

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
2 April 2019 / 2 avril 2019**

**and Council
et au Conseil
10 April 2019 / 10 avril 2019**

**Submitted on March 21, 2019
Soumis le 21 mars 2019**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-CMR-OCM-0001

SUBJECT: Lansdowne Partnership Plan Annual Report

OBJET: Rapport annuel sur le Plan de partenariat du parc Lansdowne

REPORT RECOMMENDATIONS

That Finance and Economic Development 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 Q3 2017 to date by the City Manager, the City Clerk and Solicitor and the City Treasurer, under the finalized and executed Lansdowne Partnership Plan Legal Agreements;**
- 2. The update from the City Manager on the September 27, 2018 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 on Page 12 in the 2017-Procurement Year in Review report (ASC2018-CSD-PRO-0001).**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil de prendre connaissance des comptes rendus de situation ci-après, relativement au Plan de partenariat du parc Lansdowne :

- 1. le compte rendu du directeur municipal sur les pouvoirs délégués exercés depuis le troisième trimestre de 2017 par le directeur municipal, le greffier municipal et avocat général et la trésorière municipale en vertu des conventions officielles conclues et signées pour le Plan de partenariat du parc Lansdowne;**
- 2. le compte rendu du directeur municipal sur l'assemblée tenue le 27 septembre 2018 par la société en commandite principale du parc Lansdowne et des assemblées tenues le 27 septembre 2018 par les parties aux conventions unanimes des actionnaires;**
- 3. le compte rendu exposé dans le présent rapport sur les activités du partenariat public-privé Lansdowne, dont il est question à la page 12 du rapport sur l'examen annuel des achats de 2017 (ASC2018-CSD-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 Q3 2017 to date by the City Manager, City Clerk and Solicitor and City Treasurer.

The report also provides an update on the September 27, 2018 Lansdowne Master Limited Partnership meeting and the September 27, 2018 Meetings Amongst Parties to Unanimous Shareholder Agreements.

Due to the impacts of hosting the Grey Cup, the National Hockey League's (NHL) 100 Classic, a change of CEO and a change to their year-end from December to March, the 2017 annual Lansdowne Master Partnership Meeting and meetings amongst parties to the Unanimous Shareholders Agreements were held on September 27, 2018. This did not provide sufficient time to report out to Committee or Council before the end of the term of Council.

Lastly, this report provides an update on the operations of the Lansdowne Partnership Plan.

Section 1: Delegation of Authority Summary

Since July 2017, when City staff last reported on the exercise of the delegated authority through the Lansdowne Partnership Plan Annual Report (ACS2017-CMR-OCM-0001), delegated authority has been exercised in one instance. An agreement was entered into with respect to changing the fiscal year end for the Lansdowne Master GPA Inc. and for each of the Component Limited Partnerships to March 31st of each year for the following reasons:

- i. the change would permit most of the full seasons for each of the Ottawa REDBLACKS and Ottawa 67's, with the exception of a small number of potential playoff games for the Ottawa 67s to be included in the same financial statements;
- ii. the change would allow contracts for sponsorship revenue, which have standard terms of April 1 to March 31, to align with the financial year; and
- iii. operationally, the last three months of the calendar year are the busiest time for team and other events; moving the budget and financial year-end processes (audit

preparation) to March 31 would allow for more efficient resource allocation during those months.

Section 2: Report on the September 27, 2018 Lansdowne Master Limited Partnership meeting and the September 27, 2018 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 provides that the fiscal year is the calendar year. It 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.

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 a number of 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

On September 27, 2018 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 City Manager and the City Treasurer. The Ottawa Sports and Entertainment Group was represented in each of the two meetings by Roger Greenberg, Executive Chair and Managing Partner and Mark Goudie, President and Chief Executive Officer.

The general partner of the 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 of the Component GP, and David Porter, Senior Vice President, Finance and Technology.

