

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: October 19, 2018

SUBJECT: CFL Stadium Proposal Update & Staff Direction

ORIGIN

Proposal by Maritime Football Limited Partnership (MFLP) to establish a Canadian Football League (CFL) Franchise and construct a multi-purpose stadium in the Halifax Regional Municipality (HRM).

July 17, 2018 motion

“That Halifax Regional Council direct the Chief Administrative Officer and staff to pursue discussions with Maritime Football Limited Partnership and the Province of Nova Scotia to explore opportunities and risks related to establishing a mixed-use development, a CFL franchise and stadium, in Halifax Regional Municipality and return to Regional Council with recommendations.”

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

Purpose of Act

2 The purpose of this Act is to

- (a) give broad authority to the Council, including broad authority to pass by-laws, and respect its right to govern the Municipality in whatever ways the Council considers appropriate within the jurisdiction given to it;
- (b) enhance the ability of the Council to respond to present and future issues in the Municipality; and
- (c) recognize that the functions of the Municipality are to
 - (i) provide good government,
 - (ii) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality, and
 - (iii) develop and maintain safe and viable communities.

2008, c. 39, s. 2.

Power to expend money

79 (1) The Council may expend money required by the Municipality for

(ah) playgrounds, trails, including trails developed, operated or maintained pursuant to an agreement made under clause 73(c), bicycle paths, swimming pools, ice arenas and other recreational facilities;
(ai) public grounds, squares, halls, museums, parks, tourist information centres and community centres;

RECOMMENDATION

It is recommended that Halifax Regional Council direct the CAO to:

1. Complete a thorough business case analysis on a proposal for a stadium, including a stadium district from MFLP
2. Engage with the Province to obtain legislative amendments to the Halifax Charter to allow for a tax agreement on a stadium, and the ability to contribute financially to the debt financing of a stadium through a Tax Incremental Financing model or otherwise, pending the outcome of the business case analysis.
3. Engage, collaborate and partner with the Province on potential new and incremental sources of revenue designated to contribute to the debt financing of the stadium.
4. Bring a report back to Council detailing the results of the business case review of a MFLP proposal with a recommendation to proceed or not to proceed as a funding partner in a new multi-use stadium. The business case review must include evaluations on the need, cost-benefit, risk, economic impact, partnership opportunities and current cost estimates.

BACKGROUND

MFLP is an ownership group of various private sector business leaders that is proposing a stadium integrated with adjoining mixed-use development in HRM. The Stadium would have capacity for seating of 24,000 and construction cost in the range of \$170,000,000 - \$190,000,000.

Partners of the MFLP are:

- Bruce Bowser, President & CEO of AMJ Campbell Van Lines
- Anthony Leblanc, former Co-Owner, President & CEO of the Arizona Coyotes of the National Hockey League
- Gary Drummond, former Co-Owner & President of Hockey Operations of the Arizona Coyotes

The MFLP is in the final stages of securing a conditional CFL expansion franchise that they are proposing as the anchor tenant for the stadium. Over the course of the last 14 months, MFLP has had meetings with HRM staff and Council, as well as Provincial Senior Staff and the Premier. The MFLP has contracted with professional legal, finance, public relations, real estate and sports management firms to plan and build their business case for the stadium and associated uses.

In HRM's current 10-year Capital Plan, fiscal 2026/27 includes a Stadium Project (CB000012) with a gross budget of \$105M, with \$70M to be funded externally. The Capital Budget Form (P. R48) in the fiscal 2018-19 budget book states:

“Regional Council believes the Municipality, being a Capital City, and experiencing continued growth should plan for projects such as stadiums”

The Capital Budget Form also states:

“A business case is required for Council to initiate the Stadium Project, including evaluations on the need, cost-benefit, risk, economic impact, partnership opportunities and updated cost estimates.

The capital funding in the current 10-year capital plan has not been formally approved by Council as a project budget.

DISCUSSION

MFLP has identified Shannon Park as the preferred location for a multi-purpose stadium. MFLP is currently in discussions with Canada Lands Company CLC Limited (CLC) to purchase a 15 to 20-acre site for a stadium that will include a parking structure and potentially some associated uses. Shannon Park is a 95-acre site located within the Regional Centre that was used by the Department of Defence (DND) for housing from the early 1950's until being declared surplus in 2003. CLC acquired most of the site (86 acres) in April 2014. With land holdings located throughout Canada, CLC's mandate is to optimize the financial and community value of former government properties. CLC does not typically construct buildings, but instead plans and prepares the land for development prior to selling serviced lots or blocks to builders.

