

Operating Budget Overview

Net Budget – comparison to Actuals For the period ended June 30 (in millions)	Q2 2025 Budget	Q2 2025 Actual	Q2 2025 Variance	Year-End Forecast
Operational Services	327	313	14	-
Community Services	282	271	11	3
Calgary Police Services	271	270	1	(28)
People, Innovation & Collaboration Services	100	98	3	3
Civic Partners	75	75	-	-
Planning & Development Services	64	39	25	3
Law, Legislative Services & Security	54	50	4	-
Corporate Planning & Financial Services	45	44	1	1
Infrastructure Services	37	38	(1)	-
Council	7	6	1	2
Chief Administrative Office	2	2	-	-
COO – Housing Solutions	3	4	(1)	-
Corporate Programs	(2,615)	(2,777)	162	191
Total	(1,349)	(1,570)	221	175

Figures may not add due to rounding.

Second Quarter 2025

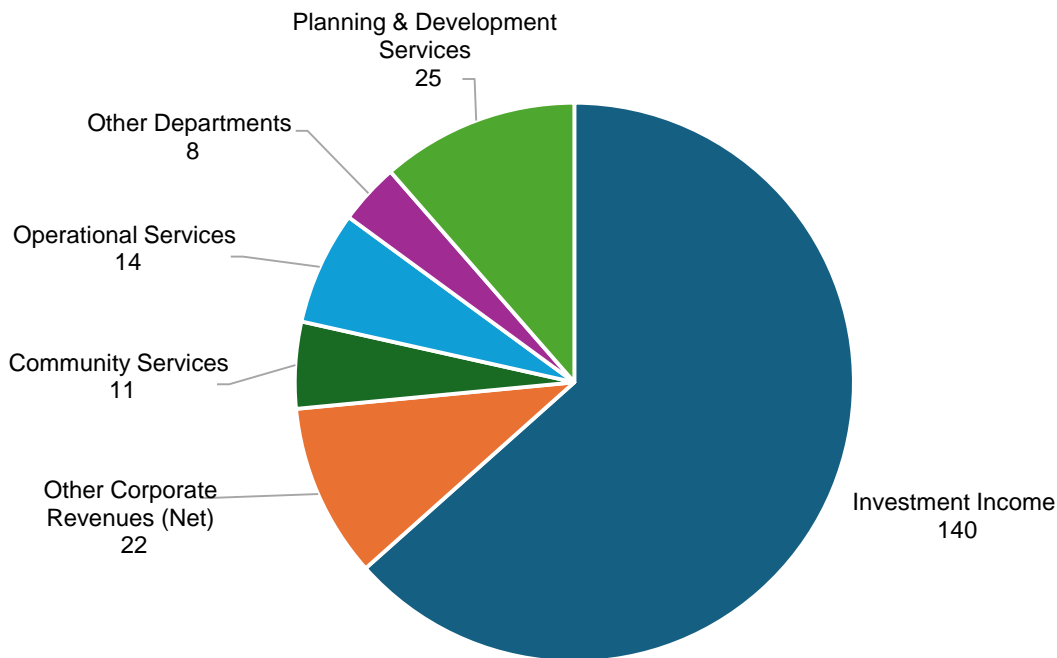
As of 2025 June 30, The City had a favourable operating variance of \$221 million primarily due to a variance in Corporate Programs of \$162 million, and some one-time variances across other departments of \$59 million.

Corporate Programs had a \$162 million favourable variance attributed to increased investment income of \$126 million from higher interest income and one-time realized gains earned from rebalancing The City's equity portfolio. The remaining variance of \$36 million is due to lower corporate contingencies required for unforeseen circumstances year-to-date, timing of other expenditures, and higher than anticipated revenue from fines and penalties.

The \$59 million variance across other departments was due to the following:

- Timing differences for one-time budgeted priorities in Planning and Development Services (\$25 million).
- Lower than anticipated contracted services and winter operations costs due to timing of seasonal work in Operational Services (\$14 million).
- Timing of grants received and disbursed and vacancies in Community Services (\$11 million).
- Lower salary and wages and timing differences for one-time budgeted priorities in Law, Legislative Services and Security (\$4 million).
- Lower salary and wages and higher revenues in People, Innovation & Collaboration Services (\$3 million).

