

ADVANCING METRO-REGIONAL GOVERNANCE:
*Exploring Fiscal Regionalism via a Regional Asset District for the
Manitoba Capital Region*

By

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A Practicum submitted to the Faculty of Graduate Studies of
The University of Manitoba
in partial fulfillment of the requirements for the Degree of

MASTER OF CITY PLANNING

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ABSTRACT

The proportion of the Manitoba Capital Region (MCR) population living in the capital city, the City of Winnipeg, is steadily declining. Municipalities are competing against each other, and against city-regions around the globe, for new development and the associated tax revenue. Further, municipalities are facing staggering infrastructure debts and are searching for new sources of revenue. Regional governance represents a method of addressing these challenges and improving the quality of life for all citizens in a city-region. In particular, fiscal regionalism utilizes regional fiscal mechanisms such as tax (revenue) sharing while not threatening municipal autonomy, yet also respecting the existing configuration and boundaries of municipal governments.

This practicum examines a specific form of fiscal regionalism, the regional asset district (RAD), and explores the applicability of the concept to the MCR. As well, this practicum examines the state of regional governance in the MCR in part through key informant interviews. City-regions with regional asset districts are researched to determine their formal and informal governance structure. The regional asset districts are studied as to how they were established and their operation.

The research indicates that MCR relations are improving but civic regionalism and regional planning are not at a level to support a RAD. However, the benefits of a RAD are great enough to recommend both more research, and that the region work together, towards establishing a RAD as a long-range goal. If pursued, vertical tax sharing of the Provincial Sales Tax is recommended to fund, initially, a voluntary RAD comprising cultural and/or environmental assets.

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CHAPTER 1 - INTRODUCTION

1.1 Preamble

The physical expansion of the built form of a city is a constant threat to the fiscal, social and political sustainability of city-regions. As the population distribution of a central city expands from its core, the financial cost of extending both hard and soft services may overwhelm municipal authorities. An over-reliance on property taxes as the primary source of municipal income, combined with ex-urban sprawl, exacerbates this fiscal crisis for urban municipalities, notably when ex-urbanites benefit from services and assets in the central city but pay municipal taxes to a different municipality. At the same time, Canadian cities are facing crippling infrastructure debts and struggle to find new revenue streams to renew infrastructure and build anew.

As well as ballooning infrastructure debts, central cities have a higher proportion of social costs than other municipalities in the metropolitan area. Rates for crime, homelessness, and poverty are generally higher in the urban municipalities while depressed neighbourhoods are difficult to find outside the urban central city. Ease of migration in the peri-urban zone¹, to lower tax municipalities from central city municipalities, often leaves the city centre with crumbling infrastructure and deflated property values.² Therefore, urban municipalities often have higher costs due to larger more intensive police forces. Further, urban municipalities often subsidize services such as recreational programs to ensure equitable access to all citizens. Central city

¹ Bryant and Charvet, 2003.

² Leo 1995, p.34.

municipalities carry a greater proportion of the social costs than other municipalities in the metropolitan area.

The political sustainability of city-regions is threatened because of the competition for revenues and resources between municipalities in the peri-urban zone. This competition for new population and land development can lead to threats of annexation, forced amalgamations, and refusals to share services. Public choice theorists believe that more competition between municipalities benefits citizens by creating an incentive for efficient and less wasteful government that will potentially offer lower taxes. Other theorists argue against inter-municipal competition as it amounts to a type of 'fiscal mercantilism' or a 'race to the bottom'³, by encouraging disinvestment in community assets and services, to cut costs and thus tax rates. Further, they argue that cooperation between municipal governments is necessary to improve the quality of life for the citizens of the wider region they enjoy in common.⁴

Regional assets are particularly vulnerable to the municipal competitions and conflicts associated with sprawl. A regional asset is an institution or infrastructure that provides direct or indirect benefit to the citizens across an entire region. In economic terms a regional asset is an asset where the economies of scale make the proliferation of these assets on a neighbourhood, community, or regional scale unfeasible. Alternatively, regional assets can also be regarded as a network or category of assets that, when aggregated, benefit the entire region more than the sum of their parts. Regional assets

³ Miller 2002, p.8.

⁴ Sancton 1994, p43.

can be major parks, zoos, cultural institutions, airports, performance art facilities, sport arenas, fairgrounds, or can be defined more organically as a network of smaller assets such as wetlands or pathways. Large regional assets are often located in the central urban municipality so that the majority of the metropolitan citizens can easily access them, and results in the central urban municipality having the primary servicing and funding responsibility.⁵ Citizens living within the peri-urban fringe have easy access to such assets often without having to pay the higher property taxes that accompany living in the larger central urban municipality.

In addition to issues of sprawl and the related financial stresses, the process of globalization results in increasing competition for cities to attract new population, industry, investment, and development. As a result, a shared city-region realization can emerge that a regional economic development strategy is required to compete with these global pressures.⁶ Further, a healthy and strong central city is key to the future economic growth of the totality of the urban, suburban, and peri-urban region.⁷ Consequently, across Canada there is renewed interest in regional planning to create regional partnerships and strong central cities that will enhance their economic competitiveness in the 21st century.⁸

⁵ Miller 2005, p. 8.

⁶ RPAC 2003, p. 59.

⁷ Hodge and Robinson 2001, p.240.

⁸ Ibid, p.360.

1.2 Statement of Purpose

The latest formal manifestation of this interest in the Manitoba Capital Region (MCR) – the main city-region context for this study - is in the Regional Planning Advisory Committee (RPAC) report. In 2003 the RPAC for the Capital Region of Manitoba released its report: *A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region*. The report called on the political leaders of the sixteen municipalities that comprise the MCR to engage in positive region-building. As defined in the report, positive region building is taking action collectively to achieve a greater benefit than is possible by acting individually.⁹ Another critical recommendation was that no new level of government be created in the MCR. Instead, the report points to *advancing regional governance*. The RPAC report endorses the principles of service and tax sharing and recommends further study into potential regional collaboration in these two areas.¹⁰ It calls on the Provincial Government to adopt and publicize the principles of ensuring the most economical, effective, and safe use of local and provincial infrastructure, and to promote voluntary inter-municipal cooperation and collaboration through measures such as service sharing and tax sharing.¹¹ This practicum is a logical extension of the work that has been completed by the RPAC and their recommended line of intervention.

1.3 Significance of the Study

If a new tier of regional government is not being proposed, and with the will to adjust political boundaries at the municipal and provincial level lacking, the significance of this

⁹ RPAC 2003, p. 169.

¹⁰ Ibid p.4.

¹¹ Ibid

study is to assess the appropriateness of a possible tool to nevertheless advance regional governance and at least create an operational framework for regional planning in Manitoba's Capital Region. This study draws on the new regionalism movement that advocates adaptive place-specific strategies towards regional planning and governance. Instead of rigid overarching principles, "new regionalism efforts are permeated by significant internal conflicts and contradictions."¹² Intuitively, these principles are well suited to the MCR.

City-regions in Canada are facing significant fiscal and infrastructure challenges and municipal, provincial and federal governments have demonstrated interest in fiscal reform. Nationally, the federal government has committed to tax sharing by returning 5 cents a litre of the gas tax in 2005 to support environmentally sustainable infrastructure projects of municipal governments. In Winnipeg, in 2003, then Mayor Glen Murray floated a tax reform proposal called the 'New Deal' which aimed to reduce reliance on property taxes by diversifying revenues. This practicum will contribute further to the literature surrounding the application of fiscal regionalism in a Canadian and MCR context.

Recent newspaper articles reporting threats of annexation,¹³ and contentious service-sharing arrangements in the MCR, demonstrate that there is a critical need for a formal regional planning mechanism to be established. However, during the presentations to the RPAC, many of the rural municipalities expressed frustration and suspicion regarding the

¹² Hamilton 2004, p.154

¹³ Welch 2004, "Annex city's outskirts", "Takeover idea has reeves fuming", "Reeves tell councillor to quit", *Winnipeg Free Press*.

RPAC and its purpose. Fiscal regionalism encourages cooperation by creating real fiscal incentives for municipalities. The establishment of a RAD could serve as a model for more cooperation in the MCR and has the potential to improve municipal relations.

RADs have been well received in two US cities as evidenced by their continuing operation and a recent vote to renew the enabling regional tax that funds the Denver RAD. Part of their success can be attributed to regional councils of governments established in these city-regions. The Province of Manitoba has acted on one RPAC recommendation to form a Capital Region Partnership by passing enabling legislation for this organization to form. However, the Partnership of Manitoba Capital Region Governments does not yet exist. This research will provide a good foundation for more analysis by interested municipalities, through the partnership, and a context for fiscal regionalism. By engaging with a representative sample of the numerous stakeholders (governments, non-profit organizations, and private sector organizations) in the MCR, it is also hoped that an interest in future consultations will emerge and constructive linkages will be forged.

1.4 Research Questions

Three questions have guided the research. The first question is meant to provide the MCR context in regards to the state of regional planning and governance in the past and present day. The second question investigates the political and planning context in regions where RADs have been successfully employed. The third question links the first and second questions together in asking whether a RAD is an appropriate tool for the MCR. The three research questions are:

- 1) What is the current state of regional planning initiatives in the MCR?
- 2) What is the necessary environment, formal and informal types of government, and governance structures, for a successful RAD (Private, Public and Third/NGO/Non-Profit Sectors)? Secondarily, what types of assets would be appropriate for a RAD in the MCR?
- 3) How could a RAD or variation thereof be implemented in the MCR?

1.5 Chapter Overview

In order to assess the state of regional governance, the history of the MCR is examined from the start of the 20th century. Development and settlement patterns, precedents for service sharing and tax sharing, and reports on the MCR will be discussed. The remainder of this chapter is dedicated to this inquiry and placing it in a regional planning context.

In Chapter 2, the theoretical framework for this inquiry will be developed by a review of relevant literature. Specifically the current literature on new regionalism and fiscal regionalism will be discussed.

In Chapter 3, the research methodology for further inquiry into the MCR and American cities with regional asset districts is developed. The results of the research are summarized and discussed in Chapter 4 and 5. Finally, Chapter 6 contains conclusions stemming from the research questions above, and provides recommendations for a regional asset district in the MCR.

1.6 The Manitoba Capital Region

Manitoba's Capital Region (MCR) suffers the fiscal and political symptoms of sprawl. All municipalities in the region compete for residential, commercial, and industrial development and the accompanying tax base and revenue. Aggravating this competition is the very slow population growth in the Capital Region over the last 25 years. Indeed, the Census Metropolitan Area (CMA)¹⁴ for Winnipeg has had the slowest growth of all large urban centres in Canada in recent census periods.

CMA	POPULATION (000'S)			AVERAGE POPULATION GROWTH	
	1996	2001	2006	1996 - 2001	2001-2006
Calgary	822	951	1,079	3.2%	2.7%
Edmonton	863	938	1,035	1.7%	2.1%
Toronto	4,264	4,683	5,113	2.0%	1.8%
Vancouver	1,832	1,987	2,117	1.7%	1.3%
Ottawa- Gatineau	1,010	1,064	1,131	1.3%	1.2%
Montreal	3,326	3,426	3,636	0.6%	1.1%
Hamilton	624	662	693	1.2%	0.9%
Quebec	672	683	716	0.3%	0.8%
Winnipeg	667	671	695 ¹⁵	0.1%	0.5%

**Table 1.1 – Population Growth of Large Canadian Metropolitan Areas
(Source: Hodge and Robinson 2002 and Statistics Canada, 2001 and 2006 Census)**

The boundaries of the current MCR were defined in 1989 and have been confirmed in several provincial government reports since. The RPAC report did not recommend any change to the boundaries, or constituent municipalities which are: the City of Winnipeg, the rural municipalities (RMs) adjoining Winnipeg, other RMs within close proximity to Winnipeg (Rockwood, St Francois Xavier, Cartier, Tache, St. Clements, and St.

¹⁴ The Winnipeg CMA is defined by Statistics Canada and has different boundaries than the provincial government's definition of the Manitoba Capital Region.

¹⁵ Statistics Canada has expanded the boundaries of the CMA of Winnipeg in 2006 to include the RM of Macdonald.

Andrews), as well as the City of Selkirk and Town of Stonewall. The MCR boundary is shown in Figure 1.

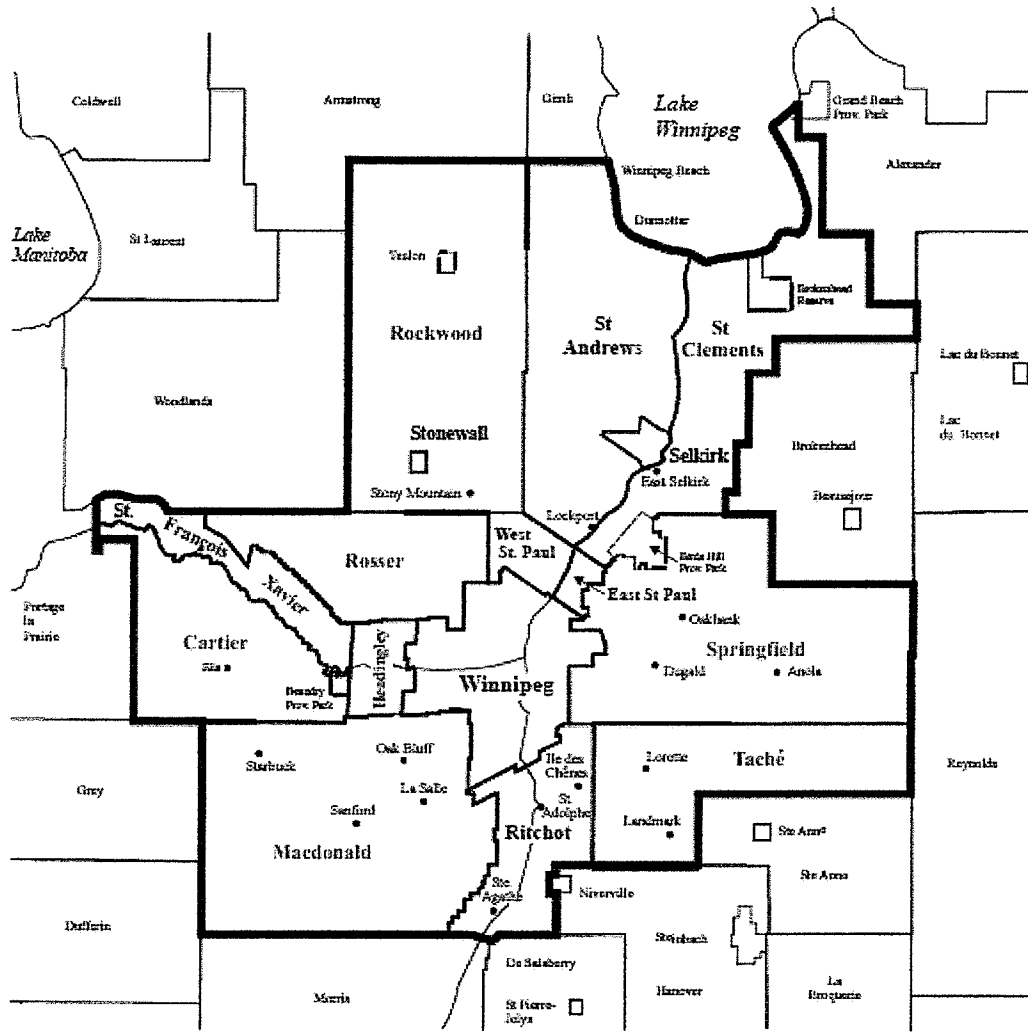


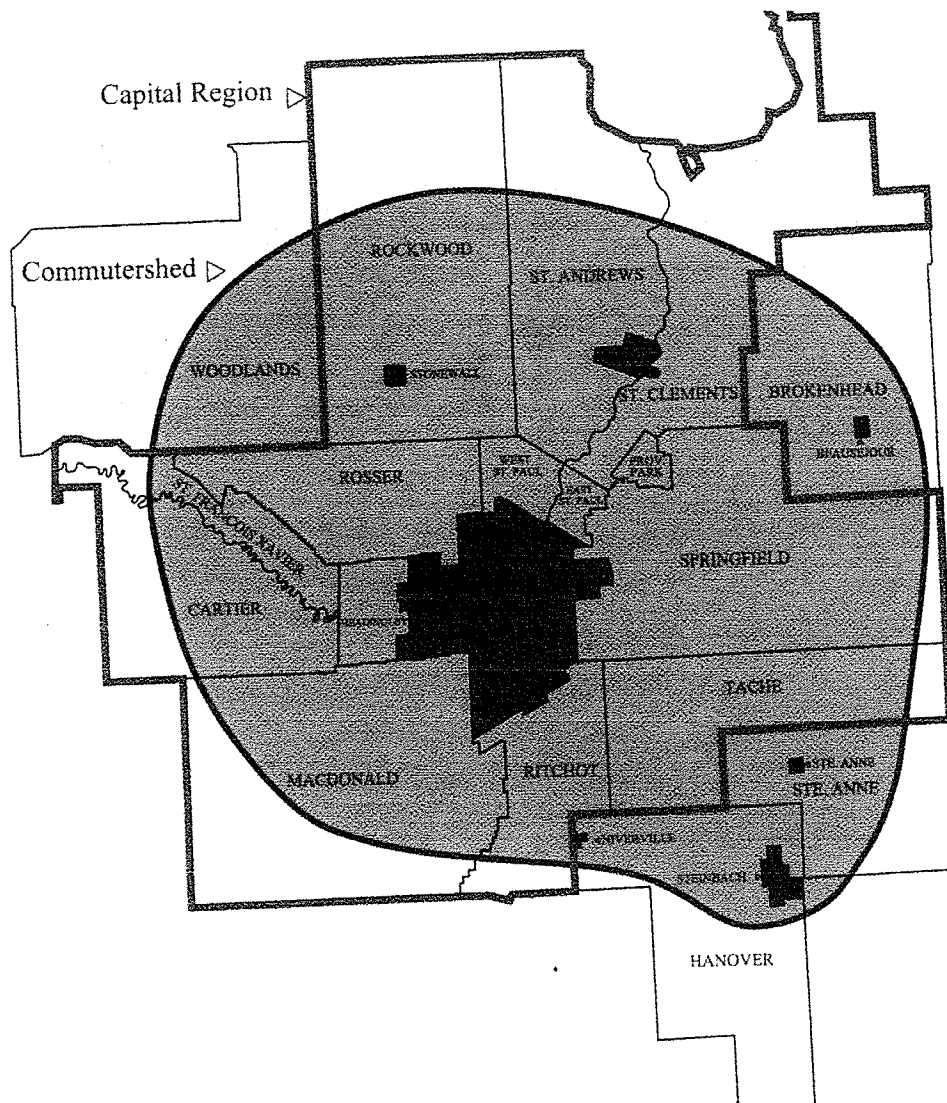
Figure 1.1 – Map of the Manitoba Capital Region
 (Source: RPAC 2003, p.16)

Boundaries often represent political divisions and are created by governments. As such, boundaries can change and there are several other methods for defining a city region. Statistics Canada uses different criteria to define what they refer to as the Winnipeg Census Metropolitan Area (CMA). A CMA is defined by the commuting flows of the

Winnipeg residents commute outside the city.¹⁷ This commutershed boundary is significantly different from the MCR boundary as it includes almost all the MCR as well as areas in several other municipalities not part of the MCR. Parts of the RMs of Woodlands, St. Anne, Brokenhead, and Hanover are in the commutershed as well as the City of Steinbach and the Towns of Beausejour, Niverville, and Garson.¹⁸

¹⁷ Capital Region Review, Interim Panel Report 1999, p.3.3

¹⁸ The CMA is based upon an analysis of commutershed data and therefore has a significantly different boundary from the Capital Region Review commutershed boundary. CMA definition methodology can be found at: <http://www12.statcan.ca/english/census01/products/reference/dict/geo009.htm> accessed May 20, 2007.



**Figure 1.3 – Map of the City of Winnipeg Commutershed
(Source: Capital Region Review, Interim Report, 1999, p.2.2.1)**

Another boundary that is significant to the MCR is the Additional Zone. Abolished in 1991 this was an area that stretched approximately 8 kilometres in all directions from the City of Winnipeg boundary and gave the City of Winnipeg planning authority within this zone. The political sensitivities with regard to this boundary are still evident in the region and will be discussed in a later section of this practicum.

Within the MCR, the population statistics reveal an expanding region. The percentage of the total MCR population living in Winnipeg has been steadily declining since the creation of Unicity, to 86.7% in 2006. The majority of the other member municipalities have experienced significant population growth, in particular the RMs of East St. Paul, St. Andrews, St. Clements, and Headingley. From 1996 to 2006, the City of Winnipeg grew by 14,497 residents or 2.4%, while the remaining municipalities in the MCR grew by 9,327 residents or 10.7%.

