



Water Transformation Program Quarterly Update

Executive Committee EC2026-0173

2026 March 03



That Executive Committee:

1. Forward this Report and Attachments to the 2026 March 17th Public Hearing Meeting of Council.

That Executive Committee recommends that Council:

1. Approve an increase to the capital budget in Infrastructure Services Program 892 (Water Distribution Network) of **\$609.5M** and funding (Attachment 3 - Table 1).
2. Give first reading to Bylaw 5B2026 (Attachment 5), being the proposed bylaw authorizing The City to amend Bylaw 11B2024 to increase the maximum amount of borrowing authority by **\$515.2M**.
3. Give first reading to Bylaw 6B2026 (Attachment 6), being the proposed bylaw authorizing The City to amend Bylaw 10B2024 to increase the maximum amount of borrowing authority by **\$49.2M**.
4. Withhold second and third readings of the attached proposed Bylaws until the advertising requirements set out in the ***Municipal Government Act*** (Alberta) have been met.
5. Approve the 2026 operating budget adjustments in Water Services of **\$21.3M** increase in expenditure funded through the Utility Sustainment Reserve (Attachment 3 - Table 2).



27 initiatives, four stages

- 1 Critical System Stabilization & High Priority Actions
- 2 Establish New Leadership and Governance Structures
- 3 Develop Planning, Regulatory and Risk Frameworks
- 4 Prepare Long-Term Organizational and Governance Transition

Progress Update – Stage 1 Highlights

Replacement Feedermain

- Stage A (microtunnelling) on track
- Stage B (open cut) preparation underway for May construction start

System Stabilization

- North Calgary Water Servicing under construction
- Emergency preparedness planning underway
- Expanded monitoring and analysis underway
- System adjustments underway
- Feedermain reinforcement work starts March 9

Supporting the Community

- Community Resource Centre now open
- Townhall series underway
- Community updates ongoing



Progress Update – Stage 2 and 3 Highlights



Stage 2 - Establish New Leadership and Governance Structures

- Chief Operating Officer position in market
- Advancing work to hire qualified risk and rates experts to support the new Water Utility Department
- Awarded contract for Water Utility Oversight Board compensation framework

Stage 3 - Develop Planning, Regulatory and Risk Frameworks

- Awarded contract to organizational design consultant to start initial work – onboarding underway
- Analyzing options for segmented financials and rates
- Asset management planning continues



Increased Capacity Demands

Substantial, ambitious scope

- Moving quickly to protect and stabilize system in 2026
- Accelerated timelines, significant new work
- Requires workforce capacity: e.g., repair periods, relief

Capital

- Significant capital work and resourcing to replace pipe, reinforce existing pipe, accelerate system redundancy

Operating

- Supercharged capital has impact on operations
- Additional boots-on-the-ground and enabling functions needed
- Inadequate resourcing could create operational risk

Significant capital and operating investments required for 2027-2030

Budget and Funding Implications

2026-2027 Capital

- **\$609.5M** net increase
 - Bearspaw South Feedermain - \$367.4M
 - North Calgary Water Servicing - \$222M
 - Advanced Metering Infrastructure - \$15M
 - Capital Delivery - \$5.1M
- Funded through future rates and levies, requiring borrowing capacity through debt bylaws

2026 Operating

- **\$21.3M** increase
- Funded through Utility Sustainment Reserve



2027 Implications

- Typical monthly residential bill increase could be up to \$17/month, including impact of:
 - This report's budget recommendations
 - Known and anticipated critical capital and operating investments
- In 2026 November, complete capital and operating plans, and updated financial and rate setting methodologies, will inform budget and rates

Through 2026, rates have not kept pace with inflation

- A typical monthly residential bill has increased by 4.5%, or about \$5 since 2017*

*for a residential metered customer using 19m³ per month

- Continued Implementation Plan delivery, including ongoing reinforcement work
- Proposed Water Utility Oversight Board Compensation Framework (May)
- Quarterly progress update (June)



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