Q2 2025 Favourable Operating Variance (\$ Millions)



Year-End Forecast

The City is forecasting a favourable year-end operating variance of \$175 million as of Q2 2025. This is due to higher investment income of \$130 million, savings from corporate contingencies not required and other manageable expenditures of \$53 million, and lower than budgeted salary and wages of \$20 million. These one-time variances are partially offset by unfavourable fine revenue projected by Calgary Police Services of \$28 million. Forecasted estimates are for The City's internal operations and are not reflective of the consolidated results presented in the external financial statements. We will further revise these estimates quarterly.

At the 2025 June 3 Strategic Meeting of Council, Council approved a capital budget increase of \$96 million that was partially funded through \$25 million of The City's 2025 forecasted positive variance. Administration is recommending using the remaining forecasted variance to fund high priority one-time operating and capital budget requests during the 2026 Adjustments in November.

Progress on Operating Amendments

During the Mid Cycle Adjustments to the 2023 – 2026 Business Plans and Budgets, Council approved \$6.6 million in one-time high priority operating budget amendments. The table below summarizes these amendments, and the progress Administration has made to date to deliver on these investments.

Amendment (\$ millions)	Total	YTD Spend	Progress Update
Better Services & More Events Downtown	2.0	0.7	Funding is supporting multiple programming events and additional community grants in the downtown area for 2025 and 2026.
Preventative Social Services	1.5	0.4	Funding is supporting community-based equity organizations, such as new immigration, social well-being and inclusivity in 2025 and 2026.
Heritage Conservation	1.3	0.3	Funding the tax cancellation for historic resource properties in 2025 and 2026.
Engagement	0.8	0.2	Funding a consultant to understand and improve The City's public participation and engagement.
Inglewood Pool	0.8	0.2	Funding the ongoing operating costs in 2025 and 2026.
Event Funding	0.2	0.1	Committed to HMCS Calgary 30 th Anniversary, Grey Cup Committee and Carnaval Committee. Expenses are incurred as events are planned and held.
Total	6.6	1.9	

Council also approved ongoing operating budget of \$2 million beginning in 2025 to permanently fund the Civic Partner Community Safety Grant Program that is distributed quarterly.

Capital Budget Overview

Capital Budget – comparison to Actuals For the period ended June 30 (in millions)	2025 Budget	Q2 2025 Actual	Spend rate
Infrastructure Services	1,626	479	29%
Operational Services	588	180	31%
COO – Housing Solutions	106	42	40%
Civic Partners	72	21	30%
Planning and Development Services	72	15	21%
Community Services	70	48	69%
People, Innovation & Collaboration Services	67	34	51%
Calgary Police Services	64	28	44%
Law, Legislative Services & Security	15	7	46%
Corp Planning and Financial Services	10	1	15%
Total	2,689	857	32%

Figures may not add due to rounding.

Second Quarter 2025

As of 2025 June 30, The City spent \$857 million, or 32 per cent, of its \$2.7 billion capital budget. Council has approved additional capital budget requests in 2025 of \$132 million since the first quarter report, focusing on high priority infrastructure needs to ensure safe and reliable service delivery for cost escalations and maintenance and replacements.

During the second quarter of 2025, The City completed upgrades to the Calgary Soccer Centre Dome and Artificial Turf Field, providing Calgarians a high-quality, year-round space for various recreational activities. Commissioning activities have been completed at both Water Treatment Plants to support the reintroduction of fluoride into Calgary’s drinking water.. This action follows a City Council decision prompted by the 2021 municipal election, during which 62 per cent of voters supported the return of fluoridation to The City’s water system.

The Mission Bridge and 4th Ave Flyover have reopened to traffic. Mission Bridge is a vital connection for walking, driving or wheeling in the Mission District. The 4th Avenue flyover is one of the main routes into downtown. Once rehabilitation is complete, these bridges will continue to be functional and reliable for commuters for years to come.