Municipality	1996 CENSUS	2001 CENSUS			2006 CENSUS			1996-2006	
	Population	Population	Growth since 1996	% Growth Since 1996	Population	Growth since 2001	% Growth Since 2001	Population Growth	% Growth
Cartier	3009	3120	111	3.7	3162	42	1.3	153	5.1
East St. Paul	6437	7677	1240	19.3	8733	1056	13.8	2296	35.7
Headingley	1587	1907	320	20.2	2726	819	42.9	1139	71.8
Macdonald	4900	5320	420	8.6	5653	333	6.3	753	15.4
Richot	5364	4958	-406	-7.6	5051	93	1.9	-313	-5.8
Rockwood	7504	7654	150	2.0	7692	38	0.5	188	2.5
Rosser	1349	1412	63	4.7	1364	-48	-3.4	15	1.1
Selkirk	9881	9752	-129	-1.3	9515	-237	-2.4	-366	-3.7
Springfield	12162	12602	440	3.6	12990	388	3.1	828	6.8
St. Andrews	10144	10695	551	5.4	11359	664	6.2	1215	12.0
St. Clements	8516	9115	599	7.0	9706	591	6.5	1190	14.0
St. François Xavier	992	1024	32	3.2	1087	63	6.2	95	9.6
Stonewall	3689	4012	323	8.8	4376	364	9.1	687	18.6
Taché	8273	8578	305	3.7	9083	505	5.9	810	9.8
West St. Paul	3720	4085	365	9.8	4357	272	6.7	637	17.1
Capital Region Outside Winnipeg	87,527	91,911	4,384	5.0	96,854	4,943	5.4%	9327	10.7
Winnipeg	618,477	619,544	1,067	0.2	633,451	13,907	2.2	14,974	2.4
Winnipeg % of Capital Region	87.6%	87.1%			86.7%				
Total Capital Region Population	706,004	711,455	5,451	0.8	730,305	18,850	2.6	24,301	3.4

Table 1.2 - Population Growth, Manitoba Capital Region Municipalities, 1996-2006
 (Source: RPAC, *A Partnership for the Future*, Appendix Seven; updated to 2006 by the author.)

To exacerbate the decentralization of population in the MCR, household size has been steadily declining leading to further demands on infrastructure improvements, residential land consumption, and operating budgets. Winnipeggers have traditionally chosen single-family dwellings over more infrastructure-efficient compact multi-family dwellings. Further, recent residential development in the rural municipalities is typically

single family dwellings on large lots of 2 to 4 acres to accommodate on-site waste management, due to lack of services.

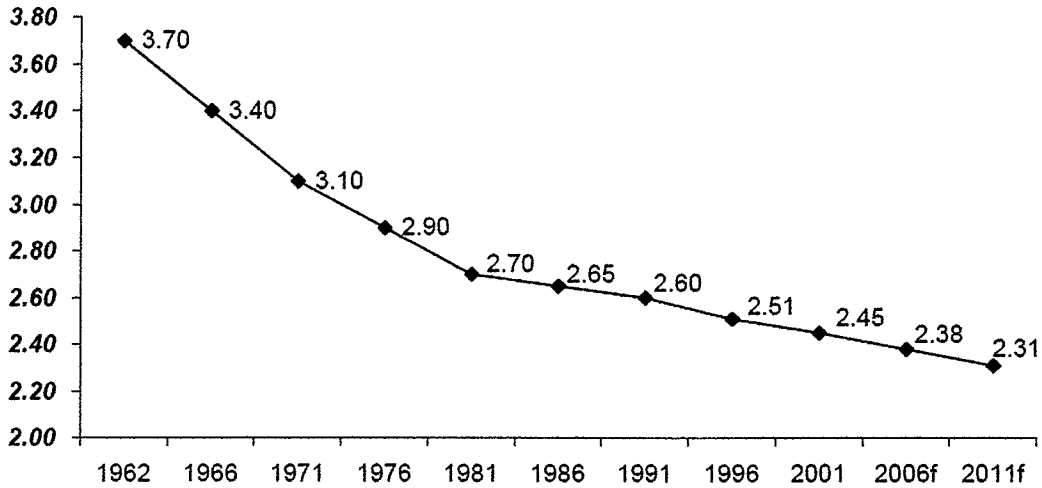


Figure 1.4 – Average Household Size for Winnipeg
(Source: City of Winnipeg, *Residential Land Supply Study*, 2004, p.5).

Another important aspect of the Manitoba Capital Region is that it accounts for 64% of the provincial population and 67% of Provincial GDP¹⁹. Given that the majority of the MCR population lives in Winnipeg, it can be argued that the MCR and Winnipeg are two incredibly important areas to the provincial government. Consequently, the provincial government should have a large role to play in maintaining a healthy city-region.

1.7 History of the Manitoba Capital Region

The philosopher and poet George Santayana once said “Those who cannot remember the past are condemned to repeat it”. One of the key elements of new regionalism is that it is holistic and integrated in its approach which suggests planners should investigate the

¹⁹ Government of Manitoba, Press Release, 2005.

history of a region.²⁰ Dr. Earl Levin argues in his Ph.D dissertation *City History and City Planning* that every city has its own peculiar history which makes classifying and comparing cities for the purposes of analysis very difficult. Further, he suggests that instead of a 'one size fits all' approach to implementing regional planning, there are many local factors that will determine the success or failure of a planning initiative.²¹ Therefore, this section of the practicum examines the history of the MCR by reviewing Levin's work, previous Capital Region studies, submissions by municipalities to RPAC, RPAC's summary of these submissions, and other historical documents related to the scope of the practicum. Regional planning theory and concepts from Hodge and Robinson in *Planning Canadian Regions* provide the critical framework from which the analysis of Manitoba's Capital Region flows. The first section examines how early forms of regional planning, such as service sharing, evolved.

Jurisdictional tensions are some of the largest barriers to effective metropolitan regional planning.²² In the MCR these tensions were propagated by settlement patterns of the different ethnic and religious groups. As people began to migrate to the Red River Settlement, known today as Winnipeg, parishes were established in the British tradition with each ethnic group building their own churches and founding their own parish. The French speaking parishes of St. Boniface, St. Vital, St. Norbert, and St. Agathe were established along the east side of the Red River while the English speaking Presbyterian parishes of Kildonan and the Anglican parishes of St. John's, St. Paul's and St. Andrew's were established on the west side of the Red. At the time of confederation 20 such

²⁰ Wheeler 2002, p.270.

²¹ Levin 1993, p. iv.

²² Hodge and Robinson 2001, Chapter 2.

parishes made up the majority of the MCR.²³ The separation of these settlers by language and religion contributed to the foundation of strong and independent municipalities that, in the future, would strongly guard their local autonomy.

Upon entering into confederation, Winnipeg was chosen as the capital of Manitoba and its boundaries became more formalized. Winnipeg became Manitoba's first municipality in 1873 by petitioning the provincial government for municipal status. Winnipeg's first 'Capital Region' was created when small parishes joined together and became Winnipeg's three encompassing municipalities of St. Boniface, Assiniboia, and Kildonan.²⁴

Regional planning initiatives during this time period were ad-hoc and single issue focused. Hodge and Robinson have broken down the government resources given to regional planning agencies into five types of resource bundles: regulatory, financial, political, professional, and planning. The resource bundles that are allocated to regional initiatives may depend more on the political climate rather than the needs of the initiative.²⁵ Using the resource bundle framework, County Councils, Winnipeg's first attempt at a regional planning agency, lacked all of the necessary bundles to make the agency effective. County councils, established in 1882, were given taxation powers to carry out inter-municipal public works. However, the county councils themselves were voluntary and composed primarily of business owners with a self-interested agenda.²⁶

²³ Levin 1993, p. 223.

²⁴ Ibid, p. 224.

²⁵ Hodge and Robinson 2002, p.127

²⁶ Levin 1993, p.225.

County councils were created with the 'territory' doctrine rather than the 'functional' doctrine in mind. They were voluntary associations created to deal with local inter-municipal public works projects. Another example of a regional planning body following the territory doctrine occurred in 1913 when the issue of obtaining a clean source of drinking water for Capital Region residents was deemed essential. The City of Winnipeg, the City of St. Boniface, and the Town of Transcona, as well as the Rural Municipalities of Fort Garry, St. Vital, Assiniboia, and Kildonan formed the first municipal service sharing body called the Greater Winnipeg Water District to bring potable water from Shoal Lake in Ontario.²⁷ Other cross-municipal endeavours around this time period were:

- Mosquito Abatement District (1927)
- Greater Winnipeg Sanitary District (1935)
- St. James-Winnipeg Airport Commission (1937)
- The Rivers and Streams Protection Authority (1940)²⁸

The impetus for the inter-municipal undertaking listed above was area-specific and based on a shared need and thus is more related to the territory than the functional doctrine. Also, these are an example of a type of ad-hoc, single issue 'regional' planning that characterized inter-municipal planning during this period of history.

The demographic realities that accompanied the end of World War II spurred more formal regional planning in the MCR. Reacting to the return of soldiers and the

²⁷ Levin 1993, p237.

²⁸ Manitoba Intergovernmental Affairs 2001, p. C3.

accompanying increase in the demand for housing, the first regional planning committee was established in 1944 and was called the Metropolitan Planning Committee (also referred to as a Commission). While the mandate for the Metropolitan Planning Committee was broad, for political reasons it focused primarily on housing.²⁹ The bundles of resources given to the Metropolitan Planning Committee were limited in range. Levin states, "The commission was purely advisory in function, with no policy-making or administrative responsibilities. It was to be simply a permanent organization for advising on, and to that extent, co-ordinating the physical development of the metropolitan area".³⁰ The Metropolitan Planning Commission required the approval of each affected council to carry out intermunicipal or metropolitan plans.

In 1961, the Metropolitan Government Act was passed by the provincial government to deal with the serious problems related to regional planning and service delivery associated with increasing population growth spread over numerous municipalities. The Act created the Metropolitan Corporation of Greater Winnipeg, or Metro Winnipeg, which encompassed the City of Winnipeg and its 12 surrounding municipalities. Metro Winnipeg was established as a separate level of government and created a two tier governing structure for the municipalities in the MCR. The metro government was a legislative and administrative body composed of a ten member council and was given responsibility for intermunicipal services. Responsibilities for planning, zoning, building controls, assessment of property, water supply and distribution, sewage, land drainage, major streets and bridges, public transportation, major parks and recreation areas, civil

²⁹ Levin 1993, p.249

³⁰ Ibid, p.251.

defence and emergency measures, and mosquito abatement were given by the Province to Metro Winnipeg. Local municipalities retained responsibilities for housing, public works, public health, electricity, traffic, police, welfare, as well as local parks, roads, sewer, and water.³¹ The Metro era advanced the level of regional planning in the MCR.

The bundles of resources given to Metro were mixed. Financial resources were strong as Metro was given the power to levy a tax on member municipalities based upon the proportion of its assessment, levy direct fees, share in industrial property taxes, and receive proceeds from the sale of debentures.³² The political resources given to Metro were also strong. Councillors were elected and Metro was given the authority to create land use plans. Professional and planning resources were mixed because Metro was empowered to create plans yet the municipalities controlled public works. Therefore, Metropolitan Winnipeg's ability to implement plans was compromised.

Metro Winnipeg also represented a shift in the doctrine of regional planning in the MCR. Metro was established based on the functional doctrine rather than the territory doctrine. Its electoral boundaries were wedge shaped and cut across many of the local established municipalities and neighbourhoods. These boundaries were more functional than organic. Further, the eight to eleven kilometre Additional Zone seems to have been an arbitrary decision, rather than taking into account development patterns and likely areas of growth.

³¹ Ibid, p.259.

³² Ibid, p.259.

The Metro experiment and two-tiered government ended in 1972 when the City of Winnipeg was created from its surrounding municipalities and Metro Winnipeg itself. The amalgamation of Winnipeg also signalled the decline of regional planning for the Manitoba Capital Region. The focus of planning turned to the City of Winnipeg or the surrounding rural municipalities and did not focus on the MCR as a whole. During the 1970s, The City of Winnipeg retained planning authority over the Additional Zone, the Winnipeg Region Study was completed, Provincial Land Use Policies were adopted, and Planning Districts were created outside the City of Winnipeg.³³ Eventually, the Additional Zone was undermined as the provincial government allowed municipalities to be exempt from the zone if they partnered with a neighbouring municipality and formed a planning district. The Additional Zone was officially removed from legislation in the late 1980s having created deep rooted jurisdictional tensions that still exist today.

There are several possible reasons why planning for the Manitoba Capital Region as a whole was not pursued between the period after Unicity up to the mid 1990s. Prior to amalgamation, in 1966, only 50% of the Winnipeg CMA population resided in the City of Winnipeg. This suggests that there was a greater need for municipalities in the region to cooperate. Once amalgamated, the City of Winnipeg housed 93% of the Capital Region population.³⁴

Constitutionally, the power and authority for regional planning must be granted by a provincial government. However, by creating a regional planning authority a provincial

³³ Manitoba Intergovernmental Affairs 2001, p. C8.

³⁴ Hodge & Robinson 2001, p.239.

government is creating another layer of governance that will normally encompass several municipalities and may diminish an individual municipality's autonomy and authority.

Thus, municipalities may not be willing to cooperate with a regional municipal authority.

In the case of Manitoba's Capital Region, attempts at regional planning have been

plagued by this problem since the very beginning. Earl Levin states:

The historical pattern of suburban growth, strong local community identity, and entrenched multiple municipal governments has probably been the most powerful single influence on the planning and development of metropolitan Winnipeg and continues to affect those aspects of the city's government today.³⁵

Regional planning in Manitoba has always been marred by jurisdictional battles.

During the Metro era Winnipeg's mayor Stephen Juba was vehemently opposed to the

second tier of government. Further, Manitoba's Capital Region is full of history

concerning strong locally based municipalities fighting with each other. Earl Levin

writes:

These feelings of insularity and local pride continued even after the area municipalities were amalgamated into a single city and continued to exert powerful pressures on the councillors who represented those communities in the Unicity government. Council decisions for many years reflected the historic tensions between area municipalities and the central city Winnipeg. While it is true that the unified city is now universally accepted and few in Winnipeg would want to revert to the former multiple-municipality or Metro form of government, nevertheless it will probably take several generations before the memory and influence of that historic division of identities and loyalties will completely disappear and a new consciousness of a single city will emerge.³⁶

Levin's observations still hold true today. During public consultations organized by

RPAC, there was almost unanimous agreement that no new regional level of government

should be created and anything resembling the Additional Zone not be contemplated.³⁷

³⁵ Levin, 1993, p 241.

³⁶ Ibid, p399-400.

³⁷ RPAC 2003, p.176

Boundary conditions such as Gunn Road and residential subdivisions approved when Metro or the City of Winnipeg had planning authority remain very contentious.³⁸ Infrastructure in these areas is aging and is posing potential environmental hazards and large infrastructure costs for the RMs.

On the other hand, support for regional economic development and cooperation was very high in presentations to RPAC. There was some support for tax sharing but there was concern with RMs having to support or subsidize the City of Winnipeg while going without in their own municipalities.³⁹ Support for tax sharing, regional governance, and regional economic development can be found in reports on the Capital Region dating back to the mid 1990s.

1.8 Capital Region Strategy

This strategy was formed in the 1990s when sustainable development was a key piece of government policy. The Capital Region Strategy was intended to form a part of Manitoba's Sustainable Development Strategy. The report identifies 5 policy areas, 31 policies, and over 200 actions. The Strategy to achieve a sustainable region is to "think regionally and win globally". It recognizes that profound changes have occurred to trade barriers and advances in communication and transportation. These changes require the MCR to compete in a global economy with other city-regions.⁴⁰

³⁸ Ibid, Appendix 3.

³⁹ Ibid.

⁴⁰ Capital Region Strategy 1996, p4.

The first policy area discussed in this report is partnerships. The potential for partnerships is recognized to include efficient and effective use of the region's natural resources and improving the quality of services to the citizens of the region. The report encourages developing a positive attitude toward the region's assets, as one of the action statements related to the economic policy area.⁴¹ In the environment and resources policy area, actions 4.6g and 4.6h support developing a regional asset inventory and developing a regional network of linked parks and parkway systems.

The strategy was endorsed by the Manitoba Round Table on Environment and Economy, the provincial government, and the Capital Region Committee, the latter consisting of three provincial government ministers (Urban Affairs, Rural Affairs, and Environment) and a representative from each of the 16 municipalities in the region. The Capital Region Committee was established in 1989 and was voluntary with no legal authority or duties.⁴²

1.9 Capital Region Review

Two years after the release of the Capital Region Strategy another panel was struck to consult on how to implement the strategy. The Capital Region Review Panel was established and released a discussion document in 1998. The goal of this review was to formally consult with Manitobans and make recommendations on creating a cooperative working environment and decision making structure,⁴³ which presumably did not form a large part of the previously formed Strategy.

⁴¹ Ibid, p.25

⁴² Partners for the Future 1998, p.12

⁴³ Ibid

The Capital Region Review specifically mentions regional assets with regard to economic cooperation and business growth. “A co-operative and co-ordinated strategy to promote the assets of the Capital Region has the capability to economically benefit all partner jurisdictions.” The consultation document then asks what are the assets of each municipality, the region as a whole, and how the costs and benefits of development could be fully shared regardless of location in the region.⁴⁴ The final report recognizes that programs and services paid for by one municipality may benefit residents in other municipalities and cites tax sharing as an increasing common method of redistributing these externalities.⁴⁵ Further, it cites the regional economic development strategy of the Metro Denver Network as a potential model for the MCR. The report notes that there is no formal mandate to promote the region in terms of economic development.⁴⁶

Following the Capital Region Review Panel’s final report, the newly amalgamated department of Intergovernmental Affairs released the report *Planning Manitoba’s Capital Region: Next Steps* in January of 2001. A ten point action plan was put forward where one of the points was that the Province would work with the municipalities in the MCR to develop tax-sharing models that are mutually beneficial.⁴⁷

1.10 Regional Planning Advisory Committee

In September of 2001, the new NDP Government appointed the Regional Planning Advisory Committee. This committee was tasked with developing policy for

⁴⁴ Ibid, p.7

⁴⁵ Capital Region Review 1999, p.47

⁴⁶ Ibid 1999, p.55

⁴⁷ Ibid

consideration by the government through research and community consultations. Their work was based upon four guiding principles: no new level of government, no new taxes, no amalgamation of municipalities, and the Provincial Government should play a key facilitation role. A set of initiatives to strengthen regional ties and cooperation were developed, two of which relate directly to this inquiry: tax sharing and joint action on economic development.

The RPAC report confirms the importance of regional planning and regional governance. It calls for positive region building because many issues are inter-jurisdictional, the global economy requires the strength of a region to compete, scarce financial resources should be used as efficiently and effectively as possible, and environmental sustainability is easier to achieve when acting regionally. The recommendations of the RPAC related to this inquiry are “to promote voluntary inter-municipal cooperation and collaboration through devices like regional forums, service sharing, and tax sharing, etc.”⁴⁸

1.11 Recent Initiatives

One of the recommendations of the RPAC report was for the establishment of a Capital Region Partnership. The Province introduced enabling legislation to this effect, allowing the municipalities of the MCR to devise the structure and organization of the partnership but this has not yet been acted upon by the municipalities in the MCR (June 2007).

The City of Winnipeg issued an intermunicipal shared services expression of interest process at the end of 2005. As part of the criteria for evaluating which proposals to

⁴⁸ RPAC 2003, p 4.

accept, the City explicitly states that the interested municipality must be amenable to joint planning agreements and tax/revenue sharing if applicable. Proposals were received and accepted by the City of Winnipeg from the RMs of Macdonald, Rosser, and East St. Paul.

Another important initiative that has been undertaken in the Capital Region is the purchasing of regional planning software called MetroQuest. An initiative of the Mayors and Reeves of the Capital Region, they received funding from the Federation of Canadian Municipalities to purchase the software and tailor it to the MCR. Along with projecting land use patterns for the next 40 years it also calculates the costs associated with the development. Alternative development scenarios can be developed based upon decisions related to investment in transit, or favouring more compact urban form, and tested with different cost estimations resulting. One of the goals of this project is to establish a regional planning framework for the region.

