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of the
Legislative Assembly of Manitoba

Standing Committee
on
Municipal Affairs

Chairperson
Mr. Jack Penner
Constituency of Emerson



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

| NAME | CONSTITUENCY | PARTY |
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Thursday, June 23, 1994

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

**CHAIRPERSON — Mr. Jack Penner
(Emerson)**

ATTENDANCE - 8 — QUORUM - 6

Members of the Committee present:

Hon. Mrs. McIntosh

Ms. Friesen, Ms. Gray, Messrs. Helwer,
Penner, Reimer, Mrs. Render, Mr.
Schellenberg

APPEARING:

Mr. Kent Smith, General Manager, North
Portage Development Corporation

MATTERS UNDER DISCUSSION:

March 31, 1993, Annual Report of the North
Portage Development Corporation

* * *

Mr. Chairperson: May the Standing Committee on Municipal Affairs please come to order. This morning the committee will be considering the March 31, 1993, Annual Report of the North Portage Development Corporation.

Just prior to commencing consideration of this report, I would like to remind the committee that there is no legislative requirement for this report to be referred to the standing committee. Hence, the standing committee has no requirement for adopting or passing this report. Committee members will have ample opportunity to address questions pertaining to the report and to the business of the North Portage Development Corporation. When the committee has exhausted its consideration of the matter, the committee will rise without passing the report. Is that understood? Thank you.

Does the minister responsible for dealing with the North Portage Development Corporation have an opening statement?

Hon. Linda McIntosh (Minister of Urban Affairs): Mr. Chairperson, I have just a very brief statement for the committee, simply to indicate that North Portage has made a very significant impact on the downtown of Winnipeg. We have thanks that we wish to express particularly at this time to the board and staff of North Portage. As you know the boards are going to be merging North Portage and The Forks, and those board members who have worked so diligently over the years to ensure the good things that are happening on North Portage are to be commended and thanks are expressed to them.

We have with us this morning Kent Smith who is the General Manager of the North Portage and he has a presentation, I believe, he will make today to us. Do you wish to introduce anyone else you have with you?

Mr. Kent Smith (General Manager, North Portage Development Corporation): Behind me, I have Paul Webster, our Senior Financial Officer, and Matthew Baldwin, a summer student at North Portage.

I would just like to apologize on behalf of our chairperson. We are in a situation where the chairperson for the last 10 years, Dr. Arnold Naimark, has just been replaced as of yesterday at City Council. The new chair of the North Portage Development Corporation, who will also be the chair of The Forks Renewal Corporation, is Mr. Ernie Keller. Neither people were able to join us this morning, and we have yet to elect a vice-chair for the board. So I am standing in in their place.

Mrs. McIntosh: Thank you very much, Kent.

As has been indicated, we do now have the full complement of the new board selected and in thanking those who are outgoing, I wish to express sincere thanks to Dr. Arnold Naimark, who, as has been indicated, could not join us this morning. He has a pressing engagement elsewhere. I know that Mr. Smith will give us very good and detailed information on what has been going on at North Portage over the year.

I would like as well to thank the outgoing board members. They are Patricia Phillips, Ted Murphy and Gary Steiman, who were on the North Portage Board. Gary Steiman will be remaining as continuity on the new board along with Ashley Everett and Jim Orzechowski as the provincial nominees.

The other board members from the other two levels, as you know this is a three-level enterprise, have also been appointed, and so they now have the full complement. They have yet to meet. We literally had the chair ratified at City Council yesterday, so we are right at the very moment of transition. But what we will be giving you today is what has gone on over the last year for your information, and we will be available for questions when you are done.

Mr. Chairperson: Thank you, Madam Minister. Would the critic for the official opposition party, Mr. Schellenberg, have an opening statement?

* (1010)

Mr. Harry Schellenberg (Rossmere): I am very pleased to be here today as the official critic for Urban Affairs. As members of the Legislature realize, I was just elected in a by-election last fall. So this is my first direct experience with this board's work.

North Portage Development has had its success as well as having faced some problems in the last couple of years. Canada, we are told, has an overbuilt commercial capacity. There is no doubt retail stores and other businesses have faced stiff competition, and this has caused some turnover in North Portage. Despite some problems, private investment has been attracted to downtown Winnipeg. Jobs have been created in the downtown, but vacant shops still exist on Portage.

The downtown, however, has become more attractive, but revitalization of Winnipeg's downtown has not achieved its goal completely. The revitalization program has not attracted a number of residential people. It is people that will make the downtown vibrant. People must be attracted to live in the downtown area.

We have attracted people to work in the downtown, but a greater effort must be made to attract people to live in the downtown and also to shop there and be attracted to come there for social reasons. Maybe with the merger of this board with The Forks, new directions and new ideas will be implemented. The downtown is the heart of Winnipeg. It is most important to the city and province. It is a downtown with the heart of Winnipeg that gives tourists and visitors the first impression.

I happened to be in Europe last summer, and I noticed that many cities were concentrating on the downtown area. What I saw in the downtown was people. I saw the downtown vibrant, bustling with people, very active. Cities such as Vienna, Geneva, Munich were designed for people. The whole focus seemed to be on the heart of the city.

As we focus on the downtown, I realize the problems. The provincial government has moved its Mines and Natural Resources out of the downtown area. This indicates that there is possibly not the same commitment for the downtown as there should be.

The main thrust, however, has been physical. Buildings and structures have been erected. The social aspect has been lacking that people relate to. The human aspect seems to be missing. I know it is difficult to revitalize a downtown, but I hope in our debate to follow we might discuss some of these issues. I am not saying that we have not been successful, but new directions are needed to make the heart of Winnipeg vibrant again.

In closing I would like to say I am very pleased to meet with the North Portage Development today. We look forward to the presentations and the debate this morning, and with these few words I will pass the mike over to the Chair.

Mr. Chairperson: Thank you very much, Mr. Schellenberg. Would the second opposition party, Ms. Gray, have an opening statement?

Ms. Avis Gray (Crescentwood): Mr. Chairperson, I will have a very few comments because I am interested in what would appear to be the slide video presentation, as well as having an opportunity to question staff from the North Portage.

I must say that I am pleased that we have finally seen an amalgamation of the North Portage Development Corporation and The Forks Renewal in terms of the board. I know this was something that our caucus had talked about a number of years ago, so although there may be some transitional pains and growing pains, I think certainly it is a positive move so that one board can work together in looking at their short-, medium- and long-term objectives in regard to renewal and promotion of the downtown and The Forks area.

I will be interested today in hearing from the staff as to specifically what they see as some of their short-term objectives, and what also do they see as some of the barriers to reaching those objectives. We may be here for a long time.

I would also be interested if the minister—she indicated that the board had been approved, and that the other members had been appointed from the other levels of government. I am wondering if she has that information of those individuals, can she also share that with us at some point this morning?

I will leave it at that because, as I say, I am interested in getting into a discussion of where we are at with North Portage and where we want to be going.

Thank you.

Mr. Chairperson: Thank you very much. It is my understanding that the officials of the North Portage Development Corporation do have a slide presentation to make, and I wonder whether you would want to make a few comments on opening before you start your slide presentation, and before we allow that, is there unanimous consent to allow for the slide presentation to be presented? [agreed]

Mr. Smith: I guess just in terms of opening comments, we actually have had the first meeting of the new board without a chair. Actually Arnold chaired it yesterday to get the board appointed to the board of The Forks Renewal Corporation. Just from the staff point of view, we are enthusiastically awaiting the whole formal merger of the two corporations, and we are looking at it very positively. We believe it is going to make it easier for us. As Ms. Gray has suggested, it is maybe one of the barriers that comes down to helping us better revitalize downtown Winnipeg.

What I have in the way of a slide show here is sort of a brief summary of where we have been over the last couple of years, some of the results to date and then to some extent some of our short-term objectives and as well some of the things that we think need to be addressed over the longer term. So if I can just get the lights I will start the show.

The North Portage Development Corporation has actually been around for about 10 years now. It was established in 1983, and it has really had a vision of downtown revitalization that has been a long-term project, and probably the biggest achievement that the corporations achieved is bringing private investment back into downtown Winnipeg. That investment has resulted in the following project: probably our most famous project is Portage Place, which was developed by Cadillac Fairview, with the skywalk connections to both Eaton's and The Bay. It also includes Edmonton Court.

Probably when most people talk about North Portage Development Corporation what they really visualize is the Portage Place project. Portage Place, though, is as big a project as it is, and obviously retail focused—there are also other elements in the project: the Imax Theatre, which we actually own and are responsible for the operation of; there are three full-sized movie theatres; as well as Prairie Theatre Exchange which contains a live theatre and a drama school. Those elements were put in place to try to make Portage Place more than just a shopping centre and try to get activity happening not only during the day but in the evening and on the weekends.

We also have some office components to the project. The Investors Group has located their Canadian head office at 1 Canada Centre on our site, and the Manitoba regional offices of the Information Systems Management Corporation, or ISM, which is a state-of-the-art computer facility are also located on our site. This is just a view along Webb Place.

I think most importantly, and it is interesting Mr. Schellenberg hit on it in his opening remarks, is the very importance that the corporation placed on residential development and creating a new residential community downtown. We try to direct that community to a variety of lifestyles, and we now see that there are over 1,000 people living in this neighbourhood, and that represents a major increase in residential population. In fact in the years 1986 to 1991 there was a significant increase in residential population in downtown Winnipeg, and we were responsible for a third of that increase.

We have tried to create a more pedestrian-oriented street along The Promenade, which I think still needs some time and efforts to be developed fully, but it does present a much nicer residential flavour to this street as opposed to just looking at the back end of a shopping centre.

With the difficulties in the real estate market, that also Mr. Schellenberg mentioned in his opening remarks, you know there has been some difficulty in all types of real estate development, and of course we had our problems back in 1989 with the Place Promenade project, and we now own and operate that project. I think we have got some good news to share with you on that a little later on.

