

Planning & Development Services Report to  
Regular Meeting of Council  
2025 February 25

ISC: UNRESTRICTED  
C2025-0102

## **Prairie Economic Gateway Intermunicipal Agreement and Statutory Plan Amendments**

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### **PURPOSE**

This report recommends that Council approve the Deal Structure for the Prairie Economic Gateway and authorize continued work to negotiate and execute the Intermunicipal Agreement (Deal Agreement) between The City of Calgary (The City) and Rocky View County (County). The report also recommends that Council give second and third readings to the bylaws to amend the Rocky View County/City of Calgary Intermunicipal Development Plan, the Municipal Development Plan and the Calgary Transportation Plan.

### **PREVIOUS COUNCIL DIRECTION**

On 2024 June 18, Council approved the Prairie Economic Gateway Memorandum of Understanding between The City and County (C2024-0716). On 2024 September 10, Council gave its first reading of the Municipal Development Plan and Intermunicipal Plan Amendments (IP2024-0866), which support activating the Prairie Economic Gateway. More information on previous Council direction is included in Confidential Attachment 1.

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**RECOMMENDATION(S):**

That Council:

1. Approve the following respecting the Prairie Economic Gateway Deal Structure:
  - a. Authorize the Chief Administrative Officer to negotiate and execute the Deal Agreement between The City of Calgary and Rocky View County for the Prairie Economic Gateway by 2025 Q1, such Agreement to be consistent with the terms outlined in Confidential Attachment 2 and to be in content satisfactory to the Chief Administrative Officer and Chief Financial Officer and to be in form satisfactory to the City Solicitor and General Counsel;
  - b. Approve the interim financial strategy in Confidential Attachment 3, and direct Administration to develop the financial framework for the Prairie Economic Gateway implementation and report back to Council by 2026 Q1;
  - c. Approve the Prairie Gateway Oversight Committee Terms of Reference in Confidential Attachment 4;
  - d. Direct Administration to prioritize securing private sector, provincial and federal financial and/or regulatory commitments by 2025 Q4;
2. Adopt by resolution that The City of Calgary commits to demonstrating leadership on a regional approach involving neighbouring municipalities to ensure that growth in the Calgary region is respectful of collective regional success, including, but not limited to:
  - a. Regional servicing and amenities, including source water protection and distribution, transit, recreation, commercial and other;
  - b. Competitive economic development, well-paying jobs, and career opportunities;
  - c. Planning and development for residential, industrial, commercial and mixed uses.
3. Give second and third readings to:
  - a. Proposed Bylaw 66P2024 for the amendments to the Rocky View County/City of Calgary Intermunicipal Development Plan (Attachment 6); and
  - b. Proposed Bylaw 65P2024 for the amendments to the Municipal Development Plan and Calgary Transportation Plan (Attachment 7); and
4. Direct that the Confidential content remain confidential pursuant to sections 21 (disclosure harmful to intergovernmental relations), 24 (advice from officials), 25 (disclosure harmful to economic and other interests of a public body), and 27 (privileged information) of the Freedom of Information and Protection of Privacy Act as follows:
  - a. Confidential Attachment 4 remains confidential until the Deal Agreement between The City of Calgary and Rocky View County for the Prairie Economic Gateway is fully executed by both parties;
  - b. The Confidential Attachments 1, 2 and 3 remain confidential, to be reviewed by 2030 December 31.

**CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS**

Chief Operating Officer Stuart Dalgleish and General Manager Debra Hamilton concur with this report and support the development of the proposed Deal Agreement. The proposed Deal Agreement enables a precedent-setting collaboration on industrial development between The City and the County resulting in significant regional economic development, job creation, and facilitating international and interprovincial trade.

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**HIGHLIGHTS**

- The Prairie Economic Gateway Deal Agreement solidifies the commitment to regional collaboration and economic development between The City and the County.
- The Deal Agreement provides a financial framework for shared investment, services, and benefits. It also manages risk for both The City and the County.
- This is important to the Calgary Region because it enables The City and County to advance the next steps to realize an industrial manufacturing and logistics hub anticipated to create \$7B in economic output and over 30,000 jobs.
- On 2024 November 26, Council received a closed session introduction to the Deal Agreement (C2024-1308). On 2024 December 17, Council received a closed session update focusing on the approach to the Deal Agreement (C2024-1371).
- The Heads of Agreement, Attachment 2 to this report, incorporate Council feedback and insights from the previous Council meetings on 2024 November 26 and 2024 December 17 and demonstrate, how the Shared Investments, Shared Services and Shared Benefit approach will work.
- This report also seeks approval of the second and third readings of amendments to the Intermunicipal Development Plan, Municipal Development Plan and Calgary Transportation Plan.