Another major recent initiative in the MCR since the RPAC report is the establishment of the Red River Infrastructure Committee (RRIC). The RRIC was formed with the purpose of extending sewer, water, and solid waste management services throughout the Red River corridor north of Winnipeg. The committee consists of 5 member municipalities all in the MCR: the City of Selkirk and the RMs of St. Clements, St. Andrews, East St. Paul, and West St. Paul. The RRIC was formed in response to environmental concerns born primarily from residential development with on-site waste management. In order to service the areas of concern a partnership needs to be established with the City of Selkirk and/or the City of Winnipeg to provide services.

1.12 Summary

This chapter has established the research questions for this inquiry, which are supported by recent studies of the MCR. Due to the region's slow growth and lack of regional economic development strategy there is a high degree of intermunicipal competition for tax revenue. Politically, the MCR region is currently plagued by questions regarding authority and boundaries. There is significant tension in the region that stems from formal regional planning changes with regard to regional governments and authorities being established in the latter half of the 20th Century. There have been promising developments in the MCR in the last several years with regard to planning and service sharing. The following chapter examines the theoretical framework for this practicum and how RADs are compatible with recommended directions for the region.

CHAPTER 2 – LITERATURE REVIEW

Metropolitan governance emerges from the interaction between unique regions and actors with an established legislative system and division of powers.⁴⁹ Governance is broadly defined as the act of public decision making.⁵⁰ Regional governance is then the result of the interplay between the three sectors: public, private, and the third sector. The results of governance usually take the form of partnerships and relationships that cross sectoral, jurisdictional, and geographic lines.⁵¹

Governance is critical to any regional planning initiative. Governance structures and networks implement regional plans. Further, they increase the competitiveness of a region as they also represent a way to adapt to changing economic conditions without altering jurisdictional powers.⁵²

Andrew Sancton has developed a set of criteria to classify the form of government in a city region. Central cities that contain around 90% of the city region population and do not have a form of regional government with responsibility for municipal functions are called one-tier 'comprehensive' regions.⁵³ Since amalgamation in the 1970s, the population of the MCR has been highly concentrated in the City of Winnipeg but has experienced a slow but steady decline from a percentage in the low 90s to the mid 80s.⁵⁴ Indeed, from 1981 to 2001 the population of the MCR became more dispersed. The

⁴⁹ Hamilton et al 2004, p.147.

⁵⁰ Ibid, p.150.

⁵¹ Ibid, p.150.

⁵² Ibid, p.169.

⁵³ Sancton 1994, p.14.

⁵⁴ RPAC 2003, p 209.

region grew by 80,304 people of which only 69% settled in Winnipeg (55,071) while the surrounding municipalities grew by 31% or 25,233 people. Therefore, the MCR is considered a comprehensive one tier system because of the concentration of the regional population in the City of Winnipeg and there is no formal second tier of regional government.⁵⁵ However, given these recent trends of higher population growth in the surrounding municipalities, the MCR is slowly becoming a non-comprehensive one tier system, pointing to the increased need for regional planning and governance in the MCR.

Traditional regional theory advocates for structural changes to municipal boundaries, governments, and institutions to provide regional governance. Tools that are commonly applied are annexation, amalgamation, and new tiers of government. In the US, the vast majority of metropolitan areas comprise, from a Canadian perspective, an unfathomable number of municipalities. Goals include a unified metropolitan government with related goals of saving money and increasing efficiencies. Due to its highly fractious municipal structure New Regionalists in the US often advocate for the amalgamation of municipalities as well as new regionalist governance models.⁵⁶ New Regionalists promote inter-municipal cooperative and collaborative solutions to regional planning through the use of tools such as networks and partnerships.⁵⁷

2.1 Regional Planning Theory

Regional planning has come full circle in the last century. It began in the early 20th century in response to the industrialization of the economy and the accompanying rapid

⁵⁵ Sancton 1994, p.22.

⁵⁶ Sancton 2001, p 545.

⁵⁷ Hamilton et al 2004, p.154.

urbanization. It became clear then that locating 'dirty' industrial uses and residential uses together were incompatible. Regional planning was seen as a way to mitigate the negative impacts. Communing with nature was a counterbalance to urban life and a way to rejuvenate the mind and body. This era of regional planning was referred to as ecological regionalism.⁵⁸

Ecological regionalism is the product of the prevailing doctrine at the time in planning. Friedmann and Weaver characterize the doctrines of regional planning into two camps: territory and function. The practice of regional planning shifts depending on which doctrine is more pervasive at the time. The territory doctrine is a place-based normative doctrine that focuses on the social and economic impacts to the surrounding region with respect to its citizens. Planning practitioners using the territory doctrine would assess the needs of a region and fashion an appropriate response endogenously. Alternatively, the functional doctrine treats a region as a unit of analysis and exogenously defines regions based upon the economic activities of an area.

As the prevailing doctrine shifted to the functional doctrine, a new era of regional planning practice emerged. New types of quantitative research measures were being developed and applied to all the social sciences in the 1940s. Consistent with the functional doctrine a region was more defined by economic relationships rather than places, with the goal to maximize economic development. The regional science era of

⁵⁸ Wheeler 2002, p 270.

planning is marked by federal government involvement and continues to exist today in the form of government agencies such as Western Economic Diversification.⁵⁹

The third era of regional planning started in the late sixties when Marxist theories were applied to the predominant regional scientific planning theory of the time. The neo-Marxist regional economic geography era has provided planners with a critical framework for analyzing planning in terms of power and social movements.

The fourth era in regional planning coincided with the rise of neo-classical economic theory. Public choice regionalism considers the regional population to be rational price conscious consumers in a marketplace full of municipal and regional governments who provide services.⁶⁰ Public choice regionalists believe governments are in competition with each other to provide services for people and businesses at the lowest cost possible to attract population and economic growth. Recent empirical studies are inconclusive as to whether there is a relationship between population fragmentation and service delivery cost.⁶¹

2.2 New Regionalism

New regionalism is the most recent era in regional planning literature and represents a return to the territory doctrine. New Regionalism has a place-based orientation that addresses the economic, environmental, and equity consequences of growth in fragmented post-modern metropolitan regions. It favours using a holistic and integrated

⁵⁹ Hodge and Robinson 2001, p.371.

⁶⁰ Sancton 1994, p.9.

⁶¹ Hamilton et al 2004, p.155.

approach to problem solving to create integrated physical, social, and environmental plans with a normative and action oriented focus.⁶²

New Regionalism complements the current trend away from creating new levels of regional government by recognizing the potential role of governance in fulfilling the persistent need for regional planning. New Regionalism promotes partnerships across a region through cooperation and trust building. These partnerships can be formed and include any regional combination of municipal governments, private, or third sector institutions. Typically the partnership focuses on the delivery of services throughout the region.

Miller (2002) argues there are four forms of regionalism or tools in the toolchest of regional planning practice. They are structural, coordinating, administrative, and fiscal regionalism. Any change in political boundaries either forced or voluntary exemplifies structural regionalism. Coordinating regionalism occurs when municipalities create some sort of regional government, planning district, or plans and decisions are made regionally through a system of weighted voting based on population. Administrative regionalism occurs when municipalities cooperate administratively by service sharing or cost sharing infrastructure related to service provision. Special districts are the most common form of administrative regionalism and they can occur within a single political boundary or, as in the case of RADs, be inter-municipal.

⁶² Wheeler 2002, p 270

Lastly, fiscal regionalism occurs when municipalities redistribute taxes on a regional basis. Fiscal regionalism is “a set of cooperative strategies that recognize the governmental structure of the existing configuration of local governments but create regional funding mechanisms for a wide variety of public purposes”.⁶³ The main focus of fiscal regionalism is to redress the financial inequity between central city municipalities and the surrounding municipalities in the peri-urban zone through a regional tax-sharing arrangement. It is described as a win-win type of regionalism in that it promotes the economic growth of the region as a whole, local governments remain intact and do not lose any autonomy or powers, no new government is created and it addresses the cost of sprawl and economic ‘free riders’.

More recently, Miller has introduced a fifth type of regionalism, civic regionalism. Civic regionalism is pervasive in almost all metropolitan regions. Coalitions of non-profit, community, faith-based and private sector organizations work with existing governments to further economic, community, and social goals.⁶⁴ Governments and third parties share in the initiative, development, delivery, financing, and policy making risks associated with civic regional endeavours. This type of regionalism is directed at new resource development to fill regional niches. Examples of this type of regionalism could be a regional micro-lending and entrepreneur training program or a food bank. Miller speculates that this type of regionalism is so common because it is operates outside of established government structures making it easier to execute.

⁶³ Miller 2000

⁶⁴ Miller 2004

2.3 Types of Fiscal Regionalism

Fiscal regionalism can be further broken down into three basic types: peaceful coexistence, tax base sharing, and regional asset districts. A pre-condition for *peaceful coexistence* strategies to be successful is usually an agreement that neither partner will lose autonomy, or be annexed or be amalgamated with the other participating municipality. This precondition allows municipalities to plan and share tax revenue and allows for more efficient delivery of services to their citizens without fear of losing their autonomy or identity.

Tax base sharing is another type of fiscal regionalism where taxes are collected and redistributed based upon need. In general, tax sharing is only agreeable to the municipalities where existing revenues are not threatened and only where new sources of taxation or revenue are redistributed.⁶⁵ Tax base sharing can occur between municipalities and is called horizontal tax sharing. Alternatively, vertical tax sharing can occur between senior levels of governments and municipalities.

Tax base sharing is not new to Manitoba. There are four examples of horizontal tax base sharing currently in practice, however none of them are located in the MCR. The City and RM of Portage la Prairie were competing to attract an agricultural processing firm several years ago. The optimal site for the plant was located in the RM but was unserved. The municipalities were able to come to an agreement to split the new taxation revenue generated from this development paving the way for the services to be extended and for economic development to occur in the region. This agreement formed

⁶⁵ Orfield 2002, p.91.

the basis of an additional agreement to share tax revenues from any new commercial and industrial developments.⁶⁶

The Sunbelt Community Development Corporation administers a tax sharing agreement between the Towns of Altona, Gretna, Plum Coulee and the RM of Rhineland. Tax revenues are shared from new commercial property regardless of where the operation establishes in the region, based upon an agreed upon formula related to population figures. This economic development tool was supported strongly by all of the municipal governments involved with the corporation.⁶⁷

Tax sharing also occurs between the Village of Binscarth, Town of Russell, and the RMs of Russell, Shellmouth-Boulton, and Silver Creek otherwise known as the Pelly Trail region. An agreement was struck in 2000 to share the growth in commercial tax revenues if businesses established in the region. The RM of Hanover and the Town of Niverville also have an agreement to share tax revenue from an industrial park located in the RM but serviced mostly by Niverville.⁶⁸

There are numerous examples of the provincial government sharing tax revenues with municipalities or vertical tax shifting. The *Provincial Municipal Tax Sharing Act* is a tax sharing agreement between the Province of Manitoba and all municipalities in the province. It is a unique model in Canada where the Province unconditionally shares a percentage of the provincial personal and corporate income tax revenues with

⁶⁶ AMM, Tools for Change, www.amm.mb.ca

⁶⁷ Ibid

⁶⁸ Ibid

municipalities. These revenues as well as 10% of all video lottery terminal net revenues go directly towards the general spending of Manitoba municipalities. The province also participates in numerous conditional tax revenue transfers to municipalities to support public policy purposes such as transit, infrastructure, and economic development.

The final type of fiscal regionalism Miller refers to is the regional asset district. RADs are a distinct type of special district and a hybrid of financial and administrative regionalism. A RAD is inter-municipal in scope, encompassing an entire metropolitan area, and can be formed around any asset or *category* of assets that benefit an entire region.

RADs are administrative and fiscal organizations that have specific sources of revenue that are most commonly tied to growth taxes, namely sales taxes. The RADs that have been established in the US focus primarily on arts, cultural, and recreational assets. Their boundaries are set broadly to incorporate not only the central city but numerous surrounding municipalities and thus the city region.

The RAD concept is a combination of the territory and function doctrines. A RAD is a place-based tool which attempts to encompass people who are either users of an asset or who benefit from being within close proximity to an asset. Depending on the scope of the regional assets that the RAD is mandated to cover, a RAD is flexible enough to cover a wide range of social, economic, and/or environmental assets. Parks and wetlands, sport stadiums and arenas, transportation infrastructure, water and sewer infrastructure, and

colleges and universities, are just some examples of regional assets that could be included in a RAD. While addressing a pressing regional need, a RAD also promotes economic development of a region using fiscal tools.

In the US, special districts have been a very popular form of regional governing. In 1997 there were a total of 34,683 special districts, representing 90% of the growth in local governments from 1952-1997.⁶⁹ While most of the special districts occur within one municipality they can and do cross political boundaries. Further, most special districts are single purpose and are common for fire, housing, sewage, cemetery, and library services. Multiple purpose districts usually encompass service provision for sewage and water or a natural resource and water.

To establish a special district there must be a willingness or capacity from several stakeholders. Governments who give special districts their legal authority must see a governance or political benefit to a special district. The public and the private sector would likely want to see a special district that gives them greater governance, lowers taxes, or provides better service.

According to Miller, special districts emerge for several reasons. First, special districts allow governments to 'offload' some of their costs if revenue for the district is raised through a distinct levy. This is attractive from a political view if the municipal or provincial government is not seen as collecting the tax and residents see a direct relation between taxation and services making government more 'transparent'. Also, if the

⁶⁹ Miller 2002, p42.

special district needs to finance a large project by borrowing money, the debt is not placed on the government's accounting sheet. Finally, special districts can deflect decision making criticism from political bodies.

Pressure to create special districts can come from the public as well. Public school districts are a good example of the community wanting more input and control over a service. Forming a special district can be initiated if there is a service like health care that requires a level of specialization or technical expertise that is better governed by a separate organization.

Occasionally special districts cross political borders. This occurs when political boundaries are not congruent with a specific issue. These special districts are sometimes inter-municipal or truly regional in scope. Special districts are a tool that can help build trust and administrative working relationships between municipalities.

2.4 Canadian Government and Governance

Municipal government and governance in the United States differs significantly from Canada. Table 2.1 shows the most common services provided by local American governments. For example 56.6% of Cities directly provide fire protection services to their residents. In the case of streets there is some overlap in municipal provision of this service because, if you add the percentages of cities, counties and townships that provide the service, the total is over 100%. The last column is represents the corresponding level of Canadian government that is responsible for the service. In the case of Canadian cities

the percentages for the provision of the services in the table would be close to 100% with the exception of airport services. Only if there was a special district would the municipality not provide that specific service. Therefore, the responsibilities of cities in Canada vs. the United States are greater.

Service Type	SERVICE RESPONSIBILITY			
	American			Canadian
	Counties	Cities	Township	
Streets	77.5	65.3	46.3	Municipal
Fire	21.1	56.6	22.0	Municipal
Solid Waste	45.9	26.3	11.1	Municipal
Water	11.1	65.9	5.7	Municipal
Sewerage	10.6	60.5	8.4	Municipal
Libraries	37.3	24.0	8.4	Municipal
Ambulance	26.6	13.4	6.2	Municipal
Airports	18.9	7.8	0.5	Federal
Other Utility	6.7	13.5	0.8	Crown Corporation or Private
Nursing Homes	14.4	0.9	0.2	Provincial
Hospitals	12.9	1.1	0.2	Provincial
Stadiums	5.0	3.4	0.3	Private

Table 2.1 Service Responsibility in US Cities
(Source: Adapted from Miller 2002, p.48)

In the United States, it is the patchwork of local municipal service provision that leads to the contracting out of services to other municipalities or the establishment of a special district. This helps explain the proliferation of special districts for a spectrum of services, the need for regional coalition/alliance institutions, and provides the basis for municipalities having working relationships. It also explains the higher number of intermunicipal expenditure and tax sharing arrangements that are found in the US.⁷⁰

⁷⁰ Slack 1997, p.10.

Municipalities in Canada are also severely restricted in the raising of revenue to pay for the services they provide. In terms of taxes, some Canadian cities may levy a hotel tax but many do not have the power to levy other types of taxes. In contrast, American cities have access to a much broader range of taxation devices. Whether or not American cities have more resources than their Canadian counterparts is beyond the scope of this practicum but American cities do have more autonomy and greater taxation powers to raise revenues and their responsibilities for providing services are more diversified over other forms of local government.

The United States has had two tier governments in their urban centres for decades. It is not surprising that the forms of regional governance in the US are more advanced and prolific. They have established many special districts and have formed regional councils of government and metropolitan planning organizations to deal with the fractured service delivery. There is no such patchwork of local municipal service provision in Canada to provide the same impetus to form regional governments or institutions that provide regional governance.

The federal government in the US has created additional incentives for creating regional institutions. Pools of money for transportation and economic development have been established by the federal government that can only be accessed by an approved metropolitan governance organization. In the MCR, higher levels of government provide funds to municipalities for infrastructure and economic development but typically only to municipalities. The Winnipeg Partnership Agreement is an example of a pot of money

created from all three levels of government but established for the City of Winnipeg only. Further, there are numerous economic development organizations existing in the MCR, and while some service small regions, none service the entire MCR.

This is not to say that there are no regional governance instruments in Canada. In Manitoba the province has organized the provision of health services into regional districts. Education districts, conservation districts, planning districts, and even mosquito abatement districts have all been established in parts of the Capital Region but none have been established to service the entire MCR.

2.5 Summary

New regionalism promotes local governments fashioning functionally discrete responses to specific regional needs. It replaces traditional regional planning theories that look to large omnibus authorities with broad political powers to resolve regional problems. A type of new regionalism, fiscal regionalism, demonstrates promise in the MCR because it addresses the regional challenges of the MCR identified in Chapter 1. Some regions in Manitoba outside the MCR have experience with fiscal regionalism, but not specifically a RAD. The following chapter outlines the research undertaken to assess the applicability of a RAD in the MCR.

CHAPTER 3 – METHODOLOGY

In the research literature there is a shortage of information related to RADs, their establishment and operation. To expand on the theoretical framework of this study and to explore the potential connections between RADs and the MCR, a better understanding is required of the nature of both of these critical subjects. Therefore, empirical evidence was gathered to further answer the research questions and provide data for analysis. This chapter details the goals of the research, the methodology used, and how the research instruments were developed.

3.1 Research Goals and Design

A main goal of the research was to attain as complete an understanding as possible with regards to the functioning of RADs. Key inquiry areas included: challenges in establishing or maintaining a RAD, recommendations for improving RADs, and the types of assets that may be appropriate in a RAD.

With regard to the MCR, it was necessary to assess what the state of regional governance is in the region and what, if any, progress had been made since the release of the RPAC report with its recommendations for tax sharing. This inquiry was also used to further identify and confirm the barriers to advancing regional governance and fiscal regionalism.

With regards to implementation of the RAD concept, a goal was to identify strengths and potential assets which could be the focus of a RAD. Finally, a goal was to elicit views on Capital Region asset management and how it could be improved.

3.2 Research Methodology

Methodology is best understood as the overall strategy for resolving the complete set of choices or options available to the inquirer. Far from being merely a matter of making selections among methods, methodology involves the researcher utterly – from unconscious worldview to enactment of that worldview via the inquiry process.⁷¹

This inquiry is a hybrid of positivist and constructivist paradigms. It entails research which aims to affirm the researcher's etic construct of the research question yet is open-ended enough to allow for some exploration of the emic constructs of the subjects.⁷² The research process does not assume that the practicum is value-free. Indeed, the practicum is grounded upon the researcher's value judgement that Regional Asset Districts can be a tool to advance regional governance and prevent the disintegration of important infrastructure and assets. The practicum also assumes that there is a need for regional planning and governance in the MCR.

This practicum relies on qualitative methods as the primary approach. Qualitative methods better uncover the tacit knowledge and rich contextual information necessary to more completely understand the culture of regional politics at a city-regional level. Quantitative methods are not able to uncover the "small p" and "capital p" political nature of regional governance. However, quantitative methods may be used in some instances to reveal trends or illustrate principles.

⁷¹ Guba and Lincoln 1989, p.183.

⁷² Ibid, p.182.

3.3 Research Instruments

The practicum references emerging regional planning theory, specifically new regionalism and fiscal regionalism, as a theoretical framework for exploring the applicability of the RAD model in a Canadian and MCR context.

Several different research methods are used in the qualitative research phase of this practicum to build a theoretical framework for assessing RADs. The first is a literature review focused on four themes: history of the MCR, regional planning theory, regional governance, and new regionalism. As all the examples of RADs are in American city-regions, the literature review will focus on both Canadian and American literature. Thus, the literature review includes a section regarding how American and Canadian municipal systems are different, to fully assess the applicability of the RAD concept in the MCR. The literature review draws on journal articles, books, newspaper articles, city and provincial planning documents and reports, and annual reports.

