

City of Calgary 2022-2023 Provincial Budget Submission

RECOMMENDATION(S):

That the Intergovernmental Affairs Committee recommends that Council:

1. Approve the identified priority areas to be addressed in The City of Calgary's 2022-2023 Government of Alberta budget submission as outlined in this report.
2. Request the Mayor write a letter to the Government of Alberta Minister of Finance reflecting the priority areas.

HIGHLIGHTS

- The reason for these recommendations is that The City of Calgary (The City) provides annual input to the Government of Alberta's 2022-2023 budget via a letter to the Minister of Finance focused on The City's key funding priorities.
- The City's six priority areas to be included in a letter to the Government of Alberta are:
 - Addressing Municipal Finances & Continuation of the City Charter
 - Downtown Strategy
 - Provincial Infrastructure Investments to Support Climate Resilience
 - Working Together on Affordable Housing
 - Building Safer Communities
 - Support for a Long-Term Transit Strategy
- What does this mean to Calgarians?
 - This means that The City is advocating to the Government of Alberta for support and investment into the future well-being of our city. The six priority areas will highlight the need for recovery from years of economic uncertainty and the COVID-19 pandemic, which have impacted the daily lives of Calgarians.
- Why does this matter?
 - Budget advocacy matters because The City relies on funding from other orders of government to deliver the services that Calgarians rely on. Specifically, these priority areas will advocate for funding that will improve the economic, social, and environmental circumstances of our city.
- The funding requests identified in each priority area will significantly impact The City's ability to move on from COVID-19 and the economic downturn.
- These six specific priority areas would help The City to build a more resilient, innovative, and prosperous Calgary which would help to drive Alberta's overall recovery and diversification efforts.
- The Intergovernmental & Corporate Strategy team received feedback from across The Corporation, which informed the development of the six priority areas.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city

DISCUSSION

Each year, The City prepares and submits a letter to the Government of Alberta with specific funding requests to inform the development of the upcoming provincial budget. Last year, The City's submission to Finance Minister Travis Toews communicated the need for funding aimed at recovery from the COVID-19 pandemic. Specific requests included previously committed funding for major capital projects like flood mitigation and Green Line. Affordable housing was

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another key request to address housing the city's most vulnerable while also providing support for social services.

On 2021 February 25, the Government of Alberta presented the 2021-2022 budget. This budget reflected the unprecedented economic situation due to historically low oil prices, the COVID-19 pandemic, and the global recession. The budget focused on three main themes: protecting lives through investments in health care, protecting livelihoods by preparing for economic recovery, and fiscal accountability by maintaining responsible spending. The 2021-2022 budget did not include new funding for affordable housing beyond what had been previously committed, thus the need for affordable housing remains great. The budget included \$3.1 billion to support economic recovery and diversification, however, absent from the investments was support for Calgary's downtown or to address the tax shift. Funding support for these areas have been included in the 2022-2023 budget submission letter.

Flood mitigation was another area of focus in the 2021-2022 budget. While flood mitigation and resilience projects for 2021-2022 remained unchanged, there was a reduction in funding for 2022-2023 and 2023-2024. New stimulus funding and COVID-19 recovery capital programs, however, were announced that helped to offset the reduction in funding and was used for different watershed projects. The Bow River Options Project received \$14 million over two years which helps to complete Phase 2 of the project. The City's 2022-2023 budget submission includes a request for continued support of Phase 3 of the Bow River Options Project, as well as continued support of local flood mitigation projects.

Reductions to the Municipal Sustainability Initiative (MSI) fund and Local Government Fiscal Framework (LGFF) funding in the 2021-2022 budget invariably impacted The City's transit and transportation projects. As a result, The City continues to advocate for federal and provincial collaboration to provide long-term, sustainable funding for municipal transit and transportation services.

