REPORTS

Minute No. 175 CentreVenture Development Corporation – 2011–2013 Business Plan

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee referred the CentreVenture Development Corporation 2011-2013 Business Plan to the Winnipeg Public Service for analysis and recommendation on future funding models and report back within 120 days.

Minutes – Executive Policy Committee – March 9, 2011

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the CentreVenture Development Corporation's 2011-2013 Business Plan be referred to the Winnipeg Public Service for analysis and recommendation on future funding models and report back within 120 days.

Carried

Ross McGowan, President and CEO, CentreVenture Development Corporation presented additional documentation in support of the organization's 2011-2013 Business Plan.

The CentreVenture Development Corporation submitted its 2011–2013 Business Plan to the Executive Policy Committee for information.

2011 - 2013 BUSINESS PLAN














centreventure
development corporation

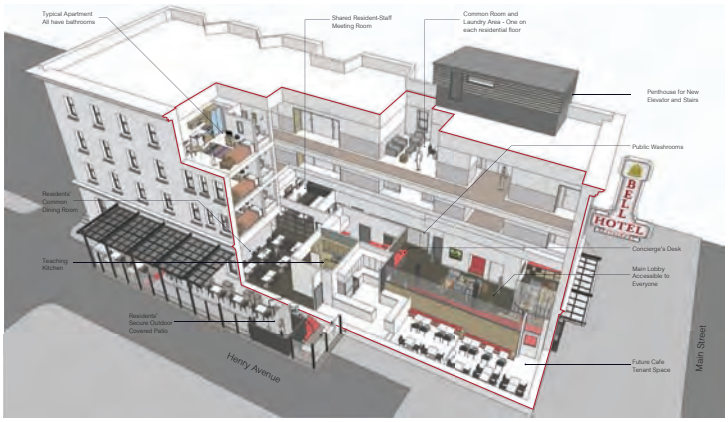
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1.0 Introduction & Context

Downtown is Winnipeg's and Manitoba's statement to the world as to who we are, what we believe and to what we aspire. Our history is reflected in our strength and diversity as a multicultural community, proudly exhibited in our rich historic resource. Our hopes for the future are ingrained in our passion and commitment to Winnipeg.

CentreVenture's goal, quite simply, is to 'Make Downtown a Better Place.' The mission is not without its challenges, but we will prevail, one brick at time, one building at a time, one block at a time with a focused approach directed toward specific results. We are, first and foremost, the City of Winnipeg's downtown development agency!

The complexity of downtown revitalization is acknowledged and in order to maintain the current momentum it is essential that all stakeholders bring their financial tools to ensure a successful outcome - the showpiece of the Province.

What makes a successful downtown? A place where people want to be, come back to, and brag about amongst their friends, colleagues and relatives; the heart and soul of the city; a great place to live, dine, shop, play and do business; a place that is respectful of others, tolerant of those needing help, safe for all visitors and residents; vibrant, cheerful, distinctive, and above all, a priority for all... Our Downtown!



Architectural Rendering of Kelly House, 88 Adelaide





The Cube Stage, Old Market Square



Central Park, Splash Pad

CentreVenture Development Corporation was created by Winnipeg City Council in June 1999 and is mandated to stimulate downtown revitalization by creating the investment climate for business and government to collaborate and to work with all downtown stakeholders to promote the downtown to investors, developers, businesses and residents.

CentreVenture has delivered in the past and will continue to provide the leadership necessary to make downtown a better place. However, critical to CentreVenture's continued success is the need for establishing a sustainable funding mechanism or 'economic engine' that will power the activities moving forward. Without which, this mechanism, CentreVenture the enterprise will erode its assets and be unable to deliver its mandate. A priority for 2011 will be to work with our shareholder to address this most important issue.



Architectural Rendering of Centre Village Housing, 575 Balmoral

The following narrative and financial overview builds on the successes over the last three years (2008 – 2010). As well, it reflects the directional focus and priorities of the Board of Directors and management of CentreVenture Development Corporation as we move forward over the next three years, 2011 to 2013.

Generally, our activities will continue to focus on:

- Broad based strategic planning initiatives;
- Stimulating residential development;
- Retail recruitment and retention;
- Attraction of high profile tenants;
- Facilitating development though the financing of Heritage Conservation Tax Credits, the Downtown Residential Development Grant program and community based investments;
- Development of strategic clusters as a catalyst for further private and public investment;



Exterior of The Edge Apartments, 232 Princess



Interior of The Edge Apartments, 232 Princess

- Strategic land assemblies;
- Facilitating Public/Private investment opportunities;
- Advocacy; and
- Coordinating planning and development efforts with third party initiatives including:
    - City of Winnipeg Parking Strategy;
    - City of Winnipeg Housing Strategy;
    - Our Winnipeg;
    - Province of Manitoba Tax Increment Financing (TIF) Legislation;
    - Downtown Winnipeg Retail Market Analysis and General Positioning Strategy; and
    - Portage Avenue Lighting Plan.

CentreVenture will continue to respond and adapt to changing market conditions and political forces but will remain focused in its approach to revitalization.

Specifically, CentreVenture will devote its efforts to:

- Staying the course on current initiatives;
- Implementation of the Portage Avenue Development Strategy;
- Implementation of a focused residential and retail recruitment strategy; and
- Continued advancement of the Exchange District residential neighbourhood and the emerging Cultural District.

2.0 A Look in the Rearview '08-'10

During the period from 2008 to 2010, CentreVenture exceeded 90% of its targets, participated in excess of $250,000,000 in development, restored the agency's credibility, led critical planning initiatives, opened dialogue with Downtown stakeholders and set the stage for a major shift in investment philosophy.

Projects such as the conversion of the Union Bank Tower as the new home of the Paterson GlobalFoods Institute, Winnipeg Regional Health Authority headquarters, United Way, Youth for Christ Centre for Youth Excellence, the cutting edge Bell Hotel redevelopment and the adaptive reuse of the long vacant Avenue Building are examples of the results that can be achieved by a determined, focused approach to revitalization. On the residential front, Sky Waterfront and youCUBE condominiums continue to change the urban landscape along Waterfront Drive. CentreVenture's own Centre Village Housing Project re-affirms our commitment to filling the development void by providing infill housing within neighbourhoods in transition. Our Public Destinations program celebrated the completion of Old Market Square and the



Central Park, Splash Pad



Exterior of Sky Waterfront Condominiums, 340 Waterfront



Architectural Rendering of Bedford Parkade, 104 King

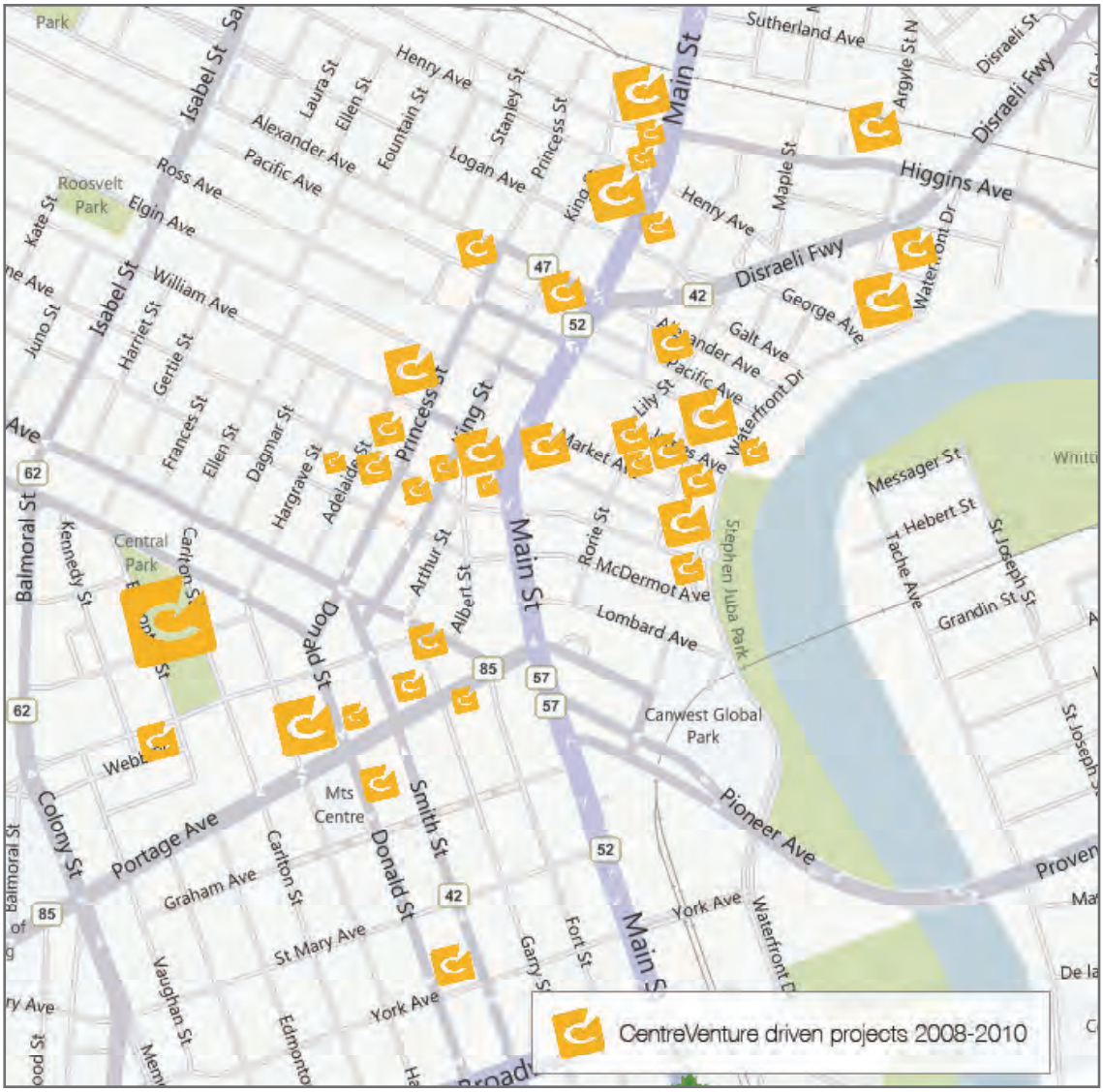


Construction of Bedford Parkade, 104 King

highly acclaimed $5.5 million dollar restoration of Central Park. Such projects are, in fact, city changers, both physically and psychologically.

