

## Proposed Content for Federal Budget Letter

### Infrastructure Investments

Capital investments in infrastructure generate jobs, supports growth, underpin prosperity, improve our environment and transform the quality of life of all Canadians. The City of Calgary (The City) has several important infrastructure projects, both large and small, that align with the Government of Canada's priorities and programs. The City also has suggestions to improve Federal program delivery on infrastructure. We appreciate this opportunity to update the Government of Canada on our projects and share our suggestions. In summary, The City:

- Encourages the Government of Canada to implement their 2019 election commitment to permanently fund municipal public transit expansions.
- Requests that the new permanent public transit expansion fund identify the full build-out of Calgary's Green Line LRT project as one of its priorities.
- Thanks the Government of Canada for its continued support of Calgary's Green Line Stage One LRT Project and requests that the Government of Canada assist with the project's cash-flow by front-loading its committed funding over the next five years to accommodate for the shortfall in Government of Alberta funding. This will ensure the project's viability and timely construction.
- Asks that the Government of Canada support The City in its advocacy asking for the Government of Alberta to remove clauses 10(1) and 10(2) from their PUBLIC TRANSIT AND GREEN INFRASTRUCTURE PROJECT ACT (2019).
  - Clauses state that a Government of Alberta Order in Council, with a minimum of 90 days' notice to either Calgary or Edmonton, can terminate their grant agreements for public transit projects without cause.
  - These clauses have a chilling effect on Calgary and Edmonton's LRT transit expansion projects and must be removed to ensure viability of current and future projects.
- Supports the Government of Canada exploring alternative delivery methods for infrastructure funding, including for the new permanent public transit expansions fund, as the bilateral federal-provincial agreement model is unreliable and broken.
  - The federal Gas Tax Fund and the FCM's Green Municipal Fund are examples of funding mechanisms that can deliver funds directly and effectively to municipalities.
- Applauds the Government of Canada's commitment to a faster transition to "zero-emission" transit fleets and thanks the Government of Canada for their support in developing and adopting clean technologies and clean fuels, like compressed natural gas (CNG) fueled buses.
- Expand ICIP funding for cultural and recreational infrastructure to support key projects across Canada, including the Arts Commons modernization and the construction of the Foothills Field House.
- Requests the Government of Canada continue its support for the Western Economic Solutions Taskforce (WEST) and action its recommendations advising:
  - Immediate creation, in consultation with WEST, of a new infrastructure fund to support priority infrastructure projects and economic development for communities in oil and gas regions of Canada as per direction within Minister McKenna's mandate letter.
  - Creation of a new federal program to support and accelerate the reclamation of abandoned oil and gas wells.

The City applauds the Government of Canada's commitment to establish a permanent long-term public transit expansion fund and to helping Canada's Big Cities build more effective public transit that is less carbon intensive and contributes to the economic wellness of our communities. Canada's Big Cities require the predictability of long-term funding to properly plan and build key infrastructure that will help us deliver our shared economic and climate goals. The City's Green Line, for instance, will create 20,000 direct and indirect jobs once fully realized, double Calgary's light rail transit network (LRT) and move more than 150,000 weekday riders, taking thousands of vehicles off the road. The City appreciates the Government's commitment to the first 20 km and 14 stations of stage one of Green Line and to examining how to front-load federal funding to support construction timelines and accommodate for the lack of Government Alberta investment over the next five years. The City would like to see the implementation of the long-term transit funding plan to include a commitment to funding the Government of Canada's portion of the full build-out (46 km, 28 stations) of this important project.

The City asks that the Government of Canada support its advocacy efforts with the Government of Alberta to remove clauses 10(1) and 10(2) from their PUBLIC TRANSIT AND GREEN INFRASTRUCTURE PROJECT ACT (2019). These clauses enable the Government of Alberta through an Order in Council, with only a minimum of 90 days' notice to either the City of Calgary or the City of Edmonton, to terminate their grant agreements for already committed public transit projects, without cause. These clauses have had a negative and chilling effect on Calgary and Edmonton's LRT transit expansion projects' procurement as they create uncertainty over the Government of Alberta's 1/3<sup>rd</sup> funding commitment to the \$4.65 billion Green Line Stage One project. The clauses must be removed to ensure viability of current and future public transit projects.

