

The City's Risk Profile at Mid-Year 2023

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 mid-year cross corporate risk review.

The update consists of:

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

Part 1: Environmental Scan

Risk management helps the organization understand and prepare for an uncertain future. The City continues to focus on delivering services to Calgarians, while monitoring and managing risks to avoid undesirable impacts and capitalize on opportunities as they present themselves. The cross-corporate risk review revealed four prominent areas of pressure:

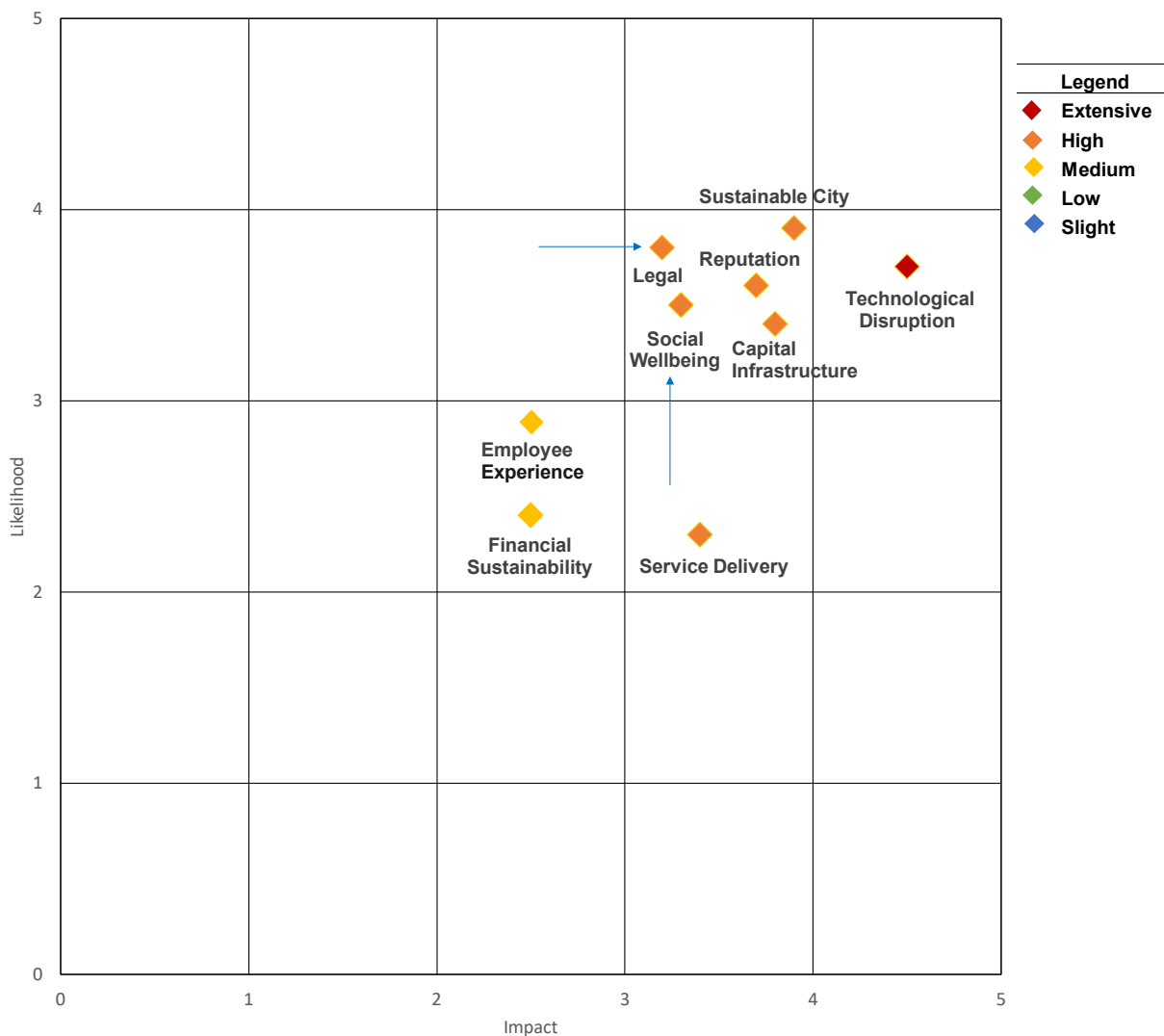
1. Employee and public safety – The City is tracking perceptions of safety. Social disorder, combined with workplace hazards to physical and psychological wellbeing, makes this a compound pressure. The City has taken a multifaceted approach to address this pressure and will continue to monitor it going forward.
2. Governance and compliance – both internal and external drivers contribute to The City's governance and compliance risks. Internally, services indicated challenges related to knowledge/communication, authorization controls and following internal policies. Externally, The City faces changing legislations, standards and regulations.
3. Corporate capacity – The City continues to face challenges related to hiring and retaining talent. Several services were concerned with skill and knowledge retention or continuity. Ultimately impacts to the organization's workforce can affect service delivery.
4. Climate – To manage stressors related to adaptation, mitigation, and transition. These pillars present unique challenges to The City, which is actively working to manage climate risk.

