

The City’s Risk Profile at Mid-Year 2024

While some key pressures remain, The City’s Risk Profile remains predominantly stable compared to the last risk update. This information is provided to the Audit Committee to support in their role as an oversight body on The City’s risk management practices. To this end, this risk profile provides the information necessary to explore interdependencies between the Principal Corporate Risks (PCRs). Stressors monitored through the Financial Sustainability Risk, for example, can increase strain on other risk areas. Similarly, a strategic approach to our risk response strategies can highlight cross-corporate efforts that can affect more than one PCR. In 2024 July, there will be Council decision making on Green Line, anticipated to include scope, budget, funding, risks, and governance. However, the final report of the Bearspaw South Feeder Main Break Independent Review is not expected until 2025. In addition to this external review, internal reviews are being conducted by CEMA and Water Services. The ERM team will adjust risk reporting based on the outcomes of these processes in consultation with the risk owners.

By exploring the PCRs collectively, we can better set ourselves up to take on the optimal amount of risk where opportunities are pursued, undesirable outcomes are avoided or minimized, and upside risk is explored.

This update includes an integrated view of The City’s top risks, including any changes in the ratings, as well as risk-specific information and the results of the mid-year 2024 cross-corporate risk review.

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PART 1: ENVIRONMENTAL SCAN

The Enterprise Risk Management (ERM) team has identified the top pressures to the organization that can result in:

- a) Long-term or chronic pressure which may strain the organization or cause us to revise our risk response strategies.
- b) Increase the likelihood or severity of an acute risk event.

By monitoring and managing the internal and external pressures and challenges that affect The City's risks, we are better able to avoid undesirable impacts and capitalize on opportunities as they present themselves while continuing to focus on delivering services to Calgarians.

Internal Pressures:

<i>Pressure</i>	<i>About</i>
<i>Financial Constraints</i>	Inflation and cost increases are key contributing factors which continue to put pressure on our financial resources. Also, there are challenges related to lack of funds/resources, and budget limitations are frequently mentioned across various risk categories.
<i>Capacity Constraints</i>	Many services highlight challenges related to insufficient workforce capacity, labour shortages, competing priorities, change fatigue, and capacity constraints impacting service delivery and project completion.
<i>Service Demand Complexity</i>	Increased service demands, changing customer expectations, and the need to meet legislative and best-practice compliance are noted as pressures which are contributing to an increase in work complexity.
<i>Process Challenges</i>	Challenges related to the clarity, consistency, sufficiency and coordination of internal processes, policies or procedures were noted by many services.
<i>Recruitment and Retention</i>	The City continues to face challenges in recruitment and retention due to a competitive labour market, increased expectations from job seekers (such as pay and flexibility) and staff turnover. Some services also noted other challenges attributed to knowledge gaps, higher learning curves and training.

External Pressures

<i>Pressure</i>	<i>About</i>
<i>Population growth</i>	Population growth has the potential to impact housing demand and economic activity. Calgary's population increased by 3 per cent in 2023, while new dwelling units are unable to adjust this creates a demand-supply imbalance that is expected to keep housing prices elevated. Hiring in Calgary remains strong but not enough to absorb the increasing population and reduce unemployment. As of May 2024, the unemployment rate in Calgary Economic Region was 8 per cent.

<p><i>Polarization of political discourse</i></p>	<p>Polarization as a pressure can impact everything from trust in government to our ability to work effectively with critical interested parties.</p> <p>During periods of heightened polarization within political discourse, The City can experience increased strain on intergovernmental relations and community engagement.</p>
<p><i>Intergovernmental funding strain</i></p>	<p>Downloading of costs and decreased funding from the Provincial and Federal government is putting more strain on The City’s resources. These are ongoing pressures due to changes in government funding priorities.</p>
<p><i>Public Safety</i></p>	<p>Community Perception: The percentage of Calgarians who feel safe decreased from 77 per cent in 2022 to 69 per cent in 2023, though early indicators demonstrate some improvement in that area in 2024. Nevertheless, safety on public transit and downtown areas does remain a pressure.</p> <p>The City is also monitoring heightened pressures related to mental health and addiction.</p>
<p><i>Social Pressures</i></p>	<p>Other noted pressures were related to social challenges, including social disorder, food and housing insecurity, increase in vulnerable populations and mental health and substance abuse.</p>
<p><i>Economic</i></p>	<p>Overall, The City of Calgary’s economy is mostly stable with some positive trends since the last risk update. The Bank of Canada announced its first policy interest rate cut in nearly 4 years on June 5, and is expected to lower the rate further in the second half of the year which will lower borrowing rates driving increased residential investment.</p> <p>Calgary’s inflation eased to 3.6 per cent in May 2024. Affordability, and in particular housing costs, remains a pressure though.</p> <p>In addition, supply chain disruptions continue to put pressure on projects and operations. The City is closely monitoring these pressures and associated impacts on costs, including cost of borrowing and procurement.</p>
<p><i>Artificial intelligence</i></p>	<p>Artificial intelligence (AI) as a pressure can serve as a catalyst for both positive and negative risk to the organization, including The City’s exposure to cyber risk. AI itself requires significant computing power and the demand on data centers and high-powered computing devices is creating sustainability risks related to climate and environment. In addition, AI is creating a higher potential for misinformation which poses a risk to democratic processes. AI can be used to help identify misinformation, but it may not be able to prevent the potential negative impact on voters.</p> <p>Moreover, as AI becomes more integrated into the workplace, individuals will have the opportunity to adapt their roles. The City must proactively address workforce training and necessary adjustments to</p>

cope with this increasing pressure. Additionally, AI has the potential to drive both efficiencies and innovations.

Climate Change

Extreme weather events, climate change, and environmental risks are mentioned as pressures affecting services particularly with regards to sustainability and infrastructure.

Calgary experienced significant regional precipitation and cool temperatures this spring, thus Calgary's water supply conditions remain normal.

PART 2: THE CITY'S RISK PROFILE OVERVIEW

Figure 1 below presents the rating of each of the nine PCRs, as made up by their likelihood and potential impact. There are no changes to The City's PCR risk ratings since our last risk report, AC2024-0038, presented 2024 January 18.

