

## **1. REGIONAL ASSUMPTION OF LANSDOWNE PARK**

### **COMMITTEE RECOMMENDATIONS**

**That Council approve:**

- 1. In recognition of the regional character of Lansdowne Park, that the facility be assumed by the Region of Ottawa-Carleton subject to the terms and conditions set out in this report;**
- 2. Further review and study of the unification of the Regional sewer system and the Ottawa sanitary and combined sewer systems be undertaken jointly by the Region and the City of Ottawa, subject to the terms and conditions set out on this report.**

### **DOCUMENTATION**

1. Chief Administrative Officer's report dated 15 Sep 99 is immediately attached.
2. Extract of Corporate Services and Economic Development Committee Minute, 21 Sep 99, immediately follows the report and includes a record of the vote.

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

Our File/N/Réf.  
 Your File/V/Réf.

DATE 15 September 1999

TO/DEST. Co-ordinator  
 Corporate Services and Economic Development Committee

FROM/EXP. Chief Administrative Officer

SUBJECT/OBJET **REGIONAL ASSUMPTION OF LANSDOWNE PARK**

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### **DEPARTMENTAL RECOMMENDATIONS**

**That the Corporate Services and Economic Development Committee recommend Council approve:**

- 1. In recognition of the regional character of Lansdowne Park, that the facility be assumed by the Region of Ottawa-Carleton subject to the terms and conditions set out in this report, and;**
- 2. Further review and study of the unification of the Regional sewer system and the Ottawa sanitary and combined sewer systems be undertaken jointly by the Region and the City of Ottawa, subject to the terms and conditions set out on this report.**

### **BACKGROUND**

On 5 May 1999 Regional Council approved a joint report from the CAOs of the Region of Ottawa-Carleton and the City of Ottawa. That report recommended the transfer of Lansdowne Park to the Region of Ottawa-Carleton, and the unification of the Regional sewer system with the Ottawa sanitary and combined sewer systems.

Following Council's approval in principle, staff working groups were established to undertake a detailed analysis of the key issues including staffing, legal implications, separation of storm and sanitary sewers, verification of financial information, assessment of the viability of the proposal and preparation of such agreements as would be necessary to implement the approval in principle. During the months of May and June considerable work was done in this area by the staff of both municipalities. In particular, the City of Ottawa undertook a comprehensive

analysis of the sanitary sewer assumption issues including financial implications. This resulted in a proposal from the City of Ottawa dated June 10, 1999, which set forth two options for consideration by the Region. Upon a full review of that proposal, it was apparent that the financial viability of the sewer unification together with anticipated savings was not going to be achievable. Accordingly, a counter-suggestion was made whereby the Region proposed assuming all of the sanitary and storm sewer system of the City of Ottawa. This proved not to be acceptable and it was concluded that a report would be submitted recommending that the Lansdowne transfer proceed on its own and that further work be done on the sewer unification matter.

Correspondence between the Chair of the Regional Corporation and the Mayor of the City of Ottawa transpired during the month of July resulting in the agreement of both to submit the matter to their respective councils. The City of Ottawa submitted a report to its Community Service and Operations Committee on July 28, 1999 and thereafter to City Council on August 4, 1999. The proposed agreement to transfer Lansdowne Park to the Region was approved in principle with public consultation to occur during August and the matter returning to City Council on September 1, 1999 for final approval.. That approval by City Council has been obtained and this proposal is now before Regional Council for its approval.

#### TERMS OF AGREEMENT

It is recommended that Lansdowne Park be transferred to the Region of Ottawa-Carleton subject to the following conditions. These conditions are essentially the same as those which were before Regional Council when it approved the overall matter in principle at its meeting of 5 May 1999.:

1. That the Region resolve the liability for redevelopment of Lansdowne Park including claims from Canderel and Gateway and site remediation costs.
2. That the Region be required to conduct and fund a parking study prior to implementing a parking charge at Lansdowne Park.
3. That the Region commit to a full community consultation process for any future development of Lansdowne Park and agree to comply with all the City's planning processes.
4. That the proceeds from any sale be used to cover the direct costs of sale, including site remediation as may be necessary, the balance of the funds to be used exclusively for operating and maintenance re-capitalization of public assets on the site.
5. If in the future the Region decides to completely remove the major community facility designation on Lansdowne Park in the Regional Official Plan without the concurrence of the City of Ottawa, that the property would then revert back to the City of Ottawa for a nominal fee of one dollar.

6. That the transfer of Lansdowne Park from the City of Ottawa to the Region of Ottawa-Carleton be at no cost to the Region. The responsibility for the operation of Lansdowne Park will be borne by the Region.
7. That the Region implement the scheduled capital maintenance improvements to infrastructure at Lansdowne Park (1997-2001) deferred by the City of Ottawa. The improvements will be funded in part from an annual payment of \$675,000.00 from the City to be paid to the Region by annual grant or special area rate for a period of 15 years.

