

2019 Public Private Partnership (P3) Report

Facility Name: Superdome East - Indoor Artificial Turf Playing Field

Description of facility:

FIFA-approved international soccer field that can be reconfigured into three mini-fields.

Location:

1660 Bearbrook Road (near Blackburn Hamlet in the east end of Ottawa) at the Hornets Nest Park.

The Partnership:

The City's P3 partner, Thunderbird Management Services Inc (TMSI Sports Management), is a locally owned and operated company that manages and owns recreation facilities in the Ottawa area. TMSI designed and built the 80,000 square foot, climate-controlled inflatable dome and continues to operate and maintain it.

A contract was signed between the City and TMSI in January 2004. The Superdome was constructed that same year and officially opened on November 9, 2004.

The P3 Agreement is for a 25-year period up to and including September 30, 2029, with an option to renew for a further five-year term until September 30, 2034, subject to satisfactory performance. At the end of the term, the City will assume ownership of the Dome without payment or require its removal at TMSI's expense.

In the original agreement, the City committed, at its expense, to replace the artificial turf "on or about the 12th year of the term". Any subsequent replacement of the turf, including site preparation, would be at the expense of TMSI. If, at the end of the 25-year term, TMSI chose to replace the artificial turf at its expense, then it could use the Dome rent-free. However, if TMSI did not pay to replace the turf then the City and TMSI would negotiate the amount of rent.

In the fall of 2015, the City and TMSI struck a deal whereby TMSI supervised and paid for early replacement of the artificial turf. The City reimbursed TMSI in early 2016 with lifecycle funds which were earmarked for that purpose. TMSI also committed to replacing the turf at its own expense in 2022 given the actual life expectancy of the artificial turf.

TMSI designed and built the Superdome and continues to operate and maintain the facility. TMSI is responsible for marketing, program delivery and field rentals at market rates which it determines. The Ottawa Gloucester Soccer Club is a primary user.

2019 Public Private Partnership (P3) Report

Financing:

TMSI invested \$1.5 million in construction costs for the dome. The City of Ottawa contributed \$1.1 million for site preparation and extension of municipal services. The City also waived development charges, permit fees and property taxes. TMSI is repaying the City's capital investment through monthly rental payments. TMSI pays operational costs.

Current Status:

This Agreement is currently in the sixteenth year of a 25-year long agreement. TMSI is up to date on the repayments of the City's \$1.1million investment and has met its contractual obligation to provide comprehensive insurance coverage and annual financial statements. Provided that TMSI is not in breach of the agreement, it has the option to renew for a further five-year term until September 30, 2034.

A review of unaudited financial statements indicates that Thunderbird Management Services Inc., operating as Superdome Sport Centre Inc., is in a good financial condition.

TMSI is a partner in good standing with the City of Ottawa, and the company is meeting its obligations under the P3 Agreement. TMSI and the City enjoy a healthy working relationship and the two partners have been in close contact to prevent problems or resolve issues as they arise.

2019 Public Private Partnership (P3) Report

Facility Name: Ben Franklin Park Superdome

Description of facility:

FIFA-approved soccer field indoor artificial turf field and indoor golf driving range.

Location:

191 Knoxdale Road (west end of Ottawa).

The Partnership:

The City's P3 partner, TMSI Thunderbird Management Services Inc (TMSI Sports Management), is a locally owned and operated company that owns and manages recreation facilities in the Ottawa area. TMSI designed and built the climate-controlled inflatable dome and continues to operate and maintain it.

A contract was signed between the City and TMSI in February 2007. The Superdome was constructed that same year and officially opened on November 21, 2007. The P3 Agreement is for a 20-year period up to and including November 21, 2027, with an option to renew for two further five-year terms until November 21, 2037, subject to satisfactory performance. At the end of the term, the City will assume ownership of the Dome without payment, or require its removal at TMSI's expense.

In the original agreement, the City committed, at its expense, to replace the artificial turf "on or about the tenth year of the term". Any subsequent replacement of the turf, including site preparation, would be at the expense of TMSI. The turf would become the property of the City upon installation, without payment.