The annual meeting of the parties to the Lansdowne Master Limited Partnership focused on the financial performance results for the period ending December 31, 2017. The meeting also included a presentation of the 2018 Operating Budget, a presentation of a revised proforma for the 30-year closed financial system (waterfall, under the LPP), and highlighted significant matters and other business.

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: (1) the stadium component; (2) the retail component; (3) the Canadian Football League (CFL) team; and, (4) the Ottawa 67's hockey team and, included parties to the Unanimous Shareholder Agreement for each Component General Partnership.

A total of (7) seven 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 December 31st, 2017, the adoption and approval of the financial statements of the four Component Limited Partnerships, the re-appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership and changing the fiscal year-end for the Lansdowne Master GPA Inc. and for each of the Component Limited Partnerships to March 31st of each year for the following reasons:

- i. the change would permit most of the full seasons for each of the Ottawa REDBLACKS and Ottawa 67's, with the exception of a small number of potential playoff games for the Ottawa 67s to be included in the same financial statements;
- ii. the change would allow contracts for sponsorship revenue, which have standard terms of April 1 to March 31, to align with the financial year; and
- iii. operationally, the last three months of the calendar year are the busiest time for team and other events; moving the budget and financial year-end processes (audit preparation) to March 31 would allow for more efficient resource allocation during those months.

At the Lansdowne Limited Partnership meeting held on September 27, 2018, the General Partner presented the Financial Statements for the year ended December 31,

2017. The financial statements were approved and received by the City and are on file with the City Clerk's Office.

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 year 2017 and in the case of the Recreation, Cultural and Facility Services department (RCFS) and OSEG, it will provide updated programming information for the period from July 2017 until the end of May 2018.

OSEG Update Overview

The Grey Cup and NHL 100 Classic at the unofficial end of 2017 marked the end of the "start-up" phase for the New Lansdowne. As was envisioned in the Lansdowne Partnership Plan developed by the City of Ottawa (City) and OSEG, Lansdowne has continued to grow as one of Ottawa's preeminent "go-to" destinations and Lansdowne became Canada's first LEED Stage 3 Built Neighborhood project to receive Silver certification from the US Green Building Council.

The number of people that visited Lansdowne in 2017 increased by 15%, over 2016, to 3.9 million. Aided by Ottawa 2017's celebration of Canada's 150th birthday events, Partnership revenues grew by 36% to \$69M. Transportation Demand Management (TDM) initiatives maintained their success levels as visitors continued to embrace the use of OC Transpo to get to and from TD Place for events. TDM Modal share targets for transit and shuttle usage were met or exceeded in all event categories.

After winning the Grey Cup in 2016, the Ottawa REDBLACKS sold out every home game in 2017. Ottawa hosted the country at TD Place and Lansdowne for the Grey Cup game in November, and although the REDBLACKS did not participate in the game, which featured the Toronto Argonauts and Calgary Stampeders, the game was played in front of an expanded stadium capacity of over 34,000 fans and almost 10 million others watched on live television. The game capped an extremely successful Grey Cup Festival that attracted over 28,000 out-of-town visitors to Ottawa and helped drive over \$76M in economic activity. Other major events at Lansdowne in 2017 that put Ottawa in the national spotlight included the NHL 100 Classic outdoor hockey game featuring the Ottawa Senators against the Montréal Canadiens, a follow-up outdoor Canadian Hockey League (CHL) game between the Ottawa 67's and Gatineau Olympiques, Davis Cup Tennis, the Canadian Figure Skating Championships and, a stadium rock show featuring Guns N' Roses.

The 67's and Ottawa Fury FC each experienced an increase in attendance in 2017, a year that marked the 50th anniversary of the opening of Lansdowne's arena/north stadium complex. The organization also hosted 90 other events including arena concerts, corporate annual general meetings and amateur hockey, football and soccer matches.

Also in 2017, the City's RCFS department, in partnership with TD Place, hosted numerous large and small events at Lansdowne including the CityFolk and Escapade outdoor music festivals. The Ottawa Farmers' Market had a successful summer/fall season and also ran a winter market in the Aberdeen Pavilion on Sundays.

