

# HALIFAX REGIONAL MUNICIPALITY

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## HALIFAX REGIONAL COUNCIL COMMITTEE OF THE WHOLE MINUTES

November 9, 2010

### **PRESENT:**

Mayor Peter Kelly  
Deputy Mayor Jim Smith  
Councillors: Steve Streach  
Barry Dalrymple  
David Hendsbee  
Lorelei Nicoll  
Gloria McCluskey  
Darren Fisher  
Bill Karsten  
Jackie Barkhouse  
Mary Wile  
Jerry Blumenthal  
Dawn Sloane  
Sue Uteck  
Jennifer Watts  
Russell Walker  
Debbie Hum  
Linda Mosher  
Stephen Adams  
Brad Johns  
Robert Harvey  
Tim Outhit  
Reg Rankin  
Peter Lund

### **STAFF:**

Mr. Wayne Anstey, Acting Chief Administrative Officer  
Ms. Mary Ellen Donovan, Municipal Solicitor  
Ms. Cathy Mellett, Municipal Clerk  
Ms. Sherryll Murphy, Deputy Municipal Clerk  
Ms. Melody Campbell, Legislative Assistant  
Ms. Chris Newson, Legislative Assistant  
Ms. Sheliagh Edmonds, Legislative Assistant

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**1. CALL TO ORDER**

Mayor Kelly called the meeting to order at 10:07 a.m.

**2. APPROVAL OF THE MINUTES – October 12 & 19, 2010**

**MOVED by Councillor McCluskey, seconded by Councillor Sloane, that the minutes of October 12 & 19, 2010, as presented, be approved.**

Changes to the October 19, 2010 minutes:

Councillor Watts noted that on Page 5, that the public consultation meetings have not taken place; the second paragraph should read: "public consultations would be hosted by the Developer and that HRM staff will be in attendance...".

Councillor Hum advised that an email had been sent to Councillors and the Clerk's Office regarding Page 10 of the October 19, 2010 minutes. She advised that all comments were not captured and suggested that a CD of the meeting be made available to the public and Council. She requested that verbatim minutes and a CD of the meeting be made available.

Councillor Hum advised that on Page 5 her comment should read: "She asked whether consideration had been given to building a new Metro Centre ....."

Ms. Cathy Mellett, Municipal Clerk, advised Council that the intention of Council minutes is not a verbatim record of Council. She stated that minutes are a record of the decisions of Council. She advised that the current practice will continue until otherwise directed by Council or as is determined best practice across the Country.

Councillor Barkhouse noted that on Page 5 her comments should read: "Councillor Barkhouse expressed concern that the public consultations may not seem fair to the public as they seemed to be public information sessions rather than consultations."

**MOVED by Councillor Hum, seconded by Councillor Johns that approval of the October 19, 2010 minutes be deferred upon clarification of the request to make available a verbatim CD of the October 19, 2010 minutes in conjunction with the minutes of the meeting. MOTION PUT AND PASSED.**

The question on the October 12, 2010 minutes was put. The **MOTION WAS PUT AND PASSED**

Councillor Karsten stated, for the record, that he does not support distributing entire CDs or creating verbatim minutes of Council meetings.

The Municipal Clerk and the Municipal Solicitor will meet to discuss this matter and provide clarification to Council.

### 3. PROPOSED CONVENTION CENTRE

A copy of the presentation WTCC2, dated October 19, 2010, was before Council.

A copy of the presentation *Planning for a NEW World Trade and Convention Centre*, dated November 9, 2010, was before Council.

A document entitled *Proposed Convention Centre FAQs*, dated November 9, 2010, was before Council.

