



**City of Kingston  
Report to Council  
Report Number 15-347**

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**To:** Mayor and Members of Council  
**From:** Jim Keech and CEO, Utilities Kingston  
Lanie Hurdle, Commissioner, Community Services  
**Resource Staff:** Mark Van Buren, Director of Engineering  
**Date of Meeting:** October 6, 2015  
**Subject:** Princess Street Road Reconstruction

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**Executive Summary:**

The City of Kingston and Utilities Kingston have recently completed evaluation of proposals received in response to Request for Proposals (RFP) for the third phase of Princess Street reconstruction in the downtown core. Two proposals were received by the City of Kingston and the evaluation of each proposal was conducted by staff from both the City Engineering Department and Utilities Kingston in accordance with the evaluation criteria and scoring system provided in the RFP document. The proposal provided by Len Corcoran Excavating Ltd. received the highest score and therefore staff is recommending the award of contract, for Princess Street – Phase 3 project, to Len Corcoran Excavating Ltd. Due to factors not anticipated and accounted for in the original project budget estimates, staff recommend the deferral of the Johnson Street road reconstruction project identified in the 2015-2018 Multi-Year Infrastructure Program to a future multi-year program in order to enable sufficient budget in the existing and approved Road Reconstruction program to enable completion of the Princess Street – Phase 3 project.

The potential for additional infill land development projects to move forward in the downtown core has also prompted the need to advance the planning, design and construction of the fourth and final phase of Princess Street reconstruction from 2020 being the planned year of construction. Staff recommends that the 2015-2018 Multi-Year Infrastructure Program be further amended to advance and include Princess Street – Phase 4 project with additional funding in the amount of \$15,500,000 to complete this project within the current multi-year plan.

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**Recommendation:**

**That** Council authorize the Mayor and Clerk to enter into a contract in a form satisfactory to the Director of Legal Services with Len Corcoran Excavating Ltd, for road and infrastructure reconstruction, as described in RFP Number EN-2015-06, and commonly referred to as Princess Street – Phase 3 project.

**That** Council approve deferral of the Johnson Street project from the Road Reconstruction Program in the approved 2015-2018 Multi-Year Infrastructure Plan in order to reallocate sufficient funds to complete the Princess Street – Phase 3 project.

**That** Council approve a budget amendment in the amount of \$15,500,000 in order to advance the planning, design and construction of Princess Street – Phase 4 from 2020 and include within the 2015-2018 Multi-Year Infrastructure Program, with project funding in the amount of \$7,570,000 from the Municipal Capital Reserve Fund to be directed to the Road Reconstruction envelope, \$3,550,000 from the Water Capital Reserve Fund, \$2,880,000 from the Sewer Capital Reserve Fund and \$1,500,000 recoverable from Kingston Hydro and \$1,500,000 recoverable from Kingston Hydro for costs related to the renewal of hydro infrastructure.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON

**Jim Keech, President & CEO, Utilities Kingston**

ORIGINAL SIGNED BY COMMISSIONER

**Lanie Hurdle, Commissioner, Community Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

**Consultation with the following Commissioners:**

Cynthia Beach, Corporate & Strategic Initiatives Not required

Denis Leger, Transportation, Facilities & Emergency Services Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer

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**Options/Discussion:****Background**

The Downtown Action Plan (DAP) was approved in principle by City Council in September 2004. The DAP is a comprehensive plan that is intended to coordinate streetscape improvements with the reconstruction and upgrade of municipal utilities in the downtown core area. A number of road and utility projects in the DAP area have been completed over the course of the last decade including road reconstruction work on Market Street (2004), Wellington Street (2005), King & Brock Streets surrounding Springer Market Square (2006), and two phases of Princess Street reconstruction. The first phase of Princess Street reconstruction, which included Princess Street (waterfront to King St) and King Street (Princess to Brock St), was initiated in 2009 with an award of contract to Len Corcoran Excavating Ltd. based on the results of a Request for Proposals (RFP) and staff recommendation to Council on September 15, 2009. The second phase of Princess Street reconstruction, which included Princess Street (King to Bagot St), King Street (Princess to Queen St), Wellington Street (Princess to Brock St.) and Bagot Street (Brock to Queen St.), was initiated in 2012 with an award of contract to Len Corcoran Excavating Ltd. based on the results of a RFP and staff recommendation to Council on September 4, 2012.

