

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.1.6
Halifax Regional Council
July 16, 2019

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: June 6, 2019

SUBJECT: Events East Five Year Strategic Plan and 2019-20 Business Plan

ORIGIN

Events East 2019-2024 Strategic Plan, received Friday, June 21, 2019, for Halifax Regional Council approval.

Letter dated March 19, 2019 from Justin McDonough, Board Chair of Events East, to Minister Geoff MacLellan and Halifax Regional Council requesting approval of the Events East 2019-20 Business Plan.

LEGISLATIVE AUTHORITY

Halifax Convention Centre Act, S.N.S. 2014, c. 8, as follows:

Strategic plan

28 On or before a date to be established by the regulations and every five years thereafter, the Corporation shall submit to the Council and the Minister for approval a five-year strategic plan, including estimates of budgetary requirements, for the operation of the Corporation.

Business Plan

29(1) On a date to be established by the regulations and annually thereafter, the Corporation shall submit to the Council and the Minister for approval a detailed business plan for the following fiscal year, including estimates of budgetary requirements, for the operation of the Corporation.

Financial Reserves Administrative Order – OI# 2014-015 ADM

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

6. The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

Audit & Finance Standing Committee – Terms of Reference – AO#1, Schedule 2

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including: (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Waive the requirement for the Audit & Finance Standing Committee to review and make a recommendation to Council regarding an unbudgeted withdrawal of funds from reserves and approve an increase to Operating Cost Centre M250, with funding to be an unbudgeted reserve withdrawal from the Convention Centre Reserve, Q521 in the amount of \$366,200 as per the Financial Implications section of this report;
2. THAT, in accordance with section 28 of the *Halifax Convention Centre Act*, Halifax Regional Council approve the Five Year Strategic Plan (2019-2023) as set out in Attachment A to this Staff Report;
3. And, in accordance with section 29(1) of the *Halifax Convention Centre Act*, Council approve the 2019-20 Business Plan and Budget for the Halifax Convention Centre Corporation, submitted to the Municipality by Events East Group, as set out in Attachment B.

BACKGROUND

The Halifax Convention Centre, established under the *Halifax Convention Centre Act*, now operates under the name Events East Group. Since April 2017, Events East has managed and operated the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. The *Act* outlines that the activities of the Halifax Convention Centre be maintained and managed in a manner that will promote and develop economic development, tourism and industry in the Province generally, and the Municipality in particular.

Justin McDonough, Board Chair of Events East, has submitted the attached 5-year strategic plan and the 2019-20 business plan, for the approval of Council and the Minister of Business. The Strategic Plan was developed by Events East with input from HRM and provincial staff, stakeholders and customers and has been approved by the Events East Board of Directors.

DISCUSSION

Five Year Strategic Plan

The Events East Strategic Plan is the foundation for the organization's annual business plans, and sets out goals and measurement targets for business growth over the next five years. The previous Five Year Strategic Plan was adopted in 2017, however Events East reviewed it following a full year of Convention Centre Operations. They have provided this updated Strategic Plan that incorporates four industry trends that will support growth of the conventions and conferences sector:

1. Technology as a tool to improve the end-to-end event experience;
2. Changing delegate and fan expectations for unique event experiences and personalization;
3. The increasing importance of the community and neighbourhood surrounding event venues to drive further engagement with attendees and organizations; and
4. The value of consulting with and guiding planners and organizers in event design.

The renewed plan was updated in collaboration with stakeholders and customers. It sets out five key goals over the next five years:

- Guest Experience – treating all guests to a unique experience
- Community Connection – partnering with the community to co-create memorable guest experience
- Business Growth – drive incremental growth by leveraging relationships and both the Convention

- Centre and Scotiabank Centre facilities
- Talent and Culture – create a guest-focused culture
- Accountability and Sustained Performance – demonstrating a well-run and governed organization

The Strategic Plan has a target of generating \$95 million in annual average direct spending from events in the two facilities it operates, and a combined average of 250 events annually in both facilities with average annual attendance of 600,000 people.

2019-20 Business Plan

The Events East business plan sets operational priorities for 2019-20 that support the Five Year Strategic Plan. Initiatives include:

- Seeking AIPC (International Association of Convention Centres) accreditation that recognizes convention centre management and measures performance
- Identify new convention prospects
- Develop an ocean sector strategy to attract nation and international events
- Establish baseline metrics to measure Events East long-term strategy.

The targets for business growth include generating \$55 million in annual direct spending, hosting 95,000 delegates, and a total of 140 events annually for the first three years of operation booked by year-end. The business plan solely covers the Convention Centre, as Scotiabank Centre is owned by HRM and operated by Events East under an operating agreement.

The business plan includes a summary of the Convention Centre operating budget for 2019-20. It projects \$11,385,000 in expenses. It lists \$5,010,000 in operating costs, \$1.8 million of which is property taxes to HRM. As per the Memorandum of Understanding between HRM and the Province, HRM and the Province shall equally share in the costs. HRM will invest \$2,695,000 and Nova Scotia will invest \$2,580,000 in Convention Centre operating costs in 2019-20. (Timing and technical differences in each organization's accounting requirements account for a slight variation in 2019-20.)

HRM Alignment

Staff have reviewed the Events East Strategic Plan against Halifax Regional Council's strategic priorities and plans, in particular, Council's Economic Development Priority area and the Economic Growth Plan. There are several points of intersection among them.

