



CITY OF VANCOUVER

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ADMINISTRATIVE REPORT

Report Date: April 29, 2008
Author: Coralys Cuthbert
Phone No.: 604.871.6044
RTS No.: 07318
VanRIMS No.: 05-5000-10
Meeting Date: May 13, 2008

TO: Vancouver City Council

FROM: The Deputy General Manager of Community Services in Consultation with the General Manager of Engineering Services and the Directors of Social Planning, Legal Services, Facilities Design and Management, Real Estate Services and Vancouver East District - Vancouver Board of Parks and Recreation

SUBJECT: Nanook Daycare Replacement - Capital Grant, Closure of Road, Licence and Lease

RECOMMENDATION

- A. THAT Council approve a \$500,000 capital grant to the Young Men's Christian Association of Greater Vancouver (the "YMCA") for a 37 space childcare facility to replace an existing childcare portable known as Nanook Daycare, subject to the YMCA entering into a Memorandum of Understanding with the City and Vancouver Park Board setting out terms and conditions for designing, constructing, operating and maintaining the childcare facility as outlined in APPENDIX A at the location shown as road on APPENDIX B. The source funding for the grant to be the 2007 Childcare Capital Budget.
- B. THAT as of the day following issuance of the full building permit for the replacement of the Nanook Daycare, Council close and stop up the site, more particularly described as Parcel Identifier 027-132-153 That Portion Lot E Shown on Plan BCP31198, Block 159, District Lot 264A, Group 1, New Westminster District, Plan 19383 established as lane by document BB275975 on July 12, 2007.
- C. THAT Council licence the site to the YMCA, at nominal rates, to construct a childcare facility based on terms outlined in APPENDIX C, it being understood

that no legal rights are created hereby and none shall arise until the licence is signed.

- D. THAT Council lease the site for 30 years to the YMCA at nominal rates for the operation of the YMCA Nanook House on the terms outlined in APPENDIX D, it being understood that no legal rights are created hereby and none shall arise until the lease is signed.

As Recommendations A, C and D are grants, 8 affirmative votes are needed.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A, B, C and D.

COUNCIL POLICY

In 1990, City Council approved the Civic Childcare Strategy.

In June, 1993, Council directed that City-owned properties, occupied by non-profit organizations, held as assets in the Capital Fund be charged a nominal rate. The lease/sublease/license of City assets below market value constitutes a grant and, as such, requires eight affirmative votes.

In April, 2002, Vancouver City Council approved "Moving Forward Childcare: A Cornerstone of Childhood Development" which set out a strategic plan for child care and child development services for the City.

In 2003, Vancouver City Council, Park and School Boards adopted the Childcare Protocol, which includes the objective to maintain and expand child care by five percent over the next two years.

The 2006-2008 Capital Plan includes provision for a Capital Grant program for social service and cultural projects in facilities which are not owned by the City.

The authority for closing and disposing of street and lanes is set out in the Vancouver Charter.

SUMMARY

Staff is seeking Council approval to:

- i) Allocate a \$500,000 capital grant to the YMCA to replace the Nanook Daycare portable, with a 37 space child care facility to be owned by the YMCA. The new facility will include 25 spaces of 3-5 year old group care, 12 new toddler spaces and multi-purpose space. The grant is subject to the YMCA signing a Memorandum of Understanding with the City and Park Board;

- ii) Close and stop up the site which was established as lane by deposit of document BB275975 in the New Westminster Land Title Office on July 12, 2007. The Vancouver Charter requires this in order to license or lease the land;
- iii) Enter into a licence to permit the YMCA, its contractor, and sub-trades to enter City land to construct the new building; and
- iv) Enter into a 30 year lease of the site with the YMCA for the operation of the new building located on City land.

PURPOSE

The purpose of this report is to seek Council approval of a \$500,000 capital grant to the YMCA as the City's contribution to a new 37 space childcare facility, to be known as YMCA Nanook House. This facility will be owned by the YMCA and will replace the existing 25 space Nanook Daycare portable. Council authority is also being sought to close and stop up the site, to enter into a licence and a lease with the YMCA.