The City encourages the Government of Canada to explore alternative delivery methods for the long-term transit project funding. The bilateral federal-provincial agreement model is broken. Here in Alberta, notwithstanding the references to municipal consultation in the Integrated Bilateral Agreement, the provincial government is able to delay or divert funding for our shared priorities. In the case of Green Line LRT project, as you know, the Government of Alberta has deferred its share of the funding for five years, expecting the Government of Canada to mitigate the funding shortfall. While The City appreciates the Government of Canada's efforts to front-load its contribution, this is not a long-term solution. The City was encouraged by reading the Minister of Infrastructure and Communities new mandate letter which directs:

*"Require that all provinces and territories identify and approve all of their long-term infrastructure priorities within the next two years and according to the signed bilateral agreements. Funds that are not designated for specific approved projects by the end of 2021 will be reinvested directly in communities through a top up of the federal Gas Tax Fund."*

The City of Calgary is supportive of this priority direction and we encourage the Government of Canada to consider other innovative and more direct mechanisms to deliver infrastructure funds, such as a permanent increase in the federal Gas Tax Fund or greater use of mechanisms like the FCM's Green Municipal Fund.

The City applauds the Government of Canada's commitments toward the adoption of zero-emission transit fleets. The City has made a conscious choice to shift to a CNG bus fleet precisely because it has a lower end-to-end Greenhouse Gas (GHG) profile than electric busses, as well as being less than half of the cost. The Government of Canada's own priorities are to encourage development and become a global leader in clean technology and clean fuels. The City and Government of Canada are aligned in their support of clean fuels and clean technology, like CNG, and we look forward to further cooperation.

In addition to these important investments in transportation and green infrastructure, The City urges the Government of Canada to consider an increase to the Community, Culture and Recreation stream of the Investing in Canada Infrastructure Plan. We understand that this program is generally oversubscribed across Canada, and here in Alberta provides only \$140 million in support. We have two major cultural and recreational infrastructure projects that would create local jobs, entice tourism and investment, and support quality of life outcomes in need of a similar amount of federal support. The Arts Commons renovations and Foothills Athletic Field House are not only badly needed amenities, but also are expected to provide significant economic, social and environmental returns.

The City also requests that the Government of Canada continue its support of the Western Economic Solutions Taskforce's (WEST) and implement its recommendations. The City is member of the taskforce and in the few short months of being constituted has developed several useful recommendations. Like recommending the immediate implementation of Minister McKenna's mandate letter commitment to create, in consultation with WEST, a new infrastructure fund to support priority infrastructure projects and economic development for communities located in oil and gas regions of Canada. WEST also recommends development of a federal Orphan Well Program to accelerate the reclamation of abandoned oil and gas wells throughout Alberta and Western Canada. Quickly implementing this program will put many skilled Calgarians and Albertans back to work cleaning up our environment and protecting the legacy of future generations. It would also single the Government of Canada's support for Canada's energy industry. These recommendations would help Calgary and many struggling Western Canadian communities accelerate construction of needed economic and community infrastructure and put many skilled Canadians back to work.

## Economic Development

Calgary is one of Canada's greatest economic engines, with a total GDP and population larger than six provinces. However, in the last five years, Calgary shifted from having the lowest unemployment in the country in late 2014 to consistently having the highest unemployment rate of any major metropolitan area in Canada (6.9 per cent in Jan. 2020). Meanwhile, the country has prospered, experiencing low unemployment (< 5.5 per cent) and rapid growth. Fostering economic development and diversification to exit this cycle is a critical priority for The City. We have taken major steps to change our own regulations to enable business growth and have established funds and programs to help local companies grow and attract new investment. The City has been hard at work to deliver 'Calgary's Comeback' and promote economic resilience. The Government of Canada can greatly assist our efforts with several Calgary and Alberta focused fiscal and policy measures in Budget 2020. The City:

