



Fifth Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Municipal Affairs

Chairperson
Mr. Jack Penner
Constituency of Emerson



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James	Arthur-Virden	P.C.
DRIEDGER, Albert	Steinbach	P.C.
DRIEDGER, Myra	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen	Springfield	P.C.
FRIESEN, Jean	Wolsley	N.D.P.
GILLESPIE, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David, Hon.	Riel	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike, Hon.	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley, Hon.	St. Vital	P.C.
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ROCAN, Denis	Gladstone	P.C.
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SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
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TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin, Hon.	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.
<i>Vacant</i>	St. Boniface	

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Monday, June 7, 1999

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Penner
(Emerson)

VICE-CHAIRPERSON – Mr. Edward
Helwer (Gimli)

ATTENDANCE - 11 – QUORUM – 6

Members of the Committee present:

Hon. Messrs. Radcliffe, Reimer

Ms. Barrett, Mrs. Driedger, Messrs. Dyck,
Fauschou, Helwer, Martindale, Ms.
McGifford, Messrs. Penner, Sale

APPEARING:

Mr. Ernst Keller, Chairman of the Board,
The Forks North Portage Partnership

Ms. Janice Penner, Interim General
Manager, The Forks North Portage
Partnership

Mr. Paul Webster, Chief Financial Officer,
The Forks North Portage Partnership

MATTERS UNDER DISCUSSION:

The March 31, 1997, Progress Report of The
Forks North Portage Partnership

The March 31, 1998, Annual Report and
Consolidated Financial Statements for The
Forks North Portage Partnership

* * *

Mr. Chairperson: Could the Committee on
Municipal Affairs please come to order. This
morning the committee will be considering the
March 31, 1997, Progress Report for The Forks

North Portage Partnership; and the March 31,
1998, Annual Report and Consolidated Financial
Statements for The Forks North Portage
Partnership.

Just before the commencement of
consideration of the report I should note, for the
committee's benefit, that there really are no
legislative requirements for the reports, and
therefore at the end of the discussion there will
be no requirement for the adoption of the
reports. This is really a process for providing
information to members of the Legislature as a
courtesy of the minister and the North/Forks
development corporation. Does the minister
responsible have an opening statement?

**Hon. Jack Reimer (Minister of Urban
Affairs):** Yes, I do. Mr. Chairman, I am
pleased to be here in my capacity as Minister of
Urban Affairs and Minister responsible for The
Forks North Portage Partnership. Joining me
today are representatives of the partnership.
They are prepared to present more detailed
information about the partnership's initiatives
over the past two years, its current activities and
its future plans. As many committee members
know, the North Portage Development
Corporation was established by the three levels
of government in 1983 to co-ordinate the
development of the North Portage area.

In 1987, the Forks Renewal Corporation was
established as a subsidiary corporation of North
Portage. Its mandate was to co-ordinate the
redevelopment of the former CN East Yards in
the historical forks of the Red and the
Assiniboine rivers. The objective in establishing
each corporation was to combine public and
private investment into creating popular,
attractive, mixed-use developments serving as
focal points in our capital city's downtown.

In 1994, the shareholders of the two
corporations decided that there was a need for
better co-ordination of the planning and the
development of these two important downtown

sites. An opportunity was also identified to reduce cost by creating one central administrative office. The merits of this decision are evident today. Significant cost savings have been achieved. In addition, I am advised that the North Portage operation contributes almost \$1 million annually to sustaining The Forks.

The contribution made by the North Portage operation is currently key to the success of The Forks; however, the shareholders and the board of directors recognize that ways must be found for The Forks operation to become truly self-sufficient while also maintaining The Forks' important and historical role as the public meeting place.

Since the partnership's last appearance before the standing committee, it has issued a call for development proposals for The Forks site. In addition, investors continue to show an active interest in developing interesting projects on the site, like the Manitoba Television Network, the MTN conversion of the old steam plant into its new headquarters.

For its part, Manitoba continues to support initiatives which enhance The Forks' role as a meeting place. Work was completed on the redevelopment of the Low Line Bridge, a project partially funded under Manitoba's Riverbank Development program of the Winnipeg Development Agreement. The bridge greatly enhances public access to the South Point, the future site of a proposed project to showcase the aboriginal culture and historic links within The Forks site.

The Manitoba government continued to invest further in The Forks with a contribution of over \$700,000 to the new Manitoba Theatre for Young People. This new facility will add yet another interesting dimension to the public's use and enjoyment of The Forks site.

Our government was also pleased to contribute \$500,000 under the Canada-Manitoba Infrastructure Program towards the development of The Forks Festival Park. The park will be a focus for Pan Am Games activities at The Forks and will be a significant addition to the site's public amenities.

Work also has been completed this year on a new Forks entry at York Avenue. Manitoba and Winnipeg are cost-sharing this \$16-million project aimed at improving public access to the site.

North Portage has also received our attention since the last time the partnership appeared before the committee. Staff from my department actively participated in CentrePlan's Portage Avenue Working Group which was chaired by The Forks North Portage Partnership. In addition, the Manitoba government was pleased to contribute \$3 million to the streetscaping of Portage Avenue. I am impressed by the work completed to date on Portage Avenue, as well as the leadership shown by the Portage Avenue business community. The streetscaping project and related storefront improvements will have long-term benefits from the North Portage development downtown and all of Winnipeg.

Our commitment to The Forks North Portage Partnership is only part of a larger commitment demonstrated by our government over the years to Winnipeg's downtown. I am pleased to be a member of the CentrePlan committee, as is my colleague, Gerry McAlpine. My staff are also members of CentrePlan and a number of its subcommittees. We estimate that to date, the Manitoba government has invested over \$30 million in the North Portage area and almost \$32 million in The Forks.

In addition, the Manitoba government leases or owns more than 2.3 million square feet of office space in the downtown. In the last several years, numerous Manitoba government offices have also relocated to the downtown. We have also contributed significantly to numerous downtown initiatives which enhance the downtown as a destination. Some of these initiatives include the Downtown Watch and the Graham Avenue transit mall.

While these are just a few examples, they clearly show that our investment in the downtown of Manitoba's capital city is significant. The Manitoba government intends to continue to be a partner and a player in both The Forks North Portage Partnership and the development of Winnipeg's downtown.

* (1010)

With those opening comments, Mr. Chairman, I would like to now introduce representatives from The Forks North Portage Partnership who, with their committee's agreement, will tell you more about the activities since they last appeared before their committee and answer some of your questions. I will introduce Ernie Keller who is the chairperson of The Forks North Portage Development Corporation.

Ernie, maybe you would not mind introducing all your board and your staff that you have with you.

Mr. Ernst Keller (Chairman of the Board, The Forks North Portage Partnership): Mr. Chairman, Members of the Legislature, Ladies and Gentlemen. We really appreciate to be here and, No. 1, to say thank you to the province for the support we are getting. We are in charge to protect the jewel of Winnipeg, and we are being reminded of it so many times. To the members who are here feel the same way and they are all committed, and I can assure you they are, on the action and the things we are doing.

I am pleased to announce that immediately to my right is our interim general manager, a former board member of The Forks, and it was necessary to make a change at the upper level. So that we do not relax or miss on any actions we brought in an aggressive lady who just went in, took over and things are rolling like there is no tomorrow. So we are really pleased about that. Then we have Mr. Gary Steiman.

Mr. Chairperson: What is her name?

Mr. Keller: Janice Penner, I thought everybody knows her, I am sorry.

Mr. Chairperson: I think that is an excellent name.

Mr. Keller: I am sorry about that. Mr. Gary Steiman is a long-time member of our board and is also chairing the finance committee, and is doing an absolutely great job for us in so many areas, and I will refer to it a little later.

Then we have Mr. Jim Orzechowski who is also very heavily involved on the board but also on the site planning committee. Being an architect by profession is a tremendous help to us to form the future of The Forks.