* (1020)

Rounding out the development is the newly renovated downtown YM-YWCA, and that is an interesting project because not only does the—it is a bricks-and-mortar project, which has some very nice health and fitness facilities, but also out of that building there is carried on a wide array of community outreach services. So it is trying to deal—and the Y has always in this community been trying to deal with some of the more

people-related human-service aspects, and that has been targeted to downtown residents and others.

The corporation has also worked very hard with the property owners and retailers on the south side of Portage Avenue. We have not just sort of put up the walls and said, you know, our concerns end on the north side of Portage Avenue. We have been working with them to renovate storefronts and attract new tenants.

We have successfully reduced vacancies on the south side of the street from a high of 15 vacancies back in 1991 to now down to two vacancies. This particular project, which is the old Bank of Montreal building on the south side of Portage Avenue, actually won the 1993 Heritage Winnipeg award, and we are very proud of that project.

So what have all these efforts over the last 10 years that North Portage has been involved in, what have they really meant for downtown Winnipeg?

First, we have been responsible for one-quarter of all the building activity in Winnipeg's downtown since January 1, 1984, and that includes not only new construction but also renovation. That is a result of the public private partnership that North Portage has developed over the last 10 years.

If you look at the area just beyond our public private partnership, you look at things like the renovations to Newport Center, the Relax Plaza Hotel, renovations that have gone on at The Bay and Eaton's and now renovations that are underway in Eaton Place, that number from one-quarter goes up to 40 percent of the dollar value of all building and activity.

There has been a lot of spin-off benefits to the North Portage project. Our recent pedestrian counts show now that over nine million visitors, not the eight million that is shown on this slide, have visited Portage Place in 1993, and that is an increase of a million people since 1991.

I think what is most satisfying for us is that there was a recent survey done in May of '94 for a centre plan. Winnipeggers were asked what they loved most about downtown Winnipeg, and 40 percent

of them mentioned The Forks, which is of course quite a very attractive project, but 53 percent of them said that what they liked most about downtown Winnipeg was shopping at the department stores, the skywalks or Portage Place. I think that represents a real turnaround from the early 1980s.

There are 2,700 employees now on the North Portage site, and I think most importantly, we now have 1,000 new downtown residents. The other thing, I guess, to look at is what have these results meant for the three levels of government that invested the money that they did, the \$71 million into the project.

We have seen a threefold increase in property taxes to the City of Winnipeg which are now well over \$5 million. There are over \$4 million in provincial sales tax, and \$4 million in income taxes that are generated for the province; \$6 million in income tax for the federal government. We know that there was more than \$100,000 in GST paid by users of the parking garages at North Portage last year, and we estimate GST collected is in the order of \$5 million. Finally, the IMAX Theatre pays over \$100,000 in amusement taxes to the city every year.

We have done all this, while at the same time maintaining our financial self-sufficiency, and that has been a very important goal and a very important objective of the board.

One of the reasons that we have been able to do that is the board quickly realized that we could not depend just on real estate and land leases to support the corporation's activities. You will notice that lease income, which fundamentally comes from our base rent or our land resource, really now only makes up 14 percent of our revenues. We get revenues from the theatre, we get revenues from parking and rental, which make up a much more substantial share of the corporation's dollars that we get.

We have also, on the expense side, tried to keep our administration costs to a minimum. We are now at 6.7 percent in administration costs. We have been, over the last number of years, since 1990, making a very concerted attempt to get our

administration costs in line with the realities of the economy in Winnipeg. That number now is up \$465,000 as at the end of March, 1994. So we have made a substantial reduction, a 44 percent reduction, in administrative costs since 1990.

Fundamentally, the North Portage Development Corporation has conducted its activities through working through other people, whether it is the private sector or whether it is organizations like the Downtown Business Improvement Zone that is also very active and has its goal of revitalizing downtown Winnipeg.

We have very recently been working with the Downtown Winnipeg BIZ on the Easy Streets program. We hope, in the next couple of weeks, to introduce a program where shoppers can basically get evening and weekend parking for free in downtown parking garages.

Now, this was an idea that we had and we were prepared to bring the Portage Place garage, which we operate, to the table, but because we worked through the BIZ, we have now got every downtown garage participating in this program. We think that is going to make a big difference for attracting the shoppers back to downtown in the evening and on the weekends.

Another project that we have been involved in is the Air Canada building, and what we have seen is the renaissance of that building over the last year. We have seen two out of three of the major new office users that have come to Winnipeg over the last year, the CP Rail Customer Service Centre and the Unitel call centre, recently locate their offices in the Air Canada building. Out of the ashes of Air Canada's Gemini group has been formed a new company called Advantis, which is now owned by IBM, incidentally the owner of the ISM building. It will be composed of not only the Gemini group but Air Canada's Information Services people as well as IBM's network people.

What all that has meant is that the Air Canada building that had a significant amount of vacant space, 60,000 square feet of vacant space, had gone through a real bloodletting in terms of its employees. They had downsized. There were far fewer people in this building than when the thing

was built in the early '80s. Now we see the building is brimming with people. There are now more people working in the Air Canada building than have ever worked in the Air Canada building as a result of these locations.

Okay, what did North Portage Development Corporation have to do with this? Obviously there were significant efforts that were made by both the provincial and federal governments to make some of these developments happen. What we have done, we think, is we have provided a site, a mixture of uses that has been attractive for those people to locate in downtown Winnipeg. These sorts of activities could well have located out in the suburbs. We helped people like CP Rail with their parking requirements. We have also met with them to reassure them about the vitality of downtown. I think working with lots of people, we have helped to make downtown attractive, to attract these kinds of uses to the downtown rather than seeing them moving out to the suburbs.

* (1030)

We have a number of projects that are underway. On the top three floors of the YM-YWCA, there is planned 20 units of special needs housing which will be done under the auspices of the YM-YWCA. Funding is going to be provided by Manitoba Housing, and we will be working with the Bank of Montreal who holds the first mortgage on the building as well as the Y and Manitoba Housing to finalize the details on that project so construction can start.

We have also got a much more famous project, a hotel that is planned for the corner of Carlton and Portage Avenue. I am sure that people will want to maybe talk about that in a little more detail later. As everybody knows, the project was audited by the province under its review of the Immigrant Investor program in Manitoba, and no construction on this project will begin until the concerns raised in the audit are satisfactorily resolved.

As well, on the other end of Portage Place, we have the infrastructure to build another tower. This schematic shows an office tower, which is probably very unlikely, given the office market in the city, but we have actually been working with

two proponents who are interested in building disabled housing. There has been a proposal called, it has been recently issued by Manitoba Health, for 50 units of disabled housing, and we have two groups that are looking on the third floor of this pad area for that facility. We think that would be a positive addition to the site and also add to the diversity of uses.

We have four other sites that we own on the North Portage area that still have yet to be developed. There are two sites that are just north of One Canada Centre between Colony and Vaughan Street; one at the corner of Ellice and Vaughan; and the other right next to the Edmonton Court entrance to Portage Place on the Ellice Avenue side.

The first building is 290 Vaughan Street which housed the old public presses in the early 1900s. It is rated as a Grade 3 historic building with designation likely, and our challenge here is to try to find an economically feasible use that can support the cost of renovation which we estimate to be about \$2 million. The Y's metro offices that were on the mezzanine of this building have recently moved out. We have a building that is about 50 percent vacant, so we are actively trying to re-lease it.

Here is a situation where I think if this building were under private ownership, it really would be in jeopardy. I guess because we are taking a little longer-term view and the board would like to see the restoration of this building as its long-term objective, we have been trying to get the thing to at least break even so that we can hold the thing over the period of time, gradually make some improvements but hopefully attract a private sector user to support the cost of renovation.

We have a 16,000 square foot vacant site at 377 Colony Street right behind the Sidney I. Robinson building. We are looking east towards Portage Place from Colony in this slide, and this is a site that is probably more suitable for something other than residential development because of the proximity to Colony Street and the shadows that fall from One Canada Centre. So here is another

challenge that the new board is going to be facing as to what to do with this particular site.

We also have this smaller site, 3,300 square feet, a site which I call right at the elbow of The Promenade just before it turns north to Ellice Avenue, and there is another small site that we have some opportunities for doing something with. Right now, it is actually serving as an outdoor café area for Portage Place in the summertime, and Branigan's is now starting to make use of that as well which is nice to see.

Finally, we actually own the Raleigh Apartments at the corner of Ellice and Vaughan and right now that is providing affordable accommodation for 37 tenants and the situation is quite economically viable. So we really do not have any pressure to do anything with this building over the short term. We have been doing some modest suite renovations over the short term, and that is quite a viable situation.

I have been talking about a lot of bricks-and-mortar projects, but there is a lot more to North Portage's efforts than looking at development opportunities. We have been very involved in the work that CentrePlan is doing to prepare a downtown plan for Winnipeg. We have put financial resources into the CentrePlan process to help make the public forum happen. We are devoting staff resources to participate in the strategy teams, and we have been working with a whole number of different groups to come up with a shared vision for downtown and some concrete action plans for work under this.

I think a lot of North Portage's future activities are going to be governed by the recommendations that come out of the CentrePlan process, so we are working very hard to see that to fruition.

We have also been looking at a couple of other sites. One of the most prominent sites in our area is the Winnipeg Free Press Building. It is now vacant because the Free Press has moved its operations up to Inkster. It is a very large building, 135,000 square feet on a 200,000-square-foot site. It is an enormous site. It will be quite a formidable challenge to look at what to do with that building, but we have been working with Thomson

Newspapers, and we are very close now to entering into a partnership agreement with Thomson to help take this building a few steps further in the development process to determine what might be the most appropriate use for the site and for the building.