These pressures can affect The City's Principal Corporate Risks (PCR) – 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.

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



PCR	Changes in rating	Rationale
Legal Risk	Impact: from Moderate to Significant	<ul style="list-style-type: none"> • Increase in volume, velocity and complexity of legal issues facing The City. • Increase of misinformation in the public realm and an elevated public tension. Difficulties in reconciling different views and finding common ground leads to an increase in formal legal matters.
Social Wellbeing Risk	Likelihood: from Possible to Likely	<ul style="list-style-type: none"> • Year-over-year increase in food and shelter prices. • Increase in opioid deaths in Calgary. • Increase in social disorder calls, particularly related to Calgary transit sites. • Increase in calls to the Distress Centre’s support line related to mental health and substance use.

Figure 2: Principal Corporate Risks Dashboard as of 2023 July 19

Principal Corporate Risk	Current Residual Risk Rating	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Capital Infrastructure Risk		On Track	→	Monitor
Employee Experience Risk		On track	↑	Monitor
Technological Disruption Risk		On track	↑	Monitor
Financial Sustainability Risk		On Track	↑	Maintain
Legal Risk		On Track	↑	Monitor
Reputation Risk		On Track	→	Maintain
Social Wellbeing Risk		On Track	↑	Monitor
Service Delivery Risk		In Progress	→	Monitor
Sustainable City Risk		In Progress	→	Monitor
Legend	<ul style="list-style-type: none">  Slight  Low  Medium  High  Extensive 	<p>On Track - All risk responses are on track.</p> <p>In Progress - Some risk responses are delayed</p> <p>In Development - Risk responses are under development</p>	<ul style="list-style-type: none"> ↓ Decreasing → Stable ↑ Increasing 	<p>Maintain - within risk appetite</p> <p>Monitor - within risk tolerance</p> <p>Reduce - above risk appetite and tolerance</p> <p>Full definitions in Appendix 2</p>

Notes:

1. The dashboard was populated from information collected from a variety of sources: The mid-year Corporate Risk Review process, a review of The City's response strategies and from other risk reporting at The City. The mid-year Corporate Risk Review is itself informed by the service risk registers, Corporate Operating Risks, and PCR Evidence-Based One Pagers.
2. Risk definitions are tabulated in Appendix 3.

Part 3: The Principal Corporate Risks (alphabetical listing)

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Capital Infrastructure Risk GM, Infrastructure Services	■	■	On Track	→	Monitor

Risk Rating

The risk rating has remained stable since fall 2022.

Uncertainties related to capital infrastructure, assets, maintenance, new builds and real estate

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

As Calgary continues to grow, The City needs to keep identifying various sources of capital needed to close the increasing infrastructure gap and maintain its critical assets and infrastructure. One such income stream is revenue generated from the sales of assets such as City developed industrial land. Fluctuations in market demand due to the current state of the economy and operating environment could result in lower sales revenue, impact The City's ability to meet its sales targets, and have an impact on The City's ability to meet the infrastructure needs of Calgarians.

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

In addition, some services noted Asset Condition Risks related to 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.

The City is continuing to be more proactive and strategic in addressing asset and infrastructure management as well as supporting business processes. We are enhancing our monitoring and responsivity to match it to the criticality of assets, while recognizing external sources of funding are volatile.

Key Risk Measure

Real Estate and Development Services: industrial land sales and fees.	Fluctuations in market demand due to the current state of the economy and operating environment could result in lower sales revenue, and impact The City's ability to meet its sales targets, and consequently the ability to meet the infrastructure needs of Calgarians such as expanding existing industrial parks and developing future ones.
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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.
- Bringing on new lands for industrial park development (e.g., the first phase of the new constellation industrial park in 2024) and stimulating sales through enhanced marketing programs.

