



Third Session - Thirty-Seventh Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Municipal Affairs

Chairperson
Mr. Tom Nevakshonoff
Constituency of Interlake



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
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ALLAN, Nancy	St. Vital	N.D.P.
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ASPER, Linda	Riel	N.D.P.
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Thursday, November 15, 2001

TIME – 10 a.m

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Tom Nevakshonoff
(Interlake)**

**VICE-CHAIRPERSON – Mr. Harry
Schellenberg (Rossmere)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Ms. Friesen, Hon. Mr. Sale

Messrs. Derkach, Faurschou, Loewen,
Martindale, Mrs. Mitchelson, Messrs.
Nevakshonoff, Rondeau, Schellenberg,
Struthers

WITNESSES:

Mr. William Norrie, Chairperson of the
Board, The Forks North Portage Partnership

Mr. Jim August, Chief Executive Officer,
The Forks North Portage Partnership

MATTERS UNDER DISCUSSION:

Annual Report of The Forks North Portage
Partnership for the year ended March 31,
2001

Mr. Chairperson: Good morning. Will the
Standing Committee on Municipal Affairs please
come to order. This morning the committee will
be considering the Annual Report of The Forks
North Portage Partnership for the year ended
March 31, 2001.

Just before the commencement of
consideration of this report I should note for the
committee's benefit that there is no legislative
requirement for this report and therefore, at the

end of the discussion, there will be no
requirement for the adoption of this report. This
is really a process for providing information to
members of the Legislature as a courtesy of the
minister and The Forks North Portage
Partnership.

Does the committee wish to indicate how
late they wish to sit this morning? We had till
11:30. Is that acceptable? *[Agreed]*

Then 11:30 it is. Does the minister respon-
sible have an opening statement and would she
please introduce the officials in attendance from
The Forks North Portage Partnership?

**Hon. Jean Friesen (Minister of Inter-
governmental Affairs):** My opening statement
will be brief, simply to say that The Forks North
Portage is an arm's-length agency of three
governments. It is a partnership agreement. I do
not know if it is unique in Canada but certainly
is unusual and one that I think has worked very
well over the course of a number of govern-
ments. It is one also which has become a
recognizable landmark in Winnipeg. I do not
know if The Forks is going to show us, but there
is a postage stamp with The Forks on that has
become one of the images of Winnipeg, by no
means the only one. So it has become a
landmark for Winnipeggers and Manitobans and
a symbol of how we represent ourselves to the
rest of the world.

It is a corporation which has had many
board members over the years. If I can take the
opportunity to thank previous CEOs, previous
board members, previous staff members because
I think they have all been a part of where we are
today. So with that I am going to take the
opportunity to turn the meeting over to Mr.
Norrie, who is the chair of The Forks North
Portage Corporation and to Jim August, who is
with him and the CEO of the corporation, and
allow them to introduce the rest of the delegation
and to take over the presentation.

Mr. Chairperson: Before Mr. Norrie takes the floor, I thank the minister and I have to ask the Official Opposition critic if she has an opening statement as well.

Mrs. Bonnie Mitchelson (River East): As the new critic responsible for urban relations, I do want to say I am pleased to have the opportunity to attend this committee today and hear from those that I know take to heart very seriously the need for the revitalization of our downtown in Winnipeg. We know to have a strong and healthy city we need a strong and healthy downtown area, and The Forks North Portage Board over the years has done an excellent job and has been very visionary, has used the public consultation process to try to develop things in a way that looks at the vision and the development of our city in a way that makes sense. So I do want to say thanks, as the minister has, to those that have preceded the present board and staff and to those that are here now. I know your commitment to Winnipeg is strong. I look forward to discussing some of the plans for the future development of our downtown area and what The Forks North Portage Board will have to contribute and offer. So it is good to have the opportunity to be here this morning.

Mr. Chairperson: Thank you, Mrs. Mitchelson. Do the officials in attendance from The Forks North Portage Partnership have an opening statement?

Mr. William Norrie (Chairperson of the Board, The Forks North Portage Partnership): I would very much like to lead off our presentation to you. First of all, as the minister has indicated, with me is Jim August, who is the Chief Executive Officer of The Forks. We also have Paul Webster, who is the Chief Financial Officer. His pockets are bulging with money. That is why he comes with us and he always has room for another one. Actually he has an empty pocket. And Toby Chase is the Manager of Corporate Affairs for The Forks. So we will be very happy to answer any questions.

But first of all could I just give some basic information and then Jim is going to give some details as well. It goes without saying, Madam Minister and Mr. Chairman, that we are very happy to be here. This is a very, very exciting

enterprise to be part of. The minister well knows that as she was one of the original directors, I believe, of The Forks Corporation. Over the years you may remember that the three governments first of all entered into the Core Area Initiative Agreement. That was, Madam Minister, the first time that there had ever been a three-level government in all of Canada. Out of the Core Area Initiative Program grew the North Portage Development Corporation, which was the redevelopment of north where the shopping centre is and so forth. Then out of that grew The Forks Redevelopment Corporation, which is what we focus on as well as the North Portage. Then in 1994 the two corporations were merged, not legally, but they came together as the partnership. So we are now called The Forks North Portage Partnership.

* (10:10)

So we have responsibility not only for The Forks and its development and management but we have responsibility for the North Portage assets as well. To a degree I think most of the public think of us as being related only to The Forks, but in the last year or two, with the concurrence of the board, we have tried to turn our attention again fairly directly to north Portage, because north Portage, along with other areas of downtown, has had some difficulties. Retail is not great on Portage Avenue. We have had a number of discussions just currently with the owners of the North Portage mall. We are going to be working with them very closely.

One of the strengths of the partnership is really the co-operation and the support of the three levels of government. We were created by the three levels of government. They really do continue to give us tremendous support. They are there when we need to talk to them, and when we do not need to talk to them they let us do our own thing. So it is a very happy relationship. I think it is good for the three governments, because they have to then on occasion get together and talk and work together as they do on other matters.

So I should tell you that this is really the end of the second year almost of Jim August's appointment as the CEO and my appointment as the chair of the partnership. Our detailed plans

are going to be summarized by Jim, but just let me tell you that what we have done in the last year and a half really is to realign the board in terms of our thinking for the overall development of The Forks site. You probably know that The Forks, in the minds of the public, is a very, very delicate piece of area of Winnipeg when you tend to try to do something that is different or enhance it, and that is a good thing. The Forks has really become the place where people want to be, and the converse of that is that the public has really taken ownership of The Forks. I think that was largely manifested when the Pan Am Games was so successful as an event. Many of the events that were held at The Forks actually brought people down to The Forks that had never been there before. As a result, the sense of ownership by the public just rose to tremendous heights. That still is the case today.

So whenever there is a proposal to do something at The Forks to enhance or to change, then quite properly so—sometimes we wish it maybe were a little less, but quite properly so people come out and really give us their opinions, and we want to hear them.

As you probably know, the board is comprised of nine directors plus myself, three directors appointed by each level of government, and they all work very well together. We tend to say that when the directors come together they really forget who appointed them and they become a very cohesive board, always being cognizant, of course, of who their appointers are behind them, and they have a relationship there.

