EXECUTIVE SUMMARY:

This report requests that council authorize the Mayor and Clerk, on behalf of the City of Kingston, to enter into a Letter of Offer with the Government of Canada, which represents a contract to receive funding under the terms and conditions of the Community Adjustment Fund (CAF) program (Intake Two). On January 18, 2010 staff submitted two applications for employment land service projects, which have subsequently been approved. The CAF program has offered the City of Kingston a $3,102,012 grant, representing a significant share of the total cost of the following two employment land projects:

<table>
<thead>
<tr>
<th>project description</th>
<th>project budget</th>
<th>municipal contribution</th>
<th>CAF Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>road construction to service 35 acres at Cataraqui Industrial Estates</td>
<td>$4,225,680</td>
<td>$1,550,000</td>
<td>$267,568</td>
</tr>
<tr>
<td>servicing upgrades at St. Lawrence Business Park</td>
<td>$771,000</td>
<td>$0</td>
<td>$77,100</td>
</tr>
<tr>
<td>total</td>
<td>$1,550,000</td>
<td>$344,668</td>
<td>$3,102,012</td>
</tr>
</tbody>
</table>

In addition, this report requests council to authorize a number of other recommendations that will facilitate the timely completion of the projects, and therefore full access to the grant funding approved by Industry Canada.

RECOMMENDATION:

1. THAT Council authorize the Mayor and Clerk to sign a Letter of Offer, and any other agreements necessary, satisfactory to the Director of Legal Services, with the Government of Canada to receive funding in the amount of $3,102,012 under the terms and conditions of the Community Adjustment Fund program (Intake Two).

2. THAT Council authorize a budget amendment for the capital project Cataraqui Phase 3-Stage 1 Fortune Crescent approved originally by by-law 2009-124 by an increased project amount of $1,225,680 with a funding change to increase federal grant funding by $2,408,112, the development charge contribution by $300,000 and to decrease the contribution from the City’s Industrial Land Reserve fund by $1,482,432.

3. THAT Council authorize an amendment to capital budget by-law 2009-124 for a new capital project to upgrade the servicing within the St. Lawrence Business Park in the amount of $771,000 to be funded by a federal grant contribution in the amount of $693,900 and $77,100 from the Industrial Land reserve fund.
4. THAT Council delegate authority to the Director of Real Estate & Construction Services to expedite the procurement of all necessary professional services to complete the CAF Intake 2 employment land projects within the timelines mandated by Industry Canada through the use of section 4.6(i) of the Purchasing Bylaw which delegates the authority to issue contracts on a Time Sensitive basis where the time available to follow normal procedures is insufficient, including to ensure a sequence of contracts meets an overall timetable. All contracts issued under this authority shall be in a form satisfactory to both the Director of Real Estate & Construction Services and the Director of Legal Services and also shall be reported to Council on a bi-monthly basis.

5. THAT Council authorize the Mayor and Clerk to schedule special meetings of the Planning Committee and Council if necessary to facilitate the timelines required to approve the projects within full accordance of the Planning Act.

6. THAT Council authorize the purchase of approximately 0.5 acres of land owned by Hydro One Networks Inc. described as part of Lot 3, Concession 13, at a purchase price based on fair market value determined by appraisal in accordance with Hydro One Networks policy, and authorize the Mayor and Clerk to sign an Agreement of Purchase and Sale, and any other agreements necessary to access the lands prior to purchase, in forms satisfactory to the Director of Legal Services.

7. THAT Council authorize the Mayor and Clerk to sign all agreements necessary with Trans-Northern Pipelines Inc. (TNPI) for approval to cross the pipeline in accordance with the Pipeline Crossing Regulations, in a form satisfactory to the Director of Legal Services.

