



**LARGE VENUE ENTERTAINMENT CENTRE STEERING COMMITTEE
REGULAR MEETING NO. 2005-03
MINUTES**

Meeting held on Tuesday 26th April 2005 at 7:00 a.m.
in the Councillor's Lounge, City Hall

MEMBERS PRESENT

Councillor Ed Smith, Chair
Mr. Mac Gervan, Vice-Chair
Mayor Harvey Rosen
Mr. George Hood (left at 8:55 a.m.)

REGRETS

Mr. Michael Ross
Mr. Richard Ryde, Member, Technical
Committee

OTHERS PRESENT

Councillor George Stoparczyk
Approximately 36 members of
the public

STAFF PRESENT

Mr. Geoff Coons, Executive Assistant
Ms. Carolyn Downs, Manager, Council Support/City
Clerk
Mr. Denis Leger, Acting Chief Administrative Officer
(non-voting member)
Mr. Don Gedge, Director, LVEC Project
Ms. Sheila Hickey, Director, Strategic Initiatives &
Communication
Mr. Gerard Hunt, Acting Commissioner, Corporate
Services
Mr. Hal Linscott, Director, Legal Services
Mr. David Mignault, Research & Grants Coordinator
Ms. Susan Powley, Committee Clerk

THIS IS NOT A VERBATIM REPORT

MEETING TO ORDER:

Councillor Ed Smith, Chair, called the meeting to order.

CONFIRMATION OF AGENDA:

*Moved by Mr. Gervan
Seconded by Mr. Hood*

That the agenda be confirmed.

CARRIED

CONFIRMATION OF MINUTES:

Moved by Mayor Rosen

Seconded by Mr. Hood

That the Minutes of Meeting 2005-02 held 22nd February 2005 be confirmed.

CARRIED

POSSIBLE PECUNIARY INTEREST:

None was declared.

IN CAMERA ITEM:

*Moved by Mayor Rosen
Seconded by Mr. Gervan*

That the Committee will resolve itself into “In Camera” to consider the following item:

- *A land matter*

CARRIED

*Moved by Mr. Hood
Seconded by Mr. Gervan*

That the Committee will resolve itself out of “In Camera” without reporting.

CARRIED

BUSINESS:

- a) **Discussion regarding Information Report No.: LV 05-005 – Comparison of Financial Performance of Kingston LVEC to John Labatt Centre in London** - by Mr. Don Gedge, Director, Large Venue Entertainment Centre Project

(attached as Schedule ‘A’)

Mr. Gedge provided an overview of the information report which was written for the following purpose: ‘to clarify the differences between the financial projections in the Kingston LVEC Business Plan and the financial performance of the London John Labatt Centre (JLC)’.

A member of the public requested clarification.

Betty Harlow

Ms. Harlow queried borrowing arrangements, and how much London is now paying back on the debt beyond that which the private partner borrowed.

Mr. Gedge replied that he didn’t know. He advised that the City had put up \$2.5 million and then borrowed. Not wanting to take a risk on their losses, they entered a 50-year management deal to ensure that if the facility has losses, the private sector will be responsible. Mr. Gedge added that the City would not want operating losses. Our City’s approach would be that a building management fee would be applied if it was run by the private sector.

b) Discussion regarding Report No.: LV05-006 – Large Venue Entertainment Centre (LVEC) Business Plan Recommendations - by Mr. Don Gedge, Director, Large Venue Entertainment Centre Project

(attached as Schedule 'B')

Mr. Leger emphasized that the recommendation is to approve the Business Plan in principle and that it would be subject to final approval. He noted amendments made to the recommendation coming out of the Draft Business Plan as follows:

- Under #4, to replace 'initiate' with 'issue'
- Under #5, to add ' and subject to final approval by Council prior to commencement of construction'
- Under # 9, to amend the date for Non-statutory Public Information meeting on Official Plan Amendment (OPA) and Rezoning Application to May 2005-05-03, and to remove the note from the July 2005 entry regarding Planning Committee recommendations to City Council

Following consideration of the amendments to the final recommendation (as noted below the main motion on pages 7 & 8 of these minutes), Councillor Smith invited comments from the public in attendance at the meeting.

