



**CITY OF KINGSTON**  
**REPORT TO COUNCIL**

**Report No.: 13-210**

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**TO:** Mayor and Members of Council

**FROM:** Cynthia Beach, Commissioner, Sustainability and Growth

**RESOURCE STAFF:** Carola Bomfim Lima, Manager, Project Development

**DATE OF MEETING:** July 16, 2013

**SUBJECT:** Block 4, North Block District – Property  
Disposition/Heritage Buildings, Conference Centre  
Feasibility Study Terms of Reference, Work Plan and  
Schedule

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**EXECUTIVE SUMMARY:**

On August 4, 2009, Council adopted the recommendations of the North Block District Community & Business Enhancement Opportunities Report (2009 Report) and moved that the next steps be undertaken for the redevelopment of the City-owned property, based on the recommendations in the Report. In a subsequent report to Council on November 20, 2012, a proposed action plan and next steps for preparation and issuance of a Request for Proposals to Developers for the Block 4 portion of the North Block were provided, and accepted by Council.

On April 3, 2013 Council received Report 13-150 respecting various development scenarios for Block 4 in the North Block District. Council passed a number of motions that provided staff with direction in terms of the future development of Block 4 in order to guide the preparation of the Request for Proposals. The motions related to such matters as preferred uses, building height, parking ratios, public parking requirements, preservation of the heritage buildings, public amenities and a conference centre.

The purpose of this Report is to provide Council with: an update on the required consultation with the Municipal Heritage Committee respecting the disposition of the designated Queen Street buildings on Block 4; an overview of the Terms of Reference for a Study to investigate the feasibility and business case of developing a Conference Centre in downtown Kingston; and, an updated work plan that outlines the potential timelines for the development of Block 4 based on three options with or without a Conference Centre.

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### Property Disposition/Heritage Buildings

Council has recommended the incorporation of the designated heritage buildings into the future re-development on Block 4 in order to meet a number of objectives that benefit the community. City policy requires consultation with the Municipal Heritage Committee in regards to any designated property being considered for declaration as surplus. In addition, the City retained a heritage specialist to outline the specific requirements with regard to the preservation of the heritage buildings.

Report MHC-13-011 was received by the Municipal Heritage Committee on June 24, 2013. This Report addressed the matter of declaring the heritage buildings on Block 4 surplus, provided an update on the work of the heritage consultant that has been completed to date, and outlined the next steps for the disposition of Block 4. The City policy on real estate transactions requires that the MHC is consulted prior to declaring designated properties surplus to municipal need.

### Conference Centre Feasibility Study

The City and KEDCO are jointly funding a Study investigating the feasibility and business case of developing a Conference Centre in downtown Kingston, with Block 4 as one of the potential sites for the Centre. The recommendations in this Feasibility Study may have an impact on the content of the proposal call for and evaluation of purchasers/developers of Block 4. A consulting firm specializing in advisory services for the hospitality, leisure and tourism industries has been selected by KEDCO to prepare the study.

The Terms of Reference for the Study require the Consultant to address such matters as: defining the conference centre operating environment; supply and demand trends;

- an assessment of the current market situation in Kingston;
- an analysis of the competitive landscape focused primarily on eastern and central Ontario;
- the spatial elements of a Kingston conference centre;
- utilization projections;
- economic impact projections;
- projected capital, operating and maintenance costs; and
- possible operating and governance structures (e.g. fully privately funded, partnership between City and private sector).

### Work Plan and Schedule

This Report includes an update on the work plan presented in the November 20, 2012 report to Council, based on the directions from Council on April 4, 2013 to consider proposals that included a Conference Centre component on Block 4 which might require limited municipal funding and/or funding from other partners. As outlined above, the consideration of the possibility of a Conference Centre on Block 4 requires additional, previously unanticipated, investigation into the feasibility and business case. The work plan presented in this report (See Table A) presents the overall timelines for the selection of a purchaser/developer for Block 4 based on the following three options: (1) Conference Centre not feasible on Block 4; (2)

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Conference Centre feasible and funded 100% by the proponent; and, (3) Conference Centre feasible and subject to a Public/Private partnership.