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.
- Identify governance and processes for management-level contingencies.
- Identify alternate funding sources for unfunded projects.
- Continue to advocate and implement funding strategy to campaign for funding sources from other orders 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.
- Long-term planning may include the acquisition of additional land. This would be funded through a strong reserve balance that has accrued over time.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Employee Experience and Technological Disruption Risk GM, People, Innovation & Collaboration Services					
Employee Experience risk	■	■	On Track	↑	Monitor
Technological Disruption risk	■	■	On Track	↑	Monitor
<p>Risk Rating</p> <p>The overall risk ratings have remained stable since fall 2022, although the risk trend related to Employee Experience and Technological Disruption is increasing.</p> <p>Uncertainty related to recruitment, retention, safety, and engagement</p> <p>When it comes to employee engagement, The City has adapted to and enhanced the organization's ability to support a hybrid work style for many employees. However, there is still a learning curve in managing and facilitating hybrid meetings. Additional controls and processes put in place have contributed to reducing the likelihood and impact of this risk.</p> <p>Information Technology, Cyber Security, and Geospatial Information Systems face challenges in retaining and hiring certain positions. Services identified a significant number of risks related to recruitment and retention, which were mainly due to competition in the market and increased retirement trends. Some services noted a risk to maintaining in-house knowledge and skills.</p> <p>The Employee Safety and Wellbeing risks are experiencing an increase in 2023 in Total Recordable Injury Frequency and Yearly Lost Time Frequency compared to 2022. Also, services noted risks related to, and perceptions of, physical safety and security.</p> <p>There is also pressure from realignment, political and personal stressors, the after-effects of the pandemic, and increased service demand with reduced resources.</p> <p>There is increased anxiety due to internal change (e.g., return to workplace, organizational realignment) and external disruptions (e.g., pandemic, inflation, geo-political conflicts). In addition, employees may face psychological challenges because of hate, racial discrimination, racial harassment, verbal attacks, and white supremacy which affect their wellbeing.</p> <p>Uncertainty related to cyber-attacks and technology availability and operations</p> <p>Information security risk and risks related to cyber-attacks continue 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 significant 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 integration of technology due 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	This is a corporate metric, measured in terms of the number of hours lost per year per employee. Lost time claim frequency decreased from 5.6 in 2021 to 5.3 in 2022. While measures for 2023 are still being collected, there appears to be an increasing trend.
Threat protection for email	Between 2022 Oct 1 and 2023 April 1, approximately 53 per cent of emails have been blocked due to potential threats to City information.

Risk Response

Current

- Advancing modern technology at The City to shape the future of our organization and our community.
- Working with City partners to deliver innovative solutions such as Internet of Things sensors and wirelessly connected vehicles.
- Hosting communities of practice for Geospatial technology and Advanced Analytics.
- Leveraging and exploring emerging technologies (Internet of Things, Artificial Intelligence, Satellite Imagery).
- Tracking and analyzing cyber attacks.
- Completing cyber security updates on devices.
- Providing Cyber security training.
- Supporting the employer of choice work in the City Manager's Office.
- Tracking hard to hire positions through Human Resources
- Working with services to focus on interacting with residents and businesses in different ways - embracing the outside-in perspective.
- Creating inclusive, equitable and targeted communications and marketing to better reach Calgarians with the information and services they need.
- Offering organization-wide customer service training.
- Focusing on health, safety and wellness programs to improve the employee experience and the safety culture.
- Advancing organizational psychological safety by promoting a corporate-wide strategic approach.
- Addressing employee injuries, sickness, productivity losses and costs due to working injury and absenteeism.
- Improving the Safety Management System to support employees and leaders.
- Recommending and creating racially responsive safe spaces to decrease the impacts of racial trauma through the Anti-Racism Program.
- Creating toolkits and rubrics to improve the support given to employees who have experienced racial trauma.

Upcoming

- Consider and respond to the perspectives, values and aspirations of employees in decision making.
- Refresh the Employee Value Proposition to address the competitive job market.
- Determine how to be competitive in the job market for hard to retain and hire positions.
- Adjust the way of requesting services and interacting with the organization to meet the constantly changing desires of the residents and businesses who interact with The City.
- Focus on using the data that is collected in the organization and begin to capture and analyze additional data that will support decision making in the organization. Invest in metadata.
- Educating employees on how to manage Racial Trauma in the workplace.
- Collaboratively design hate mitigation and prevention procedures.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Financial Sustainability Risk GM, Corporate Planning & Financial Services	■	■	On Track	↑	Maintain

Risk Rating

The risk rating has remained stable since fall 2022, though the risk trend is increasing.

Uncertainty related to managing the organization's finances

Economic performance is projected to be stable and resilient in 2023, but there are still some financial risks to keep an eye on. The ongoing financial recovery of The City is surrounded by risk related uncertainty, and there is also a risk of economic volatility due to current macroeconomic conditions. This includes market risk, inflation, cost fluctuations, and procurement challenges which could all put pressure on The City.

At the same time, The City has specific financial uncertainties due to our reliance on the provincial and federal government for funding and as a source of lending which can impact our financing risk. If The City is unable to obtain this funding, including long-term capital funding beyond 2024-2025 for the Local Government Fiscal Framework, financial risks could materialize and impact The City's service delivery. The property tax remains a stable source of revenue, with approval of the 2023-2026 property tax increases in line with population growth and inflation. However, the user fee revenues are still recovering from the effects of the COVID-19 pandemic.

