

Planning & Development Services Report to  
Executive Committee  
2026 May 05

ISC: UNRESTRICTED  
EC2026-0402

## Nose Creek Sanitary Trunk Capital Budget Request

### PURPOSE

The purpose of this report is to request Council approval of \$51 million in new capital budget for 2027 and borrowing authority to enable advancement of the construction of the Nose Creek Sanitary Trunk Extension to support regional servicing commitments to the City of Airdrie (“Airdrie”).

### PREVIOUS COUNCIL DIRECTION

The City of Calgary (“The City”) has been providing bulk water and wastewater services outside its corporate boundaries since 1961 (Attachment 1). On 1992 May 25, Council approved the Policy for Utility Extensions Beyond The City’s Boundaries (UEP004). This was replaced by The City’s current [Policy on Regional Water, Wastewater and Stormwater Servicing](#) (CP2018-01) (the “Policy”) on 2018 February 26, which was most recently amended on 2025 July 29.

### RECOMMENDATION(S):

That Executive Committee:

1. Forward this report to the 2026 May 26 Regular Meeting of Council.

That the Executive Committee recommend that Council:

1. Approve an increase to the capital budget in Infrastructure Services Program 895 (Wastewater Collection Network) of \$51 million for 2027 to be funded from self-supported debt, to advance the Nose Creek Sanitary Trunk Extension.
2. Give first reading to Bylaw 8B2026, being the proposed bylaw authorizing The City to borrow up to the maximum amount of \$51 million.
3. Withhold second and third readings of the proposed Bylaw 8B2026 (Attachment 3) until the advertising requirements set out in the *Municipal Government Act* (Alberta) have been met.

### CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Deb Hamilton, General Manager, Planning and Development Services, Les Tocher, Chief Financial Officer, and Michael Thompson, General Manager, Infrastructure Services support the recommendations.

### HIGHLIGHTS

- Since 1976, Calgary has been providing bulk water and wastewater servicing to Airdrie. Given high population growth in the region, Airdrie has requested advancement of new Calgary-owned sanitary infrastructure to support continued growth beyond 2027 (Attachment 2).
- The Nose Creek Sanitary Trunk Extension project has a total capital cost of \$113 million, shared between Airdrie (\$62 million) and Calgary (\$51 million).
- Pre-approving the 2027 capital budget now will enable The City to enter into a construction agreement with Airdrie in Q2, and for Airdrie to start construction in Q3 2026.

## **Nose Creek Sanitary Trunk Capital Budget Request**

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- To streamline construction, Airdrie will lead and manage the entire project, with cost recovery from Calgary for its portion starting in 2027.
- Calgary benefits from this infrastructure, specifically for future development in the Nose Creek Area Structure Plan (ASP).

### **DISCUSSION**

Since 1976, The City has supplied Airdrie with bulk and wholesale water and wastewater services. Airdrie stands as Calgary's largest regional customer.

The current Master Servicing Agreement (MSA) came into effect on 2015 January 1 and expires on 2035 January 1. This agreement is updated every 4 years with contracted capacities for the upcoming business cycle. The MSA sets out a long-term servicing commitment and requires the parties meet at least once annually for joint infrastructure planning.

The Calgary region has experienced significant high population growth over recent years and, as a result, Airdrie's existing lift stations are nearing capacity. Airdrie is requesting The City advance the Nose Creek Sanitary Trunk Extension, a new gravity sanitary line to replace an existing, smaller forcemain to enable continued growth and development (Attachment 2). The City's Administration has been working collaboratively with Airdrie to advance joint infrastructure planning and design for this gravity trunk since early 2025. This project will also support continued growth and development in Calgary (of up to approximately 43,000 people), within the Nose Creek Area Structure Plan (ASP) area. The project scope and costs have been identified and included in the 10-Year Capital Infrastructure Needs Assessment for Wastewater (IPC2026-0009) for 2027.

As per the MSA, The City owns and operates the infrastructure within the municipal boundary up to an identified discharge point. Beyond the discharge point, Airdrie owns and operates the infrastructure. The total cost for the new Nose Creek Sanitary Trunk Extension is estimated at \$113 million. Based on the proposed new discharge point, The City's portion of the new sanitary trunk capital cost is estimated to be \$51 million, which is proposed to be funded from self-supported debt.

These costs will be recovered through wastewater rates for regional customers and off-site levy when the lands in the Nose Creek ASP are developed and once the project is added to the Off-site Levy Bylaw. Airdrie's portion of the capital costs based on ownership boundaries is estimated at \$62 million. While the trunk is planned within an existing easement through Rocky View County lands, the County is not serviced by this trunk and therefore does not contribute to the costs.