The February 2021 Government of Alberta budget and feedback from subject matter experts within The City helped to inform the six recommended priority areas. Below is a high-level description of each priority area:

- **Addressing Municipal Finances & Continuation of the City Charter:** The reduction in assessed value of Calgary's downtown core combined with the impacts of the COVID-19 pandemic have significantly impacted The City's finances. To address this, The City is requesting funding support from the Government of Alberta to rebalance municipal finances, as well as a commitment to future discussions on municipal financial reform.
- **Downtown Strategy:** It is of vital importance that The City and Government of Alberta work together to invest in a new downtown strategy that will restore Calgary's downtown as an economic, residential, social, and cultural centre. The City will request a formal partnership with the Government of Alberta to attract new businesses and sectors, as well as financial support to facilitate the Downtown Calgary Development Incentive Program, which City Council has already committed \$200 million.
- **Provincial Infrastructure Investments to Support Climate Resilience:** The City is looking for Government of Alberta support for key infrastructure projects that would help to invest in the future of Calgary. These projects include Bow River Options Study (phase 3), support for Disaster Mitigation & Adaptation Fund (DMAF) applications for local flood mitigation projects, and funding for Calgary's arts sector.

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- **Working Together on Affordable Housing:** The City looks forward to collaborating on affordable housing, especially after the Government of Alberta recently released the *Stronger Foundations: Alberta's 10-year Strategy to Improve and Expand Affordable Housing*. Specific areas of focus include capital investment in the nearly 900 provincially owned homes located on City of Calgary leased land, assurance that federal funding will not be left on the table, and property tax relief for affordable housing providers.
- **Building Safer Communities:** The COVID-19 pandemic has resulted in tremendous need for social services and supports in our community. The City will seek permanent funding for the Community Safety Investment Framework to strengthen crisis response, as well as support for mental health and addictions. Funding for police services as well as continued action on Truth and Reconciliation will also be requested.
- **Support for Long-Term Transit Strategy:** To secure a reliable future transit system, it is important for all levels of government to support and invest in Calgary's long-term transit strategy. Sustainable long-term investment is required to support municipal transit services, therefore, The City is seeking support from the Government of Alberta to engage in a conversation about transit operating shortfalls with the cities of Edmonton and Calgary, as well as the Government of Canada. This section will also request renewed funding commitment in 2023 for the Low-Income Transit Pass and consideration of future investment in the Green Line.

Including these six priorities in The City's 2022-2023 budget submission letter will address Calgary's current economic circumstances while also identifying funding opportunities. The 2022-2023 priority areas highlight the need for working together on mutual priorities that help to address economic challenges while also ensuring quality programs for Calgarians. Once the priority areas are confirmed by Council a letter to Alberta's Minister of Finance will be submitted December 2021 for consideration in the provincial budget which will be released in February 2022.

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

Intergovernmental & Corporate Strategy coordinated the development of The City's 2022-2023 provincial budget priority areas with subject matter experts and reference to previous budget submissions. These sources helped to inform the priority areas identified in this report.

IMPLICATIONS

Social

Provincial funding can assist The City in improving social services such as affordable housing, mental health and addictions support, and the low-income transit pass.

Environmental

Deputy City Manager's Office Report to
Intergovernmental Affairs Committee
2021 December 10

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Priority areas identified for the 2022-2023 budget submission letter considered environmental implications, specifically through a climate lens in The City's request for funding of flood mitigation and transit projects, as well as efforts to diversify Calgary's downtown core.

Economic

Provincial funding has a major impact on municipal finances. The 2022-2023 budget submission will highlight where and how provincial funding will have the greatest impact moving forward. Key priority areas include the downtown strategy, addressing municipal finances and continuation of the City Charter.

Service and Financial Implications

Other: Tax-Supported Funding, Self-Supported Funding

Provincial government funding is important to the function and continuation of many municipal services. Social services, capital projects, transit and transportation projects among many others rely on provincial government funding to provide key services to Calgarians. The 2022-2023 budget priority areas align with The City's strategic direction and priorities and will have a positive impact on future operating and capital budgets.

RISK

By not submitting recommendations and requests for financial support to the Minister of Finance, The City risks missing an opportunity to advocate to the provincial government for available funding opportunities.

ATTACHMENT(S)

1. None

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Chris Arthurs	Deputy City Manager	Approve