BACKGROUND

On May 15, 2007 (RTS #6627), Council approved the establishment of a road parcel on a portion of the China Creek South Park to create a site for a new building to replace the Nanook Daycare portable. Council also approved placing the site under the care and custody of the Park Board upon issuance of an Occupancy Permit for the new building.

When the site was established as lane, it was contemplated that the City would own the building and cost share its maintenance with the YMCA. The YMCA was to be primarily responsible for funding and constructing the building. The YMCA has now requested to own the building and has agreed to take on full responsibility for the maintenance. A City contribution of up to \$500,000 was identified in the 2007 Childcare Capital Budget as a potential future contribution to the redevelopment project.

DISCUSSION

Since June 2007, the YMCA has worked with the City, Park Board and Vancouver Coastal Health to develop a design for the new building that will meet the intent of the LEED Gold standard, be sensitive to the adjacent park, respond to the City of Vancouver Childcare Design Guidelines, and fulfill provincial child care licensing requirements. They are now ready to proceed with a building permit. Construction tendering and project management will be handled by the YMCA. The YMCA will be responsible for all construction costs and cost escalations. Project updates will be provided to Facilities Design and Management to ensure that the construction is satisfactory to the City.

Approval is being sought for a \$500,000 grant towards construction of the building. The YMCA has had recent construction quotes on the approved design and the City's quantity surveyor has reviewed and confirmed these estimates are reasonable. The YMCA has provided confirmation of funding and the following project budget information based on their preferred quote:

Province of British Columbia	\$ 855,000 (secured)
YMCA Fundraising	\$2,027,303 (secured)
YMCA Contribution	\$ 398,399 (receipt of letter from YMCA confirming contribution and coverage of cost escalations)
City grant if approved	\$ 500,000
Total Project Cost:	\$3,780,702

For the project to move forward the following is being recommended to Council:

- i) That the grant be subject to requiring the YMCA to enter into a Memorandum of Understanding with the City, and Park Board as outlined in APPENDIX A. This agreement will document understandings concerning the use of City land, the construction of the new building, and arrangements once the building is occupied;
- ii) That Council close and stop up the site as shown on APPENDIX B;
- iii) That a licence be given to the YMCA so it can construct a building on City land, based on general terms outlined in APPENDIX C; and
- iv) That the City enter into a 30-year lease of the land with the YMCA to operate the child care facility based on the general terms set out in APPENDIX D.

It is intended that the lease will be signed prior to issuing an Occupancy Permit. Once the lease is signed and an Occupancy Permit issued, the land will be placed under the care and custody of the Park Board.

FINANCIAL IMPLICATIONS

The project budget is \$3,780,702 and the YMCA has agreed to cover all design, project management and construction costs for the new child care facility. They have also agreed, in writing, to be responsible for any construction cost escalations. There is \$500,000 available in the 2007 Childcare Capital Budget for a grant allocation to this building.

Given the YMCA's substantial investment in the new building and the City's request that it be responsible for all periodic and ongoing capital rehabilitation, the YMCA has asked to own the building. As owners of the building, they would be in a better position to fundraise for recapitalization costs. In addition, with ownership of the building, maintenance responsibilities will be wholly the Society's responsibility and the City will be relieved of this obligation.

SOCIAL IMPLICATIONS

A number of the children who attend the Nanook Daycare are at "risk" due to socio-economic factors. The program serves a number of low-income families. In 2007, Dr. Clyde Hertzman reported that 39.5% of the children in the Mt. Pleasant neighbourhood were vulnerable in one or more of the domains measured by the early development instrument (EDI). The EDI is a questionnaire designed to measure children's development in kindergarten. It looks at

physical health and well-being, social competence, emotional maturity, language and cognitive development, communication and general knowledge.

