

#### **4. LANSDOWNE PARK - CFL LEASE**

##### **COMMITTEE RECOMMENDATIONS**

**That Council direct staff to finalize a lease, to be executed by the Region's Chief Administrative Officer, with the Canadian Football League franchise owner, that will respect the following principles;**

- 1. The underlying principle for the initial three year term will be to minimize cost recovery and at the same time, ensure that there is no cost to the taxpayer.**
- 2. The initial lease shall be for a 3-year period, after which the financial terms will be renegotiated with a view to generating a contribution to stadium life-cycle costs;**
- 3. All of Lansdowne Park's direct operating expenses related to the football club's occupancy of Lansdowne Park shall be paid for by the club;**
- 4. The football club shall be exempt from the standard ticket surcharge for the initial 3-year term;**
- 5. All revenue streams arising from the football club's game operations shall accrue to the club;**
- 6. Any upgrades to the existing stadium scoreboard beyond its original operating capabilities shall be paid for by the club or alternatively, will require an equitable cost/revenue sharing agreement**
- 7. Any naming rights agreement negotiated by the club for Frank Clair Stadium will require approval of Regional Council and;**
- 8. Office accommodations at Lansdowne Park for the club's business operations will be provided to the club on a cost-recovery basis.**

## DOCUMENTATION

1. Planning and Development Approvals Commissioner's report dated 25 Jul 00 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 01 Aug 00 immediately follows the report and includes a record of the vote.

Our File/N/Réf.  
Your File/V/Réf.

DATE 25 July 00

TO/DEST. A/Co ordinator  
Corporate Services and Economic Department Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJET **LANSDOWNE PARK - CFL LEASE**

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### **DEPARTMENTAL RECOMMENDATIONS**

**That the Corporate Services and Economic Development Committee recommend Council direct staff to finalize a lease, to be executed by the Region's Chief Administrative Officer, with the Canadian Football League franchise owner, that will respect the following principles;**

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- 8. Office accommodations at Lansdowne Park for the club's business operations will be provided to the club on a cost-recovery basis.**

## PURPOSE

The purpose of this report is to gain the approval of Regional Council for the key elements for an agreement, which would see the return of the Canadian Football League to Ottawa as early as 2001.

## BACKGROUND

The Ottawa Rough Riders ceased operations following the 1996 Canadian Football League season after a long and often glorious history at Lansdowne Park. Several ownership changes since the mid 1980's had left fans disillusioned at a time when there was ever-increasing competition for the entertainment and leisure dollar.

Since the demise of the Riders, the CFL and local interests had maintained a desire to see the return of a franchise to Ottawa at an appropriate time should reliable ownership be found. During this time, the future of Lansdowne Park itself was very much in doubt. With the Region's assumption of Lansdowne Park as of January 1, 2000, the CFL was able to intensify its search for a new franchise owner for Ottawa. In March of 2000, the CFL launched a formal process, which would eventually lead to the selection of Mr. Grant White, a high-tech executive, as the conditional owner of the new Ottawa franchise in the Canadian Football League.

Staff have been in negotiations with Mr. White with a view to reaching an agreement on the key lease elements of a lease for Frank Clair Stadium.

## DISCUSSION

The fundamental belief is that the new football club will need time to rediscover its fan base, to solidify its business operations and to develop a competitive team. With this in mind, staff support a short-term inaugural lease which will ensure cost-recovery for Lansdowne operations without being a financial burden for the Club. Longer term, it will be necessary for the Club to make a financial contribution to the life-cycle costs for the stadium, as it is likely to be the stadium's major tenant.

The key principle, which has underlined the negotiations to date, is that accommodation of the club should be at no net cost to the Region or to Lansdowne Park specifically. This is in keeping with the Region's current business strategy for the long-term viability of Lansdowne Park.

The base operating costs to be paid for by the club will include such services as pre and post-event cleaning, event staff and set-up for game purposes and related activities plus materials and supplies, utilities, equipment rentals and any contracted services.

At present, total costs are estimated to be approximately \$360,000 annually. Lansdowne has committed to work closely with the club to reduce or control costs wherever possible and to monitor the quality and scope of services provided.

The length of term of the agreement is initially three years during which there will be no ticket surcharge assessed. The rationale is that a 3-year exemption would enable the club to better manage its ticket pricing and to become somewhat established before adding the surcharge to the cost of admission for consumers.

Staff further support the principle that the surcharge should be introduced at an appropriate time so that the club and its users/fans will be contributing to the lifecycle costs of Frank Clair Stadium, of which the club will be the prime tenant.

The assumption of all or most of the attached revenue streams by resident teams is a business standard in the Canadian Football League. A staff survey of six of eight CFL facilities confirms that, with only slight variations, CFL teams retain virtually all revenues from its game day operations and related facility assets. Typical revenue streams include concession commissions, parking, advertising, private boxes and sponsorships.

