

**Report to  
Rapport au:**

**Council  
Conseil**

**25 September 2019 / 25 septembre 2019**

**Submitted on September 20, 2019  
Soumis le 20 septembre 2019**

**Submitted by  
Soumis par:  
Council Coordinator / coordonatrice du Conseil**

**Contact Person  
Personne ressource:**

**Caitlin Salter MacDonald, Program Manager, Committee and Council Services  
Gestionnaire de programme, Services au Conseil municipal et aux comités  
(613) 580-2424 x 28136, [caitlin.salter-macdonald@ottawa.ca](mailto:caitlin.salter-macdonald@ottawa.ca)**

**Ward: Rideau-Rockcliffe (13)**

**File Number: ACS2019-OCC-OCC-0003**

**SUBJECT: Information Previously Distributed (IPD) - Revised Agreement  
between the City of Ottawa and the Ottawa Champions Baseball Club  
– 300 Coventry Road**

**OBJET: Information distribuée auparavant (IDA) – Entente révisée entre la  
Ville d'Ottawa et le club de baseball Champions d'Ottawa – 300, rue  
Coventry**

## **REPORT RECOMMENDATIONS**

**That Council receive the IPD titled “Revised Agreement between the City of  
Ottawa and the Ottawa Champions Baseball Club - 300 Coventry Road,”  
previously listed on the Finance and Economic Development Committee Agenda  
of July 10, 2019, attached as Document 1.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil prenne acte de l'IDA intitulée « Entente révisée entre la Ville d'Ottawa et le club de baseball Champions d'Ottawa – 300, rue Coventry », jointe en tant que document 1, qui figurait à l'ordre du jour de la réunion du 10 juillet 2019 du Comité des finances et du développement économique.**

## **BACKGROUND/ DISCUSSION**

An Information Previously Distributed Memo (IPD) entitled "Revised Agreement between the City of Ottawa and the Ottawa Champions Baseball Club - 300 Coventry Road" (ACS2019-CSD-CRE-0004) was issued June 27, 2019 by the Director of the Corporate Real Estate Office. The IPD was listed on the Finance and Economic Development Committee Agenda of July 10, 2019.

At its meeting of September 11, 2019, City Council considered and approved the following Motion:

### **MOTION NO 19/5**

Moved by Councillor D. Deans

Seconded by Councillor M. Fleury

**WHEREAS an IPD titled Revised Agreement between the City of Ottawa and the Ottawa Champions Baseball Club- 300 Coventry Road, was listed on the Finance and Economic Development Committee Agenda on July 10, 2019; and**

**WHEREAS in 2013, the City initiated a competitive process for the lease of the Ottawa Stadium for long-term baseball use as directed by Council; and**

**WHEREAS there is reason to believe that the revised lease agreement does not meet the terms and conditions that Council approved in 2013; and**

**WHEREAS Council only delegated the authority to staff to execute the lease agreement based on the terms and conditions outlined in the 2013 report;**

**THEREFORE BE IT FURTHER RESOLVED that the IPD titled Revised Agreement between the City of Ottawa and the Ottawa Champions Baseball Club- 300 Coventry Road, be added to the next regularly scheduled Council meeting.**

## **DISCUSSION**

In accordance with Council Motion 19/5 above, the purpose of this report is to add the IPD Memo titled “Revised Agreement between the City of Ottawa Champions Baseball Club- 300 Coventry Road”, attached as Document 1, to the City Council Agenda of September 25, 2019.

## **RURAL IMPLICATIONS**

No rural implications have been identified.

## **CONSULTATION**

This item has been placed on the Agenda as a result of a Council motion. No Public Consultation has been undertaken.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

This item has been placed on the Agenda as a result of a Council motion. No Ward Councillor Comment has been sought or provided.

## **ADVISORY COMMITTEE(S) COMMENTS**

This item has been placed on the Agenda as a result of a Council motion. No Advisory Committee Comment has been sought or provided.

## **LEGAL IMPLICATIONS**

There are no legal implications associated with Council's receipt of this memo.

## **RISK MANAGEMENT IMPLICATIONS**

No Risk Management Implications associated with Council's receipt of this IPD Memo.

## **FINANCIAL IMPLICATIONS**

No financial implications associated with Council's receipt of this IPD memo.

## **ACCESSIBILITY IMPACTS**

No accessibility impacts associated with Council receiving this IPD Memo.

**TERM OF COUNCIL PRIORITIES**

This item has been placed on the Agenda for information as a result of a Council motion. There are not direct impacts on the Term of Council Priorities

**DISPOSITION**

Staff will implement Council's decisions, as directed.

**SUPPORTING DOCUMENTATION**

Document 1 – Information Previously Distributed Memo (IPD) titled “Revised Agreement between the City of Ottawa Champions Baseball Club- 300 Coventry Road,” (ACS2019-CSD-CRE-0004), previously listed on the Finance and Economic Development Committee Agenda of July 10, 2019.

