



Third Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

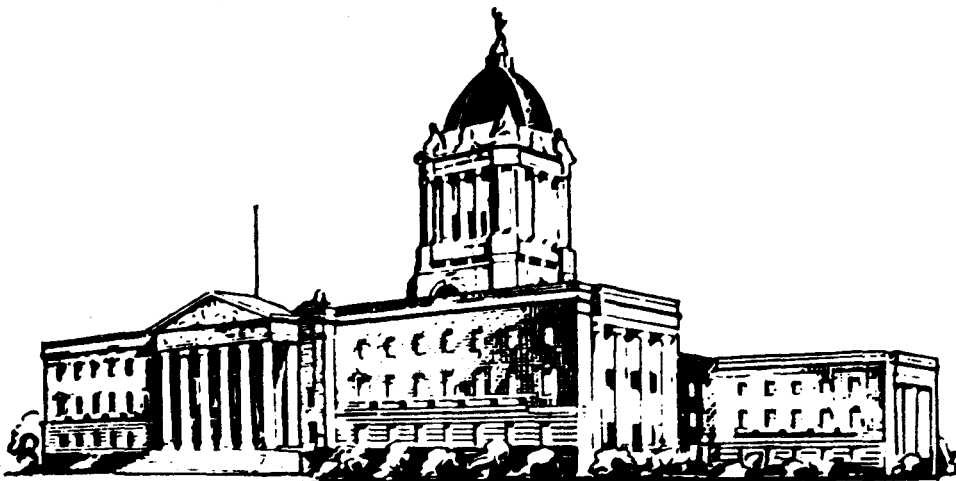
STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

39-40 Elizabeth II

*Chairperson
Mrs. Louise Dacquay
Constituency of Seine River*



VOL. XLI No. 3 - 10 a.m., TUESDAY, MARCH 24, 1992



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
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DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
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McCRAE, James, Hon.	Brandon West	PC
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MITCHELSON, Bonnie, Hon.	River East	PC
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ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
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REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
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SANTOS, Conrad	Broadway	NDP
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SVEINSON, Ben	La Verendrye	PC
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Tuesday, March 24, 1992

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mrs. Louise Dacquay (Seine River)

ATTENDANCE - 10 QUORUM - 6

Members of the Committee present:

Hon. Messrs. Ducharme, Ernst

Mrs. Dacquay, Ms. Friesen, Messrs. Gaudry, Laurendeau, McAlpine, Neufeld, Sveinson, Ms. Wowchuk

APPEARING:

Arnold Naimark, Chairman of the Board, North Portage Development Corporation

Kent Smith, General Manager, North Portage Development Corporation

MATTERS UNDER DISCUSSION:

1991 Annual Report
 North Portage Development Corporation

* * *

Madam Chairperson: Will the Standing Committee on Municipal Affairs please come to order.

This morning the committee will be considering the 1991 Annual Report of and business pertaining to the North Portage Development Corporation.

The treatment of this annual report and the subject matter of the corporation is somewhat different from the usual committee consideration of annual reports, given that there is no legislative requirement for the report to be considered by the committee.

When the Standing Committee on Municipal Affairs met on December 11, 1990, to consider the North Portage Development Corporation, the committee agreed at that meeting to establish a process, and I will quickly highlight the details concerning the process at that point in time.

They agreed to hear opening statements from the minister responsible and from both critics from the opposition parties. The committee also agreed that

questions should be directed to the minister responsible who may then redirect the questions to officials of the North Portage Development Corporation. Finally, the committee agreed at that meeting to adopt the following guidelines:

a) discuss means for the corporation to become more accountable for its actions and decisions taken;

b) review the corporation's mandate;

c) review the corporation's decision-making processes; and

d) review the corporation's future plans.

Is the committee agreeable to using these same guidelines and proceeding in the same manner for today's meeting? Agreed? Agreed and so ordered.

I would just like to also remind the committee that we are not here today to pass the report as is traditionally done with other committees considering annual reports. The opportunity will be available to address questions pertaining to the report and to the business of North Portage. When the committee has exhausted its consideration of this matter, the committee rises without passing the report.

We will now proceed then with opening statements from the minister responsible.

Hon. Jim Ernst (Minister of Urban Affairs and Housing): Madam Chairperson, I do not have an opening statement per se. I would like, however, for those of you who are not familiar, to introduce Dr. Arnold Naimark who is the Chairman of the Board of the North Portage Development Corporation; Mr. Kent Smith next to him who is the General Manager; and Mr. Paul Webster sitting behind here who is the Chief Financial Officer of the corporation. They will be providing most if not all of the information that is required here this morning.

One issue that remains outstanding is the question of a merger between North Portage and The Forks Renewal Corporation, which was a subject of some discussion in previous years. I can advise that discussions between the policy

committee members, the shareholders of the North Portage Development Corporation, that is, the mayor, myself and the Honourable Jake Epp, federal minister, have been ongoing.

* (1005)

We have presently engaged a consultant to provide some additional information and to review certain aspects of the two corporations in an attempt to provide the basis for which merger discussions can continue and at some point, hopefully, reach a conclusion. So I can tell you that that matter is still underway and ongoing, and we will hopefully have that resolved or at least have that consultant's report within the next couple of months, and we will see where we go from there after that.

Madam Chairperson: Thank you, Mr. Minister. Ms. Friesen, the official critic for the official opposition.

Ms. Jean Friesen (Wolseley): Thank you, I do not have an opening statement either, but I would like to indicate some of the things I would like to talk about today.

One is obviously the new plans for an office building that the corporation is proposing. We are still concerned about the vacancies, as I am sure the corporation is, too.

I think the South Side continuing operations I would like to discuss as well. Then beyond that I would like to look at some questions of security which relate still to the issues of public place that I brought up consistently in this committee. I am concerned about the level of recreation that is being provided by a public corporation and the role of a public corporation generally in its relationships to the city of Winnipeg and to Plan Winnipeg. Those are the directions that I would like to go, Madam Chairperson.

Mr. Nell Gaudry (St. Boniface): I do not have an opening statement either, but we will be looking forward to asking questions. It seems by what has been passed around this morning that it is going to be a flourishing project, so we will be looking forward to questions and answers. Thank you very much.

Madam Chairperson: At this point we will then proceed through the question-and-answer process.

Ms. Friesen: Could we start then with some questions about the headquarter facility for information systems that is being proposed here? I have looked at the design, or at least the location

plans that you indicate in the map, and I am concerned about going ahead with another office building, first of all in this whole complex, where I believe that the original intent of that section of North Portage and also of north Portage generally was to increase the density of housing downtown. So I am concerned that what you have chosen is an office building over housing and that you might indeed have made a short-term decision rather than a long-term one. I would be interested in hearing the corporation's reflections on that.

Mr. Ernst: I will defer to Dr. Naimark.

Mr. Arnold Naimark (Chairman, Board of Directors, North Portage Development Corporation): The office development in North Portage was an integral part of the concept and development plan approved by three levels of government, and the total amount of office space is within the general projection. However, the extent of housing development was significantly impacted by the development of housing units by other developers in the downtown area, especially Mr. Bergen in Fort Garry Place or whatever the appropriate name is.

* (1010)

Whereas he had originally talked about 300 units, in the end he developed something close to 1,000. So if one looks at the total increase of residential units in the downtown area, it has been very substantial. As many members of the committee will know, the interest of developers in moving ahead with further downtown residential facilities is limited. We have, however, reserved space in our development area to allow us to proceed with additional housing when that becomes economically feasible and when we can attract the interest of developers in doing that.

With respect to the ISM facility generally, it is a facility that will link well with the surrounding developments in the area especially the CIIT building on Ellice and Vaughan that will become an institute for biodiagnostics.

It also is a labour-intensive facility. It is mainly office and computer-type developments with a significant training component and will link into some of the training activities that are going on in the area already. It will certainly add to the amount of people traffic. It also will generate additional parking revenues for the corporation. So we see it as a useful component but do not regard it as a

substitute for a long-term housing development. We are still very much interested in increasing the density of residence downtown.

Ms. Friesen: Can we go back a bit to where you talk about the relationship of office space to housing space. You talked about projections. I do not know that I have those figures. Where can I find them?

Mr. Nalmark: They are in the original concept and development plan for North Portage, and we can provide them at some time. We did not bring them here.

Ms. Friesen: Could you tell me then what they are? What is the proportion of housing to office space that you anticipate, say within the next five years?

Mr. Nalmark: We are not sure what will happen with respect to housing in the next five years. What I have said is that we will build as much housing as the market will bear, but what we have done is reserve parts of our precinct area to allow that to happen.

In other words, we are not going to allow the area to fill up entirely with office buildings so that housing development would not be possible, but we are very much at the mercy of the commercial circumstances of the time and the interest of developers in putting up housing.

Ms. Friesen: What you are saying in a sense then is that you are going to let the market decide the goal and role of a public corporation.

Mr. Nalmark: Our mandate is to use our land resources to facilitate private-sector development. That is the mandate of the corporation. We were not given resources to build and operate such facilities on our own.

Corporations contribution was always seen in the form of land assembly, creation of infrastructure by way of site preparation, street and municipal infrastructure improvements, parking and linkages, but we were not to be the builders and operators of either office facilities, housing or commercial space.