- Recommends making the Mortgage Stress Test regional and exempting Calgary and Alberta from the test to stimulate our homebuilding industry and real estate market while assisting first time, middle class homebuyers.
- Encourages the Government of Canada to continue its support for Canada's responsible energy industry by:
  - Continuing support for the construction of the Trans Mountain Pipeline expansion and the Pacific Trail Natural Gas Pipeline.
  - Creation of a new federal program to support and accelerate the reclamation of abandoned oil and gas wells as per WEST recommendation.
- Recommends the Government of Canada can best support Calgary's economic development and economic growth by helping Calgarians sell Calgary to Canada and the World by:
  - Increasing Western Economic Diversification's (WED) role within Calgary and increasing their cooperation and alignment with Calgary Economic Development (CED), and the Calgary Opportunities Investment Fund (OCIF), our \$100 million fund, to encourage business investment and local business growth.
  - Supporting implementation of The City's economic development strategy *Calgary in the New Economy* and WED's *Grow West* strategy which focuses on fostering the new economy in technological innovation and clean technology.
  - Closers cooperation between CED and the Canadian Trade Commissioner Service to attract investment to Calgary and help Calgary's entrepreneurs access world markets.
  - Having the Government of Canada publicly committing to invest a significant portion of the future revenue resulting from the Trans Mountain Pipeline Expansion Project into Calgary's innovation and clean technology sectors.
  - Supporting WEST's work on economic development and their recommendation to hold robust consultations on the development of the proposed *Just Transition Act*, working directly with The City and other affected communities to ensure that the legislation adopts a place-based approach to sustainable economic development.
- Recommends the Government of Canada work bilaterally with The City to create a strategy to support Calgary's economic diversification through the renewal of existing high-performance sport legacy facilities and the construction of the Foothills Fieldhouse to support amateur sport.

Home sales in Calgary dropped by 15 per cent in 2018 and housing values fell 10 per cent in 2019. The test has had a chilling and depreciating effect on our homebuilding industry and our resale real estate market. It would greatly aid Calgarians if the Mortgage Stress Test, introduced in with Budget 2018 (the test), became a regionally focused measure with Calgary region and all Albertan homebuyers exempted from the test. While British Columbia's Lower Mainland and Southern Ontario may have issues with an overheated real estate market, this is not the case within Alberta. First time home buyers are having a harder time entering the market to take advantage of Calgary's affordable housing prices and our current low interest rates. Making the test regionally focused or exempting Calgary and Alberta from it would help revive our housing market, stimulate our economy, and create jobs while at the same time open-up home ownership opportunities to many middle class Calgarians.

The City welcomes the Government of Canada's continued support for the energy industry. Only through the construction of key energy transportation infrastructure, like the Trans Mountain Pipeline and the Pacific Trail Natural Gas Pipeline, can Canadian energy producers gain access to new international markets and finally achieve a higher, fair world price for our energy products. In doing so we will create jobs for Canadians and grow tax revenue for all orders of government. WEST also recommends development of a federal Orphan Well Program to accelerate the reclamation of abandoned oil and gas wells throughout Alberta and Western Canada. Quickly implementing this program will put many skilled Calgarians and Albertans back to work cleaning up our environment and protecting the legacy of future generations.

Despite widespread approval of our community economic development strategy, *Calgary in the New Economy*, the Government of Alberta's 2019 Budget discontinued many targeted provincial tax incentive programs that supported and complemented our strategy, weakening our economic development efforts at a critical moment. Both *Calgary in the New Economy* and WED own *Grow West* strategy focused on fostering technological innovation and clean technology innovation, which is needed to diversify Calgary's economy and help reduce Alberta's GHG emissions. The attention and support of key members of the Government, like the Minister of Innovation, Science and Industry, Minister of Environment and Climate Change, the Minister of Economic Diversification, and the Minister of Infrastructure and Communities are needed to implement our economic development strategies and encourage the growth and development of clean technology sector and other sectors within Calgary.

