

Lansdowne Chair Report - Alexandra Gruca-Macaulay

OOECA monthly meeting - May 9, 2023

1. 2021 and 2022 Lansdowne Annual Report to Financial and Corporate Services Committee, May 2, 2023

- The fiscal year end for the Lansdowne Limited Partnership is March 31st, on May 2, 2023, the 2021 and 2022 financial report (two fiscal years) was submitted to the Finance and Corporate Services Committee
- The main takeaway from the report: “Since inception the LLP has posted net financial losses for each fiscal year and has yet to generate net positive cashflows.” p. 27; that is, since 2014 the Lansdowne Limited Partnership has posted net financial losses
- The proponents of the Lansdowne 2.0 redevelopment proposal point to these losses as the reason why the City should proceed with the \$333 million redevelopment project
- Community members have asked for more transparency into the financial results: there are many expenses that have little to do with the event centre or stadium, such as financing costs, or items like the amount that was paid for the Montreal Alouettes when the CFL had to take over temporary ownership
- City staff, OSEG, and public delegation presentations and discussion on the Lansdowne 2021 and 2022 Annual Report to FCSC can be found between 0:07:50-2:29:00 at link: <https://www.youtube.com/live/xSNriml5w0I?feature=share>
- A copy of my presentation can be found in attachments below (about 1:04-1:12 on the video link)

2. City of Ottawa requests Expressions of Interest from developers for the Redevelopment of Lansdowne

- On April 17, 2023, the City issued a request for expressions of interest from developers to either purchase or lease the “air rights” for the residential towers that have been proposed for the Lansdowne 2.0 project
- What are “air rights”? The City of Ottawa owns all the land at Lansdowne Park (some buildings are leased to its partner “OSEG”). Under the Lansdowne 2.0 redevelopment proposal the existing Goodlife commercial building would be torn down and a new 6 storey “podium” that includes 100,000 sq. ft. of retail space would be built in that space. The City plans to sell or lease the space, that is the “air” above the podium to a developer and allow the developer to construct three large residential towers on top of the podium (2 towers would be built on the podium (40 and 34 storeys), and the third-adjacent to Aberdeen Pavilion (29 storeys), would be built on the ground)
- Community groups, including the OOECA, had asked that the City first engage in meaningful public consultation on the Lansdowne 2.0 proposal

- The request for Expressions of Interest from developers has been framed by the City as a step in the process of “robust engagement strategy”
<https://ottawa.ca/en/city-hall/city-news/newsroom/city-requests-expressions-interest-redevelopment-lansdowne#:~:text=The%20City%20of%20Ottawa%20is,MERX%20until%20May%2010%2C%202023>

3. City of Ottawa Information Session on Lansdowne

- The City hosted a virtual public information session on Thursday April 27, 2023, on the Lansdowne 2.0 Redevelopment proposal. The topics for the session included: the overall proposal, the funding strategy and business model, and the air rights process including the Request for Expressions of Interest (REOI).
- Up to 150 participants attended the session; questions were allowed and there were many concerns raised over: loss of green space, height of the proposed residential towers, traffic congestion, diversion of property taxes for debt repayment, financial risk exposure to the city, lack of financial transparency into the financial operations of the Lansdowne Limited Partnership
- City staff undertook to answer all questions raised, and to post answers on the Engage Ottawa site.
- Visit <https://engage.ottawa.ca/lansdowne-2-0> to access the PowerPoint presented at this information session, and for other related Lansdowne 2.0 resources.

4. Councillor Menard will host consultation session on Lansdowne 2.0 Proposal on May 10, 2023, 6PM on Zoom

- The Office of Councillor Shawn Menard is hosting a public consultation on Lansdowne 2.0, a proposal to re-develop the stadium and grounds of Lansdowne Park on Wednesday, May 10, 2023, at 6PM
- To attend virtually, RSVP:
https://www.shawnmenard.ca/lansdowne_2_0_public_consultation

5. Traffic Consultation

- As part of Engage Ottawa’s program to inform/consult on the proposed Lansdowne 2.0 redevelopment project there will be a traffic management session held with community representatives, Tom Scott Chair Transportation and Alexandra Gruca-Macaulay Chair Lansdowne will represent the OOECA at this session
- The Lansdowne 2.0 proposal would involve the construction of 1200 new residential units at the Park and numerous concerns have been raised over the increased traffic that these new residents would bring to the site
- During the May 2, 2023, meeting of FCSC, the CEO of OSEG Marc Goudie was critical of the NCC’s plan to close a portion of Queen Elizabeth Drive for active transportation, he suggested that Colonel By Drive might be the better alternative for closure.

