

Mayor Mark Sutcliffe
City of Ottawa
110 Laurier Avenue West
Ottawa ON K1P 1J1

6 September 2023

Subject: Lansdowne 2.0 Financial Transparency

Dear Mayor Sutcliffe

In late June, a number of us sent you a [letter](#) indicating our concerns with the transparency of Lansdowne 2.0 financial and risk analysis. **We are following up with an immediate request for the City of Ottawa to provide answers on Lansdowne financing questions, so that there is an adequate timeline that allows for an appropriate level of oversight and due diligence by Councillors and residents.**

We note that the Council Finance Committee will consider the Lansdowne proposal on 18 October – six weeks from today – and that supporting documents will be made available ten business days in advance. Given that Lansdowne will be one of the largest expenditures of this term of Council, **we do not consider ten days sufficient for the scrutiny required of such a major initiative.**

In our previous letter, we put forward a list of questions for city staff to answer in order to meet the transparency and information sharing required for such a proposal. None have been answered to date. We have converted these questions into a **Lansdowne 2.0 Financial Transparency Checklist** (attached). We will be updating this checklist as answers are provided. We would ask that the answer to each question or series of related questions be sent to us as soon as they are available and that they not be withheld pending completion of answers to all of the questions.

We note the parallels between the Lansdowne 2.0 process and the light rail transit experience. During the LRT Inquiry, we learned that important information was withheld from Council that "prevented councillors from fulfilling their statutory duties to the people

of Ottawa. Moreover, it is part of a concerning approach taken by senior City officials to control the narrative by the nondisclosure of vital information or outright misrepresentation.”

This seriously impacted Council’s decision-making. The consequences of this approach to governance continues to haunt the City and residents today.

We also learned that there was “broader significance for other projects undertaken by the City. **Without changes to the information-sharing process and a fundamental shift in the approach of senior City staff, the statutory oversight function of Council will be irreparably compromised.**”

At this juncture, you and your fellow Council members have a choice to:

- **Repeat the LRT approach**, and proceed with the Lansdowne 2.0 proposal without insisting that critical information be shared and risks be properly identified, or
- **Learn from the LRT experience**, and properly inform yourselves, conduct appropriate due diligence and oversight so as to ensure responsible stewardship of taxpayer money.

We urge you to take the second path, and not repeat the mistakes of the LRT.

Proceeding with the Lansdowne 2.0 proposal without the benefit of the requested information with sufficient time for review, could lead to the argument that **Council has abdicated its responsibility.**

Residents across Ottawa will be impacted by putting scarce resources here and not into other services or important projects in their communities. All Ottawa taxpayers have a stake in this, and deserve to know what they are being asked to accept as cost and risk. All taxpayers could come to regret this if we don’t understand what Council is “signing up for” before giving the greenlight.

We ask that the financial transparency as outlined in the attached 19 questions be provided to Council and residents as soon as possible, that timelines be reset, and that public engagement be restarted in a manner that is meaningful and not simply performative.

We also reiterate our request that the City’s Auditor General be given the chance to respond to the issues and questions raised in our request before Council is asked to take an irrevocable decision.

Yours truly,

Kevin Page

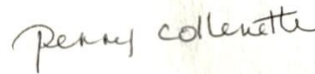
Kevin Page
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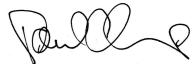
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Carolyn Mackenzie
Community Organizer



Hon. Jim Munson

CC: Ottawa City Councillors
Sean Moore, Director, Lansdowne Park Redevelopment Project
Nathalie Gougeon, Auditor General, City of Ottawa
Robert Brinker, President, Federation of Citizens' Associations of Ottawa