The Millbrook First Nation is acquiring approximately 9.0 acres of the site through Indigenous Services Canada (ISC)'s addition-to-reserve process. This process has been underway for several years and is now understood to be in its final stages. CLC and the Millbrook First Nation are working collaboratively as adjacent property owners to ensure the development of the CLC and Millbrook First Nation properties are compatible and that the Millbrook First Nation is able to secure economic benefits, cultural and other opportunities. It will be necessary that the Millbrook First Nation is engaged and confirms that it supports the proposed stadium development.

The Halifax Regional Center for Education (formerly Halifax Regional School Board) has also exercised an option to acquire lands that contain the Shannon Park School; at this time CLC remains the owner of this parcel. The School is still operating and hosts students from across the municipality. CLC has stated that accommodating both a school site and a stadium is not their preferred outcome for the Shannon Park lands.

CLC has stated that their need is to see an HRM/MFLP led engagement process to confirm community support for the incorporation of the stadium into the current Shannon Park redevelopment concept. As well CLC has stated their need for HRM and the Province to show their support for CLC to engage in exploratory discussions with MFLP for the acquisition of land for their stadium in the interest of municipal and regional community benefits.

Previous Considerations of Shannon Park Site

Shannon Park was previously considered as a site for a stadium as part of HRM's bid for the 2014 Commonwealth Games. While Regional Council and the Province of Nova Scotia opted to cease work on the bid in 2007, the site was still considered for a multi-use stadium as part of a potential bid for the 2015 Women's Soccer World Cup. As a result, 2012, Regional Council directed staff to work with CLC to acquire up to 40 acres of their lands at Shannon Park for a recreation / sport facility campus. After a series of further Council decisions and reviews, on November 10, 2015, Regional Council, decided not to proceed with purchasing land at Shannon Park for a stadium, directing staff to " ...inform the Canada Lands Company that Halifax Regional Municipality will not be making an offer to purchase a portion of the Shannon Park lands for the purpose of a recreation/sport facility campus due in part to recent decisions of Regional Council on other regional recreational infrastructure projects in the area, with any public space acquisition in the community being acquired through the subdivision process."

Subsequently, in the fall of 2017 HRM Council approved a bid submission led by the Greater Halifax Partnership (GHP) for Amazon's new corporate headquarters. The Shannon Park property was selected as one of three properties which were included in the bid.

Based on the preliminary discussion and information provided by MFLP, it is expected that HRM's contribution to a Stadium would include being a funding partner on the capital cost to construct the stadium as well as possibly being a contributor to ongoing capital repairs and maintenance.

The remainder of this report will speak to planning considerations, capital financing through a TIF model,

possible tax agreement on the Stadium, revenue development opportunities with the Province and business case analysis.

Planning/Development Considerations

The development of Shannon Park is currently governed by the existing Dartmouth Municipal Planning Strategy (MPS) which identifies the site as "...an opportunity site suitable for an Urban Local Centre". The policy requires that a visioning exercise be undertaken prior to development plans being prepared. Amendments to the MPS and Land Use By-law and significant public consultation are required by current Dartmouth MPS policies.

Planning and Development staff have been working with CLC since 2015 to enable the comprehensive redevelopment of the Shannon Park lands through the Centre Plan. The Draft Centre Plan Package A identifies Shannon Park as one of six Future Growth Nodes and includes specific policies that guide the redevelopment of the site into a compact mixed used community containing up to 7,000 residents. Staff continue to work with CLC in reviewing the proposed Centre Plan policies for Shannon Park and have agreed to work ahead on portions of the anticipated development agreement as a 'pre-application' while awaiting the formal approval of the Centre Plan Package A document.

Upon initial review of the high-level proposal, several technical items should be considered by staff and Regional Council in considering the proposed stadium on a portion of these lands:

