
Report To: Finance and Corporate Services Committee

Date of Meeting: October 2, 2006

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Ward(s) Involved: All

Date of Report: September 28, 2006

Report No.: CAO-06-060

Subject: CENTRE BLOCK REDEVELOPMENT - REQUEST FOR EXPRESSIONS OF INTEREST / PROPOSAL

RECOMMENDATION:

1. That the City of Kitchener issue its Request for Expressions of Interest / Proposals for the redevelopment of Centre Block contained as Appendix A and B of CAO-060-060.
2. That a new "Centre Block Evaluation Committee" be struck according to the mandate and general membership outlined in CAO-06-060.
3. That City of Kitchener staff work with staff from the Region of Waterloo and Kitchener Housing Inc. to develop a strategy by June 2007 for the relocation of the remaining residents of the Mayfair Hotel to a superior facility ideally within the proximity of the downtown.

REPORT OUTLINE:

1. Background
2. The Community's Vision for Centre Block
3. Elements of Centre Block
4. Heritage (Forsyth Materials, Mayfair and 156-158 King Street)
5. Centre Block Evaluation Committee
6. Evaluation Process and Estimated Timeline
7. Public Input into the Evaluation of Proposals
8. Evaluation Criteria Applied to the Final Two Proposals
9. Financial Implications
10. Conclusion
11. Appendix A: RFP Part A - Overview
12. Appendix B: RFP Part B - Details

1.0 BACKGROUND:

On July 4, 2006, City Council approved a motion to separate the central library and Centre Block redevelopment projects. At that time Council directed staff to proceed quickly with the development of a draft Request for Expressions of Interest / Proposals (RFP) for the redevelopment of Centre Block in an attempt to capitalize on the growing momentum and private sector interest in Kitchener's downtown.

Building on the work of the previous KPL / Centre Block Project Committee and the significant amount of public input the City has received on the community's vision for Centre Block, over the summer months staff developed the Centre Block Request for Expressions of Interest / Proposal (RFP) attached to this report as Appendix A and Appendix B.

The Centre Block RFP is the document that invites and guides proposals from developers interested in redeveloping the eight City-owned properties that comprise the Centre Block. The RFP sets out the project's overall specifications including, among other things: the community's vision for the block, information about the City's design guidelines and other municipal regulations and legalities, the application procedure and the process that will be used to evaluate submissions and eventually select a developer for the project.

REPORT:

2.0 The Community's Vision for Centre Block:

The successful redevelopment of Centre Block should reflect the community's shared vision for the block and contribute to the City's wider goal of re-energizing the downtown and making it a place for people – a destination for entertainment, arts and culture, careers, urban living and higher learning.

Staff has developed a specific vision statement for the block based on the input of thousands of Kitchener residents who have participated in several public consultation processes. Those public consultations include: the Centre Block Design Charette (November 05) and the Centre Block Citizens' Forum (Spring 06). Staff also considered other relevant input gathered through the Who-are-you-Kitchener campaign (Spring 06) and the Help Design Downtown public process (Summer 06).

The community vision statement for Centre Block, as clearly outlined in the RFP is: *"Within a re-energizing downtown, Centre Block will be a vibrant new main street destination that will offer new stores, urban living alternatives and style. Centre Block will reinforce the downtown as a cultural urban centre and act as a catalyst for day and evening activities."*

3.0 Elements of Centre Block

In addition to the specific vision statement, staff identified several key themes that emerged repeatedly throughout the public consultations. Those key themes include:

- Making the block a people place with 24/7 vitality.
- A high-quality mixed-use development including housing, retail and commercial buildings.
- Active commercial uses along King Street to animate the streetscape.
- Green space, open space on the site with strong pedestrian links.
- Restaurants, cafes.
- Public spaces for congregation/meeting friends/reading etc.
- Some arts and culture focus.
- A safe and secure environment.

To ensure the entire RFP process remains focused on achieving the community's vision for the Centre Block, and on the specific key themes listed above, staff has identified a number of required and preferred elements for the redevelopment of the block.

In addition to the requirement for 250 public parking spaces in an underground parking structure, the RFP clearly outlines the following preferred elements: diverse residential development; street-level, active retail and commercial uses; excellence in building design; combinations of safe, connected public outdoor spaces within the site; opportunities for connected outdoor animated uses such as restaurants or cafes; and incorporation of public art.

The RFP also indicates the City's requirements for the incorporation of reclaimed bricks and timber (from former buildings) owned by the City into public and/or private components of the development.

4.0 Heritage:

To ensure that the proposals received by the City reflect its desire for the redevelopment of Centre Block to reflect the heritage of the site and of the overall downtown, the RFP places a high weighting on heritage related criteria which will be used to evaluate each of the final two proposals. Criteria related to the redevelopment and reuse of the two existing heritage buildings accounts for 1/4 of the overall evaluation score.

