

HALIFAX

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Item No. 14.1.2
Halifax Regional Council
April 24, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by



SUBMITTED BY: _____
Bruce Zvaniga, Acting Chief Administrative Officer

DATE: March 20, 2018

SUBJECT: Dartmouth Sportsplex Naming Rights

ORIGIN

April 15, 2014 Motion of Halifax Regional Council:

MOVED by Councillor McCluskey, seconded by Deputy Mayor Fisher that Halifax Regional Council:

2. Direct staff to, upon approval of the project within the capital budget, explore naming rights opportunities for the Dartmouth Sportsplex, as part of the revitalization project. **MOTION PUT AND PASSED UNANIMOUSLY.**

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...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. Award the naming rights opportunity for the Dartmouth Sportsplex to the recommended naming partner as outlined in the in-camera report, subject to the negotiation and execution of a contract which, in the determination of the CAO, (i) complies with Administrative Order 56, and (ii) achieves "HRM's Objectives" as outlined in Table 1 of the private and confidential in camera report dated March 20, 2018;
2. Authorize and direct staff to work with the Dartmouth Sportsplex Community Association to negotiate

a contract for naming rights with the naming partner that complies with Administrative Order 56 and achieves HRM's Objectives;

3. Authorize and direct the Mayor and Clerk to execute a contract for naming rights on behalf of the Municipality with the naming partner, once the CAO advises the Mayor and Clerk that the contract complies with Administrative Order 56 and achieves HRM's Objectives;
4. Direct staff not to release details about the proposal, or the contract being negotiated for naming rights, until execution of the contract by the parties; and
5. Not release the private and confidential in camera report dated March 20, 2018, unless and until (and only to the extent) required by law.

BACKGROUND

The sale of external naming rights of publicly owned facilities is a practice which has been widely adopted to finance construction and/or maintenance of facilities, and is the subject of Administrative Order 56. HRM has pursued opportunities related to a few of its assets with the sale of naming rights for the BMO Centre in Bedford, Emera Oval and Molson Plaza; and, more recently, Scotiabank Centre and the Dartmouth 4-Pad. Regional Council also directed staff to explore opportunities for the Dartmouth Sportsplex (DSP) as part of the revitalization project.

DISCUSSION

Naming Rights Process

The DSP and HRM staff initiated the administrative process to explore sale of naming rights for the reopening of the facility scheduled for the fall of 2018. As part of the process, the DSP conducted a third-party assessment to ascertain the viability of proceeding to market to determine potential value of naming the asset or components of the facility. Upon review of that assessment, HRM staff was satisfied that pursuing the sale of naming rights was a viable opportunity.

While staff was working on the administrative process to explore the sale of naming rights, the DSP advised in the fall of 2017 that they had received a proposal to name the facility. Details on the recommend 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 the DSP, staff would finalize a contract between the parties. Due to the multiple stakeholders concerning the DSP, the contract negotiation could continue throughout the spring, and into the summer 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 in place in time for the completion of the revitalization project and reopening of the facility in the fall of 2018.

Should Regional Council not accept the proposal for sale of naming rights, staff would continue with the administrative process and issue a request for proposal (RFP) to explore market interest in naming rights for the asset. That approach has not been recommended as there is no guarantee that the same value would be achieved in that process. Despite the findings of the market value assessment, there is still risk that the existing brand and name of the DSP is so well entrenched, that there would be limited or no interest in the sale of naming rights within the local market.

FINANCIAL IMPLICATIONS

Revenues received from the naming partner would be included in the Dartmouth Sportsplex annual operating facility budget and would likely be used to offset the funding required for the Dartmouth Sportsplex's youth programming and customer enhancements.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risks considered rate low. To reach this conclusion, consideration was given to financial, reputational and strategic risks. As noted, there is some risk in not accepting the proposal such that there may not be the level of market interest as expected resulting in lower value than possible under the proposal. This is mitigated through the recommendation.

COMMUNITY ENGAGEMENT

Community engagement was not undertaken in the completion of this report.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

Alternative 1: Regional Council could choose to not to proceed with the sale of naming rights for the Dartmouth Sportsplex and maintain the existing name.

Alternative 2: Regional Council could choose not to accept the naming rights proposal from the recommended naming partner and direct staff to continue with the completion of the request for proposals for the sale of naming rights.

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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