

## The City's Risk Profile at Year-End 2022

The City has developed a set of Principal Corporate Risks (PCRs) to reflect the changes in the organization and our risk environment. This attachment presents The City's Risk Profile with an integrated view of The City's top risks, including any changes in the ratings. This overview includes risk-specific information and the results of the 2022 year-end cross corporate risk review.

The update consists of:

- Part 1: Environmental Scan
- Part 2: The City's Risk Profile Overview
- Part 3: Principal Corporate Risks
- Appendices: 1. Risk Appetite/Tolerance levels
- 2. PCR definitions

### **Part 1: Environmental Scan**

Risk management helps the organization understand and prepare for an uncertain future. As The City focuses on enhancing our resilience to maintain service delivery to Calgarians, we monitor and manage risk to avoid undesirable impacts and capitalize on opportunities as they present themselves. Our cross-corporate risk review revealed three prominent areas of pressure: (1) Corporate capacity, (2) Economic volatility, and (3) Financial uncertainties.

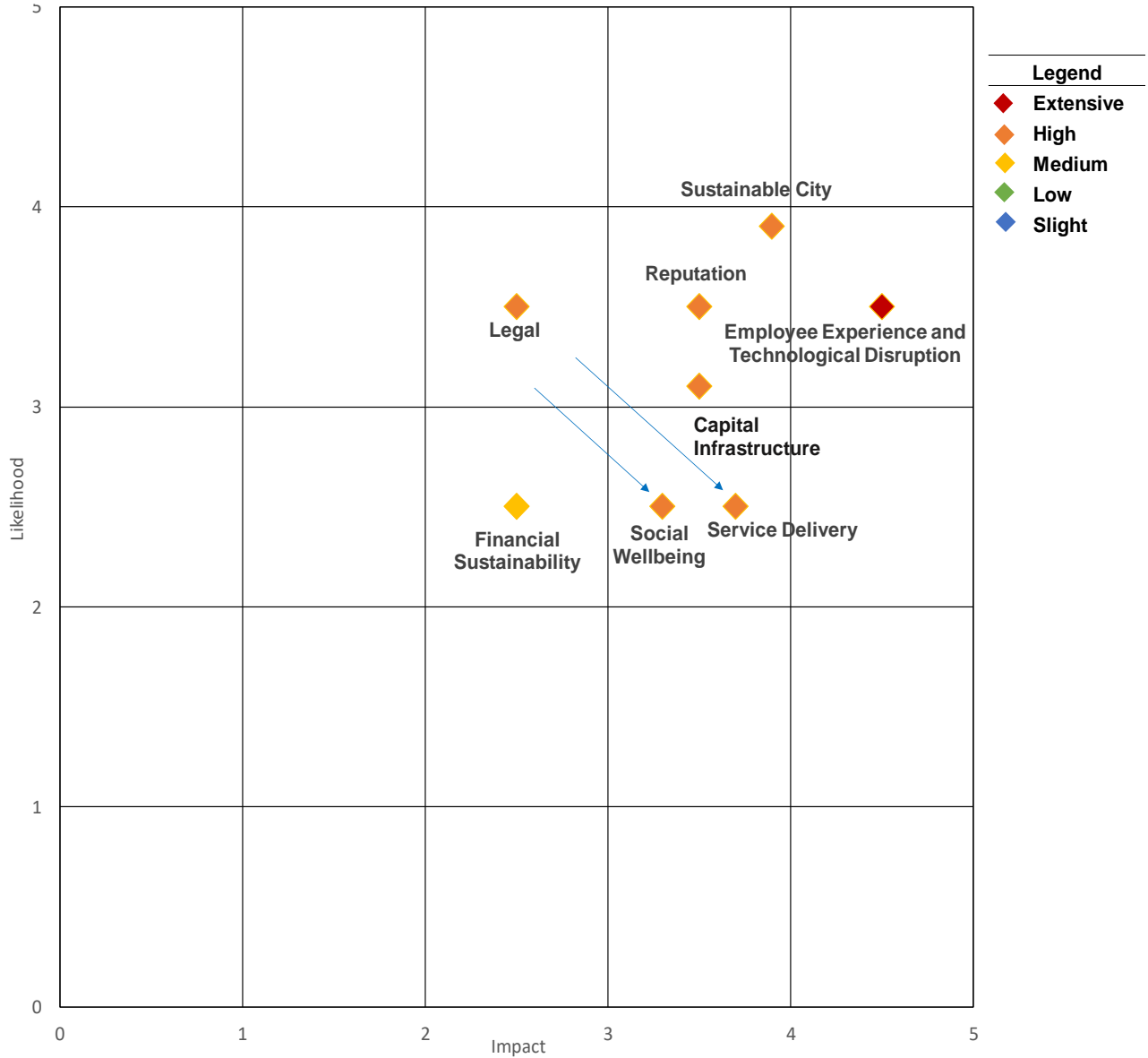
1. *Corporate capacity* – includes difficulties related to hiring and retaining talent. If capacity is strained it can negatively impact employee engagement, morale, and resiliency. Ultimately impacts to the organization's workforce can affect service delivery.
2. *Economic volatility* – many services identified pressures related to inflation, cost fluctuations, and the ability to procure materials in a timely fashion. Despite significant local, national, and geopolitical economic uncertainty, the Calgary Economic Region's overall economic performance is expected to be sufficiently resilient to mitigate the risk of adverse local impacts. Calgary is expected to outperform other Canadian jurisdictions in the next 12 months.
3. *Financial uncertainties* – The City's exposure due to our reliance on external bodies (other orders of government) for funding and as a source of lending remains high. This can impact The City as well as our civic partners. Ultimately, if financial risks materialize, they can impact service delivery.