8. THAT Council authorize the Mayor and Clerk to sign all agreements necessary with Hydro One to facilitate the extension of electrical servicing into the St. Lawrence Business Park, in a form satisfactory to the Director of Legal Services.
AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY COMMISSIONER
Denis Leger, Commissioner of Corporate Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER
Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

<table>
<thead>
<tr>
<th>Commissioner</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Beach, Sustainability &amp; Growth</td>
<td>✓</td>
</tr>
<tr>
<td>Terry Willing, Community Development Services</td>
<td>N/A</td>
</tr>
<tr>
<td>Commissioner Leger, Corporate Services</td>
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</tr>
<tr>
<td>Jim Keech, President, Utilities Kingston</td>
<td>✓</td>
</tr>
</tbody>
</table>
OPTIONS/DISCUSSION:

CAF BACKGROUND

The Government of Canada’s Community Adjustment Fund (CAF) is a two-year $1-billion economic stimulus measure announced as part of Canada’s Economic Action Plan. The purpose of this initiative is to help minimize the impacts of the global economic downturn. It will also assist communities, particularly those with a reliance on resource-based industries and the manufacturing sector, to adjust and restructure their economy.

Intake One

On May 14, 2009 the CAF was launched. The first intake of CAF in Southern Ontario has been completed. Nearly $102 million was awarded for over 90 projects in Southern Ontario. A complete list of these projects is available online: http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/00133.html.

In May 2009 staff submitted an application for funding from the CAF (Intake One). The application was approved and the City of Kingston was awarded a $1,552,000 grant, representing 50% of the costs for the following two projects:

Project Description

i. The City of Kingston identified an opportunity to increase the functionality of the St. Lawrence Business Park through the extension of the north leg of Innovation Drive to connect to Kingston Rd. 15. Several factors contributed to the potential increase in park functionality: an increased access for the undeveloped area, improved access to Hwy 401 from the park, potential improvement in Fire and Rescue services as well as better traffic distribution to and from the park. This project is the second phase in developing the infrastructure for the already established park. The extension of services at the northeast section of the St. Lawrence Business Park will extend servicing to 58.75 acre lot of developable land.

ii. In the Cataraqui Estate Business Park, the CAF funding is supporting the construction of a new road and underground services that will service up to 20 acres of industrial lots. This premium location is highly sought after, and new lots are now available for sale.

Intake Two

On December 15, 2009, the Government of Canada launched the second intake of the CAF in Southern Ontario. More than $127 million was allocated for projects under this phase of the program. Two applications were submitted by staff on January 18, 2010. These applications were fully approved and the City of Kingston has been offered a $3,102,012 grant, representing 55% of the cost of Project 1 and 90% of Project 2:

Project One Description

The project will link Centennial Drive with the Fortune Crescent Extension. Construction of the new roads will service 35 acres of prime industrial lands in the Cataraqui Industrial Estates. The servicing will include asphalt roads, sanitary and watermains, stormwater management and utility servicing. The extension of Centennial Drive is a key transportation recommendation in the Kingston Transportation Master Plan. The services and road construction will provide the City with 35 acres of large, prime industrial lots to market to a varied Industrial sector. It will also provide a key transportation link that will improve traffic efficiency in the City's west end. The long-term benefits are the number of jobs created from the development of the vacant, serviced lots, and the new transportation route. The short-term benefit is the immediate job creation directly from the project itself.

Project Two Description

St. Lawrence Business Park has a recently serviced 58.75 acre parcel of land that requires site-specific service upgrades to enable its immediate development for a specific industrial user. A looped watermain and enhanced hydro service will provide the necessary services to facilitate the immediate construction of a 130,000 square foot warehouse and office development. This will result in the creation of a substantial number of new jobs. The service upgrades to Lot 250 will help ensure the lot is developed in 2010. It will also provide upgraded servicing to the remaining lots for sale in the business park. The long-term benefit is the number of jobs retained and created due to the development of Lot 250. The short-term benefit is the immediate job creation directly from the project itself and the new building construction.
Council is requested to authorize the Mayor and Clerk to sign agreements on behalf of the City with Hydro One, to facilitate the extension of upgraded hydro servicing into the business park, subject to the satisfaction of the City’s Director of Legal Services.