- All site conditions and features including environmental, geotechnical and topographic are relevant to the potential costs and timelines related to any site development and will need to be addressed.
- A significant portion of the site may be vulnerable to storm surge/sea level risks and may require unique engineering solutions to address risks to planned public roads, parks, services and other public infrastructure.
- The plans and interests of the Millbrook First Nation are unclear at present; they may welcome or raise significant concerns with the potential development of a stadium next to their lands. Millbrook First Nation has indicated that it will ask to enter into a servicing agreement with HRM to enable their lands to receive municipal services similar to other areas of the municipality (policing, solid waste, by-law enforcement etc.);
- A Traffic Impact Study (TIS) has been submitted, revised and accepted by HRM staff as sufficient at this stage of the planning process. A revised TIS will be required, which could result in new concerns, and changes to planned road network improvements.
- Potential ferry service to North Dartmouth and the Shannon Park lands has been raised several times in past studies/reports and continues to be identified as a transportation option to explore in the Integrated Mobility Plan.
- The Center for Education indicated in 2017 that it will be conducting a review of its schools in North Dartmouth and, at the time, informally confided that it anticipates closing the Shannon Park School and transferring the lands to CLC for redevelopment. Further consultations with the Center for Education will be needed to clarify their plans and any impacts on the development of a potential stadium.

Development of Regional Significance – Site-specific Regional Plan Amendment

If Regional Council views the stadium project as an unforeseen matter of regional significance that requires special consideration within a defined timeframe it will be necessary to undertake site-specific planning amendments to supersede the existing planning policies that apply to the Shannon Park location. In this case, Regional Council may direct staff to prepare amendments to the Regional Plan (RMPS) for their consideration which would designate the selected stadium and mixed-use development as a matter of regional significance, requiring special policy and regulatory consideration.

Once the planning process is initiated and outstanding technical items resolved, the planning approvals could take approximately 6 months to complete. This process assumes targeted public engagement, as-of-right development regulation (i.e., no development agreement), that the file is expedited as a priority file, and the developer is responsible for all infrastructure upgrades required to service the proposed development (there are no infrastructure charges or capital cost contributions currently in place for either site). A high-level overview of the planning process is as follows:

- 1. Regional Council Initiation of RMPS Amendment Process**
- 2. Engagement Processes – 1.5 to 3 months total**
 - Public Engagement Process (Public Survey, consultation with adjacent municipalities and key stakeholders)
- 3. Production of Draft Policy and Regulations – 1 month**
- 4. Staff Report Drafting and Review – 1 month**
- 5. Council Approval Processes – 1.5 to 2 months total**
 - Community Council Recommendation
 - Regional Council First Reading
 - Regional Council Second Reading and Public Hearing
- 6. Provincial/Ministerial Approval - 1 month**

Separate from the approval process necessary to effect planning permission are the subdivision and infrastructure design and construction processes which are necessary to regulate development implementation. Apart from this, other operational matters for supporting municipal services for the development, expanded transit services, will need to be considered.

Statement of Provincial Interest

The notion of a Statement of Provincial Interest (SPI) for the stadium has been raised as a method by which planning permission could be expedited, should the standard regulatory process as set out under the *HRM Charter* prove to not yield a timely decision for its proponents. Under this approach, MFLP would approach the Province to identify the development of the stadium as a matter of provincial interest thereby warranting special planning policies and regulations via a Statement of Provincial Interest. The HRM Charter requires that all planning documents must be reasonably consistent with statements of provincial interest that apply to the Municipality. In this case, the SPI could require the Municipality's planning documents to contain specific policies and regulations concerning the timely development and construction of the stadium consistent with MFLP's needs.

Staff advise that the *HRM Charter* intends that the Municipality assume the primary authority for planning within its jurisdiction and to do so through a consultative process which ensures the right of the public to have access to information and to participate in the formulation of planning strategies and by-laws, including the right to be notified and heard before decisions are made. Consistent with achieving the intent of the Charter, staff advise that the standard, regulatory planning process as set out above is the appropriate course of action. A Statement of Provincial Interest should only be considered if the Province determines that the development of a stadium is a matter of provincial, rather than local, significance.

Tax Incremental Financing (TIF) Model & Stadium Tax Agreement

Tax increment financing (TIF) is a public financing model that is used as a subsidy for redevelopment, infrastructure, and debt financing. A TIF district essentially reallocates funds from property taxes to encourage investment within the district. Any incremental tax revenues collected as a result of increases in property values or new development go into a TIF fund (stadium reserve) and can be used by the municipality for purposes within the TIF to promote development or provide capital financing. The scope of the TIF District will require ongoing discussions with MFL and CLC, as landowner of Shannon Park.

Annual debt servicing costs of a stadium in the range of \$170M - \$190M would respectively be in the range

of \$9M - \$10M annually. A TIF model would be a likely revenue source to fund the debt financing of the Stadium. TIF models do have a risk factor as they related to property values that can be affected by supply, construction delays, build out time and absorption. The HRM Charter currently does not provide authority to do a TIF model and would require the province to provide amendments to the Charter in order to consider it as a funding model.

