

Our File/N/Réf.
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DATE 4 May 1999

TO/DEST. Chair and Members of Council

FROM/EXP. Chief Administrative Officer

SUBJECT/OBJET **REGIONAL ASSUMPTION OF LANSDOWNE PARK
UNIFICATION OF OTTAWA AND REGIONAL SEWER
SYSTEM**

DEPARTMENTAL RECOMMENDATION:

1. It is recommended that the Council of the Regional Municipality of Ottawa-Carleton and the Council of the Corporation of the City of Ottawa adopt in principle the joint report dated 23 April 1999 from their Chief Administrative Officers and direct their respective officials to prepare such agreements and take such action including, without limitation, the due diligence contemplated by the said report, as are required to enable the Regional and City Councils to formally consider and, if deemed appropriate, approve and implement this proposal; if approved the formal Agreement will be executed by 4 August 1999 and all closings and transfers will be completed no later than October 29, 1999.
2. It is further recommended that the Council of the Region and the Council of the City endorse the following conditions to recommendation #1:
 - a) That the Region be required to conduct and fund a parking study prior to implementing a parking charge at Lansdowne Park.
 - b) That the Region commit to a full community consultation process for any future redevelopment of Lansdowne Park and agree to comply with all of the City's planning processes.
 - c) That the proceeds from any sale only be used to cover the direct costs of sale, including site remediation as may be necessary. The balance of the funds to be used exclusively for operating and maintenance, capitalization or re-capitalization of public assets on the site.
 - d) That if in the future, the Region decides to completely remove the Major Community Facility designation on Lansdowne park, in their Official Plan

without the concurrence of the City of Ottawa, the property would then revert back to the City of Ottawa for a nominal fee of \$1.00

- e) **That the agreement include a requirement that the level of service to Ottawa residents and other users is at least equal to that of the City of Ottawa prior to the transfer of the systems to the Region and that monies raised by the sewer surcharge specific to the City of Ottawa be utilized only for the former local sanitary and combined sewers in Ottawa; the local storm sewers in Ottawa and debt repayment in respect of the former local sanitary and combined sewers and the local storm sewers.**
- f) **That the Region resolve the liability for redevelopment of Lansdowne Park from claims from Canderel and Gateway, such resolution to include obtaining of releases of liability for the City and the Region, and that the Region accept liability for the site remediation costs.**

BACKGROUND

At briefing sessions held on 26 April 1999, City and Regional Councils were presented with a joint report from their Chief Administrative Officers concerning the transfer of Lansdowne Park and the unification of the Ottawa and Regional sewer systems. Minor modifications were made in the recommendations and preamble to the joint report as stated in my memorandum dated 3 May 1999 attached. The joint report was submitted to the Community Services and Operations Committee (CSOC) of Ottawa Council on 28 April 1999. The Committee referred the following additional recommendations to Ottawa Council:

1. That a financial assessment and audit of the proposal for Lansdowne Park be undertaken and provided to City Council at least 10 days prior to Council's consideration of the agreement.
2. That the Region accept the liability for redevelopment of Lansdowne Park, including claims from Canderel and Gateway, and site remediation costs.
3. That the Region be required to conduct and fund a parking study prior to implementing a parking charge at Lansdowne Park.
4. That the Region commit to a full community consultation process for any future redevelopment of Lansdowne Park and agree to comply with all of the City's planning processes.
5. That, prior to the City of Ottawa agreeing to the transfer of Lansdowne Park to the Region, a full public consultation process be undertaken by the City of the proposal, with the Region requested to participate.
6. That consistent with resolutions approved by City Council that no future development, facility operation, or lease/rental on any part of the site not contemplate or involve the operation of a casino or any type of gaming operation.
7. That the City request from the Region that in the event of amalgamation of both levels of government or in the event of Lansdowne Park site generating a profit through the sale of portions or all of the site, that the debenture payments become the responsibility of the Region.

8. That the proposed agreement include a monitoring mechanism to “ensure that the level of expenditure to maintain and improve the sewer system in Ottawa and the level of service to Ottawa residents is at least equal to that of the City of Ottawa prior to the transfer of the systems to the Region”.

By memo dated 28 April 1999, the Chief Administrative Officer of the City also submitted additional recommendations which read as follows:

1. That the proceeds from any sale only be used to cover the direct costs of sale, including site remediation as may be necessary. The balance of the funds to be used exclusively for operating and maintenance, capitalization or re-capitalization of public assets on the site.
2. That if in the future, the Region decides to completely remove the Major Community Facility designation on Lansdowne park, in their Official Plan without the concurrence of the City of Ottawa, the property would then revert back to the City of Ottawa for a nominal fee of \$1.00

DISCUSSION - CONDITIONS RECOMMENDED FOR ACCEPTANCE

Regional staff have reviewed the above conditions with City staff. For the reasons which follow, Regional staff recommend that Council accept, or not object to the following conditions:

That a financial assessment and audit of the proposal for Lansdowne Park be undertaken and provided to City Council at least 10 days prior to Council’s consideration of the agreement. (CSOC Amendment No. 1)

This condition calls for the City to conduct at its expense an audit of the proposal. Regional staff are confident that such analysis will satisfy City Council that the proposal results in a net benefit to the those taxpayers which reside or have businesses in the City of Ottawa. As the work is to be done at the expense of and for City Council there is no need for this condition to be adopted by Regional Council and staff recommend that the Region not object to this condition.

