As the end of 2020 approaches and 2021 is on the horizon, The City of Calgary remains in a difficult position. The COVID-19 pandemic has created a crisis like no other we have seen in recent history, and there are no quick and easy solutions. Our citizens and our budgets are under significant stress with no signs of this abating any time soon. As the order of government closest to citizens on a daily basis, the demand for many City services has never been greater, while our revenue streams have diminished.

In the coming weeks your government will be making difficult budget choices. In recognition of this challenge, The City’s budget requests are items that we view as most urgent in helping us weather an increasingly intense storm. We seek assurance that previously committed capital funding, including that for important projects like flood mitigation and Green Line, remains committed. We also need your government’s support to provide permanent homes for our most vulnerable, fund much needed social services, keep our downtown alive, and to join us in a discussion on how we can work together to resolve long standing assessment and fiscal challenges.

Flood Mitigation

Despite significant progress, Calgary remains at risk of flooding from both the Bow and Elbow Rivers. Your government’s continued work and funding of several flood mitigation projects is vital.

Support through Alberta Community Resilience Program (ACRP) has already helped towards reducing Calgary’s $173M/year flood risk. This includes the recently-completed upgrades to the gates at the Glenmore Reservoir. There are two additional critical ACRP projects including the Upper Plateau project and the Downtown Flood Barrier that are key to protecting Calgary’s downtown. These two projects are underway, and your government’s continued funding commitment is crucial to ensure that these projects are completed to protect Calgary’s downtown and communities.

In its 2020/21 budget your government committed $196.3M over three years towards Springbank Off-Stream Reservoir (SR1), which will soon go to regulatory hearing with the Natural Resources Conservation Board. This funding must remain in place and the project must be approved and constructed as soon as possible. SR1 is vital to ensure that a flood similar to 2013 on the Elbow River can be mitigated through Calgary. The City estimates that SR1, when completed, will reduce flood risk by a further $27M/year. Failure to construct SR1 will result in further decades delay to mitigate flooding on the Elbow River, leaving homes and most of Calgary’s downtown at risk.

Additionally, flood risk on the Bow River cannot be mitigated through barriers or community measures in Calgary alone. A new reservoir upstream of the Bow River is necessary to address flood risk to communities along the length of the Bow River. Your government is also examining the project from a water supply perspective, and we support continuing this work towards ensuring that the Calgary
region, which historically has been at risk of drought, will be resilient to both flooding and water supply issues resulting from climate uncertainty now and in the future.

**Affordable Housing**

The COVID-19 pandemic has created a three-part health, social and economic crisis highlighting the importance and need for housing as a solution to all three parts. Housing addresses the health crisis by providing safe accommodation that allows for social distancing. Housing addresses the social crisis by providing stability for vulnerable Calgarians. And, housing addresses the economic crisis by stimulating the private construction and real estate sectors.

The strain of the economic crisis has amplified existing non-market housing challenges in Calgary. More than 100,000 households are forecast to be in housing need by 2025. Over the course of the pandemic, The City collaborated with more than 40 housing sector stakeholders to facilitate the COVID-19 Community Affordable Housing Advocacy Plan for Calgary. The Plan proposes a multi-sector approach to create 5,400 new affordable homes, including supportive housing spaces, over three years.

The Plan would move Alberta towards eliminating functional homelessness and will leverage federal investment to address Calgary’s supply gap. The Plan highlights the urgency of housing as a key factor underpinning individual and community health in the context of COVID-19, and focuses on: stimulating Calgary’s struggling economy through the activation of stranded building assets; the immediate build of 22 shovel-ready non-profit projects; and, support for the construction, tourism development and real estate sectors. These 22 projects include The City’s own pending capital request with the Ministry of Seniors and Housing.

An immediate residential construction investment of $450M across the identified 22 non-profit affordable housing construction projects will create 2,800 jobs, with overall economic activity generated in the region of $765M. In addition to these significant economic boosts, ending homelessness saves public systems $70K to $135K per person, per year. For Calgary, housing 600+ individuals who are currently homeless would result in system savings of between $42M - $81M per year.