Boundaries are a key consideration in regional planning and when studying a region. To this end, this research focuses on the MCR as defined since 1989 by the provincial government. The RPAC report states clearly that it does not contemplate changing the boundaries of the MCR even though, as discussed in Chapter 1, there are significant arguments for boundary changes. Rural municipalities remain guarded as to the potential of annexation by and/or amalgamation⁷³ with Winnipeg, and as such there is an atmosphere in the MCR that is not conducive to cooperation and collaboration - which are key elements of any tax sharing arrangement. Further, by remaining consistent with

⁷³ RPAC 2003, p.42.

all of the recent MCR studies, it is hoped that the applicability of this research will be enhanced.

Key precedent studies examine the regional character of Denver, Pittsburgh, and Kansas City to obtain a sense of their regional context. Examining the regional context and governance of these cities is necessary to reveal how these RADs developed and continue to be successful. The pattern, structure, and provenance of the regional government or governance structures in each region are discussed. Further, this knowledge contributes to a comparative assessment of Winnipeg's state of regional consciousness, government structure, and level of governance. The precedent-setting RADs are addressed and analyzed with the focus on: the mechanisms for raising and distributing funds; the degree of population fragmentation in these metropolitan areas; reasons and context for their creation; the type of assets included in the RAD; and the governance of the RAD. This research then leads to recommendations on how and if these institutions can be adapted to the Manitoba Capital Region context.

3.4 Key Informant Interview Design

The sampling method chosen for this study is the purposive critical case sample and is consistent with the method of inquiry. Purposive samples are used frequently in social research when a specific need is identified. Critical cases have been identified in Denver, Pittsburgh and Kansas City for empirical research. Further, a critical case sample is used when the research wants to draw generalizations that can be applied to other cases.⁷⁴

This inquiry relies upon knowledgeable informants, with experience working in regional

⁷⁴ Kuzel 1999, p.37.

planning or with regional planning studies, to assess the current state of the Capital Region initiatives, the types of assets that could be included in a RAD, and how a RAD or variation of a RAD could be implemented in the MCR.

Individuals with special knowledge of a subject are often referred to as key informants. Key informant interviews are a useful research tool to efficiently gather data that may not otherwise be available to the researcher. Key informant interviews are particularly useful in understanding and interpreting the context in which the research subject exists.⁷⁵

Interviews were conducted with the executive directors of the two existing regional asset districts in Denver and Pittsburgh. Their daily experiences and tacit knowledge of RADs were assumed to be invaluable in answering the key research questions proposed in this study. An interview was also completed with someone involved with the recently dissolved Kansas City RAD.

Potential participants in the MCR were chosen because of their direct experience with regional planning in the MCR. Due to the role of the Provincial government in the MCR, interviews were sought with employees of Community Planning Services (with offices in the MCR) and of Provincial Planning services in Manitoba Intergovernmental Affairs. Further, this inquiry focuses specifically on intermunicipal tax sharing and thus participants were identified from Municipal Financial Services (in the same department). Participants were also identified from planning districts within the Capital Region. Planning districts are a form of sub-regional governance and informants are familiar with both regional planning and the MCR. In addition to the public sector, the private sector

⁷⁵ Gilchrist and Williams 1999, p.74.

and non non-governmental organizations are often involved with regional governance initiatives. Members of recent MCR review panels and committees were also asked to participate in the study. Finally, participants were identified from the City of Winnipeg, the largest stakeholder in the MCR, who are or were involved in regional planning.

Potential participants in the study were emailed an invitation to participate in the study for a specified amount of time. If the potential participant did not reply they were sent a follow-up email again requesting their participation. Of the US cities that were identified, 100% of the potential participants agreed to be interviewed resulting in three interviews. In the MCR, 9 out of 11 participants contacted agreed to participate resulting in an 82% success rate. Given the scope of this practicum, the sample size is not large enough to make any results statistically significant, and therefore the interview results will not be relied upon for definitive conclusions.

Semi-structured key informant interviews were employed by the researcher. Semi-structured interviews allow for the exploration of contextual information and provide greater flexibility in responses than other research methods such as questionnaires or quantitative methods. Separate interview guides were developed for the informants involved with RADs and the experts in the MCR. These interview guides were developed to ensure that the research was consistent and all participants had an equal opportunity to express their views with regard to RADs and the MCR respectively. The questions developed were descriptive open-ended questions designed to allow the interviewees the ability to express their own views freely.

Interviews with MCR informants were conducted in person. The researcher attended the place of employment of the informant, or a location of their choice, to facilitate their participation in the study. The interview guides used for these informants are provided in Appendix A and B respectively.

Informants were not remunerated for their participation. Consent forms for participation (Appendix D) in this study were developed and all interviewees gave their consent to participate freely and willingly in the study. Participants were advised that their responses would remain anonymous to facilitate the most candid responses possible to the interview questions. Data collected from the interviews was coded and interviews were numbered for analysis, protecting the confidentiality of the respondents. This interview process was approved by the Joint-Faculty Research Ethics Board of the University of Manitoba (see attached Appendix C).

CHAPTER 4 – Regional Asset Districts in the US

This Chapter summarizes and analyzes the experiences of the three city-regions in the United States known to have experience with Regional Asset Districts: Pittsburgh, Denver, and Kansas City. It attempts to answer the first two research questions related to the necessary environment for RADs to be successful, and to assess the state of regional governance in the MCR.

4.1 Pittsburgh (Allegheny Regional Asset District)

This case study examines the RAD experience of Allegheny County in Pennsylvania. The population and governance structure of the region are discussed followed by a brief account of the state of the region in the early 1990s when the RAD was being considered. The goals, function, and affect of the Allegheny Regional Asset District (ARAD) are discussed, as well as the enabling legislation.

4.1.1 Governance

The Metropolitan Statistical Area (MSA) of Pittsburgh, Pennsylvania had a population of 2.36 million people in 2000⁷⁶ spread over six counties. Since then the boundaries of the MSA have been enlarged to include a seventh county, Armstrong County. The population of each county and the related percentage of the MSA in the year 2000 are listed in Table 4.1. Allegheny County contains the largest percentage of the population of the Pittsburgh MSA – 52.7%.

⁷⁶ US Census, 2002.

PITTSBURGH MSA, POPULATION BY COUNTY, 2006 BOUNDARIES, 2000 POPULATION DATA		
County	Population	% of total MSA
Allegheny	1 281 666	52.7
Armstrong	72 392	3.0
Beaver	181 412	7.5
Butler	174 083	7.2
Fayette	148 644	6.1
Washington	202 897	8.4
Westmoreland	369 993	15.2
Total	2 431 087	100%

Table 4.1 – Pittsburgh MSA Population, 2000.
(Source: US Census Bureau)

As well as county governments, the Pittsburgh MSA has numerous city, township, and borough governments. The Pittsburgh MSA has 412 municipalities, 105 school districts, and 322 special districts making it one of the most fractured political landscapes in North America.⁷⁷ Within the boundaries of Allegheny County alone there are almost 300 municipalities and special districts⁷⁸ giving it the designation of the most fragmented county in the United States.⁷⁹ The City of Pittsburgh in Allegheny County has population of only 334,563, 13.8% of the MSA population.

The Southwestern Pennsylvania Commission (SPC) is the regional council of governments that includes the Pittsburgh MSA. It is a coalition of 10 counties that is federally designated as a Metropolitan Planning Organization with regard to highways and transit funding. As a designated Economic Development District by the US Department of Commerce, the SPC is responsible to complete and update a regional comprehensive economic development strategy. These long-range regional economic

⁷⁷ Miller 2002, p 131

⁷⁸ Ibid, p.131

⁷⁹ Hamilton et al 2004, p.155

and transportation plans ensure funding decisions involving State and Federal monies are prioritized throughout the region. The SPC also provides local government training and resources, data collection and distribution, and air quality programming.⁸⁰

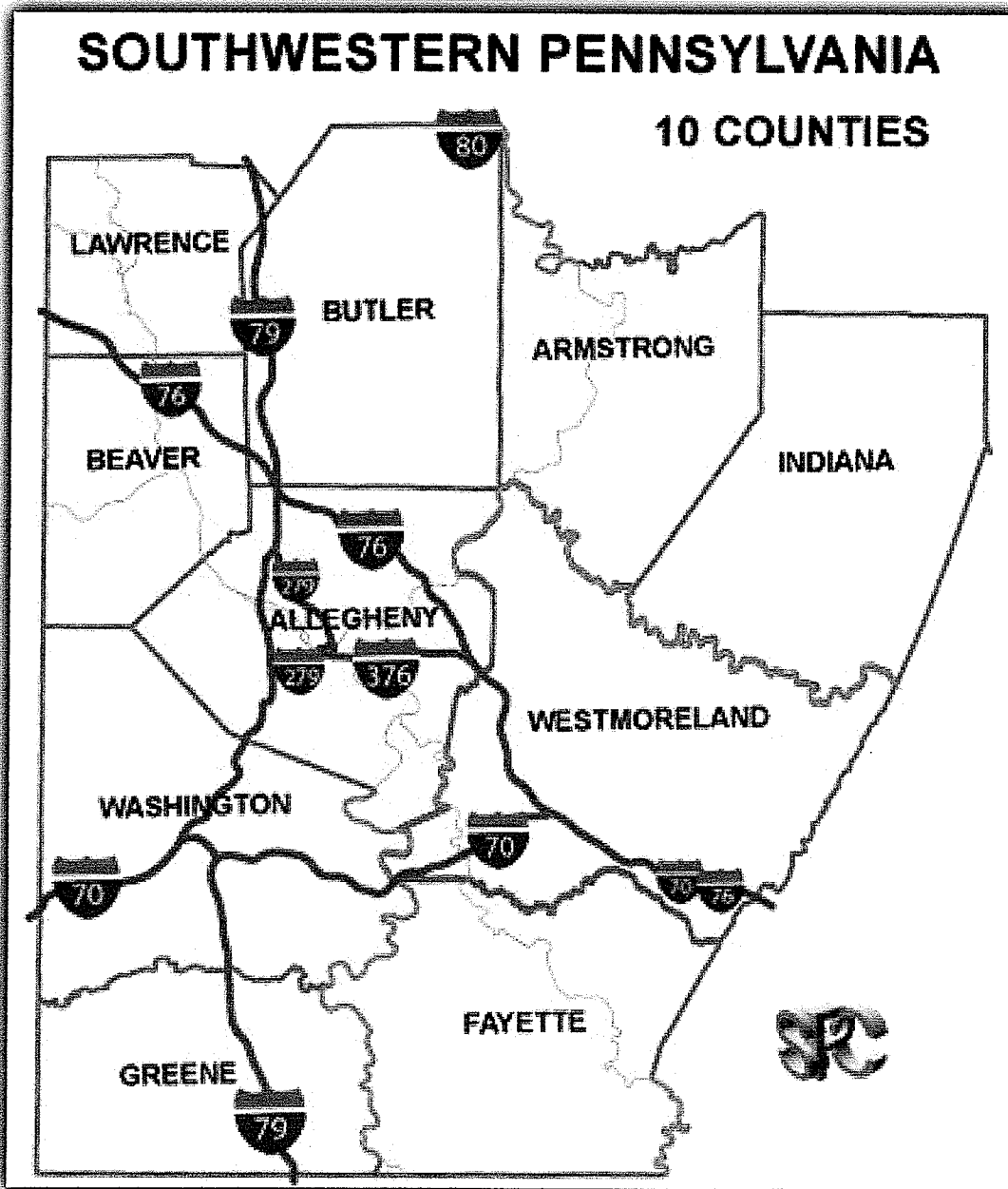


Figure 4.1 – Map of Southwestern Pennsylvania Commission Boundary
Source: Southwestern Pennsylvania Commission Website
http://www.spcregion.org/reg_counties.shtml accessed May 27, 2007.

⁸⁰ SPC Website

The administrative extension of the SPC is the Southwestern Pennsylvania Corporation. Formed to administer the regional economic and transportation plans, the corporation also provides assistance for regional economic development. The corporation offers expertise in business retention and expansion, business financing programs aimed at linking businesses with low interest government loans, export development, and business site location advice. To foster regional economic growth they have purchased a 31 storey office tower in downtown Pittsburgh and renamed it the Regional Enterprise Tower. The building acts as offices for the SPC, the corporation, and as an incubator for small regional businesses.⁸¹

4.1.2 ARAD and Tax Sharing

In the early 1990s, regional assets in the Pittsburgh region were suffering from a lack of funding and some were on the verge of folding. The Pittsburgh Zoo was funded only by the City of Pittsburgh yet 75 to 85% of attendees were from outside the City. Large sporting facilities were beginning to show their age and major league sports teams were threatening to leave Pittsburgh if a significant improvement to facilities did not occur, or if new facilities were not built. The population of the region was also thinning leaving the City with a much smaller share of the population. In 1950, the City of Pittsburgh contained 45% of Allegheny County's population, 46% of their assessed property value, and 73% of the business activity. By 1990 those statistics fell to 28%, 25% and 38% respectively which had negative revenue-generating affects for the City. As the region grew there were a greater number of people using the City's infrastructure and assets yet

⁸¹ SPC Website

there was no corresponding increase in revenue to help pay for improvements and maintenance. The Pittsburgh region was not only experiencing an infrastructure debt but also inner-city decline due to aging housing stock, and suburban sprawl, leaving small central municipalities struggling to provide basic services to residents. Libraries throughout the region were reducing their hours and acquisitions while facilities at parks were often in disrepair.⁸²

Acting on the problems being experienced by the City of Pittsburgh, the Mayor spearheaded a campaign with the assistance of the Greater Allegheny Chamber of Commerce and the Allegheny Conference on Community Development, a regionally focused civic organization that promotes economic and community development. After two years of debate, the Pennsylvania Legislature passed legislation in 1993 to create a RAD and implement a redistributive tax sharing scheme. The policy objectives were:

- 1) Improve funding for regional assets or “crown jewels”
- 2) Correct asset funding inequities with regard to the City of Pittsburgh
- 3) Reduce municipal reliance on certain taxes (personal property and admission taxes)
- 4) Redistribute tax revenues to reduce municipal fiscal disparities
- 5) Enhance regional governance

4.1.3 Sales Tax

With such an ambitious policy objective wish list it is not surprising that the enabling legislation created is very complex. A 1% sales tax in Allegheny County was levied to achieve these goals. The use of a sales tax to achieve the policy objectives was debated. There was concern that residents would make purchases outside of the Allegheny County

⁸² Turner, p.12

causing businesses in the County to experience reduced sales. To counteract spending pattern changes, provisions were written into the legislation that the sales tax for expensive goods such as autos, trucks, boats, and planes would be calculated based on the home addresses of the purchaser. Thus, an Allegheny County resident making a large purchase such as a new car would be required to pay the 1% sales tax regardless of whether or not the car was purchased in Allegheny County.

Another reason a sales tax was chosen was that it would diversify the tax base in Allegheny County. Public and private sector leaders agreed that the personal property tax was inequitable and cumbersome to administer. A sales tax would provide a stable, growing, and elastic funding source for regional assets.⁸³

Economists consider sales taxes to be regressive because they are flat taxes. All residents pay the same amount of tax on the same good or service regardless of income. Indeed, one of the goals of the RAD/tax shifting proposal in Allegheny County was to provide low income residents with property tax relief. To ensure that low income residents still benefited from the proposed plan and experienced a tax saving, the 1% sales tax is exempt on food, clothing, and medical purchases.⁸⁴ Higher income residents also benefit from this tax exemption but other less necessary purchases, which they make more of due to their higher disposable income, are subject to the sales tax. This is one way of reversing the regressive effects of the sales tax.

⁸³ Miller 2000, p.10.

⁸⁴ These exemptions are the same as the exemptions from the State Sales tax, making it easy to administer.

A sales tax produces another benefit to the residents of the region. A quarter of the tax revenues are generated from non-county residents. Visitors, regardless of whether they are using regional assets, are creating a new revenue source for the region to support assets and municipal government budgets.

The administrative burden of collecting a new tax was eased by using the existing state sales tax model and remittance forms. Indeed, the State collects the sales tax money and distributes it to the ARAD and municipalities. Administrative issues were further reduced by the elimination of the personal property tax.

The nature of a sales tax is that revenue generated will vary from year to year. To protect ARAD and the region's assets from a year where sales tax is less than forecasted, a reserve fund was established using the revenue from the first four months of tax revenue from 1994.⁸⁵ Further, the contracts signed with the funded organizations have clauses for a reduction in funding if sales taxes do not meet forecasts. A \$78.2 million budget was passed for 2007.⁸⁶

4.1.4 Allegheny Regional Asset District

ARAD is a special-purpose area-wide unit of local government created to, "support and finance regional assets in the areas of libraries, parks, cultural, sports and civic facilities and programs." It is governed by an eight-member board of directors. Four members are appointed by the County Commissioners, two members are appointed by the City of

⁸⁵ 1995 was the first funding year for ARAD but the sales tax was levied in September of 1994.

⁸⁶ ARAD, News & Notes, Fall 2006.

Pittsburgh Council. These six board members then choose a seventh board member from lists created by regional economic or community development organizations. The last member is appointed to the Board by the State Governor and has no voting privileges. Board members must meet stringent criteria before being considered for the Board. Candidates can not be elected officials, appointed officials in other capacities, political party officials, public employees, or a direct relative of any of the above. The purpose of these restrictions is to ensure that the board is citizen-based and non-political to assure taxpayers and voters that funding decisions would be as unbiased as possible.

Deciding what regional assets get funding is left predominantly to the Board of Directors, with one exception. Contractual assets are a group of organizations that were concerned about possibly losing funding when the legislation and funding scheme was introduced in the early 1990s. These nine organizations were promised no reduction in grants for the first 10 years of operation. This funding floor was renewed for another five years in 2005.⁸⁷ Other assets fall into one of two categories: annual assets and multi-year assets. Receiving multi-year funding allows organizations to make long-range planning decisions, maximizing their benefit to the community. A regional asset must be a civic, recreational, or cultural entity, a library, or sport facility. Educational facilities and health care institutions are explicitly excluded. Finally, the legislation requires that a new organization applying to receive funds must be approved by 6 of the 7 voting board members.⁸⁸

⁸⁷ ARAD Annual Report, 2005

⁸⁸ Turner, p.9

The Board serves to monitor, coordinate, create standards, and assist with long range planning of assets. Contracts called ‘cooperation and support agreements’ are signed when assets receive support. The agreements give the Board the option to audit organizations or require performance reviews. The Board has also been given the authority to borrow funds. The activities of the Board are public and a public hearing is required to pass ARAD’s annual budget. The Board is also required to appoint a 27 member advisory council which assists in recommending assets to be funded and signing cooperation and support agreements.⁸⁹

To ensure public support of the proposed legislation, it was decided that a large proportion of the funding would go to assets that are free and open to the public. Therefore, libraries and parks receive more funding than other assets in the region. Other funded assets are encouraged to have “free days” to provide access to everyone in the County thus addressing issues of regional social inequalities. The ARAD program called “RADical Days” supports this initiative. The ARAD Board adopted a policy to support programs directed toward youth in disadvantaged areas, resulting in a growing number of outreach programs.⁹⁰ In 2005, \$75.3 million was distributed in the following categories:⁹¹

- Libraries – 32%
- Parks/Conservation – 28%
- Stadium/Arena – 22%
- Arts and Culture – 9%
- Regional Facilities – 8%
- Administration – <1%

⁸⁹ Turner, p. 10.

⁹⁰ ARAD website, FAQ.

⁹¹ ARAD Annual Report, 2005.

The other half of the sales tax goes to a complicated redistributive tax shifting program. This pot of money is again split with half going to Allegheny County and the other half going to municipalities in the County including the City of Pittsburgh. A redistribution process that favours financially-stressed municipalities ensures that more of the sales tax goes to these municipalities. Three factors are taken into account for redistribution: population, tax effort, and per capita market value. These “equalization payments” are updated every year and as new population counts become available from census figures. The allocation of every dollar collected is as follows.⁹²

- Most distressed municipalities – \$0.36
- More distressed municipalities – \$0.23
- Less distressed municipalities – \$0.22
- Least distressed municipalities – \$0.19

Allegheny County was required by legislation to use the new revenue to eliminate the personal property tax, reduce property tax, and create a property tax relief program for low income seniors. Municipalities, with the exception of the City of Pittsburgh, were required to use two-thirds of their allocation to reduce property tax and create property tax relief programs for low income seniors, while the other third had no restrictions. The City of Pittsburgh was further required to reduce its admission tax for cultural and sporting ticket purchases from 10% to 5%. For municipalities, 25% of any increase in sales tax revenues year over year must be contributed to the SPC for further regional planning initiatives.⁹³

⁹² Turner, p.7.

⁹³ ARAD Legislation – Summary and Analysis p. 4.

