

COMMITTEE OF THE WHOLE

MINUTES

OCTOBER 19, 2010

REVISED

PRESENT:

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

REGRETS:

Councillor: Linda Mosher

STAFF:

Mr. Wayne Anstey, Acting Chief Administrative Officer
Ms. Mary Ellen Donovan, Municipal Solicitor
Ms. Cathy Mellett, Municipal Clerk
Ms. Sherrill Murphy, Acting Municipal Clerk
Ms. Melody Campbell, Legislative Assistant
Ms. Krista Tidgwell, Legislative Assistant

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1. CALL TO ORDER

Mayor Kelly called the meeting to order at 9:43 a.m.

It was noted that Councillor Mosher was on municipal business and had sent her regrets prior to the meeting.

2. APPROVAL OF THE MINUTES – NONE

3. PROPOSED CONVENTION CENTRE

A copy of proposed convention centre presentation was before Council.

Correspondence was received from: Elliot Kenny, Leslie Pezzack, Allan Roberston, Judy Haiven, Roy F. Ellis, Benoit Dugas, Garry D. Shutlak, Les & Di, Peggy Cameron, Ron Walker, Brooks Diamond, Tamara & Ben Lorincz, Darryl Clark, Paul Daskey, Phil Pacey, Anne & Aubrey Donovan, Marilyn Dey, MLA Howard Epstein, Judy Haiven, Tamara Lorincz, Tamara & Ben Lorincz, Sheilagh Hunt, Cathy Bray, Paul MacKinnon, Michael Mills, Ken Bagnell, Jason Scott, Jeff Ransome, Linda G. McCallum, Stephen Heard, Katherine Kitching, Aaron Bates, Thomas D. White, Judith Cookey, Deputy Minister David Darrow.

Staff advised Council that the presentation was for information purposes noting that no decision of Council is required at this time.

Staff noted that Mr. Joe Ramia from Rank Incorporated, the Developer on the project, has offered to make a presentation to Council. Ms. Mary Ellen Donovan, Legal Solicitor, advised Council that due to potential implications, contractual matters should be discussed in camera prior to a presentation by the Developer.

Following a brief discussion by Council, it was:

MOVED by Councillor Uteck, seconded by Councillor Sloane, that Council move to an In Camera session so that Council can be advised of potential contract implications prior to any presentation by Rank Incorporated.

MOTION PUT AND DEFEATED.

Mr. Andy Fillmore, Urban Design Project Manager, provided the presentation, General Context: Urban Core Policies, to Council.

Upon completion of the presentation, staff responded to questions from Council.

In response to a question by Councillor Uteck, Mr. Fillmore advised that Council is an appeal body regarding design. The plan will go to the Design Review Committee through the HRM Development Office.

In response to a question by Councillor Sloane, Mr. Fillmore advised that up to a height of eight stories or lower can be considered by right at the discretion of the Developer.

Ms. Mary Ellen Donovan, Municipal Solicitor, advised that Council is discussing the project as an investment matter and not as a planning matter. She stressed to Council that these two issues must remain separate.

Councillor Watts expressed concern regarding the public input into the project. She advised that residents may not have been aware of the potential impact of development in the downtown during the public hearing relative to HRMbyDesign. Mr. Paul Dunphy, Director, Community Development, advised Council that this project was dealt with by Council during the HRMbyDesign approval process. Councillor Watts noted a letter received from Parks Canada related to the development height and their concerns regarding the building height in relation to the Citadel. Mr. Dunphy advised that the proposal meets HRMbyDesign, and noted that in latter stages of an undertaking such as HRMbyDesign a number of amendments are expected. He advised that all legal and legislative processes for the public consultation have been followed.

Ms. Kelly Denty, Supervisor, Planning Applications, provided a presentation regarding the Development Approval Process to Council.

Upon completion of the presentation, the following issues were discussed by Council:

Deputy Mayor Johns questioned why this presentation is provided to Council when HRM has not determined if they will approve the financing for the project. He suggested that Council consider the financial impact before further presentations.

MOVED by Deputy Mayor Johns, seconded by Councillor Harvey, that Regional Council defer further presentations until HRM Finance provides information regarding the proposal.

Mayor Kelly advised Council that Finance staff have not completed the financial information and that Council will receive the financial information once it is complete. Mayor Kelly stated that the request from the Province of Nova Scotia was only received by HRM on Friday afternoon.

Councillor Uteck requested that Council receive a copy of the letter sent to HRM by the Province of Nova Scotia. The correspondence was circulated to Council during the session.

After further discussion regarding deferral of the proposed Convention Centre presentation, the question was put.

MOTION PUT AND DEFEATED.