What we did very early on after I came on and after Jim came on was we took the board away and we had several of what we called blue sky sessions. If you could do anything you wanted at The Forks, if you could create any plan you wanted, what would you do? Well, we had just dozens of ideas. Out of all of that we brought the ideas to those that were doable, those that were manageable and those that really were out of the possibility.

As a result of that, we created a potential redevelopment plan. We took that plan to the public through a series of open houses. We had open houses at North Portage. We had open

houses at The Forks. We did telephone surveys. We did questionnaires. As a result of that, we got basically extremely positive feedback from the public. Now, there were obviously some hot spots, and Jim will talk more directly about what the plan is, and he can show you that behind us here. But as a result of going to the public, we got a sense of what we needed to do to remain consistent with the trust, that the board feels very directly that this is a very special place at The Forks.

We also got a sense of some concern about North Portage in the sense that we have a responsibility there to work with the City and the other downtown organizations that are very concerned about how Portage Avenue is going to redevelop. So we tried to re-emphasize our responsibility to North Portage because the partnership really owns—we will show you on the map, refresh your memory—a significant amount of land in that area. As a result, we could be and should be a major player in redevelopment of that particular property.

So just simply to say that we are concentrating really on both areas. The immediate plan that we are looking at is a greening of The Forks, and we will talk about that a little later on. We have been very pleased—and thank you, Madam Minister, as well. We have had an approval from our shareholders of the proposed new development plan. All three shareholders have approved it, and that allows us to get going and get on with the things that we want to do.

So I think it would now be appropriate if Jim could give us an update on the specifics of the plan. The annual report, which you have, will indicate some of the areas we are specifically interested in and what we have in mind. So, Jim, would you like to speak?

Mr. Chairperson: Thank you, Mr. Norrie.

Mr. Jim August (Chief Executive Officer, The Forks North Portage Partnership): Thank you, Bill. We had an annual meeting about a month ago, excellent turnout. What we are doing is kind of giving you the summarized version of our audiovisual presentation from that meeting, which is a summary of the last year and really highlights of our plan and where we are going.

Basically, it has been 16 months. Bill just mentioned two years, and I was thinking: Have I really been here two years? It is close. It seems like a lifetime. But over the last 16 months we have made some internal kind of operational changes, and that has resulted in reducing the number of staff that we have. Work still needs to be done, but where required we do contract out services. If we have special projects, we bring people in to do special projects. So we have reduced our overall number of staff netting by about 10 people. We see in the long run that this will have some administrative savings. Part of the challenges, as we get into projects, we will bring on some specialists who know how to do projects. Then, once the project is done, people will move on.

* (10:20)

We have also introduced a new business planning framework, and I just want to touch on some of the internal operational issues and where we do basically three-year projections within each of our business units. We have broken our operation to basically eight business units so, partly for our board, it is very transparent. It was a great idea when we started. Now I have to go back to the board annually and say why we have or have not achieved certain objectives, but also it makes it very clear at the staff and management level what our objectives are for each year and what our longer term plans are. So it is a system that seems to work better for us. We can really be on top of the progress, or if we are running into difficulties, we get to see that fairly early.

As Bill mentioned, really our main achievement over the previous year has been the creation of our long-term plan, and basically we identify it as a 10-year strategy. We are hoping we can do it in 3 or 4 or 5 years, but the reality is it is a pretty aggressive strategy, so we see it really over a 10-year period. The vision was really created by the board with staff. We did not use a lot of outside consultants for that. We brought them in where we needed architectural advice, but we have spent literally hours, I think about 25 hours, of board time going through the planning, going back with new ideas, revisiting it. Then we went out to the public, with over 2000 people participating in consultations from

everything from focus groups to public open house to surveys and the like. Again, as Bill mentioned, there was a lot of interest. We started at 9 in the morning. When we did the one at The Forks, at 9 in the morning, there would be people lined up at 8:15, while we were still setting up our boards to come in and let us know what they thought.

I think maybe my colleague Toby Chase could just point out the land that we are really talking about so that when we talk about these ideas there are concepts where we are going. With The Forks, our landholdings are basically the south point area and then all the way along the river in that area. I know this does not get in your records, but it basically shows the land that we own, which is about 60 acres of land. Now we also have planning responsibility with the City on areas that are owned by the City, everything within the rail line basically and the river. So it is a fabulous piece of real estate in downtown Winnipeg that had been sitting there with the rail lines, control of CN for a number of years, and had been taken over by the three levels about 12 years ago.

Then North Portage, we have a diagram here that shows our landholdings on North Portage, which is basically along Portage Avenue between Colony Street, all the way up to Carlton, and then back to Ellice Avenue, excluding the Gordon Hotel. In hindsight, I wish we owned the Gordon Hotel site because it would be easier to deal with, but we have the landholdings in that area and then we do land leases with private developers. So it is very much a key part of our downtown area.

So what I will do is highlight on the North Portage results from our public consultations and our priorities for the next year, and then we will move on to The Forks and talk about some other related matters.

So, for North Portage, results of our public consultation focussed on more attention to vacant buildings. There is a great concern of people coming out that there are too many vacancies in the downtown. New opportunities to live downtown, new entertainment facilities. Entertainment is seen as being important in the downtown, and then an approved pedestrian

environment, the idea of being able to walk throughout the downtown rather than having to drive, and having ease of access.

As we move forward and what we have integrated into our plan, the key is working with Portage Place management to ensure a viable mixed-use facility. Retail is struggling, and it is struggling in the downtown. It is interesting. There have been studies done where in the overall Winnipeg retail market there may be some room for new additions. The downtown really needs to be kind of tightened up, bringing in new retail. New retail is tough, although we have seen Mountain Equipment Co-op, so unique retail might work, but it is a tough area.

We want to make sure that Portage Place works. One of the advantages there is that it is retail, but it has also got office tied into it and housing behind. So the mixed-use approach, in hindsight, was a very good approach.

We also want to increase the financial performance of IMAX Theatre, which has been struggling. We are making some headway in that direction. We have brought IMAX management back in to manage the theatre, rather than having us manage it. They know more about that business. It is still not going as far in that direction as we would like, although it is making some positive move. We will continue to invest in the upgrades of the Portage Place parkade. Parking is kind of boring stuff, except for our chief financial officer who gets to count the money. It is a bit of a cash cow, and long, cold winters are good for us because people do park underground and pay. So we continue to invest in that.

In marketing of our key development sites, we do have two development sites on each end of the mall where the infrastructure has been done and there is room for a 16-storey, up to a 16-storey office and/or hotel or whatever on each end of the mall. We also have a development site behind 377 Colony Street, which is a parking lot adjacent to the Winnipeg Adult Education Centre. We think there is some opportunity to do something there, and, in fact, are into a very serious discussion which is going to take some time with a proponent. It is the Salvation Army who are interested in really

pulling their campus together and doing a major investment, and we are working closely with them. It would be a fabulous addition as far as bringing more students to the downtown—the University of Winnipeg, Salvation Army and Winnipeg Adult Education Centre. So we are working with them. It is going to have a ways to go, but there is interest there.

We are also working with the Winnipeg Adult Ed Centre, who just received some approval for funding for expansion of that facility, and we are working with them on the landscaping. We need to improve that site. It is just right now not a very attractive site and our board is committed to putting some resources into that.

With amenities such as affordable heated underground parking linking directly with the skywalk system, the partnership can play a key role within adjacent developments. Any development of downtown parking is an issue, and because of that we can be a bit of a player in that area.

