

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
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Item No. 9.1


Halifax Regional Council

July 31, 2018

September 11, 2018

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: June 25, 2018

SUBJECT: 2018-2019 Events East Business Plan/Budget

ORIGIN

June 25, 2018 letter from Events East Board chair Justin McDonough requesting approval of the 2018-2019 Events East Business Plan/Budget.

LEGISLATIVE AUTHORITY

Halifax Convention Centre Act, S.N.S. 2014, c. 8

Business plan

29 (1) On or before 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.

(2) The plan must include an outline and the extent of those aspects of operating, maintaining and managing the Convention Centre to be performed by employees, including the President and Chief Executive Officer of the Corporation and those aspects to be performed by persons, organizations and entities external to the Corporation.

(3) For purpose of subsection (2), the Municipality and the Province are to be considered external to the Corporation. 2014, c. 8, s. 29.

RECOMMENDATION

It is recommended that Halifax Regional Council approve the 2018-2019 Events East Business Plan for the Halifax Convention Centre Corporation, submitted to the municipality June 25, 2018, as set out in Attachment A to this staff report.

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 legislation 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 business plan/budget for the approval of Council and the Minister of Business. The plan was developed by Events East and has been approved by the Events East Board of directors and reflects feedback provided by staff of both HRM and the province.

The *Halifax Convention Centre Act* (the Act) requires that the Corporation (in this case Events East as the Convention Centre) submit to Council and the Minister of Business, a detailed business plan for the following fiscal year, including estimates of budgetary requirements. The Act also requires that the plan must include an outline and the extent of those aspects of operating, maintaining and managing the Convention Centre to be performed by employees, including the President and Chief Executive Officer of the Corporation and those aspects to be performed by persons, organizations and entities external to the Corporation.

DISCUSSION

The 18/19 Business plan priorities align to the organization's long-term strategic goals to:

- Treat all guests to a unique experience,
- Partner with the community to co-create a memorable guest experience,
- Drive incremental business by leveraging relationships and facilities,
- Create an authentic guest-focused culture, and
- Demonstrate that the organization is well run and governed.

Strategic alignment

Staff have reviewed the business plan against Halifax Regional Council's strategic priorities and plans, Council's Economic Development Priority area and the Economic Growth Plan. There are no points of conflict among these plans. 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 18/19 business plan are the objectives and actions around "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" and "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."

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".

Actions

The 18/19 business plan includes 11 activities supporting the five goals noted above. These are:

- Guest experience:
 - o Successful delivery of national and international conventions.
 - o Roll-out of the enhanced customer feedback programs for Halifax Convention Centre and Scotiabank Centre.
 - o Implementation of technology improvements and processes to support event delivery.

- Community connection:
 - o Implementation of enhanced delegate welcome and local programs for Halifax Convention Centre – showcasing our province and inspiring visitors to love Nova Scotia like a local.
 - o Implementation of community relations approach for the Halifax Convention Centre and Scotiabank Centre.
- Business Growth:
 - o Continued implementation of sales and marketing strategy to achieve market projections for the Halifax Convention Centre
- Talent and Culture:
 - o Development of employee recognition program aligned with values.
 - o Implementation of new Scheduling, Time and Attendance system.
- Accountability and Sustained Performance:
 - o Internal and external roll-out of five-year strategic plan.
 - o Completion of direct expenditure study to assess and update direct spending profiles and annual economic impact reporting for our business.
 - o Development of a long-term vision and operating agreement for Scotiabank Centre with HRM.

The actions in the 18/19 business plan support HRM's strategic priorities as noted above. Included among the actions above is reference to a five-year strategic plan. Events East has developed a five-year strategic plan. This will come to Regional Council for approval when finalized five-year budget estimates are received from Events East.

Events East has provided an outline of services provided by shareholders, in fulfillment of section 29(2) of the Act which requires them to provide an outline and the extent of those aspects of operating, maintaining and managing the Convention Centre to be performed by persons, organizations, and entities external to Events East. These services include payroll, which is provided by the province of Nova Scotia, pension services (employees of Event East continue to participate in the Nova Scotia Pension Services Corporation (NSPSC) pension and the Public Service Commission (PSC)), and procurements (tenders for Events East are posted on the province of Nova Scotia website).