Then we have on the ex officio from your province, Heather McKnight, who contributes tremendously to our board, not just by attending and eating our sandwiches, I assure you, in so many ways. We ask for things, it gets done, in a nice quiet way. I really, really appreciate that.

Then of course we have Toby Chase who is governmental affairs, but we gave him a whole raft of other positions so that he is fully utilized 12 hours a day. And then we have our finance minister, a senior financial officer officially, and he watches the monies very closely, so as chairman of that corporation it is a joy to be in charge of something like this—Mr. Paul Webster, I am sorry. I always assume that you should all know. See, that is how selfish we become at The Forks.

The Forks to us is of course unique, and we take pride to say that we have nothing negative to report to you this morning. The most important part, of course, is always financial. With the major sale on the North Portage side, we were able to eliminate all bad debts and were operating on a cash flow basis which gave us a tremendous relief and gave us more courage to push forward to self-sustaining. It showed us that it is doable, and we are working in that direction.

Like I mentioned before, the funding we received from the province, of course, helped us in always critical situations. When you look at the pictures here, you see the new stage and the festival site which is going to play a major role in the upcoming Pan Am Games festivities. It will be dedicated soon, and I hope you all attend to that special occasion.

We also are interviewing and discussing further developments on the site. The multicinemaplex which includes not just the cinema operation, it includes some family type of entertainment. We are in the midst of trying to see if we can have a letter of understanding and commitment to push this forward.

The other major objective is the housing situation. I cannot express strongly enough how strong the interest is to have top-level housing at our site, and we have interested developers. We are in the midst of also negotiating and see if it is doable or not. So nothing but exciting things, I must say.

Mr. Vice-Chairperson in the Chair

The Theatre for Young People project, which will house the telephone system during the Pan Am Games, and also the federal government's heritage displays, which were fully occupied during that season, where Canada will be displayed at its best and at its greatest, of course, where else but at The Forks.

You also read and probably saw the new baseball facilities the Free Press referred to as being "awesome." I encourage you all to attend a game and see what has been done from an old gravel site, from an old hydro substation, and now it is a beautiful facility.

So when I said there is nothing negative to report, it is a fact. The other major part I would like to mention is that we formed a large committee. That means involving all tenants at The Forks to be part of the Pan Am Games festivities. Taking in consideration the amount of visitors we will have from Canada, U.S. and other countries, I hope also a lot from South America, to display our Forks at its best.

Another exciting program we started is approaching people, companies, about naming rights. We are in the midst of negotiating with a major bank in our country to have the naming rights, for instance, for the stage and the festival parkside, and I can assure we are not talking peanuts to these people. We are talking megabucks, and it is looking very promising.

We have also interested groups because as you know we have the celebration circle which is called the Oodena right in the centre between the Johnston Terminal building and the Children's Museum. Also, a very attractive piece of development and it is well used, so we have a total of five projects where we can obtain naming rights. We feel strongly about it, and we are pushing very hard in that direction. That

is where I mentioned before that Mr. Gary Steiman is playing the leading role with this persuasion and his business skills to sell us very well in that area.

* (1020)

So there are so many things I could report to you here, and we rather than answer questions, but I also like to have Janice Penner, our interim general manager, to inform you on some more of the details, what is happening. Her time period as general manager may be short, but her involvement with the site is going back a long time.

I only like to apologize that our financial statement was not quite ready to be submitted here today, but I can assure you that it is looking good. We have to have one more small meeting. The auditors are working at our office right now to make that final. So you will receive them within a month's time, and you will see that finances are in order. I want to stress again that our objective and our orders from the two shareholders are not being neglected as far as self-sustaining. We will stay on course. We are not doing anything out of panic. We are assessing it. Business decisions are very important in our operation and on both sides on a daily basis. That is what we are doing, and we are looking forward to an exciting, busy year. I hope to come back again and to report more positive things. Thank you, Mr. Chairman.

Mr. Vice-Chairperson: Thank you, Mr. Keller. Perhaps, Ms. Penner, I will just wait until the opposition and then we will call on you too.

Before I ask the official opposition for their remarks, does the committee wish to indicate how late they wish to sit this morning, or should we revisit that at noon?

Mr. Peter Dyck (Pembina): Mr. Chairman, I would suggest that we revisit it at noon and determine as to how far we are.

Mr. Vice-Chairperson: But is it the wish of the committee to rise at 12? Is that the will of the committee?

An Honourable Member: At this point, yes, I would suggest that we do that.

Mr. Vice-Chairperson: At this point, okay, thank you.

Does the official opposition critic have an opening statement?

Ms. Becky Barrett (Wellington): No, Mr. Chair, I will reserve any comments until I get to questions.

Ms. Janice Penner (Interim General Manager, The Forks North Portage Partnership): We appreciate the opportunity to speak to you this morning. Just touching on what our Chair, Mr. Keller, said, we have formally submitted our March 31, 1997, financial statements, and our March 31, 1998, financial statements. In '97 we showed a positive balance, and that was in part due to surplus amounts from tax refunds, and in '98 it was somewhat of a negative balance after allowance for depreciation.

We do have our financial officer here, Paul Webster, who can answer any questions you may have on the specifics of those financial statements, so I would like to instead concentrate more on what has happened to really the end-of-the current time in 1999.

One of the things that Mr. Keller pointed out is that there has been a fair amount of development at The Forks site, and that is primarily to move towards self-sustainability. One of the reasons for development is that we receive lease payments which add to the general operating revenue of the site.

What I would like to do now is just point out what we are looking at in terms of development on the site. I will just ask Toby to maybe point to that.

One of the fundamental principles we are working under is that we will maintain and enhance green space near the historic port, the historic site and really the riverwalk area. So what we have done with Festival Park, what we have done with Oodena Circle has really been to enhance and maintain that green space. As we move more towards the urban core, Portage and Main, we are beginning to look at diverse development, mixed use. So we are looking at

housing, which is just south of the York potential extension, the multiplex which is against the High Line, and possible other diverse uses such as an entertainment complex. All of this gradually moves towards the urban core. It is in keeping with the concept of urban diversity, so we are very much maintaining the green space near The Forks historic sites and then maintaining urban diversity as we move towards Portage and Main.

I think that is critical for people to understand, because I know that there has been some concern about a lack or loss of green space at The Forks. Let us assure you that we are in fact enhancing and maintaining that green space with all of the development that is being sought.

We also are very much maintaining our position in the downtown in terms of a viable partner in a number of different initiatives, and certainly with reference to Minister Reimer's comments, the partnership is very involved in CentrePlan. I come from a long background with CentrePlan as well, having been a past chair. We view our mandate very much as being a financial contributor, a contributor of resources, and very much contributing to the esprit de corps of downtown. We are chairing a millennium planning committee with other downtown partners to basically plan a very unique New Year's Eve, 1999, and the year 2000. We also are continuing to partner with a number of other organizations to really pool resources and provide basically leveraged opportunities to deliver public events, such as Canada Day.

We also are very, very thankful for the financial contribution that the province has made, because we have definitely made upgrades to the infrastructure, both at The Forks and the North Portage site. As Mr. Keller pointed out, and Mr. Reimer, the historic rail bridge, Oodena-Celebration Circle have been just two of the major infrastructural works that have undergone.

One of the roles that I have been undertaking as the interim general manager is to assist the partnership in identifying certain areas, such as communications capability and the Y2K issue. We have undertaken an extensive review

of all computer systems and all nonresident computer systems and have contracted suppliers to ensure that we are Y2K ready. In terms of the communication capability, we are working on improving both the internal communication and external communication. I would like to pay particular attention to the efforts of Heather McKnight, who is our alternative shareholder representative. Heather has provided me with a lot of information and assistance in determining what type of information to provide to the province on a regular basis. So I would like to thank her for that assistance.