In response to a question by Councillor Watts, staff advised that the public consultations would be hosted by the Developer and that HRM staff will be in attendance to observe and ensure consistency in the process. Mr. Dunphy advised that the proposal must comply with HRM By-laws and the Design Review Committee manual. Staff stated that it is up to the Developer to consider public comments.

Councillor Barkhouse expressed concern that the public consultations may not be fair to the public as they will take the form of public information sessions rather than consultations. Mr. Dunphy advised that when plans meet the HRM guidelines and by-laws, developers often take public comments into consideration, and make changes accordingly.

Mr. Phillip Townsend, Director, Infrastructure and Asset Management, provided a presentation regarding the Process to date for Partnership with the Province to Council.

Upon completion of the presentation, staff responded to questions from Council.

Councillor Hum stated that the economic impact on HRM and its residents must be taken into consideration. She added that HRM needs to be sure it can afford the proposed convention centre while taking into account its impact over the next thirty years. She asked whether consideration had been given to building a new Metro Centre and using that existing space to expand the World Trade and Convention Centre. She expressed concern regarding how the process has transpired.

In response to a question by Councillor Lund, Mr. Townsend advised that HRM staff were included in the proposed Convention Centre process and evaluation.

In response to a question by Councillor Lund, Mr. Townsend advised that the Hardman Group proposal was disqualified as it included the Cogswell Interchange lands, not property that Hardman Group owned. Councillor Uteck clarified the Cogswell Interchange lands were included in the Request for Proposal and that Council determined to exclude the Cogswell Interchange lands.

Councillor Watts requested clarification on the findings of the two studies done regarding the World Trade and Convention Centre relative to attendance and the economic analysis. It was her understanding that one study was done in May 2009, with numbers provided by HLT Advisory Inc., and another in June 2010 with numbers supplied by Trade Centre Limited. She requested that an independent economic analysis be done.

Committee of the Whole recessed at 11:14 a.m.
Committee of the Whole reconvened at 11:35 a.m.

Mr. Townsend provided a presentation regarding the Project Technical Briefing to Council.

Upon completion of the presentation, staff responded to questions from Council.

In response to questions by Councillor Sloane, Mr. Townsend advised that meeting rooms in the proposed convention centre will have movable walls to enable meeting rooms to be subdivided. He advised that the centre will be able to host more than one convention at a time. Mr. Townsend added that there will be three levels of parking with some space dedicated to the proposed convention centre. He stated that the building will be built to LEED Gold standards.

In response to a question by Councillor Hendsbee, Mr. Townsend acknowledged that he is not aware of the alternative plan by the Developer if Council decides to not support the project.

In response to a query by Councillor Lund, staff advised that at least two levels of the proposed convention centre are below grade. It was noted that the main entrance to the facility will be at grade access on Argyle Street.

Councillor Watts questioned the Developer's proposal relating to Grafton Street. Mr. Townsend advised that the Developer plans to make a pedestrian galleria, however, at this time details are to be determined. Mr. Townsend further advised that the parking for the building will be accessible at Sackville/Argyle Streets with truck deliveries taking place at Market Street. He added that details regarding leasing and tenants of the building have not been determined at this point.

Committee of the Whole recessed at 12:02 p.m.
Committee of the Whole reconvened at 1:16 p.m.

Councillor Rankin provided regrets on behalf of Councillor Lund, noting that he is unable to attend the afternoon session of Council but will be in attendance for the evening session.

Mr. Scott Ferguson, Trade Centre Limited, provided a presentation regarding The Need for a new Convention Centre to Council.

Council entered into a discussion with staff responding to questions.

In response to a question raised by Deputy Mayor Johns, Mayor Kelly clarified that it is HRM staff's responsibility to identify property tax implications of the proposed convention centre.

Councillor Watts requested a projection of National conferences to be held at the new convention centre over the next three to five years.

In response to a question raised by Councillor Blumenthal, Mr. Ferguson indicated that he has met with Fusion Halifax on a number of occasions and they are in support of the project.

In response to a concern raised by Councillor Karsten, Wayne Anstey, Acting Chief Administration Officer, indicated that Council had agreed a few years ago to advance this project; however, Council needs to confirm that its original assumptions are still valid. He further noted that Council has to identify and consider its return and cost.

Mr. Anstey thanked the presenters for their presentations and noted that there are two distinct processes respecting this project:

1. Development approval approach under HRM By Design
2. Council's decision respecting a partnership in the project

He indicated that Council is considering the second process, not the first.

