

**Backgrounder for Letter to Mayor Bowman**

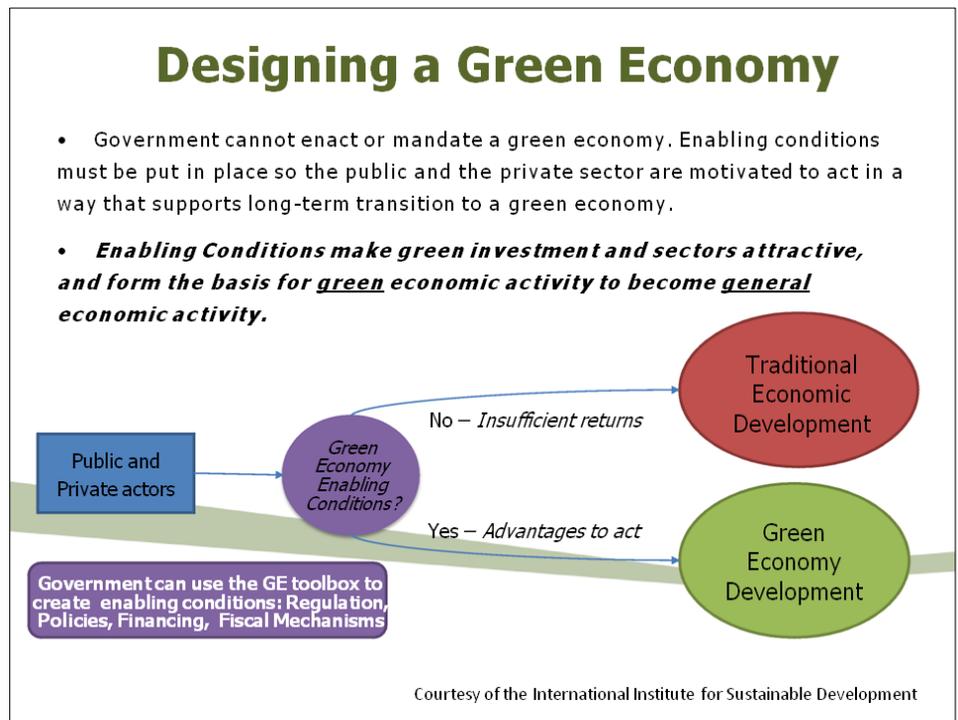
**Re: Funding Rapid Transit**

**February 13, 2015**

[OurWinnipeg and associated Direction Strategies](#) commit the City to plan a more sustainable Winnipeg. They are complements to the Province of Manitoba's longtime commitment in principle to sustainable development, expressed in the [Principles and Guidelines](#) of [The Sustainable Development Act](#) and more recently renewed in [TomorrowNow: Manitoba's Green Plan](#). The latter document explicitly commits the Province to developing a green economy action plan and a new climate action plan for Manitoba. [The Province has asked IISD, with the University of Winnipeg, to lead consultations and provide recommendations for these plans](#). Reports will be forthcoming this spring.

**Choosing a sustainable path**

In our experience, Winnipeggers want to live greener lives and care about the world our children and grandchildren will inherit, but the extent to which that want translates into behavior depends on creating the right societal **enabling conditions**, which make it easier and more rewarding to act sustainably than unsustainably. It is the task of the three levels of government to create these conditions, as depicted in the graphic. The transit investment is certainly a key condition enabling greener transportation choices by Winnipeggers.



**Choosing sustainable funding priorities and revenue sources**

Choosing which expenditures and investments to make is one side of the sustainable budgeting exercise. The other, often less in focus, is the choice of sustainable funding priorities and revenue sources. Two tests for each budgetary choice are: **a. How will this option advance or slow the switch from business as usual to a green Winnipeg with a green economy in comparison with other options?** and **b. Which option is fairer?** Of the funding choices before you, we make the following observations.

- A. It is unsustainable and unfair to add to property (or sales) taxes to meet transportation infrastructure needs when motor vehicles fall so far short of paying their share of societal costs in general and the costs they impose on society in particular.

In section 4 of our recent brief to the Province, [Budget 2015: A Green Budget for a Green Economy](#), Green Action Centre documents how transportation is the elephant in the room obstructing the Province and City from obtaining their GHG emission reduction goals despite progress in other sectors. Moreover the fiscal regimes of both the Province and City aid and abet this movement towards greater rather than lesser transportation emissions. Contrary to sustainable user pay and polluter pay principles, fossil fuelled motor vehicles receive a triple subsidy.

1. The provincial fuel tax of 14 cents/litre covers less than half the costs of building and maintaining the roads that motor vehicles require (not to mention increased costs for police and medical services) with the rest coming from general revenues. Similarly the City, lacking a means to tax vehicles, has dedicated a portion of property tax increases to lane and road repair.
2. In the absence of a carbon tax, tailpipe emissions, which increase costly climate change damage globally and in Manitoba, are dumped into the atmosphere free of charge.
3. Finally, there is no provincial sales tax on fuel to contribute – as other purchases must – to public benefits like recreation, health and education. At the City level, property tax falls solely on homes and not on the vehicles parked beside them. When transportation fails to shoulder its share, either a greater burden is put on other revenue sources or support for public services is starved or both.