Ms. Friesen: But you were as a public corporation to be involved in the development and planning of downtown Winnipeg, and it seems to me it is that planning role that is being lost here. I agree with you there has been an expansion of housing in downtown Winnipeg. There certainly has. There has been an expansion probably in areas that a proper downtown development plan would not have permitted.

What is the role of the North Portage Development Corporation in making those links with other planning authorities with the City of Winnipeg, with the market, to ensure that there is the kind of density that the North Portage Development Corporation was set up I believe to encourage?

Mr. Nalmark: That would be a slightly incorrect view of the mandate given to the North Portage Development Corporation. The by-laws, the concept plan approved by the three levels of government charge the North Portage Development Corporation with managing public and private-sector investment within its geographical mandate area. We have no authority over, nor any particular influence over what our shareholders or private developers do in respect of other parts of the city.

* (1015)

We do, however, have a major interest and concern and, to the extent that we are able, we constantly bring to the attention of the public and private sectors the desirability of co-ordination and integration. So, for example, when the question of recreational facilities came up as part of the possible development of The Forks, we pointed out to The Forks and the shareholders and others about the role of the North Portage Development Corporation in developing the downtown Y. We worked out an arrangement or understanding which allowed us and The Forks to arrive at a reasonable approach to the development of recreational facilities.

By the same token, we have been active participants in the Downtown Business Improvement Zone. We have been working closely with the Core Area Initiative program when they have been undertaking projects in contiguous areas. We have been active in responding to proposals relating to Plan Winnipeg in meetings of community committees. So I think the corporation's record is quite good in this area, but our ability to provide very direct impetus is limited by our mandate.

Ms. Friesen: In your response to Plan Winnipeg and in your involvement with Plan Winnipeg, have you ever discussed the issue of the geographical dispersion of housing and its effect upon the role of the downtown development corporation in increasing the density of housing?

Mr. Nalmark: I cannot answer specifically about what representations have been made with respect

to Plan Winnipeg, but we have been pressing continually, at least to everyone who will listen, that housing has always been a major interest of the North Portage Development Corporation and that there would be some value in concentration, but we, for example, do not control nor do some people believe it is proper for us to control what private developers decide to do in other parts of the downtown area.

Even though we can express our concern about it, in the end the private developers will develop where they feel it is appropriate for them to do so. So I think the corporation has served its informal role as an element of downtown revitalization extremely well.

Mr. Ernst: I just have one comment with respect to downtown Winnipeg and the development of housing. The City of Winnipeg's downtown development plan shows that the precinct bounded by the Assiniboine River, Main Street, Broadway Avenue and Kennedy Street, which is predominantly housing, should remain predominantly housing and housing should be encouraged to be developed there.

So in terms of the Fort Garry Place development, it was entirely within the city's downtown development plan to be constructed there. It was planned to be constructed there, and that precinct has for some time been slated through the downtown development plans that I participated in when I was a city councillor. It was intended to be for housing. Whether the absorption market of downtown housing can accommodate developments of the size that were constructed there all at once as opposed to being spent over a period of time or not was the choice of the developer, and he will have to bear the cost of maintaining those units until such time as they are absorbed in the marketplace.

* (1020)

At the same time, we have precincts north of North Portage which also have some difficulty in terms of absorption, and there are a considerable number of vacancies and difficulties associated with that development as well. The market can only consume so many units at any given time, so we have to be careful not to oversupply the market either, because that does not do anyone any good, and we run into difficulties like we did with one of the projects in North Portage.

Ms. Friesen: I wanted to go back to the relationship to Plan Winnipeg and the density of downtown development that Plan Winnipeg encourages and again to ask: What is the role of the North Portage Development Corporation in relationship to Plan Winnipeg in working with those guidelines and, in fact, as a publicly funded corporation to have a major input I think into Plan Winnipeg and into the maintenance of those guidelines.

Mr. Ernst: Well, I suspect that is exactly what they are doing, but at the same time, they have to consider what is economically viable. There is not much point, quite frankly, in suggesting or undertaking major new developments within that area simply for the purposes of increasing the density when they are not going to be economically viable.

North Portage's contribution, say it deals with the mandate of their particular development area or mandate area, as opposed to the balance of the downtown, but you know it is the city's job of co-ordinating where major development takes place as well. Because our downtown is so large, considerably larger than most, the fragmentation of development tends to be pulling one against the other. You have the north of Ellice pulling against the south of Broadway, you have North Portage in between, and you have potential other development taking place. Quite frankly, there is not much taking place at all at the present time.

I think basically Dr. Naimark has indicated what the role is, what their involvement is, and what their interest is, and that all well co-ordinates I think with what Plan Winnipeg is all about.

Ms. Friesen: I think perhaps I should end with a statement on that line of questioning, in that we all agree the scale of Winnipeg's downtown is too large for the population of the city at the present time. It has by absence of planning become very dispersed, and we are in a position where, as you say, one part of downtown is pulling against the other.

What we did do as three levels of government was to create a downtown development corporation which would have a lead role in maintaining the principles that we all agreed to were there. What I am concerned about is that by putting that ISM building where you do and at the time that you are planning it, you are cutting off those options for the long-range planning of downtown Winnipeg that was envisaged when we began North Portage.

Mr. Nalmark: I dispute that characterization of the events. First of all, we are not a downtown Winnipeg development corporation, we are a North Portage Development Corporation with a very specific geographic mandate. Secondly, as I have already said, we are very interested in increasing occupied housing in the north Portage area and in downtown generally.

I repeat again the construction of this three-storey building in the north Portage area will not in any way compromise or inhibit further development of housing in our mandate area. I think that to the extent that the market has permitted, North Portage has done a very good job in attracting downtown residents to an area that was being rapidly debilitated as a result of the flight of downtown residents.

I would assure the committee that we have not lost interest in the downtown development of housing at all or in the north Portage area. If anyone on the committee has any leads as to people who would like to build some, we are ready to listen to them.

Ms. Friesen: That was not the question. The question was, have you cut off options by putting something there now? It is, as I said in my opening statement, a short-term decision as opposed to a long-term decision, which is the longer mandate of the corporation which is to develop housing.

Nobody is questioning the amount of housing which has been done now. I think that is very well accepted in spite of the financial difficulties there have been, in spite of the vacancy rates. The issue was, right from the beginning, have you made a short-term decision as opposed to a long-term one?

Mr. Nalmark: Whenever one puts something on a piece of land, that land is no longer available for something else, and we have put the ISM building in a place which will, in our view, be least compromising as far as for future development of housing.

We have the Sydney I. Robinson building complex area there, which is off the main thoroughfare of Ellice Avenue, which we think, if it could be redeveloped for downstream housing, would be much more congenial in terms of residence and would tie in best with the seniors housing that is developed along Vaughan. We took that into consideration.

* (1025)

We are also mindful of the fact that there is a major contiguous bit of property which will be on the market fairly soon, if it is not already, and that is the Free Press Building.

So there is not any shortage of available sites for capitalizing on opportunities for housing, and we do not believe that locating the ISM where it was will significantly impair our ability to develop housing.

Mr. Smith may be able to amplify that.

Mr. Kent Smith (General Manager, North Portage Development Corporation): I think it is important to look at the ISM facility. It is a mixed-use development and ISM is in no way incompatible with the adjacent residential area. In fact, when we reviewed the proposal with the residents who are now living in the north Portage area, they were very happy to see that project go forward. I think Dr. Nalmark is right. There are lots of other sites for residential development, and the nature of this particular project is in no way incompatible with the existing residential area.

Mr. Gaudry: We were talking about vacancies in Winnipeg here, and I see in your report you are down to 4 percent. There are other complexes in downtown Winnipeg like, for example, Fort Garry Place that are higher than 4 percent. Were there any benefits offered to the tenants to come and live at this complex in North Portage?

Mr. Nalmark: I do not think there is anything unusual in relation to the rest of the market, but perhaps I could ask Mr. Smith to speak to that.

Mr. Smith: When we took over the control of Place Promenade we turned over the management to a private management firm, Sunridge Management. Our instructions to them were basically to lease up the apartment but in no way offer any additional incentives to what was being offered in the marketplace. We actually, after the first year we reviewed the rent structure of the project in relationship to rent structures in the downtown. We found that Place Promenade is very competitive. Indeed, its one-bedroom rental rates are amongst the highest in the city. We have done the lease-up based on the value of the project, the amenities offered, not in offering free rent deals or anything like that.

Mr. Gaudry: You are talking that you have allocated extra space for additional housing at a later date. Have you done the same thing for the south side of Portage for housing or apartments?

Mr. Nalmark: Our mandate area does not go very far south. It actually just goes to the lane behind Portage Avenue, south of Portage Avenue. It is just the lane behind the commercial developments, and all of that property, of course, is privately owned. Unlike the north of Portage, where we were the landowners and therefore could determine by selection what went there, we are very much at the mercy, if I can put it that way, of the private owners of the property on the south side.

Our role there has been one of facilitation and partnership rather than being the lead development entity. Unless there was residential development on top of any of the commercial space that is along Portage Avenue, there really is not much that we have direct involvement in beyond that.

Mr. Gaudry: If the Core Area was not renegotiated, what effect would it have on the south side development?