Briefly, our financial story since the time of approval of the business plan is positive, as our chair said. We are self-sufficient overall, and we are able to fund all remaining expropriation claims related to the North Portage site. We consistently produce a positive cash flow from operations annually before capital expenditures and land expropriation. We consistently produce a positive net income from operations before depreciation.

We have over the past three years exceeded our 1996 business plans projections. We are in the midst of updating the business plan, and we are undergoing an audit of our research to ensure that we have current research that identifies the issues facing the partnership and the direction we should be taking. We also are undergoing an analysis of what kind of database we need to set up for the partnership. We feel we can play a major role in downtown revitalization because we are the site of over four million visitors annually, and we have the opportunity to capture information on those visitors. We feel that we are a major player as well in tourism for both the province and the city, and our ability to capture information on tourists would help both the province and the city in tourism efforts.

We also are looking at strategic and nonstrategic assets in terms of formulating our asset and disposal strategy. We will be providing you with a summary of that asset strategy very shortly. Of course, we are dealing with the emergence of new initiatives such as CentreVenture. We are certainly welcoming of the establishment of CentreVenture. We feel that it is an initiative that will help achieve positive results in downtown revitalization. We

are certainly encouraging of residential development, better links for pedestrian access, and, indeed, the look of the streets. I applaud Minister Reimer's comments, because I, too, am really positive about Portage Avenue street-scaping. I think it has really done a lot to improve the character of our downtown. We hope to work closely with CentreVenture. In fact, one of our new city representatives, Brad Hughes, who is also chair of CentrePlan is also on the CentreVenture board. So we hope to have close ties.

Of course, we are all gearing up for Pan Am Games. For those of you who may have visited the site, we are currently construction central. It has been quite a challenge dealing with the many events that are held on our sites and the construction undergoing at Festival Park. I will tell you that in the past few weekends, we have accommodated the 45,000 people that marched for Jesus. We have also accommodated the Mennonite Central Committee Relief Sale. That has been at some very, very major above and beyond the call of duty by our staff, and I have to compliment them. This is all in preparation for Pan Am.

* (1030)

We will have, once it is finished, what I consider to be a world-class outdoor entertainment facility plus a festival park that can accommodate over 30,000 people standing and over 5,000 people seated. In fact, at the March for Jesus we had the entire 45,000 basically in the Festival Park area, and it will be a huge addition to our amenities for the public. I may add that that is at considerable investment by the province as well as ourselves and the federal government to provide that amenity.

We are working closely with Pan Am to deal with the logistics. As you can well imagine, in Winnipeg it is felt to be our right to park five feet from the door of any venue we are attending. We are closing down the site at six o'clock every day, so you can imagine the logistics of trying to arrange for people to access the site without their cars. I have to commend the staff. They have been working very closely with our tenants in terms of dealing with some of the delivery issues. Basically, we feel that we

will be able to provide a warm and welcoming site for the Pan Am festivities during that two-week period.

We are going to be formally opening Festival Park stage on July 1 with a performance by the symphony orchestra, a return performance of the 1812 Overture with canons and fireworks and, yes, Bramwell Tovey will be conducting. We hope that all of you will join us there because it will be a very great event, the opening of this fabulous stage. So that concludes my remarks. Thank you for the opportunity.

Mr. Vice-Chairperson: Thank you, Ms. Penner.

Did the committee wish to consider the report separately or shall questioning be done on both reports and then what is the will of the committee? Do we want to deal with both reports and then pass them both at 12? Is that how we want to handle it? Okay. The floor is now open for questions.

Ms. Barrett: I appreciate the presentation and the update. I have some questions, and I am not sure if I am going to be going in the proper order or not.

Mr. Keller, you were talking about several possible additions to the site, including the cinema and a couple of housing projects, et cetera. What is the approval process for anything that might come down the pike, if you will?

Mr. Keller: Once our board is completely cleared and is in favour of a project like this, then we approach the step one, then the next is our shareholders, the city, the province and the federal government. If that is approved, then we have the public process where we invite people, inform them of all the construction possible implications, we hope not, and after that it is the City of Winnipeg to obtain permission to build.

Ms. Barrett: So once it goes to the three shareholders, the three levels of government, then the public part of it is for information rather than it being a legal, if you will, or official part of the process. It is more for information than official.

Ms. Penner: Yes, I just want to perhaps recap. There has been a fair amount of public consultation at The Forks site both in phase I and phase II. In addition we are holding public open houses. There have been two held so far where many of the potential developments have been presented to the public. I believe that at our last public open house, there were over 5,000 people that walked through the exhibit. So it is an opportunity for the public to see the developments and also we provide an opportunity to get their feedback.

We have two committees that are very involved in what I would call future development on The Forks site, particularly Heritage Advisory and site planning. Site planning particularly looks at some of the development issues as it relates to the site so that they, in a sense, provide almost a public overview before it does go to the board. So there is an opportunity for public consultation, much of which has already occurred. I hope that provides you with more information.

Ms. Barrett: Yes, the three levels of government, or the shareholders, give approval. I would assume from what you said, Mr. Keller, that if one of the levels of government said no, or had serious concerns or said we will approve it only if you make major changes, then it would then have to go back to the board. Or what is the process of getting those three shareholders' approval? Is it linear or is it concurrent?

Mr. Keller: The only experience we had so far in that direction involves myself, that one shareholder does not approve of Ernie Keller being there, but otherwise we never had that occasion yet where that was necessary. So we did not experience that physically to date.

Ms. Penner: I would also add that one of the advantages is that we have shareholder representatives sitting as nonvoting members of our board. Consequently, that is an opportunity for the shareholders to receive information on a regular basis. Our shareholder representatives have been very good in terms of bringing forward issues that they feel the shareholders may have with respect to developments. So we have the opportunity to have flags raised at the board level and indeed all through the process of

considering development. I would point out particularly the efforts of Heather McKnight, who does spend a fair amount of time alerting us to the position of the government, so consequently we are able to anticipate any difficulties. I believe that is part of the reason we have not had any difficulties to date.

Ms. Barrett: Well, not to be a Cassandra or looking for trouble, it seems to me that what is up there on the projected development board, particularly the multiplex cinema, has the potential for some concerns being raised, particularly by the city. I know one of the problems that has been identified, and maybe it has been addressed, I do not know, is the statement that the downtown is the more appropriate area for cinema and that kind of situation, rather than The Forks, and that The Forks should do what The Forks does best and the downtown should do what the downtown does best, and the multiplex cinema at The Forks site is probably not the best way to do it.

Now, just as a for example, what happens if the city says, no, we do not like the multiplex at The Forks and we want to enhance. I mean, we have two, if not now three, with the Garrick up for sale, locations for a cinema that have been used as cinemas in the past, with the Metropolitan and the Capitol. I am not suggesting those are appropriate sites, but this is one area where there could very well be some creative tension at the very least. I am just wondering what is the process in case that does happen.

Mr. Keller: I would like to explain that particular case specifically. The cinema people were in Winnipeg and because we are also on CentrePlan, we pointed out to them that there are possibilities to build a complex downtown. I especially personally indicated some of the sites. Their chairman said we are not interested in waiting three to five years. We are not interested to get involved in rezoning. We want to build a facility which is easy access for our customers.

Then the chairman of the board came down specifically, because Polo Park invited them and thought that that was the proper facility for them, and he insisted to see The Forks site. He walked the site for approximately 45 minutes. He made

a decision we either go to The Forks or we are not developing in Winnipeg. He jumped in his private jet and left town.

* (1040)

I relayed that to the City of Winnipeg. You have to understand, if somebody wants to spend \$31 million on a project, it is a big investment, he should also have some say where it goes because he has to depend on the public to survive.

At that time, I also urged the City of Winnipeg that they set up the structure which they have now so that they do not come to The Forks because we are the only spokesperson who knew about the city. I hope that in the future maybe they can do their persuasion better than we can, but that is what took place in this particular instance.

