

A CANADA WEST FOUNDATION PUBLICATION

Dialogues

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What Do You Own
and
What Is It Worth?

Revitalizing The
City Centre

URBAN RENAISSANCE
FITTING THE PIECES TOGETHER

The Power of
Community





Our Vision

A dynamic and prosperous West in a strong Canada.

Our Mission

A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces, the territories, and all Canadians.

In 1970, the One Prairie Province conference was held in Lethbridge, Alberta. Sponsored by the University of Lethbridge and the Lethbridge Herald, the conference received considerable attention from concerned citizens and community leaders. The consensus at the time was that research on the West (including British Columbia and the Canadian North) should be expanded by a new organization.

To fill this need, the Canada West Foundation was established under letters patent on December 31, 1970. The first Canada West Council was elected in June 1973.

Since that time, the Canada West Foundation has established itself as one of Canada's premier research institutes. Non-partisan, accessible research and active citizen engagement are hallmarks of the Foundation's past, present and future endeavours. These efforts are rooted in the belief that a strong West makes for a strong Canada.

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Dialogues

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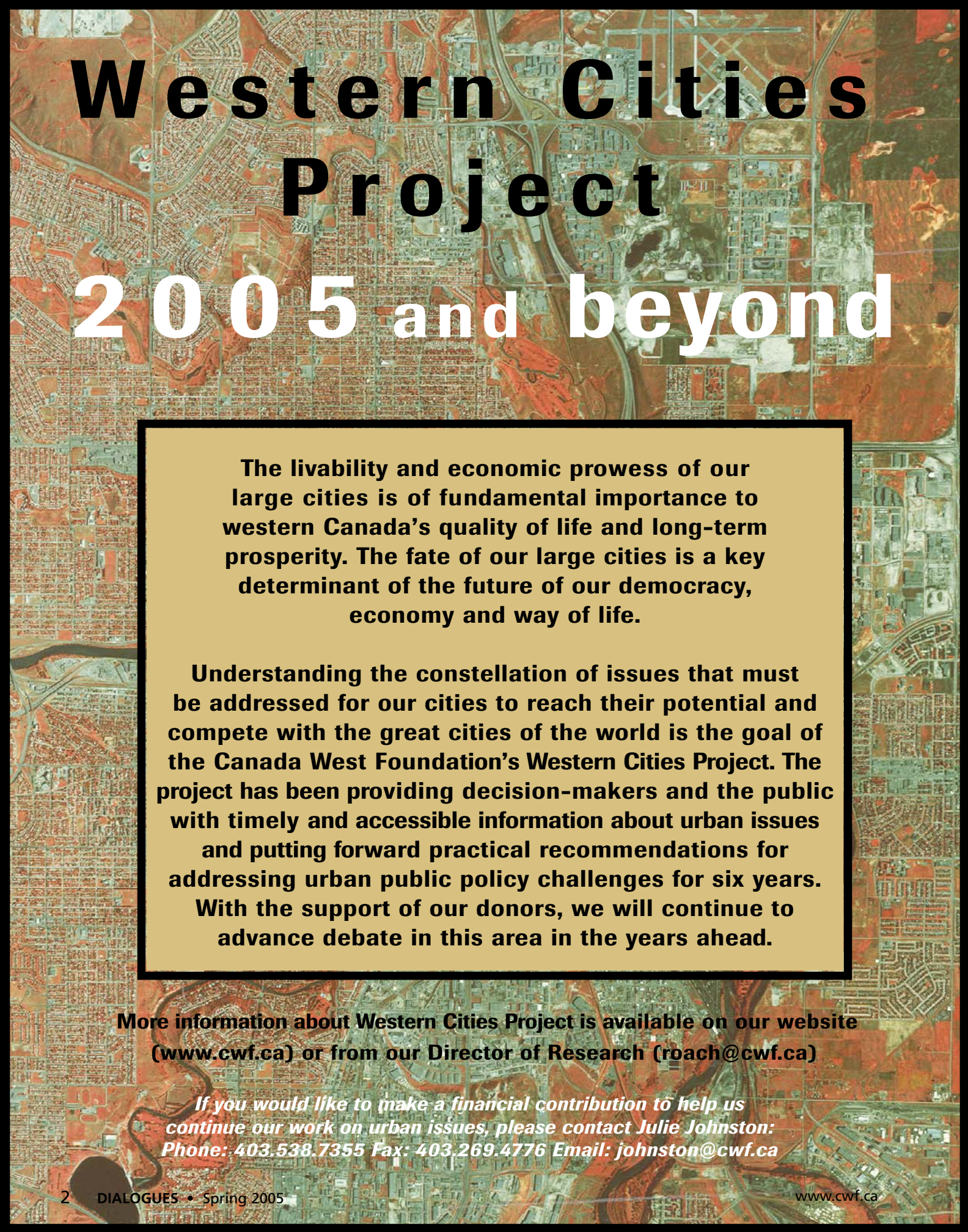
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Western Cities Project 2005 and beyond

The livability and economic prowess of our large cities is of fundamental importance to western Canada's quality of life and long-term prosperity. The fate of our large cities is a key determinant of the future of our democracy, economy and way of life.

Understanding the constellation of issues that must be addressed for our cities to reach their potential and compete with the great cities of the world is the goal of the Canada West Foundation's Western Cities Project. The project has been providing decision-makers and the public with timely and accessible information about urban issues and putting forward practical recommendations for addressing urban public policy challenges for six years. With the support of our donors, we will continue to advance debate in this area in the years ahead.

More information about Western Cities Project is available on our website (www.cwf.ca) or from our Director of Research (roach@cwf.ca)

*If you would like to make a financial contribution to help us continue our work on urban issues, please contact Julie Johnston:
Phone: 403.538.7355 Fax: 403.269.4776 Email: johnston@cwf.ca*

Letters to the Editor



I am most grateful that the Canada West Foundation is focusing some of its research efforts on the critical issue of land use planning. Land use planning has enormous implications with consequences that endure for an incredibly long time. Yet, this issue is not yet on most peoples' radar screens - which is all the more reason that I'm grateful you have identified it as an issue worthy of research and policy effort.

*Bob Hawkesworth
Alderman - City of Calgary*

I would appreciate an additional 15 copies for distribution to my staff. Congratulations on launching (*Dialogues*), which addresses some very timely issues.

*Barry Todd
Manitoba Deputy Minister of Agriculture, Food and Rural Initiatives*

(*Dialogues*) is an excellent forum for bringing western perspectives into the forefront of Canadian public policy issues. A public policy framework that properly manages Alberta's natural capital is important to achieving sustainable economic development. I congratulate (the Canada West Foundation) on an excellent publication.

*Rory Campbell
Deputy Minister - Alberta Economic Development*

I wish to congratulate (The Canada West Foundation) on the content of (the first issue of *Dialogues*) and on the essay by Roger Gibbins dealing with the seven themes necessary to bring about success.

I've long been associated with Ducks Unlimited Canada and I was particularly pleased to see the article (Are we penny wise or pound foolish?) by Les Wetter. For years DUC has been a champion in trying to convert Canadians to think of the value in our natural resources, and particularly to water and wetlands.

I encourage you and the Canada West Foundation to continue the good works in this area.

James Richardson

Letter from the Special Editor

Municipal "money matters" have pretty much gobbled up the last five years of my professional life here at the Canada West Foundation. As the lead pen on the Municipal Finance Initiative of the Foundation's Western Cities Project, there has certainly been no lack of issues to tackle.

Perhaps this is no great surprise. When it comes to public policy, it is those "money matters" that typically generate the most heat - whether among the media, between governments, or the voters.

But as this issue of *Dialogues* demonstrates, there is more - indeed much more - to the current Canadian urban agenda than dollars and cents. In many ways, the issue of municipal finance is only the means to an end - a necessary precondition for building world class cities in the northern half of this continent that offer a quality of life second to none.

The issue of municipal finance, then, is only one piece of a much larger puzzle. Whether we are talking of a new federal "deal" for municipalities, solving the infrastructure challenge, investing in urban social infrastructure, or making the case for new tax tools for Canadian cities, all point to a much larger picture. And, it is this picture of what Canada's urban places should and could become that injects so much energy into the current debate over the urban agenda.

As the national dialogue on the future of our cities continues to gather steam, more items will be placed on the discussion agenda. This puzzle certainly has a lot of pieces!

I hope you find this issue of *Dialogues* informative and intellectually stimulating. It is dedicated to highlighting some of the pieces of the larger puzzle. Inside you will find articles on the finance issues to be sure, but also new ideas on how to ensure more livable and attractive cities, from planning and designing "walkable" cities to the potential of architecture to revitalize and renew city cores and give them "pride of place."

On a personal note, it has been my distinct privilege to meet and also engage with many of those writing in this issue of *Dialogues*. They represent some of today's most forward thinkers on cities. I hope you will enjoy engaging with them as well.

Sincerely,

Casey G. Vander Ploeg
Senior Policy Analyst
Canada West Foundation



Bringing Urban Issues onto the PUBLIC POLICY STAGE



By Robert Roach

Canada West Foundation
Director of Research

Six years ago when the Canada West Foundation began its **Western Cities Project**, urban issues were not top of mind with public policy circles (notwithstanding their importance among municipal officials and urban specialists). Since then, the world has been catching up: the federal government has announced a “New Deal for Cities and Communities,” the economic importance of not only efficient cities but creative ones as well is a topic of much discussion, and the phrase “urban infrastructure deficit” has been popping up in media stories.

The fact that urban issues have made it into the public policy spotlight, however, does not mean that everything is under control. Canada’s urban centres face an array of complex challenges, and the public’s interest in a new urban agenda remains weak at best. A minor issue related to the health system still trumps most urban agenda items.

As this issue of *Dialogues* illustrates, there are a lot of creative ways to improve our cities and make them even better places to live, work and grow. It is important to stress the latter point; western Canada’s big cities have a great deal going for them. I live in Calgary, and regularly visit the region’s other big cities, and I am constantly struck by the vitality of the people and the many exciting elements that comprise the urban scene in the West. We have much to be proud of and a solid foundation upon which to build.

