



**City of Kingston
Report to Council
Report Number 24-089**

To: Mayor and Members of Council
From: Paige Agnew, Commissioner, Growth & Development Services
Resource Staff: Brandon Forrest, Director, Real Estate, Business & Environment
Date of Meeting: February 20, 2024
Subject: Conference Centre Update and Next Steps

Council Strategic Plan Alignment:

Theme: 5. Drive Inclusive Economic Growth

Goal: 5.8 Ensure the downtown remains vibrant.

Executive Summary:

This report provides Council with an update on the Request for Expressions of Interest (RFEOI) process related to the development opportunity on Block 4 of the City-owned North Block District, following Report Number [23-130](#), which was presented to Council on May 2, 2023.

The development opportunity is to convert the property into a vibrant mixed-use development, with a conference centre, hotel, high-density residential and associated commercial space.

The purpose of the RFEOI was to gauge interest in this opportunity and develop a shortlist of developers with demonstrated experience, a conceptual approach to the development, and the financial capacity to undertake this development opportunity.

The RFEOI identified possible outcomes of the process and how the City may proceed based on the number and quality of responses. The possible outcomes included either the option to proceed to a second stage Request for Proposal (RFP) with a shortlist of pre-qualified

February 20, 2024

Page 2 of 7

proponents, or to negotiate directly with the proponent that submits the highest scoring RFEOI submission.

The RFEOI received responses from six qualified developer proponents. Based on the quality of all submissions, it is recommended to proceed to the RFP stage with all six of the proponents.

As part of the subsequent RFP process, staff are recommending an honorarium of \$50,000 be offered to each of the pre-qualified proponents upon receipt of a complete submission package. The intention of the honorarium is to demonstrate Council's commitment to the proponents, a recognition of the significant costs incurred in making a detailed RFP submission and to help ensure the highest quality submissions are received. The provision of an honorarium is consistent with the City's approach on large projects in the past (i.e. LVEC) and is a common industry practice.

Staff are also recommending that the City continue to work with NBLC to develop, issue and manage the RFP process.

Recommendation:

That Council direct staff to initiate the Request for Proposal process with the six pre-qualified proponents identified in Report Number 24-089, as a result of the Request for Expression of Interest process; and

That Council authorize the issuance of an honorarium of \$50,000 to each of the pre-qualified proponents that submit a "complete" submission through the Request for Proposal process, to be funded by existing capital budgets; and

That Council authorize the Mayor and Clerk, to enter into a contractual agreement with N. Barry Lyons Ltd. to develop, issue and manage the Request for Proposal process on behalf of the City, to be funded from existing capital budgets, in a form satisfactory to the Director, Legal Services.

February 20, 2024

Page 3 of 7

Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jennifer Campbell, Commissioner, Community Services Not required

Neil Carbone, Commissioner, Corporate Services Not required

David Fell, President & CEO, Utilities Kingston Not required

Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives Not required

Brad Joyce, Commissioner, Infrastructure, Transportation
& Emergency Services Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

February 20, 2024

Page 4 of 7

Options/Discussion:**Background**

The concept of redeveloping Block 4 for a mixed-use development has been under consideration by Kingston City Council for many years. There has been significant study and analysis with respect to the property's future use by the City and its partners. The following summarizes the relevant work that has been completed since 2009 when the property was recognized as a significant opportunity to achieve community and business objectives, as part of a larger analysis of the North Block District. Since then, there has been a growing interest in exploring the redevelopment of the lands for a range of public and private uses.

On May 2, 2023, City staff presented an update on the feasibility and business case for a conference centre, as well as options of how Council could proceed, through Report Number 23-130. The selected option was to pursue a "creative" approach which would maximize City-owned assets (Block 4) and various municipal tools and incentives to leverage private sector investment that could result in the development of the conference centre without significant City investment to construct a stand-alone facility.

To make this proposal appealing to the private sector, it is critical that the City provide the clear development potential and clear expectations, which will be outlined in detail in the RFP. The high-level development considerations for all submissions must include:

- a multi-use redevelopment including a restaurant, hotel (with approximately 100 rooms), residential, ground floor commercial spaces and other complementary uses and any other applicable land use policies.
- Inclusion of a 52,000 square foot privately owned and operated conference centre space.
- Inclusion of a minimum of 169 public parking spaces.
- Retention, restoration and/or adaptive re-use of the heritage buildings at 19-23 Queen Street.
- A future partnership opportunity between the operator of the hospitality component of the project and St. Lawrence College has been identified. This could include the creation of experiential learning opportunities in the form of "living labs" catering to the delivery of services. Program specifics have not been defined but it will not require dedicated space for St. Lawrence College.