That the Region be required to conduct and fund a parking study prior to implementing a parking charge at Lansdowne Park. (CSOC Amendment No. 3)

It is recommended that Council accept this condition as a parking study should provide useful information to both the Region and the City. For the Region, the study will assist with the determination of the fee structure for parking at events taking place at Lansdowne Park. For the City, the study will assist in determining the parking regulations on the local streets in the vicinity of the Park. Regional staff believe it will be possible to finalize the parking study prior to the recommended date for the transfer of ownership of Lansdowne Park, 29 October 1999.

That the Region commit to a full community consultation process for any future redevelopment of Lansdowne Park and agree to comply with all of the City’s planning processes. (CSOC Amendment No. 4)

As stated in the joint report of 23 April 1999, any long term revitalization plan for Lansdowne Park must be done in partnership with the community. In planning for redevelopment at Lansdowne Park, the Region will ensure as it does for any other development or redevelopment project that not only are the requirements of the *Planning Act* met but if the circumstances require consultation with the public beyond those prescribed by legislation, the Region will establish a process that ensures the fullest possible consultation takes place. Staff recommend that Council accept this condition.

That the proceeds from any sale only be used to cover the direct costs of sale, including site remediation as may be necessary. The balance of the funds to be used exclusively for operating and maintenance, capitalization or re-capitalization of public assets on the site. (City CAO Amendment No. 1)

It has been the approach of the Region from the outset to ensure that a financially viable means was found for the preservation of Lansdowne Park. While a goal in this exercise was to ultimately administer Lansdowne Park so that it would cease to be a burden on the tax base, it has not been a goal of the Region to use proceeds from the sales of land at Lansdowne as a source of funds for costs unrelated to Lansdowne Park. Staff recommend that Council accept this condition.

That if in the future, the Region decides to completely remove the Major Community Facility designation on Lansdowne park, in their Official Plan without the concurrence of the City of Ottawa, the property would then revert back to the City of Ottawa for a nominal fee of \$1.00. (City CAO Amendment No. 2)

The fundamental principle justifying the transfer of Lansdowne Park from the City of Ottawa to the Region is that Lansdowne Park acts as a Regional community resource. The Regional commitment to this continued function is again reflected in the principles set forth in the joint report which calls for the retention of the Civic Centre and Frank Clair Stadium. The presence of these facilities will continue to provide the basis in the Regional Official Plan for the Major Community Facility designation. Staff recommend that Council accept this condition.

CONDITIONS RECOMMENDED FOR ACCEPTANCE WITH MODIFICATIONS

That the proposed agreement include a monitoring mechanism to “ensure that the level of expenditure to maintain and improve the sewer system in Ottawa and the level of service to Ottawa residents is at least equal to that of the City of Ottawa prior to the transfer of the systems to the Region”. (CSOC Amendment No. 8)

With modifications, this condition is acceptable. The Region is committed to continuing or improving the level of service to those in the City of Ottawa. The proposal envisages that through a number of measures, such as the reduction of duplication, streamlining of decision-making and the improving the existing use of expertise, savings of expenditure can be made. These savings could be used for an enhanced capital expenditure program or a reduced sanitary

sewer surcharge rate. The proposal also calls for a portion of these savings to be used to make available tax room to the City of Ottawa to pay for the amortized costs of the deferred capital maintenance required for Lansdowne Park. The wording of this condition could be taken to suggest that the expenditure by the Region could never be less than the present \$18.6 million. As an alternative, staff suggests the following:

That the agreement include a requirement that the level of service to Ottawa residents and other users is at least equal to that of the City of Ottawa prior to the transfer of the systems to the Region and that monies raised by the sewer surcharge specific to the City of Ottawa be utilized only for the former local sanitary and combined sewers in Ottawa; the local storm sewers in Ottawa and debt repayment in respect of the former local sanitary and combined sewers and the local storm sewers.

