



Calgary

Jyoti Gondek, Mayor

October 22, 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 2025-26 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, accommodating 260 new people every day, Calgary is a vibrant, diverse, and highly livable city that is a key driver of economic growth and prosperity in the province. With this rapid growth, our city is facing pressure to keep pace with the need for affordable housing, municipal and regional transit, social supports including for those experiencing mental health, addictions and homelessness, recreation facilities and infrastructure maintenance. Investments in these areas are essential to continue providing the services that Calgarians expect and deserve.

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, as well as better financial levers to respond quickly to events as they occur. I therefore support Alberta Municipalities' call to enhance the Local Government Fiscal Framework (LGFF) and restore per capita spending levels to those seen in 2011 under the Municipal Sustainability Initiative.

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. This funding will significantly increase the availability of affordable housing through a predictable funding source. Leveraging provincial dollars will support the goal of seeing 3,000 affordable units per year and 1,000 additional market units per year in Calgary. The City is well positioned to rapidly allocate provincial dollars through the Housing Capital Initiative, secondary suites incentive program, and transit-oriented design. Predictable funding allows The City to efficiently create and maintain affordable housing streams and enable the sector to deliver more affordable units for Calgarians and Albertans

Recommendation 2: That the Government of Alberta support the Calgary Metropolitan Region's Metro-Regional application for the Canada Public Transit Fund application.

Investments in transit are critical to maintaining existing infrastructure and building capacity through service improvements and new infrastructure to support Calgary's rapidly growing population. An effective transit network stimulates economic growth and housing development, reduces congestion, and delivers significant economic, social, environmental, and health benefits for Calgarians.

The City of Calgary has completed Expression of Interest applications 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 includes 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 includes state-of-good repair projects such as improving accessibility, and critical lifecycle upgrades for transit technology, buildings, and the fleet.

Current unfunded transit infrastructure projects include:

The Blue Line Extension: Request 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: Request 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.

Recommendation 3: 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 2,190-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, while reducing western Canada's reliance on distant ports that have seen significant labour disruptions and other challenges. 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 4: 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 \$161.5 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. FCSS provides long-term, sustainable investment to community organizations delivering services that help Albertans adopt healthy lifestyles, improve their quality of life, and build capacity to prevent and deal with crises. FCSS Calgary partners with 95 organizations to deliver 156 programs. To demonstrate our dedication, The City commits 25 per cent which exceeds the 20 per cent contribution requirement in the FCSS regulation.

Recommendation 5: That the Government of Alberta continue to support Albertans living with low incomes through \$20.2 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. **\$20.2 million = \$6.2 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 2025-26.*

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. The LITP saw a 109% increase in total applicants approved between Q1 2024 and Q2 2024, and a 51% increase in the same period in 2023. The data demonstrates that this program is critically important to a growing number of Calgarians. With demand for the LITP rising and increasing costs for The City, long-term funding agreements would provide program stability for both orders of government and program recipients.

Recommendation 6: 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 and 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 crisis responses related to mental health and addiction. The Mental Health & Addiction Framework (\$6 million) and Community Safety Investment Framework (\$16 million – with \$8 million annually from each The City and Calgary Police Service) support this complex work. However, community funding requests have exceeded City capacity to respond to this provincial responsibility. Increased investments in preventative mental health and addictions supports including operational support, consistent and reliable organizational funding to provide local non-profits with the ability to secure long-term spaces, and funding for shelter spaces that can accommodate pets, will reduce multi-system impacts and the need for widespread and costly interventions.

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. The City welcomes more provincial investments in permanent supportive housing, medical respite for unhoused populations, and shelter safety improvements to reduce reactionary costs.

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.

Recommendation 7: That the Government of Alberta contribute, through equal 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.

Calgary is the only major city in Canada without a fieldhouse. Through investment partnerships with the Governments of Alberta and Canada, the Multisport Fieldhouse will be a competition-capable indoor track and field facility comprising multi-activity courts and a FIFA-regulation indoor soccer field. The estimated total cost is \$380 million, and the facility will fill a gap in elite athletic training and competition spaces in Southern Alberta while providing a wide range of recreational and amateur sports uses for the community. It will also provide social infrastructure and boost the economy through job creation and tourism opportunities.

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 and will create a robust sport infrastructure plan that can be model for other municipalities across the province.

Recommendation 8: 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 devastating water main break in June 2024 underscores the crucial importance of robust water infrastructure in sustaining our economy and community well-being. It highlights 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 innovative technology. This funding will help to prevent future infrastructure

failures, protect public health, and sustain economic growth. The City calls on the government to establish a growth fund which ensures municipalities have the resources they need to upgrade infrastructure to meet the needs of our rapidly growing population.

The City of Calgary also requires a reassessment of its funding tools to enable flexible, consistent, and predictable funding. Historically, provincial grants have multiple conditions, are project-based, and may have unpredictable allocations. This can create red tape and barriers to stacking funding sources or leveraging private investments and can slow down the ability to build new housing and infrastructure projects or maintain and renew existing units. To improve flexibility, the Province could allow municipalities more autonomy to determine the grant conditions that will meet the needs of the targeted communities. To improve funding predictability, consider indexing existing funding to inflation and ensure allocations are proportionate to a municipality's population. These changes are significant for The City and our industry partners. Flexible and predictable funding will best position The City and our industry partners to align funding to a pipeline of development opportunities and support the maintenance of existing stock. This will significantly reduce administrative and industry uncertainty, inefficiency, and better meet the needs of residents.

In addition, The City requests support to address the 2023 \$311 million fiscal gap as well as the \$4.4 million in lost Grants in Place of Taxes (GIPOT) revenue. We remain concerned about the growing impacts of provincial downloading including: \$18.2 million related to policing (including \$5.2 million in lost fine revenue); \$13.5 million for Medical First Response (representing 70% of Fire Departments callouts); and \$19.7 million for pension and income support (consisting of Calgary Transit Low-Income Monthly Passes, Seniors Services Home Maintenance, and the Property tax assistance program).

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