

C R A I G
BURROWS
F O R M A Y O R



Craig Burrows Responds to Bob Hawkesworth

Airport Tunnel

Dear Bob,

I just read your press release and wanted to thank you so much for the last three years of tripling the rate of property tax over inflation. As a Calgary taxpayer and business owner, I want to also thank you for spending all of the Provincial funds and allowing future Councils to use the \$300 million in provincial funding to pay debt servicing versus building new capital projects.

Bob, the priorities of many on the last Council show how out of touch and out of ideas many of you are. It is ironic that after you have "walked into everyone's kitchen in Calgary," cleaned out the cookie jar and eaten everything in sight that you then turn around and try to lecture others about ethics - or setting priorities. Bob, you're out of touch, out of control, and out of ideas.

Before I offer a solution, let's go back three years when I was on Council. I left a Council that could actually balance the books. Our debt was in line for not only the City but Enmax. Our tax increases were in line with the rate of inflation. The only budget I did not support was the one over the rate of inflation. Our debt servicing to operations was 5% (max allowed under Provincial law is 20%). In three years, property tax is sitting at 12% (6 times the rate of inflation), debt ratio is up to 15%, debt has reached \$3b and Enmax is at \$700m. Quite a party that some of you have had down at City Hall over the last three years! And don't get Calgarians started on designer bridges and other non-priorities.

What are the solutions? The first solution is to be innovative and forward thinking. Bob, it's not about a tunnel, it's about a complete transportation corridor that will bring the LRT to the airport. The cost including the tunnel has been estimated to cost \$1.5b. It opens our downtown to the airport, it makes the airport corridor accessible to public transit so we can actually concentrate jobs in the NE. As one of the fastest growing areas, we can actually have people living, working, and playing in an area that would support public transit. This is about putting key infrastructure in place today - so that it's there in the future and that we aren't wasting future generations tax dollars.

And Bob, there is money. You seem to think that all of the \$800 million in the provincial transportation fund should be used to build a \$2 BILLION plus SE LRT line. Bob, you forget to mention that you would have to finance \$1.2 Billion. You seem to forget that the SE LRT isn't even on the capital plan and would require a shuffling of other approved priorities. You also seem to forget that many years ago, I warned Council to stop the West LRT at the Westbrook Mall. If you, Ric and Joe had decided to think ahead and follow that advice, we would have money to complete the LRT to the airport - but you seemed more interested in eating the cookies in front of you, instead of putting some aside for other real priorities.

Should we increase our debt servicing? Absolutely not. Once again, this Council only looks at the revenue side of the ledger, not expenditures and asset mix. The reality is tough decisions need to be made.

As Mayor, I will create a task force of volunteer business leaders to conduct value for money audits on our core assets like Enmax, Calgary Parking Authority, and Corporate Properties. If we need to build important infrastructure, we will reallocate our assets to allow us to keep up with growth, reduce our debt, and not burden future tax payers with increased taxes for debt servicing.

We will not go back to the 90's when Councils across Alberta froze property taxes that were not sustainable. We will not follow this current Council that lacked proper governance, made questionable expenditures, and failed to keep taxes in line with the rate of inflation.

As Mayor, I will not bankrupt this city but I won't let it fall apart either. We will prioritize. We will live within our means and we will do what's necessary to keep this city safe, vibrant, affordable and sustainable for all Calgarians.

Thanks for the chance to share my thoughts with you Bob.

Craig



Bringing City Hall to your Community Hall

3 September 2010

FOR IMMEDIATE RELEASE

TUNNEL WOULD DOUBLE TAX-SUPPORTED DEBT

Bob Hawkesworth Warns Citizens that \$500-Million Tunnel Will Bring City Debt Close to a Billion Dollars, Boost Property Taxes Up to Four Per Cent

CALGARY – Today, mayoral candidate Bob Hawkesworth provided a briefing session at his campaign office on the east-west airport tunnel's impact on city finances. The long-serving alderman warned taxpayers that the \$500-million tunnel, as promoted by a small northeast hotel-industry lobby group, will drive up property taxes by as much as four per cent and double tax-supported debt.

“The mayoral candidates who promise to go ahead with a tunnel under the new runway at Calgary International Airport need to come to grips with a simple reality,” said Bob Hawkesworth. “We do not have the cash to build this tunnel.”

“The price tag to do it right – that is, to build a 700-metre tunnel that will clear the runway and taxiways, and the associated road works – is at least \$500 million,” said Hawkesworth. “This price has been determined by reliable and credible construction and engineering firms.”

“We would have to borrow the entire \$500 million,” said Hawkesworth. “The city's current tax-supported debt is \$450 million, so this single project could more than double Calgary's tax-supported debt. Furthermore, we all know that you have to pay interest charges on borrowed money.”

“Every \$10 million increase in interest payments equals a one per cent increase in property taxes,” said Hawkesworth. “Borrowing \$500 million could easily add \$30 to \$40 million in interest payments to the city's annual budget, depending on the terms of the loans. This increase in interest payments could result in a three to four per cent increase in property taxes.”

“In comparison to other city services, the \$30 to \$40 million of potential interest payments required to service a \$500-million debt is on par with the entire annual budget for the Recreation Department of which stands at \$36 million in tax-supported funds,” said Hawkesworth.

“I challenge the other candidates to tell Calgarians what they are prepared to slash in order to afford even the interest payments on tunnel debt,” said Hawkesworth. “There is no way you can have a tunnel and not make reckless cuts to city services in the current global economic climate.”