We are also working closely with True North and CentreVenture, and one of our objectives there is that, if you are going to do a downtown entertainment facility, one of the key things you need to do is identify what are some of the projects around that centre that will have a positive impact on the downtown. The project is good unto itself, but really the spinoff in some ways is equally as important. So we are looking at what kind of key projects that we can set the tone for bringing new investment in that complement that development.

Finally, along with the Downtown Business Improvement Zone, we are looking at a co-ordinated marketing effort in the downtown. It became very clear—and a number of people you talk to in cities participate in the International Downtown Association—you cannot underemphasize the importance of marketing. When you are doing good things in the downtown, talk about it and do it in a strategic manner, so we are looking at a joint effort with the Downtown BIZ and others in that regard.

Now for The Forks, we know from early surveys as we got into our consultation that 65

percent of the public want The Forks land to be a mixed use of park, shops, restaurant, so this kind of blend of commercial and green. About 32 percent of the folks say to keep it primarily park and green space.

We know from observing what people do. They come down to The Forks to go for walks, to come to events, but also to go to the market and go to the Johnston Terminal building and participate in activities that are going on. So we believe the mixed-use approach is the right approach.

We presented our vision at a number of open houses. As Bill mentioned, there was a lively and, at times, emotional discussion, people saying, you know, I never trusted those in the previous management. We said, well, what do you think of The Forks now? They say, well, we think it is great. Our response was, well, it was the previous management who did that. So there is that group, and then there is another group who is saying we are on the right track and do not have it controlled by surface level parking. You need to address some of those issues.

It was a good discussion and a very, very positive kind of open discussion. The dialogue that took place, really the meeting place concept is still very alive and well at The Forks. It is really a theme that we are building on. The popularity of the site is a result of a number of mixed amenities that bring people to The Forks for a number of different reasons. When you really think about it, the last relatively short period of time it very much has been the place that people go.

I was down on Remembrance Day. We just had kind of a soft opening in the market, but the place was packed first thing in the morning. It was a nice day and most things were closed, so just people out walking around.

Our vision for The Forks really proposes a number of enhancements. I will try to kind of run through them and maybe, Toby, as I do this we can just kind of show on the diagram behind us around Festival Park, which is the area where the stage and then in behind, we are looking at there being more of a festival environment, more trees, more green. A lot of that site now if you

look on the large map is surface level parking. That is not good use of a site of this value in the centre of our downtown.

So there will be, could be some building on that, but most of it would be kind of casual sitting area as we are looking at a pond and a foot bridge, outdoor kind of casual, recreational space, as well as a demonstration greenhouse idea. We are also looking at some alternatives. We are looking at a possibility of a windmill that would produce energy. We are having some people do some feasibility on that, if it actually could heat the greenhouse, and use it as a very unique kind of feature to the downtown. We are also looking at sponsorship to help with a lot of this. We do have some interest in this area.

* (10:30)

The new proposed pedestrian pathway connecting the St. Boniface pedestrian bridge and ultimately passing right through into VIA rail station and opening out onto Broadway is something that we are very keen on and having that well landscaped with our greenhouse and the like tied into that. We are having discussions with the idea of integrating public art along the walkway so it becomes a very interesting space. So we are working with people on the whole idea of public art and can you tie that into part of the heritage themes of the site as well.

We are proposing a feasibility study in partnership with the City of Winnipeg and others on a people mover throughout the downtown. It will be cost-shared. The City will come in with the major through—we are talking to public transit—something that moves people throughout the downtown that is different than what we have there today. We will have a tourism angle to it but also have a very practical angle to it. The City of Winnipeg Transit people are very positive about that as well.

We are also part of a coalition to make the Red and Assiniboine rivers a major transportation corridor through the Winnipeg downtown. This summer, our Splash Dash bus, I do not know if people had a chance to use it, but it was well used. I just actually moved over, and I got a dock. I did not move there. It was not done for me. The dock was there. There is no conflict.

Fabulous, you can just get on the bus, and within five or six minutes, for \$2, I am at the office. But, 50 000 people used it this year. We expect that number will increase dramatically. It is a private-driven venture. He is happy. He was doing it part time. He has now left his full-time job and is doing this on a full-time basis. Gord Cartwright is his name, and he runs this business, which is basically moving people on the river—so a very good program. Two new docks have been installed, one in The Exchange District and one at Hugo Street. There are a couple of others that are in the planning phase, one in St. Boniface, as well.

The Forks is also a place for commerce, and compatible uses are being planned. The concept of what we call a light manufacturing production promenade in front of the rail station with some parking in behind that is an idea that we are working on. So it may be something like a crafts furniture manufacturer. He may retail; he may also even wholesale out of that site. It is almost warehouse-like space but would have a storefront on it where people could walk by and see what is happening. It may be a craft manufacturer. The challenge here is to have someone who can pay the rent but also where it is not a real kind of heavy-duty production facility. So we have had discussions with a couple of potential tenants. We are putting this up probably two to three years, but it is part of our plan.

We are also looking at a character hotel, which a number of you may have heard about, which in tourism we call a boutique hotel or a character hotel. But basically it is a unique product to the Winnipeg marketplace. They are big in eastern Ontario. The site for that would be on the parking lot, what we call our P2 parking lot. We are working with a very solid Winnipeg group, Bob and his group from the Norwood Hotel. It would not be a Norwood Hotel type of project. Again, it would be a quality project with a spa tied into it, a unique project for the City of Winnipeg, about a \$12-million investment.

We are in the process of negotiating a number of issues around that. One of them is a business deal. The other is to have adequate parking, and we are working very closely with the tenants on the site to look at building a

parking structure both behind Manitoba Theatre for Young People and also in the back end of P2, behind the hotel.

News is breaking. We have our consultants working on the parking structure. We have an engineering firm that we are using, actually out of Vancouver. They build parking structures throughout North America. But the architect hired is Stechyson Katz, and they have come up with a fabulous concept that will really integrate this into the site. We just have to figure out how much it is going to cost and put the business side together. It can be phased in according to need. So those are things that are work in progress.

We are also looking at a marina development; north of the Provencher bridge is also being proposed. That is a fabulous site. We are not looking at something there in the next 18 months. It is a site that has been identified for some level of mixed-use commercial but still keeping access to the public, and we are very much tying into the waterfront drive in through The Exchange District.

So those are kind of our priority projects in the next few years. With support from our heritage advisory committee, we are going to ensure that we integrate heritage themes throughout the site. We do have a very active heritage committee. It is really one of the real strengths of the province. Sometimes we say, oh, we have this heritage issue that we have to deal with because we can only go down five feet or whatever. But saying that, and there are costs tied into it, it is also one of the things that the community is very supportive of, making sure that we do address the heritage elements. It is something that the board has always been cognizant of and always has been supportive of.

We are also committed to providing high quality, year-round entertainment at the site. We do up to a hundred different events on the site on an annual basis. We have one person who on a part-time basis manages, it is not that part time, but manages 85 of those, which are third-party events. People come to us, they want to do things on the site. So we will have everything from the writers' festival this year, which was a fabulous event, to the kids' fest, to the Mennonite Central Committee, who do a project there, and the dog show, which has become our biggest

deal. Hundreds and hundreds of people come out to this dog show and bring their dogs.