In the fall of 2017, TMSI supervised replacement of the artificial turf on behalf of the City. The City paid for the replacement out of lifecycle funds which were earmarked for this purpose.

TMSI designed and built the Ben Franklin Park Superdome and continues to operate and maintain the facility. TMSI is responsible for marketing, program delivery and indoor field rentals at market rates which it determines.

The original agreement between the City and TMSI included a provision for outdoor playing fields whereby TMSI agreed to build and maintain two new natural outdoor fields and upgrade four existing sports fields. In a subsequent 2011 agreement, TMSI turned over all rights and responsibilities for the outdoor fields at Ben Franklin Park to the City.

Financing:

TMSI invested \$3.783 million in construction costs for the dome, parking lot and adjacent outdoor playing fields. The City of Ottawa contributed \$2.079 million for site

2019 Public Private Partnership (P3) Report

preparation and extension of municipal services. The City also waived development charges, permit fees and property taxes. TMSI pays the Dome's operational costs.

Current Status:

This Agreement is currently in the thirteenth year of a 20-year long agreement. TMSI has met its contractual obligation to provide comprehensive insurance coverage and annual financial statements. Provided that TMSI is not in breach of the agreement at the end of the original term, it has the option to renew for two further five-year terms until November 21, 2037.

A review of unaudited financial statements indicates that TMSI Thunderbird Management Services Inc., operating as 6732283 Canada Inc., is in a good financial condition. City representatives met in person with TMSI representatives over the course of the year and the two parties were also in frequent contact by email or telephone. TMSI is a partner in good standing with the City of Ottawa and the company is meeting its contractual obligations. City staff and TMSI representatives communicate on a regular basis. TMSI's staff members are cooperative and responsive.

2019 Public Private Partnership (P3) Report

Facility Name: Shenkman Arts Centre

Description of facility:

500-seat performing arts hall, a 166-seat black box studio, a municipal art gallery, theatre studios and administrative spaces for theatre, pottery, visual arts, new media arts, and dance.

Location:

245 Centrum Boulevard, (within the Orléans Town Centre Development, in the east end of Ottawa).

The Partnership:

In 2007, the City of Ottawa and the Orléans Town Centre Partnership (OTCP) entered into a comprehensive partnership to bring a major new development to the east end of the City, including the construction of the Shenkman Arts Centre. The OTCP is responsible for the design, construction, maintenance and ownership of the 8,000 square metre Shenkman Arts Centre. The OTCP included the participation of Forum Equity Partners Inc., Aecon Buildings, Lalande + Doyle Architects and Johnson Controls / BJC.

Construction began in June 2007 and the Arts Centre opened on June 18, 2009. The P3 Agreement is for a 30-year period up to and including January 1, 2039. At the end of the term, ownership reverts to the City subject to a due diligence inspection and transfer of all documents and standing maintenance agreements.

Financing:

OTCP paid the overall development cost of the Arts Centre project of \$37.8 million. The City signed a 30-year lease agreement with OTCP, and provided a loan guarantee to finance construction, which OTCP must repay over a period of 30 years.

The City entered into a Municipal Capital Facilities Agreement for the Arts Centre which exempts OTCP from paying development fees, property and education taxes and land transfer taxes on City-occupied spaces within the facility.

The lifecycle renewal reserve fund for the Arts Centre ensures that the City receives the building with all its life cycle elements attended to at the end of the 30-year term. Funding for lifecycle renewal work will be drawn from the lifecycle renewal reserve fund and paid for by the City.

The Property Manager, Brookfield Global Integrated Solutions (BGIS) (previously Johnson Controls / BJC), is responsible for the planning, funding and

2019 Public Private Partnership (P3) Report

execution of the annual life-cycle renewal work plan, and completion of an annual building condition audit at its own expense. The annual life cycle renewal plan is subject to approval by the City and includes a review of the current status of the lifecycle renewal reserve fund balance.