* (1030)

Mr. Ernst: That is difficult to say, although my expectation of discussion to date with respect to renewed Core would have very little impact on the south side of Portage Avenue commercial development. There has been some involvement in terms of financial assistance to some businesses there, but that again becomes an artificial stimulus from time to time or creates artificial market arrangements for properties there. It may have some impact, but I do not think it was ever contemplated in any renewed agreement that there would be a major influx of capital put in there.

Mr. Gaudry: Going back to Place Promenade, at the 4 percent vacancy, is it profitable to be operating at 4 percent vacancy?

Mr. Nalmark: I think profitable is the wrong word in connection with Place Promenade, because it will take some time for this, what is called a workout arrangement, to recoup the investments to the point where it becomes profitable in the ordinary sense of that term.

It has always been our intention in due course to return the project to the private sector, when and if that becomes feasible, but at the moment the effect of the workout has been to make the project viable. With reasonable external circumstances, we expect the workout to be successful over the next five years, but it will not be profitable in ordinary terms until after that time.

Mr. Gaudry: At this time, you see it as a viable project providing it keeps the vacancy to the end of the five years?

Mr. Nalmark: Yes, I should point out that the judgment here about the project is not only ours. It depends very much on the involvement of Manitoba Housing and CMHC in evaluating the project very carefully, using their expertise. I believe that they would not have participated in the workout, if they did not see it as a long-term viable project given reasonable external circumstances.

Mr. Gaudry: Going back to the south side again, in the report here there is a mention of maybe another hotel complex. Is there a need for another hotel in downtown Winnipeg?

Mr. Nalmark: The hotel is not the North Portage's hotel development, that was part of its original plan. It was not slated for the south side but is to be a development on one of the pads that form the two ends of the retail complex.

Those were constructed with foundations sufficient to take additional housing or office space and a hotel, and there is an option on one of those pads for a hotel development of an all-suite variety of about 160 units.

The market indicates that that kind of hotel, with that limited number, is probably absorbable. Again, I should emphasize that kind of judgment is being made by the marketplace, not by us.

Mr. Gaudry: What are the vacancy rates in the shopping mall complex of the North Portage?

Mr. Nalmark: The shopping complex is the responsibility of Cadillac Fairview. We are not operators of that facility. We understand that their vacancy rate is in the 10 percent range or slightly under, which is a little better than the experience across the country. They regard the Portage Place complex as doing reasonably well, given the economic circumstances.

We expect that Portage Place, along with other malls across the country, and perhaps even in North America, will be shifting a bit in their composition with less emphasis on national chain retailers and more emphasis on local retailers. That is the conventional wisdom now, whether that works out or not in that way, but that seems to be the direction in which they are heading.

There are four or five new openings expected in the next while, and so I think, by and large, it is

steady as she goes, recognizing that we are in a fairly significant economic downturn.

Mr. Gaudry: With the North Portage development, what effect did the taxes have on the south side?

Mr. Nalmark: Municipal taxes?

Mr. Gaudry: Yes.

Mr. Nalmark: I am not sure that I can tell you about the south side. It certainly is having an effect on North Portage, our corporation, because we, in terms of operating Place Promenade, have a level of city assessment which was very much higher than comparable developments in other cities. I think it is something like 30 percent of costs in Portage Place, whereas comparable developments in, say, Calgary are 15 percent or something of that sort.

Mr. Smith: I was just going to say, on the South Side we have worked very hard with a number of parties, the Downtown BIZ and the city. There was an overall reassessment on the south side of Portage which was favourable. There was a lowering of property taxes and quite correctly on the south side, and that has had a very beneficial impact on the ability of retailers to do business. I think it is fair to say that, as Dr. Naimark was saying, we would like to get the same reassessment in the residential area in the north Portage area. We are finding the taxes in that area to be, you know, somewhat higher than what they are elsewhere. Those taxes are under appeal.

Ms. Frlesen: Can I come back to the ISM facility?

Mr. Smith: Yes.

Ms. Frlesen: The location, can you tell me something about the operations of that facility? Is it going to be eight hours a day, 12 hours a day, 24 hours a day?

Mr. Nalmark: It certainly will be more than eight hours a day, but Kent can perhaps help.

Mr. Smith: The ISM facility is actually going to be going 24 hours a day. There will be night and day operations. There will be people coming in on shifts in that computer facility, so it is very much going to be around-the-clock activity. They will be there as well on the weekends as well as during the week, so in many ways it is going to provide eyes on the street, as it were, at all hours, and we thought that was a very positive part of the development.

Just another comment on ISM. You know, I think that the nature of this facility everywhere in the country where ISM or indeed other computer

facilities have located, these sorts of developments has been in the suburbs. In fact, the leading sites competing with the north Portage sites were not downtown, but were actually out into the Waverley, Wilkes area. We are very pleased that in the case of Winnipeg we are able to bring a facility like this to the downtown, because I think it is going to mean a large number of employees who are going to be downtown, who will be spending their lunch hours, their evenings in the downtown rather than the suburbs. So we think it is a very positive use for both the downtown and the north Portage area.

Mr. Nalmark: Madam Chairperson, I think it is important to emphasize the synergistic effect of these developments. They are to some extent competitive if they are all going after the only piece of land in the area, but there is an interaction between office, commercial and residential. Unless there is enough population downtown to support the commercial enterprises, then people who want to go downtown in order to be close to commercial enterprises of either human services kind, educational, cultural, restaurants, theatres, and so on, they will not come. So you need to try and maintain a synergism between all of these things, but certainly not going overboard in one direction or another and therefore precluding residential. So we look for synergism.

* (1040)

Having people working downtown makes the small grocery outlet, the restaurant, the clothing store, the dry cleaners, the so on, viable. They are then there and available to the residents, because the residential population even if it doubles will not necessarily provide the total amount of human traffic necessary to sustain certain kinds of establishments. You need a fair amount of throughput, so we try to monitor that carefully and not allow ourselves to go too far in one direction or another. We are committed to the mixed-use concept.

Ms. Frlesen: I understand the purpose of the mixed use, and we are committed to that, too.

You have, however, on the south side of Portage a large amount of empty space. Was any consideration given to accommodating offices which would generate the same kind of activity that you are suggesting in there, and what were the requirements of ISM that it had to be a new building?

Mr. Nalmark: It is a special-purpose facility, and when they looked at the costs of retrofitting existing space or building new space to their specifications, they felt it was in their interest, longer-term interest, to develop in new space.

With respect to developing office space on the south side, yes, that is certainly a viable alternative, and there is some office space on the south side already. One of the buildings that has been vacant is now in the process of being refurbished for office space. It is the bank building that Anhang Walsh are moving into with their law offices.

One of the problems that one has, as I pointed out earlier, is we are not in control of the south side. Those are buildings that are owned by others, and land owned by others. Therefore, the extent to which people wish to locate offices there will be determined by the landowners' desire or willingness to participate in such a development.

We have continued to work with the south side merchants and owners to look at all possibilities, including some housing above retail, if that was possible. A lot will depend on the take-up of these ideas by the merchants and owners there.

The other thing, of course, is that there is not any one owner entity at the moment that has a very large aggregation of space. They are relatively small with the exception of the Gendis group, who have acquired the properties on their site or contiguous to their site and, being very competent and skilled developers, they are considering all kinds of alternatives including office space for their properties.

Mr. Smith: On ISM's decision to build a new building, our understanding of the technical requirements of the building is it will require 40,000 square feet of floor plan for the computers to all be on one floor. There just is not any space in the downtown or elsewhere, in fact, that could accommodate that kind of facility, hence, the need to go with a new building versus an old one.

Ms. Frlesen: You said it is labour intensive and that there are going to be three shifts working around the clock. Can you tell me what the numbers involved in that are, three shifts of 10 people or three shifts of 300?

Mr. Smith: There are 200 people working in the facility. Obviously some of those people will be working during the day, but our understanding is that for the computer operations which take up one-third

of the building, that is going to be operated 24 hours a day, seven days a week. How many people? We have not received exact numbers.

One of the difficulties of that is that right now there are discussions underway to possibly expand the building, and rather than being a 100,000 square foot building, there is some possibility—it is being discussed right now—of expanding the size of the building, expanding upwards for another couple of hundred people. Even if that does not happen immediately, the building is being built in a way to accommodate an additional two floors of development that eventually could house upwards of 400, 450 people on the site.

Ms. Frlesen: We could, in fact, be talking only about 75 people per shift at the moment.

Mr. Nalmark: I think the late shifts would be much smaller numbers because they are there to maintain the operation of the mainframe computers and so on, whereas most of the programmers and system designers and so on would probably be during the daylight hours.

Ms. Frlesen: Probably adding in the daytime, 150 people?

Mr. Nalmark: I would say probably in the 200-plus range, depending on whether the building expands or not.

Ms. Frlesen: It seems to me, if I can continue, Madam Chairperson, that there are some security issues in that area. One of the reasons, one of the examples you gave was that it will be a window 24 hours a day, and there is certainly something to be welcomed in that. I wonder—maybe we will come back to security and safety issues later on.

There was one other thing. Has any thought been given in the construction or planning of this building to having the ground floor publicly accessible in some way so that it performs a public function rather than a private one?

Mr. Nalmark: It is a private building, Madam Chairperson, constructed for the purposes of the developers and not seen as a public building.