Written submissions were received from the following persons: Phil Pacey – Heritage Trust of Nova Scotia, Bill O’Hearon, Molly DeShong, Eileen Power, Anne Cornwall, Norman Lyttle, Charles Yeates, Bruce DeVenne, Ian McKee, William Prest-Currie, Leslie Pezzack, Phil Varey, Paul Faulkenham, Karen MacRae, Caroline Scott, Janet Morris, Jack Yurko, Janet & Kenneth Leffek, Betty Josey, Lionel Ranger, Norma Stone, Aaron Murnagh for the Built Environment Committee Ecology Action Centre, Dawn Swanson, Jean-Paul Deveau, Robert Sime, Valerie Payn for the Chamber of Commerce, John Sutherland, John Chisholm, Dave Grimshire, Bryan Burns, Ed MacLean, Keith Coles, Judy Obersi, Betty Josey, Peter Delefes, President - Heritage Trust of Nova Scotia, Leah Burns, Nicholas Carson, Allan Robertson.

Councillor Uteck stated that many of the questions from the October 19, 2010, meeting have not been answered in the information provided to Council. She asked why there is a requirement for an in camera session. Mr. Martin Ward, Municipal Solicitor, advised that the in camera is to develop a position on the negotiations with the Province. He noted that negotiations contain sensitive information. Councillor Uteck advised that it is difficult to make a decision without a presentation by Mr. J. Ramia, the Developer of the proposed convention centre.

Discussion ensued regarding the appropriateness of inviting Mr. Ramia of Rank Developments to address Council.

**MOVED by Councillor Streach, seconded by Councillor Uteck, that Council invite Mr. Ramia, Rank Developments, to provide a presentation to Council during the November 9, 2010 afternoon session of Committee of the Whole. MOTION PUT AND PASSED.**

Discussion ensued regarding hearing from other groups as it pertains to the proposed convention centre.

**MOVED by Councillor Watts, seconded by Councillor Johns, that Council invite Dr. Hayward Sanders to provide a presentation to Council regarding the proposed convention centre during the November 9, 2010 afternoon session of Committee of the Whole. MOTION PUT AND PASSED.**

Discussion continued regarding the merits of third party presentations to Council relative to the proposed convention centre.

**MOVED by Councillor Sloane, seconded by Councillor Mosher, that Council invite a representative of the Provincial Government to be present during discussion regarding the proposed Convention Centre.**

Council discussed the advisability of a representative of the Provincial Government being present as Council is still in negotiations with the Province regarding the proposed convention centre.

**MOTION PUT AND DEFEATED.**

**MOVED by Councillor Johns, seconded by Councillor Blumenthal, that the Trade Centre Ltd. present to Council directly following Dr. Sanders presentation.  
MOTION PUT AND PASSED.**

Mr. Wayne Anstey, Acting Chief Administrative Officer, provided Council with the context of the November 9, 2010 presentation, *Planning for a NEW World Trade and Convention Centre*, to Council.

Mayor Kelly advised that questions of Council will be heard following the staff presentation.

Mr. Jim Donovan, Manager of Economic Development, provided a presentation regarding HRM's participation in the current convention centre.

Council recessed at 11:00 a.m.  
Council reconvened 11:13 a.m.

Mr. Cathie O'Toole, Director of Finance, presented a financial summary of the proposed convention centre proposal.

Mr. Peter Stickings, Manager of Real Estate and Facility Services, provided a presentation regarding the key aspects under review relating to the existing World Trade and Convention Centre.

Ms. Cathie O'Toole, reviewed with Council the key factors regarding leasing vs. ownership of the proposed convention centre.

Mr. Fred Morley, Senior Vice President & Chief Economist of the Greater Halifax Partnership presented the economic analysis for the proposed convention centre.

Ms. Cathie O'Toole provided a presentation regarding the current financial analysis.

Committee of the Whole recessed at 12:02 p.m.

Committee of the Whole reconvened at 1:17 p.m.

Dr. Heywood Sanders, Professor of Public Policy at the University of Texas (San Antonio), U.S.A, a leading expert on Convention Centre economics, presented to Council on the proposed Convention Centre.

Councillor Hendsbee entered the meeting at 1:20 p.m.