Note that in Vancouver and Montreal, two cities noted for their commitment to sustainability and public transportation systems, [drivers pay 32.17 and 33.9 cents/litre](#) respectively of local excise, carbon, and sales taxes, i.e. well over twice what Winnipeggers pay.

- B. The suggestion that those who currently use transit bear the brunt of the cost of transit expansion is more likely to reduce ridership than generate additional revenue, thereby countering the movement towards greener transportation choices. At the same time, transit improvements benefit all residents, whether or not they choose to use the service, and are a critical aspect of attracting and retaining young residents and progressive businesses and of reducing congestion on our roads. Moreover transit is particularly important for lower income citizens without alternative means to move about the City for employment or other needs. In 2011 we heard the same proposal to surcharge transit users but not drivers at a time when the road budget increased by 34%. Our response then as now is [it's time to get cars and trucks off welfare](#) (attached).
- C. Manitoba's sustainability is not achievable without a sustainable Winnipeg and vice versa, since 60% of Manitobans live in the City and even more in the Capital Region. It is imperative that Mayor Bowman and the Minister Responsible for the City of Winnipeg Kevin Chief negotiate more sustainable funding options that empower sustainable budgetary choices for Winnipeg and other municipalities in accordance with their green mandates.

Attachments:

1. The Cost of Sprawl – February 26, 2015, 6-7 p.m. at Manitoba Hydro Place Gallery
2. It's time to get cars and trucks off welfare

## Winnipeg Now & Tomorrow: The Cost of Sprawl



Come meet Joe Minicozzi.

How do we continue to build a vibrant downtown while creating a more fiscally efficient and sustainable city?

Our Winnipeg, the City's guiding framework for growth recognizes the importance of a vibrant downtown, and there is growing

economic analysis which points in this direction, allowing for effective decision making by municipal government.

Joe Minicozzi is the principal of Urban3, LLC and formerly the New Projects Director for Public Interest Projects, Inc. In this capacity, Minicozzi specializes in analyzing the economic potentials of downtown development versus sprawling subdivisions and shopping centers located on the edges of cities. His research provides ironclad data proving that infill projects and historic renovations have a much more efficient economic impact than sprawl, leading to more sustainable cities.

Joe is a leading advocate and researcher helping cities better understand and learn more about land use, building design and tax production. There are major challenges and costs associated with urban sprawl in Winnipeg. Let's hear and learn how we can make downtown Winnipeg, and our city more efficient and vibrant.

Sponsored by the Province of Manitoba, City of Winnipeg, CentreVenture, and the Downtown Winnipeg BIZ

**Thursday, February 26 from 6 - 7 p.m.**  
**Manitoba Hydro Place Gallery**

[www.urban-three.com](http://www.urban-three.com) | [www.downtownwinnipegbiz.com](http://www.downtownwinnipegbiz.com)





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Green Action Centre will present to Council its thinking on sustainable funding for sustainable transportation (Key Strategic Goal Five of the TMP), which is summarized in this op-ed submitted to the Winnipeg Free Press.

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### It's time to get cars and trucks off welfare.

City Council's recent 25 cent fare increase to fund rapid transit provides a dramatic perspective on priorities in the capital budget now before Council.

The decision was hasty – even reckless – with no analysis of consequences, no consideration of other funding options, and no professional, public or provincial input. It has the potential to reduce rather than augment revenues if discretionary riders go back to their cars thereby increasing congestion and wear and tear on city streets. And it is regressive socially, putting an extra burden on low-income and disabled non-discretionary riders.

Meanwhile the city plans to spend \$150 million on streets and bridges in 2012 alone, a 34% increase over 2011, but there is no attempt to collect extra revenues from motor vehicles, nor has there been for years. Even when planning new rapid transit infrastructure, the priority of Council seems to be maintaining subsidies for private vehicles. It's time for cars and trucks to get off welfare.

Fees for city services, for recreation, for sewer and water, for transit, and for garbage collection rise to meet incremental spending or inflation. But motor vehicles, which demand an increasingly expensive network of roads and bridges, are sacrosanct – untouchable as a source of revenue to meet their growing costs. Instead we hear a despairing lament about an "infrastructure deficit" and calls for a bigger share of sales tax, but not on fuel.

It is true that a portion of capital expenditures for streets and bridges is supported by federal and provincial fuel taxes. But the provincial tax has remained a constant 11.5 cents/litre for almost two decades, with no adjustment for inflation and no provincial sales tax on fuel. The gasoline tax rate is now worth only two-thirds its value in 1993, when the last increase occurred. An inflationary adjustment to the present would raise the provincial fuel tax to 16.5 cents/litre. Because sales tax is not added on to gas, the discount is even steeper. The average Canadian driver now pays a full eleven cents more in taxes on a litre of gas than we pay in Manitoba. Bringing gas taxes in line with the rest of the country would add well over 100 million dollars per year to our infrastructure budget.

