



**CITY OF KINGSTON**  
**REPORT TO COUNCIL**

**Report No.: 04-284**

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**TO:** Mayor and Members of Council

**FROM:** Bert Meunier, Chief Administrative Officer

**PREPARED BY:** Same

**DATE OF MEETING:** 04/07/13

**SUBJECT:** **Process for the LVEC Project**

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**RECOMMENDATION TO COUNCIL:**

It is recommended that Council:

1. Proceed as soon as possible with the appointment of a Steering Committee, with a mixed composition of elected officials and members of the public, having certain expertise to assist the project with a maximum number of seven.
2. That the CAO be appointed as a non-voting member of the Steering Committee.
3. That a 2004 budget of \$235,000 be approved to be funded from the Operating Budget contingency with the initial costs to be reimburse to the Working Fund Reserve in 2005 once the permanent source of financing is identified, with it being understood that if the project does not proceed, the reserve will not be reimbursed.
4. That the CAO be authorized to proceed with the selection of a Project Manager as a contract position.
5. That the CAO and staff be authorized to initiate the various functional studies and appraisals listed in this report and report back to Council through the Steering Committee.
6. That the CAO and staff be authorized to initiate the process to prepare a RFQ and RFP for the LVEC Project and report back to Council through the Steering Committee.
7. That the Steering Committee be required to form a "Stakeholders Group" in a timely fashion to provide input on the proposed project.

**ORIGIN/PURPOSE:**

This report will provide Council with advice on the process upon which the recommendations for the LVEC Project can proceed and the costs of the related studies as requested by Council at its meeting of June 16, 2004.

The following motion, clause 5 of report 63, was approved on that date:

THAT the “Mayor’s Large Venue Entertainment Centre Task Force Report”, dated March 21, 2004, be the basis upon which to move forward with the completion of a Large Venue Entertainment Centre for the City of Kingston,

-and further-

THAT staff be requested to provide a report as to the process upon which the recommendations will be followed and related costs of the studies that will be required.

### **OPTIONS/DISCUSSION:**

A number of approaches can be used, and have been used by various municipalities, to develop similar projects. The Task Force’s report itself makes a number of process recommendations that are based on identifying some best practices from other municipalities.

It is our view that Council may want to consider the following elements of a process and structure in order to successfully implement such a project:

1. Initial structure and support
2. Initial functional studies and preliminary negotiations
3. Suggested approach
4. Budget and general timeline

#### **1. Initial Structure and Support**

We concur with the Task Force’s recommendation that a Steering Committee be created to guide the detailed implementation of this project. This Council-appointed committee would report to Council and the community regularly on progress, to obtain any decisions required and to consider study recommendations. The role of the Steering Committee would be to provide overall general direction (steering not rowing) to the process and advice to Council on key decisions required. It is our view that the committee should not be a management committee as the Project Manager and staff will be required to do or oversee the work with the assistance and advice of the appropriate consultants and the “construction, design and operation team” once appointed.

The potential composition of the committee would be as follows with a recommended size of five and a maximum of seven voting members:

- Up to three members of Council
- Up to three members of the community
- The CAO as a non-voting member

Members of the community would preferably have large project management experience or related experience for such a large venue entertainment project. Appointed members of Council will provide representative contribution to the committee and linkages to the political process. An example of community members with the suggested credentials would be persons with a background in architecture, engineering or private business development.

We also concur with the need to have a dedicated implementation “Project Manager” to coordinate and support all the required activities and tasks associated to the project implementation. This person would administratively report to the CAO and support the Steering Committee and the project full-time.

Both the Steering Committee and the Project Manager will also require staff support and a variety of technical support and advice. Initially, the support would be provided by the CAO’s office and, when required, term support staff will be hired for the project.

We would form an internal “Technical Advisory Group” made of staff professionals from various departments to advise the Project Manager. The coordination with existing processes and responsibilities and various departments is key to the success of the project and is necessary to make sure that it proceeds in an expeditious fashion. Other successful projects in other municipalities have indicated the importance of such a requirement and, as such, the priority for this project by Council needs to be made clear at the outset. This project is presently planned as a Council high priority and will require progressive involvement across the corporation of staff.

Once the design phase gets underway, we would also recommend forming a “Stakeholders Group” to provide input from the eventual user groups, the community interest, and other supporters or affected parties like the surrounding residents and the Downtown BIA. A specific process and/or structure will also have to address the repurposing of the Memorial Centre grounds, including the interests of the local citizens for parkland and recreational facilities, the Agricultural Society and the yearly Fair and the Hockey Hall of Fame.