As provided in the earlier report to councils, the City of Ottawa will continue to retire the outstanding debt on Lansdowne Park for costs incurred in prior years. The total servicing (principle and interest) costs and remaining debt payments from 2000 to 2002 is \$4.5 million. This cost will be retained by the City of Ottawa.

It is anticipated that the same approach utilised between the municipalities in earlier transfers of responsibility will serve well in this situation. Historically when functions were transferred from the City to the Region, we have been able to secure agreements with our bargaining agents, whereby the employees would transfer into our existing collective agreements and employees would be subject to our policies and practices.

As for past service transfers, the City will indemnify the Region of Ottawa-Carleton for the costs associated with the accumulated employee benefits for staff at Lansdowne Park, which are estimated to be \$178,000.00. These costs are liabilities of The Corporation of the City of Ottawa as of the date of transfer.

All closings and transfers are to be completed by 31 December, 1999. The actual operation transfer date will be discussed and confirmed between the parties. The original closing date was suggested as 29 October 1999 but City staff have recommended, and Regional staff concur, that it is desirable to allow time to ensure that all the steps necessary for the transfer can proceed smoothly. However, Regional staff will pursue with City staff the opportunity to advance the closing of the transaction to an earlier date.

As advised at the Special Council Meeting of 5 May 1999, staff negotiated a resolution of the liability issues that existed with Canderel and Gateway. In essence, these negotiations resulted in the following:

1. Gateway is prequalified for ten years as a potential developer for any future development at Lansdowne.
2. Canderel is appointed for eight years as Project Manager for the substantial capital improvements or re-development

Motion No. 93, adopted on 5 May 1999, directs that staff conduct further negotiations with Canderel and Gateway to determine if other options for discharging any liabilities that may be in place are possible. Should Regional Council approve this report, staff will proceed to have further discussions with Canderel and Gateway.

### SEWER UNIFICATION

The agreement to recommend the assumption of Lansdowne Park as a separate matter was subject to the condition that a complete review of the sanitary and storm sewer systems would be conducted by the Chief Administrative Officers of both municipalities and that both municipalities would undertake to use their best efforts to transfer the storm and sanitary sewers when it is demonstrated that savings can occur for the taxpayer. It was further understood and agreed that the complete review of the unification of the sewer systems would be carried out during the latter part of 1999 and early 2000 with a report target of June 1, 2000. It is anticipated that a full and careful review of the sewer unification issues will result in recommendations that will provide savings to the taxpayer.

### CONCLUSION

On the basis of the foregoing, it is recommended that the Region of Ottawa-Carleton acquire the Lansdowne Park site on the terms and conditions outlined in this report.

*Approved by  
Merv Beckstead  
Chief Administrative Officer*

EAJ/MB:cab

Extract of Minute  
Corporate Services and  
Economic Development Committee  
21 September 1999

REGIONAL ASSUMPTION OF LANSDOWNE PARK

- Chief Administrative Officer's report dated 15 Sep 99

Councillor van den Ham referenced negotiations with Canderel and Gateway and inquired if there would be further discussions with these groups. M. Beckstead, Chief Administrative Officer, reported the two conditions listed on page three of the report were the result of the negotiations and were agreed to by the parties.

Councillor Munter inquired what the anticipated financial implications for the Year 2000 budget were. Mr. Beckstead explained more work was required in the analysis. However, he stated the commitment was made the project would be on a break even basis and would operate on a carry over from year to year; if it did not break even in the first year, the shortfall would be the first line of expenditure to cover in the second year, therefore, having no impact on the 2000 budget. The Chief Administrative Officer believed in the first twelve months the facility would be brought into a break even situation.

Councillor Munter suggested the need for the condition that there would be no funds budgeted out of the 2000 operating budget. Mr. Beckstead referenced the need to still complete the transfer, however, believed, given the context of which the reports were approved, there was the possibility to deliver a break even situation.

Councillor Munter noted the fifteen year term and referenced the consequences of municipal restructuring on the organizations in the near future. He expressed concern for the 2000 budget and referenced other Regional priorities and mandates.

Chair Chiarelli stated the transaction, particularly with restructuring, would not result in a deficit or a cost to the taxpayer. He viewed the project as a long term commitment, with or without municipal restructuring. The Chair explained a business case would be provided outlining revenues and expenses resulting in a zero deficit in the long term. Chair Chiarelli further explained if the projections did not materialize and a deficit exists, it would not come from the 2000 budget. Rather, the plan for 2001 would cover any small deficit that may accrue above the 2000 business plan which was designed to break even.

Councillor Munter expressed his support for the report on the understanding there would be no net cost in the 2000 operating budget given the many other pressures faced by the Corporation. The Councillor indicated the social service, health and transit budgets may require an increase and would create significant pressures in 2000. Chair Chiarelli agreed it was not correct to use health care money for Lansdowne Park. He stated Council must commit to ensure they restrict the spending within *all approved budgets*.