While the rest of Canada is prospering, it is only fair for the Government of Canada to focus a little time, attention on those regions of the country that are struggling. Especially towards a region that has contributed so much for so long to our nation's prosperity. Calgary requires the Government of Canada's assistance in helping sell Calgary to Canadians and the world. The City requests that WED and the Canadian Trade Commissioner Service focus their attention, programs and staff on Calgary in 2020. We need Calgary's economic development agencies, CED and OCIF (our \$100 million fund to encourage business investment and local business growth) to work in close cooperation and alignment with federal agencies in attracting investment, encouraging economic opportunities and helping Calgary's entrepreneurs access world markets. A stronger partnership between our economic development agencies will greatly assist implementing our economic development strategies and in achieving Calgary's Comeback.

The City encourages the Government of Canada to publicly commit to investing a significant portion of the future revenue resulting from the Trans Mountain Pipeline Expansion Project into Calgary's innovation and clean tech sectors through federal agencies like WED. This action would publicly signal

the Government of Canada's strong commitment to building Trans Mountain Pipeline expansion and to diversifying Calgary's economy while protecting our environment.

As we continue to diversify Calgary's economy, it is important to build upon our existing strengths. Renewing Calgary's legacy as a winter sport city through needed investments in sport infrastructure is a clear opportunity. A 2018 study conducted by Sport Calgary determined that amateur sport in Calgary added \$1.1B in GDP and supported 15,976 full-time jobs. After Calgary's unsuccessful Olympic bid, a new strategy is required to support the renewal of existing amateur and high-performance facilities and to fund the construction of new facilities like the Foothills Fieldhouse to meet unmet need. The Calgary 2026 Bid Corporation prepared a venue renewal report that identified the capital requirements to renew existing 1988 Olympic facilities. 22 of Canada's 27 2018 Olympic medals were won by athletes who have trained or competed at our legacy facilities in Calgary and Canmore, but these facilities are aging and the endowment that supported their operation is nearly depleted. The City is calling on the Government of Canada to work bilaterally to create a strategy to renew Calgary's winter sport legacy by creating a centre of excellence for high-performance sport and meeting Calgary's growing demand for indoor amateur sport facilities.

## **Springbank Off-Stream Reservoir and Impact Assessment Regulatory Framework**

Since the 2013 floods, The City has made flood resilience a top priority and invested in mitigation to reduce the risk of future flood damages. The frequency and severity of flooding is expected to increase in over time, as damages are expected to vastly exceed mitigation costs. The City welcomes the Government of Canada's continued support for capital investment in flood mitigation, a key regional water management and climate adaptation issue. However, we desire clarity on the Impact Assessment Agency of Canada's (IAAC) new regulatory framework. In brief, The City:

- Asks, once SR1 project has successfully met all regulatory requirements and all environmental review processes (expected to be completed fall 2020), that Cabinet approve the SR1 project.
- Requests the Government of Canada work with The City and WEST to clarify the IAAC's new regulatory framework by adopting a set of guiding principles to provide greater regulatory certainty for major projects, like SR1.

The Springbank Off-Stream Reservoir (SR1) represents an opportunity to proactively address Calgary's evolving flood risk and protect our neighborhoods and downtown core, home to the second largest concentration of head offices in Canada. SR1 is a critical mitigation component on the Elbow River and for downstream communities on the Bow River. It is central to our Resilient Calgary Strategy, having calculated benefits several times its cost. Among numerous alternatives to SR1 assessed by the Government of Alberta and The City, no other is as beneficial from hydrologic, environmental or operational perspectives. SR1 will work with local infrastructure and operations to limit overland, sewer back-up, erosion and groundwater damages. As an off-stream facility, SR1 also minimizes potential water quality, habitat and dam safety impacts, contributing to a more sustainable Elbow River watershed as compared to an on-stream mitigation option. Without an investment like SR1 net flood damages will rise, and climate uncertainty will exacerbate future economic, environmental and life safety damages. Damages that would have been averted if SR1 was in place during 2013's flood event.