Current Status:

The P3 Agreement is currently in the tenth year of a 30-year long agreement. The OTCP has met its contractual obligation to provide an annual operation and maintenance plan and an annual lifecycle renewal plan. Regular bi-weekly inspections and update meetings indicate that the Property Manager addresses outstanding maintenance issues promptly.

The Orléans Town Centre Partnership is a partner in good standing with the City of Ottawa, and the company is meeting its obligations under the P3 Agreement.

2019 Public Private Partnership (P3) Report

Facility Name: Bell Sensplex (West)

Description of facility:

Ice Surfaces and Indoor Playing Field. Commercial leases including a Physiotherapist, hockey school and other sports and entertainment related ventures.

Location:

1565 Maple Grove Drive (west end of Ottawa).

The Partnership:

The City's P3 partner, Ottawa Community Ice Partners Inc. (OCIP), is a local non-profit organization that includes the Ottawa Senators Hockey Club, the Ottawa Senators Alumni, and Morley Hoppner Group. OCIP owns the Bell Sensplex and Capital Sports Management, an affiliate of the Ottawa Senators, manages the facility on a day-to-day basis.

The Partner began construction of the Bell Sensplex in March 2004 and the facility was available for use in December 2004. The P3 Agreement is for a 25-year period up to and including August 31, 2029, with certain terms subject to renegotiation every five years. At the end of the term, the City will purchase the facility for the sum of one dollar. OCIP paid for the design and construction of the complex and entered into a fixed price design / build contract with Morley Hoppner Group Inc. Capital Sports Management is responsible for operation, maintenance and lifecycle renewal of the facility for the term of the agreement. The Partner is responsible for all programming and marketing of activities within the complex and sets its own fees for programs and services offered.

Financing:

OCIP used private-sector financing to fund the \$25.6 million cost to design, build and finance the project. The City guaranteed the Partner's debt under a Municipal Capital Facilities Agreement, and waived property taxes and development charges. The City purchases 2,400 hours of prime ice time annually and resells the hours to the public at the existing City rate.

An Operating Reserve is funded through an \$850,000 contribution from the OCIP, and four annual contributions of \$250,000 from the City. OCIP funds a Lifecycle Renewal Reserve in the amount of one percent of the construction value, annually, to ensure capital maintenance of the facility.

OCIP uses revenues in excess of the complex's operational requirements to support community recreation projects in accordance with its not-for-profit charter.

2019 Public Private Partnership (P3) Report

Current Status:

This Agreement is currently in the sixteenth year of a 25-year long agreement. OCIP has met its contractual obligations to provide annual audited financial statements, annual operations and maintenance plans, annual lifecycle renewal plans and comprehensive insurance coverage.

The City and the Partner attend monthly meetings and a formal year-end review every July. OCIP submits financial reports, quarterly, for the City's review.

A review of audited financial statements indicates that OCIP is meeting projected financial objectives, and generated a sufficient operating surplus to invest in the City's Shefford Park P3 known and Richcraft Sensplex East project in the east end of Ottawa. OCIP is a partner in good standing with the City of Ottawa, and the company is meeting its obligations under the P3 Agreement.

2019 Public Private Partnership (P3) Report

Facility Name: Richcraft Sensplex (East)

Description of facility:

There are four ice surfaces, commercial leases, including Hockey Eastern Ontario, a Physiotherapy clinic, a restaurant, concessions and a pro shop.

Location:

813 Shefford Road.

The Partnership:

The City's P3 partner, Ottawa Community Ice Partners Inc. (OCIP), is a local non-profit organization that includes the Ottawa Senators Hockey Club, the Ottawa Senators Alumni, and Morley Hoppner Group. OCIP owns the Richcraft Sensplex and Capital Sports Management, an affiliate of the Ottawa Senators, manages the facility on a day-to-day basis.

The Partner began construction of the Richcraft Sensplex in 2013 and the facility was completed in August 2014. The P3 Agreement is for a 30-year period, with certain terms subject to renegotiation every five years. At the end of the term, the City will purchase the facility for the sum of one dollar.

