vast majority of customers were not paying with cash at paystations, and over 80 percent of customers paid by phone.
- Investment Cost: The capital cost to replace the network was estimated at $3.6 million. The annual operating cost of the network was estimated at about $1 million.

These factors led to the decision to modernize the service, and to expand availability of other non-mobile purchase options. Prepaid Parking Booklets (formerly known as *Scratch 'n' Park Meter Passes*) were made available at more City facilities, and by mail-order through 311, at no additional charge.

The estimated total savings from this initiative are a one-time capital purchase of $3.6 million, and annual operating savings of $1 million.

Advanced Metering Systems Project

There are approximately 221,000 residential and commercial water meters in the City of Winnipeg's water infrastructure network. Over 144,000 (65 percent) of these meters have exceeded their service lives and require replacement. This project will replace these aging water meters, upgrading the water system to an Advanced Metering Infrastructure (AMI). AMI enables automatic transmission of water usage data, eliminating the need for manual meter readings by City staff or building occupants.

This project will deliver multiple benefits to both the City and its customers, including:

- Fewer disruptions for customers, as there will be no need to access homes or buildings to take meter readings.
- Improved detection of potential leaks or unusual water usage patterns.
- Reduced reliance on estimated reads, leading to more accurate billing.
- A more equitable distribution of water charges based on actual service use.
- Decreased need for manual meter reading and data entry, improving operational efficiency.

The project is scheduled for full implementation by the end of 2030.

Further Maturing Improvement Capabilities

Over the last year, the City began to move from multiple continuous improvement programs being governed by each department, to a more cohesive approach across the Public Service. Senior management, in collaboration with the CFO, continued to strengthen the Continuous Improvement Program by identifying key opportunities within their departments. A dedicated public servant trained in Lean Six Sigma supported this work by helping departments design improvement projects and standardize processes across the organization. Early-adopting departments have already implemented their projects. Their results are reflected in the 2025 and 2026 budgets.

With the appointment of the new CAO, the Public Service will continue to build on this progress. In 2026, future development of continuous improvement at the City will focus on:

- Adopting Lean Six Sigma methodologies to streamline processes, improve service consistency, and reduce non-value-added activities.

- Establishing a steering committee of senior management—consisting of the CAO, CFO, Deputy CAOs, and the Director of Innovation and Technology—to identify, prioritize, and monitor continuous improvement projects.
- Identifying City employees with Lean Six Sigma training and engaging them in a unit reporting to the CFO, to lead pilot projects and implement initiatives incrementally.
- Offering in-house workshops and training to broaden staff participation in Lean Six Sigma across all levels of the organization.
- Applying change management strategies to encourage engagement and minimize resistance to new initiatives.
- Ensuring adequate funding and resources are available to support initiatives where prudent.

Future Initiatives

There are challenges that the Public Service face and will continue to face into the future. Some of these challenges are complex, requiring the root causes of undesirable effects such as growing costs, overtime, workers' safety and well-being and fare evasion, to be researched and addressed. Further developing the City's continuous improvement abilities will help tackle these issues, and those that will emerge in the future. Over the next years, the City's central continuous improvement unit will work with and support departments that are experiencing these challenges.

Continuous Improvement Report

The attached Annual Report on Continuous Improvement presents the more significant improvement projects that departments are executing to generate financial and operational benefits for citizens. Projects have been organized by the primary benefits they were chosen for, though projects can generate many different kinds of benefits. This ordering is:

1) Control expenses;
2) Generate revenue;
3) Improve service delivery;
4) Improve resource use.

The Public Service notes the initiatives included in the report are at the strategically-significant level, based on the efficiency targets provided to the CFO. The Public Service perform improvement activities regularly that are not large enough to create a "project" for. These are not included in this report.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 7, 2025

Project Name:

2025 Annual Report on Continuous Improvement

COMMENTS:

There are no financial implications in receiving this report as information.

Randy Bernard

Randy Bernard, CPA
Manager of Finance & Administration (Campus)
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CONSULTATION

This Report has been prepared in consultation with all departments except for the Winnipeg Police Service, due to its independent reporting structure.

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance Objectives:

- Establish and implement priority actions through evidence-informed decision-making processes.
- Achieve community-responsive service delivery through an aligned, integrated, collaborative and results-oriented organizational culture.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

- 1.3 Implement Low Carbon and Energy Efficient City Facilities and Buildings.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

- Initiative 6.4.1 Explore a single application process for City of Winnipeg fee waivers and fee subsidies for low-income individuals and families.

SUBMITTED BY

Department: Corporate Finance
Division: Office of the CFO
Prepared by: M. Giles, Business Architect
Date: November 13, 2025

Attachment:

Appendix A – 2026-2028 Continuous Improvement Plan and Progress Report