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Item No. 15.1.1
Halifax Regional Council
April 25, 2023

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Denise Schofield, Acting Chief Administrative Officer

DATE: April 12, 2023

SUBJECT: **HRM 4-Pad Naming Rights**

ORIGIN

The naming rights agreement between Halifax Regional Municipality (HRM) and the Bank of Montreal (BMO) 4-Pad arena expired in December 2020. The facility has since been operating as the HRM 4-Pad, which was the facility's name prior to the BMO naming rights agreement.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S 2008, c.39:

Section 19(2)(e)

The Council or any committee appointed by the Council may meet in closed session to discuss matters relating to ...

- (e) contract negotiations;

Administrative Order Number 56, *the HRM Sale of Naming Rights Administrative Order*.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Award the naming rights opportunity for the HRM 4-Pad facility, located in Bedford, to the proponent, subject to the negotiation of terms and conditions that, in the determination of HRM's Chief Administrative Officer (CAO)
 - a. complies with Administrative Order 56,
 - b. achieves the Key Negotiation Objectives as are outlined in Table 1 of the in camera report dated April 12, 2023 and
 - c. is in the best interest of the Municipality;

2. Authorize and direct the CAO to execute a naming rights agreement for the HRM 4-Pad that, in the CAO's determination and to the CAO's satisfaction, aligns with Council's directives as described in Recommendation 1;
3. Authorize and direct the CAO to waive or reduce fees under Administrative Order 2019-010-ADM, Respecting Recreation User Charges and By-law U-106 the User Charges By-law, if required, to assist staff in their negotiation of a naming rights agreement that, in the CAO's satisfaction, aligns with Council's directives; and
4. Direct staff not to release the private and confidential in camera report to the public until the naming rights agreement has been executed, and then 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 and operation of facilities. HRM has pursued opportunities related to a few of its assets, with examples including the sale of naming rights for the RBC Centre, Scotiabank Centre, Zatzman Sportplex, and most recently Emera Oval.

Regional Council has a 20-year agreement with Nustadia Recreation Inc. to manage and operate the HRM 4-Pad. HRM staff, in conjunction with Nustadia Recreation Inc., have led the search for a naming rights partner.

DISCUSSION

Naming rights can be attractive to private enterprises when the public facility attracts, hosts, or is visible to a large number of potential clients. Naming rights are usually granted for a 10-year period and permit some form of visual brand recognition in addition to the naming rights themselves.

The HRM 4-Pad is a key recreation, sport, and community facility in HRM, located in Bedford South. With over 1 million visits annually (including athletes, spectators, coaches, officials, etc.), and the versatility to accommodate a range of programs and events, the HRM 4-Pad offers a broad range of community and regional experiences annually. The HRM 4-Pad is a known entity within the ice sports community, and an integral component of the region's recreation, sport, community, and event inventory.

Naming Rights Process

Pursuant to Administrative Order 56, staff have completed the following:

- Determined the process by which HRM would solicit and/or respond to a naming proposal received from a third-party relative to the HRM 4-Pad, with the goal being to secure continued investment in this public asset for the benefit of HRM residents,
- Secured third party professional advice regarding market valuation,
- Worked with Nustadia Recreation Inc., as an HRM agent, to conduct a market search for a naming rights partner and engage in negotiations with an interested third party with a view to (i) meet or exceed market valuation and (ii) identify the key terms and conditions of the naming rights proposal to be presented to Council for its consideration, and (iii) seek direction from Council on HRM's key objectives in any negotiated naming rights agreement,
- Evaluated the proposal brought forward by a third party to obtain naming rights in the asset,
- Understood the value of the naming rights proposal in comparison to similar proposals received in respect to other HRM assets, and
- Consulted with HRM Legal Services, Finance and Procurement.

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 HRM 4-Pad, staff would finalize the naming rights agreement between the parties.

Due to the complexities of naming rights agreements, along with multiple stakeholders and tenants of the HRM 4-Pad, it is expected the negotiation would continue throughout the spring, and into the summer before a naming rights agreement can be executed by all parties. Therefore, preparations for the change of the name of the facility, such as website design, new signage, etc., 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 2023/24 Fall hockey season.

The new name of the facility will not be formally in effect until the contract is finalized between the parties and will not be made public until an agreement is executed. Nustadia is HRM's operator of the facility and will be involved in the negotiation of the naming rights agreement. Nustadia will be required to perform certain obligations set forth in the naming rights agreement and will need to work closely with the proponent to assist the proponent in obtaining the benefits associated with its financial contribution.

FINANCIAL IMPLICATIONS

Net revenues received from the naming partner would be included in the cost centre's (C706) operating budget and will be used for operational expenses.

COMMUNITY ENGAGEMENT

Community engagement was not a component in the development of this process.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

Alternative 1: Regional Council could choose not to proceed with the sale of naming rights for the HRM 4-Pad. The facility would continue to be known as HRM 4-Pad.

Alternative 2: Regional Council could choose not to accept the naming rights proposal from the recommended proponent and direct the CAO to explore other potential naming rights opportunities.

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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