We have also been working with the Winnipeg School Division No. 1 on Isbister School, which is performing, actually, quite a great service in the education and training end of things in the form of Adult Education Centre. Adult education for completing high school takes place in this building. There are over 2,000 students that attend yearly. The building is a provincially designated building. It was the first elementary school in the province.

You can see by the temporary classrooms that the school division's needs are outstripping the building's capability to support them. What we would like to see over the longer term is the renovation, obviously, of a very grand historic building as well as a modest expansion to accommodate some of the needs.

I was talking to the principal of the school recently. They do not even have the plugs and the wiring in this school to accommodate computers, and education and training these days without taking advantage of some of the new technologies is a real challenge. So I think over the long term we would really like to see that building renovated, and we are working with the school division to try to help make that a reality.

As I said, revitalizing downtown is a lot more than bricks-and-mortar projects, and we believe that there are a lot of people and organizational things that have to be done as well as mere development. We have been working with the Downtown BIZ and Cadillac Fairview to promote a more positive image for downtown. We have sponsored an outdoor, out-to-lunch concert on The Promenade this summer, and we are actively looking at other public event opportunities in our area.

We have worked with the Urban Idea Centre to sponsor an artists competition that resulted in this mural being erected on a park on the south side of

Portage Avenue. Again, we are relying on other groups to take lead roles to help, and what we have done is to try to provide staff and some modest financial resources to help them in their task.

As well, we have been working with the BIZ and the province and the city on the whole safety and security issues for the Central Park area. We have actually hired an extra BIZ patrol member for this summer to help put a little bit of BIZ patrol presence in the Central Park area, which is actually outside the downtown Winnipeg BIZ boundaries.

I mentioned the South Side Improvement Program earlier. It is an effort that we have enjoyed considerable success on. I think one of the problems on Portage Avenue is that unfortunately the problems of Portage Avenue do not end at Hargrave Street, which is right now where our mandate area ends. There are a number of places along Portage Avenue that do not present a very positive image for downtown Winnipeg, and I think a challenge here is to look at some of the lessons we learned on the south side of Portage Avenue and see if those lessons may be able to be applied to some of the other areas in downtown.

We would like to look at, to study the feasibility of expanding the storefront improvement program. This map, which shows Portage Avenue actually running north to south with Portage and Main at the top of the screen and The Bay at the bottom—the black-lined area is actually the existing mandate area for North Portage Development Corporation.

* (1040)

We are very interested in taking a look at a South Side Improvement Program outside our mandate area, but that would obviously require the approval of the shareholders. We think that this may be something that comes out of the CentrePlan activities. We believe that we can actually finance the cost of administering this program within our existing financial structure, but what we would need are some additional resources from the three levels of government to help with the capital costs of any improvements that were undertaken there. As I mentioned, that is going to require the amendment of the Unanimous

Shareholders' Agreement, so this is a longer-term type of thing and this is something that we want our new board to take a good look at.

I guess, just in closing, I want to say that we have come a long way. That has been in large part due to the support we have received from the three levels of government, but there are still a lot of things that need to be done. While I think we have put in maybe some of the foundations for downtown revitalization, there is still a lot of work that needs to be done not just by us but by a collective group of people, both other property owners, other organizations like the BIZ and, to a certain extent, the three levels of government.

So I will just close with that. Thanks.

(Mr. Jack Reimer, Acting Chairperson, in the Chair)

The Acting Chairperson (Mr. Reimer): I thank Mr. Smith for that presentation. We will now begin with the questioning of the North Portage Development Corporation.

Mr. Schellenberg: I commend you for your work, your vision. You have had many successes. As you have said, you have come a long way.

I have some concerns I would like to raise. What directions do you want to go to add a social dimension, a human dimension to this area? Possibly, I am thinking of housing, entertainment. As you were speaking, you were talking about partnership, and I appreciate that, but it seemed to be more with business. I know it is a business area; therefore, you would have a greater relationship. But a partnership with maybe the people in the area and on the periphery—I never heard the words "aboriginal people." There are a lot of them in the downtown area. There is also possibly security—but what direction are you going to add a social dimension to attract people? You have done some. I am not saying there has been no success. I think you have made great strides, but do you have any other plans or strategy?

Mr. Smith: That is always a challenge. I think we have been working to try to get some more what I would call people-related activities, you know, starting with the IMAX Theatre and Prairie

Theatre Exchange and now the recently opened YM-YWCA.

I think there is a lot more that could be done. I think you are right. We have a number of things that we are trying to do on the entertainment side. We have opened up a new restaurant on The Promenade, Signorino's. We have the new Branigan's restaurant interested in helping us with an outdoor patio area on The Promenade to try to get some more activity on the street.

I think one of the challenges in Winnipeg is that there are a lot of people in downtown Winnipeg, but they are not often very visible. They are not often on the street. They are inside buildings; they are in all other kinds of activities. What we are trying to do is get them on the street. We have been working with the BIZ on Portage Avenue to look at some way that we can make Portage Avenue a more pedestrian-friendly street. I think Cadillac Fairview as well, on their Portage Place exterior, could be doing more to making that a much more pedestrian-friendly exterior. I think what we have realized over 10 years is that we are not in control of that whole process.

You mentioned the aboriginal community, and I think one of the real positives of the new board is that we now have an aboriginal representative on our board of directors, Mary Richard, and I think from a staff point of view we will certainly be wanting to use her as a resource to make some contacts in the aboriginal community. There have been some efforts. The Prairie Theatre Exchange has an aboriginal theatre group working out of the PTE space, and Portage Place is becoming, I would say, a much more ethnically diverse shopping centre than it was when it first started out. We would like to see it continue to move in that direction.

So I think there are a lot of things that we can be doing, and we are looking for new opportunities to try to get more partnerships with a wider array of people to see some things happen.

Mr. Schellenberg: I appreciate that you say try to make the downtown more pedestrian friendly, but as I hear you speak you mention IMAX and the Prairie Theatre Exchange, these things all cost

money. I hate to discriminate, but these things you mention are more for people in the suburbs. I think in the inner city, if we could have some activities for, may I use the term, the lower-income people, I think that is lacking. I have seen many European cities, you walk there on a Sunday afternoon—and they are very large cities and very old cities—they are jammed with people. They have made them pedestrian friendly. I realize you cannot change this in a few years, but I just feel we are doing a lot of things for people in the suburbs, and inner city people seem to be maybe left out.

Mr. Smith: That is always a struggle. I would like to maybe differ a little bit on our attractions to inner city residents. The shopping information that I have seen that Cadillac Fairview has is that, by and large, the people that are patronizing the mall are first and foremost from the core area. There are a lot of people with modest means that are visiting that centre. Certainly the YM-YWCA, a lot of the users, fully one-third of their users are people that are getting assistance from the Y in order to take advantage of some of the programs.

I think that the development does in fact provide some attraction to inner city residents. I acknowledge what you say, that we have not yet got in the European context that plaza where you are getting people out on Sundays to go for walks. That is, I think, a little bit more of a challenge. That is why we are quite interested in the whole Central Park area. I think Central Park could perform that role if we can resolve some of the safety and security concerns, and that is something that we are actively working with the province and the city as well as representatives from that area to try to improve the image and the reality of people's feelings of safety in that area.

Mr. Schellenberg: I would like to say you have done a very good job in developing a partnership with businesses and you have attracted a lot, but I feel that partnership with the people in the inner city—but you have already dealt with that.

Now, you mentioned taxes in your presentation. Do these businesses get a tax break at all for starting up, or are they treated as other businesses in the suburbs?

Mr. Smith: They are treated just like everybody else in the city. I think if you talk to some of the individual developments, they would say that they may be treated unfairly.

The only exception to that is Prairie Theatre Exchange, which was given a tax exemption under the Manitoba centennial corporations act, but that is the only instance where there has been any form of property tax forgiveness.

Mr. Schellenberg: How much public money has been spent on the North Portage?

* (1050)

Mr. Smith: Originally the three levels of government provided \$22 million each, and then \$5 million came out of the original Core Area Initiative agreement back in 1981. So that is a total of \$71 million.

That \$71 million has been invested in a whole host of things. The largest place that the money went was in land acquisition. Some 44 percent we estimate so far has gone into land acquisition, and that could go well over 50 percent by the time all the settlements are undertaken.

Then a substantial amount of money, about \$10 million, went to infrastructure improvements, whether that was on streets, sewers, water lines. Then the rest of the money went to lever a variety of developments which we discussed, whether it was Portage Place, whether it was Prairie Theatre Exchange or the Y, and that money has basically been spent. In fact, our capital program now is in excess of \$76 million, but that is money that we have not asked for additional contributions from the shareholders. We have managed to use money that we have generated from some of our other activities to reinvest in the project.

Mr. Schellenberg: Probably another issue that keeps people from going downtown is security. It is a very difficult issue to handle.

Has anything been done to improve security?

Mr. Smith: There are a lot of efforts that are underway at the moment on safety and security.

I guess I can start with our own project. We have a safety and security committee that actually Paul Webster chairs. It really is composed of all the

people on our site. Everybody from investors to residents who live in the area, plus people like the Adult Education Centre all participate and work together to share security concerns and take some proactive steps to resolve issues.

One of the things we have done is that a number of the developments have private security firms. We have co-ordinated the activities of those security firms and not only do they look after the property, you know, to the property line there now, they are actually patrolling the street during the night which puts some eyes and ears on the street.

We also sit on the downtown business safety and security committee, and we have been actively participating with them. We were involved in the establishment of the storefront police office on Portage Avenue. We have also been working with both the province and the city on a North Portage/Central Park safety and security task force. We have been actively looking at security issues.

I think when you look at safety and security, there are some real issues that have to be dealt with. There is no question about that. But I think when you look at our city in comparison to just about every other measure, downtown Winnipeg is a very safe place to be whether that is during the day or in the evening. I think the challenge is as much dealing with the safety and security image of downtown as it is dealing with the real issues.

