LANSDOWNE 2.0 FINANCIAL TRANSPARENCY CHECKLIST						
			ASSESSMENT			
		CRITERIA FOR ASSESSMENT	**SCORE**	**MAX**		
		TOTAL	*56*	**100**		
		PROJECT COSTS			**COMMENTARY**	**SOURCE**
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?	*8*	**9**	The $332.6m estimate for May 2022 proposal and $419.1m estimate for October 2023 proposal have been broken down into components parts. The proposal notes that this is a Class C estimate. A point is deducted for the lack of clarity that the 2023 proposal now includes an additional $18.6m for 140 parking stalls. The 2023 total project cost should be presented as $437.7m.	Staff report, p. 95, 97, 98, 113, 122
	b	How have interest rates, inflation and other modelling assumptions changed since last summer?	*1*	**1**	The staff report describes how assumptions have changed from May 2022 to October 2023 as follows Interest rates +0.25% Construction cost increases +$86.5m, of which escalation +$26.5m Other changes in the model assumptions, such as the number of housing units and the associated property tax, are outlined in the report.	Staff report, p. 117, 125 EY Financial Due Diligence, p. 26

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?	*4*	**5**		Lansdowne debt from 2012 amounted to $127.6m, with annual debt servicing of $6.9m. 2012 debt servicing was paid through "property tax uplift" -- ie 75% of new retail/commercial property taxes -- and $3.8m in cost avoidance. One point is deducted for the non-disclosure of the Civic Centre roof loan guarantee, for which approximately $16.5m remains.	Staff report, p. 77, 78
	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?	*4*	**5**		The proposal would increase City debt by $312.7m. Debt would be issued in 2029 following the completion of construction, and assumes annual debt servicing of $16.4m at 4.25% over 40 years. OSEG will secure a loan for $34.7m to be guaranteed by the City to finance retail podium costs. OSEG will secure a loan for $20m to be guaranteed by the City to finance any net negative cashflows expected through the construction period. A point is deducted for the report omitting parking stall debt ($18.6m) in its reporting of “total new debt for the project”.	Staff report, p. 27, 112, 121, 179 EY Financial Due Diligence, p. 28
3		What impact will the anticipated total debt for Lansdowne have on the City’s future borrowing capacity?	*4*	**4**		With the additional debt, debt servicing would amount to 4.6% of "own source revenues" by 2030, below the City's 7.5% policy limit.	Staff report, p. 123
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?	*4*	**4**		The City's total capital cost at Lansdowne is approximately $210m as follows: - $133.8m for stadium and arena - $45.7m for urban park - $32.2m for retail and office parking $23.6m was spent on renovating the arena's roof.	Staff report, p. 76
		FINANCING SOURCES					

5		What are the revised estimates for the net proceeds from the sale of “air rights” to construct new residential towers?	*4*	**4**	The estimated proceeds from the air rights to develop the residential towers and their associated parking is $39m.	Staff report, p. 116
6	a	What are the revised estimates for the proceeds from ticket surcharges?	*2*	**3**	Ticket surcharges would amount to $700,000 annually on average over the course of the agreement. One point is deducted for not providing this information on a year-by-year basis.	Staff report, p. 119
	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?	*0*	**1**	Not reported.	
7	a	What analysis has been done to support the use of Property Tax Uplift as a source of financing for Lansdowne 2.0?	*0*	**2**	The report takes for granted PTU as a legitimate financing strategy, even though staff were only able to reference 1 other jurisdiction (Calgary) that has piloted this approach -- and who had concluded to not continue with its use following the pilot. PTU can be considered as "tax diversion" of a specific set of revenues. 0 points are assigned as the analysis provided addresses general spending capacity and does not address the suitability of using a PTU approach for large infrastructure projects in Ottawa.	Staff report, p. 117
	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?	*1*	**2**	The report references the 2021 Hemson analysis, that inside-the-greenbelt taxpayers pay more in taxes than they receive in city services, to justify that 25% of tax revenues is sufficient to pay for the city services provided to the future Lansdowne residents. Given that provincial programs (education and other provincially-mandated programs) consume 21% of a resident's tax contribution, this implies that future residents would be making close to no contribution to the payment of services or City-wide spending. One point is assigned for providing transparency around the analytical framework to address this question, however, a second point would require the analysis on the framework to be reported.	Staff report, p. 118

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?	*4*	**4**		In a year that the waterfall provided no distributions to the City, taxpayers would be responsible for $6.3m + $5.0m in debt servicing charges, in addition to debt charges earmarked through "property tax uplift" of $3.3 m. 1 -2 pts could potentially be deducted for introducing uncertainty in the Oct 18th response provided by the City - which does not address the question asked.	Staff report, p. 120
		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?	*4*	**10**		The pro-forma used to build the financial projections has not been made available. Assumptions underlying those projections are not provided, although some are extracted from the EY report. Scrutiny of pro-forma Partnership revenue assumptions was conducted by EY, however, a third party could not do their own due diligence without access to some version of the pro-forma. Omission of the pro-forma and a narrative around the different business lines results in a loss of 10 points. The financial success of Lansdowne 2.0 relies upon retail leasing making a $1.083 billion operating profit over 40 years, based upon assumptions that EY assesses as "optimistic". Insufficient disclosure of assumptions underlying OSEG's retail projections hinders third party assessment. Four points are added back for the EY analysis that provides a limited description of the financial model.	Staff report, p. 99-104 EY Financial Due Diligence, p. 10, 12-17, 31-32

