

PROPOSED RECOMMENDATIONS FOR THE CITY OF CALGARY'S SUBMISSION FOR THE GOVERNMENT OF CANADA'S 2015-16 BUDGET

EXECUTIVE SUMMARY

Each year, The City of Calgary provides recommendations to the Government of Canada for consideration in the preparation of its budget. The Government of Canada has implemented a pre-budget consultation process that requires the submission of recommendations in the summer of the year before budget release. Each stakeholder may submit a maximum of three recommendations. This report proposes The City's recommendations for submission to the Government of Canada for Budget 2015-16. The report also provides a summary of the 2014-15 pre-budget submission, a brief synopsis of the analysis of Budget 2014-15 and recent developments in spring 2014.

In recent years, The City has advocated for national strategies to support public transit, poverty reduction and affordable housing; however, the Government of Canada has been reluctant to develop such programs. Instead, the federal government has shown commitments to municipal needs through the creation of the New Building Canada Plan and through more specific project-based funding and support in advance of the formal funding application processes. In light of this, Administration recommends that The City submit more specific recommendations for project funding to the federal government for its next budget. These recommendations seek federal funding for the Calgary Transit Green Line, disaster mitigation and affordable housing projects.

ADMINISTRATION RECOMMENDATION(S)

That the Intergovernmental Affairs Committee recommends that Council:

1. Receive this report for information; and
2. Approve in principle that The City's Proposed Submission to the 2015-16 Federal Budget include the request for capital funding for the following projects described in this report:
 - i. the Calgary Transit Green Line;
 - ii. Disaster Recovery, Mitigation and Resiliency; and
 - iii. Affordable Housing.

PREVIOUS COUNCIL DIRECTION / POLICY

At its meeting on 2013 December 5, the Intergovernmental Affairs Committee directed Administration to report back no later than July 2014 with the recommendations for the Federal Budget 2015-16 submission (IGA2013-0784). This direction, along with other policy positions approved by Council, form the basis for the recommendations contained within this report.

BACKGROUND

Recommendations from 2014-15 Budget Submission

Through the pre-budget submission process for Budget 2014-15, The City made three recommendations for federal programs with broad funding to benefit all Canadian municipalities. The first recommendation was for the implementation of a fully funded National Transit Framework, with an annual investment of \$2 billion. The second recommendation was for the development of a federal anti-poverty act that would provide enduring federal commitment and

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accountability for results, with sufficient federal investment in social security for all Canadians. Finally, the third recommendation sought increased and sustained affordable housing infrastructure funding as well as amendments to the Income Tax Act to eliminate the capital gains tax on donations of real property to registered public charities for providing perpetually affordable housing.

Analysis of the 2014-15 Federal Budget

The Government of Canada released its 2014-15 budget on 2014 February 11. This was a stay the course budget that focused on deficit cutting with an anticipated return to surplus by 2015-16. This return to surplus is on course as the federal government reported a \$5.1 billion surplus in February 2014. The budget introduced programs for disaster mitigation, employment and training, and housing and homelessness, amongst other things. Budget 2014-15 also reaffirmed the Government of Canada's commitment to provide infrastructure-funding support through the New Building Canada Plan. Since the release of this budget, the federal government has indicated that it is more open to considering support for specific projects that focus on the priorities of the Government of Canada over broad scope national strategies.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Developments Following the 2014-15 Federal Budget

In February 2014, the Government of Canada announced details of the New Building Canada Plan. The New Building Canada Plan consists of two main funds – the New Building Canada Fund and the Gas Tax Fund. The New Building Canada Fund consists of two components, a national component for projects of national significance and a Provincial-Territorial component for local projects of national, regional or local significance. The total value of the New Building Canada Fund is \$14 billion over 10 years, with \$4 billion for the national component and the remaining \$10 billion for the Provincial-Territorial component, \$1 billion of which is for communities of 100,000 residents or less. Alberta's share of this Provincial-Territorial component is \$942 million over the life of the program. The Gas Tax Fund allocation is on a per capita formula and is administered through provincial governments.

In March 2014, the Government of Canada released information on the New Building Canada Fund application process. Following this, the province announced that Alberta Infrastructure will clarify and administer the application process. A Corporate team led by Transportation is identifying and ranking potential projects for application to the New Building Canada Fund. Once Council approves The City's New Building Canada Fund project list, the Corporate team will coordinate the applications.