The design of the Nose Creek Sanitary Trunk Extension is nearing completion, and Airdrie's Administration has initiated the procurement process. Airdrie has requested that Calgary confirm budget for its portion of the new infrastructure so that construction can commence in Q3 2026 (Attachment 2).

Approving the \$51 million capital budget for 2027 and borrowing authority for the Nose Creek Sanitary Trunk Extension will enable The City to establish a formal agreement with Airdrie for construction of the new sanitary trunk in 2026. This will help to ensure service levels and regional servicing commitments are met. Construction will be led by Airdrie and repayment from

## **Nose Creek Sanitary Trunk Capital Budget Request**

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Calgary for its portion will commence in 2027 in accordance with the terms set out in the formal agreement.

### **EXTERNAL ENGAGEMENT AND COMMUNICATION**

- |  |   |
|--|---|
| <input 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        |

Discussions of this priority project have been ongoing at all levels of Administration in both Calgary and Airdrie (Attachment 2). Public communication and engagement were not required as part of this Council report, however, through the Bylaw approval process set out in the *Municipal Government Act*, The City will advertise the proposed Bylaw in the Calgary Herald and the proposed Bylaw will receive three readings in public by Council.

### **IMPLICATIONS**

#### **Social**

The advancement of the Nose Creek Sanitary Trunk Extension supports continued population growth and community development in both Calgary and Airdrie by enabling timely wastewater servicing beyond 2027, reducing the risk of growth constraints and development delays.

#### **Environmental**

Regional servicing for wastewater helps to minimize the number of treatment plant facilities in the region. It also supports Calgary's source water protection goals by ensuring wastewater is treated and meets stringent regulatory approvals prior to release back to the river.

Advancing the Nose Creek Sanitary Trunk Extension helps to ensure the wastewater system is operating within its design capacity and is meeting regulatory requirements.

#### **Economic**

The new sanitary infrastructure will enable continued economic growth in Calgary and the region by supporting development and investment that depends on reliable wastewater servicing capacity.

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

##### **New capital funding request**

The project and costs have been identified and included in the 10-Year Capital Infrastructure Needs Assessment for Wastewater (IPC2026-0009) for 2027. This request for capital budget approval is being brought for Council's consideration separate from other capital budget requests in Wastewater and in advance of the 2027-2030 business plan and budget process to accommodate Airdrie's timing for construction to commence in 2026. The *Municipal Government Act* requires the passage of the borrowing bylaw before the construction or improvement of a capital property that is to be financed in whole or part through a borrowing commences. Capital budget approval is also required prior to entering into a formal agreement with Airdrie to lead the construction of the new sanitary trunk, with cost recovery from Calgary.

## **Nose Creek Sanitary Trunk Capital Budget Request**

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The impact of this request and the other capital budget requirements for wastewater will be reflected in the wastewater rates recommended for 2027-2030.

### **RISK**

If the project is delayed, The City may not meet the wastewater servicing capacities currently set out in the Master Servicing Agreement. The City would need to work with Airdrie to explore risk mitigations for this. This could potentially result in reputational impacts, with Calgary being perceived as holding up development and growth in Airdrie.

The City's share of the costs will be recovered through future utility rates. These rates will be presented to Council for approval as part of the 2027-2030 budget and planning process. A risk is that these utility rates are not approved, in which case The City would be required to reprioritize other capital projects or source alternate forms of funding or financing.

The amount and timing of the cost recovery is dependent on Airdrie's growth matching the projected pace. If Airdrie's growth does not continue at the projected pace, there is financial risk that cost recovery associated with the infrastructure investment could be insufficient or lag expected timelines.

The City's Administration is accelerating substantial capital investments to address system redundancy needs, critical asset management and growth. Advancement of this project will compete for internal resources, external consultant expertise and contractors. To mitigate risks related to delivery capacity, The City has been in discussions with Airdrie to establish a construction agreement to allow Airdrie to lead the design and construction of the entire Nose Creek Sanitary Trunk Extension. This will allow for a more streamlined design and construction process and reduce pressure on The City's resources.

### **ATTACHMENT(S)**

1. Background and Previous Council Direction
2. Letters of Support from City of Airdrie
3. Proposed Borrowing Bylaw 8B2026
4. Presentation

### **Department Circulation**

General Manager/Director	Department	Approve/Consult/Inform
Debra Hamilton	PDS - GMO	Approve
Michael Thompson	IS - GMO	Approve
Les Tocher	CFO	Approve
Kathy Davies Murphy	PDS - City and Regional Planning	Approve
Anne Cataford	IS – Utilities Delivery	Approve
Nicole Newton	PDS – Climate and Environment	Inform
Nancy Mackay	OS – Water Services	Inform

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