A post-construction review of work undertaken as part of both the Wellington Street project and the King & Brock Street project highlighted both the sensitivities and complexity of road reconstruction work in the downtown core. The post-construction review combined with input received from the Downtown Kingston BIA and various downtown merchants underscored the need for special considerations to be given to a number of construction-related issues including access to businesses, traffic and parking management, pedestrian management, designated construction areas for material and equipment storage, risk management and contingency planning to contend with unknowns associated with archaeological findings, environmental contamination, and disturbances to older/heritage properties. Staff also reviewed and considered the concerns identified by the Ministry of Labour related to safety considerations of the public accessing the work area. Overlying these considerations was the need to explore means by which project schedules could be adjusted to enable construction work to be substantially completed before July 1<sup>st</sup> and ensuring excellent communications and public relations during the course of construction work to limit the impact that road/utility construction work would have on downtown merchants and other special events typically planned for the downtown area during the course of the summer.

As a result of these unique and complex considerations staff elected to use a RFP as the means for procuring contractors to undertake the road and utility reconstruction work associated with the Princess Street projects. RFPs are used where there is desire to obtain problem solving techniques for strategies; where new or alternative methods, technologies, innovations or creativity are sought; where some of the outcomes cannot be clearly defined; and where there are multiple evaluation criteria on which the award will be based. The use of a RFP has allowed the City and Utilities Kingston to seek out contractors who can (a) demonstrate an in-depth understanding of the sensitivities and complexity of road and utility reconstruction work in a congested downtown core, (b) provide continued access to business, (c) provide a project execution plan that deals with special and/or unique parameters (i.e. aggressive project

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completion date, cold weather (winter) work plan), and (d) provide a plan that identifies project risks and contingency plans to eliminate or avoid project risks. The consideration of these factors, including but not limited to the price bid to complete the project, represents a 'best value' assessment of the proposals received and has led to the successful completion of the previous Princess St projects. Staff from both Legal and Purchasing were consulted in the development of the RFP document to ensure adherence to the City of Kingston Purchasing By-Law. The intent to use a RFP for procurement of construction services related to the Princess Street projects in the downtown core was also vetted with the Kingston Construction Association in advance of both Phases 1 and 2. For this project a mandatory meeting was held on June 26, 2015 with all potential contractors, where they were advised that that the use of a RFP was intended for the Princess St – Phase 3 project.

### **Princess Street – Phase 3**

The third phase of Princess Street has been identified in the multi-year infrastructure program that was approved by council on February 3, 2015. This phase of Princess Street includes road reconstruction work on Princess Street (Bagot to Clergy St.), Montreal Street (Brock to Queen St.), Sydenham Street (Princess to Queen St.), and Clergy Street (Princess to Queen St.). Consultation work with Downtown Kingston BIA commenced in early 2014 after completion of the Phase 2 project. City and Utilities Kingston staff have also undertaken an initial public meeting with Downtown Kingston BIA, local residents and merchants that was hosted on March 26, 2015, with two additional public meetings that are tentatively scheduled for October 13, 2015 and December 10, 2015 in advance of the start of construction in early 2016.

In a similar manner to the procurement undertaken for Phases 1 and 2, a RFP was released on June 10, 2015 with two proposals received on the closing date of July 15, 2015. Submissions were received from the following two proponents:

- Len Corcoran Excavating Ltd (total financial proposal price of \$12,944,673 excluding HST)
- Taggart Construction Limited (total financial proposal price of \$11,908,877 excluding HST)

Both are reputable companies which the City retains in the normal course of business to provide important general contracting roads work on a regular basis. Three staff from both the City of Kingston and Utilities Kingston were involved in the independent review and evaluation of the submissions received. The evaluation process which was outlined in detail in the RFP document included the following six evaluation criteria:

- Company Profile – 5%
- Project Execution Plan – 30%
- Risk Management and Mitigation Plan – 10%
- Public Relations and Communications Plan – 10%
- Accessibility – 5%
- Financial Proposal – 40%