With that said, there is also a lot of room for improvement. We need to embrace the good ideas out there for making our cities better. There is no shortage of options to pursue. What is at stake is our quality of life and the economic factors that underpin it. And, it is not just the quality of life of urbanites that is at stake; rural residents also use and depend on cities in a variety of ways from health care and post-secondary education services to shopping and entertainment options.

We are not, moreover, simply competing with ourselves. Cities around the world are consciously seeking ways to improve—and often succeeding—in an effort to attract the footloose talent and money that can enliven a local economy.

The Canada West Foundation’s **Western Cities Project** has been at the forefront of this debate and has done much to propel

issues forward. The project has researched and communicated good ideas for improving public policy in a wide range of areas including issues related to urban Aboriginals, urban arts and culture, regional governance, the environmental effects of residential development, urban finance, and urban infrastructure.

A common theme linking these topics is the need to update the very structure of urban government in Canada. Decisions regarding the role and responsibilities of municipal governments were made almost a century and a half ago at a time when relatively few people lived in urban areas and the issues confronting cities were less complex.

Now is the time to rethink these outdated structures and instigate a thoughtful and productive public debate about what needs to be changed and how to do it. To maintain and increase the momentum that has been generated, the Canada West Foundation remains actively engaged in urban issues.

As you read this issue of *Dialogues*, I encourage you to think of ways that you can assist us and others as we work to create better cities. The passion and creativity exemplified by the authors of the articles herein bodes well as we rise to meet the urban challenges in our path.

IN CONVERSATION...WITH The Canada West Foundation

A series of meetings in major cities in all four western provinces, featuring leading public policy analysts and decision-makers.

The Canada West Foundation’s *In Conversation* speaker series provides invited guests with a “sneak peek” at forthcoming Canada West Foundation research findings and an opportunity to hear from and speak with some of today’s leading thinkers on a range of critical public policy and economic topics.

Dr. Roger Gibbins, President and CEO of the Canada West Foundation, as well as Canada West Foundation Senior Fellows, Senior Policy Analysts, and authors of articles in *Dialogues*.

In April,

In Conversation featured the Canada West Foundation’s Chief Economist Todd Hirsch



presenting his 2005 Alberta economic forecast, *Firing on (Almost) All Cylinders*. The event was co-hosted by the University of Alberta’s Western Centre for Economic Research

In May,

In Conversation will feature Mayor of Regina Pat Fiacco. The Mayor will be speaking about his article *The Power of Community: Regina’s North Central Neighbourhood* (see page 26).



Municipalities as **ENGINES** of CHANGE



By Mayor Stephen Mandel

The Edmonton Capital Region is one of only six cities and regions across Canada to have passed the 1 million population mark.

The increase in population has had an immediate impact on our relationships with both the provincial and federal governments. It has also had an intangible impact on how we – both in the City of Edmonton and the surrounding region – see ourselves and how the region – now Alberta’s largest – positions itself on the natural Big Cities agenda.

Edmonton itself has had to start thinking regionally. The city has a population of 750,000 people, but with the help of the 21 municipalities which surround us our region has passed the one million mark.

To paraphrase an unknown wit, joining the 1-million club tends to focus the mind. We have had to start thinking of our region—along with the opportunities and challenges we face together—as a whole.

“Limited (only) by outdated funding patterns”

Canada’s Economic Leader

The Edmonton Capital Region is on the cusp of unprecedented growth—it is Canada’s fastest growing region in 2005.

- Our local economy has a GDP of greater than \$40 billion.
- Over 113,000 jobs have been created in the last 10 years.
- There are more than \$80 billion in private-sector projects planned for the Edmonton area.
- Our manufacturing sector is now one of Canada’s largest, providing the skills and products that are the basis for Alberta’s oil industry, natural gas pipelines and for the emerging northern Canadian diamond industry.
- We’re a national and international leader in the high-tech fields of biotechnology and biomedicine, nanotechnology and microsystems, and information and communications technology.
- The University of Alberta, one of Canada’s strongest post-secondary institutions with more than 150,000 full and part-time students, provides strong, skilled talent to help fuel current and future growth in our region.
- The Capital Health Authority (CHA)—rated the number one

health region in Canada—is continually striving to do more in terms of innovation, education and patient care.

We are continually doing more to ensure that Edmonton is a lively and livable city. We have found opportunities—such as the Brier, the 2005 World Masters Games, the Champ Car Race, the Canadian Rodeo Finals and the 2006 LPGA—to market ourselves to the world. And don’t forget our world-renowned festivals—Klondike Days, the Fringe, and the Folk Festival—to name only a few. We are also one of Canada’s leading arts and cultural scenes.

Opportunity and Challenge

Our region has a lot to be proud about. But we also have our share of challenges.

- We need to grow our workforce if we are to sustain our economic growth. Everyday, I speak with business people who talk of their acute need for labour.
- We need a municipal bureaucracy that’s ready to make things happen.
- We need infrastructure and processes ready to respond to the needs of our business community.

- We need to support and enhance the social infrastructure—from community recreation facilities to cultural events—that make our cities more than places to work, but places for current and future generations to build their lives.
- We need to be ready to be able to take advantage of the opportunities beating their way to our door.

As a City, we are moving to confront all of these challenges at a time when the very nature of municipal government is changing.

Municipal Government is Changing

Municipalities are increasingly becoming the focal point for debate and discussion on a wide range of issues, with the municipal government being the first place people look to for the solutions to their priorities.

People expect their municipal government to maintain services, revitalize their communities and ensure a proper balance between growth and standard of living. Our city council and I, as municipal

representatives, understand the width and depth of that challenge.

Because Edmonton's Capital Region is growing well ahead of other regions, it is feeling the strain such growth brings with it even more acutely.

The city's infrastructure has deteriorated or is deteriorating; neighbourhoods are crying out for re-investment; and transit systems are stretched. It is municipalities that are increasingly being called upon to address urgent needs such as affordable housing or the issues being faced by our growing urban Aboriginal communities.

Cities themselves have to realize that, besides being the engines of growth in Canada, that they are also the engines of change.

New Deal

The other orders of government are beginning to recognize that cities need a seat at the table when decisions are made on economic development immigration, housing or urban Aboriginal issues.

We now hear about significant

federal and provincial investments in a new deal for cities. These are investments that have been hard fought for by cities.

Both Ottawa and the Province of Alberta are funneling new deal funds to cities. This recognition and financial assistance will allow us to begin to apply solutions and help us begin to address some long-neglected infrastructure needs.

But major urban centres need to find long-term, sustainable solutions. More than trickle-down support is required to ensure the sustainability of our urban areas.

Municipal revenue is based on our citizens' accumulated property value. Property taxes are the sole responsibility of people who own homes and businesses, and they're relatively static.

A city's resources don't correspond to the level of economic activity taking place within the jurisdiction. We're the only order of government with that limitation; no matter how hot the economy, our

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Friends are people just like you who value

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- innovative and forward looking research
- reliable and informative research
- critical thinking and thoughtful deliberation
- timely commentaries and bright ideas

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Friends are people who support Canada West Foundation and its vision of a dynamic and prosperous West in a strong Canada. All donations contribute to the growth and viability of Canada West Foundation research projects and public policy initiatives.

You are invited to become a **Friend** of Canada West Foundation by making a charitable donation today. All gifts are much appreciated and will support the very active research agenda on public policy issues of immediate concern to western Canadians, and indeed for all Canadians.

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Canada West Foundation is a leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces, the territories, and all Canadians.



Old Strathcona, Edmonton, AB

Photo Credit: Travel Alberta

only revenue stream is static property taxes.

So, when it comes to making the big spending decisions, we're constrained. In Edmonton, for example, a 1% increase in property taxes will net revenues of about \$5 million. Financing a \$70 million bridge in one year would require a 14% increase in property taxes. Our only alternative options are service reductions, debt or calling upon government partners for support.

Our cities have to be able to plan for the long-term based on resources that we have, and not just trickle down funding from our partners.

We have to be able to look beyond our reliance on property taxes and fund ourselves, ideally through sustainable allocations from the provincial and federal tax base.

Cooperation

In Edmonton, we also need to look to our region. We have to gather the will of the 21 municipalities that make up the Capital Region to find creative solutions to the issues we face.

We are learning that we need to worry less about the natural competitiveness between municipalities, and more about creating the "win-win" conditions that benefit all our constituents.

There is a great deal of good faith in this region to create these conditions, from pilot transit service between municipalities to an overall regional transportation plan that has helped to make the case for significant investment in a regional ring road.

The Alberta Capital Wastewater Commission launched agreements for the exchange of sewage, bio-solids treatment and a regional sewerage planning study. The City of Edmonton and County of Strathcona jointly own a sewage transfer station. The County of Strathcona is also a customer of Edmonton's Composting and Materials Recovery Facilities.

Recreation facilities, parks, sports venues and one-of-a-kind

attractions are routinely shared with residents of regional municipalities. Our Emergency Response department has Mutual Aid Agreements with neighbouring municipalities and current contracts provide EMS Services to the neighbouring municipality of Beaumont.

Sharing or contracting services within the region improves efficiencies, and ensures more effective and efficient management of resources, and movement of goods and people throughout the region.

The creativity which calls for sharing resources and creating win-win scenarios is one that will be called for increasingly as all municipalities grapple with the challenges of growth.

The potential of the Edmonton Capital Region is enormous. But ultimately our capacity to successfully manage growth, and have our big city resources keep pace with the investment coming forward is limited by our outdated and limited funding pattern.

Only by improving our capacity to sustain ourselves can we be truly effective partners to business and communities over the long-term.

Stephen Mandel is the Mayor of Edmonton.

To read about the Canada West Foundation's recommendations for changing the relationship between provincial and municipal governments, you can download Foundations for Prosperity: Creating a Sustainable Municipal-Provincial Partnership to Meet the Infrastructure Challenge of Alberta's 2nd Century by visiting our website.

What's REAL about the

NEW DEAL?



Federal initiative works with provinces to give cities and communities a voice in national issues

By John Godfrey, P.C., M.P.

The New Deal for Cities and Communities has tapped into one of those moments in government when immediate need combines with political will to create a momentum that can't be stopped.