These pressures can impact The City's PCRs – the top, most strategic risks to the organization. A PCR can impact the organization as a whole and can affect our ability to meet our strategic objectives. As an organization we monitor and respond to internal and external pressures that impact our risk exposure. This means taking action to ensure we respond to changes in the environment to be better prepared for negative impacts and well positioned to benefit from opportunities.

**Part 2: The City's Risk Profile Overview**















Figure 1 presents the rating of each of the eight PCRs, as made up by their likelihood and potential impact.

**Figure 1: The City's Principal Corporate Risk Ratings**



Risk	Changes in rating	Justification
Social Wellbeing Risk	Likelihood: from "Likely" to "Possible"	<ul style="list-style-type: none"> <li>Investing in preventive social services to stop societal issues/problems before they begin.</li> <li>In Q2 2022 there was a notable decline in both the number of opioid responses and deaths.</li> </ul>
	Impact: from "Moderate to Significant"	<ul style="list-style-type: none"> <li>Increase in food prices impacting those living on fixed or low incomes.</li> <li>Increase in energy and housing costs.</li> </ul>
Service Delivery Risk	Likelihood: from "Likely" to "Possible"	<ul style="list-style-type: none"> <li>Emphasis on proactive risk treatments related to supply chain disruption and employee experience.</li> <li>Transit and parking customers continue to return with corresponding increases to their revenue. This recovery is expected to continue over the next business cycle.</li> </ul>
	Impact: from "Moderate to Significant"	<ul style="list-style-type: none"> <li>Challenges attracting, retaining, and developing people &amp; critical skillsets to compensate for retirements and loss of skilled employees.</li> <li>Constrained funding that does not keep pace with growth (increased demand) or lifecycle need.</li> </ul>

Figure 2: Principal Corporate Risks Dashboard as on 2022 December 12

Principal Corporate Risk	Current Residual Risk Rating	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Capital Infrastructure Risk		On Track	→	Monitor	<i>The ELT have agreed to set the Target Residual Ratings for each Principal Corporate Risk in 2023.</i>
Employee Experience Risk		In Progress	↑	Monitor	
Technological Disruption Risk					
Financial Sustainability Risk		On Track	→	Maintain	
Legal Risk		In Progress	→	Monitor	
Reputation Risk		On Track	→	Maintain	
Social Wellbeing Risk		On Track	↑	Monitor	
Service Delivery Risk		In Progress	↑	Monitor	
Sustainable City Risk		In Progress	↑	Monitor	
<i>Legend</i>	<ul style="list-style-type: none"> <li> <i>Slight</i></li> <li> <i>Low</i></li> <li> <i>Medium</i></li> <li> <i>High</i></li> <li> <i>Extensive</i></li> </ul>	<p><b>On Track</b> - All risk responses are on track.</p> <p><b>In Progress</b> - Some risk responses are delayed</p> <p><b>In Development</b> - Risk responses are under development</p>	<ul style="list-style-type: none"> <li>↓ <i>Decreasing</i></li> <li>→ <i>Stable</i></li> <li>↑ <i>Increasing</i></li> </ul>	<p><b>Maintain</b> - within risk appetite*</p> <p><b>Monitor</b> - within risk tolerance*</p> <p><b>Reduce</b> - above risk appetite and tolerance*</p> <p><i>*Full definitions in Appendix 1 on Page 21</i></p>	

**Notes:**

- The dashboard was populated from information collected from a variety of sources: the year-end Corporate Risk Review process, a review of The City’s response strategies and from other risk reporting at The City. The year-end Corporate Risk Review is itself informed by the service risk registers and PCR Evidence-Based One Pagers.
- Risk definitions are tabulated in Appendix 2 on Pages 22-23.