Dr. Sanders provided the following information in response to questions of Council:

- the presentation was specific to Halifax Regional Municipality and not a generic presentation
- he clarified that he has not discussed the issue of height for the proposed towers and has no position on those particular structures
- he is not being paid by the Nova Scotia Heritage Trust to present, he is paid by the University of Texas
- there have recently been new centres and expansions in both the US and Canada
- typically, event planners like to rotate their events to different cities. The nature of a community and the size of local attendance that could be drawn are considered when choosing a location as planners seek to maximize their attendance and will go where the largest segment of people/ interested members of their industry/association reside.

Dr. Sanders presented the position that the Convention Centre market in North America is in decline and that the economic impact of building or expanding convention centres in the current market is overstated.

Dr. Sanders clarified for Council that of all the documentation available to him for analysis the only area he found lacking in information was the historical data on the performance of the World Trade and Convention Centre in the second Gardner Pinford analysis and the fact that those figures were quite inconsistent with the TCL figures.

Councillor Hum requested information on the impact that HRM/Canada's steady economy would have in regard to Conference Centre events/attendance and the peaks/lows of other cities.

Councillor Uteck noted that the Halifax Trade Centre Limited's (TCL) books are audited and open for public scrutiny. She clarified that HRM was not going after the US market.

In response to further questions from Members of Council, Dr. Sanders advised that:

- he is neither for nor against Convention Centres, he simply studies them and shares his findings
- every Convention Centre has to turn away conventions due to capacity; All Centres claim they are turning away business when they seek expansions.

- part of the TCL report deals with lost business and lists events, room nights, and attendees. It is important to note where the attendees come from and how long they stay as the average stay was a little more than one room night which is only a fraction of what Halifax could receive with three to four day stays. The number of days of spending could increase the economic impact.
- in regard to a measure for “lost business”, each centre would have their own definition/measure.

In response to a question of clarification by Councillor Rankin, Dr. Sanders explained that if the base assumption of number of events and attendees (non resident) is not plausible then all revenue estimates are equally implausible. He noted that he would be fascinated to see a study that shows the performance of a Canadian Convention Centre that has demonstrated, over a decade, a steady four fold increase, however; from the data he has reviewed, he has seen only fluctuations. An accurate business case is important to consider when deciding on a Convention Centre or its expansion as a larger Convention Centre does not necessarily mean more economic benefit. In general, new or expanded centres have not yielded what the Consultants had estimated with some realizing only half, or less, activity than what was estimated.

Mayor Kelly thanked Dr. Sanders for his presentation.

Committee of the Whole recessed at 2:53 p.m.

Committee of the Whole reconvened at 3:07 p.m.

Mr. Scott Ferguson, President & CEO Trade Centre Limited, presented to Council on the proposed Convention Centre.

Councillor Barkhouse entered the meeting at 3:10 p.m.

Mr. Ferguson offered to meet with Councillors individually or with their constituency. He then responded to questions as follows:

- TCL measures all of its business, regardless of size, with much of the current business being in the 100 to 300 delegates range and will continue to search for events that maximize the economic impact
- major International and National event organizers have said that if there was a convention centre in Halifax they would bring their convention here
- other venues in HRM, such as the Cunard Centre, are on board with the proposed Convention Centre as International events like the option of offsite locations for such things as a “lobster dinner” etc. for their delegates
- WTCC has lost 85 events over a three year period due to lack of space. The proposed future projection of 96 events was based on research done to date and is considered achievable.
- the proposed convention centre location will create a destination center in the urban area where delegates could stay and interact with Nova Scotians on a

daily/nightly basis as they would be within walking distance to Spring Garden Road, the waterfront, Citadel Hill, Pier 21, etc.

In response to a concern raised by Councillor Watts, Mr. Ferguson advised that expanding the existing WTCC would not achieve what is needed / wanted.

Councillor Watts encouraged that a third option be considered that would involve keeping the existing WTCC and utilizing the former Herald site for another use.

