

Subject: 2021 and 2022 Lansdowne Annual Report

File Number: ACS2023-CMR-OCM-0004

**Report to Finance and Corporate Services Committee on 2 May 2023
and Council 10 May 2023**

Submitted on April 21, 2023 by Wendy Stephanson, City Manager (A)

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Ward: Citywide

Objet : Rapport annuel sur le parc Lansdowne 2021 et 2022

Dossier : ACS2023-CMR-OCM-0004

Rapport au Comité des finances et des services organisationnel

le 2 mai 2023

et au Conseil le 10 mai 2023

Soumis le 21 avril 2023 par Wendy Stephanson, Directrice municipale (A)

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend Council receive the following status update report related to the Lansdowne Partnership Plan.

- 1. The update from the City Manager outlining the delegated authority exercised from November 2020 to date by the City Manager, the City Solicitor and the City Treasurer, under the finalized and executed Lansdowne Partnership Plan Legal Agreements;**
- 2. The update from the City Manager on the October 15, 2021 and January 13,**

2023 Lansdowne Master Partnership Meeting and Meetings Amongst Parties to the Unanimous Shareholder Agreements; and,

3. **The status update outlined in this report regarding the operations of the Lansdowne Public-Private Partnership as referenced in Section 12 of the 2020 - Procurement Year in Review report ([ACS2021-ICS-PRO-0004](#)) and Section 11 of the 2021 - Procurement Year in Review report ([ACS2022-ICS-PRO-0001](#));**

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil municipal de recevoir le rapport d'étape suivant concernant le Plan de partenariat du parc Lansdowne.

1. **La mise à jour de la directrice municipale décrivant les pouvoirs délégués exercés de novembre 2020 à ce jour par la directrice municipale, l'avocat général et le trésorier municipal, dans le cadre des conventions juridiques conclues et signées à l'égard du Plan de partenariat du parc Lansdowne.**
2. **La mise à jour de la directrice municipale concernant les assemblées de la Société en commandite principale du parc Lansdowne du 15 octobre 2021 et du 13 janvier 2023 et les assemblées tenues entre les parties aux conventions unanimes des actionnaires.**
3. **La mise à jour sur la situation décrite dans le présent rapport concernant les activités du Partenariat public-privé du parc Lansdowne comme indiqué à la section 12 du rapport intitulé Bilan annuel de l'approvisionnement pour 2020 ([ACS2021-ICS-PRO-0004](#)) et à la section 11 du rapport intitulé Bilan annuel de l'approvisionnement pour 2021 ([ACS2022-ICS-PRO-0001](#)).**

EXECUTIVE SUMMARY

This report fulfills the reporting requirements under the Lansdowne Partnership Plan (LPP) Project Agreements and as directed by Council, which includes a summary of the exercise of delegated authority under the executed Lansdowne Partnership Plan Legal Agreements from November 2020 to date by the City Manager, City Solicitor and City Treasurer.

The report also provides an update on the October 15, 2021 and January 13, 2023 Lansdowne Master Limited Partnership meetings and the October 15, 2021 and

January 13, 2023 Meetings Amongst Parties to Unanimous Shareholder Agreements.

Lastly, this report provides an update on the operations of the Lansdowne Partnership Plan for 2021 and 2022.

Section 1: Delegation of Authority Summary

Since November 25, 2020, when City staff last reported on the exercise of the delegated authority through the Lansdowne Partnership Plan Annual Report ([ACS2020-CMR-OCM-0003](#)), delegated authority has been exercised on four occasions.

Two of the exercises of delegated authority were in respect to the approval of mortgages taken out by the Lansdowne Retail Limited Partnership on the Retail Component. One exercise of delegated authority was in relation to a request by the tenant of the Office Component, Lansdowne Office Inc. for the City to approve the disposition of its leasehold interest in the Office Component. The fourth exercise of delegated authority pertained to an amendment to the Lansdowne Office/Retail Reciprocal Agreement to correct the description of an easement in favor of the Retail Component over the ground floor lobby and stairwells of the Office Component.

Section 2: Report on the October 15, 2021 and January 13, 2023 Lansdowne Master Limited Partnership meeting and the October 15, 2021 and January 13, 2023 Meetings Amongst Parties to Unanimous Shareholder Agreements.

The annual meetings of the parties to the Lansdowne Master Limited Partnership focused on the financial performance results for the period ending March 31, 2021 and 2022. The 2020/2021 fiscal year start coincided with the onset of COVID-19 and the financial performance for the year was significantly impacted by the COVID-19 pandemic and provincial declaration of emergency. The 2021/2022 fiscal year was significantly impacted by the continuing effects of the COVID-19 pandemic.

The meetings also included a discussion of the 2021/2022 and 2022/2023 Operating Budgets, revised pro formas for the closed financial system (waterfall, under the LPP), and highlighted significant matters and other business such as the effect of COVID-19 on Lansdowne. The liquidity and risk exposure of the organization will continue to be monitored by LMLP auditors annually as reflected in notes to the consolidated LMLP financial statements. Work on Lansdowne 2.0 will also move forward in accordance with the process established through City Council.

A total of 12 decisions were made by the City and the Ottawa Sports & Entertainment Group (OSEG) at the four meetings. These decisions were in relation to the adoption

and approval of the audited financial statements for the Lansdowne Master Limited Partnership for the period ending March 31, 2021 and 2022, the adoption and approval of the financial statements of the four Component Limited Partnerships, and the re-appointment of KPMG as auditors of Master Limited Partnership.

Section 3: Update on the operations of the Lansdowne Public-Private Partnership

One of the purposes of this report is to fulfil Council-directed reporting to provide an annual update on the operations of the Lansdowne Public-Private Partnership. This report covers the years ending March 31, 2021 and March 31, 2022 for OSEG, and in the case of the Recreation, Cultural and Facility Services department (RCFS), it will provide updated programming information for the period from June 2020 to May 2022.

OSEG Update Overview

In response to the spread of COVID-19 to North America, on March 13, 2020, the Partnership closed TD Place to the public. TD Place remained closed, with no events or games, for the entire 2020/2021 fiscal year. These restrictions were slowly lifted during the 2021/2022 fiscal year, but the number of events and games did not return to pre-pandemic levels.

Lansdowne's retail and office space ended the 2021/2022 fiscal year at 95 per cent leased, compared to 98 per cent and 97 per cent leased in the two previous fiscal years. While leased space was at a very high percentage, rent revenue and collections were impacted by the tenants not being able to have a full 12 months of operations without some COVID-19 restrictions and the reluctance of the general public to attend social events as they did in pre-pandemic numbers. Parking revenues recovered from the 2020/2021 fiscal year but are still not back to their pre-pandemic levels.

In 2021/2022 the Partnership generated revenues of \$38.8 million which represents an increase of \$20 million or 110 per cent from revenues in the 2020/2021 fiscal year. This increase is significant but is still \$12.2 million or 24 per cent lower than the 2019/2020 fiscal year that was primarily unaffected by COVID-19. Profit from recurring operations was \$2.5 million in the 2021/2022 fiscal year which represents an increase of \$4.8 million from the operating loss of \$2.3 million in the 2020/2021 fiscal year. After non-cash depreciation, interest and borrowing costs, the partnership's net loss in 2021/2022 from recurring operations was \$8.4 million, which represented a decrease of \$4 million from the net loss of \$12.4 million in the 2020/2021 fiscal year.

As part of the process of updating the 2022/2023 pro forma, the impact on the Sports and Concert business of the pandemic and the fact that the current arena and stadium

is at the end of its useful life and won't be replaced or materially upgraded during the remaining term of the partnership was considered. This results in the following outcomes:

- Revenue will be slower to recover from the pandemic than previously assumed.
- REDBLACKS business will be slower to recover to historical levels on account of team performance and the effects of the Pandemic.
- Attracting additional concert/events will be more difficult.
- Expenses will increase at a higher rate than previously expected in the short term due to higher inflation.
- Interest rates on Loans and Mortgages in the short/medium term will be higher than previously assumed.

Taking the above items into consideration there was a significant drop in the pro forma's waterfall distributions with lower returns and higher amounts of capital and interest remaining unpaid at the end of the pro forma.