Ms. Joche Katan

Ms. Katan noted a grant of \$5 million in London, and asked how the City could expect a grant of \$8 million.

Mr. Gedge explained that this could be accomplished with political lobbying. Mr. Leger advised that the City hopes for funding by the Federal government. Mr. Hood noted Mr. Gerretssen and Mr. Milliken's interest in the City. He said lobbying to obtain funding has been apparent in other communities.

A Resident

A resident said references to the Memorial Centre should be completely withdrawn from the proposal. Councillor Smith advised this has been done within the recommendations.

Mr. John Brennan

Mr. Brennan advised he was puzzled by the private funding process which differs from other cities in that only this City asked for private donations of \$2 million.

Mr. Hood explained that when financing was contemplated, a number of sources were reviewed. He noted other major City projects such as the Market Square and Grand Theatre projects which are also currently underway. There are opportunities and interest for fundraising for this project and \$2 million is part of this financial target. The level of fundraising that can be achieved will be determined over the next few months.

Ms. Anna Robertson

Ms. Robertson asked regarding a determination of the Memorial Centre, to which Mr. Hunt replied that the Business Plan does not include the sale of the Memorial Centre.

Ms. Irena Maniloux

Ms. Maniloux asked if the Downtown Business Association (BIA) would be willing to post bond in case \$2 million in grants don't come through. Mr. Hood responded that the \$2 million figure was provided to the Task Force in the beginning. Although the details of this arrangement will need to be determined, the BIA are prepared to work with their commitment and the Business Plan accepts this as their contribution.

Mr. Doug Arkett

Mr. Arkett asked why business donations were put into debt. Mr. Hood replied that while usually fundraising consists of up front contributions, there are different potential ways to raise monies. It is unknown if this donation will be up front or over time. One option would be a special levy.

Mr. Robert MacKenzie

Mr. MacKenzie noted his Business Plan copy says 'draft', and asked if it had been upgraded to 'Business Plan'. Mr. Leger explained that when the document was presented, it was a draft, and following consideration by this Committee and Council, it will be considered the final Business Plan.

A Resident

A resident asked if grants would be pursued and asked what would happen if they are not obtained. Mr. Gedge advised they would be a reasonable target and there is some risk; however, grants cannot be pursued until a project is in place.

Mr. Robert MacKenzie

Mr. MacKenzie queried whether the schedule for the Official Plan and Zoning Amendments would be maintained for April 2005, and if the applications would be brought to this Committee for recommendation. Mr. Leger advised that this is the intended schedule, that the City is the developer, and when the application is completed it would be submitted directly to the Planning Committee.

The Committee considered the amended recommendation at this time.

*Moved by Mayor Rosen
Seconded by Mr. Hood*

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:*

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

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.

<i>August 2005</i>	<i>Issue Request for Proposals (RFP) to identify potential operators</i>
<i>September 2005</i>	<i>Private land purchasing agreements finalized</i>
<i>September 2005</i>	<i>Determine management model and select operator</i>
<i>October 2005</i>	<i>Issue Request for Proposals (RFP) for qualified Design-Build team</i>
<i>March 2006</i>	<i>Select Design-Build Proponent</i>
<i>March 2006</i>	<i>Complete project financing</i>
<i>May 2006</i>	<i>Construction begins</i>
<i>September/October 2007</i>	<i>LVEC Opens</i>

CARRIED AS AMENDED
(See following recommendations to amend which were carried)

Moved by Mr. Hood
Seconded by Mayor Rosen

That City staff initiate negotiations with the private land owners and occupants at the Inner Harbour site to acquire privately owned land including addressing issues related to businesses operating from those lands.