Plan of Subdivision Approval

In December 2009, Real Estate & Construction Services, on behalf of the City, made application for Draft Plan of Subdivision Approval of the Cataraqui Industrial Estates. In accordance with the Planning Act, a public meeting was held March 4, 2010 ahead of that evening’s regularly scheduled Planning Committee. Several issues were raised by committee members for staff to investigate and report back to the committee. Technical comments from various City departments and outside agencies relating to the application were received in late March 2010. Approval of the draft plan of subdivision is the key trigger in the process to complete the final road designs for approval and construction.

A key stipulation of the CAF grant funding is that all funding must be spent by March 31, 2011. The City’s projects are road and services construction projects, therefore all work needs to occur during the 2010 outdoor construction season (Spring, Summer, Fall). Project 2 is well structured for necessary approvals and tenders to occur over the next few months and construction to be completed well within the 2010 construction season. However, in order to complete Project 1, the City will need to rapidly complete the necessary technical reports, design and analysis required for draft plan of subdivision approval, and subsequently, final technical approval. The City cannot commence construction of the roads and services without the approvals in place. Processes that would normally run one after another would need to be initiated immediately and continue concurrently, with a goal of achieving final approval in approximately 15 weeks. This would result in an August 2010 start of construction.

This report requests Council to delegate authority to the Director of Real Estate & Construction Services to proceed with procurement of consulting services under the authority of the Time Sensitive provision of the Purchasing Bylaw. That authority, set out in section 4.6 of the bylaw, does not require the issuance of an RFP or other steps due to limited time frames. If the regular steps were taken in procurement processes, the time lines set by Industry Canada would not be met. It is also recommended that the Director of Real Estate & Construction Services, with the assistance of the Legal Services Department, ensures an appropriate form of contract is prepared and also that the Director of Real Estate & Construction Services periodically report to Council on the use of the Time Sensitive authority in this project.

Professional services are budgeted at approximately $265,000 of the $4.225 million project. The construction component of the project represents approximately 90% of the budget, and that work will be awarded through the City’s normal public tender process.

It is possible, however not preferred by staff, that special meetings of Planning Committee and Council will be required to finalize approval of Project 1. In no way will the timing of any special meetings be done to compromise the Planning Act approval process.

Hydro One and Trans-Northern Pipelines Inc. crossings

Extending Centennial Drive will require agreements with two major utility providers. The road is proposed to cross through a hydro corridor owned by Hydro One Networks Inc., and across a Trans-Northern Pipelines Inc. easement on City-owned lands. Agreements will be required between the City and the utility providers to physically enter the lands and commence construction. Council is asked to authorize the Mayor and Clerk to sign agreements on behalf of the City, subject to the satisfaction of the City’s Director of Legal Services.

EXISTING POLICY/BY LAW:

By-Law No. 2000-134, A By-Law to Establish Purchasing Policies and Procedures, as amended
By-Law No. 2009-136, A By-Law to Establish Development Charges
By-Law No. 2009-124, 2009 & 2010 Capital Budget
City of Kingston Policy for the Sale and Acquisition of Property

NOTICE PROVISIONS:

All those required under the associated planning processes.
ACCESSIBILITY CONSIDERATIONS:
All works will be designed in accordance the current City of Kingston Accessible designs for streets.

FINANCIAL CONSIDERATIONS:
Capital project funding received by the city from the Government of Canada will assist in addressing high priority infrastructure areas.

Project One includes a section of municipal road and servicing expansion, and is in part funded from DC, in accordance with the provisions of DC legislation and the recent background study and by-law approved by council. The Government of Canada has committed to 90% funding for the remaining portions of the work that is not DC funded.

Project Two financing will include a 90% funding commitment from the Government of Canada.

CONTACTS:
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Peter Huigenbos, Project Engineer, Real Estate & Construction Services ext. 3148

OTHER CITY OF KINGSTON STAFF CONSULTED:
Alan McLeod, Senior Legal Counsel
Stephen Dickey, Manager of Accounting Services
Judy Reichstein, Research & Policy Analyst
George Wallace, Director, Planning & Development
Jim Miller, Director, Technical Services, Utilities Kingston
Mark Van Buren, Director, Engineering
Jeff Garrah, CEO, KEDCO

APPENDICES:
Appendix A – Maps of CAF Projects 1 and 2