**Part 3: The Principal Corporate Risks** (alphabetical listing)

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Capital Infrastructure Risk GM, Infrastructure Services	■	On Track	→	Monitor	TBD

**Risk Rating**

The risk rating has remained stable in 2022.

**Uncertainties related to capital infrastructure, assets, maintenance, and new builds**

These pressures can result in cost overruns and schedule delays and impact our ability to deliver on much needed infrastructure:

- Tight budgets and limited funding sources for capital infrastructure projects
- Inflation
- Interrupted access to goods and services through supply chains
- Changes to contract values

Additional priorities around equity, climate goals, resilience and sustainability have also contributed to increased expectations around scope and quality. These factors may compound the challenge to procure materials or contracts in a timely fashion and increased risk of higher-than-expected costs. Overall, this may impact service delivery to Calgarians.

In addition, some services noted risks of deteriorating asset conditions which current business plans may not prevent. Aging infrastructure exacerbates other risk drivers that contribute to The City’s reliance and ability to plan and respond to natural disasters and other emergencies. Other risks included inability to meet customer demand and growth forecasts due to changing economic and social climates.

**Key Risk Measures**

Bids over budget	Approximately 65 percent of total bids came in over budget and 30 per cent of bids are more than 20 per cent over budget.  The trend of bids coming in significantly over budget indicates that there is increased uncertainty in the market. In addition, this implies that projects are exceeding their allocated contingencies.
The condition and criticality of assets	Measures serve as an input to allow services to prioritize management plan activities.
10-year infrastructure gap	The city has a \$7.2B infrastructure gap for this timeframe

**Risk Response**



Current

- The core construction team continues to develop standard tools (i.e., contract clauses) and guidance into contract special conditions.

- Detailed forecast reports on key commodity trends and forecasts which may augment existing construction planning and management processes.

#### Upcoming

- Develop a long-term Corporate Supply Chain Resilience Strategy to guide daily procurement operations and identify and mitigate The City's supply chain risk exposure.
- Identifying governance and processes for management level contingencies.
- Identify alternate funding sources for unfunded projects.
- Develop advocacy and funding strategy to campaign for funding sources from other levels of government or other potential partners.
- Project managers will work with their internal supports (supervisor, project sponsor, Supply Management buyer, core construction team) to develop and implement a plan that would be best for each contract.

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
<b>Employee Experience and Technological Disruption Risk</b> GM, People, Innovation & Collaboration Services					
Employee Experience risk		On Track	↑	Monitor	TBD
Technological Disruption risk					
<p><b>Risk Rating</b></p> <p>The overall risk rating has remained stable in 2022, although the risk trend is increasing.</p> <p><b>Uncertainty related to recruitment, retention, safety, and engagement</b></p> <p><i>Risk related to employee experience is rated “Medium”</i></p> <p>The City has adapted to and enhanced the organization’s ability to support a hybrid work style for many employees.</p> <p>Additional controls and processes put in place have contributed to reducing the likelihood and impact of this risk.</p> <p>Services identified a significant number of risks related to recruitment, retention, and wellbeing. The recruitment and retention risks were mainly due to competition in the market and increased retirement trends. The employee safety and wellbeing risks mainly stemmed from realignment, political and personal stressors, ongoing pandemic, and increased service demand with reduced resources.</p> <p><b>Uncertainty related to cyber-attacks</b></p> <p><i>Risk related to technological disruption is rated “Extensive”</i></p> <p>The risk of cyber-attacks continues to increase as new and more advanced threats continue to emerge. This trend is consistent with other public and private organizations where this is a big area of focus. As a result, strengthening existing and implementing newer cyber security controls and practices at a fast pace remains critical.</p> <p>Several services identified risks related to technological changes such as system implementation, aging technology or emerging technologies which could cause service disruptions. Risks related to cyber security were also highlighted.</p>					

**Key Risk Measures**

Lost time claim frequency	Lost time claim frequency increased from 4.82 in 2020 to 5.72 in 2021. This is measured in terms of the number of hours lost per year per employee.
Teams' user activity	User activity for Teams Software remained consistent throughout the year. There was a slight decrease during July and August, which is likely due to staff taking time off during the summer.
Threat protection for email	Between 2022 May and September, approximately 60% of emails have been blocked due to potential threats to City information.

