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of the

Legislative Assembly of Manitoba

Standing Committee

on

Municipal Affairs

Chairperson

Ms. Marianne Cerilli

Constituency of Radisson



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Monday, August 14, 2000

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Ms. Marianne Cerilli
(Radisson)**

**VICE-CHAIRPERSON – Ms. Nancy Allan
(St. Vital)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Ms. Friesen, Hon. Mr. Mackintosh

Mr. Aglugub, Ms. Allan, Ms. Cerilli, Mrs. Dacquay, Messrs. Dewar, Loewen, Martindale, Penner (Emerson), Reimer.

APPEARING:

Mr. Bill Norrie, Chairperson of the Board,
Forks North Portage Partnership
Mr. Jim August, Chief Executive Officer,
Forks North Portage Partnership
Mr. Paul Webster, Chief Financial Officer,
Forks North Portage Partnership

MATTERS UNDER DISCUSSION:

The March 31, 1999, and March 31, 2000,
Consolidated Financial Statements of the
North Portage Development Corporation.

* * *

Mr. Chairperson: Good morning, will the Standing Committee on Municipal Affairs please come to order. The first order of business before the committee is the election of a Vice-Chairperson.

Mr. Doug Martindale (Burrows): I nominate Ms. Allan.

Mr. Chairperson: Ms. Allan has been nominated. Are there any further nominations? Ms. Allan has been appointed the Vice-Chairperson.

This morning the Committee will be considering the March 31, 1999, and the March 31, 2000, Consolidated Financial Statements of the North Portage Development Corporation. Just before the commencement of the consideration of these reports, I should note for the Committee's benefit that there is no legislative requirement for these reports, and therefore at the end of the discussion there will be no requirement for the adoption of these reports. This is really a process for providing information to members of the Legislature as a courtesy of the Minister and the North Portage Development Corporation.

Does the committee wish to indicate how late it wishes to sit this morning?

Ms. Nancy Allan (St. Vital): I would like to indicate 12 noon if necessary. *[Agreed]*

Madam Chairperson: Does the Minister have an opening statement and would she please introduce the officials in attendance from the North Portage Development Corporation?

Hon. Jean Friesen (Minister of Intergovernmental Affairs): Madam Chair, I am pleased to be here today as Minister of Intergovernmental Affairs and responsible for the Forks North Portage Partnership. Some of you know I was a member of The Forks Board many years ago, and I have had a continuing interest in this, so I do not know whether there is an irony or a certain kind of justice or what, but nevertheless I am very glad to welcome The Forks here to present.

The Partnership last appeared before legislative committee in June '99, and one of the

indications that we have made to the Board is that we want this to be regular. We are also looking for regular annual general meetings at The Forks itself.

During today, Mr. Bill Norrie, who is the new chair of the Forks North Portage Partnership on my left, and the new CEO, Mr. Jim August, on his left. I believe there are other staff here as well who you will perhaps introduce when you begin. Not present are the three provincial representatives to the Board, and I just wanted to mention their names since this is the first time that we have met: Betty White, Daniel Boucher and Elizabeth Sellick.

Mr. Norrie and Mr. August will be speaking later on and giving you an update on the Forks North Portage Partnership's current activities and future plans.

The Partnership, as you know, plays an important role in downtown. It was created by three levels of government more than 17 years ago to oversee the redevelopment of the North Portage area, and it has helped. It has been one player in transforming the north side of Portage Avenue from a declining commercial area into a multiuse development with office, retail, recreation, entertainment and public space uses. The North Portage Development also brought other important initiatives as Winnipeg began to look at its downtown future. The Province enacted business improvement zone legislation and both the Downtown Winnipeg BIZ and the Exchange District BIZ were subsequently created and still play a very important part, in fact an increasingly important part, in the development of plans for downtown.

The City also adopted a downtown zoning by-law and a downtown CentrePlan has been developed. I know that the critic for this department, Mr. Loewen, was very actively involved in that. From that CentreVenture has been developed. That is a relatively new corporation and one that I think has been recently transformed with a chair that reports to the Mayor and a board.

All of these initiatives have contributed to keeping downtown an important place in the lives of Winnipeggers and Manitobans, but

downtown is still not without its challenges. The regional shopping centres that were created in the '60s and '70s in Winnipeg, part of the contemporary growth of the city at that time, have nevertheless always meant, I think, challenges for downtown in slow-growth environments. Part of the context of North Portage was, in fact, to create a mall that enabled downtown to compete with the regional successful malls.

More recently the closure of Eaton's has had a major impact on downtown, particularly on the community sense of the future of downtown. Late last fall we had another very difficult situation evolve when a portion of the downtown pedestrian walkway system which connects through North Portage was closed for a period of time. I would like to say that the city and provincial governments and the Forks North Portage Partnership worked co-operatively over several months to successfully reopen that portion of the skywalk to the public. Even more recently there have been issues dealing with housing at The Forks which have involved City Council in particular. I expect that their chair will be giving us an update on that situation.

Our government, I should say, is committed to strengthening and improving our capital city's downtown, making it a location of choice for business, a place for residents, and a destination for visitors. I particularly want to emphasize the last, because one of the things that I have been doing in the combined departments of Rural Development and Urban Affairs is to say to rural Manitobans that downtown Winnipeg is a very important economic part of all the future of all Manitobans.

It is a message that I am trying to make consistently across Manitoba. As I make it I am also saying to rural Manitobans and equally when I go to talk to people in downtown Winnipeg and I talk to urban Manitobans I am also saying to them that the agricultural economy, the manufacturing, I should say agriculture economy that has developed in rural Manitoba, is equally significant to those people living in urban Winnipeg. I am trying to make that message to bridge those boundaries and to make particularly the argument that downtown Winnipeg as an economic indicator, as the place

of major businesses of the financial sector is a very important window for Manitobans to the rest of the world.

We are particularly committed to ensuring that The Forks in particular, which I think many people have a very strong commitment and attachment to, becomes an important part in keeping downtown healthy. One of the indications I have found and I am sure The Forks Board will be talking about is that people have a very strong personal attachment to The Forks. They will come down frequently. During the Pan Am Games especially there was a tremendous impact, I think, that it had on the lives of ordinary Manitobans. Yet they do not always connect it with downtown. In fact they see it as something quite different from downtown.

* (10:10)

One of the things that we need to do, I think, is to engage the sense of commitment to The Forks and engage that for all of downtown. I know that the City has a number of institutions such as CentreVenture which are, in fact, trying to do the same thing as well, as well as the two BIZs that I mentioned previously.

The three levels of government turned their attention to The Forks. At the time it was an overlooked downtown asset. It was called the CN East Yards. It was largely full of cinders. A great deal of archeology was actually done in the early years, too, that not only went to the Aboriginal levels of occupation, but also to the industrial levels. It was certainly not a place that Winnipeggers knew or had known for many generations.

The three governments in 1987 established The Forks Renewal Corporation as a subsidiary of the North Portage Development Corporation. The Corporation's mandate at the time was to redevelop the historic site at the fork of the Red and Assiniboine Rivers, and to protect the integrity of the site as a meeting place for all Manitobans. During the development of that first five-year plan, I was a member of the Board. One of the things that I remember from that was the many public meetings that were incumbent upon that first board in developing the plan, listening to Manitobans whether they were

interested in the environment; interested in the heritage; interested in the industrial aspects of the site and listening to their visions of that site. I think they are somewhat different than the visions people have today. The Forks has been tremendously successful in bringing people to the site and making it a meeting place of peoples. Some of the things, I think, that we had in that first five-year plan are not necessarily the kinds of things that people might want for the site today, now that it is much better known.

Six years ago, the three shareholders merged the operations of The Forks Renewal Corporation and the North Portage Development Corporation. Along with better co-ordination, this merger also promised cost savings. I am pleased to report that both objectives have been achieved. Today, however, the Forks North Portage Partnership is at a crossroads, with no pun intended. While it has achieved a great deal and there is much of which to be proud, we believe it needs to be reconnected with the public. The acceptance, the enthusiasm, the recognition of The Forks as a place for all Manitobans, a place to take visitors, is something that needs, I think, to be revisited with the public, and to look at the new vision that they want for The Forks.

