# Table of Contents

Table of Contents .................................................................................................................. 2

Executive Summary .................................................................................................................. 4

CentreVenture Comment ......................................................................................................... 7

Mandate of the City Auditor .................................................................................................... 8

Background ................................................................................................................................ 8

Audit Objectives ....................................................................................................................... 8

Audit Scope and Approach .................................................................................................... 8

Audit Conclusions ..................................................................................................................... 9

Acknowledgement ................................................................................................................... 9

Part I – CentreVenture Mandate, Services, and Accountability ........................................ 10

Creation of the Agency ............................................................................................................ 10

CentreVenture Mission, Programs and Tools ........................................................................ 12

CentreVenture Accountability .................................................................................................. 13

CentreVenture Organization ................................................................................................... 13

CentreVenture Resources ........................................................................................................ 13

CentreVenture Financial Summary – 1999 to 2005 .................................................................. 14

Part II – CentreVenture 1999-2005: Report on Performance ......................................... 15

Part III – CentreVenture 1999-2005: Audit Observations ................................................. 24

Mandate and Role .................................................................................................................... 24

Board Governance .................................................................................................................. 34

Organization and Staffing ....................................................................................................... 36

Planning and Budgeting ......................................................................................................... 37

Program Delivery ..................................................................................................................... 39

Performance Reporting .......................................................................................................... 44

Part IV – CentreVenture: The Next Mandate .................................................................. 48

Audit Recommendations ........................................................................................................... 51

Appendix 1: CentreVenture’s Mandated Area ................................................................. 52
Executive Summary

Audit Objectives and Conclusions
The reputation of a city is intrinsically linked to its downtown. The downtown establishes a city’s image and identity and determines its competitive position within the rest of the country. The health and economic vitality of downtown Winnipeg is important not only for those who live and work there but for all of the City’s residents. CentreVenture was built on a vision, CentrePlan, which reflected the collective thoughts, hopes and dreams of Winnipeg’s community leaders and ordinary citizens:

“Winnipeg’s downtown is its heart. And, like a heart, it must be healthy if the city as a whole is to be fit and strong. Those elements that make up the downtown—the streets and buildings, the people and activities—merge to fashion the image that Winnipeggers hold of their city. It is also the image visitors take home with them. . . A healthy downtown requires a long-term commitment to a vision and a plan. Isolated projects and short-term programs do not meet that requirement. The foundation of a long-term commitment must be a coherent concept, both to protect existing investment and to direct growth. A plan can provide for a vibrant downtown only if it is based upon a consensus of all downtown interests.” (Plan Winnipeg . . . toward 2010)

The vision took shape through the efforts of a group of community and business leaders, the Downtown Task Force, with the endorsement of City Council. The primary recommendation of the task force was

“That a sustainable Downtown Development Authority is created to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown; and that a public-private partnership approach be pursued to build on the expertise and innovation of the private sector and the political leadership and policy development capability of the public sector”.

In response, in July 1999, CentreVenture was created as an arm’s-length, non-profit corporation. The City committed to $3 million in endowment funding and a three-year, annual operating grant of $250,000 as well as an Asset Agreement to provide CentreVenture options to acquire an interest in all surplus city-owned properties in the downtown. The new agency’s mission is captured in this excerpt from Plan Winnipeg 2020 Vision, the City’s most recent strategic plan:

“The City shall promote downtown development to stimulate revitalization . . . by implementing a visionary downtown plan (CentrePlan) through an action-oriented development corporation (CentreVenture) to provide clear direction, coordination, planning and implementation, and strong leadership for the downtown . . .”

It was an ambitious mission – one that would take time, commitment, and resources to achieve. As CentreVenture prepares to embrace its third mandate, it is a good time to review the journey so far – to celebrate the agency’s successes and to contemplate the road ahead.

The Performance Audit of CentreVenture was recommended in the City Auditor’s 2004 – 2006 Audit Plan, approved by Audit Committee in September 2004. The objectives of the audit were to evaluate

- The extent to which results achieved reflect CentreVenture’s Business Plan, mandate, objectives and priorities.
- The adequacy of the agency’s governance and management frameworks and practices.
- The extent to which performance results reported are complete, relevant, and accurate.

Our audit work led us to conclude that

- CentreVenture has produced tangible results that have contributed to the achievement of its mission to be a catalyst for downtown revitalization. CentreVenture’s focus has shifted to some extent since presentation of its Start-up Business Plan, and the agency’s role within its broad mandate needs to be reviewed and confirmed.
- CentreVenture needs to strengthen its governance and management frameworks and practices.
- Performance reporting requires significant improvement.
Summary of Significant Observations
There is no doubt that CentreVenture achieved tangible results in its first two mandates. In brief, CentreVenture

- advocated for and helped to facilitate changes to downtown planning and development rules and processes;
- retained net assets of $12.2 million;
- sold 21 surplus properties for $2.9 million;
- issued $3.7 million in loans and mortgages through the Urban Development Bank;
- awarded $3.2 million in Heritage Tax Credits and $1 million in Heritage Grants;
- leveraged $77.3 million in Private Sector investment;
- supported creation of 400 housing units; and
- estimated that assisted projects will lead to increased tax revenues of $1.6 million for the City and $2.3 million for the Province as well as 2,270 person years of employment.

In its first mandate, CentreVenture focused on sales of surplus assets through its Asset Agreement and leveraging project-level private investment through its Urban Development Bank and Heritage incentive programs. Several of the tools employed were creative and resulted in tangible results. More importantly, CentreVenture created a 'buzz' and sparked new interest in the downtown. The agency attracted almost constant media attention.

CentreVenture also played an effective advocacy and facilitation role in promoting broader issues and relevant projects in the downtown. Significant private sector investment was leveraged through its activities. Partnerships were built with the City, the Province and the other downtown agencies. There is no doubt that CentreVenture was perceived as a leader and important catalyst for downtown revitalization in the first few years. While its mandate was more narrowly focused than envisioned, the agency established the track record and credibility that is essential to a new organization.

In the second mandate, however, there is a general perception that the agency lost momentum. While still focused on property development and the completion of exciting projects such as Waterfront Drive that had been initiated during the first mandate, CentreVenture had very little role in new development planning for the downtown, did not sustain or build on partnerships that had been created in the first mandate, and did not develop a broader marketing strategy for business and economic investment. There were expectations that the agency would have developed new programs and incentives and become more proactive in creating opportunities in the downtown.

Currently, CentreVenture is not seen as the leader among the downtown agencies and is perceived to be transactional rather than strategic in its focus. It has continued to rely upon the City’s annual grant to fund its operations and did not develop the private sector partnerships or new funding models anticipated. The organization’s governance and management practices have not matured to the level expected for an agency entering its third mandate, and stakeholders are concerned about the lack of transparent business plans and performance reports. Many interviewed were not certain what CentreVenture is doing or where it is going.

During this period, changes in leadership at both the City and the agency led to uncertainty about CentreVenture’s future role, which, in turn, affected its ability to attract senior staff and develop its strategic plans. Now, seeking a third mandate, the challenge for the agency is to define and communicate its role going forward. In early August, CentreVenture announced that it was changing direction. The Board removed its CEO and, on a temporary basis, replaced the position with two former directors. One will manage Urban Development Bank activities with a narrower focus on targeted areas. The other will head up an initiative focused on developing new destination sites using a public-private partnership funding model. The agency has committed to tabling a revised business plan for the first year by the end of October 2006.
At the present time, we believe that CentreVenture’s new direction is realistic. The agency needs to re-establish the momentum and credibility that it has lost over the past few years. It needs to respond to the expectations for action created by the recent Winnipeg City Summit. Many of the Summit’s participants echoed the same concerns that we heard during our interviews. While acknowledging that much has been accomplished, Winnipeggers are impatient to see more results. The agency also has to re-build its relationships with its downtown partners and restore its capacity to implement new programs. It also has to live up to its commitment to attract more private sector investment.

But, while these activities are practical and beneficial in the short term, CentreVenture must determine what its role and strategy will be in the longer term. All experts in the field acknowledge that revitalization of a City is a long-term prospect. While actions can be focused, vision has to be broad, flexible and resilient. In the exercises that preceded the creation of the new authority, it was envisioned that CentreVenture would be the ‘keeper of the CentrePlan vision’. It would be the ‘lead economic agency’ for Downtown Winnipeg. It would also provide ‘a pivotal leadership role to coordinate and liaise with the downtown organizations’. It isn’t clear that the agency ever had the full authority, expertise or resources to play all of these roles effectively.

The downtown landscape has changed in the years since the development of CentrePlan, in good part due to CentreVenture’s activities, and there is a need to refresh the vision and confirm the plan going forward. Given its current resources and structure, CentreVenture will have to either focus its mandate more narrowly or develop better partnerships and funding models to take on and sustain a larger role. If CentreVenture is to have a more limited role in the future, the City will also have a challenge in determining the appropriate vehicle through which the CentrePlan vision will be refreshed and implemented. This will involve a review of the roles played by all of the downtown agencies as well as City departments. The respective roles and responsibilities of each will have to be clearly articulated, and the City will have to decide which organization is in the best position to lead and be held accountable for implementation of the broader vision of downtown revitalization.

Audit Recommendations
In Section IV of the report, we have presented our full recommendations for CentreVenture’s next mandate. Key recommendations include:

- Executive Policy Committee should clarify and confirm CentreVenture’s mandate, role and accountability, particularly with respect to the other downtown organizations.
- CentreVenture needs to develop and communicate a new Strategic Plan that articulates its unique role within the broad mandate of downtown revitalization, describes its programs, resources and intended outcomes, and establishes performance targets and measures.
- CentreVenture needs to strengthen its governance and management frameworks and practices, particularly in the area of performance reporting.

CentreVenture started with a dream – a vision for Winnipeg’s downtown that reflects the hearts and souls of its citizens. This dream was reiterated most recently at the City Summit where Winnipeggers came together again to start to build “The City of Opportunity”. At the end of the day, CentreVenture cannot flourish in the absence of solid support from governments, the business community and private investors. Its public and private sector partnerships and strategic relationships are crucial to achievement of its mission. And, of course, the continued support of clients, stakeholders and ordinary citizens will ensure that revitalization of the downtown remains a top-of-mind priority for all of us. It is our hope and belief that implementation of our recommendations will provide a strengthened platform upon which CentreVenture can build to realize its role in achieving our shared vision.
CentreVenture Comment

"Centre Venture began its existence: 1) in possession of real property assets, and investment capital, 2) operating in accordance with entrepreneurial rules, and 3) governed by a Board comprised of public spirited citizens, primarily business owners, many with a direct stake in the fortunes of the downtown. Entrepreneurial spirit was the main driving force. Ownership of assets, access to capital, and the ability and willingness to provide imaginative financing were the tools. Many real estate transactions were done, promoted, and/or assisted and major infrastructure projects were facilitated. Centre Venture is proud of its record of success and is well positioned for the future in partnership with the other agencies."

Polly Craik
Chair, CentreVenture Board

September 8, 2006
Mandate of the City Auditor

The City Auditor is a statutory officer appointed by City Council under the City of Winnipeg Charter. The City Auditor reports to Council through the Audit Committee (Executive Policy Committee) and is independent of the City Administration. The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring Civic Administration’s accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations. After communication to City Council, an audit report becomes a public document.

Background

The Audit Department’s current Audit Plan focuses on assessing how well the City of Winnipeg has adapted to a business-oriented culture. The design and implementation of the City’s model for Alternative Service Delivery (ASD) was a significant aspect of this transition. In 1999, as part of this initiative, the City created CentreVenture, a non-profit, arm’s length corporation to provide leadership in the revitalization of the downtown. The Performance Audit of CentreVenture was recommended in the City Auditor’s 2004 – 2006 Audit Plan, approved by Audit Committee in September 2004.

Audit Objectives

The objectives of the audit were to evaluate

- The extent to which results achieved reflect CentreVenture’s Business Plan, mandate, objectives and priorities.
- The adequacy of the agency’s governance and management frameworks and practices.
- The extent to which performance results reported are complete, relevant, and accurate.

Audit Scope and Approach

The audit has been conducted in accordance with generally accepted auditing standards. In preparing our report, we have relied upon interviews with the directors, management, staff and stakeholders of CentreVenture as well as information, data, and other documentary evidence provided to us.

The conclusions reached in this report are based upon information available at the time of audit. In the event that significant information is brought to our attention after completion of the audit, we reserve the right to amend the conclusions reached.

In conducting our audit, we employed a variety of methods:

- We conducted interviews with CentreVenture Board directors and staff, City of Winnipeg administrative managers and staff, staff of downtown agencies, and community leaders, stakeholders and clients.
- We obtained and reviewed reports, plans, financial information and other relevant documentation to understand CentreVenture objectives and programs.
- We utilized a program logic model to assist in the evaluation of CentreVenture’s performance.
- We determined the most significant risks that could potentially inhibit the achievement of the agency’s business objectives and used a control model to identify key controls that should be in place to mitigate these risks.
- We analyzed financial performance to date through review of audited financial information and budgets.
- We audited a sample of transactions covering both the administration of the agency and program activities from inception to the end of 2005.
- We reported the results of our review to the CentreVenture Board, Executive Policy Committee and City Council at the completion of the Audit.
Audit Conclusions

Based on the audit work completed, we concluded that:

- CentreVenture has produced tangible results that have contributed to the achievement of its mission to be a catalyst for downtown revitalization. CentreVenture’s focus has shifted to some extent since presentation of its Start-up Business Plan, and the agency’s role within its broad mandate needs to be reviewed and confirmed.
- CentreVenture needs to strengthen its governance and management frameworks and practices.
- Performance reporting requires significant improvement.

Acknowledgement

The Audit team wants to extend its appreciation to the many individuals who participated in the audit. We were inspired by the energy and commitment demonstrated by CentreVenture directors and staff as well as their clients, partners and stakeholders. We were also impressed with the keen interest demonstrated by the community and industry leaders we interviewed. All of the comments and insights provided assisted us in completing our analysis and built the foundation for our report recommendations. To preserve the integrity of the insightful and cogent perspectives expressed, we have quoted many of the observations directly. We have not attributed the quotations, however, to respect the confidentiality requested.

City of Winnipeg Audit Team

Brian Whiteside, CA•CIA
Deputy City Auditor

Glenda Stevens, CA, CFE
Senior Auditor

Louise Marius, CGA
Senior Auditor

Shannon Hunt, CGA, CFE
City Auditor

Winnipeg, Manitoba
September, 2006
Part I – CentreVenture Mandate, Services, and Accountability

Creation of the Agency

The reputation of a city is intrinsically linked to its downtown. The downtown is an important symbol for any city – it establishes the city’s image and identity and determines its competitive position within the rest of the country. The health and economic vitality of downtown Winnipeg is important not only for those who live and work there but for the entire city and all of its residents. And, since Winnipeg represents more than 60% of the population of Manitoba, it is also very important from a provincial perspective. The economic well-being of the downtown manifests economic benefits for the entire province.