The current debt forecast for the major capital projects indicates that the debt will peak in 2029 as shared in the fall 2022 update. The City's financing constraints are subject to significant internal pressures such as the timing of Green Line debt as well as external pressures such as rising interest rates and a higher loan pricing from the Province of Alberta.

Key Risk Measures

Inflation rate	Inflation is forecasted to continue to decrease in the latter part of 2023. Though certain costs relevant to The City, particularly related to construction, are expected to increase.
Credit Rating	The City's credit metrics with external credit rating agencies are expected to come under pressure from 2025 to 2027 due to higher levels of debt relative to operating revenues and the higher level of capital expenditures relative to total revenues.
Debt Limits	Debt and debt service relative to debt limits are expected to remain relatively stable between 2023-2028 and below the debt limits set by Council. The estimated timing and magnitude of the Green Line debt could reduce these margins beginning in 2029. However, it is expected to jump to approximately \$800M in 2030. This will still be below the Debt Service Limit set by Council.

Risk Response

Current

- The City's approach to financial sustainability and resilience is described in the 2021-2032 Long Range Financial Plan and the financial strategy for major capital projects. The strategies and tactics in the Long-Range Financial

Plan are used in Administration's preparation of both the four-year service plan and budget, and annual adjustments and the Financial Strategy that seeks to optimize additional sources of funding and financing for prospective capital projects. In the past five years, The City has limited operating expenditures resulting in expenditure growth that is less than population and inflation growth.

- Sought provincial and federal support to help with the effects of the pandemic.
- Pressure for new capital expenditures in the medium-term continue to be material, in addition to those approved in the 2023-2026 capital budget.
- Projections of credit rating metrics are one tool to continually assess The City's financial capacity and reputational risk of pursuing additional major capital project commitments over current and future budget cycles.
- The City's capacity to pursue multiple large capital projects concurrently is limited and a portfolio approach is utilized to effectively stage execution of large multi-year capital expenditures and debt financing requirements.

Upcoming:

- Manage service changes in line with financial capacity while seeking efficiencies.
- Explore additional revenue opportunities.
- Leverage unfilled vacancies to sustain financial capacity.
- Use reserves when prudent.
- Make appropriate changes to the level of capital investment. In addition, Council will need to continue considering property tax increases that keep pace with population and inflation growth.
- Utilize a portfolio approach to managing the financial strategy for major capital projects.
- Pursue a strategy to secure financing directly in the debt capital markets.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Legal Risk City Solicitor & General Counsel	■	■	On Track	↑	Monitor

Risk Rating

The overall risk rating has remained stable at High. However, the impact increased from Moderate to Significant due to an increase in volume, velocity, and complexity of legal issues, as well as a heightened propensity for matters to require additional legal attention. The risk trend is also increasing.

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

The corporate, political, and societal landscape has changed, resulting in new and more complex business and legal issues facing the corporation. As a result, it is necessary to ensure the appropriate resources across the organization are in place to identify, respond to and manage these risks effectively. Additionally, given the ongoing increase of misinformation in the public realm and seemingly elevated public tension across Canada, The City's historical 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.

An increased volume, velocity and complexity of business and legal issues require individuals with appropriate expertise to identify matters of concern, identify when to involve supporting services (such as Legal Services) and lead the matter to resolution. In themselves, these matters create legal risk, which is acceptable provided any risk-taking is informed, intentional and within corporate risk tolerance. Although matters are often escalated to legal services in the ordinary course, some may not be, and this may lead to unintentional third-party litigation risks that can negatively impact the organization financially, legally, and reputation-wise.

Key Risk Measures

Trends in legal proceedings involving The City	Increase in large, complex claims which requires more resources and effort to address.
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Risk Response

Current

- Continuing to communicate, inform and interact with customers about the importance of engaging legal services early and often.
- Utilizing technology to develop transparency and reporting of legal activity.
- Exploring, implementing and managing technology-based solutions for legal instructions, legal efficiency and customer self-service (e.g., e-signatures).
- Supporting a high performing corporate team that understands risk-based decision making within corporate risk tolerance.

Upcoming

- Define legal risk appetite at an individual risk and organization wide level prioritizing and focusing resources on risk management activities effectively.
- Assess legal risk using a robust framework informed by data and scenario planning to ensure legal risk is being managed within corporate risk tolerance.
- Continue to build strong cross corporate relationships, improve overall risk understanding, prioritize corporate focus on risk tolerance and align approach.

- Promote the continued attendance and involvement of City Solicitor and General Counsel and members of Legal Services in governance/decision making meetings (Council, ELT, Senior Management Team members, Corporate Management Team members).
- Review the data to identify trends and drivers around legal risk.
- Staff cross training.
- Support corporate communication strategies.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Reputational Risk City Manager	■	■	On Track	→	Maintain

Risk Rating

The risk rating has remained stable since fall 2022.