First and foremost, we believe attention then must be given to improving connections between the Partnership and the public. By that, I do not just mean communications. I mean connections. For example, we want the Partnership to return to the practice of holding annual public meetings. It has not always been, I think, that regular public meetings have been held. In some cases, they have been public open houses. But the shareholders agreement requires that public meetings be convened annually. We also want to see important opportunities for public involvement in decision making on the site's future. We want to enhance the shareholder communications on, I suppose one could call it the public corporate activities of the Forks North Portage Partnership. I have had the chance to have some preliminary meetings with the new chair of the Board, and these are the kinds of things that we have communicated to him.

Secondly, we and the other levels of government believe that the time has come for

the Partnership to revisit the original financial and concept plans for each of the two sites. Much of the founding plan for the North Portage site has been achieved and progress has also been made in implementing the plan for The Forks site. In both cases, extensive public consultations were undertaken before the plans were developed. I think, as I said earlier, questions continue to develop about the next steps, about the appropriate type of development for The Forks site. I think it is fair to say that the public has liked what they have seen, so much so that they are now concerned that new proposed developments, although seemingly consistent with the original mandate, may not be the direction that they want to see The Forks take, its public and heritage role.

As governments, we have been given responsibility for a significant public trust. It is important that we find the opportunities and that we listen to what our constituents tell us they want to see at The Forks site, as well as at the North Portage site. The three shareholders recently initiated a review of the Partnership's mandate, and the public will be consulted in this process. At the same time, the Forks North Portage Board has also begun a review of the Corporation's plans for both the North Portage and Forks sites. Mr. Norrie has advised me that the public will be consulted in this review, as well.

Challenging both the Partnership and the shareholders in this process is the question of how to make the merged corporation self-sufficient in keeping with the original mandate of The Forks. That will be one of the questions that has been there for a long time, and will continue to be the focus of our community consultations.

I would like to conclude my remarks by saying that the Government of Manitoba is very strongly committed to North Portage and The Forks. We want to ensure that they continue to play a very important role in Winnipeg's downtown and that they continue to serve the needs of all Manitobans.

With those opening comments, Madam Chair, I would now like to introduce representatives from the Forks North Portage

Partnership, who, with the Committee's concurrence, will describe in more detail their activities and their plans for the future and be open to questions at the end of that. I am going to turn it over to Mr. Norrie.

Madam Chairperson: We thank the Minister for that opening overview. Before we have the introduction of the staff and board that are present, we would ask if there are opening remarks from the opposition critic.

Mr. John Loewen (Fort Whyte): Yes, Madam Chair. I thank the Minister for that statement. I will keep my remarks brief. I would like to offer my congratulations to Mr. Norrie and Mr. August in their new positions.

There is more than one irony at the table when we look back at the history of development and property development of The Forks and downtown. Certainly, we all have a long history of association with redevelopment of downtown and The Forks and North Portage. Although I am sure we do come at it from different approaches from time to time, and there is no doubt that you have your work cut out for you, my own personal belief is that we have done more than enough planning in this city, and it is time to get on with some bold action and some bold strategy if we are going to turn around what is happening, in particular with downtown.

There is no doubt that The Forks has become a splendid place, a splendid meeting place and a great place for the citizens of Winnipeg and Manitoba to go. Although one still does wince a little bit when we look at the updated photos and realize that probably close to half of the property is still a gravel parking lot. We are now closing in on 20 years since the formation of the corporation and still we do not seem to have a plan for the redevelopment of the remainder of the property that I guess meets the satisfaction of the three partnerships. That, I think, is probably going to be one of your biggest challenges, is ensuring that you can move forward in a progressive manner and get concurrence from the three partners on not only your mandate, but on your development plan in terms of what is going to be allowable and what is not.

I would hope that the three partners would give you a broad enough operating framework that you would be able to make some progress without running into, I guess, the difficulties that we have just seen with the housing development, where we have, I think, in particular, the volunteer efforts of the board, as well as the staff, spending a lot of effort on one particular development and having a developer spend a lot of money and a lot of time and attention bringing that to the point where it could be realizable, only to have one of the partners say that it is not the type of development that is wanted. I think those types of dealings, particularly with the private sector, puts a black eye on Winnipeg, puts a black eye on your operation and is going to make it more difficult in the future to attract other private sector developers to the table with worthwhile projects.

* (10:20)

I think once again we may differ a little bit from the Minister on this, but certainly we have seen that public sector money is not enough to revitalize either downtown or to make The Forks work. It is going to take an attitude that allows room for the private sector to come to the table and, in some cases, come to the table in a significant way because unless—and we have seen that in spades with the North Portage Development in particular with the shopping centre. Unless it is driven by the private sector in such a fashion that they can see long-term benefits of being there, we are going to continue to struggle with that development in particular.

I also wish you well with that delicate balancing act between downtown and The Forks. That has been there since the inception of The Forks and will continue to be there. I am sure we are all aware of those that believe that in fact The Forks competes with downtown, and it will always be a delicate balancing act determining what the future plans for The Forks should be and how that fits in with the redevelopment of downtown because I believe that unless we have strengthened both areas, we still have weakness. I do not think it serves any purpose to develop The Forks to the detriment of downtown or vice versa. Both of those areas must work hand in glove, and they must provide a balance and opportunities to complement each other as

opposed to compete, and that is not going to be an easy task for yourselves, your board members, and your staff.

I do have a number of questions regarding the financial statements. I am very interested in hearing your vision of where you are going in the short term, and probably, at some later date, maybe a little more in the long-term once you have had a chance to resolve some of these issues with the three partners. Again, congratulations to both of you, to your new board members, and to your staff. We look forward to hearing your presentation.

Madam Chairperson: We thank the Member for Fort Whyte (Mr. Loewen). Do the officials in attendance from the North Portage Development Corporation have an opening statement?

Mr. Bill Norrie (Chairperson of the Board, Forks North Portage Partnership): Madam Chair, Minister, and members of the Committee. First of all, I would like to thank you for the invitation to be here today. This is a very important part of our relationship with the three levels of government, and we are delighted to be here. I would like to just, first of all, introduce the folks that are here with me.

Jim August has been mentioned. Mr. August is the new Chief Executive Officer of the Corporation, just appointed on the 1st of July and has already taken hold and doing an outstanding job in my view. We also have Mr. Paul Webster here, who is our Chief Financial Officer, who brings the experience of North Portage with him, moved into the Partnership from North Portage; and Mr. Toby Chase, who is one of the managers and directors of the Partnership who also had experience back in the Core Initiative days. So we have three of the senior people with me today.

Madam Chairperson: Mr. Norrie, I just want to interrupt you for a moment and recognize your name for the Hansard. Mr. Norrie is speaking.

Mr. Norrie: My name is Bill Norrie. I am Chair of the Board, Chair of the North Portage Partnership Board.

Just very briefly before we go into our comments, I would like to just identify for you, probably most people—you cannot do that, okay. Well, maybe somebody can flip it. Toby, can you flip it?

The first presentation here on the board is the site of the original CNR East Yards. As I was saying, this is the site of the original railway yards. You can see the junction of the Assiniboine and the Red rivers and the bridge going across to St. Boniface, the Provencher Bridge. It is a very fragile piece of property. The only place you really got a good view was from the bar at the top of the Westin. Many people who were at the bar did not really realize the value of it, or maybe did not focus on it too clearly, I am not sure. In any event, it is a historic portion of land, really.

The Aboriginal people were there many, many thousands of years before we were, of course, and you can see it is almost a peninsula of land which just really called out for development. The high line is the boundary on the west and the river, of course, and then at the north end. Now at the north end we run into the lands that are now being developed by CentreVenture which is the Winnipeg development authority, and we have already had meetings with the CentreVenture people looking at co-operative development of the continuation of a river driveway, a river walkway and so on.