Just over a year ago, the New Deal was in its earliest stages of development. Today, it is transforming the way the Government of Canada and provinces and territories are working in partnership with municipalities and First Nations representatives to ensure the sustainability and success of our cities and communities.

Building on past contributions to community infrastructure, and Prime Minister Martin's creation of the role of Minister of State (Infrastructure and Communities), more funding and federal leadership is in place than ever before. This will support environmentally sustainable municipal infrastructure generations to come.

Budget 2004 delivered \$7 billion

in GST rebates to municipalities over 10 years, to be spent on their greatest priorities. It also accelerated the investment of \$1 billion through the Municipal Rural Infrastructure Fund.

Budget 2005 provided many new sources of stable, predictable, long-term funding for cities and communities. Some of the highlights include \$5 billion over five years in gas tax revenues and \$2 billion a year thereafter, a commitment to renew existing infrastructure programs, and \$300 million to more than double the size of the Green Municipal Funds administered by the Federation of Canadian Municipalities (FCM).

In the months ahead, I intend to reach bilateral agreements with every province and territory, setting out the specific sustainable infrastructure categories that will receive gas tax funding. But notwithstanding the importance of these investments, the New Deal is about much more. The

discussions around the gas tax are an important first step in hammering out a productive new partnership, based on a common interest in seeing our municipalities succeed and thrive.

At its most basic, the New Deal is about building the strong, vibrant, sustainable cities and communities on which Canadians' quality of life depends. When you begin delving into the details, it's as if a complicated jigsaw puzzle is taking shape. As the overall picture becomes clear, as the various players see the fine details and get to put their stamp on the emerging result, the product itself is transformed by the process that brings it to life.

At the end of the day, the picture on the puzzle is more important than the individual pieces. In this case, we're already seeing glimpses of a collaborative new relationship among the orders of government and key partners like the FCM, in which

all the key players including the communities themselves have a voice in national issues affecting them. For the New Deal to succeed, that vision will have to translate into practical next steps that generate benefits for Canadians.

The foundations for that success are already in place.

- The New Deal is built on a powerful combination of front-line experience and basic common sense. Initiatives like the Vancouver Agreement and Winnipeg's Urban Development Agreement reflect our own belief that urban renewal and sustainable development are inextricably linked, and that we all benefit from investments that build economic and social capacity while reducing a municipality's environmental footprint.

Examples of Federal Contributions to Infrastructure Projects

- Halifax Harbour cleanup: \$60 million
- Upgrade of Montréal's metro system: \$103 million
- Modernizing and expanding Toronto's transit system: \$350 million
- Twinning Trans-Canada Highway routes in Saskatchewan: \$77 million
- Improving Canada-U.S. border crossings in British Columbia: \$90 million
- Corridors for Canada highway infrastructure development in the Northwest Territories: \$65 million

- Already, provincial governments are stepping up with their own contributions to the New Deal. Alberta is investing \$3 billion. Ontario and Manitoba are dedicating a portion of their own gas tax revenue to municipal infrastructure, including transit. These shining examples point to the kind of partnership that will enable us to meet shared national objectives for our cities and communities.
- We're also working to better coordinate and re-focus the resources we already spend in

cities and communities across the country. Deploying those resources through a "cities and communities" lens will support community development and competitiveness in municipalities across the country; and we believe our impact will be multiplied by the efforts of other orders of government.

Province/Territory/ First Nations	Total Over Five Years (\$M)
Newfoundland and Labrador	82.3
Prince Edward Island	37.5
Nova Scotia	145.2
New Brunswick	116.1
Quebec	1,151.0
Ontario	1,865.5
Manitoba	167.3
Saskatchewan	147.7
Alberta	476.9
British Columbia	635.6
Yukon	37.5
Northwest Territories	37.5
Nunavut	37.5
First Nations	62.5

- We've invited our provincial, territorial, municipal, First Nations and non-government partners to join us in deciding how the New Deal will be designed and how the associated funds will be spent, within a program framework that emphasizes sustainability in all its dimensions. The new dollars will support urban and rural communities alike. Some of our partners in western provinces and elsewhere have stressed the urgent need to upgrade water and wastewater systems or support transit systems. All of this activity reflects the Canada West Foundation's own conclusion that "community infrastructure provides the essential foundation for economic prosperity and quality of life." In its September 2004 report, *Foundations for Prosperity*, the Canada West Foundation cited funding arrangements that led to an infrastructure deficit in Canada, and concluded that the problem "can be fixed in a sustainable way." That, in brief,

is what we've set out to do in support of provincial, territorial and municipal governments.

The astute observer will note that not all elements of the New Deal are new. The majority of the federal investment I've described is already in place. Much has already been achieved through the past 10 years with some \$12 billion of federal infrastructure initiatives. Mass transit systems have been supported, water and waste water systems improved, cultural infrastructure enhanced and building energy efficiency improved.

It isn't the individual pieces of this jigsaw puzzle that are different, so much as the method by which the puzzle itself is being assembled. Those methods include a flexible way of doing business, a firm commitment to transparency and accountability, and the promise of a voice in national decisions for municipalities affected by them.

Over the last few years, our mayors and other municipal stakeholders have sought the array of fiscal tools and consultative opportunities that are now at their disposal. But they certainly wouldn't have expected the New Deal to take shape so quickly. At the end of the day, it is the breadth of participation in the New Deal that will give it its strength, its vitality, and its synergy, leaving our cities and communities with a creative, sustainable solution that will stand for generations to come.

The Honourable John Godfrey is the federal Minister of State for Infrastructure and Communities and Member of Parliament for Don Valley West.

Revitalizing the City Centre

Architecture as a catalyst for change

Chicago's Millennium Park and its central focal point, Frank Gehry's bandshell and footbridge is a prime example of re-invigorated focus on the city centre.

Photo of Millennium Park - Chicago

Photo Credit: Scott McDonald/Hedrich Blessing



Photo credit: Paula Horeczy

By David Wittby

There has been an upsurge in interest among city governments over the last few years in the world of design in general, and architecture in particular. And most of it is in the name of the revitalization of the downtown core.

The media has certainly taken notice. Hardly a week goes by that a story doesn't appear, somewhere, on urban design, growth, the city centre, and downtowns.

Attempts to increase the vitality of city-centres have led to tax relief (Winnipeg), the re-design of key areas (Calgary, Vancouver, Victoria), a design review (Calgary, Vancouver), more mixed-use (Calgary, Edmonton, Kelowna, Vancouver), business/government coalitions (Saskatoon), and social investment (Regina).

There is evidence to suggest that business, in its quest to recruit and retain the best and brightest, is, more than ever, concerned about the quality of life of cities and their associated vitality, especially the attractiveness of vibrant city centres. Richard Florida, who has written about the "creative class," notes this linkage. Florida and others maintain that investing in city centres is an important variable in increasing the overall health of a city and, hence, its appeal to the "creative class." In other words, and in a phrase made famous in *Field of Dreams*, "build it and they will come." Cities are coming to realise that a vital city centre is in their self-interest and a significant factor

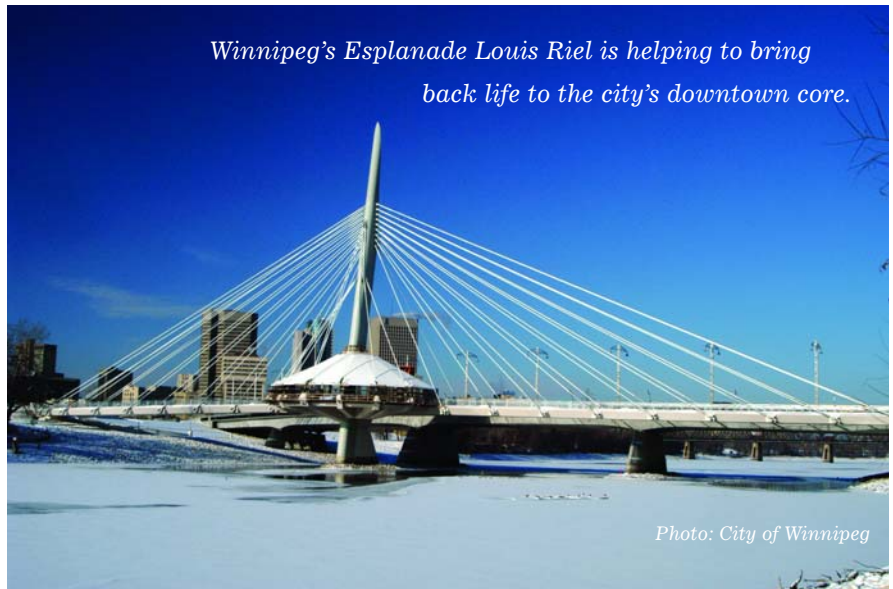
in ensuring competitiveness.

Downtowns have evolved over the years from places which had a mixture of uses, to places of sterility during the 1960s and 1970s when there was an exodus at 5 p.m. and empty streets in the evening. Recently, city centres have become more interesting places where people are choosing to visit and live in larger numbers. Vancouver is a model of a successful city centre living strategy, with a permanent growing city centre population that leads to a stimulation of a variety of other activities.

Cities with healthy downtowns, such as Vancouver and, increasingly Calgary and Kelowna, signify places that have a broader vitality. Architecture has much to offer in supporting a vital healthy city centre.

attaches to its sense of place. In short, cities that invest in quality building design in their city centre are making a clear declaration about pride of place. Such statements are a powerful metaphor for the state of city vitality and the attitude of its people.

Many cities are seeking to re-invent their city centre with signature architecture. Chicago's Millennium Park and its central focal point, Frank Gehry's bandshell and footbridge, is a prime example of a re-invigorated focus on the city centre. Other cities are attempting to bring life back to the downtown with more functional (and attractive) architecture, such as Winnipeg's new bridge over the Red River, the Esplanade Louis Riel.



Winnipeg's Esplanade Louis Riel is helping to bring back life to the city's downtown core.

Photo: City of Winnipeg

How does architecture contribute?