Capital Sports Management is responsible for operation, maintenance and lifecycle renewal of the facility for the term of the agreement. The Partner is responsible for all programming and marketing of activities within the complex and sets its own fees for programs and services offered.

The Richcraft Sensplex has four arenas, including an updated existing Potvin Arena, plus three new regulation NHL size arenas and opened August 5, 2014. The building sits on City land and includes a former City of Ottawa rink (Potvin arena) within the new building.

Financing:

OCIP used private-sector financing to fund the \$25.6 million cost to design, build and finance the project. The City guaranteed the Partner's debt under a Municipal Capital Facilities Agreement, and waived property taxes and development charges.

The City purchases 2,277 hours of prime ice time annually and resells the hours to the public at the existing City rate.

Current Status:

This Agreement is currently in the sixth year of a 30-year long agreement. The City and the Partner attend monthly meetings and a formal year-end review every July. OCIP

2019 Public Private Partnership (P3) Report

has met its contractual obligations to provide annual audited financial statements, annual operations and maintenance plans, annual lifecycle renewal plans and comprehensive insurance coverage. OCIP submits financial reports, quarterly, for the City's review.

A review of audited financial statements indicates that OCIP is meeting projected financial objectives.

OCIP is a partner in good standing with the City of Ottawa, and the company is meeting its obligations under the P3 Agreement.

2019 Public Private Partnership (P3) Report

Facility Name: West Carleton Community Complex

Description of facility:

Cavanaugh Sensplex Ice Surface, Paramedic Post, and West Carleton Client Service Centre.

Location:

5670 Carp Road (west of rural Ottawa).

The Partnership:

The City owns the property and all buildings and the P3 partner, Capital Sports Management Inc. Inc (CSMI), is responsible for operation, maintenance, lifecycle renewal work and landscaping and snowploughing services.

On July 14, 2006, the City signed a design / build contract with Morley Hoppner Group Incorporated for the construction of the ice surface and additions to the complex for a firm price of \$8,372,900.00. The City retains ownership of the complex and there was no partner contribution toward the cost of construction. In August of 2007, the first ice surface was opened and CSMI assumed operation, programming and management of the complex.

The P3 Agreement is for a 20-year period up to and including July 31, 2027, without any optional extensions. At conclusion of the Agreement, CSMI will vacate the facility and all rights of ownership will revert to the City.

CSMI is responsible for planning, tendering, supervising and executing all of the life cycle renewal work, including any planned or unplanned life cycle renewal, as approved by the City, and provided at no additional charge to the City. The City pays the cost of lifecycle renewal work that exceeds \$10,000.

Financing:

The City purchases 800 hours of prime ice time between September 1 and April 15, annually. The City resells the 800 hours to the public at current City rates.

CSMI maximizes revenue opportunities through programming and selling the remaining ice hours, leasing the surplus office space in the complex, and selling advertising and sponsorship at the arena and the complex. CSMI sets its own fees for programs, leases and services offered.

CSMI receives an annual base management fee of \$75,000 with an escalation clause. The City pays \$164,000, annually, towards operating costs for the space it uses in the complex. An additional management success fee is provided to CSMI if they exceed the facility's projected annual financial objectives.

2019 Public Private Partnership (P3) Report

During the agreement, CSMI will manage the life cycle renewal plan and all costs in excess of \$10,000 will be borne by the City, subject to annual review and approval.

Current Status:

This Agreement is currently in the thirteenth year of a 20-year long agreement. CSMI has met its contractual obligation to provide annual financial statements, an annual operations and maintenance plan, annual lifecycle renewal plan and comprehensive insurance coverage.

A review of quarterly financial reports and annual audited financial statements indicates that CSMI has exceeded forecasted financial objectives and received payment of the management success fee, annually.

CSMI is a partner in good standing with the City of Ottawa. CSMI has achieved above average success ratings on customer satisfaction surveys, and the company is meeting its obligations under the P3 Agreement.

2019 Public Private Partnership (P3) Report

Facility Name: Ottawa Paramedic Service Headquarters

Description of facility:

100,000 square foot (9,300 m²) administrative and operational centre for all urban paramedic operations in the City.