We have also completed a very successful summer program with the new Spirit Fest Concert for Causes. One of the legacies of the Pan Am Games is the Scotiabank stage. Scotiabank has come through with the sponsorship of \$1 million over 10 years. That has really allowed us the core funding to do some other things. We did a series of six concerts this summer in Spirit Fest, raised over \$85,000 for charity. So we do not charge for events, but people will contribute something. So \$85,000 has gone for charity events. We think we can increase that number.

This whole series cost about \$400,000. Close to \$350,000 of that came through donations and the sponsorships, both cash and in-kind sponsorship. So it is a program that we think will carry on for a number of years. Our sponsors are delighted with it. It brings people for a whole number of reasons to the site.

We also have a fabulous program, which is dancing under the canopy, which is live music and dance sponsored by the Crocus Fund. That covers all of the costs of the program. We have live jazz bands out. Next summer it will be every Thursday night throughout the summer. We basically get hundreds of people out for that.

Last year created a real challenge for us on our winter programming, because we use the river trail a lot, and we work with the Festival de Voyageur to do the programming. But if you remember, we got a flood in the winter last year, of all things, and could not use the river. We took it on to our site and we created, basically taking the river trail right into Festival Park and created a winter park. We are doing that again this year. We are going to tie it into a major Christmas at The Forks festival event. Although it was a problem for us really we found a solution that we are going to build on over the next few years. We put some berms in now so we can do things like snowboarding for young kids and tobogganing and the like. So our winter park will be new and improved this year.

* (10:40)

So, as we move forward at The Forks, we are looking at enhancing and improving The

Forks Market as a unique retail and food destination. We have, I think, slipped in that regard over the last few years. We have got a new plan and a new strategy for the market which will emphasize fresh food. We have just hired a new manager, made some staff changes there. We are going to do a real push in that area.

We have commissioned a three-year plan using Corriolis Group, who are kind of the pre-eminent, public market people in the country. They were the original consultants we worked with. So we will see some changes as early as this winter, next summer even more changes. We will do some re-tenanting over the next year.

We are going to be creating this new parking structure, as I said, and this will reduce the need for large surface level parking. We will be keeping free parking for casual use. We will in all likelihood be charging for big events and in all likelihood be charging for people that stay for a full day, because people do come, park on our site and walk down Broadway and go to their offices. So if they are going to do that they are going to have to pay us. We do some of that now. We do monthly leases for some of our spots and then they are free on the weekends. Our busy times are the weekends. So we want to have it free then, but we can charge for people who are coming to use it for offices or if they are in for longer stays.

We are committed to our tenants. We have 1600 parking spots on the site, and we are committed to maintaining 1600. If we can increase that, we will. But it is a number that we think we can work with. There are weeks in the summer where it is tough. Parking is tough. We also know people will start walking to the site. They will walk down the riverbank. They will take their bikes. On weekends, they will come by the boat. So we are looking at this alternative transit as much as we can.

The planning and design are incredibly important for our site. Whatever we do, planning is important and good design is important. So, when we are talking to private developers, they know we are talking about an excellence in design. We have a site-planning advisory committee that consists of architects, visual artists, landscape artists, recreational planners,

that sit down and actually review plans as they come forward.

Finally, enhancements to Festival Park and walkway, the pond, which I fondly called Norrie's pond, a greenhouse and windmill will also be significant.

As we move forward, the public will have an opportunity to review our projects, and we will be having open houses for each project that comes forward.

A quick financial overview. Our new approach to business planning identifies each of our areas, so, operationally and at the board level, we are very clear on how our dollars are being spent. The partnership's overall operations produce positive cash flow each year before grants and capital asset expenditures. So, from an operational perspective, combining the partnership of North Portage and The Forks, we have positive cash flow. Where we need special projects, we will take some of that capital. Some of that comes out of operations. Some of it comes out of other sources of funding.

Overall, The Forks site and the North Portage site combined are self-sufficient from operations. Operating income before depreciation is expected to be approximately \$900,000. It was a little less than that last year, and we are projecting that number. We are continuing to revise that, but that is our projection right now. It depends on how aggressive our development plans get.

The cost of operating The Forks site and upgrading the site within capital improvements runs in excess of a million dollars a year. The Forks site is an expensive site. I do not think we can cut our operational expenditures much further. In fact, we cannot. People look at our site and look at what we do and tell us when we look at having other—you know, we have looked at outsourcing and this and that and they look at these things. You cannot do it any cheaper and still keep the quality that we have. We do know that over 4 million people come to the site each year. It gets beat up and there are some capital improvements that we are going to have to continue to do and that costs money.

Prior year in excess of a million in operations, \$800,000 in capital, an additional

\$500,000 in capital improvements in the North Portage area last year. New projects will require investment from outside sources as well as use of some of our cash reserves. We do have cash reserves that are put aside for land that was for expropriations going back when Bill Norrie was the Mayor of the City of Winnipeg, going back 15, 20 years. We have still got two or three of those to be settled, but they will come in our favour in all likelihood, so we will have this cash to use for capital projects.

So, with that, it is kind of the overview, and so there is a lot of detail in a short time; but it provides a kind of a snapshot of where we are.

Mr. Chairperson: Thank you, Mr. August. Is it the will of the committee to consider the report in its entirety? *[Agreed]*

The floor is now open for questions.

Mrs. Mitchelson: I just want to thank Jim and Bill, Bill for the overview and a bit of the history and background, and Jim, certainly, for the work that has been undertaken. It sounds like it is a very aggressive plan, but there has been a lot of thought that has gone into the development. Just a few questions, and I know that you talked about the hotel at The Forks site and the parking structure that may need to be constructed. Maybe we can deal with The Forks. I know that some of my colleagues may have a few questions and then we will move to North Portage.

My understanding is that there has been a bit of controversy between the tenants' association and the board around where new development should go, where a hotel might go and what impact the changes in parking are going to have on the businesses. I wonder if you could just comment a bit on that.

Mr. August: Yes, there has been some—I mean, one of the issues is some parking is very important to the tenants, and that is why we are actually moving the parking in closer. Initially, all of our parking was going to be tucked against the rail line, and in a perfect world that is what we would rather do because you get your parking up against the rail line and you can walk from there. But we also are aware from talking

with our tenants on the site that you need to bring it in closer, and that is why we are bringing it in behind, more onto the existing parking lots.

The issue is the amount of parking and surface level parking. We are making good headway with some of the tenants, and those are mainly the non-profit groups. The Children's Museum is reasonably happy with what we are doing now because we are in much closer proximity so they can walk to the museum; and the same with the Manitoba Theatre for Young People who are feeling more comfortable. In fact, in some ways it is very good for them, because we park right behind and they can go around. There is an issue with the Johnston Terminal building and, to some extent, the tenants' association. We are meeting with them to resolve that. It gets down to the amount of parking in many ways, and we have some disagreement in what they claim we will need versus what we claim will work and we are probably apart by 100 or 150 stalls.

