



**CITY OF KINGSTON**  
**REPORT TO LVEC STEERING COMMITTEE**

**Report No.: LV05-006**

---

**TO:** Chair and Members of the Large Venue Entertainment Centre (LVEC) Steering Committee

**FROM:** Denis Leger, Acting Chief Administrative Officer

**PREPARED BY:** Don Gedge, LVEC Project Director  
Dave Mignault, LVEC Project Assistant/Research and Grants Coordinator

**DATE OF MEETING:** 2005/04/26

**SUBJECT:** **Large Venue Entertainment Centre (LVEC) Business Plan Recommendations**

---

**RECOMMENDATION:**

That the LVEC Steering Committee adopt the following recommendations for the LVEC Business Plan and present their final recommendations to Council for approval at the May 3, 2005 Council meeting:

**WHEREAS** Council received and adopted in principle the "Mayor's Large Venue Entertainment Centre Task Force Report" as the basis upon which to move forward with the completion of a Large Venue Entertainment Centre for the City of Kingston;

**WHEREAS** the Inner Harbour site has been identified as the preferred site by the Mayor's Task Force and Council has directed that the feasibility of this site be explored;

**WHEREAS** Council established the LVEC Steering Committee in order to proceed with the implementation of the Mayor's Task Force recommendations;

**WHEREAS** the draft LVEC Business Plan confirms that the construction and operation of the LVEC on the Inner Harbour site is a financially viable project;

**WHEREAS** options need to be explored with regard to the design, construction and operation of the LVEC;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Business Plan be received and approved in principle as the basis for the construction of a new sports and entertainment centre at a downtown site.
2. The Inner Harbour be the site to build the proposed LVEC, pending the results of the Traffic & Parking Study.
3. City staff initiate negotiations with the private land owners at the Inner Harbour site.
4. City staff be instructed to:
  - issue a Request for Qualifications/Expression of Interest (RFQ/EOI) to invite design-build teams with experience in the construction of sports and entertainment centres to submit their credentials for the purpose of creating a short-list of qualified teams to construct the LVEC.
  - issue a Request for Proposal (RFP) to the short-listed design-build teams for the purpose of selecting a team to build the LVEC using a design-build (P3) approach with a Gross Maximum Price.
  - issue a Request for Qualifications/Expression of Interest (RFQ/EOI) to invite private sector operators with the experience in the operation of sports and entertainment centres to submit their credentials for the purpose of creating a short-list of qualified firms to operate the LVEC.
  - issue a Request for Proposal (RFP) to the short-listed operators to select a preferred private sector proponent for the purposes of evaluating their response relative to the Public Sector Comparator (the municipality's cost and ability to operate the LVEC.)
5. The LVEC project financing including the flygrid expenditure of \$600,000 and the catwalk expenditure of \$600,000 and subject to final approval by Council prior to commencement of construction, be approved in principle, incorporating pay-as-you-go (PAYG) and debt financing as reflected as follows:

Financing Alternative	PAYG (2005-2008)\$M	Debt \$M	Total \$M
Cash Flows from LVEC operations		16.0	16.0
Downtown Kingston	0.5	2.5	3.0
Private Donations	2.0		2.0
Development Charges	3.0		3.0
Parking Incremental Revenues		2.0	2.0
Federal and Provincial Govt. Grants	8.0		8.0
Municipal Capital Reserve Fund (MCRF)	3.3		3.3
<b>Total Financing</b>	<b>16.8</b>	<b>20.5</b>	<b>37.3</b>

And further;

- a) That Leadership in Environment and Energy Design (LEED) standards or other conservation standards be evaluated as part of the LVEC design and that grant funding through the Federation of Canadian Municipalities and other sources related to greening initiatives be explored.
  - b) That the cost of acquiring land and site related expenditures for the purposes of constructing the LVEC be financed from the Municipal Capital Reserve Fund.
6. A long-term agreement be entered into with the Kingston Frontenacs to secure acceptable terms and conditions to satisfy the financial requirements for their share of facility usage.
  7. In accordance with policy, any proceeds resulting from the sale of the Memorial Centre and/or its lands, or any part thereof be allocated to the Municipal Capital Reserve Fund.
  8. Annual net operating and capital savings in taxpayer subsidization, resulting from the sale, repurposing or decommissioning of the Memorial Centre be allocated to the Municipal Capital Reserve Fund.
  9. The critical dates for Committee & Council approvals as outlined below be approved in principle.