Recreation, Cultural and Facility Services Programming Overview

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

In 2017-2018, the City worked closely with OSEG, local community associations, the Glebe BIA and several local groups and organizations to ensure that the use of the Urban Park was optimized and that the site continues to be a destination of choice for event organizers, residents and tourists. The 2017 sesquicentennial celebrations were the catalyst for adding new and innovative events to the Urban Park to complement and enhance established events.

Since the last annual report to Council in the summer of 2017, the Urban Park hosted 181 events, many of which took place over multiple dates, and attracted more than 1.5 million participants. Significant large-scale events included: Ottawa Welcomes the World, Tulip Festival activities and, the fan experience installations for two major sporting events - the 105th CFL Grey Cup and the NHL 100 Classic. Meanwhile, re-occurring events, such as the Ottawa Farmers' Market continued to draw city-wide interest and experience steady growth. The Urban Park continues to be a sought-after venue for festivals, community events and celebrations, recreational activities and private and corporate events.

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). 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 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.

DISCUSSION

The purpose of this report is to fulfil the reporting requirements under the LPP Project Agreements and as directed by Council, which include a summary of the exercise of delegated authority from Q3 2017 to date by the City Manager, City Clerk and Solicitor and City Treasurer; report on the September 27, 2018 Lansdowne Master Limited Partnership meeting and the September 27, 2018 Meetings Amongst Parties to Unanimous Shareholder Agreements; and, an update on the operations of the Lansdowne Partnership Plan over the past year.

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

Section 1: Delegation of Authority Summary

Section 2: Report on the September 27, 2018 Lansdowne Master Limited Partnership meeting and the September 27, 2018 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

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by most corporations and allows for more time after the conclusion of the CFL season to prepare the annual financial statements.

At the Lansdowne Limited Partnership meeting held on September 27, 2018, the General Partner presented the Financial Statements for the year ended December 31, 2017. The financial statements were approved and received by the City and are on file with the City Clerk's Office.

At the September 27, 2018 unitholder meeting, the General Partner presented a revised proforma, which reflected results to date and updated assumptions based on experience and known or expected future transactions.

The 2018 updated proforma shows a decrease in waterfall distributions to the City over the 30-year projection to nil, which is similar to the proforma projections in 2015. The adjustment in the waterfall distribution is primarily the result of a decrease in overall revenue projections compared to what was projected in the 2017 proforma. The distributions to the lifecycle fund to maintain the City's assets are unaffected.

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

The programming plan for Lansdowne is coordinated through an ongoing dialogue between OSEG and City staff and is developed to support the vision of an accessible, world-class meeting place. OSEG operates the stadium, arena and parking garage and is also responsible for the public realm throughout the retail and residential portions of the site. To ensure consistency of standards and economies of scale, the City continues to benefit from the maintenance agreement with OSEG for the Urban Park portion of the site.

OSEG Update Overview

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use of OC Transpo to get to and from TD Place for events. TDM Modal share targets for transit and shuttle usage were met or exceeded in all event categories.

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Other Operational Items

OSEG Foundation

2017 saw the launch of the OSEG Foundation whose mission is to be a catalyst for social change by leveraging the power of sport to improve the lives of children and youth in Ottawa. The OSEG Foundation's goal is to ensure all children and youth in Ottawa have the opportunity to play, learn and develop through sports.

Retail

Lansdowne's 340,000 square foot retail district continued to be over 95% leased in 2017. All major retail tenants reported increases in their businesses as the overall

Lansdowne site visits increased 15% year-over-year to 3.9 million in 2017. In 2018, retail leasing increased to 98% of available space.

Condominium/Residential

All residences in the two condo towers at Lansdowne and all of the townhomes along Holmwood Avenue have been sold.

Office Tower

The office tower was over 70% leased in 2017; an improvement of almost 20% from 2016. Demand for space has continued to be steady and lease is now over 80% of available capacity.

