

Corporate Planning & Financial Services Report to  
Executive Committee  
2025 July 22

ISC: UNRESTRICTED  
EC2025-0727

## **Securing Sustainable Funding for Infrastructure Maintenance**

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### **PURPOSE**

This report outlines strategies evaluated by Administration to increase annual property tax allocation to the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged (RFC/LMUR) from 2.6 per cent to 5.0 per cent, in accordance with Council's directive approved at the 2025 May 27 Regular Meeting of Council. A decision is required to enable implementation within the 2026 November Adjustments to the 2023 – 2026 Service Plans and Budgets.

### **PREVIOUS COUNCIL DIRECTION**

At the 2025 May 27 Regular Meeting of Council, Administration was directed to prepare an amendment to the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged terms of reference to increase the 2.6 per cent annual property tax funding to 5.0 per cent and return to the 2025 July 22 Executive Committee with an outlined strategy.

### **RECOMMENDATION(S):**

That the Executive Committee recommends that Council:

1. Direct Administration to return to the 2025 November Adjustments to the 2023 – 2026 Business Plans and Budgets with a recommendation to help address the infrastructure maintenance funding gap by increasing capital budget by \$62.2 million in 2026, funded from a one-time realized gain on sale of investments that will be contributed to the Fiscal Stability Reserve at year-end.
2. Direct Administration to identify a sustainable long-term funding source to support the change in terms of reference for the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged from 2.6 per cent to 5.0 per cent of annual property tax revenue, and to return to Council with a recommendation as part of the 2027 - 2030 Business Plans and Budgets.

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### RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2025 JULY 22:

That Council:

1. Direct Administration to return to the 2025 November Adjustments to the 2023 – 2026 Business Plans and Budgets with a recommendation to help address the infrastructure maintenance funding gap by increasing capital budget by \$62.2 million in 2026, funded from a one-time realized gain on sale of investments that will be contributed to the Fiscal Stability Reserve at year-end.
2. Direct Administration to identify a sustainable long-term funding source to support the change in terms of reference for the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged from 2.6 per cent to 5.0 per cent of annual property tax revenue, and to return to Council with a recommendation as part of the 2027 - 2030 Business Plans and Budgets.

Opposition to Recommendation: Councillor Wong

### CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Les Tochor, Chief Financial Officer and General Manager of Corporate Planning & Financial Services, concurs with this report.

### HIGHLIGHTS

- The currently budgeted 2.6 per cent of annual property tax revenue, or \$64.2 million for 2026, to the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged Reserve is no longer sufficient.
- Increasing the annual contribution target from 2.6 per cent to 5.0 per cent of property tax revenue requires an additional \$62.2 million in funding annually.
- Administration is recommending that Executive Committee approve a one-time funding solution until further analysis is completed and a more systematic recommendation will be made as part of the 2027-2030 Business Plans and Budgets.

### DISCUSSION

#### Background

#### Terms of the Reserve

The Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged is used to fund various capital projects, maintain and upgrade capital assets, and hold contingency funds for unforeseen projects or new emerging needs. The existing terms of the reserve commits 2.6 per cent of property tax revenue annually to the reserve, equivalent to \$64.2 million in 2026. Council's approval of the Prioritizing Infrastructure Reinvestment and Protecting Service Levels Notice of Motion (EC2025-0520) directs Administration to change these terms to 5.0 per cent of annual property tax revenue to mitigate the infrastructure funding shortfall. This change will result in an additional \$62.2 million annually for critical infrastructure maintenance needs.

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### **Funding Alternatives**

Administration must evaluate several funding strategies to secure the additional \$62.2 million required annually to increase the terms of the reserve to 5.0 per cent. This includes advocating to the Provincial and Federal Governments for matching funding, reviewing current capacity and aligning existing revenues with budget, increasing property taxes and/or user fees, reducing service levels and other similar strategies.

### **One-Time Funding for 2026**

Administration is recommending that Council approve one-time funding for high priority critical maintenance requests in 2026 to temporarily address the infrastructure maintenance funding gap. Higher-than-expected investment income is projected to be contributed to the Fiscal Stability Reserve at year-end and could be used to fund this recommendation. This strategy will allow Administration to achieve the immediate objective without impacting taxes or services in the short term and provides a one-year window to conduct further analysis to identify ongoing funding to achieve the 5.0 per cent reserve contribution beginning in 2027. The core limitation is that it does not provide a permanent funding solution and merely defers the need for a sustainable long-term solution.

### **Recommendation**

Administration is recommending that Council approve one-time funding for critical maintenance requests in 2026 and to return to the 2027 – 2030 Business Plans and Budgets with a sustainable long-term funding source. Administration is also requesting to defer the amendments to the terms of the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged to 2026.

## **EXTERNAL ENGAGEMENT AND COMMUNICATION**

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|--|---|
| <input type="checkbox"/> Public engagement was undertaken        | <input type="checkbox"/> Dialogue with interested parties was undertaken                |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Corporate Planning & Performance was engaged to contribute content and validate accuracy of the presented information.

## **IMPLICATIONS**

### **Social**

Council has several priorities that focus on the advancement of socially important areas, such as housing or public transit that support equitable outcomes for all Calgarians. Improved availability of potential funding may help fulfill the stated priorities and enhance quality of life for Calgarians.

### **Environmental**

No immediate environmental implications.

### **Economic**

No immediate economic implications.

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### **Service and Financial Implications**

Achieving the equivalent of the targeted 5.0 per cent contribution to the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged requires an additional \$62.2 million in funding for 2026.

### **RISK**

The proposed recommendation represents a one-time funding solution for critical maintenance now, but permanent ongoing funding will be required in future years to address the growing maintenance infrastructure gap.

### **ATTACHMENTS**

1. Background and Previous Council Direction
2. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Chief Financial Officer and General Manager	Corporate Planning & Financial Services	Approve

Author: Corporate Budget Office

**City Clerks: A. Adegunwa / J. Palaschuk**