The sales tax replaced the local municipal funding of assets and replaced it with a regional funding mechanism. Municipalities experienced saving from the sales tax because responsibility for funding regional assets was now the responsibility of the ARAD⁹⁴. The City of Pittsburgh funded many of the regional assets and benefited from the reduced need for regional asset funding in their budget. Other benefits of this model were that taxes were diversified and distressed municipalities received additional new revenues because assets are now funded by ARAD.

⁹⁴ Miller 2000, p.10.

4.2 Denver (Scientific and Cultural Facilities District)

Denver is located in the American Mid-West state of Colorado at the base of the Rocky Mountains and at the edge of the Central Plains. The moniker 'mile high city' is derived from its height above sea level. It is a relatively young city that has seen strong population and economic growth in the last fifteen years. It was the first region in the United States to form a RAD and has been a leader in regional cooperation.

4.2.1 Population and Governments

The US Census bureau has classified Denver as a Combined Metropolitan Statistical Area (CMSA). Larger than an MSA, this classification is used if there are several distinct MSAs in close proximity which form a large populated region. Therefore, the Denver-Aurora-Boulder CMSA contains the Denver-Aurora CMA, the Boulder-Longmont CMA, and the Greeley CMA. For the purposes of this study the Denver-Aurora CMA will be analyzed as this is the CMA where the SCFD operates (with the exception of Boulder County).

The 2006 Denver-Aurora CMA boundary consists of 10 counties with a combined population in 2000 of 2.2 million people. There are two consolidated governments in the region: the County and City of Denver and the County and City of Broomfield. There are numerous local city and town governments within the CMA. Denver County has the largest population but only 25% of the total MSA population.

DENVER METROPOLITAN STATISTICAL AREA POPULATION, BY COUNTY, 2006 BOUNDARIES, 2000 POPULATION DATA		
County	Population	% of total MSA
Adams	363857	16.6%
Arapahoe	487967	22.2%
Broomfield	38272	1.7%
Clear Creek	9322	0.4%
Denver	554636	25.3%
Douglas	175766	8.0%
Elbert	19872	0.9%
Gilpin	4757	0.2%
Jefferson	527056	24.0%
Park	14523	0.7%

Table 4.2.1 - Denver MSA Population, 2000
(Source: US Census Bureau)

The boundaries of the SCFD have not changed since its inception in 1988. Out of the 10 counties in the Denver MSA, six participate in the RAD (highlighted in the table above) representing 97.8% of the Denver MSA regional population. In addition to the counties in the Denver MSA, Boulder County, which is in the Boulder-Longmont MSA, also participates in the RAD. Boulder's population was 291 288 in 2000.

4.2.2 Regional Cooperation

Denver has a long history of regional cooperation and governance. The Denver Regional Council of Governments (DRCOG) represents 52 municipalities in the Metro Denver area and has been in existence for over 50 years. The DRCOG boundaries are not consistent with the boundaries of the MSA or the RAD. Like the RAD boundaries, DRCOG includes the county of Boulder outside the MSA but does not include the outlying counties of Park and Elbert. Its responsibilities include creating a long range development plan, transportation plan, greenspace plan, water quality plan, and senior

services plan. Membership in the DRCOG is voluntary and the development plans are not binding. Each municipality receives one vote on the council and shares in regional data as well as in a training and technical resource centre for local governments.

DRCOG is a federally designated Metropolitan Planning Organization and participates in region building through conferences and expert speakers.⁹⁵

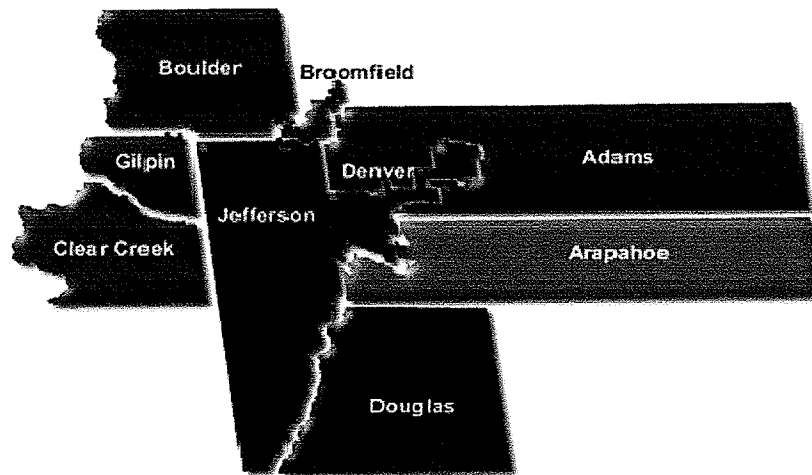


Figure 4.2 - Map of the Denver Regional Council of Government Boundaries
(Source: DRCOG website, www.drcog.org, accessed May 27, 2007).

The Metropolitan Chamber of Commerce has been involved in metropolitan economic planning initiatives since 1965.⁹⁶ The Denver business community also has a long history of regional cooperation as demonstrated by their support of the scientific and arts community as well as leading many large-scale initiatives. They see the benefits of a healthy cultural sector as diversifying the economy of Denver, attracting tourist dollars, attracting a highly skilled labour force, and building community assets. As an affiliate of the Denver Metro Chamber of Commerce, the Greater Denver Corporation was

⁹⁵ DRCOG, *With One Voice*, <http://www.drcog.org/documents/With%20One%20Voice%20Brochure.pdf>

⁹⁶ Metro Denver EDC Website
<http://www.metrodenver.org/MDEDCCenter/AboutMetroDenverEDC/History.icm>

established in 1987, has been renamed the Metro Denver Network, and is now known as the Metro Denver Economic Development Corporation. Its purpose is to attract large-scale economic development to the Metro area, working cooperatively with county and local governments. In a case study of regional leadership in the Metro area, Curtis Johnson comments on the Metro Denver Network:

They rose above every conditioned instinct to market the region first, cooperating across the six counties and multiple cities to attract new business, no matter where it landed...⁹⁷ It survives still as a national model of regional cooperation for economic development.⁹⁸

The communities and neighbourhoods of Denver are very well organized. They actively participate in the planning of the city and have formed a powerful umbrella group called Interneighbourhood Cooperation Inc. to advocate on behalf of the 1200 local associations in Denver. There are several small charitable foundations including the Denver Foundation, an aggressive community foundation that “seems set on becoming the aggressive convening force in the community.”⁹⁹

4.2.3 Scientific and Cultural Facilities District

Given the long history of regional cooperation in Metro Denver, it is not surprising that it was the first American city to establish a RAD in 1988. The RAD was a response to the economic struggles of major cultural assets within the City of Denver proper, and the realities of urban sprawl. With an economy that was reliant on the oil and energy sectors and an economic slowdown in the 1980s which affected oil and energy markets in particular, the Denver Art Museum, Denver Botanical Gardens, Denver Museum of

⁹⁷ Johnson 1998, p 5.

⁹⁸ Ibid, p.12.

⁹⁹ Ibid, p.7.

Natural History and the Denver Zoo faced crippling budget cuts when the State of Colorado ended direct financial support - all but forcing them to charge admission fees to avoid major budget, staff, and programming cuts.¹⁰⁰ The City of Denver maintained their financial support even though only (roughly) 25% of Metro Denver's population lived in the City and County of Denver, where these institutions were located, and the majority of the attendance came from outside of the City. Further, the City of Denver experienced a decline in population of 25,000 people from 1980-1990 putting additional financial stress on the Denver City and County governments.¹⁰¹ These conditions led to the idea of establishing a more stable funding mechanism for regional cultural and scientific assets, by establishing a regional sales tax.

The SCFD took four years of lobbying, and one failed legislative attempt, to become a reality. The RAD was approved when 75% of the regional population approved the 0.1% sales tax, or one penny for every \$10 dollars spent, to fund the RAD in a referendum. In 2003, 32 million dollars was raised through the sales tax to assist regional assets.¹⁰² The average annual per capita SCFD tax contribution was well under \$15 because sales tax is also paid by the 2.8 million visitors that visit metro Denver.

Sales taxes are a source of revenue that grows with economic activity. However, if the economy declines there is a corresponding decline in revenue. In 2003, Denver's SCFD experienced a decline in revenue of 1.3% or \$400,000 due to a slow economy in that year. The funding decline was not a significant burden for any one arts or cultural organization

¹⁰⁰ SCFD, Fact Sheet

¹⁰¹ Metro Denver, Website

¹⁰² SCFD, 2003 Annual Report

as it was spread over 300 organizations. Indeed, the SCFD organization still spent a collective 84 million dollars in capital expenditures in 2003. One million people in the Denver region enrolled in some form of educational course at one or more of the organizations in the SCFD.

Early opposition to the RAD came from within the cultural community. The first attempt at state legislation to establish the district would have excluded several key regional and local cultural institutions from accessing funds. The legislation was further refined to create a broader and more equitable funding arrangement. Public opposition to the tax increase was reduced by including an eight year sunset clause.¹⁰³ The enabling legislation was renewed in 1994 with 57% support and again in 2004 with two thirds of the region voting for the district. The sales tax for the SCFD is set to expire June 30, 2018. This long-term time-frame allows the recipient organizations to make long-term capital and operating expense decisions with a greater degree of certainty. The renewal process allows the organization to adapt to changes and refine the way it conducts business. During the last renewal process the organization examined:¹⁰⁴

- 1) Boundaries
- 2) Board membership, powers, and duties
- 3) Authorizing period
- 4) Allocation and prohibited use of funds
- 5) Eligibility criteria

The enabling legislation for the SCFD lays out how the funds are to be distributed.

Organizations that apply for funding are placed in one of three tiers based on their size.

¹⁰³ SCFD, Fact Sheet

¹⁰⁴ SCFD, Renewal Summary

The first tier is comprised of 5 organizations that have, “a regional reach, a national reputation, and attract out-of-state tourism”. These organizations receive 65.5% (\$22.7 million¹⁰⁵) of RAD revenues annually. To qualify for the second tier, organizations must have a certain size of operating budget and paid attendance. Assets and organizations that qualify for this tier have a regional draw and can be fairly large. In total, tier two organizations will receive 21% (\$7.3 million) of total revenues dispersed by the SCFD. Tier three organizations are smaller local groups that provide opportunities for local participation in arts or scientific activities. These organizations can receive amounts from \$200 upwards and include very small local groups. These smaller organizations across the region have access to 13.5% (\$4.7 million) of RAD funds. Finally, the remaining 0.75% (\$260 000) of the tax revenues raised are allocated to the operating costs of the SCFD.

An analysis of the 2005 fund distribution of the SCFD reveals that the total sales tax revenue is not distributed equally to each county, nor is it distributed based on population counts. The SCFD represents a redistribution of funds where residents of all counties except Denver do not receive the same amount of funding back to their communities as the amount paid in sales tax. Indeed, all Tier 1 assets are located in the City of Denver. Tier 2 assets are distributed throughout the region but many of these larger arts and scientific groups are located in or within close proximity to the City of Denver. Only 13.5% of the funds, Tier 3 funding, is distributed to local arts groups along geographic population lines. It is assumed, due to the popular support for the SCFD during

¹⁰⁵ Calculation based on 2005 sales tax revenue.

reauthorization referendums, that the residents of the region support this funding arrangement and model.

	% OF THE RAD POPULATION, 2000	% OF RAD FUNDS TRANSFERRED TO ASSETS IN THE COUNTY (TIER III) ¹⁰⁶
Adams	14.9	13.8
Arapahoe	20.0	21.1
Broomfield	1.6	2.7
Boulder	11.9	10.0
Denver	22.7	29.0
Douglas	7.2	5.5
Jefferson	21.6	17.9

Table 4.2.2 - Distribution of SCFD Tier III Funding by County
(Source: SCFD Annual Report 2004/2005)

The governance structure for the SCFD consists of volunteer boards that are appointed by elected officials. The 11 member board of directors is appointed by the County Commissioner, or the City Council where counties and cities have amalgamated governments. Each of the 7 participating counties has one position on the board with the remaining four positions filled by Governor appointment. In addition, to distribute the Tier III funds, each participating county in the SCFD has a County Cultural Council which is responsible for reviewing applications and distributing funding in their respective counties. These volunteer councils are also appointed by their respective County Commissioners/City Council. The SCFD believes that by having local councils, "In a very real way, the SCFD democratizes culture."¹⁰⁷

Support for the RAD has been strong since in its inception. A citizen group called Citizens for Arts to Zoo has formed to promote and lobby for the renewal of the enabling

¹⁰⁶ SCFD Annual Report 2004/2005 p. 16.

¹⁰⁷ SCFD Annual Report 2003, p. 6.

legislation that created the RAD, with fundraising campaigns and a communication strategy that includes advertising and newsletters. Its mission is to, “provide for the enlightenment and entertainment of the public through the production, presentation, exhibition, advancement or preservation of art, music, theatre, dance, zoology, botany, natural history or cultural history”.¹⁰⁸

The economic and social benefits of Denver’s regional assets since the SCFD have been well documented. Ethnic minorities, seniors, the disability community, and children in poverty throughout the region have benefited by SCFD programs - such as free admission days, educational outreach, and accessibility days. In 2003, there were 5.8 million free admissions and 765,000 reduced admissions to SCFD organizations. The state and national reputation of the arts and cultural community in Denver has improved and 398 organizations have received funding since 1988. The SCFD also encourages regional consciousness. Volunteerism in SCFD organizations increased 90% from 2001 to 2004 to a total of 1.9 million hours and 41,000 volunteers¹⁰⁹.

The Colorado Business Committee for the Arts was founded in 1984 and played an instrumental role in the creation of the SCFD. The CBCA commissions a bi-annual study on the effects of culture on the economy by surveying organizations that receive funding from the SCFD. *The Dividends of Culture*, the most recent report, published in 2004, found that the Metro Denver art and cultural community generates \$1.3 billion dollars of economic activity annually. Of the \$1.3 billion dollars 497 million was true economic

¹⁰⁸ SCFD Website

¹⁰⁹ Delliott and Touche, 2005

impact: \$403 million in cultural tourism, \$84 million in capital expenditures, and \$10 million in Federal Government Grants. The report concludes that for the \$35 million raised for the SCFD in 2003, there was a 14 to 1 return on investment.

4.2.4 Governance

Numerous regional institutions have been established in Denver related to transportation, waste, and drainage.¹¹⁰ Denver Regional Council of Governments exists but has limited influence. DRCOG deals with growth issues and policy research for the Denver city-region and has an official plan, yet it lacks the enforcement mechanisms to successfully implement the plan - relying on cooperation with local governments.¹¹¹

¹¹⁰ Johnson 1998, p. 7.

¹¹¹ Miller 2002, p.105.

4.3 Kansas City (Bi-State Commission)

The Bi-State Cultural District in Kansas City is the first and only regional sales tax initiative in the US to cross state lines. Originally envisioned as a RAD, lack of public support reduced the size and scale of the initiative to fund the restorative re-use of one historical asset. While the entire region did not participate, Kansas City can be studied as example of intermunicipal tax sharing which is often a prerequisite for a RAD. The Kansas City example can also be illustrative for establishing a RAD in the MCR, largely in better understanding why a proposed RAD was not formed.

4.3.1 Population and Government

Metropolitan Kansas City lies close to the geographic centre of the USA. It straddles the Mississippi River, which acts as the state boundary between Missouri and Kansas. The metro area is comprised of 1.9 million residents dispersed through 2 states and 15 counties.

METROPOLITAN STATISTICAL AREA POPULATION, KANSAS CITY BY COUNTY, JULY 1, 2005					
Missouri	Pop	% of total MSA	Kansas	Pop	% of total MSA
Jackson*	662959	34.0%	Johnson*	506562	26.0%
Clay*	202078	10.4%	Wyandotte	155750	8.0%
Cass	94232	4.8%	Leavenworth	73113	3.8%
Platte*	82085	4.2%	Miami	30496	1.6%
Lafayette	33108	1.7%	Franklin	26247	1.3%
Ray	24101	1.2%	Linn	9914	0.5%
Clinton	20715	1.1%			
Bates	17027	0.9%	* Counties that participated in the bi-state sales tax.		
Caldwell	9307	0.5%			

Table 4.3.1 - Kansas City MSA Population
Source: US Census Bureau

In addition to the 15 counties, the metro Kansas City area has 116 incorporated cities. The city of Kansas City, Missouri has approximately 25 percent of the metro population and the city of Kansas City, Kansas has only 8 percent. Kansas City, MO extends across 4 different counties with the majority of the population of the city residing in Jackson County. Kansas City, KS and Wyandotte County have the same geographic boundaries and became a unified government by referendum in 1997. The unified government of Wyandotte County/Kansas City, KS did not participate in the bi-state cultural sales tax.

CITIES OF KANSAS, POPULATIONS BY COUNTIES 2005	
City of Kansas City, MO	444965
Cass County	130
Clay County	91483
Jackson County	315381
Platte County	37971
City of Kansas City, KS	144210
Wyandotte County	144210

Table 4.3.2 – Population of Kansas City by County
 (Source - US Census Bureau)

MARC is responsible for the long range planning of the metro region in areas around transportation, child care, aging, emergency services, public safety, and environmental issues such as air quality. MARC provides a forum for regional issues to be discussed, provides long range planning and public policy coordination, and provides technical and service assistance to member governments through their Government Training Institute. MARC is a federally designated Metropolitan Planning Organization and an Economic Development District allowing member governments and non-profit organizations to access federal funding pools related to these designations.

Kansas City Metropolitan Statistical Area 2003

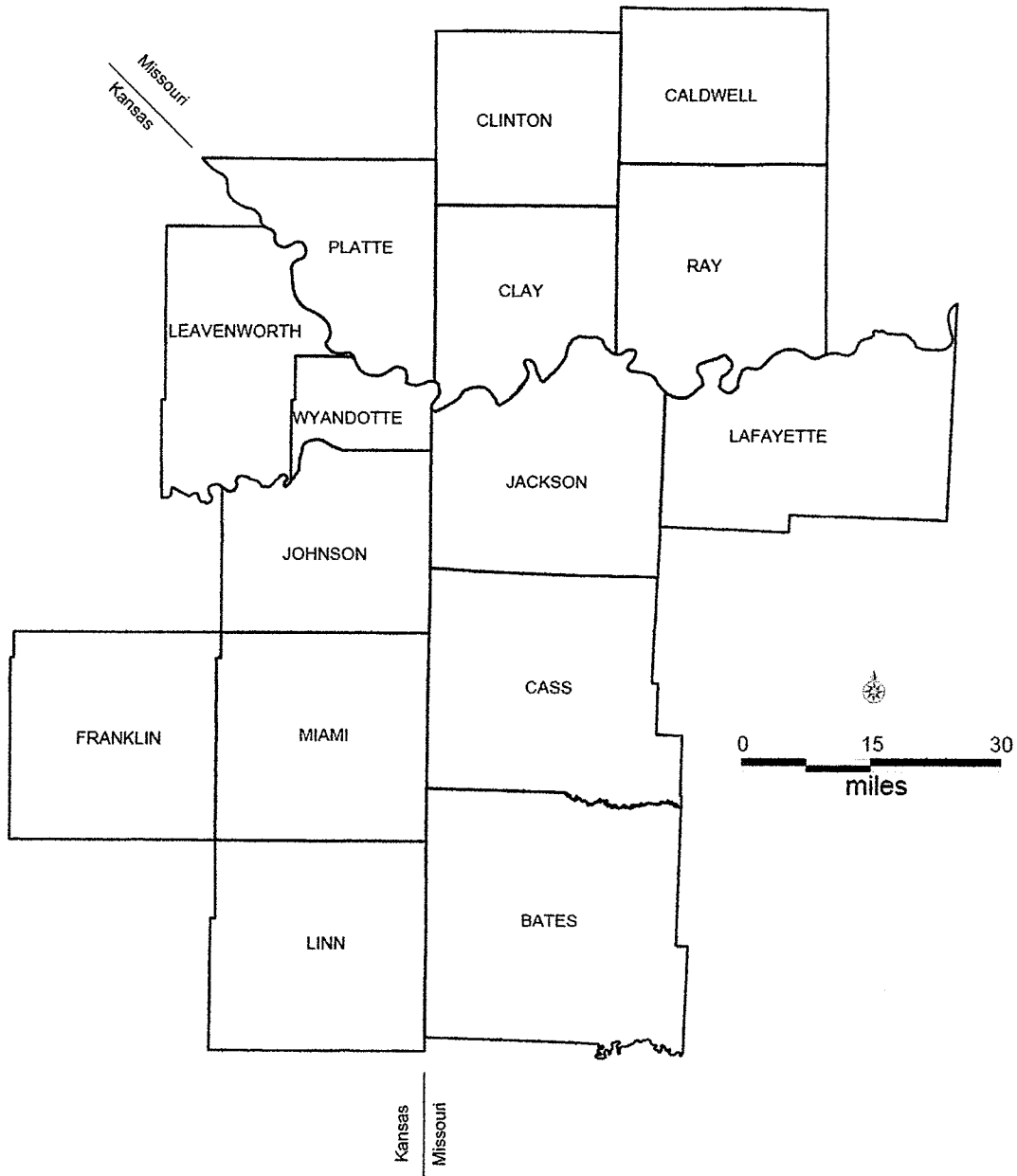


Figure 4.3.3 - Map of Kansas City MSA
Source: Mid America Regional Council Website,
<http://www.metrodataline.org/Maps/MSA%202003.pdf> accessed May 27, 2007

The local municipal governance in Kansas City can be characterised as very fractured. Using Sancton's criteria, Kansas City would be a two-tier (or even three tier) 'non-comprehensive' city region due to its fractured population distribution and regional, county, and city governments. The governance structure of the Kansas City area is typical of other city-regions studied in this practicum.