One of the things that I was very heartened to see was the Chatelaine magazine where they recently did a rating of the top 25 Canadian cities. Winnipeg came up as No. 6. They were looking at, what do women feel about safety and security. I think if women do not feel safe we have not done our job, and Winnipeg came up very high in the survey that was done. It actually was sponsored by the Institute of Urban Studies that did the work for Chatelaine right here in Winnipeg, and we were delighted to see that, in comparison to other cities, Winnipeg came up very high.

The latest data we have seen for downtown Winnipeg is that we can hold our heads high, because crime is actually much lower, for example, in downtown Winnipeg than it is in

downtown Calgary. I think one of the problems is a lot of people do not—when I say that, I think a lot of people say, well, are you sure? Is that right? But we have the data to back that up. That has just been recently made available.

Ms. Gray: I am wondering if the minister could indicate to us who the other board members are.

Mrs. McIntosh: In addition to the three whom I have already identified, we have Rudy Friesen who is an architect in the city of Winnipeg—he is with Friesen and associates, I think it is Friesen-Tokar architects—and Mary Richard, who is the executive director of the Manitoba Association for Native Languages. She was on The Forks board.

So we have one from North Portage in Gary Steiman, one from The Forks in Mary Richard so we have a continuity from each board—we have tried to keep one from each board on—and Janice Penner. Both Janice and Mary are also with CentrePlan. Janice Penner is with the Investors Group. She is the manager of marketing services there.

Some of these people you will see involved in other areas downtown, CentrePlan, that type of thing—Joe Correia, who owns Bee-Clean, and Christine McKee, who is head of city planning. She is a professor at the University of Manitoba. She used to be a city councillor. James Smith is with Burke Newman & Company, and he is a chartered accountant. So we have a mix of different backgrounds and areas of expertise on the board.

Ms. Gray: I thank the minister for that. I had a number of questions, and maybe going backwards, one of the latter issues that was being discussed this morning is the issue of safety and security in the downtown area. Mr. Smith referred to Central Park and some work that was being done there.

I am wondering if he could indicate to us in terms of the staff and/or the board, what is his feeling as to what really needs to be done, accomplished to address the safety issues, not just in Central Park but in the downtown area generally?

Mr. Smith: Maybe if I could start with Central Park and then work my way to the downtown, I

think Central Park is a real challenge. There we have a fairly large residential community and a residential community that has largely been put in place as a result of the efforts of the Core Area Initiative in the early '80s, but we do not yet have a real community organization in that neighbourhood.

I think the real challenge there is to get residents organized to take on some of these actions, because it is one thing for an organization like North Portage Development Corporation to come in and say, yes, I think we need to make Central Park very safe, but unless we can get the residents involved then I do not think we have done our job. What I am hoping is in the Winnipeg Development Agreement that there might be some room for some modest resources to be put in place for some community organization in neighbourhoods like Central Park.

I think if you look at downtown as a series of neighbourhoods, there are a number of them. We have a neighbourhood in our area as well, and there is a residents association, Webb Place Residents Association. They have been taking a very active role in safety and security issues. South of Broadway has another substantial residential community. I think those can be real underpinnings of efforts on that issue and, as well, working with the businesses through the Downtown Winnipeg BIZ is the other way to go. Getting those groups organized and talking to one another, I think we can really turn this thing around.

* (1100)

Ms. Gray: Mr. Acting Chairperson, I thank Mr. Smith for that. Perhaps if I could just do a follow-up question then to the minister, Mr. Smith talked about the need for residents to be organized. I think that we might have agreement that in fact there are probably a lot of good human resources, a lot of individuals who live in the downtown area who, with a little bit of assistance, could actually develop a very strong residents association. I know we talk about community development officers, and that is something that we have sometimes seen in the past through governments, that we have

community development officers who are there to assist and provide a few resources to communities to actually get organized and assist them along that path. We certainly have economic development officers who work out in rural Manitoba who are there to assist those communities in terms of the economic development of their community. In the past, we have seen community development officers.

I am wondering if the minister could tell us if there are any resources within any of the government departments that have specifically talked about community development? Has there been any thought to look at that to assist residents in the downtown area?

Mrs. McIntosh: It is a good question; a two-part answer to that question. I should first of all indicate that we do provide money to the City of Winnipeg for them to do that type of thing should they desire. They have some \$30 million to \$40 million worth of unconditional granting that they are at liberty to use in any way they see fit.

I know that some of the city councillors have indicated this as an area of concern. Now, whether they choose to use some of their unconditional money for that, of course, would be for them to decide in communication with the residents of the city they represent directly. And anything we do, of course, we would do in terms of discussions with them.

The second part of the answer: I say that as one—that there is money provided to the city from which they can make decisions. This year, of course, you know that money was increased by 5.2 percent over all their funding increase. They will also be getting an additional approximately \$10 million of designated funds which should lift some of their obligations so that they have money left.

In their unconditional money they can spend more to their liking, because we are picking up some of their other costs, their designated monies, as well. So they are in a very good position vis-à-vis other cities in Canada this year.

The second part of the question is that I have been dialoguing with the BIZ association. They have been in to see me a couple times, and we have

been looking at exploring. Initially they had come with a proposal on downtown volunteer policing, working with communities to get safety there. We had managed to be able to say we had an indication of funding for that, but they have since returned to say that they have a different proposal they would like to explore. That is currently being explored through my department and through the Department of Justice, Minister Vodrey's department.

So that was just presented to me, as a matter of fact, earlier this week or last week, that their original proposal they felt needed some modification. We had indicated through the Department of Justice that they maybe could get some money for that, but we will be looking at what they will be coming back with, and we are certainly prepared to discuss that as an issue of urban safety.

Of course right now we have the urban Green Team which has just been up and announced. It is slightly different. It is not necessarily for security, but it is an area where we could, should the city so desire, community groups so desire, make available to themselves summer students to assist with some of the community efforts which, when addressed, indirectly lead to an improved safety condition.

Those are some of the things that are there. One of my department, Jon Gunn in Urban Affairs, is working with the downtown community with regard to safety. He continues to do that. BIZ I think is taking a lead role at the moment in looking clearly at urban safety.

As Mr. Smith has indicated, the North Portage board also has close ties with BIZ, so we are sort of all linking together. Perhaps we will be successful in improving things and getting community people interested. It comes back, as Mr. Smith said, you have to somehow inspire people to want to become involved and to want to be part of the solution instead of just being aware of the problem, really opting in to help as well.

Ms. Gray: Mr. Acting Chairperson, when the Department of Urban Affairs and the minister is determining the amount of funds that go to the city,

are there discussions that go along with the giving of those funds in terms of what the province sees as a priority? I am not referring to the designated funds but the other funds.

Mrs. McIntosh: Not directly, because if it is unconditional money it is unconditional money. This year it is some \$40 million that they are free to spend in any way they choose.

We will not dictate to them how to spend that \$40 million, but we will, from time to time, be in conversations on the types of things that Winnipeg needs. I, for example, attend the CentrePlan committee meetings as often as I can. There is one on I believe this morning, so there are things that come up that I have to place as priorities over getting to the CentrePlan meetings.

When I go to those CentrePlan meetings then I have the ability to make direct impact as minister, as a member of that committee as to some of the things that I think money should be going to. It is an indirect method of communication. We will also have other communications, for example, the Handi-Transit issue where we had indicated to them a year and a half ago that when they asked if we would go 50-50 direct on Handi-Transit, we said no we would prefer that you took whatever you need to fund it out of unconditional funding. That was relayed to them in writing.

They have chosen not to top it up with the \$400,000 they are asking us to provide, so indirectly I write back to them and say, you were told a year and a half ago you had unconditional funding you could send to things like Handi-Transit, would you not consider taking the \$400,000 out of the \$40 million that you have to spend it anyway you choose. I cannot dictate that to them. That has to be their decision, their priority.

I think if I started doing that, we already have, through designated monies and through some of the joint things where they will identify a list and we will pick things off that list, which is again sort of an indirect way of helping them choose—we do take the philosophy that, by and large, they were elected by the people to make decisions, and we do

not want to be down there every day telling them exactly how to spend every penny they have.

On this one, though, we do have vehicles for communication as to what we see jointly as desirous for the city. North Portage is one of those vehicles. It is a very good vehicle, I think, to bring up some of these issues.

Ms. Gray: Mr. Acting Chairperson, in the designated funds that the province gives to the city, are any of those designated funds for what I would consider social needs of residents of the city of Winnipeg specifically, because we are talking about North Portage and the downtown area, or is it strictly bricks and mortar?

* (1110)

Mrs. McIntosh: I do not know if we are really getting off North Portage a little bit, but it does tie in a bit. The grants that we give for operations do not go specifically for social needs. Grants from other government departments will.

You see right now the Department of Family Services, for example, with the Welfare to Work initiative and the grants that are given for social allowances; the millions that go into libraries, for example. Those types of monies that come from government, some \$153 million a year in total from government—from the provincial government, that is—go to the city. That is not including money that goes into the trilevel agreements on infrastructure and on our joint agreements that we have with the other two levels, but from my department it is \$74 million. So you can see that almost half or half of the money that comes from the province to the city comes from departments other than Urban Affairs, and those do have specific special needs or social needs components in them.

Ms. Gray: I will not belabour this point, but I am just wondering, then, if the minister could indicate if she is prepared to look at the area of community development in the North Portage area. Does she see it as priority A? Does she see herself as raising that issue either with her cabinet colleagues, if there are other departments that may have funds available for that, or at the CentrePlan meetings, or

has it already been raised at the CentrePlan meetings?

Mrs. McIntosh: I am presuming we are talking about the same thing. We are talking about community development, and the discussion that led into this was urban safety originally.