HRM's Economic Development Priority area describes HRM as a sought-after business destination that encourages entrepreneurial spirit and is responsive to the needs of the business community. Most relevant to the Events East Strategic Plan are the following objectives:

- "Focus on the Regional Centre; HRM has a vibrant, animated and economically healthy Regional Centre that is a cultural, business and education hub with a growing population;"
- "Make Halifax a better place to live and work; recognize and support heritage, cultural activities, and arts to bolster the creative economy and the vitality of the region."

The Events East Strategic Plan supports these objectives through initiatives such as optimizing the event mix at Scotiabank Centre and strategically using its facilities year-round align to these objectives. Events that utilize the Convention Centre and Argyle Streetscape together bring thousands of people downtown and make the area a vibrant and attractive destination for both residents and visitors.

Halifax's Economic Growth Plan 2016-2021 has as one of its goals to "Make Halifax a Better Place to Live and Work." Under this goal is an objective to "Showcase Halifax to encourage people to visit, live and work here". The economic growth plan includes supportive actions to encourage the presentation of trade and

tourism opportunities to conference delegates and to articulate HRM's role and approach to tourism, festivals and special events. Both the "Community Connection" and "Business Growth" goals in the Events East Strategic Plan five-year align to these economic growth plan goals. The Events East business plan also supports Halifax's Economic Growth Plan via increasing the number of conventions and delegates, and developing an ocean sector strategy to leverage the Halifax Partnership's work on Halifax's Innovation District.

HRM has convened a range of major events stakeholders to review the current approach to major event attraction and hosting in Halifax and is moving forward to create increased partnerships, role clarity, and stream-lined decision-making processes. The Halifax Partnership continues to work with Events East, Discover Halifax, Tourism NS and, Halifax Stanfield International Airport to present trade and investment opportunities as well as tourism offerings to conference delegates.

FINANCIAL IMPLICATIONS

The Halifax Convention Centre is funded as per a Memorandum of Understanding (MOU) between HRM and the Province, under which each party shares equally in all costs including the annual lease costs and the operating costs of the facility. Under the MOU, HRM pays its share of the lease costs directly to the Province of Nova Scotia. The Events East Business Plan includes the proposed operating costs for the facility for 2019-20. HRM uses a dedicated Convention Centre Reserve, Q521 to collect property taxes from the entire Nova Centre site and pay for the HCC costs.

In 2019-20 HRM's share of the costs is proposed at \$2.695m. This is \$366,200 higher than HRM included in its 2019-20 approved operating budget. The cause of the increase, however, is the inclusion in the Events East Budget of an additional \$689,200 in municipal property taxes to be paid to HRM. The \$689,200 in municipal property taxes was also not included in HRM's 2019-20 approved operating budget. The costs to the operating budget are then funded by the Convention Centre Reserve, Q521, thus creating an unbudgeted reserve withdrawal in the amount of \$366,200. The final amount required from reserves will be based on their actual audited costs and if there are any additional amounts to be withdrawn from the reserve, they will be required to be approved by Audit and Finance and Council at year end.

Budget Summary, Convention Centre Reserve, Q521

Balance in Reserve, April 1, 2019	\$ 3,811,000
Budgeted contributions including interest to March 31, 2020	\$ 7,168,000
Budgeted withdrawals to March 31, 2020	<u>\$(7,708,800)</u>
Projected net available balance, March 31, 2020	\$ 3,270,200
Withdrawal per recommendation	<u>\$(366,200)</u>
Revised projected net available balance, March 31, 2020	\$ 2,904,000

Obligation Reserve – Convention Centre Reserve, Q521 is to provide funding to reimburse the Province for the capital costs (through an annual base rent payment) for the construction of the Halifax Convention Centre (Nova Centre) and to provide funding to pay HRM's equal share of operating costs of the Halifax Convention Centre for 25 years per a MOU. Per this report, the \$366,200 would be an unbudgeted reserve withdrawal.

RISK CONSIDERATION

Risks associated with approval of the Events East Strategic Plan are low. The strategic plan provides high level direction to support the purpose of Events East.

COMMUNITY ENGAGEMENT

The Events East Strategic Plan was informed by stakeholder consultation.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Council could choose not to approve the Events East Strategic Plan. This is not recommended.

ATTACHMENTS

Attachment A – Events East Group Five Year Strategy 2019-2023

Attachment B – Letter dated March 19, 2019 from Justin McDonough, Board Chair, Events East to Minister Geoff MacLellan and Halifax Regional Council requesting approval of Events East Group 2019-20 Business Plan

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.

