

From: Gray, Jim
Sent: Wednesday, May 10, 2023, 7:51 AM
To: Mayor Gondek and City Councilors
Cc: Ad Hoc Committee Members

Dear Mayor and Council Members:

The attached Bloomberg article describes how the following cities have redesigned OR are redesigning OR are cancelling their LRT plans due to dramatic increases in construction costs:

- Austin, Texas
- Philadelphia, Pennsylvania
- Atlanta, Georgia
- Manhattan, New York
- San Jose, California

In each case, the increased costs are attributed to substantial inflation in materials (primarily steel and concrete) and labour costs, as well as material supply disruptions; exactly the same cost increases we are experiencing here in Alberta.

You will also be aware that Edmonton City Council has paused their LRT extension project for reconsideration or redesign for the same reasons. Notice that each of these municipalities have recognized the cost and risk factors and are taking action to **protect their taxpayers**.

Not so Calgary. City Council has spent approximately \$1 Billion, continues to spend hundreds of thousands of dollars **PER DAY** and is condoning increasing downtown disruption as a result of the proposed Green Line project while, at the same time, not recognizing and reacting to present day cost realities. While other municipalities throughout North America, including Edmonton, are considering viable, less costly and more effective alternatives, Calgary City Council is not prepared to do so.

It is simply not possible that the proposed Stage #1 of the Green Line can be built for the approved \$4.9 Billion. The Chair of the Green Line Board has even stated publicly that there is "**a low level of confidence in our ability to deliver all of stage one within available funding**." The recent announcement of the approved project consortium indicates that the actual costs of the project will not be known for 12 -16 months. We understand that Council receives monthly reports that show the project is on budget, based on the budget for the current fiscal year. But how can Council accept that \$4.9 Billion will adequately finance Stage #1 when the original project was budgeted in 2016, we have experienced significant inflation, and construction won't commence for another 16 months?

Expenditures on the project could therefore well exceed \$1.5 Billion before we even know the actual costs of Stage #1. On the assumption that no additional funding will be available from other levels of government, the project will have to be redesigned at that time to fit within a \$4.9 Billion budget.

If other municipal Councils who are also in the business of building major LRT infrastructure projects can study and recognize that costs have risen to levels well in excess of approved budgets, i.e., 50-100%, and act, why can't Calgary's Councillors?

And let's never forget, if we further reduce the scope of Stage #1 to stay within the approved \$4.9 Billion budget, these increasing costs will be transferred to an expanded Stage #2. The result will be a shortened Stage #1 – “from nowhere to nowhere” according to the Hon. Ric McIver, our recent Transportation Minister.

A shortened Stage #1 will therefore not likely be viable until Stage #2 is built. However, in this scenario, the costs of Stage #2 are likely to be insurmountable - the combined Green Line Stages #1 & #2 will likely cost well over \$20 Billion. Stage #2 then may never proceed, leaving Stage #1 with few riders and significant annual operating losses to be borne by Calgary taxpayers.

Future generations of Calgarians will be left with a multi-billion-dollar tax burden hanging over their heads to pay for the huge mistake we are making today.

While a growing list of Councils in North American cities, including Edmonton, study the realities – the facts – and react to protect their taxpayers, Calgary has spent \$1 Billion and continues to increase that total without regard to the external forces of inflation, supply chain problems, and labour shortages.

We have witnessed anxiety on the part of many taxpayers over the increased costs of the Event Centre project. One can only imagine the angst that Calgary taxpayers will feel when they realize there has been a lack of transparency and accountability with respect to the ballooning costs of the Green Line. The fiscally responsible action is for Council to redesign Stage #1 now as per our proposed Sensible Alternative from City Hall to Seton. There is a very good chance it might even be accomplished for close to the \$4.9 Billion budget and it would be positively received as complementary to the recent Rivers District Event Centre announcement (cost savings from the redesign and more riders to/from the Rivers District).

Others act. Calgary ignores. In that regard, attached is a letter from one of our nearly 700 Ad Hoc Committee's supporters. The writer, Mr. Theo van Besouw, articulates the need for an audit review of this, the largest of projects, by all three levels of government. It should be noted that we previously requested that the City of Calgary Audit Committee perform an urgent risk review of the proposed Green Line project, given the impact of inflation, higher interest rates and reduced ridership. To our knowledge that risk review has not occurred and is not scheduled.

We also offered the Mayor and Councillor Pootmans, as Chair of the Audit Committee, an opportunity to meet with an expert in major infrastructure projects, Mr. Nick Hann. Mr. Hann was the consultant to the provincial government on the proposed Green Line project and was prepared to share his knowledge and concerns without violating any confidences from his engagement with the province. The invitation to meet with Mr. Hann was refused.

One sure-fire consequence of a Green Line failure, recognized by others per the attached Bloomberg article, will be a massive public loss of confidence and trust in future projects. Result: worthwhile projects will be condemned or interminably postponed. As well, cost overruns on the Green Line will compromise our ability to complete other essential projects for Calgarians such as affordable housing, recreational facilities, and countless other priorities. This MUST be avoided at all costs.

You have an obligation to protect Calgary taxpayers and the public purse. We urge Council to take action to ensure this looming catastrophe does not occur. We look forward to your response.

Sincerely,

Jim Gray and Steve Allan
On behalf of the Green Line Ad Hoc Citizens' Committee

cc: Rethink the Green Line Supporters



Bloomberg Article
High Costs Shrink Tra



Auditors Letter 2023
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