The Parks and Playground Amenities program significantly enhanced smaller local and neighborhood parks this past quarter. Notable projects include the installation of beach volleyball courts at Tuxedo Park and improvements to Applewood CN Rail Playpark. These upgrades bring new recreational amenities and multi-generational spaces for the community to enjoy.

Year-End Forecast

The City is forecasting a year-end spend rate of 101 per cent, recognizing that the capital spend rate increases significantly in the second half of the year due to the seasonality of the construction industry.

Progress on Council Amendments

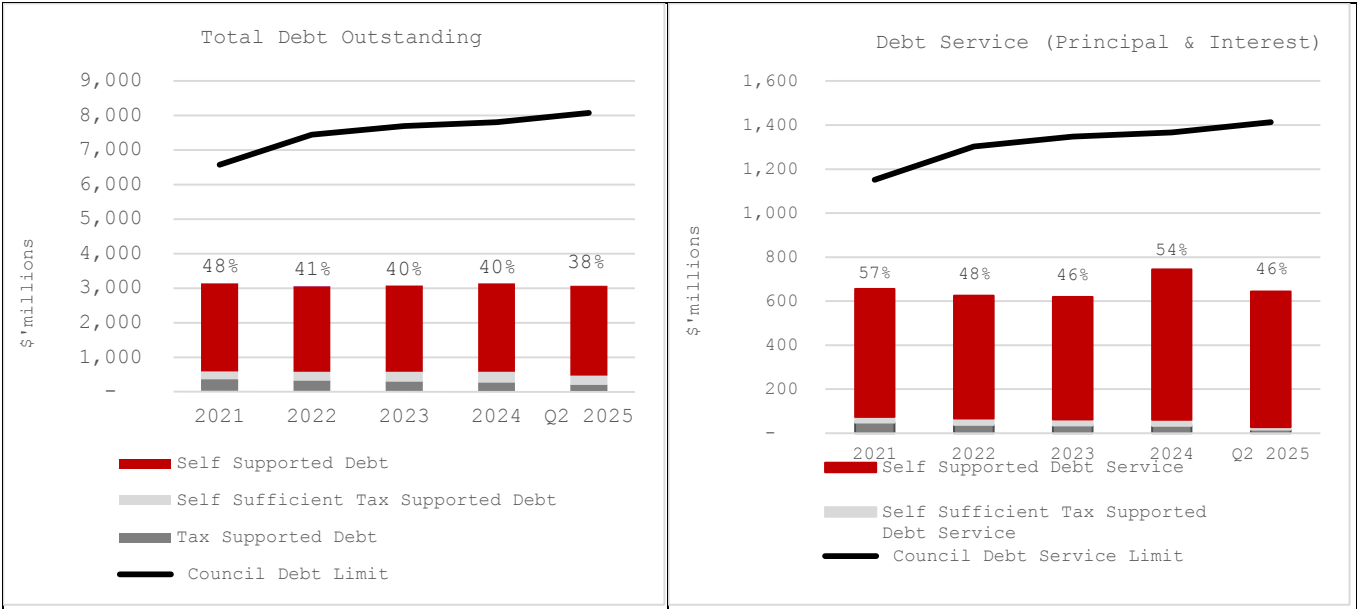
During the Mid Cycle Adjustments to the 2023 – 2026 Business Plans and Budgets, Council approved \$47.4 million in high priority capital budget amendments. The table below summarizes these amendments, and the progress Administration has made to date.

Amendment (\$ millions)	Total	YTD Spend	Progress Update
Pavement Rehabilitation & Reconstruction	20.0	4.7	Total capital budget is \$53.8 million. Work is underway and spend is expected to increase in the second half of the year. Projected spend rate of 104 per cent by year-end.
Recreation Facilities	15.0	-	- Rehabilitation and maintenance work is planned for 2026.
Firearms Range	9.5	-	- The project is in the design phase, with construction scheduled to begin in 2026 for a 2027 completion. Total project cost is \$23.0 million.
Parks & Playground Amenities	2.5	-	- Minimal spending year-to-date. Procurement underway for various projects with expected completion dates in 2025 and 2026.
Inglewood Pool	0.4	0.3	Critical safety repairs are ongoing and will continue during the facility closure in July.
Total	47.4	5.3	