It is something that we are looking at resolving. We do not believe that P2, which is where the hotel will be built—if a hotel does not happen, and there is a chance, you know projects do not all come to fruition, although it is moving in the right direction—that site has always been envisioned to have some form, some built structure on it, whether it be a cultural project or whether it be a commercial project. In talking to people on the site, we are saying that to leave the centre of the site a surface level parking is not valuable. Their argument would be build another level or build two more levels of parking structure in the middle. From a design perspective, it is just, in our minds, not acceptable. You do not build a parking structure in the middle of a fabulous site.

So we are working with them. I think, to be optimistic, that we are going to come fairly close and the majority of the tenants will be comfortable with what our results will be. The new design, if it unfolds how we hope it will, how we think it will, will help address their concerns.

* (10:50)

Mr. Norrie: Maybe I could just make a brief comment. When we had the open house at both

Forks and North Portage, there was considerable discussion around the issue of the hotel. But my sense of it in talking to the people who were there, and based on calls and so forth, was that it was not so much the idea and the concept of a hotel, but it was actually the location of the hotel that was problematic for many people. We have, as Jim has indicated, been working with the tenants, and a number of them have come around. The Johnston Terminal, we are still negotiating.

What you have to remember is that the vast majority of people are very, very supportive of the concept of "the greening of The Forks." If we are going to do what we want to do in terms of the pond and the walkway and the atrium and all that sort of thing, they are going to be done on the gravel parking lots. So what has to happen in order to free up that property to do the improvements in the greening sense, is that we have to have alternate parking, and our commitment, as Jim has said, is to maintain the level of some 1600 available parking stalls.

So you have to do it sequentially. We have to provide the additional parking in terms of the structure, and the design of that will be very important, before we can do the improvements in terms of the green space and the other amenities. So it is like many other things that government does, or the City does, or anybody does. Until it is actually done, people will always be critical. We had the same problem with The Forks originally. Once it is done and people see what is there, I think they will appreciate it. It is not a great view having the gravel parking lots on this magnificent piece of property. So when you green that and do all the amenities, the other side of that is to continue to provide the number of parking lots. So I think we can do both.

Mr. August: Just quickly, there has always been a plan to have a hotel at The Forks. It is a tourism destination. It will have a very positive economic spinoff. When I talk to people, tour operators, people in the tourism business, they just see this as very positive, and some of the individual tenants within the groups that are kind of lobbying against it, individually, are quite supportive of it. The restaurant within the Johnston Terminal building, the Spaghetti

Factory—Doug Stephens and his group are very delighted with that idea because we all know that you seldom have dinner in the hotel when you stay there. You often go out. It is something we are going to continue to work with the group and we are in an ongoing dialogue. But there will be a good economic spinoff. It will also pay us more, that one project, than, collectively, the rest of the projects on the site. So there is a business deal that makes all kinds of sense, from our perspective.

Mrs. Mitchelson: I do not see anything in the 10-year plan that looks at permanent housing. So is that something that is not—

Mr. Norrie: The housing issue is one that is still within the general mandate, but the last experience before Jim and I came on the board, the housing project there was not acceptable, both for many in the public and also for one of our shareholders. So we have not included any housing.

I do not know if any of you will remember, the minister might, the original plan was to have some very, very high quality condominiums on the river, and the former chief commissioner of the City and I made an undertaking that we would each buy one. That has gone down the drain because it was viewed to be quite elitist, using this public property for high-end condominiums. That was probably the right decision.

So I do not think we really see housing there in any future time when we might be involved with it. It is always part of the mandate and things change. I think where you will see the housing development occur and where it should occur is to the north, the extension of the Exchange District, the connection now with The Forks by the River Drive. You will see that develop, hopefully, as housing, which would be a very good addition.

People always want to live on or near a river, but I think they do not want to live on The Forks. Or the majority of people do not think we should be living on The Forks. So I do not think that will be in the plan.

Mr. August: A couple of issues—if there was to be any housing, it would end up having to be on

our most northern site, which would be on the other side, kind of on that what I talked about, a potential mixed use if there was to be any.

We did float the idea out in our public consultations, and what we thought might be an acceptable approach would be where we talked about that road closer to the rail line, where we looked at some parking, and then in front of that would be called Production Promenade. We looked at the idea of building work-live units on top of that—smaller, kind of work-live that would attract younger professionals at a price point that we thought would be in the \$100,000 range. We thought, well, that would probably be something that would be reasonably acceptable.

Well, the response was just so overwhelmingly negative, and we thought, well, do we really want to go there? So our board decided, no, we do not. It seemed like an interesting idea and, maybe, if someone revisited this in three to five years, there may be a chance, because first of all, housing on the site does provide 24 hours of presence on the site. I mean it makes it a healthier place and that is one of the reasons for a hotel because you have people coming and going. It makes it a more dynamic place—the expanse of the Pan Am Games to some extent and the whole festival sense. Some people think that there should be 60 000 people down there every Saturday night. It does not work that way. So we kind of pulled it off and put it on the back burner.

Mrs. Mitchelson: Thanks for those comments. I think we all recognize and agree that there needs to be people living in our downtown area, seven days a week, 24 hours a day in order to make it viable and revitalize it. So it is important that we look to what is feasible, what is publicly acceptable and how we can encourage that kind of activity, because we can put in all kinds of entertainment. Many of the things that were happening in our downtown area right now are entertainment related which might be, and it is not necessarily every evening of the week, but it would be some evening activity and some daytime activity. It is certainly not enough. Unless you have people living right downtown, we are going to experience difficulty in having the kind of revitalization that we would all like to see. I am looking forward to seeing that kind

of activity take place, and I know it is something that you probably would agree with, too.

Mr. Norrie: Just on that point, most people do not realize, but we have over a thousand people living in the North Portage complex part right on the part of the shopping centre at the back, the Kiwanis, the Fred Douglas Place and so forth, the Y. We do not want to be in competition with what could be more development sites.

For instance, there has been talk, not so much internally but externally, voiced to me that the pads on either end of the shopping centre could be used for condominium development or housing, good quality housing and so forth. Really, in a sense, if we could get a residential component right down in those areas, it would be very helpful to downtown. So that is something that we have not ruled out. *[interjection]* Yes, down close to Eaton's. We will call it the former Eaton's.

Mrs. Mitchelson: We have seen the decline in Portage Place, a significant decline. A thousand people, I guess, is a good start, but we certainly need much more activity. So I am glad to hear that there might be some options and opportunities around Portage Place also.

You indicated in the first part of your comments that you were working with the owners of Portage Place, that they are seeing a significant downturn. We have seen, it was very sad to see, the theatres in Portage Place close. Any idea or indication, is there any work ongoing with trying to find someone to utilize that space?

Mr. Norrie: Just very briefly and then Jim can give you details, the closure of the theatres was really quite a shock to the owners and a shock to everybody, because there was no prior notice given. Consolidated, the owners of the shopping centre and the Famous Players Theatre are in lawsuits at the moment for breach of the lease and all that sort of thing. It is a significant loss to the owners. I think that a million dollars a year is their cost for the theatres moving out. So that is a substantial blow to their bottom line.

They are working currently with another theatre production group, and Jim can comment

on that in terms of detail. We have had a number of meetings. Both of us have met with the owners and the current president and chairman of the board. We are considering at the moment some proposals that they have made. They made to us a number of proposals that were not acceptable to the board. The administration, Jim and the management team, are currently examining something whereby we might be of some assistance to them in terms of doing things that they need to do to attract new tenants. They have some new tenant negotiations taking place with them. So we have an ongoing relationship. We have not agreed on anything specifically yet, but we certainly are working with them.