Transportation

All TDM targets for Lansdowne were met or surpassed in 2017 as OSEG maintained its awareness campaigns for *Park and Shuttle*, *Take Transit and Bike and Park* for all major events. The public transit and shuttle modal share was 53% for REDBLACKS games (vs. and revised 2011 target modal share of 50-55%) and the public transit and shuttle modal share for the Grey Cup was 88% (which far exceeded the target of 68% that was set in a 2011 City Council-approved forecast).

Summary of Financial Results

The partnership's operating results in 2017 reflect a continued improvement in terms of revenues, operating profitability and reduction in net loss.

In 2017:

- Revenue increased by 36% or \$18M over 2016 to \$68M. Of that increase, \$11M or 22% was attributable to the Grey Cup game and Festival, leaving \$7M or 14% of the increase coming from organic growth associated with a very good year for the Ottawa REDBLACKS, continued improvement with retail operations and a higher TD Place event load.
- Net income or profits from operations improved by \$5.8M to \$8.5M (from \$2.7M in 2016). The Grey Cup game and Festival accounted for \$3.5M of the increase with the remaining \$3M improvement coming from other recurring operations.

- After non-cash depreciation, interest and borrowing costs, the partnerships net loss was \$7.9M, which represented an improvement of \$6.5M or 45% over the net loss of \$14.4M in 2016.

Updated 30-Year Plan

As has been reported previously, one significant financial challenge that the partnership faces is the amount of capital that was required to finish the construction and refurbishment project, including the complex retail construction and the refurbishment of the 50-year-old arena and north stadium complex. Additionally, unplanned technology improvements necessitated \$10M in incremental capital.

Those costs were funded by OSEG with no additional funding by the City. By the end of 2017, OSEG contributed \$123M to the Lansdowne partnership. In its updated 30-year plan, this amount is expected to grow to \$141M versus the initial 2012 plan of \$56M:

(in millions \$)	2017 Updated Proforma	2012 Project Proforma	Additional
Initial Equity	\$30	30	-
Additional Equity:			
Funded to end-2017	93	26	67
2018 onward	18		18
	111	26	85
TOTAL	\$141	56	85

In the updated 30-year proforma, OSEG partners are not expected to recoup \$102M of their funding and the City would not receive \$62M of accrued interest on its non-cash “deemed equity” investment of \$24M.

With the completion of its start-up phase, in 2018 OSEG commenced a wide-ranging strategic review and commenced the development of an updated, long-term strategic plan for the Lansdowne partnership. Work is ongoing and includes new near-term operational initiatives aimed at stabilizing the waterfall results. Longer term, larger scope initiatives that increase visitors to Lansdowne, provide additional programming and improve waterfall returns to both OSEG and the City are also being evaluated and will be included as part of this strategic review.

OSEG expects to provide recommendations for enhancements to the partnership and Lansdowne to the City by June 30, 2019.

Closing

2017 was a year of continued growth and success at Lansdowne as the partnership completed its start-up phase and achieved full operations. It was Canada's sesquicentennial celebration year and Lansdowne was a major part of the festivities with well over 100 events, including two of the largest ever staged on the site. Almost 3.9 million people visited Lansdowne in 2017 as Lansdowne continued its growth as Ottawa's top destination for live sports, entertainment, cultural events and other activities.

Recreation, Cultural and Facility Services Update

During the reporting period from July 2017 to May 2018, Lansdowne Park was a prime venue for 2017 activities aimed at celebrating Canada's 150th birthday in the National Capital. The Urban Park played an important role in hosting large-scale events such as Ottawa Welcomes the World, and site celebration events for the Grey Cup and the NHL 100 Classic.

During the reporting period, the Urban Park hosted 181 rental events, attracting an estimated 1.5 million participants¹, and generating over \$462K in revenues. The site continued to play an important role in the City's and Ottawa Tourism's strategy to attract events to Ottawa that support the local economy and add vibrancy to city life. The Urban Park also offered a selection of recreation and cultural registered programs in addition to a variety of free drop-in participatory events.

Though it was anticipated that the excitement from the 150th celebrations of 2017 would dissipate in 2018, no such downturn was observed. Table 1 demonstrates how rental events at the Park have continued to increase over the last three reporting periods.

