

CITY OF VANCOUVER

ADMINISTRATIVE REPORT



Report Date: March 11, 2008
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VanRIMS No.: 05-4000-30
Meeting Date: March 13, 2008

TO: Standing Committee on City Services and Budgets

FROM: Director of Social Planning

SUBJECT: Allocation of City-Wide Development Cost Levies to Brant Villa Day Care Society - Learning Tree Day Care

RECOMMENDATION

- A. THAT Council approve a grant of up to \$595,000 to Brant Villa Day Care Society - Learning Tree Day Care, towards the replacement of the child care facilities. The source of funding to be \$595,000 in City-wide Development Cost Levies (Child Care Allocation) previously approved for the development of a 69 space City-owned Brant Street child care hub.
- B. THAT Council authorize the City to enter into an agreement with Brant Villa Day Care Society to:
 - a) set out the terms upon which the grant will be released
 - b) govern the construction of the replacement child care facility
 - c) grant a license to Brant to use that portion of the lands shown heavy outlined on the plan attached hereto as SCHEDULE A as a child care facility on the terms set out in SCHEDULE B and as determined by the Director of Facilities Design and Management and the Director of Social Planning, it being understood that no legal rights are created hereby and none shall arise until this agreement is drawn to the satisfaction of the Direction of Legal Services and executed by her on behalf of the City.

As both Recommendations A and B are grants, 8 affirmative votes are needed.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of A and B.

COUNCIL POLICY

In 2004, Council approved the creation of a 69 space child development hub at an estimated cost of \$2.9M.

In 2004, Council approved the Child Care Protocol: a Commitment from local government which set out to maintain and expand licensed child care spaces in the city by 5% in the next two years, while recognizing the essential role senior government has in terms of operating funding and support.

In 2002, Council approved the strategic plan for child care; "Moving Forward" - Childcare: A Cornerstone of Childhood Development, which sets out a vision of child development hubs throughout the city and reaffirmed the 1990 Civic Child Care Strategy which emphasized:

- Support the viability, accessibility and quality of existing childcare services;
- Assist childcare initiatives in high need areas;
- Encourage and support efficient, coordinated administrative services required for a childcare system in Vancouver: City Council to lever other sources of child care funding whenever possible.

SUMMARY

Preliminary estimates for the 69 space child care hub, approved by Council in 2005, were \$2.9M. Based on conceptual design and cost estimates by a quantity surveyor, costs escalated to \$4.9M. Given this cost estimate and the significant funding shortfall, staff are seeking Council approval to retain the \$595,000, of the original \$1M capital allocation in the form of a grant, to replace one of the 30 year-old modular buildings serving 25 children ages three to five years known as Learning Tree Day Care, operated by Brant Villa Day Care Society. The society has raised \$855,000 towards the replacement of the modular building through the Provincial Government.

To assist in the construction phase and ongoing maintenance obligations of the facility, it is recommended that Council direct staff to enter into an agreement setting out the terms and conditions of the modular building redevelopment, prior to commencing construction; permitting the Brant Villa Day Care Society to enter a portion of City of Vancouver lands, located at 4103 Brant Street, Vancouver, to construct the day care facility, and to operate the facility on the basis set out in SCHEDULE B; and other terms and conditions acceptable to the Director of Legal Services in consultation with the Director of Facilities Design and Management and Director of Social Planning.

PURPOSE

The purpose of this report is to seek Council approval:

- to retain the \$595,000, of the original \$1M capital contribution in the form of a grant, through the reallocation of City-wide development cost levies previously approved by Council, for child care in the Kensington-Cedar Cottage neighbourhood for the redevelopment of a 25 space child care program located in a 30 year old modular building on City land and;
- to permit replacement of the child care facility and use of a portion of the lands at 4103 Brant Street, Vancouver, shown heavy outlined in SCHEDULE A for purposes of child care and child development activities, with terms and conditions set out in this report to be approved by the Directors of Social Planning, Facilities Design and Management, and Legal Services.

BACKGROUND

With a significant shortage of child care spaces in the Kensington-Cedar Cottage area, and the state of two aging modular buildings, Brant Villa Day Care Society and Developmental Disabilities Association boards expressed interest in building a permanent child development hub, which would co-locate the two programs into one new facility and expand service to 24 space infant/toddler program, 25 space children ages 30 months to school age program and 20 preschool and/or family space program for a total 69 spaces.

Council approved the creation of a 69 space child development hub at an estimated cost of \$2.9M, through the redevelopment of two child care modular buildings at 4103/4121 Brant Street, with a \$1M contribution contingent on a \$1.5M commitment from the Provincial Government and a \$500,000 fundraising campaign by the two societies operating on the Brant site. Council allocated \$200,000 for conceptual design work and preliminary costing. Approval to tender once funding was in place was also authorized.

Facilities Design and Management engaged an architect to do preliminary design and costing for the 69 space hub which came in at \$4.9M. While the Province has committed approximately \$855,000 of the projected \$1.5M there is a significant funding shortfall.

DISCUSSION

Given the funding challenges, and inadequate conditions of the existing 30 year old modular building, Brant Villa Day Care Society Board and staff are recommending that the existing modular building that houses Learning Tree Day Care be replaced. Budget estimates for the 25 space program are \$1.5M. The society has raised \$880,000 and is seeking a grant of \$595,000 from the City while continuing fundraising efforts.