**RECOMMENDATION:**

**THAT** Council receive this updated status report and schedule.

**AUTHORIZING SIGNATURES:**

ORIGINAL SIGNED BY COMMISSIONER Cynthia Beach, Commissioner, Sustainability & Growth
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER Gerard Hunt, Chief Administrative Officer

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Lanie Hurdle, <i>Community Services</i>	√
Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i>	√
Jim Keech, <i>President and CEO, Utilities Kingston</i>	√

***(N/R indicates consultation not required)***

**OPTIONS/DISCUSSION:**

**Purpose**

The purpose of this Report is as follows:

- 1) To provide an update on the disposition of the designated heritage buildings on Queen Street and the required consultation with the Municipal Heritage Committee;
- 2) To provide an overview of the Terms of Reference for a Study to investigate the feasibility and business case of developing a Conference Centre in downtown Kingston, with Block 4 as one of the potential sites for the Centre; and,

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- 3) To provide an updated work plan that takes into account the expanded scope of consideration for a Conference Centre on Block 4 and to identify for Council's information the potential impacts in terms of overall timelines based on three options (no conference centre - privately funded conference centre - publicly/privately funded conference centre).

### **Background**

On August 4, 2009, Council adopted the recommendations of the North Block District Community & Business Enhancement Opportunities Report (2009 Report) and moved that the next steps be undertaken for the redevelopment of the City-owned property, based on the recommendations in the Report. In a subsequent report to Council on November 20, 2012, a proposed action plan and next steps for preparation and issuance of a Request for Proposals to Developers for the Block 4 portion of the North Block were provided, and accepted by Council.

On April 3, 2013 Council received Report 13-150 respecting various development scenarios for Block 4 in the North Block District. Council passed the following motions:

#### ***Options for Development Scenarios for Block 4 in North Block District***

***THAT*** staff be directed to proceed with the preparation of a two stage Request for Proposals process, including the following:

##### **Item 1 – Building uses**

***THAT*** Council permit development proposals to include uses included in the current zoning for the property that include a mix of residential type uses, hotel with associated conference space, and ground floor commercial uses.

##### **Item 2 – Building height**

***THAT*** Council permit development proposals to be built to a maximum height between 6 and 18 storeys subject to the planning approvals required for the site including an urban design study and Heritage Impact Statements to provide the rationale for the maximum permitted heights with a planning application being prepared with this information for council's consideration.

##### **Item 3 – Parking ratios**

***THAT*** Council permit development proposals to permit parking according to ratios within a predetermined range, based on implementation of traffic demand management strategies.

##### **Item 4 – Public parking requirement**

***THAT*** Council require that development proposals include provision of 40 public parking spaces.

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**Item 5 – Heritage building preservation**

*THAT Council require that development proposals include developer ownership and restoration of the heritage buildings at 19-23 Queen Street.*

**Item 6 – Value proposition for public benefits and financial benefits**

*THAT Council require that development proposals be permitted to include a public funding component.*

**Item 7 - Conference Centre Uses on the site**

*THAT Council accept development proposals that include a conference centre component with the option for limited municipal funding contribution that includes funding from community partners, such as the Downtown Kingston! B.I.A. and the Kingston Accommodation Partners (KAP) to capital or other associate costs of a conference centre and that prior to proceeding with the Request for Proposals, staff provide a further report to Council outlining the evaluation criteria for proposals and any changes in the work plan related to this option.*

**Item 8 – Proceed with obtaining necessary statutory approvals**

*THAT staff be authorized to prepare the necessary background studies and reports for the approval of these options including requirements under the Municipal Act, Planning Act and Heritage Act for Council to provide approvals through the statutory approvals process and that a final report be prepared for Council to approve the terms of reference for the redevelopment of the property.*

These motions provided staff with direction in terms of the future development of Block 4 in order to guide the preparation of the Request for Proposals. The motions related to such matters as preferred uses, building height, parking ratios, public parking requirements, preservation of the heritage buildings, public amenities and a conference centre. The specific motions that relate to this Report include:

**Item 5 – Heritage building preservation**

**THAT** Council require that development proposals include developer ownership and restoration of the heritage buildings at 19-23 Queen Street.

**Item 6 – Value proposition for public benefits and financial benefits**

**THAT** Council require that development proposals be permitted to include a public funding component.

**Item 7 – Conference Centre Uses on the site**

**THAT** Council accept development proposals that include a conference centre component with the option for limited municipal funding contribution that includes funding from community partners, such as the Downtown Kingston: B.I.A. and the Kingston Accommodation Partners (KAP) to capital or other associate costs of a conference centre and that prior to proceeding

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with the Request for proposals, staff provide a further report to Council outlining the evaluation criteria for proposals and any changes in the work plan related to this option.”

