

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: September 1, 2022

SUBJECT: Oval Naming Rights

ORIGIN

An August 16, 2011 In Camera Report “Oval Naming Rights and Sponsorship Valuation Plan” motion moved by Councillor Sloane, seconded by Councillor Blumenthal.

A November 22, 2011 motion of Regional Council, MOVED by Councillor Walker, seconded by Deputy Mayor Karsten that Halifax Regional Council:

Approve the key terms of agreement, as amended, Oval Naming Rights as outlined in the discussion section of the November 1, 2011 Private and Confidential staff report, with subsequent letters of agreement to be ratified by Regional Council at a future date; and authorize the Mayor and Municipal Clerk to execute letters of agreement.

Subsequent to this motion being passed by Regional Council, HRM and Emera entered into a Naming Rights Agreement for an initial 5-year term with a 5 year renewal option.

On December 21, 2021, acting Executive Director, Parks & Recreation and Emera entered into an Amending Agreement to extend the term of the current naming rights agreement, in place between Halifax Regional Municipality (HRM) and Emera, from December 23, 2021 to March 31, 2022. A subsequent amendment was approved which provided the option to renew the extension on a month-to-month basis beyond April 30, 2022, if required, during which time HRM staff engaged the process under the Naming Rights Administrative Order and entered into discussions with Emera Inc. to produce a corporate naming proposal to present to Regional Council for its consideration.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality 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.

Administrative Order 56, Respecting HRM Sale of Naming Rights, especially Sections 6.1 and 8.1:

6.1 HRM shall evaluate corporate naming proposals according to the following criteria:

- a) desirability of association;

- b) timeliness or readiness to make a deal;
- c) value of the naming rights proposal; and
- d) term of the agreement.

8.1 Regional Council shall:

- a) grant or refuse proposals to name HRM assets, based on this policy; and
- b) approve and revise this policy as necessary.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Award the naming rights opportunity for the Oval and Event Plaza (inclusive of building structures and surrounding area) to Emera Incorporated, subject to the negotiation of terms and conditions that, in the determination of HRM's Chief Administrative Officer (CAO), (i) comply with Administrative Order 56, (ii) achieve the Key Negotiation Objectives as are outlined in Table 1 of the private and confidential *in camera* report dated July 27, 2022, and (iii) is in the best interest of the Municipality;
2. Authorize and direct the CAO to execute a naming rights agreement for the Oval and Event Plaza that, in his determination and to his satisfaction, aligns with Council's directives as described in the above motion;
3. Authorize the Executive Director, Parks & Recreation, to enter into further amending agreement(s) to temporarily extend the term of the current naming rights agreement between HRM and Emera, if the Executive Director determines there is a need for such extension(s) while negotiations are ongoing; and
4. Not 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 Oval and Events Plaza is an iconic outdoor skating track and public event space. Located in the sport and recreational hub of the north and central Halifax Common, the Oval is a popular destination for free public skating (mid-December to March) and wheeled sports (June to October). The Oval was constructed as a high performance, 400 metre speed skating track for the 2011 Canada Games. It was initially slated for removal after the Games. However, after overwhelming response from the community and a successful \$1M capital campaign, it became a permanent facility. In 2015, a permanent Pavilion building was constructed providing key facilities including a small warming room, washrooms, and seasonal equipment rental area. During the winter season an independent vendor(s) offers food and beverage to residents. The walkability factor, central location, permanent pavilion, free usage, free programming, free skating lessons, and free equipment rentals (including adaptive equipment) have transformed the Oval into a unique and well utilized multigenerational destination.

The Oval provides HRM visitors, residents, and communities with high quality, safe, and inclusive free recreational and instructional programming. The Oval is considered the largest outdoor refrigerated ice surface east of Quebec City and has become a fixture of recreation in HRM seeing upwards of 300,000 visitors per year.