Figure 1: The City's Principal Corporate Risk Ratings

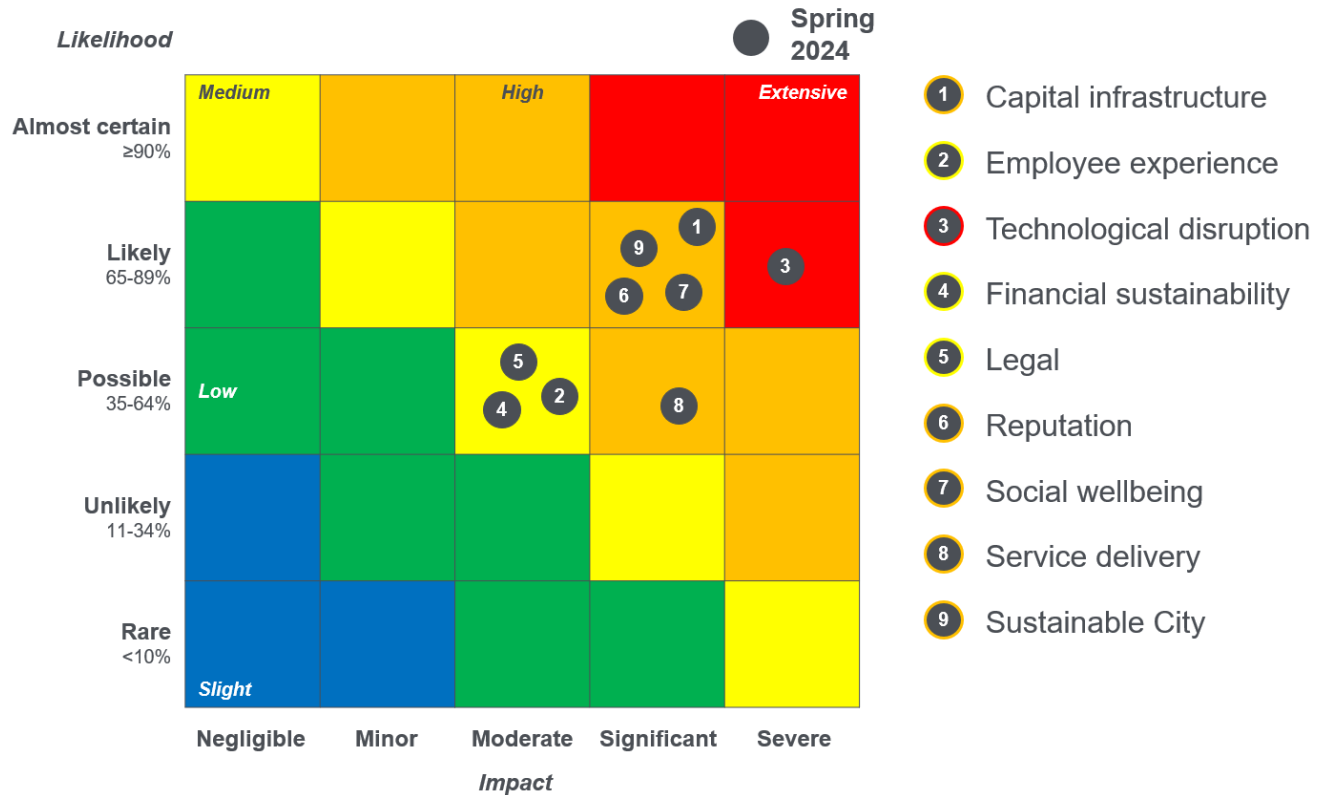


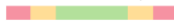











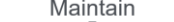







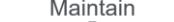

























Figure 2: Principal Corporate Risks Dashboard as of 2024 June 10

Principal Corporate Risk	Residual Risk Rating (Jan 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
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	→	Maintain 	
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. In Progress - Some risk responses are delayed In Development - Risk responses are under development</p>	<ul style="list-style-type: none"> ↓ Decreasing → Stable ↑ Increasing 	<p>Maintain - within risk appetite Monitor - within risk tolerance Reduce - above risk appetite and tolerance Full definitions in Appendix 2</p>	<ul style="list-style-type: none">  Slight  Low  Medium  High  Extensive

Notes:

- The dashboard was populated from information collected from a variety of sources: The 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, Corporate Operating Risks, and PCR specific updates. All eligible services submitted a risk register, *with the exception of Appeals and Tribunals* as no risks have been identified for that service line at this time and *Executive Leadership* service line. The ERM team is working with the Corporate Strategy team on the Executive Leadership service line risk register.
- Risk definitions are tabulated in [Appendix 1](#).
- The residual risk ratings trend is available in [Appendix 3](#) for reference.

PART 3: THE PRINCIPAL CORPORATE RISKS (ALPHABETICAL LISTING)

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Capital Infrastructure Risk GM, Infrastructure Services	■	■	On Track	↑	Monitor	■

Risk Rating

The risk rating (“High”) remains unchanged, whereas the risk trend (“Increasing”) has shifted from 2024 January (“Stable”).

Uncertainties related to capital infrastructure, supply chain, and procuring contracts

The City currently owns over \$100 billion in assets. These assets include buildings, bridges, facilities, roads, machinery and equipment, parks, and other infrastructure that enables The City to deliver valuable services to Calgarians. On June 5, 2024, The City’s Bearspaw South Feeder Main experienced a catastrophic failure that resulted in over 30 days of city-wide service disruption. Despite significant impact to the adjacent community, businesses and Calgarians, the affected pipe represents only a fraction of The City’s total infrastructure assets.

The City’s asset management plan requires continual balancing between ensuring public safety and service continuity, and fiscal prudence and affordability. The City’s infrastructure gap, which is the difference between the infrastructure investment needed to meet desired service levels and preventative maintenance, and the resources made available to address those needs, is estimated to be more than \$7 billion.

In addition, the ongoing trend of skilled labour shortage in the Canadian construction industry continues to impact The City’s ability to deliver Capital Infrastructure for Calgarians and close the infrastructure gap.

The growth in the size of Alberta’s construction workforce has been matched by a growth in the number of vacancies, which remains elevated when compared to the total for all industries. An aging workforce and a drop in construction trade enrolments are expected to worsen the situation according to Calgary’s 10-year Labour Market Outlook, leading to a replacement demand of more than 21,000 openings between 2023 and 2033.

A similar challenge exists internally in that certain vacant positions have been difficult to fill. In 2023, Infrastructure Services’ average true vacancy rate, which measures the number of vacant positions that no

employee holds reversion rights to, was approximately 11 per cent (which is higher than The City's overall average of approximately 9 per cent).