4.3.2 Bi-State Cultural Tax

The implementation of the Kansas City metropolitan bi-state tax, to restore the historic Union Station, has a long history. The concept started to develop in 1984 when the fledgling Kansas City Consensus, a non-partisan, citizen-led, regionally-focused, independent public interest research organization, began investigating regional funding for metropolitan attractions. Their final report released a year later, *Building a Metropolitan Foundation for Culture and Recreation: A Blueprint for Action*, recommended a regional sales tax be established for the bi-state region to support metropolitan attractions. Meanwhile, the regional government body for Kansas City, the Mid-America Regional Council (MARC), formed a Regional Amenities Task Force that was charged with investigating methods of supporting cultural organizations. Shortly thereafter the two organizations aligned and began advocating for a metropolitan cultural district funded by a regional sales tax.¹¹²

Obtaining legislative authority for a bi-state metropolitan sales tax was a lengthy and complicated task. Early on, the regional tax idea found political support from Missouri

¹¹² MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.3

Senator Harry Wiggins, who introduced legislation in 1987 enabling Jackson, Clay, and Platte counties to create a bi-state regional taxing district. The legislation stated the tax district could only be created if Johnson and Wyandotte Counties in Kansas participated. Similar legislation in the Kansas legislature failed the same year. Significant political resistance to the tax district idea in Kansas led to detailed governance analysis of the potential district, and public and political lobbying. The Greater Kansas City Chamber of Commerce and the Overland Park¹¹³ Chamber of Commerce began to champion the concept and in 1991 the Kansas legislature passed similar legislation giving authority for the district to be created. After two more years of negotiations both state legislatures passed identical legislation that authorized the creation of a Metropolitan Cultural District with the authority to levy up to a 0.25% sales tax. The new tax had to be approved in each county by voters and the legislation required Jackson County in Missouri and Johnson County in Kansas, the two counties with the highest population, to approve the district in order for the district to be created. Finally, the last legislative barrier was removed in 1994 when the US Congress approved an interstate compact, a constitutional requirement for states entering into interstate agreements.

While enabling authority was being established, MARC continued discussions on governance structure and allocation of resources. As well, MARC was active doing background research on arts funding in other MSAs and in promoting the idea to the public through bringing in leaders from other cities and sponsoring public forums. Obtaining legislative authority represents only one of three key events that led to the creation of the Bi-State Cultural District. Political disputes over the use and governance

¹¹³ Overland Park is the largest city in the State of Kansas portion of the MSA.

of the tax revenues was fairly contentious. The following two events helped reconcile these disputes.

The history of the Union Station in Kansas City, Missouri is tumultuous. The second largest train station in North America, peak usage of the Union Station occurred in 1945 when 72,302 trains used the station each year. As other modes of transportation became more popular, use of the station declined and other uses for the site were proposed. The station was listed as a national historic site in 1972 in response to a publicly unpopular proposal to demolish the station and build condominiums on the site. Subsequently, hotels, office towers, shopping malls, an aquarium, a planetarium, a casino, and a jazz hall of fame were all proposed for the site during the 1970s, 1980s, and 1990s. Legal battles were common over the Union Station building. The City sued the Trizec Corporation who had bought the building and surrounding site because they failed to keep a commitment to restore the station. In 1994, Trizec agreed to transfer title of Union Station and pay \$1.5 million dollars to a non-profit corporation (Union Station Assistance Corporation) created to take ownership of the station. At the same time, public polling showed significant public support for renovating the station.¹¹⁴

The third piece of the Bi-state puzzle was the Kansas City Museum of History and Science. The museum wanted to move and had ambitious plans for grand participatory style exhibits. Public support for the museum was strong given the branding and lobbying efforts done by the museum. The museum started looking for a location in 1989

¹¹⁴ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session 4: An Inside View of How Kansas City Works: A Case Study of Bistate I, Union Station & Science City.

and initially dismissed the idea of moving into the Union Station. However, major funders of the museum relocation favoured the Union Station site and as a result the Museum entered into an agreement with the new non-profit owners of the Union Station.

The stage for the approval of the Bi-State Cultural District was now set. The public supported the idea of a new science museum and restoring the Union Station. However, the costs of restoring and adapting the historical building to a new use were substantial.

The original Bi-State Cultural District proposal called for a 0.25% sales tax with half the funds going to the union station project and half dedicated to a cultural RAD. However, the RAD half of the bi-state regional tax proposal was still mired in governance questions such as how the money would be disbursed, where geographically the money would be spent, and who would steer the organization that spent the tax revenues. In order to move forward, the RAD concept was dropped from the ballot question and the more discrete idea to use the bi-state tax to raise the \$118 million still needed for the restoration of the Union Station for Science City was put forward.¹¹⁵

A campaign was crafted led by prominent citizens from Johnson and Jackson Counties, the two counties required to participate under state legislation to create the bi-state taxing district. The campaign strategy focused on older voters who had memories of days when Union Station was at its peak. Messages about the importance of the historic asset, delivered by Walter Cronkite in television advertisements, were successful in gaining

¹¹⁵ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.4

support for the tax.¹¹⁶ After the governors of Kansas and Missouri each appointed task forces in each respective state to get the bi-state tax on the ballot, five of the seven largest counties located in the core of the MSA put the same 0.125% bi-state sales tax referendum on the November 16, 1996 ballot. Jackson County approved the district with a two thirds majority, Johnson, Clay and Platte Counties approved the tax with around 60 percent in favour. Wyandotte failed to approve the tax and Leavenworth and Cass Counties did not put the question on their ballot. Therefore, these municipalities did not participate in the Bi-State Cultural District.

The Bi-State Commission was established as the body responsible for overseeing the Union Station Project and expending the regional tax revenue. The commission continued their work of overseeing the Union Station master plan after the regional tax collected reached \$118 million and taxing power expired. The commission was established with 10 representatives: one from each of the four participating counties, one representative from each city in the participating counties with a population over 50,000 (4 members), and one representative appointed by the governor from each state. City and County representatives are elected officials chosen by their respective governing bodies.¹¹⁷

Developing public support was a key part of the Bi-State Cultural Tax success. Science City had been working towards this end as well as justifying the expensive participatory

¹¹⁶ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.7

¹¹⁷ MARC, 2000 Discussion of the BiState Commission, and the process for ending the first BiState cultural tax and approving a possible second BiState Cultural Tax, p.1.

exhibits for the new museum since 1989, by creating sample exhibits for residents to experience. The museum also formed a volunteer council that assisted with fundraising and promotion of the museum.¹¹⁸ Public support for the bi-state cultural tax was created through campaigns and advertising. The groundwork was laid with intensive public participation in studies, task forces, reports, needs assessments and cultural planning for the metropolitan area done by Kansas City Consensus and MARC. Support and leadership from the local and regional Chambers of Commerce was key in providing leadership, financial support, and demonstrating that the business community of the region was behind a regional sales tax proposal. Strong local leaders with public profiles were chosen to lead task forces that promoted the concept of a regional cultural district. Support for the tax was won, particularly among seniors.¹¹⁹

Resistance to the regional tax came predominantly from counties in Kansas. Wyandotte County voted to not participate in the taxing district. The RAD concept was dropped due to concerns from predominantly suburban Johnson County about too much money going to the concentration of cultural assets in Jackson County where the downtown district is located. This accounts for the relatively quick passing of legislation in Missouri and the hesitancy of the Kansas legislature. Again, the support of local and regional Chambers of Commerce was influential in gaining political support for the tax. Raising taxes is unpopular among most politicians, but a public vote authorization displaces some of the political volatility.

¹¹⁸ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.5

¹¹⁹ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.7

Two previous attempts at levying a property tax to restore the Union Station were defeated by voters. The first was an attempt by Kansas City, MO and the second was an attempt by Kansas City, MO and Jackson County. The combination of the cost being spread over the region was more attractive to taxpayers in Jackson County.¹²⁰

The regional sales tax expired in 2002 after raising the required \$118 million to finance renovations to the Union Station but there were further attempts to start a regional asset district and renew the regional sales tax. Known as Bi-State II, the proposal did not make it onto ballots for a variety of reasons. Funds collected from the tax were proposed to be earmarked for cultural groups and major sports facilities. Funding for the latter assets required legislative changes that the Greater Chamber of Commerce lobbied successfully for. A plan was created for a 1/8th of a cent sales tax to be raised from only five counties over a period of 20 years. Half of the projected \$736 million to be raised would be used to renovate the football and baseball stadiums and build a new soccer stadium. All three teams were using facilities in Jackson County but the soccer team wanted to build a new facility in Johnson County in suburban Kansas City. There was also controversy surrounding the use of public funds to enhance sport facilities and build new ones when private, profit-generating sports teams were the primary users and financial beneficiaries. Members of the arts community advocated for dropping the sport facilities from the RAD model if doing so would reduce the political baggage that followed the tax. However, the new soccer facility in Johnson County was key to that county's support for the RAD as it

¹²⁰ MARC, Unpublished Proceedings from Kansas City Tomorrow Conference, December 14, 2005 Session p.6

meant increased investment in that area. Further complicating the Bi-State II proposal was that Kansas City was experiencing a general economic slowdown creating an unfriendly political climate for renewing the tax.¹²¹

¹²¹ Kansas City Star, No bistrate vote this year, July 19, 2002.

4.4 Key Informant Interviews with Regional Asset District Representatives

Three informants from Pittsburgh, Denver, and Kansas City were interviewed to gain a first hand perspective on the operations of RADS. All three participants had at least 10 years of experience working with either a RAD or in a regional council.

The challenges in establishing a RAD were numerous in all of the jurisdictions. One of the key challenges identified was establishing a new tax and the redistributive nature of the tax. One informant stated that a dedicated tax is the greatest obstacle for RADs being replicated in other jurisdictions.

A lack of trust in inter-jurisdictional arrangements was noted by informants in all three of the cities. There was concern in two jurisdictions that politicians do not trust another government to make spending decisions, particularly given the redistributive nature of the RAD. It was difficult for the public to trust another jurisdiction with “their” tax revenues and there were public and political sentiments that taxes raised in one municipality should be spent in that municipality with the associated accountability of spending decisions.

For this reason the governance model of the RAD is extremely important. One participant placed importance in including a veto power in the legislation so no one municipality could dominate the decision making process. Accountability mechanisms such as reporting were recommended as being important to alleviate political mistrust and to increase spending and decision making transparency to the public. Turning the control

of the funding decisions over to a separate governing body made up of citizen appointees was a result of this mistrust in one jurisdiction. However, one respondent warned that a balance must be struck between accountability mechanisms and being seen as too bureaucratic.

To overcome the barriers associated with raising taxes, the informants stressed the requirement to articulate a compelling regional need. One participant noted, "Voters will support tax increases but they need to be for very clear and compelling public purposes"¹²² The proposal should strike a fine balance between meeting a broad regional need while satisfying local self-interest, and be a 'win' for the region and for the people in their own municipality. The details of a RAD are extremely important and must be thoroughly researched and clearly communicated to the public and politicians. Informants stated that the campaigns to establish and renew a RAD require significant investment of money and resources to create a political machine to advertise, market, and brand the RAD.

Another way to overcome the mistrust and the tax issues are time limits for the organization or tax. Time limits can ensure that the RADs remain dynamic in meeting the needs of the public. Governance issues can be addressed at times of renewal or after a specified time period, as written into legislation. Frequently, the drawback to reviewing the governance of the RAD is a great deal of time and resources needs to go into reviews.

¹²² Interview #11

Once the above are dealt with a champion is then required with energy, will power, leadership and resources to move the project forward. All of the informants were clear that establishing a RAD requires hard work over a long period of time. In all jurisdictions the mayors of the central cities and chambers of commerce were key leaders in establishing a RAD.

Informants were questioned whether they thought different types of regional assets than those included in their RAD could be used to create a regional asset district. There was consensus that other assets were appropriate but that they should be related to improving the quality of life for residents in the region, rather than providing essential services. The type of asset would be determined by the needs of each region but would have to relate to a strong compelling regional need to gain widespread support. One participant noted that cultural assets are a logical choice for a RAD as they help define a region and thus are more easily supportable.

Sport facilities were raised as a complex and volatile asset to include in a RAD due to the politics and cost involved. The main concern rises from using public funds to support facilities that private sports teams were using to generate profits. One participant characterized the relationship as a dichotomy of citizens loving their teams but not wanting to subsidize their operation with public funds. Another concern is that major sport facilities are expensive to build and maintain, and could represent a large portion of a RAD's budget. Finally, if siting of sport facilities is involved, there are often very strong competing actors and interests, which make the issue very political.

Informants felt that the value and effect of a RAD regarding regional governance was very positive. One informant felt that a RAD had huge positive political and psychological impacts. Some of the outcomes have been increased cooperation between county and city governments around exploring service-sharing agreements. The RADs act as a role model for regional cooperation in their regions and “help a community express its highest ideal for itself”.¹²³

4.5 Summary and Analysis

All of the cities profiled are non-comprehensive and extremely fractured from a governance perspective. To facilitate service delivery to the metropolitan regions all of the cities profiled have regional councils. This is not surprising given that the Federal government in the United States will only flow transportation and economic development funding through these organizations. It is important to note that the regional councils are a voluntary organization and the plans produced are not binding on any of the municipalities. The cities profiled also had strong degree of civic regionalism, non-governmental regional economic development and civic-minded organizations, which were instrumental in establishing the RADs. Without these strong leaders and champions it is doubtful that the RADs would have been successful.

¹²³ Interview #11

METROPOLITAN AREA	TOTAL LOCAL GOVERNMENTS	POPULATION LIVING IN CENTRAL CITY
Pittsburgh	418	14.8%
Denver	74	21.9%
Kansas	182	34.6%

Table 4.4 – Local Governments and Percentage of Population in Central City by MSA

Source: Orfield 2002, p.134

The range of assets covered by the RADs was fairly broad. In summary, libraries, regional parks, cultural assets, and sports stadiums were the types of assets funded. None of the US cities had the same list of assets and the only asset covered in all the districts was cultural institutions. The choice of assets for the RADs came from the unique situations and needs of each of the communities.

A benefit noted in all three of the US cities examined was the positive economic development that the RADs had on the region as a whole. Fiscal inequities were addressed by the RADs as well, as all of them had a redistributive effect that favoured the central city. Further, the RADs were successful in improving the quality of life for citizens of the metropolitan areas by increasing the accessibility of the assets with reduced or free admission programs. The reduced or free admission programs were important to help balance complaints against the redistributive effects, and marshal public support.

Establishing a RAD was not an easy process in any of the city-regions examined.

Participation in the RADs was voluntary and did not always include the entire region.

Almost 100% of the Denver MSA participates in the SCFD whereas in Kansas only 75% of the MSA participated. All of the RADs took at least two years to become established and required more than one legislative attempt to establish enabling legislation. In addition, all the RADs operated outside of government control and decision making. However, all of the RADs had some representation in the form of a State Governors official appointed to the governing board. In Denver and Pittsburgh the governance bodies of the organizations were citizens, appointed by the member political bodies. In all three city-regions voters approved a horizontal tax sharing model where an additional sales tax was levied through referendums to fund the RADs.

In summary, two key themes emerged in terms of establishing and maintaining RADs: identifying compelling regional needs and creating a decision making process that promotes trust and accountability.

CHAPTER 5 – Fiscal Regionalism in the MCR

5.1 Fiscal Regionalism in a Winnipeg Context - The New Deal

In 2003, then Winnipeg Mayor Glen Murray unveiled his New Deal for reforming the financing of municipal government for the City of Winnipeg. The New Deal proposed a major reorganization and diversification of revenues for the municipality. It involved vertical tax shifting, tax increases, and increased transparency in taxation by linking revenues to specific expenditures. An evaluation of the New Deal proposal has value for this practicum as tax policy represents a form of proposed governance.

The New Deal was proposed in part to respond to the fiscal crisis that faces most cities in Canada. In Winnipeg, at the time the New Deal was being promoted, there was a \$188 million infrastructure deficit (the difference between the amount of money needed each year for the City to maintain and improve infrastructure and the actual amount being spent on infrastructure) and an infrastructure debt of almost \$2 billion.¹²⁴ One reason purported for the infrastructure deficit is that since amalgamation in 1971 the City of Winnipeg has been dominated by suburban interests and thus more investment in the expansion of outlying infrastructure.¹²⁵ Provincial and Federal policies also have contributed to the expanding unsustainable suburban form of Canadian cities through housing programs and subsidies to new home buyers.¹²⁶

¹²⁴ City of Winnipeg, Report on Public Consultation, Jan 2004, p 11.

¹²⁵ Axworthy as quoted in Sancton 2001, p546.

¹²⁶ Leo 1995, p 27, 28.

The New Deal proposal from the City of Winnipeg purported the following new taxes:

- a 1 percent City sales tax, plus a 0.5 percent share of the existing provincial sales tax;
- a 5 cent per litre fuel tax, plus 5 cents per litre from the existing federal fuel tax;
- a 7 percent liquor tax;
- a \$1 per bag garbage fee;
- a doubling of frontage levies;
- a 7 percent natural gas and electricity utility tax;
- a 70 cent fee for phone lines per year;
- a 7 percent hotel tax.

In addition to these new taxes, the City of Winnipeg proposed to reduce or eliminate the following taxes as part of the New Deal:

- a 50 percent reduction in property taxes;
- the elimination of the business tax;
- the elimination of the amusement tax on sports and entertainment events;
- a 50 percent reduction in transit fares;
- recreation fees would be frozen at a quarter of the actual cost of providing the service.¹²⁷

The New Deal represented a major tax shift with major regional implications that forced the provincial government and surrounding municipalities to assess the spill-over effects of the proposal. Perhaps the two pieces of the New Deal with the greatest regional and political consequences were the proposed 5% city gasoline tax and 1% city sales tax. The gas tax would have been charged on fuel purchased within the City and revenues would have been applied directly to offset Winnipeg's infrastructure deficit. A sales tax was proposed that would have been tied to economic growth and which would have captured revenue from tourists and people living in the peri-urban zone around the city and making purchases in the City.

¹²⁷ Thomas, 2003

Opponents of the new taxes argued the gas tax and sales tax would push business outside the city limits to take advantage of the lower taxes and close proximity of the Winnipeg market. Further, these businesses would then cause existing fuelling stations and businesses on the fringe of the city to fail, exacerbating the effects of ex-urban sprawl. The implementation of any tax will have such a distorting effect to the economy, but it is important to note that there are many urban settlements, that straddle political borders with differential tax rates which still continue to prosper. For example, Flin Flon Manitoba and Creighton Saskatchewan, Lloydminster Alberta and Saskatchewan, or Fargo North Dakota and Moorhead Minnesota are all examples of regions that straddle municipal and provincial/state lines. Indeed, in Kansas City a regional sales tax was levied in two separate states and demonstrates that complicated cross-boundary RADs are achievable.

As part of the analysis preparatory to the New Deal, the City of Winnipeg carefully costed each civic service. The revenues and expenditures were then explained to the public under the existing taxation framework and compared to the New Deal Framework. By simply providing this information the transparency of local government has increased. The proposed New Deal would have further increased transparency by directly linking taxes and levies collected to specific expenditures. The transparency and the linking of taxes to expenditures may be instrumental in successful fiscal regionalism and, in particular, in the case of Regional Asset Districts, to build trust within the MCR and provide accountability to the public.

When the New Deal was proposed, a large-scale public consultation program was launched. It involved expert speakers from across North America, town hall meetings, community workshops, individual input, and public polling. The data collected from this exercise can be very useful to this practicum. It can be used to gauge the public will for tax shifting, taxation levels, and views on the infrastructure debt and deficit. While the input is primarily from citizens of Winnipeg, and did not necessarily include the other municipalities that make up the MCR, it still is useful because the City of Winnipeg represents 87.1% of the regional population and 55% of the Provincial population.