Of particular importance is the shift in downtown investment from public, such as the Winnipeg Regional Health Authority, to ‘gap’ financing of private residential developments such as the Avenue Building, to fully private developments including the A&B Sound site. The transformation from public to private is a clear demonstration of the fundamental principle of commercial viability and investment protection which is the foundation for downtown growth and development. CentreVenture will continue to strive toward an appropriate balance between public and private investment.

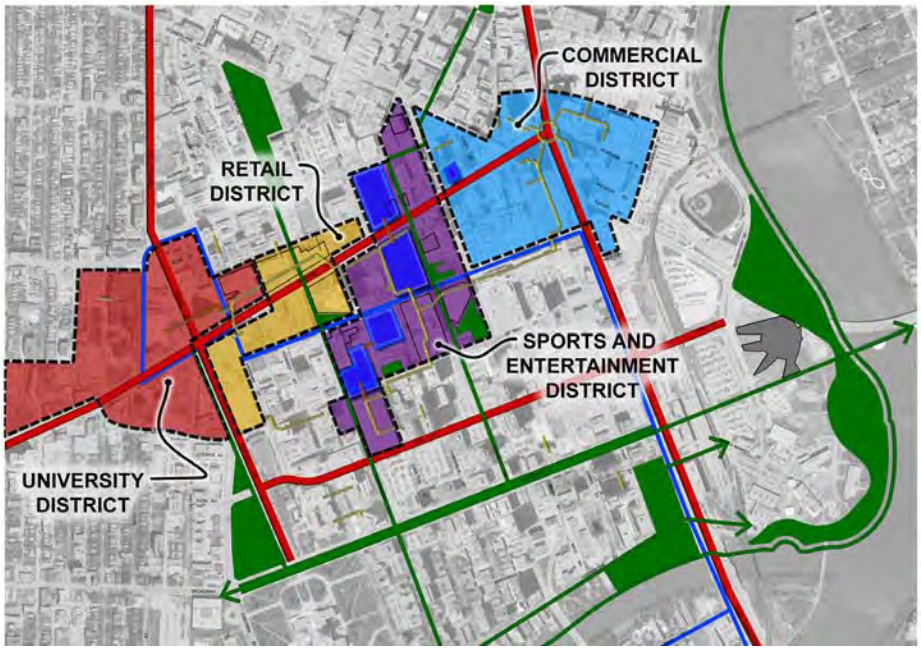
[For a detailed look at 2008 – 2010 activities, please see Appendix A]



3.0 Turning the Corner: 2011 – 2013

3.1 Portage Avenue

With Main Street revitalization and momentum well underway, CentreVenture is 'turning the corner' with our major focus, through 2013, directed toward and concentrated on Winnipeg's premiere artery, Portage Avenue.



Portage Avenue Development Strategy District Map

In September 2010, City Council endorsed the Portage Avenue Development Strategy, prepared by CentreVenture in collaboration with the Downtown Council. The essence of the strategy is to provide a comprehensive framework for addressing the social, physical and economic challenges of Portage Avenue in a thoughtful manner that encourages, embraces and protects ongoing public and private investment. This fundamental principle of investment attraction and protection is the cornerstone of the Portage Avenue Development Strategy.

[See Appendix B --- For complete Portage Avenue Development Strategy]

The Portage Avenue Development Strategy refines the definition of downtown, provides focus for development, encourages greater development density and supports a concentrated retail, commercial, residential and entertainment mix. The development strategy acknowledges the

social and economic realities of Portage Avenue and introduces specific actions intended to support development within the context of a public/private investment strategy. The centrepiece of the Portage Avenue Development Strategy is the creation of a Sports, Hospitality and Entertainment District (SHED) that builds on the success of the MTS Centre as a major downtown destination for public gatherings, shopping, eating and general entertainment.

Specific Targets 2011 – 2013

- **Complete Master Plan for the SHED (2011):**
  - What are the components?
  - What will it look like?
  - What will it cost?
  - Who will pay for the improvements?
  - Phasing/Implementation
- **Complete the SHED Business Plan (2011):**
  - What are the SHED components?
  - Who are the participants/players?
  - Tenant recruitment strategy?
  - Marketing?
  - How will the SHED be financed, managed, promoted and maintained?
- **Confirm sustainable funding mechanism (TIF) for Portage improvements and SHED (2011)**
- **Complete Phase I Development (2012-2013) as follows:**
  - A&B Sound site – commercial/hospitality mixed development ($40.0 million)
  - Hargrave Street mixed use parking structure ($15.0 million)
  - Metropolitan Theatre adaptive re-use ($16.0 million)
  - SHED outdoor public square/gathering place ($4.0 million)
  - Initiate mall management plan for Portage Avenue with the Downtown Winnipeg BIZ
  - Initiate walkway connections between the University of Winnipeg and Portage Place ($4.0 million)
  - Implement the Portage Avenue Lighting Plan ($1.0 million)

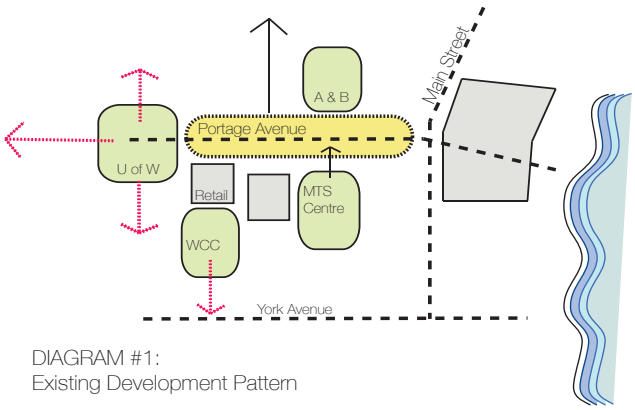


DIAGRAM #1:
Existing Development Pattern

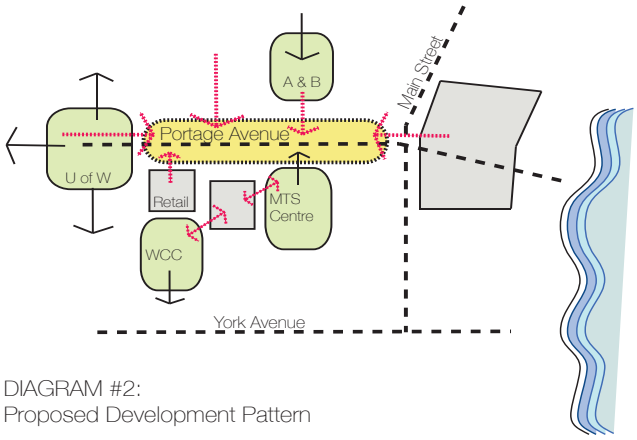


DIAGRAM #2:
Proposed Development Pattern



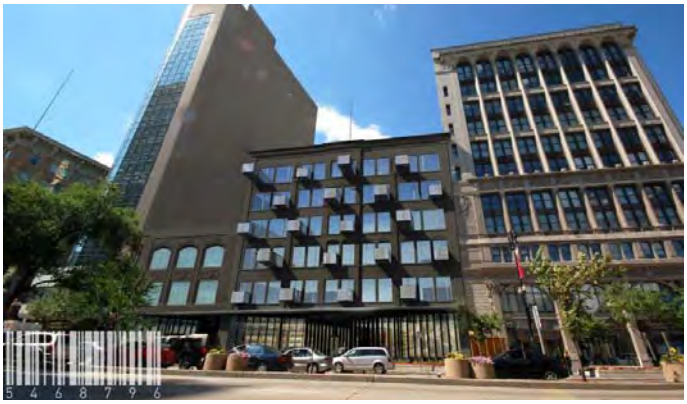
Exterior of Metropolitan Theatre, 281 Donald



Architectural Rendering of Metropolitan Theatre, 281 Donald

CentreVenture will continue to play the lead role in terms of delivering the Portage Avenue Development Strategy, in collaboration with members of the Downtown Council, with particular support and participation expected from the Province of Manitoba and the City of Winnipeg. It is important to note that significant CentreVenture staff resources may likely be required to address the multitude of details associated with the implementation of the Portage Avenue Development Strategy.

CentreVenture will not lose sight of its roots and will continue to initiate business opportunities throughout the downtown as they present themselves, and will remain proactive on the recruitment of commercial and residential developers that are matched to such opportunities.


Architectural Rendering of Avenue Building, 265 Portage


Open Air Mall Streetscape example

3.2 Staying the Course

Building on the success of CentreVenture activities over the past three years, it is anticipated that a "stay the course" approach will prevail for ongoing revitalization efforts on Main Street, as well as the Cultural and Exchange Districts. With the redevelopment framework well established, CentreVenture's priorities will be directed toward broader community development initiatives promoting sustainable housing and commercial activities, particularly for North Main, that capitalize on the presence and impact of the Winnipeg Regional Health Authority, Bell Hotel, Youth for Christ Centre for Youth Excellence and United Way clusters. To this end, CentreVenture will continue to play a leadership role with community stakeholders to promote further development within this important, evolving, downtown neighbourhood.



Architectural Rendering of Centre for Youth Excellence, NW corner of Main and Higgins



Architectural Rendering of the Bell Hotel, 662 Main



Winnipeg Regional Health Authority, 650 Main



United Way, 580 Main

3.3 Cultural District

The Cultural District, which includes the Manitoba Centennial Centre, is an essential ingredient of a healthy, prosperous and exciting downtown.