Recreation, Cultural and Facility Services Programming Overview

This section provides information on the City's operation of the Urban Park at Lansdowne and its partnership agreements with OSEG the periods of June 1, 2020, to May 31, 2021, and June 1, 2021, to May 31, 2022.

During the June 2020 to May 2021 period, City programming and community rentals experienced significant decreases because of provincially directed COVID-19 shutdowns and regulations limiting public gathering capacities. Many Urban Park staff were also re-assigned to support City and Ottawa Public Health pandemic response priorities. Despite these limitations, the City continued to work closely with OSEG, local community associations, and the Ottawa Farmers' Market to ensure all allowable programming and events could proceed safely while adhering to proper protocol and health measures. The reduced level of activity at the Park provided the opportunity to complete repairs to the foundation membrane on the East side of the Horticulture Building.

The Horticultural Building was used as a COVID-19 vaccination site during the period.

During the June 2021 to May 31, 2022 reporting period, as health restrictions eased, onsite activities progressively resumed and the Horticultural Building continued to be a vaccination site.

Financial

The City's Corporate Finance enhanced its Lansdowne financial review procedures to incorporate the recommendations of the Auditor General related to the monitoring and validation of pro forma projections, financial results, variance analysis, calculations of interest, equity contributions from OSEG and net cashflow calculations.

A rigorous review was conducted of the pro forma projections to reflect the more recent impacts of the pandemic and the expected repercussions going forward, as described above. The updated 2022/2023 pro forma shows a decrease of \$218.7 million to \$326 million in waterfall distributions over the 40-year projection compared to the 2021/2022 projection presented to Council in the May 2022 Lansdowne Partnership Sustainability Plan and Implementation Report ([ACS2022-PIE-GEN-0003](#)). The City is still not expected to receive any distributions from the partnership over the 40-year term of the agreement. As in past projections, OSEG is not expected to recover all of the equity they have contributed to date. Projected equity contributed from OSEG is \$168 million and only \$23.6 million of that amount has been repaid as part of the 2015 settlement approved by Council to reimburse OSEG for disputed costs. Distributions to the Lifecycle Fund are maintained at \$65.8 million over the term of the agreement.

RÉSUMÉ

Le présent rapport satisfait aux exigences en matière de production de rapports aux termes des ententes relatives au projet du Plan de partenariat du parc Lansdowne ainsi qu'aux exigences dictées par le Conseil, qui incluent un résumé de l'exercice des pouvoirs délégués en vertu des versions signées des accords juridiques du Plan de partenariat du parc Lansdowne de novembre 2020 à ce jour par la directrice municipale, l'avocat général de la Ville et le trésorier municipal.

Le rapport fait également le point sur les assemblées de la Société en commandite principale du parc Lansdowne du 15 octobre 2021 et du 13 janvier 2023 ainsi que sur les assemblées du 15 octobre 2021 et du 13 janvier 2023 tenues entre les parties aux conventions unanimes des actionnaires.

Enfin, le présent rapport donne une mise à jour sur le fonctionnement du Plan de partenariat du parc Lansdowne pour 2021 et 2022.

Section 1 : Synthèse des pouvoirs délégués

Depuis le 25 novembre 2020, date à laquelle le personnel de la Ville a rendu compte pour la dernière fois de l'exercice des pouvoirs délégués dans le rapport annuel du Plan de partenariat du parc Lansdowne ([ACS2020-CMR-OCM-0003](#)), ceux-ci ont été exercés à quatre reprises.

Les pouvoirs délégués ont été exercés à deux reprises pour l'approbation des hypothèques contractées par la Société en commandite simple des commerces de détail du parc Lansdowne pour les locaux commerciaux. Ils ont aussi été exercés pour une demande du locataire des bureaux, Lansdowne Office Inc., pour que la Ville approuve la cession de son droit de tenure à bail. Finalement, les pouvoirs délégués ont été exercés pour modifier l'entente de réciprocité concernant les locaux de bureau et de vente au détail du parc Lansdowne afin de corriger la description d'une servitude en faveur des locaux de vente au détail sur le hall d'entrée et les cages d'escalier du rez-de-chaussée des locaux de bureau.

Section 2 : Rapport sur les assemblées de la Société en commandite principale du parc Lansdowne du 15 octobre 2021 et du 13 janvier 2023 ainsi que sur les assemblées du 15 octobre 2021 et du 13 janvier 2023 tenues entre les parties aux conventions unanimes des actionnaires

Les réunions annuelles des parties membres de la Société en commandite principale du parc Lansdowne ont été axées sur les résultats financiers pour la période se terminant les 31 mars 2021 et 2022. Comme le début de l'exercice fiscal de 2020-2021 a coïncidé avec le début de la pandémie de COVID-19, les résultats financiers de l'exercice ont été fortement affectés par la pandémie et la déclaration de l'état d'urgence provincial. L'exercice fiscal de 2021-2022 a lui aussi été fortement perturbé par les effets persistants de la pandémie de COVID-19.

Les assemblées ont également porté sur les budgets de fonctionnement de 2021-2022 et de 2022-2023, les projections pro forma révisées pour le système financier fermé (structure en cascade en vertu du PPPL) ainsi que sur des questions importantes et d'autres affaires telles que les répercussions qu'a eues la COVID-19 sur le parc Lansdowne. Les liquidités et l'exposition au risque de l'organisation continueront à faire l'objet d'un contrôle annuel par les vérificateurs de l'ASCPL, comme il est indiqué dans les notes aux états financiers consolidés de l'ASCPL. Les travaux sur Lansdowne 2.0 avanceront également conformément au processus établi par le Conseil municipal.

En tout, 12 décisions ont été prises par la Ville et l'Ottawa Sports and Entertainment Group (OSEG) au cours des quatre assemblées. Ces décisions concernaient l'adoption et l'approbation des états financiers vérifiés de la Société en commandite principale du parc Lansdowne pour les périodes se terminant les 31 mars 2021 et 2022, l'adoption et l'approbation des états financiers des quatre sociétés en commandite des volets du projet et la reconduction du mandat de KPMG en tant que vérificateur de la Société en commandite principale.

Section 3 : Mise à jour sur les activités du Partenariat public-privé du parc Lansdowne

L'un des objectifs du présent rapport est de répondre à la demande du Conseil de fournir une mise à jour annuelle des activités du Partenariat public-privé du parc Lansdowne. Le présent rapport couvre les exercices se terminant le 31 mars 2021 et le 31 mars 2022 pour l'OSEG et, dans le cas de la Direction générale des loisirs, de la culture et des installations (DGLCL), il fournit des informations actualisées sur la programmation pour la période allant de juin 2020 à mai 2022.

Aperçu de la mise à jour de l'OSEG

En réaction à la propagation de la COVID-19 en Amérique du Nord, la Société a fermé la Place TD au public le 13 mars 2020. La Place TD est restée fermée, sans événements ni joutes sportives, pendant toute la durée de l'exercice fiscal de 2020-2021. Les restrictions ont été levées lentement au cours de l'exercice fiscal de 2021-2022, mais le nombre d'événements et de joutes sportives n'est pas revenu au niveau pré-pandémique.

Les locaux de vente au détail et de bureau du parc Lansdowne ont terminé l'exercice fiscal de 2021-2022 avec un taux de location de 95 %, comparativement à 98 % et à 97 % au cours des deux exercices fiscaux précédents. Bien que le pourcentage de locaux loués ait été très élevé, les revenus locatifs et les recettes ont été affectés par l'incapacité des locataires à mener leurs activités pendant 12 mois complets sans subir certaines restrictions liées à la COVID-19 et par la réticence du grand public à assister à des événements sociaux comme ils le faisaient avant la pandémie. Les recettes de stationnement se sont redressées à partir de l'exercice fiscal de 2020-2021, mais n'ont pas encore atteint le niveau pré-pandémique.

