painful partnership

Why Lansdowne Park Should Remain a Public Domain

Lansdowne Partnership Plan exposes city to risks of privatization, sole-sourcing

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Ever since early 19th century labourers carved a staggeringly ambitious canal system through the eastern Ontario landscape, the waterway's terminus, Ottawa, has undergone a series of metamorphoses in its image and cultural makeup. Following its rapid transition from a rough-and-tumble lumber town to the capital of a fledgling, democratic nation, the former Bytown has entered the 21st century as a modern, amalgamated municipality still struggling to cast off the reputation of being the stodgy government town that fun forgot and assert itself as a distinct, world-class cultural destination.

Throughout this transition in character, the citizens of Ottawa have been able to gather near the shore of the Rideau Canal and engage in activities that bring the community together. Created the year after Confederation – a move befitting a new capital – Lansdowne Park answered residents' need for public space in which to seek entertainment, recreation and peaceful solitude. Buildings have risen and fallen, and sports teams have come and gone, but the one constant of Lansdowne Park was its public ownership and mandate to serve the people of Ottawa.

So, it was hardly unexpected that a chorus of opposition arose when the city announced last year that it was suspending its design competition for the redevelopment of the underutilized park to pursue a sole-source partnership agreement with a private consortium, a move that would see the park fall under the control of the group and become heavily developed, with the added role of housing the third major-league football franchise the site has seen in three decades.

The cries of those opposed to the Lansdowne Partnership Plan, the details of which did not become public until Sept., 2009, can not be simply dismissed by politicians and planners as NIMBYism from nearby residents worried about more noise in their neighbourhood and more cars jamming their streets. The city-wide public outcry over the Ottawa Sports & Entertainment Group's (OSEG) Lansdowne Live proposal and subsequent partnership with the city is not the same as that from a downtown apartment dweller concerned that a proposed new condominium development will block his or her nice view. This plan concerns the whole city, not merely because its financial and logistical aspects are troubling, but because a fundamental principle is at stake – fair public process.

By embarking on a multi-million dollar plan to partner with a private consortium for the transformation of a historic public park and handing over control of its land, facilities and programming in the form of a 30-year rent-free lease, the city is also exposing itself to multiple dangers that are inherent in public-private partnerships (P3's). Added to this is the public fallout that can be expected from a sole-source solicitation of this magnitude, especially one that would turn the people's park into a private playground.

The City of Ottawa says the Lansdowne Partnership Plan "will revitalize the existing assets (of the park) while creating new community space, as well as generating new jobs and tax revenues for the city without an additional burden on Ottawa taxpayers." Sounds great, so what's not to like? To the public reading between the lines of that summarization, lots.

Residents stated in the media that they felt there was a concerted effort to exclude the citizens of Ottawa from the public process – the city ended consultations for Design Lansdowne in March, 2008 without summarizing its findings in a report and did not include local community associations in the project negotiation process.

The presentation and subsequent adoption by the city of a single plan (Lansdowne Live) disillusioned residents even more, as they understandably felt they had the right to be involved in the process of creating a proposal for Lansdowne Park, or at least choosing one option from a list, rather than just voicing approval or disapproval of a single proposal presented during a brief public consultation period prior to city council's vote. A transparent process with several design proposals would have shown the public that the municipality was getting the best deal possible, rather, they were left thinking that the sole plan was a done deal since it was first unveiled.

Sole sourcing to private industry by any level of government automatically arouses people's suspicions – they will believe that some form of favouritism or skulduggery is at work, and, in this case, that the private partner is motivated solely by potential profit of the Lansdowne site and not the greater good of the community. This suspicion rubs off on the government itself, whether it be a municipality like Ottawa, or a country like Canada. Sole sourcing is increasingly seen as a type of corruption and can easily contribute to a tarnished reputation – it says to potential investors and citizens that their city/country can be influenced and is thus undemocratic.

Quebec made sole sourcing to private interests for projects over $25,000 illegal years ago, and too few years have passed since the sponsorship scandal dominated headlines with tales of misused and misdirected funds. Only recently, Canada's procurement watchdog stated that too many government contracts were being sole sourced to favoured suppliers.