Forsyth Materials

The RFP clearly states that the City wishes to honour the history of the block through building design and the reuse of reclaimed and salvaged materials from the former Forsyth factory.

The Former Mayfair Hotel (11 Young) & 156-158 King Street

Retaining the external façade of both the Mayfair and 156-158 King Street; retaining the Mayfair building in its entirety; and retaining the interior features in both buildings have all been deemed significant by Heritage Kitchener and have all received a high weighting in the evaluation criteria. The addition of three levels to 156-158 King Street buildings has been identified as a preferred feature.

The RFP asks that proposals respect a Council resolution of February 2006 that indicates both the former Mayfair Hotel and the adjacent 156-158 King Street building are of significant cultural heritage value and must be retained in their entirety. Developers are also encouraged to reuse/maintain certain interior elements identified in both buildings that have been listed on the City's Heritage Inventory because they are deemed of cultural heritage value.

It will be many months before the remaining residents of the Mayfair will need to move from the building. Staff is recommending that they will continue to work with Waterloo Region and Kitchener Housing to develop a full strategy to relocate the remaining residents of the Mayfair Hotel to a superior facility that will ideally remain within a close proximity of the downtown. Staff is recommending that that strategy be finalized by June 2007 – well in advance of any potential construction on that site.

5.0 Centre Block Evaluation Committee

Staff is recommending the creation of a new “Centre Block Evaluation Committee” according to the mandate and membership outlined below:

The mandate of the Centre Block Evaluation Committee will be to:

- Evaluate the Expression of Interest Proposals received and screen applicants to be interviewed based on ability to provide a successful redevelopment.
- Interview the selected proponents and short list them to two final proponents based on the scoring criteria outlined in Step 3 of the Centre Block RFP.
- Gather public input on the final two detailed proposals and use that input as one piece of information in evaluating those proposals based on the criteria and scoring system outlined in Step 4 of the Centre Block RFP.
- Conduct negotiations with the final two proponents and make a recommendation to City Council on the final, preferred development proposal for Centre Block.

The members of the Centre Block Evaluation Committee will be:

1. Executive Director, Economic Development, City of Kitchener (Chair)
2. Chief Administrative Officer, City of Kitchener
3. Director of Project Administration and Economic Investment, City of Kitchener
4. Manager of Downtown Community Development, City of Kitchener
5. Director of Purchasing, City of Kitchener
6. Director of Planning, City of Kitchener
7. Representative of Kitchener Downtown Business Association
8. Citizen Advisor – Financial
9. Citizen Advisor – Building Design
10. Citizen Advisor – Development/Real Estate/Planning
11. Citizen Advisor – Development/Construction

The five citizen volunteers who will participate on the committee will be chosen through an open application process similar to the selection of Council advisory committees. A staff report with recommendations will be brought forward to City Council in mid-January.

6.0 Evaluation Process & Estimated Timeline:

The Centre Block RFP outlines a four-step evaluation process that will run for approximately 52-60 weeks. Following the selection of a successful redevelopment proposal for the block, the City would expect construction to begin within six months of achieving a signed agreement between the City and the selected proponent with the entire development being completed within 36 months of that agreement.

Step	Description:	Estimated Timeline:
1	Issue and receive of Expressions of Interest.	October 23, 2006 – January 5, 2007 (10 weeks)
2	Centre Block Evaluation Committee screens Expressions of Interest and short lists proponents. Screening criteria includes: experience in real estate development and construction of similar projects; financial ability and resources of the developer to deliver the project; credentials in terms of business history, organizational staff and key staff that would be assigned to the project.	Mid January 2007 – Early March 2007 (6 weeks)
3	Centre Block Evaluation Committee interviews selected proponents. During this step, proponents will be requested to provide information and will be scored in the following areas: opportunities for development of the site and structure of the team/organization; ideas and suggestions for the parking structure; structure of their suggested financial arrangement and a discussion of their legal history. Centre Block Evaluation Committee selects the final two proponents.	Mid March 2007 – End of May 2007 (6 weeks)
4	Final two proponents enter into an agreement with the City whereby the unsuccessful proponent will receive a predetermined fee for their participation in the process. Final two proponents will prepare detailed proposals and present them to the public for feedback. After receiving public input, the Centre Block Evaluation Committee will evaluate the final two detailed proposals based on the detailed scoring system outlined in step 4 of the RFP. Centre Block Evaluation Committee will negotiate with the final two proponents before reaching a final recommendation to present to City Council.	Early June 2007 – October 2007 (20 weeks) *Public consultation process to begin in Sept. 2007.

7.0 Public Input into the Evaluation of Proposals

Citizens have been playing a vital role in the redevelopment of Centre Block for many months through their participation in various public processes that have helped to shape the vision for Centre Block. (2005 Centre Block Design Charette, 2006 Centre Block Citizens' Forum; 2006 Downtown Design Guidelines public consultations.)