Labour shortage impacts construction project timelines, amplifies cost escalation, and hinders the delivery of needed infrastructure for Calgarians. Insufficient funding, aging/deteriorating infrastructure, inflationary pressures, supply chain, and procurement delays are other notable factors affecting infrastructure service delivery in Calgary. In addition, some services noted challenges related to corporate capacity (funding and resource constraints) as well as internal processes.

The City continues to monitor its capital infrastructure risk and identify measures to manage and close the infrastructure gap. It is anticipated that the Bearspaw South Feeder Main Break – Independent Review will also detail potential risks and recommendations.

Strategic Insights from Key Risk Metrics

The more than \$7 billion infrastructure gap requires strategic allocation to meet growing demand. Additionally, asset conditions impact service continuity and/or service levels. At present, there is insufficient funding in place to carry out broad infrastructure asset inspection and assessment programs. These programs are essential to maintain information on asset condition and performance. Persistent vacancy rates in construction and infrastructure services impact project delivery. Non-residential building inflation, driven by material costs, remains elevated but is trending downward.

Refer to page 1-2 in Attach 3 - Public Key Risk Metrics (AC2024-0518).

Risk Response

Current

- Asset lifecycle planning and prioritization to balance lifecycle maintenance with growth in capital investment programs.
- Update of Asset Management Administration Policy and continuation of Asset Management Maturity Program.
- Proactively monitoring capital and reserves to mitigate capital funding and financing risk.
- Pursuing capital funding from multiple sources.
- Sequencing projects to create a consistent and steady flow of work for consultants and contractors.
- Maintaining regular dialogue with consultants, contractors, and industry organizations to build a common understanding of labour challenges and identify potential mitigation measures.
- Allocating contingency funds to projects to address unforeseen challenges that may arise during project development or delivery.
- Progressive deployment of the corporate Supply Chain Resilience (SCR) Strategy to guide Procurement operations.
- Implementing procurement planning and contracting strategies to best share risks and mitigation activities between The City and contractors.

Upcoming

- Develop a comprehensive asset life cycle and management plan aligned to capital funding program.

- Develop and fund emergency response plans to address potential infrastructure and asset failures promptly.
- Advance and improve asset management analysis, reporting, and targets to better predictability of rehabilitation timing and requirements.
- Review the delivery of preventative maintenance programs.
- Develop a resourcing and funding plan to support critical preventative maintenance programs that include infrastructure asset inspections and analysis to have consistent and current information on asset condition and performance.
- Increase advocacy for provincial government investment in training and apprenticeship programs to increase the number of new entrants to the construction industry.
- Update debt policy and debt issuance procedures for administration to ensure The City utilizes debt prudently and efficiently in accordance with best practice as applied in the context of municipal fiscal policy and current treasury management practices.
- The Corporate Budget Office will review capital reserves in 2024, pending the outcome of the provincial changes to the capital funding under the local government fiscal framework that may impact The City's future capital funding from the province.
- In-year recast of 2024 capital budget to right-size the annual capital budget to reflect cash flow timing more accurately.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Employee Experience Risk GM, People, Innovation & Collaboration Services	■	■	On Track	↑	Monitor	■

Risk Rating

The risk rating (“Medium”) and risk trend (“Increasing”) are unchanged from 2024 January.

Uncertainty related to recruitment, retention, safety, and engagement.

Employee experience is a multifaceted risk requiring a cross-organization approach across many fronts. This includes creating a strong employee value proposition, actively working to hire/retain key positions, offering learning and development opportunities and other supports, fostering a physically and psychologically safe workplace, supporting employees who are exposed to an increased frequency and severity of hateful comments, and ensuring we learn from and address the trauma experienced by racialized staff both as employees and members of the community.

Some key pressures affecting this risk are:

- Shortage of available talent in the labour market for certain key positions has made some hiring and retention challenging.
- Employees are managing internal and external demands including increasing pace of change with limited capacity, leading to wellness challenges, and higher absenteeism.
- External factors, including international conflicts, social disorder, hate toward equity deserving groups, may impact employee health, safety, and wellness.
- Indigenous, Black, and diverse Racialized staff are facing physical and psychological challenges due to racial trauma, racial discrimination and systemic racism which may affect their psychological health and the implementation of the Anti-Racism Strategic Plan.
- An increase in crisis responses and Emergency Operation Centre (EOC) activations thus increasing employees’ stress level.

In addition, some services noted some challenges related to internal processes, governance, and accountability. Employee experience is a key factor in our ability to attract and retain top talent. There is a risk that The City will not be able to respond quickly or adequately to the pace of demand for a workplace that reflects the expectation of current and prospective employees. A weak talent pool could impact all aspects of City’s business and services.

Strategic Insights from Key Risk Metrics

The City demonstrated a commitment to safety and employee well-being. The Total Recordable Injury Frequency (TRIF) improved, with a favorable year-end result of 8.5 compared to the target of 9.0. Strengths identified in the Safety Climate survey included employee responsibility for safety and management support for health issues. However, areas for improvement include safety incident discussions, training, and addressing inappropriate behavior. The Mental Health Index showed a positive trend, reaching 75, but workload management and balance factors decreased slightly. While physical safety and psychological support remain strong, recognition and reward need enhancement.

Refer to page 2-3 in Attach 3 - Public Key Risk Metrics (AC2024-0518) and Attach 4 – Confidential Key Risk Metrics (AC2024-0518).

Risk Response

Current

- Developing a strong Employee Value Proposition which will assist The City in attracting and retaining top talent.
- Actively and strategically recruiting key positions.
- Providing education, training, and support on restorative workplace practices, human rights, vicarious trauma, psychological safety, and other key areas of the employee experience.
- Addressing employee injuries, sickness, productivity losses, and costs due to working injury and absenteeism to improve the employee experience and the safety culture.
- Improving the Safety Data Management System to support employees and leaders to report and respond to safety risks and occurrences more fulsomely.
- Implementing the Equity, Diversity, Inclusion & Belonging Framework & Strategy including business units' action plans and accountability reporting.
- Training and providing support, tools to employees that may receive hateful content (Social Media, Research, Public Engagement), and developing processes to accurately reflect public discourse without amplifying hate speech.
- Developing recommendations that create racially responsive safe spaces to decrease the impacts of racial trauma and developing a safety plan that supports Indigenous, Black, and diverse Racialized staff who have lived and living experiences with racial trauma.
- Continued focus on Employer of Choice initiatives.
- Responding to Corporate Employee Survey results with an action plan to address growth and development, workload management/balance, and psychological protection/safety.
- Targeted, widespread advertisement of job openings, and competitive compensation/benefits/flexible work to attract talent.
- Increasing wellness programs including awareness campaigns, incident debriefs, safety inspections, and management strategies.