Report Prepared by: Anne Totten, Intergovernmental Affairs Advisor, 902.490.5623

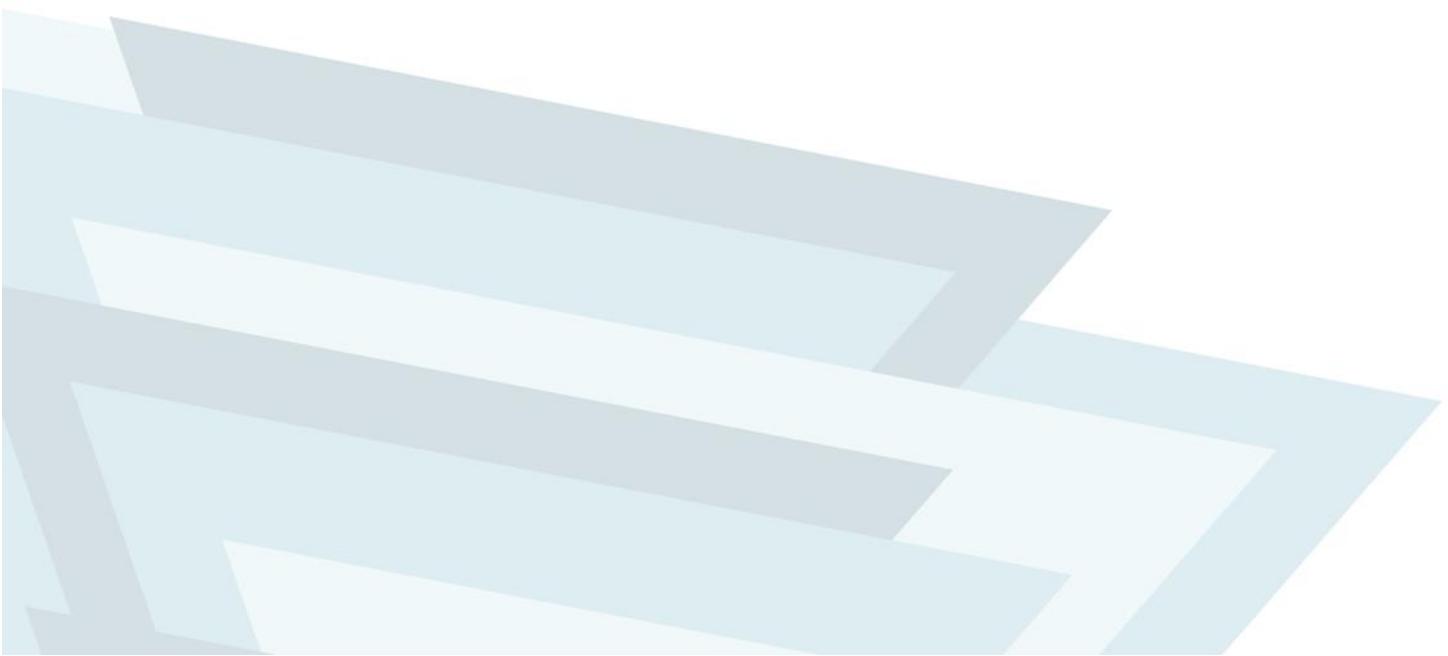


EVENTS EAST GROUP

Five Year Strategy (2019-2023)

As at May 20, 2019

Final as approved by the Events East Board of Directors



CONTENTS

Looking Forward	3
Who We Are	4
Our Aspirations	4
Our Businesses	5
Our Values	6
Planning Context	7
Achieving Our Vision	8
Our Five-Year Goals & Strategies	9
Success Measures	10

LOOKING FORWARD

A message from the President & CEO

We have been on a journey of change and transformation, as we look forward, we do so with a true desire to create memorable event experiences – for our guests and our community.

Our facilities – the Halifax Convention Centre and Scotiabank Centre – and the events we attract are platforms for prosperity. Whether we’re attracting large delegations or hosting an elite group of athletes for an international competition, we are a catalyst for new opportunities and connections between Nova Scotia and the world.

Our five-year strategic plan harnesses our team’s passion for thinking customer-first and leverages the magic of a community that is the perfect stage for cultural, entertainment, sporting events and conventions. With a foundation of hosting excellence that spans over decades, we take pride in operating the region’s premier event facilities. Our history and experience will allow us to move forward with confidence.

We have been building our vision for the future by learning from our past and paying attention to how our industry is evolving. We’ve consulted our people, our stakeholders and partners, and our customers for their input. They’ve told us what matters most to them and we’ve used the common themes as the basis for our way forward. Their united message was clear – enhance our focus on our guests to continue to drive connections to our community.

We are excited about what we can achieve and we are committed to ensuring everything we do establishes Nova Scotia as a favoured event destination for our guests.



Carrie Cussons
President & CEO

WHO WE ARE

Events East Group is a special purpose government agency that manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. We are known for attracting and hosting the best events in the region through our commitment to event excellence. Our facilities allow us to attract new visitors and opportunities to Nova Scotia, connecting us to the world.

MANDATE

We were created in 2014 through the *Halifax Convention Centre Act* as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM) and we work in collaboration with them to manage our businesses in a responsible and transparent manner. In April 2017, our mandate expanded to include the continued management and operations of Scotiabank Centre and Ticket Atlantic.

OUR ASPIRATIONS

Our Mission is our purpose, embodying why we exist and is an aspirational destination for the organization. Our Vision signals what we want to be and what we hope to achieve through a deliberate focus on our goals and strategies. These statements will serve as guiding principles for our employees, our partners, and our stakeholders.

MISSION

We connect the world to Nova Scotia by creating memorable event experiences.

VISION

Our people and our community make us the favoured event destination for our guests.

OUR BUSINESSES

HALIFAX CONVENTION CENTRE

Halifax Convention Centre Overview

Offering 120,000 square feet of modern event space in the heart of Halifax, the Halifax Convention Centre, jointly owned by the Province of Nova Scotia and HRM, opened in December 2017. We pride ourselves on being an economic and community driver for Halifax and Nova Scotia through attracting and hosting meetings, conferences and conventions, with an emphasis on national and international event activity. Blending the most experienced team with the largest, most flexible event space in Atlantic Canada, we help to create unique events that showcase Nova Scotia to the world.