Architecture plays a major role in ensuring that the city centre has lasting impact. Through urban design processes that identify the broader contextual possibilities of detailed building designs that recognise the importance of place as a shaper of building form, architecture contributes to the physical and visual fabric of the city centre. The product of architecture is a built form that conveys an important message to citizens and visitors alike about the value that the community

Others are exploring public architecture, such as Vancouver's ideas competition that welcomes public design input to enhance Vancouver's public spaces. Other cities, such as Calgary, are examining broad urban design considerations in the downtown that will form the basis for new mixed-use development. Although the scale may vary, the aspirations remain consistent: stimulating city centres and promoting vitality through high quality design. As a key urban design discipline, architecture

is an expression of societal aspirations. Architecture evolves and adjusts to changing needs and values, thereby reflecting cultural growth.

The importance of architecture and associated urban design in the city centre is best illustrated by our own experiences as visitors to other cities. We remember vibrant and vital city centres as desirable locales where people matter, where buildings appeal to sensibilities of sight, sound and emotion, where public space is welcoming and safe, and where a sense of place is evident. Most of us do not remember design banality.

City centres are especially important places where the evolution of societal tastes is mirrored in the building stock. In western Canada, as one moves west from Winnipeg to Vancouver, city centres change in their characteristics as a result of economic influences and historic building booms. Through architecture, city centres are the places where that mix of economic growth and historic building activity is recorded for all to see.

Winnipeg's city centre has retained a magnificent terra cotta turn-of-the-20th century building stock in its Exchange District and some excellent examples of modernist architecture. The post-modernist era is well represented in Calgary and Vancouver. Each city has a unique vitality that is linked to its own particular circumstance. Architecture has responded in a way that captures those periods of vitality and has secured them for future memory. Some architecture, such as the Vancouver Courthouse, continues to evoke a powerful message of city centre renewal and vitality.

But what about the future of the city centre? What role might architecture play in its continued evolution and associated vibrancy?

The future of city centres will rest on a number of items, several of which have a design implication.



*Office Towers in Edmonton, AB
Photo Credit: Travel Alberta*

1. Strong vibrant cores

City centres need to state clearly how they set themselves apart from the rest of the city. In most cities, this sense of place is determined by a scale and quality of building design that is obvious, distinct and forceful. Architecture is the key ingredient in achieving places of distinction. In such instances, architecture is art.

2. Increased mixed use

City centres will increasingly need to have a mix of uses, including nearby residential neighbourhoods, nearby streets with residential over retail, and places where people work within a vital richness of varied use. Architecture is the essential ingredient in creating a mix of uses that complements the city's needs with a richness of quality and character.

3. Pedestrianization of city centres

Architecture is an important contributor to building form and scale that welcomes pedestrian

activity in a comfortable and appropriate way. Public plazas, squares and edges are key urban design realms where architects, landscape architects and urban designers collaborate to build places of distinction and calm.

4. Green building

The city centre is often a place of large energy consumption. With increasing energy costs, architecture must respond by contributing energy efficient, attractively designed buildings, such as the new Manitoba Hydro headquarters under design for downtown Winnipeg.

5. Brownfield development

Many city centres contain abandoned industrial "brownfield" sites. Architecture has played a major role in designing alternative uses for such sites, such as the rail-yard redevelopment in Edmonton, the Forks in Winnipeg, Coal Harbour in Vancouver, and the inner harbour of Victoria. These new design interventions have had a powerful effect, transforming former vacant lands into vibrant sites.

6. Placemaking

Architecture, along with landscape architecture, urban planning, and urban design, contributes to placemaking with its attendant focus upon discovering the essence of place and the unique design vocabulary that informs city centre design.

For Calgary, Edmonton, Saskatoon, Vancouver, Victoria and Winnipeg, the existing or potential relationship of the city centre to the waterfront and associated views beyond informs placemaking. Architecture assists in identifying the sense of place through the use of building location, materials and relationship to surrounding uses.

As society responds to increased needs for sustainable development and enhanced quality of life, architecture can expect to be a major contributor to the vitality of city centres.

David Witty is Dean, Faculty of Architecture, University of Manitoba.

CASE STUDY: Michigan's Comeback City

By Andy Guy

In Grand Rapids, smart investments spur Smart Growth

Jennifer Idema just opened her Coney Girl hot dog stand in Monroe Center, the new, beating heart of downtown Grand Rapids. Starting a new business venture in Michigan's second-largest city is a carefully planned career step for this former California advertising executive and mother of one son. It's also a culinary test of the authentic Coney sauce that is a secret family recipe. "Business is great," Ms. Idema says. "People are coming back downtown, so I figured now was a good time to open the business."

Mrs. Idema's Coney stand, which opened in May, is both an example of one woman's bid for a better life and a colorful signpost marking the exceptional progress this city is making in a decade-long campaign to rebuild its economy and quality of life. Grand Rapids' government leaders, business executives, and citizens are working together to invest public and private dollars in ways that literally fill in the blanks of a civic landscape that until recently was being abandoned.

Office buildings now stand where parking lots lay for decades. Apartments enliven the upper floors of once vacant warehouses; below them are restaurants and saloons. There are new parks and recreation and exhibition centers. The city now shows its best face to the Grand River instead of using it as a sewer. And while it still has much work to do, especially with its neighborhoods and public schools, few American cities its size have done nearly as well recovering from the familiar cycle of urban decay and despair.

Big Aspirations, Big Results

Just like Mrs. Idema, Grand Rapids is driven by big aspirations. Since 1990, private developers and government agencies have invested more than \$2 billion to rebuild the downtown. The proj-

ects range from a \$220 million state-of-the-art convention center to a \$530,000 park in the historic Heartside neighborhood. The \$72 million Van Andel Research Institute opened in 1999 to help cure cancer. A \$22 million transit center opened this summer. These big and small projects, a blending of public and private investments, are driving community spending towards the city center in order to nurture an



urban area's economic competitiveness.

The strategy is clearly working:

- Grand Rapids has gained 6,000 more residents since 1990, while all but one of Michigan's other major cities—Ann Arbor—lost population.
- In the past decade, Grand Rapids' income tax revenues have more than doubled, to \$59 million annually. In the past 13 years, its taxable property values have nearly doubled, to \$8.7 billion; median household income has risen by more than \$14,000.
- Diversity is increasing; the central city's Latino population tripled during the 1990s. Meanwhile, demand for downtown housing is growing, according to an independent 2004

study of the local residential housing market. Sidewalk eateries, a less precise but important measure of a city's success, have exploded. The Chinese restaurant up the block from the Coney Girl now sells fried rice to passing pedestrians. Most of the dozens of new spots offer alfresco seating.

Changing Times

Incorporated in 1850, Grand Rapids thrived throughout its first century as first lumbering, then furniture making, auto parts manufacturing, banking, and insurance anchored the region's development. Its population peaked at 206,000 in 1966 and then quickly fell to under 180,000 residents by the end of that decade. But it will soon exceed 200,000 residents again for the first time in 40 years.

What undid Grand Rapids were new interstate highways and towering glass office buildings that tore at the downtown's heart. Elected and appointed government leaders, business executives, clergy, and neighborhood leaders united in the late 1980s and began putting it back together again. Led by Mayor John H. Logie and others, they redeveloped old buildings, vacant lots, and abandoned industrial sites, financing them with a steady wave of well-planned public and private investments and incentives. They listened carefully to public input, used enlightened community planning, and are making Grand Rapids more prosperous and attractive.

An important player in downtown Grand Rapids' revival is Mike Devries, one of a handful of builders who have, together, spent more than \$600 million turning vacant lots and boarded-up buildings into new housing, restaurants, and office space. For years Mr. Devries and his colleagues endured the derision of their suburban

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Fusing Elements of Quality



By Fanis Grammenos

In each era of the history of the world's cities, people lived in good neighbourhoods and in bad ones. The progression of affluence and invention has gradually given most of us decent houses, pleasant neighbourhoods and vibrant cities full of amenities and activities. Neighbourhood streets are clean and full of vegetation, houses on them are neat and comfortable-looking and neighbours are usually watchful, caring and like-minded.

So then, what is all the talk about the planning mistakes of the past 50 years? About building "bad" suburbs? About rediscovering the 19th century models? About "sprawl?"

Rather than repeating ugly words that blur our responses, we need to look at what bothers or inconveniences us in the

for **BETTER** neighbourhoods

neighbourhoods we live in and, conversely, what pleases—even delights—us. And then plan with quality in mind—suppress the bothersome and enhance the gratifying.

The most frequent complaint today is about traffic—traffic noise, dust, fumes and danger. Traffic is a nuisance and, at times, it can be injurious, even lethal. The higher the traffic volume the greater the nuisance until it reaches the point where a street becomes a virtual "traffic sewer"—mostly annoyance and no pleasure. We need to plan for less traffic in our neighbourhoods and a way to ensure that it will stay the same, for a while at least.

What do 19th century plans teach us about controlling traffic? Not surprisingly, not much. Until the invention of rail you could walk across most cities; there were too few people in them to constitute "traffic" and most were on foot—there was hardly a need

to control noise, speed or volume. Still, those who could afford to lived "in (the) country" on estates away from the "buzz."

The second inconvenience is that practically everything, including the kids' playground, is too far to walk to. We have a great variety of things to choose from, but only by driving to them. When your car battery dies overnight, your horizon shrinks to your house. We need to plan for more activities within walking distance. The 19th century has a partial comparatively short list of activities were all to be found on the main street, always at walking distance. And when rail helped cities grow, much could be found at the rail stops, still a convenient walk away. These are good hints for enhancing quality.

A third annoyance is being unable to find a friend's house, even with good directions. In some neighbourhoods, streets take unexpected turns and twists and

there is no set pattern you can “see” in your mind’s eye. A place only a block away can take many blocks of walking or driving to reach. Earlier cities had a regular pattern—the grid—that residents and visitors grasped immediately. More regularity and predictability in our neighbourhoods would remove this irritation.

We enjoy peace and tranquility when seeking to recover and recharge; nothing is more rejuvenating than deep sleep. Even when awake but in a contemplative mood we cherish tranquility. Whatever disrupts recovery or contemplation is an unwelcome intrusion. Let’s imbue our neighbourhood plans with tranquility.