- His remarks are on the meeting video link: <https://www.youtube.com/live/xSNriml5w0I?feature=share>
- CTV report: <https://ottawa.ctvnews.ca/oseg-head-says-queen-elizabeth-driveway-closure-could-expand-next-year-ncc-says-no-final-decision-1.6380796>

6. Tree Planting Pilot Project in the Lansdowne Park Commercial zone

- Several trees did not fare well around the commercial zone of Lansdowne – the area that OSEG is contracted by the City to maintain
- The issues include trees were planted too close to the surface; salt damage (both issues clearly should have been foreseen)
- OSEG now has proposed a pilot project that would see some trees planted in raised planters – this was to have been last year, but OSEG was late in putting out the request for tender, so it is happening May 2023 and is expected to be completed at the end of May
- There is still pedestrian access, but certain sections are fenced off for construction which affects some parking spots
- Images of the project when completed, as supplied by OSEG, follow at the end of the report.

7. Aberdeen Square Seating and Shade Installations

- City will be installing moveable picnic tables, benches, trees, and shading umbrellas at Aberdeen Square, details as shared by the City and plans follow at end of report.

ATTACHMENTS

2021 and 2022 Lansdowne Annual Report to Financial and Corporate Services Committee, May 2, 2023

- Poor Financial Performance of the Lansdowne Limited Partnership;
- Imperative for increased transparency in financial reporting;
- Losses support the need to better understand the causes of these losses before committing Ottawa taxpayers to new hundreds of millions of dollars of debt.

Presentation to FCSC on 2021 and 2022 Lansdowne Annual Report 2 May 2023, Alexandra Gruca -Macaulay

	2014	2015	2016	2017	2018/19	2019/20	2020/21	2021/22	Cumulative 2014-2022	
Operating Income (Loss) Per LLP Component										
Redblacks		1.6	2.0	1.1	1.4	-1.2	-2.5	-6.5	-4.0	-8.1
Ottawa 67s		-1.1	-0.8	-1.2	-1.3	-1.1	-0.7	-1.5	-1.2	-8.9
Stadium and Event Centre		-11.2	-7.0	-6.9	-2.0	-7.4	-5.7	-2.0	-3.2	-45.4
Retail and Other		0.2	5.6	9.8	10.7	14.2	11.7	7.6	10.9	70.7
Total Operating Income (Loss)*		-10.50	-0.20	2.80	8.80	4.50	2.80	-2.40	2.50	8.30
Depreciation, Amortization, Interest and Other Expenses		-5.20	-12.20	-17.10	-16.50	-17.10	-14.10	-10.10	-10.90	-103.20
Total Net Income (Loss)*		-15.70	-12.40	-14.30	-7.70	-12.60	-11.30	-12.50	-8.40	-94.90
Note: "Totals" in Table 4, 2021 -2022 Lansdowne Annual report at times deviate from the sum of their components, likely due to rounding. E.g., 2015 Revenue, sum of 20.0+2.5+7.6+12.6 = 42.7, not 42.6 as reported – this accounts for the slight "Total" differences between this table which works with the individual components and the Annual Report's. Data from: 2021 and 2022 Lansdowne Annual Report May 2023		City agrees to Guarantee \$24.0M Civic Centre "Roof Loan" in settlement of dispute with OSEG		Grey Cup Festival Inc. \$6.1M revenue – \$6.1 M expenses = \$0.0 to LLP?	\$600K of (retail?) mortgage guarantee fees were forgiven by corporate entities related to OSEG partners (why were these fees forgiven? were they paid by LLP in earlier years?); (15 month reporting period due to shift of fiscal year end from Dec 31 to March 31)	Loss includes the Redblack's share of CFL required funding towards Montreal Allouettes (media reports of approx. \$1.0M)	OSEG requests and is granted permission to draw down Capital Lifecycle Reserve Fund for Cashflow; "OSEG must reestablish those reserves in ?" p. 29 2021-2022 Annual Report.	Retail component takes out second mortgage of \$10M, why? May 2023 Capital primary mortgage of \$120M, but 2020 Annual report primary mortgage reported at \$106M, why 3 years later at \$120M? In case of OSEG default City would need to assume the retail mortgage.		
		Alexandra Gruca -Macaulay								