CARRIED

It was noted that the Request for Information/Expression of Interest would adequately precede the August 2005 projected date for the Request for Proposal.

Moved by Mayor Rosen
Seconded by Mr. Gervan

That Recommendation #4, and Recommendation #3 be reversed in order to reflect the critical path as outlined in Recommendation #6.

CARRIED

Mayor Rosen noted that the removal of #7 and #8 would reflect corporate policy. Mr. Leger explained that at the time the Task Force delivered the Report to the Mayor, the sale or redevelopment of the Memorial Centre was key to financing. However, it has now been determined that this is not necessary. The authority to remove this condition rests with a recommendation by the Steering Committee and/or a decision Council. Mr. Leger further noted that the removal of #7 and #8 considerably affects the

recommendation as a whole. The Committee may proceed with a separate recommendation to confirm that the sale of the Memorial Centre will not be used as a financial option within this model.

*Moved by Mayor Rosen
Seconded by Mr. Gervan*

That # 7 which reads: '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.', and

#8 which reads: '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.' be removed, and that the points be renumbered accordingly,

And further

That it be clarified within a new recommendation that the Mayor's Large Venue Entertainment Centre Task Force Report' was the basis adopted in principle by Council on which to move forward with the completion of the LVEC,

And further

That the Committee will not make a recommendation in regard to any municipal capital property including the Memorial Centre.

CARRIED

- c) **Update regarding Motion of Council - 15th February 2005** - Report of the Municipal Accessibility Committee

Mr. Leger noted that the motion of Council dated 15 February 2005 - Report of the Municipal Accessibility Committee is for information only and no action is required.

- d) **Update regarding Motion of Council - 23 March 2005 – LVEC Business Plan**

Mr. Leger noted that the motion of Council dated 23 March 2005 – LVEC Business Plan is for information only and no action is required.

- e) **Next Steps**

Further to earlier discussions in the meeting to remove any municipal capital property including the Memorial Centre from any recommendation by the Committee, a separate recommendation was brought forward for consideration by Council. Mr. Leger further noted that authorization for the future of the Memorial Centre has been referred to the Multiplex Community Centre Project Steering Committee.

Councillor Stoparczyk highlighted wording within #8 of the draft Business Plan recommendation that savings be allocated to the Municipal Capital Reserve Fund be noted within this recommendation.

*Moved by Mayor Rosen
Seconded by Mr. Gervan*

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; and

*WHEREAS the said report included the disposition of the Memorial Centre as a component of the Financial Plan of the LVEC, and
WHEREAS the Draft Business Plan as recommended by staff does not include the disposition of the Memorial Centre as a component of the financing plan of the LVEC, and
WHEREAS Council has referred the issue of the future of the Memorial Centre to the Multiplex Community Centre Project Steering Committee, and
WHEREAS the Draft Business Plan recommends that the annual net operating and capital savings in taxpayer subsidization, resulting from the sale, repurposing or decommissioning of the Memorial Centre shall be allocated to the Municipal Capital Reserve Fund,
THEREFORE this Committee recommends to Council that Council reserve unto itself the decision with respect to any matter having to do with Municipal Capital property including the Memorial Centre, in accordance with municipal policy.*

CARRIED

DOCUMENTS/CORRESPONDENCE/CIRCULATIONS:

The following circulations were noted:

- **Business Plan – Draft – ‘Investment in a Kingston Large Venue Entertainment Centre (LVEC) – prepared by Don Gedge, LVEC Project Director Wednesday, April 6, 2005**
(distributed separately)
- **Business Plan – Summary**
(distributed separately)
- **Correspondence received**
(Listing attached as Schedule ‘C’)
(distributed separately)
- **Motions of Council**
(Listing attached as Schedule ‘D’)
(distributed separately)

NEXT MEETING:

The next regular meeting date will be at the call of the Chair.

ADJOURNMENT:

The meeting adjourned at 9:15 a.m.