Maybe you could just indicate, Toby or Jim—the national park is not part of The Forks as such. It is part of the Government of Canada property and they developed the national park. A lot of people who come to The Forks do not identify the difference between The Forks property and the national park property. They do blend in very well together but they are in fact two separate entities, and we have no authority over the park operated by the federal government but a close working relationship.

Just to identify with the new ballpark up on the corner which is a recent development and in between are the parking lots that Mr. Loewen mentioned still full of gravel, and we have hopes for those. The ballpark has complemented The Forks very nicely. The Minister referred to the

fact that people do not always relate The Forks to downtown and the downtown to The Forks. We are trying to overcome that and, as you can see, it is an integral part of downtown Winnipeg.

Could we just look briefly at the North Portage? The North Portage Development Corporation, as the Minister indicated, preceded the creation of The Forks Redevelopment Corporation. It was a massive undertaking by the three levels of government. The land on the north side of Portage was expropriated by the three levels of government. Outlined in black. A massive change, if any of you are old enough to remember the north of Portage. It had the porn shops and the old theatre, and it was just a very, very terrible couple of blocks. It was not without controversy, as you would expect. It was a massive intervention by the three levels of government. We still carry in our reserves sufficient monies to finalize the settlements which have not been totally finalized yet but hopefully will be cleaned up in the next year. My feeling is that the North Portage site has really not been given the attention, in the last little while, that it deserves and in some respects the most potential source of development is the North Portage.

When the North Portage Corporation developed, they built the two corners and they built pads under the corners—maybe you could identify, Toby—on both corners. When they built the mall, the shopping centre, there were foundations put in sufficient to carry multi-storey buildings. So someone could come in tomorrow and build a high-rise, could build a hotel, could build residential development. The foundations are there, and we need to take full advantage of that and that is a potential development site which would, I think, add to the effectiveness of downtown redevelopment in total. The potential is there.

The Forks Partnership is the successor, of course, to the revenues that came to the North Portage Development, and a large bit of our income comes from the rental of the land. We own the land on which the development has taken place. We have never sold land. The rents that come in from that and from the parking, and we own the parking garage, they, in a sense, sustain the Forks Partnership.

* (10:30)

So that gives you a bit of an overview as to where we come. The Minister gave a very comprehensive history. I was going to allude to some of the things that Minister Friesen referred to in how this partnership came about but that has been done very ably.

Reference was made to the housing issue at The Forks. The housing is part of the original mandate. Commercial development is part of the original mandate and public amenity space is part of the original mandate. Ms. Friesen, I think, rightly analyzed the situation. When the original mandate and areas of development were conceived, it was really without the great ownership that the public now has in The Forks site. I think what really has added to this is the experience during the Pan Am Games. I think there were people who came down to the events during the Pan Am Games that had never been to The Forks before. They saw what a magnificent setting this was, and they really took ownership.

That came to the fore during the housing debate. The housing was driven—although I was not there. I just assumed office on the 1st of January—the housing proposal was in the works and talk about housing has been there ever since day one when Ms. Friesen was on the Board and back before that, I guess. The housing was not supported, as far as we can read from the public expression, by the public. The public took ownership of this as a public amenity space. I think the calls and the letters and the representations that we got clearly indicated—and it is hard to differentiate whether it was the location of the proposed housing or whether it was the type of housing for "active seniors," whoever they are, or whether it was the concept of housing per se. That has to be sorted out.

I guess, depending on your point of view, thanks to a caveat that was inserted in 1996 when their mandate was reviewed, the City retained the authority to approve or disapprove of housing, an authority I understand which neither of the other two levels of government had, and the City exercised that caveat and did not give consent. Mr. Loewen is entirely correct when he said hours and hours and hours of work were put into the development of that whole

proposal, perhaps without taking into account a reading of the public mind of it. So it is now history, and we will move on from there.

Mr. August is going to go into the details of our programs and what has been happening and their financial statements and so on. The message that I would bring to you today is that we have an incredible asset in the north of Portage, and from The Forks point of view we need to have the income from that. We have an incredible asset in the land itself at The Forks, and we need to develop it. We need to administer it with a very real sensitivity that we only get the chance to develop it once. I think that the idea that we are now pursuing is that we are going to the public. We are going to have public meetings. We are going to get a sense, hopefully, of the public mind and really go back, as the nature of the community has changed and the perception of the community has changed, and see what really is the desire of people who really, in effect, own this land.

An anecdote I must tell you, I asked my daughter-in-law, who is a young, active schoolteacher, a mother of three children: What do you think of housing at The Forks, during the time that we were in the great debate? She thought for a while and she said, and I took that as a no. I said, well, why, why do you say that? She said, well, you know, really The Forks belongs to us, us the people. I think that is a very prevalent position in the community. So people who have that view really want to see it develop, but they want to see it develop with sensitivity and largely, in my judgment, as public amenity as opposed to commercial. Now, we need commercial there, and there is a role for commercial development. Jim is going to talk about some of the things that have been on the board.

So, by and large, that is a quick overview. We really very much appreciate the support of Ms. Friesen and of the Province of Manitoba. The Province has been deeply involved since day one. We were talking about the strange anomaly, John is coming around the circle. I can remember I think it was sitting in this very room when the Premier was then the Minister of Urban Affairs, I was representing the City, and we had a federal minister. The big argument at

that time was the Province and the feds said we would like the City to give up its taxes on The Forks. I was sitting on the other side of the table saying, no, no, no, there is no way that we can give up taxes. That is very important. Now I am on the other side of the table. I would like them to give up their taxes. So what comes around goes around or vice versa.

In any event, we appreciate the opportunity, Madam Chair, to be here. I am going to ask Mr. August if he would now go into some of the detail that will hopefully be helpful to you. Then we would be open to questions after the presentation.

Madam Chairperson: Thank you very much, Mr. Norrie, for those opening comments. Mr. August.

Mr. Jim August (Chief Executive Officer, Forks North Portage Partnership): Thank you. As I say, Bill, it is a pleasure to be here. In some ways taking this position on is like going home or coming home. I was involved in the early days with the Core Area Initiative, which spun off both of these corporations, and have been active in downtown related issues with the folks around the table for a number of years.

The presentation is timely. We are looking at an annual meeting, although I do not know if you could call it an annual meeting, since we have not really had one for about three years, on September 27. Notices will be going out very soon. We will be looking at a public meeting to be held downtown at IMAX Theatre, which will be really a report on what has happened over the last couple of years and plans for the future.

I have a report that we will hand out following my presentation that will get into some of the, a little more detailed, some of the points I touch on. The briefing report highlights a range of projects completed over the last year and a half. These projects include the Fred Douglas Heritage House project as part of North Portage, which is the housing on top of the downtown Y which had always been envisioned. It just took a number of years to pull it together. That opened in the last year, year and a half.

A new state-of-the-art parking control equipment within Portage Place parkade is a major source of revenue for us and ongoing investment in that to keep the revenues up is important. Then renovation to the Public Press Building or what some would remember as the Sydney I. Robinson building at 290 Vaughan Street, which is a building that we own, is fully leased up and operating.

At The Forks we have seen the opening of the new theatre for young people, which is now called Canwest Global Performing Arts Centre at The Forks, a fabulous addition, along with the Children's Museum, which is on the site from a few years ago. The baseball stadium, which is not on our land, but the Forks North Portage was very involved in the process, is on city-owned land adjacent to Forks land. There is joint planning authority for that area but a fabulous addition to the city and the area. Then the A-Channel, formerly Manitoba Television Network, in the old steam plant building on the site.

Other projects that we touched on or were involved in on a smaller scale is the Growing Prospects, which is very interesting, a relatively small project but you lease a space and it is using confiscated hydroponics growing equipment from the city police for growing commercial herbs and fresh herbs for restaurants, et cetera, around town. The development of Prairie Garden in the archeological preserve area of The Forks received quite a bit of attention actually recently.