Ms. Penner: I think it is also important to recognize that one of the things that we look at is when we have development on the site what other amenities can we bargain for. In the case of the multiplex cinema, one of the amenities is the fact that they will build a 550-car parking structure, which will help with the parking situation at The Forks. It will be built up against what we call the highline, which is the railway, so we are not encroaching on any of the historic or the green space of The Forks site. It actually is just plain gravel right now.

Other developments, as well, we are looking at how does this fit with the rest of downtown. In many cases, what we are doing is not competing, but complementing other downtown development. The housing, for example, at The Forks is designed to basically provide a residential base to use some of the amenities in the downtown and also of The Forks. So we really are trying very hard to complement, not compete with the rest of the downtown.

Ms. Barrett: I would like to get into some of the discussion of the actual possible developments, but I still do not have a comfort level with the process. Now I am using the multiplex only as an example, but I think it is important, for me at any rate, to understand what the process is, because this is, as Mr. Keller

stated, and I want to make sure I quote it right, that the corporation is in charge of protecting the jewel of Winnipeg. As well, you stated that business decisions are very important so that the corporation maintains or becomes even more self-sustaining. Those two principles sometimes do not mesh as well as they do at other times. I do not think anybody here is unaware of the creative tension all the time between those two principles.

My concern is that the process for making decisions on very important elements, developments, for this jewel of Winnipeg be as open and as transparent as possible and that all partners are on side. I am not clear myself as to the process. Use the multiplex cinema as an example. What happens if the city says this is not complementary; we do not think it is complementary; we think it is competing.

We now have two additional multiplex cinemas going up in the west side of the city, one at Polo Park and one on Empress, in addition to the Silver City 10-plex that was just put in place. We, as the city, think that we have now hit our maximum as far as movie theatres. Our population is not growing and on and on and on. So the city says this is not a good idea; it is competing with stuff that is going in in the rest of the city and we do not think it will work. Then what happens? How do you move the process forward? What happens if you have one of the three partners that says this is not what we want to see?

Mr. Keller: Of course we will do our utmost to establish our case and argue our case, once we know we are on the right track. I would like to point out again, if it would be strictly a cinema complex we would not even be talking to these people. That is why you do not see us getting into competitive developments of office buildings in other commercial areas which is not unique to the public for the same reason we do not want to ever be a competitor to other venues in the city. The free market, free enterprise, are prepared to risk and spend that kind of money. We also have to respect that. Wal-Mart is building one store after another in the city. You would assume that they overbuilt, and they showed a huge profit at the end of the year. So it is not, we believe, for us to tell investors that

they are wrong. They are pretty shrewd, pretty sharp. Our experience in the past is they are very careful that they do not throw away \$31 million.

As far as the city is concerned, we know there is some opposition. There was some opposition to the new baseball park. From the public we received two negative phone calls, and they were basically misinformed. So it is what the public wants, what the public likes to see there. That is where we listen very careful. If it is a few individuals who have maybe other agendas, that is another story. It is a public place for the people. If they can take the family and have some fun, that is what we want.

Ms. Penner: I think it is also important to recognize that all three shareholders approved the business plan. Basically as long as we follow the outline of the business plan, theoretically the shareholders should be in agreement. If we have a material deviation from the business plan, we must come to the three shareholders for approval. So there is a built-in protection there in the sense that if we were to consider development that was not in keeping with the business plan, we would have to go to the shareholders to request that. We would not be able to perhaps have a casino on the site, because that would be a material deviation from the business plan.

As well, Mr. Chair, the process by which a potential development goes through—heritage, site planning, then the board—is fairly detailed and long. It provides a lot of opportunity for dialogue between the shareholder, the shareholder representative, and the appointees on the board from that particular shareholder. So there is an opportunity to ensure that enough information is given so that any concerns are addressed.

* (1050)

I believe there are checks and balances in the process, but ultimately the major check and balance is the fact that any deviation from the business plan must be approved by the shareholders. So development that would be out of line with what is already there would have to be approved at the beginning.

Ms. Barrett: It is your contention that the multiplex cinema does not deviate from the business plan to the extent that it would require additional support or approval from the shareholders. So, extending that, are you saying that if the financial and business elements can be put in place that the multiplex cinema will go ahead, or will it still need to officially go to the city for City Council discussion and debate and to the province for cabinet approval? Is that still technically what would have to happen? Or is it your position that because it does not deviate from the business plan and the board does not see that it deviates from the business plan that additional going to the province and to the federal government and to the city is not necessary?

Mr. Keller: We would never follow that process even though it is in the business plan. When you have shareholders, you have partners, three equal partners. They are important, and the investment they put into that whole site is tremendous. Once we get closer to any reality with something like this, there is a long process here. It has to be absolutely suitable. What they are saying and what they are going to come back with may be two different things. If it is suitable, then going back to the shareholders, and the city is one of them, this one would definitely be on the floor of City Council and debated, I am positive.

So before we do any physical construction, we definitely would like to have the shareholders onsite and in agreement that we are doing the right thing. I do not think we will ever think any other way. If we do not have the partners, the shareholders onsite, we are going the wrong direction.

Ms. Barrett: I would like to move on then, a final question, I think a final question on the multiplex cinema. Mr. Keller, you were saying you were looking for a letter of understanding with the corporation that would like to do the multiplex cinema. How close are you to finalizing that letter of understanding?

Mr. Keller: Mr. Chairman, we are in the midst of trying to set up a formal meeting with the proponent and then explain to these people exactly what we are looking for and what their

intentions are in reality. That is also the character of the building, the appearance of the building, so there is a lot of demands. The only thing that excites us about these people is the connecting links they are going to build with the complex. One is the VIA Rail station all under one roof. They feel that the rotunda of the VIA Rail station and the commercial portion of it could add to their venue, the connecting link to the MTN, the new television station. Eventually the television station will be developed based on the ABC station in New York, where public can view broadcasting on an ongoing basis. That is all important to them so we feel they have done their homework.

What the reality is really going to be, that remains to be seen. We are well equipped to handle them because of the membership on the board and the likes of Mr. Jim Orzechowski, and we are fortunate to have three architects available to review these aspects very closely.

Ms. Barrett: Now, Mr. Keller, when you say that the company business person, I am not sure what to call this. Is it public knowledge who this person is? Have I missed the name, or is it still confidential at this point?

Mr. Keller: Mr. Chairman, no, it is not any longer. It is AMC. It is a company from Los Angeles, a leader in that field.

Ms. Penner: The actual proponent, though, is Alberta Rose, O and Y. They are out of Calgary. The letter of agreement that has been signed with them is really a letter of agreement in terms of negotiation, so that does not mean we actually would contract with them to build the development at this point.

Ms. Barrett: So if I say it is Olympia and York—O and Y, I am assuming it is Olympia and York.

Floor Comment: Yes.

Ms. Barrett: Then I will refer to them as Olympia and York then, just for those purposes. Mr. Keller, you were saying they were interested in making connections, and you had two of them. One to the VIA Rail station. I am wondering if we could have a look at that.

Mr. Chairperson in the Chair

Mr. Chairperson: Will the mikes be able to pick that up, I wonder?

An Honourable Member: No.

Mr. Chairperson: Maybe you will have to stand and Toby can—

Floor Comment: Yes, Toby will show and you will need to speak.

Mr. Keller: You see if you watch blue-striped area, that will include the multicinema parking structure towards the York underpass, and then the complex itself. The connecting links are to the VIA Rail station there and then to the television station, which is now being remodelled in addition to being made. We are stressing strongly that covered space is necessary, and you will see more covered space, if nothing else, that it is weather protected from rain and snow. We have a commitment from MTN, the television people, that they will also have a covered area along their building.

Ms. Barrett: So the two connectors which I see on the projected development board would be above ground then?