The sole sourcing of Lansdowne Park, a symbolic, prime piece of public real estate, to a private group of developers and entrepreneurs, was bound to raise the eyebrows and the ire of residents throughout Ottawa. To them, it seems like their city is saying to the rest of the country that they can't come up with a viable plan to revitalize a park loaded with historical value and both existing and future potential without being told by a private group what is in their best interests.

According to media sources, the city currently invests $1.8 million annually into Lansdowne Park for maintenance and stadium and arena programming. That sum will increase to $3.8 million annually over the next ten years. In 2008 the park generated $4.5 million in revenue for the city; this year that number is expected to be $4.9 million.

While not the most attractive property in the city, the public is nonetheless used to seeing it, and while it is clearly not being used to its full potential, the numbers indicate that the site is not a money pit. And with expensive light rail plans dominating headlines and the minds of councilors, city staff and residents for years now, the issue of what to do with an unattractive yet revenue-generating Lansdowne Park has not been a pressing one. There hasn't been a frenzied chorus of voices urging the city to develop the park as soon as possible, by whatever means possible.

So if the site isn't losing money, why the desperate need to rush into a private partnership right now without a real design competition? The issue has all the hallmarks of a manufactured crisis, as nothing will happen if the plan is rejected – the city will still own the land, which will continue to retain its development potential until the city returns with a better plan, possibly with financial help from other levels of government, and rejuvenates the park while keeping it (or most of it) in public hands.

Opponents see the Lansdowne Partnership Plan as a business opportunity for a group of well-off men with a dream of owning a major-league football team and returning a CFL franchise to Lansdowne, but without enough cash to pull it off without outside help. So instead of a city contracting out to a private group (like a typical P3) to get a project off the ground, OSEG appears to be contracting out to the city in order to see their dream come to life at Lansdowne, where two previous CFL franchises died due to falling attendance (The Ottawa Rough Riders in 1996, and the briefly resurrected Ottawa Renegades in 2006). It is common knowledge that it costs more for a private company to borrow money than a municipality, hence the need for the city to pick up the rest of the tab. And what a tab it is.

The city will contribute $129.3 million for the redevelopment of Frank Clair stadium and the Civic Centre arena, plus the construction of an underground parking garage to house 1,100 vehicles. $12.4 million of the city's funding will come from reserves and avoided operating costs, the rest, $116.9 million, through the issuance of long-term debt. OSEG will put up $117.2 million to construct the commercial portion of the plan, surface parking, and purchase of the sports franchise. Their funding comes from a cash equity of $19.6 million and $97.6 million through long-term debt.

When built, the city gives the land rent-free to OSEG, who will have full control over revenue streams, including parking structures, and uses the lease revenue from the retail component to pay off its debt. The creation of a Municipal Services Corporation (MSC) will follow, who will enter into a contract for all aspects of the management, maintenance and operation of the park and its facilities, including green space (the exact amount of which is unknown in the Lansdowne Live proposal). With the MSC and its board of directors installed, public control over usage of the park, its events, pricing, scheduling, and rentals will be slim to nil.

Using these tentative early figures, the city expects to receive $3.9 million annually from retail property tax and $985,000 a year in property tax from the residential component of the plan. Some tax money will flow to all levels of government from the stadium and parking facilities. On the borrowed money, the city will pay $7.1 million in interest annually, and expects the debt to be retired in 2040. The tax revenue collected from the park, plus the money normally spent on maintenance will go to pay down the city's debt, instead of going towards things like city services.

If the plan comes to fruition and a CFL franchise is secured (the acquisition hinges on council approving the plan), OSEG expects the team will lose money every year until 2020, when they expect to begin contributing a net profit to stadium operations. Looking even further into the future, if everything goes exactly as planned, OSEG projects the team to be bringing in $3 million annually in 2040, some 31 years from now. In the meantime, rent collected by OSEG from Lansdowne tenants will go into stadium and arena maintenance, repaying their partners for their cash investment in buying the sports franchises, with the rest going to subsidize the money-losing arena.