Table 1: Number of Urban Park events

Programming Year (June 1 – May 31)	# Bookings
2015-16	144
2016-17	177

¹ Estimated attendances for rental events listed in this report are based on proactive estimates provided by the renting organization. The City does not have the resources to confirm actual attendance for each event.

Programming Year (June 1 – May 31)	# Bookings
2017-18	181

Partnerships

Integral to the success of Urban Park events was the partnership between the City of Ottawa and OSEG. In addition to close collaboration to maintain day-to-day operations at the site, the City and OSEG have worked closely together to resolve some of the site challenges identified in the first few years of operation. Notably, in 2017 both parties were able to identify and resolve the outstanding issues with the site water supply and metering. The water distribution system was investigated, shortcomings in supply and proper metering were identified and resolved, to ensure that proper pressure was being delivered and that consumption was being accurately tracked.

Moreover, internal City collaborations with respect to traffic demand management, public transportation and shuttles, communications, emergency services, as well as Police continue to occur for large events and game days. Four of the 181 events that took place during the reporting period required traffic demand management.

In November 2017, the Auditor General completed an audit of whether the agreements that govern the Lansdowne Partnership Plan were being managed efficiently and effectively. The Auditor made 17 recommendations that management agreed to; 14 of which have already been implemented. Staff continue to refine some of the internal and external processes to ensure the efficiency of monitoring the site's success and sustainability.

Facility Rentals

Between June 2017 and May 2018, Urban Park facilities hosted 181 events organized by community and private groups under rental contracts. Of these events, 142 or 78%, were events open to the general public through free or paid access, while the remaining 39 events were private (weddings, corporate events). These events generated \$462K in revenues and had combined estimated attendance of over 1.5M participants. The success of these events resulted in 52 repeat bookings in 2018.

Large and small-scale events in 2017 included: the Scottish Society of Ottawa's Hogmanay New Year's Eve Festival, CityFolk Festival, Canadian Tulip Festival, Brewfest, Startupfest, Impact Wrestling, Escapade, Wiggle Waggle, Light the Night,

Sugar Lumberfest and ESAX. Moreover, the monthly 613Flea markets have enticed thousands to attend the site, with over 120 vendors, eclectic goods, handmade crafts, and vintage finds.

Part of the City's role is to be the long-term stewards of Lansdowne – a key part of which is ensuring proper remediation of grounds after major events. This role was a significant part of negotiations with OSEG with regards to the addition of stands for the Grey Cup, as well as in the aftermath of the NHL 100 Classic, wherein the City worked diligently to ensure that operational, environmental and logistical concerns were appropriately monitored and mitigated.

The following narratives highlight six large events that took place within the Urban Park during the reporting period: Ottawa Welcomes the World, the Grey Cup, the NHL 100 Classic, the Farmers' Market, the Tulip Festival and the CityFolk Festival.

Ottawa Welcomes the World

Highlighting Ottawa's unique position as Canada's diplomatic centre, Ottawa Welcomes the World added to the 2017 celebrations by inviting local embassies to showcase their country and culture on special days reserved for them. Forty-three embassies participated in the program and made creative use of the Aberdeen Pavilion and Horticulture Building to celebrate the food, trade, tourism, education, dance, music and culture of their country. In addition, the line-up included a launch and closing event as well as five partnered events featuring multiple embassies. The special days attracted over 232,000 attendees. Certain embassies, such as Mexico, Egypt, Indonesia and China, each drew over 14,000 people to their events with multi-day celebrations. Entry to the events was free of charge and feedback from attendees and the media was overwhelmingly positive.