In response to further questions by the Committee of the Whole, Mr. Ferguson explained that:

- using annexes would require staff operating both sites, also; delegates do not like having to search for where they are required to be
- the Convention Centre would have the same risks/challenges as any other business in Canada; the strength for Halifax is its diverse economy
- the losses were bigger for Convention Centres with conferences over 1000 delegates
- WTCC's focus will be on the National and International market with the local market not being committed to until the international market has been exhausted. The percentage of national/international events will be based on what is available.

Mr. Ferguson advised that WTCC business is stabilized and has been plateauing for the last four to five years. If the decision is made not to go ahead with the proposed Convention Centre, there would be disappointment and loss that would be difficult to put a number on. If the decision is made to go forward with the proposed Convention Centre, it would be good news and show that Halifax is interested in growing the convention business.

Councillor Lund requested that Mr. Ferguson meet with him and his constituents due to the mixed messages in the media in regard to the proposed Convention Centre.

Mr. Ferguson responded to further questions of Council as follows:

- the duration of conferences in Halifax are between 2 to 3 days to one week
- locating the Convention Centre on the waterfront is not a good idea as convention centre design required large enclosed spaces
- the target is to have the ability to host a 3000 delegate convention with exhibits and requirement for a ball room; it is the multiples of events attracted rather than the size that is important
- with the new Convention Centre, Halifax would be above Moncton and Charlottetown in regard to space
- Halifax's International Airport and Port make Halifax a spectacular destination especially considering the pre-clearance into the United States
- Destination Halifax deals more with the Cruise Ship industry although there is future potential for the WTCC



In response to a concern raised by Councillor Fisher, Mayor Kelly advised that Council could request information from economists in regard to whether or not local dollars spent would be an economic stimulator.

Mayor Kelly thanked Mr. Ferguson for his presentation.

Mr. Joe Ramia of Rank Inc, Developer for the proposed Nova Centre project, presented to Council on the proposed Nova Centre project.

Mr. Ramia noted that Halifax has tremendous potential. Each piece of the Nova Centre project has an economic impact on Halifax and HRM. Most important is the proposed Financial Centre that will be the future engine for Halifax and Nova Scotia and the mechanism that will keep/attract young people in/to Nova Scotia. The hotel and retail components of the project will also bring a major impact to Halifax. The design will be as per LEED Gold standards resulting in the most sustainable, energy efficient building in Canada.

Halifax offers an historical marine setting. Most people would like to see a modern, bold development that represents this past but also looks toward the future with civic pride. Rank Inc. respects and believes in what the Heritage Trust of Nova Scotia would like to achieve in saving heritage buildings, however; it is the newer constructions that “pay” for the heritage ones as government/private funding alone will not save heritage.

The Nova Centre project will focus on the Financial Centre component for the following reasons:

- Halifax is a great place to locate because of the workforce/graduates
- Halifax is located one hour from New York and close to London, England
- Halifax’s time zone opens one hour before the New York Stock Market and would also offer convenient timing for Call Centre calls
- Halifax would have a lower cost of doing business than other cities
- Halifax’s International Airport is easy to get in and out of with four or five flights to New York and other major centres. The pre-clearance to the United States is also a huge benefit.

Mr. Ramia noted that every project has risk and the risk for this project is being covered by bringing in only as much commercial space, the Financial Centre, as required with the remainder being residential. At this point, the amount of residential is uncertain. There is a 4.5 star Hotel interested in locating in Halifax, however; they would not come if the Convention Centre portion of the project did not move forward.

Mr. Ramia, assisted by Mr. Noel Fowler, Architect, explained that the Convention Centre has been designed to be below grade as offices require 90% natural light, however; 85% to 90% of Convention Centre floor area does not require natural light as they are usually comprised of large, cavernous rooms. Each side of the proposed site is on a street and it was not desirable to have solid walls, therefore; the Convention

Centre portion was designed below grade in order to open up all sides of the building and eliminate solid concrete walls.