We delight in nature—the freshness of nature, its changes and surprises and its vast repertoire of amazing living things—no imitation can replicate its direct experience. We would rejoice in daily contact with nature, if it were possible. Even a brief contact with it is enough to shed some of the stress caused by the city’s intensity. Early cities were surrounded by nature outside the perimeter walls and most citizens worked the land for a living. Experiencing nature was a daily event. Not so today; when most days are spent inside towers and houses. We are nature-starved. We need nature close by in our neighbourhoods and in our city centres.

We like mingling with friends and acquaintances in planned and casual occasions. These encounters happen on “common ground,” usually places of rest and relaxing settings. Squares, some streets and the “commons” (small parks) played that role in early cities. As well, pubs, cafes, church halls and social clubs offered similar places for mingling. Our streets are now taken over by asphalt and risk. Little mingling is left to chance. We need more casual common ground for chance encounters and mingling both in our neighbourhoods and our city centres.

Derived from pleasure and displeasure, here then are the elements of quality that we need to fuse in our neighbourhoods—tranquility, safety, proximity, nature and people places.

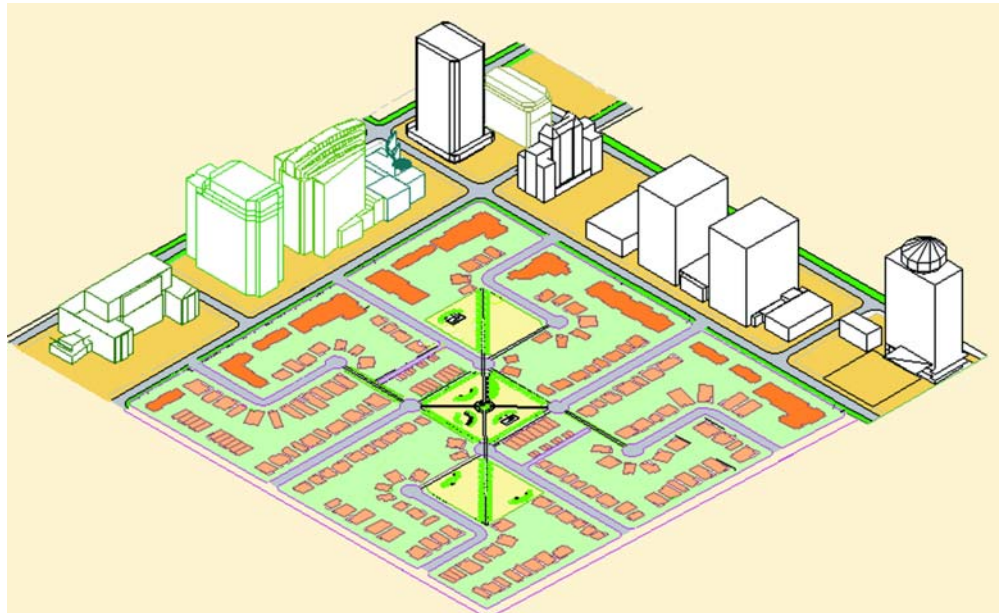


Figure 1: Tranquil places and people spaces
Four residential quadrants are framed by mixed use zones (one quadrant shown)

For tranquility and safety we must control the amount and speed of traffic; and no other planning tool achieves that more naturally and effectively than dead-end and crescent streets.

For proximity to amenities and conveniences we need to bring destinations closer to the neighbourhood—at the transit stop where lots of people go by and stores can be profitable.

Nature in the neighbourhood can serve a double function: as a people place and as a footpath connector. Strategically placed, a square can offer respite, linkage and an occasion for casual encounters.

Figure 2:
The configuration shown here has been adapted to accommodate environmental features



And to find places easily, we can use clear geometry and embrace regularity and some repetition.

The configuration shown here has been adapted to accommodate environmental features.

This fusion of elements of quality cannot be accomplished by each of the current planning methods alone: neither the traditional grid nor the contemporary irregular, unstructured suburban road pattern. A fusion of the two is needed.

A new prototype, a model, has been developed that brings all these elements together: the *Fused Grid* (See Figures 1 and 2). Introduced and promoted by Canada Mortgage and Housing Corporation (CMHC), it has already built some following among planners and builders. It will soon have its first build versions in Alberta and Ontario.

To find more about the *Fused Grid* visit www.cmhc.ca or write to fgrammen@cmhc.ca

Fanis Grammenos is an architect and Senior Researcher at the National Office of Canada Mortgage and Housing Corporation



BAD FOR YOUR HEALTH!

CURRENT URBAN DESIGN STIFLES A SENSE OF COMMUNITY



By Bev Sandalack

Calgary is a young city—it has gone from pioneer beginnings to modernity in little over a century. Although it still has a relatively compact downtown, most of Calgary's post war growth has taken the form of single use and low-density neighbourhoods, and it is now almost overwhelmed by its suburbs.

Calgary has, for the most part, done well at creating good private places, but the public realm of streets, squares, parks and plazas has been neglected. The public realm is one of the most important components of city infrastructure, and is part of its connective tissue, providing space for circulation and gathering, and helping to define the city image. This is the main point of urban design and urban planning.

Getting around the city by any mode is far more complex now than in the past, and discussions of urban form usually centre on transportation issues, rather than on urban quality. However, there are signs that a new convergence of interests will help to further the agenda of good urbanism, with issues of sustainability and health bolstering the arguments for making better places. Recently publicized research in Canada and

the US has started to confirm what logic and common sense have suggested all along—that the way we have been building cities and suburbs is bad for our health, with walkability of neighbourhoods on the decline since the middle of the 20th Century.

But how did we get here? The city form is a manifestation of urban planning theories and practices and of societal values, and the public realm of streets and spaces is one byproduct of the way we subdivide, sell and develop land. A review of the different phases of development of western cities, and the paradigms or sets of values that influence the changes, helps in understanding the evolution of the city and its livability.

The first phase of urban development in Calgary, as in most other western cities, lasted up to approximately the Second World War, and was marked by incremental change. The block pattern usually extended and grafted onto the existing grid framework, and the street was considered a public thoroughfare. Efforts to make the prairie city more livable included significant street tree plantings, much of this on boulevards separating sidewalks from the driving surface. Most neighbourhoods exhibited a mix of uses, with retail areas within easy walking distance or accessible by street-car.

Neighbourhoods developed during this phase still seem to be the most walkable, with the permeable grid providing a high degree of choice of routes.

The second phase of urban development corresponds to the period of post-war economic growth. Land use zoning was developed to remedy some Victorian urban conditions by separating incompatible uses, but soon gave way to oversimplification and an almost obsessive desire to regulate uses of land. A result of functional land use zoning was a greater separation of places of living, from places of work, from places to shop. Planning during this time lost much of its interest in physical form; its practice became more concerned with orderly growth and social process, and less with morphology, shape and structure, and street design migrated into the domain of the traffic engineer.

The elimination of treed boulevards, and the transfer of the responsibility for street trees from the municipality to the developer also started to change many of the qualities of the street. A new hierarchical street pattern that favoured crescents, cul-de-sacs and curved roads, to break what had come to be considered to be the monotony of the grid, created a less permeable neighbourhood.



Phase I – The first phase of urban development in Calgary, which lasted up to the Second World War, was marked by the extension and grafting of the block pattern onto the existing grid framework.



Phase II – corresponds to the post-world war economic boom period and is exemplified by the development of land use zoning and the separation of incompatible uses.



Phase III – our current phase, is most often determined by the marketplace.

All of these factors combined to make possible, and to seem normal, some unusual (in global terms) urban forms such as suburbs, commercial strips and shopping malls, and make much more difficult the development of a walkable city.

The third, current phase of urban development is no longer so much the result of functional requirements or of cultural constraints, but is more often determined by the marketplace. Neighbourhoods are carefully marketed on some aspect of uniqueness, and this distinction is emphasized by the edges of most new communities which are defined by high-volume collector roads, with huge land buffers on either side. Sometimes just crossing one of these roads requires getting in the car. Regional mobility has been valued over local mobility.

Most new communities consist of highly impermeable curvilinear street systems where there is nowhere to walk to, even if you wanted to. Sidewalks are often missing from one or both sides of the

street, and no back lanes and huge garages fronting onto the streets with the curb cuts required for auto access mean that street trees are impossible. Walking is simply no longer an option in this kind of environment, and the message is clear—take the car!

But is this sane? Is this healthy? Is this really how we want our lives to be? Is this the best possible expression of Calgary?

There are opportunities at every scale of planning and design of the city—from the street, to the neighbourhood, to the city as a whole—to improve its livability and walkability.

Streets are now designed according to traffic flow and road safety rather than according to architectural principles, or according to the dimensions and slower speeds of the pedestrian. Streets as four-season, all-time public spaces need to include sidewalks, street trees, and planted boulevards, otherwise they become simply devices for moving and storing cars, and hostile environments for people. Rather than asking single questions with single conditions (such as how to solve perceived traffic congestion, which only produces more and bigger roads) we could ask a different question: “How do we build for quality of life and quality of urban form?” There are no simple solutions to that question, but it might lead us to develop a vision for the city in which the architectural, social and health aspects are considered together with the functional.

Good urbanism requires a certain density and intensity and it also requires the mix of uses that urbanists everywhere advocate, but which is so difficult to build. We are using outdated land development and planning practices, and perhaps it is time to abolish conventional land use zoning, as well as the practice of set-backs for road widenings that seem to be systematically destroying many of the formerly walkable areas.

At the scale of the city, annexation has been Calgary’s method of choice for dealing with growth, and one that has perhaps had the greatest influence on its form and quality. The City has a practice of maintaining a thirty-year land bank, and satisfies that by the process of annexing land for future growth. But this guarantees that the city will continue to spread

as low-density suburbs, and also guarantees that public transportation will become more expensive and that everyone will become more and more cranky with the inevitable traffic problems.

Good urbanism is good environmentalism, and it can be one of the best expressions of good conservation practices. Good urbanism is also good medicine. “Walking is the closest thing in medicine that we have to a magic bullet,” a simple point stressed by University of Calgary exercise physiologist Dr. Tish Doyle-Baker. It’s so easy, and yet our built environment sometimes makes it impossible.