Mr. Anstey reviewed the October 15, 2010 correspondence from Deputy Minister David Darrow regarding the Provincial ask. The following points were noted:

- staff received the Provincial ask on October 15, 2010 and have not had the opportunity to complete the financial analysis, which will come back to Council
- the leasing costs will depend on the final interest rate the Developer receives; the Province has asked that HRM contribute 50% of the net contribution
- the facility will be leased for a 25 year period with a potential for two five year extensions beyond the first 25 years
- the Premier has made two statements in the press being:
 - it is his belief that the old convention centre building should remain under public ownership
 - HRM should be the owner of the old convention centre buildingHRM sought clarification and has been advised to work on the basis of the latter
- Council needs to have an understanding of the following:
 - the Provincial ask
 - the economic impact
 - the financial net benefit to the Municipality
 - an analysis of the old convention centre, including: a condition study, capital needs determination, an evaluation of the current operating costs, suitability for reuse, best use, HRM needs and opportunities for Metro Centre upgrades
- staff will return to Council with information related to the funding request of the Province

Mr. Anstey suggested that discussions respecting the Provincial ask or how HRM may or may not wish to proceed with funding negotiations, should be held when all the information is available. Staff anticipates that the information will be available for

Council's review by November 9, 2010. He further suggested Council consider the following steps:

- HRM staff work with the Province to ensure an understanding of the key terms of the funding request, governance request and financial issues
- a series of activities will be undertaken as part of the analysis including: economic impact, financial tests and net benefit to the community and various studies surrounding the old convention centre

Mayor Kelly clarified that during his meeting with Premier Dexter, the Province thought that HRM may have an interest in taking ownership of the old convention centre. Mayor Kelly advised the Premier that Council would review this opportunity but his discussions were not conclusive. He noted that there was no dialog between himself and the Premier respecting the Province not paying property tax. The Mayor went on to note that HRM does not interfere with the Province's revenue flows and would not expect the Province to interfere with HRM's revenue flows. He suggested that Council may want to advise staff not to enter into debate respecting property tax during their negotiations with the Province. Council should also consider having staff review the options available to HRM regarding ownership of the present convention centre.

Councillor Streach expressed concern regarding how the Province and others have handled this matter. He commented that there has been undue scrutiny and attention focused upon Council and has potentially placed a financial burden on HRM taxpayers. He expressed concern respecting the conditions of the Provincial ask and commented that Council is in a strong strategic negotiation position.

MOVED by Councillor Streach, seconded by Councillor Dalrymple, that staff complete the analysis of the Provincial ask dated October 15, 2010, and return to Council on November 9, 2010 with possible options and recommendations to secure Council direction on the project and a strong approach on behalf of our citizens for negotiation with the Province of Nova Scotia, and further that our Municipal Auditor General be part of the process.

During Council's discussion, the following concerns were raised:

- all matters should be clarified with the Province prior to November 9, 2010 and not at a later date
- the lack of and timing of information being provided to Council
- many members of Council are disappointed with the Provincial ask; Council is expected to be an equal partner; however, the Province is leading the negotiations

Deputy Mayor Johns requested that staff write the Federal government, independent of the Province, to receive clarification of the Federal government's position and whether or not they are on side with the project. As well, identify the following:

- clarify Item 9 "other matters" of the Provincial ask

- what will happen to the old trade centre facility; is HRM buying it or will it swap lands for the building
- what lands would staff suggest the Province might consider
- specifics around who will govern the facility (ie. owner/operated facility, continue to be a trade centre or a new entity)
- the overall municipal tax the new convention centre will generate
- revenue income presently being generated by existing facilities such as the Maritime Centre and TD Bank
- the amount of property tax the Province would be exempt from

Mayor Kelly clarified that the Province has an interest in exchanging lands; however, Premier Dexter did not identify specific property.

Councillor Sloane requested that staff review and provide the following:

- review all options including leasing the old trade centre and land swap, determine whether the Provincial offices are willing to stay in the old trade centre and the possibility of moving HRM's offices from Duke Tower to the old trade centre
- prepare a cost analysis of the renovations to the Metro Centre and the generation of future monies
- provide an analysis of the lands for potential land swaps, whether serviced or not, the cost to add services and whether the Province will accept land with/without services

In response to a question raised by Councillor Adams, Mr. Anstey clarified that various staff from the three levels of government had input to the Request for Proposal (RFP). However during the analysis of the RFP municipal staff were not involved nor were they involved when the report was presented to the Cabinet.

Councillor Adams requested that staff identify the cost if HRM were to take over ownership of the old trade centre and whether it would be more cost effective to shut it down.

Councillor Barkhouse requested staff identify the following:

- the potential cuts to future Municipal Budgets as a result of any funding agreements with respect to this proposal and what those amounts would be
- whether there is still or will be an opportunity for public consultation
- the number of jobs that would be created
- at what stages over the term of 25 year funding would upgrades and refits be anticipated based on comparable facilities in Canada
- the potential impact on property taxes and taxpayers as a direct result of a decision to fund this proposal

Councillor McCluskey suggested that number nine of the Provincial ask respecting "other matters" be changed to *all matters be negotiated*.