Uncertainty related to community and public relations

Research indicates that Calgarians' views of The City's reputation is shaped by their interactions with the organization, their experiences with City services, and the perceived value of their tax dollars. Based on the 2022 Fall Survey of Calgarians, public trust in The City has remained relatively consistent over the past year.

There is a continuing global trend of growing mistrust and increased scrutiny of government, bolstered by increasingly negative views of vocal groups. Recent social unrest and public safety concerns have made it necessary to consider different options. As the Provincial Election recently completed, it is crucial to establish connections with the new provincial government to continue advocating for The City's priorities. Several services identified risks related to intergovernmental affairs, and the misalignment of expectations and priorities between The City and other elected officials. Other services identified risks related to Community Relations Risk: Calgarians and civic partners, industry pushback on climate policy changes, and dissemination of misinformation through digital platforms.

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

- Coordination and advocacy with key interested parties: coordinating access to other orders of government for City priorities; facilitate inter-municipality collaboration with civic partners, business and community leaders, and Elected Officials to advance regional priorities; and leveraging opportunities where appropriate.
- Research and strategic analysis: ongoing perception surveys are conducted to better understand drivers of trust and perceptions of reputation and align communications; and strategic analysis of issues and opportunities is ongoing.
- Council and Administration collaboration: refining budget process and Council priorities, shifting ELT meetings (including Mayor's Office representation) to have a more strategic focus.
- Rethink to Thrive/Employer of Choice: improving role clarity for decision making and supporting leaders, and psychological safety; implementing service governance; and position The City as an Employer of Choice to attract and retain top talent.

Upcoming

- Enforcement of the new Safe and Inclusive Access Bylaw will help strike a balance between respecting the right to protest and The City providing safe access to public services.

- To build social resilience: Administration will work with other local organizations and orders of government to support affordable housing, poverty reduction, addiction, and mental health challenges, and to address public safety concerns for Calgarians, businesses and services particularly in the downtown corridor.
- As the Provincial Election recently completed, building relationships with new provincial government will be critical in continuing to advocate for City's priorities.
- On-going relationship management with key interested parties and partners including our Indigenous partners, civic partners, and inter-municipality Elected Officials external to The City as well as improving collaboration across and within the organization.
- Administration continues to focus on supporting businesses through the ongoing work of the Business and Local Economy group. Enabling entrepreneurs and investors to start, grow, and expand business will help build reputation and trust with businesses and residents across Calgary.
- Using key drivers of trust, work to build strategies and plans that foster the values of collaboration, transparency, and openness. Enhance our strategic communications to apprise Calgarians of the services The City delivers and the initiatives it is undertaking to provide accessible and equitable communications to all Calgarians.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/Appetite
Service Delivery Risk GM, Operational Services	■	■	In Progress	→	Monitor

Risk Rating

The risk rating has remained stable since fall 2022.

Uncertainty related to delivering our services

A range of existing and emerging trends present several risks to service delivery. The continued impact of the pandemic on certain services' revenue or demands continues to magnify the impact of other service interruptions and delays. Integration between departments will be critical due to the realignment and supporting staff through the transition. Imminent risk pressures include:

- Challenges attracting, retaining and developing people and critical skillsets to compensate for retirements and loss of skilled employees.
- Funding that does not keep pace with growth or lifecycle needs especially for aging infrastructure, leading to reduced service levels or asset conditions.
- Remote working and growing demand for digital 'personalized services' have altered how Calgarians see services and how City staff provide them.

Services noted operational challenges related to operational risk such as corporate capacity and role clarity. There is also a rise in risk related to The City's Corporate Carrier Profile rating increasing which could result in disruptions of service delivery.

The City is continuing to move towards a more proactive management of the Service Delivery Risk, informed by rigorous monitoring and dynamic strategies to respond to the needs of Calgarians.

Key Risk Measures

Public transit ridership	Ridership for Public Transit is currently at approximately 86 per cent of pre-COVID levels, up from 79 per cent during our risk update in Fall 2022
Parking transactions	Parking transactions are at approximately 80 per cent of pre-pandemic levels which is consistent with 82 per cent during our last risk update in Fall 2022

Risk Response

Current

- Monitoring and adjusting services to accommodate changes in service delivery 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	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Social Wellbeing Risk GM, Community Services	■	■	On Track	↑	Monitor

Risk Rating

The risk rating of High has not changed since fall 2022 and the risk trend is increasing.