Location:

2465/2495 Don Reid Drive (Ottawa South Business Park).

The Partnership:

The City's partner, Forum Leasehold Partners Inc., in association with Westeinde Construction - an Aecon Alliance Company, and Trammell Crow Services Canada Ltd., designed and constructed the Ottawa Paramedic Service Headquarters, and continues to operate and maintain the facility. In 2006, CB Richard Ellis Group, Inc. (CBRE) purchased Trammel Crow Company and the property maintenance contract was assigned to CBRE.

Forum Leasehold Partners (FLP) began construction in September 2004, and the Ottawa Paramedic Service Headquarters was ready for occupancy in December 2005.

The City provided land at 2465 and 2495 Don Reid Drive to FLP for construction of the building through a 30-year ground lease and entered into a sub-lease with FLP to occupy the facility. At the end of the 30-year ground lease, ownership of the land and facility will transfer to the City for the sum of one dollar.

CBRE is responsible for property management of the facility and the City pays all costs related to its operation.

Financing:

FLP delivered the facility through a design / build contract with Westeinde Construction for a firm price of \$19.9 million.

The City leases the building from FLP and the lease payments include an escalating annual amount equal to a percentage of the construction cost to create a lifecycle renewal reserve to ensure capital repairs to facility over the term of the agreement.

The City entered into a Municipal Capital Facilities Agreement with FLP, which exempts the Partner from development charges, site planning and building permitting fees, and from municipal and education property taxes.

2019 Public Private Partnership (P3) Report

The City pays FLP an annual management fee, escalated over time, for property management services, and pays all costs for operation of the facility, without mark-up or contingencies.

At the end of the 30-year term, the ground lease will expire and the land and facility will transfer to the City for the sum of one dollar.

The building is LEED (Leadership in Energy and Environmental Design) certified and delivers energy performance savings and annual utility savings over traditional designs.

Current Status:

This Agreement is currently in the fourteenth year of a 30-year long agreement. Forum Leasehold Partners has met its contractual obligation to provide Facility Management as outlined in the contract.

CBRE is a partner in good standing with the City of Ottawa, and the company is meeting its obligations under the P3 Agreement. Weekly meetings are held to review day to day operations with monthly reports provided to the Financial Services Unit.

An annual meeting is held with all stakeholders to review key performance indicators for the P3 partnership and all financial targets have been consistently met.

2019 Public Private Partnership (P3) Report

Facility Name: Garry J. Armstrong Long-Term Care Centre and Allan House Seniors Residence

Description of facility:

180 bed long-term care facility, with a ten-storey retirement residence.

Location:

Island Lodge Road, Porter Island (centre of Ottawa).

The Partnership:

In December 2003, the City entered into a public-private partnership with PCL Constructors Canada Inc., Central Park Lodges Ltd. and Retirement Residences Real Estate Investment Trust (REIT) for the construction of the Garry J. Armstrong Long-Term Care Centre and the development of a new senior's residence on the site of the Allan House.

The City owns and operates Garry J. Armstrong Long Term Care Facility, provides services to residents and maintains the building and property.

The Allan House site was leased to Central Park Lodges (CPL) and demolished for construction of a new senior's residence. Central Park Lodges, in the name of CPD LP, operates and maintains the new Allan House Seniors Residence. Ownership of the new senior's residence, replacing Allan House, reverts to City at end of agreement at no cost.

Financing:

The City entered into a contract with PCL Constructors for construction of the Garry J. Armstrong Home at a cost of \$22.34 million, paid for by the City. The Ontario Ministry of Health and Long-Term Care fund this project through an annual contribution of \$661,000, which will total of \$13.2 million over 20 years.

In December 2003, CPD LP signed a \$2 million 50-year ground lease for the City's former Allan House site, on which the new seniors residence was built. Upon termination of the land lease, the seniors residence will be conveyed to the City in a good state of repair at no cost.