**DISCUSSION**

**Prairie Economic Gateway: Economic Benefits**

The Prairie Economic Gateway initiative is a unique opportunity to enable rail-served industrial development and economic diversification. It enhances interprovincial trade, improves the connection between a regional economic corridor and the transcontinental economic corridor (CANAMEX) and bolsters supply chains in western Canada by creating inland port capacity. This supports more efficient goods movement, facilitates emissions reductions through improved logistics, and helps get workers closer to new housing in emerging communities.

The development will create significant returns on investment and economic benefits. It is anticipated that every \$1 of public investment will generate at least a \$3 return on investment in the public sector and at least an \$8.90 return from the private sector. Infrastructure development is projected to produce 5,400 jobs from public investment and 25,250 from private investment. It will boost economic output by an estimated \$1.3 billion from public investment and \$5.8 billion from private investment.

**Importance of the Deal Agreement**

The proposed Deal Agreement creates the ability to implement the desired level of intermunicipal collaboration as infrastructure investments are shared. This means funding will be efficiently coordinated to fund ongoing operational service delivery and enable proportional return on investment. The Deal Agreement ensures ongoing and meaningful collaboration between City and County Administrations and elected officials.

The proposed Deal Agreement provides a framework to realize the policies in the statutory plans by outlining infrastructure solutions, operating solutions, financial solutions and economic

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development opportunities. The proposed Deal Agreement is also a catalyst for initiating necessary subsequent agreements.

### **Merits of a Collaborative Deal Approach**

The proposed Deal Agreement is based on a Shared Investment, Shared Services, and Shared Benefits approach co-developed with the County using expert third-party consultant advice. It has the following merits for the Calgary region:

- *Maximizing regional competitive advantage:* Private sector development seeks competitive industrial lots across markets throughout the country and the continent. The Prairie Economic Gateway provides opportunities for this in the Calgary region, generating financial benefits that would not otherwise be generated from development in the region because of limited serviced industrial lands along the CPKC railway corridor.
- *Strengthening public investment:* By sharing the financial investment, both municipalities are responsible for the financial resources for the required infrastructure investments. This will reduce The City's financial outlay relative to taking sole responsibility, thereby improving financial prudence.
- *Leveraging private investment:* Calgary and the region's businesses will benefit from the multiplier impact of private and public sector infrastructure investments needed to activate the development.
- *Enhancing the long-term regional tax base and regional development:* Industrial development boosted by the Prairie Economic Gateway will increase the non-residential property tax base in the region, which will support regional development through improved fiscal capacity and sustainability.

### **Heads of Agreement (Attachment 2)**

The Heads of Agreement is a non-binding document that details the basic terms of a partnership agreement or transaction. It is the initial step towards creating a legally binding agreement or contract and outlines the key terms that Council expects in the final deal. The approval of the Heads of Agreement provides a framework for the initial public infrastructure investment critical for the proposed industrial development; creates the platform for robust private sector investment; provides substantial regional, provincial, and federal partnership opportunities; ensures borderless administrative oversight and service delivery; and shares economic benefits of investment between The City and the County as true partners.

### **Interim Financial Strategy (Attachment 3)**

In conjunction with approval of the Heads of Agreement, an interim financial strategy is also available for approval while City Administration works to finalize the financial framework. The interim financial strategy sets forth guiding principles when determining the optimal financial framework and provides an indicative estimate of the financial impact of the Prairie Economic Gateway Deal Structure.

The interim financial strategy will evolve into a financial framework that reflects definitive commitments and will be updated at regular intervals to align with notable financial decisions and approvals in accordance with the Deal Agreement. All financial decisions will be made in the context of their impact on The City's long-term financial position and benchmarked against

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key financial risk metrics, such as The City's credit ratings, municipal fiscal policy requirements and limits and other investment return expectations. The financial strategy principles include:

- Maintain overall financial capacity to allow for other major capital projects
- Minimize financing costs
- Minimize the overall credit rating impact
- Maximize partner funding contributions
- Refine project scope to optimize project costs
- Phase project development to reduce overall costs and risks

The financial framework is proposed to be brought for Council approval before the end of 2026 Q1 in parallel with an anticipated request for budget and related borrowing approval for the Project.

