


**Item No. 11.1.1**  
**Halifax Regional Council**  
**June 24, 2014**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original signed by 

**SUBMITTED BY:**

Richard Butts, Chief Administrative Officer

Original Signed by Director

Brad Anguish, Director, Community & Recreation Services

**DATE:** June 12, 2014

**SUBJECT:** Halifax Metro Centre Naming Rights

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**ORIGIN**

November 12, 2014 Motion of Regional Council:

MOVED by Councillor Walker and seconded by Councillor Fisher that Halifax Regional Council direct staff to work with Trade Centre Limited, to secure naming rights for the Halifax Metro Centre in advance of the 2014 hockey season, pursuant to Administrative Order 56.

**MOTION PUT AND PASSED.**

**LEGISLATIVE AUTHORITY**

- *HRM Charter*, Section 61 (3): The property vested in Municipality, absolutely or in trust, is under the exclusive management and control of the Council, unless an Act of the Legislature provides otherwise.
- *HRM Charter*, Section 10(3): The Mayor and Clerk or the persons designated by the Council by policy may sign a deed or other document to which the Municipality is a party on behalf of the Municipality.
- Administrative Order 56, Respecting HRM Sale of Naming Rights, approved by Halifax Regional Council on March 5, 2013.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Accept the proposal from the highest scoring proponent for naming rights of the Halifax

- Metro Centre, subject to the negotiation of terms and conditions agreeable to the CAO or his delegate and execution of a resulting contract;
2. Direct staff to work with Trade Centre Limited and the proponent to negotiate a contract for naming rights that meets the requirements of the RFP and secures the benefits of the key terms of the proposal outlined in Table 1 of the private and confidential in camera report dated June 12, 2014.
  3. Authorize the Mayor and Clerk to execute a contract on behalf of the Municipality where the CAO determines that the contract achieves the key terms;
  4. Direct staff to work with Trade Centre Limited and the proponent to hold a press conference to announce the new naming partner as soon after Council approval of the naming partner as feasible;
  5. Not release specific details of the recommended naming rights agreement until execution of the contract between the parties; and
  6. Not release the private and confidential in camera report pursuant to the non-disclosure agreements.

## **BACKGROUND**

The Halifax Metro Centre (HMC) is a HRM owned facility which hosts numerous sporting, entertainment and business events. While located in the urban core of Halifax, the facility plays a major role in the delivery of events attracting visitors from across the Atlantic Provinces. HMC is managed by Trade Centre Limited (TCL), on behalf of HRM, as outlined in the original tri-partite agreement (1982) between TCL, the Province of Nova Scotia and the former City of Halifax. At the September 24, 2013 meeting, Regional Council approved an interim agreement to supplement the existing 1982 agreement for the continued management and operation of the HMC by TCL.

The HMC is celebrating its 35<sup>th</sup> anniversary and while ongoing maintenance and capital investment has ensured that the building remains in good condition and generally continues to meet the needs of its patrons, the building is showing its age. The refurbishment of several major components requires significant investment, which is estimated to be in excess of \$5 million as follows:

- Replacement of the seating is approximately \$2.4 million
- Sports Bar In-fill and concession upgrades is approximately \$1 million
- Upgrades and expansion of washrooms is approximately \$1 million
- Replacement of the ice slab is approximately \$1.2 million

In order for HMC to continue to be appropriate for event delivery and provide quality service to customers, these areas of the HMC require significant refurbishment and updating. As owners of HMC, this refurbishment will require a significant capital investment by HRM. As a result, on November 12, 2013, Regional Council directed staff to explore naming rights opportunities for the HMC.

## **DISCUSSION**

In response to Council's November 2013 direction, two main processes were completed. These

included consultation on the potential naming of HMC as well as the recommended building improvements, along with a request for proposals process.

**Consultation Process**

Consistent with best practices, the consultation process on the potential naming rights and building upgrades consisted of a few different components. Creation of a HMC portal with survey questions and feedback opportunities was a key element of the consultation process. The portal provided a significant amount of feedback. Tied directly to the HMC website, the portal attracted regular users of the facilities as well as those directly interested in this process and the facility's future. A total of 1182 people registered in the portal and 840 of those responded to the survey for a response rate of 71%.