“OSEG has a retail loan outstanding of \$106M that must be re-financed within the next two years and the worsened financial projection due to the pandemic will make that difficult, putting them at **a very real risk of having default be their best business decision**.” Lansdowne Annual Report and Covid Impacts Update Nov 2020 p.13

If Lansdowne 2.0: Projected operating loss for New Event Centre and Renovated Stadium: \$84 million

Table 2: Lansdowne Partnership Sustainability Plan and Implementation Report FEDCO 6 May 2022

If Lansdowne 2.0 continues poor financial results of 1.0, City's Debt Exposure about \$500M:

Lansdowne 1.0 Debenture: approx. \$100 million

Lansdowne 2.0 Debenture: \$239 million

City assumes Retail Mortgage: approx. \$120 million

City assumes OSEG's retail podium

construction loan because of guarantee: \$ 30 million

City Guarantee of Civic Centre Roof Loan (approx. \$18 million)?

Presentation to FCSC on 2021 and 2022 Lansdowne Annual Report 2 May 2023, Alexandra Gruca -Macaulay

“Since inception the LLP has posted net financial losses for each fiscal year....These financial results support the need to improve Lansdowne Park and make the Lansdowne Partnership sustainable over the term of the partnership.” 2021 and 2022 Lansdowne Annual Report, FCSC May 2023 ???

Since inception the Lansdowne Limited Partnership has posted net financial losses for each fiscal year....

Therefore:

These financial results support the need to better understand the causes of these losses before committing Ottawa taxpayers to new hundreds of millions of dollars of debt.

Presentation to FCSC on 2021 and 2022 Lansdowne Annual Report 2 May 2023, Alexandra Gruca -Macaulay

[Slide 1]

There are three things that stand out in the 21/22 Lansdowne Annual report:

- The poor financial performance of the Lansdowne Partnership.
- The need for increased transparency in financial reporting.
- The need to understand the causes of these losses to protect Ottawa taxpayers.

[Slide 2]

Clearly, the Lansdowne partnership has not met with financial success. Yet, if we take a quick look at any given fiscal year, we are left with more questions than answers for the true financial picture of the Partnership.

For example, the annual report describes an approval of a \$10M second mortgage for the retail component, yet we are not told why a second mortgage was needed. Although we learn that the primary retail mortgage was refinanced for a principal amount of \$120M we are not told why this figure is considerably larger than the \$106M reported in the 2020 report. It is important to note that in the event of default the City would need to take over the repayment of the retail mortgage, according to the 2020 report.

And, while we do see that of all the components, retail shows a nominal operating profit, we are not informed of the financial impact of the retail mortgage on the retail component's net income since interest payments as well as depreciation and amortization are merged into a collective "black box" item in Table 4 of the report.

[slide 3]

The impact of this lack of clarity may become critical when City decision makers are tasked with deciding on Lansdowne 2.0. If a case is to be made that Lansdowne 2.0 will solve the financial distress, with its \$239 million of new City debt that will be paid for by diverted property taxes, then we need to better understand how and why a new event centre and stadium would address the underlying financial malaise of the partnership. It is important to recall

that the Lansdowne 2.0 financial strategy projected that the New Event Centre and Renovated Stadium would lose.

\$84 million over the life of the partnership, so clearly the Stadium component would continue to be a financial drain. In fact, with 75% of operating profit projected to come from the retail component, the question becomes will the retail component be sufficiently profitable to keep the other sinking elements afloat?

The potential for negative financial risk to the City is significant.

In 2020 OSEG asked to draw down on the Capital Lifecycle Reserve Fund. The 2020 annual report detailed the staff's opinion that OSEG would likely make a business decision to default on its retail mortgage if their request was not granted. The 2021-2022 Annual report implicitly raises the issue anew: if Lansdowne 2.0 goes ahead yet fails to remedy the financial underperformance of the limited partnership, then the City needs to understand what its risk exposure would be beyond the narrow confines of the 2.0 proposal.

