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Convention centre to expand?

-- Three levels of government working on plan -- Cash would come from infrastructure pot

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The city, province and Ottawa are close to completing a deal to expand the Winnipeg Convention Centre for less than the \$200-million price tag originally floated three years ago.

Political and administrative sources at city hall and in the Manitoba government say all three levels of government are close to reaching a deal to use federal and provincial infrastructure funds and proceeds from the city's accommodation tax to expand the York Avenue facility.

The cost is in the vicinity of \$180 million.

"All the parties have come up with a financial model that makes sense," said one official, speaking under the condition of anonymity.

A formal announcement is expected within weeks to allow the convention centre to begin tendering the project -- and for the Selinger government to be allowed to speak to the project before a July 4 deadline on election-year political announcements.

Built in 1974 at 132,000 square feet, the Winnipeg Convention Centre was once the largest building of its kind in Canada. But its elite status disappeared after 15 other Canadian cities built sizable new convention centres or expanded existing facilities.

The non-profit organization has been warning politicians since 2001 it needs to expand to remain competitive. A study later commissioned by the centre said Winnipeg's hotel industry will lose \$6 million to \$8 million in annual convention business if the expansion does not take place.

In 2008, the convention centre went public with its expansion plans, asking all three levels of government to fund expansion across the south side of York Avenue. This new wing would include 65,000 square feet of additional exhibition space and 30,000 square feet of additional meeting space.

Former Manitoba premier Gary Doer, however, was cool to the initial plan. In 2010, the convention centre applied for federal money under the P3 Canada Fund, but that plan was rejected for being a poor fit, as the convention centre is a publicly owned, non-profit facility and the P3 fund is intended for public-private partnerships.

The current plan will depend on all three parties agreeing to expand the convention centre using money from the Building Canada Fund, a pot of federal money set aside for infrastructure projects.

The province is ready to commit in principle while Ottawa is amenable to the idea, sources confirmed, stressing no deal has been reached as of yet. Ottawa and Manitoba would recoup their convention-centre investment through income taxes and other revenues, the sources said.

The City of Winnipeg started putting away money toward the expansion on June 1, 2008, when it began levying a five per cent tax on hotel stays and other accommodations. Proceeds from this tax-- approximately \$8 million a year -- are divided between a convention-centre expansion kitty, tourism programs and a fund to bring special events to the city.

"The city advanced its position three years ago. We wanted to be ready for this," Mayor Sam Katz said on Tuesday. He declined to comment on the status of the deal, noting only discussions were taking place.

Convention centre general manager Klaus Lahr also said he was not aware a deal was imminent. But sources confirmed the city and province have been able to drive down the cost of the proposed project.

In a parallel move, the city and province have agreed in principle to place the Winnipeg Convention Centre within the boundaries of a new sports, hospitality and entertainment district, or SHED, that would encompass 11 blocks of downtown Winnipeg.

The district would also encompass the MTS Centre, the new development planned for the north side of Portage Avenue, the Burton Cummings Theatre and the Metropolitan Theatre, which is about to secure \$1.5 million in city funding toward a \$16-million renovation.

Under the SHED plan, developed by CentreVenture, some of the new property taxes flowing from improvements within this zone would be reinvested in the immediate vicinity. But the money would not be returned to private property owners in the form of grants.

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