With a customer-centric culture, our focus is on ensuring that our team delivers great event experiences that respond to evolving industry trends and delegate expectations. At the same time, we look to create opportunities for partnerships and community engagement to ensure we leverage the Halifax Convention Centre and our events to showcase Nova Scotia to visiting planners and delegates. We work closely with key industry and community partners, including those in tourism and economic development, to ensure the impact of the Halifax Convention Centre instills community confidence and pride.

Our event attraction strategy concentrates on our long-term targets, with a focus on key national and international markets and events that create opportunities to showcase Nova Scotia as a centre for excellence in sectors of strength. Continuing to identify and activate on new markets is a critical component of our growth strategy.

Scotiabank CENTRE

Scotiabank Centre Overview

With a rich 40 year history of hosting the best events in sports and entertainment, the Scotiabank Centre is the largest multipurpose facility in Atlantic Canada. It serves as the region's premier venue for major entertainment and sporting events and the nucleus of major event activity in Nova Scotia. Operated under the ownership and oversight of the HRM, Scotiabank Centre is known as a community icon that serves as a platform for event excitement and community vibrancy.

With a seating capacity of more than 10,000 and the versatility to accommodate a range of events, Scotiabank Centre creates a variety of event experiences that attract over 400,000 fans each year. Our anchor tenants include the Halifax Mooseheads, the Halifax Hurricanes, the Royal Nova Scotia International Tattoo and beginning in December 2019, a new professional lacrosse team, the Halifax Thunderbirds.

As we continue to invest in enhancements and programs that will improve the overall in-venue fan experience, we aspire to create an energy that makes our fans feel alive with excitement through the events we host. We balance this focus on the overall fan experience with a continued emphasis on attracting a diverse mix of events, including marquee events that have broad impact on our province and community.

TICKET ATLANTIC

Ticket Atlantic Overview

Through the services of Ticket Atlantic, we provide Atlantic Canadians access to a wide variety of events, from world-renowned concerts to outdoor festivals to international sporting events. Ticket Atlantic's primary customer is Scotiabank Centre and its tenants. Selling tickets for up to 400 events annually, Ticket Atlantic is our region's primary ticket provider.

OUR VALUES

Our values define our culture. They are the behaviours and philosophies through which we unite our team and evaluate our performance.

We Strive to WOW!

At the core of our business is a simple truth: we are hosts. We welcome our guests with warmth and create moments that will be remembered. We know our customers, focus on their experience, and personally connect with them.

We Set the Standard on Service.

Underlying all of our work is our pride and commitment to delivering customer service excellence. We partner with our clients and stay on top of industry trends. Our people make the difference. We hire, train and grow experts.

Our People Matter.

Everyone has a role to play in an inclusive and diverse environment. We recognize each person's contribution and celebrate our successes. We know that an empowered team is rooted in a focus on continuous improvement and open feedback.

Great Events are a Team Effort.

We create success through teamwork and the power of our collective effort. The combined talent of our people, our partners and our suppliers allows us to exceed our guests' expectations. Together, we deliver and adapt to the needs of each event.

We are Proud to Showcase the Best of Our Community.

There is something special about this place that we proudly promote to the world. We are part of the fabric of our community. Through collaboration and connections, we create vibrancy and value.

PLANNING CONTEXT

Our five-year strategic plan (2019-20 to 2023-24) is our guide to evolving our organization and businesses for the future. It is the foundation for our annual business plans and the framework for the strategies and activities we undertake for the Halifax Convention Centre and Scotiabank Centre.

This strategy was developed through collaboration with our team, our stakeholders and our customers. Our plan is informed by primary research, an organizational review and a jurisdictional review that ensured we considered industry insights, best practices and relevant trends in technology and talent. The information gathered allowed for a full assessment of our current environment and the focuses needed to move us forward.

Our approach addressed our strategy through five interrelated questions that allowed us to fully consider how our business should grow and the changes required to achieve our new mission and vision. Investing in the experience of our guests, partnering with our community and continuing to attract new events to Nova Scotia are our key priorities. The talent of our team is what will continue to drive us forward, while a focus on our sustained performance will ensure we contribute to the vibrancy of our city and province.

Like most sectors, the events industry is being driven by changes in technology, customer expectations and societal shifts. As the needs of our guests continue to evolve, so too does our business. We have identified the trends changing the events industry more broadly, with an emphasis on those having the most impact on conferences and conventions as well as sports and entertainment events.

The key industry trends that have been integrated into our plan and our priorities can be summarized as:

1. Technology as a tool to improve the end-to-end event experience;
2. Changing delegate and fan expectations for unique event experiences and personalization;
3. The increasing importance of the community and neighbourhood surrounding event venues to drive further engagement with attendees and organizers; and,
4. The value of consulting with and guiding planners and organizers in event design.

ACHIEVING OUR VISION

Over the next five years as our people and our community work together to make us the favoured event destination for our guests, we will focus on five key areas to carry out our vision:



GUEST EXPERIENCE

We will treat everyone who visits our facilities or interacts with us as our guest. Focusing on our clients and their guests, we will create unique experiences.