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Mr. Beckstead explained the Region would operate Lansdowne Park as a cost centre that would carry its own "balance sheet" from year to year. He reiterated that based on the reports, staff would not recommend any spending to fall to the tax line.

Councillor Hunter referenced the possibility the Central Canada Exhibition Association (CCEA) may move from Lansdowne Park. He wondered about the consequences of this revenue loss.

Chair Chiarelli believed the CCEA had a lease with 2 - 3 years remaining and the rents had been prepaid, resulting in no current rental income from the CCEA.

E. Johnston, A/Regional Solicitor, confirmed there was a prepayment for some period of time. He stated that would be addressed in the Statement of Adjustments on closing and would determine further steps to be taken by the Corporation. He did not believe the long term revenue from the CCEA had been factored into the considerations on the financial analysis.

Chair Chiarelli added the CCEA had indicated they may wish to make adjustments to the lease, however, had not made a final decision. The Chair stated the Region, as a fair landlord, would want to entertain all rational solutions and options, expecting reasonable financial arrangements could be made if the lease had to be varied in any way. Chair Chiarelli explained Lansdowne Park was a very extensive business operation with many leases. He stated it was not possible at this point to prejudge how the many arrangements would unfold over the next years. However, he stated the Region may have to be more responsible in terms of the types of evolutions that may take place.

Councillor Hunter referenced the lack of activity on the Ottawa Roughriders and potential departure of the CCEA. He wondered about the continued existence of the regional character of Lansdowne Park. Chair Chiarelli indicated the National Curling Championships and Francophone Games were planned for 2001, with an interest from Soccer Canada and strong business interests regarding the CFL. The Chair stated there would be a strong business case made to maintain Lansdowne Park as a regional facility and operate it on a break even point.

*Mr. Paul Keogh, Ottawa Association of Exposition Managers (OAM),* stated they represented one of the key stakeholders in Lansdowne Park. He reported the transfer had been discussed and it was agreed the Region's assumption of the facility was a positive move that would reflect positively on the industry. He stated the OAM planned to take a partnership position with the Region to assist in making Lansdowne a viable resource for all.

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In response to a question from Councillor Cantin regarding space, Mr. Keogh stated the current buildings could be used effectively. However, he added it would be beneficial to have more contiguous space on the site as it provided more flexibility in producing events.

*Mr. Nicholas Patterson, Ottawa-Carleton Resident*, inquired if the four page report was the complete information provided to Committee members. Mr. Beckstead explained additional information was provided in the original report considered by Council on 5 May 99, in addition to numerous background analysis.

In response to a question from Mr. Patterson regarding the annual loss, Mr. Beckstead confirmed the operating deficit of the Park had been projected at \$1.2 million. The Chief Administrative Officer stated part of this operating cost was a debt service charge which the City of Ottawa will retain. Mr. Patterson stated that even after removing the debt service charge, the facility was still a “loser”. He stated history had shown that government’s were not effective in running businesses, referencing the lack of a business and management plan for this transaction.

Mr. Patterson referenced the problems associated with Ogden Corporation, in which they were having a difficult time running their venues, noting they were professionals and leaders in the industry. He believed the chances of successful performance from the Lansdowne facility under the management of government was minimal, noting its long history of losing money.

Chair Chiarelli inquired what the speaker believed should happen in terms of the ownership and management of Lansdowne Park. Mr. Patterson suggested putting the facility out for tender for a specific lease in order to attempt to attract a professional management company, as done with most of the United States stadiums.

Chair Chiarelli explained the issue was two fold: firstly, the financial aspect and secondly, the public use aspect. The Chair wondered in trying to obtain a private facility manager, what uses would be permitted. Mr. Patterson did not believe it was correct to re-invent the wheel, but consider what had been successfully done in the United States and elsewhere.



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Councillor Cantin referenced a previous surcharge imposed on Lansdowne and pointed out the operating deficit was really \$600,000. The Councillor stated based on the discussed plans and management, the deficit would be reduced further. Councillor Cantin pointed out municipal government mandate was to provide public services and use, not necessarily at a profit. The Councillor referenced the regional operation and management of the water environment pollution control plant for close to \$5 million less than tendered by a private contractor.

The Committee then considered the report recommendations.

**That the Corporate Services and Economic Development Committee recommend Council approve:**

- 1. In recognition of the regional character of Lansdowne Park, that the facility be assumed by the Region of Ottawa-Carleton subject to the terms and conditions set out in this report;**
- 2. Further review and study of the unification of the Regional sewer system and the Ottawa sanitary and combined sewer systems be undertaken jointly by the Region and the City of Ottawa, subject to the terms and conditions set out on this report.**

CARRIED  
(B. Hill dissented)