* (10:40)

Just to touch on the financial overview and I know there will be some questions on this, the Forks North Portage Partnership have continued to make significant financial investments in infrastructure maintenance and upgrades for the convenience and comfort of the public. These sites do require significant ongoing investment. I know that you have received the financial statements but I would like to touch on a few of the key points.

Basically the Partnership is self-sufficient overall and is able to fund all remaining expropriation claims for the North Portage site

and future infrastructure enhancements, and that is all identified in our 1996 business plan. The Partnership consistently produces a positive cash flow from operations annually before capital expenditures and land expropriation costs and dollars have been put aside for those costs.

We also produce positive net income from operations before depreciation, so removing our depreciation, we are in a positive cash basis on an annual basis. We took some money out to reinvest in the stage in preparation for the Pan Am Games out of our cash situation. Over the past three fiscal years, actual cash flows from operations, cash on hand, and actual net income have exceeded the 1996 business plan.

Since taking over just a month ago, we are looking at really a review of the operations. My feeling is, in discussing with Mr. Norrie, we need to tighten up the organization and put the kind of organization together that is really required to fulfil our mandate. We recognize that the structure will need to be lean and efficient to maximize our opportunities and to work more in, what I call a private sector mode, in working with organizations like CentreVenture and particularly private developers and the three levels of government. We have touched on this whole point of a consultation process and being sensitive to John Loewen's comments about the amount of planning that goes on. It is our feeling we do need to go out and show an integrated approach to the downtown and have it fairly project specific, rather than too vague. The integrated plans we are going forward with are going to be focussing on Portage Avenue, waterfront development to complement other developments in the downtown. We have The Forks but we also have some prime potential development land, either as park and public space or as private development along the river. Other priority projects for the downtown and then the whole Forks North Portage mandate area, particularly again on Portage Avenue as it relates to our two development sites identified earlier.

There are a number of projects and proposals in various stages of discussion, and my thinking is that one of the problems with the housing project, it came forward as an isolated initiative. It was not seen as part of a grander

scheme, and so whether it would have received a better hearing the fact was it was seen as housing at The Forks. It was not seen as tying into other kinds of developments that may take place at The Forks, and I think any time you are selling a project it has to be looked at in the broader context of the downtown and of the site.

We are in discussions regarding a character or theme hotel at The Forks right now, a small scale, not the kind of hotel that would take place on Portage Avenue. We definitely do not want that to go the way of the housing project and so we need to go forward to the public. We are talking to two proponents, very serious proponents right now, and we will carry that discussion on.

There is a discussion on what we call a production light manufacturing with the retail components along the rail line, the Spirit Island concept at the south point, which is working with Aboriginal groups and having that as a centre for Aboriginal celebration and tourism. Those discussions have been going on for a long time, and they continue. Many of these are problems that money would solve in the long run, and there is never enough money.

Moving forward with major infrastructure enhancements, such as additional permanent docks at key points along the Red River, we are part of the coalition that is looking at dock development as a transportation corridor along the river.

In the North Portage area, really to reinforce what Mr. Norrie said, the organization has not paid a lot of attention. It has been a great cash cow in some ways. We do get good revenues out of the North Portage development, but have not really looked at pushing the development on those sites. I think we need to put additional attention in that area, in particular, the pads on North Portage. The issue of long-term success of Portage Place as a retail centre is key, and we are meeting with both the managers of that facility as well as the owners, and then looking at downtown housing opportunities in co-operation with the CentreVenture people.

Private and public sector partnerships are key to the success of this initiative. Winnipeg is

looked at from across the country as really being a model in this whole area of government tripartite partnerships. I was in Toronto prior to starting this job, and they knew I had some connections. They are looking at a major waterfront development in the Toronto area, huge, huge development, and they look at the Winnipeg model as an example to pursue.

With the financial help of the shareholders, the whole Festival Park space and the stage at Festival Park was completed in time for the Pan Am Games, and resulted in its just being a fabulous venue for the Games. The historic rail bridge has been restored and returned to its public use, another great project that received federal-provincial infrastructure investment, and then the underpass and twinning of Pioneer Boulevard projects have improved access to The Forks, a great entranceway into The Forks.

We are also moving into the whole business of sponsorship. We think there are some real opportunities in that area for additional cash coming from the private sector. There are two projects that have been completed, the first being the Scotiabank stage, which is a million dollars over 10 years, that really more than covers the cost of operating that facility, when that stage was built. There is a cost to running these. It is a venue that needs coverage, so Scotiabank has come in, and they have first right of refusal as well for sponsoring events on the stage at additional costs.

Then the Crocus Fund is supporting, at \$30,000 a year for a three-year period, one of our programs being Dancing Under the Canopy, which is jazz every second Thursday. If you have not been down for it, it is a fabulous Thursday evening summer event, which attracts large crowds.

We think there are a number of other sponsorship opportunities. It is really getting this balance between, if you want to use the term, crass commercialism plus kind of good sponsorships. You do not want a label attached to everything, but there are ways of putting sponsorship packages together that do work.

We are involved in other projects in and around the downtown. That is the Downtown

Flyer free bus service, which links the various areas of the downtown, and our partner there is the Downtown BIZ; Winnipeg Police Service horse patrol, we are contributing to that; the Out-to-Lunch concert series in partnership with the Downtown BIZ; and then the interpretative horse-drawn wagon tours, which is a very busy little route, as I watch them go by, with the St. Boniface organizations.

I will just wrap up our presentation with a brief comment on festivals at The Forks. There was no question that the Pan Am Games put a new level of expectation on the site. The War Child conference, which will be coming up on September 14, is going to be a huge event, which will attract as many people, we anticipate, as the Pan Am attracted. It is a one-afternoon show. We would have been panicking about that a year ago. We have the experience of the Pan Am Games. We are still panicking about it, but it is done at a little greater level of confidence.

We have up to a hundred different events held by community groups at The Forks each year. We run three major events within our organization; that is the New Year's Eve celebration, the Canada Day celebration, and then the May long weekend are major events that the Partnership puts on and manages ourselves.

With that, I think I will just wrap up and open it for any questions. Just in summary, however, we are, from a cash prospective, on sound ground. We need to really go to the public with some specific initiatives and concepts and ideas and get good public debate taking place. We are planning on getting into that process in the fall.

Madam Chairperson: Thank you, Mr. August. Before we proceed, does the Committee wish to consider each report separately or shall the questioning be done on both reports? What is the will of the Committee?

Mr. Loewen: Both reports.

Madam Chairperson: Shall both reports be considered together? *[Agreed]*

The floor is now open for questions.

Mr. Loewen: Again, congratulations to Mr. Norrie and Mr. August. It is certainly a pleasure to hear of the plans you have moving forward. It sounds like some well thought-out ideas and some great possibilities. Having said that, during the question period we tend to focus in on maybe the things that we see that are not so rosy, so if you will bear with us on that.

The first questions pertain really to the financial statements and in particular on the consolidated statement of operations which is titled page 1 of the auditor's report dealing with the revenue and expenses. I am wondering what is behind the dramatic increase in general and administration expenses. When you compare both 1998 and 1999 to the year 2000, it is up roughly 30 percent.

*(10:50)

Mr. August: Can I ask that our financial person, Paul Webster, respond to that?

Madam Chairperson: Certainly. He has to come to the table and to the microphone.

Mr. August: The question is the increase from \$951,000 in 1999 to \$1.2 million in general and admin expenses.

Mr. Paul Webster (Chief Financial Officer, Forks North Portage Partnership): First and foremost, there was a severance package provided to the former president and CEO that is included in there. Secondly, The Forks leased office space in the Johnston Terminal building in 1993, and when the merger took place in 1995, they moved out of that office space and into the market. That space was sublet but the sublet ran out during the fiscal year, and we have not sublet it. There are a number of reasons for that. We believe we will be getting out of the 10-year lease very shortly, so there is increased rental or office space in this balance.