What can the city do about this unsustainable inequity, which shifts the tax burden away from motor vehicles to other sources, including transit users? In the first place, we need to complete the vision of a sustainable Winnipeg with a commitment to sustainable funding and a shift to more sustainable modes of transportation. Cars and trucks should at least pay for the streets and bridges that enable their mobility.

If there is a gap between fuel revenues and road infrastructure needs, this should be used as an opportunity to work with the province to explore new funding options including a tax on registered vehicles, an increase in the fuel tax, increasing the property tax on parking lots, automated road and bridge toll billing facilitated by transponder technology, and other measures. Consideration of some of these options would free up millions of dollars needed to complete the southwest rapid transit corridor without raising bus fares. A sustainable Winnipeg means we all must pay our share, including drivers.

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Councillors may wish to review the fuel tax comparison between Winnipeg, Toronto and Canada found at [http://www2.nrcan.gc.ca/eneene/sources/pripr/prices\\_bycity\\_e.cfm?PriceYear=2011&ProductID=1&LocationID=66,17,15#PriceGraph](http://www2.nrcan.gc.ca/eneene/sources/pripr/prices_bycity_e.cfm?PriceYear=2011&ProductID=1&LocationID=66,17,15#PriceGraph). Note the average Canadian pays 37.9 cents/litre vs. 26.9 cents/litre for Manitobans.

A great source for transportation funding options is the Victoria Transportation Policy Institute. The following excerpt is from <http://www.vtpi.org/tdm/tdm119.htm>.

Although there are many possible funding sources, some are particularly appropriate because they support other planning objectives such as traffic and parking congestion reduction, more accessible land use development, pollution reductions, and increased [Equity](#). Below are common funding options:

- [Parking Pricing](#). Some jurisdictions and campuses dedicate public parking revenues to transportation programs.
- *Special Parking Taxes*. Some jurisdictions impose special taxes on commercial parking transactions or on parking facilities (Litman, 2006).
- [Road Pricing](#). Some communities use road tolls and congestion fees to fund transportation programs, including roadway facilities, transit improvements and TDM programs.
- [Fuel Tax Increases and Surcharges](#). Some jurisdictions dedicate a portion of fuel tax revenues to special transportation programs (such as dedicating 1% of fuel tax revenues to nonmotorized facilities), or impose an optional, additional fuel tax for local transportation programs.
- [Carbon Taxes](#). These are special taxes based on fossil fuel carbon content, and therefore a tax on carbon dioxide emissions.
- *Dedicated local or regional sales taxes*. This may require a public referendum.
- *Payroll taxes*. Some jurisdictions impose a special tax on employers to finance public transportation or other commuter services. For example, about half the costs of Portland, Oregon's TriMet transit system if financed by a 0.72% payroll tax (ODOR 2010).
- *Transportation Impact Fees*. These are fees paid by developers based on the transportation costs imposed by their projects. For example, a developer may be required to pay for roadway improvements, public parking facilities (called *in lieu* fees), funding for a [Transportation Management Association](#), walking and cycling improvements, or other programs that mitigate local traffic impacts.
- *Special Property Taxes*. Some jurisdictions impose special property taxes in areas served by transportation programs and services, sometimes called a *Local Improvement District* or *Land Value Capture* (Smith and Gihring 2003; Wetzel 2006; CTOD 2008).
- *Vehicle impact mitigation fees*. This is a fee on each vehicle registered in the region to pay for programs and projects that serve motorists and mitigate the negative impacts caused by vehicle traffic.
- *Business or Employee Assessments*. Some [Transportation Management Associations](#) and [Commute Trip Reduction](#) programs are funded by a special assessment on businesses in an area, based on floor area, revenues or number of employees.
- *Grants*, such as foundation or government grants to help fund programs and facilities, such as school transportation safety education, and transit stations.
- Require certain types of improvements on private properties (sidewalk installation and repairs, street trees, etc.) when real estate is sold (Shoup, 1996)
- *Special Funding For Transportation Problem Solving*. Various federal, state, provincial and private funds may be available for transportation programs that address specific problems. For example, TDM programs may qualify for U.S. federal Congestion Mitigation and Air Quality (CMAQ) funding, and Canadian sustainable infrastructure grants. Other funding programs support energy conservation and emission reduction activities, nonmotorized facilities (public trails and streetscapes) and encouragement projects, school trip pedestrian safety, [Smart Growth](#) and urban redevelopment activities, mobility services for transportation disadvantaged people (low income, people with disabilities, children, elderly people, etc.), and various other planning objectives that TDM strategies often support.

Green Action Centre proposes the following formal amendments to the Preliminary Capital Budget and Forecast.

***The Public Service is directed to explore and evaluate a variety of alternative funding mechanisms for the implementation of sustainable transportation in Winnipeg, including options to be pursued in cooperation with the province, and options which can be pursued independently by the City.***

***In the absence of new transportation funding, the Public Service is directed to cap spending on roads and bridges at the sum of the Federal Gas Tax and Provincial Funding for Road Improvements (\$243 million + \$150 million = \$393 million) for the next six years and reallocate the \$58 million excess of road expenditures over these revenue sources to the Rapid Transit Capital Budget.***