Winnipeg’s downtown is expansive and diverse and, like all major cities, has faced an array of challenges common to urban Canada. Since the 1960s, there has been an ongoing emphasis on downtown rebuilding and renewal. By the late 1980s and early 1990s, the focus shifted to policy development with the adoption of the Downtown Zoning By-law in 1988 and the City’s strategic plan, Plan Winnipeg . . . toward 2010 (“Plan Winnipeg”) in 1993. With respect to the downtown, Plan Winnipeg states the following:

“Winnipeg’s downtown is its heart. And, like a heart, it must be healthy if the city as a whole is to be fit and strong. Those elements that make up the downtown—the streets and buildings, the people and activities—merge to fashion the image that Winnipeggers hold of their city. It is also the image visitors take home with them. . . . A healthy downtown requires a long-term commitment to a vision and a plan. Isolated projects and short-term programs do not meet that requirement. The foundation of a long-term commitment must be a coherent concept, both to protect existing investment and to direct growth. A plan can provide for a vibrant downtown only if it is based upon a consensus of all downtown interests.”

Beginning in 1993, the City led an effort to develop a comprehensive vision for the downtown. A partnership approach was employed that included representation from all three levels of Government, non-profit agencies, business and labour leaders, community groups, educational institutions, etc. Broad public consultations were also conducted. The resulting CentrePlan, adopted in 1994, provided a comprehensive vision for the downtown that included social well-being, economic opportunity, supportive infrastructure, strong character and exemplary leadership. The plan provided long-term strategic direction for the downtown as well as producing action plans that resulted in a number of initiatives to promote the rejuvenation of the downtown. In June 1999, the CentrePlan Development Framework (“Development Framework”) was produced to provide a coordinated plan based primarily on the physical environment, incorporating social and economic dimensions. Implicit in the plan’s evolution was the assumption that its concepts and plans should be implemented by a duly constituted authority under political leadership.

One of the key recommendations of the CentrePlan Action Plan 1997-99 was to “explore the possibility of creating a downtown planning and development corporation…” In June 1998, Economic Development Winnipeg struck a Downtown Task Force comprised of community and business leaders to address the challenges and identify opportunities facing Downtown Winnipeg. The task force was endorsed by Executive Policy Committee in July 1998; the goal of the task force was “to create a sustainable model for downtown planning and development and coordinate present and future public and private sector efforts to achieve downtown revitalization”.

In December 1998, the Downtown Task Force Report was released. Ten recommendations were presented, the primary one being “that a sustainable Downtown Development Authority is created to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown; and that a public-private partnership approach be pursued to build on the expertise and innovation of the private sector and the political leadership and policy development capability of the public sector”.

In response, CentreVenture Development Corporation (“CentreVenture”) was created by City Council on May 13, 1999 to be the duly constituted authority to provide leadership in creating and sustaining business opportunities and economic growth in downtown Winnipeg. CentreVenture was created as a “single and special entity” that would be arms-length from the City of Winnipeg, operating as a small private authority with public accountability. CentreVenture received $250,000 from the City as start-up funding, which it used to hire a Chief Operating Officer and staff, establish an office and develop a business plan.

On July 9, 1999, CentreVenture Development Corporation was incorporated under the laws of the Province of Manitoba as a “not for profit corporation without share capital, as a community association for the purpose of promoting and fostering economic, residential and cultural growth and development in the downtown...”

On September 20, 1999, City Council approved endowment and operating funds for the agency and “endorsed the spirit and intent of CentreVenture’s Start-Up Business Plan and recognized the CentrePlan Development Framework as a guideline for downtown redevelopment”. On November 17, 1999, the City signed an Operating Agreement with CentreVenture providing a commitment of $3 million in endowment funding together with annual operating grants of $250,000 per year for three years.

On the same day, the City signed an Asset Agreement which specified terms and conditions under which CentreVenture would be granted options to acquire an interest in all surplus city-owned properties in the downtown.

According to the CentreVenture’s Startup Business Plan dated September 1999, CentreVenture’s overall goal was “to function as the catalyst to revitalize downtown Winnipeg through cooperation, partnering, involvement and support of all levels of Government, current and potential investors, developers, home owners, renters, the arts community, cultural groups and all citizens of the City of Winnipeg”.

In accordance with the Development Framework, CentreVenture was to initially concentrate its efforts on four priority development areas:

- Business Development and Investment
- Infrastructure, Housing and Transportation
- Arts, Culture and Entertainment
- Public Spaces, Safety and Urban Design

CentreVenture was also to focus its efforts and resources on two primary districts:
- the Central Business District – with priority given to Portage Avenue, Broadway and the City’s Historic Centre; and
- the National Historic Site – which includes the Forks, the Exchange District, Chinatown and North Main.

CentreVenture’s mandate was renewed in June 2002 for an additional four years. City Council provided an additional $7 million for the Urban Development Bank and expanded CentreVenture’s mandated area. The City also continued its commitment to provide $250,000 in annual operating funding.

In July 2006, EPC requested the CAO to negotiate a renewal of the operating and asset agreements for a three year term, subject to an annual review and approval of CentreVenture’s mandate. Operational funding, however, was not to be renewed.
CentreVenture Mission, Programs and Tools

According to CentreVenture’s website, the agency describes its mission as follows:

“CentreVenture Development Corporation, an arm’s length agency of the City of Winnipeg, is an advocate and catalyst for business investment, development and economic growth in downtown Winnipeg. CentreVenture’s staff, under the guidance of a volunteer, private-sector board of directors develops and implements strategies to identify and capitalize on economic, physical and social development opportunities in Winnipeg’s downtown.

- CentreVenture is charged with fostering the revitalization of downtown Winnipeg through strategic management and financial and other support, where possible, of downtown development.
- CentreVenture expedites development in Winnipeg's downtown by promoting private-public cooperation and innovative partnerships.
- CentreVenture encourages new retail, entertainment, housing and commercial ventures, along with public sector investment in public spaces, amenities and services.
- CentreVenture puts particular emphasis on the rejuvenation of the City's heritage buildings, development of vacant or underutilized downtown property, and on identifying development opportunities linked to area mega projects such as Red River College's downtown campus and Manitoba Hydro’s new head office.
- Under the Asset Agreement with the City of Winnipeg, CV markets surplus city-owned properties for sale and redevelopment.”

(See Appendix 1 for a map of CentreVenture’s mandated area.)

CentreVenture currently offers the following programs and tools to achieve its mission:

Asset Agreement
Under the Asset Agreement, the City of Winnipeg has provided CentreVenture with the ability to option all surplus City-owned properties and heritage buildings within its designated area for sale to the development community. The intent is to get non-performing City-owned properties in the downtown developed, occupied and placed back on the City of Winnipeg Tax Rolls. Proceeds from the sale of properties are used to fund Urban Development Bank activities and CentreVenture operations.

CentreVenture Urban Development Bank
CentreVenture used the initial $3 million provided by the City of Winnipeg as an endowment fund to provide security to support an Urban Development Bank. The bank provides bridge and gap financing solutions to proponents of downtown revitalization projects. Projects proceed with alternative sources of security or at a higher degree of risk than those available through conventional lenders. Urban Bank activities include bridge financing of heritage tax credits, mortgage financing and loan guarantees. Since the initial endowment, the City has contributed an additional $7 million and the Province $1.47 million to the Urban Development Bank.

Heritage Tax Credits and Preservation
CentreVenture, jointly with the City of Winnipeg, administers a heritage program consisting of tax credits, capital grants and heritage economic initiatives. The CentreVenture Downtown Heritage Tax Credit Program stimulates capital investment in the conservation and reuse of designated historical buildings. The tax credit is awarded on the basis of 50 per cent of the net eligible private investment and may be used up to 10 years to reduce property and business taxes levied by the City.

The CentreVenture Downtown Capital Grant Initiative assists the repair, preservation and/or restoration of a designated structure’s heritage character architectural elements. Grants are limited to 50 per cent of total approved project costs to a maximum of $50,000. Heritage Economic Development Grants of up to $25,000 are used to stimulate innovative initiatives or to attract new investment in designated heritage structures.
Advocacy and Facilitation
CentreVenture plays a key role as an advocate for inner-city revitalization and downtown redevelopment in general. The agency is a frequent contributor on urban revitalization issues such as public safety, parking, two-way streets, and the Portage and Main pedestrian crossing and advocates for strategic infrastructure projects that can act as a catalyst for further investment by the private sector.

CentreVenture also works with investors and developers to find customized solutions to meet their specific needs including identifying suitable development opportunities, securing financing or cutting through “red tape”. CentreVenture provides hands-on assistance to expedite dealings with government agencies and facilitates projects through various application and approval phases to ensure timely and effective implementation.

CentreVenture Accountability
CentreVenture is required to appoint independent auditors to report to the Board of Directors on the results of a financial audit of the agency within 90 days of the fiscal year end. CentreVenture is also required to report semi-annually to Council through the Executive Policy Committee and to table an annual report within 120 days of the year end. CentreVenture, in its Start-Up Business Plan, declared its intent to demonstrate the economic and social benefits of projects including gains in provincial sales tax, employment tax, provincial and corporate income taxes, as well as short and long-term sustainable job creation accruing from their projects.

CentreVenture Organization
CentreVenture is governed by a volunteer Board of Directors consisting of nine citizens and managed by an Executive Committee of three. Directors are appointed by City Council upon recommendation by a CentreVenture nominating committee. Directors are appointed for a term of three years and cannot serve for more than two continuous terms. Directors do not receive any remuneration but are entitled to be reimbursed for out-of-pocket expenses. The Mayor serves as the honorary Chair of CentreVenture’s Board.

At the end of 2005, CentreVenture had three permanent staff resources: a President and Chief Operating Officer, an Office Manager, and an Administrative Assistant. Various professionals and consultants were retained on an as-needed basis throughout the period under review.

CentreVenture Resources
At December 31, 2005, CentreVenture had total assets of $12,790,898. CentreVenture’s Revenue and Expenditures for 2005 are shown in the chart below:

<table>
<thead>
<tr>
<th></th>
<th>General Operations</th>
<th>Urban Development Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$791,355</td>
<td>$1,408,613</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$505,158</td>
<td>$584,715</td>
</tr>
</tbody>
</table>

A Financial Summary for the period 1999 to 2005 is shown on the next page.
### CentreVenture Financial Summary – 1999 to 2005

**Revenue**

<table>
<thead>
<tr>
<th>Grants</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Winnipeg</td>
<td></td>
</tr>
<tr>
<td>Operating grant</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Urban Development Bank</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Project Grants</td>
<td>$1,493,476</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,243,476</td>
</tr>
<tr>
<td>Province of Manitoba</td>
<td></td>
</tr>
<tr>
<td>Urban Development Bank</td>
<td>$1,476,000</td>
</tr>
<tr>
<td>Grants</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,526,000</td>
</tr>
<tr>
<td>Other Grants</td>
<td>$60,000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>($465,936)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$14,363,540</td>
</tr>
<tr>
<td>Sale of real properties</td>
<td>$2,853,530</td>
</tr>
<tr>
<td>Interest</td>
<td>$2,008,717</td>
</tr>
<tr>
<td>Rent</td>
<td>$583,762</td>
</tr>
<tr>
<td>Other</td>
<td>$39,934</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$19,849,483</td>
</tr>
</tbody>
</table>

**Expenditures**

<table>
<thead>
<tr>
<th>Grants</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>$620,010</td>
</tr>
<tr>
<td>Skateboard Park</td>
<td>$312,770</td>
</tr>
<tr>
<td>Heritage</td>
<td>$70,130</td>
</tr>
<tr>
<td>Special projects</td>
<td>$162,400</td>
</tr>
<tr>
<td>Project development</td>
<td>$461,506</td>
</tr>
<tr>
<td>Cost of real properties</td>
<td>$578,432</td>
</tr>
<tr>
<td>Write-down of capital assets</td>
<td>$1,523,326</td>
</tr>
<tr>
<td>Write down of property held for resale</td>
<td>$75,000</td>
</tr>
<tr>
<td>Amortization</td>
<td>$291,518</td>
</tr>
<tr>
<td>Bad debts</td>
<td>$212,927</td>
</tr>
<tr>
<td>Investment losses</td>
<td>$73,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,381,719</td>
</tr>
<tr>
<td>Administration</td>
<td>$1,593,280</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$1,174,098</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>$469,212</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$7,618,309</td>
</tr>
</tbody>
</table>

**Excess of revenue over expenditures (Net Assets)** | $12,231,174

*Source: CentreVenture Audited Financial Statements*
A “Logic Model” is often used to evaluate the performance of programs and organizations. A Logic Model is defined as a picture of how an organization does its work. It uses words and pictures to describe the activities thought to bring about change, and how these activities are linked to the results that the organization is expected to achieve. The Logic Model components illustrate the connection among the input (resources), the work performed (programs and activities) and the intended results (outputs and outcomes). The model shows the logical progression of translating a program vision into long-term impacts. The Logic Model sequence is illustrated below (Source: W.K. Kellogg Foundation).

A Logic Model

- **Resource inputs** include the financial, human, and community resources the organization has available to direct toward doing the work.

- **Programs** are what the organization does with the resources. **Activities** are the processes, tools, technology and actions taken to implement the programs.

- **Outputs** are the direct products of the program activities.

- **Outcomes** are the measurable consequences of an organization’s outputs.

- **Impacts** are the changes occurring in the community as a result of the organization’s outcomes.

We have used a Logic Model to structure our Report on Performance. We relied on information from CentreVenture’s Business Plans, Annual Reports and Audited Financial Statements for performance data.
Resource Inputs

Public/Private Investments in CentreVenture
One of the purposes for which CentreVenture was established was to develop a public/private partnership to provide leadership in creating and sustaining business opportunity and economic growth in downtown Winnipeg. CentreVenture has relied on investments and financial contributions made by the public sector for its establishment and on-going support. The private sector-dominated board has volunteered their time to govern CentreVenture. To date financial investments made by the private sector have been restricted to direct investments in development projects.

City of Winnipeg
The City of Winnipeg has provided most of the funding that CentreVenture has received from the public sector. As of December 31, 2005, the City of Winnipeg has transferred to CentreVenture $1.75 million in operating grants, $10 million to fund the Urban Development Bank, and $1.49 million in project grants for a total of $13.2 million in direct financial support.

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Grant</th>
<th>Urban Development Bank</th>
<th>Project Grants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$ 250,000</td>
<td>$ 300,000</td>
<td>-</td>
<td>$ 550,000</td>
</tr>
<tr>
<td>2000</td>
<td>250,000</td>
<td>2,700,000</td>
<td>$ 100,000</td>
<td>3,050,000</td>
</tr>
<tr>
<td>2001</td>
<td>250,000</td>
<td>-</td>
<td>435,000</td>
<td>685,000</td>
</tr>
<tr>
<td>2002</td>
<td>250,000</td>
<td>3,500,000</td>
<td>250,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>2003</td>
<td>250,000</td>
<td>3,500,000</td>
<td>418,476</td>
<td>4,168,476</td>
</tr>
<tr>
<td>2004</td>
<td>250,000</td>
<td>-</td>
<td>290,000</td>
<td>540,000</td>
</tr>
<tr>
<td>2005</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,750,000</td>
<td>$10,000,000</td>
<td>$1,493,476</td>
<td>$13,243,476</td>
</tr>
</tbody>
</table>

In addition to the direct financial support of $13.2 million, the City of Winnipeg has supported CentreVenture through the *Asset Agreement* and through direct funding of CentreVenture sponsored heritage programs to a total of $4.94 million:

- Through the sale of City of Winnipeg surplus properties in the downtown, CentreVenture has been able to realize over $2.8 million in proceeds to deposit in the Urban Development Bank.
- The City of Winnipeg has awarded $1.38 million in Heritage Tax Credits and paid out $0.76 million in heritage grants related to CentreVenture sponsored heritage programs.