En 2021-2022, la Société a généré des revenus de 38,8 millions de dollars, ce qui représente une augmentation de 20 millions de dollars ou de 110 % par rapport aux revenus de l'exercice fiscal de 2020-2021. Cette augmentation est importante, mais

reste inférieure de 12,2 millions de dollars ou de 24 % à celle de l'exercice fiscal de 2019-2020, qui n'a pas été affecté par la COVID-19. Les bénéfices des opérations récurrentes s'élèvent à 2,5 millions de dollars pour l'exercice fiscal de 2021-2022, ce qui représente une augmentation de 4,8 millions de dollars par rapport à la perte opérationnelle de 2,3 millions de dollars de l'exercice fiscal de 2020-2021. Après amortissement hors décaissement, les intérêts et les coûts d'emprunt, la perte nette de la Société en commandite en 2021-2022 attribuable aux opérations courantes est de 8,4 millions de dollars, ce qui représente une diminution de 4 millions de dollars par rapport à la perte nette de 12,4 millions de dollars enregistrée au cours de l'exercice fiscal de 2020-2021.

Dans le cadre du processus de mise à jour des projections pro forma de 2022-2023, les conséquences qu'a eu la pandémie sur les activités liées aux sports et aux concerts et le fait que l'aréna et le stade actuels sont à la fin de leur vie utile et ne seront pas remplacés ou améliorés de manière importante pendant le reste de l'entente de partenariat ont été pris en considération. Les constats sont les suivants :

1. Les recettes prendront plus de temps que prévu à se rétablir de la pandémie;
2. Les activités du ROUGE et NOIR prendront plus de temps à revenir à leurs niveaux historiques en raison des performances de l'équipe et des effets de la pandémie;
3. Il sera plus difficile d'intéresser les promoteurs à tenir davantage de concerts et d'événements;
4. Les dépenses augmenteront à court terme à un rythme plus élevé que prévu en raison d'une inflation plus forte;
5. Les taux d'intérêt sur les prêts et les hypothèques à court et à moyen terme seront plus élevés que prévu.

Si l'on considère les points ci-dessus, on constate une baisse importante des sommes pro forma distribuées par la structure en cascade, accompagnée de rendements plus faibles et de montants plus élevés en capital et intérêts impayés à la fin de l'exercice pro forma.

Aperçu de la Programmation de la Direction Générale des Loisirs, de la Culture et des Installations

La présente section traite de l'exploitation par la Ville du parc urbain de Lansdowne et de ses ententes de partenariat avec l'OSEG pour les périodes allant du 1^{er} juin 2020 au 31 mai 2021 et du 1^{er} juin 2021 au 31 mai 2022.

Au cours de la période allant de juin 2020 à mai 2021, la programmation de la Ville et les locations communautaires ont connu des baisses importantes en raison des fermetures ordonnées par la province pour lutter contre la pandémie de la COVID-19 et des règlements limitant les rassemblements publics. De nombreux employés du parc urbain ont également été réaffectés pour soutenir les priorités de la Ville et de Santé publique Ottawa concernant les interventions liées à la pandémie. Malgré ces contraintes, la Ville a continué à travailler en étroite collaboration avec l'OSEG, les associations communautaires locales et le Marché des producteurs agricoles d'Ottawa pour faire en sorte que l'ensemble des programmes et des événements autorisés puissent se dérouler en toute sécurité, tout en respectant les protocoles et les mesures sanitaires appropriés. Le niveau d'activité réduit qu'a connu le parc a permis d'effectuer des réparations sur la membrane de la fondation du côté est de l'Édifice de l'horticulture.

L'Édifice de l'horticulture a été utilisé comme lieu de vaccination contre la COVID-19 pendant cette période.

Au cours de la période allant de juin 2021 au 31 mai 2022, les activités sur le site ont repris progressivement avec le relâchement des restrictions sanitaires. L'Édifice de l'horticulture a cependant continué à être utilisé pour la vaccination.

Finances

Les Services des finances municipales ont amélioré leurs procédures d'examen financier de la Société en commandite principale du parc Lansdowne afin d'intégrer les recommandations du vérificateur général concernant le contrôle et la validation des projections pro forma, des résultats financiers, de l'analyse des écarts, des calculs d'intérêts, des contributions en capital de l'OSEG et des calculs de flux de trésorerie nets.

Les projections pro forma ont fait l'objet d'un examen rigoureux afin que soient prises en compte les répercussions les plus récentes de la pandémie et les répercussions attendues à plus long terme, comme indiqué plus haut. La mise à jour des projections pro forma de 2022-2023 montre une diminution de 218,7 millions de dollars à 326 millions de dollars des sommes distribuées par la structure en cascade sur une période de 40 ans par rapport à la projection de 2021-2022 présentée au Conseil dans

le Plan de viabilité de la société en commandite du parc Lansdowne et Rapport sur la mise en œuvre de Mai 2022 ([ACS2022-PIE-GEN-0003](#)). La Ville ne devrait pas recevoir de versement de la part de la Société pendant les 40 ans que durera l'accord. Comme dans les projections précédentes, l'OSEG ne devrait pas récupérer la totalité des fonds propres qu'elle a investis jusqu'à présent. Les capitaux propres injectés par l'OSEG sont estimés à 168 millions de dollars, et seuls 23,6 millions de dollars de ce montant ont été remboursés dans le cadre de l'accord de 2015 approuvé par le Conseil pour rembourser les coûts contestés par l'OSEG. Les versements au Fonds du cycle de vie sont maintenus à 65,8 millions de dollars pendant toute la durée de l'accord.

BACKGROUND

On October 10, 2012, City Council approved the legal close of the Lansdowne Partnership Plan ([ACS2012-PAI-INF-0010](#) and [ACS2012-CMR-LEG-0002](#)), the final step to define a 30-year partnership between the City and the Ottawa Sports Entertainment Group to transform Lansdowne Park. This report satisfies the direction by Council and the reporting requirements under the Lansdowne Partnership Plan Project Agreements. This report also provides an update on the operations of the Lansdowne Partnership Plan (LPP).

As approved by Council on June 28, 2012, and October 10, 2012, the LPP is comprised of a master limited partnership, incorporated under the laws of the Province of Manitoba, in order to limit the legal liability of the City and the Ottawa Sports and Entertainment Group.

The LPP also includes limited partnerships for each of the LPP components being: (1) the stadium component; (2) the retail component; (3) the CFL team; and (4) the Ottawa 67's hockey team. The City is a party to a unanimous shareholder agreement for the master limited partnership as well as for each of the four component limited partnerships noted above for the purpose of enforcing the provisions of each agreement. All of these agreements were on file with the City Clerk and Solicitor at the time that Council approved the final LPP Legal Agreements and the legal close of the LPP on October 10, 2012.

The City of Ottawa's Recreation, Cultural and Facility Services (RCFS) department is responsible for the animation, programming, and overall management of the Urban Park component of Lansdowne Park that includes the Horticulture Building, Aberdeen Pavilion, Aberdeen Square, the Great Lawn, outdoor skating court, children's play structure, the community garden and the day-to-day management of the partnership.

OSEG operates the stadium, arena and parking garage and is responsible for the public realm throughout the retail and residential portion of the site. OSEG also provides ongoing maintenance to the Urban Park through a maintenance agreement with the City.

At the Audit Committee meeting on November 24, 2020, the Auditor General tabled the results of the Audit of Lansdowne Accounting/Waterfall ([ACS 2020-OAG-BVG-0006](#)). Management agreed with the recommendations and has since implemented several enhancements to the City's financial review procedures of the Lansdowne financial results and projections. The level of detail of the annual analysis of financial statements, financial reports and pro forma projections has increased to a level sufficient to identify and assess material variances at the account level and sufficiently assess the basis of allocation and assumptions used in the forecasts. In addition, calculations of interest are reconciled, to ensure that the Waterfall and the Statement of Cash Flows accurately reflect the appropriate calculations for interest/return on equity. Furthermore, staff conduct a variance analysis of the monthly breakdown of Net Cash Flow actuals against the reported amounts in the Statement of Cash flow.

Further to the Auditor General's recommendations, this report includes additional details in the financial implications section of this report to Committee and Council that compare the current pro forma projections to the original projections in 2012 and the revised projections in 2015 which better reflected the economic and operating assumptions after Lansdowne began operations. Additionally, the report includes a summary of revenues and expenditures: Statement of Operations, for all components of the LMLP since the beginning of operations in 2014 to the present.