#### Property Disposition/Heritage Buildings

Council’s motion of April 3<sup>rd</sup> (Item 5) indicated that proponents would own and restore the heritage buildings located at 19-23 Queen Street. In compliance with the Policy for the Sale and Acquisition of Real Property (Report AP-06-016), the Municipal Heritage Committee has been consulted regarding the recommendation to declare the 19-23 Queen Street and 29 Queen Street properties surplus. In addition, an update on the preparation of the Request for Proposals and the eventual sale of Block 4 lands was also provided to the Municipal Heritage Committee (MHC) on June 24, 2013 (Report MHC-13-011). The MHC endorsed the following recommendations of Report MHC-13-011:

***“THAT the Municipal Heritage Committee receive report MCH-13-011 with an update on the proposed process for the incorporation of the designated heritage properties at 19-23 Queen Street into the Request for Proposals from purchaser/developer for Block 4; and***

***THAT the City staff prepare amendments to the heritage designations based on the comprehensive research prepared for the redevelopment of the Block 4 of the North Block and that staff prepare a heritage easement for the property prior to the sale of the property.”***

The City has engaged a heritage consultant to outline specific requirements with regard to the heritage buildings of 19-23 Queen Street. This work includes an Inventory Report, Preservation and New Building Design Integration Guidelines, and Technical Conservation Guidelines. These requirements will be included in the RFP as a part of the City requirements for the Block 4 development proposals.

The range of buildings known as 19-23 Queen Street was included in Volume IV of the Buildings of Architectural and Historic Significance (BAHS), 1977 and was originally officially designated under the Ontario Heritage Act (OHA) in 1995. Following further research and in conformity to the changes to the Ontario Heritage Act in 2005, the Designation By-law was revised in 2009 (By-Law No. 2009-15). The row was entered in the Canadian Register of Historic Buildings in 2006.

The first part of the heritage consultant’s work has been completed. This consists of an inventory of the building elements (heritage attributes), and provides both an overview statement about the buildings as well as addressing specific elements of the buildings. Following are key excerpts from the Block 4 – Heritage Preservation Component of the report:

*“Heritage attributes, also sometimes referred to as character defining elements, are those aspects and features of a site which most deeply manifest the reason(s) for its cultural value. The list of heritage attributes for the 19-23 Queen Street buildings has been prioritized into*

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categories according to their level of importance to the heritage character of the building and hence for preservation.

Category 'A':

These attributes **must be preserved** in any development scenario. If commitment to the preservation of these attributes is not acknowledged in the proposal the proposal will be considered 'incomplete' and rejected. Note: The listing of 'macro' components, such as "full elevations", does not necessarily mean that absolutely no modification can occur. However the range of potentially acceptable modifications will be delineated under the **Preservation Design Guidelines**.

Category 'B':

These attributes are also important and **should be preserved**. Where the proponent feels that extenuating circumstances and/or other critical aspects of the total design preclude the preservation of any of the attributes in this category they may make that argument within their proposal. Lack of retention of these attributes may result in a 'markdown' within the proposal evaluation matrix. Note: The listing of 'macro' components, such as full elevations does not necessarily mean that absolutely no modifications can occur. However the range of potentially acceptable modifications will be covered under the **Preservation Design Guidelines**.

Category 'C':

These attributes, while contributing to the heritage character of the property, are not as essential as those listed within Category A or B. While they are still considered worthy of preservation there will be no penalty if the proposal indicates that they cannot be preserved. However retention of these attributes may be subject to 'bonus points' within the proposal evaluation matrix."

Work is currently nearing completion on the Heritage Building Related Design Guidelines. This section will consist of two main parts:

- Part 1 – Preservation Design Guidelines; and,
- Part 2 – Guidelines for Integration of New Design.

Once finalized, these documents will be utilized to develop specific requirements that will be part of the Request for Proposal, and will provide the basis for some of the proposal evaluation criteria. These requirements and evaluation criteria will be presented for review to the Heritage Committee and to Council for endorsement.

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Conference Centre Feasibility and Business Case Study

Council's motion on April 3 (Item 7) indicated that proposals incorporating a conference centre would be accepted. Staff has discussed the next steps related to this item with KEDCO. In order to appropriately develop evaluation criteria for the Request for Expression of Interest (RFEI) and Request for Proposals (RFP) that would take into account the potential inclusion of a conference centre component and also require limited municipal funding, it is necessary to conduct a more in-depth analysis of the feasibility and business proposition of a conference facility in Kingston and also more specifically on Block 4. This analysis will be focussed on confirming the business case for a conference centre (including confirmation of size/type of facility), possible capital and operating funding arrangements, and the projected economic development outcomes. This analysis will be managed by KEDCO (with City funding up to a maximum of \$25,000 through the North Block Redevelopment budget and matched by KEDCO). It is anticipated that the analysis could take between three to six months to complete. Depending on the outcome of the analysis, it could have a significant impact on the anticipated timeline for the Block 4 RFP issuance.