Financial Support from the Province of Manitoba and Other Agencies
CentreVenture has received financial support from the Province of Manitoba, Destination Winnipeg and Western Economic Diversification. The Province of Manitoba’s direct financial support has taken the form of a $1.476 million contribution to the Urban Development Bank and a one-time $50,000 project grant. Other public sector agencies contributed $60,000. (See below.)
Financial Support from Province and Agencies

<table>
<thead>
<tr>
<th>Year</th>
<th>Province of Manitoba Urban Development Bank</th>
<th>Province of Manitoba Project Grants</th>
<th>Other public sector Agencies Project Grants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>$250,000</td>
<td>-</td>
<td>-</td>
<td>$250,000</td>
</tr>
<tr>
<td>2001</td>
<td>250,000</td>
<td>$50,000</td>
<td>$25,000</td>
<td>325,000</td>
</tr>
<tr>
<td>2002</td>
<td>250,000</td>
<td>-</td>
<td>35,000</td>
<td>285,000</td>
</tr>
<tr>
<td>2003</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>2004</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2005</td>
<td>476,000</td>
<td>-</td>
<td>-</td>
<td>476,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,476,000</td>
<td>$50,000</td>
<td>$60,000</td>
<td>$1,586,000</td>
</tr>
</tbody>
</table>

Program Activities and Outputs

In this section, we will examine the programs and activities delivered by CentreVenture and the measurable outputs that were generated.

Asset Agreement

The Asset Agreement with the City of Winnipeg provides the opportunity for CentreVenture to option non-performing, surplus City-owned property for sale to the development community. The net proceeds from the sales of these properties are deposited in the CentreVenture Urban Development Bank and are used to fund loans and mortgages.

Outputs

During the period January 1, 2000 to December 31, 2005, CentreVenture conducted 24 transactions resulting in the sale of 21 previously City-owned properties for $2,853,530 and has conditional offers to sell six more properties.

Real Estate Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Properties Sold</th>
<th>Sales Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2</td>
<td>$359,999</td>
</tr>
<tr>
<td>2001</td>
<td>4</td>
<td>669,755</td>
</tr>
<tr>
<td>2002</td>
<td>2</td>
<td>275,000</td>
</tr>
<tr>
<td>2003</td>
<td>1</td>
<td>19,000</td>
</tr>
<tr>
<td>2004</td>
<td>5</td>
<td>678,000</td>
</tr>
<tr>
<td>2005</td>
<td>10</td>
<td>851,776</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>$2,853,530</td>
</tr>
</tbody>
</table>

Urban Development Bank

CentreVenture operates an Urban Development Bank that provides financing solutions to proponents of downtown development projects. The Urban Development Bank was created to focus on maximizing leverage of CentreVenture’s funding with public/private sector investment. “Creative financing” was provided in the form of direct loans, loan guarantees, performance and discretionary grants, fund feasibility and architectural studies and tax concessions for realty, amusement and business.
The Urban Development Bank was funded by a $10 million contribution from the City of Winnipeg made over a period of four years and $1.47 million contribution from the Province of Manitoba funded over a period of five years.

**Outputs**
CentreVenture has issued more than $3.7 million in loans and mortgages involving 28 properties to December 31, 2005.

### Loans and Mortgages

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Properties</th>
<th>Number of Loans</th>
<th>Number of Mortgages</th>
<th>Heritage Tax Credit Loans</th>
<th>Loan Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
</tr>
<tr>
<td>2000</td>
<td>5</td>
<td>1 $250,000</td>
<td>1 $45,000</td>
<td>1 $195,300</td>
<td>2 $65,000</td>
</tr>
<tr>
<td>2001</td>
<td>8</td>
<td>1 $50,000</td>
<td>2 259,492</td>
<td>4 654,352</td>
<td>1 20,000</td>
</tr>
<tr>
<td>2002</td>
<td>4</td>
<td>1 80,000</td>
<td>2 225,000</td>
<td>1 175,000</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>2</td>
<td>1 115,850</td>
<td>1 25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>4</td>
<td>1 905,771</td>
<td>2 328,370</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>5</td>
<td>1 328,370</td>
<td>2 350,817</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>4 $495,850</td>
<td>13 $1,788,633</td>
<td>8 $1,375,469</td>
<td>3 $85,000</td>
</tr>
</tbody>
</table>

**Heritage Programs**
Heritage programs are delivered in partnership with the City of Winnipeg. The programs are jointly administered and sponsored by the City of Winnipeg. The Heritage programs are intended to encourage the preservation, restoration, and rehabilitation of the City Winnipeg’s historic buildings through adaptive reuse and redevelopment.

**Heritage Tax Credits**
The CentreVenture Downtown Heritage Tax Credit Program supports the conservation and redevelopment of designated heritage buildings. The tax credit is awarded on the basis of 50 per cent of the net eligible private investment (up to $250,000) and may be used for up to 10 years to reduce property taxes and, where applicable, business taxes levied by the City. The Heritage Tax Credits are funded by the City of Winnipeg.

**Outputs**
CentreVenture had approved 19 projects and awarded $3.24 million in heritage tax credits to December 31, 2005. Eight projects did not proceed and only $1.38 million in heritage tax credits had been earned by December 31, 2005. $1.86 million (or 57%) of the heritage tax credits approved expired by December 31, 2005.

### Downtown Heritage Tax Credit Program

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Number of Projects</th>
<th>Heritage Tax Credits Approved</th>
<th>Heritage Tax Credits Earned</th>
<th>Projects not Completed</th>
<th>Heritage Tax Credits Expired</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>13</td>
<td>$2,237,043</td>
<td>$1,099,047</td>
<td>4</td>
<td>$1,137,996</td>
</tr>
<tr>
<td>2002</td>
<td>3</td>
<td>288,763</td>
<td>280,998</td>
<td>1</td>
<td>7,765</td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>710,000</td>
<td>-</td>
<td>3</td>
<td>710,000</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>$3,235,806</td>
<td>$1,380,045</td>
<td>8</td>
<td>$1,855,761</td>
</tr>
</tbody>
</table>
**Heritage Grants**

The CentreVenture Downtown Capital Grant Initiative supports the repair, preservation and/or restoration of a designated structures heritage character or architectural elements. The maximum grant available was limited to 50 per cent of approved project costs up to $50,000.

The Heritage Economic Development Grant and the Gail Parvin Hammerquist grants support initiatives to attract new investment, occupants and/or uses for designated heritage structures in the downtown.

**Outputs**

CentreVenture has awarded $1,049,066 in grants to December 31, 2005. The City of Winnipeg paid out $757,704 of the $827,834 in heritage grants paid to December 31, 2005.

The 2004 Gail Parvin Hammerquist program had an allocation of $290,000 to award in grants. As at December 31, 2005, CentreVenture had not awarded any grants with respect to the 2004 Program.

### Heritage Grants

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Projects Awarded</th>
<th>Grant Amount</th>
<th>Grant Paid to December 31, 2005</th>
<th>Projects that did not Proceed</th>
<th>Grant Unearned to December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCG-2000</td>
<td>16</td>
<td>$ 706,773</td>
<td>$541,751**</td>
<td>3</td>
<td>$165,022</td>
</tr>
<tr>
<td>DCG-2002</td>
<td>3</td>
<td>128,000</td>
<td>124,718**</td>
<td>-</td>
<td>3,282</td>
</tr>
<tr>
<td>EDG-2000</td>
<td>4</td>
<td>65,000</td>
<td>65,000**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EDG-2002</td>
<td>2</td>
<td>34,000</td>
<td>26,235**</td>
<td>-</td>
<td>7,765</td>
</tr>
<tr>
<td>GPH-2003</td>
<td>7</td>
<td>113,476</td>
<td>70,130</td>
<td>-</td>
<td>43,346</td>
</tr>
<tr>
<td>GPH-2004</td>
<td>1,817*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,817</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>$ 1,049,066</td>
<td>$827,834</td>
<td>3</td>
<td>$221,232</td>
</tr>
</tbody>
</table>

DCG- Downtown Capital Grant  
EDG – Economic Development Grant  
GPH – Gail Parvin Hammerquist Grant  

* Part of the grant from the 2003 program was allocated to 2004  
** Grant paid by the City of Winnipeg

### Downtown Housing Grants

The downtown housing grants were developed to encourage unique and innovative approaches to addressing downtown housing opportunities by providing financial assistance to project proponents.

**Outputs**

### Downtown Housing Grants

<table>
<thead>
<tr>
<th>Program</th>
<th>Projects</th>
<th>Housing Units planned</th>
<th>Grants Awarded</th>
<th>Grants Paid to December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Demonstration Grant</td>
<td>2</td>
<td>59</td>
<td>$ 500,000</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Grant – 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Strategy Grant -2003</td>
<td>4</td>
<td>107</td>
<td>250,000</td>
<td>120,010</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>166</td>
<td>$ 750,000</td>
<td>$ 620,010</td>
</tr>
</tbody>
</table>
**Advocacy and Facilitation**

CentreVenture plays a role as an advocate for downtown redevelopment. CentreVenture has been a contributor on urban revitalization issues in Winnipeg on such topics as parking, transportation, public safety, downtown zoning, development project approval process and the opening of the pedestrian crossing at Portage & Main. CentreVenture provides hands-on assistance to project proponents to expedite dealings with government agencies and facilitate projects through the application and approval phases.

**Outputs**

Projects such as Waterfront Drive, Credit Union Central and Mountain Equipment Co-op are the result of the CentreVenture advocacy work in combination with the use of its development programs. CentreVenture also facilitated private sector input for the Getting Down to Business consultation process to review City planning and development rules and regulations.

CentreVenture receives approximately 20 project inquires a week and maintain an active project caseload of between and eight and 15 open files. Open files can require years of involvement to bring to the market, partly because of the project approval process and requirements of commercial financial institutions.

**Program Outcomes**

In this section, we review the outcomes generated by CentreVenture’s operations. We can’t put the outcomes in perspective, in some cases, because CentreVenture has not developed performance targets or gathered information from other organizations against which to compare results.

**Return on CentreVenture Assets**

One of CentreVenture’s financial goals from the outset was to achieve financial self-sufficiency. A key factor in achieving this goal was to ensure that CentreVenture would be in a position to realize income from its assets. CentreVenture has significant investments in financial assets and real estate. As at December 31, 2005, CentreVenture had cash and short-term investments of $8.2 million, mortgages receivable of $1.3 and loans receivable of $0.7 million. The table below summarizes the revenue generated from the agency’s financial assets for the past six years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest</th>
<th>Loan Losses/ Bad debts</th>
<th>Investment Losses</th>
<th>Net revenue</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$162,997</td>
<td>-</td>
<td>-</td>
<td>$162,997</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>244,991</td>
<td>(12,927)</td>
<td>-</td>
<td>232,064</td>
<td>241,500</td>
<td>(9,436)</td>
</tr>
<tr>
<td>2002</td>
<td>337,972</td>
<td>-</td>
<td>-</td>
<td>337,972</td>
<td>304,734</td>
<td>33,238</td>
</tr>
<tr>
<td>2003</td>
<td>422,146</td>
<td>$ (150,000)</td>
<td>-</td>
<td>272,146</td>
<td>507,745</td>
<td>(235,329)</td>
</tr>
<tr>
<td>2004</td>
<td>403,903</td>
<td>(50,000)</td>
<td>-</td>
<td>353,903</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>436,708</td>
<td>-</td>
<td>$ (73,700)</td>
<td>363,008</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$2,008,717</td>
<td>$(212,927)</td>
<td>$(73,700)</td>
<td>$1,722,090</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*No amount was included for interest in the 2000 Budget.
** No budget was prepared for 2004 and 2005.
We wanted to determine whether the net revenue generated from financial assets met CentreVenture’s expectations; however, for three of the six years of operations, CentreVenture did not establish a budget figure against which to compare results. For the years where a comparison was possible, 2003 was the only year with a significant variance. The major reason for the variance was a write-off of $150,000 in bad debt.

As at December 31, 2005, CentreVenture had capital assets with a book value of $1.25 million and property held for resale of $1 million. CentreVenture did prepare a budget that included estimates for revenue from rent and property sales for the years 2001-2003. In each year, there were significant variances between budget and actual revenues. In each year, CentreVenture had expected to realize significantly more revenue from the sale of real estate than was actually realized. As well, in 2002, CentreVenture took a conservative approach and wrote down the book value of the building it owns, constructed and leased to Mountain Equipment Co-op by $1.4 million. In the event of a future sale, CentreVenture will likely realize a gain on the sale of the asset.

### Return from Property

<table>
<thead>
<tr>
<th>Year</th>
<th>Rent</th>
<th>Sale of Real estate</th>
<th>Write down of Property</th>
<th>Net revenue</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td>$359,999</td>
<td></td>
<td>$359,999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>12,000</td>
<td>669,755</td>
<td>(9,000)</td>
<td>672,755</td>
<td>1,504,000</td>
<td>(831,245)</td>
</tr>
<tr>
<td>2002</td>
<td>84,001</td>
<td>275,000</td>
<td>(1,403,131)</td>
<td>(1,044,130)</td>
<td>958,865</td>
<td>(2,002,995)</td>
</tr>
<tr>
<td>2003</td>
<td>154,661</td>
<td>19,000</td>
<td>(111,195)</td>
<td>62,466</td>
<td>981,594</td>
<td>(919,128)</td>
</tr>
<tr>
<td>2004</td>
<td>154,753</td>
<td>678,000</td>
<td>-</td>
<td>832,753</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>178,347</td>
<td>851,776</td>
<td>-</td>
<td>1,030,123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$563,762</td>
<td>$2,853,530</td>
<td>$(1,523,326)</td>
<td>$1,913,966</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*No amount was included for interest in the 2000 Budget.
**No budget prepared for 2004 and 2005.

### Agency Self-sufficiency

CentreVenture’s original strategic plan stated that a key element of the Urban Development Bank Program was to ensure the agency’s self-sufficiency. This was expected to be achieved by using a portion of Urban Development Bank income to offset operating costs.

What was meant by ‘self-sufficiency’ has not been defined. One possible measure of self-sufficiency is the preservation of the Urban Development Bank endowment funding. Contributions made by the City of Winnipeg and the Province of Manitoba to the Urban Development Bank to December 31, 2005 totaled $11,476,000. As at December 31, 2005, CentreVenture had net assets of $12,231,174; therefore, CentreVenture has accumulated net assets in excess of the contributions made by $775,174. Given this definition of self-sufficiency, CentreVenture has met its objective.