The new YMCA Nanook House child care facility will provide 37 licensed group care spaces (25 spaces for 3 to 5 years olds, and 12 new spaces for children under 36 months) along with multi-purpose space for the delivery of other child development and family support programs.

IMPLEMENTATION PLAN

Phase	Description	Estimated Completion Date
1	Feasibility Study, Conceptual Design, Preliminary Cost Estimates	Completed
2	Design Development and Detailed Cost Estimate	March 2008
3	Council Approval of a Capital grant and authority to enter into agreements with the YMCA	May 2008
4	Contractor Selection by the YMCA and Negotiation of a Stipulated Price Contract	May 2008
5	Construction Begins	June 2008
6	Occupancy	June 2009
7	Full Occupancy of the Building and Playground	September 2009

CONCLUSION

To move forward with the construction of the new YMCA Nanook House, staff is recommending Council approval of the recommendations set out in this report.

* * * * *

YMCA Nanook House - General Terms and Conditions for a Memorandum of Understanding between the YMCA, the City and the Vancouver Park Board

Purpose: to establish the arrangements among the YMCA, City of Vancouver, and Vancouver Board of Parks and Recreation for the design, construction, and operation of a child care facility to be located on City lands;

Objectives: the development will replace an existing child care portable with a new facility to address child care needs in the community by providing licensed group care for 12 Toddler spaces and 25 spaces for three - five care;

Project Governance: There will be a Steering Committee comprised of the following key stakeholders involved with this project: Director of Social Planning, Director of Facilities Design and Management, Director of the Vancouver East District - Vancouver Board of Parks and Recreation, and Senior Vice-President of Finance - YMCA.

General: The proposed facility will be built on City of Vancouver land. The building will be owned by the YMCA. The YMCA will enter into a licence agreement with the City to permit access to the site to construct a building. Once the facility is constructed an Occupancy Permit will only be granted once a signed lease is in place. The land will then be turned over to the care and custody of the Park Board as per Council's May 15, 2007, direction. The YMCA is not permitted to sell the building or assign it to another group or purpose. The Society will be required to remove the building and restore the property at its own expense upon termination of the lease.

Technical Requirements: Design - to be prepared by a professional consultant whose contract will be administered by the YMCA. It will comply with City Childcare Design Guidelines, Childcare Technical Design Guidelines, City by-laws and other applicable codes and regulations. The design must also meet Provincial licensing regulations for a child care facility. Within a realistic budget the building will be designed to meet the intent of the LEED Gold standards for sustainability and good practises. LEED Gold registration and certification will not be required. Sign-off on the design will be provided by key stakeholders: City of Vancouver, Vancouver Board of Parks and Recreation, Vancouver Coastal Health - Community Care Facilities Licensing and the YMCA.

Construction Tender and Award Process: Award of contracts and project management is to be handled by the YMCA and all applicable contracts will be executed between the YMCA and various contractors.

Construction: The YMCA will assume the role of "constructor" and will be responsible and accountable for all action in that capacity. Construction will be handled by the YMCA who will provide the City with monthly project updates. The Project Manager for the YMCA will be responsible for exercising financial control of the project through the design and construction phase. The City reserves the right to examine the project's financial records at any time.

The YMCA will carry, 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, All Risk Property (replacement cost) on Contractor's equipment, Course of Construction (Builder's Risk) insurance up to full replacement value of the building, Wrap-up Liability jointly naming the City and the YMCA as Named Insured, Workers Compensation Insurance, and Auto Liability (\$5 million), and indemnify the City for all losses it may suffer relating to the Society's occupation and use of the premises.

The YMCA will require the contractor to have a construction protocol in place to ensure that the children attending the child care program in the portable adjacent to the construction site will be safe at all times.