Events East proposed a form to document Regional Council's approval of the business plan; however, HRM Legal Services has drafted the motion for Council's approval. Events East will be advised of its adoption by Council by letter. Provincial staff have forwarded the business plan for approval by the Minister of Business.

FINANCIAL IMPLICATIONS

Annual business plans, including budget estimates, are required to be approved by Halifax Regional Council. HRM is a 50/50 partner with the Province on the Convention Centre and is responsible to contribute \$2,055,500, which is its 50% share of the total anticipated requirement of \$4,111,000. In its approved Operating Budget for 2018-19 HRM had already budgeted \$2,110,000 for its share of the Events East operating costs. There are sufficient funds in the Convention Centre reserve to pay for the required amount.

The Events East Operating costs do not include the Annual Rent Payment for the HCC. This payment is not made to Events East but to the Province of Nova Scotia. A [report](#) on the transition costs, revised revenue and reserve forecasts was brought to Audit and Finance Committee on March 21, 2018.

Budget Summary, Q526 Convention Centre Reserve

Balance in Reserve, May 31, 2018	\$ 8,310,994
Projected Revenue to March 31, 2019	\$ 3,364,478
Commitments to date	<u>\$(7,490,000)</u>
Projected net available balance, March 31, 2019	\$ 4,185,472

Obligation Reserve, Q521, Convention Centre Reserve is to provide funding to reimburse the Province for the capital costs for the construction of the Halifax Convention Centre and to provide funding to pay HRM's equal share of operating costs of the HCC for 25 years per MOU. Funding to the reserve is from property taxes raised from the full site, amounts transferred to the fund as approved by Council and interest. The recommendation does not have a negative affect on the reserve as this is within the budgeted withdrawals for 2018/19.

RISK CONSIDERATION

Risks associated with approval of the Events East Business Plan are low. Annual business planning and budgeting are means by which risks can be identified and mitigated.

COMMUNITY ENGAGEMENT

There was no community engagement in the development of this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Council could choose not to approve the annual business plan or to request amendments to the business plan. This is not recommended.

ATTACHMENTS

Attachment A – Letter dated June 25, 2018 from Justin McDonough, Board Chair, Events East to Minister Geoff MacLellan and Halifax Regional Council requesting approval of Events East Business Plan/Budget

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: Maggie MacDonald, Managing Director, Government Relations and External Affairs,
902.490.1742

Attachment A

June 25, 2018

Minister Geoff MacLellan
N.S. Department of Business
1660 Hollis St., Suite 600
Halifax, Nova Scotia
B3J 1V7

Halifax Regional Council
Halifax Regional Municipality
P. O. Box 1749
Halifax, Nova Scotia
B3J 3A5

Dear Minister and Council:

RE: Re-Submission - Events East 2018-19 Business Plan

The 2018-19 Events East Business Plan and consent document is being resubmitted for approval with incorporation of feedback from your respective staffs at the N.S. Department of Business and Halifax Regional Municipality.

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 2018-19 Events East Business Plan.

Yours very truly,

Original Signed

Justin McDonough
Board Chair

cc: Jacques Dubé, CAO, HRM
Caroline Blair-Smith, HRM
Bernie Miller, DM, DOB
Jeannie Chow, DOB
Carrie Cussons, President & CEO