A city is perhaps dependent on sustainable streets to become sustainable itself—streets that can meet a multitude of demands of activities, including walking as a normal and everyday activity. The question of the public realm therefore is a fundamental question of “what kind of society do we value?” with the answer to that question helping us to determine the direction for future development, and to determine the desirable outcomes.

Bev Sandalack is Associate Professor in the Faculty of Environmental Design at the University of Calgary where she is Coordinator of the Urban Design Program.

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Whyte Avenue, Edmonton, AB

Photo Credit: Travel Alberta

EASING THE FISCAL RESTRAINTS ON CANADIAN CITIES



By Enid Slack

It is now a commonly held view that Canada's cities are critical to the economic prosperity of the country. To be competitive, our cities need to build and maintain infrastructure and they need to deliver a wide range of services to attract and retain skilled workers and businesses. Among the services they need to deliver are those that enhance the quality of life—parks, recreational and cultural facilities, public health, and police protection are examples.

Cities also face pressure from the “offloading” of services by the federal and provincial governments. Offloading has taken a number of different forms. Federal and provincial governments have shifted

expenditure responsibilities onto cities. Provincial governments have reduced transfers to cities. Both the federal and provincial governments have downsized their own responsibilities (such as immigration settlement at the federal level). Finally, federal and provincial requirements have mandated that cities meet certain requirements (for example, water quality standards) without providing the funds to meet those requirements (these are known as “unfunded mandates”). In all of these cases, cities feel the pressure to fill the void left by the federal and provincial governments.

Although the roles and responsibilities of cities have been changing, there has been no diversification of their revenue sources. Canadian cities still depend largely on property taxes, user fees, and provincial transfers to meet their growing expenditure needs. The result is that there is a mismatch between the expenditures for which cities are responsible and the available revenue tools. This situation has

raised questions about the fiscal sustainability of Canada's cities.

The fiscal pressures on one city, Toronto, have recently been recognized by a joint Ontario/Toronto task force that has been set up to review the *City of Toronto Act* with a view to making the City “more fiscally sustainable, autonomous, and accountable.” A new *City of Toronto Act* could go a long way towards increasing Toronto's ability to raise revenues. It could also provide a catalyst for changes in revenue tools for other cities across Canada.

How would cities benefit from new revenue-raising tools? Revenues from a mix of taxes would give cities more flexibility to respond to local conditions such as changes in the economy, evolving demographics, and expenditure needs. Although the property tax is, in many ways, well suited to local governments, because of the connection between many of the services typically funded at the local level and the benefit to property values and because

revenues are fairly stable and predictable over time, the property tax does have some shortcomings. It does not operate as a benefits tax for commuters and visitors who use municipal services (such as roads and policing, for example). The property tax is not an “elastic” source of revenue meaning that the tax base does not increase automatically as the economy grows as do income and sales tax bases.

There is, of course, a downside to revenue elasticity as we have seen in US cities. With

their relatively heavy reliance on income and sales taxes coupled with restrictions on their ability to raise property taxes (such as Proposition 13 in California or Proposition 2 1/2 in Massachusetts), US cities have seen their revenues decline significantly during the recent economic downturn. Access to revenues from a mix of taxes (a mix which includes property taxes) gives cities the flexibility to adapt to different economic circumstances.

What revenue-raising tools should they use? The options for new local taxes are many and include: personal income taxes, payroll taxes, corporate income taxes, general sales taxes, and excise taxes (including taxes on hotel/motel occupancy, meals, fuel, liquor, tobacco, vehicle registration, and land transfer). Regardless of the tax chosen, cities should piggyback onto existing provincial taxes wherever possible to minimize administrative costs.

Why should cities levy their own tax rates? It would be better if cities set their own tax rates so that they can achieve local autonomy, accountability, and predictability. When federal or provincial governments allocate a portion of their taxes to cities based on a formula (as is

currently being done with provincial fuel taxes in Vancouver, Victoria, Calgary, Edmonton and Montreal, for example), revenue sharing is simply a transfer.

Cities have no control over how much they receive from year to year and there is no relationship between the amount cities have to spend and the revenues they collect from the transfer.

Local taxing authority is not without problems, however. Since individuals and businesses can easily move between jurisdictions, a differential retail sales tax rate, for example, could encourage individuals to purchase goods and services in those municipalities with lower tax rates. A differential hotel and motel occupancy tax, fuel tax or income tax would result in similar behavioural responses. These reactions would, however, be similar to the location decisions currently caused by differential property tax rates.

Tax competition can create an environment in which municipalities become more efficient in their use of resources and more accountable to taxpayers. If individual cities can convince taxpayers that they are getting more services in return for the higher taxes, there may be less incentive to move. Nevertheless, there is a clear trade-off between the accountability and flexibility advantages of local setting of tax rates and the potential disadvantages of differential local tax rates. For this reason, it may be necessary for provincial governments to set a minimum rate to minimize tax competition and a ceiling rate to prevent excessive tax exporting.

How will cities raise new taxes? If cities were given new revenue-raising tools, they would have to decide when and how to use them. Raising taxes is never easy. One option is for cities to introduce new taxes and, at the same time, reduce property taxes (as was proposed in Winnipeg a few years ago). Although this type of substitution would give cities access to new tax sources that would grow with the economy, it would not solve current fiscal problems.

A second option is for the federal or provincial governments to reduce their taxes to provide cities with tax room. This option

would require cities to convince the other governments that reallocating the tax burden in this way would be beneficial to the province and the country.

A third option is to raise new revenues with a commitment to improve service delivery. In other words, taxpayers would pay more taxes but they would receive more services. Under this option, cities would have to convince taxpayers that they would actually be receiving new and improved services in return for higher taxes.

There are many issues concerning new revenue tools for Canadian cities. At the Institute on Municipal Finance and Governance, we will be analyzing the issues and options, evaluating the use of different revenue tools in other cities around the world, and determining their applicability to Canadian cities. The future of our cities is critical to the future of our country; we need to ensure that they are fiscally sustainable now and in the future.

Enid Slack is Director of the Institute on Municipal Finance and Governance for the Munk Centre for International Studies at the University of Toronto.

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CASE STUDY: Measuring the Infrastructure Gap

What do you own and what is it worth?

The City of Edmonton is a leader among Canada's municipalities with respect to infrastructure asset management. In the mid-1990s, the City realized that it could not adequately invest in the rehabilitation and development of its infrastructure assets within existing financial limitations. To begin addressing this problem, the City developed a ten-year Long Range Financial Plan (LRFP), calculated annually, to forecast funding requirements for capital projects. The LRFP helped the City to identify an "infrastructure gap," understood as the discrepancy between infrastructure requirements and the funds available to finance those requirements. In 1998, City Council adopted the *Infrastructure Strategy* to address the growing infrastructure gap.

The *Infrastructure Strategy* was designed to ensure the City's infrastructure is in a good state of repair, that rehabilitation and growth programs are sufficiently funded, and as efficient and effective as possible. The Office of Infrastructure was created in 2000 with responsibility to develop and implement new management techniques, tools and processes that support the City's plans and priorities for sustainable renewal, upgrading and expansion of infrastructure. Edmonton has defined infrastructure as "all the physical assets developed and used to support the community's social and economic activities."

Internal to the City, senior management facilitates coordination and cooperation among departments, all of whom have responsibility to manage the specific infrastructure assets that support the delivery of services within their jurisdiction. Asset Management and Public Works, for example, is responsible for drainage, buildings and fleet vehicles.

To solicit input from external stakeholders, the Office of Infrastructure created the Infrastructure Technical Advisory Committee (ITAC) in 2001, which consists of technical stakeholders with expertise in infrastructure design, development and management. Representing a broad cross-section of professional organizations, business

associations, community groups, academia and provincial departments, ITAC provides advice and counsel to the City from an external perspective as it continues to refine and validate constituent elements of the strategy.

Some of the first questions to be answered when developing an infrastructure asset management plan is: what do you own and what is it worth? Since 2000, the City has compiled an infrastructure asset inventory that includes replacement value, average age and expected asset life, as well as financial investment requirements and funding status. The City organized its broad range of infrastructure assets into twelve different areas: storm and sanitary sewers, road right-of-way, parks, transit facilities and equipment, fleet, buildings, traffic control and streetlighting, recreation facilities, affordable housing, waste management, technology equipment, and an "other" category containing miscellaneous assets such as library resources.

The next question, once you know your inventory and its value, is: what is the condition of your assets? A five-point standardized rating system was developed in 2001 to evaluate the state and condition of Edmonton's infrastructure assets. Three key criteria—physical condition, demand/capacity and functionality—provide data that enable the comparison of different types of infrastructure, all of which compete for limited funding. The rating system generates a high-level corporate perspective that improves the City's decision-making ability.

Once you know your inventory and its condition, you need to answer this question: given limited financial resources, where is money best invested? Edmonton is developing a risk assessment methodology and refining an established asset management technique, life cycle costing, to answer this question. These innovative decision-support tools are in various implementation stages with City departments.

The risk assessment methodology uses the aforementioned quantitative data as input into

the risk model. In addition, deterioration curves are created with input from the departments to determine how the assets deteriorate over time. Using probabilities and impacts of failure, the model can then forecast the future state and condition of infrastructure assets in relation to current investment scenarios. A risk severity is calculated for the many homogenous asset groups, each with different levels of infrastructure investment. The City can now compare a diversity of infrastructure elements at a corporate level to determine which areas require the most urgent action. A risk assessment for physical condition was completed in 2005, which identified the "high severity" assets in need of attention, either through rehabilitation or renewal. The Office of Infrastructure plans to complete a risk assessment for functionality and demand/capacity in 2005, which together will address upgrading and expansion requirements related to growth.

Life cycle costing, on the other hand, enables the assessment of future investment requirements—including operations and maintenance—by considering the total cost of an asset over its life expectancy rather than limiting decisions to initial construction costs. The Mobile Equipment Services Branch, having successfully implemented life cycle costing management, reports that the practice is cost effective. The use of life cycle costing is presently being promoted across the corporation.

The inventory is updated annually and, in combination with the rating system, provides reliable, quantitative data on which to establish the foundation for effective asset management and decision-making. A summary report that includes the latest inventory, including condition ratings, information on evolving decision-support tools, and on-going efforts to address the infrastructure gap is tabled with City Council every two years.