* (11:00)

Mr. August: There is new management within the consolidated property group. I must say they have been much more aggressive at looking at new tenants for the site. There is a potential of three pretty significant tenants coming into that site which will be very positive. That is what we are working with them on. We are working very closely with them. The project, it is a challenge. Retail is a challenge. Even if we get half of what is being talked about right now, will bring another— in total, we are talking about 60 000 square feet of new tenancy into the project. So, we are just looking at how we can work with them to make sure that that happens.

Mrs. Mitchelson: It is critical that we find some answers to some of the problems of Portage Place. I guess one of the concerns that I might have is with the changes to the Eaton's building and the True North Project going ahead. What discussions and dialogue have you had as an organization with the proponents of the True North Project? We know that once things start to get underway, should it finally come to that, there is going to be, certainly, disruption in our downtown area. We are going to see the skywalk closed for up to a couple of years. What analysis have you done? What discussions have you had? I hear you talking about interest by some in opening retail in our downtown area. Are we going to see that happen? Are they aware of what the implications might be in the next two-year period when that skywalk is closed? What analysis has been done? What discussions have you had with the businesses? What do you

perceive the implications to be for those businesses? Is it really feasible to think there might be attraction of new business in a time when we may see, in fact, decreased activity in our retail in Portage Place and our downtown area as a result of that construction?

So, two questions. One dealing with the businesses that presently exist: What analysis has been undertaken, and do you have a plan in place to deal with what could be a downturn? And, has there been dialogue with the proponents of the True North Project to see what, if anything, they are prepared to do?

Mr. August: I will deal with the second part, as far as with the True North. We are in ongoing dialogue with them. We think the project makes sense for the downtown. We would like to see it happen, and the sooner it can open its doors, the better. But, there will be a period, I am sure. The walkways will be going down. It will be disruptive. We are not sure of the extent of that disruption. So, we are not sure how great an impact—if the discussions with new tenants are going on, people are aware of what is happening in downtown Winnipeg, and I think that in some ways helps in attracting people because they see a real investment in the downtown by other sources. Although, some short-term pain for long-term gain is what we see as being the difficulty.

Part of the problem is we now have a vacant Eaton's building. It is not attracting a lot of foot traffic, as it once had. What it will do is disrupt people coming from Portage and Main, and we have had some discussions about how can you do that. The City is talking to the True North people about that. It is an issue obviously of the owners of Consolidated Properties. I have also been in discussions with the True North people. So it is real anytime. It is like we are doing construction on a major street. The stores that are doing retail on that street are disrupted and it has a negative impact on business. So we see that in a short-term. We are hoping it will not be overly serious.

Mr. Norrie: Just to add to Mrs. Mitchelson's question, we had a presentation to our board by the True North people and a number of questions rose out of that from board members. As a result of that, the whole question of how the walkway

was going to be continued when the entertainment complex or arena was finalized was discussed. There was a commitment, an undertaking. The plans were being finalized. There will be a continued connection from north Portage through the building that we have right of way, through the Eaton's store place, the arena to what was Eaton Place, and then over to the library and on down.

There was some question about connecting again with the Somerset building. You may remember that the Somerset building was as far as you could go on that south side of Portage. Ideally, it should be connected all the way down to Portage and Main. But the connection has been along Graham through the library, and so forth. At the other end, there is a weakness. You cannot get through the old Holiday Inn. That was never solved.

In terms of what they were talking about, there was certainly a commitment and an indication that there would be that right of way built into their project, that that would be connected. But nothing in the short-term, of course.

Mrs. Mitchelson: We do see business struggling downtown right now on Portage, and we have seen businesses in St. Boniface close as a result of construction activity. That, certainly, has had an impact. We have seen business close there. I guess I do not think any of us want to take it lightly. Are there any assurances that you can give us, and I guess that is pretty hard to do, that we are not going to see a significant downturn, that we are not going to see a shutdown of our downtown area as a result of some of the changes and the construction phase?

Mr. Norrie: In response to that, I guess that if we could control the situation, we could give you assurances. We do not control the situation, so I do not think anybody can give assurances that there is not going to be any disruption. There obviously will be. We just hope one thing, that, even during the construction, people will still be able to find our parkade. Mr. Webster is very concerned about that. That is our cash cow; that is where we live from. So we will certainly be working with them to do the minimum amount of disruption possible.

Mr. John Loewen (Fort Whyte): Well, thank you, gentlemen, for your efforts and the efforts of the board and the staff, particularly with regard to The Forks site and the concept and all the planning that is going on. I know it is never an easy task to hold these types of public consultations and take all the good with all the bad that comes with them, but it is always an interesting experience.

* (11:10)

I do not want to spend much time on The Forks, because, quite frankly, I think The Forks site itself is in good hands and well on its way to the type of development that will suit that area just fine, although I do have one little nagging question as to why on a site named The Forks—it is specifically designed to be around two rivers—we would put an artificial pond. We will leave that to a beer one day, maybe.

In any event, in my mind I separate downtown from The Forks. To me, they are separate entities and some people combine them. In my mind, the downtown is a separate entity, one that gets lost in the discussions with The Forks North Portage. Even in the minister's opening comments, there was lots of mention of The Forks and no mention of North Portage. I think the focus needs to be on North Portage because I believe that is where the problems are, on Portage Avenue. Our downtown is an unmitigated disaster. I do not think anyone can convince me of anything else but that.

In my own personal view, it is going to be a worse disaster if we go ahead with the construction of an arena on the Eaton's site. I think it will not only be disruptive to downtown during the construction phase, but the building itself does not fit the site. It is too big a place. There is no natural encouragement of amenities around a project of that size on that small a site. It will impede traffic. I think it will further dampen retail sales. Polo Park is a prime example. They do not benefit from people driving to the arena for events and using their retail parking spot to attend events at an entertainment complex. Retail shopping loses by being close to these types of projects. I think there is a real danger that North Portage will suffer. There is a real danger that the Bay will suffer. I think we are

probably at risk of putting the Bay out of downtown, which, everyone will agree, would be a further disaster not only to downtown but in particular to the North Portage site.

I agree we need to do all we can to encourage people to live downtown. I do not think anybody has any disagreement with that. But yet, we do not seem to have a well-thought-out plan to encourage that. When I go back to the first days I started looking at the situation when we were doing the CentrePlan exercise, the population of downtown in the early '90s was pegged somewhere around 16 000. It has not changed much today. The result is downtown has not changed much today. We get a Mountain Equipment store, and we lose a record store. We get A&B Sound and we lose Eaton's. That is the nature of retail. That is the nature of nightclubs. Those entities come and go, particularly if population growth is not there. Interesting comparison if you look at Minneapolis, which has sort of designated a smaller area of downtown. Ten years ago, their living population in downtown was about 16 000. Today it is about 32 000 from the numbers that they publish and their downtown is thriving.

It is not a matter of spending more government money. It is not a matter of doing anything, other than basically having more people using the services that are available because people who live downtown not only work downtown for the most part. They shop downtown. They eat downtown. They have a pretty small window of travel. The spinoff is tremendous.