The public opinion polling of City of Winnipeg residents, completed at the end of December in 2003 as part of the consultation strategy for the New Deal, demonstrates that there is a public will to change the status quo with regards to promoting the City and economic development as well as the funding of infrastructure. 77% agreed that Winnipeg needs to make some radical changes if it is going to attract and retain people and 57% agreed that the way things are going, Winnipeg will continue to fall behind other cities. 60% of Winnipeggers rated the state of infrastructure in relatively poor condition and 87% of Winnipeggers thought it was important that the City invest more to repair/upgrade infrastructure.

With respect to taxation, only 36% of Winnipeggers agreed that the current system of property taxation is fair and does not have to change. Winnipeggers were also clear during the New Deal discussions that they felt overtaxed already and that additional revenues for infrastructure renewal and maintenance should be found through

reallocation of taxes collected by all three governments: “While some modest increases in taxation might be tolerated, changes to the current taxation system would be met with much less concern if the net result showed a zero increase in overall taxation.”¹²⁸

Winnipeggers also wanted assurances that if the tax base was broadened through tax shifting, those revenues would be used for their promised purpose if dedicated. Therefore, they were willing to embrace tax shifting so long as the result was seen as equitable and accountable. 59% supported, in principle, a shift from property taxes to other forms of taxation and fees.

83% of Winnipeggers were clear that residents of the MCR that utilize services in the City of Winnipeg should help pay for those services. When Capital Region residents were polled during the RPAC review process, 38 per cent strongly agreed or agreed completely that non-Winnipeg residents should be required to pay **more** than Winnipeggers to use recreational services.¹²⁹

There is effectively a strong support for a RAD in Winnipeg. 87% agree that a portion of current sales tax revenue should be used to support services that benefit both residents and visitors, such as policing, roads, arts, entertainment, and culture, etc.

5.2 RAD Precursor in the MCR – Pan American Games

There is precedent in the MCR for a type of Regional Asset District. In 1999, Winnipeg played host to one of the largest ever multi-sport events in North America, the Pan

¹²⁸ City of Winnipeg, Report on Public Consultation, January 2004, p.17.

¹²⁹ Probe Research 2002, p.9 emphasis added.

American Games. Winnipeg was physically unable to host this major event without the use of surrounding communities and their assets. Equestrian events were held at Bird's Hill Park in the RM East St Paul, baseball in Town of Stonewall , and softball at the Blumberg Softball Complex in the RM of Headingley. Outside the MCR Brandon, Portage la Prairie, Gimli, Minnedosa, Carman and La Riviere also hosted events for the Games.

It can be argued that the Pan Am Games Society acted as a special purpose RAD. It coordinated improvements to recreational infrastructure throughout the Capital Region by leveraging funds from the three levels of government for a limited period of time. These funds were used for one time upgrades or new buildings and do not cover the maintenance and enhancement of these facilities.

5.3 Winnipeg Chamber of Commerce

The Winnipeg Chamber of Commerce (WCC) is active in advocating for economic development strategies. In 2005 they released a report called *Selling Winnipeg to the World* citing increased global competition of city regions as a need for a coordinated economic development partnership. The focus of the report is to “bolster the pro-active selling of our city as a place for business relocations and expansion.” Specifically, it recommends establishing a partnership with the City of Winnipeg to work with all levels of government and stakeholders to develop a plan and launch initiatives that promote economic growth. This partnership should seek to address four needs: the need for a long-term plan, the need to elevate the importance of sales and marketing of the City, the

need to have an accountable driver, and the need for increased funding targeted at marketing Winnipeg.¹³⁰ The Winnipeg Chamber of Commerce's vision for the City of Winnipeg is, "an aggressive city that pursues opportunities consistent with its economic strengths, a city that attracts and retains youth looking for exciting opportunities in the new economy, a city that creates jobs with increasing incomes for Winnipeggers."¹³¹

The Winnipeg Chamber of Commerce studied the successful regional economic partnerships that exist in other similar cities (Halifax, Omaha, Nashville, and Tacoma). The Chamber of Commerce specifically recommends that any partnership in Winnipeg be regional and include, "participation from municipalities and business in the Capital Region."¹³² WCC recommends that, "...any process that involves economic development, must have strong private sector engagement. It is also important to look at what other jurisdictions are doing and why they are achieving success. Lastly, all the input and the research must be brought home and placed into a local context with consideration of current stakeholders, budgets, and activities."¹³³

In its policy paper on a New Deal for Cities the WCC recommended as follows:

"Consider any tax shift or infrastructure plan as part of a comprehensive Capital Region strategy, addressing tax equity, economic development, planning co-ordination and strategic regional infrastructure investment."¹³⁴ The Chamber also recommends

¹³⁰ Winnipeg Chamber of Commerce, *Selling Winnipeg to the World*, p. 2.

¹³¹ Ibid, p 3.

¹³² Ibid, p.21.

¹³³ Ibid, p. 6.

¹³⁴ Winnipeg Chamber of Commerce, *New Deal Policy Paper*, <http://www.winnipeg-chamber.com/pdf/policy/new/New%20Deal.pdf> Accessed Oct 23, 2006.

implementing a municipal sales tax in the Capital Region to be collected by the provincial government (with capping of the level through legislation, and to allow an increase only by referendum).

5.4 Manitoba Capital Region Key Informant Interviews

5.4.1 Current State of Regional Governance

Key informants were almost unanimous that regional governance was going to improve in the future and can be best summed up by one person's comment: "Anything would be innovative to us because we are in a model that is a throw back."¹³⁵ One participant felt that annexation or amalgamation was the only method of achieving improved regional governance. The participants felt in general that the level of regional governance was very low and that very little progress had been made over the last 25 years.

RMs are beginning to need urban services as the residential development continues and this represents an opportunity to form relationships, build unity and advance citizen and community interests. The service sharing request for proposals from the City of Winnipeg was noted a strong first step towards building better relationships with rural municipalities. As well, the Red River Infrastructure Committee was regarded as a successful regional collaboration that had promising opportunities for expansion.

Participants stated there was "huge potential" for convening a Capital Region Advisory organization of non-political experts to undertake city-regional activities such as

¹³⁵ Interview #1

organizing forums and guest speakers to discuss models, policy setting, and conduct longitudinal research.

5.4.2 Barriers to Enhancing Regional Governance

The history of the MCR is one of the barriers to regional governance. In particular the Additional Zone still remains a palpable issue for the region. There is a perception that the City used the zone as a dumping area for undesirable uses and was not particularly concerned with planning for the area. The ‘ad zone’ was characterized by one informant as a “huge mistake” and felt it had really damaged potential for cooperation because the impacts have still not been dealt with appropriately: “It just seems like people have too long a memory, you know back in 1921 this happened and ever since.”¹³⁶ Another informant felt that the effects of the Additional Zone were starting to diminish and will continue to diminish as time passes.

One of the barriers cited was a regional culture of “us” against “them”. This culture of scepticism was noted on both sides of the City of Winnipeg border whereby the City could not trust the other Capital Region municipalities and, conversely, they could not trust the City. Another informant used the terms “big brother” and “perimeteritis” to describe the relationship between the RMs and Winnipeg. The rural view of Winnipeg is that it wants all the development, and Winnipeg’s view of the RMs is that they are draining Winnipeg of its population and resources. One participant stated, “There are some interesting models out there but I don’t think that any of that can happen without

¹³⁶ Interview #4

that sense of trust and a sense that you are moving together in the same direction.”¹³⁷

This type of relationship was noted as undesirable from an economic development point of view and could be somewhat attributed to the lack of knowledge municipalities have of one another’s plans.

Another cultural difference in the Capital Region is the rural/urban cultural divide. One participant noted that, “even though they (East St. Paul) are developing these large suburban corporate subdivisions, the attitude on Council is still largely rural.”¹³⁸

However, another participant noted that as Capital Region RMs continue to develop, councils are being challenged by their citizens with demands for more and higher level services, such as a paid full-time fire departments with modern equipment. As a result, there is an opportunity to advance regional governance as Councils seek out solutions to the demands of increased development.

The pattern of development was noted by several informants as a barrier to advancing regional governance. The differential between urban and rural municipality mill rates and the competition for development was noted as a source of this competition. Until the mill rates can be equalized there is little opportunity for regional cooperation. There was a sense that people living in the RMs were using City of Winnipeg services without having to share the cost. Regional planning was frequently noted as a way to reduce intermunicipal competition and service and tax sharing were noted as methods of reducing mill rate differentials.

¹³⁷ Interview #4

¹³⁸ Interview #5

An issue raised repeatedly in the interviews with Capital Region informants is the lack of leadership in the Capital Region. There was not a strong sense of leadership emerging regarding establishing Capital Region wide governance. One participant stated, with regard to advancing regional governance: "I don't see any real strong champions out there. We need champions on both sides to drive this thing forward".¹³⁹ Another informant expressed hope that municipal elections would bring new blood to the Councils of the Capital Region and potentially bring leadership and fresh ideas to the table.

As well, a greater sense of a Capital Region identity for politicians and citizens of the region was stressed as important. One respondent felt there was a lack of a sense of commonality with other municipalities in the Capital Region, especially when at opposite sides of region: "Right now the Capital Region municipalities don't recognize their common interests. So you need to find some way of defining their own interests and why they should care about one another."¹⁴⁰

With regard to leadership, one informant stressed that individual personalities can present a barrier to effective cooperation and another informant suggested the dynamics of regional politics would be more cooperative if more women were elected to councils. Without a formal structure in place and the ad hoc nature of Capital Region planning MCR informants noted that the personalities of the politicians and the administrative personnel of the Capital Region could be a barrier to advancing regional governance.

¹³⁹ Interview #1

¹⁴⁰ Interview #8

Participants pointed to threats made late in 2004 by former City of Winnipeg Mayor Glen Murray and Councillor Peter DeSmedt regarding annexation and amalgamation as harming capital region relations.¹⁴¹

The Province was noted as being a necessary catalyst in bringing the region together coupled with leadership from both the City of Winnipeg and the Capital Region. One informant felt that the Province has struggled both politically and administratively to demonstrate leadership in the Capital Region. Another stated that the province has to provide more incentives for acting as a region. At the same time, the Capital Region has to become an important issue for the City of Winnipeg, and traditionally it has not been a priority for Winnipeg.

The boundaries of the municipalities and the MCR were noted as a barrier to advancing regional governance. Political boundaries were based on old forms of transportation and economic relationships, and do not reflect natural commutersheds. However, informants recognized that “people don’t like change” and only one participant felt that the boundaries of the Capital Regional should be adjusted.

The perception of “Red Tape” and the current ideological climate toward reducing taxes were noted as a barrier to achieving regional governance. The City of Winnipeg recently released a report with recommendations to reduce bureaucratic red tape, and politicians in general are wary of raising taxes unless for a carefully justified reason.

¹⁴¹ Welch, 2004. “Annex city’s outskirts”, “Takeover idea has reeves fuming”, “Reeves tell councillor to quit”, *Winnipeg Free Press*.

Finally, several informants responded that there was a lack of resources to advance regional governance. Municipal politicians are too busy with local matters to build a regional consciousness. Provincial government resources are limited and could be reorganized to place a greater emphasis on the MCR. In addition, it was also noted during the interviews that there is sometimes a lack of administrative, political, and professional expertise/capacity to explore innovative approaches to regional governance and implement some of the tools currently available.

Most participants agreed that enhancing regional governance would not likely be achieved by creating additional layers of government. One participant felt strongly that there were already too many “levers of government” and creating more would just add levels of unnecessary bureaucracy and potential for conflict. Another informant felt that better use of tools in the regional governance toolbox such as tax sharing, service sharing, tax increment financing, and special districts would be appropriate before exploring other methods of governance. Another informant felt that a crisis might precipitate more cooperation.

5.4.3 Models for Regional Governance

Several examples of regional governance and tax sharing were identified by key informants as potential models that could be applicable to the MCR. The Metro Denver Economic Development Corporation, spearheaded by the local chambers of commerce in the metropolitan Denver area, was noted as “a great model” because it focuses on

economic development of the entire region. As readers will recall, this organization offers a “one stop shop” for potential businesses to locate in the metro area by promoting the strengths of all its members. It didn’t matter where the economic development opportunity was located in the Metro Denver region, just as long as the Metro Denver area was the region of choice. An informant also noted that Capital Region municipalities would potentially participate in such an arrangement, as they could see some economic value in such an agency, marketing the region and all its strengths as a whole, rather than competing with each other.

The tax sharing model in Minneapolis was noted as a “great model” by one informant. This model pools a percentage of tax base growth and redistributes it according to municipal financial need and population. The Minnesota Fiscal Disparities program, established in 1975, operates across 190 municipalities in the metro Minneapolis St. Paul area and is considered a best practice in reducing inter-community disparities region-wide and fostering cooperative economic growth. Chosen because it does not create a new taxing authority or challenge municipal autonomy, a portion of the growth in tax bases for commercial, industrial, and residential properties assessed over \$200,000 and associated tax revenues are redistributed across the region, based upon population and tax base.¹⁴²

The benefits associated with the Minneapolis St. Paul tax sharing model are many. By ensuring that all municipalities can potentially benefit from a commercial or industrial development in the entire region, this reduces the need for inter-municipal competition

¹⁴² Dodge 1996, p.164.

and encourages growth of the whole region. Older established built out neighbourhoods that suffer from stagnant or declining tax bases benefit from tax redistribution from growth in suburban municipalities. This tax sharing reduces the amount of competition between municipalities, balances fiscal disparities between municipalities, and eases concerns about annexation and amalgamation. Further, it leads to good planning decisions, more rational urban form, and supports regional assets in central municipalities.¹⁴³ This is not to say that this tax sharing model has not been without controversy. Indeed, it has been amended several times since coming into effect, but the fact that it has been established for over 30 years is indicative that the program receives significant political and public support.

As noted earlier, similar tax sharing models have been used in Manitoba. Informants most often noted the City and RM of Portage la Prairie tax sharing agreement, as well as the Pelly Trail tax sharing agreement, as examples of positive regional governance.

5.4.4 Strengths and Regional Assets

One of the research goals of this inquiry has been to determine what types of assets would be appropriate to include in a RAD if one was established for the MCR.

Informants were asked to discuss the strengths of the MCR as well as to rank a series of assets based on their opinion of whether the asset could be considered a MCR regional asset. The strengths noted by the informants are listed below:

- Transportation assets and central location in north America
- 24 hour airport well connected and easily accessed

¹⁴³ Miller 2002, p.112.

- Small size makes mobilization around goal possible
- Affordability
- Reasonably compact form
- Regional Parks and pathway system (Bird's Hill)
- Natural resources (beaches, lakes, water)
- Quality of life
- Broad range of land uses and opportunities
- Slow growth – time to build and plan
- Foodshed, skilled workforce, educational facilities, resource rich, water
- Strong vibrant urban municipality with diversified economy
- Capital region provides all types of living options from rural to urban
- Historical and cultural assets

The following table is a summary of what informants felt were MCR assets. About half of the participants asked for a definition of a regional asset and were informed that a regional asset could be a physical asset or organization that provided benefit to the residents of the Manitoba Capital Region. Several informants stated that the question was confusing because the current governance and jurisdictional responsibility-allocation for these assets influenced whether or not the assets could be governed by a regional asset district. In addition, some informants felt uncomfortable ranking assets. A scale where 1 is *questionably* a regional asset and 5 is a *clearly* a regional asset was used. The averaged results are in the table below, but are not considered statistically significant. They are more indicative than definitive at this stage.

'CAPITAL REGION ASSETS'	AVERAGE RATING
Air quality	4.9
Large scale wetlands	4.7
Arterial streets, truck routes, and highways	4.6
Airports	4.6
Waste disposal service	4.5
Landfills	4.4
Water and sewage treatment plants	4.3
Large scale parks	4.3
Museums and educational facilities	4.3
Libraries	4.1
Performance art organizations	4.1
Universities/Colleges	4.1
Health services/Hospitals	4.1
Drainage/Stormwater management	4.1
GIS data	4.0
Sports and recreation facilities	3.5
Sports and recreation organizations	3.4
Large scale recreational facilities	3.2
Police	3.2
Public transit	3.1
High schools	3.1
Correctional services/Prisons	3.1
Fire protection	3.1
Social housing	2.8

Table 5.1 - Rating of MCR Regional Assets by Key Informants

5.4.5 Managing regional assets

One participant noted that a regional economic strategy was necessary to begin developing a regional plan. Once this was in place several participants felt a RAD could work. There was support for managing environmental assets, as these are likely to become key in the future health and livelihood of cities in general. The reinstatement of the Greater Winnipeg Water and Waste District was one suggestion.

5.4.6 Barriers for tax sharing proposals

Many of the barriers to tax sharing proposals stemmed from a lack of trust in the MCR. Respondents were unanimous in stating that if a tax sharing proposal was not perceived as a benefit to all participating parties it would fail. It is important to note that several participants stressed that perception was key to this proposition and that some municipalities are not able to see the “forest for the trees”. To this end, one participant stated that any tax sharing proposal should be presented to politicians by their own administrative staff, as there is a higher level of trust. Informants also felt that tax sharing would be perceived as threatening the sovereignty of RMs. If tax sharing is perceived as annexation by another method, and/or threatens the autonomy of a municipality, the proposal would not be acceptable. Further, the proposal must be voluntary and not be seen as one municipality or the Province imposing a proposal on another municipality.

One way to ease the fear of, and unwillingness to consider, tax sharing proposals would be to couple it with service sharing. One informant felt that tax sharing and service sharing can be perceived as protection against annexation, as it demonstrates cooperation and a capacity to negotiate and plan together, while at the same time closing the mill rate gap.

In terms of regional consciousness, there must be a general sense of a positive benefit to each municipality over the long run or, “the understanding that maybe my particular municipality isn’t going to directly benefit this time but being part of the pooled whole

that is good over the long run”.¹⁴⁴ One informant felt that residents in bedroom communities had a responsibility to support regional assets and to recognize the needs of Winnipeg, and there has to be a realization that the majority of rural residential development in the RMs would not be possible without the close proximity to the City of Winnipeg. As the rural residential development requires services extended from Winnipeg, tax sharing represents a way for the City of Winnipeg to collect some revenues to offset some of the externalities associated with rural residential development. Other participants felt that the financial relationship is not completely one-sided, because the City still benefits from residents of the MCR spending money in Winnipeg.

The tax climate was noted as a barrier to tax sharing. Informants felt that there was very little tax room available and raising taxes would not be possible. Informants noted that tax sharing for commercial and/or industrial properties would be more acceptable than for residential development.

5.5 Summary and Analysis

Fiscal reform is not new to the MCR. The reaction to the New Deal proposal demonstrates that there is willingness to try fiscal regionalism in both the public and private spheres. The region has demonstrated that that it can cooperate on ad hoc economic development issues such as the Pan Am Games.

Key informant interviews revealed that the state of regional governance in the MCR is improving, albeit slowly. The history of past regional changes, namely Metro Winnipeg

¹⁴⁴ Interview #4

and the Additional Zone have created a protectionist stance on the part of smaller or rural municipalities. However, MCR relations seem to have been improving since the release of the RPAC report, as demonstrated by the City of Winnipeg inter-municipal service-sharing request for proposals and the cooperation on MetroQuest.

The research also revealed several barriers to advancing regional governance. There is still a lack of leadership, regional identity, and civic regionalism, no convening body has been created, a regional economic development strategy is lacking, and there is a hostile environment to additional taxation and 'red tape'. The final chapter of this practicum lays out how a RAD in the MCR can overcome these challenges and perhaps foster the emergence of a regional form of governance.

CHAPTER 6 – CONCLUSIONS

Planning cannot and does not operate in a vacuum. It is a value-laden process that must be responsive to long-term social, economic, environmental and political goals. Regional planning and governance rely heavily upon political realities, and on formal and informal structures. Effective planning and coordination of development offers a method of resolving conflict and guiding development for the benefit of all members in a region.

The need for regional planning is becoming more evident as Manitoba and its Capital Region struggle with social, environmental and economic challenges that are created by continued development within the region but with very little population growth.

Regional Asset Districts represent a way of simultaneously advancing regional governance, addressing important infrastructure decay, and promoting sustainable economic development of the region.

The purpose of this study was to explore the applicability of the RAD concept in the MCR. A variety of attempts at planning for the Capital Region have been made in the past, with a variety of different resource bundles allocated, with mixed results. Capital Region planning in Manitoba has progressed from an ad-hoc short-term problem-solving exercise to a genuine desire to improve the quality of life of Capital Region residents through quality long-term planning.