In 2003, City Council approved land drainage as a utility, resulting in self-sustained fee-for-service

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builder friends, who wondered why anybody with a brain would invest in old warehouses on gritty inner city streets. Now the pioneering redevelopment work is attracting new investors.

"You have some major institutions that now are fully committed to this community—they can't leave because of the dollars they have invested," said Mr. DeVries. "So you have these pillars of economic activity and it just makes sense to start filling in around them with new residential and commercial projects."

A Real City Again

The infilling is underway. The \$55 million Grand Rapids Art Museum will open in 2006 across the street from Coney Girl. Blue Cross Blue Shield of Michigan will soon move its 266-person regional workforce from the suburbs to a historic building downtown. "Moving literally to the heart of the state's second largest city makes a statement," says Blue Cross Blue Shield Vice President Dale Robertson. "We are here to stay and we wanted to send a signal that we are committed to this region. When you are downtown, with the people, the activity, the buzz of a city, I just think it will add something to our whole operation."

Down the block from Blue Cross, the aroma of Coney Girl's steaming sauce is in the breeze. Mrs. Idema's hot dog cart sits at the center of a \$15 million street reconstruction project that transformed a bleak pedestrian mall into the focal point of Grand Rapids' revival, the Monroe Center. The three blocks of attractive urbanity boast heated sidewalks, a brick street, and an eye catching elliptical park designed by Maya Lin, an internationally respected architect.

Real cities have Coney stands on street corners. Grabbing a childog, finding a park bench, and just watching people flow by is a classic urban experience. Mix in a beverage and a saxophone player and you've got what millions of people know as a great night on the town.

Where there is food in the streets there are signs of intelligent and industrious life.

"Just look around," Mrs. Idema says. "This city really has begun to thrive. In a couple years I could have five or six carts."

Andy Guy is a writer with the Great Lakes Bulletin News Service

CASE STUDY: Measuring the Infrastructure Gap *continued from page 21*

delivery and the consequent removal of drainage services from tax-supported capital budget projections. The Sanitary Servicing Strategy Fund, a partnership between the City and developers to jointly finance the construction of major sanitary sewers, supports new development. This initiative has reduced the civic fiscal burden and enabled development to proceed that might otherwise have been delayed. In 2002, Edmonton revised its Debt Management Fiscal Policy to permit tax-supported debt to pay for critical infrastructure projects that would otherwise be unfunded, for the first time in almost 20 years.

Edmonton now has a comprehensive picture of the challenges it faces and will continue to refine the *Infrastructure Strategy* as it develops corporate and departmental business plans and other key strategic initiatives. This includes developing and deploying new infrastructure management techniques, decision-support tools and processes to renew, upgrade and expand infrastructure assets on a sustainable basis. The City also continues to explore new funding approaches and investment strategies to address the infrastructure gap.

For more information about Edmonton's Infrastructure Strategy and the Office of Infrastructure, visit the infrastructure pages on the City's website at: www.edmonton.ca/infrastructure



MUNICIPAL INFRASTRUCTURE:



By Casey Vander Ploeg

Can Increased Investments Boost Economic Growth?



“Infrastructure” is a homely word. But in the municipal context, it refers to important things we use daily—roads, sidewalks, public transit systems, recreational facilities, and water systems.

According to the Canadian Society for Civil Engineering, Canadian municipalities face a backlog of some \$60 billion in desperately needed infrastructure upgrades and additions for which there are no public dollars.¹ In 2003, Vancouver, Edmonton, Calgary, Saskatoon, Regina, and Winnipeg deferred \$564 million in “high-priority” projects because of a lack of funds.² Edmonton estimates its unfunded infrastructure on a go-forward basis at \$4.2 billion over the next 10 years.³ In Calgary, it’s a whopping \$5.3 billion.⁴

How did we get here? Well, public capital investment has been dramatically scaled back compared to levels existing in the 1960s, 1970s, and early 1980s. This failure to maintain capital investment through proper capital preservation policies and

maintenance strategies then met up with a fiscal crunch in the mid-1990s. For cities, this meant fewer capital grants. Combine that with a general reluctance to increase property taxes and an overly negative view of tax-supported debt, and you are left with stumbling and crumbling infrastructure.

It really is no surprise. Whenever governments hit the fiscal wall, capital is always the first thing to go. After all, people protest but roads and bridges do not. Spending on programs and services is protected while capital budgets are slashed.

Failing to address the issue carries some pretty significant costs. First, ignoring needs today means the lifespan of existing infrastructure is artificially shortened. Existing infrastructure will have to be replaced sooner than it should, and with a price tag that far exceeds the costs of rehabilitating those systems now. Not making new infrastructure additions that are badly needed implies additional stress on existing systems, which also

accelerates decay.

Second, deteriorating infrastructure and the lack of new infrastructure results in higher operating costs for both business and governments. One recent study estimated that 25% to 30% of all drinking water in Canada never reaches the tap. Leaky systems artificially increase operating costs to local governments by about \$650 million a year, and hence to business and individual consumers too.⁵ Also, consider the proverbial traffic jam. Headache medication certainly costs individuals, but think about the loss in business productivity due to increased wait times.

Third, there are also environmental, health, and safety concerns. Cars idling in a traffic jam increase air pollution and sub-optimal roadways lead to car wrecks and their attendant side-effects. The danger of compromised water systems should now be clear to all Canadians. Remember the Walkerton disaster? What about North Battleford?

But most important from this

political economist's perspective is the economic costs of failing to invest adequately in public infrastructure. Public infrastructure supports and acts as a magnet for private investment, which is key to driving increased productivity and economic growth. Is our economic potential not being fully realized because of a sub-optimal public municipal capital stock?

The question is intriguing. But, answering it is like trying to pick up jello. In other words, there are huge disagreements with respect to the question.

Some economists point to the multiplier effects. For example, one study estimated that a \$1 million infrastructure project could generate up to 29.3 local person years of employment and \$1.23 million in direct, indirect, and induced local income.⁶ Others focus on the tax revenue generated. Here, one study found that for every \$1 spent on infrastructure, up to 44¢ was eventually returned to governments in terms of increased tax revenue.⁷ Others argue that as global competition increases, companies looking to set up shop will locate to areas with good infrastructure to draw a benefit from it in terms of lower input costs, higher productivity, and increased profits. One 1997 study found that highway accessibility was the second most important locational factor for business next to the cost of labour.⁸

But, the multiplier effects are transitory—output and incomes are boosted in the short-run, but not necessarily the long-run. In fact, the long-run effect may actually be negative. The tax spin-offs sound good, but they have to be measured against other policy choices—lower taxes, lower levels of public debt, or increased investments by the private sector—that may yield even better benefits.

Recently, many economists have turned to the question of how to optimize the public capital stock. Here, we have four camps—those who employ *aggregate production function* models, *variable cost*

function models, *cost-benefit* analysis, and *endogenous growth theory* approaches. All of the models share a common assumption: there exists somewhere an optimal level of public capital infrastructure investment that will maximize economic output (GDP), allow for the lowest possible business input costs, or maximize incomes and productivity. Sounds great.

Problem: there have been as many answers to the question of an optimum local public capital stock as there are models! Some studies have found that public capital investment can have an impact on productivity equal to that of private capital investment, while other studies have found no impact at all.⁹

The *aggregate production function* folks tend to find the strongest links. One study showed that a 1% increase in the public capital stock could result in anywhere from a 0.1% to 0.4% increase in productivity, depending on the type of infrastructure in play.¹⁰ Several reports in the late 1980s by David Aschauer noted a very high correlation between low US productivity growth in the 1970s and 1980s and a lack of infrastructure spending. But, Aschauer's findings were severely criticized. He modified his approach in a 1990 study. Again, he found that returns to core infrastructure spending (e.g., roads, water, sewer, and other basic tangible infrastructure) were 20 times that of private investment. Further, those results showed annual returns in the order 21% to 29% for a 1% increase in the stock of public capital, and 146% for core infrastructure investment.¹¹

The critics continued to scoff, but Aschauer remained unrepentant. In the late 1990s, he modified yet again his earlier attempts with a set of new studies. In a policy brief outlining this work, he states unequivocally that in the US, the optimum public capital stock (defined as the ratio of public capital to private capital that maximizes output or GDP growth) averages 61.0%. Public investments under that amount do not maximize GDP, and

neither do investments higher than that amount.¹²

This is incredible. If the 61.0% ratio is applied to Canada, the total government public capital stock should be some \$570 billion higher, an amount equivalent to the federal debt! In 2002, the total stock of private capital in Canada was some \$1.928 trillion. This would mean that the stock of public capital to maximize GDP growth should be about \$1.176 trillion. But, Canada's public capital stock is only \$607 billion. More telling yet is the fact that Canada has never optimized over the 1960 to 2002 period—the highest ratio of public capital investment to private investment in Canada was 43.0% in 1972. It stood at 31.5% in 2002.¹³

Yet, the core of the argument here is clear: government expenditures on consumption activities (e.g., income transfers) have squeezed out the public investment role (e.g., infrastructure) and economies are suffering as a result. Governments need to shift from tax and spend activities that are oriented to consumption and start investing in infrastructure.

The *variable cost function* camp tends to uncover similar findings, but the effect of public infrastructure on the economy is smaller. Some studies show that a 1% increase in the public capital stock can produce a 0.11% to 0.22% decrease in manufacturing costs.¹⁴ Two studies in 1992 calculated the return to public capital based on a user cost approach, and found that public capital infrastructure investment in the US was indeed too low. On the other hand, a 1996 study found that more public capital investment would be unwarranted.¹⁵

Economists focusing on the *cost-benefit approach* argue that links between infrastructure investment and productivity can only be settled by moving from the aggregate to the specific by examining individual infrastructure systems and projects. Results here have shown an over-investment in some areas and under-investment in others. According to this group, carefully chosen public infrastructure investments could yield economic

rates of return that are indeed higher than the average return on private capital investment, but there is little evidence that this holds true across the board.¹⁶

Endogenous growth theory models are the “johnny-come-latelies,” but they are yielding some interesting results. This type of model typically finds that an increase in the savings rate in public capital increases the growth rate of per capita permanent income in the economy in much the same way as production function approaches. Analysts conclude that if the formation of public capital is too low relative to that of private capital, the potential returns to shifting the economy’s savings toward public capital could be substantial. If these models find some lasting support, the policy significance could be fundamental.¹⁷

So, could increased infrastructure investment boost the economy? It remains unclear. All of the models tend to suffer methodologically. The *production function* and *variable cost function* approaches are retrospective, analyzing the gains in productivity of the past, which may be completely unrelated to the productivity enhancing needs of the future, especially given the rapid pace of technological change.¹⁸ The *cost-benefits approach* is limited to specific projects and cannot inform the infrastructure needs of the broader economy, and the method fails to account for the positive externalities or spillovers that such investments create.

