

Government of Canada Direct Borrowing Relationships

RECOMMENDATION(S):

That the Priorities and Finance Committee recommends that Council:

1. Direct Administration to continue to advocate for support from other orders of government, including building on existing opportunities to access Government of Canada financing.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2020 DECEMBER 01:

That Council adopt the Recommendations contained in Report PFC2020-1247.

HIGHLIGHTS

In response to Council direction to advocate to the Government of Canada to create a new direct borrowing relationship with The City and explore what options are available to achieve preferred interest rate loans with a formal plan to establish these relationships (C2020-0885):

- The Government of Canada does not currently have a program that would provide relief for municipal and provincial taxpayers through favorable loans to municipalities, but Administration has identified federal crown corporations and organizations that administer federal funds that The City can borrow capital funds from.
- Administration has developed relationships with these crown corporations and organizations that administer federal funds to further understand what options are available to The City and to potentially secure capital specific financing in the near-term.
- **What does this mean to Calgarians?** Alternative or potential sources of additional funding through low cost financing will permit The City to complete unfunded projects or reduce operating costs due to decreased debt servicing costs. These incremental savings could be reallocated to other services to Calgarians.
- **Why does it matter?** This will demonstrate The City's innovation and resourcefulness in leveraging a broader network of industry experts and partners to secure alternative funding sources and make informed decisions.
- Intergovernmental Affairs has been advocating for funding from the Government of Canada through 3 different streams: Bilaterally, Federation of Canadian Municipalities (FCM), and Big City Mayors' Caucus (BCMC).
- The Canada Infrastructure Bank (CIB), a federal crown corporation, has been engaged with The City, since its inception on various initiatives. Administration has relationships with CIB and continues to advocate on The City's behalf to assess the viability to secure funding for projects that fit within the bank's mandate.
- Canada Mortgage and Housing Corporation (CMHC) is leading and delivering the National Housing Strategy and Rapid Housing federal initiatives. Administration is currently exploring options within various streams of funding for affordable housing developments.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

Intergovernmental Advocacy

Between the onset of the COVID-19 pandemic and 2020 September 30, The City's advocacy with the Government of Canada has been directed at emergency operating support for unrecoverable losses incurred as a result of the pandemic.

The City's advocacy has pressed for a more direct financial relationship with the Government of Canada. The City's COVID-19 advocacy strategy included, as its fifth pillar, calls for a "new deal" for cities in recognition that the existing fiscal framework does not align with the roles and responsibilities that big cities are expected to provide. This message has been central to the Mayor's engagement with federal ministers but has also been communicated at the Administrative level. The City has also called for a direct relationship with the federal government as a member of FCM and BCMC. Most frequently this has taken the form of calls for the expansion of mechanisms like the Gas Tax Fund, which provides capital support to The City in the form of grants that flow more-or-less directly to The City.

Through the FCM and BCMC, The City has also advocated for further investments in the Green Municipal Fund which, although operated by FCM, provides access to federal grants and loans directly to municipalities.

Moving forward, Administration will continue to advocate for ongoing improvements to the direct funding and lending relationship with the Government of Canada, using existing and emerging advocacy platforms. For instance, the City Manager is currently working with his counterparts in Canada's six largest cities through the Big City Executive Partnership to build stronger relationships with senior officials in the Government of Canada. As part of this work, there will be opportunities to discuss the structural challenges of the existing fiscal framework as well as areas for improvement including changes to the lending relationship with the Government of Canada.

Canada Infrastructure Bank

The CIB was established in 2017 and provides a unique opportunity for cities, provinces, territories, indigenous and private sector investors to plan, finance and deliver infrastructure projects differently. CIB does not offer grant funding, it is financing that will require funding sources to be identified and approved for any projects. The screening criteria for CIB are:

- Is the project within the public interest?
- Is the project within the four priority sectors?
- Will the project generate revenue?
- Is there potential to attract private capital?
- Is there long-term private sector risk transfer?
- Is the project greater than \$300M?

The Infrastructure Calgary team is expected to present a report to Council by Q2 2021 to indicate all the potential projects that may fit within CIB's investment criteria. Administration has maintained a relationship with the CIB since its inception, which has included various

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engagements with the bank to assess whether certain City projects meet the mandate of the CIB and to discuss high level financial analysis, procurement options, private sector interest and timelines.

On 2020 October 1, the Government of Canada announced a change in the form of the new Canada Infrastructure Bank Growth Plan to invest \$10B in five new areas. The City will continue to work with CIB to identify opportunities for partnership.

Moving forward, the Corporate Finance team is planning an enterprise wide project screening process, potentially in conjunction with the current P3 screening process to assist with evaluation under CIB's criteria. It is anticipated this screening process will be implemented by 2021 December 31.

Canada Mortgage and Housing Corporation

A part of the National Housing Strategy, CMHC provides funding through various streams such as the National Housing Co-Investment Fund (NHC Fund) for both new construction and repair and renewals, the Affordable Housing Innovation Fund, Rental Construction Financing, and Rapid Housing Initiative. These programs offer grants, low-cost loans, forgivable loans or a combination to advance the National Housing Strategy's federal initiatives.

Administration is exploring various options to secure funding and financing with CMHC. A detailed report requesting approval is expected to be presented to Council in Q1 2021 with regards to funding affordable housing.

Moving forward, The City continues to advocate for and seek funding and financing options from the federal and provincial governments to complete project budgets.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Not Applicable

IMPLICATIONS

Social

There are no social implications anticipated to be associated with implementing this recommendation

Environmental

There are no environmental implications anticipated to be associated with implementing this recommendation

Economic

Not Applicable

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Service and Financial Implications

No anticipated financial impact

No anticipated financial impact at this stage.

RISK

No risks are identified at this stage.

ATTACHMENT(S)

1. Attachment 1 - Previous Council Direction, Background

Department Circulation

General Manager	Department	Approve/Consult/Inform
Chris Arthurs	DCMO	Inform
Katie Black	Community Services	Inform