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Halifax Regional Council
September 27, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Dan English, Acting Chief Administrative Officer

Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: September 13, 2005

SUBJECT: Award - RFP No. 05-150
World Trade and Convention Centre Expansion MCII
Feasibility Study

ORIGIN:

Committee of the Whole - April 5, 2005
Regional Council - August 9, 2005 - Item # 10.1.8

RECOMMENDATION

IT IS RECOMMENDED THAT HRM award RFP No. 05-150 - World Trade and Convention Centre Expansion MCII - Feasibility Study to WHW Architects Inc., for services specified, for a total tender price of \$228,000, including fully recoverable HST, with funding from Capital Account No. CB300759 - WTCC Expansion MCII - Feasibility Study, as per the Budget Implications section of this report.

BACKGROUND

Halifax is the major city in the Atlantic Provinces, the business centre, government centre, university centre, transportation hub, an important Canadian tourism destination, and the major eastern Canadian host city for national association and corporate meeting rotations.¹

The World Trade and Convention Centre (WTCC) contains 152,000 gross square feet of space, with a net function capacity of 58,000 square feet. This includes roughly 47,400 square feet in 21 meeting rooms, the largest of which can accommodate a seating capacity of 1,800 or a banquet capacity of roughly 1,400.

Built in 1978, The Halifax Metro Centre (HMC), adjacent to the WTCC, contains 205,000 gross square feet of space, with 51,000 square feet of net useable space. The arena has a seating capacity of 11,054 .

This past year these two facilities, through event-hosting activity, generated \$99.8 million in direct economic impacts and \$72.6 million in spin-off impacts.

The WTCC is owned and operated by Trade Centre Limited (TCL), a provincial crown corporation. Pursuant to an Agreement dated March 28, 1981, between the Federal Government, the Province and the then City of Halifax, respecting the construction of the Convention Centre, HRM is required to make financial contributions toward the operating deficits of the convention centre.

The Metro Centre is owned by HRM, and HRM is fully responsible for any operating deficits of that facility and is entitled to receive any operating surpluses. When the WTCC was constructed in 1981, it was decided between the then City of Halifax and the Province of Nova Scotia, that it made economic and operational sense that both facilities be managed by a single entity. This arrangement survives today with Trade Centre Limited managing and operating both the WTCC and the Metro Centre.

DISCUSSION

In conjunction with the Province of Nova Scotia and Atlantic Canada Opportunities Agency (ACOA), on June 22, 2005, HRM issued a request for proposals, RFP 05-150 WTCC Expansion and Metro Centre II - Feasibility Study. As outlined in an Information Report to Regional Council, dated April 5, 2005, the following items support the rationale for the release of the RFP.

¹Source - ERA Study - Convention Centre Development Potential, February 2004. ERA was hired to do the study following the bid for 2010 Commonwealth Games.

Expansion of the WTCC

A recent study undertaken by TCL highlights that both US and Canadian meeting planners view Halifax very positively, except in terms of capacity for large events. The WTCC is optimal for delegations in the range of 500 to 800 and in some cases up to 1000. Beyond this number, the region is constrained in both hotel rooms and convention space. Interviews suggest that HRM is in danger of losing some regular convention business due to the deficiency in convention space. In fact, TCL has had to turn away some large conventions owing to capacity issues.

The WTCC has a relatively high occupancy level which makes it difficult to accommodate groups on their preferred dates. Currently at the WTCC, international and US convention business constitutes only 1 % - 4 % of the event intake, compared to roughly 16 % of business intake at comparative facilities elsewhere.

The opportunity for HRM exists for national and international events with delegations above 1000. It is fundamentally this purpose an expanded WTCC is intended to serve.

The scope of the feasibility for the expansion of the WTCC includes:

- Building Program
- Concept Design
- Implementation Schedule
- Construction and Project Budgets
- Analysis of market potential for branding and sponsorship

The principle current concept, to be confirmed and validated through this feasibility study, would be to expand the WTCC into the HMC, and reclaim the current arena facility as convention space. This would in turn necessitate the relocation of the HMC.

Replacement of HMC

The HMC was built in 1978 and has a current seating capacity of just over 11,000.

The HMC was essentially built as an arena and over the years has been renovated to include the amenities sought after by the corporate sector and patrons taking in the events today. Despite having seating of just over 11,000, the arena configuration will only accommodate 7,000 - 8,000 seats for concerts. While modernizations have been effective, the HMC falls well short in what is expected today of a modern sports and entertainment complex. Coupled with the necessary facility recapitalization requirements required over the next ten years, it is reasonable to consider the planned replacement of this facility as a component of the expansion of the WTCC.

Some of the current facility and amenity deficiencies include:

- comfort of patrons;
- deficiency in washrooms;
- lack of concession stands;
- aged equipment, change rooms, and rink boards.
- modern locker room facilities;
- additional points of sale;
- good site lines for viewing; and
- modern technology.

It is believed that a modern sports and entertainment complex with a seating capacity of 12,000 to 15,000, with the full array of modern amenities, will not only serve to reinforce HRM as an events and hosting destination, but will open other opportunities for the region.

