

June 30, 2026

To: David Duckworth, Chief Administrative Officer, City of Calgary
From: The Bearspaw South Feedermain Implementation Advisory Group
(Formerly the Independent Review Panel)
Re: Priority Actions for Implementing the Panel's Recommendations

Dear David,

The Independent Review Panel delivered its Final Report in January of this year. The City has made meaningful progress since then, including:

- Work on the BPSFM steel replacement is on schedule;
- Enhanced monitoring and contingency management is in place for the existing BPSFM;
- A COO for the Water Utility is in place;
- Recruitment of the Chair of the Water Utility Oversight Board has progressed;
- Planning for a dedicated Water Utility organization structure has begun;
- A new Water Efficiency Plan is in place, which includes alternate-day summer watering schedules that will reduce stress on the system over the summer and mitigate costs in future;
- An Accelerated Water Loss Program has been developed; and
- An overall plan for implementation of the Panel's recommendations is under development, with key deliverables being tracked and progress reported.

The Advisory Group acknowledges this progress. This letter identifies five near-term priorities that the Advisory Group believes are necessary for continued effective implementation of the Panel's recommendations.

1. Fill Key Leadership Positions

Three leadership roles will define the outcome of this effort.

The Water Utility COO has been appointed, and the Panel fully supports the selection. We believe Mr. Thompson's understanding of Calgary's water infrastructure, its people and its challenges will accelerate vital improvements in reliability and risk management, planning, and long-term cost efficiency. His credibility will assist in driving genuine cultural change within the organization.

The Chair of the Water Utility Oversight Board (WUOB) must be recruited as soon as possible. The Advisory Group believes the Chair must have run critical infrastructure, ideally a water utility, at a senior level. General board governance experience is not enough. The Chair will need to challenge management in real time on risk decisions, capital priorities, and operational trade-offs.

The Chair will be a key mentor for the COO and will be Council's key advisor on all matters related to the utility. Once the Chair is in place, the WUOB members can be recruited and commence work.

Finally, the outgoing and incoming Chief Administrative Officer (CAO) must work closely with the new Water Utility COO to restore stability to our critical water infrastructure. A key challenge is to build the talent of the Water Utility organization without depleting other critical city functions.

This balance requires deep coordination, alignment of priorities and clear decision-making scope between the City COO, Water Utility COO and CAO.

2. Develop a Plan for the Organizational Structure of the Water Utility

The City is conducting a broader organizational design review, but that process must not hold up the Water Utility structure. The Panel undertook an organizational review of the Water Utility, and its recommended integrated structure was detailed in the Final Report accepted by Council.

Implementation of an integrated Water Utility department is needed urgently. The structure does not need to be final, but it does need to be sufficiently clear to guide hiring decisions and establish accountability.

The core functions are already defined in the Panel's Final Report: Operations and Maintenance, Technical Services, Quality Assurance, Planning and Regulatory, Risk, Health Safety and Environment, Finance, and Projects. The organizational plan should map these functions, show where existing staff will sit, and identify priority external hires. Support groups such as HR, Communications, Legal, and IT remain within existing City teams. Experience from comparable organizational separations is consistent on this point: name the leader, give them decision rights, and get to a workable operating structure early. Organizations that wait for a perfect design become distracted by details before acting, consistently fall behind.

A strong, unified message from the City COO and the Water Utility COO is essential to align and support the new organization. Clarity from the outset that decisions related to water are to be made by the Water Utility COO will enable action while the new organization structure is implemented. Showing that both COOs share the objectives of a stronger water utility and high performing City operations will drive collaboration.

3. Initiate a Rate Application Process

The Advisory Group recommends the City ask for a rate application for the Water Utility, targeting a Fall 2027 submission.

A formal rate application process will require the Water Utility's financial accounts to be separated from the broader City structure as the foundation of financial accountability. Without standalone financials for the Water Utility there is no clear link between what the utility spends and what Calgarians receive in return. The process will also force a clear definition of the regulatory environment within which the water utility will operate. EPCOR and Toronto Water both operate with publicly disclosed, cost-of-service frameworks reviewed by independent bodies. Calgary should achieve similar transparency.

A formal rate application process will also require a long-term integrated resource plan that addresses the risks identified in the Asset Management Plans.

4. Complete the Asset Management Plans

The absence of current, actionable Asset Management Plans was one of the most direct causes of the BPSFM failure. Despite progress, AMPs for some parts of the water system have not been issued, and prioritization and execution of inspections to guide risk mitigation and investment have not been completed.

The Water Utility should provide a progress update to Council within the next 90 days and make that update public. The update should answer three questions: which water assets now have management plans that are issued; which inspections have been completed since the Final Report was delivered; and which high-consequence assets remain without a current plan and when those plans will be finished. Completing and understanding condition assessments for prioritized infrastructure cannot be overemphasized. Publishing this information signals to the organization, and to Calgarians, that the pattern of deferral that led to the June 2024 and December 2025 line ruptures has genuinely ended.

5. Define Performance Standards for the Water Utility

As Calgary's elected municipal representatives, Council should define and commit to specific performance standards for the Water Utility, on behalf of the people who depend on this system every day.

A clear set of public performance standards provides a mandate that the Water Utility COO and WUOB must act upon and gives Calgarians a way to evaluate whether their water utility is delivering. For guidance, the Panel points to EPCOR and Toronto Water, both of which publish annual results against defined service targets - covering water quality, system reliability, environmental performance, and capital investment - and treat these as public contracts with customers, not internal management tools.

Calgary's commitments might include: safe water meeting Health Canada guidelines without exception; a defined maximum number of service interruptions per year; a minimum annual reinvestment level in infrastructure renewal; water loss reduced from the current 23% to the Canadian median by a stated date; financial reserves maintained at a minimum of 120 days of operating costs; key risk management metrics and an annual performance report reviewed by the WUOB before public release. These are starting points. The act of defining these performance standards will surface the sometimes-difficult trade-offs that must be made between affordability, reliability, and investment.

Access to timely, accurate, and critical information will be key to performing proper governance, oversight, and management of the Water Utility. Not only will it allow for timely risk-based decision making but it will also create clear accountability for performance.

Closing

The Independent Review Panel and Implementation Advisory Group acknowledges the meaningful progress the City has made to date on the implementation of the recommendations in the Panel's final report. We would like to emphasize again that the priority is to quickly stabilize the Water Utility through a standalone Water department under a single accountable leader to establish rigorous financial, risk and asset management, and in parallel establish the WUOB as an independent oversight body. A continued focus on the above five near-term priorities is necessary for continued effective implementation of the Panel's recommendations.

The next step, transition to a Municipally Controlled Corporation type model, requires more due diligence and study before Council decides on the best option for a corporate governance model. Once decided, legal, fiscal, regulatory, systems and people transition planning will need to be done before implementation of changes at this scale. The Advisory Group strongly believes that the corporate governance model is the best way to entrench the appropriate Governance, Long-Term Risk Based Decision Making, Management Structure and Accountability that is required to effectively deliver affordable, reliable, and sustainable water services at this scale for the future benefit of all Calgarians and regional customers of the Calgary Water System.

The Independent Review Panel and Implementation Advisory Group thanks the City of Calgary and appreciates the opportunity to have made these recommendations to the City and advise the City on effective implementation of the Panel's recommendations.

Respectfully submitted,



Siegfried W. Kiefer, Chair

Michael J. Crothers, Vice Chair

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Bearspaw South Feedermain Independent Review Panel and the Implementation Advisory Group

Cc: Mayor Farkas and Members of Calgary City Council

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