We upgraded our computers within the office significantly, and we had significant training costs incurred in the prior year. During the fiscal year there was an increased number of board meetings and the related costs to those. Slightly higher audit costs—the auditors were called on for one or two special projects during

the year. There was a certain increase in legal costs mainly related to The Forks site which related to zoning, survey and property as tax assessment matters and some development matters.

Mr. Loewen: I think that gives me enough detail on that. I guess, in terms of a follow-up comment, certainly, Jim, your indication that you are going to look at those costs are certainly advisable at this point. Just a note, you know, those general and administrative costs, although some of that certainly is going to be one-time this year, roughly at about 15 percent of revenue, I think it is common practice in the private sector for someone say who is managing a shopping centre or property such as this, not maybe exactly like this, but their typical rates would be 4 percent to 5 percent. I think, certainly, if one was to compare the in-house costs versus outsourcing, and maybe there is some extraneous activity that bumps your costs up, but certainly that 4 to 5 percentage range, I think, should be monitored in terms of the property management side of it.

Mr. August: One of our big expense areas and I am realizing as we are coming in here is the whole area of programming, events and programming. It is an area we are having to take a very hard look at. We have a budget of about half a million dollars for programming and marketing and communications and it is something that we have to address, so your point is well taken.

Mr. Loewen: I think this focuses mostly on the North Portage site, and we have had many discussions about the ramifications of maybe getting the private sector more involved, particularly on the North Portage site, where I believe they could bring a lot of added value. Noting that there is about a \$1.5-million excess between income over expenses, which obviously provides the bulk of the cash to carry through at The Forks, I know there were some discussions with the Ellman group regarding the purchase of the land—well, maybe not the land, I am not sure—but certainly the parking structure and the shopping centre—not the land, okay, but certainly the parking structure and the shopping centre. Are there any discussions underway presently

with any private sector group to take over that as a complete package?

Mr. August: Very preliminary contacts since I have come on the scene. Apparently Ellman are still interested in something. What exactly I am not sure, and part of that is a business deal that needs to take place between Consolidated and Ellman. I am having dinner with the Consolidated people tonight just to find out where they are coming from.

Madam Chairperson: Before I recognize Mr. Norrie, I just want to remind all members of the Committee and the newcomers that because of the Hansard recording we have to recognize you each time prior to your speaking, and it is helpful to the Chair if you could indicate who wishes to speak by just raising your hand. Thank you.

Mr. Norrie: Mr. Loewen, just on that point, through you, Madam Chair, the discussions that we had with the Ellman—and I was personally involved with them, gentlemen from Arizona. Their interest really was lease of the east pad for an advertising structure. It was one of these massive sign boards and so forth and so on. They have had some difficulty with the present owners of the shopping centre. They were never interested, at that point, in the land although there was some indication they might at some point be. The problem with selling the land, and I think this is a very, very important point that we have to keep in mind, we derive substantial revenue, as you will see. Now, in order to replace that revenue, we would have to obtain a capital cost or a capital value of that land which is probably worth more than the land would market for. So if we were to replace that income stream with the cash from the endowment of the land sale, it would have to be a pretty substantial price, which most developers are not interested in. They think it is too large. There is a real deterrent from our point of view to a sale of the land.

The Ellman developer at the moment has withdrawn the offer, and we are back to square one. So if you would like to develop the east pad or the west pad, it is open for you.

Mr. Loewen: Thank you for that response. I think it is very important that those discussions continue, and I agree with what you are saying and what Mr. August has said previously in terms of the cash being generated at North Portage being needed to make The Forks self sufficient. There are some that would question the wisdom of draining the cash out of an already dilapidated downtown region to invest in The Forks, and maybe that cash that is generated by the downtown district would be better off being reinvested, whether it is in the form of an annual operating surplus or whether it is capital of some kind.

Just as a follow-up to that, I would ask the Minister—she raised the issue of self sufficiency—if her government has taken a position on the wisdom of using cash generated by the North Portage Development as a means to fill in the gap at The Forks and whether they have a position on whether that is the type of self-sufficiency that they want to see, that the Province wants to go with in the future or whether they would rather see those funds, whether in terms of capital or in terms of operating surpluses, be dedicated to downtown redevelopment.

* (11:00)

Ms. Friesen: Madam Chair, it is obviously an issue which has concerned, I think, every government. I was interested by Mr. Norrie's reminder of the City requiring the taxes. It was certainly always on our mind when we were on the Board. Self-sufficiency and City taxes are not the only things that one should be looking at, but they are certainly two sides of the same coin.

I think every government is concerned about that. What we have done working with our partners at a meeting that I have had with the other shareholders, we have decided that this is the time to re-look at it, to revisit it, to see if there are alternatives and to see in fact what the public's view of this is as well. There have been a number of proposals in the past about the options on this, some of which are public trust options. I go back to Christine McKee and her proposal, when she was Deputy Mayor, for the creation of a public trust at The Forks. I think it

is time to revisit the options that have been there in the past, but we intend to do it in partnership with our other shareholders, and that is where we are now. It is what we are doing.

Mr. Loewen: Just in a closing comment on that, it seems to me that when you put the organization in the situation it is now where its only means of meeting the self-sufficiency test is by relying on an excess of income in one area to offset losses in the other area, you are hamstringing them a little bit in terms of their options with regard to possible sale of assets or property that may make more sense, and in particular for downtown. My own belief is that one could look at the North Portage structure and say it is better than what we had there before. I also look at the lack of people on the street, and I think there is definitely a value to be placed on people on the street, regardless of what their intentions are or where they are going, as opposed to having empty streets and pretty buildings. I also believe that it is going to take, and I think we have seen it in downtown redevelopments all across North America. Where we looked at the success, there has always been a vital role played by retailers in terms of whether it is destination retailers that are able to attract people back to certain areas or shopping mall conglomerates that through their weight are able to attract retailers to a certain area while it is being developed. So I think the discussions with Ellman and possibly other groups into the future of North Portage is going to be a very, very critical piece to not only the success of North Portage but the long-term success of The Forks.

On the financial side, the theatre I notice is also at a loss. That is the IMAX. I understand that we are probably in a situation where the other two private theatres in the building are going to close. I do not think they are renewing their leases. I am wondering if there will be an adverse reaction to the operation of the IMAX Theatre as a result of the other theatres closing down just in terms of traffic.

Mr. August: The IMAX Theatre is a major concern. Obviously, it has been losing money for a couple of years. We are really working hard at ways of turning that around. We keep hearing rumours of the other theatres closing, which

would be a blow, and some effort is going to have to go into finding alternate suitable use of that space. However, they have not done so yet. I am not sure they are going to in the short run. The IMAX, I mean, one of the issues is we need a big sign. I have walked down Portage Avenue and seen people looking for the IMAX Theatre. We need a sign that says IMAX Theatre across the outside. So it is an issue that we need to address.

Mr. Norrie: Just a point, Mr. Loewen, on your reference to the theatres. You know, as well as the cinemas in the North Portage, there is the Prairie Theatre Exchange. There is no suggestion that Prairie Theatre is moving. If there is any suggestion, it may be the movie theatres. The Prairie Theatre is very secure. It is interesting, the number of people who come to Prairie Theatre has quite a substantial impact on our parking revenues.

The whole debate about the site of the arena, which I am sure you would probably be familiar with if it happens to go to the Eaton's site, probably would be very positive for North Portage just simply in the whole development mode, might have an impact on people looking favourably at developing on the pads. Certainly in terms of the connections that would be there and are there for the overpasses and the parking and so forth, that would be a real plus.

