

WTCC2

Setting the Context for a future
decision of Regional Council

COW – October 19, 2010

WTCC2

- On October 15 the Province formalized their request that HRM be a partner on the WTCC2 project.
- Further time for clarification and analysis of the request is required by HRM staff.
- Today's presentation simply provides Council with pertinent background and procedural information.
- No decision is sought today.

HRM's Approach

1. Committee of the Whole - information presentation
2. Analysis of Requests from Province, including Federal participation - ongoing
3. Recommendations & Alternatives
4. Council Decision on provincial request

Overview

1. Presentation Overview
2. General context: Urban Core Policies
3. Development Approval Process
4. Process for to-date for Partnership with Province
5. Project Technical Briefing
6. The Need for a New Convention Centre
7. Next Steps

2.

**General Context:
Urban Core Policies**

Importance of the Urban Core

“Increasing economic prosperity in Halifax must be made a provincial and municipal priority.”

-The Conference Board of Canada

“...the prospects for Nova Scotia are now inextricably linked to the success of its largest urban area.”

-Elizabeth Beale, The Premier's Economic Advisory Cmte.

“Vibrant urban areas, with economic opportunities and services comparable to other Canadian cities, are essential to encourage young people and families to stay in this region.”

- APEC Atlantic Report, Summer 2010

Importance of the Urban Core

HRM's Recognition of the “Economic Engine”

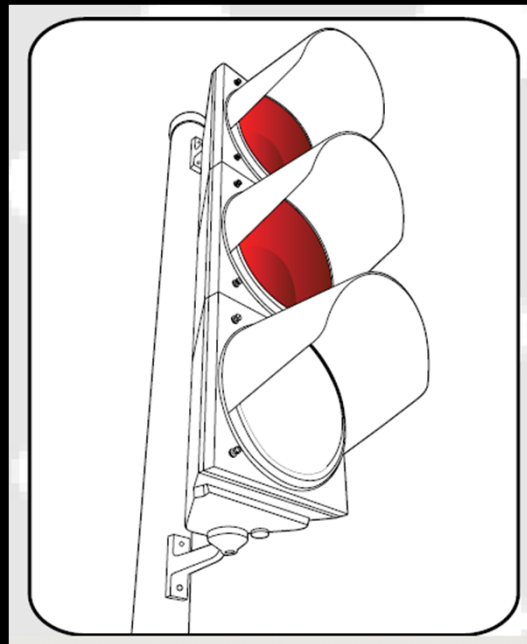
1. HRM Economic Strategy 2011-2016: “Downtown Core” is one of the five pillars of the draft strategy.
2. HRM Corporate Plan: “Economic Prosperity” is a major theme of the plan.
3. The Regional Plan, HRMbyDesign, Cultural Plan: Each of these emphasize improving the livability of the urban core as essential to economic health.
4. Capital Ideas: Specifically urges partnership with other levels of government to deliver public investments that will lead private sector investment. Also urges infill on vacant lots.

Capital Ideas

- The Strategic Urban Partnership:
HRM to work with other levels of government and key urban stakeholders to identify and execute strategic downtown investment projects that will lead to private investment.
- Intensification of Uses Downtown:
HRM to become more sustainable by accommodating more people living and working downtown, where hard and soft infrastructure has been bought & paid for.
- Livability & Smart Growth:
HRM to attract growth and visitors by improving the livability and beauty of downtown (streetscapes, vacant

Lack of Public and Private Investment

- Red lights from the Halifax Chamber of Commerce 4 years in a row in the Public and Private investment category.



Policy Snapshot

- In 2009 Council approved a new Plan and Bylaw for downtown Halifax



WTCC2's Role Downtown

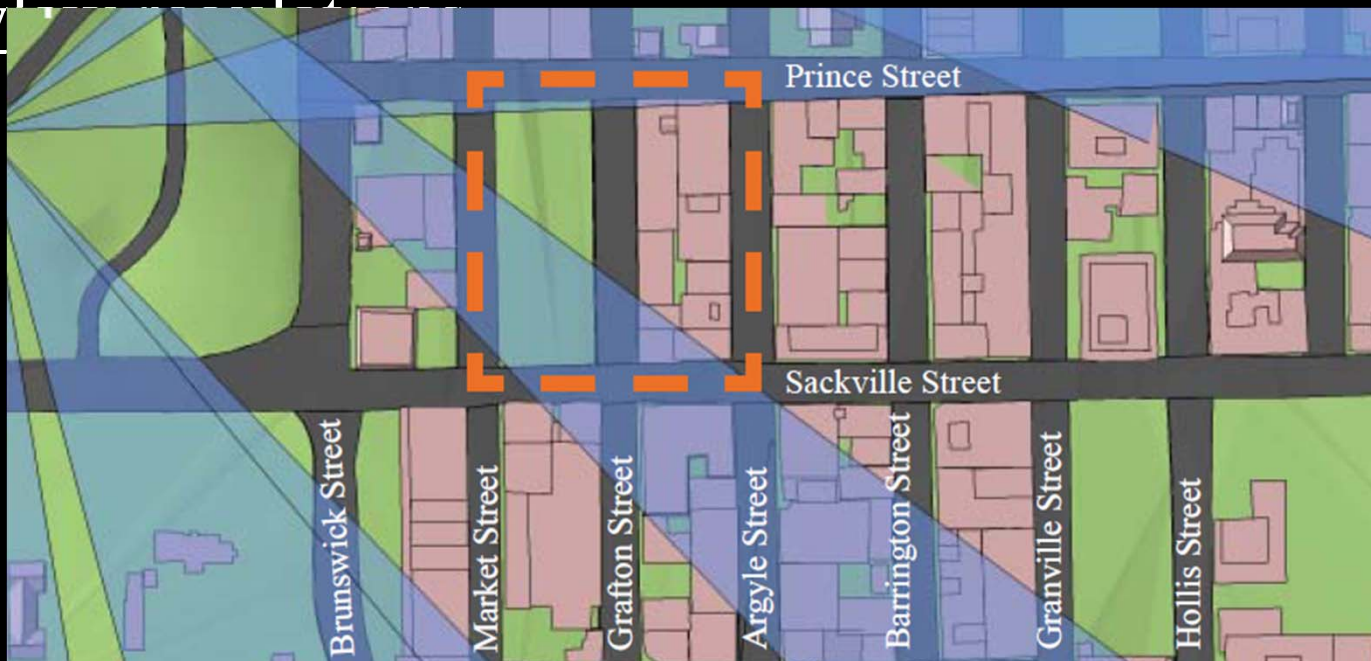
- WTCC2 massing accommodated under a policy seeking “*significant economic, social and cultural impact on downtown Halifax, the Province and the Region.*”
- What impact will the WTCC2 have?
 - Infilling two vacant central city blocks.
 - Streetscape improvements on 8 block frontages.
 - Meeting place for business, community & cultural events.
 - Reinforcing HRM as an international destination.
 - Tax revenues, job growth and spin-off economic activity.

