



CITY OF KINGSTON
INFORMATION REPORT TO COUNCIL

Report No.: 07-108

TO: Mayor and Council

FROM: Glen Laubenstein, Chief Administrative Officer

RESOURCE STAFF: Same

DATE OF MEETING: 2007-03-20

SUBJECT: Kingston Regional Sports & Entertainment Centre – Council Motion – Consulting Assignment and Audit of Project

EXECUTIVE SUMMARY:

At its meeting of March 6th, 2007, City Council deferred and referred a motion to staff for a report back for the March 20th Council meeting to outline the costing for both a consulting review and an independent audit of the information of the Kingston Regional Sports & Entertainment Centre, as well as the impact of the resolution on staff workload in support of the assignment.


Council may wish to establish an Ad Hoc Committee as outlined in the motion to work with staff to develop the scopes of the subject project and the Terms of Reference to issue Request For Proposal(s) (RFP) for the engagement of an appropriate consultant(s) and/or independent auditor to complete the assignments, Council would need to approve a budget amendment in the amount of \$150,000 in direct project costs with funding from the Municipal Capital Reserve Fund.

In order to support the audit, we will require additional staff or consulting services. Until the scope of this assignment is known, it is difficult to calculate a cost for such support; however it could be expected to be an additional \$100,000 to \$150,000 in direct project costs with funding from the Municipal Capital Reserve Fund.

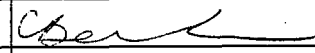
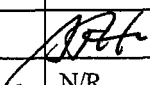

RECOMMENDATION:

This report is for information purposes only.

AUTHORIZING SIGNATURES:


Glen Laubenstein, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Commissioner Beach, <i>Sustainability & Growth</i>	
Commissioner Segsworth, <i>Public Works & Emergency Services</i>	N/R
Commissioner Hunt, <i>Finance & Corporate Performance</i>	
Commissioner Thurston, <i>Community Development Services</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	
Jim Keech, President, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:

At the Council meeting on March 6, 2007 Council approved the following motion:

- (1) *Moved by Councillor Gerretsen*
Seconded by Councillor Hutchison

WHEREAS recent cost overruns associated with the Kingston Regional Sports and Entertainment Centre ('the Centre') are of concern to the people of the City of Kingston; and,

WHEREAS significant information regarding 'the Centre' has taken an unacceptable amount of time to be presented to Council and further to be made public; and,

WHEREAS the residents of the City of Kingston deserve to be made aware at the earliest possible time of any cost overruns, organizational or logistical problems associated with this project;

THEREFORE BE IT RESOLVED THAT City Council direct the Chief Administration Officer and the Commissioner of Sustainability and Growth to provide:

1. An emergency audit of the project conducted by an auditor independent from 'the Centre' project or any other City of Kingston major project.
2. An evaluation by an external consultant independent from 'the Centre' project or any other City of Kingston major project of the analytical reports on 'the Centre' project including 07-084 and 07-081 and attendant reports.

- and further -

BE IT RESOLVED THAT

3. The selection of the auditor and external consultant is to be chosen with the input of staff by an ad hoc committee of three Council members of City Council, the membership of which is to be chosen by nomination or self-nomination of Councillors at the same Council meeting as, and immediately after, this motion is passed; the ad hoc committee will determine the date the audit and evaluation report will be submitted to Council and the public and will also advise Council of any further public consultation they may feel is appropriate.

- and further -

BE IT RESOLVED THAT

4. A report including the Project Management Team monthly report for 'the Centre' be provided to Council at the first Council meeting of each month until the project is complete, and that such reports are also to include:
 - a. An updated review of the capital project financing plan including any potential cost overruns; this should include a budget update and budget variance table (as included in the report of February 14, 2007, section c).
 - b. The project's milestones outlining whether or not the project is on schedule and by what timelines it is ahead or behind schedule, as well as indicating any potential associated costs or benefits.
 - c. Any other organizational and logistical issues or problems that may impact on the timely, cost established delivery of this project.

DEFERRED

(See Motion To Defer Which Was CARRIED)

Moved by Councillor Gerretsen
Seconded by Councillor Hutchison

THAT Motion No. 1 be deferred and referred to staff for a report back for the March 20th Council meeting to outline the costing for the audit, as well as the impact, of this resolution on staff workload.