Mr. Loewen: Thank you. I appreciate that. Again, it seems a little ironic. Certainly when we look at downtown, and both CentrePlan has looked hard at it and CentreVenture has looked hard at it, as well as the Forks North Portage, the buildings that cause the real trouble in terms of pedestrian traffic are those that are put up by the public sector as opposed to private. There may be a message there that private sector money understands some things about pedestrian traffic that maybe the public sector does not, but the same warning would have to take place, I guess, to the Government with regard to development of a downtown arena. Certainly they are very big structures only used less than a hundred times a year. If the result is that they block, in particular, pedestrian traffic or are not pedestrian friendly, at the same time that leaves over 300 days a year when you are actually impeding development as opposed to assisting it.

Mr. Norrie: If I may, just on that point, the problem, just going back to your public-private sector reference, the problem with the overpass connection that was there was not with the public sector; it was with the private sector. The blocking and the closing off was a private sector company, not the governments. The public sector worked very diligently to try—and I was not involved—and correct that, but it was a private sector entity that caused the problem.

Mr. Loewen: Well, just for clarification, I was not talking about impediments in the walkway, and I realize that was private sector. I am talking about people on the street and the impediments to pedestrians that we see around the library, around the Convention Centre, around North Portage. I mean, I would much rather see people on the street than people in the walkway. In fact, I think there are some that argue that maybe we would be better off without walkways, although in the middle of winter at 30 below, you could make that argument.

Just back to, I guess, North Portage, then, and The Forks, and I would be interested in if there has been talk at either the government level or the board level or at the operating level in terms of the relationship between CentreVenture and the Forks North Portage and how that will move on into the future because I think these are obviously going to be two very vocal bodies in the redevelopment of downtown, and I am just wondering how it is envisioned that those two bodies will work together.

Mr. Norrie: I could just comment from our level, and then Jim might follow up on that. One of the first things that I did after the appointment, I met with Annitta Stenning, who is the new CEO of the CentreVenture. Then the Mayor and Annitta and I and one of their architects met, and that was very initially. Then just laterally we have had a meeting with David Asper, who is the new chair of CentreVenture—the Mayor stepped down as of June 30, I think, and Annitta Stenning. We met with Mr. August after his appointment, so we are developing a very close and working arrangement with CentreVenture. My view is that Winnipeg is much too small to have these kinds of organizations actually competing with each

other, and particularly as it pertains to the development of downtown.

* (11:10)

We need to work together, and so that is the consensus that David and I have come to and also Annitta and Jim, I believe, and he can speak for himself, but there are certain things, certain very obvious projects that we may be able to work together on. Jim can comment more particularly on that. Yes, we have been working together, and I think it is very important that we continue to do so. We are actually arranging, we tried to arrange it before the summer recess. It was not possible, but we are going to arrange a joint board meeting between the members of our partnership board and the CentreVenture board.

Mr. August: Annitta Stenning and I have been talking on a regular basis. I mean, our approach is trying to develop almost a seamless approach to downtown development. The last thing we want is someone who is interested in doing a project being bounced around between agencies. In fact, there is a person coming to town who is a site planner for a major retailer, and we are both meeting with that person. We put our sites together, so that they will see the sites. They own some, the City of Winnipeg, or have control over city sites; we have others, obviously our sites. So operationally we really need to work in a collaborative—we have even talked about joint co-location if we were going to kind of shrink down some of our operation and move. So, going back to the old downtown task force base that you were involved in, there were some principles there that we are trying to work towards.

Mr. Loewen: Just in closing, on the financial statements, the options are coming due with regard to certainly One Canada Centre and the ISM building. Any indication now that those lands will be purchased under the options that exist by the private sector owners?

Mr. August: It has not been discussed at any board level or staff level. What is it, four years, for One Canada Centre?

Floor Comment: 2006.

Mr. August: 2006. So five years, and ISM is about the same. We have not discussed it at a staff or a board level.

Mr. Loewen: There are certainly significant land values there that are owned by the Corporation. Again, I think it would be wise for the three levels of government in their deliberations to take a look at the capital that is there and determine whether The Forks and downtown Winnipeg would be better served by reinvestment of that capital, and I think they are highly saleable assets. There are certainly people out there that would look at the revenue stream, as well as the existing owners, who would, I think, in normal circumstances, wish to own the land that their buildings occupy. Again, whether that is better used by the Corporation as capital or as an ongoing income stream, I think we will leave it up to you to try and work out with the three levels of government.

Just in closing, on that side of it, I am wondering about the occupancy level at the shopping complex on North Portage. Do you have an update on that?

Mr. August: I met with the Bentall Group who are managing the shopping mall. Their claim is that they are putting a full effort into reconfiguring the second level of the shopping mall and want to have that complete within the next two to three months. To be honest, we need to get a real good understanding from the owners of the mall as to where they are going, what their plans are. Our concern is that the people managing it do not have the resources to do the kind of marketing and the efforts that need to be undertaken. We need to get a sense from the owners as to what their long-range plans are and what their business plan is as it ties into the kinds of operations of the mall, the dollars that are coming out of the mall.

We do understand the main level is very positive and always has been. It has always been the second level that has been a difficulty. The reworking of Holt Renfrew they see as an opportunity to get into some other kinds of retailing similar to that. That is the Bentall push. They are good operators. They do not own this, they strictly manage it. So it is based on what

kind of dollars they have to do their job, and so we are trying to get a handle on that.

Mr. Loewen: I appreciate that answer. I think one would only have to track the share price with Consolidated these days to understand that it is probably in everybody's best interests, including the City, that something come together in terms of that mall. I do not think it is quite likely fairly public knowledge that they would like to see it off their books as well. I do not think it is particularly attractive the way it stands.

One more question I have, and this relates more to The Forks. I have quite a bit of concern with what I am hearing with regard to roadways through The Forks and around The Forks. I think one of the tragedies for the City of Winnipeg seems to be that, when you look at the history, the traffic department has had as much to say about downtown and its redevelopment as anybody else, I think more to the detriment of downtown. I am just wondering what sort of discussions are underway with the City of Winnipeg with regard to thoroughfares, and there has been talk of underpasses at St. Mary and extensions to the Provencher Bridge. We are not talking about a circle, and certainly any major traffic flow will cut off the north part of the property from the south to the detriment of pedestrian traffic. Is there any sort of concrete idea where the City is going now with regard to traffic flow through that property?

Mr. August: I have not had a chance to talk to the City about where they are going or how firm the traffic flow problems are. I do not know if other people have. We do have our site manager sitting on that committee, but I have not even been briefed on that to date.

Mr. Norrie: I did have a fairly lengthy discussion at the meeting that I mentioned, when I met with the Mayor and Annitta Stenning on the CentreVenture situation. It was quite a significant internal discussion, as you would appreciate, the whole question of the roundabout and supporters on this side and supporters on that side. The Provencher Bridge was not passed at the last council meeting, I gather, from just reading the paper. There was a tie vote, so they have to go back. One of the interesting things

though that did come out of that meeting was the discussion which we have had with respect to the pedestrian bridge, which is part of the City's proposal as well. The vehicular bridge has supporters betting on the St. Boniface side, do not even want to see the bridge changed. That has not changed since former councillor Dacquay was there, who will remember that very well.

There seemed to be very strong support on both sides of the river and internally in the city, and certainly from The Forks point of view, because the alignment of the pedestrian bridge was going to coincide with the cathedral on the one side and the access to the CN station, it would on The Forks side become a path. It is not a car roadway, it would become a walking path, and so on. The idea was that the old historic connection was Broadway-Provencher which was the access across the river, and that could well be recreated with this.

I gather that it fell apart at the council meeting on an access turn onto Tache. I am not familiar with that, but roadways and bridges and so on are always very difficult because people have very strong views, but the exciting thing from The Forks point of view was the pedestrian bridge which would give access right through. We actually have been looking at the possibility of entering into negotiations with VIA Rail with respect to the VIA Rail Station. So that would connect the historic, but there is no thought of putting roads through The Forks, I can assure you of that. We own the land, or the governments own the land.