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The review panel concluded that the proposal provided by Len Corcoran Excavating (Corcoran) was the highest scoring proposal receiving an average score of 87 out of 100 points, while the proposal provided by Taggart Construction (Taggart) received an average score of 79 out of 100 points. With the exception of points allocated for the financial proposal, which was calculated based upon formula defined in the RFP document, the proposal from Corcoran scored higher on all of the other non-financial evaluation categories. This was generally consistent amongst each of the three members of the review panel. The review panel summary notes that the project execution plan was well formulated in the Corcoran proposal clearly addressing plans related to traffic management, cold weather work, aggressive work schedule, pre-construction subsurface and site investigations, and flexibility in utility servicing to accommodate local businesses. By contrast, the review team noted that the project execution plan supplied by Taggart did not supply a cold weather plan, lacked detail on subsurface investigation work, and had a comparatively longer overall schedule. The risk management and mitigation plan provided by Corcoran was also considered to be more robust and detailed than the submission from Taggart. The Corcoran plan provided a clear plan for issue escalation to avoid project delays, acknowledged aggressive project schedule with plans for expanded hours and crews to adjust as needed. In comparison, the risk management and mitigation plan provided by Taggart was considered general in nature and included gaps in key areas such as accommodation of sewer flows and other site constraints including management of materials and equipment.

City staff are cognizant of the fact that the financial proposal provided by Corcoran is approximately \$1 million higher than the financial proposal provided by Taggart, which represents a 8.7 percent premium. However, staff contend that the proposal provided by Corcoran represents the best value for the City when considering the complexity and risks associated with this project, which if not properly managed can result in the potential for significant direct and indirect costs. Based on the results of the RFP evaluation, City staff have advised staff from Taggart that they were not the highest rank proposal received and that City staff would not be undertaking further discussions with Taggart related to their proposal. As permitted through the RFP process, City staff has initiated negotiations with Corcoran through a preliminary value engineering exercise to refine matters related to the terms and conditions to be agreed upon and to determine if there are opportunities for potential project cost savings. If awarded the work in this matter, the outcome of these negotiations would be reflected in the final form of contract.

Council is further advised that the financial proposals submitted by both Corcoran and Taggart exceed the initial budget estimates used to establish the overall budget envelopes in the 2015-2018 Multi-Year Infrastructure Program. The price from Corcoran is approximately \$3.0 million over the initial budget estimates (\$1.9 million over City portion and \$1.1 million over the Utilities Kingston portion of the overall budget). The initial budget estimates were based largely upon unit prices from the Princess Street Phase 2 project. Staff have discussed the financial proposal submitted by Corcoran in order to reconcile the difference between their financial proposal and the budget estimates developed by the City and Utilities Kingston. Factors that significantly increased the project cost compared to initial budget estimates included (i) winter work and limited productivity (personnel and equipment) in cold weather, (ii) increased expectations and level of effort required to meet communications demand, public relations, and merchant support,

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(iii) time constraints and accelerated project schedule to meet July 1<sup>st</sup> opening date for vehicular traffic on Princess Street, and (iv) past experience with complexities and time required to install building utility services. Through the Value Engineering meetings with Corcoran, staff has reviewed the costs/activities associated with meeting the expectations described above and have found them to be reasonable.

In order to deal with the project budget shortfall, staff recommends the deferral of the Johnson Street joint road reconstruction project that is currently included in the 2015-2018 Multi-Year Infrastructure program. The deferral of this project to a future multi-year plan coupled with use of funds from the approved unallocated budget envelope will enable sufficient funds to complete the Princess Street Phase 3 project.

#### **Princess Street - Phase 4**

In the spring of 2015, Council established its strategic priorities for 2015-2018. One of the priorities, Plan a Livable City, includes a focus on fostering intensification in the City core. The Downtown Kingston BIA has also identified residential intensification in the downtown as a priority. The goal of residential intensification in the downtown and City core is to increase the number of residents in the neighbourhood that will contribute to a livelier downtown and commercial district. The downtown area, more specifically Princess Street, currently has servicing limitations and in some cases cannot accommodate residential developments that could yield a large number of residential units. In the past few years, City staff have been approached a number of times by interested proponents for the potential development of residential buildings in the downtown area. One of the most significant challenges for these projects to come to fruition is the lack of servicing capacity. Princess Street has been of particular interest in the last year for some potential high density residential projects. Some potential developers have had high level discussions with staff, others have initiated the Planning pre-application process and others have actually filed formal applications, including the former movie theatre site and the former bookstore site.

