

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

25 June 2023

Subject: Lansdowne 2.0 Financial Transparency

Dear Mayor Sutcliffe

We are writing as concerned residents of Ottawa to highlight issues around the transparency of Lansdowne 2.0 financial and risk analysis. We expect the renewal of Lansdowne to be among the largest expenditures of this term of Council, and accordingly, are calling for your commitment to provide full financial transparency on this transaction.

Lansdowne 2.0 represents a unique opportunity to put our local sports franchises on more stable footing, while increasing housing, creating jobs and supporting tourism. With other pressing priorities facing our city, it is essential that Council and residents have a clear understanding of the financial plan for Lansdowne 2.0 and the ability to assess the proposal against other potential areas of investment.

Please see attached a list of questions that we believe represents the required standard of transparency consistent with such a proposal. Lansdowne is too important to this City and its residents to make any decisions without the benefit of public scrutiny.

We request that the City provide this information at the earliest opportunity, and outline a robust process for meaningful public engagement on the Lansdowne financials.

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We also ask that the City's Auditor General be given a chance to respond to the questions raised in this letter before Council is asked to take an irrevocable decision.

Yours truly,

Kevin Page

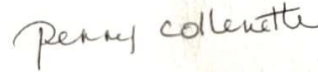
Kevin Page
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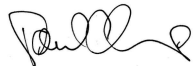
Joanne Chianello
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Michael Wernick
Former Clerk of the Privy Council of Canada
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Penny Collette
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Paul Champ
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CC: 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

FINANCIAL DISCLOSURE REQUIRED FOR INFORMED AND ENGAGED DECISION-MAKING ON LANSDOWNE 2.0

PROJECT COSTS

1. 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? How have interest rates, inflation and other modelling assumptions changed since last summer?
2. 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? 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?

FINANCING SOURCES

5. What are the revised estimates for the net proceeds from the sale of "air rights" to construct new residential towers?
6. What are the revised estimates for the proceeds from ticket surcharges? 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. What analysis has been done to support the use of Property Tax Uplift as a source of financing for Lansdowne 2.0? 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?
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?

INCOME AND CASH-FLOW PROJECTIONS

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?
10. 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? How do these estimates compare, on a year-to-year basis, with performance to date?
11. How is the Retail/Other business line broken down between Retail and Other? What is included in Other? To what degree is "Other" revenue dependent on Redblacks, Ottawa 67's and Stadium business lines (e.g., parking revenue from football games)?
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?
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?
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?
 - b. Termination or relocation of the Redblacks?
 - c. Default(s) in retail mortgage payments?

DUE DILIGENCE

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. 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? How has the allocation of risk changed compared to the original City-OSEG Lansdowne agreement?
18. 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? How would a more robust engagement process differ from the City’s consultation plan created earlier this year?