To determine if a RAD would be appropriate in the MCR context, the first question that this inquiry pursued related to the state of regional planning and governance in the region.

The research indicates the state of regional planning and governance is improving but is still hindered by past adverse experience with a metropolitan government and intermunicipal competition. Recent initiatives, such as the application of the long-range regional planning software MetroQuest, and the related potential development of a regional planning 'framework' for the MCR, are encouraging steps. Further, the City of Winnipeg's recent reversal of position and subsequent request for proposals to consider intermunicipal service sharing is also promising. On the other hand, research identified that aspects of the Metro Winnipeg decade in the 1960s, and especially the Additional Zone hold-over into the 1970s and 1980s, still permeate MCR relations. Fear and mistrust are common as RMs protect their boundaries, autonomy, and tax bases. Finally, there is a lack of civic regionalism that appears to be a prerequisite in all of the US jurisdictions with RADs.

The second research question entailed an investigation of other city-regions with RADs, to determine the formal and informal types of government and governance in those regions. The research revealed key findings from these city-regions. First, all the regions examined were "non-comprehensive" in nature, with the regional population dispersed across numerous counties and other local governments. There was in each case a significant level of mistrust between counties and the public that took several years to resolve by creating a decision making process that promoted trust and accountability. Another key factor in mitigating some of the mistrust is that all of the RADs studied were voluntary. All of the city-regions had a regional council of governments as well as strong non-profit civic regional organizations that were instrumental in providing a forum for

discussion as well as the resources and leadership necessary to establish a RAD. All the city-regions also had strong support from the Mayors of the central city and their respective Chambers of Commerce.

This study also investigated which assets might be most appropriate to include in a RAD. The research indicates that assets which benefit the quality of life of all regional residents should be considered. The assets chosen should reflect a compelling regional need or interest. Cultural institutions were the most common regional asset funded in the US RADs. From research conducted on Kansas City and Pittsburgh, regional sport facilities used by professional private for-profit sports teams, should not be included in a RAD due to the high costs of these assets and the existing political controversy of publicly funding these assets. Therefore, in accordance with the results of MCR research, this study concludes that cultural assets, parks and regional parkway systems would have a high level of support in the MCR.

6.1 Recommendations

The third research question entailed an exploration of the applicability of fiscal regionalism, and more specifically a regional asset district, in the Manitoba Capital Region, as a means to advance regional governance. The establishment of a RAD in the MCR should be seen as a long range goal due to the barriers that exist to advancing regional governance. The level of regional planning and climate for fiscal regionalism is not adequate to support the creation of a RAD at this point in time. This study has revealed that there are many benefits to the region as a whole and the quality of life of its

residents that accompany a RAD. The promise of a RAD in the MCR can be a goal that brings the MCR players together to establish and develop civic regionalism and capital region leadership, to continue the planning work that has been started to identify a compelling regional need (i.e. a regional economic strategy), and to build the trust between partners that is required for a successful RAD. Should a RAD be established, the results of this inquiry provide a basis for encouraging the Province to provide resources for the establishment of a voluntary RAD in the MCR, initially with a dedicated portion of 0.1% of the provincial sales tax, for investing in a group of assets to be determined by the municipalities in the MCR.

6.1.1 Funding a Regional Asset District

Empirical research suggests that the greatest barrier to creating a RAD is the public and political resistance to additional taxation. Therefore, for starters, a vertical tax sharing program where one tenth of one percent of Provincial sales tax revenue generated from the Capital Region municipalities should be diverted to a RAD. In addition, participation in the RAD would require that there would be no reduction in existing municipal or provincial funding of a designated RAD asset. This would ensure that a new stream of revenue for the assets would be available, leading to an overall increase in funding (and prevent the feeling that some municipalities are subsidizing the budgets of other municipalities). For example, if the City of Winnipeg reduced funding to a RAD funded asset by the amount of the RAD grant, it would defeat the purpose of the RAD: the regional assets would be not strengthened; the infrastructure deficit would not be addressed; the economic development from strengthening that asset would not

materialize; and it would be perceived that the other MCR municipalities would be subsidizing the asset.

A benefit from using an existing tax to fund a RAD is that a campaign to marshal public support to levy a new tax is not required. Further, it is recommended because *The Balanced Budget, Debt Repayment, and Taxpayer Accountability Act* requires a province wide referendum to raise existing taxes or to create new taxes. Dedicating a portion of the PST would also avoid having to create enabling sales tax legislation for municipalities. Provisions in both *The Municipal Act* and *The City of Winnipeg Charter* permit service sharing and tax sharing between municipalities, but not the levying of sales taxes.

Recent discussions regarding lowering the provincial sales tax by 1% report that such a move would cost the government \$150 million in revenue. It is estimated that the MCR accounts for 67% of the province's gross domestic product. A rough estimation of revenue from of a 0.1% sales tax in the MCR would produce about \$10 million for the RAD to spend on Capital Region Assets. If an economic return on investment was achieved similar to that experienced in Denver (14 to 1), the RAD would generate \$140 million dollars in economic activity in the MCR.

To appreciate the scale of potential revenue raised, a comparison can be made to other charitable funds in Winnipeg. For example, the Winnipeg Foundation services a region around the City of Winnipeg as well as the City. In 2005, the foundation provided a total

of \$16.2 million in grants. In the areas of Arts and Culture they provided \$1.8 million and for Recreation they provided \$700,000. An additional \$10 million dollars in a RAD would be a significant resource for arts, culture and recreation organizations to draw upon.

Diverting a small amount of the PST is recommended, rather than increasing a sales tax in the MCR. Creating a large tax differential between the MCR and the rest of the Province would increase the incentive for people to leave the MCR to make purchases. However, if the tax levied is only 0.1% the incentive to do this would be very small. On a grocery bill of \$100 the additional sales tax would be only ten cents. Even on large purchases such as a \$30,000 vehicle, a tax of 0.1% would result in the customer paying only an additional \$30 dollars. However, it is important to note that by diverting existing PST revenues, additional revenues, particularly from visitors to the region, are not generated. The same amount of money is being spent in Manitoba; it is simply being diverted from general government spending to regional assets. The Provincial government would either have to absorb the cost of this tax revenue transfer or find an alternative source of revenues.

6.1.2 Role of the Provincial Government

The role of the Provincial government is extremely important in the proposed RAD. Its role is to provide the resources for the RAD to develop and operate, including initial start up costs. Given the financial constraints of municipalities, it would not be realistic for them to cover such costs, and the momentum for establishing a RAD could falter.

Further, with regard to operations, the provincial government could commit to paying the

administrative costs through a grant of funds. The Province should avoid providing staff to operate the RAD, or trying to house the organization within one of their departments, as it would diminish the arms-length relationship from the senior level of government. Alternatively, if the administrative costs are not too burdensome, a per capita levy from each of the municipalities could be used to pay for these costs, with the caveat that the additional cost may be a deterrent to participation in the RAD.

6.1.3 Leadership

In all the regions where a RAD was established there was strong civic regionalism and leadership that took ownership in establishing the RAD. A first step towards creating a RAD would be to enhance civic regionalism in the MCR. A RAD is an economic development tool and those agencies responsible, or with an interest in economic development, should be involved. A meeting should be initiated with MCR organizations, for example, Community Futures Corporations, Destination Winnipeg, Neighbourhoods Alive!, neighbourhood associations, the Social Planning Council, the Manitoba and Winnipeg Chambers of Commerce, the United Way, universities, aboriginal economic development groups and economic development and tourism officers from MCR municipalities, to discuss how best to enhance the economic development of the Capital Region. A RAD proposal could be tabled at such a meeting as a potential future regional economic development tool and goal. Potential leaders for establishing a RAD from those assembled may be identified at this point. There is also value in bringing these regional stakeholders together to begin working towards a common goal in terms of capacity building and building trust in the MCR.

Political leadership has been critical in establishing a RAD in the US city-regions. In the MCR, the establishment of a regional partnership that is supportive of the RAD model could be a precursor to establishing a RAD. The City of Winnipeg, as the largest municipality in the region, would need to support the concept as well. Support from all political levels could be garnered by promoting a RAD as an economic development and revitalization tool that will enhance the quality of life for all people in the MCR and make the region more attractive for tourism and job creation.

6.1.4 Participation and Governance

The RPAC and this study both conclude there is a high level of fear and mistrust in the MCR regarding regional initiatives. For this reason, participation in a RAD should be voluntary to ensure that municipal governments are not forced into something they do not support. The incentive to participate would be that regional assets in their municipality would be able to apply for funding, and the municipality could appoint representatives to the Board of the RAD.

A governance model should be adopted that allows for local autonomy. This study recommends the three tier model for funding assets, similar to the SCFD structure in Denver. Local regional councils would be established to support smaller projects allowing a percentage of the funds to be distributed locally, according to local needs. However, tiers would be structured so that larger assets typically located in Winnipeg would receive a higher portion of the RAD funding thus creating a redistributive effect.

It is also recommended that all levels of the governance of the RAD be citizen-based. Public control of funding decisions makes the organizations more democratic and increases transparency by allowing citizens to direct their own tax dollars.

Adding new assets to the higher tiers should require almost unanimous approval to ensure that all members are in agreement with the direction of the RAD. This also integrates accountability and relieves fears that a particular group of municipalities cannot control and direct the resources of the RAD. Finally, as an additional check and balance, a veto power could be vested with the provincial government, as they are the senior level of government and are diverting a portion of the PST to the RAD. It is envisioned that the veto power would rarely if ever be used, and only in extreme cases.

Economic circumstances change quickly, particularly in a global economy. Therefore, similar to the requirements for development plans, a review of the RAD's governance should be completed every 10 years, to ensure that it is meeting the needs of the member municipalities and generating economic development. This review should have strong public involvement to ensure that needs in the community are being satisfied and that a regional consciousness is being promoted.

The RAD should have a redistributive effect, given the theoretical framework for fiscal regionalism and the intent to compensate the central city for carrying the burden of the majority of assets, or the larger assets, in the region. Without a strong urban centre surrounding municipalities would suffer from lack of employment opportunities and

reduced market growth. Dedicating a portion of the sales tax is recommended as it would generate revenue from visitors that could also potentially offset the redistributive effect of the RAD. If resistance is strong to the redistributive effect there are a variety of recommended measures to consider. For example, the Province could provide a grant to the RAD for distribution to the regional assets. Alternatively, the City of Winnipeg could be required to give extra money to the RAD as it would receive the most benefit from the RAD. However, such a grant should not cancel out the redistributive effect of the RAD. The Province could encourage participation by marginally increasing the Provincial Municipal Tax Sharing grants to those municipalities that participate. This latter suggestion would be consistent with the RPAC recommendation for the Province to play a proactive positive role in advancing regional governance.¹⁴⁵

Another method of balancing the redistributive effect is to encourage free access or programming. These programs have been successful in US cities with RADs in generating support for the asset district and combating the social costs of sprawl by improving access of the large regional assets for all citizens in the region.

To alleviate fears that something is being imposed on RMs, the decision regarding which types of assets are funded should be made by the MCR municipalities as a collective whole, i.e. an individual municipality cannot create their own category of assets for funding. That being said, the assets must be of a nature where every municipality can participate and share in funding/benefits. The type of asset funded is important for the

¹⁴⁵ RPAC 2003, p.75

participating municipalities to decide but must be acceptable to the Province - as they are effectively providing the funding.

The boundaries of the RAD should be flexible to include those municipalities that are part of the City of Winnipeg commutershed, should they wish to participate. Including these municipalities increases the effectiveness of the RAD; it would better capture the externalities associated with those living close to the City of Winnipeg, and benefiting from the assets and services located in Winnipeg. For example, the Winnipeg commutershed extends to the City of Steinbach which could decide to join the RAD. Conversely, the RM of Hanover, which surrounds Steinbach, could decide it is not in their best interests to participate, and not join the RAD.

6.2 Limitations and Opportunities for Future Research

Further research is required before a RAD is established in the MCR. A regional needs assessment would determine regional needs and potential assets that could be included in a RAD. A regional asset inventory would also be useful in determining which assets to include. This research indicates that cultural assets and parks and parkways would be good candidates for a RAD in the MCR. However, assets for a RAD should be explored in consultation with municipalities.

A closer examination of the various options for funding a RAD and their economic impacts should be undertaken to obtain a sense if the return on investment of the RAD in Denver would be of an equal scale in the MCR. As the sales tax revenue is existing, and

currently being spent in Manitoba, the impact of diverting the revenue to a RAD may not be as great.

The establishment of a RAD would be a political decision made by each of the municipalities. Accordingly, further research is required with political representatives of the MCR municipalities to assess their level of interest in a RAD.

6.3 Conclusion

Every region has unique challenges in advancing regional planning and governance. As city-regions physically expand, achieving fiscal, social, and political sustainability is further challenged. Large urban regional assets that benefit the region are threatened due to lack of funding. Regional governance represents a method of addressing these challenges and improving the quality of life for all citizens of the regions.

Many of the challenges that the Manitoba Capital Region faces are a result of structural regionalist intervention by the Province of Manitoba in the 1960s and 1970s. There is a sense of mistrust and fear amongst municipalities in the region, and towards the provincial government. Fiscal regionalism represents a way to advance regional goals without affecting the autonomy of municipalities. Establishing a RAD represents an opportunity for the region to work together towards strengthening regional assets, stimulating economic growth, and improving the quality of life for residents in the region.

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Allegheny Regional Asset District 2002, 2003, 2004, 2005

Denver Scientific and Cultural Facilities District 2002, 2003, 2004/2005

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Association of Manitoba Municipalities. www.amm.mb.ca/res_tools.html

Allegheny Regional Asset District. <http://radworkshere.org/>

Denver Scientific and Cultural Facilities District <http://www.scfd.org/home.shtml>

Campaign for Kansas City Regional Asset District
http://www.votebig.org/county_question_1.htm

Canada West Foundation <http://www.cwf.ca/>

Government of Manitoba, Capital Region <http://www.gov.mb.ca/ia/capreg/index.html>

Kansas City Regional Council <http://www.marc.org/>

Denver Regional Council of Governments <http://www.drcog.org/>

National Association of Regional Councils <http://www.narc.org/>

United State Census Bureau <http://factfinder.census.gov>

Winnipeg-Manitoba Capital Region Partnership <http://www.wmcrp.com/>

APPENDIX A – REGIONAL ASSET DISTRICTS INTERVIEW GUIDE

Introduction

I would like to speak with you today about your experiences with Regional Asset Districts.

- 1) What experiences have you had with Regional Asset Districts?
- 2) What were the challenges in establishing a Regional Asset District in your region?
- 3) What are the challenges in maintaining a Regional Asset District in your region?
- 4) Do you have any recommendations or suggestions for improving the governance of a Regional Asset District?
- 5) What are the effects of a regional asset district on the regional governance of the metropolitan area?
- 6) In your experience, do you think that a Regional Asset District would be possible with a different type of regional asset?

APPENDIX B – MANITOBA CAPITAL REGION INTERVIEW GUIDE

Introduction

I would like to speak with you today about your perception of the state of the Manitoba Capital Region in regards to regional governance for regional assets.

- 1) What experiences have you had with regional issues?
- 2) Were these experiences involving a couple of municipalities, several municipalities, or an entire region?
- 3) Were these experiences with several levels of government or sectors?
- 4) How would you describe your role in working through those issues?
- 5) Can you describe any inter-municipal, capital or service sharing arrangements in the Manitoba Capital Region that you are aware of or any time the region came together to secure, safeguard, or develop a regional asset?
- 6) Are there any innovative approaches in your opinion to better govern or manage, a region that could be applicable to the MCR now or in the future?
- 7) Are there any innovative approaches towards regional arrangements that could be applicable to the MCR?
- 8) What are the barriers to achieving innovative regional governance in the Manitoba Capital Region?
- 9) How would you describe the state of regional governance in the Manitoba Capital Region: historically, presently, and looking into the future?
 - a. Probe: Past, present, future; getting better, getting worse, more of the same?
- 10) What are the strengths of the Manitoba Capital Region that could be built upon?
- 11) How best could the governance capacity of the MCR be enhanced?
- 12) Are you aware of previous attempts involving forms of tax sharing (inter municipal property tax, or combination of Municipal, Provincial, and Federal tax sharing agreements) or other inter-governmental revenue-generating mechanisms in the Manitoba Capital Region? If yes, what were the strengths and weaknesses of these arrangements?
- 13) If a new tax-sharing proposal came forward, what might cause the proposal to fail, or succeed?

- 14) The following is a list of assets that might qualify as 'Capital Region assets'. Please rate them using a scale where, in your opinion, 1 is questionably a regional asset and 5 is clearly a regional asset:

'Capital Region Assets'	Rating
Large scale wetlands	
Arterial streets, truck routes, and highways	
Public transit	
Large scale parks	
Large scale recreational facilities	
Cultural institutions:	
- Museums and educational facilities	
- Libraries	
- Sports and recreation organizations	
- Sports and recreation facilities	
- Performance art organizations	
Universities/Colleges	
High schools	
Correctional services/Prisons	
Health services/Hospitals	
Airports	
Drainage/stormwater management	
Water and sewage treatment plants	
Waste disposal service	
Landfills	
Air quality	
Police	
Fire protection	
Social housing	
GIS data	

- 15) Do you have any ideas on how such assets could be better managed on a regional scale?

APPENDIX C – ETHICS APPROVAL CERTIFICATE



UNIVERSITY
OF MANITOBA

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APPROVAL CERTIFICATE

05 July 2006

TO: Stephen Walker (Advisor I. Wight)
Principal Investigator

FROM: Wayne Taylor, Chair
Joint-Faculty Research Ethics Board (JFREB)

Re: Protocol #J2006:085
"Advancing Metro-Region Governance: Exploring Fiscal Regionalism
via a Regional Asset District for Metro Manitoba"

Please be advised that your above-referenced protocol has received human ethics approval by the **Joint-Faculty Research Ethics Board**, which is organized and operates according to the Tri-Council Policy Statement. This approval is valid for one year only.

Any significant changes of the protocol and/or informed consent form should be reported to the Human Ethics Secretariat in advance of implementation of such changes.

Please note:

- if you have funds pending human ethics approval, the auditor requires that you submit a copy of this Approval Certificate to Kathryn Bartmanovich, Research Grants & Contract Services (fax 261-0325), including the Sponsor name, before your account can be opened.
- if you have received multi-year funding for this research, responsibility lies with you to apply for and obtain Renewal Approval at the expiry of the initial one-year approval; otherwise the account will be locked.

APPENDIX D – CONSENT FORM

Research Project Title: Advancing Metro-Region Governance: Exploring Fiscal Regionalism via a Regional Asset District for Metro Manitoba

Researcher: Stephen Walker, () ,

Advisor: Dr. Ian Wight, (204) 474-7051, jwight@cc.umanitoba.ca or ianwight@mts.net

This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more detail about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

Purpose of the Study

The purpose of this study is to provide recommendations relating to the potential of establishing a Regional Asset District in the Manitoba Capital Region.

Interviews will be used to obtain information from selected participants, including yourself. The study will consist of a series of interviews with informed consent with individuals from other cities familiar with Regional Asset Districts and individuals in the Capital Region of Manitoba with knowledge of the region. Each interview will be conducted with the same interview guide (approved by the Ethics Board at the University of Manitoba), and each interview will last no longer than one hour and a half. Each interview will be audiotaped and notes will be taken by the researcher for the purposes of reliability and analysis at a later date.

Consent

Only the researcher will have access to notes and audiotapes used during the interview. Data gathered may also be considered for future use in research papers. Data gathered will be securely stored in the home of the researcher, and will be destroyed following completion of the practicum. Once published, you will be made aware by email of how to access to the practicum report at the University of Manitoba library. If the data gathered is used in subsequent papers you will be made aware by email of how to access those papers.

Your identity will not be revealed in the practicum. This means that your name, your position, your organization's name, and any other information that would reveal your identity will not be included in the final report of this study. Any reference you make to individuals by name or position will remain confidential. No payment or reimbursement will be provided for any expenses related to taking part in this study.

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation.

If you have any questions or concerns after this interview is complete, please feel free to contact Dr. Ian Wight at (204) 474-7051, Department Head, Department of City Planning, Faculty of Architecture, University of Manitoba, Winnipeg, MB, R3T 2N2, or myself at ()

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact the above-named persons of the Human Ethics Secretariat at (204) 474-7122, or email margaret_bowman@umanitoba.ca. A copy of this consent form has been given to you to keep for your records and reference.

Thank-you for giving your time to participate in this interview. Your responses are very valuable to this research project and are greatly appreciated.

Participant's Signature: _____ Date: _____

Participant's Printed Name: _____

Researcher's Signature: _____ Date: _____