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March 13, 2024

Winnipeg City Council
City of Winnipeg
510 Main Street
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Executive Director

Tom Thiessen
BOMA Manitoba

RE: Portage and Main Concourse

Dear Councillors,

On behalf of the Building Owners & Managers Association of Manitoba (BOMA), we encourage all members of Council to carefully consider the ramifications of decommissioning the underground concourse at Portage and Main. In BOMA's opinion, shutting down the concourse would be a step in the wrong direction for Winnipeg's downtown.

We ask Council to be mindful that those concourse-connected buildings **contribute approximately \$12M in annual property taxes to City coffers, and provide workspaces for more than 6,000 downtown workers**, plus amenities for thousands more visitors and hotel guests.

The City's recent argument for closing the concourse – presented at EPC on March 12th – is, in our view, hastily coordinated and incredibly one-sided. That argument was presented in two parts: First, that annual operating expenses for the City-owned concourse exceed its rental income by nearly \$966,000, which, according to the mayor "is not sustainable." And second, that the estimated \$73M needed to repair the underground membrane and the resulting intersection work -- combined with a lengthy traffic disruption – are simply untenable.

At EPC, Mayor Gillingham further stated that "Someone has done back-of-the-napkin estimates, and I won't hold to this number, but if it's \$73M now, in 30 to 40 years, it could be over \$200M."

Comparing Costs

In response, BOMA asserts that capital improvements for government-owned real estate should be budgeted for and saved for over an extended period. Building owners in the private sector regularly plan for costly upgrades to buildings and property; we should expect no less from elected officials and government, who manage taxpayer funds and public property.

Further, we are in full agreement with the comments made at EPC by Councillor Browaty, who stated: "At this point, no real work has been done to study the shuttering of the underground surface...we have no idea how long work will take to permanently close the (concourse) and we're only guessing how much it would cost."



The Administrative Report presented at EPC provides only its own ‘back-of-the-napkin’ cost for decommissioning the concourse, which it pegs “in the range of \$20-\$50 million (subject to further study).” **According to that ballpark estimate, decommissioning the concourse would almost certainly cost more than replacing the membrane itself.**

The City’s cost consultant has estimated that excavating and replacing the membrane will cost approximately \$29M. Much of the remaining \$44M estimated project cost is applicable to the intersection rebuild, and presumably many of those costs may be similar regardless of whether or not the concourse is closed. According to the report, that includes: Traffic management (\$12M); Watermains and sewer work (\$13M), New concourse access stairs/elevator (\$6M); and Paving, lighting, trees, barricades (\$13M).

As a result, as Councillor Mayes rightly suggested at EPC, it is indeed disingenuous to say that the City will “save \$73M” by closing the concourse.

Providing a Downtown Service

In response to the City’s argument regarding operating expenses that are “not sustainable”, we suspect that most Winnipeggers view the City’s portion of the underground concourse very much like other government-owned real estate: Public space that allows the City to provide a service, and not a revenue centre built to yield a profit. Bridges, sidewalks and roads aren’t profit centres either.

It should be noted that the City budgeted public transit revenues of \$131M against expenses of \$233M for last fiscal. The obligatory ‘transit subsidy’ as reported in the City’s *2023 Adopted Budget* thus totals \$102.1M. Nowhere does the administration indicate whether that level of ongoing subsidy is ultimately “sustainable”. Presumably, the ongoing subsidy is simply a cost of doing business in a growing city, where transit ridership is encouraged.

Likewise, the business community encourages pedestrian traffic – including street level traffic – throughout the downtown. The Portage and Main concourse provides climate-controlled access between four major commercial buildings (plus a connection to two additional office buildings, and a major hotel east of the intersection), 365 days a year. We believe that level of access is needed to ensure a vibrant and sustainable downtown.

What has not been sustainable, in our view, is a failure over the last 40-plus years to plan for the necessary capital improvements and facility upgrades to keep the City-owned portion of the concourse viable. In contrast, each of the downtown property owners has spent considerable resources over the years modernizing their own concourses, signing on new tenants, and planning for upgrades to their properties as necessary. Governments would be wise to do the same.

Sincerely,



Tom Thiessen
Executive Director, BOMA Manitoba