



**City of Kingston
Report to Council
Report Number 18-210**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Julie Salter-Keane, Community Projects Manager
Date of Meeting: July 10, 2018
Subject: Deep Water Dock and Cruise Ship Options Update

Executive Summary:

At the November 7, 2017 Council meeting, Council passed a motion directing staff to work on short term cruise ship options with Tourism Kingston to market Crawford Wharf, to initiate discussions with the owner of 1 Queen Street (the Queen Street Wharf) for a potential future partnership to develop short term and long term options for a deep water dock. Council directed staff to report back with additional technical information as well as the outcome of discussions for the potential development of a deep water dock at 1 Queen Street.

Over the past several months, staff have worked with Riggs Engineering to continue the detailed work related to an assessment of structure, navigation lines, review of hydrodynamics and consultation with sea pilots for the potential of a future deep water dock at the Queen Street Wharf.

The dredging along the Queen Street Wharf is estimated to generate up to 1,800 cubic metres of material. This material is likely contaminated from historical industrial use and, once dewatered, would need to be trucked to an appropriately licensed disposal facility. It is estimated that the dredging costs would be \$50/m³ dredging + \$20/m³ handling (dewatering prior to trucking) and \$160/m³ disposal (based on recent experience with disposal of contaminated soils). The overall estimate for the dredging costs including contingencies would therefore be approximately \$500,000. Riggs Engineering is currently working on finalizing the assessment of the structure which will be part of discussions with the property owner and included in a future Council report.

The Ministry of Transportation (MTO) completed its Environmental Assessment for the expansion of the Wolf Island Ferry dock in early 2018 and is now working on the detailed design for the expansion project. MTO intends to issue a tender for the associated dredging work in

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early 2019. City staff believe that it would be beneficial for the City and MTO to be able to partner on the dredging efforts considering the proximity of both properties.

The waterlot adjacent to 1 Queen Street Wharf is owned by the Federal Government. This is the property that requires dredging in order for any cruise ship to moor at the Queen Street Wharf. To proceed with the consideration of purchase of the waterlot the following tasks are required as identified by Riggs:

- The completion of Environmental Site Assessment(s);
- Legal property survey; and
- Appraisal of the waterlot property.

Staff are recommending that the City proceed with negotiations and complete the acquisition of the Federally-owned waterlot.

The City of Kingston has been working with seven other Ontario municipalities to complete an assessment of the cruise ship market within the Great Lakes. Based on preliminary information received by City staff, there is a broader market within the smaller and medium size cruise ships that could be attracted to Kingston. The City has initiated marketing efforts in 2018 which have resulted in a tangible increase in cruise ship calls for the year. The Options/Discussion section of this report provides more details on the current and future cruise ship market. This year, the City has retained a summer student to provide welcome/concierge services to cruise ship passengers as well as gather data and information that can be utilized to improve passenger experience in the future.

Recommendation:

That Council direct staff to negotiate the acquisition of the waterlot adjacent to the 1 Queen Street Wharf in order to establish short term and long term options for a deep water dock at this location, subject to the completion of due diligence work and to be funded from existing capital budget programs; and

That Council direct staff to negotiate and implement a collaborative contracting process with the Ontario Ministry of Transportation related to the dredging of the waterlot located next to 1 Queen Street subject to all due diligence work being completed by Riggs Engineering and proper permits are obtained; and

That Council authorize the Mayor and Clerk to execute a purchase and sale agreement, to the satisfaction of the Director, Legal Services, for the acquisition of the waterlot located next to 1 Queen Street as described in Report Number 18-210; and

That Council authorize the Mayor and Clerk to enter into collaborative contracting process, to the satisfaction of the Director, Legal Services, with the Ministry of Transportation for the dredging of the waterlot located next to 1 Queen Street as described in Report Number 18-210; and

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That Council approve a capital budget amendment in the amount of \$500,000, funded from the Environment Reserve Fund, for staff to complete the dredging work for the waterlot located next to 1 Queen Street with the intent to establish 1 Queen Street Wharf as a cruise ship terminal; and

That Council direct staff to continue discussions with the property owner at 1 Queen Street to further explore short term and long term options, including potential lease and infrastructure improvement agreements and report back to Council.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	√
Denis Leger, Commissioner, Corporate & Emergency Services	Not required

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Options/Discussion:

Cruise Lines/Cruise Ships

Since November 2017, staff have been working on short term cruise ship options to market Crawford Wharf and have initiated discussions with the owner of 1 Queen Street Wharf to discuss a potential partnership to develop short and long term options for a cruise ship terminal.