Mr. Keller: Yes, Mr. Chairman, above ground.

Ms. Barrett: Mr. Keller, then you said that Olympia and York were interested in the commercial elements of the VIA Rail station. Is that part of what they are looking at, or would they be looking at making some use of the commercial potential there at a later date? Could you be a little more specific on that part of it, please?

Mr. Keller: The VIA Rail station houses a lot of people. Potential customers for the multicinemaplex. That is what they are really looking at, to make it easy for the customers to exit their side. When they are on a lunch break, coffee break, they can walk out without parkas and just walk in and have a hot dog or hamburger and after work maybe watch a movie. So that is what they are looking for.

Ms. Barrett: So at this point, from my understanding you have signed a beginning letter. It is very preliminary, just in agreement

that you will be talking together. We are a fair distance from any decision being made as to the multiplex cinema, whatever form it finally comes about?

* (1100)

Mr. Keller: It depends if they come with too many obstacles, too many items which we do not agree on, then it could drag out. If they are very accommodating and they are showing the true interest in appearance and building-wise and the tenancy of the complex, then we would help them to move this project along. We are not bureaucratic yet, so on our side we could move it fairly quickly. It will then take more time as far as the shareholders I presume, especially the city of Winnipeg, because of the process. We have to look at the building permit. That alone today now is six weeks.

Ms. Barrett: You mentioned that they have \$31 million potentially on the table. Could you explain, that would be their commitment to the multiplex cinema, the family entertainment component and the parking garage. What financial exposure would the corporation have?

Mr. Keller: There is no money from the corporation. We may buy them free lunch. That is a policy we have; we do not subsidize. That is a no-no and we are not even going to start. That is not for discussions. We cannot. It is public money, taxpayers' money. I personally take it, if it is out of my own pocket, and that attitude we do without business planning at The Forks.

Ms. Penner: I would also point out that one of the reasons there is a fairly intense process is one we have to ensure that we do due diligence on the people we are entering into agreements with. I think to your point of the \$31 million, one of the worst things we could possibly phase is a situation where a development started and then the proponent was not able to complete it.

So we have to ensure that we do our due diligence that, one, it makes business sense that it is generating sufficient revenue for us in terms of the opportunity cost for land but also that there is someone who we feel confident will finish the development and be able to sustain it on an ongoing basis. So there is a further

component to it than simply what development issues are there.

Ms. Barrett: What is the footprint of the proposed parking? I will admit to not being able to visualize what 550 parking stalls look like. Is it a multiple level or how big will it be?

Mr. Keller: I am sorry, Mr. Chairman. It will be multiple level. Because of our commitment to the historical part and the historical excavation on the site, we can only go one metre in depth down, so the rest will be above ground, so most likely the parking structure will be four or five levels, which in reality amounts to about 40 feet above ground.

Ms. Penner: A good example would be the ballpark. The height of the current ballpark, like the stadium stands, is probably the height of the parking garage. So if you wanted to use that as a measure, you could.

Ms. Barrett: I was just there. I am trying to visualize it. You say the parking garage would back up against the High Line. Would it be above the tracks, then, or right at the track level?

Mr. Keller: It will be about two levels higher than the tracks.

Ms. Barrett: Just one question. Well, I said that earlier, so maybe I better not say just one more question on this. Maybe it is unfair, but it is a timing question. If things go well, if there are not any glitches or anything, when would you see getting to the point where it would be to the permit process by the city, which I would assume once it gets there, it is a virtual fait accompli and it is only going through the final permitting stages, so do you have any idea in best possible scenario when that might happen?

Mr. Keller: We will be right now guessing, but we would like to see something happening in the next six months.

Ms. Barrett: I would like to go on, if I may, to the two housing development possibilities that are on the projected development board and ask if they are still looking at the same type of housing units that we were looking at a year ago or something.

The one is the Eco-Village would be a sort of a laboratory, if you will, of housing and looking at housing in a very environmentally friendly kind of context, and the second possible housing development which is a little further south would be, if I am reading your prospectus correctly, more of a condominium higher-cost situation. At this point, what do they look like and where are they going? I guess I just want an update on those two housing developments.

Mr. Keller: Mr. Chairman, on the Eco-Village, because we are not putting a cent on the table to contribute part on the development or on the infrastructure, and we made that very clear at several meetings, it is basically at the standstill. On the other development, the condo development, one thing I cannot show you anything on the appearance of the exterior, but we are very particular on that. If it is the random type of condos with a lot of stucco and a little bit of colour stuff on it, it is not going to fly. We remind people where the location is. It is not just anywhere in the city, so we are very particular about that. Yes, it is not going to be a cheap condo, if you purchase one, but the demand for some reason is mostly from close to senior or senior people who are showing enormous interest to purchase a condo there.

The basics will not be a large complex. It will most likely not exceed 30, 35 units, and all parking has to be underground with maybe a few visitors' spots on the surface. That is, so far, the basics. There will be a little park included and then another small unit. We do not want to lose the setting of a park, and there are the walkways going by. That is basically all I can tell you today, but it is all shaping up. The major walkway, the promenade will be close by, walking by, which will link--eventually it will bypass the new ball park and then going up to Portage Avenue. The other one is going north along the river underneath the High Line and connect to the north portion of the city.

Ms. Barrett: When you said that the demand was high, have you done a needs assessment, maybe not a needs assessment, a demand assessment, or do you have some studies that have been done to show that this is financially viable? The other part of it is whether that is the best use of the space, but is it financially viable?

* (1110)

Ms. Penner: Yes, it is. We have studies that indicate that, one, there are people who would be interested in residing at The Forks, just as there are people who are interested in residing in the downtown area. From a cost perspective it would be financially viable. As Mr. Keller pointed out, it would not be a large complex. We could not accommodate 90 or 100 units of what we call high-end condo. You could with another type of seniors housing. You could accommodate more units, but for the high end condo, you would only be looking at probably the 30 to 35.

One of the other issues we have to face is the configuration of the housing development on the site itself. We must be very careful that we do not encroach on the green space that we want to provide for the public and that we conform to the natural scenery of the site, so consequently you are not looking at a high rise; you are looking at, maybe tops, four levels. It has to not block the public access to the site. So the housing development will be a longer development process than, say, the multiplex would be, simply because of some of those issues.

Ms. Barrett: Can you let us know at this point if you have a corporation or a group that is interested in building this condo complex?

Mr. Keller: We did not ask these proponents if we should use—and I am sorry, I should have asked—but we have a well-known company from Winnipeg and one of the better known companies in western Canada out of Calgary. They are solid and they are in that business. So we are confident as far as that is concerned.

Ms. Barrett: What time frame are you looking to on this development, assuming there were no concerns raised by any of the shareholders?

Mr. Keller: We hope to see a construction start this fall if possible. Because you have got to remember we need income, and the sooner they start, the faster we get some money on our land lease.

Ms. Barrett: One other element that is on the projected development board that you did not mention in your comments was the restaurant and brew pub. From what I see now, it encroaches on the green space which the housing developments and the multiplex do not appear to do. I am wondering if you can give me some update on that, and why it is in that particular location.

Ms. Penner: Actually, unfortunately, the map is not exactly. We have a more detailed map. The other thing is that we did not mention the marina and brew pub in any detail. The original concept called for a significantly larger facility, and this is where we saw the business imperative no matter what. Reality is that that larger facility would not make it on the site over the winter months.

The dollars you would raise over the summer would not be sufficient to offset the reduced revenue during the winter. We are therefore looking at a smaller facility that would also use the marina, but it may now be located further up on the site, if you are familiar with where the Paddlewheel docks, it would be back of that area.

Ms. Barrett: The butterfly house, is that still a possibility? What is the status of the butterfly house?

