

September X, 2024

The Honourable Nate Horner
President of the Treasury Board and Minister of Finance
Office of the Minister
Treasury Board and Finance
Alberta Legislature Building
10800 97 Ave NW
Edmonton AB, T5K 2B6

Dear Minister Horner,

RE: The City of Calgary 2025-26 Budget Submission

As the Government of Alberta prepares its 2025-2026 budget, I am writing on behalf of my Council colleagues to share concrete opportunities for The City of Calgary (The City) and the provincial government to work together to build a stronger, safer, and more economically resilient Calgary.

As the fastest growing major city in Canada, Calgary is a vibrant, diverse and highly livable city that is a key driver of economic growth and prosperity in the province. However, with this rapid growth, our city is facing increasing pressures to keep pace with the need for affordable housing, investments in infrastructure, social supports, and weather and climate adaptation measures while continuing to provide services that Calgarians expect and deserve.

The catastrophic watermain break to the Bears paw feeder main in June and our current work to complete repairs demonstrates the importance of reliable water infrastructure in our daily lives. These events underscore the need for increased investment from all orders of government for new and existing infrastructure, as well as better financial levers to respond quickly to events as they occur. Therefore, I support Alberta Municipalities' call for an uplift to the Local Government Fiscal Framework (LGFF). The City firmly believes shared investment in infrastructure is the best way to build thriving communities while maintaining critical services. We therefore ask you to consider the following investments for The City in the upcoming 2025-2026 provincial budget:

Recommendation 1: That the Government of Alberta match funding from other orders of government to build and maintain affordable housing.

Affordable Housing Partnership Program, Capital Maintenance and Renewal Program: Request a \$228 Provincial contribution.

The housing crisis requires all orders of government to work together to get more homes built and enable affordability for all forms of housing. For affordable housing, equal investments are needed from all governments. The City urges the province to match the federal Housing Accelerator Fund investment of \$228 million announced in fall 2023.

Recommendation 2: That the Government of Alberta reassess funding tools to enable flexible, consistent, and predictable affordable housing funding for the municipality and its housing partners.

Historically, affordable housing grants have inflexible conditions, are project-based, and have unpredictable allocations. This can create red tape and barriers to stacking funding sources or leveraging private investments that can slow down the ability to build new homes or maintain and renew existing units. To improve flexibility, consider giving municipalities more autonomy to determine the grant conditions that will meet the needs of the community it serves. To improve funding predictability, consider indexing existing affordable housing funding to inflation and ensure allocations are proportionate to a municipality's population.

Recommendation 3: That the Government of Alberta support the Calgary Metropolitan Region's Metro-Regional application for the Canada Public Transit Fund application.

The City of Calgary is committed to completing an Expression of Interest application for the Canada Public Transit Fund through two funding streams: the Metro-Region Agreements (MRA) and Baseline Stream. Through partnerships with neighbouring municipalities, Calgary's MRA application will include alignment to regional mobility hubs to connect regional employment centres and education facilities, and will advance the region's mobility connections to housing and employment. The Baseline application will include state-of-good repair projects such as improving accessibility, and critical lifecycle upgrades for transit technology, buildings, and fleet.

Current unfunded transit infrastructure projects include:

The Blue Line Extension: Requests a \$10 million provincial contribution.

The Blue Line Light Rail Transit (LRT) extension enables the Blue Line to connect to the Calgary International Airport and its surrounding industrial-commercial lands via the Airport Transit Connector. This \$160 million project requires investment from all orders of government (\$53 million each). The City thanks the Government of Alberta for their \$43 million funding allocation towards this project in the 2024-25 budget.

The Airport Transit Connector: Requests a \$391 million provincial contribution.

The Airport Transit Connector (Blue Line to Calgary International Airport) will facilitate transit access from the airport to the wider city and provide a key network connection to the Government of Alberta's Passenger Rail Master Plan. The estimated cost of the eastern leg is currently \$1,172 million. The City, in collaboration with the Government of Alberta, is undertaking an Airport Rail Connection study, followed by a functional planning phase scheduled for completion in 2024. An updated cost estimate and funding request will follow.