* (11:20)

Mr. Loewen: Just in closing, again, I certainly appreciate that. Certainly The Forks has become that gathering place, and I think everybody has shared a vision for that. I guess the disappointing side to it, from my perspective, is that even when it becomes a gathering place, as we saw at the Pan Am Games, which was terrific, the unfortunate side to it was that there was a traffic jam getting there and getting out. The biggest problem of that is that nobody really stuck around. So there is still not that draw, that attraction for people to stay around on the street, which in any great city that is really what brings

the vibrancy to downtown. I think also it can be said of any truly great North American city that there is a complementary green space close to downtown which is used by the people and is an amenity to downtown.

The situation we have right now is I do not think you will ever be to the point where you will get a lot of pedestrian traffic going from downtown to The Forks. So there needs to be a system, if downtown is going to be vibrant, particularly the Portage Avenue strip, that there is some means of moving people conveniently from one location to the other, otherwise the tendency will be to make a choice and to park and leave. Obviously, the choice now would be The Forks. I mean that is where the amenities are, which is good for one-half of your operation and not so good for the rest. So that is certainly a terrific challenge.

Certainly, and particularly to the Minister, I guess hopefully the concern regarding traffic flow, although it does not necessarily cut The Forks in half, it cuts what is perceived as The Forks in half and the enhancement on the west bank moving northward of the Red River, if somehow that becomes a major thoroughfare, as we have seen in the past, that the traffic engineers like to have us home in 12 minutes instead of 15 and build bridges and roadways accordingly—maybe in this case we are better off taking the 15 minutes to get home and having a true amenity that close to downtown.

So, once again, thank you for your hard work and the volunteer efforts of you and your board and the hard work of the staff and good luck going forward. You are sitting on a very important mandate for the future development of this town, and I am sure you will do it justice.

Madam Chairperson: I want to recognize Mrs. Dacquay.

Mrs. Louise Dacquay (Seine River): Madam Chair, I just have a couple of brief questions.

First I have a genuine interest also in the traffic, particularly the pedestrian traffic from north St. Boniface. As a volunteer for The Forks and on traffic patrol right at that intersection on Water, the main entrance into The Forks, after

the theatre productions ended each evening, it was chaotic, to say the least. I recognize part of the problem was due to the fact the fireworks display was co-ordinated at that same end, so the bridge was completely closed to both vehicle and pedestrian traffic. It was not an easy challenge trying to prevent people from insisting that they had to get to the other side of the bridge even though it was closed at that point.

I would be really interested in, and I will be watching the development of the Provencher Bridge very carefully because lots of people do walk from Portage Avenue straight over into St. Boniface. My colleague is gone, but I know he walks there almost nightly on a regular basis. Whenever I cross that Provencher Bridge, there is considerable pedestrian traffic on that bridge. I think the development of that little kiosk is probably a big draw when we have good weather in the summer.

My question specifically, though, is with relation to the residential component in North Portage. Do either of you know what the current occupancy rate is of that residential component?

Mr. Norrie: Is that the Fred Douglas you are referring to, the one in the Y?

Mrs. Dacquay: No, the one to the north of—

Mr. Norrie: Place Promenade is now not part of our holdings. Mr. Webster could probably elaborate on that, or Jim.

Mr. August: We have sold basically Place Promenade. When we sold, it was fully leased, I believe. We had taken a situation, and I was not involved at the time, basically that did not have full leasing. It was fully leased. We sold it June '98. We do not know what the situation is there. We do know that Fred Douglas lodge, seniors, is full and Kiwanis is full as well.

Mrs. Dacquay: There has always been talk of trying to do a residential component in the downtown area to attract more people to stay downtown, and so that is why I was very interested in knowing what the occupancy rates are of those three residential components in and around the North Portage Development. My further question is: Will there still be

consideration of a residential component either at North Portage or The Forks?

Mr. August: We believe, at least at a staff level, and I think most of the Board believe that downtown housing is extremely important, whether it be done by us or by CentreVenture. In both of those cases we would not do it; it would be the private sector doing it, but we do have some land. So we think downtown housing is absolutely critical. It is a different kind of housing.

There was an article in the paper the other week about saying if this happened in White Ridge or somebody living in Ashdown's Warehouse that this happened in a suburban area they would not get away with it. The fact is that it is not a suburban area, and people do not live downtown, and they have the same experience as they do living in St. James. There are different kinds of housing mixes, we think, make all kinds of sense, and when we go to the public there will be some different options put forward, possibly at The Forks, as well as in the downtown so that people have an opportunity to see what the opportunities are both from a development perspective and as housing options for people who are wanting to have a different kind of experience.

Mrs. Dacquay: Thank you for that response because it is encouraging, and I feel that it is an integral component of revitalizing the downtown area. I would just like to take this opportunity to wish you well with your new challenges. I am sure that the word "challenges" cannot be over-emphasized. Having been involved for one term on City Council, I know this was always an ongoing challenge, this issue. I am very impressed with The Forks, and in fact when I bring visitors from out of country in particular, but from out of province as well, that is one of the first places that I ensure that I encourage them to visit or take them to visit. I think that the development so far meets all the requirements, but I recognize that in order to make it a little bit more economically viable you are going to have to make some probably bold decisions. Good luck.

Mr. Jack Penner (Emerson): I am certainly interested in many of the comments that have

been made, and I want to congratulate Mr. Norrie and his board for what, I think, is an excellent job that is being done currently in assessing the whole Forks and North Portage Development initiatives. Could the Board or the Minister give us a bit of an overview as to what the private sector investment is in both North Portage and The Forks development in its entirety, the commercial development there? I know the way the governmental investment and the ownership of The Forks are structured; however, I am not aware of what the total private investment might be in both those entities. Could you give us a bit of an overview maybe?

* (11:30)

Mr. Norrie: Are you looking, Jack, for a dollar amount or—

Mr. Jack Penner: If you could give us a bit of an overview of what the private sector investment might be in both North Portage and The Forks as we see it there today?

Mr. Norrie: We might have to take that as notice. I do not know whether Mr. Webster would probably be the one or, Jim, your learning curve is—

Mr. August: North Portage investment is approximately—for every dollar invested of public sector about \$3 of private sector, which is over \$200 million of private investment in the North Portage site. We assembled the land and basically what we contributed toward the parking structures, but all of the development of North Portage, including the housing, obviously the Investors building in and of itself would be between \$200 and \$250 million on the North Portage site. That does not mean that that is what it is valued at today, necessarily, but that is with the front-end investment.

Mr. Jack Penner: That was the initial investment?

Mr. August: Yes.

Mr. Jack Penner: Have you got similar numbers for The Forks development?

Mr. August: It would be much smaller. Most of the projects at The Forks would be kind of public sector—quasi-public. So I think we would have to find those numbers and get back to you. I mean there is the A-Channel; there is the Children's Museum which was mostly grants and the like with some private fundraising; there would be the Theatre for Young People; in some ways on the development site adjacent to us, the ballpark. All of those would be much more of a public—private kind of public non-profit—and part of the reason and the rationale behind that is not to get into straight commercial development at The Forks that would compete with other parts of the downtown. Johnston Terminal Building would be private with Marwest Development which was a heritage restoration but we do not have those numbers at our fingertips, but we could easily access them back at the office.

Mr. Jack Penner: How about the private investment in the restaurants, the markets, and the other commercial operations there, and I would include in that the baseball park? I mean, when you do those numbers if you get back to me, I would like to know what those entire investments would be.

Mr. August: Yes, we can do that. We can find those numbers and get a note over to you.

Mr. Jack Penner: If the investments are similar than what they are at North Portage, then I think the \$71 million that has been contributed by the three levels of government plus the Core Initiative investment, I think, our dollars are well spent. One sometimes loses sight of the true impact of the investment initiatives that were initially made by the three levels of government to encourage redevelopment of the downtown core area.