Ms. Frlesen: But it is on land assembled publicly, and it seems to me that there are some corporate people who have been able to incorporate into their areas public space that can be used on First Night and that kind of thing. So I wondered if in your planning, your partnership planning, as I believe

your mandate is, have you emphasized this to the new occupants of this space?

Mr. Ernst: Before Dr. Naimark comments further, I should point out that the mandate of North Portage is to lease its publicly held land on commercial terms to private developers. When they do that they take a commercial rent from the land, charge the developer for the purposes of that. Now, in attempting to make sure that North Portage has an appropriate style of building, an appropriate use of the land and tenants and things of that nature that are compatible with the overall project, certainly that is North Portage's mandate. At the same time, when you charge a commercial rent for the land and expect the private developer to put up a building he, the developer that is, has obviously the right to put up the kind of building that they wish and that suits the design and needs of their tenant.

Similarly to Air Canada, which is another computer facility located nearby, there are significant security problems associated with that facility. Different than the security problems, I am sure, that you are concerned with, but security problems nonetheless in terms of their electronic equipment, climate controlled environments and a variety of things of that nature that would preclude a lot of public traffic in and out of at least portions of that building, if not a significant portion of the building.

Mr. Naimark: I think Ms. Friesen has raised an important consideration. The North Portage Development Corporation had as part of its mandate to encourage developments that would improve access for the public, and as a result we did invest funds to allow the private development of the retail mall and the residential development involving the Kiwanis Chateau and Fred Douglas Place and the precincts around it to be developed with attention to amenities for the public. We did not have the resources, nor did we commit any resources to the ISM building for such a purpose. It would be an inappropriate facility in which to provide public amenities because of the nature of the work that goes on there.

* (1050)

What we have attempted to do is to see that in the construction of that building the courtyard feel that was being developed with the housing around there will be preserved, and will create in effect a margin or border on Ellice which is not there at the moment

and which has been a matter of some concern for us for some time.

Ms. Friesen: I understand that North Portage did have, in the beginning, a mandate to create that sense of an urban village, and I am quoting from the original proposals here, on the Ellice side. That is why I was suggesting some kind of a public accessibility, not necessarily unrelated to ISM itself. I am thinking, for example, on Sparks Street in Ottawa and the way the Bank of Canada, for example, has made its ground floor very much related to its own business, very much related also to public information and public accessibility.

It seems to me that North Portage is and should be different from St. Vital mall and from North Portage mall, and that it does have a broader public responsibility, and in many cases is not necessarily putting extra financial costs upon either the developer or the proponent in this case, but to simply use some imagination. You have got a development corporation that is there, planning quite a large overall section of Winnipeg. By establishing the partnerships from the beginning, you can have another role. Investors' Syndicate, for example, I think the ground floor of theirs has been made publicly accessible for various events. I think that is good for the corporation, it is good for Winnipeg, and it is good for North Portage. So I was looking for something like that here.

Mr. Naimark: Well, I invite Ms. Friesen to come and visit, and I think she will find it there. The Bank of Canada is a public facility to some extent. The private owners of enterprises or commercial entities along Sparks Street Mall do not open their main floors for public access, for general access, except for as customers. If Ms. Friesen will walk around the Promenade, Webb Place and that precinct, she will see that we have created that kind of environment, at considerable expense, out of the North Portage resources.

So I think it is entirely inappropriate to suggest that we have been unmindful of that or that nothing has been accomplished. I think anyone who will walk around there will see that a very interesting, congenial precinct has been created, with a village-like atmosphere. Once we are able to get some of the small service establishments into the commercial areas there, restaurants and other service establishments, that will improve.

So I think the North Portage Development Corporation has made an important contribution in the areas and along the direction that Ms. Friesen has indicated. Obviously, we hope to do more as time proceeds. I think there is a major concern that we have that whatever happens on the Free Press site contributes to that kind of feel in the area. So I think North Portage is trying very hard and has been successful in exactly the directions Ms. Friesen has talked about.

Ms. Friesen: There are indeed areas where North Portage has been successful in doing that. That was not my question and it was not my comment.

The question is: That you have a new building coming up, have there been attempts to integrate or to suggest to the new owners, in conjunction with North Portage, that there be some ground level public activity that is compatible with the goal of the corporation, the goal of the proponent and the interests of the citizens of Winnipeg?

The question was on the future.

Mr. Smlth: Yes, we did. We actually had the extensive discussions with ISM; the developer, Shelter; and the architects, Ikey architects, about the building.

It is fair to say that the site that we are proposing for ISM was a tight site. I mean, as I mentioned, they need 40,000 square feet of continuous floor plate; literally, the site size is very close to 40,000 square feet. So they really needed a large amount of the site area for occupying the exact part of the building, but we did bring in Cohlmeier, Hanson and Garry Hilderman to take a look at how the building would relate to the street.

We would have liked to have provided more public amenities on the street than we were able to because, unfortunately, the city has a traffic requirement in widening Ellice Avenue, and we were required to set the building back a full 2 metres from Ellice Avenue, which obviously limited the amount of access on the site even further.

We have, in conjunction with Hilderman and Cohlmeier Hanson, worked out a pedestrian pathway system around the building which we think is fairly acceptable. There may be some opportunities to do some more extensive landscaping on the Ellice Avenue side, depending on how quickly the city moves with the Ellice Avenue widening. I mean, if they move very quickly, then there will be less opportunity there.

Ms. Friesen: I wanted to ask about the tax appeal that you have made. When you talked about it here, the comparisons you made were to the relationship between the cost that you bear, as that part, compared to costs in Calgary. I wonder if I could ask what the comparisons are in the city of Winnipeg or at least in the downtown area?

Mr. Smlth: We have gone through the first stage of the appeals. We have done '87, '88 and '89, have now gone before the Board of Revision, and only one of the Place Promenade buildings was completed by then. I guess it is actually '87 we went through, not '88 and '89.

In that one building, we have actually got an assessment adjustment, and we are hoping that if that precedent is set, it will be used on the rest of the building. We have done some comparisons on properties—[interjection] yes, the area Paul has just reminded me, the area south of Broadway in particular. You know our area is actually—the residential area in North Portage has actually been assessed higher than that area, and we would argue that we are very much more of a pioneer residential community than the south of Broadway area is, which has been established, as Mr. Ernst pointed out, some time ago. We thought it was a little unfair that we would be assessed at that level.

The other major area of concern for us in assessment is the streets. The idea is, as Dr. Naimark said, was to turn those streets into very much of a public space. They are accessible to the public. They are virtually public streets. Unfortunately, from the tax department's point of view, they are assessing those full cost at \$10 a square foot, which is a very high amount of money to bear for basically the fact that the city does not have to maintain—[interjection] Oh, I am sorry, \$18 a square foot. That is right because it is through reassessments.

So, anyway, we actually went to the Board of Revision with that appeal. We actually lost at the Board of Revision, but we are taking it on to the Municipal Board because we really feel that we have got public streets that the city does not have to maintain, yet they want to tax us all the same.

Ms. Friesen: I understand that distinction. I think that is an important one. I just was not quite sure, you said virtually public streets. Did you mean virtually private or virtually public?

* (1100)

Mr. Smith: They are private streets. I mean, we own the land. The city does not own the land.

Ms. Friesen: Which streets are you talking about?

Mr. Smith: We are talking about the Promenade and Webb Place. Basically, they are serving as public streets. I mean, any member of the public can walk on them 24 hours a day, seven days a week, and you would not know as a member of the public that you are walking on a private street versus a public street except for the nature of the landscaping and streetscaping, which we would argue and I think it is pretty demonstrable, is a lot higher than the city's standards. Unfortunately, for doing that, we seem to be getting penalized in our property taxes for that.

Ms. Friesen: Are there examples from other jurisdictions of where that has been taken into the account of the tax base, that maintenance of public infrastructure by, I guess, a semipublic body?

Mr. Smith: In fact, you do not even have to look to other jurisdictions, you look right into Winnipeg for Colony Street or Balmoral Street. That street that runs just west of Great-West Life is owned by Great-West Life, has operated until recently as a public street, and I think it was assessed at 10 cents a square foot. So it gives you an idea of the difference—[interjection] Twenty-nine cents, I am sorry.

So there is some precedence. Hopefully, the Municipal Board will look kindly on our submission.

Ms. Friesen: Could I talk about or ask some questions about the social aspects of North Portage's year? I guess also I think Neil touched on it earlier when he was talking about the ending of Core Area and its implications for your programming, too.

The early mandate of North Portage was, in part, to deal with some of the dislocation that occurred as the land was assembled. It was, I believe, and I am quoting from the earlier documents: to deal with a program of community improvements to strengthen the residential neighbourhood north of Ellice, to create the sense of an urban village.

I know you have had a number of projects underway that have done this. Obviously, I would assume that the Y fits into this, that SKY fits into this, that the neighbourhood policing and some elements of the south side redevelopment. Maybe I would like to hear it from the North Portage itself, how they see that mandate having been fulfilled over the last

few years, and perhaps some comments on how you look to the future, because some of the supports for that are ending.

Mr. Nalmark: Well, as Ms. Friesen has pointed out, our mission in immediate terms was related to physical development, but the purpose of it all of course was primarily social, in the broadest sense of that term, to reintroduce some social vitality to the north Portage area. That essentially means people, people who live there, people who shop there, people who work there, and to create an environment in which their interaction with each other and with visitors who come down was very important to us.