It was mentioned earlier by Mr. Smith that the WDA will be receiving commentary on this type of thrust. I have indicated that we have discussed—I have personally, through my office with BIZ—the mayor and I have discussed this type of initiative. I believe CentrePlan, although I have not been to all of the meetings, if not directly, indirectly has talked about the need to have the community involved in developing their downtown.

There have been public forums on the types of issues that the community needs to be looking at and experiencing and exploring regarding the heart of the city or the downtown part of the city. So I think those discussions and ways to address them have been going on in a variety of ways.

I have not had a formal request from the city. I have not had a formal request from any group, or a formal request from or recommendation, other than the discussions on urban safety, which I am currently exploring with Downtown BIZ on a specific proposal for community development officers, but I think in a myriad numbers of ways the concept has been touched on in a number of conversations.

Ms. Gray: The minister may want to consider, rather than waiting on the City of Winnipeg, to do something to actually initiate from the provincial level and be proactive and look at the whole aspect of the social needs of the downtown area and the whole aspect of community development.

I do not know whether the minister or her staff will be presenting at the Winnipeg development plan. I am assuming maybe the North Portage Development Corporation is. Perhaps I will ask Mr. Smith if in fact you plan to present at the public hearings that are coming up next week.

Mrs. McIntosh: I guess I could present it to myself and take a lot of the public's time and money to do it, but I do not know why I would

want to present to myself. There are so many people wanting to make presentations, and I quite frankly think that a number of them would be very offended if I came down and left my spot on the table at the front and walked down into the audience and presented to the other two stakeholders when we have ample opportunity to meet and do meet on a regular basis to discuss these items through the shareholder agreements.

The fact is that the three levels of government are shareholders at North Portage and The Forks, and now the new board which has yet to acquire its real name, and we have ongoing communications with each other.

I think at the public hearings our job is to listen to those who do not have the opportunity to sit down with us on a regular basis and give them the chance to provide the input that they might not otherwise have. It is very difficult to schedule in, in this type of setting, people into our regular working day. Setting aside some time and having round tables, we can get the thinking of a number of people in a concentrated period of time which will be very helpful.

I do not really want to speak for North Portage in terms of what their desires are. I can indicate to you, as you know, that the full board with its chair has not yet had a chance to meet. They are brand new. They have had a quick get-together yesterday with the members. They have not yet had a chance to even be introduced to their chair, and I do not know what they would feel about coming next week to make a full presentation to the three stakeholders with whom they meet as shareholders.

I do not know if you have heard any indication, Mr. Smith, or if it is sort of a question.

Mr. Smith: Actually, it is an issue that was discussed at yesterday's meeting as to what the board should do in regard to the public hearings that are being held next week for the Winnipeg Development Agreement. The feeling of the board was exactly as the minister has suggested, that they are just new.

We have actually prepared a report on future activities of the North Portage Development

Corporation. I am certainly prepared to circulate copies to this which we presented to the shareholders under the auspices of the old board in December of 1992, and the issue of safety and security in Central Park is very much a part of this report. So the view from the board was that a lot of these things have been tabled with the shareholders and is, probably given the board's newness, not appropriate that we make another submission as part of the public hearings next week.

Ms. Gray: The minister is correct. I guess what I was really wanting to know is what type of initiatives or conversations, which probably the minister cannot answer, will she be having with the other levels of government, i.e., the city and the federal government in terms of the Winnipeg Development plan and what the impact is going to be on North Portage and the downtown area because to me, when we are looking at this whole downtown area, if we do not look at the social needs of that area, I do not think we are going to address all of the problems.

I would ask Mr. Smith—in his slide presentation, he talked about that one-quarter of the dollar value of the downtown building activity since '84 could be attributed to North Portage, and then there had been an increase. In terms of one-quarter of the dollar value, what exactly would that be in dollars? Do you have that figure?

Mr. Smith: Actually the figure is probably in the report that is just being circulated. What we used, the only measure that we had of building activity in Winnipeg that was at all reliable, was the City of Winnipeg building permit data and they have values that are placed on building permits which are issued. Unfortunately, the dollar value for building permits does not necessarily reflect the total cost of construction, but the numbers for the actual hard construction costs are in there and I do not have that number right at my fingertips but it is in that report which you have there. It is, I think, Appendix 1 and you could check that figure.

Ms. Gray: You probably get asked this question all the time, but in terms of this project, the Ramada Inn that is being looked at, I guess my first question is, is there analysis to suggest that we

need another hotel in Winnipeg and in the downtown?

* (1120)

(Mr. Edward Helwer, Acting Chairperson, in the Chair)

Mr. Smith: There have been a number of studies on the need for a hotel, starting I guess, first with the 1983 task force report by the three levels of government that saw the need for a full-service hotel, another full-service hotel in the North Portage area.

In 1989, we finally went out for proposal call for hotel development and we actually had a number of submissions and Lakeview was the successful proponent. They did do a study at the time, back in 1989, on the need for hotel development. I think it is fair to say that there is quite a bit of debate and controversy right now about whether in fact a new hotel in downtown Winnipeg would be a good thing or a bad thing and I think if you own an existing hotel in downtown, you probably are not very excited about the fact that a new hotel would be built in your back yard. On the other hand, there is really no all-suite hotel in downtown Winnipeg, and the all-suite hotel that does exist, out at the Radisson out at the airport, is by far the best-performing hotel in the city.

I am sorry this is such a long answer, but there are a number of other issues. The investors have actually—it was reported widely in the press—have also commissioned a report very recently on the need for another hotel from a private investment point of view. I actually talked to the author of that report and in fact he was kind enough to send me a copy to look at. I think the conclusion from the investor's point of view is that there is a small return on their investment on this project and I think quite a challenge to get their investment dollars out in certainly the short term. So, again, I think it is a complicated issue.

Our view is that if there are people willing from the private sector to invest in a hotel, as long as we are not providing any public money, we are prepared to let the market determine the need for a hotel. If there are people there who are prepared to invest their dollars in the project, then we do not

see any reason why it should not go forward. If on the other hand they are looking for public dollars to make the thing happen, we do not believe that is appropriate in the context of downtown.

Ms. Gray: Mr. Acting Chairperson, I suppose the concern would be, and this may happen regardless of what commercial developments go downtown, if the hotel ever gets off the ground and is built, the viability of it. We do not want to see more vacant spaces in downtown Winnipeg because of poor investment or a project that was not well thought out, but on the other hand that may happen with private commercial investments and sometimes we do not always have control over that.

I just had a couple of questions on the residential aspect of downtown and one would be—and it may be in the report—what is the vacancy rate right now in downtown Winnipeg in terms of residential? What would be the comparison of that with the overall vacancy rate in Winnipeg?

Mr. Smith: I am relying a little bit on memory. You asked me the question—and I just saw on my desk today a report from CMHC which may have more updated information which I did not get a chance to look at before coming—but the vacancy rate in Winnipeg, it has been a pretty soft residential market. The average vacancy has been in the order of about 6 percent, with downtown anywhere between 10 and 12 percent. It has been a tough residential market downtown.

There are a number of reasons for that in that the downtown construction, which is largely high rise, caters to a group of people that have been attracted of late into the house buying market with low interest rates and with CMHC's new 5 percent down payment.

We have been working very hard on our particular project, which is Place Promenade. The vacancy rate there is in the order of about 5 percent and trending downward. About six months ago we were actually as low as 1 percent, but we have seen a little bit of erosion of that over the last few months. It is now going the other way, so we are comfortable with that.

The two seniors, the two life-lease projects, Fred Douglas and Kiwanis, both have extensive waiting

lists. They are fully occupied, doing very well. In fact, Fred Douglas is now actually talking about the potential for another project. Of course, very recently the Lions Club announced a new life-lease project on the old Winnipeg Tribune site, which again we see would be a very positive addition to downtown Winnipeg if they can make that go.

Incidentally the Lions Club were one of the people, the proponents, on our original seniors housing proposal call. While they could not do it on our site, it is nice to see them staying downtown.

Ms. Gray: Mr. Acting Chairperson, you mentioned, Mr. Smith, the special needs housing project that is being contemplated in the Y building. I just wondered if you have a little bit more information on that. What are you referring to when you say special needs?

Mr. Smith: The project is actually the last unit allocation from CMHC under the nonprofit housing program. They are the last units that remain unbuilt under that program which has since ended.

The 20 units of housing are primarily targeted towards three groups, I believe. One is the physically disabled, another is the mentally challenged, and another is actually providing some more permanent accommodation for people coming out of Osborne House. I am not sure exactly what the mix of those numbers are, but those are the groups that have been targeted.

One of the reasons it has taken so long is that we have a complicated site, in that the project—we own the land under which the Y building is. The Bank of Montreal has the first mortgage on the building of some \$5 million. What Manitoba Housing is trying to do is to try to fund the top three floors. In order to do that they are looking to try to get some adequate security on that money, which is in the order of about a million dollars.

One of the challenges we have is to try to rationalize the priorities of the Bank of Montreal vis-à-vis Manitoba Housing. We are working with, it seems, like dozens of lawyers to try to deal with this issue. We are hopeful that we can resolve these

security concerns so that the project can get underway.

Ms. Gray: Mr. Acting Chairperson, this may be an unfair question, but I am wondering—this is a general question. The North Portage Development Corporation, what do you see as your major barriers in terms of things that you need to overcome to reach your objectives? I do not know whether government bureaucracy—I am not saying this is a reflection of the present government, I am just talking about governments in general and bureaucracy. I would be interested in your comments about the three levels of government, as well, in terms of other things that they should be doing differently or could be that would assist you in your work.