Mr. Keller: I personally dealt with the individual, because he is from Europe and also very interesting, knowledgeable about butterflies. He personally did not have enough money. We watch these things very closely, so we postponed that or put it on hold. We have a building now in mind where it will house other amenities, and that butterfly house would just fit in with it. It could be maybe another year before we can tackle that. But we would definitely like to see it done because of the public interest, and school children will be using it on an ongoing basis.

Ms. Penner: This is probably a good example as well, where we see ourselves as complementary to not competing. You are aware of course that there are plans for a butterfly house at the Assiniboine Conservatory, part of the millennium botanical gardens that

they are looking at, which is an \$11-million project.

Any plans we have would ensure that we are not having a similar type of facility to the Assiniboine Conservatory because of course you do not want to compete with them. One of the things is the type of butterfly house we are looking at will be a much smaller scale, would probably be different species and would be in keeping with probably the greenhouse that we are looking at, working with one of our success stories on this site, Growing Prospects. That is the facility that uses confiscated hydroponic material from the police to basically grow herbs for restaurants, so we were looking at maybe doing a joint venture with them.

Mr. David Faurshou (Portage la Prairie): In light of the recent discussions of the Provencher Bridge renovation, as well as the changes in routing on the Pioneer Avenue, and I am sorry I do not remember the other street—York, it is correct. I know that there were requests by public notice for input into the actual routing of those streets and input as well as the bridge not being critical, but certainly the routing of traffic would have a great impact on how you construct some of the proposals that you have mentioned here today. Would you care to elaborate on your position of traffic routing and street redesignation?

Mr. Keller: From day one we worked very closely with the St. Boniface side. One thing we do not want, the same thing with St. Boniface, is to create a major traffic route through our site, which is very important, especially with children moving back and forth. Now with the baseball being a reality, we have to really approach it carefully. We have some proposals on that issue, and we are discussing those together with St. Boniface. One thing I can assure you, it is not going to become a through traffic route where they are going to run people off the street. So we are going to do all the necessary negotiation, whatever it takes. If not, we will build a big concrete piece of wall across there, but we are not going to allow it because eventually it is going to bury us right there.

Ms. Penner: Yes, I would also like to point out that this is probably another example of how we

feel it is very important to be involved in issues in the downtown. We sit on CentrePlan. We chair various committees. But, as well, we have been on this particular committee. David Stones, who is our manager of development and facility operation, is a member of that committee and has been involved. One of the things we are looking at is ensuring that not only is The Forks site perspective represented, but also that we represent our partners in downtown transportation, CentrePlan, and so on.

* (1120)

Mr. Faurshou: Thank you very much. I know it is critical now with the ballpark there and the entrance and exit. The more people that are attending the site, transportation is a critical component in all of this. I appreciate the thought that is going into it. Essentially, it will effectively have a bearing on the reconstruction of the Provencher bridge as to whether or not it is a thoroughfare and the intent to use it as such.

I do want to take this opportunity to thank you very much for your presentation. I have not had that opportunity, but I am very impressed with the thought that has gone into it and the vision that you obviously share with all of this. The one I might just try and find within the financial records is your disposition of your depreciation and amortization. I have been trying to locate that within your financial records here, the \$4,070,756, for 1998. Is it further broken down somewhere? Perhaps you could give me the page number.

Ms. Penner: I wonder if we could ask our chief financial officer to speak to that.

Mr. Paul Webster (Chief Financial Officer, The Forks North Portage Partnership): Our financial statements do not break down that number. I do not know what you are looking for on that.

Mr. Faurshou: On the balance sheet effectively you have a figure of over \$4 million, which you attribute to last year's depreciation. I am just trying to bring that to bear on somewhere within your breakout sheets here regarding your financial statement.

Mr. Webster: Depreciation and amortization are broken down between a number of areas. Do you have the full audited statements?

Mr. Faurchou: I have a summary as provided to all committee members. It is termed: Consolidated Financial Statements, March 31, 1998.

Mr. Webster: If you would turn to page 11, note 4, note 5, note 6 and note 7, we have four categories of assets that we are depreciating. Fixed assets. What we call infrastructure enhancements, those are monies spent on the development of both the North Portage site and The Forks site. Note 7, The Forks infrastructure enhancements, and note 8, The Forks market and its depreciation.

Mr. Faurchou: I went through them and I had a little difficulty. Perhaps at a later time I can fully digest all of these, but it did not really reflect in the other pages as to how that figure was accumulated. I can leave that for further study.

Ms. Barrett: I have a couple of questions on the financial statement as well, so we may as well carry right on. I guess a general statement is that it appears to me, I am not an expert in reading financial statements, that there were some substantial reductions in revenues and losses last year. Is that an accurate reflection of— for example, the operating activities went from almost \$400,000-plus in '97 to \$2.3 million net loss in the income. First line on page 4.

Mr. Webster: The 1997 results included almost \$2 million of property tax refunds. Secondly, the partnership receives what we call equivalency revenue, and at the time, 1997 and '98 was received from the province and from the city of Winnipeg. What we do is we take that equivalency revenue and apply it first to any capital projects that are underway. Any money remaining left over is on page 1 at the bottom, equivalency revenue on the financial statements, so in 1997 there were certain capital projects underway, but there was \$942,000 of equivalency monies left over, which made it onto the income statement. In 1998, there was a higher level of capital additions being done. I would say that mainly the Codena-Celebration

Circle, so less equivalency funding was left over for the income statement. So those two, the property tax refunds in 1997 and the drop in the equivalency revenue on the financial statements in '98, contributed to the difference in net income to a loss for '98.

Ms. Barrett: Again on page 4, it looks as though under Financing Activities and Investing Activities, those areas, and cash at the end of the year, that there is a decline in several of these activity areas. For example, under Investing Activities, the North Portage properties and infrastructure enhancements, is that part of what you were talking about earlier? It is almost a tenfold increase in loss, or decrease.

Mr. Webster: The majority of the 1998 expenditure would have been made up of land expropriation claims being settled on the North Portage site, and of that is mainly the Mercury property on Edmonton Street.

Ms. Barrett: On page 5, and this is just a question on the Basis of Presentation paragraph: "The financial statements of these wholly-owned subsidiary corporations have been consolidated with the Corporation's financial statements." Does that mean that there is less transparency about these statements or have they just been put together? Is there any change in the amount of information that one can gather from the consolidation?

Mr. Webster: No, not really. When these are consolidated, the revenues and expenses and assets are added together, any intercompany transactions are eliminated to provide a clearer picture of the overall operations of the partnership.

Ms. Barrett: Again I am showing my lack of information, but is there any information in those transactions that might help us understand the various components of the corporation better and how one part is working, or are these reflected in the rest of the statements?

Ms. Penner: I think to answer your question, you will not get what I consider to be the full picture from the Consolidated Statements. As we said, on a combined basis, the partnership is self-sufficient. However, standing alone, the

individual statements for North Portage and for Forks renewal would show that North Portage generates a surplus and The Forks has a deficiency, and it would show to you where that deficiency arises in The Forks. So it gives a better sense of what the cost of providing public amenities at The Forks site is and how the transfers of certain amounts of the surplus from North Portage are used to fund those amenities. Intercompany transfers are things such as where we make allocations for overhead, administration and so on. But I think in terms of getting the flavour of why we basically say we have to operate as a partnership to be self-sufficient, you would get that flavour from the individual statements.

Ms. Barrett: I think, Ms. Penner, you mentioned this, that there were four million visitors last year. The figure six million sticks in my head. Is this four million visitors down from previous years or is there a trending down?

* (1130)

Ms. Penner: One of the reasons that we want to do very specific research on The Forks site is that the numbers seven million, six million, four million have been used, depending on the source cited. We feel it important to get a clear sense of the numbers visiting the site. Right now what we have done is installed what are called traffic counters in The Forks Market, so we are actually able to measure people visiting the market. That does not, however, include people visiting the site that never get into the market. So we are looking at ways to capture that number as well.