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?	*1*	**3**		Over the course of the Partnership (i.e., to 2066), net operating income/loss for the four business lines are as follows: REDBLACKS \$150.7m; 67's -\$4.5m; Stadium -\$164.8m; Retail \$1,083.3m Given the importance of interest expenditures, particularly to retail leasing, data for net income/loss is required for due diligence and for comparability to the EY analysis. One point is deducted for presenting NOI rather than NI, and a second point is deducted for presenting these on a 5-year basis and not on a year-by-year basis.	Detailed financial projections
	b	How do these estimates compare, on a year-to-year basis, with performance to date?	*0*	**1**		There is no comparison provided between projections for the period 2012-2022 and actual results. Document 11 does not differentiate between actual and projected figures.	Detailed financial projections
11	a	How is the Retail/Other business line broken down between Retail and Other?	*0*	**2**		Not provided. Note: 2023 Lansdowne Annual Report has not been made available.	
	b	What is included in Other?	*0*	**1**		Not provided. If this includes parking revenue, it is important to understand the breakdown between retail and parking, and whether some of this should be attributed to other business lines.	
	c	To what degree is "Other" revenue dependent on Redblacks, Ottawa 67's and Stadium business lines (e.g., parking revenue from football games)?	*0*	**1**		Not provided.	
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?	*4*	**4**		Distributions to the city will begin in the 2027-2032 period. The vast majority of these distributions will come from retail, as retail represents 102% of partnership profits. (67's and Stadium are net losses to the Partnership).	Detailed financial projections

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?	*4*	**4**		EY has identified 9 areas for sensitivity analysis, but no assessment was made available. Staff did sensitivity analyses on interest rates, air rights, construction costs, property values and housing unit types. An interest rate increase of 50 bps would increase annual debt servicing by $1.3m. $10m in increased construction costs and/or lower air rights revenues could increase annual debt servicing by $500,000. More housing as purpose-built rentals and less as condominiums would lower revenues (and vice versa).	Staff report, p. 124-126 EY Financial Due Diligence, p. 28
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	*0*	**2**		Identified by EY, but no assessment provided.	
	b	Termination or relocation of the Redblacks	*0*	**1**		Not provided.	
	c	Default(s) in retail mortgage payments	*1*	**1**		The implications of an OSEG default were reported in Council as between $4.5m to $12.5m impact on the City's annual operating budget.	Staff report, p. 77-78
		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?	*0*	**4**		Not provided. Given that the City of Ottawa will rely upon disbursements from the Lansdowne Partnership to service City of Ottawa debentures issued to fund the Lansdowne redevelopment project, and likely would be economically compelled to assume the Retail Partnership's Tenant Mortgage, there exists a strong public interest in the requested information.	

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.	*0*	**4**	Not provided.	
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?	*0*	**3**	Not provided.	
	b	How has the allocation of risk changed compared to the original City-OSEG Lansdowne agreement?	*0*	**1**	Not provided.	
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?	*0*	**4**	None indicated.	
	b	How would a more robust engagement process differ from the City's consultation plan created earlier this year?	*0*	**0**	Not applicable.	
19		What is the assessment of the EY independent review of the financial model?	*3*	**4**	Overall, EY provide a thorough review of the proposal, although third parties are not privy to the data to validate that review. One point is deducted as the EY assessment mixes both the Lansdowne 2.0 proposal (3 towers) with the 2.1 proposal (2 towers), limiting its usefulness as a tool for transparency.	EY Financial Due Diligence
	a	Cost to Construct	*0*	**0.5**	Not assessed.	
	b	Retail Strategy	*0.5*	**0.5**	While EY provides some assessment, their comments warrant further explanation. "EY points out several shortcomings in OSEG's model" and notes that the assumptions "are considered optimistic".	EY Financial Due Diligence, p. 14

	c	Podium Financing	*0*	**0.5**		Not assessed.	
	d	Affordable Housing	*0*	**0.5**		Not assessed.	
	e	Unit Typology	*0.5*	**0.5**		EY assessment is that purpose-built rental would mostly likely be the dominant housing type, along with a possible boutique hotel.	EY Financial Due Diligence, p. 23-25
	f	Financial Risk Analysis	*0.5*	**0.5**		EY validated the reasonability of a 4.25% discount rate.	EY Financial Due Diligence, p. 26
	g	Accessible Roof / Green Roof	*0*	**0.5**		Not assessed.	
	h	Alternative Financing Options	*0.5*	**0.5**		EY proposes government grants and a hotel accommodation tax as potential new sources of revenue.	EY Financial Due Diligence, p. 19-22
	i	North Side Stands / Canopy	*0*	**0.5**		Not assessed.	
	j	Pro Forma Projections	*0.5*	**0.5**		Assessment of projections and alternative scenarios provided.	EY Financial Due Diligence, p. 12-17, 31-32
	k	REOI Findings	*0*	**0.5**		No assessment of air rights provided.	EY Financial Due Diligence, p. 25
	l	Other Findings	*0.5*	**0.5**		EY provides economic impact assessment.	EY Financial Due Diligence, p. 9-10