Back to the comment with relationship to The Forks, I hope you are aware, and, if not, you need to be aware, that there is a serious deterioration going on in the Exchange District, particularly in the area that is on the east side of Main Street, particularly closest to the river. Again, the issue there is that we have relocated a social service office down by the theatre centre. It is the area where the Salvation Army is, and those are much needed services. But, at the same time, they are not conducive to people living in those areas or working in those areas. I think we are about to see, particularly out of that area of the Exchange group, a flight of some of the businesses that are, quite frankly, faced the problems of having a lot of undesirables around

that area. So something needs to be done about that. As long as that continues, I do not think there will be any incentive for people to do much with housing in that area north of The Forks.

So I guess the question I want to get to is: Are there any concrete plans dealing with housing? You know in housing, I look at a broad range of housing. We need student housing; we need seniors housing; we need high-end condominiums; we need low-end condominiums for those young kids that are just looking for a place because either they are going to Red River College or they are coming out of college and starting their careers. Are there plans in the downtown that you can share with us for the housing market that we need?

Mr. August: What we have included in our plan is really working with a focus with the University of Winnipeg on some student housing in the north-of-Ellice area. There are some derelict buildings that we have been looking at where we could actually work with the University of Winnipeg, Government of Manitoba, their housing initiative and some of our funds where we could be the piece in which we assemble it and kind of make it happen.

So, on a narrow level, that is one area we are specifically spending time and energy on. The other is that within our mandate area, and it is not specific, but we are in discussion: Is there a possibility of doing some form of residential on the Portage Place, on one of the towers? We have had discussions with some private people. We are not very far down that path and we have to think: Is that the best use for those two pads? One idea was doing a mix where you would have some kind of long-term-stay hotel with some residential on top. Again, very much in the idea stage, not at a specific level. We have talked to a specific developer, but is there a possibility of doing that?

We agree that housing is absolutely essential. We think that, partly along the river with the new Waterfront Drive, there will be some opportunities involved in spite of the difficulties. I agree with you. That particular project on Market, it is too bad. It is a great area.

We also know that to do housing, to do straight market housing in the downtown is very

difficult. It is hard to make the numbers work. That is why we went when our plan—could you bring something in around 100 grand? Housing is still pretty modest in Winnipeg, and you can get anywhere in 20 minutes or half an hour. That is one of our challenges.

So those are two areas that we are looking at within our mandate area within Portage Place.

* (11:20)

Mr. Norrie: Mr. Chairman, in response to Mr. Loewen's comments about downtown housing. Of course, this is a question that has been around for many, many years and it is, philosophically, this: Why do not people live downtown? I think there are many, many reasons why they do not live downtown, why some of us who are trying to get people to live downtown do not live downtown.

When we did the Ashdown Warehouse under the original Core Agreement, it was done with a lot of enthusiasm. It worked well. We had personal friends whose son and daughter moved in when they were newly married. As soon as they had children, they moved out because there were no services, no schools. There is not even a grocery store that is handy in the downtown area.

It is not simply a question of building apartments, or it is not simply a question of saying to people, you know, you have to live downtown, you have to create a culture where living downtown is, perhaps, the thing to do or is acceptable or is more convenient to people. People who live in the suburban areas of the city do so for a lot of reasons. People who like to have their own house as opposed to living in an apartment choose that lifestyle.

It is not an easy question. I had a resident come to me the other day who lives in the Fred Douglas Lodge and who loves living downtown. His proposal was: Why do we not build elegant condominiums above North Portage and the high-end tenant or owner would flock downtown. Maybe he is right. I do not know. But the developer has to assess that and take his risk as to whether he wants to put his money into

that kind of development when there is not much evidence that it will work.

We also live so close to the suburbs that people can be downtown. If you live in a city like Toronto, sure, you live downtown, because you do not want to drive in from Oakville or wherever you live in the suburbs, Scarborough and so forth. Not making excuses, we have wrestled with this issue in the city of Winnipeg and the province for many years. Glad to hear your ideas if you have any.

One thing I would disagree with you, through you, Mr. Chairman, is that I think we have to view The Forks as part of downtown. I think it all has to be integrated into a component so that you look at it as one area of development. We are downtown Winnipeg. We have to be, I think, cognizant of that, because if you isolate it, the railway has always been a barrier. I think you have to break that down.

Mr. Loewen: Thank you for those comments. I do not disagree, I just think, in my mind, there is still some work to do. I know we do not have a whole lot of time.

I know from a financial perspective North Portage makes money, The Forks loses money. Do you have a breakdown of a number of how much is transferred from Portage Avenue to The Forks on an annual basis?

Mr. August: I think Paul Webster, our Chief Financial Officer, can help here, but we are looking at an operational at about \$1 million, 1.2 last year. Is that correct, Paul? It is \$1.2 million in operation, and then whatever for capital, well, we may use out of North Portage or we may use from other parties. I think we can bring that down. We can bring it down through tax. We are doing reasonably well in our tax appeals and the like. We are being taxed on land that is kind of public, park-like land. So we are doing some positive things there. I think operationally we can bring that down. But it is going to be around \$1 million.

Mr. Norrie: If I might tell you something the committee might be interested in, if you do not know, as you know, The Forks, over the years, was receiving equivalency payments from the

Province and from the City. The Province completed their commitment and that was all paid up. The last equivalency payment that we received was from the City this year, some four hundred-odd-thousand dollars. That is basically where the capital came from for The Forks to do capital improvements. That is now ended, so we do not have any government funding coming in for those. There will be government money for infrastructure, maybe, and that sort of thing, a special project, but we do not have a secured source of income any longer from Government.

Mr. Loewen: Yes, just a couple of quick closing comments. I do think it is unfortunate. We have developers who have come forward. One from Calgary came forward with a plan for The Forks. One from Winnipeg came forward with a plan from Winnipeg for housing in downtown Winnipeg. Both were summarily turned away. I am not criticizing The Forks North Portage, but various levels of government have summarily turned those away, so we know what the challenge is. The challenge is to get our minds around it and get it fixed.

Just from a financial prospective, I will throw a couple of things at you. I know last year the general administrative costs were about \$951,000. We questioned why they went up to \$1.2 million. We got some answers. We were told last year that administrative costs were going down, as we have been told this year, and yet I see they are up at \$1.356 million. I do not know how much is one time. I am not looking for a long answer, just something that we will notice here. I guess the other concern, a little bit, is that when you take out the excess of equivalency revenue this year, which is about \$220,000, from the income of The Forks North Portage partnership, your net income goes from roughly \$950,000 down to about \$500,000, so I am not sure if that is a one-time thing; if there is a trend there that we need to be concerned about, or if you are concerned about. But I just raised those as information that an outsider looking at a financial statement might want a little more detail of at some point.

Mr. August: There are, on the administration, with the downsizing and the re-jigging of our operation, there are some one-time costs in there that are reasonably significant. So there are some

costs there that, hopefully, we will not see next year.

The other comment is we had a fairly heavy expenditure on capital in there which was with the infrastructure and we are looking very closely on each capital expenditure, because that is where a lot of the dollars go and we have some things we can control. That is what we will end up if we go forward. We are very, very aware of this reduction of the equivalency, have planned for that over the next three years as well. We will need, for some special public projects, infrastructure dollars and/or other forms of investment, either public or private, in projects that proceed.