**Risk Response**


Current

- Hosting tech talks and training on live events.
- Upgrading boardrooms.
- Leveraging emerging technologies (Internet of Things and Artificial Intelligence).
- Monitoring and mitigating cyber attacks.
- Improving cyber security practices.
- Monitoring hard to fill positions.
- Working with Service Owners to focus on interacting with residents and business in a different way - embracing the outside in perspective.
- Reducing employee injuries, sickness, productivity losses and costs due to workplace injury and absenteeism.
- Improving the Safety Management System to support employees and leaders.
- Advancing psychological safety through an enhanced corporate strategic framework.
- Focusing on health, safety, and wellness programs to improve the employee experience and the safety culture.

Upcoming

- Refresh the Employee Value Proposition to address the competitive job market.
- Focus on using the 'data' that is collected in the organization and begin to capture additional 'data' that will support decision making in the organization.



Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Financial Sustainability Risk GM, Corporate Planning & Financial Services		On Track	→	Maintain	TBD

### Risk Rating

The risk rating has remained stable in 2022.

### Uncertainty related to managing the organization's finances

Price inflation continues to be a concern and is affecting the costs for contracted work and supplies. If inflation continues to surpass forecasts, it may lead to increased labour costs. At the same time, user fee revenues have declined due to the COVID-19 pandemic and its effects. The property tax remains a stable source of revenue.

While there are no changes to existing delays and cutbacks to provincial grants, The City is looking to participate in discussions for long-term capital funding beyond 2024-2025 for the Local Government Fiscal Framework. Financing constraints could fluctuate significantly based on the timing of Green Line borrowing. The current debt forecast for the major capital projects indicates that the debt will peak in 2029.

Several services identified risks of reduced capital or operating budgets which could result in funding gaps for their service. Most of these risks pertained to a decrease in external funding or transfer of responsibility from the province which could result in larger funding gaps. Other risks raised by services relate to changes in market conditions or service which could result in reduced revenue.

### Key Risk Measures

Inflation rate	Inflation is expected to decrease in the latter part of 2022 and continue to decrease in 2023.
Debt Service Limit	Service Debt is expected to remain stable at approximately \$500M between 2023-2029. However, it is expected to jump to approximately \$800M in 2030. This will still be below the Debt Service Limit set by Council.
Operating Reserves	Total reserves are \$971M. There is a total of \$534M in net commitments with a remaining reserves balance of \$437M (Effective Date is 2021 December 31).
Capital Reserves	Total reserves are \$1.6B. There is a total of \$1.2M in net commitments with a remaining reserves balance of \$446M (Effective Date is 2021 December 31).
Sustainment Reserves	Total reserves are \$876M. There is a total of \$502M in net commitments with a remaining balance of \$374M (Effective Date is 2021 December 31).


## Risk Response

### Current

- The City's approach to financial sustainability and resilience is described in the 2021-2032 Long Range Financial Plan.
- Strategies and tactics are used in Administration's preparation of both the four-year service plans and budgets, and annual adjustments.

### Upcoming

- Manage service changes in line with financial capacity while seeking efficiencies.
- Continue to strengthen all elements of the Performance Management System to enable good governance and strong financial controls.
- Explore additional revenue opportunities.
- Leverage unfilled vacancies to sustain financial capacity.
- Use reserves where prudent.
- Make appropriate changes to the level of capital investment.
- Council will need to consider property tax increases that keep pace with population and inflation growth.

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
<b>Legal Risk</b> City Solicitor & General Counsel		In Progress	→	Monitor	TBD

### Risk Rating

The risk rating has remained stable in 2022.

### Uncertainty related to compliance with external regulations and internal policies, and litigation

The organizational, political, and societal landscape is continually changing, resulting in new and more complex opportunities for the organization, along with associated business and legal risks. It is necessary for the organization to ensure the appropriate resources are in place to effectively identify, respond to and manage these risks. Additionally, given the ongoing increase of misinformation in the public realm and seemingly elevated public tension across Canada, The City's historic approach to reconciling divergent views and finding common ground between opposing groups may no longer be as attainable as it once was, leading to an increase in formal legal matters.