COMMUNITY CONNECTION

Our success relies on our community. In partnership with our industry and business communities, we will co-create memorable experiences for all of the guests we host.



BUSINESS GROWTH

We will grow our business and our impact by leveraging our local and global relationships as well as our premier facilities – the Halifax Convention Centre and Scotiabank Centre.



TALENT AND CULTURE

Achievement of our vision will only be possible with the engagement and commitment of our talented team. A shared commitment to our values will ensure we are aligned.



ACCOUNTABILITY AND SUSTAINED PERFORMANCE

We are trusted stewards of public facilities. We know that Nova Scotians are relying on us to maximize the impact of our business. We will demonstrate a commitment to our accountability in the way we run and govern our organization.

OUR FIVE-YEAR GOALS & STRATEGIES

 GUEST EXPERIENCE	 COMMUNITY CONNECTION	 BUSINESS GROWTH
<p>We will treat all of our guests to a unique experience.</p> <p><i>This will require us to:</i></p> <ul style="list-style-type: none"> • Define the experience we want our guests to have when they visit our facilities, and ensure our people and operations have what they need to deliver that experience. • Use technology to engage, inform and connect with our guests before, during and after events. • Ensure our quality of service and delivery exceeds international industry standards. • Constantly measure and act on customer feedback. 	<p>We will partner with our community to co-create a memorable guest experience.</p> <p><i>This will require us to:</i></p> <ul style="list-style-type: none"> • Collaborate with our industry and business communities to ensure meaningful connections are made with our guests. • Develop a community engagement strategy to allow us to leverage our events and facilities to make a positive contribution to our community. • Reinforce pride in the value of our facilities and their contribution to Halifax and Nova Scotia. 	<p>We will drive incremental business by leveraging our relationships and facilities.</p> <p><i>This will require us to:</i></p> <ul style="list-style-type: none"> • Increase the number of national and international convention events and attendees by: <ul style="list-style-type: none"> - Leveraging partnerships with the business and academic communities to attract events; - Continuing with a sustained sales and marketing strategy to enhance penetration in key markets; and, - Securing conference activity aligned with province-wide efforts in sectors of comparative advantage. • Optimize the event mix at Scotiabank Centre, including a continued focus on significant event attraction. • Strategically use our facilities year round. • Proactively explore growth opportunities within our venues through strategic partnerships.
 TALENT AND CULTURE		
<p>We will create an authentic guest-focused culture.</p> <p><i>This will require us to:</i></p> <ul style="list-style-type: none"> • Develop a talent strategy that aligns with our Mission and Vision. • Foster an internal culture that aligns with our organizational values and reflects the diversity of our team. • Sustain our employee engagement across the organization. • Partner with the hospitality industry and educational organizations to support the development a sustained talent pool. 		
 ACCOUNTABILITY AND SUSTAINED PERFORMANCE		
<p>We will demonstrate that we are well run and governed.</p> <p><i>This will require us to:</i></p> <ul style="list-style-type: none"> • Meet our annually approved budget targets. • Ensure our reporting and other legislated activities demonstrate accountability and transparency. • Act as a leader on matters that impact the events industry. • Keep our facilities safe, welcoming and accessible. 		

SUCCESS MEASURES

We have identified measures of success that correspond to our five year goals and will allow us to measure our progress against our strategies. Each year, our business plans will establish our annual targets, including budgets. We will report our progress annually through our annual accountability reports for the Halifax Convention Centre and Scotiabank Centre. We've divided our measures into two categories: **Core Accountability Measures and Strategic Measures.**

CORE ACCOUNTABILITY MEASURES		
STRATEGIC PRIORITY	MEASURE	LONG-TERM TARGET
Business Growth	Total direct spending and economic benefit <i>*Combined Halifax Convention Centre & Scotiabank Centre*</i>	By fiscal 2023-24, generate annual average direct spending of \$95M as the result of the events we host in our facilities <i>*Approximately \$55-\$60M generated from Halifax Convention Centre annually & \$30-\$35M generated from Scotiabank Centre annually.*</i>
Business Growth	Number of events and attendees hosted <i>*combined Halifax Convention Centre & Scotiabank Centre*</i>	By fiscal 2023-24, host a combined average of 250 events annually in our facilities with a total average annual attendance of approximately 600,000
Accountability & Sustained Performance	Financial performance	Meet approved budget targets
Accountability & Sustained Performance	Shareholder relations	Meet shareholder expectations and accountability requirements

STRATEGIC MEASURES

STRATEGIC PRIORITY	MEASURE	LONG-TERM ASSESSMENT
Guest Experience	Positive customer satisfaction and feedback	Attendee and planner/organizer satisfaction scores as measured through research
Community Connection	Positive perception of the organization and its facilities	Media coverage and reputational scores as measured through research and analysis
Business Growth	Revenue from non-event business development opportunities	Growth of strategic partnerships across our businesses
	Business attracted from national/international markets	Meet sales projections
Talent & Culture	Employee engagement	Maintain positive employee engagement score as measured through survey program
Accountability & Sustained Performance	Active industry affiliation, leadership and participation	Industry recognition and strategic alignment with organizations and initiatives

March 19, 2019

Minister Geoff MacLellan
Nova Scotia Department of Business
6th floor, Centennial Building
1660 Hollis St., Suite 600
Halifax, Nova Scotia
B3J 1V7

Halifax Regional Council
Halifax Regional Municipality
P. O. Box 1749
Halifax, N.S.
B3J 2V9

Dear Minister and Council:

RE: Events East Group 2019-20 Business Plan

On behalf of the Board of Directors, Events East Group, please find attached for Shareholder approval the 2019-20 Events East Business Plan/Budget as approved by the Board at its March 13, 2019 meeting.