Efforts this year to market Kingston as a cruise ship port have already shown an increase in the number of cruise ships visiting Kingston and the trend continues through 2019. The following summarizes the number of cruise ships stopping in Kingston between 2017 and 2019. It is important to note that the number of cruise ship passengers is expected to almost double from 2017 to 2019.

Activity

Kingston received 36 cruise ship calls in 2017:

	Calls to Port	Total Passengers
○ Canadian Empress (66 passengers)	23	1,518
○ Kawartha Voyageur (45 passengers)	12	540
○ Hamburg (420 passengers)	1	420
Total	36	2,478

Kingston will receive 46 cruise ship calls in 2018:

○ Canadian Empress (66 passengers)	23	1,518
○ Kawartha Voyageur (45 passengers)	12	540
○ Hamburg (420 passengers)	2	840
○ Victory II (202 passengers)	1	202
○ MS Croisières Jacques Cartier (68 passengers)	8	544
Total	46	3,544

Approximately 49 cruise ship calls are proposed for 2019:

○ Canadian Empress (66 passengers)	23	1,518
○ Kawartha Voyageur (45 passengers)	12	540
○ Hamburg (420 passengers)	2	840
○ Victory II (202 passengers)	4	808
○ MS Croisières Jacques Cartier (68 passengers)	16	1,088
Total	57	4,794

Both the Victory II and MS Croisières Jacques Cartier will be visiting the City for the first time this year. Future plans for both cruise ships include increasing their visits each year. In addition, both the Grand Caribe (88 passengers) and Grand Mariner (88 passengers) are considering stops in their itinerary in Kingston in 2019 and beyond.

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Cruise ship activity in Kingston currently occurs at Crawford Wharf. Only cruise ships at the very smallest end of the vessel size spectrum (~40m LOA; ~3.5m Draft/50-100 passengers) can currently tie up at Crawford Wharf. Medium-sized (200-300 passengers) and larger vessels (more than 300 passengers) must sit at anchor and tender their guests to the pier. This is not a preferred option for the cruise ship owners but City staff have been able to make arrangements to secure the medium and large sized cruise ships.

The City of Kingston is a member of a consortium of eight municipalities located along the Great Lakes that has received a grant from the Provincial Government to retain a company to complete an assessment of the cruise ship market for the Great Lakes and specifically for the eight ports. Bermello Ajamil & Partners, based in Miami, U.S.A., was retained to complete this assessment and City staff have had a chance to obtain key information prior to the completion of a final report. Mark Ittel, Partner and Senior Vice President of Ports & Maritime of Bermello Ajamil & Partners, was in Kingston recently and provided information specific to the potential market in Kingston.

By 2020, there will be a total of five individual ocean-going cruise brands active in the Great Lakes. These five brands will operate seven different cruise ships and offer a total of 14 different itinerary patterns, nine of which call for one or more Ontario port(s).

The Great Lakes region remains very much a niche market for cruise ships and is limited by the dimensions of its many locks to a fleet of smaller vessels. However, even these limitations still leave 173 ocean-going vessels with the capability to access the Great Lakes market, 99 of which have genuine potential to do so at some point in the future. What follows is a summary description of the existing Great Lakes cruise market, including a discussion of itineraries by ocean-going vessels that are currently offered and/or planned and feedback received from cruise lines related to the region as a whole as well as the Ontario ports.

The establishment of the Queen Street wharf will ensure that medium-sized and some larger vessels are able to tie up at a wharf in Kingston. The following table summarizes known ocean-going cruise offerings within the Great Lakes through 2020.