The business and legal risks facing the corporation require individuals with appropriate expertise to identify matters of concern, determine when to involve supporting services (such as Legal Services) and lead the matter to resolution. The ERM team is working with the Law Department to further our work on risk appetite and tolerance to minimize unintentional legal, financial, and reputational risk from materializing.

Several services identified risks related to non-compliance with a Provincial, Federal, or other regulatory bodies. Other risks related to compliance with internal policies. Most of these pertain to City policies being out of date, poorly understood, or not adhered to.

### Key Risk Measures

Trends in legal proceedings involving The City	Increase in large, complex litigations which requires more resources and effort to address.
Compliance risk	Risk trend amongst services is unchanged since the 2022 Mid-Year Risk Review

### Risk Response

#### Current

- Continue to focus on intentional and informed decision making within the organization-wide risk tolerance.
- Continue to focus on continuous improvement through communication about legal requirements.
- Discuss organization-wide risk tolerance, rules, and responsibilities across the organization.

#### Upcoming

- Build strong cross corporate relationships across the organization for a more comprehensive understanding of legal obligations, risk, and risk tolerance.
- Define legal risk appetite at an individual risk and organization wide level.

- Prioritize and focus resources on risk management activities effectively.
- Attendance of City Solicitor and General Counsel (or designate) in governance, decision, and strategy meetings related to risk tolerance (Council, Executive Leadership Team, Senior Management Team, Corporate Management Team).
- Review data to identify legal trends and drivers.
- Staff cross training.

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Reputational Risk City Manager		On Track	→	Maintain	TBD

### Risk Rating

The risk rating has remained stable in 2022.

### Uncertainty related to community and public relations

The risk rating remains stable. Reputation is perception, and a weakening reputation may have a negative impact on The City. Research suggests that Calgarians’ views of The City’s reputation may be influenced by their interactions with The City, their experiences with City services, and the perceived value they receive for their tax dollars. There is a slight downward trend in the percentage of Calgarians who say they “trust” The City of Calgary.

The strongest driver of trust is satisfaction with how The City is running our city. Also, previously the City Council and the City Administration working collaboratively was not in the top drivers of trust. This significant change since the last report indicates that Calgarians continue to focus on how Administration and Council are running The City.

Several services indicated risks related to a gap between customer or Council expectations and funding or service capacity. Other risks relate to public mistrust in government officials.

### Key Risk Measures

Calgarian’s trust in The City	Based on the 2022 Fall Survey of Calgarians, approximately 49% of Calgarians say they trust The City.
Calgarians who agree Council and City Administration work collaboratively	This trend is stable since 2020. Based on the 2022 Fall Survey of Calgarians, 66% of Calgarians “agree that City Council and City Administration work collaboratively to make the best possible decisions for the future of Calgary”

### Risk Response


#### Current

- Periodic key driver analysis which includes measures related to transparency, reliability, collaboration, and communication and are aligned with Calgarian’s trust in The City.
- Ongoing perception research to obtain a better understanding of perceptions of trust and reputation with residents, businesses, employees, and key partners.
- Current Rethink to Thrive Strategy which fosters a business-friendly mindset and optimizes financial sustainability.
- Maintaining relationships with key partners and stakeholders through the Advocacy Strategy to build positive relationships with other orders of government and municipal associations.
- Focus on the Regional Strategy and ongoing relationship management with civic partners, business leaders, and community leaders.

- Develop the 2023-2026 Service Plans & Budgets to implement Council's seven focus areas to build a foundation of economic, social and climate resilience.

#### Upcoming

- Implement the next stage of the Rethink to Thrive strategy which is focused on leadership and direction as well as engagement of employees, with a goal of building a future-ready organization.
- Support businesses through the ongoing work of the Business and Local Economy group.
- Build strategies and plans that foster collaboration, transparency, openness, and opportunities for residents to offer input.
- Maintain relationships with key partners including on-going collaboration with our First Nations Indigenous partners, civic partners, and residents.
- Enhance Administrations focus on strategic communications to apprise Calgarians of the services it delivers, and the initiatives it is undertaking to provide accessible and equitable communications to all Calgarians.
- Work closely with other orders of government to support affordable housing and poverty reduction.