DISCUSSION

The purpose of this report is to fulfill the reporting requirements under the LPP Project Agreements and as directed by Council, which include a summary of the exercise of delegated authority from November 25, 2020 to date by the City Manager, City Solicitor and City Treasurer; report on the October 15, 2021, and January 13, 2023 Lansdowne Master Limited Partnership meetings and the October 15, 2021, and January 13, 2023 Meetings Amongst Parties to Unanimous Shareholder Agreements; and, an update on the operations of the Lansdowne Partnership Plan over the past two years.

The report and its recommendations have been structured into three sections listed below:

- Section 1: Delegation of Authority Summary
- Section 2: Report on the October 15, 2021, and January 13, 2023 Lansdowne Master Limited Partnership meeting and the October 15, 2021, and January 13, 2023 Meetings Amongst Parties to Unanimous Shareholder Agreements
- Section 3: Update on the operations of the Lansdowne Public-Private Partnership

Section 1: Delegation of Authority Summary

Since November 25, 2020, when City staff last reported on the exercise of the delegated authority through the Lansdowne Partnership Plan Annual Report ([ACS2020-CMR-OCM-0003](#)), delegated authority has been exercised on four occasions. The four exercises of delegated authority are described below.

On August 12, 2021, pursuant to s. 16.1(a)(i) of the Retail Lease, delegated authority was exercised to provide the City's approval to the Lansdowne Retail Limited Partnership to take out a second mortgage on the Retail Component of Lansdowne Park in favor of the Toronto-Dominion Bank in the principal amount of \$10 million.

On September 27, 2021, pursuant to s. 3.11 of the Lansdowne Office/Retail Reciprocal Agreement (the Reciprocal Agreement), delegated authority was exercised to amend the description of an easement in the Reciprocal Agreement. The Agreement incorrectly described an easement in favor of the Retail Component over the ground floor lobby and stairwells of the Office Component. The parties to the Reciprocal Agreement (the City, Lansdowne Office Inc., and Lansdowne Retail Limited Partnership) amended the Agreement to correct the grant of easement.

On October 4, 2021, pursuant to s. 16.1(a) of the Office Lease, delegated authority was exercised to provide the City's approval of the disposition by Lansdowne Office Inc. of its leasehold interest in the Office Component of Lansdowne to BTB Acquisition and Operating Trust.

On March 9, 2023, pursuant to s. 16.1(a)(i) of the Retail Lease, delegated authority was exercised to provide the City's approval to the refinancing of the Retail Component of Lansdowne Park. The term of the primary mortgage on the Retail Component was set to expire on May 1, 2023. The Lansdowne Retail Limited Partnership renewed the mortgage with the Royal Bank of Canada in the principal amount of \$120 million, including the elimination of the second mortgage of \$10 million.

Section 2: Report on the October 15, 2021 and January 13, 2023 Lansdowne Master Limited Partnership meeting and the October 15, 2021 and January 13, 2023 Meetings Amongst Parties to Unanimous Shareholder Agreements

As part of the Lansdowne Partnership Plan, the Master Limited Partnership was created in which the City and Ottawa Sports and Entertainment Group (OSEG) are the limited partners and Lansdowne Master GP Inc. is the general partner.

The Master Limited Partnership Agreement was entered into on October 12, 2012, and provided that the fiscal year is the calendar year, however, the fiscal year end was changed to March 31 of each year, commencing in 2019. The Agreement also provides that the general partner must prepare audited financial statements for each fiscal year and an unaudited income statement and balance sheet at the end of each fiscal quarter. The Financial Implications section of this report summarizes the Master Limited Partnership's Statement of Operations, which is also referred to as the Income Statement, dating back to 2014. Approved financial statements received by the City are on file with the City Clerk's Office.

Consistent with Council's role in relation to other entities in which the City has a legal interest (e.g. Hydro Ottawa, Ottawa Community Housing Corporation, etc.), Council's role in relation to the Master and Component Limited Partnerships is limited in scope.

Council, as represented by the City Manager, cannot direct day-to-day business operations. Conversely, Council has several things it must do such as: attend Annual Meetings, as represented by the City Manager and approve annual financial statements and the appointment of the auditors of the Master Limited Partnership.

Annual Meetings of Parties to the Lansdowne Master Limited Partnership and the LPP Unanimous Shareholder Agreements

Fiscal Year 2020-2021

On October 15, 2021, the meetings amongst the parties to the LPP Master Limited Partnership and the LPP Unanimous Shareholder Agreements took place at City Hall in the City Manager's Boardroom via video conference.

The City was represented in each of the two meetings by the City Manager, the Chief Financial Officer and City Solicitor, the Deputy City Treasurer, Director of City Manager's Office, General Manager - Recreation Cultural & Facility Services, Senior Legal Counsel, Research Officer and Program Manager - Public Information and Outreach were also in attendance. The Ottawa Sports and Entertainment Group was represented in each of the two meetings by Roger Greenberg.

The general partner of the Lansdowne Master Limited Partnership and the general partners of each of the four Component Limited Partnerships were represented in each of the two meetings by Mark Goudie, President and Chief Executive Officer, David Porter, Senior Vice President - Finance and Technology, and Stephanie Spruston, Vice President - Corporate Services & General Counsel.

The annual meeting of the parties to the Lansdowne Master Limited Partnership focused on the financial performance results for the period ending March 31, 2021. The fiscal year start basically coincided with the onset of COVID-19, the financial performance for the year was significantly impacted by the COVID-19 pandemic and provincial declaration of emergency.

The meeting also included a discussion of the 2021/2022 Operating Budget and a revised pro forma for the closed financial system (waterfall, under the LPP), and highlighted significant matters and other business. The most significant matter was the effect of COVID-19 on Lansdowne.

The second meeting, being the Annual Meetings of Parties to LPP Unanimous Shareholder Agreements, commenced immediately after the adjournment of the first meeting described above and consisted of a series of "sub meetings" related to each of the Component Limited Partnerships, namely: one the stadium component; two the retail component; three the Canadian Football League (CFL) team; and, four the Ottawa 67's hockey team and, included parties to the Unanimous Shareholder Agreement for each Component General Partnership.

A total of six decisions were made by the City and OSEG at the two meetings. These decisions were in relation to the adoption and approval of the audited financial statements for the Lansdowne Master Limited Partnership for the period ending March 31, 2021, the adoption and approval of the financial statements of the four Component Limited Partnerships, and the re-appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership.

Fiscal Year 2021-2022

On January 13, 2023, the meetings amongst the parties to the LPP Master Limited Partnership and the LPP Unanimous Shareholder Agreements took place at City Hall in the City Manager's Boardroom.

The City was represented in each of the two meetings by the Interim City Manager, the Acting Chief Financial Officer and City Solicitor, the Deputy City Treasurer, Director of City Manager's Office, and General Manager - Recreation Cultural & Facility Services.

The Ottawa Sports and Entertainment Group was represented in each of the two meetings by Roger Greenberg, Executive Chair and Managing Partner.

The general partner of the Lansdowne Master Limited Partnership and the general partners of each of the four Component Limited Partnerships were represented in each of the two meetings by Mark Goudie, President and Chief Executive Officer, David Porter, Senior Vice President - Finance and Technology, and Matt Perron, Legal Counsel - Corporate Services.

The annual meeting of the parties to the Lansdowne Master Limited Partnership focused on the financial performance results for the period ending March 31, 2022. The fiscal year was significantly impacted by the continuing effects of the COVID-19 pandemic.

The meeting also included a discussion of the 2022/2023 Operating Budget and monthly Cashflow Statement, and of the revised pro forma for the closed financial system (waterfall, under the LPP). The liquidity and risk exposure of the organization will continue to be monitored by LMLP auditors annually as reflected in notes to the consolidated LMLP financial statements. Work on Lansdowne 2.0 will also move forward in accordance with the process established through City Council.