Operator	Vessel	Itinerary	Sailings	Days	Date Range	Ports Called
Victory						(2018)
	<i>Victory I</i>	Canadian Maritimes & French Canada	2	11	mid May - early June; mid-October	PORTLAND - Halifax - Charlottetown - Quebec City - Montreal - TORONTO
		Great Lakes Grand	8	10	early June – mid-	CHICAGO - Mackinac Island - Sault Ste. Marie (MI) - Little Current -

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Operator	Vessel	Itinerary	Sailings	Days	Date Range	Ports Called
		Discovery			October	Windsor - Cleveland - Port Colborne - TORONTO
	<i>Victory II</i>	French Canada & Great Lakes	1	10	late July - early August	MONTREAL - Quebec City - Kingston - Toronto - Port Colborne - Cleveland - DETROIT
		French Canadian Maritimes & St. Lawrence	3	11	early August - early Sept.	HALIFAX - Charlottetown - Quebec City - Montreal - Port Colborne - Cleveland - DETROIT
	Subtotal		14	145		
Pearl Seas						(2018)
	<i>Pearl Mist</i>	Great Lakes & Georgian Bay	8	12	early June - early Sept.	TORONTO - Port Colborne - Windsor - Midland - Parry Sound - Little Current - Sault Ste. Marie (MI) - Mackinac Island - Muskegon/Holland (MI) - CHICAGO
		Great Lakes	2	8	mid-August - early Sept.	CHICAGO - Muskegon/Holland (MI) - Mackinac Island - Sault Ste. Marie (MI) - Little Current - Parry Sound - MIDLAND
		Canadian Maritimes & St. Lawrence	2	8	mid May; mid Sept.	PORTLAND - Bar Harbor - Lunenburg - Halifax - Charlottetown - Iles de la Madeleine - Gaspé - Baie-Comeau - Saguenay Fjord - Quebec City -

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Operator	Vessel	Itinerary	Sailings	Days	Date Range	Ports Called
						Montreal - Clayton - TORONTO
	Subtotal		12	128		
Blount						(2018)
	<i>Grande Caribe</i>	Locks, Legends & Canals	2	14	late Sept. - late October	NEW YORK CITY - West Point (NY) - Kingston (NY) - Sylvan Beach (NY) - Oswego (NY) - Clayton/Alexandria Bay - Quebec City - Trois-Rivieres - MONTREAL
		The Saguenay	4	14	early August - late Sept.	NEW YORK CITY - Kingston (NY) - Rome (NY) - Oswego (NY) - Clayton/Alexandria Bay - Quebec City - Saguenay - MONTREAL
	<i>Grande Mariner</i>	Magical Lake Michigan	2	8	Mid-August - early Sept.	CHICAGO - Holland (MI) - Beaver Island (MI) - Mackinac Island - Sturgeon Bay - Milwaukee - CHICAGO
		Locks, Legends & Canals	1	14	Mid-October	NEW YORK CITY - West Point (NY) - Kingston (NY) - Sylvan Beach (NY) - Oswego (NY) - Clayton/Alexandria Bay - Quebec City - Trois-Rivieres - MONTREAL
		The Saguenay	1	14	early October	NEW YORK CITY - Kingston (NY) - Rome (NY) - Oswego (NY) - Clayton/Alexandria Bay - Quebec City - Saguenay -

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Operator	Vessel	Itinerary	Sailings	Days	Date Range	Ports Called
						MONTREAL
	Subtotal		10	128		
Plantours	<i>Hamburg</i>	Sondre Stromfjord	32	1	mid Sept. – mid-October	Kangerlussuaq - Nuuk/Godthåb (Greenland) - Paamiut/Frederikshåb (Greenland) - Qaqortoq/Julianehåb (Greenland) - Red Bay (NL) - Norris Point (NL) - Woody Point (NL) - Cap-aux-Meules - Gaspé - Baie-Comeau - Saguenay - La Baie - Pointe-au-Pic – Québec City - Montreal - Toronto – Windsor - Tobermory - Little Current - Milwaukee - Chicago - Traverse City (MI) - Mackinac Island - Port Colborne - Kingston - Montreal
	Subtotal		32	32		
Ponant						(2019)
	<i>Le Champlain</i>	Great Lakes of North America	2	11	Mid-Sept.; mid-October	QUEBEC CITY - Toronto - Port Colborne - Parry Sound - Little Current - Sault Ste. Marie - Mackinac Island - MILWAUKEE
	Subtotal		2	22		
Hapag-Lloyd						(2020)
	<i>Hanseatic</i>	Urban Gems,	1	16	mid May - early	BOSTON - Bar Harbor - St. John - Halifax - Norris

