

September X, 2024

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
Office of Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

Dear Minister Freeland,

RE: The City of Calgary 2025-26 Budget Submission

As the Government of Canada begins deliberations for the 2025-2026 budget, I am writing on behalf of my Council colleagues to share how we believe The City of Calgary (The City) and the federal government can work together to grow the economy while making life more affordable for Calgarians. As the fastest growing major city in Canada, Calgary is rising to the challenges of unprecedented growth while remaining a vibrant, diverse, and highly livable city. From energy to innovation, I am committed to maintaining Calgary's diverse and globally oriented economy as a powerhouse within the Canadian economy.

The catastrophic watermain break to the Bearspaw 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. I support the Federation of Canadian Municipalities in its efforts to call for a Municipal Growth Framework and firmly believe that the best way to build thriving communities is through shared investment by all orders of government. In light of the work ahead of us, I ask you to consider the following investments for The City in the upcoming 2025-2026 federal budget:

Recommendation 1: Request that the Government of Canada increase funding for new affordable housing and renewal of the existing housing supply.

Housing Accelerator Fund: Request a \$152 million federal investment.

In 2023, The City of Calgary submitted a \$380 million plan to the Housing Accelerator Fund to create 11,000 new homes in Calgary. The \$228 million received from the Housing Accelerator Fund enables the creation of safe and affordable homes for Calgarians. However, more resources are required to respond to the pressures of our growing city and urge the Government of Canada to continue investing in the Housing Accelerator Fund, including the allocation of the remaining \$152 million outlined in The City's application.

Urban, Rural, and Northern Indigenous Housing Strategy and Affordable Housing Fund - Black-led Organizations: Request \$30 million to match The City's investment.

Between 2024-2026, as part of the Home is Here Housing Strategy, The City will allocate \$30 million for our partners to build housing for Indigenous and equity-deserving populations. We are seeking \$30 million (\$10 million annually over a three-year period) in matching federal funds to finance our community partners to create targeted housing solutions.

Recommendation 2: That the Government of Canada 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 Canada support The City of Calgary's Metro-Regional Base Line and Baseline application for the Canada Public Transit Fund.

The City of Calgary is committed to completing an Expression of Interest application for the Canada Public Transit Fund (CPTF) through two funding streams: the Metro-Region Agreements (MRA) and the 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, while advancing the region's mobility, housing, equity, and climate goals. 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: Request a \$53 million federal 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. In their 2024-25 budget, the Government of Alberta provided \$43 million towards this project.

The Airport Transit Connector: Request a \$391 million federal 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): Request a \$166 million federal 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 Canada increase funding mechanisms to support municipalities with infrastructure investment and resiliency.

The City of Calgary'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 is clear that Calgary is not alone in struggling to keep municipal infrastructure in a state of good repair. As of 2020, Statistics Canada identified \$72 billion in existing water infrastructure that needs rehabilitation or renewal, and with inflation, that need has risen to nearly \$95 billion. This underscores the urgent need for stable funding for new and existing infrastructure to support population growth and build resiliency for climate change with drier climates and storm surges. Municipalities need more financial resources to respond to these types of events, upgrade existing water infrastructure, and invest in new technologies.

Recommendation 5: That the Government of Canada contribute, through cost-sharing with The City of Calgary, Rocky View County and the Government of Alberta, 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 6: That the Government of Canada through the Disaster Mitigation and Adaptation Fund (DMAF) invest in the Community Drainage Improvement Program.

Disaster Mitigation and Adaptation Fund (DMAF):

The City looks to the federal government to invest in the Community Drainage Improvement

Program. This program is instrumental in Calgary's ability to build community resilience in a changing climate. It is important to highlight that, despite multiple applications meeting all the requirements and a history of the costliest natural disasters in Canada's history, Calgary has yet to receive funding through DMAF.

Recommendation 7: That the Government of Canada provides predictable funding to respond to homelessness and encampments.

Reaching Home - Encampment Funding: Request a \$10 million federal contribution.

The City of Calgary is in urgent need of annual, predictable funding for permanent supportive housing, particularly to respond to Calgarians living in encampments.

Recommendation 8: That the Government of Canada contribute, through cost sharing with the Government of Alberta and The City, \$127 million towards the Foothills Multisport Fieldhouse.

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

The Foothills Multisport Fieldhouse will provide Calgarians with 338,603 square feet of much-needed year-round space to play, train, compete and gather while providing the opportunity to showcase Calgary and Alberta on the national and international stage by hosting major sporting events. 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).

The City of Calgary appreciates the collaborative relationships between orders of government and looks forward to our continued partnership to support the Government of Canada's departmental plans.

I look forward to discussing these investments further with you.

Sincerely,

Jyoti Gondek
Mayor
The City of Calgary

cc: The Right Honourable Justin Trudeau, Prime Minister
Calgary City Council
David Duckworth, Chief Administrative Officer, The City of Calgary