The likelihood increased from Possible to Likely due to increases in:

- Year-over-year food and shelter prices
- Visits to Food Resource Websites
- Number of calls to the Distress Centre's support line related to mental health and substance use
- Opioid deaths in Calgary
- Social disorder calls on and at Calgary transit sites

Uncertainty related to social inequity and social programs

Various social and economic changes and their impacts on mental health and addictions, homelessness, social disorder, safety concerns, inclusion and access challenges disproportionately impacting some groups, have increased the complexity and magnitude of social needs of Calgarians. These factors negatively affect Calgarians' social wellbeing, and the capacity and effectiveness of both The City and our civic partners in responding.

Sustained high inflation remains a significant pressure for individuals and families, especially those living on fixed or low incomes. Food and shelter remain the most significant components, even as other costs such as transportation have fallen, and inflation overall has decelerated.

The number of opioid deaths in Calgary also notably increased in the most recent data period, 2022 Q4, following a decline seen in the previous two quarters (this data will also continue to be monitored.)

In the 2022 Fall Survey of Calgarians Safety is a growing concern. Statistically fewer respondents say that Calgary is safe compared to fall 2021, and more respondents say that crime in their neighbourhood has increased during the past three years.

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

In response The City is continuing to analyze wellbeing and safety issues; develop, implement and invest in strategies that focus on prevention and improving social conditions impacting quality of life, access to opportunities, and inclusion in society; and provide services and frontline response that supports social wellbeing, in particular for Calgarians experiencing vulnerabilities.

Key Risk Measures

Food insecurity	Food prices increased by 8.4 per cent and shelter 4.5 per cent year-over-year in 2023 March, and in a related trend the number of site visits to an Access to Food Resource Website in 2023 February increased to almost 400,000, which represents an approximate 14 per cent increase since fall 2022.
Mental Health and Substance Use Disorder	Mental health and substance use issues continue to impact Calgarians, with both the number and proportion of related calls to the Distress Centre's support line (211) increasing - the number of calls related to mental health & substance use

	disorder as a proportion of all 211 calls reached about 16 per cent in the 2023 Q1 (which equates to more than 2500 calls), up from about 14 per cent in 2022 Q4.
Social Disorder Calls: Calgary Transit	Social disorder calls on and at Calgary Transit sites have also increased substantially over the past few years - 2022 saw about 35,000 calls, down from close to 39,000 in 2021, but still significantly higher than previous years. First quarter data from 2023 shows close to 11,000 calls, higher than the same quarter the previous year.

Risk Response

Current

- Improving our organizational understanding and removing barriers to accessing programs and services through the work of our Anti-Racism and Indigenous Relations Office Programs, and the expanded Equity portfolio.
- Supporting Calgary's Mental Health and Addiction Strategy with a further \$19M over 2023-2026 to maintain funding and activate a partnership with the Calgary Police Service (CPS).
- Funding a Community Mobile Crisis Response pilot program which became operational in 2023 February and expanded to another site in March.
- Allocating \$9.1M for 2023 from the Community Safety Investment Framework to 26 community initiatives to improve support for Calgarians in crisis.
- Developing a Transit Public Safety Strategy that partners with CPS in a multi-agency response that spans prevention to enforcement.
- Developing three Ambassador programs in the downtown and east Calgary within Business Improvement Areas to provide a resource to businesses and support the interaction with populations experiencing vulnerabilities to create safe and inclusive areas for everyone.
- Focusing on safety and access in downtown parks, through the work of the Downtown Park Safety Committee.
- Improving the affordable housing supply by supporting non-profit housing providers and the private sector through land, funding and programming, advocacy efforts, and leveraging funding from other orders of government.
- Continuing to offer the Fair Entry program to support access to City programs and amenities, including administering changes to the Low-Income Transit Pass program as a result of an additional \$1.7M in provincial funding that will improve access for adults over 65.
- Continuing the Community Social Work program's support of initiatives related to food security including community kitchens, gardens and garden workshops, food pantry programs, and food truck/mobile markets.
- Supporting front-line employees to respond to Calgarians experiencing vulnerabilities effectively and safely or in crisis by providing training, working with partners who provide community outreach services, increasing information sharing between Peace Officers, CPS, and Corporate Security, and tracking psychological health & safety impacts.
- Maintaining a focus on strengthening community and non-profit sector capacity to support social wellbeing for all Calgarians through building and maintaining relationships with community organizations in responding to social issues, supporting collaboration amongst partners, supporting partners with data and information to enable them to advocate for their needs, and undertaking ongoing engagement to understand capacity constraints.

Upcoming

- Continue to advance the maturity of the organization's learning and commitment to embed Equity, Truth and Reconciliation, and Anti-Racism into The City's services, investment decisions, and organizational culture.