It is likely that the proposal for a stadium would also request a property tax agreement on the stadium. The HRM Charter currently does not provide the authority to provide a tax agreement to the private sector and would require legislative amendments.

Revenue Development Opportunities with the Province

The participation of the Province as a capital financing funding partner in this opportunity is essential. The Premier has publicly stated that no current general revenue or tax incentives would be used to provide capital debt financing to a stadium, however the province would be open to funding a stadium through new sources of revenue. HRM would need to collaborate with the province on potential new and/or incremental revenue streams to provide equitable and sustainable revenue streams to contribute to the annual debt financing of the Stadium. To date, two possible revenue streams have been indicated, however, there may be others. A possible incremental revenue stream would be to increase the hotel marketing levy tax. A possible new revenue stream would be the development of a car rental tax. Both revenue streams would require legislative changes by the province.

Business Case Review & Analysis

A business case review and analysis, is necessary to assess costs and risks of a stadium as well as assess the viability and sustainability of a TIF funding model and other revenue streams that will finance the capital debt.

From a due diligence and risk management perspective, staff will require the following information for a business case review:

- Stadium design and capital cost
- A detailed master site plan
- The ownership structure of the stadium
- Details on who will provide the credit facility to finance the construction of the stadium
- Consideration of planning, land use, legal and legislative issues
- Determination of future municipal servicing costs of the stadium district
- Determination of any maintenance or re-capitalization costs associated with the stadium
- Detailed information of any potential mixed-use stadium development to assess TIF model
 - Residential: Number and type of housing units.
 - Number of multi-unit, single family homes and other units
 - Sales and construction value would be useful.
 - Land and building size.
 - Commercial: Commercial/Industrial properties by square footage and type of property. Sales or construction value would also be useful. Land and building size.
 - Timing of the build-out for the residential and commercial areas and absorption assumptions (e.g. number of multi-units constructed in Year 1/Year 2.)
- **Municipal Infrastructure required for the development:** In order to determine the impact to HRM's capital and operating budgets, information on municipal infrastructure is required. Based on initial information, it is expected that infrastructure could range from parks, roads, transit, public safety, and streetlights to any associated recreation requirements.
- **Assumptions:** All assumptions underlying the business plan for the development is critical. HRM will need to determine how much of the development is attracting growth away from other areas of

the city including HRM's Master Plan areas, Cogswell or the Centre Plan corridors. A concern would be that the proposal simply shifts development from one area of the municipality to another and as a result, there would be no incremental tax revenues. Competition could impact the buildout and absorption of units for the Cogswell Development.

Once a proposal is received in the coming months from MFLP, HRM will assemble a cross-functional team of professional staff to do the business case review and due diligence. There may be a need to contract with external consultants on some aspects of the review if needed.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. Once the business case review and analysis is completed, staff will inform Regional Council of the financial implications in a future report.

RISK CONSIDERATION

There are no direct risks associated with this report. The business case review and analysis will inform staff of the risks associated with proceeding with a funding partnership for a multi-purpose stadium. Staff will advise Regional Council of all risks in a future report once the business case review is completed.

COMMUNITY ENGAGEMENT

In the 2018 HRM Citizen Survey, conducted this August and September by PRA Inc, respondents were asked to rank their top 3 infrastructure projects for the municipality to pursue over the next 5 years. 5% of respondents ranked a new stadium as their top infrastructure priority.

MFLP has conducted polling through CRA in August of 2018. The polling suggests that 63% of HRM residents support a stadium being built with the financial support of municipal and provincial governments. The polling also suggests that 63% of HRM residents support a public private partnership to complete a larger development that would include a multi-purpose stadium.

MFLP plans to launch a season ticket campaign in November.

Consultation and engagement with the public with respect to stadium and site design, site amenities, community impacts (i.e., construction) and the changes to the current Shannon Park development concept will be required. CLC has stated that their need is to see an HRM/MFLP led engagement process to confirm community support for the incorporation of the stadium into the current Shannon Park redevelopment concept.

Following its decision to advance the proposal upon consideration of the business case, Regional Council would initiate the MPS amendment process, and in doing so approve a specific public participation program.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with respect to this report.

ALTERNATIVES

Regional Council could choose not to pursue a stadium at this time and defeat the recommendations set out above.