The second meeting, being the Annual Meetings of Parties to LPP Unanimous Shareholder Agreements, commenced immediately after the adjournment of the first meeting described above and consisted of a series of “sub meetings” related to each of the Component Limited Partnerships, namely: one the stadium component; two the retail component; three the Canadian Football League (CFL) team; and, four the Ottawa 67's hockey team and, included parties to the Unanimous Shareholder Agreement for each Component General Partnership.

A total of six decisions were made by the City and OSEG at the two meetings. These decisions were in relation to the adoption and approval of the audited financial statements for the Lansdowne Master Limited Partnership for the period ending March 31, 2022, the adoption and approval of the financial statements of the four Component Limited Partnerships, and the re-appointment of KPMG as auditors of Master Limited Partnership.

Section 3: Update on the operations of the Lansdowne Public-Private Partnership

One of the purposes of this report is to fulfil Council-directed reporting to provide an annual update on the operations of the Lansdowne Public-Private Partnership. This

report covers the fiscal years 2020/2021 and 2021/2022 with both fiscal years ending on March 31. It also includes details on Recreation, Cultural and Facility Services department (RCFS) programming for the period from June 2020 until the end of May 2022.

City Staff and OSEG coordinate the programming plan for Lansdowne through an ongoing dialogue. The development of the programming plan supports the vision of an accessible, world-class meeting place. The stadium, arena and parking garage, as well as the public realm throughout the retail and residential portion of the site, continue to be operated by OSEG.

The Urban Park portion of the site is managed and programmed by the City to encourage year-round community use and to support partnership programming with OSEG, local community associations and businesses. The City continues to benefit from the maintenance agreement with OSEG for the Urban Park, which ensures consistency of standards and economies of scale.

OSEG Update Overview

Fiscal Year 2020-2021

This update covers the fiscal year starting April 1, 2020, through March 31, 2021, for the Lansdowne Master LP (the Partnership) which is a partnership between OSEG and the City of Ottawa.

In response to the spread of COVID-19 to North America, on March 13, 2020, the Partnership closed TD Place to the public. The 2020/2021 Original Budget was in a draft stage when the COVID-19 pandemic hit and was amended in June 2020 to include the expected impact of prolonged lockdowns on the Partnership's business. TD Place remained closed, with no events or games, for the entire fiscal year. This is compared to the prior year where the Partnership programmed a total of 105 events.

The CFL cancelled the 2020 CFL Season so the Ottawa REDBLACKS did not play any games in fiscal 2020/2021.

The OHL 2019-2020 regular season (which runs from September to March) was cut short by COVID-19 with six games remaining that were to be played in fiscal 2020/2021. In addition, the OHL canceled the entire 2020-2021 season resulting in the Ottawa 67's not playing any games in fiscal 2020/2021.

The Partnership had also previously signed leases with three new sports tenants. The Ottawa BlackJacks professional basketball club of the Canadian Elite Basketball

League and Atletico Ottawa professional soccer club of the Canadian Premier League (soccer) were to commence their inaugural seasons in the Arena and Stadium at TD Place respectively in fiscal 2020/2021. As a result of COVID-19, neither of these teams were able to place any games at TD Place during the fiscal year. The Ottawa Aces professional rugby club who will play in the Rugby Football League (based in England) were scheduled to commence play at the Stadium at TD Place in 2021. Again, as result of COVID-19, this did not occur, and the team has now cancelled any future plans for playing in Canada.

Retail and Site:

Lansdowne's 343,450 square feet of rentable retail and office space ended fiscal 2021 at 97 per cent leased, compared to 97 per cent leased in the previous fiscal year. While leased space was at a very high percentage, rent revenue and collections were significantly impacted by COVID-19 restrictions experienced by tenants during fiscal 2020/2021. Parking revenue was also significantly affected by COVID-19 restrictions and the lack of events and games during the fiscal year.

Fiscal Year 2021/2022

This update covers the fiscal year starting April 1, 2021, through March 31, 2022, for the Partnership.

In the 2020/2021 fiscal year, TD Place remained closed, with no events or games, for the entire fiscal year. These restrictions were slowly lifted during the 2021/2022 fiscal year, but the number of events and games were not back to pre-pandemic levels. The REDBLACKS only played seven home games as opposed to their normal ten home game season. The 67's and the Tenant Teams also saw a lower number of games with some games being played without fans or a restricted number of fans, and the number of Concerts/Events held during the fiscal year was also much lower than pre-pandemic numbers due to COVID-19 restrictions. When events and games were held, attendance levels were lower than historical pre-pandemic levels as the general public were either restricted in terms of attendance or redescent to attend mass gatherings as they had in the past.

Retail and Site:

Lansdowne's retail and office space ended the 2021/2022 fiscal year at 95 per cent leased, compared to 98 per cent and 97 per cent leased in the two previous fiscal years. While leased space was at a very high percentage, rent revenue and collections were impacted by the tenants not being able to have a full 12 months of operations without some COVID-19 restrictions and the reluctance of the general public to attend social

events as they did in pre-pandemic numbers. Parking revenues recovered from the 2020/2021 fiscal year, but still not back to their pre-pandemic levels.

Summary Financial Results

As stated previously, the fiscal 2021/2022 period includes the 12-month period from April 1, 2021 to March 31, 2022 whereas fiscal 2020/2021 includes the 12-month period from April 1, 2020 to March 31, 2021.

In the 2021/2022 fiscal year:

- The Partnership generated revenues of \$38.8 million which represents an increase of \$20 million or 110 per cent from revenues in the 2020/2021 fiscal year. This increase is significant but is still \$12.2 million or 24 per cent lower than the 2019/2020 fiscal year that was primarily unaffected by COVID-19. The Total Operating Expenses of \$36.3 million compared to \$20.9 million and \$48.2 million in the previous two fiscal years. This represented an increase of \$15.4 million or 74 per cent from the 2020/2021 fiscal year and a decrease of \$12 million or 25 per cent from the 2019/2020 fiscal year. The previous year's lower expenses were a result of no events and games, reductions in staffing costs, Government salaries and other subsidies, reductions in Event/Game promotional and advertising costs and general costs saving measurements taken across every line item of expenditure. With events and games returning in the 2021/2022 fiscal year all categories of expenditure saw increases but have not returned to pre-pandemic levels.
- As a result of the above, profit from recurring operations was \$2.5 million in the 2021/2022 fiscal year which represents an increase of \$4.8 million from the operating loss of \$2.3 million in the 2020/2021 fiscal year.
- After non-cash depreciation, interest and borrowing costs, the Partnership's net loss from recurring operations was \$8.4 million, which represented a decrease of \$4 million from the net loss of \$12.4 million in the 2020/2021 fiscal year.

2022/2023 Updated Pro Forma

As part of the process of updating the 2022/2023 pro forma, the impact on the Sports and Concert business of the pandemic and the fact that the current arena and stadium is at the end of its useful life and won't be replaced or materially upgraded during the remaining term of the partnership was considered. This results in the following outcomes:

- Revenue will be slower to recover from the pandemic than previously assumed.
- REDBLACKS business will be slower to recover to historical levels on account of team performance and the effects of the pandemic.
- Attracting additional concert/events will be more difficult.
- Expenses will increase at a higher rate than previously expected in the short term due to higher inflation.
- Interest rates on loans and mortgages in the short/medium term will be higher than previously assumed.

Taking the above items into consideration saw a significant drop in the pro forma's waterfall distributions with lower returns and higher amounts of capital and interest remaining unpaid at the end of the pro forma. Projected waterfall distributions are shown in the Financial Implications section of this report.

Recreation, Cultural and Facility Services Programming

City Urban Park Programming Update

For the reporting period from June 2020 to May 2021, the City focused on offering events and activities that were permitted under continuously evolving provincial public health regulations.

Activities at the Urban Park were negatively impacted by pandemic gathering restrictions. Although some outdoor activities were able to proceed with limited participant numbers during the reporting period, indoor spaces remained closed for a significant period of time. The Horticulture Building was closed from March 2020 to August 2020 and again from January 2021 to June 2021, accounting for 209 days closed in this reporting period due to provincial restrictions. During these restrictions, the building was put to good use to support Ottawa Public Health vaccination clinics from October 15, 2020, to December 20, 2020.

The Aberdeen Pavilion was closed for public events and programming for 62 days in the current reporting period. Washroom access for park visitors was maintained throughout this period.