CentreVenture has played an important role in facilitating discussion amongst the various stakeholders in the District, including the Manitoba Centennial Centre Corporation, the Manitoba Theatre Centre, Pantages Playhouse Theatre, the

Manitoba Museum, the Winnipeg Symphony Orchestra and the MTC Warehouse Theatre, to establish a long term vision for the area that complements other initiatives in the Downtown and City of Winnipeg.


Pantages Playhouse Theatre, 180 Market

Specific targets, going forward, will be to:

- Complete, in collaboration with stakeholders, a master development plan for the District that establishes the character and identity for the area including such elements as signage and wayfinding, development guidelines and streetscape improvements (2011).


James Avenue Pump House, 109 James

In the context of the master development plan, it is CentreVenture's objective to:

- Ensure completion of the James Avenue mixed-use parking structure (2012);
- Ensure completion of the Streetside residential conversion of the 'Nygard properties' (2012);
- Ensure the sustainable reuse of Pantages Playhouse Theatre as a community based performing arts centre (2011-2012);
- Continue efforts to redevelop the James Avenue Pumping Station and Harbour Master Property (2013);



Architectural Rendering of James Avenue Parkade

- Support the expansion of Sport Manitoba to include the Sport for Life Centre (2013);
- Explore adaptive reuse opportunities for the Alexander Dock (2013); and
- Complete a unifying streetscape and wayfinding program (2012).

3.4 Chinatown

CentreVenture will continue to promote redevelopment within the Chinatown district through support for compatible residential and commercial development, reinforcing the significance and importance of this downtown enclave to the ethnic diversity of Winnipeg.



Harbour Master Building, Waterfront at James

3.5 Exchange District

Continued support will be provided to the Exchange District as it continues to emerge as a principal destination for young entrepreneurs, students of Red River College and baby boomers as an attractive residential option. The recently announced Downtown Residential Development Grant Program is expected to have a major impact on achieving the necessary critical mass, or "tipping point" for the Exchange to emerge as a full service, self sufficient, urban neighbourhood.



Architectural Rendering of Sky Waterfront Condominiums Phase II, 340 Waterfront

It is further anticipated that the expansion of Red River College, through its Princess Street Campus, and the 'in progress' Paterson GlobalFoods Institute will further signal a dramatic change on Main Street and in the Exchange District. Continued growth of Red River College will accelerate the Exchange District's status as one of the most dynamic and exciting areas within the City of Winnipeg. Additional population density in the Exchange will also increase the need for retail and support services.



Union Tower future home of Paterson GlobalFoods, 504 Main

4.0 Housing & Retail Recruitment

4.1 Housing

Increasing the quality and quantity of permanent residents is of critical importance to the long term economic and social viability of downtown. A focused approach to neighbourhood creation will provide the greatest opportunity for success and it is to this end that CentreVenture will devote significant efforts to housing and complementary retail between 2011 and 2013.

On average, new downtown residential inventory has increased by 132 units/year between 2008 and 2010. The recently announced Downtown Residential Grant Program is expected to dramatically increase residential development between 2011 and 2013.

The Downtown Residential Development Grant Program program utilizes the provincial Tax Increment Financing (TIF) legislation and combined municipal/education property tax levy, making available to developers grants up to $40,000/ unit for rental or condominium construction or conversion. CentreVenture, on behalf of both the City of Winnipeg and the Province of Manitoba will administer this $20 million dollar program. To date, the response has been overwhelmingly positive.

The following is a summary of the program to date:

Applications to date	**21**
(effecting redevelopment of 25 properties)	
Proposed condo. units	**846**
Proposed rental units	**279**
Estimated program use to date	**$16.5 million**
Estimated private investment	**$90.0 million**



Construction of youCUBE Condominiums, 530 Waterfront


Warehouse to Condominium Conversion, 130 James

In addition to administering the Downtown Residential Development Program it is anticipated that CentreVenture will be requested to provide bridge financing through construction, occupancy, and final property assessment. To this end, CentreVenture has arranged a line of credit, guaranteed by the City of Winnipeg to underwrite these requests in the amount of $10.0 million.

On a broader basis, CentreVenture will continue to work with its downtown partners to refine and implement the strategies contained in the Downtown Residential Action Plan, intended to enhance the downtown living experience and reduce impediments to development.

4.2 Retail

A healthy and vibrant retail market is as essential to a sustainable downtown as the need for a stable and expanding residential population. Historically, retail recruitment and retention has not been part of CentreVenture's business focus but is emerging as a critical element in attracting appropriate mixed-use developments to the downtown.



Main Street Storefront, 468 Main

CentreVenture, in collaboration with the Downtown Winnipeg BIZ and other downtown partners, will take the lead in developing appropriate retail strategies that complement the emerging residential neighbourhoods and the comprehensive redevelopment of Portage Avenue.

It is anticipated that the retail strategy will evolve through 2011 and that a management plan will be prepared outlining:

- A retail recruitment and retention plan;
- Proposed incentives; and
- Implementation, timelines, staffing and costing.

The management plan will be based on the Downtown Winnipeg Retail Market Analysis and General Positioning Strategy.



Architectural Rendering of Union Tower Redevelopment, 504 Main



Red River College's Princess Street Campus, 160 Princess

5.0 Summary

In summary, CentreVenture will:

- Continue to promote revitalization of Main Street, building on the foundation set from 2008 - 2010;
- Continue to make the Cultural and Exchange Districts a priority;
- Implement the Portage Avenue Development Strategy;
- Deliver the Downtown Residential Development Grant program;
- Prepare and implement a retail recruitment and retention strategy; and
- Manage its affairs in a prudent, responsible and professional manner with the resources available to the corporation.

The execution of the 2011-2013 Business Plan is directly related to the level of financial commitment provided by both the City of Winnipeg and the Province of Manitoba. Sustainable operational funding and access to capital dollars to encourage further private investment is essential to the continued revitalization of downtown.

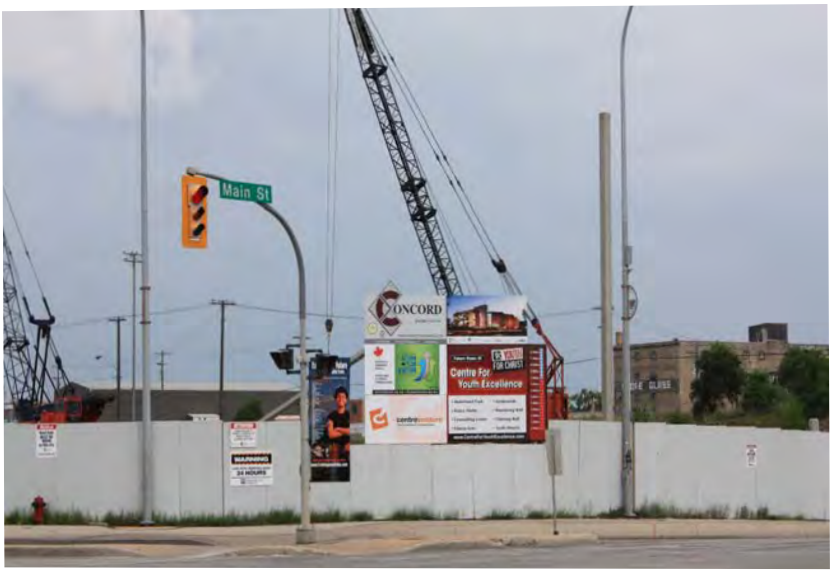


Architectural Rendering of Pantages Playhouse Theatre Redevelopment, 180 Market

6.0 Financial

6.1 Financial Overview

In the initial years after its formation in 1999, CentreVenture received two assets from the City of Winnipeg that were critical to the financing of its operations.



Construction of Centre for Youth Excellence, NW corner of Main and Higgins

1. First, CentreVenture received a grant of $10 million dedicated to its Urban Development Bank (UDB). The UDB was to be used as a means of financing loans, mortgages and temporary real estate holdings. Interest revenue generated from these activities went to finance CentreVenture's annual operations. The City made clear its expectations that the UDB would be maintained and used on a revolving basis to finance the investments that CentreVenture would need to make.


Architectural Rendering of Centre for Youth Excellence, NW corner of Main and Higgins

2. Second, CentreVenture was given a land bank made up of surplus City land, at no cost. The land bank became CentreVenture's economic 'engine', providing it with land that could be contributed or sold to facilitate individual redevelopment transactions in downtown Winnipeg. By the end of 2008, CentreVenture's activities had fully depleted the land bank as planned. Furthermore, the UDB had grown to $13 million as a result of the net surplus generated from the sale of these properties.

2008-2010


Construction of The Cube Stage, Old Market Square

CentreVenture's Business Plan called for three elements to its financial strategy during this period:

1. CentreVenture's annual operations would be 'break even' or better. By managing the interest margin carefully and earning fees on transactions (sometimes earned from the UDB for facilitating transactions), CentreVenture's operations for the three year period are expected to have generated a surplus of $100,000.00.

2. Targeted community investments would reduce the UDB from the start of 2008 to the end of 2010. Important community investments were made for the development of the United Way building, Paterson GlobalFoods Institute Union Bank Tower project, streetscaping on Waterfront Drive, the redevelopment of Central Park and other projects on Main Street. It is currently forecast that by December 31st, 2010 the UDB will stand at $10.7 million.

3. CentreVenture's capacity to provide loans in support of Heritage Conservation Tax Credit programs and the Downtown Residential Development Grant, require more investment capital than CentreVenture's own UDB allows. Accordingly, the City of Winnipeg has guaranteed a $10 million line of credit, which CentreVenture has arranged to fund its growing portfolio of loans and mortgages.