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Operator	Vessel	Itinerary	Sailings	Days	Date Range	Ports Called
	<i>Inspiration</i>	Wild Splendour			June	Point (NL) - Iles de la Madeleine - Saguenay - Quebec City - Montreal - TORONTO
		Great Lakes	2	14	mid June - early July	TORONTO - Windsor - Tobermory - Parry Sound - Little Current - Sault Ste. Marie - Thunder Bay - Duluth - Mackinac Island - Traverse City - CHICAGO
		Labrador, Hudson Strait & Greenland	1	20	mid July	TORONTO - Montreal - NorrisPoint (NL) - Redy Bay (NL) - Battle Harbour (NL) - Rigolet (NL) - Hopedale (NL) - Ilulissat - Disko Bay - Sisimiut - KANGERLUSSUAQ
	Subtotal		4	64		
	TOTAL		42	487		

Despite vessel size limitations associated with physical access to the region, there is still a sizable small ship market (as noted above) in which Kingston can compete. The Bermello Ajamil & Partners, Partner & Senior Vice President, commented that the City of Kingston should focus on the small and mid-size cruise ship market while ensuring that infrastructure expenses for cruise ships are not too significant.

Technical Review of 1 Queen Street Wharf

Staff have retained the services of Riggs Engineering to proceed with follow-up assessment of the existing wharf at 1 Queen Street to determine the feasibility of establishing a cruise ship terminal.

Bathymetric Survey of Approach Route

Bathymetry was collected for the approach to 1 Queen Street. The limits of this survey were defined based on current approach routes for large vessels (such as the Wolf Islander Ferry). The survey limits produced coverage of minimum 200 metres wide and extended from the proposed berth at 1 Queen Street offshore to a point where navigable depths are consistently 6 metres or more below chart datum. The bathymetry in the vicinity of the wharf was also resurveyed in order to increase the density of points in this area.

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Based on the reports for the MTO Wolfe Island Ferry and Docking Improvements study, and assuming the recommendations presented within those reports are implemented, it is not anticipated that there will be a need for additional dredging within the approach channel beyond what MTO would undertake.

Investigation of Lakebed Materials

The bed was physically probed in areas where bathymetric survey indicates that navigable depths are limited; underwater video (surface operated) was also employed where considered relevant to document bed conditions. Sediment testing to confirm environmental quality and waste classifications is currently underway.

Preliminary Dredging Plan

The dredging along the Queen Street Wharf is estimated to generate up to 1,800 m³ of material. This material is likely contaminated due to historical industrial harbour activity and would need to be dewatered and trucked to an appropriately licensed disposal facility. Riggs has estimated the dredging costs assuming unit prices of \$50/m³ for dredging + \$20/m³ for handling (dewatering prior to trucking) and \$160/m³ for disposal (based on recent experience with disposal of similarly contaminated soils). Additional lump sum costs will be required for environmental controls and monitoring. The overall estimate for the dredging initiative with contingencies for lump sum costs would therefore be approximately \$500,000.

Exhibit A illustrates the approximate area for dredging. Much of the volume is along the area closest to the wharf. This limit is based on the property boundary and a required water depth of 4.6 metres below datum to accommodate the MV Victory 1.

The Pearl Mist is illustrated (Exhibit A) as it is one of the larger medium size cruise ship (length/beam vessel). Permit applications will be prepared for submission to relevant approval agencies which may include the Cataraqui Region Conservation Authority (CRCA), Ontario Ministry of Natural Resources (MNR), Transport Canada (TC) and the Department of Fisheries and Oceans (DFO). The permit application will include the preliminary dredge plan, environmental protection plan and information regarding dredge disposal as well as supporting discussion.

Federal Waterlot

The waterlot adjacent to 1 Queen Street Wharf is owned by the Federal Government. In order for any cruise ship to moor at the Queen Street Wharf, the City would be required to purchase the waterlot. To proceed with the consideration of purchase of the waterlot the following tasks are required as identified by Riggs:

- The completion of Environmental Site Assessment(s);
- Legal property survey; and
- Appraisal of the waterlot property.

Existing Policy/By-Law:

Not applicable

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Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

Funding for this dredging project is available in the Environment Reserve Fund. There is sufficient capital budget within works-in-progress to cover the costs of waterlot due diligence works and waterlot acquisition.