For the period of June 2021 to end of May 2022, health restrictions had started to ease and the Lansdowne team focused on re-engaging event organizers to return to

Lansdowne and reintroducing events and activities to the site including the Beyond Van Gogh immersive experience and return of the City Folks festival.

Ottawa Public Health ran a second series of vaccination clinics in the Horticulture Building from June 21, 2021 to July 20, 2021.

The economic recovery and rebound of the performance, festival, and special event sector was a priority for the City. To support this sector as it recovered from the devastating impacts of the pandemic, the Department of Recreation, Cultural and Facility Services along with the Economic Recovery Task Force developed a venue rental relief program that offered affordable access to the City's showcase event facilities. This initiative was part of a broader Economic Recovery and Rebound Program supported by the Mayor's Economic Partners Task Force.

A 50 per cent reduction in rental rates was offered to eligible rental clients of the Aberdeen Pavilion and the Horticulture Building. This reduction was also available for the Shenkman Arts Centre and Meridian Theatres at CentrepoinTE. For the reporting period, the financial impact was \$42,713 in forgone revenue. 32 events, some occurring over multiple days, took advantage of this initiative which brought 27,160 attendees to Lansdowne.

Table 1: Days of Usage of Aberdeen Pavilion, Horticulture Building, Plaza, and Outdoor spaces, June 2020 to May 2021 and June 2021 to May 2022

Facility	Ottawa Farmers' Market		# Days with other Events / Programming		# Ottawa Public Health Clinic Days		# Days Closed due to COVID	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Aberdeen	29	24	12	104	0	0	62	54
Horticulture Building	0	0	6	109	68	30	209	20
Plaza	26	30	4	37	0	0	0	0
Other Outdoor Spaces	0	0	1	35	0	0	0	0

During the 2020/2021 reporting period, the Aberdeen Pavilion was used for a total of 41 event days. It should be noted that a single event day may include multiple events and/or involve various amenities. The Horticulture Building was utilized for 74 days: six event days and 68 vaccination clinic days. The outdoor spaces were used for a total of 30 days made up of 28 event days and two programming days. In total, these activities attracted an estimated 120,000 people¹ and generated over \$57,000 in revenue. These

¹ Estimated attendances for rental events listed in this report are based on estimates provided by the renting organization. The Ottawa Farmers' Market records and provides attendance for their markets.

statistics do not include the passive use of park amenities (skating court/basketball court, skateboard park, etc.), which were well used during the pandemic as the Urban Park became an outdoor destination of choice of many residents.

Table 2 compares the number of Urban Park facility rentals for the last four reporting periods. Although rental trends were increasing pre-pandemic, there is a direct correlation between COVID-19 regulations and the decline in the number of facility rentals.

Note: In past years, Ottawa Farmers' Market (OFM) Christmas Markets were counted as rentals, but in 2020/2021 the Christmas Market was replaced by a December regular market and has been counted in the OFM column.

Table 2: Number of Rental Bookings at Lansdowne, 2018-2022

Programming year (June 1 - May 31)	# Rentals Contracts	# Activities	# Booking Days	Ottawa Farmers Market Days
2018-19	186	301	245	48
2019-20	149	299	213	37
2020-21	16	35	126	55
2021-22	63	315	242	54

Partnership

Throughout the two-year reporting period, the City and OSEG committed to strong communication and worked together to ensure the site remained safe at all times for passive use and permitted activities. The teams met bi-weekly to review evolving restrictions and to ensure the site maintained a unified approach to their interpretation and application.

Third Party Rentals and Leases

From June 2020 to May 2021, with restrictions in place, Urban Park facilities hosted 126 event days, some with multiple events per day, including 114 days with public events, 21 days with private events and 55 Ottawa Farmers' Market days. These events were offered by third party clients, including Ottawa Public Health, Ottawa Police Services, the Ottawa Farmers' Market (OFM), 613Flea, Ottawa Lion's Club, Capital Pride and private rentals.

As the second reporting period began, Beyond Van Gogh was setting up an immersive art experience in the Aberdeen Pavilion. Considering restrictions, this event provided the opportunity for art enthusiasts to attend a well-organized and safe event in a large public space that respected distancing and capacity limitations. The Beyond Van Gogh brought 115,000 visitors to the site between July 26 and September 16, 2021. On the

heels of this event, The Fall Festival Extravaganza, offered by Bluesfest, took the stage both in the Aberdeen Pavilion and on the Great Lawn for two weekends, September 16-18 and September 23-25. In this period, 613Flea increased the frequency of their markets and rental requests for weddings, business fairs and fundraiser type of events increased. The Great Lawn hosted a very successful Sawmill Halloween-themed event for the full month of October. As time progressed, more and more events were brought to Lansdowne and several such as Ottawa's Guild of Potters, Beer and Analytics and Abbotsford fitness class returned. The Aberdeen Pavilion also resumed hosting the Lion's Club Track and Field Club three times a week from January to March for their winter training.

In the reporting period of June 2021 - May 2022 the Urban Park facilities hosted 242 events days, some with multiple events per day, including 196 days with public events, 77 days with private events and 54 Ottawa Farmers' Market days, demonstrating a steady return of public activities at the park.

The retail lease to Boccato's for the front quadrant of the Horticultural Building continued throughout the two-year period, with brief pauses in operations during pandemic restrictions. Boccato was provided rent relief for the months of June, July, August, and September valued at \$3,890 in 2020 as well as a rent deferral for the months of May, June and July in 2021. All deferral totaled \$11,672 and was re-paid in monthly installments of \$972 from August 1, 2021 to July 1, 2022. All deferred rent has been paid in full.

Ottawa Farmers' Market

On May 31, 2020, the first modified outdoor market opened at Lansdowne, after being closed since March 16, 2020, due to COVID-19 restrictions. The OFM was designated an essential food provider, which allowed it to operate according to provincial COVID-19 regulations. The market re-opened under a Click and Collect model, with a substantially reduced vendor capacity. Over the following six weeks, the market transitioned from a Click and Collect model and resumed in-person customer purchasing as COVID-19 regulations eased.

The OFM operations and projected vendor attendance were significantly impacted by provincial and local public health requirements and restrictions that saw the market enact physical distancing protocols, reduced vendor capacity, site pedestrian circulation patterns and other measures to safeguard visitors from May 2020 onwards. Such

protocols required the OFM to use modified site maps and layouts that saw far fewer stalls in use than during pre-pandemic times.

In 2020 and 2021, instead of hosting its traditional indoor Christmas Market, the OFM extended its indoor market season by offering a December Market on Saturdays and Sundays for four weekends, totaling eight market days. These market days attracted an estimated 20,328 clients, with an average of 2,541 visitors/day and approximately 64 vendors per market day. The 2021 Market started on November 27, 2021, offering four weekends, Saturdays and Sundays, for a total of eight market days and doubled its attendance from the previous year to 40,516, with approximately 5,064 visitors per market day. The goal is to revert back to the regular Christmas Market in 2022.

The 2021 Winter Market season saw a slower start than previous years due to a provincial multi-month lockdown, seeing 39,630 total visitors and approximately 1,887 people/day. Following the easing of restrictions, the market experienced a healthy rebound in the spring. The Winter Market season of 2022 launched on January 9, in the wake of a new COVID-19 variant and significant increases in case numbers. As an essential service, the Lansdowne Farmers' Market proceeded with an Ottawa Public Health approved layout, where vendors were distanced from each other and visitor capacity limits were put into effect, among other safety measures. Attendance dropped to 26,709 with 16 market days offered.

From June 2020 to end of May 2021, the OFM offered 26 outdoor markets and 21 indoor markets, in addition to eight December market days. Despite restrictions, OFM attendance numbers were strong with 53,850 visitors to the outdoor markets and 59,958 visitors to the indoor markets, for a total attendance of 113,808.

The outdoor market witnessed a rebound from its previous year in 2021/2022 with a total of 30 market days with a substantial increase in attendance to over 102,387 visitors. From June 2021 to end of May 2022, the 30 outdoor markets, 16 indoor markets and eight Christmas/Winter markets surpassed expectations with a total of 169,612 visitors.