The City still has about \$100 million of debt outstanding from 1.0 and it plans to issue a further \$239 million with 2.0, and to guarantee OSEG's retail podium construction loan. The City had guaranteed the \$24M "Civic Centre roof loan" and we need to add to that the repayment of the retail mortgage. In total, this is a debt exposure of around half a billion dollars. Moreover, while the report refers to OSEG's obligation to replenish the Life Cycle Reserve fund, the timeline for this is left blank.

[Slide 4]

Before taking another step: we need transparency, we need to better understand where the sources of the financial problems lie, and we need to develop well-informed and thought-through options.

Alexandra Gruca-Macaulay as presented to the Finance and Corporate Services Committee, 2021 and 2022 Lansdowne Annual Report, May 2, 2023

Attachment 2 - Request for Expression of Interest - Redevelopment of Lansdowne

City requests Expressions of Interest for redevelopment of Lansdowne

Published on
April 17, 2023

Business, economy, and innovation

Home and community

Planning, development, and construction

Recreation and parks

The City of Ottawa has posted a Request for Expression of Interest (REOI) as part of the Lansdowne 2.0 redevelopment proposal ([Lansdowne Park Redevelopment Project\(link is external\)](#)) for 'air rights' development.

Lansdowne Park is a major Ottawa destination, with more than a century of history as a gathering place for residents and tourists alike. The site is comprised of greenspaces, play areas, public art, sporting and event venues, retail and restaurant space and restored heritage buildings.

[Lansdowne 2.0\(link is external\)](#) proposes a new event centre, north side stands and retail space at ground level with separate multi-level residential structures above it. To develop the space above the retail structure, a developer would need to first acquire the air rights for that space.

The City of Ottawa is seeking a real estate builder/developer who is interested in either leasing or purchasing the air rights adjacent to the new North Stands component of Lansdowne 2.0.

The REOI is now available through [MERX\(link is external\)](#) until May 10, 2023.

The REOI is part of the City's robust engagement strategy to ensure that the public gets the chance to voice their ideas, input, and perspectives on the redevelopment of Lansdowne 2.0. The consultation includes a series of online and in-person surveys, a newsletter, community and business consultation workshops and several pop-up engagement activities.

Following the conclusion of the REOI process, City staff will present the findings to City Council and provide recommendations on next steps in the process, which may include a Request for Offers for the air rights disposal.

Facts

- Lansdowne currently includes 1,300 underground parking stalls, a 30,000 square metres of office space and 110,000 square metres of retail and commercial spaces.
- Lansdowne hosts more than 200 events and receives more than 4 million visitors annually
- Lansdowne is home to more than 50 businesses and is one of the City of Ottawa’s most recognizable landmarks.

Quotes

“Lansdowne Park has a 175-year history as a gathering place in Ottawa, for local, regional, national, and international sports and cultural events. This Expression of Interest is a unique opportunity to be part of a premiere live, play, and shop destination. This open, competitive, and transparent selection process will help ensure Lansdowne 2.0 is a place Ottawa residents can be proud of.”

Mayor Mark Sutcliffe

Tree Planting Pilot Project in the Lansdowne Park Commercial Zone





Aberdeen Square Shade and Seating Project: From

<https://engage.ottawa.ca/lansdowne-aberdeen-square-public-realm-improvements>

Lansdowne Aberdeen Square - Public Realm Improvements

Thank you to everyone who took part in the public consultations on the Lansdowne's Aberdeen Square at Lansdowne Park. This update will provide information regarding what the city heard during public consultations and how the city is moving forward based on the feedback with a project to enhance the public realm for Aberdeen Square.

Background

In April 2019, Councillor Menard released a visioning exercise for Lansdowne, followed by a City of Ottawa survey seeking suggested uses for the Aberdeen Square. The survey results showed an interest in continuing the Farmers Market and the need to make the square more attractive for residents to gather and celebrate on a day-to-day basis.