Contacts:

Lanie Hurdle, Commissioner, Community Services 613-546-4291 extension 1231

Julie Salter-Keane, Community Projects Manager 613-546-4291 extension 1163

Other City of Kingston Staff Consulted:

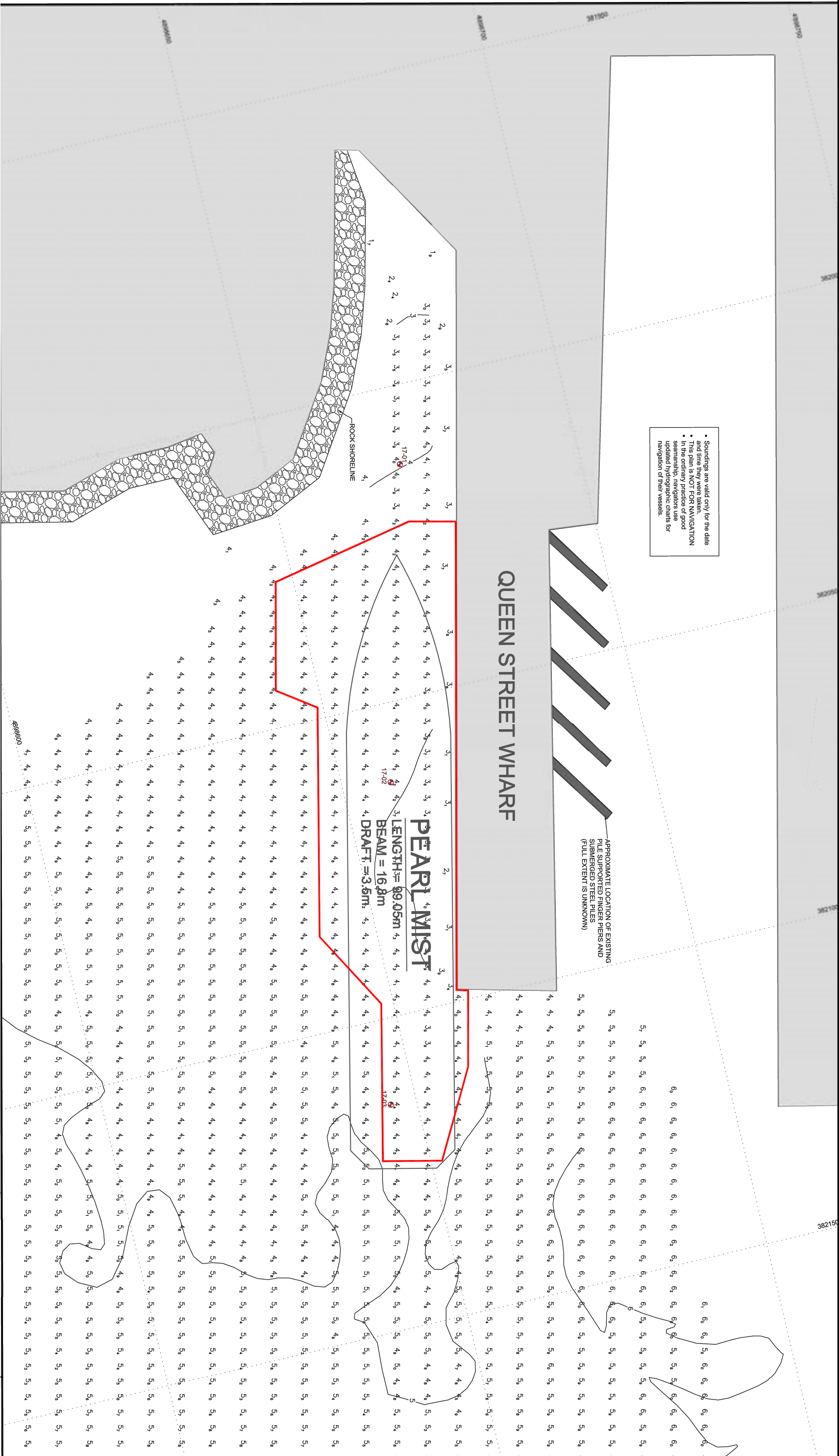
Peter Huigenbos, Director, Real Estate & Environmental Initiatives

Paul MacLatchy, Environment Director, Real Estate & Environmental Initiatives

Desiree Kennedy, Chief Financial Officer & City Treasurer

Exhibits Attached:

Exhibit A Dredge Limits – Queen Street Wharf



LEGEND
 17-01
 SEDIMENT SAMPLING LOCATION
 APPROXIMATE DREDGE BOUNDARY



FIGURE 4.1
 QUEEN ST. WHARF
 APPROXIMATE DREDGE AREA
 CLIENT CITY OF KINGSTON