**Prairie Gateway Oversight Committee Terms of Reference** (Attachment 4)

The Prairie Gateway Oversight Committee will be established to provide ongoing elected official oversight of the Deal Agreement implementation and Gateway buildout. The Oversight Committee's Terms of Reference will become effective upon executing the Deal Agreement. The Terms of Reference in Attachment 4 mandate the roles and responsibilities of elected officials from The City and the County to discuss coordination of planning and development, coordination of approvals, efforts to secure external funding from other orders of government and administration of the Deal Agreement.

**Statutory Plan Amendments**

City Council gave its first reading of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP) and Rocky View County/City of Calgary Intermunicipal Development Plan Amendments (IDP) on 2024 September 10 (IP2024-0866), which support activating the Prairie Economic Gateway. Administration was directed to return to Council pending review for alignment with the Growth Plan by the Calgary Metropolitan Region Board (CMRB).

The CMRB reviewed and approved the proposed amendments to the IDP, MDP and CTP on 2024 November 22 (Attachment 5). The report seeks Council's second and third readings of the IDP amendments (Attachment 6) and the MDP and CTP amendments (Attachments 7).

**EXTERNAL ENGAGEMENT AND COMMUNICATION**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed     | <input type="checkbox"/> Public communication or engagement was not required        |

**Engagement Overview**

Public engagement was undertaken for the amendments to the IDP, MDP and CTP in conjunction with the County as part of the development of the Prairie Gateway Area Structure Plan. Engagement with interested parties, such as Calgary's business community and the Government of Alberta's administrative representatives, is ongoing.

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### **IMPLICATIONS**

#### **Social**

Several positive social outcomes are associated with business activity anticipated in the Prairie Economic Gateway, including skills development and support for those not employed or in education or training (NEETs).

#### **Environmental**

Shifting goods from truck to rail decreases greenhouse gas emissions by 75 per cent because railroads can move one ton of freight an average of 761 kilometres on one gallon of fuel, offering support for achieving The City's Climate Strategy.

#### **Economic**

The proposed development will create significant infrastructure jobs, including an estimated 5,400 jobs from public investment and 25,250 from private rail park investment. It is anticipated to boost economic output by \$1.3 billion from public investment and \$5.8 billion from private rail park investment.

#### **Service and Financial Implications**

#### **Other:**

The approval of the Deal Agreement demonstrates Council's commitment to the Prairie Economic Gateway development and activates the infrastructure investment. This will impact The City's capital expenditure and long-term financial position. The development of the Prairie Economic Gateway will boost future revenue streams for The City and strengthen our long-term municipal financial resilience and sustainability. A comprehensive Financial Framework will be completed by 2026 Q1 to ensure it aligns and supports The City's long-term financial sustainability.

### **RISK**

A comprehensive managed risk approach has been adopted for the Prairie Economic Gateway project. This includes the financial framework, leveraged and shared investment, a legally binding Deal Agreement with risk management provisions that include off-ramps, termination clauses and penalties, and governance by an Oversight Committee comprised of elected officials in The City and the County. The risks are being monitored and assessed continuously to align with The City's Corporate principal risks approach and ensure the mitigation plans are thorough and up to date.

There are risks for failing to approve the Deal Agreement – It could stifle development, create uncertainty, and impact investment in the region.

### **ATTACHMENT(S)**

1. Previous Council Direction (Confidential)
2. Heads of Agreement (Confidential)
3. Interim Financial Strategy (Confidential)
4. Oversight Committee Terms of Reference (Confidential)
5. CMRB 2024 November 22 Approved Meeting Minutes

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- 6. Proposed Bylaw 66P2024
- 7. Proposed Bylaw 65P2024
- 8. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Debra Hamilton	GM, Planning & Development Services	Approve
Stuart Dalglish	Chief Operating Officer	Approve
Jill Floen	City Solicitor and General Counsel	Consult
Les Tochor	Acting Chief Financial Officer	Consult
David Duckworth	Chief Administrative Officer	Consult
Chris Arthurs	GM, People, Innovation & Collaboration Services	Inform
Katie Black	GM, Community Services	Inform
Doug Morgan	GM, Operational Services	Inform
Michael Thompson	GM, Infrastructure Services	Inform

Author: Shyllon, Oyin and the Prairie Economic Gateway Team