Most of the studies that had been done up until then placed a very high emphasis on the physical deterioration of the areas, a major detractor of social activity and sense of safety and confidence and cleanliness and so on. So there again we see a synergism between physical goals and social goals.

I think in general, the level of social interaction has been significantly enhanced by virtue of the residents, by virtue of having cultural amenities, theatres, school kids visits. The mall itself has become a meeting place to some extent. There have been some social challenges having to do with street kids, if I can put it that way, that we have attempted to deal with in a constructive fashion with the help of Winnipeg police and others.

I think the social orientation for the future has to be kept in mind as we develop such things as hotels and perhaps additional residential facilities. One of the best ways of enhancing that is to have more programming of the public areas where there are entertainment and other kinds of community events that take place, so that people start to see the north Portage area as an entertainment and cultural interaction destination, and not just a place to live or shop.

The Core Area Initiative program was an important contributor to the developments along those lines and, in fact, we are a creature of the original Core Area Initiative program. That is, it was Core Area that spun off North Portage.

In the longer run, it is my view that we will not be able to go very far simply by restricting our vision to the North Portage mandate area, the geographic area. I think we are going to have to become part of a more coherent and effective mechanism for dealing with all of the downtown precinct, because

as soon as you move eastward along Portage Avenue from the north Portage area, you run into other areas that are rapidly becoming more and more derelict, which will require a major attempt at revitalization. What concerns me in the long run is to have continued high-level development in the north Portage area contiguous to a rapidly deteriorating area. Then you start to develop a fortress mentality around this, because you do not want any of that to spill in, and that simply creates two solitudes, two areas that are not interacting the way they should.

So my longer-term concern about social development in the whole area is the extent to which we can start to take up the challenges in areas contiguous to our primary mandate area. That is a rather amorphous response to Ms. Friesen's question, but we are constantly emphasizing the social aspects through our association with the BIZ, with cultural groups, with First Night. Wherever we can make the cultural connection, social connection, we try to do it.

Ms. Friesen: I was interested in your reference to the two solitudes. Do you not think it has already happened? Do you not think it has been there for the last seven years?

Mr. Nalmark: I am not sure which two—

Ms. Friesen: The fortress mentality, rich and poor. The deterioration of north Portage.

Mr. Nalmark: I think that when I referred to the two solitudes I was referring to a geographical separation with limited interaction between two contiguous zones that might develop if we do not pay attention to the areas to the east of the North Portage mandate area.

As far as solitudes by socioeconomic class, I would say that the north Portage area, which was not simply the North Portage Development Corporation mandate area, but was a triangle that began with Notre Dame, Balmoral and so on and including the north of Ellice, if you see that as the development zone, there is a rather good range of people with varying socioeconomic backgrounds living in a reasonable proximity to each other with good interaction. I was speaking not so much of that kind of segregation, but segregation between a developed and working area, working in the sense of operating effectively, and an area that was becoming increasingly desolate to the east without much attention to its physical deterioration.

* (1110)

Ms. Friesen: We were talking generally then about the social and economic quo of North Portage, and one of the things that you pointed to is the links that you have made with community groups and the role of North Portage as an entertainment and social centre. I certainly agree. I think that is happening. You talked about your desire to have more programming. Could you indicate what directions you want this to go? What kind of programming do you think is lacking? How would that programming address the potential for a fortress that you see?

Mr. Nalmark: By programming I meant largely programming involving the more general-access public amenity spaces such as the Edmonton Court in Portage Place, the Promenade, the park to the north and Ellice, to have events that bring citizens from all parts of the city into North Portage for social interaction and to find something pleasurable and interesting there.

We also see the educational facilities near North Portage as useful in that regard, too. If you look at the University of Winnipeg, Catherine Booth Bible College, the university's Continuing Education centre downtown, the cultural educational activities associated with Prairie Theatre Exchange, and some of the presentations at IMAX, we see that as the kind of thing to promote so that people will come to this area of town to meet each other and be entertained and enlightened in whatever way possible.

By linking with other groups whose mandate is the whole of the downtown we hope to make sure that what we are doing fits in with what they are doing and can be part of a larger enterprise. Within our specific mandate area we have a committee which meets with Cadillac Fairview and others to try and promote programming in the Portage Place mall. I think there is more that can be done here. It takes a lot of promotion and development. It takes person power to make that happen, and much of our resource has been, in the last few years, heavily devoted to trying to make sure that North Portage stays on a sound financial footing and copes with some of the challenges it has had.

Increasingly, an increasing part of our staff time is committed to interaction, to working with south side merchants to help revitalize their facilities, to working with community groups. In fact, the corporation has just recently launched a round of

discussions with a variety of community groups to try and help us get some input from them about where they see North Portage going over the next three to five years, what are the things that they think we can and ought to be doing that would be helpful, not only to meeting our mandate but helping them with their goals and objectives. I understand the meetings have been quite useful and that Jim August has been engaged by our corporation to help with this kind of exploration.

Ms. Friesen: Yes, I had heard of some of those meetings.

What I hear you saying first of all is then that you are defining North Portage as something for all Winnipeggers. So that the way in which North Portage is different from St. Vital or Polo Park—which in fact to many Winnipeggers it really is not, it is another shopping centre which I think is the responsibility of all of us to change that mentality. So that is your first priority, and a parallel priority is working with community groups to develop a different kind of local strategy and local use of the centre. What kind of programs then would you see in those two parallel paths?

Mr. Nalmark: Well, perhaps I could ask Kent Smith to just give a brief account of what we have been hearing from the community groups that we have met with so far as to how they see things going, and then I will respond to the more city-wide issues.

Mr. Smith: I would just like to make a couple of comments. I think one of the ways in which there has been certainly a major increase in the programming aspects of the area has been with the addition of the Prairie Theatre Exchange and the Y. For example, PTE has been used not just for plays but for all kinds of activities from local church groups. In fact, there is a discussion on the future of Plan Winnipeg being held there with Ernie Gilroy, Christine McKee and Lori Smith on Monday as a matter of fact, and there have been many meetings, forums, in that location.

In fact, the whole thing that got going on Street Kids was a woman, that came from Vancouver, who the Social Planning Council brought in, spoke at a public forum in the Prairie Theatre Exchange space. Similarly, the Y has been doing a lot of other things with the local community in allowing access and designing programs for the adjacent residential area, particularly the area north of Ellice.

As well, as Dr. Naimark said, we have been trying to encourage the use of Edmonton Court for more program activities. One of the difficulties of that has been getting everybody working together. We have been working very closely with the Downtown BIZ, and I am very happy to read in Plan Winnipeg that one of the policies in the document is to encourage more festivals to concentrate in the downtown area. We think that is a real step in the right direction. If we can get the city co-ordinating that and helping us foster that, I think we are going to see more of that in the future. We can make arrangements to close the Promenade to traffic, for example.

We had the prevention group, not Crime Stoppers but it is sort of a Neighbourhood Watch community crime prevention group, close the street last summer, and we had sort of a little mini information thing on security. So we have done that. IMAX has been doing a lot of promotion with groups as well. They have been seeing their facility used more and more for programming activities. For example, the fund raiser for First Night was held there. I think you are going to see, as people get more and more familiar with the facilities, more use of that area.

In terms of the meetings we are holding, we have been meeting with a wide group of people. We are sort of halfway through the process on that. I think the most reassuring thing is that no matter whether we are talking to the community, social agencies, arts or cultural groups or business associations who we have met so far with, everybody does see a role for North Portage. They do not see us necessarily taking a lead role on aspects like programming or dealing with social problems, but they are seeing us being sensitive to that and helping where somebody else may be taking that lead role. Like I said, we are halfway through that. We are going to be, obviously, most interested to get Jim's report in synthesizing all these discussions.

Mr. Nalmark: Ms. Friesen asked about the balance between acting as a focal point for all of the city and local. I think we do have that dual responsibility, because I know that in some places you have this boundary that develops between a local community and a major facility, and there is sometimes a sense of exclusion. We tried very hard not to let that happen, so we provide plenty of open flow and access of people through walkways through the streets and so on.

I think it is also important to recognize that our corporation has had to adapt not only to

marketplace considerations but also to collateral developments which emerged after our mandate was established, so the whole Forks development, for example, came about after our corporation was established. There is no doubt about the fact that it has had an impact on our orientation to some extent.

One was not going to, for example, necessarily pursue certain ideas which The Forks might very well be a more propitious location for, and that some of the cultural, multicultural, ethnic kinds of things that had been thought about now had an alternative form of expression that could be pursued.

An example would be the question of whether there should be a village market. Well, as soon as The Forks started to develop, it became clear that was a better place for the kind of food market and so on than trying to fit it into a fairly congested area. There is no doubt that the decision of the Children's Museum not to locate in North Portage—we negotiated for a long time with them until finally they decided not to go ahead, because of the downstream possibilities, that an area like The Forks might ultimately be better. So I think it is important to understand that our mission and expression of our mandate is bound to be affected by collateral developments elsewhere in the community.