A consulting firm specializing in advisory services for the hospitality, leisure and tourism industries has been selected by KEDCO to prepare the study. The terms of reference for the Study are outlined as follows:

- Define the conference centre operating environment, including the City's and KEDCO's interest in entering this market;
- Summarize the relevant industry-wide conference facility supply and demand trends;
- Assess the current situation in Kingston relevant to the conference centre opportunity, including consideration of:
  - Nature and type of existing Kingston (and area) conference/meeting facilities;
  - Quantity and quality of hotel rooms and future needs, assuming the addition of a conference centre;
  - Access factors (e.g. airport and rail);
  - Interest of key stakeholders (e.g. hotel and downtown business community) in a conference centre;
  - Potential synergies with Rogers K-Rock Centre and its operators, SMG Canada; and,
  - Marketing requirements;
- Complete an analysis of the competitive landscape focused primarily on eastern and central Ontario;
- Identify the spatial elements of a Kingston conference centre, based on the demand assessment (including exhibit and meeting spaces, and supporting elements, including parking);



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- Project event load and utilization, delineating same-day and overnight events and considering peak hotel utilization periods in Kingston;
  - Calculate the economic impacts of the conference centre based on projected usage/visitation;
  - Outline the potential costs, from capital through to operating and maintenance;
  - Summarize the above information in a cost/benefit analysis; and,
  - Outline the possible operating and governance structures (e.g. fully privately funded, partnership between City and private sector) and the relative likelihood of the outlined scenarios occurring as a result of the Request for Proposal process for Block 4 and what the anticipated contribution/commitment from the City might be.

While the analysis is being carried out, staff will continue to prepare for issuance of the Request for Expressions of Interest and RFP by working on items that are independent of the outcome of the conference centre analysis. This includes drafting the parts of the Request for Expressions of Interest and RFP and evaluation criteria not linked to the conference centre, legal matters related to the property sale, and the items outlined in the section above related to the heritage buildings at 19-23 Queen Street.

#### Work Plan and Schedule

City staff have been updating the work plan as it was presented in the report to Council on November 20, 2012 (12-369). The timeline for issuance of an RFP depends on which option for a conference centre is chosen by Council:

- (1) Conference Centre not feasible on Block 4;
- (2) Conference Centre feasible, 100% proponent funded; and
- (3) Conference Centre feasible, P3 arrangement.

The timelines associated with Options 1 and 2 are relatively the same to finalize the rezoning process and complete the sale of the land to the proponent. Given the added complexity associated with a public/private partnership, Option 3 results in a much longer timeline. Completion of the dates in the following Work Program will be dependent on which of the 3 options is ultimately selected as the basis for proceeding with the Request for Proposals. The process to bring a Request for Proposals will also be impacted by the timing of the municipal election. The time taken to complete the conference centre feasibility has condensed the time available in the process for Council to complete a real estate transaction during this term of Council. The disposition of real property transactions may be restricted during an election time period. The timelines remaining to complete the Request for Proposals may also be impacted by the number of projects being completed during that same time frame.

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The timeline provided has indicated the major milestones to complete an agreement with a developer. Specific timelines have not been provided as the outcome of the feasibility for the conference centre will guide the future milestones. It is unlikely that the Request for Proposals process can be completed in 2014 with any option. The timelines will be updated once a decision is reached by Council regarding the conference centre feasibility.

**Table A:**

	Action	Target Completion Date	Current Status
1	Engage the necessary consultants and City staff in order to determine requirements for development of the site (this includes aspects such as site clean-up and risk management, partial preservation and restoration of heritage buildings, public parking requirements, public open space requirements, capacity of utility infrastructure, desired types of uses on the property, traffic impacts, density and financial modelling of various development scenarios).	Target completion by February 2013	Complete
2	Solicit public input regarding the various opportunities and challenges relating to developing the site and prioritize community objectives related to development.	Target completion by March 2013	Complete
3	Present the requirements and public feedback to Council for consideration and determination of what will be required of any Developer that proposes to develop Block 4.	Target completion by April 2013	Complete
4	Based on the requirements identified by Council, draft design guidelines for Block 4 that will form part of a Request for Proposals.	Target completion by end of June 2013	Complete
5	Commission feasibility and business case study for Conference Centre	Target June 2013	Complete
6	Council decision regarding feasibility of Conference Centre	Target November 2013	
7	Present the draft guidelines to the community to obtain feedback – “How well did we translate what we heard at the first session?”	Depends on Council direction regarding a Conference Centre	
8	Draft the Request for Information and Request for Proposals.	TBD	