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
<b>Social Wellbeing Risk</b> GM, Community Services		On Track	↑	Monitor	TBD

**Risk Rating**

Likelihood has decreased due to The City’s investing in preventive social services to stop societal issues/problems before they begin. Further, in Q2 2022 there was a notable decline in both the number of opioid responses and deaths.

Impact has increased due to an increase in food, energy, and housing costs acutely impacting those living on fixed or low incomes.

**Uncertainty related to social inequity and social programs**

Rising inflation continues to impact Calgarians negatively, especially those living on fixed or low incomes. Food inflation, along with energy and housing costs, are significant contributors to a higher Consumer Price Index (CPI).

The reported mental health of Calgarians between 2022 March and August showed little or no improvement. This suggests the mental health impacts of the pandemic persist. In Q1 2022, the number of responses to opioid calls was the highest ever recorded and the number of opioid related deaths also increased by 33 percent in the same time. However, in Q2 2022 there was a notable decline in both the number of opioid responses and deaths. It is important to monitor this shift closely to identify potential causes and to determine if the trend will continue.

Several services identified risks related to capacity and funding limitations for partners which could impact service delivery. Other risks relate to changes to services which could result in decreased quality of life for Calgarians. Sociodemographic conditions and enduring social inequities increase vulnerability to disasters.

**Key Risk Measures**

Calgarians mental health	The mental health of Calgarians continues to be a concern. There is little or no improvement in the reported mental health of Calgarians between 2022 March to August
Impacts of the opioid crises	The opioid death rate per 100,000 persons decreased from 131 in Q1 2022 to 85 in Q2 2022. The opioid responses also decreased from 1,349 in Q1 2022 to 1,039 in Q2 2022.
Food insecurity	CPI for food has increased from 158.7 in 2021 September to 174.1 in 2022 September. The number of site visits to an Access to Food Resource Website continues to increase, with over 325,000 site visits in 2022 September.

## Risk Response


### Current

- Investment in preventive social services to stop societal issues/problems before they begin.
- Calgary's Mental Health and Addiction Strategy, which mobilizes supports across a continuum of care from prevention to crisis.
- In partnership with Calgary Police Services (CPS), working to transform Calgary's Crisis Response system through the Community Safety Investment Framework (CSIF):
  - A Community Mobile Crisis Response pilot has been initiated in District 4 (East Calgary) through CSIF.
  - Funding has been approved to support police officer response during mental health related calls.
  - The Calgary Homeless Foundation has received \$2.3M in funding from the CSIF to address the need for coordination of an extreme weather response to homelessness as part of a continuum of actions to advance community safety concerns.
- Advocating to the Province for a comprehensive drug poisoning prevention strategy that offers increased investments to address the urgent needs in the community.
- The City's Community Social Work program continues its work on supporting initiatives related to food security including community kitchens, gardens and garden workshops, food pantry programs, and food truck/mobile markets.
- Through the Anti-Racism and Indigenous Relations Office Programs, and the expanded Equity portfolio, The City continues to improve its understanding and remove barriers to accessing programs and services for populations experiencing vulnerabilities.

### Upcoming

- Advance the maturity of the corporate equity portfolio and lay the foundation for embedding equity into The City's services, investment decisions, and organizational culture.
- Continue to advocate for sustained funding for social programs through Intergovernmental & Corporate Strategy and Family and Community Support Systems Alberta.
- Further advocate to the Province for additional funding to address the increased costs to The City associated with social disorder and the drug poisoning crisis.
- Monitor the risk of psychological health and safety of our employees and the potential for staffing shortages internally within The City as well as with our civic partners.
- Continue to monitor socio-economic trends, City administrative data such as applications to Fair Entry and changes in financial assistance programs from other orders of government.



Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
<b>Service Delivery Risk</b> GM, Operational Services		In Progress	↑	Monitor	TBD

**Risk Rating**

Likelihood has decreased due to City’s emphasis on proactive risk treatments related to supply chain disruption and employee experience. We have noted transit and parking customers continue to return with corresponding increases to their revenue. This recovery is expected to continue over the next business cycle.

Impact has increased due to challenges attracting, retaining, and developing people & critical skillsets to compensate for retirements and loss of skilled employees. It is also affected by constrained funding that does not keep pace with growth (increased demand) or lifecycle need.

**Uncertainty related to delivering our services**

The sustained impact of the pandemic on certain services’ revenue or demands continues to magnify the impact of other service interruptions and delays. Integration between departments due to the realignment and supporting staff through transition will be critical.