Mr. Smith: These are very tough questions. I guess when I look, it is sort of more generally, what are the barriers to successful downtown revitalization? I think there are a number of significant ones largely related to lifestyle choices that people are making. You can look in any field right now, whether it is residential development and the move of people to not only suburban is not such an issue any more as it is almost outside cities is a concern. Of course, the farther people are away from downtowns the more difficult it is to attract them. If you look, that is the residential side.

You look at the retail and the office side, the retail side, we are moving toward retailing which seems to be more the so-called discount, big-box type retailers, whether it is a Costco, whether it is a Wal-Mart or others. That really presents some very major challenges for a downtown that is organized around traditional department stores.

* (1130)

I think if you look at the North Portage efforts, very much we were there to try to strengthen the role of The Bay and Eaton's in terms of their traditional retail share of the market. That has been an uphill fight given, I think, the more general trend toward this big-box retailing.

You look then at the office market and there has been very much recently a downsizing in corporate Canada in the office market. We have seen a lot of major companies reducing the amount of office

space they have. We also see the trend toward the telecommuting or the virtual office, those kinds of things again are difficult challenges for downtown.

On the other hand, you know, I think there are some very positive things as I mentioned with the Air Canada building. We have built up an infrastructure here and we have invested in an infrastructure here that has helped to make it still attractive for businesses and for residents to locate in downtown Winnipeg. I think when you can create that great environment that is really helpful. I mean, projects like The Forks and the riverbank walkway and those kinds of things in downtown really very much make a difference in terms of making downtown a more attractive place to work, live and play. We have been blessed in Winnipeg with an arts and cultural community that by and large is downtown. The thriving of that community very much helps the downtown.

When you look at governments, I mean, from the private sector's point of view, the first thing the private sector tends to look at are property taxes. When you are looking at comparing downtown with other areas, the trend to market value assessment we see in the long term as good for downtown because over time I think it is fair to say that downtown was perhaps penalized under the old form of assessment in terms of looking at Eaton's or The Bay compared to Polo Park or St. Vital Centre. With market value assessment, we see that in the long term moving in the right direction.

One of the other areas, obviously, with the economy being what it is and people trying to make the most of money, I mean, when the province has to make choices between health care expenditures versus office space expenditures it is difficult to argue priority in those situations where the trend toward getting cheaper office space so that you can spend more money on some of the other things that you are responsible for doing has been a practice not only—it has been started in corporate Canada but it is now moving over to the governments. Unless we can continue to offer competitive deals with other places then on cost alone downtowns may not win out.

I think that is a real challenge for all the property owners, for BIZ, for North Portage Development Corporation, for The Forks to keep working on. It would be nice to go back to the old world where costs were not the most important things, but with the economy being what it is, government deficits being what they are, it is becoming a very important factor. Downtowns have to be able to compete.

There are a number of, I guess, barriers and issues that make it sometimes more difficult for downtowns to compete than other areas. Where our infrastructure costs are higher, costs tend to be a little higher downtown. There tends to be a little bit more money that needs to be spent on trying to create a more attractive environment, those kinds of things. I guess that certainly is one of the challenges.

Ms. Gray: I thank Mr. Smith for his responses. I have some further questions, but I know that Ms. Friesen would like to ask some questions, so I will turn it over to her.

Ms. Jean Friesen (Wolseley): I would like to thank the member for Crescentwood (Ms. Gray) for that. I do have some questions. I wanted, first of all, to congratulate you on the annual report. It is, I assume, quite cheaply produced, but there is a lot of information here.

I wanted to look at some of the issues coming out of the mortgage and loan advancements and commitments, particularly relating to Cadillac Fairview.

I am on page 14 under (b) Portage Place Retail Complex. Cadillac Fairview has been in the press for a considerable time, and obviously it is in some difficulties. We do not know what the outcome of those difficulties is going to be, but I notice that there are five renewal periods, each of five years' duration, of that mortgage, and one of them is coming up soon, 1995.

I wondered what your negotiations were like with Cadillac Fairview at the moment and how their financial difficulties were affecting, first of all, the balance sheet of North Portage, and, secondly, I think—what should I say?—its public presence, because effectively we have got a major

section of downtown that is perhaps lumbered at the moment with a hotel that has not been built and is closely related to Cadillac Fairview, a major financial corporation in considerable difficulties. So I am interested in how that is affecting the North Portage overall operations, but the mortgage first.

Mr. Smith: I was waiting for a question on Cadillac Fairview. There certainly seems to be no shortage of press coverage on Cadillac Fairview. This just represents the press coverage since literally March on the difficulties that the company is in both nationally and specifically with Portage Place. It is a matter of very real concern to North Portage Development Corporation. The Portage Place project is certainly a critical project to the overall development, and we have been watching these restructuring negotiations very carefully.

I guess it is important maybe just to spend a minute or two setting the context for those difficulties, because there is a problem with Cadillac Fairview nationally. As most people know, it is owned by a consortium of pension funds. It has about a \$1.1-billion bank loan which the company negotiated when the developer was taken private in 1987. The whole reason for the difficulties of Cadillac Fairview are as a result of a decline in real estate values across the country. The term of their loan was to keep their debts below 75 percent of the appraised value and that condition was not met back in February.

(Mr. Chairperson in the Chair)

I think it is important though to realize that what happened, what triggered this problem was a technical default under their loan agreement. Cadillac Fairview had not missed any payments to their banks or on any of their mortgages up until the time that that technical default occurred. Now as a result of that technical default, the bank's response was to tighten Cadillac Fairview's operating line and required each project to pay its own way.

Now what have been the implications for Portage Place specifically? Well, Portage Place is one of the projects that is in so-called negative cash flow. It is one of about 12 projects. The

reason it is in negative cash flow is that there is not enough money that is being generated out of Portage Place to pay the debt service costs. There is a debt of \$56 million on the project. The interest rate is 11 percent and the debt matures on March 25, 1996. Because they have not been able to do that, to cross subsidized projects like they were before, that debt is not being paid. So the bondholders are now in default, and they are working with Cadillac Fairview to come up with a restructuring plan.

* (1140)

It is ironic that this is all happening now, because actually Portage Place's performance has actually improved quite a bit over the last couple of years. The revenues for Cadillac Fairview are actually up at Portage Place over 6 percent year over year, and that trend seems to be continuing this year. There have been some major new lease-ups—Kids Are Worth It, Branigan's—and I think it is nice to hear that the bondholders have not in any way stood in the way of seeing tenant improvement allowances being extended to those projects.

If you look at our financial situation, the fundamental thing we depend upon from Portage Place is a ground lease payment, which we get quarterly in advance from Cadillac Fairview. Our ground lease payment ranks in priority over the bondholders' debentures, which are currently, as I mentioned, not being serviced. We are totally current. The last payment was due June 17 and we received it June 16. So they are totally current with their ground lease payments, and we do not expect that situation to change.

As the notes to the financial statements indicate, there is a \$27-million mortgage that we have set up with Cadillac Fairview that ranks behind the debenture, so it is a lower priority. That \$27 million represents money that we used to construct things like the parking structure, shell space for PTE and IMAX, support structures for the Y and the two tower pads, the overpasses and some of the public amenity spaces.

A lot of that money we generate revenue out of. Things like the parking garage and, of course, the

IMAX theatre, we generate revenue out of that. Those leases, our parking lease, for example, will be unaffected in sort of a worst-case scenario where the bondholders decide to take possession of Portage Place and take over ownership for the project, which is their ultimate remedy in this particular situation. We do not see that worst-case situation being generated, but that is always a possibility.

We do not really know yet what the bondholders' position is going to be. We understand a debt restructuring plan has been filed with them. We understand that negotiations are underway and there may be some amendments to that plan.

What we do know is between now and 1997, 40 percent of the leases in Portage Place are going to expire, and unless there are efforts made to start to renegotiate some of those leases, you know, Portage Place is in danger of seeing their situation deteriorating. I think it is good to hear that I think all the players—the bondholders, Cadillac Fairview and ourselves—are very much seeing that as a very important time period, and everybody is working towards getting a plan in place that can see a successful releasing plan for the centre.

We believe that we have a role to play in those negotiations. We think it is important though for the bondholders to establish their position first before we sit down with them, but we expect that will happen in the next month or two, and I am very optimistic that the restructuring negotiation will be successfully concluded and Cadillac Fairview will continue to operate the centre.

Ms. Friesen: I was specifically asking about the renewal date that is coming up in a year. What implications do you expect from that?

Mr. Smith: I am not just sure what renewal date you are talking about.

Ms. Friesen: It says, Cadillac Fairview is leased land with five subsequent renewal periods, each of five years duration.

Mr. Smith: Oh, okay, yes, all right, I see.

Ms. Friesen: I was looking at dates to anticipate in the next year.

Mr. Smith: Actually the initial term of the lease, it may not be very clear from these financial statements, but the initial term of the lease is 50 years, so the renewal is 50 years from 1985, so that it is 2035 when that lease comes up. So there is no renewal.

The only major renewal, and I am sorry I thought you were talking about, was the fact that the debentures mature in '96, and we have a number of leases that are coming up in the mall in '97. Those definitely are things that are being looked at but do not directly involve North Portage.

Ms. Friesen: My other question was about the impact of the Lakeview project, which is before the courts at the moment. What are the costs to the corporation of having that project now before the courts and presumably delayed for some time. I notice that the corporation, for example, is leasing the air space over that footprint. What is the price of that? Are you continuing to pay that while it is before the courts and before the building gets finished?

Mr. Smith: Well, the lease that we have with Lakeview, which was signed back in August 1992, actually does not require—there is no cost to North Portage. In fact, quite the opposite, Lakeview has been making lease payments and covering property taxes on that pad area since the lease was signed, in fact, even before the lease was signed in the form of option payments.