Debt Overview

A long-term forecast of the Council approved debt limits is actively maintained by Treasury. This is used to assess the current and future impact on these limits from the use of debt for approved and prospective long-term capital plans of The City. The Council approved debt limits in The City's Debt Policy are more stringent limits than those set out for other local authorities in the Municipal Government Act, including: Total Debt shall not exceed 1.6 times Revenue; Total Debt Service shall not exceed 0.28 times Revenue; and Tax-Supported Debt Service shall not exceed 10 per cent of Tax-Supported Gross Expenditures (Net of Recoveries).

In the first six months of 2025, The City issued \$76 million in additional external debt for City capital projects and \$325 million issued for ENMAX Corporation.



Economic Overview

Since the release of our 2025 Spring Economic Outlook, economic conditions have remained broadly the same. While tariff uncertainties continue to weigh on global trade and investment, U.S. trade policy has shifted away from sweeping tariffs toward more bilateral agreements. Business and consumer confidence, though still cautious, have shown signs of stabilizing, and equity markets have rebounded amid improving economic sentiment. Nevertheless, investment, labour market activity, and the housing market remain at risk due to ongoing market volatility and concerns about subdued global growth.

The current geopolitical and economic environments have increased uncertainty in global markets, which can affect Calgary's economy by reducing business investment, lowering consumer and business sentiment, and possibly contributing to higher inflation.

Calgary's economy did not keep up with population growth, despite economic performance being better than expected. As a result, the unemployment rate has remained high since last year. Although interest rates have fallen, the effects on local hiring have been modest, with employers remaining cautious amid lingering uncertainty. Calgary's economy is projected to grow by 1.6 per cent in 2025, down from 3.5 per cent estimated in 2024.

Table 1: Key economic indicators in Calgary

	2024 Actual	2025 Forecast	YTD-2025 (May)
Inflation rate (per cent)	3.4	3.0	1.8
Employment ('000 persons)	1,009.3	1,031.3	1,041.1
Unemployment rate (per cent)	7.4	7.5	7.5
Housing starts (CoC) ('000 units)	20.2	18.8	10.1

Calgary Census Metropolitan Area's (CMA) Consumer Price Index (CPI) increased 1.8 per cent year over year (YoY) in May 2025. The removal of the consumer carbon tax has reduced the inflation figure and will continue to temporarily suppress inflation until April 2026, despite worries that tariffs may increase consumer prices. Increases in housing costs for both rental and owned accommodation are easing as population growth slows and demand and supply balance improves alongside broader economic uncertainties. Home insurance costs, however, continue to rise due to recent hailstorms in Calgary. Our 2025 Spring Economic Outlook predicts that the CMA's inflation rate will moderate from 3.4 per cent in 2024 to 3.0 per cent in 2025.

Calgary continues to be the engine of Canada's housing construction. Unlike Toronto and Vancouver, where housing starts are significantly down due to a slowdown in multi-family construction, year-to-date (May 2025) housing starts in the city of Calgary have increased by 35.5 per cent to 10,104, up from 7,458 during the same period last year. This is the highest among Canadian municipalities and puts Calgary on track to set a record for the third consecutive year.

In May 2025, the unemployment rate in the Calgary Economic Region (CER) was estimated at 8.1 per cent, the same as last year. This points to the fact that difficulty in finding jobs within the Calgary region has not improved much since last year. Elevated youth unemployment and persistent skill mismatches in several in-demand sectors such as health care, construction, and technology continue to limit labour market outcomes for many job seekers. Structural challenges in aligning workforce skills with employer demand alongside slower than expected private

investment recovery are expected to keep job growth subdued. Our forecast predicts that employment growth will fall to 2.2 per cent this year (which translates into 22,000 new positions) and that Calgary's unemployment rate will stay high at 7.5 per cent in 2025.

While the Calgary economy is showing more resilience to the policy environment than anticipated in the Spring Economic Outlook, there are still some significant risks that could lead to a downturn in the second half of the year. Nevertheless, there is some indication that overall performance will continue to outperform the forecast.