2011-2013

There are several key elements in planning CentreVenture's financial strategy for its next three years:

1. Annual Operating Costs

CentreVenture's Business Plan for 2011-2013 is more ambitious and contemplates more

projects than was the case for CentreVenture's 2008 to 2010 Plan. Fulfilling its next strategy for 2011-2013 requires CentreVenture to increase its resources dedicated to development activities and a corresponding increase in CentreVenture's annual operating costs.

As a consequence, the expected operating costs for 2011 exceed budgeted revenues by approximately $165,000. The primary components of the increased resource levels are the addition of additional staff over 2010 and 2011, increased interest costs arising from the use of the line of credit and increased communications/marketing costs.



Landscape Rendering of Central Park Redevelopment

Delivering the business results set out in the 2011-2013 Business Plan will require a commitment to increased resources that are included in the 2011 plan. Additional operating revenues will need to be identified if CentreVenture is to achieve 'balanced budgets' at the heightened resource levels.

2. Identifying the next economic 'engine'

The UDB has been reduced to near its original $10 million level through community investments over the last several years. The $10 million UDB must remain intact as a source of financing for the loans and mortgages that CentreVenture continues to make. CentreVenture's Business Plan for 2011-2013 calls for $2.75 million of targeted community investment.

Accordingly, a new economic 'engine' is required to support the community investments that CentreVenture will need to continue to in order to fulfill its 2011-2013 Business Plan.

The resolution of these two important elements of CentreVenture's financial plan cannot be achieved by CentreVenture on its own. CentreVenture has several constructive ideas on how they might be resolved; however, CentreVenture is not able to unilaterally turn these ideas into reality. Concluding and implementing definitive solutions requires cooperation and agreement among CentreVenture and its stakeholders. These stakeholders include the City of Winnipeg, CentreVenture's shareholder, and the Province of Manitoba, who is supporting downtown revitalization in many ways, including the passage of the Community Revitalization Tax Increment Financing Act.

The Business Plan contemplates active discussion with these parties during the first part of 2011 to establish a viable, sustainable financial plan for the 2011-2013 period. CentreVenture's Board of Directors has formally built a July 2011 review of the long term financing matter into its board agenda.

CentreVenture has identified the following as potential options for addressing these challenges:

Annual Resourcing	Economic 'engine' for Community Investment
• New fee income from managing expanded or new government support programs for downtown • Administrative fees for managing Manitoba's Tax Increment Financing program • Increased grant funding from stakeholders • Reduced activity	• A portion of the community revitalization levy is made available to CentreVenture for community investments in downtown Winnipeg • Surpluses from implementation of Winnipeg's parking strategy accrue to CentreVenture's benefit • Additional grants of cash or assets

6.2 Financial – 2011 and Beyond

1. Background Information - Position at December 31, 2010

It is expected that as of December 31, 2010, CentreVenture's net asset balance will stand at approximately $10.7 million. Below is a brief overview of sources and uses of assets:

Sources of Assets:	**(000's)**
• **Net proceeds of land sales, under the terms of the asset agreement**	**$ 3,000**
• **City of Winnipeg contribution to the Urban Development Bank**	**10,000**
	13,000
Community investments in and pursuit of CentreVenture's mandate	
• **Prior to 2008**	**(1,195)**
• **2008 to 2010**	**(1,051)**
	10,754

The following are examples of some projects that have had a community investment component through 2008 to 2010:

- Central Park
- United Way land assembly
- Winnipeg Regional Health Authority land assembly
- Youth for Christ land assembly
- Waterfront Drive streetscaping

- **Overview of CentreVenture's Financial Position**

It is estimated that as of December 31, 2010, CentreVenture's net assets will be invested as follows:

	(000's)	Actual 2009	Estimated 2010
Cash & Sundry Receivables		$533	$2,764
Heritage Tax Credit and MFDG gap financing loans		4,910	5,038
Loans and Mortgages		3,959	3,464
Property held for development		2,226	2,995
(includes 109 James, 265 Princess, 260 Princess, 666 Main Street, 311 Portage Ave. 662 Main Street (Bell Hotel))		611	765
Computer/Leaseholds/Equipment		257	388
Line of Credit		(222)	(2,865)
Other liabilities		(1,054)	(1,795)
Total Net Assets at December 31		**$11,220**	**$10,753**

2. Requirements for Cash/Financing in 2011-2013

CentreVenture has cash requirements for three items. These are:

- Operations;
- Investments in commercial development projects; and
- Contributions made as part of community investment activities.

As described in the preceding section, CentreVenture's estimated December 31, 2010 net asset position (at book value) is approximately $10.7 million. Of of this amount only $2.7 million will be held in liquid investments. The balance of CentreVenture net assets are invested in income producing assets or assets held in anticipation of commercial developments or community investments.



Architectural Rendering of Pantages Playhouse Theatre Redevelopment, 180 Market

Due to a declining asset base, CentreVenture has become more reliant on borrowed funds as the source to generate capital for loans reducing the net contribution to revenues. Over the past three years, UDB investments have, on average, reduced assets by $780,000 per year (excluding a gain from the sale of the MEC building). The Asset Agreement surplus/non-performing properties are essentially depleted leaving no on-going source of revenue. [Note: CentreVenture receives an annual $100,000 grant from the City of Winnipeg; however, CentreVenture has paid an average of $72,000 annually in property taxes over the past three years.]

The execution of the 2011 plan, as described in preceding sections is expected to increase City revenues and require significant capital. CentreVenture's capital requirements align with the elements of operations.

Financing

- Gap/Bridge financing demands will increase as the momentum of the downtown builds. The Downtown Residential Development Grant has generated an increased demand for bridge financing. With the potential of up to $20 million dollars in grants available CentreVenture is estimating that up to 70% of the projects could require bridge financing.
- The "stay the course" approach on Main Street and the Cultural District will continue to place demands for financing City of Winnipeg heritage tax credits. Other loans and mortgages will also require an infusion of additional cash.
- While this financing will be income producing, the use of borrowed monies impacts the revenue potential.

Commercial Development/Community Investment

- With no Asset Agreement properties available for development, the opportunities initiated by CentreVenture will require land acquisition/assembly. Historically not all costs are recoverable and capital erosion results.

Administration

- There will be increased demand on staff/administrative resources to implement the Portage Avenue Development Strategy in addition to CentreVenture's core activities. It is expected that the TIF program for the SHED will be a source of revenue that could assist in offsetting the increased administration costs.

Portage Avenue Development Strategy

- The implementation of the Portage Avenue Development Strategy will require seed capital in the form of master and business planning for the SHED District, assistance with establishing the mall management and marketing plan and other initiatives that emerge from the planning and consultation process. It is expected that such funds would be reimbursed to CentreVenture from future revenue from the TIF district.

5.3 Urban Bank Projections

Urban Bank Net Assets Projection 2011-2013

Potential Urban Bank Projects/Costs	(000's)
Non-profit Housing Project	(350)
Operational losses three years	(600)
Pump House base building refit	(1,000)
Cultural District capital improvements	(300)
Non-recoverable land assembly cost	(500)
Total estimated project costs/community investment	**(2,750)**
Average per year	(917)

	(000's)
Total Net Assets estimated at December 3, 2010	$10,753

Urban Bank estimated deficit

2011	(917)
2012	(917)
2013	(917)

Total Net Assets estimated at December 31, 2013 **$8,002**

Potential Funding Sources:

- additional operating grant from the City of Winnipeg
- additional operating grant from the Province of Manitoba
- additional properties declared surplus by the City of Winnipeg
- TIF financing by district/project
- additional cash infusion from City of Winnipeg
- external income sources
  - consulting
  - commission on property sales
- development fees
- third party project management (MPI)
- investment in revenue producing properties/Winnipeg Parking Authority/ CentreVenture joint ventures

Appendices

A: 2008-2010 Tax and Construction Cost Chart
B: Portage Avenue Development Strategy
C: CentreVenture Development Corporation 2011 Operating Budget

Appendix A: 2008-2010 Tax and Construction Cost Chart

2008-2010 Tax and Construction Cost Chart

Project	Type	Land Assembly	Financing	Est. Municipal Taxes	Est. Provincial Taxes	Construction Budget
Mountain Equipment Co-op*	New commercial	X	X	26,094	44,344	2,350,000
Winnipeg Regional Health Authority	New commercial	X	X	181,953	317,360	30,000,000
Main Meats (661 Main Street)	New commercial	X	X	2,791	4,674	500,000
The Edge on Princess (230 Princess)	Residential Conversion		X	32,388	43,636	6,500,000
Residences on York (160 Smith St)	Residential Conversion		X	246,592	335,617	30,000,000
The White House (234 Portage Ave)	Heritage Renovation		X	5,161	8,943	5,000,000
YouCube condominiums	New residential	X	X	42,371	47,181	5,000,000
United Way	New commercial	X	X	74,435	129,829	9,000,000
A&B Sound site	New commercial	X		248,118	432,764	25,000,000
Sky Waterfront condominiums	New residential	X		251,172	301,593	22,000,000
Centre Village apartments*	New residential	X	X	12,219	13,606	3,700,000
Kelly House	Heritage Renovation		X	3,474	6,059	450,000
Sport Manitoba	Heritage Renovation			49,624	86,553	5,000,000
Seven Argyle Street	New residential	X	X	82,253	89,546	10,000,000
104 King Street redevelopment	Heritage Renovation		X	41,353	72,127	10,000,000
YFC Centre for Youth Excellence	New commercial	X	X	20,000	25,000	11,000,000
Union Bank/Paterson GlobalFoods	Heritage Renovation		X	145,664	207,267	27,000,000
Streetside (Nygard) Block	Res. Conversion	X	X	233,613	249,993	25,000,000
Bell Hotel Supportive Housing*	Res. Conversion	X	X	41,353	72,127	5,500,000
Avenue Building apartments	Res. Conversion	X	X	64,424	89,477	8,500,000
668-670 Main Street	New commercial	X		19,849	53,263	1,800,000
Metropolitan Theatre	Heritage Renovation	X	X	37,798	72,342	16,000,000
Harbourmaster Building	New commercial			74,563	143,300	7,500,000
Old Market Square	Public Destination		X	N/A	N/A	1,500,000
Central Park redevelopment	Public Destination		X	N/A	N/A	5,000,000
				$1,937,261	**$2,846,601**	**$273,300,000**