- Further advance advocacy strategies for additional and sustained funding from other orders of government for social programs, costs associated with social disorder, mental health, and addictions, and to increase and maintain the affordable housing supply.
- Apply a social wellbeing lens to the work of defining service governance where applicable to ensure related roles and accountabilities in service decisions are clear and that the Social Wellbeing Policy and Principles for service delivery are embedded.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (December 2022)	Current Residual Risk Rating (June 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite
Sustainable City Risk GM, Planning & Development Services	■	■	In Progress	→	Monitor

Risk Rating

The risk rating has remained stable since fall 2022.

Uncertainty related to economic, social, and environmental pressures

Calgary is experiencing rapid population growth, but it's important for The City to manage urban development and ensure affordable housing. To tackle these challenges, The City is taking a systematic approach to improve its regulatory framework and responsiveness. However, there are some key risks to consider such as reduced grant funding from other orders of government, meeting Greenhouse Gas and tree canopy targets, and maintaining investor confidence. Additionally, extreme weather and Growth Risk (population growth volatility) are also concerns for several services.

The City needs the private sector and Calgarians' support, investment, and collaboration to successfully execute policies and plans aligned with the Calgary Plan, Citywide Growth Strategy, Environment Strategy, and Climate Strategy – Pathways to 2050. While progress has been made towards implementing the Climate Strategy – Pathways to 2050, greenhouse gas emissions are not decreasing at the necessary rate, which poses a risk to our economy, environment, people, and The City's reputation. There are opportunities to develop and implement green technologies in Calgary, and it is essential to apply an equity lens to ensure access to environmental and climate services for everyone.

The City can expect to see a continued trend towards an increase in Climate Risk related hazards such as extreme weather, heat, flood, wildfires, and droughts. Using a benchmarking tool, Tracking Adaptation and Measuring Development Scorecard, The City has identified opportunities and focused efforts to improve integration of climate adaptation across some of the lowest performing categories.

In 2023 May Calgary experienced a heightened level of smoke due to the number and extent of wildfires in Alberta. The City could also see secondary impacts from wildfires, such as increased costs. The City will have to continue to adapt to these, and other, climate related potential impacts. As noted in the Annual Flood Resilience Report (2023), flood damage exposure to Calgary has reduced by 55 per cent.

Key Risk Measures

Cumulative growth in developed areas & cumulative growth in developing areas	Increasing growth in the developed areas makes the best use of existing land, reduces the cost of City services and operating costs. 47 per cent of new units were built within the developed areas, and 53 per cent of new units built within the developing areas in 2021.
Sustainable Cities Index	This index tracks 12 key indicators of urban sustainability related to climate change, air quality, land use, transportation, water, waste, policy, and resilience for benchmarking with other North American Cities. Calgary's index score is 48. Other large Canadian cities ranked: Edmonton 45, Montreal 49, Toronto 49, and Vancouver 52.
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. We are trending at 75 per cent, above our stated target (60 per cent) for personal vehicle use, and

	trending at 3 per cent, below our stated target (18 per cent) for transit transportation. Active modes of transportation have increased significantly during the pandemic and are within our target of 22 per cent.
Community-wide Greenhouse Gas Emissions	Greenhouse gas emissions have seen a reduction over the past few years and are currently at 15.93 (CO ₂ e). However, they are not decreasing at the necessary rate to reach a target of 0 for 2050.

Risk Response

Current

- Preparing/adhering to strategic growth policies for sustainable growth, climate change mitigation and adaptation.
- Updating the Calgary River Valleys Plan.
- Incorporating the UN Declaration on the Rights of Indigenous Peoples outlined in the White Goose Flying Report.
- Applying in 2023 June to the Federal Housing Accelerator Fund which has \$4B to be distributed amongst local governments across Canada.
- Ongoing implementation of Environment Strategy & Climate Strategy - Pathways to 2050.
- Following a system planning approach for collaboration when planning.
- Taking action on climate through amendments to Land Use Bylaw.

Upcoming

- Calgary Plan updates to include climate risk and Green House Gas reductions.
- Developing and implementing climate reporting tools.
- Refresh Calgary Plan to reflect triple-bottom-line, other risks.
- Embedding sustainability in decision making.
- Continuing to implement the Environment Strategy, and Climate Strategy – Pathways to 2050.
- Building land use planning relationships with regional partners.
- Aligning funding initiatives to build public amenities to attract investment.
- Educating employees on climate and environmental risk differences.