Remote work and growing demand for digital personalized services have altered how Calgarians see services and how City staff provide them.

Several services identified risks related to business continuity, in particular those which implicate essential services or emergency response. Other risks include poor data quality or data availability and changes to provincial policies and practices. Several services indicated that certain service delivery risks stem from function ambiguity, high turn-over, and burnout.

**Key Risk Measures**

Public transit ridership	Ridership for Public Transit is currently at approximately 79 per cent of pre-COVID levels. Transit customers continue to return, and this recovery is expected to continue over the next business cycle.
Demand for specialized transit	Service demand has improved in specialized transit. Trips are at approximately 77 per cent of pre-pandemic levels and this recovery is expected to continue.
Parking transactions	Parking transactions are at 82% of pre-pandemic levels. Parking customers continue to return, and this recovery is expected to continue over the next business cycle.

**Risk Response**


Current

- Monitoring and adjusting services to accommodate changes to ensure optimal staffing levels and minimize revenue shortfalls.

- Climate change actions to build climate resilience into decision making, implement measures to mitigate future climate disasters, and pilot alternative fuel vehicles to reduce emissions.
- A range of actions to address supply chain disruptions where possible, including exploring new local markets, and implementing process changes.
- Dedicated staff in each department to oversee the realignment and act on issues that arise as part of it.

#### Upcoming

- Capitalize on efficiencies from the organizational realignment.
- Work with Human Resources to develop nimble strategies to address current and emerging workforce challenges (e.g., attract, retain, and develop), and foster a safe and healthy culture to maintain service delivery.
- Ensure accurate operating cost of capital (including associated lifecycle needs) estimates are budgeted for future Service Plans and Budgets and considered when approving new capital requests.
- Monitor service demand and proactively manage customer expectations.

Principal Corporate Risk and Risk Owner	Current Residual Risk Rating (December 2022)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Sustainable City Risk GM, Planning & Development Services		In Progress	→	Monitor	TBD

**Risk Rating**

The risk rating has remained stable in 2022.

**Uncertainty related to economic, social, and environmental pressures**

The City must balance the economic, social and environmental needs of its citizens by ensuring climate-related risks are mitigated and striving to improve the quality of life for Calgarians. Without investment, support, buy-in and collaboration from the private sector and Calgarians, The City may struggle to execute the policies and plans developed in alignment with the Calgary Plan, City Wide Growth Strategy and Calgary Climate Strategy.

The continued deviation of the share of growth to developed areas from the Municipal Development Plan (MDP) target (33 percent by 2039) has cost, servicing, land consumption, climate, and lifestyle implications. Progress has been made on implementing the Climate Resilience Strategy, however, greenhouse gas emissions are not being reduced at a rate necessary to see meaningful change, which poses an increasing risk to our economy, environment, people, and City reputation. There are significant economic opportunities associated with developing and implementing greener technologies in Calgary.

Services noted keys risks in this area related to reduced grant funding from other orders of government, the ability of the organization to meet its Greenhouse Gas or tree canopy targets, and investor confidence.

**Key Risk Measures**

Population Growth	Over the next 60-70 years, 50 per cent of the population growth is targeted to occur in developed areas. Overall, the indicator continues to show that The City is slowly moving in the right direction, however, progress towards the target slowed between 2016 and 2021.
Green House Gas (GHG) targets	The City experienced a drop in GHG emissions over the past two years, however we are projecting GHG emissions to trend above our stated targets.
Transportation mode split	This indicator identifies the percentage of all-purpose, city-wide trips made by walking, cycling, transit, and car within a 24-hour period. The COVID-19 pandemic has significantly affected transportation mode split, particularly in terms of active transportation and transit usage. And we are trending below our stated target for transit transportation and above our target for personal vehicle use. Active modes of transportation have increased significantly during the pandemic and are within our target.

## Risk Response

### Current

- Strategic growth policies that address sustainable growth, climate change mitigation and adaptation.
- Continued implementation of Local Area Plans, Main Streets Program and Off-Site Levy Bylaw review. These initiatives help define sustainable growth at the local level and support its implementation with funding tools.
- Implementation of the City-Wide Growth Strategy.
- Implementation of the Downtown Strategy.
- Implementation of the approved Environment Strategy and the Calgary Climate Strategy.
- Updated Land Use Bylaw.
- Guidelines identified in the Guidebook for Great Communities.
- Utilizing systems planning approach to complement the new Realigned structure to enable collaboration.