Appendix B: Portage Avenue Development Strategy

PORTAGE AVENUE

July 2010

development strategy

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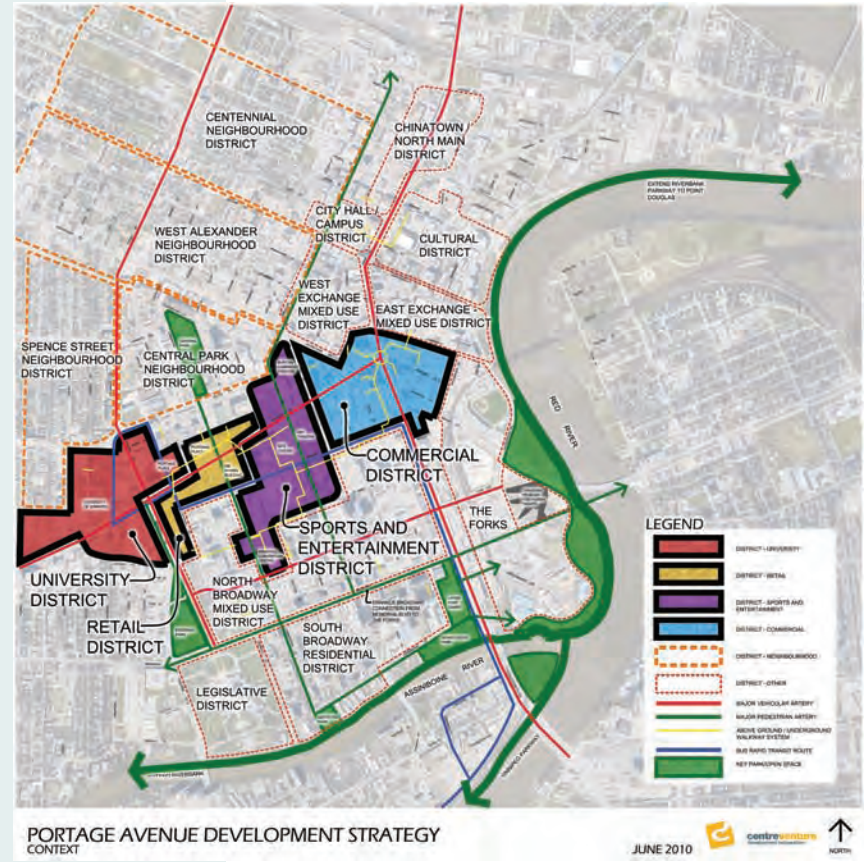
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INTRODUCTION

On behalf of the Downtown Council we are pleased to present the Portage Avenue Development Strategy. The Framework, prepared by CentreVenture in collaboration with the Downtown Council articulates a common vision for Portage Avenue and is intended to complement and support the Our Winnipeg planning process.



Members of the Downtown Council include:

- CentreVenture Development Corporation - Ross McGowan, President and Chief Executive Officer

- The Province of Manitoba - Linda McFadyen, Deputy Minister of Local Government

- The City of Winnipeg - Deepak Joshi, Director of Planning, Property and Development

- Forks North Portage Partnership - Jim August, Chief Executive Officer

- Economic Development Winnipeg - Marina James, Chief Executive Officer

- Winnipeg Chamber of Commerce - Dave Angus, Chief Executive Officer

- Downtown Winnipeg BIZ - Stefano Grande, Executive Director

- Exchange District BIZ - Brian Timmerman, Executive Director

- Winnipeg Convention Centre - Klaus Lahr, Chief Executive Officer

- Winnipeg Police Service - Inspector Bruce Ormiston

- University of Winnipeg - Dr. Lloyd Axworthy, President

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CONTEXT

Over the past decade significant public investment has been made on Portage Avenue including such initiatives as the Portagescape streetscaping project, MTS Centre, and Manitoba Hydro. While public investment is often the necessary catalyst to development, the objective should be to attract and support private investment - the true indicator of economic success. In order to achieve this objective it is essential that a comprehensive plan be in place – one that articulates a vision, that encourages and supports such investment and most importantly protects that investment. This fundamental principle of investment attraction and protection is the cornerstone of the Portage Avenue Development Strategy.

The Portage Avenue plan refines the definition of downtown, provides focus for development, encourages increased density of development and supports a concentrated retail, commercial, residential and entertainment mix. The Portage Avenue plan acknowledges the social and economic context of Portage Avenue and introduces specific actions intended to support development within the context of a public/private investment strategy.

The mission is to make Portage Avenue a better place, unique to the city, giving residents and visitors a good reason to come, stay and invest in downtown.

OBJECTIVES

The objectives of the Strategy are to:

- Focus development inward towards Portage Avenue thereby increasing development density and pedestrian traffic that in turn support existing attractions such as the retail district on Portage and Graham, the MTS Centre, Portage Place, The Bay, the University of Winnipeg and the Winnipeg Convention Centre;

- Identify and support a Sports and Entertainment District as a major downtown attraction;

- Develop a viable financial/business plan that reduces the impact on public funding by establishing a framework for private sector confidence and investment;

- Develop and commit to a comprehensive Investment Protection Strategy in support of further private and public development; and

- Encourage participation by all levels of government and the private sector in support of the plan.

The following document provides an overview of the Portage Avenue Development Strategy and establishes a collaborative action plan that provides for a focused and comprehensive renewal of the social, physical and economic fabric of this most important area of downtown.

Portage Avenue can be characterized by a lack of connections - a melting pot of all that is good and bad in the downtown. And yet, it exhibits a strong sense of pride and renewal. To be effective, the plan must address the strengths and weaknesses of the area in a thoughtful, yet pragmatic and sustainable manner.

Portage Avenue can be characterized by a lack of connections - a melting pot of all that is good and bad in the downtown. And yet, it exhibits a strong sense of pride and renewal. To be effective, the plan must address the strengths and weaknesses of the area in a thoughtful, yet pragmatic and sustainable manner.

Portage Avenue, for the purposes of the development strategy, has been segmented into four distinct districts, each contributing in its own way to the character of the Avenue. Working together, these districts will strengthen the downtown in a lasting and meaningful way.

The Four Districts include:

The University District
The Retail District
The Sports and Entertainment District, and
The Commercial District.

CURRENT DEVELOPMENT patterns

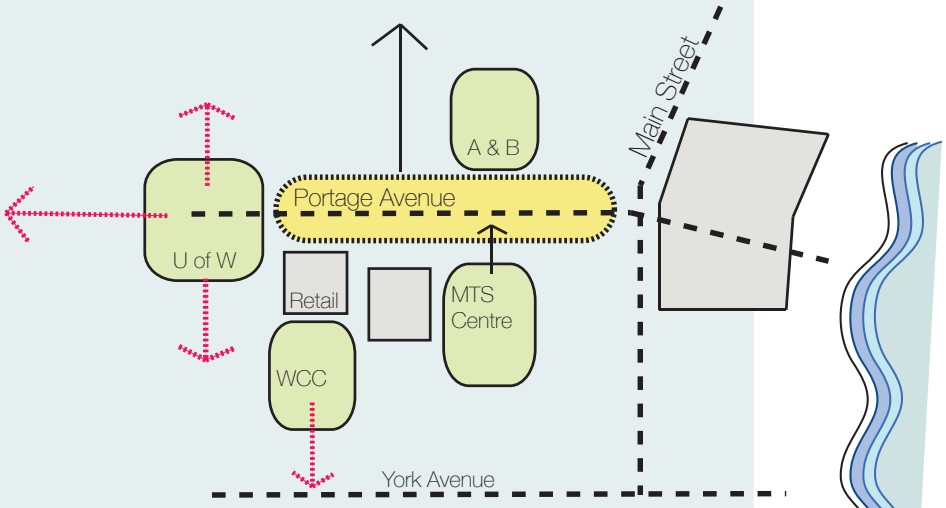


DIAGRAM #1:
Existing Development Pattern

Existing development patterns (Diagram #1) are moving outward from the focus of Portage Avenue, increasing the internal void, dispersing density and pedestrian traffic and generally contributing to an ever-enlarging, unsustainable downtown core.