A second possible measure of self-sufficiency is that the agency does not require on-going financial support for operations from the City of Winnipeg. CentreVenture received an annual operating grant of $250,000 from 1999 to 2005. Given this definition of self-sufficiency, CentreVenture has not yet met its objective. This will provide CentreVenture a challenge in the future since the City has not committed to renewing the operating grant for the third mandate.
New Housing Units Created
CentreVenture has provided conditional grants and financing to fourteen projects that will lead to the development of nearly 400 housing units.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects</th>
<th>Loans and mortgages</th>
<th>Grants</th>
<th>Housing Units planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1</td>
<td>$425,000</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>2001</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>2</td>
<td>75,000</td>
<td>$577,775</td>
<td>59</td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>501,029</td>
<td>130,000</td>
<td>52</td>
</tr>
<tr>
<td>2004</td>
<td>1*</td>
<td></td>
<td>30,518</td>
<td>27</td>
</tr>
<tr>
<td>2005</td>
<td>7</td>
<td>600,817</td>
<td>63,500</td>
<td>248</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>$1,601,846</td>
<td>$801,773</td>
<td>393</td>
</tr>
</tbody>
</table>

*Project received land from CentreVenture for $1.

Private Investment Leveraged
One of CentreVenture’s key goals was to leverage private sector investment. CentreVenture tracks the estimated private investment related to the development projects it is involved in through sales of real estate, and the provision of loans, mortgages, loan guarantees, heritage tax credits and grants. As at December 31, 2005, CentreVenture had completed transactions for 48 projects that are expected to result in $77.3 million in private investment.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects Supported financially</th>
<th>Estimated project investment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10</td>
<td>6,435,000</td>
</tr>
<tr>
<td>2001</td>
<td>11</td>
<td>4,961,011</td>
</tr>
<tr>
<td>2002</td>
<td>6</td>
<td>5,943,000</td>
</tr>
<tr>
<td>2003</td>
<td>7</td>
<td>7,109,500</td>
</tr>
<tr>
<td>2004</td>
<td>6</td>
<td>16,086,000</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>36,752,000</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>77,286,511</td>
</tr>
</tbody>
</table>

*Does not include projects where financial support was not provided or deals in progress at December 31, 2005.

CentreVenture has not developed a performance measure to evaluate its overall performance in leveraging private investment through its program activities. In the absence of a developed performance indicator, we compared the total estimated project investment ($77.3 million) to the total CentreVenture expenditures to December 31, 2005 ($7.6 million). This resulted in a very positive $10 to $1 ratio. In addition, the estimate does not take into account private sector investment leveraged indirectly through CentreVenture’s advocacy and facilitation efforts.
**Tax Revenue and Job Creation**

In its *Start-Up Business Plan*, CentreVenture committed to demonstrating the economic and social benefits of the projects it supported by tracking the gains in municipal and provincial taxes and the short and long-term sustainable job creation that accrued from these projects. CentreVenture has not included information on the increase in taxes generated or the jobs created as a result of the projects that have been assisted by CentreVenture in its annual reports to date.

In its 2006-2009 Strategic Business plan, CentreVenture estimated that, when all of the CentreVenture assisted projects are completed over the next three years, the City of Winnipeg will receive $1.6 million and the Province of Manitoba will receive $2.3 million annually in tax revenue from these projects. CentreVenture estimates that the completed and in-progress CentreVenture assisted projects will result in 2,270 person years of employment.

**Impacts of CentreVenture programs**

The overall goal of CentreVenture is to contribute to the revitalization of the downtown. While CentreVenture has measured the outputs of its activities and the outcomes that the programs have generated, to determine CentreVenture’s progress towards its long-term goal, it is critical to measure the impact that the organization’s programs have had on the downtown. Currently, CentreVenture does not have a process to do this. How this might be accomplished is discussed under *Reporting* in the next part of our report.
Part III – CentreVenture 1999-2005: Audit Observations

As our Report on Performance indicates, it is clear that CentreVenture has achieved some tangible results in its first two mandates. It is equally clear that much still needs to be done to revitalize the City’s downtown. In conducting the audit, we interviewed a broad range of interested stakeholders. For many, CentreVenture is a real success story. For others, the agency has not lived up to initial expectations. In this part of the report, we will share comments and perspectives that were provided to us during our interviews as well as our own analysis of the actions that led to the agency’s accomplishments and the factors that contributed to its perceived failures. In the final part of the report, we will look to the future and provide our recommendations for enhancing the effectiveness of the agency in the next mandate.

Mandate and Role

What was the mandate and role envisioned for CentreVenture by the Downtown Task Force?

As discussed in the introduction, CentreVenture was created pursuant to a recommendation made by the Downtown Task Force led by Economic Development Winnipeg and endorsed by Executive Policy Committee. In providing the rationale for the new agency, the Task Force noted concerns with the current organizational structure of the downtown functions and activities that included the following:

- Multiple groups and organizations were operating in the downtown with a lack of coordination and an absence of a shared context. While enjoying varying degrees of success, they were ‘winning the odd battle but collectively losing the war’.
- There was competition from the different downtown precincts – for example, Forks North Portage’s use of its considerable resources for its mandated area could direct business away from other areas of the downtown.
- No group had the overall mandate to provide leadership and advocacy with an ability to implement.
- CentrePlan provided a broad vision for the downtown but was not widely understood nor complemented by a corresponding physical plan to facilitate implementation.

The Task Force report made ten recommendations to City Council. Three key ones included:

- “that a sustainable Downtown Development Authority be created to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown; and that a public-private partnership approach is pursued . . .”;
- “that the Downtown Development Authority become the management board of CentrePlan, and that CentrePlan form the foundation for future planning initiatives including a physical plan, development strategy and business plan to be developed simultaneously in an integrated and complementary manner”; and
- “that the primary functions of the Downtown Development Authority are: integrated planning for the downtown, facilitation of appropriate private and public sector investment and development, and coordination of downtown organizations and government departments as they relate to the downtown”.

The Task Force also made several recommendations regarding implementation and interaction with government bodies and existing agencies. It is clear that the Task Force envisioned that the new agency would play a leadership role within the downtown:

"The Downtown Development Authority will provide central coordination and strategic leadership to downtown stakeholders . . . a central organization needs to have overall responsibility for ensuring a coordinated and strategic approach in revitalization efforts. The Authority will provide leadership and direction to existing organizations, government departments, policy makers and the private sector on future development in the downtown."
What was the mandate and role envisioned for CentreVenture by the City?
In an April 1999 report to Executive Policy Committee, *CentreVenture: A new Approach to Downtown Revitalization*, the former Mayor and Chief Administrative Officer responded to the report of the Downtown Task Force and recommended the creation of CentreVenture. In reading the report, it is apparent that they supported the mandate and role envisioned for the agency by the Task Force:

- “The Task Force Report concluded that there is a great deal of consensus for an Authority among downtown stakeholders – stakeholders believe that what has been missing in all of our efforts downtown is an over all implementation body that provides strategic leadership and has access to the necessary resources. No group had the mandate to provide leadership and advocacy with ability to implement. The model we are proposing today achieves that goal.”
- “CentreVenture would be the focal point for downtown development and ultimately the catalyst for growth and opportunity.”
- “CentreVenture would work together with all stakeholders, government and non-government organizations to coordinate strategic planning, priority setting and program delivery.”
- “CentreVenture must take the lead and be the primary force in downtown for creating investment and opportunity.”
- “CentreVenture would focus on business development and historic re-development. It would focus on planning, facilitation of investment and development, and coordination of organizations and government departments…CentreVenture would provide a pivotal leadership role to coordinate and liaison with downtown organizations.”
- “It would also provide a focal point for promotion of the downtown by marketing the downtown’s assets to customers, potential investors, new businesses, local citizens and visitors.”

The report also envisioned that *CentrePlan* would merge with CentreVenture and form the basis for future planning initiatives and that roles and responsibilities of other downtown organizations would be clarified.

On May 13, City Council adopted the report submitted by Executive Policy Committee. CentreVenture was subsequently created pursuant to the following direction:

- “That a downtown development corporation, named CentreVenture, be formed to provide leadership in downtown development, said corporation to be established as a public-private partnership and, subject to a Council approved business plan, be provided with the necessary resources to achieve the *CentrePlan* vision.”
- “That the *CentrePlan* vision document become the umbrella policy document which provides the vision for CentreVenture and that the activities and responsibilities of *CentrePlan* be merged with CentreVenture.”
- “That the Corporation be comprised of a Business Development function, created to encourage private sector investment in the downtown, with a focus on the Central Business District (Portage and Broadway) and a Historic Redevelopment function, created to encourage public and private redevelopment of heritage buildings, with a special focus on the two National Historic Sites and the Forks.”

Coincident with the creation of CentreVenture, the City Administration established a new Downtown Improvement Team to coordinate departmental resources, provide needed information and help solve problems that could hamper business and community development. The Manager of the Team was to be the single point of accountability for the Administration and would also be the City’s lead for downtown planning. It was not entirely clear whether it would be the City or CentreVenture that would assume the lead for development planning beyond the broad direction provided by *Plan Winnipeg* and *CentrePlan*. 
It is clear, however, that the two organizations are expected to coordinate their planning activities:

“CentreVenture would work together with all stakeholders, government and non-government organizations to coordinate strategic planning, priority setting and program delivery.”

What was the mandate and role envisioned by CentreVenture’s *Start-up Business Plan*?

On September 29, 1999, City Council approved the *CentreVenture Start-up Business Plan* submitted by the Board of Directors of the newly created agency. The plan was formulated on the assumption that CentreVenture would be the authority charged with implementing the vision and physical plan for the downtown articulated in the *CentrePlan Development Framework*. A key recommendation of that report was that the City “plan, develop, operate, and manage the downtown as a single and special entity”. Implicit in the *Development Framework* was the assumption that “its concepts and plans should be implemented by a duly constituted authority under political leadership”.

CentreVenture took its mandate from the May, 1999 Executive Policy Committee report that recommended the formation of a sustainable Downtown Development Authority “to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown”. CentreVenture stated its overall goal as follows:

“to function as the catalyst to revitalize downtown Winnipeg through the cooperation, partnering, involvement and support of all levels of government, current and potential investors, developers, home owners, renters, the arts community, cultural groups and all citizens of the City of Winnipeg”.

CentreVenture was intended to act as the conduit through which the many views of stakeholders could be consolidated into a broad opinion to ensure a coordinated and focused development strategy. Once consensus was achieved, CentreVenture was to aggressively market the downtown to current and potential investors, large and small businesses, renters, homebuyers and arts and cultural groups. According to its *Start-up Business Plan*, CentreVenture’s short-term goal was to immediately provide three essential functions:

**Urban Development Bank**
The intent was to focus on maximizing leverage of CentreVenture’s funding with public/private sector investment. CentreVenture would initiate “creative financing” in the form of direct loans, loan guarantees, performance and discretionary grants, fund feasibility and architectural studies and tax concessions for realty, amusement and business.

**Design Review Committee**
The intent was to initiate “flexible zoning”, context protection, compatible public works, area designations and preferential leasing. Working groups would be created to review plans and design specifics of projects and make recommendations. CentreVenture would act as a facilitator to achieve the spirit and intent of the *CentrePlan Development Framework*, and the agency would work closely with the City of Winnipeg Downtown Manager to facilitate and expedite actions of City of Winnipeg departments to implement projects recommended by CentreVenture.

**Marketing and Information Bureau**
The intent was to aggressively market buildings, properties and opportunities to potential investors or interest groups and offer business seminars and conduct proactive face to face meetings with potential investors. Marketing activities would include the creation of a web site and newsletter, representation at business and tourism tradeshows in Canada, the USA and internationally, downtown “branding”, expansion of festivals and arts events, and promotion of the downtown as the entertainment centre for the City.
CentreVenture committed to developing a broader plan to ensure the agency’s sustainability after achieving its short-term goal and to identify additional needs on completion of a consultation process with stakeholders.

Were CentreVenture’s activities consistent with its intended mandate and role during the start-up phase?
In launching the agency, CentreVenture decided to focus on the need to spark economic activity in the downtown in an “urgent and visible” manner. The belief was that it was important to get the agency up and running as quickly as possible: “Turn on the lights and make activity happen.” Many of the proposed functions with respect to Design Review and Marketing & the Marketing and Information Bureau were postponed pending adequate resources. Instead, CentreVenture made the decision to focus its activities around Advocacy, Facilitation and Business Development through the Urban Development Bank and sale of surplus properties through the asset agreement. With respect to private sector funding, a decision was made that support would initially come in the form of time and direct investment in projects and that efforts to secure private investment through bonds and alternate funds would be considered later.

While not proceeding with many of the marketing initiatives proposed in its Start-up Business Plan, CentreVenture’s new President and Chief Operating Officer (“CEO”) devoted significant time to making presentations, developing relationships with the City and other downtown agencies, and promoting the downtown and the agency through the media. A basic website was also created. The new agency advocated on behalf of the downtown and facilitated projects through the development phase.

Those we interviewed believe that CentreVenture was good at communicating its mandate in the early days. Relations with the City began to improve. Surplus properties were sold and several new projects were launched, either by CentreVenture itself or through the agency’s involvement in an advocacy or facilitation role. Momentum was created, and there was an excitement about the new development taking place downtown. There was a sense that the downtown was turning the corner and that CentreVenture was playing a key role in making this happen. CentreVenture was making progress towards assuming the strategic leadership, facilitator and coordinator roles anticipated at its creation. One individual characterized it this way:

“CentreVenture was the right program at the right time; there is no doubt that the City would be poorer without it.”

In the summer of 2001, building on the success of CentreVenture, the Downtown Initiatives Committee, comprised of City political and administrative representatives, was established to “consider, prioritize, and direct strategic initiatives to achieve the stated goal of making the downtown the best place to invest and conduct business”. As part of the Downtown Initiatives Strategy, CentreVenture played a leadership role in assuming the responsibility for dialogue with the various community groups during an intensive consultation process around the rules, regulations and processes that faced the development industry in the downtown.

The process resulted in a 2002 report entitled Getting Down to Business, which presented nineteen recommendations directed to the City Council and the Administration. City Council subsequently adopted the report. Key recommendations included a comprehensive public promotion of CentrePlan and the Development Framework, the development of secondary plans in the downtown, and changes to City by-laws, processes and communication vehicles to facilitate downtown development.

We believe that it was appropriate for the agency to focus on promotion, relationship building and demonstrating tangible results.
in the first mandate. There was a fair amount of skepticism in the community in the first couple of years, and it was important to build credibility and provide some early successes to encourage further development. While CentreVenture did not follow through on many of the initiatives related to marketing and design review proposed in its Start-up Business Plan, it did act as a catalyst to promote the revitalization of the downtown through some creative mechanisms. It also worked with the City to identify barriers to effective development and approval processes.

City Council agreed that good progress had been made. Based upon its accomplishments, the City renewed CentreVenture’s mandate for an additional four years, committed to continuing its operational funding, and provided an additional $7 million to support Urban Development Bank activities.

How did CentreVenture’s role change during its second mandate?

Soon after the renewal of its mandate, there were several key personnel changes that had a significant impact on CentreVenture. There was a change in leadership at the City, both at the political and the administrative level. The original CEO left the organization to assume the administrative leadership of the City, and her successor left CentreVenture after five months. There was then a period of almost a year when there was no replacement. The general manager acted in the interim and was eventually appointed to the position.