Policy Snapshot

- The Plan and Bylaw established maximum Building Envelopes for two separate future scenarios for development on the subject site.
- Building Envelopes for each scenario establish maximum building height, maximum streetwall height, maximum tower width, and upper story stepbacks.

Policy Snapshot

- Both scenarios would be subject to rigorous review by the Development Officer and Design Review Cmte.
- Both scenarios would have to comply with the Viewplane, Rampart, Design Manual and Land Use By-laws.



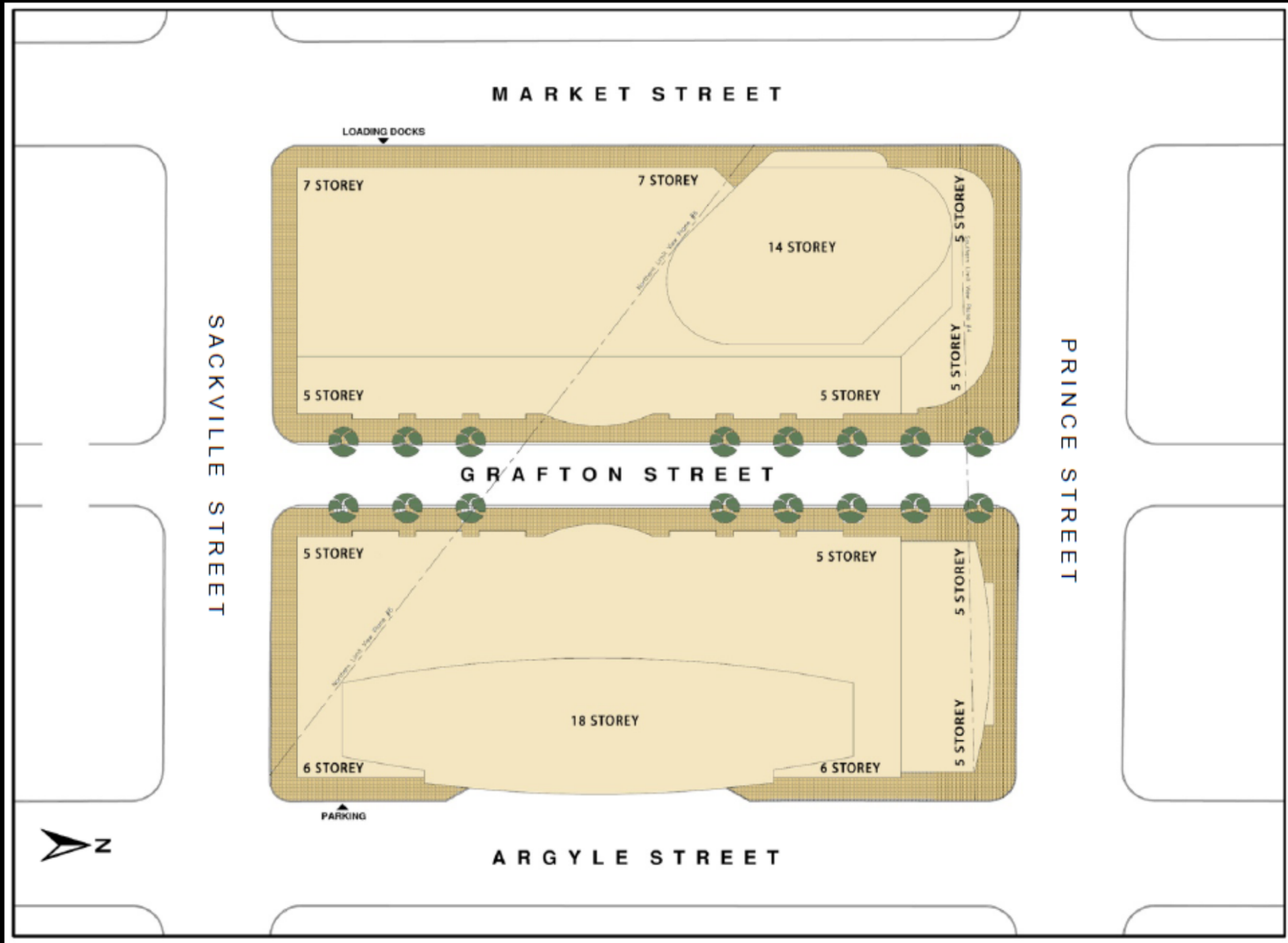
Scenario 1

- The *first* scenario envisioned a typical private development proposal with no public sector involvement.
- On both the Herald and Midtown blocks would be permitted :
 - Pre - bonus max. height = 22m (approx 6 stories)
 - Post-bonus max. height = 28m (approx 8 stories)

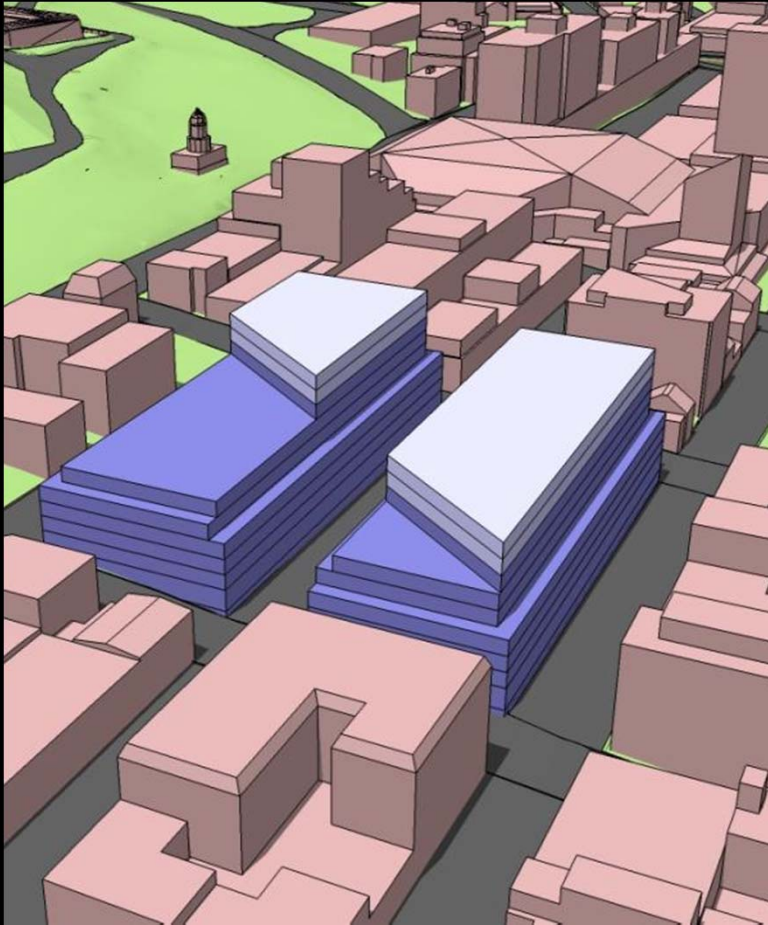
Scenario 2

- The second scenario envisioned a development containing a new Convention Centre with public sector involvement, defined in policy as meaning *“funded or otherwise financially supported by any or all levels of government”*.
- On the Herald block would be permitted:
An 18 story structure with a 5 to 6 story base.
- On the Midtown block would be permitted:
A 14 story structure with a 5 to 7 story base.