The debate, I guess, and now court case which was launched the day before yesterday by 156 of the investors is going to take some time to resolve itself. As far as costs go, there are no costs to North Portage as such, and we have met with representatives from the investors. Their view is very much, they would like us to keep this deal alive until these court issues are resolved. What we have done is that we have deferred lease payments that Lakeview was making. We have deferred those to the end of the year, but we have still required Lakeview to cover property taxes on the site so that there are no costs to the corporation.

Ms. Friesen: Could you tell me the amount of those two sections of the lease payments and the taxes, and how do you cover—I gather it is being covered, from what you said—subleasing the air rights.

Mr. Smith: The lease payments are \$20,000 quarterly, and the property taxes are approximately \$30,000.

Ms. Friesen: The property taxes are continuing to be paid by Lakeview? The lease payments for the quarter, which quarter has been deferred or is it two quarters?

Mr. Smith: We have deferred the payments from January 1, 1994, and the property taxes, obviously, are due on June 30. We expect them to be paid.

Ms. Friesen: Since it only went to court two days ago, why were the payments deferred since January 1?

Mr. Smith: Well, the discussion on—and this was a matter obviously for the board to make a decision on—the meetings with both Lakeview and the investors had been going on for quite some time. We knew that there was no agreement. We suspected a court case would be an inevitable consequence, but we knew that there certainly were a number of issues that had to be resolved. That, of course, was coupled with the knowledge that all the investors' funds had been frozen by the province and, in fact, it still remains that way.

The view of the board was that it was really in nobody's interest to try to create more problems for the investors than they already had. We felt that we could defer the payments and let us wait for the outcome and let us see. All of our financial projections had been based on receiving no income from the hotel. I mean obviously we would love to have the income, but it is not going to jeopardize the corporation's financial situation.

Ms. Friesen: Could I ask the minister what was the date of the freezing of the Lakeview accounts?

Mrs. McIntosh: It was at the end of December 1992.

* (1150)

Ms. Friesen: And so immediately following that there was a board discussion with Lakeview? Is

this recorded in the minutes of the board, the deferring of the payments? How was that handled in a formal way?

Mr. Smith: Well, there had actually been many board meetings on the Lakeview Hotel project over the last couple of years; but, yes, it was dealt with formally at a board and there were former resolutions passed related to those deferrals of payments. We also have a legal agreement in place between the developer and ourselves covering a number of issues, not just deferral of payments. Also, North Portage, first and foremost, is concerned about the viability of the project, making sure there is enough money, also making sure that there are in no way any legal impediments between the investors and the general partner, which is CNHN, which is a company of Lakeview. So we have sort of covered ourselves every which way by Sunday as part of getting these deferrals, to make sure that once this thing is sorted out that there is (a) sufficient money for it to go ahead, (b) that all the legal issues have been resolved, and (c) that the investors are committed to going forward with the project.

Ms. Friesen: In the original agreement with CNHN/Lakeview, at which point do the lease payments flow again? Is it dependent, for example, upon the unfreezing or the thawing, I suppose, of the account by the province?

Mr. Smith: The payments have been deferred till December 31, 1994, and after that date we are expecting to be paid. There are no preconditions beyond the date.

Ms. Friesen: What is the cost of the sublease of the air rights, which I assume you must continue to pay, or is that not the case?

Mr. Smith: No, it is not the case. As part of the original agreements with Cadillac Fairview, North Portage has had the right to take back the air rights from Cadillac at no cost for this development. So we are not paying any cost to Cadillac Fairview for having the air rights registered.

Ms. Friesen: Well, I am just puzzling over then the section in your report which says under Hotel: the corporation has subleased the air rights—and I presume from what you are saying now there is no

cost for that—for the east tower from Cadillac Fairview for a term of 42 years, three months, with five subsequent renewal periods, et cetera.

Do I assume then that for the first 42 years there is no cost to the corporation, that after that there is the potential for a new agreement where there might be costs?

Mr. Smith: In fact, the sublease period that you see, the 42 years with the five subsequent renewal periods, the renewal periods are at our option, not at Cadillac Fairview's option. Actually, they are tied directly into the length of time running on the ground lease, and of course at the end of 75 years, Cadillac Fairview is required to turn over Portage Place and the ground lease for \$1 to us. So it becomes our property. After that period runs, Cadillac Fairview has no interest in Portage Place any longer.

Ms. Friesen: Then when we come to the next date, January '94 for Lakeview, I assume that Lakeview is going to be negotiating with—January '94 you said? Sorry, let me go back over those dates. When does the lease then start to flow again?

Mr. Smith: Now speaking technically, the lease is still in place. There is nothing that has changed in our agreement with Lakeview. All we have done is merely deferred payments that were deferred starting January 1994 and have been deferred for the year ending in December. So the lease remains in full force and in good standing. We have the opportunity at the end of December to completely re-evaluate the situation again and decide what—you know, the board will have to decide based on the information before it what the best course of action to take at that point is, and the court case may or may not be resolved by that date.

Ms. Friesen: Do you have the option then in December of '94 to end the agreement completely with Lakeview?

Mr. Smith: We do if the terms of the agreement are not honoured by Lakeview, and one of the terms would be to make the payment.

Ms. Friesen: Mr. Chairperson, in December '94, presumably the Lakeview Corporation has to deal with the new board, not with the North Portage

entity. Do you have any sense yet from the new board of how legally this is going to be dealt with?

Mr. Smith: The whole issue of the amalgamation and the legal framework for the amalgamation is being discussed, and I know the board of directors will want to consider that very carefully. We believe the amalgamation can be done in a way that puts the two corporations together but has no impact whatsoever on the past deals that each corporation has entered into. I know our lawyers will be ensuring that in fact happens.

Ms. Friesen: I understand that both boards and their staff have been working on the amalgamation since March of '93 when it was first announced. Now I asked at The Forks meeting what the process was, what the legal process was going to be, and we are now talking about another task force of boards to look at this. I would like to address this to the minister. What on earth has been happening over the last year? Why has it taken a year to get to a stage where we are now looking at exactly the same process again?

Mrs. McIntosh: I am not quite sure what you mean by exactly the same process again. What process are you referring to?

Ms. Friesen: The process of the legal amalgamation of the board. This was announced a year ago.

Mrs. McIntosh: Yes.

Ms. Friesen: A task force was supposed to have worked on it for a year. Why is the minister, why is neither board able to tell us how this is going to happen after a year of study?

Mrs. McIntosh: How what is going to happen?

Ms. Friesen: How the legal amalgamation of the two boards is going to happen.

Mrs. McIntosh: I think I answered that at The Forks board meeting when I said that by resolution of the new board the previous board of The Forks will become amalgamated with the current board of North Portage, and that will be done by resolution. It will be done.

Ms. Friesen: I am now hearing from the board of North Portage that in fact there are more complex issues and that amalgamation has not yet occurred

over a year after the original date of announcement.

Mrs. McIntosh: You are not talking about the actual merger of the boards; you are talking about the work that the boards do. Yes, I believe I indicated this at our last meeting as well. The announcement was made, a federal election occurred, and everything went on hold. The federal election has now taken place; a new minister is in place; the board members have now been selected; legal opinions have been sought. The thing is now in place.

Ms. Friesen: What is the new mandate of the board? How has that been defined?

Mrs. McIntosh: My understanding, when this decision was made, was that—I was not at that meeting; of course, I was not minister then. I know this is the matter of record that the three shareholders had agreed that the mandates would not change. The merger will address the administrative cost of running the two corporations. I believe the member knows this, because I am sure that the member has checked into these things.

The rationale for the merger is not to change the mandates but to reduce overhead costs of administering two parallel systems, of two sets of boards, two rentals of places for the boards to meet, and all of those things that I think she probably knows.

* (1200)

Mr. Chairperson: I would like to interject here momentarily and ask what the will of the committee is, because the hour is twelve o'clock. I wonder whether you want to adjourn now or whether the committee wants to arise or whether you want to continue with discussions.

Mrs. Friesen: I would like about 15 more minutes.

Mr. Chairperson: About 15 more minutes?

Ms. Friesen: Yes. If that is reasonable?

Mr. Chairperson: Is that agreeable to you?

Mrs. McIntosh: Yes, that is fine.

Mr. Chairperson: We will proceed then and continue the questioning till quarter after 12.

Mrs. McIntosh: Just to identify some of those costs because maybe that will help identify the rationale for the merger. We have accountants; we have lawyers; we have per diems; we have office space; we have clerical staff; we have office supplies, fax machines—a number of things. All of those costs can be reduced by this merger.

There was no merger in terms of changing mandates. I have not heard of any attempt to change the mandate of the boards that are in existence.

Ms. Friesen: What is in my mind when I am talking about that is essentially the role of two different corporations: one to deal with downtown; the other to deal with a project, however successful it has been, which is to pull people from downtown.

It seems to me when you look at the overall goals of things like the Core Area Initiative or CentrePlan, for example, which is to develop a downtown plan for Winnipeg, and I can see why North Portage is very much involved in that, how is the new corporation with two separate mandates going to look at that? It seemed to me that there was the possibility now for a new kind of mandate which might address the whole issue of CentrePlan on a general downtown planning for Winnipeg.

Mrs. McIntosh: I am just seeking clarification. We have two projects: one designed to pull people downtown, and the other designed to pull people from downtown. Could you explain what you mean by that?

Ms. Friesen: What I think amongst urban planners who talk about Winnipeg, one of the obvious elements is that it is a very spread-out downtown, that it has three or four focuses, the Exchange District, North Portage and The Forks. I did not say that The Forks was designed to pull people downtown, but I think its success has, in fact, from the perspective of urban planners, pulled people away from one central focus which some successful downtowns regard as their key. So here we now have one corporation which has the opportunity to develop some plans which might

bring those elements together and in conjunction with CentrePlan—and I think the timing is very useful, and I think there is an opportunity here for a different kind of corporation, not two parallel corporations but a different corporation with a different mandate which might be able to address some of those overall plans of downtown Winnipeg.