105th Grey Cup Festival Component

Leading up to kick-off, on November 26, 2017, the 105th CFL Grey Cup brought a week-long celebration to Lansdowne. Many of the festival components were staged in Urban Park facilities, including a Kids and Family Fun zone, music, family entertainment, player appearances, autograph sessions, and giveaways. These activities brought swaths of passionate fans to the Park to celebrate the quintessentially Canadian event. The Aberdeen Pavilion also hosted the official home of the three-day Ottawa REDBLACKS team party; while the Horticulture Building was transformed into 'Riderville' for two full days. The fanfare around the Grey Cup brought approximately 250,000 local and out-of-town participants to Lansdowne.

NHL 100 Classic Fan Festivities

Prior to the NHL 100 Classic puck drop on December 19, 2017, residents and visitors had the opportunity to visit the Aberdeen Pavilion and Aberdeen Square, where they could take part in giveaways, special appearances, food, hockey attractions, the museum truck, a video truck, the Zamboni VR experience, portraits of the 100 greatest NHL players, as well as a host of other events aimed at celebrating local hockey. In total, the Classic's fan festivities (which were held free of charge) brought approximately 33,500 participants into the Park.

Ottawa Farmers' Market

Between May 2017 and November 2017, the Ottawa Farmers' Outdoor Market (OFM) hosted 27 market days in Aberdeen Square, with an average of 70 vendors per day and total attendance estimated at over 83,000; an increase of 5% over the previous year. The OFM's Christmas market ran for five days between December 2 and 23, 2017 attracting an additional 19,000 visitors. The Winter markets in the Aberdeen Pavilion ran for 19 days between November 2017 and April 2018 bringing in an estimated 21,000 people. The total estimated attendance for all 51 market days was over 123,000 visitors.

Tulip Festival

Running throughout May, the annual Canadian Tulip Festival hosted several events in the Park in 2018. Celebrating the festival's theme - "A World of Tulips"- residents and visitors were invited to the Aberdeen Pavilion and Great Lawn to take in locally inspired bouquet designs and participate in arts and crafts activities and workshops while enjoying music and entertainment.

CityFolk and Marvest

The 2017 CityFolk Festival hosted five days of concerts and activities in the Urban Park. CityFolk 2017 attracted over 25,000 visitors to the site as they hosted and highlighted big names such as the Philosopher Kings, Amanda Marshall, Fred Penner, Steve Earle & The Dukes, Ian Tyson and Kaleo, as well as numerous local and up-and-coming performers through their innovative Marvest concerts. Once again, the Urban Park site and amenities proved to be an ideal venue for this very popular event.

Programming and Animation

Since Lansdowne re-opened its doors four years ago, the City's role has and continues to evolve. While initially City staff were tasked with programming activities in the

portions of Lansdowne that the City maintains, over time it has become clear that while the City should continue to offer some programming at Lansdowne, staff can play a more effective role as facilitators, offering space to community and private partners to animate the space and host events. These partners bring professional qualifications, new ideas and can leverage an existing audience who may not yet have experienced Lansdowne. Residents continue to be well served through a diverse collection of activities provided by event organizers, who in turn benefit from the larger facilities and capacity a site like Lansdowne can support.

In 2017-18, the City continued to animate the Urban Park by offering 57 registered programs and workshops that ranged from Family Roller Skating to a Maker program that teaches electronics and fabricating skills, to the organized *Loose Parts* programs that allow children to construct their own play structures. In response to community demand, the Park also became a destination for summer camp outings for a second year, hosting over 650 children in the summer of 2017. As well, more than 1,000 students from various school boards visited the Urban Park in 2017 to participate in various activities and programs offered as a destination package to local schools.

In addition to formal programming, the City held a number of events at Lansdowne such as: the Mayor's Canada Day Breakfast, special training sessions for Ottawa Fire Services in Aberdeen and, events celebrating le jour des Franco-Ontariens et des Franco-Ontariennes.

In 2017 staff also facilitated a wide variety of free drop-in events that offered an attractive choice of family fun activities such as: Full Moon Yoga, Sidewalk Astronomy, Workshop Wednesday (themed arts and craft activities), and the Summer Arts Series. More than 100 free programs, events and exhibitions were offered at the Park between June 2017 and May 2018, attracting over 24,000.