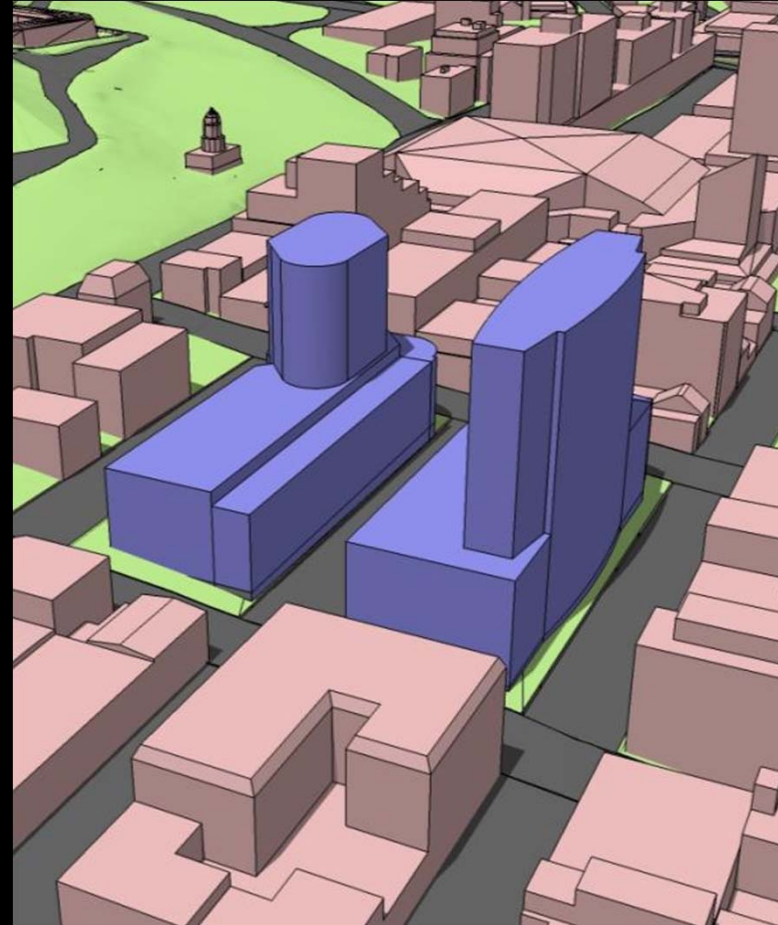
Scenario 2 (“Appendix B,” DHLUB)



Scenario Envelope Comparison



Scenario 1:
Without Publically Funded WTCC2



Scenario 2:
With Publically Funded WTCC2

Why Scenario 2

- Council accommodated Scenario 2 at that time in recognition of the project's potential:
“significant economic, social and cultural impact on downtown Halifax, the Province and the Region.”
- This accommodation was, and is, consistent with a large body of HRM policy and other external initiatives recognizing downtown Halifax as our Economic Engine.
- However, to fulfill the role of Economic Engine downtown Halifax requires significant public *and* private investment.

Scenario 2: WTCC2

- Council's HRMbyDesign policy enabling Scenario 2 must not be construed as approval of either a *building project* or a *business partnership*.
- Rather it was approval of a *policy* establishing a generic building envelope to which 4 significant conditions apply:
 1. Public funding required
 2. Meet requirements of Viewplane and Rampart regulations.
 3. Meet requirements of Design Manual & Land Use Bylaw
 4. Approval by Development Officer & Design Review Cmte.

3.

**Development Approval
Process**

The Approval Process

- Building Project approval process separate from partnership agreement.
- Two components to building project approval:
 1. Site Plan Review
 2. Street Encroachment Agreement

Site Plan Approval Process

1. Pre-Application: Detailed review & comment by staff.
2. Public consultation: Open house, web site, kiosks.
3. Official Application: Staff review and recommendation to Design Review Cmte.
4. Decision: Development Officer + Design Review Committee, Notification.
5. Potential Appeal: To Regional Council.

1. Pre-application

- Purpose:
 - Provide **comments** prior to formal application
 - Identify formal **submission** requirements
 - Understanding of **issues**
 - **Written comments**
 - Authority to **proceed** with public consultation

2. Public Consultation

- Undertaken by developer:
 - **after** pre-application but **prior** to formal application
- 3 methods:
 - Public meeting / open house
(sign at property & newspaper ad)
 - Information kiosks at three public locations
 - Project website / online forum

3. Official Application

- Development Officer:
 - Quantitative elements (height, mass, setbacks, etc.).
- Design Review Committee:
 - Qualitative elements (design, variance requests, etc.).

4. Decision

- Development Officer's decision on quantitative elements not appealable.
- Design Review Committee makes decision within 60 days of complete application.
- Notification: Assessed property-owners within the Downtown Plan Area + 30m receive notification that application has been made.
- DRC decision on qualitative elements appealable to Regional Council.

4. Decision

Must meet requirements of:

- Viewplane protections
- Ramparts bylaw.
- Downtown Halifax Design Manual
- Downtown Halifax Land Use Bylaw

5. Potential Appeal

- 14 days to appeal from date of decision.
- Council hearing to uphold or overturn *qualitative* elements only. No appeal of *quantitative* elements.
- Who can appeal:
 - Assessed property-owners within the Downtown Plan Area + 30m, or applicant.
- If appealed:
 - hearing at Council to uphold or overturn Committee decision.
- If no appeal, Development Officer issues Development Permit.

Street Encroachment Approval

- Concept:
 - Partial pedestrianization of Grafton Street between Sackville and Prince streets
 - Agreement to include streetscape improvements to abutting streets
 - Further analysis of proposal is ongoing
- Separate decision of council
- Details to follow from ongoing analysis of partnership request from Province.

4.

**Process to-date for Partnership
with Province**

Process Timeline

- Nov. '04
TCL staff begin investigations into WTCC expansion and MCII
- July '05
Council approves partnering with PNS and ACOA to study WTCC expansion and Metro Centre II
- Oct, '05 - Jun, '06
“WTCC Expansion and Metro Centre II Feasibility Study” completed.
- July 06 - Mar '07
Feasibility Study examined. No action taken.