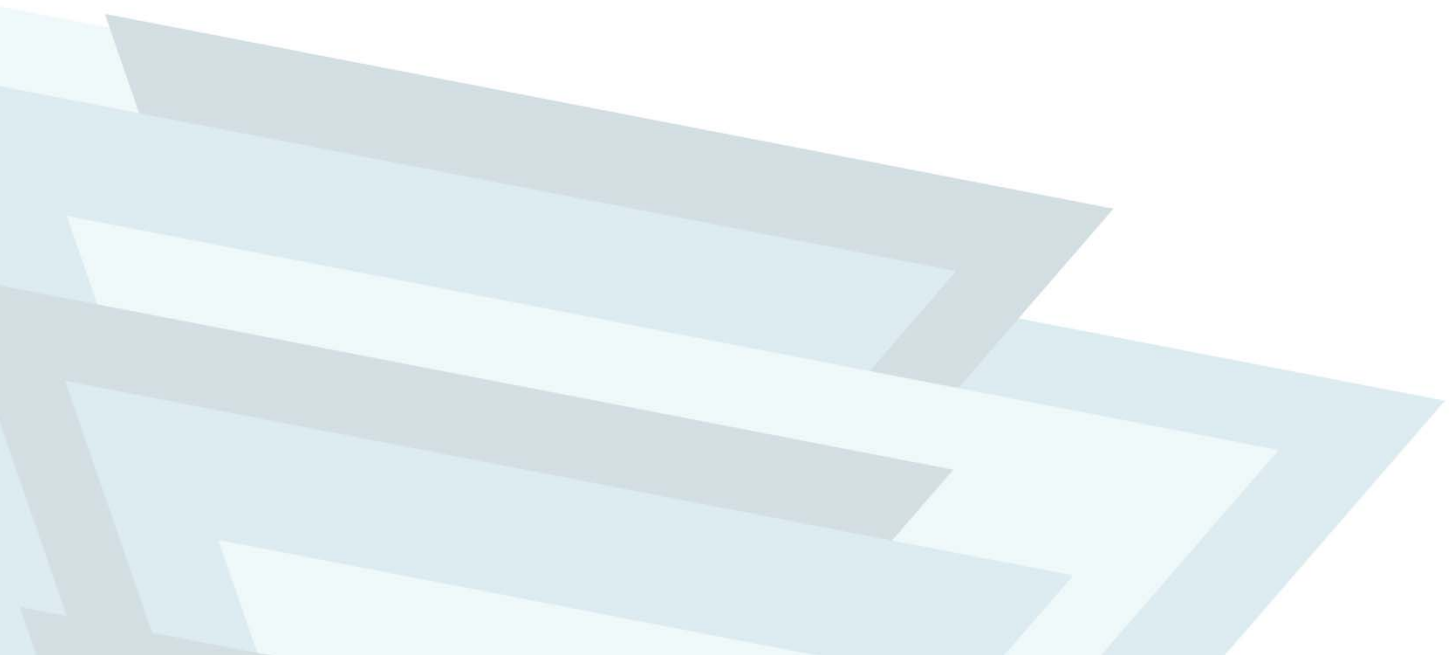


EVENTS EAST GROUP

2018-19 Business Plan

Originally approved by the Board of Directors, March 22, 2018

Final draft incorporating Shareholder feedback received June 15, 2018



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MESSAGE FROM THE PRESIDENT & CEO AND CHAIR

This year, we complete the transition to our new structure and mark our first full year operating the new Halifax Convention Centre. With a renewed commitment to our guests and community, we will continue to leverage our business and the events we attract to support a strong and vibrant Nova Scotia economy.

After years of preparation and planning, 2018-19 will see our team deliver events and experiences that will make everyone proud. Working to stabilize our new operation, we will also continue to focus on the effective operations of Scotiabank Centre and Ticket Atlantic, ensuring we deliver the exceptional customer service for which we are known.

The 2018-19 year will be centred on implementing a strategy that was designed to attract new events and visitors to our province. This includes continued sales and marketing initiatives in critical national and international markets. It will also be a time of deliberate focus on the change throughout our organization and the impact on our people, processes and programs.

Working together with our partners, we will leave a lasting impression on our visitors and give them a true Nova Scotia welcome.

Original Signed

Carrie Cussons,
President & CEO

Original Signed

Justin McDonough,
Chair

WHO WE ARE

We manage and operate 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.

OUR BUSINESSES

HALIFAX CONVENTION CENTRE

Halifax Convention Centre

Designed to meet the needs of multiple events, Nova Scotia's new Halifax Convention Centre offers 120,000 square feet of flexible space in the heart of downtown. Here, our guests are steps away from vibrant Halifax life. We connect to over 3,000 hotel rooms, the best local dining, and fantastic arts and culture. Blending the most experienced team with the largest, most flexible event space in Atlantic Canada, we help build unique events.

www.halifaxconventioncentre.com



Ticket Atlantic

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. Selling tickets for up to 400 events annually, Ticket Atlantic is our region's primary ticket provider.

www.ticketatlantic.com



Scotiabank Centre

The Scotiabank Centre is the largest multipurpose facility in Atlantic Canada, serving as the region's premier venue for major entertainment and sporting events and the nucleus of major event activity in Nova Scotia. Having hosted the world's top performers, homegrown talent, best in class athletes and many performers in between, Scotiabank Centre has been a source for community vibrancy and pride for 40 years. With a seating capacity of more than 10,000 and the versatility to accommodate a range of events, Scotiabank Centre hosts between 450,000-500,000 attendees each year and is home to the Halifax Mooseheads, the Halifax Hurricanes, and the Royal Nova Scotia International Tattoo.