Council previously allocated \$595,000 from the City-wide Development Cost Levies (Childcare Allocations) to Brant Villa Child Care Society, and \$405,000 from the 2003-2005 Capital Plan, to Developmental Disabilities Association, as the City's contribution to the 69 space program. Staff now recommend that Council approve a grant of up to \$595,000 to Brant Villa Child Care Society to rebuild the existing modular building for 25 children ages 3 to 5 years, with the source of funding to be the City-wide Development Cost Levies previously approved.

Developmental Disabilities will remain in the City-owned modular facility on the shared lands. The \$405,000 originally allocated to Developmental Disabilities will remain in the Capital Budget and staff will report back at a later date on recommendations for these funds.

The project management and construction tendering will be managed by the Brant Villa Day Care Society. Cost contingencies have been built into the construction budget and the Brant Villa Day Care Society is committed to covering any cost over-runs. Project updates will be provided to Facilities Design and Management to ensure that the construction is satisfactory to the City. Once complete, the facility will be owned and operated by the Society who will also be responsible for all ongoing building operating, maintenance and recapitalization costs.

A license agreement between the City and the Brant Villa Day Care Society to facilitate the construction, operation of the day care facility, and use of the lands, will include terms and conditions set out in SCHEDULE B, will be signed prior to construction and be subject to the satisfaction of the Director of Legal Services, Director of Facilities Design and Management and Director of Social Planning.

ALTERNATIVES/OPTIONS

One alternative is to repair and upgrade the modular building on the current site which is not recommended given the condition and age of the building.

A second option is to request an additional \$4 million from the Provincial Government to fully fund the redevelopment of the 69 space facility. This option is not viable given the competing demands for limited capital funding and the qualifying criteria.

FINANCIAL IMPLICATIONS

In November 2004, Council allocated \$1M to the development of a City-owned, 69 space childcare development hub at 4103/4121 Brant Street; source of funding was \$595,000 from the City-wide Development Cost Levies (Childcare Allocations) and \$405,000 from the City-owned Social and Cultural Facility allocation in the 2003-2005 Capital Plan.

With that project not proceeding because of the substantial increase in its estimated cost, staff recommend that Council approve a grant of up to \$595,000 to Brant Villa Child Care Society to rebuild the existing modular building in that location for 25 children ages 3 to 5 years, with the source of funding to be \$595,000 in City-wide Development Cost Levies (Childcare Allocation) previously approved by Council.

Cost contingencies have been built into the construction budget and the Brant Villa Day Care Society is committed to covering any cost over runs. Ongoing maintenance and recapitalization costs for the facility, once complete, would be the responsibility of the Brant Villa Child Care Society.

Staff will report back to Council at a later date on the reallocation of the remaining \$405,000 approved in 2004 for the Brant Street childcare development hub.

Set out below are the contributions from the Provincial Government, Brant Villa Day Care Society and the City of Vancouver. The contribution from the City is in addition to \$200,000 allocated for conceptual design work and preliminary costing, of which only a portion has been spent.

855,000 Provincial Government
 24,153 Brant Villa
+ 595,000 City of Vancouver
 1,474,153 Estimated cost as of January 2008

SOCIAL IMPLICATIONS

Quality child care supports parent participation in the workforce, promotes healthy child development, and impacts school readiness. There is a significant shortage of child care in the Kensington-Cedar Cottage area, and as such retaining these spaces is critical to the supply. The redevelopment of the Learning Tree Day Care will retain quality child care spaces to children from a range of socio-economic and cultural backgrounds, in addition to those with additional support needs. Child care services for children with special needs in the City of Vancouver are in particularly short supply.

IMPLEMENTATION PLAN

Phase	Description	Estimated Completion Date
1	Feasibility Study, Conceptual Design, Preliminary Cost Estimates	Completed
2	Council Approval to Proceed with the Project	Mar 2008
3	Design Development and Detailed Cost Estimate	Mar 2008
4	Construction Tendering and Contract Award	Jun 2008
5	Construction	Jan 2009
6	Occupancy	Aug 2009

CONCLUSION

In order to replace the aging modular building, which currently provides 25 child care spaces at Learning Tree Day Care, staff recommends Council approve the recommendations set out in this report.

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Terms and conditions of License Agreement

- I. Nominal rent - \$1.00 per year;
- II. Term - Five years plus two five year renewal terms;
- III. Use for licensed group child care and related child development activities and to operate in accordance with the Provincial Child care Regulations and City's requirements and policies;
- IV. Permission to place, construct and maintain building at sole cost of society
- V. Construction cost overruns to be sole responsibility of society;
- VI. Insurance - the Society will, or cause its contractor to be required to carry the following insurance overages; during the construction phase, Commercial General Liability Insurance with a minimum limit of \$5M for the entire construction period, naming the City as additional insured and all risks property insurance up to the full value of the building under construction. After construction is completed, the Commercial General Liability Insurance is to be maintained at \$5 million. In addition the Society must also carry the following insurance overages: property insurance for the building, including but not limited to any improvements and property belonging to the Society or for which it is legally liable. Tenants legal liability with a minimum limit of \$500,000;
- VII. Maintenance - the maintenance and repairs, including structural repairs and replacements are the responsibility of the Society and are to be carried out at no cost to the City;
- VIII. To indemnify the City for all losses they may suffer relating to the Society's occupation and use of the premises;
- IX. The operator commits to remove the building and playground equipment upon termination of the license;
- X. Other terms as are acceptable to the Director of Legal Services in consultation with the Director of Social Planning and Facilities, Design and Management.