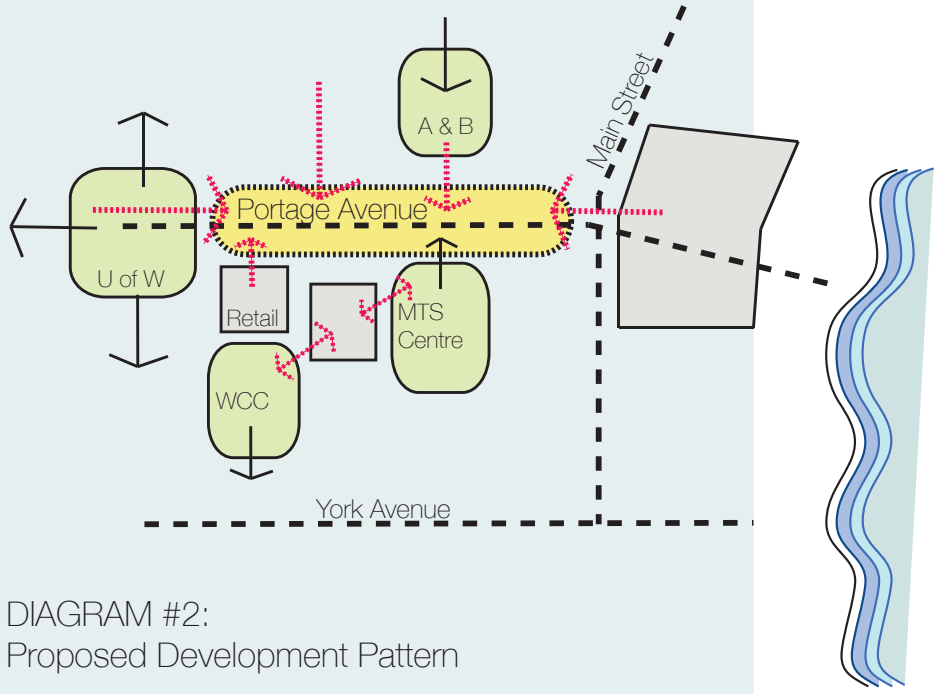
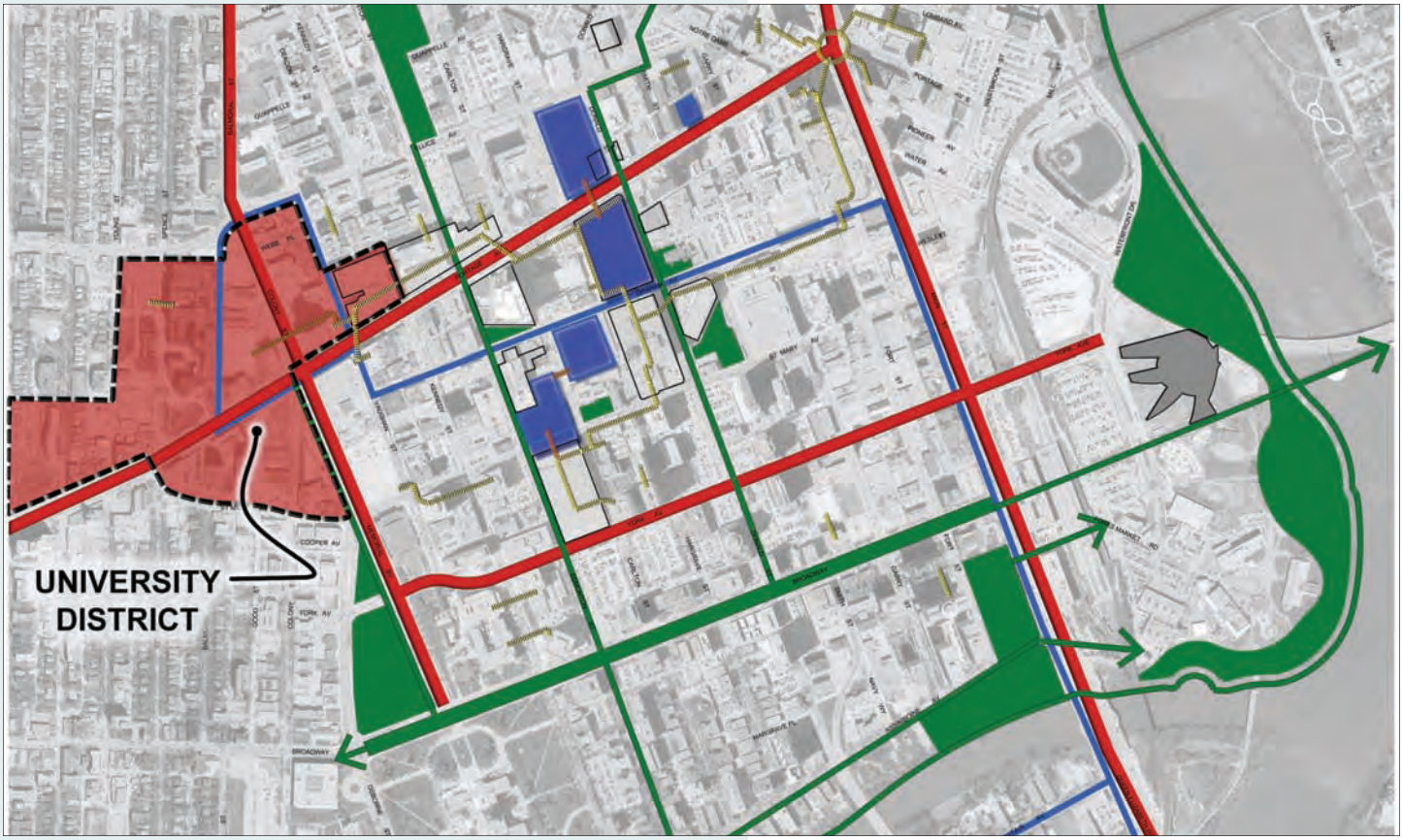


DIAGRAM #2:
Proposed Development Pattern

Proposed development patterns (Diagram #2) would focus development inward towards Portage Avenue thereby increasing density, pedestrian activity and complementary investment opportunities in support of a sustainable development strategy.

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UNIVERSITY district



The University of Winnipeg, the western anchor of the Portage Avenue Strategy, could emerge as the most significant contributor to future downtown growth and should be better connected to downtown. The Strategy suggests extending the weather protected walkway system from the University of Winnipeg across Balmoral Street to Portage Place. This single action would connect the University directly to Portage and Main and potentially add 16,000 people in support of retail, entertainment and residential development.

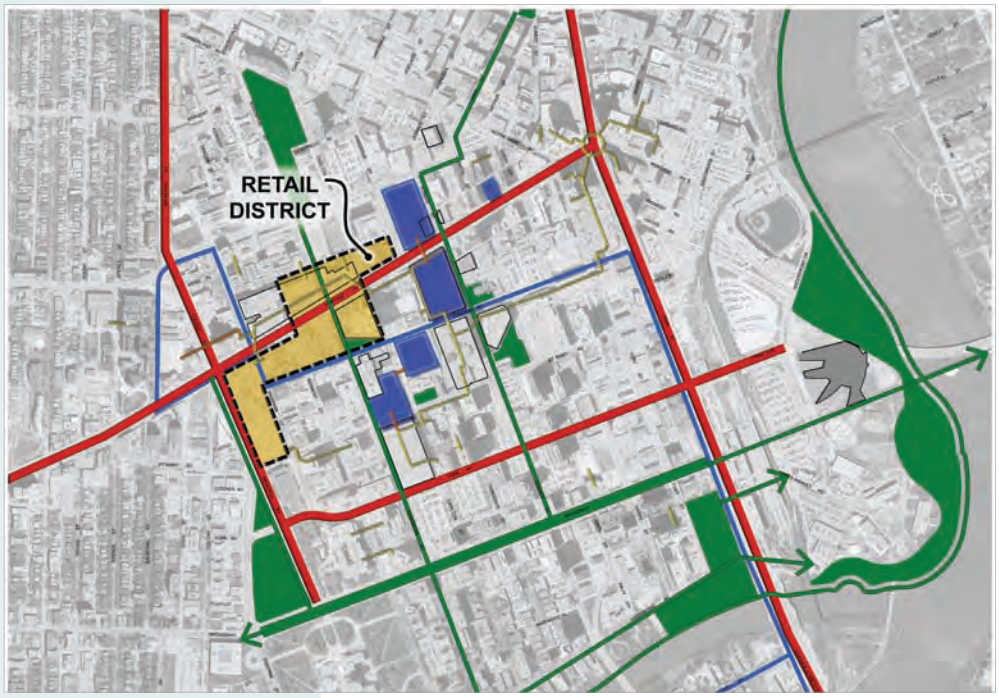
With the connection in place, a portion of Portage Place (west of Kennedy Street) could be converted to classroom or lab space, further reinforcing the link and inclusion of the University as a major driver of





downtown revitalization. The expansion of the University of Winnipeg to Portage Place would enhance the viability and diversity of Portage Place, providing mall management the opportunity to focus retail uses east of Kennedy Street. The increase in use and density should encourage further consideration for the mixed use development of Portage Place's "PAD sites" for commercial and/or residential use.