Upcoming

- Developing an overall strategic talent plan (a “People Plan”) for The City.
- Refreshing the Employee Value Proposition and other strategic tools to remain competitive in the job market.
- Implementing more active and targeted recruitment for key positions.



- Implementing “Employer of Choice” initiatives.
- Communicating the results of, and recommend actions in response to, the Corporate Employee and Speaking Up surveys to leverage insights on how to improve the employee experience at The City.
- Educating employees on how to manage Racial Trauma in the workplace.
- Creating a set of strategies and actions aimed at reducing and preventing hate-based behaviours, attitudes, and incidents within the community and our organization.
- Enhancing racially responsive mental health support by continuing to work with our Employee & Family Assistance Program (EFAP) provider to advocate for increased racially informed services for Indigenous, Black, and diverse Racialized employees.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Technological Disruption risk GM, People, Innovation & Collaboration Services	■	■	On Track	↑	Monitor	■

Technological Disruption risk

Risk Rating

The risk rating (“Extensive”) and risk trend (“Increasing”) are unchanged from 2024 January.

Uncertainty related to cyber-attacks and technology availability and operations.

The City’s response to technological disruption requires a cross-organizational approach including monitoring, detection, avoidance, and mitigation of potential risks. With business units’ increased demand for customized and interconnected systems and rapid technological advancements, education of employees on the importance of regular upgrades and avoiding inadvertently introducing risk will support proactive detection and mitigation of risks.

The rapidly evolving sophistication, severity, and frequency of cyber-attacks, combined with increasingly diverse IT environments and solutions, increases the risk of technological disruption at an exponential rate. The organization's reliance on technology to deliver customized service across many platforms requires a focus on monitoring, detecting, and mitigating technology risks. In addition, some services noted challenges related to technology limitations, funding availability, and capacity constraints.

Strategic Insights from Key Risk Metrics

Calgary’s cybersecurity landscape presents both challenges and opportunities. Vigilance is crucial in protecting against malicious emails, particularly those containing URL threats. Comparing with peers, The City fares slightly better but still faces risks related to high click rates on malicious links. Ensuring Windows device patching remains critical. Consistent use of multi-factor authentication (MFA) enhances security, while efficient account management mitigates unauthorized access risks. Incident response efficiency and cyber awareness training completion are key focus areas.

Refer to Attach 4 - Confidential Key Risk Metrics (AC2024-0518).

Risk Response

Current

- Tracking, analyzing and mitigating cyber threats.
- Completing cyber security updates on devices, including reminders to City employees who have not completed updates to increase compliance.
- Cyber security training to increase employees’ understanding and compliance with best practices.

- Leveraging Artificial Intelligence (AI) for security to enhance tracking, analyzing, and mitigating cyber threats.
- Executive Leadership Team and Senior Management Team business continuity preparation.
- Planning cyber tabletop exercises with the Emergency Management team.
- Continuously enhancing the protection against ever-changing cyber threats.
- Aggressively reducing technology debt by decommissioning legacy systems and infrastructure.
- Implementing strict controls and monitoring of administrators' machines and accounts.
- Review of processes to reduce social engineering attack vectors.
- Tracking and managing assets while also reviewing, reporting, and monitoring of incidents.
- Automation and transition to cloud, regular data back-ups, system redundancies and creation of incident response plans.

Upcoming

- Continue tracking, analyzing, and mitigating cyber threats.
- Continuously initiate cyber security updates on devices, including reminders to City employees who have not completed updates to increase compliance.
- Deliver Cyber security training to increase employee understanding and compliance with best practices.
- Continuing to explore artificial intelligence opportunities to improve efficiency in Customer Service and Communications and assist with combatting misinformation and disinformation.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	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	■

Risk Rating

The risk rating (“Medium”) is unchanged from 2024 January, while the risk trend has changed from (“Increasing”) to (“Stable”).

While The City continues to face acute financial pressures, overall indicators point to a stable risk trend.

Uncertainty related to managing the organization’s finances

The City faces pressure from economic volatility due to current macroeconomic conditions including exposure to inflation, cost fluctuations, and the ability to procure materials in a timely fashion due to supply chain disruptions. The inflation rate will continue to be monitored as Calgary is still experiencing among the highest rate of inflation in the country.

The City’s financing risks due to sole reliance on provincial borrowing is now mitigated by the Council approval of a new corporate borrowing strategy which provides an option to borrow from the debt capital markets. The City continues to diversify its financing sources, such as the Canada Infrastructure Bank and Federation of Canadian Municipalities.

Specific funding uncertainty risks persist due to reliance on the provincial and federal governments for significant portion of capital funding for certain major projects. If The City is unable to obtain long-term capital funding beyond 2024-2025 for the Local Government Fiscal Framework, financial risks could materialize which may impact The City’s service delivery. The Municipal Sustainability Initiative (MSI) ends in 2023-24 and will be replaced by the Local Government Fiscal Framework. The Local Government Fiscal Framework for 2024-25 is budgeted at \$722 million (\$223.86 million for Calgary) and for 2025-26 is to be \$880 million (\$254.9 million for Calgary). This is 36 per cent less than the historical average of MSI Capital and the Basic Municipal Transportation Grant.

The property tax remains a stable source of revenue, with approval of 2023-2026 property tax increases in line with population growth and inflation. Debt levels between 2024-30 are anticipated to range between 40 to 50 per cent of The City’s debt limit. The City’s financing constraints are subject to significant internal pressures such as the timing of Green Line delivery program and debt as well as external pressures such as costs variations due to inflation, and possible elevated interest rate environment, and debt pricing increases from any borrowing from the Province of Alberta. In addition, several services noted pressures related to competition for investment and development due to more favourable tax environments and lower costs offered by other municipalities.

Strategic Insights from Key Risk Metrics

- Calgary's inflation is 3.6 per cent as of May 2024. Affordability, and in particular housing costs, remains a pressure. Inflation directly impacts household budgets, eroding purchasing power. As prices climb, essential goods and services become less affordable, potentially leading to economic instability.
- The Green Line project's timing and magnitude could tip the debt limit balance, affecting financial stability. Prudent debt management is crucial.
- A growing labor force (6.0 per cent Year over Year) is positive, but it must align with employment growth. Failure to address unemployment could jeopardize overall financial health.