MAX 301 North Central/MAX Green Bus Rapid Transit (BRT): Requests a \$166 million provincial contribution.

This project will bring fast, frequent, and reliable transit service to North Calgary, connecting communities, employment hubs, tourist destinations, and essential services.

While planning continues for future Green Line LRT service, the North Central Corridor/MAX Green (BRT) offers immediate transit options and begins to prepare a route for LRT service. The project is estimated to cost \$500 million.

Green Line Phase 2: Federal funding request will be considered for the CPTF application.

Recommendation 4: That the Government of Alberta contribute, through cost-sharing with The City of Calgary, Rocky View County and the Government of Canada, to support utility and transportation infrastructure for the Prairie Economic Gateway.

The Prairie Economic Gateway project is a proposed 1,500-acre development with access to high-quality rail and truck services to increase the region's logistics capacity and increase access to continental and global markets. This initiative will prepare the Calgary region for the modern industrial economy and create more than 6,750 jobs, with \$1.6 billion in economic output. The City is seeking the province's support to create an infrastructure funding framework targeting:

- **Utility Infrastructure:** Linear and non-linear utility infrastructure will enable the delivery of water, wastewater, and stormwater services that will connect the Prairie Economic Gateway industrial lands on the East side of the provincial Stoney Trail Highway to the remainder of the City's network on the West. Providing regional service from Calgary enables efficient servicing, the opportunity to leverage existing major infrastructure such as treatment plants and the Shepard Ditch, and alignment with a globally competitive designated industrial zone.
- **Transportation Infrastructure:** Provincial Highway 560 requires additional lanes, a Western Irrigation District (WID) canal crossing, and an interchange to facilitate the movement of goods from the rail-served industrial lots to achieve final-mile transportation connectivity within the Calgary region. It will complement municipal transportation investments on 114 Avenue and the links to Stoney Trail and Highway 560.

Recommendation 5: That the Government of Alberta move to Phase 3 of the Bow River Reservoir Options (BRRO) initiative by selecting the most appropriate site and making the corresponding investment.

The City is seeking commitment from the Government of Alberta in Budget 2025-2026 to Phase 3 of the Bow River Reservoir Options study. A new reservoir on the Bow River will significantly reduce the flood risk of all communities downstream of it, including key economic areas like Calgary's downtown, and could mitigate the risk of seasonal drought caused by shifts in precipitation caused by climate change. The Phase 3 study is a key milestone in ensuring a new reservoir becomes a reality.

Recommendation 6: That, on Family and Community Support Services Funding (FCSS), the Government of Alberta allocates an additional \$25 million for a total of \$130 million and indexes its investment to inflation and population growth.

Family and Community Support Services (FCSS): Request a \$130 million provincial contribution across the province.

Given rapid population growth and high inflation, there is sustained pressure on the non-profit sector undermining their ability to meet the needs of Calgary's most vulnerable residents. The City and the Government of Alberta have a joint goal of ensuring individuals foster their resiliency while supporting community diversity and inclusion. To demonstrate our dedication, The City commits 25 per cent which exceeds the 20 per cent contribution requirement in the FCSS regulation.

Recommendation 7: That the Government of Alberta continue to support Albertans living with low incomes through \$20.5 million investment in the Low-Income Transit Pass program in Calgary.

Seniors, Community and Social Services Alberta: Request a \$20.5* million provincial contribution with multi-year funding agreements. **\$20.5 million = \$6.5 million currently provided by the Government of Alberta and \$14 million is the estimated total that The City of Calgary will run as an operating shortfall in 2025-2026.*

Affordability continues to be top of mind for many Albertans. The Low-Income Transit Pass (LITP) enables residents of Calgary living with low incomes to increase employment, volunteer and educational opportunities, while reducing health care costs and reliance on other social support agencies for transportation. With demand for the LITP continuing to rise and increasing costs for The City, long-term funding agreements would provide program stability not only for both orders of government, but program recipients as well.