The Board of Directors looks very much forward to continuing to move forward with its assigned mandate and respectfully requests formal approval (consent document attached) of the 2019-20 Events East Business Plan.

Yours truly,

A solid black rectangular box redacting the signature of P. Justin McDonough.

P. Justin McDonough
Board Chair

cc: Bernie Miller, DM, Dept. of Business
Jeannie Chow, N.S. Dept. of Business
Caroline Blair-Smith, HRM
Carrie Cussons, President & CEO

EVENTS EAST GROUP

(HALIFAX CONVENTION CENTRE CORPORATION)

WRITTEN APPROVAL OF COUNCIL AND MINISTER

UNDER SUBSECTION 29.1 of the

HALIFAX CONVENTION CENTRE ACT

TO: Events East Group
Attention: Board Chair and Secretary

RE: Approval of 2019-20 Business Plan

Clause 29.1 of the *Halifax Convention Centre Act* (the "Act") states: On a date to be established by the regulations and annually thereafter, the Corporation shall submit to the Council and the Minister for approval a detailed business plan for the following fiscal year, including estimates of budgetary requirements, for the operation of the Corporation.

The Corporation is hereby seeking approval of Council for the Events East Group 2019-20 Business Plan.

On _____ at the regular meeting of Halifax Regional Council, the following motion was passed by a majority vote of Council.

"That the Halifax Regional Council approve the 2019-20 Event East Business Plan for the Events East Group (Halifax Convention Centre Corporation) submitted to the Municipality _____ as set out in Attachment ____ to the _____ staff report.

Accordingly, the Business Plan of the Corporation for the year 2019-20, as submitted, is hereby approved.

Dated:

Kevin Arjoon
Municipal Clerk, Halifax Regional Municipality

Halifax Convention Centre

2019/20 Business Plan

Approved by Board of Directors March 13, 2019

For shareholder approval – March 18, 2019

Contents

Message from the CEO & Chair	2
Mission, Vision & Mandate	3
Planning Context	4
Strategic Priorities & Activities	5
Core Outcomes & Measures	7
Economic Impact & Budget Context	8
Economic Impact Summary	8
Operating Budget Summary	9

Message from CEO & Chair

Having successfully completed the first full year of operations for the Halifax Convention Centre last year, we continue to move forward with a commitment to deliver memorable experiences to our guests and our community. With an emphasis on attracting national and international events, and growing new markets, we will ensure that the Halifax Convention Centre plays a role in creating a vibrant community and strong economy.

This coming year, we will continue to learn about our new operation and implement the systems and standards that will help to stabilize our delivery model in this new, more complex facility. This includes successfully hosting events to national and international standards and earning the industry recognition that will be a point of pride and confidence for our team, our customers and our province.

As our business and operations grow, so too does our team. We will continue to invest in an organizational culture that drives engagement and retention and enables us to achieve our overall strategic vision. We will align our teams around our core values and reinforce the power of service excellence.

Working together with our shareholders, the Province of Nova Scotia and Halifax Regional Municipality, we will support provincial and municipal objectives while reinforcing pride in the value of the Halifax Convention Centre for Nova Scotia.

Yours truly,



Carrie Cussons,
President & CEO



Justin McDonough,
Chair, Events East Board of Directors

Mission, Vision & Mandate

WHO WE ARE

Events East Group is a special purpose government agency that manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic.

We are known for attracting and hosting the best events in the region through our commitment to event excellence. Our facilities allow us to attract new visitors and opportunities to Nova Scotia, connecting us to the world.

We were created as part of a government partnership between the Province of Nova Scotia and Halifax Regional Municipality (HRM) and we work in collaboration with them to manage our business in a responsible and transparent manner.

MISSION

We connect the world to Nova Scotia by creating memorable event experiences.

VISION

Our people and our community make us the favoured event destination for our guests.

MANDATE

We were created in 2014 through the *Halifax Convention Centre Act* to operate, maintain and manage the activities of the Halifax Convention Centre in a manner that will promote and develop economic development, tourism and industry in the Province generally, and the Municipality.

In April 2017, our mandate expanded to include the continued management and operations of Scotiabank Centre and Ticket Atlantic.

Planning Context

This business plan is presented for the management and operations of the Halifax Convention Centre. We pride ourselves on being an economic and community driver for Halifax and Nova Scotia through attracting and hosting meetings, conferences and conventions, with an emphasis on attracting national and international event activity. Blending the most experienced team with the largest, most flexible event space in Atlantic Canada, we help to create unique events.

The new Halifax Convention Centre opened in January 2018. Having completed our first full year of operations, our focus in 2019-20 will be to continue the successful delivery of national and international convention events while emphasizing the stabilization of our operations. This year, we will apply the learnings from our first year and continue with initiatives that align our services to customer expectations.

A renewed long-term sales and marketing strategy will be implemented this year, with a focus on building the national corporate market while maintaining critical national association business. Activating in new markets is a key component of our business growth strategy.