In summary, addressing inflation, managing debt wisely, and fostering employment growth are pivotal for Calgary's sustained financial well-being.

Refer to page 3 in Attach 3 - Public Key Risk Metrics (AC2024-0518).

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 plan and budget, and annual adjustments.

Upcoming

- Managing service changes in line with financial capacity while seeking efficiencies.
- Exploring additional revenue opportunities.
- Leveraging unfilled vacancies to sustain financial capacity.
- Using reserves where prudent.
- Making 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. Calgary's population continues to grow at unprecedented rates, with the city experiencing increased interprovincial migration.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Legal Risk City Solicitor & General Counsel	■	■	On Track	→	Maintain	■

Risk Rating

The risk rating (“Medium”) and risk trend (“Stable”) are unchanged from 2024 January.

Legal Risk Environment

The current political, and societal landscape continues to generate new and more complex business and legal issues facing the corporation. It is necessary to ensure the appropriate resources are in place to effectively identify, respond to and manage these risks.

There is a continued increase in volume, velocity, and complexity of business and legal issues, requiring individuals across the Corporation with appropriate expertise to identify matters of concern, identify when to involve supporting services (such as Legal Services) and lead the matter to resolution. Complex and high-risk matters are often escalated to Legal Services in the ordinary course, allowing for proactive advice that supports intentional and informed decision making; however, some are not, and legal risk emerges unintentionally, creating varying degrees of legal, financial and reputational risk.

Key Risk Measures

- Volume & Nature of Legal Claims
- Formal Legal Action

Legal 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

- Continue to work with ERM team to define legal risk appetite at organization wide level.
- Prioritizing and focusing legal resources on risk management activities.



- Assess legal risk using a robust framework informed by data and scenario planning to ensure legal risk is being managed within corporate risk tolerance.
- Legal Services continues to build strong cross corporate relationships, improve overall risk understanding and align approach.
- Continued attendance and involvement of City Solicitor & General Counsel and members of Legal Services in governance/decision making meetings (Council, ELT, SMT, CMT).
- Legal services continue to review the data to identify trends and drivers around legal risk.
- Continue legal resources staff cross training.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Reputation Risk Chief Administrative Officer	■	■	On Track	↑	Maintain	■

Risk Rating

The risk rating (“High”) is unchanged from 2024 January, while the risk trend has changed from “Stable” to “Increasing”.

The most recent survey of Calgarians shows a decline in trust metrics which is consistent with other municipalities amidst global trends often related to misinformation, disinformation, and the erosion of social cohesion and increased societal polarization.

Uncertainty related to community and public relations.

A city’s reputation is often established on how effectively it handles events that draw public attention and scrutiny. Unexpected events are inevitable, however many of these events are also foreseeable, and it is the purpose of The City’s enterprise risk management system to help identify risks associated with events across the corporation from a cross-corporate perspective and focus leaders’ attention on management and mitigation strategies. In the current polarized environment often driven by misinformation and disinformation, failure to effectively deal with and resolve risks feeds a narrative damaging to The City’s reputation. In response, Administration continues to evolve its risk management system with a focus on raising awareness of emerging risks through enhanced risk metrics. The City is also focused on risk reducing communications practices such as proactive storytelling.

Some key considerations for this risk are:

- Every service, whether public facing or supporting the organization has a critical role in advancing and protecting The City’s reputation.
- Research indicates that residents and businesses share common desires when it comes to their municipal government. They seek a government that embodies trust, transparency, and responsible spending. They want transparent interactions – hassle free transactions with minimum red tape and delay, timely services that meet their needs, infrastructure that is safe and well-maintained, and clean, safe, livable communities. In short, they want value from local government, and be able to trust they will get that value.

With respect to specific measures, The City’s credit rating continues to be AA+, the strongest credit rating for a municipality in Alberta. This speaks to The City’s reputation as a financial steward and its ability to manage cash flow, debt, and preparedness for unexpected expenses. Furthermore, The City of Calgary’s methodology for measuring trust and reputation by analyzing drivers of trust is a national best practice widely mirrored by other Canadian municipalities. Accordingly, for reputational risk, the relevant performance measures and community indicators relate to the top drivers of trust which reflect resident expectations regarding the performance of their municipal government. The trend for the key drivers of trust

as were previously stable but now reveal a gradual decline. This change in the trend is being actively addressed by many of the current and future risk management strategies listed in this report.

Services indicated some risk to meeting Calgarian's expectations as expectations themselves can be volatile as well as the potential for misalignment with other orders of government. In response, services noted they are adjusting internal processes as well as a focus on advocacy.

The latest bottom-up review indicates that services are also experiencing pressures related to meeting Calgarians' increasing and evolving expectations, which are adding pressure to corporate capacity. In addition, there are continued pressures related to downloading of costs and decreased funding from the Provincial and Federal government. These ongoing pressures are due to changes in government funding priorities and are putting more strain on The City's resources.

Strategic Insights from Key Risk Metrics

Based on the 2023 Fall Survey of Calgarians, 46 per cent of residents express trust in The City, a figure that has remained essentially unchanged over the past couple of years, tracking within the survey's margin of error. However, recent results reveal a statistically significant drop in Calgarians' perceptions of how Administration and Council run The City. Satisfaction declined from 71 per cent in the Spring to 62 per cent in the Fall. Notably, this metric serves as the top driver for overall trust in The City. The shift in perception aligns with other survey data highlighting ongoing concerns related to the economy, affordable housing, and public safety. Additionally, the perceived value of property taxes remains relatively stable at 50 per cent, despite minor fluctuations within the poll's margin of error of plus or minus 2.5 per cent

Refer to page 4 in Attach 3 - Public Key Risk Metrics (AC2024-0518).

Risk Response

Current

- The Chief Administrative Officer is actively engaging community and business leaders to better understand their challenges, needs, and expectations.
- With responsibility for strategy implementation and operational excellence, the Chief Operating Officer is focused on delivering key results consistent with Council's Strategic Agenda and key priorities.
- Senior leaders are working closely with Council to strengthen trust and confidence, improve reporting and communication, and build stronger working relationships.
- The City's enterprise risk management system continues to mature driving the organization to a more robust approach to risk management that promotes a thorough understanding of operational and strategic risks including the required strategies to effectively manage risk.
- 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. To mitigate construction impacts on business and encourage Calgarians to support local businesses during construction, Administration is piloting a business support grant for two Main Streets projects and a variety of non-financial supports such as construction area parking management, customer wayfinding and marketing programs.