Current Status:

This Agreement is currently in the seventeenth year of a 50-year long ground lease agreement. -CPL's payment of the ground lease was accomplished by a reduction in the price of the construction contract equal to the lease payment of \$2 million.

2019 Public Private Partnership (P3) Report

Facility Name: Springhill Landfill

Description of facility:

The Springhill Landfill is located on a 100-acre site with 47.4 acres dedicated as a natural attenuation landfill. The site is located within the city of Ottawa which is managed by Tomlinson Waste Management on behalf of the City.

Location:

7722 Springhill Road, Ottawa, ON K0A 2P0
8118 Bank Street, Ottawa, ON K0A 2P0

The Partnership:

The City's P3 partner, Tomlinson Waste Management (TWM), is the Tomlinson Group of Companies' (Tomlinson) environmental services division. Tomlinson is a local family-owned company which provides environmental, construction and transportation infrastructure services throughout Eastern Canada.

On December 23, 1996, a Partnership Agreement was entered into between the former Township of Osgoode and R.W. Tomlinson. Upon amalgamation in 2001, the City of Ottawa assumed the Agreement from the former Township of Osgoode. Tomlinson Waste Management operates the Springhill Landfill on behalf of the City. Under the Partnership Agreement, Tomlinson is retained to supervise, manage and operate the landfill site in accordance with the terms outlined in the Agreement, as well as the provisions outlined in the site's ECA. The City owns the landfill Environmental Compliance Approval (ECA) that is registered with the Ontario Ministry of Environment, Conservation, and Parks (MECP) and is accountable for compliance at the landfill site. Tomlinson previously had a lease with the City to run a Construction and Demolition (C&D) Facility at this site under its own ECA. Residual waste from the C&D Facility was the primary source of waste to the landfill. The C&D lease expired October 6, 2018, however - Tomlinson retained the right to keep an active ECA on file with the MECP.

The Partnership Agreement remains in force subject to terms regarding termination until the landfill capacity is exhausted as determined by the ECA.

Financing:

The Partnership Agreement outlines an arrangement whereby Tomlinson Waste Management (as the Manager of the landfill) retains 60% of the net profits, and the City of Ottawa (as the Owner of the landfill) is entitled to 40% of the net profits. The agreement defines net profits as revenue from receipts of dumping fees charged at the

2019 Public Private Partnership (P3) Report

landfill site less chargeable costs as defined by the Agreement. Chargeable costs permitted under the Agreement include all direct operating costs of on-site activities.

Tomlinson Waste Management is also required under the Partnership Agreement to make contributions to a Project Reserve Fund that will be used by the City for the payment of costs incurred on and after the date of capacity of the landfill site is exhausted, to comply with the conditions of the ECA, and/or the requirements of the prevailing laws or regulations relating to the closure of such sites. Contributions to the Project Reserve Fund are to create a reserve of \$1M at the expiration of 30-Years from the commencement of payments in Year 4 of the Agreement.

Ernst & Young recently concluded its testing of the financial statements and records related to Tomlinson Waste Management's operations at the Springhill Landfill.

The City received the final report from EY on April 8, 2020 and the results of that testing did not identify any significant or material discrepancies in terms of Allowable Expenditures, as defined and permitted within the Management Agreement.

Current Status:

While the Partnership Agreement remains in effect, waste placement activities at the Springhill Landfill were temporarily suspended on May 7, 2018. The suspension of waste placement activities was a requirement under the Long-Term Remedial Action Plan to address and mitigate groundwater and surface water contamination issues at the landfill. As part of the Plan, a low permeability capping solution was identified and recommended as the preferred solution by the City's consultant (Dillon Consulting). In July of 2019, the City requested that TWM assume control of the project, including the completion of the design and construction of the solution. TWM contracted Golder Associates to complete the design of the cover and stormwater management plan which will be reviewed by the City and TWM in Q1 2020. At this time, it is expected that consultations with the MECP and South Nation Conservation Authority (SNCA) will begin in late Q1 or early Q2 of 2020 with submission of the required applications in Q3 of 2020. Assuming there are no issues with the application, construction would begin in Q2 of 2021.