CARRIED

In analyzing the motion staff have the following comments.

Timeline

The motion speaks to an "emergency audit". In reality; however, with the amount of work involved, the approximate amount of time involved is expected to take approximately two months.

Independence of Agency

The motion speaks to the audit being conducted by a firm independent from 'the Centre' project or any other City of Kingston project. This effectively eliminates a large number of firms from competing for this work, as a number of different firms are engaged on projects that are currently underway in the City. A better definition of "independent" may assist with determining the firms who would qualify to perform the work and may result in better pricing.

Scope of Engagement

The motion speaks to cost overruns, organizational or logistical issues associated with this project. The scope of the assignment is very broad and needs to be defined to ensure respondents are able to meet the expectations and that they are able to identify the skill set required to respond to the request(s) for proposal. More specific direction is required to hire the necessary expertise in the areas of construction estimates, management or finance.

If Council wishes to proceed with the audit and consultant review, it may wish to establish an Ad Hoc Committee as outlined in the motion.

Impact on staff resources

A significant amount of staff time will need to be committed to this assignment to complete the review. We understand that with a new Council, there are many questions on history that need to be answered and for the past few months staff have tried to address this requirement. Staff are currently spending a large amount of time providing historical information at the request of members of Council. These are the same staff that are trying to manage the projects and are charged with the task of bringing these projects to completion. It is impossible to ask staff to continue to work evenings and weekends, as they have over the last several months. The workload associated with providing historical information has also impacted the ability of staff to address other Council priorities and to carry on the day to day business of the municipality. In order to undertake this review, we will require additional staff or consulting services, thereby increasing costs to projects. Until the scope of this assignment is known, it is difficult to calculate a cost for such support; however it could be expected to be an additional \$100,000 to \$150,000 in direct project costs. Council should be aware that this creates a huge risk both to the project management timelines as well as project budgets.

It is important to note that all of the recommendations that were provided to staff with regards to the review done by KPMG have been undertaken. There was no specific direction at that time to undergo an audit of the project.

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EXISTING POLICY/BY LAW:

Compliance with Purchasing By-Law No. 2000 – 134 as amended is required for the purposes of issuing this RFP.

NOTICE PROVISIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable

FINANCIAL CONSIDERATIONS:

Due to the complexity of the scope of this assignment, the cost is likely to be in the range of \$150,000. For reference purposes, the KPMG report on the Grand Theatre, a much narrower assignment, cost of approximately \$35,000.

Since this assignment has not been contemplated in the existing budget, a budget amendment will be required to complete the work. This expenditure relates directly to the project and should be charged as a project cost. The Municipal Capital Reserve Fund is the suggested funding source for this amendment.

In the event that additional staff or consultant resources are required to enable sufficient staff time to support the review, then a further budget amendment should be established for that purpose with funding from the same reserve fund.

CONTACTS:

Gerard Hunt, Commissioner, Finance & Corporate Performance	Ext. 2505
Cynthia Beach, Commissioner, Sustainability & Growth	Ext. 1150
Desirée Kennedy, Director Financial Services / City Treasurer	Ext. 2250
Lanie Hurdle, Director Project Development	Ext. 1231

OTHER CITY OF KINGSTON STAFF CONSULTED:

Denis Leger, Commissioner, Corporate Services
Hal Linscott, City Solicitor

EXHIBITS ATTACHED:



CITY OF KINGSTON
INFORMATION REPORT TO COUNCIL

Report No.: 07-135

TO: Mayor & Council

FROM: Cynthia Beach, P.Eng., Commissioner,
Sustainability & Growth Group

RESOURCE STAFF: Barclay Mayhew, Director of Project Development

DATE OF MEETING: 2007-04-03

SUBJECT: Multiplex Community Centre – Process for Issuing Requests
for Proposals

EXECUTIVE SUMMARY:

As part of the business plan for the Multiplex staff will be advertising four Requests for Proposals (RFP's) that make up major revenue streams for the ongoing operation of the Multiplex:


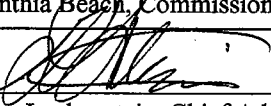
- 1) Supply and delivery of carbonated and non-carbonated beverages and related equipment
- 2) Food concession
- 3) Sports/Pro Shop
- 4) Fitness Centre Operation

The objective of these RFP's is to ensure that the City attract high quality vendors who will enhance the experience of patrons in our facilities while ensuring the greatest return for the City of Kingston.