Programming highlights during the reporting period include:

- Third annual Pumpkin Derby - A Halloween-themed event that allows participants to design, decorate and race pumpkin cars – brought an estimated 1,400 participants to the site. In celebration of Halloween, Lansdowne's retailers also joined-in on the spooky season by participating as trick-or-treat locations.
- The popular Movies in the Park Program continued in 2017, with the screening of eight free outdoor movies. CUPE 503 continued to generously sponsor the large inflatable movie screen, audio/visual equipment used for these presentations as well

as the staffing costs for this program. More than 800 patrons of all ages attended the viewings.

- Winterlude at Lansdowne: The City complemented the 2018 Winterlude festivities by offering programming and events in the Park. Activities for Snowmania included: lantern workshops for winter garden lighting, the Snowmania Challenge, roller skating events in the Aberdeen Pavilion and, outdoor movie screenings hosted by the Ottawa Art Gallery. These events were well received and attended. Winterlude activities at Lansdowne attracted more than 1,300 participants.
- Christmas at Lansdowne including carolers, buggy and sleigh rides, Santa's chair and a winter market, continued to establish the site as a holiday destination, drawing an estimated 1,500 - 1600 participants. The excitement was highlighted by the lighting of the 50-foot-high Christmas tree in front of the Aberdeen Pavilion along with various activities organized in partnership with OSEG and the OFM.
- The outdoor refrigerated rink operated for a total of 133 days from early December to mid-April and was well-used by skaters. During the off-season, the rink court has also become a popular area for pick-up basketball, skateboarding and rollerblading.

Site Improvements

In the summer of 2017 the City and OSEG partnered on the installation of an electronic message board at the Queen Elizabeth Drive entrance to the Park to provide an attractive, convenient and effective way of promoting activities at the site.

In the fall of 2017, as part of the Ottawa Welcomes the World festivities for Beijing Cultural Week, two mascot sculptures were installed near the Horticultural Building. The mascots remain on-site and add a point of interest for visitors to the park.

In the spring of 2018, a Pay and Display machine was installed to facilitate short-term parking along the loop roadway adjacent to the skating court. Previously designated as "no parking", this initiative added nine parking spots in the immediate area of Urban Park amenities. In the first month of full operation, June 2018, the machine recorded 571 parking transactions along the loop.

Spring 2018 also saw the reinstallation of the Moving Surfaces art piece that had been removed to accommodate additional seating for the Grey Cup and NHL 100 Classic. The need for the temporary removal and re-installation of the metal structure and LED lights created an opportunity to resolve electrical problems with the original installation

that had resulted in prolonged periods when the art screen had not been operational. The new electrical feed ensures a more durable and weather proof power supply.

Financial Results

Financial results for the 2017 fiscal year are outlined in the table below. City operations work within a \$1.7M net allocation to program and maintain the Park. Consistent with prior years, there continue to be variances between budgeted and actual expenditures and revenues. Actual expenditures continue to be lower than budgeted and revenues continue to less than budgeted. This is largely a reflection of establishing the original budget for the site with no reliable benchmark to establish financial requirements and the evolution of the operation since its opening.

Overall, the Park continues to have a net operating cost that is lower than the budgeted net. In 2017, revenues grew by just under 8% reflecting the increased popularity of the site and the increase income from rentals. Expenditure increases are largely attributable to increases in compensation reflecting increased activity at the site, as well as investments in site equipment and amenities to better serve visitors.

Budget adjustments will be made to better align budget amounts to actuals once a firm pattern of expense and revenues is established.

		Expenses		Revenue	Net
2016	<i>Budget</i>	2,309,278	-	615,000	1,694,278
	Actual	1,635,635	-	501,074	1,134,561
2017	<i>Budget</i>	2,351,601	-	615,000	1,736,601
	Actual	1,933,751	-	540,765	1,392,986

RURAL IMPLICATIONS

There are no specific rural implications associated with the approval of this report. The Ottawa Farmers' Market operates a farmers' market in the Urban Park under a Licence of Occupation and supports rural producers through this initiative.