RETAIL district



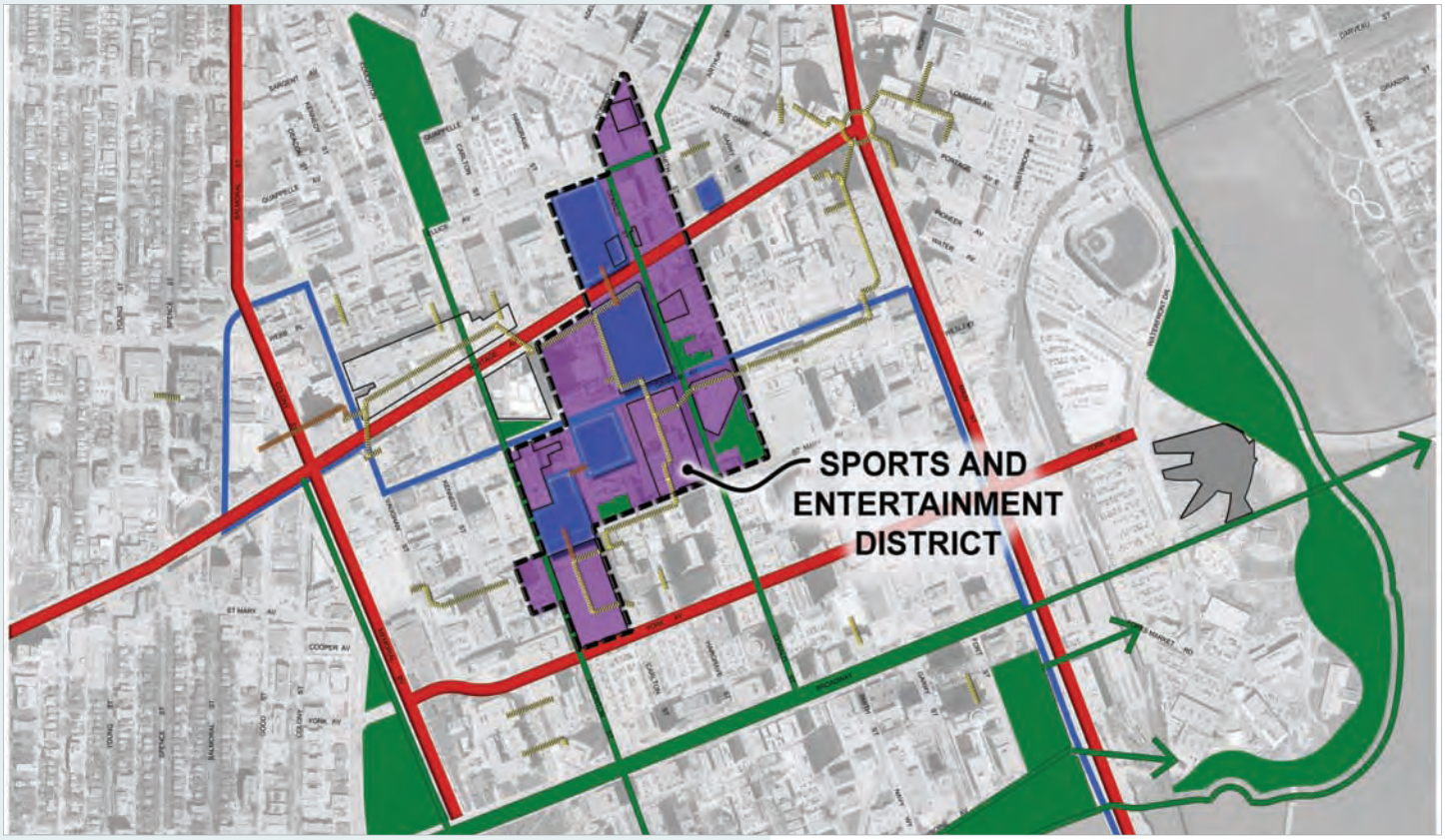


The Retail District, long since reduced in size from the heyday of the 1950s and 60s, is essentially bounded by Graham Avenue to the south, Portage Place to the north, The Bay on the west and Hargrave Street to the east. The retail district could be one of the most significant beneficiaries of the inward focus of the Strategy. As change and development occurs, demand for retail uses in this area would likely increase, along with rental and property values, as a result of a shift in the demographic characteristics of Portage Avenue. Supporting redevelopment of The Bay – an integral part of the retail district – in collaboration with the private sector and all levels of government will be a priority of the Portage Avenue Development Strategy.

In support of the Retail District, pedestrian comfort and safety, through an enhanced streetscape and lighting program, must be a priority in the focus area.

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SPORTS & ENTERTAINMENT district



Building on the success of the MTS Centre and in keeping with downtown revitalization efforts of other major North American cities, it is proposed that a concentrated effort be made to establish a Sports and Entertainment District as the focal point of the new Portage Avenue. While the boundaries may vary, depending on the marketplace, the essence is to create an area that capitalizes on the increased density of users and activities and forges a plan that capitalizes on the extraordinary and underutilized resources of the area. Having identified the general boundaries, the next step will be to prepare a detailed master plan and associated business plan for this district that clearly illustrates the elements of the development and the costs/benefits of further public and private investment in this area. At a minimum it is envisages that the A&B Sound site at the corner of Donald and Portage, currently owned by CentreVenture and the Forks North Portage Partnership, would be developed

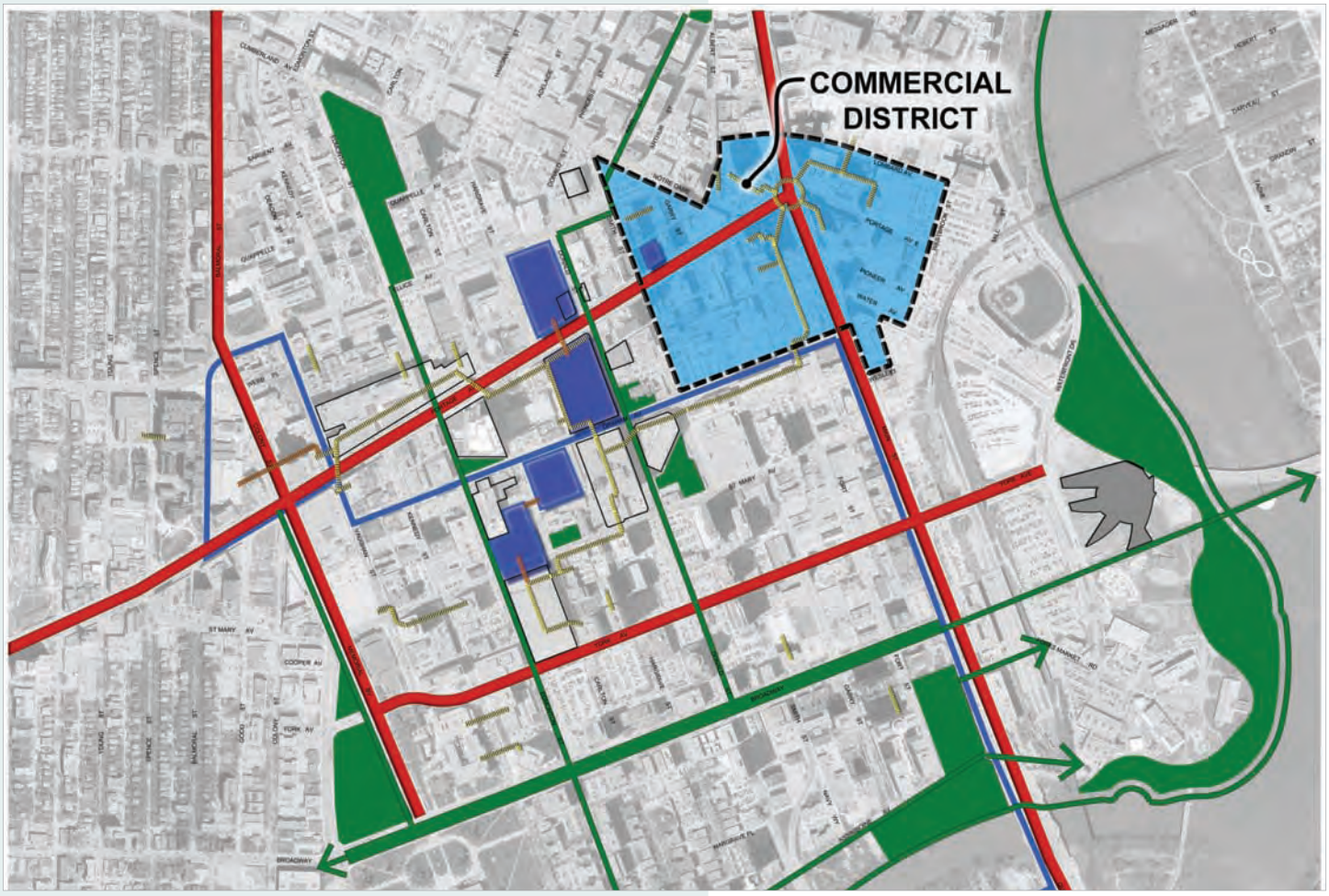
for hospitality and commercial uses. The private sector-led development of the A&B Sound site would not only add more “feet to the street” but would remove a blight from Portage Avenue, further reinforcing private sector confidence in the rejuvenation of Portage Avenue. To the south, we would expect to see greater synergies between the MTS Centre and the Winnipeg Convention Centre. Such collaboration would encourage the Convention Centre to explore expansion opportunities to orient towards the ‘centre’, with the redevelopment of the Cityplace parking lot considered for complementary hospitality, parking, meeting and perhaps commercial development in support of both the MTS Centre and Convention Centre. The pedestrian level in this zone, connected to the Retail District could well be the epicentre of the Sports and Entertainment District with bars, restaurants, and shops. A revitalized Metropolitan Theatre, currently being planned as a mixed use entertainment venue, would be a major draw to the area and a catalyst for further private investment in this important district.







COMMERCIAL district



As the principal anchor to the east, efforts to include this important revenue source should not be lost in the planning of Portage Avenue. With the recent announcement of the Avenue Building redevelopment, a renewed sense of confidence has emerged and private landowners are encouraged to play a role in fostering a sense of commitment to Portage Avenue. Initiatives such as the Portage Avenue Lighting Plan will be promoted with property owners given their extensive financial contribution to the BIZ and tax base, further private sector investment can be expected from this District.

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IMPLEMENTATION



The Framework - making downtown smaller, increasing density and providing focus - must be supported by the private sector and all three levels of government in order to succeed. Resources must be used wisely in order to attract public and private investment. To attract public and private capital, an Investment Protection Strategy, that is predictable and vigorously defended, is required.

Key elements of the Investment Protection Strategy include:

1. Adopt a "mall management" approach to Portage Avenue, providing for visitor expectations and social responsibilities similar to what one would experience at a regional shopping centre;

    a. Increase public comfort by working closely with adjoining hotels and vendor owners, the Manitoba Liquor Control Commission, and Manitoba Lotteries to address and resolve the impact of offsite sales within and adjacent to Portage Avenue;
    b. Develop and adequately fund a sustainable and comprehensive safety strategy for the Portage Avenue "mall" as a whole;
    c. Develop and adequately fund a marketing strategy to increase public awareness and to attract private investment;

d. Support and adequately fund a retail and entertainment recruitment strategy.

2. Complete the Business Plan for the Sports and Entertainment District Plan to clearly illustrate the components and context for development and investment;

3. Explore public and private funding opportunities to implement the Portage Avenue Lighting Plan as a major civic attraction;

4. Acknowledge the importance and influence that shoulder neighbourhoods such as Spence and Central Park have on Portage Avenue and continue support for residential, recreational and economic development in these neighbourhoods.

It is anticipated that detailed, complementary plans will be prepared for each of the above within the context of the overall Portage Avenue Development Strategy. It is expected that the appropriate members of the Downtown Council will lead the preparation of these critically important plans.