ATTACHMENTS

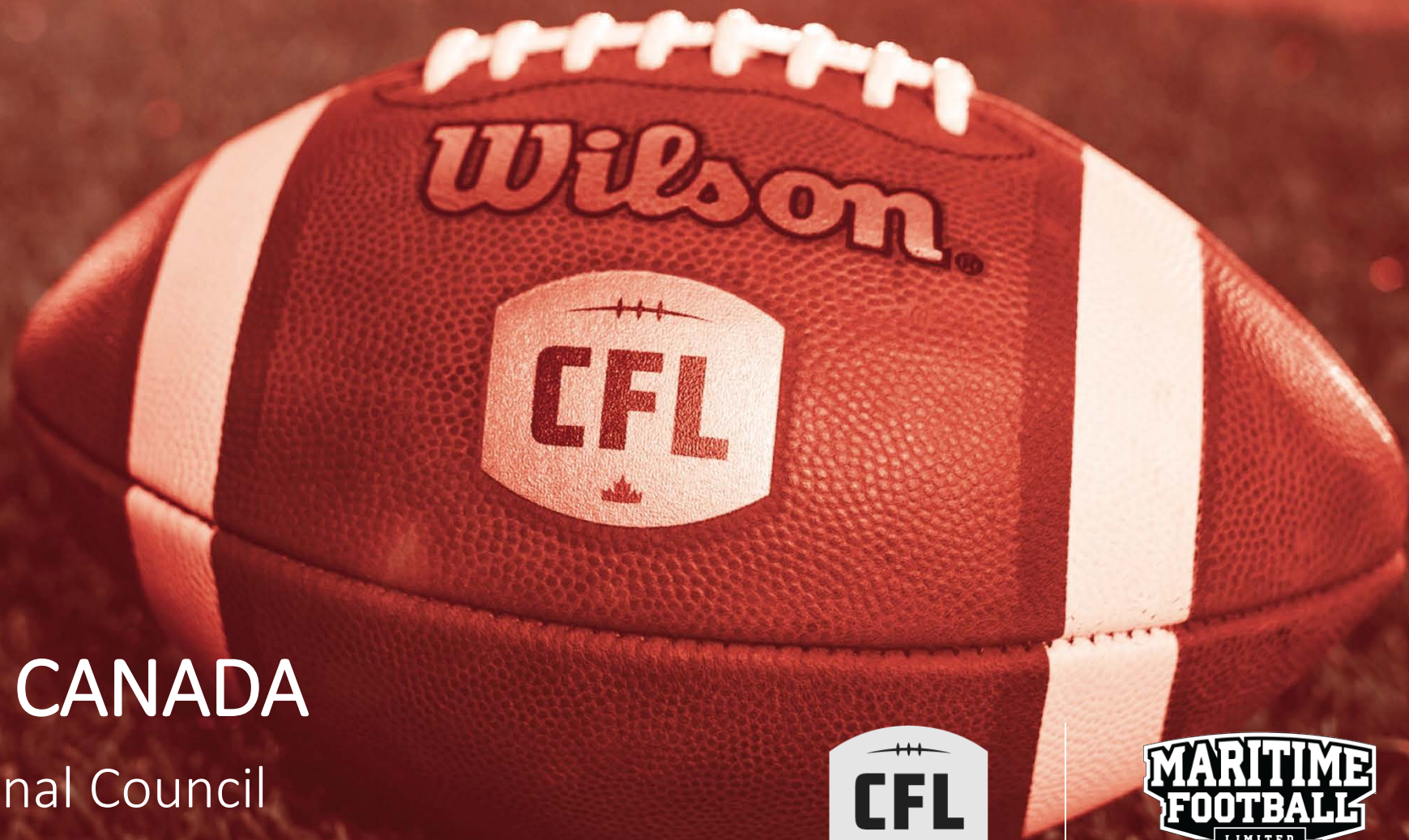
Attachment 1: Executive Summary From MFLP

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: Jerry Blackwood, Acting Director of Finance and Asset Management/CFO,
902.490.6308

Report Prepared by: Kelly Denty, Director of Planning & Development 902.490.4800

Report Prepared by: Denise Schofield, Direct of Parks & Recreation 902.490.6252



CFL IN ATLANTIC CANADA

Update to Halifax Regional Council

OCTOBER 30, 2018



CONTENTS

Goal

Guiding Principles

Update

Public Opinion Research (CRA)

Economic Impact Analysis (Deloitte)

Path Forward





GOAL

Maritime Football Limited Partnership is working closely with the Canadian Football League (CFL) to secure a franchise for Atlantic Canada.