The Calgary COVID-19 Housing Provider’s Committee is advocating for a one-time Provincial capital investment of $268.7M into Calgary’s non-market housing sector which will improve the lives, and resiliency of vulnerable Albertans. Of this, $118.7M would be immediately invested into 22 shovel-ready capital projects with $150M used to increase access to housing for 3,000 Canadian families living in Calgary over the next four years. Approximately two-thirds of the 5,400 homes would not require ongoing support after the initial capital outlay; however, to support organizations in sustaining and operating the increase in supportive housing supply, up to $29.75M will be required annually by year 4.
Green Line

The City appreciates the Government of Alberta’s ongoing commitment to the Green Line project, including maintaining an ongoing capital budget allocation of $1.53B. We also appreciate that Calgarians and all Albertans expect that we will continue to conduct the necessary due diligence when it comes to this jointly funded project. As we publicly communicated to Minister McIver earlier this fall, we will continue to honour the principles of trust and transparency with our funding partners. Our team is ready and willing to continue to work together so that all partners, and all Canadians, are comfortable that this project can be delivered effectively and efficiently.

We therefore urge you to direct your officials to engage with us immediately to address any outstanding concerns your government may have. Any further delay in this project risks the creation of 20,000 direct and indirect jobs in Calgary, jobs that are badly needed in the current economic climate. The ongoing delay also risks leaving a federal contribution of $1.5B on the table at a time when we are all looking for the Government of Canada to support an ailing Alberta economy. Lastly, the continued delay generates uncertainty and risk aversion among our private sector partners, risking our shared efforts to create the conditions for economic growth and to attract, retain and expand investment in Alberta.

For this reason, The City would like to see the budget continue to signal a firm commitment to the project, but also to work constructively and with due haste to resolve any outstanding questions and move forward with this important investment in Calgary and Calgarians.

Capital Spending

The City of Calgary recognizes the challenging economic circumstances facing the Government of Alberta, including record-low resource revenues and rising expenditures related to COVID-19. These are the same challenges facing The City, and so we also know that the province faces some difficult choices. While weighing these choices, we strongly urge the Government of Alberta to leave infrastructure spending intact. This type of investment has not only long-term benefits for the local economy, but also immediate stimulus impacts at a time when jobs are most needed.

If, however, the province is considering reductions or reallocations of infrastructure commitments, we would like to remind you that The City of Calgary (along with The City of Edmonton) has already seen reductions in infrastructure spending not experienced in other Alberta municipalities. After a decade of reducing and deferring MSI commitments for all municipalities, Alberta’s two largest cities have received significantly lower funding relative to other municipalities starting in 2018. Similarly, beginning in 2022/23, once MSI has run its course, the big cities’ base allocation in the Local Government Fiscal Framework has been reduced from earlier commitments. In addition to these capital redutions, other commitments have been delayed for several years, including much needed contributions to the big cities’ LRT expansions. In the short-term, further reductions or deferrals of big cities’ capital funding will cost jobs and lead immediately to increased borrowing costs for the construction of essential
infrastructure. Longer-term, it will cost economic growth as other economic and social infrastructure is itself cancelled or delayed.

**Funding for Community and Social Services**

Given the tremendous increase in social issues caused by the pandemic, investing in prevention social services will be critical for years to come. Investment now will reduce the need for more costly interventions in the future.

Municipalities have a three-year funding agreement with your government for 2020-2022, with The City of Calgary receiving $29.7 million annually. The continued commitment to multi-year funding focused on prevention helps with mid to long term planning for upstream, preventative programs and services in the social services sector. This stability will also encourage collaboration and coordination through existing or new partnerships to address local needs efficiently and effectively.

**Low-Income Transit Pass**

The Low-Income Transit Pass is one of The City’s key initiatives in supporting Calgarians through the economic downturn. In 2019, more than 72,000 low-income Calgarians accessed the program, including 32,000 persons receiving income support benefits (Alberta Works and AISH). While transit use has decreased in 2020, over 25,000 low-income Calgarians continue to access the program monthly, of which 40 per cent are income support recipients.