- Administration continues to deliver strategic and proactive communications that focuses on providing important information that reaches a broader audience and sharing progress towards service investments through new communication tools and investments.
- With the recent update to the Issues Management Policy, additional capacity was added to the Issues Management Team to improve process and coordination across the organization and proactively engage Executive Leadership decision-making to respond to emerging issues in real time.
- Administration continues its advocacy with key external partners including other orders of government to advance The City's priorities and facilitate inter-municipal collaboration with civic partners, businesses, and community leaders. Additionally, the Administration also works with leaders in the greater Calgary region to promote regional priorities and leverage opportunities where appropriate.
- Continue to inspire a commitment to public service by improving employee satisfaction and engagement and continue to enable a safe and healthy workplace and culture that supports diversity, equity, and inclusion. Initiatives include advancing the anti-racism strategy, providing leaders at all levels appropriate development opportunities, and promoting positive employee experiences.
- Executive Leadership continues its work with the Anti-Racism Team to evolve public education and communication practices with the goal of promoting diversity, inclusion, and equity in accordance with the Anti-Racism Strategy and Action Plan.
- Administration remains focused on public engagement with Calgarians, businesses, key partners, and employees to better understand their problems, issues, and challenges and how they impact key drivers of trust.

Upcoming

- Many Calgarians are indicating challenges related to the rising cost of living. Seniors and individuals living on a fixed income are particularly hard hit. To address these challenges and to build social resilience Administration will collaborate and work closely with Council, other local organizations, and other orders of government to support affordable housing, poverty reduction, food insecurity, addiction, and mental health challenges.
- Administration will segment future focus groups with Calgarians based on their attitudes and perceptions of municipal government. Using this new approach, Administration will gain further insight and understanding into the specific issues and benefits Calgarians are experiencing with their municipal government.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Service Delivery Risk GM, Operational Services	■	■	In Progress	↑	Monitor	■

Risk Rating

The risk rating (“High”) and the risk trend (“Increasing”) are unchanged from 2024 January,

Certain pressures related to this risk are still prevalent and as tolerance for infrastructure maintenance risks decreases, the risk realization likelihood increases.

Uncertainty related to delivering our services.

A range of existing and emerging trends present several risks to service delivery. The continued impacts of supply chain issues because of the pandemic and other cascading global events on certain services’ revenue or demands continues to magnify the impact of other service interruptions and delays. Driving alignment of planning, infrastructure development/renewal and operations around customer expectations of service performance continues to be a challenge. Imminent risks include:

- High rate of retirements and challenges attracting, retaining, and developing people as well as critical skills to compensate for retirements and loss of skilled employees.
- Constrained funding that does not keep pace with growth and lifecycle needs, leading to reduced service levels and/or deteriorating asset conditions that can lead to higher maintenance costs and unplanned service interruptions.
- Calgarians expectations of service levels continue to evolve. When we are unable to respond to new expectations customer satisfaction drops. Services also indicated pressures related to capacity constraints, social issues, and challenges related to processes clarity and coordination.

For this risk we are monitoring trends that indicate we may soon see increased pressures on Service Delivery from external sources, such as supply chain, climate, construction disruption, public safety, and social and economic pressures, as well as internal sources, such as capacity constraints, potential labour action, and ambiguity in accountability and role clarity.

Strategic Insights from Key Risk Metrics

The City made significant strides in addressing safety and infrastructure concerns. Sixteen percent of Facility Management Assets were identified as being in poor or critical condition, prompting targeted investments based on Building Condition Assessments. Meanwhile, transit service recovery resulted in 65,900 riders by year-end, reflecting the availability, affordability, and informed nature of the service. Additionally, 69 per cent of Calgarians expressed overall satisfaction with services, emphasizing the importance of meeting citizens’ needs. These efforts contribute to a safer, more efficient city.

Refer to page 4 in Attach 3 - Public Key Risk Metrics (AC2024-0518)

Risk Response

Current

- **Workforce:** Monitoring and adjusting services to accommodate changes to ensure optimal staffing levels and minimize revenue shortfalls.
 - Equity, Diversity, Inclusion and Belonging Framework rolled out with specific actions to support the workforce.
 - The hiring of a psychological safety specialist position, first of its kind, at The City to help mitigate some of the workforce challenges, negative public interactions and create support for employees.
- **Asset and Infrastructure**
 - Implementing a range of 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.
 - Other strategies include ongoing monitoring of infrastructure status, inspections and assessments, as well as data analysis for capital investment planning and implementation of green fleet strategies. Capital maintenance gaps are monitored, escalated and prioritized to minimize cost increases and unplanned service interruptions.
- **Quality of City services and Demand for services**
 - Exploring and implementing a range of actions to address supply chain disruptions where possible, including exploring new local markets, and implementing process changes.
 - Dedicating staff in each department to maximize the benefits from departmental or service oversight of workforce strategies to enable a corporate view of the service risk and collectively mitigate.
 - Dedicating staff to oversee a centralized departmental planning function to manage overall risk through service quality and demand.
 - Innovating to better measure our performance versus the expectations of customers (e.g. Parks Customer Levels of Service).

Upcoming

- **Workforce**
 - Work with Human Resources to develop strategies to address current and emerging workforce challenges (e.g., attract, retain, and develop), and foster a culture to improve physical and psychological safety.
- **Assets and Infrastructure**
 - Work with Infrastructure Services to better understand the investment outlook for capital repairs and asset renewal; and within the department encourage data-driven decision-making on budget allocations and infrastructure planning.
 - Coordinate access to our in-service infrastructure (for projects, events) to ensure reliable service can be provided.
- **Quality of City services and Demand for services**
 - Monitor service demand and proactively manage customer expectations by exploring a consistent framework for customer experience across front-facing services.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Social Wellbeing Risk GM, Community Services	■	■	On Track	↑	Monitor	■

Risk Rating

The risk rating (“High”) and risk trend (“Increasing”) are unchanged from 2024 January.

Uncertainty related to social inequity and social programs.

The complexity and magnitude of Calgarians' social needs are impacted by changes in various social and economic factors which can negatively impact social wellbeing, along with the capacity and effectiveness of both The City and our partners in responding.