We are championing the development of a multi-use stadium that will support a CFL team and become a valuable sports, entertainment, and community asset for Halifax Regional Municipality.

GUIDING PRINCIPLES



THOUGHTFUL: We have been learning about the challenges and opportunities for the Municipality –and how our vision could align with your priorities and fit within planning frameworks.

INCLUSIVE: We have been building relationships and forming partnerships that will maximize the benefits of this project. We will be sharing our vision with the broader public and creating opportunities for engagement at all stages.

ACCESSIBLE: We are committed to creating experiences that are accessible and affordable for residents and visitors, alike.

COMMUNITY-BUILDING: Together, we can create a vibrant, livable, sustainable space within HRM that will help drive economic development by attracting people and private investment.

UPDATE

- Maritime Football Limited Partnership has identified Shannon Park as the preferred location for a multi-use stadium
- We are in discussions with Canada Lands Company CLC Limited (CLC) to secure up to 20 acres for the development of a 24,000 seat stadium, and a parking structure
- Enhanced opportunity for CLC's proposed "Main Street" commercial corridor on the property
- Maritime Football Limited Partnership and CLC will engage with the Millbrook First Nation to explore partnership opportunities
- We will continue to engage stakeholders and look forward to a public engagement process to support the proposed changes to the current development concept





**PUBLIC OPINION:
STADIUM FINANCING
(CRA, AUGUST 2018)**



63%

of Halifax residents support a stadium being built with the financial support of municipal and provincial governments.

63%

of Halifax residents support a public-private partnership to complete a larger development that would include the multi-purpose stadium.



\$40-\$60

are average ticket prices, with one-half (50%) of Halifax residents definitely or probably attending at least one game of a Halifax CFL team.



**ECONOMIC
IMPACT ANALYSIS
(DELOITTE)**

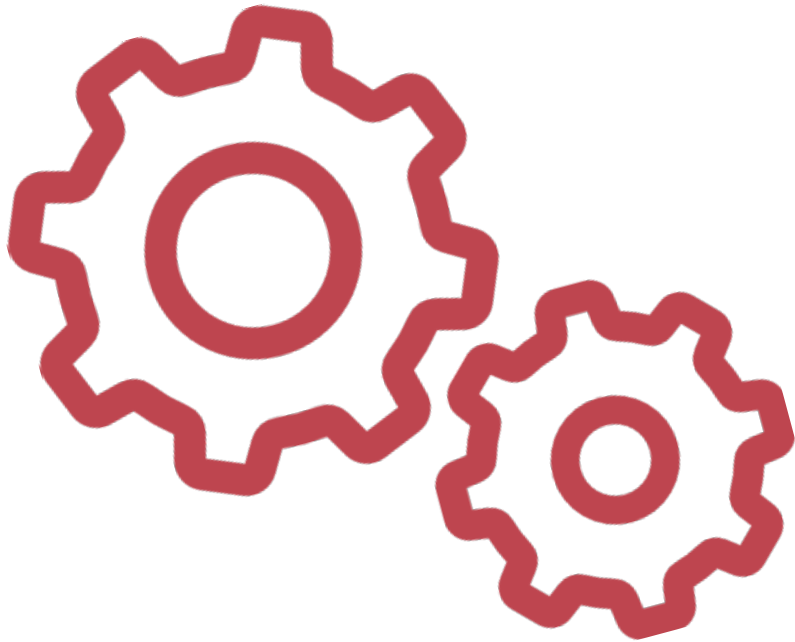


STADIUM CONSTRUCTION



- **\$171.0 million** towards Nova Scotia's GDP
- **\$136.8 million** of that contributing to HRM's GDP
- **1,951 FTE** located in Nova Scotia
- **1,568** of those located in HRM

FOOTBALL OPERATIONS & EVENTS



- **\$111.8 million** in annual GDP towards Nova Scotia's GDP
- **\$96.8 million** of that contributing to HRM's GDP, annually
- **1,813 FTE** located in Nova Scotia
- **1,459** of those located in HRM

THE PATH FORWARD



Share our vision and engage Nova Scotians

- Earned, owned, paid communications
- Public engagement
- Continued conversations with universities; sports, entertainment, community organizations; local businesses
- Announce partnership and sponsorship agreements
- Ongoing discussion with government(s)

Season Ticket Drive and Name the Team Contest

Conditional CFL Franchise Agreement

Announcement of team name

Merchandise roll-out

Thank you.