We recommend that Council appoint the Steering Committee and that the CAO proceed with the hiring of a contractual Project Manager as soon as possible and, with the advice of EMT, proceed to form a Technical Advisory Group. We also recommend the formation of a “Stakeholders Group” in a timely manner.

## **2. Initial Functional Studies and Preliminary Negotiations**

In parallel with the suggested approach, we suggest that staff initiate a number of preliminary functional studies and hire the required consultants to assist with the suggested process, and provide the next layer of technical information to confirm, or not, the feasibility of the proposed site selection.

Although one option might be to require proponents to perform these initial studies at their cost, we think it is preferable for the municipality to take the lead on preparing such background information at this time. This approach would ensure that the municipality will be seen and will perform these analyses in an objective way, without the perceived conflict that a third party might have in forcing

the project to “work” at any cost. The second reason is one of timeline and level of initial resources. If we wait to see the outcome of the suggested process before proceeding, we would lose the advantage of doing the research in parallel and also require others to perform the work without any assurances that the project would proceed in its proposed location.

Base on the above, we suggest that the following studies be initiated immediately by staff at this time:

- Base plan survey
- Preliminary draft site plan concept
- Environmental site assessments
- Geotechnical investigations
- Archaeological assessment
- Traffic impact study
- Transportation/Parking impact study
- Storm water management plan

Additional costs may be reduced if we are able to do some of the basic activities with existing staff such as the survey, but we expect that we will be required to hire a number of consultants for these studies.

We also suggest that staff proceed with obtaining property appraisals required to initiate preliminary negotiations with the property owners and businesses affected by the proposed site location. We will also require initial concurrence from the land owners at the proposed site to have access to their properties and information they may have as required by the above studies.

We recommend that the CAO and the Project Manager be given the authority to proceed with the functional studies and appraisals required and the preliminary negotiations for the site under the general direction of the Steering Committee.

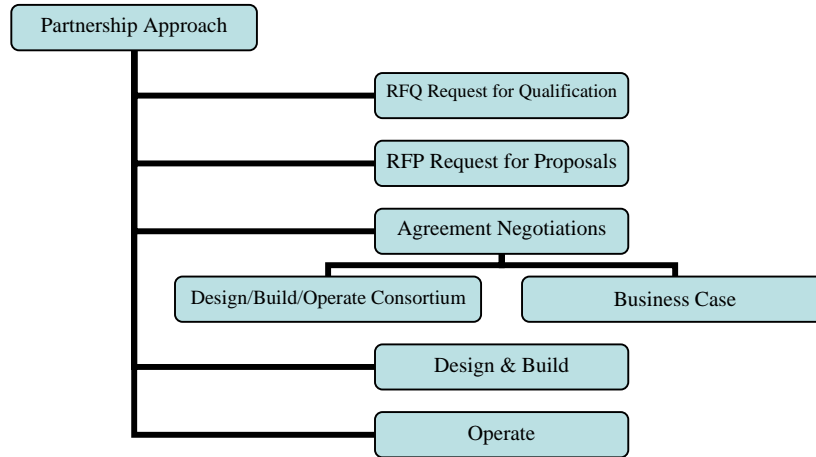
### **3. Suggested Approach**

As mentioned previously, the municipality could proceed using various approaches to implement this project, including the classical tender process where the City hires an architect, designs a project, prepares a tender, and awards its construction.

Given the recommendations of the LVEC Task Force, the information on some of the best practices in other similar projects, and the goal of the municipality to develop such a project while limiting the impact on the existing tax base, the following two alternatives were considered with a recommended option. The recommended process, we suggest, would allow the possibility of blending the two alternatives at the discretion of the City, if and when required.

For the sake of simplicity, we will refer to the first one as the “Partnership Approach” and the second the “Construction Management Approach”.

**A) Partnership Approach**



Under this approach, the municipality is looking for a private/public partner to take on certain risks associated with the designing, building, financing, and operating aspects of the project. In a co-operative venture, an allocation of risk is negotiated to the satisfaction of the parties and should be based on the expertise of each partner.