The city touts the partnership plan as a win for residents, with no risk to taxpayers – as long as the original financial figures don't change and the CFL franchise is a success. However, as plans progress and are modified in response to criticisms and suggestions from the community, those initial revenue numbers can quickly be replaced by less pleasing ones. Scaling back the amount of retail space in the proposal (a likely scenario if the plan is approved, given the amount of concern expressed by Glebe business owners worried about their customer base drying up), would result in less revenue going to the city and OSEG, making it more difficult for them to pay off their loans in their original time frame. Already more money has been spent on negotiations and public consultations of this sole source deal than the original design competition would have cost.

Redevelopment of the stadium could easily be accomplished cheaper than what the proposal calls for, but OSEG says that an attractive, bells-and-whistles facility will attract more fans than the old one, thus increasing the financial risk to both parties. It's not unlike building a car company based around a single luxury model and hoping the buying public takes to it. It is worth mentioning that if OSEG decides it wants out after the 30 year lease is up for renewal, the city will be left with 30-year-old facilities that will need to be utilized in some way to cover maintenance costs.

The same suspicion and distrust that surrounds sole sourcing permeates public-private partnerships as well, especially when the private half of the equation includes high-profile developers like Roger Greenberg (CEO of Minto Group), William Shenkman (Shenkman Corporation) and John Ruddy (president, Trinity Development). These developers bring their company's reputations into the Lansdowne debate, the latter two having gained recent public notoriety and media coverage for encroaching on the village of Manotick with plans for a huge, population-doubling subdivision and a big-box commercial development that residents fought tooth-and-nail, arguing that the proposals were wildly out of place for a small, historical village trying to sustain its own existing businesses.

Also, the Lansdowne MOU does not require that any of the construction contracts for the site's commercial and residential components be publicly tendered, leading many to assume the contracts will be awarded to the construction companies affiliated with the owners of OSEG, resulting in big profits for those companies. How much of that money will go towards the improvement of the park is unknown.

The idea of creating new jobs and having OSEG paying for all maintenance of the site might appeal to the city, but contracting out for those services has a dark side, one that outweighs any perceived gains attributed to the formation of a public-private partnership. Workers employed by non-unionized, private companies have less job security than those employed in the public sector, meaning lower pay and fewer benefits for those working at a privately-run Lansdowne Park. Less income on behalf of the workers means more profit for the companies employing them, as well as less money flowing back to the city.

Reaction from residents during recent consultations indicate that the public is generally okay with the idea of leasing small sections of the property for an appropriately-sized retail development that would compliment (and not compete with) existing businesses on the Bank Street strip as well as some residential units, both of which would generate tax revenue for the city and inject some new life into a population-stagnant neighbourhood. However, the scale and nature of the Landsdowne Live proposal has them concerned.

Much has been made of the limitations of the area's transportation infrastructure and how to get 24,000 football fans into the stadium with less than 1,500 on-site parking spots (a provision provides for 380 surface parking spots in addition to the garage, though the total is still less than what exists there today). Though hypothetical plans exist to deal with the influx of spectators, no one knows how well it will work until it is put to the test in real life. Many question the ability of OSEG to fill the stadium seats, given changing sports demographics, the history of CFL football at the site and the fact that OSEG partner (and Ottawa 67's owner) Jeff Hunt has no experience managing a major-league football franchise.

If the park remained in public hands, some say, this problem wouldn't exist, as the land could go back to being used for mixed-use purposes like amateur sports and recreation (history shows the park being used for everything from curling to stock car racing). Two years ago the Glebe Community Association reported that the majority of people asked about the site's future didn't want professional sports or the SuperEx to drive the future vision and design of the park. The site, many said, shouldn't be planned around 10 days of SuperEx and 10 football games a year.

As it stands, Lansdowne Park's current bread-and-butter revenue generator – trade and consumer shows – will not have a home under the Lansdowne Live proposal and will have to seek space elsewhere. This has angered organizers, who say that trade shows at the park pump over $17 million into the area economy each year. While the Ottawa Convention Centre (currently under construction and scheduled to open in spring, 2011) will offer trade show space, it will be at higher rates than exhibitors pay at Lansdowne, discouraging many, and some of the shows might be too large or controversial to be housed in the new building, which is being built with funds from all levels of government, including $40 million from the city itself.