Meetings were also held with representatives of the key HMC stakeholders and tenants (Halifax Mooseheads, Royal Nova Scotia International Tattoo, Halifax Rainmen, Atlantic University Sports, Compass, etc.). Finally, feedback was also received from members of the public outside of the portal (emails, letters, etc.).

The results from the consultation were consistent with the staff assessment of enhancements required within the facility. In particular, seating comfort, ease of movement through the concession/concourse, and number of washrooms were considered to be the main areas in need of improvement to enhance customer experience. The survey results showed that:

- 50% of customers would like to see the comfort of seating improved
- 29% of customers would like to see ease of movement through the concession area improved
- 27% of customers would like there to be more washroom facilities available

Other facility improvements indicated through the consultations included:

- Selection of concessions
- Navigational signage,
- Attractiveness of open spaces (décor)
- Attractiveness of building exterior
- Attractiveness of building interior (overall)

While these other facility improvements did not rate as high as top three items, improvements in these areas will continue as part of ongoing maintenance within the facility. Further, some changes that will be completed as part of the naming of the facility will also help improve some of these areas.

While seats were identified as the top improvement, customer comments indicate that the sequencing of improvements is not a concern. This information is important in that the facility upgrades intended to be undertaken through the sale of naming rights would be required to be phased in order to minimize the impact on event delivery and to take advantage of synergy with other work in the facility.

As a result of the consultation, the feedback from facility users, patrons, and residents on

potential improvements confirms the enhancements proposed to be funded through the sale of naming rights process.

**Naming Rights Process**

Pursuant to Administrative Order 56, request for proposals (RFP #P14-028) for the sale of naming rights for the Halifax Metro Centre was issued on March 4, 2014 and closed on April 23, 2014. The proposals were evaluated on the following criteria:

Net Present Value of Financial Contribution	<ul style="list-style-type: none"><li>• Term of Proposal</li><li>• Annual rights revenue</li><li>• Impact to existing relationships</li></ul>	60%
Exclusivity	<ul style="list-style-type: none"><li>• Degree of conflict and impact to existing tenants</li></ul>	5%
Sponsor Activation	<ul style="list-style-type: none"><li>• Marketing objectives</li><li>• Value-added benefits</li><li>• Consumer engagement</li></ul>	5%
Financial Stability	<ul style="list-style-type: none"><li>• Credit rating</li><li>• Debt-to-equity ratio</li><li>• Industry stability</li></ul>	15%
Company Fit	<ul style="list-style-type: none"><li>• Facility purpose</li><li>• Community impact</li><li>• Relationship to sport/entertainment landscape</li><li>• Community history</li></ul>	15%

Details on the recommended proposal are included in the private and confidential in camera report.

**Next Steps**

Pursuant to the recommendations outlined in this report, should Regional Council approve the naming rights partner for HMC, staff would finalize the contract between the parties. Due to the multiple stakeholders and tenants of the HMC, the contract negotiation could continue throughout the summer months, and into the fall before a contract can be executed by all parties. Therefore, preparations for the change of the name of the facility will be done concurrently with the finalization of the contract in order to have both the contract and the new name both in place in time for the 2014 hockey season.

As noted, the major capital enhancements will need to be coordinated with planned events and other capital work in order to minimize operational conflicts. Therefore, timing for the projects will be planned in conjunction with the current and future schedule for the facility.

While the new name of the facility will not be formally in effect until the contract is finalized between the parties, there is significant preparation that is required to launch the new name and changes that must be coordinated in the building. Therefore, it is recommended that the naming rights partner be announced via a press conference in the days following acceptance of the

naming partner by Regional Council. While it is not recommended to release details of the naming rights proposal until execution of the contract, it is intended that the press conference would provide the new name of the facility, length of the agreement, and the value of capital enhancements that the naming rights will enable.

### **FINANCIAL IMPLICATIONS**

Net revenues received from the naming partner would be included in the Q319 – Major Events Facilities Reserve and will be used to offset the funding required for HMC's life cycle refurbishment requirements and customer enhancements.

### **COMMUNITY ENGAGEMENT**

Considerable community consultation was completed as outlined in the report.

### **ENVIRONMENTAL IMPLICATIONS**

None identified

### **ALTERNATIVES**

1. Regional Council could choose to not to proceed with the sale of naming rights for the Halifax Metro Centre.
2. Regional Council could choose not to accept the naming rights proposal from the recommended proponent.

### **ATTACHMENTS**

None

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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