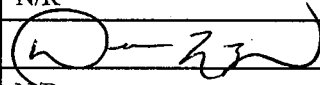
RECOMMENDATION:

This Report is for Information Purposes only.

AUTHORIZING SIGNATURES:


Cynthia Beach, Commissioner, Sustainability & Growth

Glen Laubenstein, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Commissioner Beach, <i>Growth & Sustainability</i>	—
Commissioner Segsworth, <i>Public Works & Emergency Services</i>	N/R
Commissioner Hunt, <i>Finance & Corporate Performance</i>	
Commissioner Thurston, <i>Community Development Services</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	
Jim Keech, President, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:**Sequencing of Requests for Proposals**

The RFPs will be advertised as follows to ensure the City maximizes its opportunities to attract all potential vendors:

- 1) Supply and delivery of carbonated and non-carbonated beverages and related equipment
- 2) Food concession
- 3) Sports/Pro Shop
- 4) Fitness Centre Operation

The RFPs for the Multiplex will be advertised independently of the other arena facilities within our arenas system. The agreements currently in place for the Wally Elmer, Harold Harvey, Cook Brothers, Centre 70 and Cataraqi Kinsmen will end this summer. To ensure that all agreements have similar criteria and start dates that correspond with the Multiplex staff recommend that a consistent process be followed. Recommendations will be made to Council before the end of June 2007 for the other facilities.

The RFP's for supply of beverage, food concession and sports/pro shop will require the successful proponents to make a substantial capital investment and because of this staff will recommend a 10 year license.

A number of municipalities and agencies were contacted for their input and recommendations with respect to issuing RFPs for concessions specifically whether to include beverage with the food concessions or issue separate RFPs.

Beverage RFP

Issuing the RFP for beverage vending prior to the RFP for food concessions provides the City with the ability to leverage equipment, product and promotional items. Other municipalities recommended advertising and securing the beverage vendor first and then including the beverage supplier as the official supplier in the food concession RFP. This approach has been very successful.

Concession – Food Service

The RFP for food concession will be issued once the beverage vendor has been selected. A list of recommended standard equipment will be included as part of the food concession RFP. The City has included appropriate mechanical/ electrical fit out in its base building to accommodate any vendor. Currently the tendering for food and beverage in existing arenas is done as one package however as discussed above research shows greater opportunities by separating beverages from concessions.

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Pro Shop

The pro shop is prominently located in the main corridor. This business opportunity is expected to be a key component in enhancing customer service. The base building requires an investment for fit up, and the City, in negotiation with the successful vendor, will determine the levels of leasehold improvements desired.

Fitness Facility

The fitness facility is new to our City arena operations and is expected to attract great interest from private fitness operators. The fitness facility is expected to be a turnkey operation with the successful operator providing staff and equipment. This facility will be a complementary recreational use to the ice pads at the Multiplex. Staff are currently investigating expected revenue levels based on similar operations in other municipalities and plan to advertise this opportunity later in the spring.

EXISTING POLICY/BY LAW:

By-law 2000-134 "A By-law to Establish Purchasing Policies and Procedures"

NOTICE PROVISIONS:

There are no notice provisions required for this report.

ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations

FINANCIAL CONSIDERATIONS:

There are no financial considerations at this time.

CONTACTS:

Barclay Mayhew, Director of Project Development, Sustainability and Growth, (613) 546-4291 ext. 1350.