Councillor Fisher asked whether, under this proposal, HRM is committed to the two additional five year lease extensions. Mayor Kelly indicated that that this would be part of the negotiations.

Councillor Watts requested that staff:

- identify the level of commitment on the part of the Developer to build the hotel and office complex along with the convention centre; if one does not get developed, what is the effect on tax revenues
- prepare a jobs analysis and identify whether they are part time, full time or casual positions
- identify/comment on the potential impact of rising oil costs; travel by air may become difficult and companies/organizations may choose to make different decisions (ie. meet regionally as opposed to hosting National conferences); determine whether this proposal is environmentally and economically sustainable; how viable will the new convention centre be from a National/International viewpoint
- staff consider the possibility of an independent economic analysis

Councillor Hum requested that staff provide the potential jobs which could be generated by a development under HRMbyDesign compared to those which are predicted with this proposal.

Councillor Karsten asked on what the Province is basing the 6.9% interest rate.

Councillor Harvey requested staff provide a template of the Municipality's involvement with the trade centre at present and its involvement over the last 30 years (ie. building and operating the trade centre). He noted this would help Council determine whether the figures are close to the 50% that the Province is asking or whether they are taking a new direction.

Councillor Hendsbee expressed concern regarding the lack of financial opportunities being proposed. He suggested HRM pay a one time payment to the Developer to own the complex. He asked that the pros and cons of P-3 development be provided in the financial analysis. He commented that the Federal government has new funding proposals for private and public partnerships and asked whether the Federal government is entertaining this project under one of those scenarios or whether it is a lump sum payment of Federal funds.

Councillor Rankin suggested that during negotiations that HRM identify the Province's rational respecting equal partnership. He asked whether the Province is prepared to underwrite the risks as the lead for the convention centre.

Councillor Nicoll suggested that staff explore all funding avenues and look beyond government sources to the private sector or to a convention tax.

Councillor Blumenthal asked what type of heating system is proposed for the new convention centre.

Councillor Smith commented that HRM needs to have a strong position respecting property taxes. He further commented that at the end of the negotiations there has to be a net benefit for the Municipal taxpayer. Councillor Smith asked how the figure of \$47 million was reached. He expressed concern with HRM leasing the convention centre noting the facility should belong to the taxpayers.

Councillor Outhit requested that staff review financing options if the other levels of government were involved. He suggested that the Province could probably borrow money at lower interest rates than the Developer. He asked what the cost implications would be if HRM were to pay for the project over the next three to four years. He further suggested that HRM engage the Federal government respecting this proposal leading up to November 9th meeting. He asked whether there are any guarantees if the convention centre is built, that the hotel and office tower will also be built and what HRM could do during negotiations with the Province and the Developer to confirm that those two buildings will be built.

Mayor Kelly commented that during the negotiations HRM has to confirm that the hotel, office complex is part of the proposal and nothing will be phased to a later date.

Councillor Watts asked that staff provide comment regarding how the concentration of the convention centre, office complex and hotel development will impact opportunities for other developments to move forward within the downtown. She suggested that consideration be given to building the facility outwards as opposed to upwards.

Councillor McCluskey commented that HRM would benefit from higher commercial taxes. If HRM can get a high commercial tax base, the residential tax could be lowered. She suggested that the new convention centre could be a catalyst for downtown Halifax and the Province of Nova Scotia.

Deputy Mayor Johns requested that the report highlight what kind of tax revenue would have been generated under the as-of-right constructions as indicated in scenario one which allowed for two six and eight story buildings.

At the request of Council, the Clerk read the motion as follows:

MOVED by Councillor Streach, seconded by Councillor Dalrymple, that Halifax Regional Council direct staff to complete the analysis of the Provincial ask relative to the proposed convention centre dated October 15, 2010, and return to Council on November 9, 2010 with possible options and recommendations to secure Council direction on the project and a strong approach on behalf of our citizens for negotiation with the Province of Nova Scotia, and further that our Municipal Auditor General be part of the process.

In response to a question raised by Councillor Harvey, Mayor Kelly clarified that the Municipal Auditor General will be reviewing this process.

Councillor Karsten requested clarification respecting direction to staff to write a letter to Deputy Minister Darrow. Mayor Kelly advised that there will be opportunities for communication over the next few weeks. He noted that communication will be key during negotiations.

MOTION PUT AND PASSED.

5. ADJOURNMENT

The meeting was adjourned at 3:41 p.m.

Cathy J. Mellett
Municipal Clerk