Financial - Funding & Project Financial Administration: The YMCA will fundraise and cover all costs for constructing the new facility with the exception of a \$500,000 capital grant allocation from the City if approved by City Council. This grant will be subject to the YMCA entering into a Memorandum of Understanding, confirmation that the YMCA has secured required funding and any other conditions set by Council. The YMCA will be responsible for demolishing the existing facility and constructing a new facility including all fittings, furnishings, equipment and supplies, and outdoor play equipment. Any shortfalls or cost over runs will be the YMCA's responsibility. Project financial administration for designing and constructing the facility will be handled by the YMCA. All funding will be deposited in an account administered by the YMCA.

Operating Services and Costs: The YMCA will be responsible for all costs related to program services, program equipment, maintenance of building systems, play areas and long-term capital costs.

Project Schedule: Key dates for phases of completing the project will be included in the Memorandum of Understanding similar to those outlined in the Council report.

Authority to Proceed: In order to proceed with construction, there must be concurrence by the Steering Committee for the design of the building. The YMCA must have signed the Memorandum of Understanding in order for the City to provide an owners undertaking letter that is necessary for release of a building permit to construct. All necessary licences and insurance to be in place prior to construction.

Amendments: The agreement may be amended by written agreement signed by the parties.

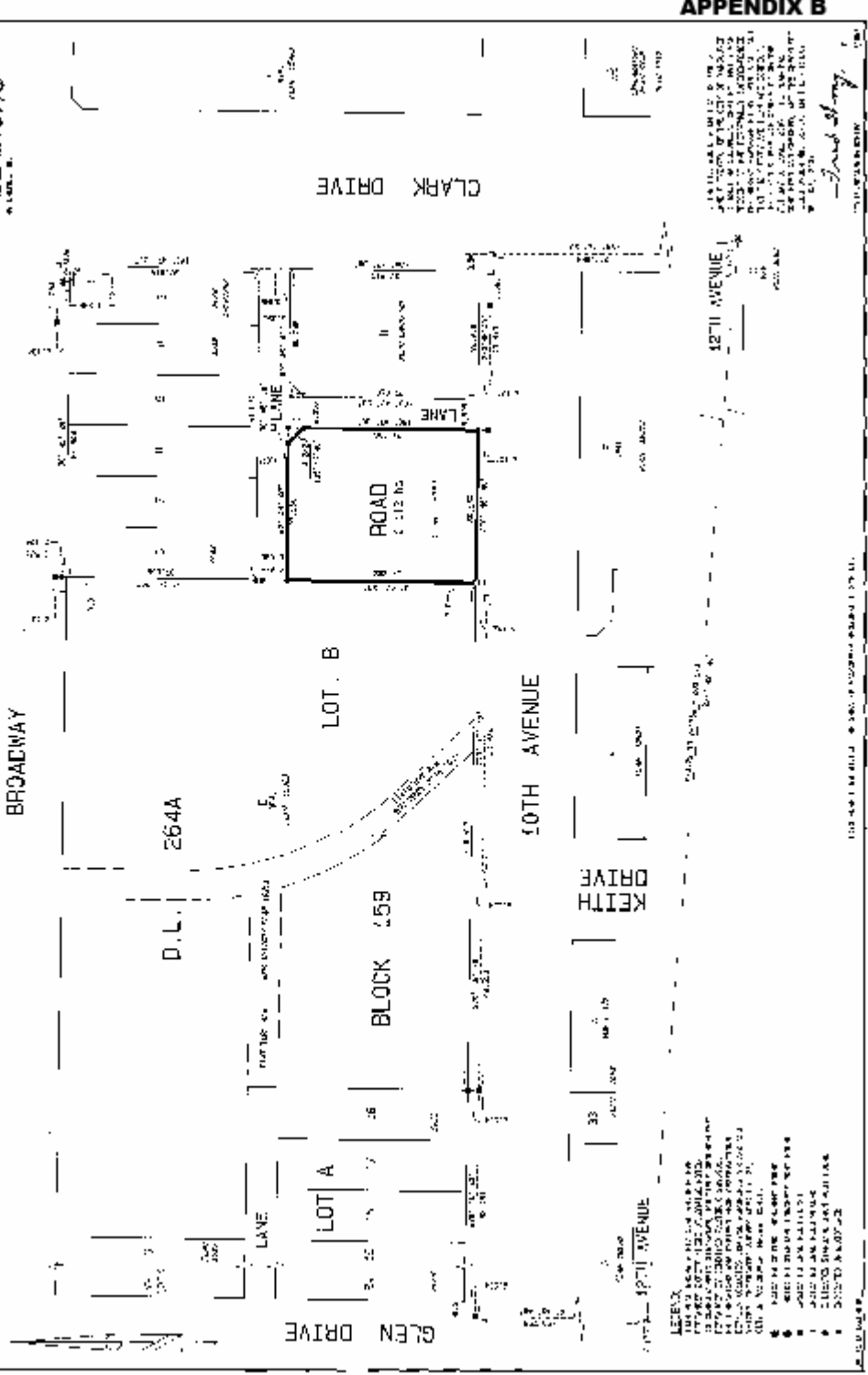
Signatories to the Memorandum of Agreement: Director of Social Planning, Director of Facilities Design and Management, Director of the Vancouver East District - Vancouver Board of Parks and Recreation, and Senior Vice-President of Finance - YMCA.