The City's Proposed Submission to the 2015-16 Federal Budget

Administration is proposing that The City submit recommendations for three capital projects (Green Line, Disaster Mitigation and Affordable Housing) through the online pre-budget process, as well as a letter to the new Minister of Finance, the Honourable Joe Oliver. All three recommendations align with previous Council direction and require additional capital funding.

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This pre-budget submission will complement the official City applications to various federal grant programs including the New Building Canada Fund.

1. Green Line; \$150 Million

The City recommends that the Government of Canada support the efficient movement of people, goods and services through funding for the Calgary Transit Green Line project. Public transit is considered infrastructure of national importance due to its significant economic, social and environmental benefits. The City has committed \$520 million over ten years to the Green Line project and asks the federal government to support this project by committing \$150 million. The Green Line will link the southeast and north central areas with the downtown commercial core.

In 2012, Calgary Transit had a ridership of 102 million, and employed 3,044 staff. Expanding the Calgary's transit system will help keep the economy strong and growing, by supporting significant employment opportunities within the city, and allowing easier access to the commercial downtown core for thousands of employees and the customers. The Green Line is one component of the strategic long-range transit plan, *RouteAhead: A Strategic Plan for Transit in Calgary*. Calgary City Council has also identified this corridor as a priority for transit improvements.

2. Disaster Recovery, Mitigation and Resiliency

The City of Calgary appreciates the support provided by the federal and provincial governments in response to the Southern Alberta floods in 2013. As Calgary and its regional neighbours continue to rebuild and recover, Calgary's priority is on strengthening disaster mitigation and resiliency. The City and Government of Alberta will continue to submit expenses for reimbursement under the current disaster funding programs to the federal government. Timely processing of these expenses is necessary to aid reconstruction. The City and the Government of Alberta are evaluating several mitigation projects of substantial scale to protect the region, and there will be a significant role for further federal mitigation funding in 2015-16.

The City would appreciate further federal government assistance in the 2015-16 budget year to strengthen mitigation and resiliency. Collaboration amongst governments is essential to meet the collective responsibilities and the due diligence that benefits all citizens. The City looks forward to continuing this collaborative approach as plans are finalized to mitigate the risk of future disasters and increase resiliency to such events.

3. Affordable Housing; \$19.5 Million

The City recommends that the Government of Canada further demonstrate its commitment to affordable housing through provision of an additional \$19.5 million to support three new multifamily affordable housing projects. Calgary's strong economy is attracting a labour force that is essential for the economy to remain competitive. More affordable housing units are required to ensure Calgary's economy remains strong. A range of housing is necessary and desirable for economic and social reasons: to attract a sufficient workforce and to enhance the safety, health and welfare of residents. The availability of adequate affordable housing

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contributes to attracting new workers, creating jobs, meeting the needs of seniors and families, and keeping our most vulnerable citizens off the street.

Through this investment, the Government of Canada can support three new affordable housing projects in Calgary, each valued at \$6.5 million, providing a total of 73 new units. These units will offer a mix of studio, one, two and three bedroom units, allowing the projects to bring new families into existing communities.

Stakeholder Engagement, Research and Communication

Recommendations related to public transit, disaster mitigation and affordable housing are informed by RouteAhead: A Strategic Plan for Transit in Calgary; 2013 Flood Recovery Task Force: Resiliency Recommendations; the Corporate Affordable Housing Strategy; and the Intergovernmental Policy Issues and Position Statements 2013.

Strategic Alignment

The 2015-16 budget submission provides an opportunity for The City to communicate its concerns and recommendations directly to the Government of Canada related to transit, disaster mitigation and affordable housing.

Social, Environmental, Economic (External)

Federal funding will have positive impacts on Calgary's ability to continue to be economically competitive and a city of choice in which to live work and play.

Financial Capacity

Current and Future Operating Budget:

This submission would have no impact on the current operating budget.

Current and Future Capital Budget:

Increased and targeted federal funding of infrastructure could have a significant, positive impact on future capital budgets.

Risk Assessment

By not submitting recommendations to the House of Commons' Standing Committee on Finance and the Minister of Finance, The City faces a risk of missing an opportunity to advocate with the federal government for available capital funding opportunities.

REASON(S) FOR RECOMMENDATION(S):

The recommendations in this report will enable Administration to prepare The City of Calgary's budget recommendations and submit them to the Government of Canada in advance of their deadlines to participate in the process and prior to the drafting of the 2015-16 budget. Furthermore, sending the recommendations to the Honourable Minister of Finance will ensure he is aware of The City's needs and priorities.

ATTACHMENT(S)

None.