Key trend highlights include:

Calgary’s inflation eased to 3.6 per cent in 2024 May. Affordability, and in particular housing costs, remains a pressure though.

The City of Calgary’s population is estimated to have grown by 5.6% in 2023. This is a substantial population growth that saw Calgary outpacing all other major Canadian cities. Most of the growth is due to net migration of 67,300, as international migrants and newcomers from other parts of Canada moved to Calgary.

The unemployment rate as of May 2024 for the Calgary Economic Region increased up to 8%, which was 2% higher than the figure from May 2023.

Applications for subsidized housing received by Calgary Housing Company were also up 4 per cent in Q1 2024 over the previous year, and up almost 10 per cent over the first quarter of the previous year. And the monthly number of site visits to the Calgary Community Food Map (showing locations to find access to no-cost and low-cost food locations) continued to climb, with visits up by over 3,000 from the previous month, a 12 per cent increase that reached the highest ever monthly visits total since tracking back to early 2022.

Mental health and substance use issues continue to impact Calgarians, with both the number and proportion of related calls to the Distress Centre's 211 support line increasing over time. Opioid deaths for the month of 2024 March hit a total of 33 deaths, which has been a small decline from the beginning of the year figure of 41 deaths for 2024 January.

Seven-in-ten (71%) Calgarians rate their overall quality of life as 'good,' this represents a significant decline from both the fall 2023 (76%) and spring 2023 (78%) figures. Around 62% believe the municipal government promotes an inclusive and accepting city, significantly lower than fall 2023 (67%) and spring 2023 (69%).

The majority of Calgarians feel that Calgary is safe overall (73%), with one-in-five indicating they feel ‘very safe’. This is a slight increase from fall 2023 figures which was rated at 69% feeling safe overall.

A strong majority (96%) of Calgarians feel safe walking alone in their communities during the day, though fewer feel safe at night (73%).

Services indicated risks related to partnerships, such as partner capacity, funding, governance, regulatory compliance, and potential default on obligations. In addition, several services noted challenges related to the clarity, sufficiency and consistency of processes and knowledge gaps. Some services also highlighted pressures related to population growth and funding availability.

The City continues to monitor and analyze wellbeing and safety issues; to 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 to provide services and front-line response that supports social wellbeing, in particular for Calgarians experiencing vulnerabilities.

Strategic Insights from Key Risk Metrics

Calgary faced a multifaceted risk landscape. While property crime reduction showed promise, violent crimes increased, warranting attention. Although 75 per cent of Calgarians still perceive the city positively, quality of life ratings dipped slightly. Ensuring safety after dark remains crucial for community well-being. Substance-related emergencies surged, and housing applications rose, emphasizing the need for affordable housing. Additionally, mental health challenges persist, and economic fluctuations impact employment. A holistic approach, addressing safety perceptions, mental health support, and housing needs, is essential for community resilience.

Refer to page 5-6 in Attach 3 - Public Key Risk Metrics (AC2024-0518).

Risk Response

Current




- Coordinating community safety and wellbeing services across the corporation to ensure we are working toward common outcomes, developing long-term strategies to focus efforts on social development and prevention programming, strengthening relationships with community partners, and advocating to other orders of government for support in addressing complex social needs. Developed the implementation plan for the Downtown Safety Leadership Table recommendations; work is underway on all 28 recommendations and is expected to be completed within the timelines outlined in the report, including 11 recommendations that are expected to be completed within the year. Also announced \$1.9M in funding to support Civic partners in improving safety in and around their facilities as a result of investment approved by Council last fall to create a grant to support partners located downtown and near transit sites.
- Implementing the Public Transit Safety Strategy – focusing on an integrated response model with Calgary Police Service, connecting vulnerable Calgarians to community resources, supporting staff well-being, improving system modernization, and enhancing station infrastructure – along with continued action on earlier funding approved by Council for immediate safety improvements (additional peace officers, security guards, community outreach workers, technology improvements, enhanced cleaning, and more)
- Urgently implementing 98 actions within Home is Here: The City of Calgary’s Housing Strategy 2024-2030, approved by Council in September 2023, including a focus on accelerating the use of City-owned land for affordable housing, advocating for funding from other orders of government, and supporting the sector to build and redevelop affordable housing. Includes securing funding from CMHC’s Rapid Housing Initiative, the Housing Accelerator Fund, and the provincial Affordable Housing Partnership Program, and advocating for the province to

strengthen strategy and legislation to protect against the loss of affordable housing units and support the creation of new units.

- Continuing to offer Fair Entry to support access to subsidized City programs and services, including expanding both the programs offered and administrative capacity to process applications.
- Continuing to offer Crisis Intervention Specialists and increase our capacity through additional resources to support Calgarians who present to The City in crisis with connection to appropriate resources and services.
- Continuing to deliver social programs and supports that contribute to social wellbeing, reducing barriers to participation in civic life.
- Improving our organizational understanding and removing barriers to programs and services through the work of our Anti-Racism and Indigenous Relations Office Programs, and the expanded Equity portfolio.
- Maintaining a focus on strengthening community and non-profit sector capacity to support social wellbeing for all Calgarians through building and maintaining relationships, facilitating collaboration amongst partners, making strategic investments, sharing data and information, supporting advocacy efforts, and undertaking ongoing engagement to understand partners' needs and capacity constraints.

Upcoming

- Align service lines cross corporately to deliver on Council's three key pillars of resilience (Social, Economic, and Climate).
- Continuing to embed climate and environment within organizational governance and decision making.
- Build awareness, and training opportunities on climate and environmental risk.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)	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	

Risk Rating

The risk rating (“High”) and risk trend (“Stable”) are unchanged from 2024 January.

Uncertainty related to economic, social, and environmental pressures

Without investment, support, buy-in and collaboration from private sector and Calgarians, The City may struggle to execute the policies and plans developed in alignment with the Calgary Plan, Citywide Growth Strategy, Environment Strategy, and Climate Strategy – Pathways to 2050. Progress has been made on implementing the Climate Strategy – Pathways to 2050, however, greenhouse gas emissions are not being reduced at the necessary rate, which poses an increased risk to our economy, environment, people, and City reputation. There are opportunities associated with developing and implementing green technologies in Calgary and applying an equity lens to ensure access to environmental and climate services is available for all.

In addition, services noted challenges related to extreme weather events, climate change and environmental impacts. In particular, drought was highlighted as a concern as it can lead to forest fires, tree mortality and other issues. Services also noted other challenges related to City growth, economic conditions, and funding constraints.

