TO: Mayor and Council
FROM: Jim Keech, President and CEO, Utilities Kingston
RESOURCE STAFF: Allen Lucas, Utilities Engineer, Utilities Kingston
DATE OF MEETING: January 19, 2010
SUBJECT: 85 Lappans Lane – Service Centre

EXECUTIVE SUMMARY:
In June 2009 Council approved an initial budget of $10M for the purposes of expanding the service centre/garage at 1211 John Counter Blvd/85 Lappans Lane. On September 15, 2009 Council re-endorsed the concept of 1211 John Counter Blvd as the administrative hub for Infrastructure and Development Related Services, and Utility Services.

Staff have re-examined the original concepts, budgets and proposals to include within the service garage construction project additional office space at the 1211 John Counter Blvd. hub to meet the needs of today and allow for future expansion. The result is all of the proposed uses can be accommodated on site for a total upset budget of $19.5M.

This is the amount the City submitted in an application to the Canadian Ontario Infrastructure Program for funding of this project in 2009.

RECOMMENDATION:
THAT Council approve a capital budget amendment in the amount of $9.5M for a total project budget of $19.5M, for the expansion of 1211 John Counter Blvd/85 Lappans Lane, including additional office space and workshop/service garage area, with the additional financing from the Utility Equipment Reserve Fund ($0.5M), Water Sewer and Gas Capital Reserve Funds ($2.5M) and the issuance of debt supported by utility rates ($6.5M).

AUTHORIZING SIGNATURES:

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CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

| Commissioner Beach, Sustainability & Growth          | N/R |
|=======================================================|
| Commissioner Thurston, Community Development Services| N/R |
| Commissioner Leger, Corporate Services               | N/R |
| Jim Keech, President, Utilities Kingston              | N/R |

(N/R indicates consultation not required)
OPTIONS/DISCUSSION:

In 2009, the City of Kingston, through Utilities Kingston, undertook a Redevelopment Study for the municipal facilities located at 85 Lappans Lane. Budget funding approval for $10M was received in June to complete upgrades to the service garage, deferring to a future date the construction of office space identified as being required to meet the needs of Utilities Kingston for 25 years. As staff began further detailed work on the project, it was realized that an error was made in the original budget request to Council. The budget request at that time should have been for $19.5M, which included Phase 1 noted in the paragraph below and expansion to office space deemed necessary for the foreseeable future.

Preliminary opinion of probable cost was provided by the professional engineer as part of the interim Redevelopment Report. Cost for construction and renovations to accomplish the entire Phase 1 of the project was estimated at $16,260,000.00. This included the new service garage, large vehicle parking, site servicing and renovations to fully utilize the available space for workshops, and change rooms.

An opinion of probable cost provided with the final report produced in October 2009, provided a total budget requirement, in current dollars, of $25.5M to complete all works identified above as Phase 1 plus a Phase 2 at a future date to include a new 2,236 square metres (24,000 square feet) office. This was to satisfy the needs of Utility and City departments over the next 25 years. Detailed review of these costs by Utilities Kingston has enabled identification of cost savings by undertaking both phases under a single design assignment and subsequent construction contract.

At this time, Utilities Kingston is recommending a budget amendment of $9.5M, providing for a total budget of $19.5M to undertake a modified plan to construct the service garage, renovations to the existing building and some new office construction with provisions for future expansion when warranted. This will allow the construction of up to 1,300 square metres (14,000 square feet) of office space to be constructed at 85 Lappans Lane, which is adjacent to 1211 John Counter Boulevard. This space would then be used by Utilities Kingston staff which would make available the majority of the 1,240 square metres (13,350 square feet) of space on the second floor at 1211 John Counter Blvd for City Staff, allowing for future expansion and assisting with overcrowding on the first floor.

During the initial budget approval it was indicated that the construction costs would be funded from Utility rates and reserve funds. It is proposed that the additional amount also be funded from the same sources. It should be noted that at the April 21, 2009 meeting of Council, approval of Council was provided to submit an application to the upper levels of Government for Stimulus Funding for the John Counter Boulevard Operations Centre which included additional office space for an amount of $19.5M. Staff continue to pursue funding opportunities for this and other projects. Should grant funding materialize, the contribution from utility rates would be reduced.

The timing for construction of this project has been reviewed with the intent to be ready for construction by late 2010 or early 2011. This is considered to be ideal in as much as many of the large infrastructure projects currently being funded through infrastructure stimulus funding by upper levels of government will be nearing completion. Therefore, the ability to have sufficient trades people and general contractors available locally to undertake this project appears ideal to obtain strongly competitive pricing. The necessity to have vehicle storage for the winter 2011/12 season is essential as the current space leased for this purpose is expiring.

Utilities Kingston has commenced with the undertaking of geotechnical and soils management investigations. Currently a request for proposal seeking qualified design professionals of the service garage expansion works is available. Subject to approval of the requested budget, an amendment to the current Professional Services RFP will be issued to include review, design and construction of office space providing for future possible expansion within a total budget of $19.5M.
EXISTING POLICY/BY LAW:

Not Applicable.

NOTICE PROVISIONS:

Not Applicable.

ACCESSIBILITY CONSIDERATIONS:

Accessibility requirements will be met.

FINANCIAL CONSIDERATIONS:

This project is included in the long term financing plans of the City's utility operations. The expansion has been planned as a result of service growth. Utilities Kingston currently leases equipment storage, and that lease is ending in 2011. Utilities Kingston currently leases approximately 14,000 sq. ft. of office space at 1211 John Counter Blvd. from the city. Funding associated with this new construction is within the financing and debt capacity of the city.

CONTACTS:

Allen Lucas, Utilities Engineer, Utilities Kingston 613-546-1181, Extension 2250
Jim Miller, Manager, Technical Services 613-546-1181, Extension 2475

OTHER CITY OF KINGSTON STAFF CONSULTED:

Gerard Hunt, Chief Administrative Officer, City of Kingston
Steve Dickey, Acting Director of Financial Services, City of Kingston

EXHIBITS ATTACHED:

Not Applicable.