Process Timeline

- Mar – Dec, '08

EOI issued by PNS and HRM for new WTCC facility

- Jan – Apr, '09

Criterion Communications Inc. and HLT Advisory Inc. investigate market opportunities for expanded

- Rank Inc. short listed as only viable proponent.
- PNS engage Deloitte Canada to prepare business case, assist in developing RFP and develop shadow

Process Timeline

- May – Jul, 09

Municipality and Province enter into a Memorandum of Understanding agreeing to work together to undertake due diligence and obtain all approvals and consents necessary to have a new facility constructed.

- Province issues Stage I RFP to Rank Inc. June 29, Stage 1 RFP deadline extended to November 2.

Process Timeline

- Aug – Dec, 09

PNS engage Gardiner Pinfold Consulting Economists Ltd. to undertake economic impact assessment for a new WTCC

- Rank meets Stage 1 requirements.
- Stage 2 RFP issued to Rank Inc. on October 1

- Jan – Jul, 2010

Stage 2 deadline extended from February 5 to July 19.

- Evaluation teams comprising PNS, HRM and TCL staff established to review detailed aspects of Rank's proposal.

Process Timeline

- Aug – Sept, 2010
Evaluation of Rank Inc's RFP
- Oct 2010
PNS endorses new WTCC proposal

5.

Project Technical Briefing

Project Description

- Increased capacity and flexibility
- Three times the size of the existing center
- Multi level facility
- 115,000 sq feet of rentable convention space including
 - 35,500 sq feet of column free ballroom space
 - 52,000 sq feet of multi purpose space
 - 28,000 sq feet meeting room space
- 51,000 sq feet reception space (pre-function)

Project Description

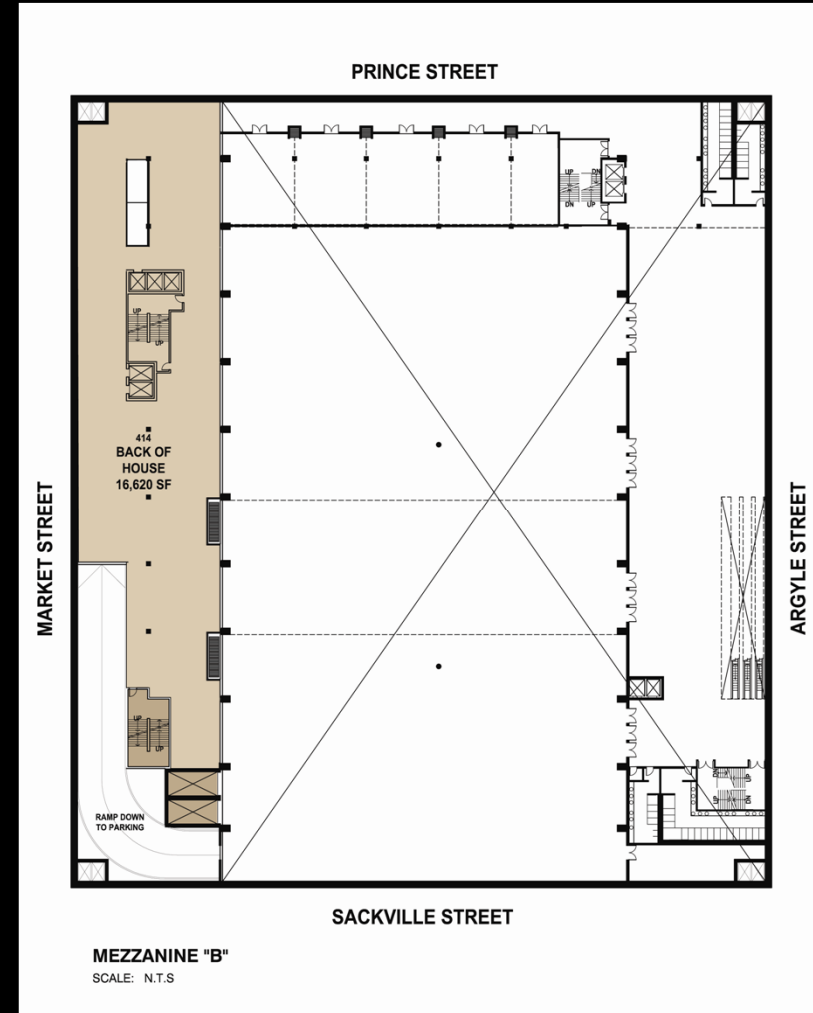
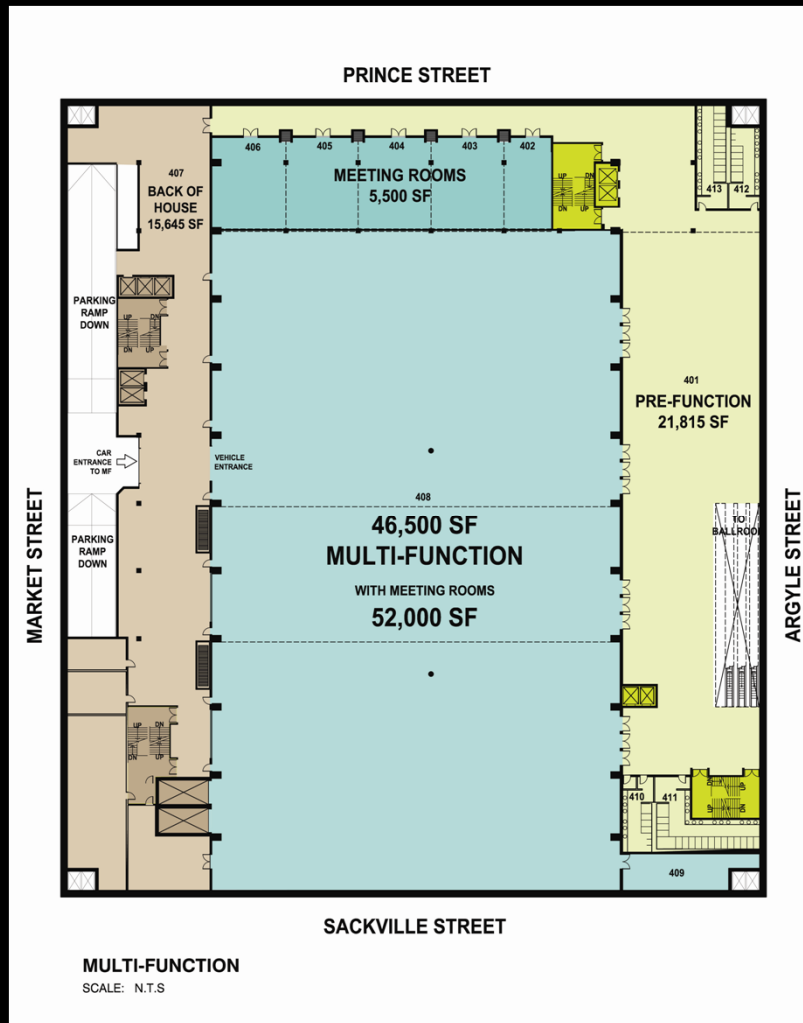
- 24 meeting/break out rooms that can be reconfigured
- Reception areas suitable for 2,000
- 4 star facility
- Gold Standard of Leadership in Energy and Environmental Design (i.e., LEED Gold)