Following a high volume of resource planning and recruitment to reflect the increased scope and complexity of our operations, there will be an enhanced focus on ensuring our internal engagement and people strategies support employee retention and growth. In the lead up to our opening and first year, community engagement and strategic partnerships were a foundation of our success. We will continue to work closely with key industry partners and our community to ensure the impact of the Halifax Convention Centre continues to instill community confidence and pride.

Our strategic priorities are rooted in the following focus areas, which align with the organization's long-term strategy:



GUEST EXPERIENCE

Treat all of our guests to a unique experience.



COMMUNITY CONNECTION

Partner with our community to co-create a memorable guest experience.



BUSINESS GROWTH

Drive incremental business by leveraging our relationships and facilities.



TALENT AND CULTURE

Create an authentic guest-focused culture.



ACCOUNTABILITY AND SUSTAINED PERFORMANCE

Demonstrate we are well-run and governed.

Strategic Priorities & Activities

GUEST EXPERIENCE

With a customer-centric culture, we will continue to ensure our efforts focus on delivering great experiences that respond to industry trends and customer expectations. This includes ensuring we continue to refine and evolve our service delivery standards to meet international industry expectations and demonstrate that we are responsive to customer needs. This year, we will seek AIPC (International Association of Convention Centres) accreditation, which is an industry-specific program that recognizes convention centre management and measures performance in key areas.

Actions:

- Successful delivery of national and international conventions.
- Continued implementation of guest experience solutions, with an emphasis on leveraging technology and systems that support event management and delivery.
- Full implementation of customer feedback program focused on planners and delegates.
- Plan for achievement of AIPC international industry accreditation.

COMMUNITY CONNECTION

The Halifax Convention Centre has created many opportunities for new partnerships and community engagement that have leveraged our events and showcased Nova Scotia to visiting delegates. During our first year, several new programs were implemented that highlight unique Nova Scotia experiences and ensure visiting delegates are exposed to all that Nova Scotia has to offer. Our Local Program and Delegate Welcome Program focus on providing visiting delegates with an authentic Nova Scotia welcome while at the same time providing them with access to information and opportunities to explore the province. Working with key industry partners and organizations, including Tourism Nova Scotia, the Tourism Industry Association of Nova Scotia, Discover Halifax, Taste of Nova Scotia, Downtown Halifax Business Commission and the Halifax Stanfield International Airport, we will continue to focus on these programs and opportunities in the coming year.

Actions:

- Continue the delivery of the Delegate Welcome Program, satellite Visitor Services Centre and the Local Program – showcasing our province and all it has to offer.
- Proactively profile the events we host and highlight the value of the Halifax Convention Centre to reinforce community pride.

BUSINESS GROWTH

Sales and marketing efforts will continue to focus on long-term targets, with an emphasis on national and international event attraction from association and corporate markets and meeting our market projections. With the facility now open and fully operational, our strategy will evolve to identify and activate new prospects, while at the same time, maintaining our strong base of national association business. We will maintain strong brand awareness through strategic customer engagements and activations as well as digital strategies, including our website and social media channels. Supporting province-wide efforts in areas of comparative advantage for Nova Scotia, including the oceans sector, we will work with key partners to identify prospective conference activity that will profile Nova Scotia's reputation and expertise.

Actions:

- Implement redeveloped long-term sales and marketing strategy to achieve market projections for the Halifax Convention Centre. This includes:
 - Full implementation of corporate market sales plan.
 - Development of ocean sector strategy to support national and international event attraction.
 - Continued alignment with key partners to maximize sales and marketing efforts.

TALENT & CULTURE

Over the past year, our team has grown significantly in response to the increased scope and complexity of our operations. A focus on people is integral to the delivery of our long-term strategy. Having completed a full assessment of our human resources structure and approach in 2018-19, emphasis this year will be on strategies and approaches that allow us to grow and retain an engaged workforce. We will focus on creating a culture aligned with our overall vision and values.

Actions:

- Enhance our onboarding, training and internal engagement programs to respond to the needs of variable (hourly) employees.
- Measure employee feedback through the implementation of an employee engagement survey.
- Implement phase one of an employee recognition program.
- Ensure human resources tools support managers in fostering a high performance culture.

ACCOUNTABILITY & SUSTAINED PERFORMANCE

Under the oversight of our two shareholders, the Province of Nova Scotia and HRM, we will continue to work in partnership to ensure we operate in a responsible, transparent manner to deliver benefits to Nova Scotians while maintaining public and stakeholder confidence. This will include ensuring alignment with our long-term vision, delivery against our key targets, including economic impact, and meeting legislated requirements.

Actions:

- Approval and roll-out of long-term strategy.
- Establish baseline metrics to support measurement of long-term strategy.
- Development of a framework for core social responsibility initiatives, with an emphasis on accessibility.