In 2020, the City of Ottawa, together with the Ottawa Sports and Entertainment Group (OSEG) and Councillor Menard, worked in collaboration with the community on possible changes to the square. The OSEG/Casino Lac Lemay sponsorship project did not receive the necessary funds and the project didn't move forward.

What the City heard

During the public engagement (2019-2000), the City heard the community suggestions, such as the need for seating areas, picnic tables, more planting and shade, and to add moveable furniture within the Aberdeen Square for day-to-day use by visitors.

How the City is moving forward

The City of Ottawa has taken the feedback to develop a plan to improve the Aberdeen Square public realm, one that would meet the public expectations, as well as the market's flexibility requirements. The idea is to introduce comfortable and friendly moveable furnishing, such benches, picnic tables, sunshades, and planters, to promote a welcoming atmosphere and revive the public realm.

The natural wood log benches and picnic tables will create opportunities for gathering, eating, play and enjoy the place. The benches are to be located near the trees for shade, creating more intimate spaces within the square. Some benches come with back rests and armrests for universal accessibility and comfort. The natural wood furnishing is made of upcycled FSC hardwood. Its wood log format makes them easy to be moved and not easily damaged. Each table will have one umbrella. Planters with seasonal grasses are introduced to create a green effect at ground level and will enhance the vegetation presence within the square.

Since the furnishing characteristics allows it to be moved by a forklift, the furnishing will be relocated for the market days as well as on events/performances days. This adaptability to accommodate different uses will also enhance place identity.

This City of Ottawa project will enhance the public realm and make the Aberdeen Square a unique neighbourhood meeting place, for people, families and city living.