Development Concept

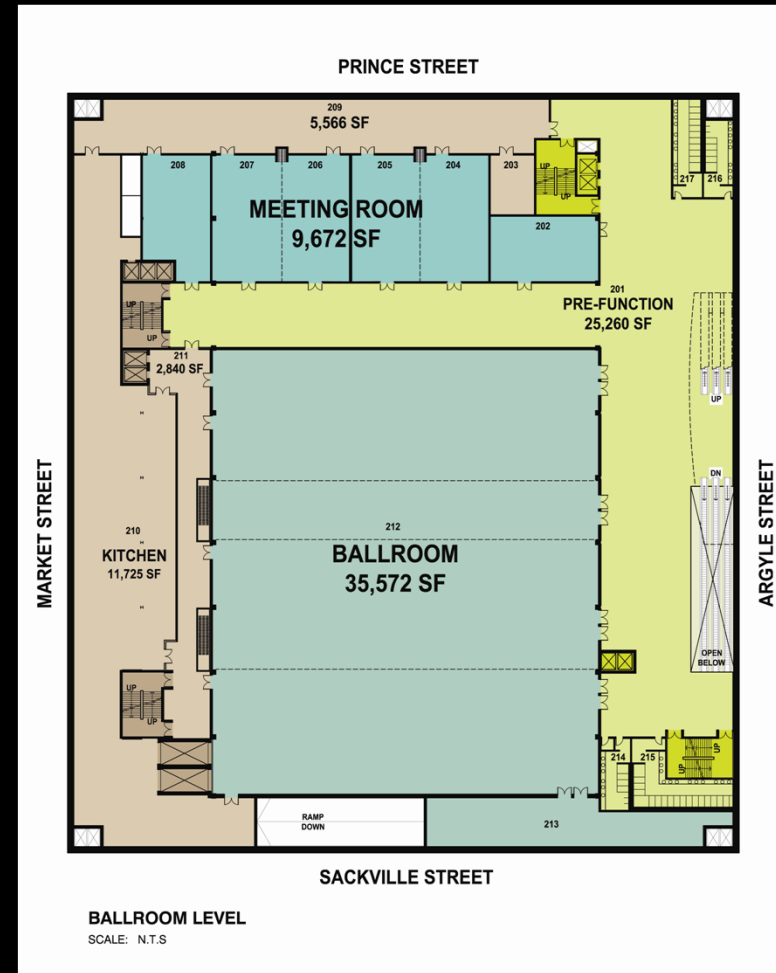
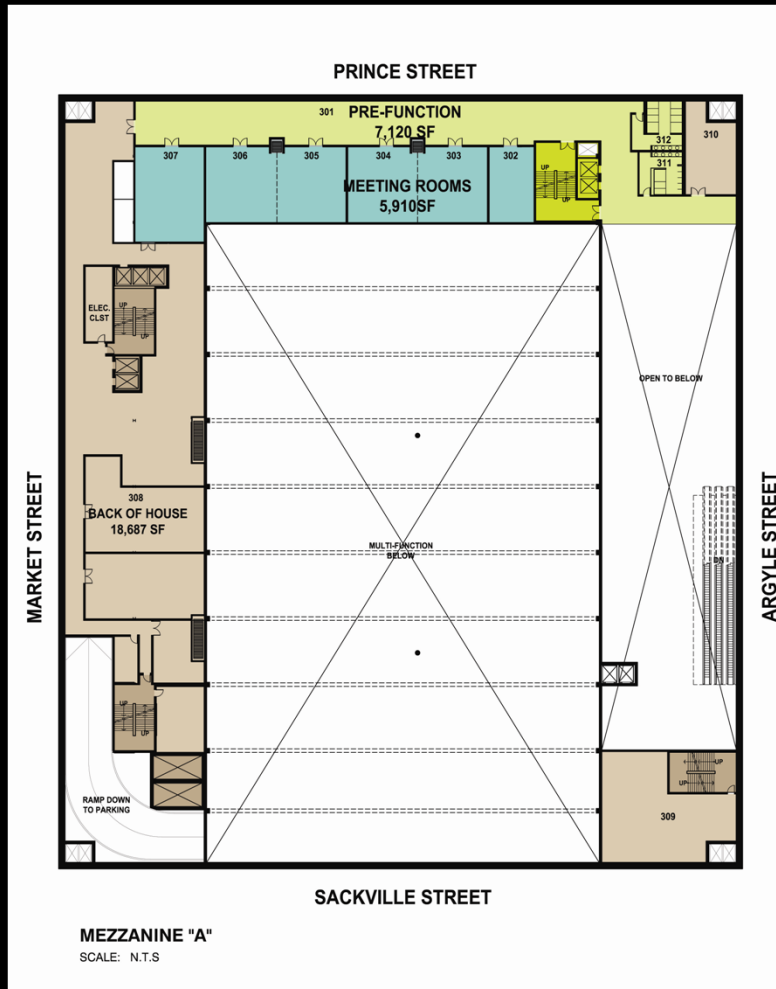