While this year's vast, high-profile military trade show hosted by Lansdowne Park attracted its share of candle-waving protesters, it undoubtedly generated lots of revenue for the city and the park itself. The cheeky 'Sexapalooza' consumer show, for example, was also a large draw, though it is hard to see either of these shows being granted space at the new Convention Centre, either due to the size and complexity of the exhibit or the politically-correct attitude of the provincial/Crown agency that runs the centre. The location of the Convention Centre and new design makes it more of a tourist destination, catering to the right kind of trade shows; Lansdowne Park, on the other hand, is able to accommodate more types of shows at lower rates, making it an essential resource for businesses and companies of all sizes.

Because the Lansdowne proposal doesn't include this space, there has been a call recently for the city to earmark funds for a centrally-located building to host these shows if the proposal is approved by council. The Shenkman Corporation proposed building and operating a trade show centre near the Ottawa airport, though recently trade show managers were told that this plan had “financial issues” and the corporation couldn't guarantee the development would happen. As a result, taxpayer money might be needed to help build this space – another public-private partnership, where the city will be paying to replace revenue-generating trade show space that already exists on public land.

It is also worth mentioning that organizers of the increasingly popular Ottawa Farmer's Market say they can attract one million visitors annually at Lansdowne if they are allowed to operate year-round, something that won't happen if Lansdowne Live is approved, since OSEG plans to split the market into three locations and cut its overall size in half. Again, more culture, visitors and money draining away from the park if the proposal is approved.

Recent reports issued about Lansdowne Live find very little to like about the proposal and echo the public's sentiment that the park should remain public and focus on the historical and cultural significance of the site, since it borders on the Rideau Canal, a UNESCO World Heritage Site, and contains the Aberdeen Pavilion, a National Historic Site.

A July 16 report to city staff (which was only recently made public) by urban designer George Dark of the Toronto-based Urban Strategies gives more weight to the historical aspects of the park, places emphasis on existing buildings, calls for more green space to showcase the canal, and would like to see this happen through a public competition. He feels that the city should revitalize Lansdowne Park not by leasing the whole site to a private group, but by creating development opportunities to fund stadium upgrades while enhancing the park-like qualities of the site. Essentially, this is the type of plan that most residents were hoping to see at the public consultations.

Locally, the Ottawa Regional Society of Architects (ORSA) went public recently, saying in their report that the Lansdowne plan is “irredeemably flawed”, that the park should be a people's place, serving different purposes for different people and hosting a wide range of events and activities. Given the historical significance of its geographic location, they said, the park should only be redeveloped after a design competition was held that included proposals from across the country. Also, they felt the stadium and arena would be better served being built on a different site near a public transportation hub (a recent study showed 30 potential sites that met the necessary criteria for the construction of a stadium).

What independent planners and the people of Ottawa are saying is that a public park that has existed for over 140 years should stay public and be made a centerpiece of the city – an essential tourist destination for everyone, not just sports fans and casual shoppers. Lansdowne Park, with the city's vision, could become a jewel on the canal.

A lesson in public ownership can be learned from Manotick, the embattled historic village just a stone's throw down the Rideau. Ten years ago a private investor wanted to turn the town's iconic Watson's Mill, a well-preserved, operational stone grist mill built in 1860, into a restaurant. Other private investors wanted to snap up the neighbouring buildings of Dickinson Square, built around the time of Confederation and infused with the history of that important era, for their own purposes. Following years of extensive lobbying, the citizens of Manotick convinced the City of Ottawa to preserve the mill and the buildings of the square by purchasing them and placing them under the control of a public heritage management committee.

An image of Watson's Mill, Ottawa's only industrial heritage site, now adorns 20 million Canada Post stamps and, thanks to public ownership, is truly a culturally-significant jewel on the Rideau that everyone in the City of Ottawa can be proud of.

Lansdowne Park, with the right vision backed up with community support, can be another shining example of what a municipality can achieve if it uses its imagination. If turned over to private developers, it basically asks of residents, what public property is safe?

Our concern is that taxpayers will be stuck with a failed white elephant if this plan falls apart. We believe that the city should develop this site itself, with financial benefits from its investment being passed on to taxpayers and the community. The city should take the advice of ORSA and enter into a competition for a design concept that incorporates and better represents the Dark report.

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