FINANCIAL considerations

The fundamental premise of the Portage Avenue Development Strategy is that we can no longer look at governments as the primary source of revenue for revitalization efforts. However, a level of funding creativity, predictability and stability is required to guide both planning and development. The Strategy will therefore explore various financial models that will be of mutual benefit to the public and private sectors.

One model is the current Tax Increment Finance (TIF) program. The strategy will examine the notion of designating the Sports and Entertainment District as a TIF zone to act as the economic engine for the overall Portage Avenue Strategy. Utilising underperforming or underdeveloped sites within this District has the potential to generate significant incremental property and education taxes.

It is this predictable cash flow that is envisioned as a source of capital to fund such initiatives as pedestrian walkway connections, land acquisition, streetscaping, marketing and funding for other development initiatives that will no doubt emerge as the Strategy evolves.

Programs and new developments could be accelerated by borrowing against future cash flows from the TIF zone for a prescribed period. CentreVenture would be pleased to lead such a program on behalf of its shareholder and the downtown partners. It would be reasonable to assume that such a program would be time sensitive in order that the City and the Province realize tax gains after a prescribed number of years or until the initial debt is retired.

Initial seed capital to kick-start the TIF could come from the sale of surplus Provincial and/or Civic properties or through CentreVenture's borrowing authority, with funds to be replaced as TIF funding materializes.

In addition, efforts will be made to engage the federal government in participating in downtown revitalization initiatives through GST rebates, program and capital funding, and/or tax credits for urban dwellers.

Other programs, including the Downtown Residential Development Grant Program will be harmonized with the Portage Avenue plan, particularly as they relate to expansion of student and market affordable housing and support for existing residential neighbourhoods including the Exchange and Broadway-Assiniboine Districts - neighbourhoods that will continue to be the feeder system for Portage Avenue.

Of critical importance to the revitalization effort is a commitment to public parking. The Downtown Council supports a downtown parking strategy as an economic tool to stimulate important development initiatives that rely on accessory parking. The parking strategy will be integrated into the Portage Avenue Development Strategy in a supporting role that promotes investment and in particular will be a key element of the business plan for the Sports and Entertainment District.

IMPLEMENTATION priorities

Our priorities as CentreVenture and in collaboration with the Downtown Council are to:

1. Complete the Master Plan and Business Plan for the Sports & Entertainment District by Spring, 2011 including the assignment of roles and responsibilities;

2. Initiate the Portage Avenue Mall Management Plan;

3. Secure development of the Avenue Building;

4. Complete Phase I of the A&B Sound Block redevelopment – Commencing in 2011;

5. Support redevelopment of The Hudson's Bay Co. building;

6. Support redevelopment of the Metropolitan Theatre;

7. Explore connecting the University of Winnipeg to Portage Place and encourage development of the PAD sites atop Portage Place; and

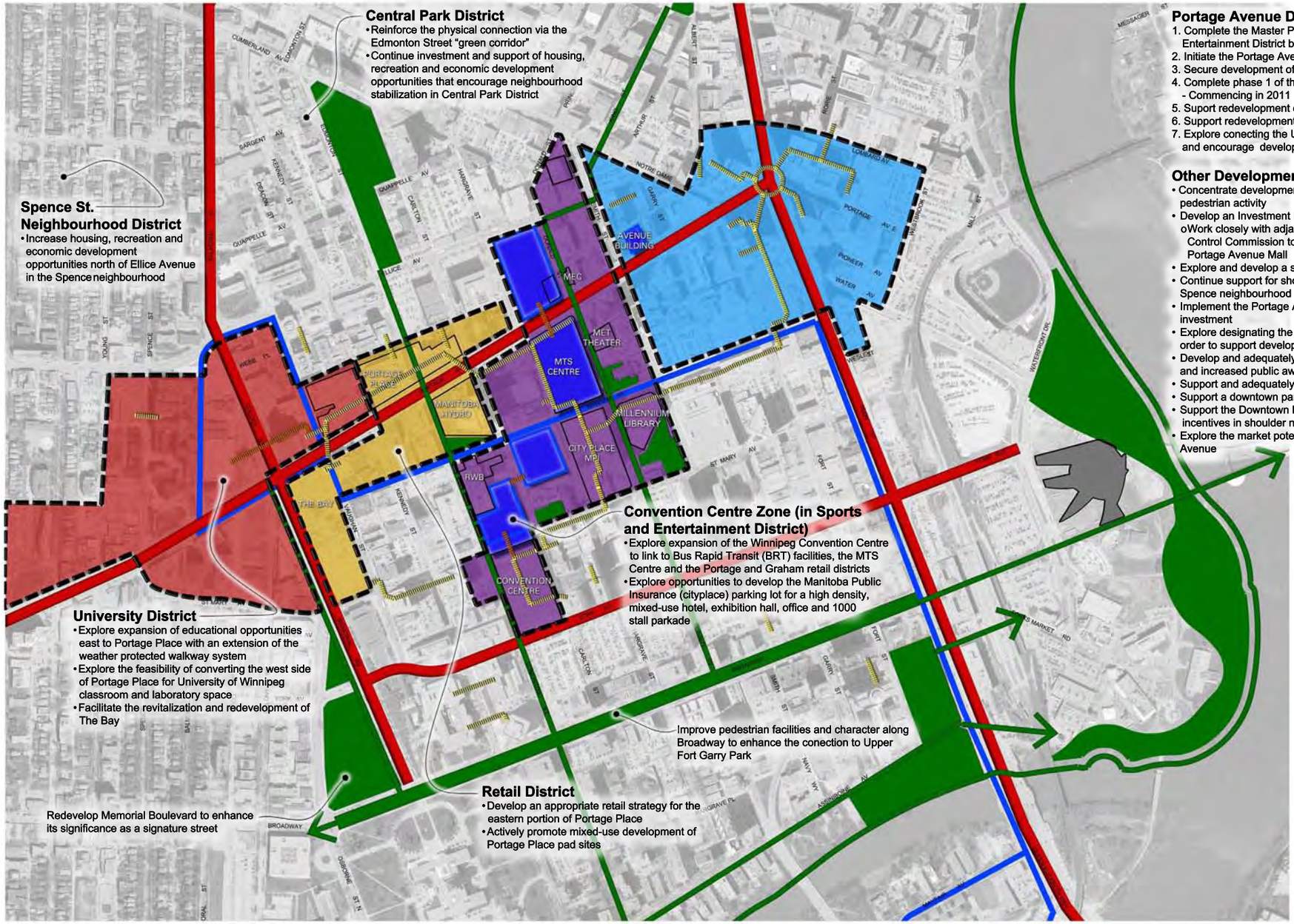
8. Other priorities as confirmed in the business plan.

CONCLUSION

The Portage Avenue Development Strategy represents an opportunity to revitalize Portage Avenue by establishing it as development priority. The Strategy reflects the dedication and shared vision of the Downtown Council and a sincere desire to bring renewed life and activity to Downtown Winnipeg's most prominent avenue.

The Strategy is based on bricks and mortar initiatives that will result in increased densities and pedestrian activity, and programming initiatives that will enhance the desirability of the street. It establishes priorities that can be undertaken concurrently with CentreVenture's three-year business plan. In short, the Strategy provides context and certainty that can help direct resources and focus for both public and private sector investment on the street.

SUMMARY



Portage Avenue Development Priorities

1. Complete the Master Plan and Business Plan for the Sports & Entertainment District by September 2010
2. Initiate the Portage Avenue Mall Management Plan
3. Secure development of the Avenue Building
4. Complete phase 1 of the A&B Sound Block redevelopment - Commencing in 2011
5. Suport redevelopment of the Hudson's Bay Co. building
6. Support redevelopment of the Metropolitan Theatre
7. Explore conecting the University of Winnipeg to Portage Place and encourage development of the pad sites atop Portage Place

Other Development Priorities

- Concentrate development to increase commercial/residential density and pedestrian activity
- Develop an Investment Protection Strategy
  - oWork closely with adjacent hotel/vendor owners and the Manitoba Liquor Control Commission to resolve the impact of offsite sales within the Portage Avenue Mall
- Explore and develop a sustainable and comprehensive safety strategy
- Continue support for shoulder neighbourhoods around Central Park, the Spence neighbourhood and the University of Winnipeg
- Implement the Portage Avenue Master Lighting Plan with public and private investment
- Explore designating the mixed-use district a Tax Increment Finance Zone in order to support development initiatives, incentives, and land acquisition
- Develop and adequately fund a marketing strategy for attracting investment and increased public awareness
- Support and adequately fund a retail recruitment strategy
- Support a downtown parking strategy as an economic development tool
- Support the Downtown Residential Development program for housing incentives in shoulder neighbourhoods
- Explore the market potential for disposal of provincial parking lots on York Avenue

PORTAGE AVENUE DEVELOPMENT STRATEGY

JUNE 2010

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Appendix C: CentreVenture Development Corporation 2011 Operating Budget

CentreVenture Development Corporation

2011 Operating Budget	Year Forecast Jan - Dec '10	Year Budget Jan - Dec '11
Ordinary Income/Expense		
Income		
OPERATING FUNDS		
Operations Grant-City Winnipeg	100,000	100,000
Rental Income	29,616	24,000
Interest Income	506,028	677,262
Fee Income	250,838	131,796
Total OPERATING FUNDS	886,482	933,058
Expense		
Operating Expenses		
ADMINISTRATION		
Administration	643,919	803,379
Bank Charges and Interest	20,739	69,603
Amortization	67,721	67,000
Insurance	9,769	10,250
Office	62,166	69,552
Professional Fees		
Consulting/Marketing	13,158	45,871
IT and other	9,581	10,100
Legal, accounting	19,280	19,916
Public Destination	1,680	5,000
Total Expense	848,012	1,100,670
Net Income	38,470	(167,612)