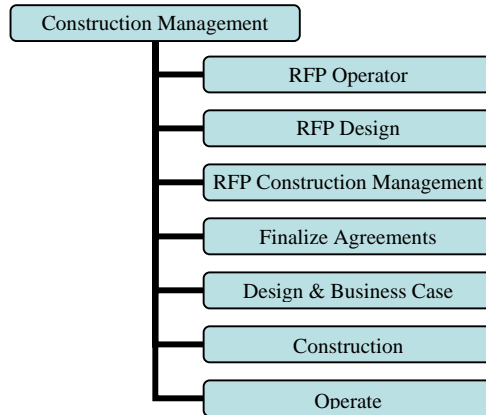
The City would generally evaluate the initial Request for Qualification (RFQ) on two components: 1) the quality of the team and 2) the quality of the opportunity. The City then selects a short list of the most qualified respondents and requests that they respond to a Request For Proposals (RFP). From the detailed proposals, one partner is selected and negotiations take place to finalize the contract and the business case *if the proposal is financially sound and the value proposition is judged to be good for the municipality*. Various forms of financing and ownership structure can be negotiated as part of the agreement that would achieve the City’s objectives.

As recommended by the LVEC Task Force, the preferred solution would be to have all major skills upfront as part of a consortium where the future operator is teamed with the designer and the builder throughout the process. Some municipalities have used a Fairness Commissioner to assist in the selection and decision-making process to ensure its integrity.

The group then proceeds to design and build the project, which is then operated upon completion by the partner according to the agreement.

**B) Construction Management**

The municipality can opt to take a more hands-on approach where they are responsible for more of the risks and direct the implementation of the project. Without going to a traditional tender route, the municipality would hire individually upfront, each of three main skills required for the project.



Under this approach, the City hires the Operator, the Designer, and the Construction Management Firm under separate contracts, and pays fixed fees for the services provided. The municipality is also responsible for the risks and the direct decisions of each aspect of the project with the advice of those firms. Rather than a general tender, the municipality and the consultants manage the sub-trades for each element of the construction.

We recommend that Council consider the partnership approach and if we were unable to find a suitable partner, we could default to the second model by signing specific contracts with the desired firms and retaining the overall direct implementation of the project. Given the objectives of the municipality, and the desire to find a partner that would have an interest in investing in the project and taking on some of the risk, we feel it is incumbent on the City to “pursue vigorously” a possible partnership as recommended by the Task Force. Given the preliminary interest in this project, we feel there is a real possibility that this could be achievable.

We recommend that the CAO and the Project Manager be authorized to initiate the partnership model with the RFQ and RFP processes under the general direction of the Steering Committee.

**4. Budget and General Timeline**

On the basis that this project will be financed off the tax base, these initial additional associated costs should be tracked separately. Any initial funding required using existing sources of funding for 2004, should later be reimbursed once the permanent financing plan and business case are developed and the sources of funding are identified.

In the eventuality that this project was not to proceed, Council should understand that they would then have to consider another permanent source of financing for the initial investment, such as the Working Fund Reserve.

For the balance of 2004, the initial budget requirements are estimated as follows:

• Initial support (4 months)	\$ 85,000
• Initial functional studies	\$100,000
• RFQ & RFP process (without negotiations)	<u>\$ 50,000</u>
Total	\$235,000

For 2004, as an initial source of funding, we recommend using the Operating Budget contingency. This amount and future initial investment in 2005 should be funded by the Working Fund Reserve until the permanent project financing is in place.

By the end of August 2004, the Steering Committee and the Project Manager should be in place. The various initial functional studies would be completed between the August and October/November timeframe. The RFQ process could be completed towards the end of September/beginning of October. The RFP process could be prepared but, in our view, not launched until Council has reviewed and approved the required functional studies.

Once the Steering Committee is in place and the Project Manager hired, a more detailed project charter can be developed and refined.

**EXISTING POLICY/BY-LAW:**

The standard employment hiring practices and purchase by-law processes should be followed.

**LINK TO STRATEGIC PLAN:**

The LVEC project is linked to both the economic prosperity and the culture initiative and will be instrumental in achieving some of the long-term outcomes of the strategic plan.

**FINANCIAL CONSIDERATIONS:**

Budget expenses and revenues of \$235,000 are required for the balance of 2004 and it is recommended that they be funded from the 2004 Operating Budget contingency which has been budgeted at \$500,000. The source of funding of the 2004 contingency is from the Working Fund Reserve and it is suggested that once permanent sources of funding for the project are identified and the project proceeds, that the reserve be refunded in 2005.

**CONTACTS:**

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**DEPARTMENTS/OTHERS CONSULTED AND AFFECTED:**

Executive Management Team (EMT)

Manager of Finance

Manager of Engineering

**NOTICE PROVISIONS:**

Not required if the budget contingency is used.

**APPENDICES:**

N/A

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Bert Meunier  
Chief Administrative Officer