The Ottawa Farmers' Market's License of Occupation in the Urban Park was renegotiated and renewed for another five years during this reporting period.

City Programming and Animation

2020-2021 Reporting Period

During the 2020/2021 reporting period all registered programs were cancelled due to COVID-19 restrictions. A limited number of drop-in programs, such as Scooters, Trikes and Balance Bikes, and a Walking Club for adult and 50+, were offered beginning in November 2020. Drop-in programs were offered with a maximum of ten participants, as per the maximum permitted within the Provincial Reopening Plan. The unseasonably nice weather kept most park visitors outdoors until December.

As a result of public health restrictions and staff redeployments, several popular Urban Park drop-in favorites, including the well-loved Pumpkin Derby, in-person Full Moon Yoga, and Summer Arts Series were not offered in 2020 nor 2021; however, virtual Full Moon Yoga sessions were introduced and well attended.

The 2020 Christmas Market ran with limited vendors and activities that attracted over 20,000 people to the site. For the 2021 Christmas market, 35 vendors participated with approximately 100,000 enjoying the festive atmosphere. The very popular Indoor Christmas Market, typically offered by the Ottawa Farmer's Market, was replaced by a Winter December Market. OSEG enhanced the Christmas spirit by turning the Square into a magical Christmas village under a canopy of twinkling lights and running a reduced Outdoor Christmas Market while offering beautiful scenery for visitors.

In 2020/2021, the outdoor refrigerated rink was well-used by skaters of all ages and operated a total of 125 days between November 27, 2020, and April 2, 2021. The rink was only closed one day in 2020/2021 due to inclement weather. Throughout most of the skating season, a reservation process was adopted to adhere to provincial and municipal capacity restrictions. Skating attendants were added to the Lansdowne Skating Court to ensure COVID-19 protocols and health measures were being followed.

2021-2022 Reporting Period

In the second reporting period, 25 programs were offered, such as the Fairy Gardening program and the Loose Parts Playgroup with Parent programs. As the famous Halloween Pumpkin Derby could not proceed in the Fall of 2021, additional STEAM (Science, Technology, Engineering, Arts and Math) and Imagination Hour workshops were offered as Halloween activities. All workshops filled immediately and were very well received. The majority of registered Winter 2022 programs were cancelled due to COVID-19 restrictions with the exception of two dog obedience programs which were able to proceed successfully. The Indoor Skateboarding Pilot drop-in was offered in February 2022 with 750 participants taking part in this new offering. Skateboarders of all

ages were enthusiastic and incredibly grateful to have an indoor venue where they felt welcome to do an activity that they love. From June 2021 - May 2022, the City offered 48 registered programs with a total of 284 participants.

For 2021/2022, the outdoor rink was open for 128 days. The rink opened on November 26, 2021, and was operational until April 4, 2022, with only two days of closures as a result of inclement weather. The reservation process and the presence of skating attendants was once again put in place at the beginning of the skating season to limit skaters on the ice in order to comply with restrictions.

Site Improvements

With many cancelled events over the reporting periods, the City was able to initiate and complete site improvements and repairs with minimal impact on public uses or programming. This included the significant project to waterproof the Horticulture Building foundation. Phase I (East side / patio) began in early June 2020 and was completed by August 18, 2020. Phase II A (West side) was completed in December 2021 and Phase II B project was completed in April 2022.

In June of 2021 the Horticulture Building was also upgraded with air conditioning in its main Hall that can cool the facility to a comfortable temperature for most low-intensity activities. This work was undertaken to better accommodate the vaccination clinics held in the building. Additional cooling capacity and window treatment measures will be needed to properly meet the needs of higher intensity active events that attract larger crowds. Additional roof HVAC work was performed in 2022 to replace defective units that serviced the office spaces.

The end walls of the Aberdeen Pavilion underwent remediation and structural repairs from September 27 - November 19, 2021. The Lansdowne programming team worked with the Project Coordinator to manage this work around scheduled events.

A tree replacement project took place in May and June of 2021, replacing 21 trees in the Plaza.

Financial Results

Financial results for the 2020 and 2021 fiscal years are outlined in the table below. Consistent with prior years, actual expenditures continue to be lower than budgeted.

Due to the pandemic, and restrictions imposed by the Province, revenues decreased significantly since most City-run registered programs and facility rentals were cancelled in 2020. Shutdowns, cancellations and restrictions due to COVID-19 reduced actual

revenue to 20 per cent of the budget in 2020, followed by incremental improvements to 52 per cent of the budgeted amount in 2021 as restrictions eased and activities resumed.

Table 3: Financial Results for the 2019 - 2021 Fiscal Years

	Expenses	Revenue	Net
2019 Budget	\$2,261,172	- \$602,758	\$1,658,414
2019 Actual	\$2,214,636	- \$617,893	\$1,596,743
2020 Budget	\$2,288,948	- \$632,985	\$1,655,963
2020 Actual	\$2,069,030	- \$127,639	\$1,941,390
2021 Budget	\$2,307,714	- \$632,985	\$1,674,729
2021 Actual	\$1,956,599	- \$326,182	\$1,630,416

FINANCIAL IMPLICATIONS

The Lansdowne Partnership Plan (LPP) is based on a “closed financial system” that captures capital costs and contributions that have been agreed upon by the City and OSEG, and cash-flows from operations to provide the basis for future distributions to the partners. Under this closed system, OSEG is responsible for any deficits that may accrue from operations. The subsequent distribution of any additional net cash-flows is based on a waterfall distribution structure, as follows: contribution to the lifecycle fund, then provides for the City and OSEG to realize return on equity of eight per cent (non-compounded), then a return of OSEG’s additional equity, then a return of equity to the City and OSEG, then for the City a return on deemed equity of eight per cent (non-compounded), and finally, for a fifty-fifty sharing of any residual net cash-flow between the City and OSEG.

The table below details the revenues, expenses and net operating income/loss for each of the components of the closed financial system from the beginning of operations in 2014 to the end of the 2021/2022 fiscal year. Fiscal years 2020/2021 and 2021/2022 were both impacted by COVID-19 restrictions and overall revenue was significantly less than the last comparable 12-month fiscal year in 2019/2020. Since inception the LLP has posted net financial losses for each fiscal year and has yet to generate net positive cashflows. Note that fiscal years 2015 and 2021/2022 had positive cashflows due to proceeds from temporary borrowing, but no distributions were made to OSEG. These financial results support the need to improve Lansdowne Park and make the Lansdowne Partnership sustainable over the term of the partnership.

Table 4: Summarized Statement of Operations 2024 to 2021/2022

Statement of Operations (in millions \$)	2014	2015	2016	2017	2018/19	2019/20	2020/21	2021/22
Revenue								
REDBLACKS	18.5	20.0	20.7	21.2	22.4	17.7	0.8	12.9
Ottawa 67s	2.3	2.5	2.2	2.5	3.9	4.1	0.2	2.1
Stadium and Event Centre	2.9	7.6	9.0	19.8	10.8	9.2	1.4	5.3
Retail and Other	1.0	12.6	17.8	18.3	23.7	20.0	16.0	18.5
105 th Grey Cup Festival Inc.	-	-	-	6.1	-	-	-	-
Total Revenue	24.7	42.6	49.8	67.8	60.8	51.0	18.4	38.8
Operating Expenses								
REDBLACKS	16.9	18.0	19.6	19.8	23.6	20.2	7.3	16.9
Ottawa 67s	3.4	3.3	3.4	3.8	5.0	4.8	1.7	3.3
Stadium and Event Centre	14.1	14.6	15.9	21.8	18.2	14.9	3.4	8.5
Retail and Other	0.8	7.0	8.0	7.6	9.5	8.3	8.4	7.6
105 th Grey Cup Festival Inc.	-	-	-	6.1	-	-	-	-
Total Expenses	35.3	43.0	47.1	59.3	56.5	48.2	20.9	36.3
Operating Income (Loss)	(10.6)	(0.4)	2.7	8.6	4.3	2.8	(2.3)	2.5
Depreciation, Amortization,	(5.2)	(12.2)	(17.1)	(16.5)	(17.1)	(14.1)	(10.1)	(10.9)

Statement of Operations (in millions \$)	2014	2015	2016	2017	2018/19	2019/20	2020/21	2021/22
Interest and Other Expenses								
Net Income (Loss)	(15.8)	(12.6)	(14.4)	(7.9)	(12.7)	(11.3)	(12.4)	(8.4)
Increase (decrease) in cash before net contributions from partners	(37.7)	17.4	(19.8)	(15.3)	(12.7)	(9.7)	(7.4)	7.5

Notes: FY 2017 includes hosting the Grey Cup and FY 2018/2019 includes 15 months.