OTHER CITY OF KINGSTON STAFF CONSULTED:

Gerard Hunt, Commissioner, Finance & Corporate Performance

Denis Leger, Commissioner, Corporate Services

Janis Morrison, Purchasing Coordinator

EXHIBITS ATTACHED:

Not applicable



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 07-139

TO: Mayor and Council

FROM: Cynthia Beach, Commissioner, Sustainability & Growth Group

RESOURCE STAFF: Lanie Hurdle, Director, Project Development

DATE OF MEETING: 2007-04-03

SUBJECT: **Kingston Regional Sports and Entertainment Centre – Ministry of Health Promotion Funding**

EXECUTIVE SUMMARY:



On May 29, 2006, the Honourable Jim Watson, Minister of Health Promotion, Province of Ontario, announced a financial contribution of \$4M to the Kingston Regional Sports and Entertainment Centre. On May 30, 2006, Council awarded the design build contract and approved the project budget which included a \$4M contribution from the Province.

The City received the draft agreement on March 22nd for review and was notified that a signed agreement was required by end of day on March 26th. The agreement was provided to Legal Services for review and the Finance Department reviewed certain sections as well. Once the agreement reviewed, the Clerk contacted all members of council to conduct a telephone poll and obtain council support to authorize the signature of the agreement by both the Clerk and Mayor. The agreement was signed and forwarded to the Ministry of Health Promotion on March 26th.


RECOMMENDATION:

This report is for information only.

AUTHORIZING SIGNATURES:

 Cynthia Beach, Commissioner, Sustainability & Growth Group
 Glen Laubenstein, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Commissioner Beach, <i>Growth & Sustainability</i>	
Commissioner Segsworth, <i>Public Works & Emergency Services</i>	N/R
Commissioner Hunt, <i>Finance & Corporate Performance</i>	N/R
Commissioner Thurston, <i>Community Development Services</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	N/R
Jim Keech, President, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:

On May 29, 2006, the Honourable Jim Watson, Minister of Health Promotion, Province of Ontario, announced a financial contribution of \$4M to the Kingston Regional Sports and Entertainment Centre. On May 30, 2006, Council awarded the design build contract and approved the project budget which included the \$4M contribution from the Province.

City staff initially met with Ministry representatives in January to initiate discussion about funding requirements. Information was exchanged during the month of February, especially around the status of the project considering that there were concerns around the future direction of the Sports and Entertainment Centre. In March, the Ministry forwarded some documentation to be completed to file the first financial claim. This claim had to be filed prior to March 31st. The first claim was filed on March 26th.

On March 22nd, staff received a draft copy of the proposed agreement from the Ministry. This draft was provided to Legal Services for review and comments and staff consulted Finance regarding the budget sections. There are a number of schedules that are attached to the general agreement. Schedules provide more detailed information on the project such as a description of the project, eligible and ineligible costs as provided by the Ministry, project schedule, budget and community use. The agreement and schedules had to be finalized and signed by March 26th. Because of time constraints, the Clerk contacted all members of council by a telephone poll and obtained council support to authorize the signature of the agreement by both the Mayor and Clerk.

Payments to the City are based upon the receipt of paid eligible invoices along with proof of payments submitted by the City of Kingston. The eligible costs identified by the Ministry include but are not limited to the following: capital costs, costs related to environmental planning, costs of remedial activities, costs of supervision, testing, surveying and management consulting services. Only costs incurred after the Provincial announcement on May 29th, 2006 can be claimed by the City. Total eligible costs are estimated to be around \$35M. The first payment is about \$735,000. Information on claims and payments from the Ministry will be reported back in monthly status reports.

The legal agreement is approximately 50 pages in length including schedules. Full copies of the agreement will be provided to any member of Council by request through Lanie Hurdle, Director, Project Development.

EXISTING POLICY/BY LAW:

There is no existing policy/by-law.

NOTICE PROVISIONS:

There are no notice provisions required with this report.

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ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations relating to this report.

FINANCIAL CONSIDERATIONS:

There are no financial considerations with this report.

CONTACTS:

Lanie Hurdle, Director, Project Development, 613-546-4291 ext. 1231

OTHER CITY OF KINGSTON STAFF CONSULTED:

Hal Linscott, Director/City Solicitor, Legal Services

Alan McLeod, Senior Legal Counsel, Legal Services

Gerard Hunt, Commissioner, Finance and Corporate Performance

Derek Hart, Financial Planning Coordinator, Finance and Corporate Performance

Others Consulted

Neil Shorthouse, Arcturus/SMG

Jeff Stilwell, Kingston Frontenacs

EXHIBITS ATTACHED:

N/A