I want to make comment, as some others have, on the traffic initiatives. I look at Mr. Norrie when I say this because I think sometimes as leaders we need to give maybe a bit more direction. Looking at it from the point of view of the discussion that was held a few years ago in regard to an exhibition park being developed at the north Forks—and I am not sure whether that is still somewhere in the back room discussions, but there was at one point in time, I know, we had internally amongst the provincial

caucus some discussions about it—and the questions arose whether you could in fact bring the large equipment into an exhibition type of a setting at some point in time, into The Forks development area.

The traffic corridors that exist there now simply would not allow it, the underpasses. I think the only other without an underpass would be the Provencher access and that is a difficult one, to access The Forks from a commercial perspective. Of course, now, having seen the agricultural culmination of the attempt in the west of the city in building an agricultural exhibition there, we are developing it, and in the future I think I am not sure what that has done to this discussion. Maybe you can give me a bit of an overview on that.

Mr. Norrie: You are right. Many years ago there were fairly serious discussions about locating the Red River Exhibition and all of that down really on the river side, on the old steam plant area and so forth. The Red River Ex has now achieved a permanent home out in the west area of the city, and they have done a lot in terms of putting up permanent buildings. We were out for some of the Pan Am activities out there, and they have done very well. So I have had no personal knowledge of it or no part in it since those days, but my view is and my understanding would be that that is their home. I do not think there is any indication of any of that type of development.

CentreVenture certainly has the idea of encouraging redevelopment of the buildings on the river end of the Exchange District. There is some talk about the steam plant now going down and some redevelopment. Largely they are looking at residential or supportive, you know, commercial restaurants and that sort of thing. I do not think you would ever see the Red River Ex relocated down there.

Mr. Jack Penner: This might be a bit of an outside question, but there has been a significant amount of talk about developing a downtown arena site, whether that would be at The Forks or whether that would be at some other destination downtown. I am not sure whether The Forks development corporation or the North Portage Development Corporation would have any

involvement in that type of discussion, or whether you have been approached or are involved in those discussions, and whether there has been any further consideration given to traffic corridor development within the city of Winnipeg. Those of us that live outside of the city and drive in virtually every day into this place realize the difficulties that are there, and some of the speed-ups that we think could be made with maybe not that great a deal of an expenditure over a period of time with some federal and provincial involvement. I wonder whether you might want to comment on that.

Mr. Norrie: I did, Mr. Penner, just a few weeks ago sit in on a meeting. There is a group called the advisory committee to the Downtown Winnipeg BIZ. A number of us sit on that. There was a presentation at that point, both from the general manager of the Winnipeg Convention Centre and from a representative of the Chipman Group who are looking at the whole idea of the new arena. Out of that discussion, two sites really emerged clearly as the ones that are being seriously looked at, I gather, one being south of the Convention Centre on provincial land, and the other being the Eaton site. From the conversations that took place at that point, the Convention Centre representative was making strong arguments as to why they would complement each other at that area.

I thought it came out, and it has since come out in the paper that clearly the Eaton site is the preference of the promoters of the arena, but further than that I do not know what has happened. I think there have been various comments; various political leaders have made comments as to which site they prefer. I understand that the Eaton site would be donated by the owners of that if that came about. Other than that I have had some discussions with the Mayor on it, I do not know where it stands.

* (11:40)

Mr. August: I am thinking although we have not had a board meeting since I have come on. I would think that we would be extremely supportive of a downtown arena, and site is almost secondary—

Floor Comment: But not on The Forks site.

Mr. August: Not on The Forks site. We went through that one a number of years ago as some will remember. I think a downtown entertainment complex, if that is what one wants to call it, is very important, and studies have been done and the Forks North Portage have participated in those studies about the importance of the downtown as a draw for entertainment, sports' activities, concerts, and the like. So I think we would be very supportive of a development of some nature in some site in the downtown, and whether it be Eaton's or the other, both have advantages and disadvantages, I think.

Mr. Jack Penner: In concluding, just one further question. When I look at the financial statement and the operations, and I will just pick out, like parking is probably one of your biggest revenues in this area. Some of the others I would question at a later time, but I looked specifically at the rental expenses and the rental incomes over a year, over last year to this year. Why the big change? Maybe Mr. Loewen asked that question before I got here.

Floor Comment: Yes.

Mr. Jack Penner: Okay. That is fine. If that has been answered, then I do not need to hear the repetition of it. I just want to thank the Board for, I think, a commendable job done. I certainly concur with the comments here, that from an outside perspective looking in, it would be a great asset to the North Portage Development if there could be an entertainment complex of some statute built in the downtown area. It would certainly lead us, those of us that drive in and out, to visit more often, maybe, the commercial side of the venture as well if that were there.

Madam Chairperson: Before I recognize Mr. Reimer and then Mr. Loewen, I just want to remind the Committee that we agreed to sit till noon.

Mr. Jack Reimer (Southdale): My questions may have been asked already. In regard to the outstanding land expropriation claims, I noticed that you are still carrying \$4 million or \$5 million from 1999 and 2000. What is the status

of those claims, and why are they still outstanding?

Mr. Norrie: Well because they have not been settled. It is surprising to me, and Mr. Webster can elaborate more fully on this, but there are people, believe it or not, who were expropriated a way back when the expropriations took place who have not come forward and either accepted settlements or given any indication that they want the money. There was a change, you may remember, some time ago in the provincial expropriation act where the amount of interest payable was reduced. We had hoped that that might speed up because they were, in some cases, making fairly good income on the investment from the interest that we had to pay. We carry about \$5 million in the reserves against the expropriations, and the latest word we have is probably—and I do not if I should say this publicly or not, but I will anyway, Paul. The latest word we have is that there are probably about maybe a maximum of \$2 million in liability against that \$5 million, but our private sector accountants are very cautious people, as you know. They like to see a healthy reserve. We hope to be able to settle. We would like to clean it off the books, quite frankly. We are going to exercise a push on that. Mr. Webster was going to have some discussions. Can you add to anything, Paul? No. Okay.

Mr. Reimer: I remember you mentioning that the interest was readjusted. Just for clarification, what is it now at?

Mr. Webster: I do not know the exact number, but it is tied to the Court of Queen's Bench rate, and that changes every six months.

Mr. Loewen: Just one short question in closing. Jim said that you have not been to a board meeting. I wonder if the Board has taken a position, and if they have, if they made that position known to the Government on their advice as to the location of the possible expansion of Red River College?

Mr. Norrie: No, the Board has not discussed the issue although Mr. August and I have. I have no further comment.

Mr. Loewen: Would it be safe to anticipate a comment from the Board at some future time with regard to that?

Mr. Norrie: I doubt it.

Just before we close, if there are no further questions, I would just like to make one point for the Committee's information. There is, and I am not sure how new it is, but there is a new arrangement which I think is very helpful, and that is at our board meetings we have what are called shareholders' representatives who sit in. They are non-voting members of the Board. They represent the federal, provincial and city shareholders. We have one of them here today who represents the Province. Heather McKnight is the shareholder, very faithful at our board meetings, and quite frankly, I personally find that very helpful. It is an innovation since I was previously involved, but we get a good deal of advice from them, and we know that we have direct access to the shareholders themselves as a result of that. So I just wanted to commend Heather's activities and the others; George Skinner from the federal government and Brent Reznowski from the City. That is a very good arrangement, a very happy arrangement.

Ms. Friesen: I just wanted to take the opportunity to thank all members of the Committee for their concern and for their comments, and to say that we will get back to Mr. Penner with his questions on the amount of private investment, and to thank the Board and their staff for coming at, I think, relatively short notice. Nevertheless, trying to fit it into the legislative schedule has been very helpful, and we look forward to seeing you next year, perhaps, a little earlier than this.

Madam Chairperson: There is a requirement that I identify that this committee has considered the March 31, 1999, and March 31, 2000, Consolidated Financial Statements of the North Portage Development Corporation operating as the Forks North Portage Partnership.

The hour being 11:46, what is the will of the committee?

Some Honourable Members: Committee rise.

Madam Chairperson: Committee rise.

COMMITTEE ROSE AT: 11:46 a.m.