	Action	Target Completion Date	Current Status
9	Issue the Request for Information from potential Developers, receive responses, evaluate and shortlist. This step is aimed at confirming that Proponents have the financial capacity, operational capacity and experience, and brownfield experience in order to successfully complete development of Block 4, and determining a shortlist of Proponents that will be invited to submit a Proposal for purchase and development of Block 4.	TBD	
10	The City initiates a re-zoning request for Block 4, based on the design guidelines previously drafted and the priorities identified by Council.	TBD	
11	Issue the Request for Proposals to the shortlisted developers, receive proposals, evaluate and select preferred Proponent.	TBD	
12	Allow the preferred Proponent to make a presentation to the Community to obtain their feedback on the proposal.	TBD	
13	Bring a report to Council outlining the results of the Request for Proposal process and the community feedback, and make a recommendation for negotiation Agreement for Purchase and Sale of Block 4 with the preferred Proponent.	TBD	
14	Finalize the rezoning process, incorporating any aspects of the preferred Proposal that are deemed relevant.	TBD	
15	Negotiate final terms of Agreement for Purchase and Sale.	TBD	
16	Developer begins work on site.	TBD	

**EXISTING POLICY/BY LAW:**

**Kingston’s Strategic Plan 2011-2014**

In terms of *Enabling Economic Development*, Council's priority is: “*Kingston is open for business and is committed to expanding the tax base through intensification for greater economic resiliency*”. To achieve that priority, during its term, Council will:

- 2.9 - “*Enable redevelopment of the North Block (in the downtown)*”;

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**Official Plan Context:**

The North Block District is part of the City's Central Business District Centre which is intended to remain as the City's Primary Centre during the life of the Official Plan and is intended to contain the most diverse uses and public facilities in a setting that respects both its heritage resources and commercial role (Section 2.2.9). Centres are also identified as areas where intensification will be focused, and where greater heights and densities will be permitted when the infrastructure is available (Section 2.2.8). The Commercial land use designation for these areas is intended to foster residential intensification, a pedestrian-focused mix of land uses, and support for transit, in order to encourage more sustainable development (Section 3.4.1). A broad range of commercial use is permitted and encouraged provided that the built form is sensitive to the historic building fabric, scale, pedestrian amenity linkages with the lake, and protected view corridors (Section 3.4.A.3).

As shown on Schedule 3-D to the Official Plan, the North Block District is identified as **Site Specific Policy Area No. 22** and is subject to the policies of Section 3.18.22 of the Plan. These policies recognize the special status of the North Block District and outline a number of provisions intended to guide the gradual intensification of the District. These provisions relate to such matters as: building heights; strengthening pedestrian access; ground floor building setbacks to allow for covered pedestrian walkways; reduction of amenity space requirements; maintaining waterfront views; replacement of surface parking with parking structures; traffic and parking impact studies; protection of heritage buildings; archaeological investigations; site remediation; and, the use of a Holding (H) Symbol.

**Zoning By-Law No. 96-259:**

The Downtown and Harbour Zoning By-Law zones the North Block District as a site specific '(H) C1-22' Central Business System Zone. This zoning permits a wide range of commercial uses as well as mixed commercial/residential developments. The minimum building height is two storeys. Minimum lot coverage is 50%; maximum lot coverage is 100%. Maximum density is 123 dwelling units per net hectare. There are no off-street parking requirements for permitted commercial uses and no off-street loading requirements. Parking for residential uses is to be provided at a ratio of 1 space per unit. The site specific zoning places a Holding (H) Symbol on the entire District that will not be removed until such time as all servicing issues have been resolved to the City's satisfaction and a Record of Site Condition has been registered in accordance with Provincial regulations. Automotive gas bars, automotive sales establishments, automobile service stations and automobile specialty repair shops are specifically prohibited in the District. The maximum permitted building height is 17 metres (55 feet) at the street line and 25.5 metres (83 feet) along the required angular plane (upper floor step-back). Specific provisions are also included for parking structures.

**NOTICE PROVISIONS:**

There are no Notice provisions related to this Report.

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**ACCESSIBILITY CONSIDERATIONS:**

This report and related information is available in alternative formats upon request.

**FINANCIAL CONSIDERATIONS:**

In order to proceed under delegated authority, funding up to a maximum of \$25,000 (matched by KEDCO), will come from the North Block redevelopment budget. Additional costs may be allocated from the approved North Block budget.

**CONTACTS:**

Cynthia Beach, Commissioner, Sustainability & Growth Group  
Carola Bomfim Lima, Manager, Project Development

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613-546-4291 ext. 1250

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Shirley Bailey, Manager, Heritage and Urban Design

**EXHIBITS ATTACHED:**

None