To be sure, some studies show a strong correlation between higher levels of public capital investment and increases in GDP, productivity, and incomes. But, most of them have been hotly contested. In other words, the relationship between public infrastructure and the health of the economy is still not very well understood.

At the end of the day, there are only three firm conclusions. First, no economist disagrees that public infrastructure is a necessary and vital prerequisite to private production. Investment certainly remains the primary driver of economic growth and

productivity, and quality infrastructure certainly attracts business and skilled talent to the local economy. Second, even the strongest proponents of increased investments in public infrastructure agree that it is subject to the law of diminishing returns—each incremental addition yields less and less additions to GDP growth until at some point, subsequent additions actually reduce growth. Third, a majority of the studies do indicate an under-investment in public capital, but there is precious little agreement as to the magnitude of that under-investment.¹⁹

For this political economist, then, the case for increased infrastructure investment may well have to rely upon other arguments to carry it. Here, it may be the potential threats to public health and safety that may speak the loudest. After all, just about every Canadian has heard about Walkerton, and the studies about that debacle are studies no one wants to see again.

Casey Vander Ploeg is a Senior Policy Analyst with the Canada West Foundation

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The POWER of COMMUNITY

Revitalizing



By Mayor Pat Fiocco

Regina, a city of 191,400 people nestled on the southern portion of a prairie province, is home to a diversity of cultures, each of which brings its own unique perspective to enhancing our city's quality of life. However, and like many other major urban centres, the vibrancy of Regina's inner city is sometimes overshadowed by physical and social conditions which can create marginalized communities that fall into a state of economic and social disorder.

Regina's inner city is made up of a number of neighbourhoods that comprise 18% of the city's population. It is within this area that 50% of Regina's Aboriginal population lives. The area also contains an abundance of substandard housing, rental properties, and transient residents. As well, the low incomes, low education, high unemployment rates, and

Regina's North Central Neighbourhood

addictions prevalent in the area contribute to a high crime rate, the sexual exploitation of children, and a substandard quality of life.

These social issues, although concentrated in Regina's inner city, create a reduced quality of life for all residents of Regina. The amount of social services needed within the area as well as services such as fire and police (there are more calls for these in the inner city than in all other parts of the city combined), affect people's home-buying choices, housing prices, the standard of living, and school retention rates (schools can experience an annual student turn-over rate of up to 100%). Children and adults are afraid to walk on the streets at night. In some neighbourhoods, gangs roam the streets and children and youth are exposed to drugs, addictive lifestyles, and the sex trade at younger and younger ages.

In 2002, the City of Regina, Human Resources and Skills Development Canada, and Saskatchewan Community Resources and Employment formed a collaborative partnership to address the quality of life and social issues in Regina's inner city. The Honourable Ralph Goodale (currently federal Minister of Finance), provincial ministers, and myself put our support behind a coordinated, pro-active investment of resources to revitalize Regina's inner city. And it all began in the North Central neighbourhood.

First, a community partnership involving residents of North Central and service delivery agencies and governments was formed to develop a long-term vision for the neighbourhood by the year 2010. Then, in 2003, The Regina Inner City Community Partnership Steering Committee—comprised of 14 agencies and the community—was established to implement the long-term vision.

The partnership's objective is to provide a comprehensive, all inclusive approach to changing



Some substandard houses are being demolished, making room for new construction

the living conditions and the community environment of the neighbourhood, and to ensure future development is based on the goals and values of the community. The partnership places an emphasis on Aboriginal issues but is not exclusive to them. The long-term vision the partnership developed emphasizes community-building by the local residents and businesses, with assistance and leadership supports from government and non-government agencies. It takes a community development approach to inner city revitalization. There are a number of organizations involved including First Nations and Metis representation.

The partnership supports resident and organization efforts to develop leadership skills and to develop and secure programs and services that will enhance the lives of the residents, with particular attention to the cultural diversity of the urban Aboriginal population.

Solutions are focused on three initial key priority areas:

1. **Housing**
2. **Crime and safety**
3. **Employment**

We've had many successes:

- A complete Crime Prevention Through Environmental Design audit has identified changes needed, and which are now underway, to the built environment to reduce crime, such as more trees, better lighting, and road improvements.
- The Regina Qu'Appelle Health Region has selected North Central for a Primary Health Centre and formed a North Central Health Care Advisory Group.
- The North Central Community Association is developing a housing registry for renters.
- In-fill housing for home ownership developed on vacant lots owned by the City and

Saskatchewan Housing Corporation is underway.

- There is an active home renovation program in progress.
- We are currently looking at the feasibility of a community garden for implementation in the spring.
- A long-term employment development strategy is being developed to incorporate sustainable employment opportunities and linkages to the community.
- There is interest in developing a business association.
- There is interest in developing a grocery store in North Central by a nonprofit organization.
- A Housing Standards Inspection and Enforcement Team and Housing Regulation Working Group provide housing inspections. Aboriginal volunteers in the community are working with the inspection team to communicate with Aboriginal residents and gain their approval for the housing inspections. Forty inspections have taken place and 15 houses have been placarded and all residents that have been displaced have been re-located within the neighbourhood.
- The one issue that is interwoven into this project is the issue of addictions. This issue is being addressed collectively in the community by the Municipal Drug Strategy.

The Regina Inner City Community partnership continues to work together to revitalize the inner



"Many homes are being upgraded and renovated."

city. Housing starts will begin in North Central this summer through a partnership between the City of Regina and the Saskatchewan Housing Corporation that will create housing, employment and pride in the neighbourhood. The Community Association is leading a crime prevention initiative designed to change behaviours and it is hoped that a full scale, on-going community

clean up will also create enthusiasm and pride among the residents.

The Regina Inner City Community Partnership is a journey in faith and hope that all residents in Regina will seek quality to their life and their community.

Pat Fiacco is Mayor of Regina.

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In CONCLUSION...

By Dr. Roger Gibbins, President and CEO of the Canada West Foundation

Over the past few years, Canadians have become increasingly engaged in a lively national debate about the “new urban agenda,” about a new deal for cities and communities.

This debate has been fueled in turn by spectacular urban developments on the global stage – by the transformation of Barcelona in the wake of the summer Olympics, by the phenomenal growth and re-development of coastal cities in China, by the revival of smaller cities across the United States.

This debate has immediate and direct relevance for western Canadians. Somewhat contrary to popular perceptions, the western Canadian society is now emphatically urban, and western Canadian cities such as Abbotsford, Calgary, Edmonton, and Vancouver are experiencing the most rapid growth in Canada. Urban centres in the West are also some of the country’s most complex when it comes to immigration, social diversity, and the internal migration of Aboriginal peoples. Thus the debate about the new urban agenda is both local and global for western Canadians – it is an increasingly intense local debate framed by national and international experience.

However, urban renewal in the West is not concerned first and foremost with physical

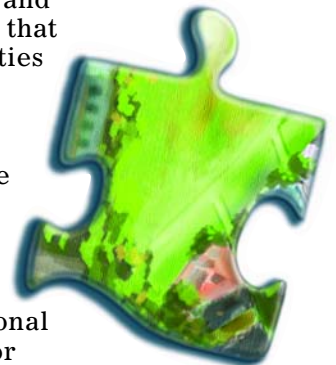
renewal or rebuilding, in part because the region’s cities are still reasonably young with respect to their infrastructure and urban form. Instead, the needed renewal is a mental renewal one that recognizes the growing importance of urban communities for the West’s economic prosperity, natural environment and quality of life. Above all else, what is called for is recognition of the potential of urban regions across the West.

All of this means addressing the generic challenges that confront cities across North America, first and foremost of which is establishing a sustainable financial base. But it also means coming to grips with the unique aspects of urban life in the West – low-density urban forms on the prairies, the constraints of water and mountains in the lower mainland of British Columbia, surging immigration and social complexity, the growing impact of Aboriginal peoples.

There is, then, an urgent need to both think and act locally, to revitalize urban governments, and to rebuild provincial-municipal relationships so that urban areas have the financial and jurisdiction tools they need to prosper. If this exploration is to be successful, there is also an acute need to learn from afar, to learn from other Canadian regions and the world at large.

Dialogues provides an important step in this direction. It draws attention to the urban agenda in western Canada while at the same time bolstering our understanding from experiences across the West and outside the region. There are indeed a lot of pieces to fit together in the pursuit of urban renewal, in changing the way in which we see urban communities, and in realizing the contributions that those communities make to regional prosperity and quality of life.

The national debate on the new urban agenda has helped inspire new financial tools, and a new awareness of the importance of urban issues and urban forms. It is now time to bring that debate home, to turn to municipal-provincial relationships across the West, and to ensure that communities across the West continue to provide national and for that matter international models for sustainable economic opportunity and an unsurpassed quality of life.





Ideas change the world

As Canadians debate the key public policy issues of the day, it is critical that the aspirations, perspectives, and ideas of western Canadians are heard.

Through its Western Cities, NEXT West, and Natural Capital Projects, the Canada West Foundation is proactively working to generate ideas for positive change and to make sure that the views of western Canadians are an integral part of national policy debates.

How can you help?

Without ideas – and an organized effort to get them heard – change will not happen. This is what the Canada West Foundation does. But, we cannot do it without your support. If you want to help ensure that western Canadian ideas are front and centre on the national stage, we invite you to become a FRIEND of the Canada West Foundation by making a donation. For more information, please visit our website (www.cwf.ca) or contact our Director of Fund Development, Julie Johnston, by phone (403.538.7355) or email (johnston@cwf.ca).

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