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REFERENCE PLAN TO ACCOMPANY RESOLUTION OF THE COUNCIL OF CITY OF VANCOUVER ESTABLISHING FOR HIGHWAY PURPOSES PORTION OF LOT E, BLOCK 159, DISTRICT LOT 264A, PLAN 19363, GROUP ONE, NEW WESTMINSTER DISTRICT.

DATE OF THE CITY COUNCIL RESOLUTION: 10/11/13

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APPENDIX B

1. THIS PLAN IS THE PROPERTY OF THE CITY OF VANCOUVER AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF THE CITY OF VANCOUVER.

2. THIS PLAN IS THE PROPERTY OF THE CITY OF VANCOUVER AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF THE CITY OF VANCOUVER.

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TERMS AND CONDITIONS FOR A LICENCE AGREEMENT

- I Nominal rent - \$1.00 per year;
- II Use - to construct a building at the sole cost of Society (excepting a City capital grant) for licensed group child care with related child development space in accordance with the Provincial Child Care Regulations and City's requirements and policies;
- III Construction cost overruns - to be the sole responsibility of Society;
- IV Insurance - the Society will, or cause its contractor to be required to carry the following insurance coverage; 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, All Risk Property (replacement cost) on Contractor's equipment, Course of Construction (Builder's Risk) insurance up to full replacement value of the building, Wrap-up Liability jointly naming the City and the YMCA as Named Insured, Workers Compensation Insurance, and Auto Liability (\$5 million);
- V To indemnify the City for all losses it may suffer relating to the Society's occupation and use of the premises;
- VI The operator commits to remove the existing portable once the child care program has relocated to the new building and to renovate the remaining land within the approved site for use as an outdoor play area for the new building; and
- VII Other terms as are acceptable to the Director of Legal Services in consultation with the Director of Social Planning, the Director of Facilities Design and Management and the General Manager of Parks and Recreation.

TERMS AND CONDITIONS FOR A LEASE AGREEMENT

- I Nominal rent - \$1.00 per year;
- II Term - 30 years;
- III Use - permission to occupy City lands in a building owned and maintained at sole cost of Society for the purposes of providing a licensed group child care service and related child development activities operated in accordance with the Provincial Child Care Regulations and the City's By-laws and policies;
- IV Insurance - the Society will carry the following insurance: Commercial General Liability Insurance is to be maintained at \$5 million. In addition, the Society must also carry the 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;
- V 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;
- VI Indemnification - To indemnify the City for all losses they may suffer relating to the Society's occupation and use of the premises;
- VII Termination - The operator commits to remove the building and playground equipment upon termination of the lease; and
- VIII Other terms as are acceptable to the Director of Legal Services in consultation with the Director of Social Planning, the Director of Facilities Design and Management, and the General Manager of Parks and Recreation.