Over 1.2 million citizens are relying on the Federal government to complete the Environmental Impact Assessment for SR1 in a timely manner, so that damages like those in 2013 can be averted. The City is seeking clarity on the Impact Assessment Agency of Canada's (IAAC) new regulatory framework, as it continues to work with water management partners on solutions for the Bow River and support assessment work for SR1. Specifically, the expectations around the new planning phase that encompasses First Nation consultation requirements. In addition, flood resilience, water management, climate adaptation and overall environmental dimensions of water management projects are deeply interconnected to social and economic outcomes. The City would like to better understand how these benefits are being factored into the IAAC's assessment process of SR1.

The City would appreciate if the Government of Canada can signal a commitment to greater regulatory certainty for major projects. Much of the rhetoric around the Impact Assessment Act (IAA), Bill C-69 and the IAAC has been focused on pipelines. However, municipalities and other large public and private projects also require regulatory certainty and expeditious timelines to ensure projects in the public interest can move ahead without undue delay. There is still much uncertainty surrounding the implementation of the IAA. The City request that the Government of Canada work with The City and WEST in developing and adopting a set of guiding principles for IAAC's regulatory framework. Guiding principles that commit the approval of major projects are based on the reasonable consultation of directly affected parties, and ensures that the Government of Canada will make every effort to limit opportunities for vexatious court challenges of the regulatory process.

## **Affordable Housing**

The availability of affordable housing continues to be a pressing need for The City. Only 3.6 per cent of Calgary's housing supply is non-market, well under the national average of 6 per cent, while existing social housing stock is in critical need of repair and redevelopment. 15,000 new affordable homes are required just to reach the national average for non-market housing in Calgary. Briefly, The City:

- Wants to continue partnering with the Government of Canada through the National Housing Strategy on renovating our existing affordable housing units and building new affordable housing units. Let's build on the success of other initiatives administered through CMHC to allocate as much federal funding as possible directly to cities.
- Suggests to best maximize the impact of federal dollars that federal housing programs align with and be designed to be able to stack funding from multiple programs from all orders of governments.
- Encourages the Government of Canada to modify the existing Co-Investment Fund Repair and Renewal Stream to prioritize maintenance of existing social housing to address the accumulated deferred maintenance of our current, aging social housing units by acknowledging the variations in the built form of these homes in each city and by introducing additional flexibility to ensure funds are flowing.

The City welcomes the Government of Canada's investments in affordable housing under the National Housing Strategy. In partnership with the federal government, we've seen the first of two significant announcements under the federal National Housing Strategy funding in Calgary. Given Calgary's urgent need for affordable housing, completing these housing agreements and following through on older announced funding is a priority. This would help us put these dollars to work as quickly as possible.

To maximize the impact of federal dollars The City recommends that the federal program align and stack with programs from all orders of government. The City and local affordable housing providers have a robust pipeline of shovel-ready projects to develop new housing and regenerate existing supply.

Additional Government of Canada attention and consideration are needed to create a modern and sustainable funding solution to address the accumulated deferred maintenance within the current national social housing stock. This is necessary to maintain the safety and living standards of our aging units. The Co-Investment Fund's Repair and Renewal stream includes requirements related to accessibility and efficiency that do not suit the built form of many of our existing non-market housing in Calgary. This is a costly impediment to timely repairs. We need a thoughtful approach to ensure flexibility in repairs and renovations and ensure program provisions insisting on the perfect do not undermine our primary public policy goal of providing a safe, affordable place to live to our most vulnerable Canadians.

## **Conclusion**

The City thanks the Government of Canada for this opportunity to share our input in to the 2020 Federal Budget and we look forward to continuing, and deepening, our partnership with the Government of Canada over the coming year.