Since the beginning in 2012, there have been no “net positive cash flows” from the Lansdowne operations, but OSEG must contribute to the Lifecycle Fund even if there are negative cashflows and they must contribute additional equity to cover the negative cashflows, which they have done each year. In 2020, Council approved one-time access for OSEG to the reserve, to better manage cashflow for the next three years. OSEG must reestablish those reserves in.

As described in the report, the 2020 pro forma, is now revised to reflect the projected impact of COVID-19 in the near term and impact it will have on the overall financial distributions over the 30-year agreement. The updated 2022/2023 pro forma shows a decrease of \$218.7 million to \$326.0 million in waterfall distributions over the 40-year projection compared to the 2021/2022 projection presented to council in the May 2022 Lansdowne Partnership Sustainability Plan and Implementation Report ([ACS2022-PIE-GEN-0003](#)). These projections are subject to fluctuations each year as projections get refined to better reflect trends. The following table provides a summary of the projected waterfall distributions to OSEG and to the City in nominal dollars:

Table 5: Comparison of Waterfall Distributions (in Nominal \$)

Current Waterfall Framework (in millions \$)	2012 Projection 30 Years	2015 Projection 30 Years	2021/22 Projection 40 Years	2022/23 Projection 40 Years
Lifecycle Fund	58.5	64.2	66.3	65.8
OSEG Summary				
OSEG Minimum Equity	30.0	36.8	17.0	17.0
OSEG Additional Equity	26.3	63.5	6.5	6.5
Return on OSEG Equity	73.1	259.5	454.9	236.7
Residual Profit Share	32.8	-	-	-
Total OSEG	162.2	359.8	478.4	260.2
City of Ottawa Summary				
City of Ottawa Funding Equity*	-	-	-	-
Return on City of Ottawa Deemed Equity	60.8	-	-	-
Residual Profit Share	32.8	-	-	-
Total City	93.6	-	-	-
Total Waterfall Distributions	314.3	424.0	544.7	326.0

**Note: City Funding Equity is Nil*

Any net positive cashflows earned in the future would be distributed to OSEG first, since the City has no invested funding equity. It is only after OSEG equity and interest on equity is returned that the City would receive payment on the interest earned on the deemed equity.

The deemed equity contributed by the City did not require any cash outlay. Hence the term “deemed” equity. It represents the market value of the retail lands contributed by the City, which was valued at \$23.75 million. In the waterfall, this amount is accruing interest of eight per cent. Per the original forecast in 2012, this amount would have accrued to a value of \$61 million and been distributed to the City after the

return of all equity and interest on equity to OSEG, which was forecast to only be in the final two years of the 30-year agreement. Based on the most current forecasts, OSEG does not recover all of their invested equity, and for this reason there is no forecast payment to the City in those future years at the end of the 40-year agreement. Once the 30-year term expires, the waterfall distribution system ends, and the City begins to collect land market and participation rent from the retail net cashflows and enter into a new stadium lease agreement. The benefit of this P3 agreement is that throughout the entire 40-year agreement, the City is protected from having to contribute any money for asset lifecycle maintenance or operating deficits for the Stadium, Parking, Retail or sports teams.

The overall projected distribution over the 40-year period of \$326 million is just \$11.4 million, or three per cent higher than the original 30-year projections in 2012 of \$314.3 million, even after increasing the term of the agreement by ten years. The most significant change is a reduction to OSEG's return on equity.

The overall investment into revitalizing Lansdowne Park is estimated to be \$425 million. The costs of the redevelopment of Lansdowne have been shared between the City of Ottawa and OSEG, as well as other partners. The City's total capital cost to complete the stadium, arena, the City's portion of the parking garage, the Urban Park (which includes the Horticulture Building relocation and retrofit), site servicing costs, site management and all associated soft costs is approximately \$210 million. These were investments in City assets and was not cash contributed to the LMLP. The City paid for the construction of the stadium renovation and expansion up to a maximum of \$135.8 million, while OSEG guaranteed the completion of the stadium and parking structure and was responsible for any cost overruns.

As of March 31, 2022, OSEG has contributed \$161 million, which is \$106 million more than projected in 2012. The City is still not expected to receive any distributions from the partnership over the 40-year term of the agreement. As in past projections, OSEG is not expected to recover all of the equity they have contributed to date. Projected equity contributed from OSEG is \$168 million and only \$23.6 million of that amount has been repaid as part of the 2015 settlement approved by Council to reimburse OSEG for disputed costs. Distributions to the Lifecycle Fund are maintained at \$65.8 million over the term of the agreement.

LEGAL IMPLICATIONS

There are no legal implications to the receipt of the standard annual report items for

information. Staff are required to report out on the exercise of delegated authority under the Lansdowne Partnership Plan.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a Citywide report.

DELEGATION OF AUTHORITY IMPLICATIONS

Delegation of authority exercised under this agreement from November 2020 to date are as described in this report.

CONSULTATION

The working committee was re-established by the Ward Councillor in 2019 and has met once to date. Additionally, monthly meetings are held between City staff, OSEG and the Ottawa Farmers' Market.

ACCESSIBILITY IMPACTS

As noted in previous reports, there is a need for accessibility improvements to Lansdowne Park and arena. As the Lansdowne Partnership Sustainability Plan is implemented, accessibility will play a leading role in revitalization efforts. This will include consultation with stakeholders such as the Canadian National Institute for the Blind, who's local office is in the Lansdowne area, and the City's Accessibility Advisor Committee.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications to the receipt of this report by Committee and Council.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this information report.

RISK MANAGEMENT IMPLICATIONS

Risk implications have been identified and are being managed as outlined in this report.

RURAL IMPLICATIONS

There are no specific rural implications associated with the approval of this report. The Ottawa Farmers' Market operates in the Urban Park under a License of Occupation and

supports rural producers through this initiative.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this information report.

TERM OF COUNCIL PRIORITIES

The Lansdowne Partnership Plan and revitalization initiative relates to the following Strategic priorities of Council:

Economic Prosperity

Objective: Promote Ottawa - Revitalized Lansdowne provides an Ottawa venue for hosting major sporting and cultural events.

Transportation and Mobility

Objective: Provide and promote infrastructure to support safe mobility choices - A key element of the Lansdowne revitalization was the development and implementation of a comprehensive and aggressive TDM program to encourage and promote use of sustainable transportation for day-to-day activities and for events.

Sustainable Environmental Services

Objective: Reduce long-term costs through planned investment and staging of diversion and conservation strategies - The Lansdowne revitalization significantly improved the manner in which stormwater flows into the City system, decreased storm run-off, improved the quality of storm flow to the Rideau Canal and provides for use of stormwater for site irrigation.

Healthy and Caring Community

Objective: revitalize recreation services - The revitalization has established Lansdowne as a significant urban place that is grounded in the site's history. It provides improved opportunities for sporting and cultural endeavors through a re-purposed stadium and a significant Urban Park to accommodate events and for day-to-day community use.

SUPPORTING DOCUMENTATION

Document 1: Minutes from the October 15, 2021 Lansdowne Master Partnership Meeting

Document 2: Minutes from the October 15, 2021 Meetings Amongst Parties to the

Unanimous Shareholder Agreements

Document 3: Minutes from the January 13, 2023 Lansdowne Master Partnership Meeting

Document 4: Minutes from the January 13, 2023 Meetings Amongst Parties to the Unanimous Shareholder Agreements.

DISPOSITION

Staff will implement any directions related to Council receiving this report.

Staff will report out on the Lansdowne Partnership on an annual basis in accordance with established reporting requirements.