I would say to you we are absolutely confident that the number is no less than four million and probably between four to six million. However, I feel that we need to get a much more accurate reading of that number.

Ms. Barrett: How are you going to do that? How are you going to get a reading of the people that come to the site that do not go to the market?

Ms. Penner: There are ways of doing that. First of all, we have a number of events which basically we co-ordinate, so we are able to capture from there attendance numbers at those

events. Then there are other ways of recording visitors to this site through what we call exit surveys, other means of traffic counting, and so on. We feel that, with the combination of those particular methods, we will be able to capture a much more exact number of the site overall.

Ms. Barrett: The market itself, have the numbers declined? That is what we have been hearing.

Ms. Penner: Actually, the numbers have begun to come up, and that is partly due to some of the changes that have been made in the market. We have a much more aggressive market manager. They have been working on a hands-on basis with our market tenants, many of whom are, for lack of a better term, mom-and-pop operations that may require some assistance in marketing their particular business. As a result, we have seen an increase in sales, and we have also seen an increase in the number of people attending the market because of some innovative promotions.

So, yes, there was a downward trend, but there is now an upward trend. If I might make one other comment, one of the reasons we feel so passionate about the need to develop this site is that in countless examples, both in the U.S., Canada and around the world, it is the ability to make the site more exciting, to change it, to constantly have attractions to capture the imagination of the public that keeps the site basically viable. It is proven again and again that if you have the same attraction, eventually attendance will begin to decline, so we feel very strongly that we need to work with our tenants, we need to work with potential developers to maintain the site and to make it more exciting and attractive to both Winnipeggers and the visiting population.

Ms. Barrett: I would like to actually ask a question again about the south fork, the aboriginal site. I understand there is a plan in the works or being talked about to have a museum interpretation-centre kind of complex. Is the same process undertaken with the aboriginal site as is with the rest of the development?

Mr. Keller: That is a subject very dear to us. That is why we are very involved in arranging

meetings, structuring meetings, helping our native groups to a point where the South Point development plan, actual plans are in place to go one step further and do some construction.

As you know, through poor planning originally they had planned a \$16-million project on the site which was impossible to do. It is now a \$6-million project with all kinds of amenities suiting the native heritage and their functions they are going to have. Again, they are trying to do it in phase development. Phase I will involve around \$900,000 which will show their intent and some of the functions which will be taking place.

The overall program is terrific because it will specifically zero in on visitors, on tourism, and it will not compete with other native groups and other native arrangement because that is a very hot political issue. We made sure that we had all the players on side in most cases so that did not happen. So to underline the whole thing is if the funding becomes available, the balance of the approximately \$5 million, then they are ready to proceed with development of South Point. We now renamed it Spirit Island, as you know.

Ms. Barrett: Is the process the same for Spirit Island, or the same players, in deciding what is an appropriate development and the final structure, the shareholders, or is there a different configuration of groups that will be making determination as to what happens with Spirit Island?

Mr. Keller: Mr. Chairman, as far as the development process, it is basically the same. We will also be entering into a lease agreement, probably for a dollar, I do not know, with our co-operation, but we will be carefully watching, because we have control of the design, the quality, et cetera. But definitely in the end we will work very closely with our people so that it is going to be successful. They claim they will have less political interference than we may have, so we will see, but we are still going to help them to see their project completed.

Ms. Penner: Yes, I would also point out that there are actually more players involved. There has been a development corporation formed, and

I hope I have the name right. It is The Forks South Point Development Corporation—Forks South Point Aboriginal Development Corporation, and that is the entity that we would be working with ourselves. They are also working closely with our Aboriginal Heritage Advisory Committee. So there is actually more of a development negotiation process than normal.

Ms. Barrett: Mr. Keller spoke about the funding, if funding for the next \$5 million comes. Do you know what potential sources of funding that money would come from?

Mr. Keller: Yes, Mr. Chairman, I do. It is the same old trough. It is the province, the federal government, and then maybe some from the city. I do not think there will be too much coming from that direction, but definitely from the province and the federal government. I know that they have been approached already, not once but several times.

Ms. Barrett: On to one final, I believe, major area, and that is CentreVenture. Mr. Keller, you were quoted in the papers at the end of April saying, "Don't count on it any time soon," the money from the corporation going to support the CentreVenture.

That was a fairly key part of the CentreVenture project. I am quoting here from the key questions component of the presentation: The City of Winnipeg would request that the provincial and federal governments negotiate with the city the mandate of The Forks North Portage Partnership with the intention of replacing it with the New Development Corporation CentreVenture.

On the next page, the proposal also states that: For CentreVenture to be effective, it will have to be able to expedite decisions. The assets of The Forks North Portage Partnership could provide a significant source of revenue for downtown revitalization. Could I get a comment on the CentreVenture's proposal?

* (1140)

Mr. Keller: My comments, Mr. Chairman, sometimes get me into trouble, as you know.

You have to know I have no fear, and I am not political. I say it the way it is.

There are assets on North Portage, no question, but we are not going to give anything away; we are not going to have any fire sales. We are going to go for the biggest buck we can get, because it was a hardworking destination till it got there. So we are not going to go and blow it, for whatever reason.

If a new structure is put in place, I strongly feel—and I am sure others do—and they have to rely on fire sales maybe on North Portage, then we are on the wrong track. There will be a time we will be disposing some of the assets, because we should not be in that business. But we were there because it had to be done.

As you know, we sold a major part of the real estate and made some money on it, and that is the way it should be. So that is why I mentioned a long road. Then the other shareholders have to decide what is going to happen with the monies. Is it going to stay with the corporation for the long-range survival of the same, of the whole Forks site or whatever? So that is a decision we cannot make. All we are going to do is do responsible dealings to a responsible business decision so that we can always be a clear conscience of it.

Ms. Penner: Just to add to that, I think there are two issues: one, that CentreVenture, which is building on a recommendation from the CentrePlan vision document, the CentrePlan recommendation did not include a recommendation that there be funding through owned assets. Instead it included a recommendation that there be a development authority with the power basically to carry through decisions made at that level.

But the other issue I think is more fundamental, and that has to do with what the partnership is currently doing with its surplus dollars. The partnership is currently funding the activities of The Forks site and all of the public amenities there. That is where the surplus dollars are being used.

I think the question that will have to be answered by the three shareholders is do they

want those surplus assets changed and being used solely for downtown revitalization and what impact that would have on The Forks site itself and our continuation of providing public amenities for Winnipeggers and tourists from all across the world.

Ms. Barrett: Do you have any suggestions for funding other than support from the levels of government for CentreVenture if there is not the transfer of assets from the corporation?

Ms. Penner: As a long-time member of CentrePlan and probably a keen advocate of change in the downtown, I would say that I have some ideas, but I would preface them by saying that, much like an editorial, my comments are not necessarily the view expressed by the partnership, because we have not had that discussion at the board level. What I would say, however, is that I think there are committed partners in CentreVenture such as the partnership who would be prepared to make certain contributions, particularly since they are looking at folding organizations like PAPA, the Portage Avenue Property Association, into CentreVenture.

There are dollars that are currently being spent by organizations such as the partnership on various forms of downtown revitalization. Those dollars could be instead reallocated to CentreVenture and its activities. So I think there are other avenues of funding. As well, if you look at the redeployment of city services and city staff, those dollars that would be used on those city staff and city services could also be used to fund the activities of CentreVenture. So I think that there are dollars available to fund their activities.

Mr. Keller: Mr. Chairman, I just want to make sure that it is also fully understood at this table, our partnership were the first ones to stand up and to be counted toward the new downtown development corporation. What we said, we meant it. We are there, and we are going to support it 100 percent. With our support, which can be turned over in dollars and cents, enormous, if we are being used right. We have the experience, we have people there, and we can add to it. We do not look for any glories. We do not have to. We are actually stepping

aside in many cases. We have people working on tourism; we step aside, let the credit go somewhere else. It is not important for us. The same thing here. We could do lots. Whoever wants the credit, let it be.