**Proposed Convention
Centre**

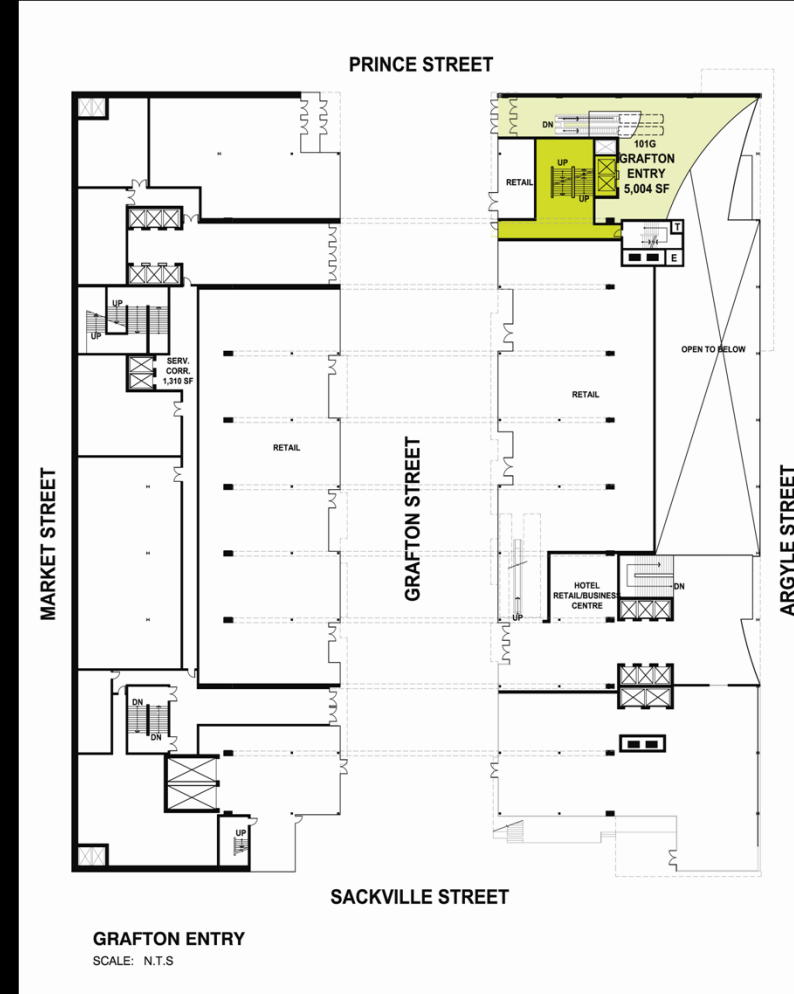
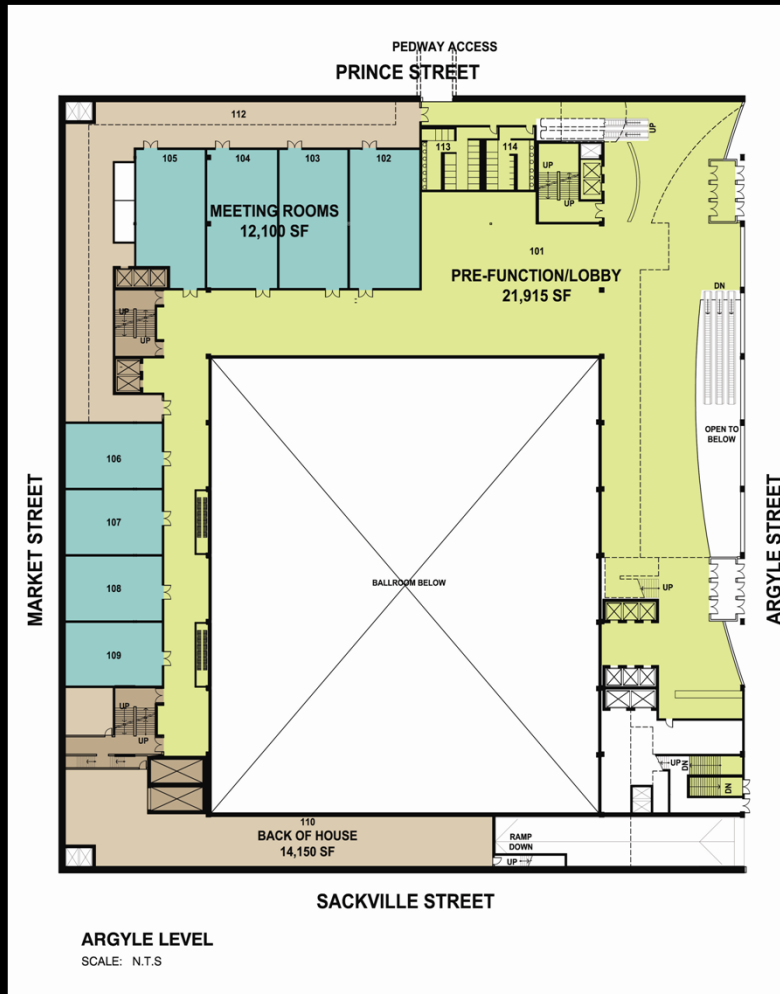
Floor Plans



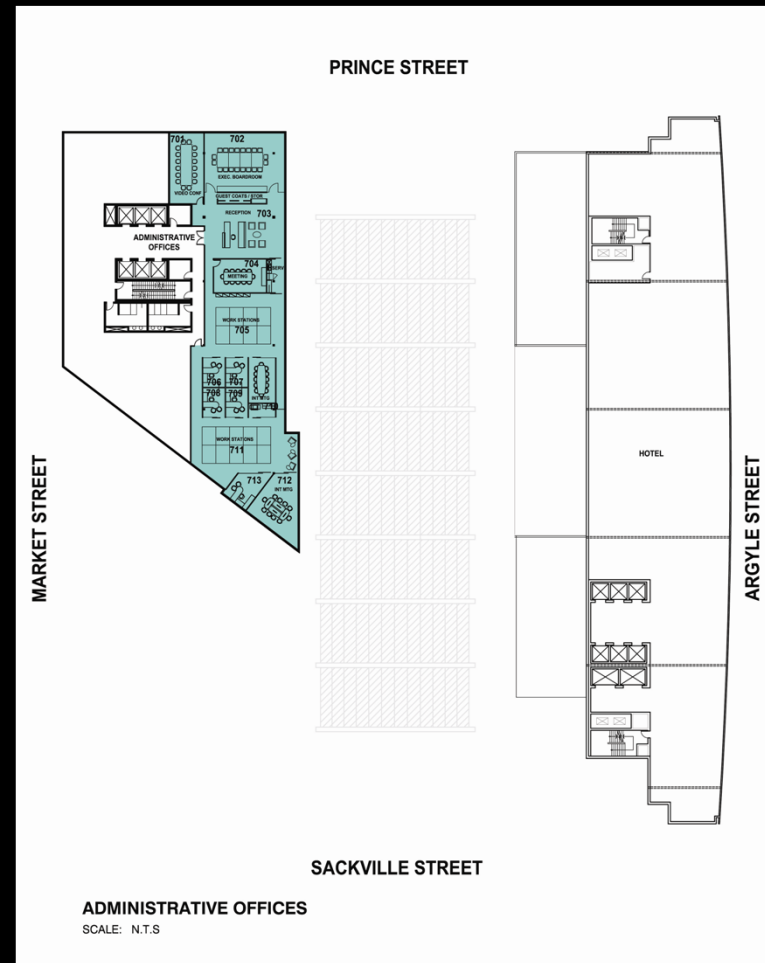
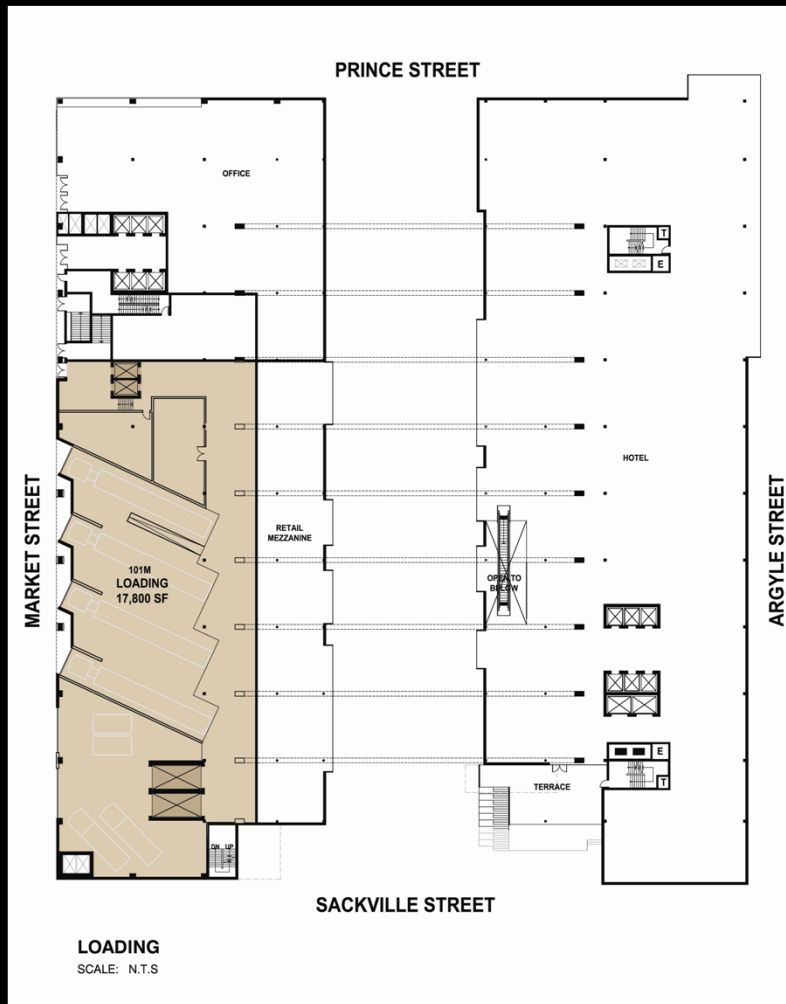
Floor Plans