Document 1



**MEMO / NOTE DE SERVICE**

Information previously distributed / Information distribué auparavant

**TO: Chair and Members of the Finance and Economic Development Committee**

**DESTINATAIRE : Président et membre du Comité des finances et du développement économique**

**FROM: Gordon MacNair, Director  
Corporate Real Estate Office,  
Corporate Services**

**Contact:  
Peter Radke, Manager, Realty  
Initiatives and Development,  
Corporate Real Estate Office,  
Corporate Services Department 613-  
580-2424 ext 12551  
Peter.Radke@ottawa.ca**

**EXPÉDITEUR : Gordon MacNair,  
Directeur,  
Bureau des biens immobiliers  
municipal, Direction générale des  
services organisationnels**

**Personne ressource:  
Peter Radke, Gestionnaire, initiatives  
et mise en valeur en immobilier,  
Bureau des biens immobilier  
municipal, Direction générale des  
services organisationnels, 613-580-  
2424 p.12551 Peter.Radke@ottawa.ca**

**DATE: June 27, 2019**

**27 juin 2019**

**FILE NUMBER: ACS2019-CSD-CRE-0004**

**SUBJECT: Revised Agreement between the City of Ottawa and the Ottawa  
Champions Baseball Club – 300 Coventry Road**

**OBJET : Entente révisée entre la Ville d'Ottawa et le club de Baseball Champions d'Ottawa – 300 rue Coventry**

This memo is to advise the Finance and Economic Development Committee that the lease between the City of Ottawa and the Ottawa Champions Baseball Club for the premises known municipally as 300 Coventry Road has been terminated and replaced with a Facility Use Agreement.

On October 9, 2013, Council approved the recommendations in report number [ACS2013-PAI-REP-0024](#) which accepted the selection of the preferred professional baseball proponent to lease the Ottawa Baseball Stadium.

The preferred proponent was Inside the Park, LLC in cooperation with the Canadian American Association of Professional Baseball (the “League”). In February 2015, the League informed the City that it had transferred Inside the Park LLC to Independent Baseball of Ottawa, Inc (“IBO”). IBO is now the owner and operator of the Ottawa Champions Baseball Club (“Champions”).

The lease with the Champions is for a term of 10 years with two successive 5-year extensions. Base rent and additional rent associated with operational cost recovery was set at \$358,000 per annum. Other revenue sharing provisions of the lease include \$1 on each paid parking attendee, 10% on all gross concession revenues over \$1.2M per annum and 50% of all net naming rights over \$200,000. The Champions provided a letter of credit in the amount of \$108,000 to be used in the event of unresolved default.

After four years of operations, the projections presented by the Champions’ business case are not being realized. Several factors have impacted their operations which in turn has caused the Champions to fall into arrears on their lease payments. Some of the key factors which led to the arrears include:

- Dependency on weather for this outdoor entertainment venue;
- Resources necessary to gain a foothold in Ottawa’s entertainment industry; and,
- Stadium access is primarily limited to individuals with cars until the opening of Ottawa’s LRT system.

As a result, the Champions requested the City consider a new arrangement for operating a professional baseball team at 300 Coventry Road.

Prior to considering a new arrangement, the City executed under delegated authority a legal Repayment Agreement with the Champions for repayment of the existing rental

arrears of \$418,942. The Champions have agreed to a repayment schedule where approximately \$200,000 will be paid by September 30, 2019 through a series of payments and the application of their letter of credit currently held as security. The remaining balance will be paid in installments from 2020 to 2023 with any remaining balance paid by September 30, 2023. The Repayment Agreement is currently in good standing.

To enable the Champions to continue operations at the stadium for the 2019 baseball season, the City has agreed to terminate and replace the existing lease with a Facility Use Agreement under the permitting system used by the City's Recreational, Cultural and Facilities Services for the use of all municipal sports fields. The Council-approved hourly commercial rental rate for the stadium of \$128.25/hour will be applied, with a premium of \$48.35/hour for stadium lights during night games. The Champions will also pay a staff recovery fee of \$760 per game for the additional City support that the team requires for these events. These charges and their application are consistent with the way other commercial and community users access the stadium.

Recognizing the scope of operation for this tenant, and the special requirements for presenting high caliber baseball to spectators, the City has supplemented the standard terms and conditions of its sport field rental permits with customized provisions to allow the Champions to maintain operations. Notably, the permit preserves the Champions' right to sell and generate revenues from the sale of stadium naming rights, to control and collect revenues from game day parking at the stadium (including a provision to pay the City \$2 for each parking fee collected), to enjoy exclusive use of the concession stand and vending area, the use of home and away team dressing rooms, training rooms, storage space and office space. The Champions continue to be responsible for maintaining, repairing and securing these areas at their expense.

The permit approach to allocating stadium space to the Champions will result in revenues to the City of approximately \$162,844. This includes rental revenue for use of the stadium for practices, pre-season games and regular season games, as well as staff recovery fees and the City's estimated share of game day parking revenues. There is also the potential for additional post-season revenues should the team make the playoffs. Revenue expectations under the lease were not being achieved and the Champions have indicated that this new approach makes them more sustainable from a cost perspective. The permit approach maintains the use of the stadium for its intended use, hosting high caliber baseball, and respects the Council approved hourly rental fees for the facility.

Moving from lease-based occupancy of the stadium to a permit-based approach will result in reduced revenues to the City from the Champions of approximately \$200,000 for 2019. To offset for the reduced revenues, the City has initiated reductions in its operational support to the facility. The maintenance standards as outlined in the previous lease agreement for professional baseball will be realigned to a level that is consistent with all municipal sports field maintenance practices. This will result in reduced custodial, maintenance and repair expenditures and a more standardized service delivery model. In addition, without the restrictions of the lease, the City is exploring other revenue options such as more intensive use of the stadium for community sport and special events, as well as new revenues generated from the stadium parking lot under a potential re-zoning to broaden the scope of allowable uses and business opportunities. Combined these measures will offset the entire revenue loss.

Gordon MacNair,

Director, Corporate Real Estate Office, Corporate Services Department

CC: Marian Simulik, General Manager and City Treasurer, Corporate Services

Dan Chenier, General Manager, Recreation, Cultural and Facility Services