Mr. Ramia advised that there will be a public consultation process, as per Section A10 of the RFP, following the signing of the contract.

Mayor Kelly thanked Mr. Ramia for his presentation.

Mr. Ramia responded to questions of Council as follows:

- Rank Inc. replied to the Expression of Interest (EOI) offering many options to the HRM/Province of Nova Scotia including lease options, which was required in the EOI, for the Convention Centre portion of the project and remains open to any proposal by the Province or HRM.
- the guarantor that the project will be completed is that it is all one project to be built at the same time.

In response to a concern raised by Councillor Johns, Mayor Kelly requested clarification from Mr. Andy Fillmore in regard to what was permitted in regard to height at this location. Mr. Fillmore advised that if the Convention Centre did not proceed, buildings of 92' feet would be permitted on each site; if the Convention Centre goes forward, eight to eighteen storeys would be permitted on the former Herald site and eight to fourteen storeys would be permitted on the former Midtown Tavern site.

Mayor Kelly requested that Mr. Ramia return to Council at 6:20 p.m. to continue discussion on this matter and respond to questions of Council.

**MOVED by Councillor Sloane, seconded by Councillor Johns that Committee of the Whole reconvene at approximately 6:20 p.m. following a shortened Council agenda in order to complete discussion on the Proposed Convention Centre. MOTION PUT AND PASSED.**

Committee of the Whole recessed at 5:06 p.m.

The meeting reconvened at 6:54 p.m.

Mr. Ramia responded to questions from Council, with the following points being noted:

- The project will have a LEED consultant and will meet LEED standards; consideration is being given to incorporating geo-thermal technology for heating and cooling in the project; and it will incorporate 'green' roofs and 'end of trip' areas
- If the contract is signed in January, the public consultation will start in January and the excavation process would start approximately in March
- Without the convention centre this project will not proceed in the same manner
- Prospective tenants want more than just an office tower—they are looking for an environment of a full financial centre and the convention centre is part of that environment

- The Hotel Association is supportive of the new convention centre.
- Wind and shadow studies have been carried out and results have shown that the design of the project would improve wind tunnel issues and that there would be no more shadowing than what would be permitted by HRMbyDesign
- The towers will be a mix of financial and residential, with the focus on financial.
- Constructing an underground tunnel on Argyle Street which would connect the new convention centre with the Metro Centre is being considered
- This development is one project, i.e. "one phase, one build".
- If approved, Ellis Don will be the contractor for the project and they are confident they can find enough construction workers and there will be a focus to use local labour.

Council recessed at 7:44 p.m.

Council reconvened at 7:58 p.m.

Mr. Bruce Fisher, Manager, Fiscal and Tax Policy addressed Council and provided a presentation in regard to the proposed convention centre project and property taxes on the site. Mr. Fisher advised that the figures staff has provided in the presentation were their best estimates based on assumptions. He noted that the final assessed value of the project and tax is simply an estimate at this time. He also noted that based on the lease values, the convention centre property would be assessed at \$105 million, and the property tax, including all area rates, would be \$4.1 million.

Ms. Cathie O'Toole, Director, Financial Services indicated that, in preparing the information, staff were very conservative in their assumptions.

Mr. Fisher and Ms. O'Toole responded to questions from Council.

In response to a question by Councillor McCluskey, Mr. Fisher advised that the Municipality would start receiving taxes once construction starts.

In response to a question by Councillor Uteck as to what is different with the new 'Ask' versus the current arrangement with the World Trade and Convention Centre, Mr. Fisher explained that with the current arrangement, the Municipality makes an operating contribution based upon a formula. The formula was set a number of years ago and represents a fixed amount which is annually incremented by CPI. He added that at one point many years ago there was a capital contribution. With regard to the new convention centre, he advised that the Municipality is being asked to provide a capital contribution, a contribution to the operating budget and to forego the property taxes on the World Trade and Convention Centre component of the proposal.