The scope of the feasibility study for the replacement of the HMC includes:

- Building Program;
- Development Program;
- Evaluation of Alternative Development Sites;
- Concept Design;
- Implementation Schedule;
- Construction and Project Budgets; and,
- Analysis of market potential for branding and sponsorship.

Indicative Facilities Cost and Funding Partnership

At this point the indicative construction costs for both facilities is \$ 200 M, \$50 M for the expansion of the WTCC into the current HMC, and \$150 M to build a replacement for the HMC. Currently, no value has been placed on the HMC should ownership be transferred; however, it is clear that the responsibility for expansion of the convention centre is TCL/Province, while the responsibility for a new HMC would be that of HRM. Given the order of magnitude, other sources of funds will be required. This information will come forward following the results of the feasibility study.

The cost of this study is funded by HRM, the Province, and ACOA. Both the province's share and ACOA's share have been confirmed.

Staff recognize the potential enormity of this undertaking, given the many capital and other infrastructure challenges faced by HRM. However, the feasibility phase of this project will help “build the case for action” around these two projects. Council should also understand that this feasibility study should not be interpreted as a funding priority for the project. This analysis will simply serve to better understand the scope and detail of the enterprise and help us better understand where the project will fit relative to other capital infrastructure projects.

The RFP was publicly advertised on June 22 and June 25, and closed on July 27, 2005. Bid(s) were received from the following bidders:

Company	Total Score*	Lump Sum Price (before taxes)	Total Cost (including fully recoverable HST)**
1. WHW Architects	96.5	\$228,000	\$228,000
2. SGE Acres	91.1	\$237,260	\$237,260
3. Lnydon Lynch Architecture	89.5	\$240,000	\$240,000
4. KPMG LLP	85.4	\$240,000	\$240,000
5. WGD/Parkin Architects	85.15	\$230,000	\$230,000
6. Robie/Young + Wright	82.5	\$260,000	\$260,000
7. Halifax Global Inc.	74.75	\$240,000	\$240,000

* Detailed breakdown of proposal evaluations attached

** Tax Code ‘B’ full tax rebate

BUDGET IMPLICATIONS

Based on the lowest tendered price of \$228,000, including fully recoverable HST, funding is available in the Approved Capital Budget from Capital Account No. CB300759 - WTCC Expansion MCII - Feasibility Study. The budget availability has been confirmed by Financial Services.

Budget Summary: Capital Account No. CP300759-WTCC Expansion MCII - Feasibility Study

Cumulative Unspent Budget	\$254,911
Less: RFP No. 05-150	<u>\$228,000*</u>
Balance	\$ 26,911

*This project was approved at an estimated budget of \$255,000. If required, remaining funds will be directed towards the delivery of the feasibility study. Any funds remaining at the end of the project will be returned proportionately to the funding partners.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Regional Council could choose to not award this RFP. This would effectively stop progress of this initiative. This is **not** the recommended alternative.

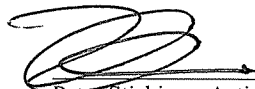
ATTACHMENTS

Detailed RFP evaluation breakdown.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Phillip Townsend, Manager Capital Projects, RPAM 490-7166

Report Approved by:



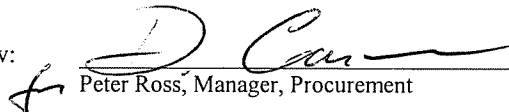
Peter Stickings, Acting Director Real Property & Asset Management (490-7129)

Financial Review:



Leslie Reynolds, Financial Consultant, Financial Services

Procurement Process Review:



Peter Ross, Manager, Procurement

HALIFAX REGIONAL MUNICIPALITY

WTCC Expansion and Metro Centre II - Feasibility Study

PROPOSAL EVALUATION RFP # 05-150

PROPOSAL: WTCC Expansion and Metro Centre II, Feasibility Study									
CRITERIA	MAX. SCORE	SUBMISSION SCORE							
		Halifax Global Inc.	KPMG LLP	Lydon Lynch	Robbie/Young + Wright	SGE Acres	WGD	WHW	
PROPOSER'S TEAM * Team composition * firm and key personnel experience * organization & personnel	45	31.75	39.4	44.0	38.5	42.1	39.4	44.75	
APPROACH * Scope of services * management of project * work plan (incl. matrix)	30	20.25	23.25	22.25	22.75	26.0	21.75	26.75	
SUBMISSION QUALITY	5	3.75	3.75	4.25	4.25	4.0	4.0	5.0	
FEE PROPOSAL * proposal submission form * upset fee and additional work fee * terms and conditions	20	19.0	19.0	19.0	17.0	19.0	20.0	20.0	
	Incl. hst	\$248,229.60	\$248,229.60	\$248,229.60	\$268,915.40	\$245,395.65	\$237,886.70	\$235,818.12	
TOTAL		75	85	90	83	91	85	97	
RANKING		7	4	3	6	2	5	1	