Mrs. Mitchelson: Yes, I know my colleague has just a few comments. Are we going to be able to finish by 11:30?

Mr. Chairperson: Very quickly.

Mrs. Mitchelson: Okay. I just want to say thanks very much, too, and look forward to ongoing dialogue and having the opportunity to meet with you, from time to time, just to be updated on where you are at.

Mr. David Faurshou (Portage la Prairie): Thank you very much, Mr. Chairman. I would like to compliment you on all of your work. I have watched the site conceptual plans change and evolve, and I really appreciate the depth of thought and what you have been able to achieve by your public consultations. I think it is a marvellous undertaking.

I would like to pick up on my colleague's questions in regard to Eaton's. As you are well aware, it has been dominating the headlines for quite a number of months now, and there is an alternative at the Eaton's site that has been brought forward recently. As you, as an entity, that really has at heart the best interests of downtown Winnipeg here, I am interested in the overall development and what you have said here today involving more permanent residents downtown.

Have you had contact with the alternative proposal that has been brought forward for the

Eaton's site, and do you see yourselves as a potential body that will calm the waters or smooth things over? We are too small of a community to be coming to grips with the situation we see at present that is benefiting no one. We need a new arena. There is no question of that, but we also have to look to the future and, personally speaking, I think if we are looking for an arena, we should be looking into the future. Any arena being built without accommodation of Olympic-size ice, I think, is a mistake. At present time, the development site that is proposed by the True North and incorporated into your annual report does not accommodate that. So, I know I have brought forward a number of different points here, but the bottom line is essentially as an entity, can you be involved in discussions? Let us get on with what needs to be done in downtown Winnipeg.

Mr. Chairperson: Before I recognize Mr. Norrie, the hour is now 11:30. We have previously agreed that the committee would rise at this time. What is the will of the committee in this regard?

Mr. Jim Rondeau (Assiniboia): I would suggest that what we do is we listen to the answer and then rise.

Mr. Chairperson: It has been suggested that we listen to the answer and then rise.

Ms. Friesen: Mr. Chairman, I wonder if I could modify what my colleague has suggested and that we could take time to listen to the Member for Portage's (Mr. Faurshou) questions, which I gather he has one more, or one other topic that he wants to discuss. Is that agreeable?

Mr. Chairperson: Is that agreeable? Agreed? *[Agreed]*

* (11:30)

Mr. August: The first part is: Have we been in dialogue with the proponents with the alternate plan? Yes, we have, and indicated an interest in talking to them about their plan if the project on the table does not proceed. I looked at it as plan B, although that was not necessarily agreeable to the group, but I think we have a project that has

moved a fair way along. It has got three levels of government participating, with strong private-sector proponents.

We think entertainment is important in the downtown. Is it exactly the right site or not, but it is the site. We have a vacant building. You know it would not be the right site if we did not have a vacant 750 000 square foot retail complex. So we have been in discussion and said if this project that is on the table right now, the True North project, does not proceed, then we should be really looking at what some alternatives are. In our mind, at our board level, we see letting this one run its course, so that is kind of our position on it.

I am not sure if there was another part to that question.

Mr. Faurshou: Mr. Chairman, I was just wondering whether you were having an active part in any dialogue other than what you have stated here. Really, you are just essentially listening and letting the decision makers make the decisions, and you will live with whatever transpires.

Mr. August: Well, where our discussion is really taking place is with True North CentreVenture levels of government saying, if we are going to do this downtown project, if we are going to do the True North, what are some of the opportunities that come out of that? How can we really capitalize on that from a further investment, whether it be other private developments? What other roles can government play? So we are operating on the assumption we have a project that is in place. How do we make sure that we capitalize on that investment? So there is a fair amount of dialogue on that level, but not looking at alternatives at this time.

Mr. Norrie: If I could just comment, Mr. Chairman, on really a very personal comment as opposed to a board comment, because I have not floated this before the board. I am not sure they would agree with me on it, but you know, one of the frustrating things about the whole debate to me is that you remember when Eaton's closed and the building was emptied, there was a design prepared. I am not sure who commissioned it. I

think it was maybe the City of Winnipeg, but I am not sure about that. There was a design presented by a group of architects for the atrium and condominiums at the top and retail on the bottom and offices maybe in between, and so on. That was floated around. Nobody came forward. Nothing happened. So the things unfolded, and then you have the arena proposal come.

All of a sudden, after the arena proposal comes, then we have another proposal to do pretty well much what the first proposal was: the atrium and the condos and so forth and so on. The problem is, of course, the proponents of that do not own the land, so they do not control the site. Where were they when this first proposal came? I think a number of people have said to me: Why has it taken so long for somebody to come forward with a proposal which was really floated a number of years ago? I find that very frustrating, although I have not been directly involved and we really, as a board, are supportive of the True North, but I think it is almost as a result of that as the only viable thing that is out there at the moment. What is worse than that would be having an empty Eaton's building sitting there as a monument to a decaying downtown. So maybe we do not have the best choices, but that is, in a sense, the only choice we have at the moment. As Jim says, we want to work with them and make it work from our point of view to strengthen downtown.

I think you would have to examine pretty carefully the proposal that has been put forward to get all the ands, ifs and buts out of it. Now that is just my personal view. I just offer that for what it is worth.

Mr. Faurshou: Just to another topic back to The Forks. I know the Government had been a couple of years ago talking with the persons responsible for the Prairie Dog Special and what the Province and the City could do with that unique mode of transportation, that turn-of-the-century locomotive. Have you had any discussions as to that particular special mode of bringing persons downtown with the VIA Rail station right at your doorstep?

Mr. Norrie: I personally have not. Sorry, Mr. Chairman. I do not know whether we have at the administrative level. I know the Prairie Dog. I knew some of the people that were very

involved with it. They ran into problems, I think, with the tracks being changed, and they could not get onto the right track or something. But not to my knowledge have we had anything on it.

Ms. Friesen: On that same question. It did come up in 1985. It is an obvious thing, and we did as a board and Ken McLean was the chair then. We did look at a number of alternative transport issues, not just the Prairie Dog Special but other lines as well that might be made accessible to The Forks. I remember we actually had a board meeting in Selkirk as well to look at what kind of connections could be made to what was then a very bare site.

The difficulty at that time, and I was actually interested in what your response might have been—was that there was an incredible number of freight trains that were coming through, far more than you would ever have expected. I cannot remember what the number was but it was something like—

An Honourable Member: Unless you lived in Lindenwoods. I was late for a meeting this morning.

Ms. Friesen: Touché, John. But they do run through other neighbourhoods as well, not just being shunted back and forth. And the railroads

had difficulty with that. With the Prairie Dog Special, it does not run on the same kind of schedule that the railroads would have liked to have seen.

Now, whether their schedules have changed, how railroading has changed since 1985, I certainly would not know, and whether it is time to have another look at that I do not know. But I think everybody is enthusiastic about the Prairie Dog. I know I talked to the R.M. of Woodlands recently. They are very enthusiastic about it. It does great things for them as well. So a number of issues around, so thank you for raising it. I am sure the board will, if there is any possibility, keep those things in mind.

Mr. Chairperson: Okay. I understand that there is a requirement that I identify that this committee has considered the Annual Report of The Forks North Portage Partnership for the year ended March 31, 2001.

The hour being 11:40, what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 11:40 a.m.