April 2005	OPA and Rezoning Applications filed.
April 2005	Information Session with City Council and LVEC Steering Committee on Parking & Traffic Study. Session is open to the public.
April 2005	LVEC Steering Committee meeting to discuss Business Plan and prepare recommendations to Council
May 2005	Non-Statutory Public Information meeting on Official Plan Amendment (OPA) and Rezoning Application
May 2005	LVEC Steering Committee recommendations regarding Business Plan presented to City Council
May 2005	Statutory Public Meeting on OPA and Rezoning Application under the Planning Act
June 2005	OPA and Rezoning Application on Planning Committee agenda.
June 2005	Tenants secured - Memorandum of Agreement finalized with the Kingston Frontenacs and the Kingston District Sports Hall of Fame
July 2005	Planning Committee recommendations to City Council.
August 2005	Issue Request for Proposals (RFP) to identify potential operators
September 2005	Private land purchasing agreements finalized
September 2005	Determine management model and select operator
October 2005	Issue Request for Proposals (RFP) for qualified Design-Build team
March 2006	Select Design-Build Proponent
March 2006	Complete project financing
May 2006	Construction begins
September/October 2007	LVEC Opens

**ORIGIN/PURPOSE:**

The purpose of this report is to present the LVEC Steering Committee with recommendations based on the draft Business Plan. The rationale for the recommendations is documented within the draft Business Plan, (Appendix 'A') of this report.

It is anticipated that the LVEC Steering Committee will review these recommendations and forward final recommendations to Council for consideration on May 3, 2005.

**OPTIONS/DISCUSSION:**

Staff developed and presented the draft Business Plan (recommendations included) to Council and the LVEC Steering Committee through an Information Session on April 6, 2005. The Information Session was open to the public and broadcast live on TV COGECO Kingston.

The draft Business Plan was also presented to the Public through an Information Session on April 7, 2005. The draft Business Plan was also posted to the City Website and a Summary of the Business Plan was printed and made available to all of those who attended the Information Sessions.

Feedback on the draft Business Plan was collected from the Information Session and is also being collected via the website, by direct e-mail, and over the phone. This feedback is forwarded to the Steering Committee.

Also, as publicized the LVEC Steering Committee is hosting a Public Meeting on Monday, April 25<sup>th</sup>, 2005 at 7:00 p.m. to provide members of the public an opportunity to comment on the project.

**EXISTING POLICY/BY-LAW:**

N/A

**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:**

This project relies on a number of sources for financing and involves a mixture of debt and pay as you go amounts from existing reserve funds. Debt servicing is primarily tied to operational cash flows and incremental revenues generated in the use of existing parking facilities. Grant and fund raising opportunities will be explored and identified over the coming months.

Council has established a long term strategic financial plan through the Municipal Capital Reserve Fund (MCRF). Since being established in 1999 the fund has been effective in enabling the City to finance major capital expenditures. Staying on course with this plan will enable the City to address its capital program in the long term. Decisions on expenditures from the MCRF are made by

Council on the basis of priority for spending and spans a wide scope of capital initiatives and infrastructure requirements. Based on the financing requirements presented in the business plan, there are sufficient financial resources in this MCRF to assist in financing this project.

The critical path noted above provides for the finalization of the financing plan by March 2006. At that time, additional information on costs and financing sources will be known and Council will be in a position to approve the final financing details for the project.

**CONTACTS:**

Denis Leger, Acting Chief Administrative Officer	546-4291, Ext. 1328
Don Gedge, LVEC Project Director	546-4291, Ext. 1271
Dave Mignault, LVEC Project Assistant/Research and Grants Coordinator	546-4291, Ext 1314

**DEPARTMENTS/OTHERS CONSULTED AND AFFECTED:**

Gerard Hunt, Acting Commissioner of Corporate Services  
Sheila Hickey, Director Strategic Initiatives and Corporate Communications

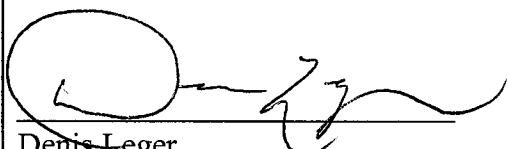
**NOTICE PROVISIONS:**

N/A

**APPENDICES:**

Appendix A – Business Plan – Draft - Investment in a Kingston Large Venue Entertainment Centre (LVEC).

Appendix B – Business Plan Summary

  
\_\_\_\_\_  
Denis Leger  
Acting Chief Administrative Officer