* (1120)

Ms. Frlesen: That is one of the things that concerns me. Six years ago, I guess it was, when The Forks started, obviously it did affect your mandate. I believe there was an absence of overall planning in the city of Winnipeg as to how these different locations would be affected. But that was six years ago, and I think the location of the Children's Museum at The Forks, if that goes ahead, the emphasis of The Forks upon multicultural presentations, both of those are important and have taken away from North Portage some options. Over those six years what kind of alternatives has North Portage been pursuing in terms of directions that it would like to go? Where does it see itself fitting into this very diverse series of downtowns?

Mr. Nalmark: There are certain constraints that I think it is important to keep in mind—I should not say constraints—certain preconditions or assumptions that one has to deal with. If we take as an assumption that there is a desire in the public sector to fund a second phase for North Portage by way of

significant capital investment, then a certain range of possibilities present themselves.

If, on the other hand, the working assumption is that the three levels of government are not likely to want to contribute a significant amount of additional capital investment, but North Portage's role will, in effect, be to continue to operate parking and get land grants and so on, as it is now, and to use that stream of income to the extent that it is available to contribute to additional small-scale development refinements and so on, that is a second strategy.

We have been operating on that second premise, and we are operating on that premise because in examining the question with our shareholder representatives, it has become clear that they do not envisage a next phase for North Portage that involves multimillions of dollars of public investment, because then we are going to be left with what might be called small-scale, ongoing investment of net proceeds from our operations into ongoing help. We have decided to embark on this sounding of various groups—community groups, retailers, and everyone—to learn what the people in the area think is most helpful, would be most helpful in consolidating the gains and making some additional progress.

Once we have that feedback I think we will be in a better position to be able to suggest a general approach for North Portage in its next phase of development. It may very well be that it will be the kind of thing we have been trying to do on the south side, which is now becoming quite successful, of small amounts of stimulus funding, matching funding with owners, retailers to help upgrade facilities—perhaps to use the same kind of approach that the Core Area used in helping small enterprises develop whether they are commercial enterprises, social agency enterprises, educational enterprises. It is not clear to me yet that we can set out a conceptual map in any refinement, but I think within the next couple of months we will be in a better position to do that.

Ms. Frlesen: That is something then that we would look forward to discussing next year, I think.

If I could make one comment on the kind of public consultation or small-scale community consultation that you are doing now, it seems to me that that is not very well known. I have heard about it myself through personal contacts. There are not very extensive references to it in your annual report. It

seems to be one of the things that does set off North Portage from other shopping centres.

If the information can be got out in some way so that the broader public, essentially the shareholders in this public corporation, have some sense that those kinds of developments are taking place, are seen as part of the responsibility of North Portage—it is not simply another shopping centre—I would very much like to see that kind of public information being there.

If I could come back again to the social mandate that was there perhaps both implicitly and explicitly in the beginning. I think one of the things that I am hearing concerns about is—again, over the past year, and I raised it in the last Estimates—the nature, I suppose we would put it as nature of social control in North Portage, the limitation on the activities of public people in formerly public spaces. I wonder—we have exchanged letters on this over the past year—I think it might be useful for the record for us to discuss that.

Second of all, I think the level of programming at the Y—I know it is not your direct responsibility, but there are public monies which have gone into the funding of the Y. I would like to have some suggestion on the public record of what that accessibility level has been and will presumably be in the future.

Mr. Naimark: Just to advert for a moment to some of the last comments on the previous topic that Ms. Friesen made prior to this question of the social control issues, with respect to community liaison, inquiry and making our current round of discussions better known, I think we certainly would like to do that.

I think it should also be understood that following the last provincial election, when there were several statements about the possible change in the corporate structure for downtown development, there was a significant uncertainty in our corporation's mind about what our fate was going to be.

One could have read some of the announcements or indications that something was going to happen relatively soon in terms of changing our role. Therefore, we felt it inappropriate during that period to move too far, or to make any longer-term commitments. After a time, in consultation with the shareholders' representatives, we said, are you uncomfortable with us proceeding with business as

usual, recognizing that at some point our role and our existence may change? We got that indication, and at that point we said, well, let us then go ahead with this process of defining what we might be able to do in the future, because that would be of use to whoever might ultimately take over. So that is the process we are in now.

Now back to the question of the social control issues. There was a discussion about last time we met, which expressed concern that the operators of the mall or North Portage were perhaps being too limiting in their approach to accessibility, to freedom of assembly and interaction of some people. As we pointed out, the accessibility, hours of operation and social control or control of people were certainly no greater and in some sense more relaxed than one found in other public facilities, everything from the Concert Hall to the Museum to whatever.

However, there were a series of incidents which were a matter of concern. We therefore embarked on an effort to try and work out an approach involving operators, North Portage, the Winnipeg Police Department in trying to get a balance point which would balance the interests of individuals, access a freedom of movement assembly, and at the same time provide for the sense of security and congeniality of environment that we are striving for.

*(1130)

I would ask Kent Smith if he would like to just say a word or two about what has happened with respect to incidents, complaints of concern and the positive effect of the store-front police operation.

Mr. Smith: As Dr. Naimark mentioned, there have been a lot of discussions that have taken place with Portage Place and the store-front police. Our information is that over the last year there has been a significant reduction in the number of incidents, the number of certainly crime-related incidents, or certainly we have not heard any concerns by the public on being denied access or being unfairly treated within the Portage Place complex. So we think that the situation is much improved over last year. We are hoping that basically it has resolved itself.

Mr. Naimark: Madam Chairperson, just to say that one of the important outcomes was a much better opportunity to have the retail operators have their security people trained better, given better guidelines, and get some help from the store-front police people on how to deal with certain

circumstances in a way that does not lead to a sense of heavy-handedness or bullying and so on.

We are very much dependent for a sense on how this is going on feedback, and certainly I was in receipt the year before last with quite a number of complaints about things. That has virtually dried up. You can get complacent when that happens, so I think we need to have some more informal or regular way of sounding people out. I do not know whether any of this has come up in these community consultations, but it is salutary once in a while to just walk around yourself and see how things are going. I have done that on occasion, and I see lots of young people sitting around meeting, talking, lounging and so on. I have not seen, admittedly, on these sporadic occasions any sense that they were being harassed or that people were standing over them watching them. So it has improved. Let us hope it stays that way.

Ms. Frlesen: The other side of that issue, of course, is the issue of security, and I will come to that in a minute.

I wanted to ask about accessibility in the Y. You mentioned for example programming that the Y had been doing. I am asking this in a broader context as well. I do not know if you read the report of a paper presented by one of the psychiatrists at the University of Western Ontario recently. It was reported in the Globe a couple of weeks ago, and I have sent for the paper so I have not read the whole thing and I do not know what the basis of his research is, but essentially his argument is that recreation facilities in Canada have become increasingly middle class and that they are inaccessible both in terms of cost and sometimes in style to the poor, to people on welfare, to people who are essentially under that \$35,000 to \$40,000 income level. The Y in many peoples' perception fits into that mold, it fits into that pattern. I would be interested in learning from the public corporation what their concerns are.

Mr. Nalmark: I should remind folks that our Y, of course, was a combined effort of the former YWCA and YMCA, and one of the clear precepts of that coming together was to ensure a continued emphasis on the social programming aspects of the Y. While the renovation has been spectacularly successful in a physical sense and in terms of utilization, I think I will ask Kent to speak to the question as to whether this has been at the expense of social programming.

Mr. Smith: I think the Y has been taking very much of a lead role in ensuring that the facility is not just utilized by the so-called middle class. In fact, obviously they are the sponsor of the SKY project first and foremost. They are certainly taking a lead role in the community with that project. They as well have a daycare centre that operates out of the Y which serves by far and away the local community, the area north of Ellice.

More importantly, the membership of the Y, they have arranged for people to access the Y without having to pay the full cost of membership. Information I have received, I do not know how public I was authorized to make it, but fully 25 percent of the adult memberships are subsidized memberships. I think if there is any concern at the Y the concern is, with their costs of operations and their obligations in terms of the mortgage, as to whether in fact they can continue to operate this facility with that high level subsidy. To their credit they have gone out aggressively and are in the midst of a fundraising campaign to get people to make donations to the organization to actually help sponsor some of those subsidized memberships. Rather than trying to cut back on that I think they are taking a very positive step in trying to get some money.

I think over the long term unless the community responds in a way that allows them to keep that level of subsidy, it is going to be very difficult for that organization to continue. I think they are certainly not just serving the middle class.

Mr. Nalmark: I would just be concerned that if there are perceptions out there that do not accord with what we understand, we would certainly like to be in touch with those folks and see if there is some basis for it, because if there is we would like to know. I think, of course, there is a tendency sometimes when you see a building that becomes spruced up the way the Y has and starts to look like the kinds of facilities that the better-off people in society use, to assume that is who is using the facility. I think in this case there is a pretty strong involvement of that group. I would like to follow up on any specific concerns that there may be.

Ms. Frlesen: I am interested to learn about the 25 percent adult membership. I am also hearing you that it is unlikely that can continue without private subsidy or particular sponsorship of that, so that does give me concern. I would also be concerned about the childrens' access.

Mr. Smith: Actually I have heard subsidies are even higher for children and teenagers. In fact, if you go to the Y on a Friday night you will find that very much the majority of people using the facility are teenagers which is great to see, too, because it is a better place than hanging out on the street corner.

Ms. Friesen: Are they children of the district?