In order to be prepared to accommodate potential residential growth along Princess Street, the City needs to proceed with the upgrading of services along Princess Street, up to Division Street. The City has recently been approached with a potential high density residential development that would be located at the corner of Princess Street and Division Street. A formal planning application has not yet been received and therefore, staff cannot provide details at this point, however, this is one of the potential projects that could take place along Princess Street with appropriate servicing in place.

It is also important to note that the upgrade of servicing along Princess Street up to Division Street would also accommodate some development along Princess Street up to Alfred Street, which has servicing challenges and would not be able to meet the current development density targets. The section of Princess Street between Division and Alfred Streets is within the Williamsville Main Street Study, which was endorsed by Council in 2012.

Based upon the potential for land development opportunities previously discussed, staff recommends that work be advanced to undertake the planning, design and construction, by way

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of the RFP process, for the fourth and final phase of Princess Street reconstruction, and that the Princess Street – Phase 4 project be added to the 2015-2018 Multi-Year Infrastructure Program. This project, which had been planned for 2020, would include road/utility reconstruction work on Princess Street (Clergy to Division St.), Barrie Street (Princess to Queen St.), and Division Street (Princess to Colborne St.) with a total budget estimate of \$15,500,000 to complete.

Beyond the infrastructure upgrade and renewal that will enable future infill land development opportunities in the downtown core area, the completion of this project would also signify the achievement of a major milestone in the DAP and the complete reconstruction of the Princess Street corridor in the downtown core area between Division Street and Lake Ontario. Furthermore, this project will support the on-going work between the City and Utilities Kingston in the separation of the combined sewer system and offer needed improvements to the water distribution system and provide improved capacity for firefighting response.

Based upon the approval of Council to proceed with the Princess Street – Phase 4 project, staff from both the City and Utilities Kingston will undertake consultation with Downtown Kingston BIA, potential proponents of land development projects, and local area merchants and residents to better define design elements and timing to proceed with the construction work for Phase 4. The input received will be used to prepare a Request for Proposal that will be used to procure construction services for this project.

**Existing Policy/By Law:**

By-Law No. 2000-134 – A By-Law to Establish Purchasing Policies and Procedures

**Notice Provisions:**

Not applicable.

**Accessibility Considerations:**

As indicated within the “Options/Discussion” section of this report, accessibility considerations was one of the criteria used to evaluate the submissions received from the proponents responding to the Request for Proposal for the Reconstruction of Princess Street – Phase 3. In reviewing the proposals received, staff is satisfied that Len Corcoran Excavating has adequately addressed accessibility provisions in their proposed project execution plan. City staff will continue to monitor and work towards resolving accessibility issues during the course of the construction project.

**Financial Considerations:**

Staff recommends deferral of the Johnson Street project which is part of the budget envelope for Road Reconstruction within the 2015-2018 Multi-Year Infrastructure Program. The deferral of this project to a future multi-year plan coupled with use of funds from the approved unallocated budget envelope will enable sufficient budget within the Road Reconstruction program to

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complete the Princess Street – Phase 3 project and \$1,500,000 recoverable from Kingston Hydro for costs related to the renewal of hydro infrastructure.

Staff further recommends a budget amendment in the total amount of \$15,500,000 to undertake the Princess Street – Phase 4 project within the current 2015-2018 Multi-Year Infrastructure Program. Project funding includes \$7,570,000 from the Municipal Capital Reserve Fund, \$3,550,000 from the Water Capital Reserve Fund, \$2,880,000 from the Sewer Capital Reserve Fund and \$1,500,000 recoverable from Kingston Hydro for costs related to the renewal of hydro infrastructure. The respective proportion of pay-as-you-go and debt funding for this project will be dependent on cash flow timing and other project funding requirements. The recommended capital funding structure will be incorporated into the financial capacity and financing models presented to Council for approval as part of the 2016 capital budget.

**Contacts:**

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**Other City of Kingston Staff Consulted:**

Alan McLeod, Senior Legal Counsel

**Exhibits Attached:**

Not applicable.