Moving forward, citizen advisors will be a part of the newly created Centre Block Evaluation Committee.

The general public will also play a role in determining the final redevelopment proposal for Centre Block. The detailed proposals submitted by the two short-listed proponents will be subject to extensive public consultation and comment. At minimum, the public consultation will consist of presentations to Council and pertinent advisory committees and a citizen's town hall meeting. Comments from the public will be taken into consideration by the Centre Block Evaluation Committee when selecting the successful proponent.

8.0 Evaluation Criteria Applied to the Two Final Proposals

The Centre Block Evaluation Committee will use the following weighted scoring criteria outlined in Step 4 – Centre Block Scoring Methodology to evaluate four overall components of each of the two final proposals, including their treatment of:

- The overall Centre Block site;
- The open space on the site;
- The redevelopment/reuse of 11 Young Street and the adjacent 156-158 King Street
- The parking structure

Each of the four components is weighted equally and is broken down to indicate preferred elements which are assigned points for a total of 100 points for each individual component – a total of 400 points combined. Refer to the following chart for details.

STEP 4 – Centre Block Project Scoring Methodology

OBJECTIVES		Weight of criteria	SCORING (weight x score = total score)			
			0 - Does not meet objective 25% - Meets part of the objective 50% - Meets half of the objective 75% - Meets most of the objective 100% - Meets the objective fully			
			PROPONENT ONE		PROPONENT TWO	
		% Score	Total Score	% Score	Total Score	
A. THE CENTRE BLOCK SITE						
1	Develop the site in accordance with the Urban Design Guidelines. (Section 2.0 of this document.)	72				
2	Provide a development that uses the entire site	28				
SUBTOTAL A		/100				
B. OPEN SPACE						
3	Provide a development that maximizes the land available in accordance with Kitchener's Zoning By-Law regulations	16				
4	Provide diverse residential development that maximizes the density of the site	12				
5	Ensure that active uses (restaurants, retail, etc.) are focused along ground levels that face public streets and public spaces	16				
6	Create an attractive development which is interesting, has presence and makes a positive statement	16				
7	Provide public outdoor spaces within the site for comfortable pedestrian movement, meeting, relaxing, eating or reading purposes and with linkage to indoor activities	12				
8	Incorporate Crime Prevention Through Environmental Design (CPTED) in site design and parking	16				
9	Develop the entire site in a timely manner: <ul style="list-style-type: none"> • Begin construction within 6 months of a signed agreement with the City of Kitchener • Complete the project within 36 months of a signed agreement with the City of Kitchener 	8				
10	Incorporate LEED features into the buildings	4				
SUBTOTAL B		/100				

	C. REDEVELOPMENT/REUSE OF EXISTING BUILDINGS					
11	Provide diverse residential development that maximizes the density of the site	8				
12	Ensure active uses (restaurants, retail etc.) are focused along ground levels that face public streets and public spaces	12				
13	Redevelop the buildings in a timely manner, refer to Item 9 for a general timeline	8				
14	Retain the external façade of both buildings	16				
15	Retain 11 Young Street (the Mayfair) in its entirety	16				
16	Add three (3) levels to 156-158 King Street	16				
17	Retain the interior features deemed significant by Heritage Kitchener in both buildings	16				
18	Provide underground parking for the buildings' uses and needs	8				
	SUBTOTAL C	/100				
	D. PARKING STRUCTURE					
19	Provide an underground parking structure	16				
20	Provide 250 parking spaces for City use in accordance with the City's specifications and requirements	16				
21	Provision of additional parking spaces as required for the redevelopment of the site	8				
22	Incorporate CPTED in the design of the parking structure	20				
23	Provide for City ownership of its parking spaces	8				
24	Provide for parking on site to accommodate for special needs	12				
25	No vehicular access to parking facilities to/from King Street	20				
	SUBTOTAL D	100				
TOTAL SCORE		/400				

9.0 FINANCIAL IMPLICATIONS:

The City of Kitchener will contribute resources to the construction of 250 underground parking spaces needed for use by the public in the downtown. The price the City will pay for those spaces will be determined through negotiations with the developer. The City's contribution to the construction of those parking spaces will be a combination of the value of the Centre Block land and money.

Through its Downtown Financial Incentives Program (EDGE), the City of Kitchener currently offers several financial incentives to developers which are aimed at stimulating redevelopment, renovations and improvements to buildings in the Downtown Community Improvement Area. Like other qualified redevelopment projects in that area, these financial incentive programs will be available to the Centre Block development. There will be no other financial incentives provided to the developer.

10.0 CONCLUSION:

By proceeding at this time to issue its Centre Block RFP, the City of Kitchener will capitalize on the growing momentum and private sector interest in Kitchener's downtown.

Hans Gross, Director of Project Administration
& Economic Investment

Attachments:

- RFP Part A - Overview
- RFP Part B - Details