Mrs. McIntosh: I suppose I misinterpreted what you said because I do consider The Forks part of our downtown. If both boards have a mandate to do something unique and special for the downtown, I thought they did.

If the member has now informed me that The Forks is not part of the downtown, rather pulls people from the downtown, then I suppose we would have to examine that mandate.

I have often heard people say, including some urban planners, that The Forks did much to draw people from the suburbs and the outer lying regions to the downtown, which I believe is something Mr. Smith had identified as people wanting to live further out and not in the heart of the city. I had considered The Forks part of the downtown so perhaps we are seeing it a little differently.

I perceive the mandate of both of these boards—the new board, which as I say has yet to acquire a name—to be in a nutshell and one very simple phrase, to enhance and enrich the—now, I do not know whether I can call it downtown anymore now that I have discovered that there is not a downtown—that area of our city which is bounded by the suburbs. If that is not the perception that is held by others, I would be quite willing to discuss it with them. If that is not the perception held by those who are on the board, I would be surprised.

Ms. Friesen: It was not my intention to get into a debate with the minister. My intention was to suggest that there was an opportunity here and a very timely one with the Winnipeg Development Agreement and with CentrePlan for some overall planning for downtown Winnipeg.

I wanted to comment on some of the security issues that the member for Crescentwood (Ms. Gray) brought up. I was interested to see a number

of the pieces of good news about security in the downtown and particularly in the north Portage area, and I wondered if in the discussions that the North Portage group had—I think they called them round tables—whether, in fact, they included some of the young people who do frequent north Portage both in the day time and in the evening. Was there any opportunity in the round table discussions to involve them in the future planning?

Mr. Smith: Oh, we had to. With the round table discussions that we had, we actually involved some 200 people, and there were a wide variety of groups that were representative. We did try to bring in some of the users of downtown, probably less successful in terms of bringing in some of the young people. But, wearing another hat, I also served on the steering committee for the SKY Project. There was very much an opportunity there to get some direct dialogue with some of the street kids in downtown. Certainly their particular situation is one that I think has been fairly well documented by the Social Planning Council and others of being in situations of requiring some assistance.

We are now working with the Downtown BIZ to look at re-establishing a presence for counselling for street kids in downtown Winnipeg. We are actually being joined in this instance by the people from the Osborne Village BIZ area, and we are actually looking at an effort that would encompass not only downtown but also the Osborne Village area.

We have been working with Macdonald Youth Services recently, and we are very optimistic that in the near future we can get a couple of Outreach workers back on the street to help kids that are in dire need of some counselling.

The other group that we have worked with has been the Gordon Bell High School's satellite campus, which is now located in the Power Building, literally right across the street from Portage Place. They have been working under the auspices of the BIZ doing some cleanup. We are actually now negotiating with Gordon Bell, which is now looking at expanding that satellite campus, and they may indeed locate on our site.

We are very much looking forward to helping them provide a more expanded facility for kids who just do not fit into the traditional high school environment.

Ms. Friesen: I know the Gordon Bell project. I had not heard that it had the potential to move, but that is interesting.

I wanted to ask about the south side. You have had task forces before on the south side, and it has produced some changes, the U of W, for example, and for a while some of the discount houses that were located on the south side.

One question is the overall one of the south side, and the other is the impact of the bus mall, if it is going to take buses away from Portage Avenue, I assume, and how is that going to affect you?

* (1210)

Mr. Smith: I guess you have asked two questions. The South Side Improvement Program, I think, has been a success beyond our wildest dreams. Back two years ago, I think, it was probably one of our greatest nightmares when we saw the number of vacancies that were on the south side of Portage Avenue between Eaton's and The Bay. We have worked very hard with merchants, with property owners, with the Downtown BIZ and with the city to try to turn that situation around. I think it has, given the retail market and the real estate market, been a real success story. In fact, we have had calls from Minneapolis, St. Louis, many cities in the U.S., Edmonton, Ottawa and other cities in Canada about using a south-side improvement model in some of their own situations in their downtown.

As far as the Graham Avenue transit mall is concerned, it was something that we were very concerned about in terms of what the impact was going to be for transit on Portage Avenue. I think one of the things that makes us different than suburban development is that the reliance of people on transit for a variety of activities, whether it be shopping or going to the doctor, many people use transit. In fact, a survey that we did, now getting a little old, but back in 1984 showed that some 45 percent of the shoppers—never mind the people who were doing other things, working or

were downtown for other reasons—who were there had come by bus.

So if the Graham Avenue transit mall resulted in taking buses off Portage Avenue, we would be very concerned. But we have been assured by Winnipeg Transit that in fact, as part of the Graham Avenue transit mall, they did a study on rerouting all the buses through downtown and what the result of that is going to be is more buses both along Portage Avenue and on Graham Avenue. So it looks like it is a win-win situation.

The Graham Avenue transit mall as such, we are hoping that it will stimulate a retail activity particularly in the area between Carlton and Vaughan on Graham. It was under some pressure from us as well as others that the city actually included—they were not going to originally, but they then decided to include a retail marketing component and very much of a consulting component for retail businesses on Graham Avenue. I think that has really paid off in spades in the way that the mall has been designed because at first it was going to be a buses-only mall all the way through from Main Street to Vaughan.

Now, in the areas between Carlton and Vaughan, it is going to be mixed traffic. There will be cars allowed on the street, and I think, most importantly, there will be additional parking spaces for vehicles on that street which I think will help not only people arriving with vehicles, but also pedestrians who are arriving from buses because what we find is that when there are cars on the street, it gives people a better sense of security and safety. That is something that we are working with the BIZ to see if we can see happen on Portage Avenue.

Ms. Friesen: It is interesting to hear your interpretation of a win-win situation, because it seemed to me that it was a double-edged sword. There was the potential to link North Portage with South Portage in a more common transit way in the sense of pedestrians moving between the two and the possibility for opening other things on the south side, but also had the potential to pull people away simply just to the two ends.

The last question I have is to deal with the area north of the Air Canada site. That is an area that seems to be towards Main Street, east of the Air Canada site. Two things occurred to me there. One of the common ways in which downtowns have fought back in North America since the introduction in the '60s of suburban malls, downtown has usually fought back with heritage, some version of heritage interpretation. Main Street Manitoba projects, Main Street Canada projects through Heritage Canada, for example, have been very effective in a number of towns. Morden in Manitoba would be one example.

As you look at the east end of Portage Avenue, what you see is quite a concentration of heritage buildings. They may not all be designated, but they are very attractive buildings: the Paris Building; the AA Heaps Building; there is a trust company building further down; there is another building whose name I forget which is a very low two-storey building with very large windows on the north side. It seems to me there is a conglomeration there, and there is a potential to use heritage to regenerate that area.

I wondered if there was any pressure for that, if there had been any consideration given to that or any particular special character that might be developed for that section of Portage Avenue, because Winnipeg fought down with modernization. It fought with interior streets and a modern shopping mall, very much like the suburbs. I wonder if there is some potential there.

Mr. Smith: The area between the Air Canada Building and Main Street is I think an area of concern. I think it has been one of the really good things about the CentrePlan process. It has enabled that concern to come to the front.

I think it was just a matter of sort of falling through the cracks. That particular area on Portage Avenue never received a lot of attention in the past from the other two Core Area Agreements. I think now there does seem to be much more concern about that part of the street.

I think there are a number of things that have to be addressed. Fundamental is the nature of Portage Avenue itself. Is Portage Avenue going to function

as a street that takes people fundamentally through the downtown, or is it going to be Manitoba's main shopping street, which is what it has performed as in the past?

I think the city in its sort of evolutionary decisions have moved Portage Avenue much more as an arterial street that takes people through the downtown. Part of that is because there are not a lot of other routes that provide the same ability to do that.

We were hoping that perhaps the pendulum has swung a little bit too far on taking people through the downtown and making Portage Avenue more of an arterial street. I think what the BIZ and groups like ourselves are trying to do is say, hey, there is another purpose for Portage Avenue and that is as a retail street.

How do you make it a nice retail street? One of the things to do is to put some parking back in, slow the traffic down a little bit and maybe make it a little easier to get around or maybe allowing some more right-hand turns and some left-hand turns.

We have been gradually working with the city, and things have been starting to move in the other direction. Now there is parking available on Portage Avenue in the evening and on weekends. Some of the right-hand turn prohibitions are being re-examined and maybe relaxed.

I think the next step is to look at, as you are suggesting, some of the buildings and some of the property owners and what can they do to try to turn their situation around. If it is anything like on the south side, you have a situation where you have owners who probably have not spent a lot of money on their buildings in the last number of years. You have a lot of vacant spaces and a very

negative image out in the real estate community about the attractiveness of that particular location as a place to do business.

So I think it has to be a very comprehensive effort looking at what the strengths are in that area. I think you have mentioned one—certainly, the heritage buildings on the south side. The Anhang Walsh building, what would seem to be a real problem of a historic building, in fact, by the very owner who had it, when starting to look at some of the opportunities it turned it into a great opportunity and it won the 1993 Heritage Winnipeg award. It is providing a great office space for the owner.

I think there are some real opportunities there, but they have to be done in a positive climate, and I think one of the first things to do is to try to get a more positive climate for that. I think that is going to take some effort on behalf of the three levels of government. That is why we see the potential for an expanded South Side Improvement Program, which provides some modest incentives. Whether they be in the form of grants or loans I think needs to be debated, but I really do see a role for the public sector there. The Winnipeg Development Agreement may be the place to see that happen.

It sounds like at least the Downtown BIZ is going to be making a presentation to that at next week's meeting.

Mr. Chairperson: Thank you, Mr. Smith.

The hour now being 12:20 p.m., as agreed to, we would adjourn by 12:15 p.m. What is the will of the committee?

Committee rise.

COMMITTEE ROSE AT: 12:20 p.m.