www.scotiabank-centre.com

2018-19 PRIORITIES & ACTIVITIES

With the opening of the new Halifax Convention Centre, our focus in 2018-19 will be ensuring the success of our first full year of operations. In addition to hosting our first events and conventions, our team will continue to work on the stabilization of our organization and operations. This year, we will evolve from planning our transition to full implementation of the programs and processes designed to deliver the shared vision for an enhanced guest experience in collaboration with our partners and our community. This includes ensuring our service delivery model appropriately reflects the significance and complexity of the events we are now able to host. Sales and marketing efforts will remain concentrated on securing new national and international events that draw new visitors.

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 partnerships and facilities.



TALENT AND CULTURE

Create an authentic guest-focused culture.



ACCOUNTABILITY AND SUSTAINED PERFORMANCE

Demonstrate we are well-run and governed.

Guest Experience

Our primary focus will continue to be the successful transition to the new Halifax Convention Centre – ensuring we deliver an experience our guests and community can be proud of. We will implement programs designed to respond to industry trends, customer as well as community expectations.

Actions:

- Successful delivery of national and international conventions.
- Roll-out of the enhanced customer feedback programs for Halifax Convention Centre and Scotiabank Centre.
- Implementation of technology improvements and processes to support our event delivery.

Community Connection

With the new Halifax Convention Centre as our backdrop, we will work together with our strategic partners and ensure we leverage our

venues and events to create opportunities for our guests to engage with our community.

Actions:

- Implementation of enhanced delegate welcome and local programs for Halifax Convention Centre – showcasing our province and inspiring visitors to love Nova Scotia like a local.
- Implementation of community relations approach for the Halifax Convention Centre and Scotiabank Centre.

Business Growth

Consistent with our long-term strategy for the Halifax Convention Centre, our sales and marketing efforts this year will continue with an emphasis on securing events for the first five years of operations, continuing to grow the number of events in the national and international markets. Business development will continue to align with economic development efforts and sectors of strength through attracting events and conventions that help to enhance Nova Scotia's reputation as a centre of excellence and innovation.

Actions:

- Continued implementation of sales and marketing strategy to achieve market projections for the Halifax Convention Centre. This includes:
 - Emphasis on securing events for 2019 and 2020.
 - An assessment of current activities and research to validate growth opportunities.
 - Validation of the international market strategy and alignment opportunities.

Talent & Culture

Achieving our mission and vision is only possible through an engaged and dedicated team.

Working with a team that believes that customer experience is our top priority, we will engage in activities that allow us to reinforce our culture of service excellence.

Actions:

- Development of employee recognition program aligned with values.
- Implementation of new Scheduling, Time and Attendance system.

Accountability & Sustained Performance

As we complete our transition to our new structure and operations, we will continue to ensure a culture of accountability and responsible management. Working collaboratively with our two shareholders, the Province of Nova Scotia and HRM, we will ensure our activities align with their expectations.

Actions:

- Internal and external roll-out of five-year strategic plan (2017-2022).
- Completion of direct expenditure study to assess and update direct spending profiles and annual economic impact reporting for our business.
- Development of a long-term vision and multi-year operating agreement for Scotiabank Centre with HRM.

CORE OUTCOMES & MEASURES

Our strategic priorities guide our activities and we monitor and measure our performance in the following core areas: economic impact, event attraction and attendance. We generate economic impact through the events we host and associated attendance. These events result in direct expenditures by exhibitors, planners, and promoters, as well as attendees, delegates and additional visiting guests. Hosting regional, national and international conventions and events results in new money being spent in the Nova Scotia economy.