The existing stadium scoreboard has long outlived its useful life and is not reliable. Parts and service are expensive and difficult to find. Staff propose to undertake a complete refurbishment of the scoreboard as part of the capital program for Lansdowne Park. This is deemed to be reasonable in support of Les Jeux de la Francophonie and also to provide basic services to other stadium tenants such as intercollegiate football and junior football.

As part of the longer-term business plan, the franchise owner has expressed a strong desire to upgrade the scoreboard to possibly include video capabilities. Staff recommend that a strategy to upgrade the scoreboard be the sole responsibility of the club. In the alternative, a cost/revenue sharing agreement may be possible within the context of a long-term lease which would enable the Region to recover its share of the original investment.

The City of Ottawa re-named the stadium in honour of former Rough Rider coach and general manager, Frank Clair in 1993. In today's sports business environment, it is increasingly common for major facilities – both public and private – to bear the name of a corporate partner or sponsor.

Staff would support an initiative by the club to acquire a naming sponsor provided that a) the owner complies with the Region's criteria restricting tobacco and alcohol brands and respecting humanitarian concerns; b) the owner continues to respect the honour of Frank Clair, and c) the naming sponsorship is non-exclusive. This would enable other stadium tenants such as the indoor soccer facility to attach a sponsor's name to their respective operations. Financial terms remain to be negotiated.

Previous football administrations have occupied office space in the Coliseum Building at Lansdowne Park. Since the club's departure in 1996, that space has been used by mostly community groups and, for approximately the last 16 months it has been leased by the Ottawa 67's Hockey Club. Alternate space may be available elsewhere in the Coliseum Building. Consistent with the past arrangements, staff would support provision of office accommodations on a cost-recovery basis.

### FINANCIAL STATEMENT

The current proposal will result in a revenue neutral arrangement which staff see as a business development phase for the new franchise. Any renewal is expected to result in a positive revenue stream to the Park in order to ensure that the franchise contributes to operating and lifecycle costs.

### PUBLIC CONSULTATION

This is seen as an internal administrative matter and as such, no public consultation has been undertaken.

### NEW CITY - TRANSITION BOARD

In accordance with Ottawa Transition Board Regulation 100/200 - Section 4, Guideline - Financial Guideline No 1, Section 5.1b, this transaction requires the approval of the Transition Board.

*Approved by*

*Robert W. T. Ennor*

*on behalf of Nick Tunnacliffe*

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 August 2000

#### LANSDOWNE PARK - CFL LEASE

- Planning and Development Approvals Commissioner's report  
dated 25 Jul 00

Councillor W. Stewart expressed support for the recommendation and congratulated Chair Chiarelli's office and staff for putting this together, noting that it strikes a happy balance between taxpayer's interests and private sporting interests. The Councillor noted however, that she has some reservations about recommendation 7, which would permit the renaming of Frank Clair Stadium, under certain conditions. She suggested that renaming an existing building, with a long-standing tradition and legacy in the community, flies in the face local tradition and history. There is great motivational merit in remembering our past and the connection of fans in this community to the history of football.

Councillor M. Meilleur inquired what the rationale is behind the renaming. Mr. R. Ennor, Director, Property Services, opined that renaming is a very important issue for the team and for the new ownership. The club owner sees the naming of the stadium as a critical component of the deal. Councillor Meilleur suggested that it would be inappropriate to change the name every few years.

Mr. R. Haycock, Manager, Operations, stated that it has become standard business practice for major facilities to bear the name of Corporate sponsors. Corporate sponsorship to the franchise can take many forms, and at this stage it is not known what the nature of a renaming deal might be. The new owner has expressed that this is a very important piece of the overall financial and marketing strategy, and the recommendation is an attempt to keep the door open so that the franchise owner has the opportunity to come forward with a complete proposal for consideration by Council.

Councillor Meilleur inquired whether there is specific criteria to be met in the case of renaming the stadium. Mr. Ennor responded that some terms have been identified in the report, with restrictions on tobacco/alcohol advertising/sponsorship, issues involving humanitarian concerns, and respect for the name of Frank Clair.

Councillor P. Hume expressed congratulations to staff and support for the report and recommendations, commenting that this is the smoothest, easiest lease for a major community facility that he has witnessed in his 9 years of community service. The Councillor added that the deal is a tribute to the professionalism that has been brought to this endeavor, and three very important things have been accomplished: it's been a smooth and positive arrangement for everyone; football is returning to Ottawa; and Lansdowne Park has been saved.

Councillor Stewart requested that Recommendation No. 7 be voted on separately from the rest of the recommendations. Recommendation 7 was removed for the vote, and a recorded vote was taken on that item.

**That the Corporate Services and Economic Development Committee recommend Council direct staff to finalize a lease, to be executed by the Region's Chief Administrative Officer, with the Canadian Football League franchise owner, that will respect the following principles;**

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CARRIED

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 August 2000

- 7. Any naming rights agreement negotiated by the club for Frank Clair Stadium will require approval of Regional Council.**

CARRIED

YEAS: D. Beamish, B. Hill, P. Hume, R. van den Ham, B. Chiarelli	5
NAYS: M. Meilleur, W. Stewart	2