Mr. Smith: I have not seen any data that looks at the geographic place of residence for this, but given that the Y is a regional facility—there are a number of branch operations in St. Vital, St. James, in the north and East Kildonan—one would expect that the teenagers using the facility are more from the local area than from around the suburbs.

Mr. Nalmark: I had some indirect information to indicate that a very substantial number of teenagers coming to the Y take public transit to get there. To the extent that that reflects out-of-district inflow, it is not inconsiderable, but I do not know how much it is.

Ms. Friesen: Again, my concern is with accessibility in economic and class terms. We are looking at a facility which has a \$10-a-day fee or a \$200 fee for a youth membership. That is obviously not realistic in terms of the immediate community of this area. Although I accept it in the sense of the Y, this is one of a number of regional facilities. If you look at downtown Winnipeg, which is one of the mandates of this corporation and of the Legislature in general, there are very, very few public recreational facilities. In fact, we are in danger of losing even some of the ones that we have, and so the Y has, I think, and North Portage indirectly, a role to play in that.

* (1140)

I draw it to your attention at this stage. The Y has only just opened. I think it is going to be an area of continuing concern, and I was alarmed to read the report from western Ontario to see in fact that this is not just an issue of Winnipeg, but that it is happening on a much broader basis across Canada as well. It may be happening more intensively here, but if you look at the surrounding community of North Portage, if the statistics have any basis at all, you are looking at a large population of single aboriginal mothers with young children. How is that facility addressing that local community? That would be my concern.

Second of all, I notice that, I believe it is in one of your reports and to some extent in the responses

today, people are essentially saying that the Y is responding in social terms to the local community, and it is responding in the sense of the SKY project, in daycare, in Osborne House, in its outreach facilities and, yes, that has always been true for the Y. It has always been there in the sense of social services for people, but it has had public money to redevelop its recreational facilities, and I am concerned that those recreational facilities are not widely accessible by the local community.

Mr. Harold Neufeld (Rossmere): If my understanding is right, the Y building is owned by the North Portage Corporation and is leased back to the YMCA for \$1 a year.

Mr. Smith: For 75 years.

Mr. Neufeld: For 75 years. Now it seems to me that if we want to discuss, inasmuch as the Y is a separate organization, the facilities the Y has and the charges it makes to its members, that is the subject for another committee, not this one.

Mr. Nalmark: I think Mr. Neufeld has set out the corporate relationship correctly. All I would say is that we in North Portage would be very supportive of anything that will amplify the accessibility of the Y. We have no reason to believe that the directors of the Y have any other view either. It may very well be a financial issue, that is, where one can find adequate resources to see to it that it may, in operating terms, remain successful. I think that is an interest of the whole community.

Ms. Friesen: I believe that the member for Rossmere (Mr. Neufeld) has also set out the corporate relationship directly, and that is why I believe that there is a public interest involved. This is not meant as a criticism of the Y, but it may be meant indeed to ascertain what corporate decisions the Y has made, and has there been any consultation with the mandate of North Portage in that?

For example, the downtown Toronto Y made a decision to be a businessman's Y. My sense is that the Y has not made that decision here quite, but it is in public perception, which is all that I am reporting. It is falling between a couple of stools on that area. Representing the public interest, I would simply suggest to the minister and through him to North Portage Development Corporation that there are some concerns about public access to inner-city recreation. It was believed that the North Portage Development Corporation and the Y would have

made some steps to addressing that or would have considered it, and that is really what I am pursuing here.

Mr. Nalmark: Our conceptual plan did refer to a recreational facility as part of the mandate area, and that is why we worked so assiduously to try and bring the Y project to a successful fruition. We spent countless hours as brokering the development and ultimately contributed \$600,000 to the acquisition of the building, which was the piece that was necessary in order to make it, the physical project, financially viable.

I do not sense from any of my interaction with Y people in an informal way—we have no formal control over programming of the Y—that they have any interest in becoming a businessman's or businessperson's recreational facility. They want that kind of business but not as the only thing that they do. I think the big issue for them is how to get enough operating revenue to be able to maintain the range of services that they want to maintain. There is no sense that I have that they have an implicit strategic direction along the Toronto Y direction. I think theirs is in fact in the opposite direction, and I hope that can stay that way.

Ms. Frlesen: I am glad to hear that, glad to have that on the record. I think that is very helpful.

Perhaps while we are speaking on the record we should also congratulate both North Portage and the Y on the heritage awards and architectural awards that have been won by the new Y building, very well deserved. I hope they will be a standard for other reconstructions and adaptive reuse throughout the city.

The other area I wanted to talk about, when we talked about social control, is at the other side of that and one that obviously you have to balance as every public space has to do. It is the issue of security and personal security. I know that you have done some public discussions of safety with your local community, and that you have had people through the Social Planning Council looking at safety audits in your area. I wonder if you would like to comment on what the results of those have been and where you would like to move in the future in terms of ensuring personal safety, either by design or by regulation—planning I guess I should say—in the broader sense in North Portage.

Mr. Nalmark: Well, as I have said before, one of the concerns about the downtown that led to the

physical redevelopment was the sense of creating an environment which was not only physically more appealing but also was capable of more safety-conscious measures: lighting, width of streets, people living in the area and providing eyes on the street, so to speak.

In our discussions with residents of, say, the Kiwanis Chateau and Fred Douglas Place and others, we do not sense that they see any significant security issues as yet, but I will leave it to Mr. Smith, if I may, Madam Chairperson, to speak to any outcomes of the audit that was conducted.

Mr. Smith: Just maybe a couple of points I can make. I think in the discussions we have had so far with the groups that we have met with, safety and security is certainly a No. 1 area of concern and a No. 1 area of priority. I think in talking to people who are working on the Plan Winnipeg policy paper, that safety and security was certainly raised very often there. So it is very much on the minds of people that live, work and visit the downtown. We have set up a safety committee which meets on a monthly basis that is composed of not only the representatives of the residents but also all the developers and adjacent users downtown.

They are invited to come to that meeting every month. The store-front police office participates, as does our private security. We have in the garage 24-hour-a-day security. The residential areas have some security as well. We have arranged, and we have now co-ordinated our security patrols so that we not only have eyes on the street from people within the buildings, but we have eyes on the street in the form of a security guard who literally walks around the adjacent streets including, for example, Vaughan Street which is a public street. We are patrolling that as well in co-ordination with the store-front police office.

* (1150)

In the task force on safety and security for women and children which just released its report a couple of months ago, we were delighted when they came and talked to us as part of that report. We were delighted to read in the report that our garage has been cited as one of three in the downtown that have incorporated very good safety measures for women. That was something that we did quite consciously back in 1987. We read some of the guidelines that they are suggesting in the report, and they are very

much the guidelines we set down for the design of the garage.

We have been working very closely with the Downtown BIZ. In fact, we attended a presentation just a few days ago to hear from the task force on safety for women and children. I think, one of the messages that has to get out is that the downtown, perhaps more than other areas of the city, is taking this report very seriously, is trying to work towards implementing some real positive measures to increase safety for women and children.

I think, maybe, the suburban areas should be taking the report as seriously as people in the downtown have.

Ms. Friesen: Recent reports, I think even in the last two or three days, have suggested that the people who are most vulnerable are, in fact, teenagers. Now the people you have been talking to in those safety audits and the Social Planning Council will have been talking to seniors, I would think, in the Fred Douglas and the other housing areas who, in many ways, have already self-limiting behaviour to avoid perceived dangers.

Have you been able to talk to teenagers at all? I know there have been a couple of incidents recently in the area that have been very disturbing.

Mr. Smith: We have not really been able to talk to teenagers directly except insofar as there are some discussions that take place with people on the committee. But we do invite, and she has been attending every monthly meeting, the executive director of the SKY project who attends these meetings as well. There is, I think, some input about concerns of teenagers and children into that committee.

You know, the SKY project is one way of trying to deal with that. You know, the store-front police as well have been working with the SKY project to try to see if we cannot lessen the incidence of violence towards teenagers that have been occurring, not only in our area, but also elsewhere.

It is a difficult problem. It is not one with any easy answers, but we have at least, I think, opened the lines of communication. What ends up happening will depend upon those lines of communication.

Mr. Nalmark: One of the challenges here is to find some way of interacting with the group. They do not lend themselves to having a representative. They are casual kids who come in and out. It is not the

same kids all the time, very reticent to talk to anybody in, quote, authority.

So we need to find better ways of reaching into them and getting some feedback about what can be done to lessen their sense of vulnerability and the actual risk. It turns out, like my preconceptions to the contrary, that the store-front police would be too intimidating, but in fact they often have more opportunity to talk to kids and relate to them and perhaps experience than we do. They have been very helpful in this area.

Ms. Friesen: Thank you. That is interesting to hear because they have exactly the same experience in west Broadway where there is a store-front policeman who is up and down the street all the time talking to children and to seniors, and it is a very important part of policing. I am glad to hear that it works also in the North Portage environment.

I know our time is drawing to a close. I wondered if we could talk a little bit about the future. You raised it in the beginning with the prospect of a new form of corporate involvement, and again I should be addressing myself through the minister.

At the moment, as I understand it, The Forks is a subsidiary technically of North Portage. Are their board of directors in common? I notice, for example, Mr. Murphy is on the Board of Directors of North Portage. Is he still on the board of The Forks?