Appendix 1: The City’s Risk Matrix

Calgary		Risk Matrix					
Level		Probability	Impact				
Likelihood	5 Almost Certain	90% and greater	Medium	High	High	Extensive	Extensive
	4 Likely	65-89%	Low	Medium	High	High	Extensive
	3 Possible	35-64%	Low	Low	Medium	High	High
	2 Unlikely	11-34%	Slight	Low	Low	Medium	High
	1 Rare	10% and less	Slight	Slight	Low	Low	Medium
			1 Negligible	2 Minor	3 Moderate	4 Significant	5 Severe
			Minimal impact. Still able to achieve objectives without disruption.	Coping strategies required - able to be addressed with existing plans and resources.	Challenges to achieve objectives. Some delay, aspects of objectives only met in part.	Difficulties to achieve objectives. Delays or notable aspects of objectives not completed.	Unable to meet objectives due to serious, extended disruption.
Impact category	Workforce		<ul style="list-style-type: none"> •Minor injury or first aid treatment. Low turnover; easy to hire people with required skills in a timely fashion. 	<ul style="list-style-type: none"> •Injury requiring treatment by medical practitioners and/or lost time from workplace. •Minor psychological impact. •Some turnover; some difficulty in hiring people with required skills in a timely fashion. 	<ul style="list-style-type: none"> •Major injury or psychological illness/hospitalization. •High turnover; small delays in ability to hire people with required skills in some areas of the organization. 	<ul style="list-style-type: none"> •Permanent, or multiple major, injuries or psychological illness. •High turnover; notable delays in ability to hire people with required skills in some areas of the organization. 	<ul style="list-style-type: none"> •Conditions that could result in fatality(ies). •Very high turnover; unable to hire for extended periods of time people with required skills in many areas of the organization.
	Technology		<ul style="list-style-type: none"> •Non-critical system faces minor interruption. •Compromise of unrestricted information otherwise available in the public domain. 	<ul style="list-style-type: none"> •Non-critical system faces significant interruption. •Minor compromise of protected information sensitive to internal or sub-unit interests. 	<ul style="list-style-type: none"> •Critical system faces minor interruption. •Compromise of protected information sensitive to the organization's operations. 	<ul style="list-style-type: none"> •Critical system faces significant interruption. •Compromise of restricted information sensitive to organizational interests. 	<ul style="list-style-type: none"> •Irreparable widespread damage to critical system(s). •Compromise of restricted information with major, ongoing impact.

	External	<ul style="list-style-type: none"> •Immediately reversible damage. •Minimal flood damage in an isolated area. 	<ul style="list-style-type: none"> •Short-term reversible damage. •Minimal flood damage in more than one area. 	<ul style="list-style-type: none"> •Long-term reversible damage. •Major flood damage in an isolated area. 	<ul style="list-style-type: none"> •Limited irreversible damage. •Major flood damage in more than one area. 	<ul style="list-style-type: none"> •Widespread irreversible damage. •Massive flood damage in multiple areas throughout the city.
Impact category	Financial	<ul style="list-style-type: none"> •Financial impact is within expected variance and pre-emptively accounted for. 	<ul style="list-style-type: none"> •Financial impact is expected and planned for with minor adjustments needed. 	<ul style="list-style-type: none"> •Financial impact is greater than planned for, some delay, reduction in scope or alternate funding is required. 	<ul style="list-style-type: none"> •A large unplanned financial impact. Significant delays or adjustments to scope are required. Some alternate funding may be achieved. 	<ul style="list-style-type: none"> •Unplanned financial impact that results in indefinite delays or cancellation of work. Alternate funding is not able to be acquired.
	Strategic	<ul style="list-style-type: none"> •A strategic goal within the organization is slightly impacted. •Reputation to internal stakeholders may be slightly impacted. 	<ul style="list-style-type: none"> •Strategic goal within the organization requires some adjustment. •Reputation to key internal stakeholders is adversely impacted. 	<ul style="list-style-type: none"> •An organizational-wide strategic goal is compromised. •Reputation to internal and some external stakeholders may result in some loss of confidence and trust in the organization. 	<ul style="list-style-type: none"> •Unable to deliver on an organizational-wide strategic goal for a sustained period of time. •Reputation sustains extended, substantial damage to confidence and trust. 	<ul style="list-style-type: none"> •Unable to deliver on an organizational-wide strategic goal indefinitely. •Reputation extended, substantial damage to confidence and trust which is irreparable.
	Operational	<ul style="list-style-type: none"> •Minimal impact on non-core operations. The impact can be dealt with by routine operations. 	<ul style="list-style-type: none"> •Some impact on organizational capability in terms of delays, systems quality but able to be dealt with at operational level. 	<ul style="list-style-type: none"> •Impact on the organization resulting in reduced performance such that targets are not met. 	<ul style="list-style-type: none"> •Some unavailability of critical skills/people. •Breakdown of key activities leading to reduction in performance. 	<ul style="list-style-type: none"> •Protracted unavailability of critical skills/people. •Critical failure(s) preventing core activities from being performed.

Appendix 2: 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 3: 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	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, processes, tools, infrastructure, people and 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.
Sustainable City Risk	Economic, social, and environmental sustainability are critical for The City. 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.