While the agency continued to operate programs to support its mandate, many of those interviewed believe that these factors had an adverse impact on the role played by the agency during this period. There is a general consensus that, after a strong start, CentreVenture lost momentum in its second mandate and, as a result, some credibility:

- “Progress has been made in the last five years, but the last two have not been as productive.”
- “CentreVenture was good in the early years. The first CEO was very strong. Since then the Board has wandered. Two years is like 20 years when you are trying to build momentum.”
- “There was a lot of fanfare at first and CentreVenture is a unique agency. They had some successful projects but the less desirable properties left make it difficult.
- “CentreVenture is focused on bricks and mortar but should focus on potential investors.”
- “CentreVenture is focused on real estate development rather than small business development.”
- “Nobody is too sure what CentreVenture is doing.”

There was a concern that relationships that had been developed early on had not been sustained or formalized. Communication functions became less effective, and many of those interviewed were unclear about the future direction of the agency:

- “CentreVenture is a tool for the other downtown agencies but there is a lack of synergy. By not working together, there are opportunities not realized.”
- “It is hard to cross-market when unsure about the strategy or content of programs. There is concern that the City hasn’t stepped in. CentreVenture seems rudderless and should be given specific direction. The price is lost opportunities.”
- “Informal get-togethers occur but there should also be more formalized ties among downtown agencies to monitor and communicate indicators and results of benchmarking.”
- “Is CentreVenture supposed to be providing the City’s oversight . . . or is CentreVenture developer-focused? CentreVenture is an agent for change, but they have become the proponent in some cases and, in others, they are seen as ‘the City’. It might be clear to CentreVenture what they are doing but it is not clear to others.”
While those interviewed generally found CentreVenture staff helpful at the project level, they did not see the agency acting in a leadership role within the downtown community. Interactions with the agency tended to be transactional, not strategic. With some exceptions (such as Waterfront Drive), the agency was seen as reactive more than proactive in its approach to development. There was also a concern that the agency was too risk adverse – not acting in an entrepreneurial manner:

- “CentreVenture doesn’t have a vision, leadership or programs to move forward. It needs a road map. Do the research. See what is out there and go after it.”
- CentreVenture has become more risk averse over time and more bureaucratic than the City. They need to be more supportive of ‘new’ developers and be more willing to take reasonable risks.”
- “CentreVenture is fearful to take risks despite being created to be more entrepreneurial than the City is or should be.”

Those we interviewed were uncertain whether CentreVenture, in its current state, is the organization that is or should be playing the leadership role in the downtown. It appeared to many interviewees that CentreVenture is increasingly playing a narrower role than originally envisioned and, for the most part, is operating in secrecy. In the next several sections, we will review key roles that were envisioned for the agency upon its inception and evaluate how well CentreVenture has fulfilled these roles.

**Did CentreVenture provide leadership in integrated planning for the downtown?**

One of the consistent assumptions around the creation of an agency to lead downtown revitalization was the need for an integrated planning process. All of the major reports that preceded the launch of CentreVenture highlighted the need for the downtown to develop within a planned context and development strategy. It was envisioned that CentrePlan activities would be merged with the agency. CentreVenture’s *Start-Up Business Plan* acknowledged this:

- “The goal was to create a sustainable model for downtown planning and revitalization.”
- “CentreVenture is aware of the importance of the consultation process to arrive at a broad consensus as to the overall design process and the long-term vision of the downtown area. CentreVenture will spend a significant amount of time and resources arriving at and maintaining consensus.”

In July 2002, an Integrated Planning Model was adopted by City Council, pursuant to a report tabled by the Administration. The intent of integrated planning was to ensure that all planning efforts (physical, land use, transportation and infrastructure) would support and be consistent with the community vision articulated in *Plan Winnipeg*, the City’s strategic plan. The Director of Planning, Property and Development was assigned the leadership role for coordinating planning across the Administration.

With an integrated model, secondary plans related to specific topics or geographic areas were to be developed to support the framework provided by the City. In addition, the Planning, Property and Development Department was to ensure that City programs, partnership agreements, and regulations would clearly be seen as supportive of the strategic vision and advancing the goals of the plans. A Downtown Branch was created within the department to assume responsibility for the currency of CentrePlan and the *Downtown Winnipeg Zoning By-law*, and downtown design review while working closely with CentreVenture to stimulate downtown investment through the stewardship of development applications and various incentive programs.

The *Getting Down to Business* report tabled in September 2002 also made planning recommendations to the City that included promotion of CentrePlan, development of secondary plans in the downtown and review of transportation networks and parking policies. The report that summarized...
input from the consultation process noted that the industry was not aware of the vision for the downtown articulated in *Plan Winnipeg, CentrePlan* and the *Development Framework*. The report also noted that these plans are at a macro level and that secondary plans are necessary to articulate specific goals and opportunities to stimulate development in the downtown.

Aside from responsibility for *CentrePlan* and secondary plans, there was also a transfer of responsibility for design review. The *Getting Down to Business* report recommended the establishment of urban design principles and guidelines as well as a peer review process for design review. The concept of a Design Review Committee had been one of the major initiatives proposed by CentreVenture in its *Start-up Business Plan* to support the *CentrePlan* vision for the downtown. The initiative was never implemented due to funding and resource constraints and a change in focus by the agency to concentrate on project development. Subsequently, the City launched the Urban Design Advisory Committee (UDAC) in the fall of 2004 without CentreVenture’s involvement and against its recommendation. (CentreVenture did not support the notion of a ‘peer’ review.)

We found, during our interviews, that it was not clear to stakeholders and industry leaders which organization had the responsibility for leading downtown planning initiatives. Many observed that *CentrePlan* had to be reviewed to ensure that it was still current. There was also consensus that projects should be undertaken in the context of specific, secondary plans for the downtown areas:

- “The downtown needs a district plan for the East Exchange area, not a reactive plan for a parking structure. There has to be a plan to connect the dots.”
- “Much of the new development in the downtown was ‘panic development’ and done without a plan to guide it.”
- “A Master Plan for the area would be nice. It would enable developers to see the vision for the area. Stakeholders are in agreement as to what needs to be done. What is missing are the tangible plans to move forward. Developers need to see some plans.”
- “Extension of the Waterfront and the Exchange to Main makes sense but needs a master plan to guide the development.”
- “No district plan was developed for the Exchange District; therefore, the Waterfront development does not integrate with the plan for the area.”

Some believed that it was the City’s responsibility to formulate these plans; others believed that CentreVenture was intended to assume the leadership role:

- “CentreVenture should have a downtown development plan. The Planning, Property and Development Department should play a role in developing this plan.”
- “Master Planning and data gathering may have been ‘a bridge too far’ for CentreVenture.”
- “CentreVenture should lead or engage in planning sessions for the downtown.”
- “There is no coordination of planning work between Planning, Property and Development and CentreVenture.”
- “There has to be an updated business plan for the City that is developed collaboratively with shared objectives and clearly defined roles for the partners. There have to be outcomes described and accountability for measuring those outcomes. CentreVenture can take point on developing the plan and in implementing it. CentreVenture should be the leader as the downtown agency but partnerships should be leveraged.”

To date, while work has been performed by the City to revise the *Downtown Winnipeg Zoning By-law* and support it with new design principles, standards and approval processes, *CentrePlan* has not been updated nor have secondary plans been created for the downtown. The latter exercise requires close cooperation with CentreVenture because public disclosure of certain initiatives too early could produce speculation and drive costs up.
It is our view that both the City and CentreVenture have a role to play in ensuring that integrated plans are established to provide the context for downtown development. This relationship was recognized in CentreVenture’s most recent draft strategic plan where there was a commitment to provide support (including financial support) for the refreshing of CentrePlan and the development of secondary plans. Regardless of why the integrated planning model has not been fully implemented or where the fault may lie, the failure to perform this critical function reduces the effectiveness of CentreVenture’s activities:

- “CentreVenture only has CentrePlan (which is a high level document) and the new zoning by-law.”
- “CentreVenture is working without a master plan and, therefore, fails to ensure a logical staging of developments. Waterfront Development perhaps should have ended with the high end condominiums instead of starting with them.”
- “Winnipeg is famous for zoning first, then planning, and it should be the other way around.”

We recognize that some of these perceptions have the benefit of hindsight; still, we believe that, entering a third mandate, CentreVenture should be in a position to work with the City to develop secondary plans for targeted precincts. We also believe that the overall benefits anticipated by the authors of CentrePlan, the Development Framework and the Downtown Task Force Report that led to the launch of CentreVenture have been put at risk by the lack of effective, integrated planning for the downtown.

**Did CentreVenture develop effective partnerships to enable the agency to provide a coordinated approach to downtown development?**

The Downtown Task Force Report envisioned that the new development authority would “provide leadership and direction to existing organizations, government departments, policy makers and the private sector on future developments in the downtown.” The CentreVenture report tabled by the Mayor and Chief Administrative Officer noted that “CentreVenture would provide a seamless link to the public and private sector, investment communities, and the existing organizations downtown.” CentreVenture’s Start-up Business Plan stated that its overall goal would be achieved through “cooperation, partnering, involvement and support of relevant organizations with an interest in the downtown.”

Those interviewed thought that, while the agency made good strides in this direction during its first mandate, it was the general consensus that CentreVenture has not worked effectively with the other downtown agencies in the last few years, resulting in a lack of clarity over relative roles and responsibilities:

- “It is less clear now. The major players in the downtown are not on the same page right now. This is partly due to the uncertainty around the renewal of CentreVenture’s mandate.”
- “There are redundancies and competition among the agencies rather than coordination and cooperation.”
- “There is gridlock and interagency jealousy and competition among the agencies that result in the poor coordination of activities.”
- “The role of each agency is not entirely clear. There is some overlap, in particular, with the Downtown Biz. There are some difficulties in terms of cooperating.”
- “The relationship with CentreVenture has been tense with CentreVenture making requests for assistance but providing little sharing of information or cooperation recently.”

CentreVenture, itself, as early as May 2000, noted that the roles of the various downtown organizations appear to overlap and that the respective mandates had to be clarified. With respect to particular areas such as Portage Avenue, there is an overlap of jurisdiction with Forks North Portage. There
is a consistent perception by those we interviewed that CentreVenture is not currently maintaining effective relationships with its partners at a strategic level. While clients found staff helpful at the transactional level, they did not see CentreVenture playing an active role in developing formal relationships among the downtown agencies or industry groups. In some cases, they were also frustrated when they could not engage CentreVenture in cooperative initiatives that should have been integral to its mandate.

• “CentreVenture has failed to achieve trust and credibility within the Development community. This is attributed to the failure to engage constructively with other major downtown property owners.”
• “CentreVenture failed to capitalize on the opportunity to deal with the Portage Avenue Property owners group that was formed to deal with issues and opportunities with respect to Portage Avenue.”
• “CentreVenture is aloof from Main Street; staff don’t know the commercial community, not even close.”
• “CV is missing opportunities by not embracing the real estate community and using established electronic systems for marketing both commercial and residential properties. These tools reach international markets so foreign investments will go elsewhere.”
• CentreVenture doesn’t call for feedback. They should be reaching out.”

There were mixed views on CentreVenture’s relationship with the City. It appears to be uneven. Over the years, the two organizations have cooperated on initiatives such as the Getting Down to Business consultations and the Waterfront Drive Development. At the same time, there have been major disagreements at the project level and for initiatives such as the Urban Design Approval Committee (UDAC).

Both the City and CentreVenture expressed the belief that their relationship was improving. Those interviewed, however, still perceived some tension, which they believed had to be resolved:

• “Too much of the attitude still remains that the City is part of the problem. CentreVenture Board’s attitude is that the City is the problem.”
• “CentreVenture’s partnership with the City is crucial. CentreVenture can’t isolate itself from the City. It needs to be prepared and have the capacity to deal with issues.”

Early on, CentreVenture recognized the importance of a strong relationship with the Provincial Government and, to a lesser extent, the Federal Government. While the former had representation on the Board for several years and there has been cooperation at the project level with both, it is generally agreed that these partnerships could be strengthened. Strategies to this effect were proposed in the most recent business plan.

Partnerships with the private sector have consisted of Board representation or been project-specific. CentreVenture has acknowledged the need to formalize linkages with the business community, and develop formal financial partnerships. This has not been actively pursued to date.

Overall, there is general consensus that CentreVenture has not fulfilled its intended leadership role in providing direction and coordination. It is believed that strengthening partnerships must be a priority for the agency going forward:

• “CV did amazing things in moving surplus properties. What is needed now is a process to bring the other players to the table. All players can remain in place but they need to work together better.”
• “CentreVenture needs to develop a relationship with stakeholders. It has to engage stakeholder groups to achieve the shared objectives. They need to form a Downtown Winnipeg Alliance.”
• “Winnipeg does not have one single economic development agency. They are each one cog in a multi-cog machine where the cogs need to be coordinated so they function well when the need arises.”
“They can’t afford not to work together; partnerships are needed for economic development.”

Has CentreVenture effectively marketed itself and the downtown?
CentreVenture’s Start-up Business Plan identified three marketing priorities:

- Promoting the downtown with a view to attracting new businesses, services and residents;
- Maintaining the downtown as a viable, growing, and dynamic part of the City; and
- Making stakeholders aware of CentreVenture as an entrepreneurial development corporation that could assist investors locating downtown.

CentreVenture originally planned to provide several marketing initiatives. When planned funding was not provided, the agency decided to rely on the activity of the Urban Development Bank, the efforts of other organizations and project-specific initiatives to bring attention to downtown opportunities. In the early years, the CEO made numerous presentations, and the agency received help from the Province of Manitoba and Destination Winnipeg. A website was also developed with the help of the latter. The new organization received a great deal of media attention during this period. While this proved to be a successful strategy initially, in its 2002 Annual Report, CentreVenture acknowledged that there was a need for a “more coordinated and sophisticated marketing effort” directed, in particular, outside of Manitoba. It was identified as a key priority and was expected to be coordinated with other downtown agencies.

Among those we interviewed, there was an expectation that CentreVenture would play a more prominent role in marketing the downtown as the agency matured. The perception is that this has not happened:

- “CentreVenture was good at communicating its mandate and programs in the early days but it is has not been as effective in recent years. There are mixed views on how well they get their message out.”
- “In the beginning, CentreVenture was very successful in getting the message about the opportunities in the downtown out. There were lots of presentations and press coverage. After the first CEO left it was like they disappeared from the face of the earth.”
- “They are not aggressively marketing themselves. They need to get the excitement happening again.”
- “CentreVenture’s mandate and programs are not well known. CentreVenture doesn’t have a strong marketing arm.”
- “There is a need to do a better job of marketing programs. No brochures are available to distribute on housing etc.”
- “The website needs improvement to be comparable to other cities.”

There is general consensus that CentreVenture needs to work more closely with other agencies such as Destination Winnipeg and the Winnipeg Real Estate Board to ensure that there is sufficient information and tools available to market the downtown effectively, not only in Winnipeg, but in broader markets. The Downtown Task Force had envisioned a comprehensive data base of current information about the downtown that could be updated regularly to reflect changes. Other cities have used this approach successfully.