The Low-Income Transit Pass will continue to be an important piece of Calgary’s economic recovery. Customers have told us that not only does it provide a reliable and economical way to get to work, school, medical appointments and other places in the community, but when they spend less money on basic transportation, they have resources to spend on other essential items, such as groceries and rent. In this way, the Low-Income Transit Pass strengthens their purchasing power and boosts the local economy. Our funding agreement is until 2023 and we value your government’s continued commitment to this program.

**Downtown Strategy**

The COVID-19 pandemic has been particularly hard on Calgary’s downtown, which was already struggling with the economic downturn. Its vitality has continued to diminish as people work from home and cultural events remain shuttered.

And yet, downtown is the economic and cultural heart of Calgary, and when our downtown thrives, so does the rest of the city. It’s vitally important for The City and the community to invest its support in planning and creating a liveable, thriving and caring core. To help support Calgary’s economic recovery,
we’ve created a downtown strategy that brings together our civic and community partners through coordinated and collaborative work. We encourage the Government of Alberta to partner with and invest in our efforts to supporting Alberta’s entrepreneurs and job creators, attracting investment, growing trade, strengthening Alberta’s key sectors and ensuring Alberta has an innovative and competitive business environment. Investment in The City’s Opportunity Calgary Investment Fund is one way the province could immediately support our downtown while delivering on our shared commitment to economic diversification. Similarly, sponsorship of downtown-based events like the Chinook Blast festival will help bring people into the core and support local businesses.

I would also like to extend an invitation to your government to appoint a representative to The City’s Economic Resilience Task Force, comprising local business leaders and other community members, and charged with identifying how they and The City can support economic recovery, a task that can only be achieved in collaboration between all orders of government.

Assessment Reform & Broader Reform of the Fiscal Framework

As you know, and despite our efforts to support the downtown, the massive erosion in the value of Calgary’s downtown office towers has resulted in a corresponding shift in property taxes to businesses outside the downtown core. This has only been exacerbated by the COVID-19 pandemic as many office workers continue to work from home. The City has used every tool at its disposal to address this challenge, making significant reductions to our operating budget, allocating hundreds of millions of dollars to cap business tax increases, and redistributing the tax burden between homeowners and businesses.

But the real source of the problem is beyond our control. The City is therefore calling on your government to engage The City in conversations about legislative reforms to the provincial law that establishes the annual market value assessment system to ensure greater fairness, consistency and transparency for businesses and citizens. Given that the challenges facing municipalities in this province vary from place to place, we would also urge your government to consider using the City Charter to pursue these conversations and changes.

At the same time, we would also urge your government to engage in broader conversations about fiscal reform. The COVID-19 pandemic has exposed fundamental cracks in the intergovernmental fiscal framework. The massive operating gap created in The City of Calgary is a symptom of The City’s over-reliance on a single source of revenue even while responsibilities have continued to expand. The provincial contribution to close this gap in 2020 is an important and appreciated effort, but the challenges will continue into 2021 and beyond. We can either continue to paper-over these challenges with band-aid solutions, or we can start a conversation about more meaningful change to address the root cause. We are calling on your government to join us at the table with the Government of Canada in a conversation about this real reform. We believe that this is the moment to invite the Government of Canada into such a conversation. The Government of Canada is seized with need to “build back better” as we emerge from the pandemic, and we believe is compelled to do something particularly distinctive.
here in Alberta. A tripartite conversation about the intergovernmental fiscal framework would be an opportunity for us all to build local solutions that could serve as an example for other parts of the country.

In closing, this is as rough a storm as we have ever weathered. These items are not new requests, and not all of them involve new money, but rather thinking and working together differently. I ask that you carefully consider these items as they would have significant impact in helping Calgary recover from this difficult situation and position Calgary, and in turn all of Alberta, towards a more resilient and prosperous future.