Floor Plans



Floor Plans



Construction Team & Schedule

- Rank Developments Inc – Lead
 - Noel Fowler - Architect
 - Ellis Don – Construction
 - Honeywell – Facility Maintenance and Operations
- Schedule
 - Contract Signed January 14, 2011
 - Financial Close February 28, 2011
 - Excavation Start March 1, 2011
 - Construction Ends December 31, 2014
 - Operations Begin January 1, 2015

6.

**The Need for a new
Convention Centre**

Industry Overview – Canadian Snapshot

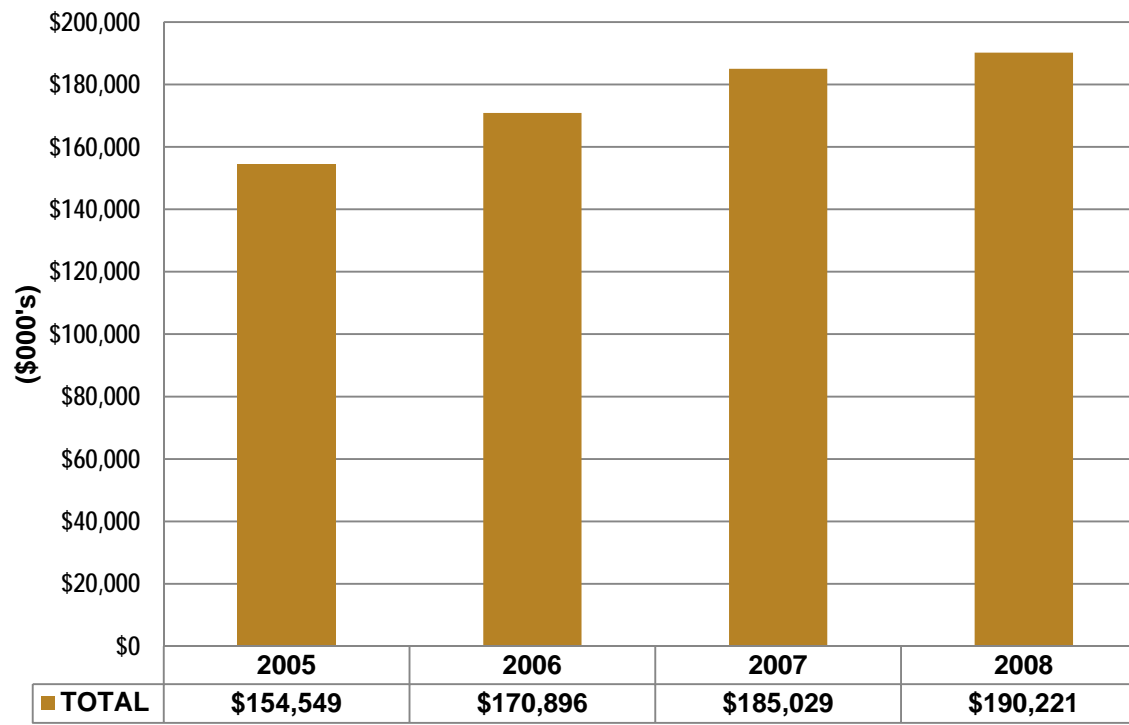
Canadian meetings & conventions industry is a strong economic contributor:

- Generated more than \$71 billion/year industry output
- Produced more than 673,000 meetings/year
- Generated more than \$14 billion in annual tax revenue
- Created equivalent of over 550,000 full-year jobs

Industry Overview – Canadian Snapshot

Canadian industry shows consistent revenue growth
Total revenues grew by approximately 24% between '05-
'08