Our intentions are the development of the downtown of Winnipeg—and we have two task force members right here—is absolutely essential. It is not just talk. So that is why we made the commitment. You do not need huge megabucks to throw around. When you start developing, it is people, all sorts of people, and there are people with money, people with good ideas. That is where we want to come on board and do it, because we know it is doable. So our commitment did not change one iota.

Ms. Barrett: I see the hour is getting toward noon, and there are lots of other questions as always to get into, but maybe at the end I would just like to ask, well, two questions: one, the former CEO, Mr. Smith, was he let go? Had his term expired, or was he let go prior to his term expiring? It is unclear in the media.

Mr. Keller: His term expired, and he decided not to renew the contract. We are entering new ventures, new ideas, and we felt a change was necessary. I thank God that we did the right thing.

Ms. Barrett: What changes—I do not mean personnel changes—what is the change in focus that made this decision necessary?

Mr. Keller: It is so manifold. On the development side it is important that there are good negotiators at the table. On the human side people were involved, Janice Penner mentioned before. It is so many things which are not covered anywhere, so we rely on our human resources, and human resources as a group are only good with good leadership. That is what we are trying to phase in. It is working well already in the short time period alone on the naming rights. There are so many areas.

On tourism, we approach tourists. Before they get off the bus, we welcome them. They get shopping bags. They feel welcome at The Forks. It is another new area we are touching on too that, when they leave The Forks, they left a

special place. That is the feedback we are getting that makes us really tick, and I am proud of it.

* (1150)

Ms. Barrett: Because Mr. Smith's contract was just not renewed, were there any additional financial costs to not renewing his contract?

Mr. Keller: Nothing unusual, just the normal severance pay. We are very careful with money, and I cannot stress it far enough. It does not matter who it is.

Ms. Barrett: One final question on the naming rights, you said in your opening remarks there were five projects where the naming rights could be used. Could you tell us which projects those are?

Mr. Keller: The Festival Park, Oodena, the Bridge Pavilion and of course the port on the bottom that won an international award—that was in Toronto. It is more famous abroad than it is here, as far as South Africa. Mr. Steiman was there and visited their development, and they even know about us, so these are the five major ones which we are approaching for naming rites.

Ms. Penner: In addition, we have identified some other potential. The five that Mr. Keller mentioned are the five that I think are most associated with The Forks; however, there are other opportunities, and again we are trying to be as realistic as possible in accessing dollars, in many cases to fund some of the improvements, but there is the Imax Theatre at Portage Place, which we own, and there is also arrival circle which is when you come down Pioneer there is that roundabout. There is even the cobblestone turnaround by Children's Museum and Johnston Terminal, so there are probably—we did a rough count—there are five major and about 10 minor naming opportunities.

Ms. Barrett: How do you go about naming them? Is it a bidding situation where you go out and say to a corporation: I have this marvellous opportunity, how much am I bid for it? What is the process?

Ms. Penner: It would be nice to have an auction where the highest bidder—but no, it is

actually a very interesting process. Our board is very involved in that process. In many cases the board makes the initial approach to a potential sponsor who may be interested in the opportunity to name a stage. It is a series of meetings, tours of the facility showing a particular item that may be named, negotiations in terms of price, what the sponsor receives for that price, exclusivity. You have to make sure that you give them appropriate information, that they are getting value. So I would say that it is a process in which you identify potential companies that may be interested and then you go out and approach them using a combination of board and staff.

Ms. Barrett: I assume these negotiations are sort of ongoing in most cases, but once a determination has been made and you have reached a conclusion, what is the money used for? Is it tied to that site or does it go into general revenues or is this part of the negotiation as to what happens to the money?

Ms. Penner: It has been the stated intention of the board that monies raised through sponsorship would be used either for the particular item or for general improvements for the site. For example, Festival Park stage is in excess, with all of the improvements, of \$3 million. The partnership basically is funded a share, a significant share, of that. Dollars raised will go to basically pay for a portion of the capital but also the ongoing maintenance.

There are things such as ensuring that it is properly painted, sod is replaced, wear and tear of several hundred thousand people on the sod means that you have to do a lot of preventative work, ensuring that drives are kept properly levelled and so on, so dollars are allocated. For Oodena, we are currently having what are called armatures which are 30-foot poles, curved poles, that will help identify constellations because Oodena is a Celebration Circle but also has a function for astronomy. Each of those armatures is over \$30,000 and there are eight, so it is a fairly significant amount.

Ms. Barrett: I should explain my giggle, my smile. I have an image in my head of the armature identifying the Pepsi-Cola constellation or something. So the sponsorships, are they

normally ongoing, like you negotiate for an ongoing amount of money each year or is it a one-time donation or is it a combination, is it flexible?

Mr. Keller: We are hounding people always for money. This is more in the larger sums, but normally they even bug me from time to time for small amounts and they do it in such a way you cannot say no, so I do not see anything wrong with that, but we are approaching companies on an ongoing basis for smaller sponsorship? But this year is in the bigger dollar range which will really help us for the development of the site.

Ms. Penner: Perhaps it would help if I gave you an example of the type of agreement. For naming rights we were talking a significant dollar amount. Normally what you do is the negotiation is for a stated amount of money to be paid over a period of years in return for which the sponsor gets the right to name the facility for again another specified period of years. So, for example, if we were to use the figure of a million dollars to name a particular facility you might have that amount paid over four years and the naming rights associated with that payment might be for seven years. And there would be certain provisions in terms of you would have exclusivity, there would not be a competitor allowed to name a facility on that site during that period.

That is normally the situation for the larger venues. Other venues, you might have basically lifetime naming rights; for a payment you basically get the right to name it and it stays yours forever. In other cases it may be for a specific period of years, if it is an event, so you may say, fine, we will pay \$25,000 to fund basically certain activities on Canada Day and we will contract to do that for a period of four years so that we basically can develop a program. So it really depends.

Ms. Barrett: On final request, I guess. Is it possible to get a copy or a listing of the naming, where we are with, where the corporation is with the various naming and sponsorship things as it evolves?

Mr. Keller: Because of the monies involved, we are very careful. It will be public knowledge

as soon as they allow us to do that because there are so many things you have to consider on their side, the competitors and all kinds of things. So definitely, they want us to make it public knowledge because that is why they are doing it, but it all of course has to take its process.

Ms. Penner: I just wanted to make one comment. As well, I would point out this is a fairly new endeavour for us. We have only recently identified the potential for sponsorship and have identified what resources we need to put in place including staff and development of material. So it is brand new for us.

Mr. Chairperson: Well, thank you very much to the committee members, and especially to Mr. Keller, you and your organization, your staff, for the excellent demonstration of very forthrightness and frank discussions around the table.

I find it refreshing that people like yourself can come here without a political agenda and answer the way you have and reported to this committee. The conduct here is similar, but the process in the final analysis is different than we normally have in committee; therefore, there is no need for an adoption of a report here.

I think this kind of open discussion between your organization, this committee, and other members, might attract others here at some point in time to enter into this kind of discussion, and therefore I thank you on behalf of all the members of this committee and wish you well.

The only question I have of you as chairman is that Martin Bergen and I have had numerous discussions from time to time about a tram being built from Fort Garry Place to the Forks. Is there any further consideration of that? You might not want to answer that here.

Mr. Keller: Yes, I do. I told him you put up the bucks, and we will be nice and co-operative.

Mr. Chairperson: Thank you very much.

Seeing no other business before the committee, committee rise. [interjection] I understand that there is a requirement that I identify that this committee has considered both reports and completed the consideration of both reports. Thank you.

Committee rise.

COMMITTEE ROSE AT: 12 p.m.