LANSDOWNNE 2.0 FINANCIAL TRANSPARENCY CHECKLIST

		<i>ANSWERED:</i>	✓ or ✗
		<u>PROJECT COSTS</u>	
1	a	What are the revised cost estimates for Lansdowne 2.0 and how do these compare to the 2022 proposal submitted by the Ottawa Sports and Entertainment Group (OSEG) to the City?	✗
	b	How have interest rates, inflation and other modelling assumptions changed since last summer?	✗
2	a	To date, how much has the City taken on in debt for Lansdowne, and how much exposure does it have in contingent liabilities, and for what specific uses?	✗
	b	How much more debt would the City be committed to if Lansdowne 2.0 proceeds, and how much more in contingent liability exposure, and for what specific uses?	✗
3		What impact will the anticipated total debt for Lansdowne have on the City's future borrowing capacity?	✗
4		How much has the City spent since 2010 to renovate assets at Lansdowne, in particular the north stands and the arena, that are proposed for demolition in Lansdowne 2.0?	✗
		<u>FINANCING SOURCES</u>	
5		What are the revised estimates for the net proceeds from the sale of "air rights" to construct new residential towers?	✗
6	a	What are the revised estimates for the proceeds from ticket surcharges?	✗
	b	How much, on a percentage basis, would surcharges add to the average ticket price for the Redblacks, Ottawa 67's and other ticketed events?	✗
7	a	What analysis has been done to support the use of Property Tax Uplift as a source of financing for Lansdowne 2.0?	✗

	b	If the property tax revenue on the new residential units is used primarily to pay for Lansdowne debt servicing, how are the city services used by the new residents paid for?	X
8		In a year in which the “waterfall” provided no distributions to the City, what would be the amount of debt servicing funded through general City revenues?	X
		<u>INCOME AND CASH-FLOW PROJECTIONS</u>	
9		What are the parameters of the financial model used to forecast revenues, expenses and cash flows, and what are the key assumptions underlying the model?	X
10	a	What are the net income estimates under Lansdowne 2.0 for each of its four component business lines (Redblacks, Ottawa 67’s, Stadium, Retail/Other), along with any other possible sources of income, on a year-to-year basis?	X
	b	How do these estimates compare, on a year-to-year basis, with performance to date?	X
11	a	How is the Retail/Other business line broken down between Retail and Other?	X
	b	What is included in Other?	X
	c	To what degree is “Other” revenue dependent on Redblacks, Ottawa 67’s and Stadium business lines (e.g., parking revenue from football games)?	X
12		How much cash on an annual basis will each of the four business lines contribute to the waterfall over the life of the Lansdowne 2.0 partnership, and what is the schedule of how and when those will be distributed to the City and OSEG?	X
13		What variables have been included as part of the model’s sensitivity analysis, and what are the results of this analysis to income projections and waterfall distributions to the City?	X
14		What would be the impact of the following scenarios on income, cash flow and waterfall distribution projections?	
	a	Establishment of a new downtown Ottawa Senators stadium	X

	b	Termination or relocation of the Redblacks	✘
	c	Default(s) in retail mortgage payments	✘
		<u>DUE DILIGENCE</u>	
15		When information has not been previously released due to “commercial confidentiality”, what has been the “detailed and convincing” evidence provided by OSEG to establish a “reasonable expectation of harm” of the release of records that are “limited and specific”, and not general in nature, as per the Municipal Freedom of Information and Protection of Privacy Act?	✘
16		What is the City’s justification for the disclosure exemptions continuing to apply, keeping in mind that exemptions cannot be used when the public interest in disclosing the information is greater than the reason for the exemption? And also keeping in mind that the public’s interest is best served by properly overseeing and managing the City’s planned investment in the Lansdowne Partnership with OSEG.	✘
17	a	As a public-private partnership, can the City share the risk matrix indicating: elements of risk that are the responsibility of the City, elements of risk that are the responsibility of the private partner, and how the City plans to mitigate its risks?	✘
	b	How has the allocation of risk changed compared to the original City-OSEG Lansdowne agreement?	✘
18	a	How will Council and the public have the opportunity for meaningful engagement and scrutiny of Lansdowne 2.0 Business Model and Financial Strategy prior to any decision by the Finance Committee and Council?	✘
	b	How would a more robust engagement process differ from the City’s consultation plan created earlier this year?	✘
19		What is the assessment of the EY independent review of the financial model?	✘
	a	Cost to Construct	✘
	b	Retail Strategy	✘

c	Podum Financing	x
d	Affordable Housing	x
e	Unit Typology	x
f	Financial Risk Analysis	x
g	Accessible Roof / Green Roof	x
h	Alternative Financing Options	x
i	North Side Stands / Canopy	x
j	Pro Forma Projections	x
k	REOI Findings	x
l	Other Findings	x