That the Region accept the liability for redevelopment of Lansdowne Park, including claims from Canderel and Gateway, and site remediation costs. (CSOC Amendment No. 2)

Negotiations between the Region, Canderel and Gateway have resulted in an understanding that will be formalized into a signed Memorandum of Understanding within the next few days. Prior to the issuance of the City's request for proposals, each of Canderel and Gateway were pre-qualified to participate. Under the terms of the request for proposals, any unsuccessful proposer was entitled to a payment of \$50,000. Canderel was then the proposer with whom the City chose to negotiate the re-development of Lansdowne Park. The proposed Memorandum of Understanding builds upon these facts to provide the following:

1. Canderel and Gateway will release all claims against the Region and the City.
2. Gateway will be paid \$100,000.
3. Gateway will be considered as pre-qualified for a period in respect of any development or re-development at Lansdowne Park for a period of ten years from the transfer of Lansdowne Park to the Region
4. Canderel will be appointed as the project Manager for major capital improvement works to be undertaken by the Region at Lansdowne park for a period of eight years from the transfer of Lansdowne Park to the Region.

Staff believe the above to be a fair settlement of the potential claims of Gateway and Canderel. The settlement would take effect as of the date of transfer of Lansdowne Park to the Region. In light of the understanding, staff recommend the following condition:

That the Region resolve the liability for redevelopment of Lansdowne Park from claims from Canderel and Gateway, such resolution to include obtaining of releases of liability for the City and the Region, and that the Region accept liability for the site remediation costs.

DISCUSSION - CONDITIONS NOT RECOMMENDED FOR ACCEPTANCE

Certain of the conditions referred by the Community Services and Operations Committee however are not, in the opinion of Regional staff, in keeping with the general spirit of the proposal by which Lansdowne Park and the Ottawa sanitary sewer system would be transferred to the Region. For the reasons which follow, Regional staff recommend that the following conditions not be accepted by the Region.

That, prior to the City of Ottawa agreeing to the transfer of Lansdowne Park to the Region, a full public consultation process be undertaken by the City of the proposal, with the Region requested to participate. (CSOC Amendment No. 5)

Insofar as the above condition calls for the City to undertake public consultation, such is of course within the purview of Ottawa Council and Regional staff would recommend that the Region not object to this condition. However, Regional staff do not recommend that Regional Council incorporate this condition as of part of the approval in principle. Interested persons will of course have the ability to make submissions to Corporate Services and Economic Development Committee prior to the adoption in principle of the proposal. The approval in principle of the proposal and indeed the transfer of Lansdowne Park to the Region will not effect any immediate changes in the activities that take place at Lansdowne, nor the facilities located on the site. If any changes are to be made, such changes are, as noted above, recommended to be the subject of a full consultation process.

That consistent with resolutions approved by City Council that no future development, facility operation, or lease/rental on any part of the site not contemplate or involve the operation of a casino or any type of gaming operation. (CSOC Amendment No. 6)

At this time, Regional staff would not recommend the establish of a casino or any other permanent gaming operation at Lansdowne Park. However, to agree to a restrictive covenant that would ban for all time a gaming operation at Lansdowne Park would, in the opinion of staff, be imprudent. It is questionable where the Central Canada Exhibition could continue to permit all of the activities that it has traditionally allowed were such a prohibition in place. 50/50 draws at events at the Civic Centre also could be prevented by such a clause.

The extent to which gaming operations are permitted anywhere in Ottawa-Carleton is a matter of significant concern to the entire community. It is a question that calls for a great deal of consultation and consideration. If the result of such a process some time in the future were a consensus to permit such extension in gaming operations at Lansdowne, then it is the opinion of staff that Regional Council should have the same ability to deal with the question as Ottawa Council has today. It is recommended that the Region not accept this condition.

That the City request from the Region that in the event of amalgamation of both levels of government or in the event of Lansdowne Park site generating a profit through the sale of portions or all of the site, that the debenture payments become the responsibility of the Region. (CSOC Amendment No. 7)

If amalgamation of the two levels of government occur, then it would naturally follow that the new municipal government in place would have the responsibility to make the debenture payments of all of the municipalities which came together to form the new level. It is possible however with such an amalgamation that the new government will be given the ability to apportion the outstanding debenture payments to the geographical areas which formerly comprised the separate area municipalities, so that with respect to existing debt it would continue to be paid by the residents and businesses of the municipalities that had incurred such debt.

In its request for proposals and in the discussions to date with the Region, the City has taken the position that it will retire the current outstanding debt on Lansdowne Park. In the event of amalgamation, it would be consistent with this approach to apportion this debt, if such is permitted by the legislation then in place, to the geographical area of the City. It is recommended that the Region not accept this condition. To the extent that there are proceeds generated by the sale of land for future development, the disposition of such proceeds would be governed by the condition suggested by the City's Chief Administrative Officer and supported by Region staff that such proceeds be reinvested in Lansdowne Park.

CONCLUSION

The conditions recommended for acceptance do not, in the opinion of staff, alter the fundamental approach recommended in the joint report of 23 April 1999. Rather, they serve to provide clarity to the proposal. Should both Councils decide, in principle, to proceed with the transfer, Regional and City staff will move forward with the due diligence process to verify the information that has been provided to date and to prepare for both Councils an agreement that will set forth all the necessary details for the transfer.

Original signed by C.M. Beckstead

C.M. Beckstead