

The City of Calgary 2020 Infrastructure Status Report

RECOMMENDATION:

That the Standing Policy Committee on Utilities and Corporate Services recommend that Council receive the City of Calgary 2020 Infrastructure Status Report for the Corporate Record.

HIGHLIGHTS

- A key part of the overall asset management system, the City of Calgary Infrastructure Status Report (ISR) is a summary-level document highlighting the current state of municipal infrastructure assets.
- What does this mean to Calgarians? The information provided in the Infrastructure Status Report serves as a starting point for informed infrastructure investment decision-making in support of sustainable delivery of municipal services to residents of Calgary.
- Why does it matter? Sound infrastructure investment decisions must be based on information about infrastructure required for delivery of municipal services including an accounting of existing assets and what condition they are in.
- Current replacement value (CRV) of existing assets has increased from \$84.70 billion in 2017 to \$93.91 billion in 2020.
- Relative to 2017, assets in good/very good condition have decreased from 88 per cent to 79 per cent.
- There is an increase of the 10-year infrastructure funding gap from \$5.67 billion reported in 2017 to \$7.73 billion in 2020.
- The ISR includes cross-referencing of infrastructure assets to municipal services for clarity and to ensure consistency with the One Calgary business plan and budget.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Policy and Background is included as Attachment 1.

DISCUSSION

The next step is for Administration to continue to develop and document in-depth technical analysis as part of the creation of business unit and service line asset management plans. This includes consolidation into the Corporate Asset Management Plan. Completion is targeted for early 2022.

This suite of plans provides the detailed technical information required to guide investment decisions, risk mitigation and service adjustments leading into the next One Calgary service planning and budget process. Asset management plans build on the information presented in the Infrastructure Status Report to guide evaluation and prioritization of investment opportunities. Asset information is critical to enable mitigation of performance and service risks while balancing affordability.

The ISR provides a snapshot of infrastructure asset information to support investment decision-making based on asset condition, performance and risk based on service commitments to citizens. The report summarizes investment gaps and informs future direction for managing municipal infrastructure assets.

The City of Calgary 2020 Infrastructure Status Report

This iteration of the ISR has been updated and modernized to provide a high-level review of The City's infrastructure performance, funding, and service level gaps. Modernization has enabled the ISR to be much shorter in length, without compromising quality or essential content. Additionally, the ISR now includes information connecting assets to municipal services to be consistent with the One Calgary service plans and budget. The modernized version of the ISR is aligned with accepted industry asset management practice.

Highlights and key points from the City of Calgary 2020 Infrastructure Status Report are:

- Since the last Infrastructure Status Report (2017), City of Calgary municipal infrastructure assets have increased in current replacement value (CRV) from \$84.70 billion to \$93.91 billion. The reasons for this change include: 1) improved understanding of corporate asset inventory because of asset management maturity, 2) new cost evaluation methods for certain asset types, 3) changes to asset categories, and 4) cost escalation that calculates the current value using an inflationary index.
- The total asset value of \$93.91 billion does not include land, which is valued at an additional \$4.73 billion.
- Overall, the data shows that the asset condition profile has deteriorated in comparison to 2017. Assets in good/very good condition have decreased from 88 per cent to 79 per cent. Assets in fair condition are up from 9.7 per cent to 11 per cent and poor/very poor up from 2.3 per cent to seven per cent respectively). While this trend raises concern, it is important to highlight that public and employee safety is always the top priority for The City. Asset stewards monitor assets closely to identify and immediately address any infrastructure that could pose a threat to safety.
- Available data indicates that The City of Calgary requires an additional investment of \$7.73 billion over the next 10 years to fund its infrastructure maintenance, growth, and operating requirements (collectively called the infrastructure funding gap). In the 2017 ISR, the 10-year gap was reported as \$5.67 billion. This indicates that the risk is on the increase. However, it is recognized that economic conditions will affect funding availability.

Asset management plans (AMP) specific to major asset categories and services are under development with a focus on risk to ensure that strategies to mitigate service level risks are identified and implemented.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☒ Public Communication or Engagement was not required
- ☐ Public/Stakeholders were informed
- ☒ Stakeholder or customer dialogue/relations were undertaken

The City of Calgary 2020 Infrastructure Status Report is a City-wide effort to gather and compile a vast amount of asset-specific information from all asset managing business units that support services provided by The City to residents.

Business unit representatives were instrumental in providing and confirming asset information as well as reviews and approval of the Infrastructure Status Report.

The City of Calgary 2020 Infrastructure Status Report

IMPLICATIONS

Social

There are many infrastructure assets in place from which social benefit is derived. In particular, infrastructure assets contribute significantly towards public safety, well-being and culture. The Infrastructure Status Report supports understanding of where investments in infrastructure have been undertaken and where further investment may be needed.

Environmental

The 2020 version of the Infrastructure Status Report has identified natural infrastructure, including urban wetlands, grasslands and forest, as a component of the overall infrastructure picture that contributes to resiliency and the well-being of residents. While full quantification of natural assets is not complete, this work is ongoing.

Economic

The Infrastructure Status Report supports economic resiliency by providing an early summary level view of asset information to start the decision-making process of where investments may be required in the future.

Service and Financial Implications

No anticipated financial impact

While there is no direct financial impact attributable to the Infrastructure Status Report, it is prepared to provide information regarding the state of City of Calgary municipal infrastructure with a financial perspective.

The ISR provides information that is a start to the process of decision-making on capital and operating budget investment in assets to support service delivery. It is an input to ongoing actions by business units to support actions and objectives in asset management, service delivery and business plans.

RISK

Key risk areas are:

1. Non-standard and inconsistent information across business units and service lines could adversely affect decision-making regarding level of investment requirements to sustain service levels and acceptable condition of infrastructure.
2. Lack of resource availability and decentralized approach to asset management may hinder the speed of adoption of the asset management practice and overall capabilities. Slow adoption could impact quality of decision-making with respect to investments in infrastructure assets.
3. Lack of investment in infrastructure assets could result in deteriorating or failing infrastructure with potential impacts including, but not limited to, the inability to provide appropriate level of service, injury and/or death, lack of alignment with sustainability objectives and financial viability.

**Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2021 May 26**

**ISC: UNRESTRICTED
UCS2021-0754
Page 4 of 4**

The City of Calgary 2020 Infrastructure Status Report

These risks are mitigated through:

- Ongoing monitoring and reporting, in accordance with The City's Integrated Risk Management Framework. This includes preparation of the Infrastructure Status Report.
- Maturing of the asset management program, including development of service-oriented asset management plans to drive infrastructure investment decision-making.

ATTACHMENTS

1. Policy and Background
2. The City of Calgary 2020 Infrastructure Status Report

Department Circulation

| General Manager | Department | Approve/Consult/Inform |
|-----------------|------------|------------------------|
| | | |
| | | |
| | | |