To secure private developer interest in the development partnership it was also identified that certain City contributions be included:

- City contribution of the Block 4 property for \$1.
- City contribution of approximately \$40,000 per public parking stall.
- City property tax exemption for the conference centre space through a Community Improvement Plan (CIP).
- Eligibility for the City's Brownfields program.

February 20, 2024

Page 5 of 7

- Contribution of up to \$110,000 per year for five years from the Municipal Accommodation Tax.

The RFEOI process launched on September 29th, 2023. The particulars of the RFEOI process include:

- The opportunity was sent directly to 502 individual email contacts (primarily developer/builders, plus other industry contacts in the hospitality sector).
- The opportunity was advertised throughout the month of October in Novae Res Urbis, Renx.ca, The Globe and Mail – National Real Estate section, and the Ontario Business Journal.
- Registrants of the website (upon executing a Confidentiality Agreement) were provided with a submission requirements document and other materials.
- Questions were due November 1st, by 5 p.m. – a total of 35 questions were received demonstrating significant interest in the opportunity and depth of understanding of the project opportunity and complexity.
- Six RFEOI submissions were received by the Closing Time (November 28th, 2023, 1:00 p.m. EST).
- Completeness of the submissions by NBLC was assessed immediately following closing of the ‘in-market’ process. The RFEOI Evaluation Team, comprised of a multi-disciplinary team of senior staff from NBLC and City Staff, scored submissions and jointly conducted a ‘Consensus Session’ on February 8th, 2024.
- Before receiving submissions, each evaluator was provided with a memorandum outlining the RFEOI Evaluation Protocol.

Each member of the RFEOI Evaluation Team conducted an independent review of the submissions using an Evaluation Matrix. The Matrix included a description of the factors to guide scoring. The Evaluation Matrix was point-rated to determine the technical level of each proposal and the best overall value to the City. The rated criteria included:

1. Identification of Lead Proponent, the Proposed Project Team, and Senior Personnel;
2. Description of Interest and Conceptual Approach to the Project; and
3. Project Experience – including demonstrated experience within a similar market area and technical experience with similar projects.

Summary of Results

All six submissions were deemed ‘complete’ based on non-rated (minimum) requirements and advanced to the rated round.

Based on the scoring and the consensus of the evaluators, it is recommended that all six proponents listed below be invited to proceed to the RFP process:

- Taggart Group of Companies and CaraCo;
- Claridge Homes Group of Companies;

February 20, 2024

Page 6 of 7

- IN8 64 Barrack (IN8 Developments Incorporated, The Springer Group of Companies and Westdale Properties);
- Homestead Land Holdings Limited;
- Jay Patry Enterprises and Trinity Development Inc; and
- Fitzrovia and Seeker Labs.

Next Steps and RFP Process

NBLC would complete the RFEOI process by sending notification letters to the successful proponents. Successful proponents will be advised of the opportunity to enter the second stage RFP process and will be asked to sign a commitment letter to proceed to the next stage.

NBLC and City staff will work through the ideal transaction structure with a view to developing the RFP submission requirements. The RFP will include and build on all elements already endorsed by Council through Report Number 23-130 and included in the RFEOI. More details on space and operational requirements for these approved elements will be captured in the RFP.

Once a transaction structure has been determined, the RFP document can be developed around it.

RFP submissions will have at least two key components:

1. The Design Concept: A more detailed design of the proponent's approach to the project.
2. The Business Case: Summarizing the financial aspects of the submission including the proposed deal structure.

As with the RFEOI process, NBLC would review each submission to ensure that each is complete with respect to the standards of the RFP document. NBLC and the City would establish an Evaluation Committee to review the submissions based on the criteria outlined in the RFP document.

Given the high-profile nature of this project, consideration will be given to the inclusion of an external subject matter expert(s), such as a well-respected architect or urban planning professional, be added to the evaluation process.

Financial Considerations:

The \$300,000 for the honorarium and \$85,000 for consulting services provided by N. Barry Lyon Consultants to administer the RFP process will be funded from existing capital budgets.

Contacts:

Brandon Forrest, Director, Business, Real Estate and Environment, 613-546-4291 extension 2205

February 20, 2024

Page 7 of 7

Other City of Kingston Staff Consulted:

Jenna Morley, Director, Legal Services & City Solicitor

Exhibits Attached:

None