Councillor Rankin expressed concern that the matter of the deficit, and the question of how much of a deficit there will be has not been considered.

In response, Mr. Fisher referred to the slide presentation and advised that Trade Centre Limited is projecting an operating loss to be just over \$3 million for the new convention

centre. He added that the risk associated is if there are costs on top of this. Mr. Fisher also explained that on the operating costs of the building there are some fixed components in the short and medium term which will keep those costs predictable but in the longer run, it is difficult to predict what inflation and additional costs will be.

Councillor Watts noted that there appeared to be missing pieces of information and that a number of her residents submitted detailed questions in regard to the figures. She indicated that she needs to have a clear understanding of what is involved and more information before she would be willing to move forward on this matter. Councillor Watts advised that because the questions are of such a detailed nature, she would forward staff the questions rather than have staff elaborate on them this evening.

Councillor Hum provided the following comments and questions:

- She asked what the potential annual property taxes from the hotel and office tower would be compared to the potential waiver of property taxes on the convention centre.
- Residents have clearly stated that they cannot take any more tax increases and they do not want to see their taxes raised as a result of this project.
- She questioned the implication on taxpayers if Council is to move forward with this project.

Councillor Hum concluded her remarks by advising that, at this time, she was not prepared to accept this in principle and she still had concerns about consistency with regard to the reports on which staff have based their information. She advised that she would like to receive information on the number of 'person years employment' this project would generate.

Mr. Fisher reviewed the sources of information staff used in carrying out their due diligence. He advised that staff have studied the developer's business model and approach and believe it has good potential and staff are getting an increasing level of comfort with the business model. With respect to residential taxation rates and the question of impact on taxpayers, he advised that this situation is such that the Municipality would be investing in one part of a \$500 million project and but receive a tax benefit on the entire facility. Mr. Fisher added that, based on the information he's reviewed so far, he did not foresee there would be upward pressure on residential tax rates.

Mr. Fisher addressed a concern about the longer term implications on the budget, and pointed out that when Provincial staff prepared the Request for Proposals, they did a good job on tightening up the risks, and a lot of the longer term capital risk seem tightly controlled.

To further clarify a concern raised by Councillor Hum, Mr. Anstey explained that if the Municipality were to accept the Provincial position now, the Municipality could stand to lose \$1.9 million; and, if the Province were to agree that the convention centre were taxable then the Municipality would break even.

Ms. O'Toole pointed out that with regard to the estimated taxes, staff are only showing the cash flow implications for one year. She added that they chose the first full year of operation because the development would not be fully ramped up then and the property taxes would not be as much in the first year as it would in future years.

Councillor Watts expressed concern about any intention Council may have of proceeding at this time and suggested that more information was required. In this regard, she put forward the following points:

- further comment is required on Class A office space and developments currently on the books
- clarity is required on the use of the reports staff used in their figures, and how those were constructed.
- a review of the figures of the World Trade and Convention Centre should be carried out and independent analysis done.

Councillor Watts advised that Council needs to undertake due diligence around this matter and HRM's residents want the information and the ability to understand it.

In response to a question by Councillor Lund, Mr. Fred Morley advised that on the construction side of the project there is expected to be approximately 1700 FTE's through the four years of construction and, in the operation of the Convention Centre, over a ten year period there will be 27,000 direct and indirect jobs. He added that the net 'new' jobs is about 14,000 over ten years.

Councillor Sloane suggested that, if the Municipality ends up owning the World Trade and Convention Centre, there is an area that could potentially be converted to arts and cultural space, and she questioned if staff would look into the feasibility of this, as well as other alternatives for the space.

Mayor Kelly advised that at this time, the meeting would adjourn and Council would go In Camera, as agreed to earlier this afternoon.

#### **4. ADJOURNMENT**

The meeting was adjourned at 9:29 p.m.

Cathy J. Mellett  
Municipal Clerk