Core Outcomes & Measures

While our overall strategic plan and priorities guide our activities, we will monitor and measure our performance in 2019-20 in the following areas:

CORE ACCOUNTABILITY MEASURES		
Strategic Priority	Measure	2019-20 Target
Business Growth	Total direct spending and economic benefit	Through the conventions and events we host at the Halifax Convention Centre, generate annual direct spending of approximately \$55M.
Business Growth	National and international events and attendees booked for the Halifax Convention Centre	Cumulative total of 140 national and international events for the first three years of operations booked by year end with over 76,000 delegates.
Guest Experience	Planner and delegate feedback	Operationalize enhanced feedback program to measure performance against key experience drivers for our guests, including establishing baseline measure.
Guest Experience	AIPC certification	Submission of required documentation to achieve AIPC certification.
Talent & Culture	Employee feedback	Complete employee engagement survey and achieve an average employee engagement score of approximately 80% for core employees.
Accountability & Sustained Performance	Financial performance	Meet approved budget targets.

Economic Impact & Budget Context

2018-19 was the first full year of operations of the Halifax Convention Centre. The volume and variety of events hosted yielded extensive learnings about our operations, the complexity of hosting larger events and the resources required to ensure successful delivery. From a financial perspective, the 2019-20 budget reflects these learnings, with a focus on continuous improvement and stabilization, which includes improved efficiency through the utilization of technology and resources and streamlined operational standards.

The Halifax Convention Centre is mandated to attract and host events that create economic and community benefits for Nova Scotia. As such, our overall business success is reflected in not only the mix of events and number of attendees, but through the economic impact generated. Economic impact measures the benefit of new money being spent in the Nova Scotia economy as a result of the events we host. We measure economic impact on an annual basis by compiling attendee, exhibitor and event planner direct spending by event category. Estimated total direct expenditures for 2019-20 generated by the Halifax Convention Centre are \$55 million.

Operations of the Halifax Convention Centre for 2019-20 are expected to be break-even, prior to building costs.

Revenues are derived from event organizers who rent the facility and purchase food and beverage for their

events within the Centre. In addition, net commissions from ancillary services, primarily from audio visual, technology and convention services, are included in revenues.

Expenses are comprised of direct and allocated costs including but not limited to cost of sales, salaries and wages associated with attracting, supporting and delivering events. Conventions are highly dependent on variable (hourly) staff to ensure success. The variable staff ratios used to estimate event operating expenses are consistent with forecasted 2018-19 ratios. The salary budget now includes a conversion of critical event-related hourly roles to salaried status to ensure a stable service delivery team, a change that occurred through the first year of operations.

The Halifax Convention Centre building operating costs, which represent the lease operating costs and property taxes, are estimated to be \$5.0 million. Building operating costs have not yet normalized and will be monitored and updated routinely throughout the year. We continue to work actively with Argyle Developments to ensure clarity of expectations and processes.

In order to increase utilization of technology and resources to improve efficiency, there is a planned capital investment of \$150,000. A primary focus will be the addition of tools to the existing event management system to support trade show delivery and event planner integration.

Economic Impact Summary

	Target 2019-20	Forecast 2018-19	Target 2018-19
Total Events	140	160	100
Total Attendees	95,000	100,000	75,000
Total Direct Expenditures	\$55 million	\$60 million	\$56 million

Note 1: Scotiabank Centre events, attendance and resulting impacts are not included in this summary. Combined direct expenditures resulting from events hosted in both Scotiabank Centre and the Halifax Convention Centre for 2019-20 are projected to be approximately \$95 million.

Operating Budget Summary

(For the year ended March 31)

	Budget 2019-20 (\$)	Forecast 2018-19 (\$)	Estimate 2018-19 (\$)
Revenues	11,385,000	12,217,500	11,127,100
Expenses			
Event Operations	6,391,000	6,803,800	6,573,300
Salaries and Benefits	3,587,100	3,221,000	2,953,000
General Operations	1,300,900	1,581,900	1,445,000
Rent – Corporate Offices	<u>106,000</u>	<u>177,000</u>	<u>222,300</u>
Total Expenses	11,385,000	11,783,700	11,193,600
Smallwares Grant Expenses	-	421,300	-
Operating Gain/(loss) Before Building Costs	\$0	\$12,500	(66,500)
Building Operating Costs	3,183,800	3,155,800	2,973,000
Property Taxes	<u>1,826,200</u>	<u>1,804,700</u>	<u>1,071,500</u>
Total Building Operating Costs	5,010,000	4,960,500	4,044,500
Operating Loss Before Depreciation	(5,010,000)	(4,948,000)	(4,111,000)
Depreciation	<u>380,000</u>	<u>380,000</u>	<u>484,100</u>
Estimated Shareholder Investment	<u>5,390,000</u>	<u>5,328,000</u>	<u>4,595,100</u>
Investment Required from Shareholder – HRM	2,695,000	2,664,000	2,297,550
Investment Required from Shareholder – PNS	2,580,000	2,514,000	2,055,500

Note 1: The 2019-20 estimate reflects operations of the Halifax Convention Centre.

Note 2: Revenues and expenses for Scotiabank Centre are not reflected in this budget. The Scotiabank Centre is a facility owned by HRM and operated by Events East under an operating agreement. All operating income or losses generated accrue to HRM, and all capital improvements are funded by the municipality.

Note 3: Halifax Convention Centre building operating costs reflect lease operating costs of the building. The lease cost itself is the responsibility of the Province of Nova Scotia and is not reflected in this budget.

Note 4: The investment is shared between the two Shareholders: Province of Nova Scotia and HRM. The calculation of the annual investment varies by each Shareholder due to their different approaches to capital funding. However, over the years their investments are equal.

Note 5: Property taxes are calculated pursuant to the MOU between the Province of Nova Scotia and HRM.