On December 23, 2011, the Municipality entered into two separate naming agreements, one with Emera Incorporated (Emera) for the Oval and another with Molson Coors Canada, for the Events Plaza. Contributions from these agreements were applied to Capital Project CBX01344: Outdoor Arena Legacy Project. Both agreements were five-year terms with automatic renewal for an additional five years. The Molson Coors Canada contract was not renewed upon its expiry after the initial 5-year term. The Emera contract was renewed for the additional 5-years and was scheduled to expire on December 31, 2021 but

has been extended to April 30, 2022 with an option to renew the extension on a month-to-month basis beyond April 30, 2022, if required.

Emera agreed to pay HRM \$500,000 plus the cost of signage and gantries for the right to name the Oval the "Emera Oval" for the first 5-year contract term. Molson Coors Canada agreed to pay HRM \$400,000 plus the cost of signage for the right to name the entry plaza the "Molson Canadian Plaza".

In 2016 the contract with Emera was automatically renewed and a second \$500,000 payment was made to HRM.

The sale of external naming rights of publicly owned facilities is a practice which has been widely adopted to finance construction and/or the operation of facilities. HRM has pursued opportunities related to some of its assets, typically arenas. Regional Council approved this approach for the Oval and directed staff to explore naming rights for the facility. External naming rights are attractive to private enterprises when the public facility attracts, hosts or is visible to many potential clients. Naming rights are not sold in perpetuity, they are usually granted for a 10-year period and usually permit some form of visual brand recognition, in addition to the naming rights.

Moving forward, the intent is to combine the Oval and the Event Plaza into a single sponsorship opportunity.

DISCUSSION

Emera has expressed interest in entering into a new contract for the naming rights at the Emera Oval and is in agreement with HRM's key negotiation objectives as are described in the private and confidential *in camera* companion report dated July 27, 2022.

The Emera Oval is a known brand within the community. The agreement that has been in place for the past 10 years with Emera has been mutually beneficial and has resulted in positive brand recognition for the sponsor. Entering into a new agreement with Emera has the potential to enhance the facility and its services for users for many years to come. For example, the amount and variety of accessible pieces of equipment the public can use free of charge to participate year-round could be increased beyond the current business planning purchase and replacement schedule.

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 Oval and Event Plaza, with the goal being to secure continued investment in this public asset for the benefit of HRM residents.
- Evaluated the proposal brought forward by a third party to obtain naming rights in the asset.
- Secured and maintained relationships with sponsors.
- Administered the naming rights agreement to ensure that timelines were met.
- Understood the value of the naming rights proposal in comparison to similar proposals received in respect to other HRM assets.
- Secured third party professional advice regarding market valuation.
- Engaged 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, and
- Consult with HRM Legal Services, Finance and Corporate Communications, as appropriate.

As part of the process HRM Staff contracted an external consultant, Performance Sponsorship Group, to provide expertise in determining a value for the naming rights for the Oval and Events Plaza. The proposed

naming rights payment included as part of HRM's Key Negotiation Objectives equals or exceeds the market valuation.

Details of the proposed Key Negotiation Objectives are included in the private and confidential *in camera* companion report. The Emera proposal is a balance of the financial contribution as well as supporting the numerous opportunities for youth and families using the Oval.

FINANCIAL IMPLICATIONS

Net revenues received from the naming partner would be included in the C471 cost centre and will be used for operations at the Oval.

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 operational, financial, and strategic risks.

COMMUNITY ENGAGEMENT

The sale of naming rights is a confidential process, so community engagement was not required.

ENVIRONMENTAL IMPLICATIONS

None identified.

SOCIAL VALUE

No social values were identified.

ALTERNATIVES

1. Regional Council could choose to not accept Emera's proposal and advise the Chief Administrative Officer to direct staff to seek proposals through an RFP or alternative process for naming rights.
2. Regional Council could choose to not enter into a naming agreement and instead choose an alternative name for the Oval and Events Plaza.

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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