Mr. Ernst: No, there are no common directors.

Ms. Friesen: There are no common directors. Is that one way of moving toward integration that you see, or would you be looking at a more drastic restructuring?

Mr. Ernst: The intent was from the time preceding the last election that a corporate merger is exactly what was proposed, that there be one corporation instead of two with one board of directors and one common management team and things of that nature. At the moment, options are being pursued, mandates are being reviewed, things of that nature, and we will see where we go from there.

Ms. Friesen: Could I ask the minister, first of all, what the implications of the end of Core Area have been for the mandate of North Portage?

Mr. Ernst: You might best ask Dr. Naimark that as opposed to me.

Ms. Friesen: I will redirect it.

Mr. Nalmark: No direct operating implications, but there was a pool of expertise there that was

developed that we relied on from time to time in helping to design some of our initiatives with respect to south side development, things of that sort, how to go about partnering with owners and operators of stores and so on. We certainly benefited from that kind of resource on an individual basis, but in actual operating terms on a day-to-day basis there was not all that much impact.

We did have certain significant major projects that we had a common interest in, such as the Y development which had Core Area money in it. We had some physical involvement and actually an investment. We worked closely with them on that. I do not think the implications of not having Core impact particularly on North Portage. I think we would be just part of the general community that Core had some effect on, but there is no special effect.

Ms. Friesen: Could I pursue the expertise that Core offered to you? How often would you consult it? Would it be at the project level or would it be at a management level? I am trying to get some detail.

Mr. Naimark: I will ask Mr. Smith to respond in a moment, but, for example, in designing our incentive program for South Side Improvement I believe there were consultations with the Core Area.

Occasionally we would have requests come from various groups who saw us as being equivalent to the Core in terms of being a granting agency rather than a development corporation, in which case we would call the Core and direct people to them rather than to us.

I think Mr. Smith could give you a better impression of its sort of intensity of interaction.

Mr. Smith: I think that Dr. Naimark has actually indicated it. There were a number of projects. South Side was one where we consulted them on a week before we set up the guidelines. When we did our business on resident relocation at the time of the expropriations, there were fairly extensive consultations, and in fact the Core actually administered a part of that program.

Other than that, it has been on some joint projects like the Y and PTE where we work together on projects obviously where we would have lots of informal discussions and some formal discussions in terms of co-ordination where that was necessary.

Mr. Naimark: I should point out that we have tried to avail ourselves of expertise wherever we could find it in the communities, so we have had lots of

help from people in the ministry, Municipal Affairs, in Culture and Heritage, of film developments, with people in the City of Winnipeg, so we have had lots of helpers and people to go to when we have had particular projects that needed expertise.

* (1200)

Ms. Friesen: I have a couple of other questions. One deals with IMAX corporation. There seems to be a change in their balance sheet from \$74,000 to \$2,000 from '90 to '91. Do you have some concerns about that?

Mr. Naimark: Well, the IMAX corporation and the film group are moving along. They have had some change in the level of activity. We have had a very successful run of the Rolling Stones film, and the long-term future will be largely determined by the quantity and quality of product produced for the IMAX format. We are exploring possibilities of further developments of Manitoba product through the IMAX, so there is a sense in which IMAX is feeling the same sort of pinch that everybody is feeling in recessionary times, but I think, generally speaking, it is reasonably sound.

Perhaps Mr. Smith or Mr. Webster.

Mr. Smith: Yes, I think it is fair to say that IMAX is like anybody else. It is going through some tough times, so audiences were down over year-over-year which explains the downturn in net income.

One of the things that we put in place at the very beginning is a \$250,000 contingency fund that will cover in the event—fortunately did not have to be used because we had small net income. But in the case where there is actually a deficit, there is \$250,000 that has been set aside to fund that. Of course, the revenues from the theatre then automatically go back into building that contingency fund back up to the \$250,000 level. So we are watching the operations very closely. We certainly do not anticipate any real, you know, major problems in the theatre. As Dr. Naimark has pointed out, the Rolling Stones has done fairly well, and, you know, we are weathering these recessionary times.

Ms. Friesen: If we continue the same rate of loss, then that contingency plan is going to be used up within the next two or three years, so I think that is cause for concern. I agree with you, the issue is in part recession, although traditionally movie theatres of the more traditional type do reasonably well in

recessionary times, but it is also the quality of product and the development of the product.

I understand that part of the original IMAX package was in fact the creation of a fund so that Manitoba film makers and Manitoba products would be developed. Over the course of the history of that, there was an initial film which was made, the one that everybody remembers for the great Grand Beach scene. Maybe people remember other ones, but that is the one I know of. What else has happened since then?

Mr. Nalmark: I will ask Mr. Smith to report on development that is now just being considered.

Mr. Smith: We actually do have a fund that has been set aside for making a future IMAX movie. There is a relatively modest amount of money that is in there now, some \$50,000 and perhaps a bit more. We are just in discussions now with the Credo group, Derek Mazur, who is proposing a new film that would be on bears, actually across Canada, but using a Manitoba film-making team. We are looking at providing some development funding for that in conjunction with CIDO and Parks Canada, the intention being that that would be the amount of money that you would require to take the film to the point of production. The money would then be returned to us, that we could then use it again for other purposes.

Ms. Friesen: When you say "we," you are in a joint program with CIDO and Parks. Who is "we" in this sense? Is it IMAX? Is it North Portage? What particular group?

Mr. Smith: "We" I guess in this sense is actually North Portage and the Department of Industry, Trade and Tourism which is also taking advice from Culture, Heritage and Recreation. We are working with both departments, and they have been very positive on the film, as has CIDO, so we have been taking a great deal of advice from them, but as well IMAX has also been providing us with advice. They are very interested in this project, and see it as being a very viable project for showcasing in theatres. Based on that, we are now in the middle of those discussions with Derek Mazur.

Ms. Friesen: This is really just to develop a proposal and a script? How far does it go?

Mr. Smith: It is basically just a development budget. It has a total budget of about \$100,000, so they will take it to the story board, yes, and a script, and probably some marketing tools. Some of the

funds will be used to get them around to the various places like Telefilm, et cetera, to look at getting the production together. So it is very, very high risk money, yes.

Ms. Friesen: Do you have any sense of what the proportion of money is permitted to an IMAX film? I know the National Film Board has standard amounts. I do not know what it is now, it used to be \$3,000 a minute.

Mr. Smith: The budget for this film will be over \$3 million.

Ms. Friesen: For how long?

Mr. Smith: It is about a 40-minute film.

Ms. Friesen: My last question, I hope. You managed to reduce your administrative costs by 22 percent this year. Could you explain how that was done, and whether you look for further economies in the administrative area?

Mr. Nalmark: When the pace of large-scale physical development slowed up, the corporation decided to move its development staffing down to a level commensurate with our ongoing responsibilities. That was the reason for the 20 percent reduction.

Depending on what future projects come along, we will be titrating our staffing pretty close to the project requirements. That is, we are trying to keep our core staff down to a minimum necessary for what we are calling day-to-day operations, that is administering contracts dealing with government agencies, looking after parking revenues, and all of those things. And then to staff up on a temporary basis to deal with any large-scale involvements related to, say, a large-scale physical development. If there was another major housing project and so on, we would then need to get more manpower in.

We have also tended to try and deploy our staff differently than we did in the early days when they were very heavily engaged in hundreds of hours a week in detailed negotiations with developers, and that is an increasing orientation of the staff to working with operators, the south side merchants, if you like, programming-type initiatives, working with community groups to make sure that the operations of the corporation are perhaps more responsive than they were at the beginning when everybody was running flat out just to keep up with the development requirements.

We also felt it was important to reduce our operating costs related to premises and to use whatever we are paying our premises so that it was to some extent meeting our own corporate interests, so we moved out of the ICG building and now occupy space in Place Promenade. So any rent that we pay goes back into a project in which we have interest. We saved quite a bit. Not only did we reduce our total rental costs very substantially, but the rent that we do pay is being recycled through the North Portage complex.

So generally speaking, I think we are at about the right place for our current level of activity, and we are going to obviously be very careful about longer-term commitments until we know what the outcome of the corporate reorganization thrust might be.

* (1210)

Mr. Ernst: Two words: outstanding management.

Ms. Friesen: Three words: how many jobs?

Mr. Nalmark: How many jobs did we reduce? I will ask Mr. Smith, but about six was it altogether?

Mr. Smith: Yes, I guess it depends on when you are talking about, but in 1986 there were about 11

people plus a number of virtually full-time people on contract. So then we are now down to seven people.

Mr. Nalmark: Madam Chairperson, I just should point out that virtually all of them were people who were under some kind of limited contract arrangement. Mr. Coop, of course, retired as CEO of the organization, and we did not replace him, that is, that position, or refill that salary line. It was redeployed in other ways.

Madam Chairperson: Hearing no further questions, the committee—

Ms. Friesen: Just to say thank you. Thank you for coming, thank you to all your staff.

Mr. Nalmark: Thank you. I appreciate that.

Madam Chairperson: The committee has concluded its examination today of the North Portage Development Corporation and of its 1991 Annual Report. The time being 12:12 p.m., what is the will of the committee?

An Honourable Member: Committee rise.

Madam Chairperson: Committee rise.

COMMITTEE ROSE AT: 12:12 p.m.