- “The usual people are aware of CentreVenture’s programs but who markets the downtown? Destination Winnipeg markets all of Winnipeg and CentreVenture could do this specifically for the Downtown area but it has limited resources.”
- “CentreVenture and Destination Winnipeg should work on this; Destination Winnipeg already has information for Winnipeg as a whole; the data just needs to be isolated for the downtown area.”
- “There is a need to have more information on the Downtown. Neither Destination Winnipeg nor CentreVenture have the information developers want about the Downtown.”
- “CentreVenture could be using the services of the Winnipeg Real Estate Board.”
Clearly, CentreVenture has to revive its efforts to promote the agency’s programs and develop a plan for marketing the downtown within the City and outside its borders. Based on its current resources, it will be crucial to work closely with downtown partners to implement an effective marketing strategy.

**Board Governance**

Governance in the volunteer sector has been defined as “the processes and structures that an organization uses to direct and manage its general operations and program activities. Good governance is about **Vision** (planning for the future), **Destination** (setting goals and providing a ‘road map’), **Resources** (securing the resources necessary to achieve the goals), **Monitoring** (periodically checking progress) and **Accountability** (reporting progress to stakeholders).

The *Downtown Task Force Report* reiterated the principles that guide the vision for downtown as inclusion, participation, and coordination of planning and implementation. The authors anticipated that this would include formal links with all stakeholders in the downtown, regular meetings of representatives, and protocols for joint reporting and planning. They also suggested there be a direct role for the broader community in the work of the Board, including members of the business community, and that there be clear delineation of responsibilities between the Board and management.

**Is the Board Composition representative of its stakeholders?**

The *Downtown Task Force Report* recommended the creation of a downtown development authority envisioned that there should be a direct role for the broader community in the work of the new agency. In addition to government appointees, it suggested that consideration be given to permitting key organizations such as Economic Development Winnipeg (now Destination Winnipeg), the Winnipeg Chamber of Commerce and the Business Improvement Zones to name directors to the Board. It also recommended that well respected members of the community, particularly the business community, be prominently represented.

CentreVenture is currently run by a volunteer Board of Directors with a chair and nine members and is managed by an Executive Committee of three. Over the years, the Board has consisted primarily of members of the business community, generally individuals who have served as the CEO or CFO of a company. We were advised that an effort is made to attract different skill sets that would facilitate decision-making (legal, financial, management, etc.) The City’s Mayor is the honorary Chair, and the Province has had representation over the years.

The citizens of Winnipeg have been extremely fortunate that individuals of this caliber have donated their time to CentreVenture. At the same time, there have been concerns expressed that the Board members are not representative of downtown residents, most of whom live in rental accommodations with household incomes of less than $30,000. Many of these residents are Aboriginal or have recently immigrated to Canada.

While the current Board members have been chosen for their ability to understand and provide advice on business deals that have been the focus of the agency’s activities, a more diverse Board may be more appropriate if CentreVenture intends to dedicate more of its resources to programs such as housing, which most of those interviewed perceive as a high priority for the future. Community leaders caution that housing development is not just about ‘bricks and mortar’; there must be an integrated strategy to consider social consequences. Individuals with knowledge
in this area might bring a different perspective to the decision-making process.

In addition, neither the City’s Administration nor members of other downtown organizations have been represented on the Board. It has been suggested that it might strengthen the relationship and communication between CentreVenture and these organizations if an invitation were extended to nominate a Board member from these organizations. There was also an expectation that CentrePlan committees would be merged with CentreVenture to keep the CentrePlan vision alive. This has not happened. Many of the other jurisdictions we looked at maintained formal networks of advisory committees to provide perspective and advice to the Board. This would provide an alternative to a larger and more diverse Board membership.

**Has CentreVenture established appropriate policies to guide the agency?**
CentreVenture has been slow to implement formal policies and procedures. While this is understandable for a new organization in its start-up phase, it is not appropriate for an organization entering into its third mandate. The Board has established a *Conflict of Interest Policy* and, very recently, an *Investment Policy* but has not yet established a Code of Conduct or policies relating to Loans and Procurement. While formalization of these policies would be a good business practice for any organization, it is essential for an organization that is responsible for the stewardship of public assets. These policies are discussed below:

**Conflict of Interest Policy**
CentreVenture has a *Conflict of Interest Policy* that calls for directors, officers and employees to disclose any situation where there is a conflict of interest or potential conflict between their duty to the Corporation and their other interests. The minutes are to reflect such declarations and the fact that the Board member took no part in related decisions. We applaud the Board’s action in implementing a *Conflict of Interest Policy*.

During our review, we encountered a couple of transactions where Board members or their relatives had dealings with CentreVenture. In both cases, the relationships were disclosed and the decision to proceed was made after careful consideration of relevant factors. At the same time, we believe that documentation of related party transactions could be improved. In cases where Board members or their relatives may be perceived to be in a position to benefit from a transaction, the Board must be diligent in documenting the disclosure as well as relevant details that provide evidence that the transaction was in the best interests of the Corporation and citizens.

**Code of Conduct**
CentreVenture does not have a formal Code of Conduct. Given the sensitivity of the transactions conducted, we believe that such a policy should be drafted and communicated to Board Members and staff. Board members interviewed agreed that this would be advisable. An adapted version of the City’s Code of Conduct would be acceptable.

**Investment Policy**
For three consecutive years, CentreVenture’s External Auditor recommended that an investment policy be put in place. Several versions of an investment policy were drafted over the years. Despite each draft policy recognizing that CentreVenture should restrict its investment activities to secured investments, CentreVenture acquired units of a Canadian Income Trust in 2005. Between April and December 2005, the units declined in value by 20% resulting in a write-down of $73,700 to market value as at December 31, 2005. An investment policy was subsequently adopted on February 9, 2006.


**Loans Policy**

CentreVenture’s External Auditor has made a recommendation for the establishment of a loan policy for four consecutive years. While various versions have been drafted, a policy has still not been adopted. Due diligence has not been exercised in allowing this issue to go unresolved for so long. CentreVenture Board members are concerned about a loan policy being too prescriptive and restrictive for an organization that was created to provide ‘innovative financing solutions’. They also pointed out that the outcomes to be achieved by a particular transaction may not be solely financial.

We agree that there may be several objectives to be realized through a particular transaction. Nevertheless, we heard concerns expressed that clients were unaware of the criteria to be met to receive a loan and the rationale for rejection. This is not acceptable in a public sector organization. We have also heard that CentreVenture is not taking risks congruent with an entrepreneurial organization and does not approve loans on a timely basis.

We believe that a Loan Policy can be crafted that articulates the objectives to be met (financial and non-financial) and provides broad parameters within which the Board has the flexibility to design a loan to meet unique circumstances. It is also important that the Board articulate a risk tolerance policy that balances strategic risk taking with principles of financial prudence as well as establishes a benchmark for loan losses. In addition, standards need to be developed for loan administration and credit investigation and analysis.

**Procurement policy**

CentreVenture currently does not have a formal procurement policy. As an arms-length corporation, it is not required to follow the policies of the City of Winnipeg. Nevertheless, as a public sector body, we believe that a formal policy should be established that articulates the basic principles and practices to be followed. We agree with the Board that the policy should be flexible, not prescriptive, and tailored to a small organization with a minimum number of transactions.

**Organization and Staffing**

**Did CentreVenture establish and staff an effective organization?**

It was envisioned that CentreVenture would be staffed by a small, responsive team that would be action oriented. The new organization was also to absorb the responsibilities and activities of a streamlined CentrePlan working group. In the Start-up Business Plan, the proposed organization consisted of a CEO and staff to support three functions: Business Development, Communication & Marketing and Finance and Administration. Working groups were to be established for each of the four focus areas with a fluid membership to be retained on a project by project basis. The new City of Winnipeg Downtown Team was also to provide support. The proposed budget showed a relatively flat expenditure for staffing after the first year with a modest amount proposed for professional fees.

During the first six years of operation, CentreVenture operated with a very small number of staff (three to six). There has been a fair amount of turnover at the staff level. In particular, after the departure of the first CEO in 2003, the agency had difficulty recruiting a replacement. The position was vacant for many months and the last two CEOs were removed from their position before the end of their contracts. Working groups were occasionally convened but not utilized to the extent envisioned.

The most recent CEO was provided with very little delegated authority; it was clear that the Board made most of the business decisions. The Board made an effort to supplement the lack of expertise at the staff level by appointing directors with a range of technical expertise. While this approach ensured that business deals were
concluded, it had an impact on the Board’s governance responsibilities, staff members, and the perception of the agency:

- Key roles have not been fulfilled.
- Critical business functions such as planning, marketing and reporting have not been carried out appropriately.
- Some staff members interviewed advised that they felt that they were in “over their heads”.
- The salary level of the CEO is inconsistent with the delegated authority level and duties performed.
- Rather than performing a due diligence function, Board members are having to structure and evaluate deals without satisfactory preliminary analysis.
- Essential partnerships have not been established or maintained.
- Relationships with other organizations are not perceived to be ‘strategic’.
- Some developers found it inappropriate that one developer would be used to review proposals when the same developer could subsequently market the selected properties.
- Developers believed that the CEO was able to speak with authority for the agency only to have the decision overturned by the Board.

CentreVenture identified the issue of resource capacity as early as 2000 but has not developed a strategy for dealing with this. In recent years, the agency has had difficulty attracting and retaining staff because of the uncertainty around the renewal of its mandate. Without a clear understanding of the roles the agency should play and an approved business plan, it has been difficult to determine the number of staff and types of competencies required to implement particular programs.

For the future, CentreVenture needs to reconsider the respective roles of the Board and staff to ensure an appropriate separation of governance and management functions. The agency also has to ensure that it has sufficient staff with appropriate competencies to carry out its mandated roles and planned programs. Depending upon the future direction of the agency, expertise may be required in the areas of marketing, urban planning, finance, housing and real estate. Many of the other jurisdictions we looked at extended their resources through formal partnerships and associations with corporations, charitable foundations and expert advisors. While this has been discussed in CentreVenture’s planning documents, it needs to be pursued more actively if the agency wants to continue to operate with a small, permanent staff.

Planning and Budgeting

Has CentreVenture prepared and communicated business plans and budgets on a timely basis?

Soon after its creation in 1999, CentreVenture prepared a Start-up Business Plan. In its plan, CentreVenture described its vision, mandate and goals, its organizational structure, and an implementation and economic strategy. While the plan discussed three short-term goals in some detail, no performance indicators or measures were proposed. The plan proposed partnerships with Federal and Provincial Governments, Charitable Foundations, and the business, professional and investment communities. The agency proposed that partners would support CentreVenture programs through project funding and/or sponsorships. For the future, CentreVenture discussed options for raising its own funds. The plan committed to quantifying the long-term benefits associated with job creation and increased taxes as well as social benefits. CentreVenture also committed to formulating a broader plan after implementation of the short-term goals.

Since 1999, strategic planning sessions have been conducted occasionally with Board members. A session conducted in May 2000 discussed external and internal challenges to be resolved and priorities for action and follow-up. External challenges included the need to develop strategic linkages with government, business and community partners. Internal challenges
included fleshing out the development framework, addressing inadequate staffing levels and clarifying the role of CentreVenture and the other downtown agencies. Priorities included the development of a clear plan for Portage Avenue and a Downtown Housing and Parking Strategy as well as project-specific initiatives. The session concluded by identifying a need for an action plan and critical path to be developed. There is no evidence that this was done. A formal business plan was not developed for the remainder of the first mandate. The challenges and priorities outlined in the planning session were not communicated in a business plan.

In the 2002 Annual Report, there was some discussion of future directions, although most of the report focused on what had and had not been accomplished, and included requests for a second mandate and additional funding. Of the three short-term goals described in the Start-up Business Plan, only one had been accomplished – the Urban Development Bank. Design Review and Marketing and Information initiatives had not been implemented due, it was stated, to a lack of funding. The plan also suggested that, while the agency was working at becoming self-sufficient in the longer term, it should not be the primary objective. The plan provided some discussion on a proposed Urban Tax Credit and Urban Development Bond but no specific strategies for pursuing these. For the most part, the challenges and priorities discussed in the Board’s planning session were not presented in the report.

Since 2002, two draft strategic plans have been created. The first was submitted to the Board in 2004 but was not approved. The new CEO was subsequently dismissed. No plan was tabled at Executive Policy Committee although the June 2005 annual report provided five brief, high level directions under a section entitled, “Looking Ahead”.

The second plan was submitted to the City in 2006. The plan provided an overview of factors that might impact CentreVenture in the next three-year period and described the programs, organizational and financial plans that the agency would adopt to achieve its strategic objectives. While the plan was the most comprehensive since 1999 and the context section was helpful, we found that it lacked clear priorities, concrete action plans, a realistic evaluation of resource capabilities, and clear performance indicators and measures. Several of the proposed activities relied on further studies, analyses and detailed plans.

The agency has not prepared a formal budget since 2003. Private Sector funding options that have been discussed since the Start-up Business Plan have not been pursued although we understand that this will be a priority for the next mandate. CentreVenture has not communicated a formal strategy to move the agency toward becoming self-sustaining; this will become crucial going forward since the City has not committed to providing an annual operating grant in the future.

Although stakeholder consultation and consensus building were fundamental principles embraced by CentreVenture, business plans have been developed with minimal or no consultation or communication with other agencies, stakeholders or key members of the City’s Administration:

- “Minimal consultation took place in preparing the draft plan. Coordination with other agencies is mentioned but they weren’t consulted.”
- “CentreVenture doesn’t seem to have any plans. In comparison, Forks North Portage has a 10-year plan and updates people on the status of this plan at each annual general meeting. There is room for flexibility within the plan. It would be good if CentreVenture had something similar with stakeholder input.”
- “CentreVenture sees itself as having its own mandate.”
There is a general consensus that CentreVenture needs to develop and communicate a new strategic plan that articulates clear directions for the agency for the future:

- “CentreVenture needs to develop a strategic plan, and it needs to share it.
- “It's time to get beyond platitudes and get specific. CentreVenture must decide if it is in the business of downtown revitalization or dumping old assets. These are two entirely different focuses.”
- “You are either in business…or not. If you need resources, work on getting them.”
- “It is important to have specific objectives. CentreVenture needs to prepare a strategic plan and establish some key areas to focus on. At the end of the year, a report card should be done in relation to the specific objectives identified.”
- “Accountability breeds confidence for future alliances. With limited resources, CentreVenture must be focused.”

CentreVenture’s business planning process is not adequate for a publicly funded organization entering its third mandate. The agency must prepare an appropriate business plan that incorporates clear strategies linked to its long-term goals, measurable outcomes, resource requirements, and funding options that include the active participation of the private sector. It is crucial that CentreVenture consult with the City, the downtown agencies and stakeholders in developing its business strategies. To ensure that all downtown activities are coordinated, the plan must be transparent. A communication strategy would have the added value of generating some new momentum for the agency going forward.

CentreVenture’s Board has committed to revising the 2006 – 2009 Business Plan for presentation to the City by October 31, 2006.

**Program Delivery**

**Has CentreVenture delivered effective programs to achieve its intended results?**

**Asset Agreement**

The Asset Agreement with the City of Winnipeg provides CentreVenture with the ability to option non-performing, surplus city-owned properties for resale to the development community. Net proceeds of these property sales are deposited in the CentreVenture Urban Development Bank and are used to fund mortgages, gap financing etc. Management has advised that, in CentreVenture’s early years, there was so little new development in Downtown Winnipeg that CentreVenture encouraged almost any potential development. During the period January 1, 2000 to December 31, 2005, CentreVenture completed 24 transactions resulting in the sale of 21 previously City-owned properties for $2,853,530.