CORE ACCOUNTABILITY MEASURES

STRATEGIC PRIORITY	MEASURE	2018-19 TARGET
Business Growth	Total direct spending and economic benefit <i>*combined Halifax Convention Centre & Scotiabank Centre*</i>	Through the events we host, generate annual direct spending of approximately \$85M, an increase of \$15M over the prior year
Business Growth	National and international events and attendees secured for Halifax Convention Centre	Cumulative total of 140 national and international events booked by year end with over 76,000 delegates
Guest Experience	Guest feedback	Implement program to measure key experience drivers for attendees and event planners who use our venues
Accountability & Sustained Performance	Financial performance	Meet approved budget targets

Accountability & Sustained
Performance

Governance framework

Fulfill accountability requirements for Events
East established jointly with Province of Nova
Scotia & HRM

Compliance with Scotiabank Centre operating
agreement and development of long-term
operating agreement in collaboration with HRM

BUDGET CONTEXT

Having achieved substantial completion of the Halifax Convention Centre in late fiscal 2017-18, the 2018-19 year represents the first full year of operations under the joint ownership of the Province of Nova Scotia and HRM, who jointly fund Events East and its operations, as reflected in these estimates.

Successfully delivering more complex events in the new Halifax Convention Centre and operating two distinct venues requires a focus on stabilizing the organization and its operations after an extensive period of change.

Operating the Halifax Convention Centre in its first full year will result in many learnings. The new facility is nearly triple the size of the previous facility, it will host more complex and significant events, and it is part of an integrated complex. The estimate of building operating costs, which was developed based on an assessment of standard estimates for buildings, will be monitored and updated routinely throughout the year as operations normalize.

The variable staff ratios used to estimate operating expenses are based on past experience in addition to an evaluation of other facilities of similar size. The resources needed to deliver an exceptional experience in a more complex operating environment will be assessed and refined as needed while balancing our fiscal responsibility.

Events East is a new organization, operating its convention business in a new facility. For this reason, comparatives for 2017-18 are not provided. In addition, it should be noted that while Ticket Atlantic continues to be managed by Events East, its operations are not consolidated into Events East financials. Ticket Atlantic's contributions accrue to the Province of Nova Scotia only.

The estimate for operating Events East and the Halifax Convention Centre's first full year of operations, prior to building costs, is a deficit of \$66,500. The Halifax Convention Centre building operating costs, which represent the lease operating costs and property taxes, are estimated to be \$4.0 million.

FINANCIAL SUMMARY

OPERATIONS BUDGET SUMMARY

for the year ended March 31, 2019

	Estimate 2018-19
	(\$)
Revenues	11,127,100
Expenses	
Event Operations	6,573,300
Salaries and Benefits	2,953,000
General Operations	1,445,000
Rent – Corporate Offices	<u>222,300</u>
Total Expenses	11,193,600
Operating Income Before Building Costs	<u>(\$66,500)</u>
Halifax Convention Centre Building Operating Costs	2,973,000
Property Taxes	<u>1,071,500</u>
Total Building Operating Costs	4,044,500
Operating Income (loss) Before Depreciation	(4,111,000)
Grant Revenues	\$4,111,000
Depreciation	<u>484,100</u>
Gain (loss)	<u>(484,100)</u>

Note 1: The 2018-19 estimate reflects operations of Events East Group, who manages the Halifax Convention Centre, Scotiabank Centre (on behalf of HRM) and Ticket Atlantic.

Note 2: Revenues and expenses for Ticket Atlantic are not reflected in this budget. Ticket Atlantic is operated by Events East but all contributions accrue to the Province of Nova Scotia only. The net contribution for 2018-19 is expected to be \$50,700.

Note 3: 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 4: 2018-19 is the first full year of operation of Events East and therefore prior year figures are not applicable.

Note 5: Halifax Convention Centre building operating costs reflect lease operating costs of the building. The lease itself is the responsibility of the Province of Nova Scotia and is not reflected in Events East's financials.

Note 6: The funding is shared equally between the two Shareholders: HRM and the Province.

EVENTS EAST GROUP

(HALIFAX CONVENTION CENTRE CORPORATION)

WRITTEN APPROVAL OF COUNCIL AND MINISTER

UNDER SUBSECTION 29.1 of the
HALIFAX CONVENTION CENTRE ACT

TO: HALIFAX CONVENTION CENTRE CORPORATION
Attention: Board Chair and Secretary

RE: Approval of 2018-19 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 2018-19 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 authorize the Chief Administrative Officer to provide written consent, as required under the Halifax Convention Centre Corporation Act, for the approval of the "corporation's" 2018-19 Business Plan.

Accordingly, the Business Plan of the "corporation" for the year 2018-19, as submitted, is hereby approved.

Dated:

Jacques Dubé
Chief Administrative Officer, Halifax Regional Municipality