Recommendation 8: That the Government of Alberta increase its investment in the prevention and response to the interconnected issues of mental health, addiction, homelessness and health.

Ministry of Mental Health & Addiction & Ministry of Ministry of Public Safety & Emergency Services: Request a \$22 million provincial contribution.

The City has responded to rising mental health, addiction and community safety needs through funding prevention, early intervention and intervention of mental health and addiction. The Mental Health & Addiction Framework (\$6 million) and Community Safety Investment Framework (\$16 million - \$8 million contributed by both The City and Calgary Police Service) support this response. However, community funding requests have exceeded City capacity to respond to this provincial responsibility.

Seniors, Community and Social Services Alberta and Ministry of Mental Health & Addiction: Request a \$10 million provincial contribution.

Addressing encampments is a priority for the Government of Alberta and other orders of government. The province has an opportunity to leverage the federal government's upcoming allocation of \$250 million for encampment response. The City encourages matching provincial funding to respond to this urgent need for encampment response and more permanent supportive housing.

Seniors, Community and Social Services Alberta, Ministry of Mental Health & Addiction, and Ministry of Health: Request a \$20.6 million provincial contribution.

Annually, The City spends an estimated: \$14.6 million on Calgary Fire's medical and overdose response; \$3.7 million on bylaw response to unhoused populations (e.g. encampment enforcement, safety cleaning and welfare checks) and \$2.3 million on Community Outreach Teams. In general, the City welcomes more provincial investments in permanent supportive housing, medical respite for unhoused populations, and shelter safety improvements to reduce reactionary costs.

Recommendation 9: That the Government of Alberta contribute, through cost sharing with the Government of Canada and The City, \$127 million towards the Foothills Multisport Fieldhouse and \$1 million towards developing a Sports Infrastructure Strategy for The City of Calgary, University of Calgary, Winsport, and McMahon Stadium.

Foothills Multisport Fieldhouse: Request a \$127 million provincial contribution.

The Multisport Fieldhouse will be Calgary's only competition-capable indoor track and field facility, comprising multi-activity courts and a FIFA-regulation indoor soccer field. The facility will fill a gap of elite athletic training and competition spaces in Southern Alberta, while providing a wide range of recreational and amateur sports uses for the community. The estimated total cost is \$380 million and requires investment partnerships with the Governments of Alberta and Canada to bring Calgary in alignment with its counterparts (it is the only major city in Canada without a fieldhouse).

Sports Infrastructure Strategy: Request a \$1 million provincial contribution.

In 2023, a City Council-approved Multisport Fieldhouse Amenity Refinement Study confirmed that the planned mix of amenities and usage is the right way to service the community. These types of strategies inform decisions about the future development and growth of sporting infrastructure in our city. The Province has also shared the need for such a strategy. The City of Calgary and our partners in sport are well positioned to conduct this work for the Province.

Recommendation 10: That the Government of Alberta continue to support municipalities with the pressures of increasing growth through infrastructure investments and state of good repair funding.

The City's catastrophic water main break in June 2024 is a stark reminder of water infrastructure's critical role in our economy and daily lives. It underscores the urgent need for stable funding to support population growth and adaptation to a drier climate. The cost of the repairs will be significant, and municipalities need more financial resources to respond to these events, upgrade existing water infrastructure, and invest in new technologies.

The City of Calgary appreciates the collaborative relationships between our orders of government and looks forward to our continued partnership to support the Government of Alberta's Strategic Plan 2024-27.

I look forward to discussing these investments further with you.

Sincerely,

Jyoti Gondek
Mayor
The City of Calgary

cc: The Honourable Danielle Smith, Premier
Calgary City Council
David Duckworth, Chief Administrative Officer, The City of Calgary

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