In the early years, some of the properties sold by CentreVenture did not include a development agreement. A development agreement sets out the development requirements, timelines and provisions if default by the developer occurs. Included in the 24 properties sold by CentreVenture were three properties that CentreVenture sold and reacquired due, in part, to development that did not occur as intended. CentreVenture subsequently re-sold two of these properties. Development agreements have been included as a key element of all property sale agreements since 2002.

CentreVenture’s use of the Asset Agreement has demonstrated that it can be an effective tool to facilitate re-development in the downtown. The remaining properties that CentreVenture has rights to under the Asset Agreement are not considered as attractive as many of the properties that have been successfully sold to date.
CentreVenture will likely have to lessen its reliance on the sale of surplus properties to stimulate investment unless the agency is given the rights to more City-owned or to Provincially-owned surplus properties in the future.

**Urban Development Bank**

The purpose of the Urban Development Bank is to provide loans, mortgages and loan guarantees to developers in the downtown. The Urban Development Bank was funded by a $10 million contribution from the City of Winnipeg made over a period of four years and $1.47 million contribution from the Province of Manitoba funded over a period of five years. CentreVenture has issued more than $3.7 million in loans and mortgages involving 28 properties to December 31, 2005. The balance of loans and mortgages receivable at December 31, 2005 was $2.0 million.

CentreVenture has taken the position that it should provide financing to projects that cannot be financed by traditional means. Members of CentreVenture’s Board have indicated that the agency needs to be "creative" to meet the needs of its clients. Proponents of projects such as small warehouse/condominium projects have had difficulty arranging financing through commercial lenders. Although CentreVenture has identified the “market” that it expects to serve, CentreVenture has not adopted a loan policy that establishes the extent of risk that CentreVenture is willing to accept, loan administration standards, or credit investigation and analysis that should be performed. Our review of a sample of loan and mortgage files indicated an inconsistency in the documentation retained and the credit investigation and analysis performed.

One area where CentreVenture has been creative has been the provision to developers of “gap financing” with respect to the Heritage Tax Credit program. These loans are intended to finance the value of municipal tax credits from both CentreVenture and City of Winnipeg Heritage Tax Credit programs. These loans enable developers to obtain the benefit up front to complete their developments. The amount of the loan was based on the calculation of the value of municipal tax credits. The assumptions used to calculate the amount of tax credits were incorrect. This resulted in the amount of some loans exceeding the actual amount of tax credits that will be earned. The affected loans were thought to be fully secured by the tax credits when, in fact, they were not. CentreVenture had to deal with repayment problems and security for these loans.

We also found through discussion with clients that two areas of loan administration had been problematic from the client’s perspective: the cost of completing the loan and the time it took to get approval. We were advised by CentreVenture clients that the cost of loans from the agency is higher than the cost of loans obtained from financial institutions. This was attributed to significantly higher costs for legal fees. We were also advised that dealing with CentreVenture took a very long time.

CentreVenture has not established a performance standard for the time it will take to deal with a credit application. Because of these issues, one client advised that he was reluctant to deal with CentreVenture in the future because “there is not any real benefit in doing so”.

Although CentreVenture sees its role as “a lender of last resort”, we found through our discussions, that some clients perceived that CentreVenture was, in fact, risk adverse and conservative. They expected CentreVenture to be more supportive of “new” developers and willing to take reasonable risks. CentreVenture’s conservatism was, in part, attributed to the desire not to “throw away public funds”. CentreVenture has allowed for $212,927 in loan losses/bad debt (or 5.7% of the value of the debt) issued to December 31, 2005. Since the agency has not established a target for loans losses, we cannot compare this performance to
expectations. Given that CentreVenture is providing financing to higher risk development projects, it is not unexpected that some losses would occur. CentreVenture needs to articulate the level of risk that it is willing to assume to promote unique projects while still being conscious that public funds are being utilized.

There is a general consensus that there still is a need for a CentreVenture type of program that supports projects that are not financially viable without creative financing and project facilitation. We were advised that the Private Sector would likely be willing investors in the Urban Development Bank if there were a clear business plan and measurable results. We believe that establishing a formal loan policy would also assist in defining the market CentreVenture intends to serve, the services standards it intends to achieve, the level of risk it is willing to accept, and the measures it intends to take to manage the risk.

**Heritage Preservation**

Heritage programs are delivered in partnership with the City of Winnipeg. The City funds the Heritage Tax Credits earned and administers the disbursements of tax credits. The Heritage programs are intended to encourage the preservation, restoration, and rehabilitation of the City of Winnipeg’s historic buildings through adaptive reuse and redevelopment. CentreVenture has offered a heritage grant program in addition to the heritage tax credit.

The CentreVenture Downtown Heritage Tax Credit Program offered up to $250,000 in tax credits for approved redevelopment projects. The tax credits could be used over a ten year period. Nineteen projects were awarded $3.24 million in heritage tax credits through the CentreVenture Downtown Heritage Tax Credit Program to December 31, 2005. Eight projects did not proceed, and only $1.38 million in heritage tax credits had been earned by December 31, 2005. $1.86 million (or 57%) of the heritage tax credits approved expired by December 31, 2005. Part of the reason for the failure to proceed may relate to the amount of tax credits that can be used over the life of the program. Initially, the tax credit calculation was based on incorrect assumptions about the relationship between development cost and assessed values. This resulted in a significant difference between the tax credit available and the actual taxes assessed. As a result, at the end of the ten-year limit for the use of the tax credits, some taxpayers will have a significant amount of unused tax credits. The expiry of more than half of the eligible heritage tax credits approved also raises questions about the program’s effectiveness as an incentive to encourage redevelopment of heritage buildings.

At this time, CentreVenture does not have an active Heritage Tax Credit Program. The general consensus of those we interviewed is that an incentive is still required to encourage the redevelopment of heritage buildings in the downtown. Given the fact that eight projects did not proceed and more than half of the tax credits approved expired, CentreVenture needs to evaluate possible changes to the program to make it a more effective incentive for developers. Options that CentreVenture may want to consider in developing a new program in partnership with the City of Winnipeg include

- allowing the developer to transfer heritage tax credits earned to other properties; and
- creating a heritage zone with tax credits available to encourage the redevelopment of all buildings within the zone rather than restricting the tax credits to listed heritage buildings.

CentreVenture administers three heritage grant programs: the CentreVenture Downtown Capital Grant Initiative, the Heritage Economic Development Grant and the Gail Parvin Hammerquist Grant. The purpose for these grant programs is to support the repair, preservation and/or restoration of a designated structure’s heritage character or architectural elements and to support initiatives to attract new
investment, occupants and/or uses for designated heritage structures in the downtown. CentreVenture approved 32 projects and awarded $1,049,066 in grants to December 31, 2005. Only three of the 32 projects did not proceed and $221,232 or 21% of the grants awarded had not been earned to December 31, 2005. CentreVenture had not awarded the 2004 Gail Parvin Hammerquist Grant of $290,000 as of December 31, 2005.

The experience to date has shown that projects awarded heritage grants are more likely to proceed than projects awarded heritage tax credits. This is not surprising given the fact that the total grant is provided to the developer once the project has been completed while, in the case of the heritage tax credit program, the incentive is funded over a period of ten years. In developing a new heritage preservation program with the City of Winnipeg, CentreVenture should consider both the total amount of incentive to be provided to developers during the term of the program and the optimal allocation of funds between a tax credit program and a grant program.

**Housing and Residential Development**

Among the stakeholders we interviewed, there is consensus that housing should be the number one priority for the downtown. However, there are several factors that discourage development of residential units in the downtown. These factors are consistent with other North American cities that have embarked on a downtown redevelopment program and include

- the time it takes to get downtown projects approved;
- the limited expected rate of return for leased units in a rent controlled environment;
- the level of market uncertainty in the downtown compared to other regions;
- the pure economics of condominium conversion projects; and
- the perception of safety in the downtown.

CentreVenture has taken action to address some of these obstacles to residential development in the downtown. The agency has acknowledged that, in areas where the market has failed, some form of subsidy or incentive is required to entice developers into the market again. CentreVenture has provided conditional grants and financing to 14 projects that will lead to the development of nearly 400 housing units. It has also advocated for a more simplified and efficient approval process, and the City of Winnipeg has responded with changes to the process. Rent control, the uncertainty about the downtown market, and the perception of safety in the downtown still remain factors that discourage investment.

Based on the level of investment that is being made in new housing in the downtown at this time, it is clear that subsidies, incentives or inducements are still required to stimulate further development. Depending on the type of housing development proposed (e.g. rent controlled properties will require a different level of subsidy than mid-market condos), the amount of subsidy will vary. The method of dealing with developers will also vary. It is important that experienced developers are provided with appropriate incentives and then left alone to complete the development. Experienced developers do not need development expertise from CentreVenture – just the financial return to make downtown development worthwhile. The existence of experienced developers in the downtown is important because it builds confidence in the market. The Waterfront Drive development is an example of this.

In addition to experienced developers, the downtown also needs “niche” experimental housing with new developers who may need hand-holding – for example, the first warehouse/condominium conversion projects in the Exchange District. In these cases, CentreVenture can assist by facilitating the development through to ensuring that these developers have access.
to the development expertise and financing needed to complete the projects.

CentreVenture needs to confirm its role with respect to the encouragement of new housing developments in the downtown. CentreVenture does not have current information on the downtown housing market including rental and condominium demand, price points and market depth. In the absence of this information, CentreVenture does not have a program to encourage developers to enter the downtown housing market. In the future, if it is determined that it is appropriate for CentreVenture to provide incentives or make equity investments in housing projects, CentreVenture needs to

- obtain current information on the downtown housing market;
- work with the City of Winnipeg to develop secondary plans for the downtown to identify where new residential developments should occur;
- develop a formal housing program for market housing (including "attainable" housing that is within reach of the average citizen), and an implementation strategy that includes performance targets, in consultation with all three levels of government and the development community; and
- communicate the housing program to the development/real estate/investment community both locally and nationally.

Public Spaces, Safety and Urban Design

In the 1999 Start-up Business Plan, one of four priority areas for development was public spaces, safety and urban design. CentreVenture has not established a safety program and some believe the Downtown BIZ has stepped into this role. The Planning, Property and Development Department of the City of Winnipeg has taken the lead with the respect to urban design. CentreVenture has provided input and feedback to the Department on the development of the Urban Design Advisory Committee and has representation on the Committee. CentreVenture’s contribution of $312,770 in 2005 from the Urban Development Bank for the development of The Plaza Skate Board Park at The Forks represents its first investment in public space in the downtown. The private sector provided the majority of the funding for the construction of the Skateboard Park. CentreVenture has declared its intent to devote more resources to establishing partnerships with the private sector to create more “destination” public spaces in the downtown. These projects are intended to add to the quality of life in the downtown and encourage residential development.

Land Management

The land management program has two objectives:

- to identify priority areas for strategic land assembly; and
- to establish an opportunity base for redevelopment projects managed by CentreVenture.

The Waterfront Drive condominium development represents CentreVenture’s most significant foray into land assembly. The development became a possibility once the three levels of government contributed $9.1 million to build Waterfront Drive. The development involved the assembly of eight parcels of land and will result in four condominium projects along Waterfront Drive. The initiative leveraged an estimated investment from private developers of $48 million and will generate substantial new tax property tax revenues in the future.

Land assembly is seen by many of those we interviewed to be a key role for CentreVenture to play in the future to promote a planned development of key areas in the downtown. The purpose of land assembly is not to speculate but to control the direction of development. It should be done in areas where there is little or no interest on the part of the private sector to invest. Land assembly needs to be carried out in conjunction with a vision and a plan for future mixed development. Since land assembly has the potential to inflate market
values due to land speculation, it is important that the confidentiality of planned activities in this area be maintained. Expropriation is another tool that can be used to acquire property and requires the approval of City Council. Generally, expropriation is only used as a last resort. To December 31, 2005, CentreVenture had not assembled properties on Main Street or other strategic locations.

**Advocacy and Facilitation**
CentreVenture plays a key role as an advocate for downtown revitalization and redevelopment. CentreVenture has contributed to many urban revitalization issues including: the opening of the pedestrian crossing at Portage and Main, parking, urban design standards and public safety. CentreVenture can continue to play an important role as an advocate for the downtown in areas such as

- **Public Policy:***
  - the use of an urban tax credit to stimulate development in the downtown
  - the creation of economic development zones to provide tax breaks for projects that meet specific criteria on streets like Main Street
  - the use of a property tax holiday for the development residential units in the downtown
  - changes to the taxation of surface parking lots that would encourage their development
  - the liberalization of rent controls in the downtown

- **Downtown Planning:***
  - encouragement and support of the Planning, Property and Development Department in the development of secondary plans for the key districts in the downtown
  - provision of advice to the Department on how the downtown development approval process can be improved
  - provision of advice and input to the City on transportation issues such as transit, parking and traffic flow

- **Safety and Quality of Life:**
  - encouraging the enforcement of the derelict buildings by-law to deal with problem properties in the downtown
  - promoting private sector investment in public spaces and participation in cleaning up and beautifying the downtown

CentreVenture also played a role as a project facilitator. Some view the facilitation of private development as one of CentreVenture's key roles. The experienced developers we interviewed found CentreVenture to be helpful and valuable in assisting them. On the other hand, we were told by the less experienced developers that they expected that CentreVenture would be more supportive and provide advice on what needed to be done to get the project financed and approved. These inexperienced developers thought that CentreVenture could add a lot of value to their projects through the provision of development advice and support. Some Board members we interviewed acknowledged that more could be done to facilitate development projects through to completion.

Facilitation can continue to be an important role for CentreVenture the future; however, the agency needs to ensure that staff have the skills and the time available to provide the level of support that inexperienced developers need.

**Performance Reporting**

**Has CentreVenture’s performance reporting met expectations?**
Good performance reporting is fundamental to effective governance and accountability to City Council. Performance reporting is important to citizens who want to know the value they are getting for their tax dollars. It enables citizens and stakeholders to understand the difference that the organization is a making for them. Robust information about performance effectively reported to the public helps to maintain and
build confidence in the organization. Good performance reports should present credible information, be fairly interpreted, and inform the reader about the following:

- the goals the organization is pursuing and how its activities contribute to those goals;
- the link between activities and desired results;
- the achievements accomplished against previously established expectations;
- the key risks as viewed by the management and the Board and the influence of risk on the choices made and direction taken;
- how capacity considerations have influenced choices about strategies, goals and resource allocations;
- how economic, social, regulatory and demographic factors and the performance of other organizations can have a critical impact on performance;
- the financial resources that have been used and how they have been used to achieve the results reported; and
- trends in overall performance.

We expected to find that CentreVenture’s reporting process would include an annual performance report that

- captured the data noted above and included audited Financial Statements;
- was presented at an Executive Policy Committee and an Annual General Meeting; and
- was available to the public on its website.

We found that CentreVenture operated for three years without producing a performance report after the resignation of its first President and Chief Operating Officer. Since inception, CentreVenture has produced four performance reports for Executive Policy Committee:

- First Year in Review – October 4, 2000
- Report to City of Winnipeg – April 2002
- Revitalizing Downtown Winnipeg – June 15, 2005
- Partnering for Downtown Winnipeg – June 2006

CentreVenture has made all but the first report available to the public on its website. CentreVenture has never held an Annual General Meeting.

