



**City of Kingston
Report to Council
Report Number 19-142**

To: Mayor & Members of Council
From: Lanie Hurdle, Acting Chief Administrative Officer
Resource Staff: Not applicable
Date of Meeting: May 8, 2019
Subject: Kingston Economic Development Corporation: Contracts
Beyond Term of Service Level Agreement

Executive Summary:

The purpose of this report is to request Council's approval for the arms-length organization, Kingston Economic Development Corporation (Kingston EcDev), to enter into three (3) new contracts beyond the term of the Service Level Agreement (SLA) between the City of Kingston and Kingston EcDev.

In accordance with the SLA entered into between the City of Kingston and Kingston Economic Development Corporation ([Report to Council 16-325](#)), Section 2.4 reads:

"The Economic Development Office covenants and agrees that it shall not, without the prior written approval of the City, enter into any contract with, or incur any financial obligation to, any third party which contract or obligation extends beyond the term of this agreement, except with respect to funding programs as contemplated in Section 4.4 of this Agreement".

The current SLA between the City of Kingston and Kingston EcDev will be complete on December 31, 2020, and the request from Kingston EcDev to enter into three (3) new contracts (Exhibit A) extends beyond the length of the current SLA. Therefore, Kingston EcDev is requesting Council's approval. City staff have reviewed the information and are bringing this report forward to confirm the City's consent to enter into the three (3) contracts identified in this report beyond the term of the current SLA.

Recommendation:

That Council gives its approval for Kingston Economic Development Corporation to enter into a contract with KPMG for corporate audit services for 2019 and 2020 with an option to extend for

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an additional two years at the direction of the Kingston Economic Development Corporation Board of Directors; and

That Council gives its approval for Kingston Economic Development Corporation to enter into a new lease agreement effective in 2019 and a 5-year term, subject to the functionality of the new location and within the budgetary amount presented to Council as part of the 2019 Operating Budget for Kingston Economic Development Corporation; and

That Council gives its approval for Kingston Economic Development Corporation to continue to use provincial funding from The Ministry of Economic Development, Job Creation and Trade, to deliver Small Business Enterprise Centre services and to administer the Summer Company and Starter Company Plus programs, for a three-year period commencing April 1, 2019 through March 31, 2022.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Lanie Hurdle, Acting Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Gary Dyke, Commissioner, Corporate Enterprise Services

Peter Huigenbos, Acting Commissioner, Community Services

Jim Keech, President & CEO, Utilities Kingston

Desirée Kennedy, Chief Financial Officer & City Treasurer

Sheila Kidd, Commissioner, Transportation & Public Works

Not required

Not required

Not required

Not required

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Options/Discussion:

In accordance with the SLA entered into between the City of Kingston and Kingston Economic Development Corporation ([Report to Council 16-325](#)), Section 2.4 reads:

“The Economic Development Office covenants and agrees that it shall not, without the prior written approval of the City, enter into any contract with, or incur any financial obligation to, any third party which contract or obligation extends beyond the term of this agreement, except with respect to funding programs as contemplated in Section 4.4 of this Agreement”.

The current SLA between the City of Kingston and the Kingston Economic Development Corporation will be complete on December 31, 2020, and the request from the Kingston Economic Development Corporation to enter into three (3) new contracts (Exhibit A) extends beyond the length of the current SLA. Therefore, Kingston Economic Development Corporation is requesting Council's approval for the following:

1. Auditing Services

In 2018, the Kingston Economic Development Corporation issued an RFP for auditing services for their annual Corporate audit. After review by the Kingston Economic Development Corporation Finance Committee, a recommendation was brought to their Board to confirm KPMG as the Corporate auditors for the 2018 year. The decision was based on quoted fees and the interest to align Kingston Economic Development Corporation auditing services with the City of Kingston. Kingston Economic Development Corporation wishes to confirm a contractual relationship with KPMG for the corporate audit of years 2019 and 2020 with an option to extend for an additional two years at the direction of the Board of Directors.

2. Office Space Lease

Kingston Economic Development Corporation currently operates out of 106-945 Princess Street. The lease expires on July 31, 2019. The Board of Directors, at their April 15, 2019 meeting, approved in principal the relocation of the Corporation's offices to 366 King Street East (The Royal Block). The space was identified after a comprehensive review of locations that would be more accessible and meet the needs of the Corporation. The term of the lease is for a five-year period (with option to terminate after thirty-six months with a penalty) at a gross annual fixed rate of \$69,122. There is an option for extension of the lease for two additional five year periods at fair market rate. This lease represents an annual cost savings of \$10,000 per year for the Corporation over the next five years.

3. Provincial Small Business Enterprise Centre Obligations

The Ministry of Economic Development, Job Creation and Trade confirmed their intent to renew the Small Business Enterprise Centre funding for a three-year period commencing April 1, 2019 through March 31, 2022. Kingston Economic Development Corporation will receive consolidated annual funding of \$247,650 for the delivery of Small Business Enterprise Centre services and to administer the Summer Company and Starter Company Plus programs.

By giving its approval to enter into the lease agreement, the City is only giving its consent to the transaction and does not guarantee or otherwise assume liability on behalf of Tourism Kingston.

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Existing Policy/By-Law:

[Report to Council 16-325](#), dated October 4, 2016

City of Kingston By-Law Number 2019-028 A By-Law to Approve the 2019 Operating Budget

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

Kingston Economic Development Corporation's lease payments are budgeted annually as part of their Operating Budget, as presented to Council.

Contacts:

Lanie Hurdle, Acting Chief Administrative Officer 613-546-4291 extension 1231

Other City of Kingston Staff Consulted:

Not applicable

Exhibits Attached:

Exhibit A Letter From Kingston Economic Development Corporation, dated April 18, 2019

Memorandum



Date: April 18, 2019

From: Donna Gillespie, CEO Kingston Economic Development Corporation

To: Kingston City Council

Subject: Approval to enter contracts that extend beyond the term of the Service Level Agreement

Summary:

As per section 2.4 of Service Level Agreement with the City of Kingston, “The Economic Development Office covenants and agrees that it shall not, without the prior written approval of the City, enter into any contract with, or incur any financial obligation to, any third party which contract or obligation extends beyond the term of this agreement, except with respect to funding programs as contemplated in Section 4.4 of this Agreement”.

Recommendation:

Kingston Economic Development Corporation is seeking written approval from Kingston City Council to enter into the following contracts that extend beyond the term of the Agreement which concludes December 31, 2020 at no additional cost to the City of Kingston.

1. Auditing Services

In 2018, Kingston EcDev issued an RFP for auditing services for the annual Corporate audit. After review by the Finance Committee, a recommendation was brought to the Board to confirm KPMG as the Corporate auditors for the 2018 year. The decision was based on quoted fee and the interest to align EDO auditing services with the City of Kingston. Kingston EcDev wishes to confirm a contractual relationship with KPMG for the corporate audit of years 2019 and 2020 with an option to extend for an additional two years at the direction of the Board of Directors.

2. Office Space Lease

Kingston EcDev’s current lease at 945 Princess Street ends on July 31, 2019. The Board of Directors at their April 15 meeting approved in principal the relocation of the Corporation’s offices to 366 King Street East (The Royal Block). The space was identified after a comprehensive review of locations that would be more accessible and meet the needs of the Corporation. The term of the lease is for a five-year period (with option to terminate after thirty-six months with a penalty) at a gross annual fixed rate of \$69,122. There is an option for extension of the lease for two additional five year

Memorandum



periods at fair market rate. This lease represents an annual cost savings of \$10,000 per year for the Corporation over the next five years.

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