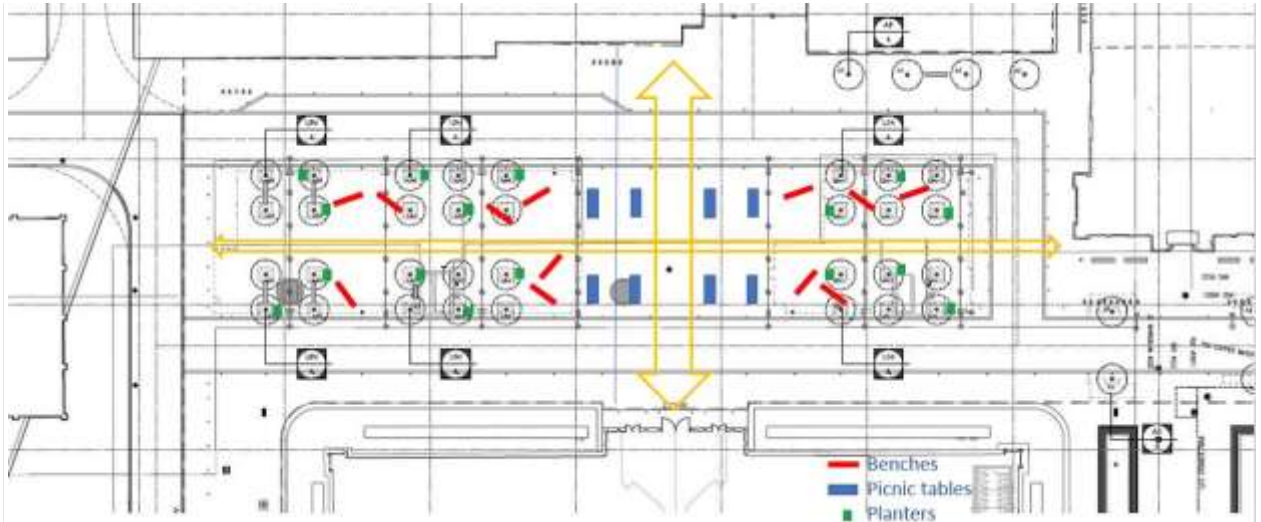
Natural wood log benches



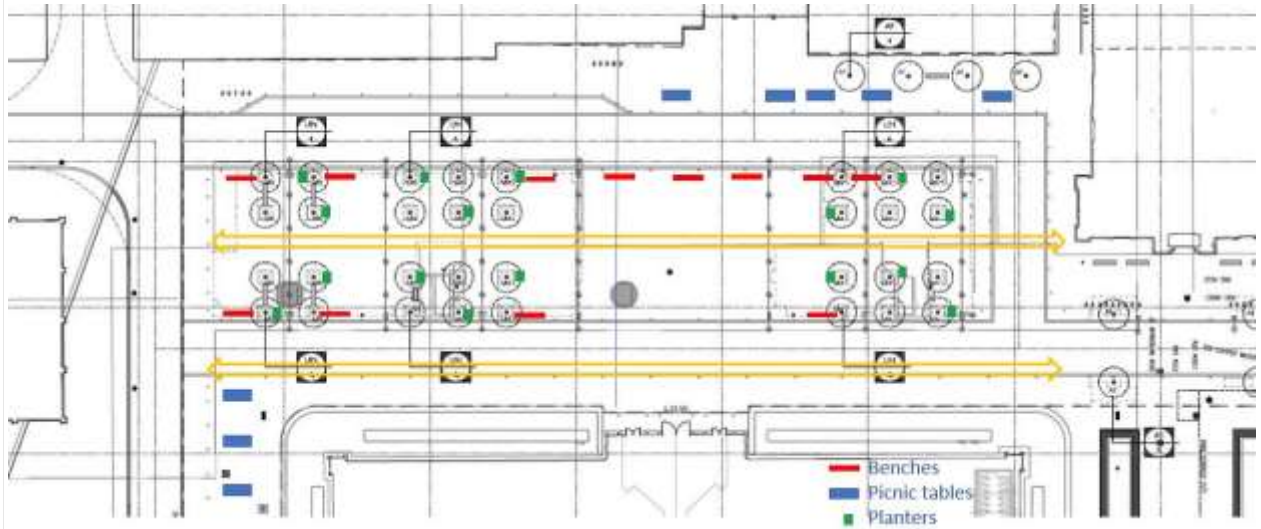
Picnic tables and sunshade



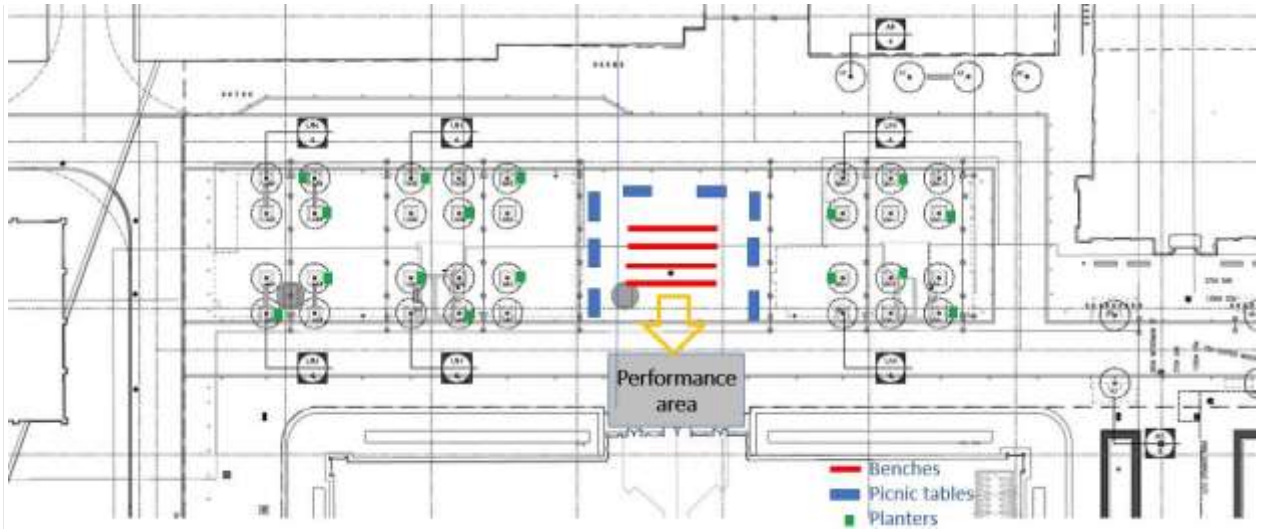
Sunshade and planter



Envisioned furnishing location during the week



Envisioned furnishing location during the Ottawa Farmer's Market



Envisioned furnishing location during performances