We compared the information reported in these four performance reports to the information we expected to find. In general, these reports do not provide much of the information that is required to adequately inform the reader about the performance of CentreVenture. We observed the following:

- While a description of the functions that CentreVenture provides has been presented, the goals that CentreVenture is pursuing and how its activities contribute to those goals has not been sufficiently described in the performance reports.
- The achievements accomplished are summarized to date and, in general, are not compared against previously established expectations. The focus of the accomplishments reporting is on the development projects that have been completed or underway in the Downtown and the private investment associated with these projects. A summary of the transactions that have been conducted by CentreVenture is also provided.
- None of the reports (except the first) set out the accomplishments achieved within the reporting year; cumulative achievements since inception are presented in each new report.
- None of the reports include discussion of the key risks as viewed by the management and the Board and the influence of risk on the choices made and direction taken;
- None of the reports address how resource limitations or capacity of CentreVenture affects, at the strategic level, the programs offered or the ability of CentreVenture to sustain or improve results or meet expectations.
- None of the reports disclose the financial resources consumed by CentreVenture and how the resources have been used. The overall financial condition and the financial results achieved to date have not been reported. The audited Financial Statements that would enable an assessment of financial results have not been included in the performance reports.
• None of the reports include a discussion on how changes in the economy, government policy, citizens’ attitudes, demographics, or in other agencies that impact the downtown (i.e. the City of Winnipeg, Forks North Portage, Downtown BIZ, etc.) affect the performance of CentreVenture.
• None of the reports provide information on the condition of the downtown as a whole and whether the condition of the downtown is improving, stable or declining.

Members of the Board we interviewed acknowledged that performance reporting to date has been inadequate. Board members indicated that a major contributing factor to the gaps in performance reporting has been the turnover of incumbents in the CEO position that caused the Board to pay more attention to the day-to-day operations and less attention to strategic planning and performance reporting. Board members were divided on the need for an Annual General Meeting.

The lack performance information reported and communicated by CentreVenture was a common concern for most of the people we interviewed during our review:

• “Transparency is not a hallmark of CentreVenture.”
• “Annual reporting is a good idea. It was done in the early days.”
• “CentreVenture hasn’t produced an annual report that is readily available to interested parties. People wonder what’s really happening there.”
• “Increased transparency and accountability would enhance the confidence that stakeholders, potential investors and the public have in CentreVenture.”

We believe that an organization that is publicly funded must provide complete, relevant and transparent performance information to funding parties and stakeholders. This is particularly important for an organization like CentreVenture that must work closely with partners to achieve a shared vision. To achieve its objectives, CentreVenture must be able to persuade public and private investors that their money is well spent and directed to activities that deliver desired outcomes.

CentreVenture needs to cooperate with other agencies to develop and report on specific indicators that demonstrate how public and private sector resources are contributing to achieving the long-term goal of revitalization of the downtown.

**Impact on the Downtown – The Downtown Report Card**

A ‘Downtown Report Card’ is one method that can be used to evaluate the health of the downtown by tracking comprehensive set of indicators that have been established to measure the state of the downtown. The City of Philadelphia has used this model.

We found, through our discussions with the downtown agencies and other stakeholders, a frustration with the lack of complete information on what is really happening in the downtown. All of the downtown agencies have developed some indicators to evaluate their own organization’s performance but were unable to evaluate the impact that they had made on the downtown as a whole.

It was recognized by the downtown agencies and CentreVenture that a complete set of downtown indicators that were regularly updated was essential for each organization to able to effectively

- identify areas of strength in the downtown and areas which require improvement;
- plan revitalization programs and activities; and
- measure progress that is being made in the downtown.

In our discussions with the CEO of the Forks North Portage Partnership, we were advised that work is being done on a Downtown Report Card. Forks North Portage Partnership has retained the Institute of Urban Studies at the University of Winnipeg to develop a Downtown Winnipeg Report Card.
The proposed format includes a demographic profile of the downtown and a broad range of indicators, including the following:

- Office market
- Retail market
- Residential market
- Tourism
- Employment
- Educational facilities
- Transportation and access
- Arts and culture
- Quality of life

The development of the proposed Downtown Report Card will go a long way to filling the void of information on the downtown and allow the City of Winnipeg and its partners and citizens to measure the outcomes of its efforts to revitalize the downtown. CentreVenture needs to actively participate in this initiative.
Part IV – CentreVenture: The Next Mandate

As CentreVenture seeks its third mandate, it is a good time to review the journey so far – to celebrate the agency’s successes and to contemplate the road ahead. CentreVenture was built on a vision, CentrePlan, which reflected the collective thoughts, hopes and dreams of Winnipeg’s community leaders and ordinary citizens. It took shape through the efforts of a group of community and business leaders, the Downtown Task Force, with the endorsement of City Council. Its mission is captured clearly in this excerpt from Plan Winnipeg 2020 Vision, the City’s strategic plan:

“The City shall promote downtown development to stimulate revitalization . . . by implementing a visionary downtown plan (CentrePlan) through an action-oriented development corporation (CentreVenture) to provide clear direction, coordination, planning and implementation, and strong leadership for the downtown. . .”

In its Start-up Business Plan, the new agency accepted the challenge:

“CentreVenture Development Corporation will develop, support and nurture a climate of cooperation and participation with existing and potential investors, businesses, renters, arts groups, all levels of government and all citizens of the City of Winnipeg to achieve the economic, physical and social revitalization of downtown Winnipeg.”

It was an ambitious mission – one that would take time, commitment, and resources to achieve. It would also require shared plans and effective partnerships.

In this part of the report, we will look back briefly at CentreVenture’s performance and accomplishments in its first and second mandates. Then, we will look forward to the agency’s future challenges. In the final section, we will conclude our report by providing our recommendations for CentreVenture as it moves into its next mandate.

The First and Second Mandates

There is no doubt that CentreVenture achieved tangible results in its first two mandates as our Report on Performance has demonstrated. In brief, CentreVenture

- advocated for and helped to facilitate changes to downtown planning and development rules and processes;
- retained net assets of $12.2 million;
- sold 21 surplus properties for $2.9 million;
- issued $3.7 million in loans and mortgages through the Urban Development Bank;
- awarded $3.2 million in Heritage Tax Credits and $1 million in Heritage Grants;
- leveraged $77.3 million in Private Sector investment;
- supported creation of 400 housing units; and
- estimated that assisted projects will lead to increased tax revenues of $1.6 million for the City and $2.3 million for the Province as well as 2,270 person years of employment.

In launching the agency, CentreVenture embraced the broad vision presented in its Start-up Business Plan but chose to implement its mandate in an evolutionary manner. Design Review and Marketing and Information Bureau functions were deferred. The agency focused on sales of surplus assets through its Asset Agreement and leveraging project-level private investment through its Urban Development Bank and Heritage incentive programs. Several of the tools employed were creative and resulted in tangible achievements. More importantly, CentreVenture created a ‘buzz’ and sparked new interest in the downtown. The agency attracted almost constant media attention.

CentreVenture also played an effective advocacy and facilitation role in promoting both its broad issues and specific projects and cooperating in downtown initiatives led by other organizations. Significant private sector investment was leveraged through its activities. Partnerships were built with the City, the Province and the other downtown
agencies. With major initiatives launched as well as more modest projects, there is no doubt that CentreVenture was perceived as a leader and important catalyst for downtown revitalization in the first few years. While its mandate had narrowed, the agency established the track record and credibility that is essential to a new organization.

In the second mandate, however, there is a general perception that the agency lost momentum. While still focused on property development and completion of exciting projects such as Waterfront Drive that had been initiated earlier, the CentreVenture had very little role in new development planning for the downtown, did not sustain or build on partnerships that had been created in the first mandate, and did not develop a broader marketing strategy for business and economic investment. There were expectations that CentreVenture would have developed new programs and incentives and become more proactive in creating opportunities.

Today, CentreVenture is not seen as the leader among the downtown agencies and is perceived to be transactional rather than strategic in its focus. It has continued to rely upon the City’s annual grant to fund its operations and did not develop the private sector partnerships or new funding models anticipated. The organization’s governance and management practices have not matured to the level expected for an agency entering its third mandate, and stakeholders are concerned about the lack of transparent business plans and performance reports. Many interviewed are not certain what CentreVenture is doing or where it is going.

During this period, changes in leadership at both the City and the agency led to uncertainty about CentreVenture’s future role, which, in turn, affected its ability to attract senior staff and develop its strategic plans. Now, seeking a third mandate, the challenge for the agency is to define and communicate its role going forward.

The Next Mandate

In April and May 2006, the City conducted a series of events culminating in the Winnipeg City Summit 2006 (“the Summit”). Led by the Mayor and organized by three Co-Chairs (including a former CentreVenture Board Chair), the Summit invited Winnipeggers to identify common goals and challenges for the City with a focus on defining potential actions that could be taken by government, business and community groups, and citizens. The Co-Chairs reported that the input received could be summarized as four broad themes:

- “Improve the livability of Winnipeg’s neighborhoods – especially the Downtown.”
- “Fix the City and invest in its appearance.”
- “Create more opportunity for business and economic development.”
- “Leaders must work together on key issues.”

It was interesting that all of these themes, as they relate to the downtown, could be seen to fall within CentreVenture’s mandate. So what does this mean in terms of CentreVenture’s future? We found it interesting that many of the comments made by Summit participants echoed ones made by those whom we had interviewed. It is obvious that, while progress has been made, much remains to be done. And Winnipeggers are impatient for results.

While this could be seen as a criticism of the agency’s performance to date, in conducting our interviews, the first question we asked was, “Is there still a need for CentreVenture?” In each and every case, the answer was, “Yes!” The discussions then centred around what the agency had done well and what it needed to improve to fulfill its mandate.

In early August, CentreVenture announced that it was changing direction. In the announcement, CentreVenture’s Board Chair referred to ideas presented by participants at the Summit:
“Perception is reality. And coming out of the Summit, people know they want downtown to be revitalized. . . Let’s do things – take off bite-sized pieces where people see it happening. And once they see that, everything else starts coming together.”

The Board removed its CEO and replaced the position, on a temporary basis, with two former directors. One will manage Urban Development Bank activities with a narrower focus on targeted areas. The other will head up an initiative focused on developing new destination sites using a public-private partnership funding model. The agency has committed to tabling a revised business plan for the first year by the end of October 2006.

At the present time, we believe that CentreVenture’s new direction makes sense and is realistic. The agency needs to re-establish the momentum and credibility that it has lost over the past few years. It needs to respond to the expectations for action created by the Summit. It also has to re-build its relationships with its downtown partners and restore its capacity to implement new programs. It has to demonstrate that it can be focused. It also has to live up to its commitment to attract more private sector investment.

But, while these activities are practical and beneficial in the short term, CentreVenture still must determine what its role and strategy will be in the longer term. All experts in the field acknowledge that revitalization of a City is a long-term prospect. While actions can be focused, vision has to be broad, flexible and resilient.

In the exercises that preceded the creation of the new authority, it was envisioned that CentreVenture would be the “keeper of the CentrePlan vision”. It would be the “lead economic agency” for Downtown Winnipeg. It would also provide “a pivotal leadership role to coordinate and liaise with the downtown organizations”.

It isn’t clear that the agency ever had the full authority, expertise or resources to play all of these roles effectively. The City also anticipated that the agency’s activities would produce measurable impacts that would demonstrate the progress of downtown revitalization, such as an increase in residents and employees, more street level activity, and a higher total assessed value of downtown properties and business taxes. We don’t know if these benefits have been realized because they have not been tracked and reported.

The downtown landscape has changed in the years since the development of CentrePlan, in good part due to CentreVenture’s activities, and there is a need to refresh the vision and confirm the plan going forward. It may be that the City has decided to assume the lead role. It may also be that other agencies are better positioned to lead activities such as marketing and information collection for the downtown. Whatever the strategy, it is certain that CentreVenture will have to work more closely with the City and its agencies to achieve the shared vision. Given its current resources and structure, CentreVenture will have to either focus its mandate more narrowly or develop better partnerships and funding models to take on and sustain a larger role. In either case, the agency has to clearly communicate its mandate and roles and manage expectations in the community.

If CentreVenture is to have a more limited role, the City will also have a challenge in determining the appropriate vehicle through which the CentrePlan vision will be refreshed and implemented. This will involve a review of the roles played by all of the downtown agencies as well as City departments. The respective roles and responsibilities of each will have to be clearly articulated, and the City will have to decide which organization is in the best position to lead and be held accountable for implementation of the broader vision of downtown revitalization.
Audit Recommendations

We have developed two sets of recommendations: one directed to the City through the Executive Policy Committee and the second directed to the Board of CentreVenture. While the Board can begin to implement some of the recommendations around governance and management practices almost immediately, we recognize that others may require a longer timeframe because of the need to consult with the City and other agencies. Recommendations related to CentreVenture’s role and mandate will require confirmation by the City.

Executive Policy Committee

1. Executive Policy Committee should clarify and confirm CentreVenture’s mandate, role and accountability, in particular, its relationships with the Planning, Property and Development Department and the other downtown organizations.

2. Executive Policy Committee should direct CentreVenture to prepare a comprehensive response to the Audit report that includes an action plan and timelines for implementation of the recommendations.

CentreVenture Development Corporation

1. CentreVenture should develop a Strategic Plan that includes the following elements:

   - The plan articulates the agency’s unique role within the broad mandate of downtown revitalization, describes its programs, resources and intended outcomes, and establishes performance targets and measures.
   - The plan is developed in consultation with CentreVenture’s partners and stakeholders, in particular, the City, the Province, the business community, and the downtown agencies. Expectations are clarified with respect to the agency’s role and accountability for planning, leadership and coordination, and marketing and information.
   - The plan provides a communication strategy that includes reporting protocols and broad public distribution.

2. CentreVenture needs to strengthen its governance and management frameworks and practices by

   i. re-considering the composition of its Board to include representative stakeholders;
   ii. establishing appropriate Board policies to provide direction;
   iii. ensuring that the agency has the resource capacity and competencies to deliver its intended programs;
   iv. clarifying the respective roles and authority of the Board and management;
   v. preparing and communicating comprehensive business plans and budgets on an annual basis;
   vi. evaluating the effectiveness and continued relevance of its current portfolio of programs and tools and making required changes to improve outcomes; and
   vii. providing timely, comprehensive and transparent performance reports.

CentreVenture started with a dream – a vision for Winnipeg’s downtown that reflects the hearts and souls of all of its citizens. This dream was reiterated most recently at the City Summit where Winnipeggers came together again to start to build “The City of Opportunity”. At the end of the day, CentreVenture cannot flourish in the absence of solid support from governments, the business community and private investors. CentreVenture cannot operate in isolation: its Public and Private Sector partnerships and strategic relationships are crucial if CentreVenture is to achieve its mission. And, of course, the continued support of clients, stakeholders and ordinary citizens will ensure that revitalization of the downtown remains a top-of-mind priority for all of us. It is our hope and belief that implementation of our recommendations will provide a strengthened platform upon which CentreVenture can build to realize its role in achieving our shared vision.
Appendix 1: CentreVenture’s Mandated Area