Refer to page 7 in Attach 3 - Public Key Risk Metrics (AC2024-0518).

Risk Response

Current

- Calgary Plan to reflect triple-bottom-line, climate risk/GHG reduction and other risks.
- Adapt to ensure we are meeting housing supply needs that match the projected population increase. Ensure intentionality around our actions and policies for sustainable growth & climate change mitigation and adaptation.
- Sustain relationships with regional partners.
- Incorporate the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) outlined in the White Goose Flying Report.
- Ensure realization of housing units over next three years as per the Housing Accelerator Fund (HAF) agreement.
- Continue implementation of Environment Strategy & Climate Strategy-Pathways to 2050.
- Continue to incorporate Service Line approach and utilization of cross corporate collaboration when planning and decision making.



Upcoming

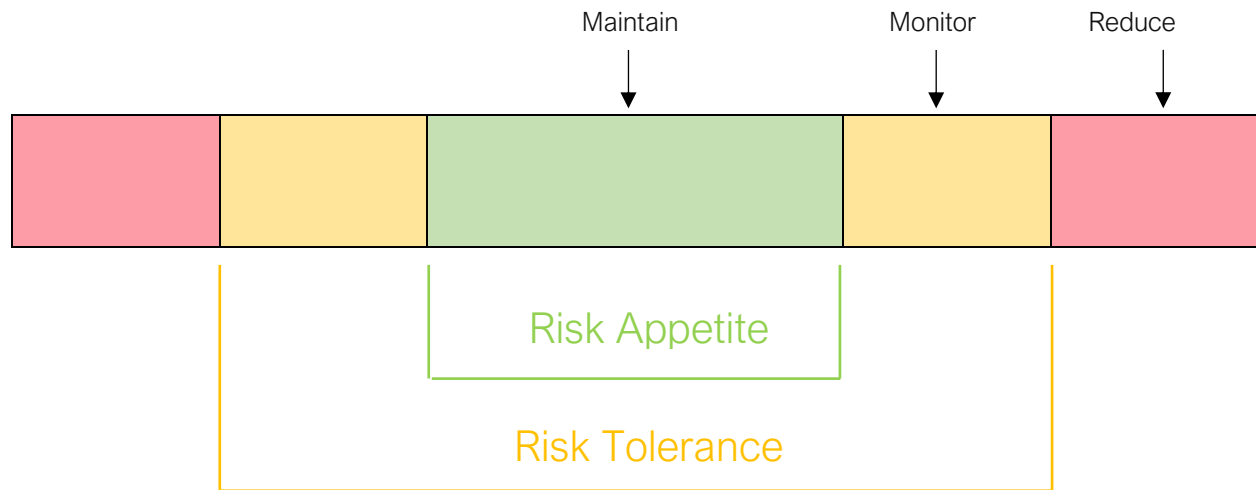
- Climate Action through Land Use Bylaw amendments.
- Continue to align service lines' cross corporate coordination to deliver on Council's three key pillars of resilience (Social resilience, Economic resilience, & Climate resilience).
- Develop/implement climate reporting tools.
- Will continue to embed climate and environment within organizational governance and decision making.
- Build awareness, and training opportunities on climate & environmental risk.

APPENDIX 1: RISK DEFINITIONS

Name of the Principal Corporate Risk	Risk Definition
Capital Infrastructure Risk	Capital infrastructure may be delayed, experience decreased levels of service, or failure due to competing priorities, limited funding, operational challenges, or aging infrastructure. This could result in an inability to deliver needed infrastructure, compromised public safety, service impacts and increased costs to The City.
Employee Experience and	Employee experience is a key factor in our ability to attract and retain top talent. There is a risk that The City will not be able to respond quickly or adequately to the pace of demand for a workplace that reflects the expectation of current and prospective employees.
Technological Disruption Risk	The rapidly evolving sophistication, severity and frequency of cyber-attacks, combined with increasingly diverse IT environments and solutions, increases the risk of technological disruption at an exponential rate. This could impact the organization as it is reliant on technology to deliver customized service across a multitude of platforms.
Financial Sustainability Risk	A risk that The City of Calgary is unable to maintain strong financial capacity. This could manifest as a sudden financial constraint, including 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 or 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.
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	There is a risk that The City may not have the capacity to meaningfully contribute through a systemic, holistic approach to the advancement of social wellbeing for all Calgarians due to the increasingly complex social needs and higher demand for services that can result from changing socio-economic and other factors. The potential impacts are deteriorating social wellbeing outcomes – quality of life, access to opportunities, and inclusion in society – for Calgarians, in particular those experiencing vulnerabilities, along with increased pressure for The City and partners to respond, reputational concerns, higher service costs, and in the longer term, possible financial losses resulting from a declining population and economy.

Name of the Principal Corporate Risk	Risk Definition
Service Delivery Risk	There is a risk that the quality of public-facing services will decline due to workforce challenges, asset risks, changes in service demand, an increase in negative public behaviour and/or environmental/climate change; these ultimately result in a loss of confidence in government and a reduction in customer satisfaction.
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.

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: PCR RESIDUAL RISK RATING TREND

Principal Corporate Risk	Residual Risk Rating (July 2022)	Residual Risk Rating (January 2023)	Residual Risk Rating (July 2023)	Residual Risk Rating (January 2024)	Current Residual Risk Rating (June 2024)
Capital Infrastructure Risk	■	■	■	■	■
Employee Experience Risk	Not Rated ⁽¹⁾	■	■	■	■
Technological Disruption Risk	■	■	■	■	■
Financial Sustainability Risk	■	■	■	■	■
Legal Risk	■	■	■	■	■
Reputation Risk	■	■	■	■	■
Social Wellbeing Risk	■	■	■	■	■
Service Delivery Risk	■	■	■	■	■
Sustainable City Risk	■	■	■	■	■

Legend: ■ Slight | ■ Low | ■ Medium | ■ High | ■ Extensive

(1) Prior to 2023, the risk ratings for "Employee Experience" and "Technological Disruption" were combined into one risk rating labeled as "Employee Experience and Technological Disruption Risk" in The City's Risk Profile.

APPENDIX 4: RISK MATRIX

Level		Prob. %	Impact				
Likelihood	5 Almost Certain	≥ 90%	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%	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.	Some challenges on ability to achieve objectives. Some delay. Some aspects of objectives are 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 Categories	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 practitioner 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. 	
	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. 	