### Upcoming

- Review and report on the core indicators of the Calgary Plan in 2023, ensuring economic, social, environmental, equity and climate considerations are reflected.
- In close consultation with stakeholders, regularly report to Council on emerging and changing trends, through the annual Growth Strategy Monitoring Report and earlier if required. Ensure discussion covers alignment to approved policy (e.g., Calgary Plan and Calgary Climate Strategy) as well as economic and financial impacts.
- Continue providing learning and strategic sessions with Council on growth topics.
- Align funding commitments and initiatives across The City to build public amenities, foster community support and attract private investment.

**Appendix 1:**

**Risk Appetite/Tolerance Level**

Maintain	Monitor	Reduce
<p>Within risk appetite</p> <p>The current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is consistently in line with the results that were strategically planned and expected and operating at a risk level that the organization is comfortable accepting or maintaining.</p>	<p>Within risk tolerance</p> <p>The current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is within tolerable limits or range, but results may not be sustainable. It is important to continue to closely monitor and assess the risk.</p>	<p>Above risk appetite and tolerance</p> <p>Where the current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is above tolerable limits or range and operating at a level of risk exposure where additional actions are required to reduce the risk to a tolerable or acceptable level.</p>

**Appendix 2:**

**Risk definitions**

Name of the Principal Corporate Risk	Risk Definition
Capital Infrastructure Risk	Capital Infrastructure may be delayed, experience decreased level of service, or have degraded performance or failure due to competing priorities and limited funding. To protect public safety, this could result in service continuity impacts to Calgarians.
Employee Experience and Technological Disruption Risk	The City’s corporate culture must be able to respond to internal/external factors and societal pressures when it comes to human and technological resources required for the delivery of services to residents and businesses. There is a risk that the organization is not making strategic investments today to prepare us to meet future demands, leverage emerging trends and technologies, and ensure resilience in its operations.
Financial Sustainability Risk	The City is unable to maintain strong financial capacity over time. It could manifest as a sudden financial constraint – lower revenues or higher expenses. It arises from external forces and shocks, such as reduced funding from other orders of government or higher than anticipated expenses due to higher population growth, inflation, or cost for service delivery. Generally, this risk increases if the variability in the broader economic context for our operations triggers a significant shift in any revenue or expense category. These shifts would require thoughtful offsetting measures, including spending decisions to maintain financial capacity.
Legal Risk	Comprehensive business processes, along with intentional and informed decision making is necessary for the corporation to meet legal compliance requirements and otherwise conduct city business within corporate risk tolerance. This requires the provision of timely professional advice, the absence of which could result in financial losses or unnecessary business, legal or reputational risk for The City.
Reputation Risk	Residents, businesses, and strategic partners need to trust that The City will safely and effectively manage its resources and deliver valued services in an efficient, timely, fair, and equitable manner. Loss of confidence in our municipal government and local leadership will create problems in recruiting and retaining staff, negatively impact Administration’s working relationship with Council and other orders of government and may adversely impact residents’ quality of life and their perception of Calgary being a great place to make a living and make a life.
Social Wellbeing Risk	The sustained economic downturn and increasing social unrest (from large scale movements to local financial and social impacts of the pandemic) have negatively impacted the social wellbeing of Calgarians by creating more disparate and complex social needs. Current conditions also reduce the capacity of the non-profit sector to respond, resulting in increased pressure on government to respond and fill the gap.

Name of the Principal Corporate Risk	Risk Definition
Service Delivery Risk	<p>There is a risk that the quality of public-facing City services will decline over time. This stems from a range of factors, including risks to service inputs (systems &amp; processes, tools, infrastructure, people &amp; culture), environmental factors (e.g., extreme weather, cyber threats, public behaviour), and performance gap (if our service outputs do not match citizen/business expectations). These factors can be interrelated, requiring a holistic risk response to manage effectively.</p>
Sustainable City Risk	<p>Economic, social, and environmental sustainability are critical for the City of Calgary. Significant contributing factors to this risk are variability in population growth, economic activity, and environmental trends. Impacts from this risk are also likely to be experienced to different degrees spatially within the city and more severely by marginalized groups. Associated long-term and wide-ranging risk considerations for not creating a sustainable city include financial, operational, social, environmental, regulatory and reputational considerations.</p>