*Convention Centres of Canada Survey Response
Total Revenue – All Event Types*

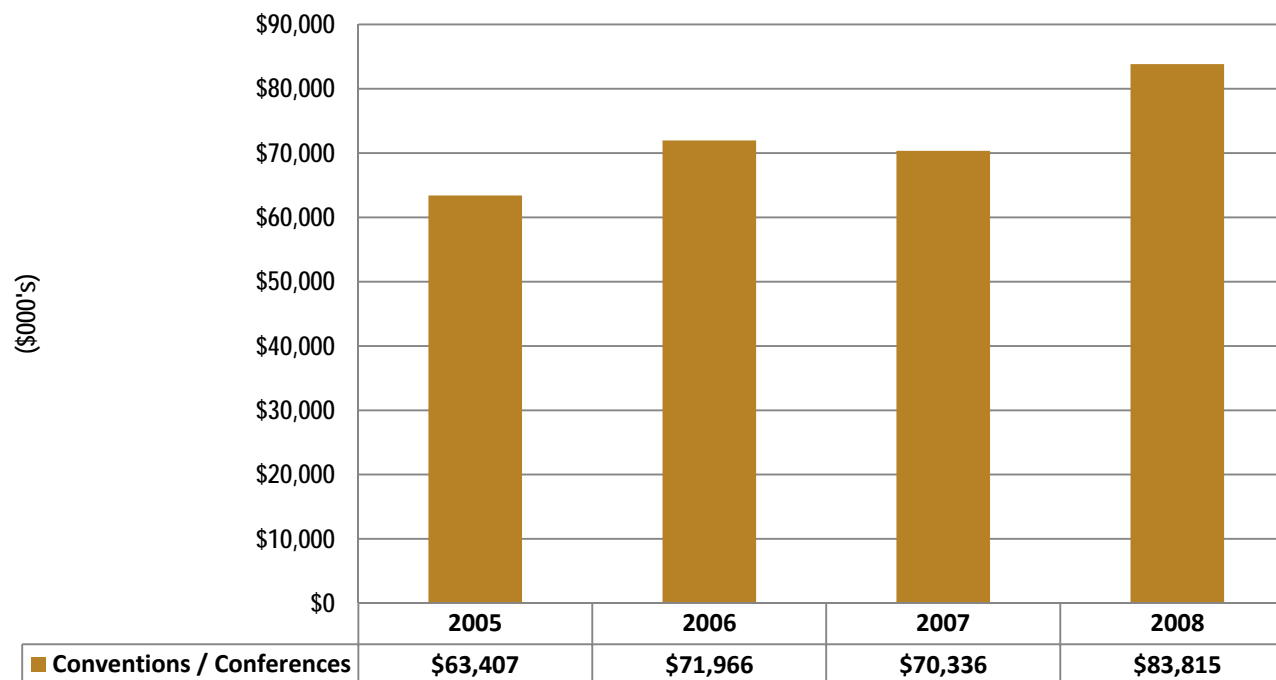


Industry Overview – Canadian Snapshot

Canadian industry shows consistent revenue growth

Revenues for convention segment grew by approx. 32% between '05-'08

*Convention Centres of Canada Survey Response
Revenue by Event Type – Convention/Conference*



Industry Overview – Competitive Environment

Canadian growth has been strategic and stable, 13 of 20 convention centres in Canada renovating/expanding

In Atlantic Canada: new Fredericton Convention Centre, expansion of Moncton Coliseum, proposed Charlottetown Convention Centre & proposed St. John's expansion

55% of current WTCC does not meet industry standards

JDA Architects assessment confirms current footprint can't accommodate proposed expansion

- Even with major renovations, can't accommodate RFP specifications on current site
- Demolishing current site & rebuilding would only accommodate two-thirds of rentable space outlined in RFP

Industry Overview – WTCC Business Mix

Current event & market mix is diverse, includes 4 geographic based market segments:

- Local
- Regional (association & corporate)
- National (association & corporate)
- International

National & international clients contribute most significant economic impact :

- National delegate spend \$1,630/visit
- International delegate spend \$1,041/visit
- One conference of 1,000 can inject \$1 million in new spending into provincial economy

Local, provincial & regional clients important revenue contributor

Future Potential – Projected Business & Impacts

Appropriate size of facility & size of rooms are primary factors when *event planners* select a destination

Without the appropriate facility the destination is not a consideration

A new facility with larger more flexible space allows for growth through:

1. Hosting more concurrent small & mid-size events
2. Hosting larger events of up to 3,000 attendees
3. Ability to attract more national & international events
4. Growth in attendance at consumer shows

Future Potential – Market Validation

National Corporate

- Facility & amenities drive choice for national corporate planners, current WTCC not a viable option
- 88% of national corporate event planners, representing a total of 189 clients, would consider Halifax with a new convention facility (Thinkwell Research)

National Association

- National association market mandated to meet annually
- 625 national associations with eastern rotation pattern, roughly 200 events rotate east annually
- 75% of national association customers would consider Halifax with a new convention facility (Thinkwell Research)

International

- Not a mature market, Canada's share grew from 132 events in 1999 to 231 events in 2008, roughly 5% per year which is expected to continue
- Projecting WTCC market share of the Canadian share of the international market to grow from 3.5% (in base) to 6.5% in year 10 of operations
- With new facility, over 1,400 international conferences available to Halifax with estimated attendance over one million delegates (GRAIN)

Future Potential – Strong Customer Interest

June 2007-June 2010 Lost Business
80 conferences
\$10 million in WTCC lost revenue
Over 75,000 delegates
129,000 room nights
\$108 million in direct expenditures

Reasons cited by clients: Space functionality/suitability, ability to host concurrently (availability of specified date), value of price for space available or all amenities under one roof / no adjoining hotel

1/3 of lost events had projected attendance 1,000 or over

87% of lost/cancelled business are likely to host at new facility *(Thinkwell)*

*TCL Lost Business Tracking Report, updated June 2010

Future Potential – Strong Customer Interest

Customers on-record that require new facility to select Halifax

National

Canadian College of Health Services Executives – National Healthcare Leadership Conference

Canadian Golf Superintendents Association

Canadian Historical Association

Canadian Library Association

Canadian Ophthalmological Conference

CTC Communications Corporation

Investors Group

Manulife Financial

International

American Association of Neuromuscular & Electrodiagnostic Medicine

International Bridge, Tunnel & Turnpike Association

International Foundation of Employee Benefit Plans

International Society for Pharmacoepidemiology

Medical Library Association

Orthopaedic Trauma Association

Royal College of Physicians & Surgeons of Canada – International Conference on Residency Education

Tennis Canada – ITF World Wide Coaches Conference

World Council of Credit Unions

7.

Next Steps

Summary of Information To-Date

1. Urban Core investment.
2. WTCC2 fits this need.
3. HRM involved since July 2005.
4. Current Convention Centre not meeting need.
5. Separate processes for approval and partnership.

The Provincial Request

1. Received Friday, October 15, 2010.
2. HRM is to be an equal partner – funding and annual deficit.
3. Request to Federal Government for $1/3 = \$47$ million.
4. 25 year Lease.
5. Public sector entity to run Convention Centre.
6. Competency-based Board of Directors jointly appointed.
7. Negotiations with developer led by Province.
8. Decision required on existing trade centre.
9. Province exempt from property tax on CC portion.

Next Steps

1. Understand the “ask.”
2. Consider the analysis:
 - Business Case
 - Economic Impacts
 - Financial Tests
3. Council Direction/Decision.