CONSULTATION

Ongoing consultation meetings with community and site stakeholders were held regularly with the working committee established by former ward Councillor

Chernushenko until the fall of 2018, as well as monthly meetings with City staff, OSEG and the Ottawa Farmers' Market.

COMMENTS BY THE WARD COUNCILLOR(S)

Capital Ward 17 – Councillor Menard has been made aware of this report.

LEGAL IMPLICATIONS

There are no legal implications to the receipt of the report for information. Staff are required to report out on the exercise of delegated authority under the Lansdowne Partnership Plan.

RISK MANAGEMENT IMPLICATIONS

There are risk implications which have been identified and are being managed as outlined in this report.

ASSET MANAGEMENT IMPLICATIONS

The 2018-2019 term will include a focus on several key items:

- Scoping and estimating required lifecycle capital investments in the Aberdeen Pavilion, including roof repairs and,
- Renewal of the Urban Park Property Management Agreement with OSEG that expires in 2019.

FINANCIAL IMPLICATIONS

The Lansdowne Partnership Plan (LPP) is based on a “closed financial system” that captures capital costs and contributions which 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 on OSEG's additional equity, then a return on equity to the City and OSEG, then for the City a return on deemed equity contributed, and finally, for a fifty-fifty sharing of any residual net cash-flow between the City and OSEG.

The July 12, 2017, Lansdowne Partnership Plan Annual Report (ACS2017-CMR-OCM-0001) provided a financial update to the 30-year projections (proforma). The proforma

was updated to reflect the most current financial assumptions and their impact on the expected returns to the City and OSEG, covering the period 2012 to 2044.

At the September 27, 2018 unitholder meeting the General Partner presented a revised proforma, which reflected results to date and updated assumptions based on experience and known or expected future transactions.

The 2018 revised proforma shows an overall decrease of \$59.8M in waterfall distributions over the 30-year period compared to what was projected in the 2017 proforma (based on 2016 results), primarily due to a more conservative adjustment to projected revenues. However, these projections are subject to fluctuations each year as projections get refined to better reflect trends. The overall projected distribution of \$448.3M is actually \$134M, or 57%, higher than the original projections in 2012 of \$314.3M. However, based on the increased projected cost of the project of \$84M, which will be completely funded by OSEG, a higher proportion of the waterfall distributions will be applied to repay this additional equity (including return on that equity). This is expected to result in OSEG not being repaid a total of \$102M of equity that it will have contributed. In addition, the revised projections would result in no distribution to the City for accrued returns on its “deemed equity”, which will total \$62M by 2044. In 2015, once construction was complete, this original projection was revised, and even that projection was lower than the current projections by \$24.3M. The revised projections in 2015 projected no distributions to the City, consistent with the 2018 projections and distributions to the Lifecycle Fund are maintained at \$57.1M compared to the original projections of \$58.5M.

The following table provides a summary of the waterfall distributions to OSEG and to the City over the 30-year period, in nominal dollars:

Table 1: Comparison of 30-year Waterfall Distributions (in Nominal \$)

(in millions \$)	2017 Projection	2018 Projection	Change (\$)
Waterfall Summary			
L1 - Additions to Lifecycle Fund	64.2	57.1	(7.1)
L2 - OSEG - Return on Equity	271.7	336.1	64.4
L2 - City of Ottawa - Return on Funding Equity*	-	-	-
L3 - OSEG Return of Additional Equity	92.0	38.1	(53.9)

L4 - OSEG - Return of Equity	47.0	17.0	(30.0)
L4 - City of Ottawa - Return of Equity*	-	-	-
L5 - City of Ottawa - Return on Deemed Equity	33.2	-	(33.2)
L6 - OSEG - Residual Share	-	-	-
L6 - City of Ottawa - Residual Share	-	-	-
Total	508.1	448.3	(59.8)

*City funding equity is nil.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this information report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this information report.

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 endeavours 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 September 27, 2018 Lansdowne Master Partnership Meeting

Document 2: Minutes from the September 27, 2018 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.