



ADMINISTRATIVE REPORT

Report Date: January 11, 2011
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VanRIMS No.: 08-2000-20
Meeting Date: January 18, 2011

TO: Vancouver City Council
FROM: Managing Director of Social Development
SUBJECT: Appointment of Operator and Approval of Lease Terms and Start Up Funds for the Child Care Centre at 2330 Kingsway

RECOMMENDATION

- A. THAT Council appoint Collingwood Neighbourhood House Society (CNHS) as the operator of the new child care centre at 2330 Kingsway (the child care address on East 30th Avenue will be determined at occupancy) and approve entering into a lease with CNHS for five years at the nominal rent of \$10 and upon such terms as approved in this report and also to the satisfaction of the Director of Legal Services in consultation with the Directors of Real Estate Services and Facility Design and Management and the Managing Director of Social Development. CNHS may renew the lease for two additional five year terms.
- B. THAT Council approve operational start up funding to CNHS of up to \$74,000. Source of funding is the Child Care Reserve.

Recommendations A and B authorize grants and require eight affirmative votes

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing recommendations.

COUNCIL POLICY

Pursuant to Section 206(l) (a) of the Vancouver Charter, not less than two-thirds of all members of Council must approve a resolution for a grant to any organization contributing to the welfare of the City. A lease or licence of City-owned property at less than market rent is considered to be a grant.

At the Public Hearing of January 24, 2006, Council approved in principle the rezoning of 2330 Kingsway to a CD-1 District. The development must include a city held child care facility. On May 4, 2010 Council approved an amendment to the rezoning by which the childcare facility was relocated to the south east corner of the site. The child care site will become a separate parcel to be owned by the City.

PURPOSE

The purpose of this report is to recommend appointing Collingwood Neighbourhood House Society as the operator and approve entering into a lease with them for the child care centre at 2330 Kingsway. The purpose is also to authorize spending of operational start up funding, up to \$74,000.

BACKGROUND

On April 7, 2009, Council passed a motion renewing its commitment to a 5% growth benchmark in child care spaces and the reinstatement of the Joint Child Care Council (JCC), with the intention to support working families. Based on the 6000 licensed group spaces which were operating in 2009 (does not include preschool or family child care), the Joint Child Care Council set a target of adding a further 300 new licensed group child care spaces by the end of 2011. As of December 31 2010, 409 new spaces have been opened, surpassing the target. This success is in large part due to the significantly enhanced collaboration, engagement and creativity of Community Services Group staff with colleagues at the Park Board, the VSB, and VCHA over the last 2 years. The child care program at 2330 Kingsway will add an additional 37 spaces for a total of 446 new spaces opened since the reinstatement of the Joint Child Care Council. In addition, there are a further 505 new spaces planned to come on stream.

Following a site rezoning approved by Council, Wall Financial Corporation is constructing a mixed use project that includes residential and commercial uses, as well as a child care facility. The rezoning was subject to delivery of a 'turn key' child care facility along with a cash contribution of \$738,000 as the Community Amenity Contribution. The cash contribution was received in July, 2010 and deposited into the Child Care Reserve.

DISCUSSION

Selection of Operator

In July 2008, the City of Vancouver issued a call for Expressions of Interest and the Child Care Operator Selection Committee recommended Collingwood Neighbourhood House Society to operate this child care facility. The Selection Committee, comprised of staff from the then Social Planning Department, Finance Department, Supply Chain and Management and a representative from the Ministry of Children and Family Development, met in September 2008 and recommended appointing CNHS as the operator based on the following rationale:

- They have been providing a spectrum of neighbourhood based services since 1985 including 12 child care centres.
- They have a close relationship with the City of Vancouver via the City's child care grants program and as a lessee of city owned facilities, including the neighbourhood house itself.
- They have experience delivering infant/ toddler and 3-5 year old care.
- They have a strong record of community collaboration and partnership.

- They have demonstrated the financial viability of the program and are recipients of the City's child care endowment dollars to offset the costs of their infant/toddler program.

In October 2008 staff were advised that the developer at that time had put the re-development of the site on hold. Staff decided not to proceed with the operator selection process at that time. In spring of 2010 the site changed hands and the new owner is now moving ahead with the development based on the May 4, 2010 rezoning amendment.

The child care facility will be a free standing building located at grade with 429 square metres of gross indoor space and 468 square metres of outdoor space (including 78 square metres of covered outdoor space). It will meet the intent of the City's Child Care Design Guidelines and the Community Care Facility Licensing requirements. The facility must have a Community Care Facility License to operate. The estimated completion of the facility is May 2013.

Once the operator is appointed, they will be engaged in the design phase and a process for naming the facility.

Lease Terms

The lease will be on the basis of nominal rent for a five year term, with renewal options for two further five year terms. The lease will require that the childcare program meet Provincial Community Care Facilities Licensing Regulations. All expenses for program delivery costs, utilities, most routine maintenance, janitorial services, all play equipment repairs and all play yard landscaping are to be the responsibility of the operator. The details of these responsibilities will be outlined in a Service Level Agreement as approved by the Director of Facility Design and Management and appended to the lease agreement.

Start Up Funds

In the past the City has provided operational start up grants at a rate of \$2,000 per space to support the following costs incurred by operators:

- Advising on project design, construction, finishing, and licensing,
- Revenue shortfalls during gradual enrolment,
- Development of policies and practice guidelines, and
- Program development, staff hiring and orientation.

In an effort to increase accountability for use of the funds and to potentially lessen the demand on the Childcare Reserve, staff recommend that operators submit a start up budget for review by City staff to evaluate requirements prior to confirming actual start up grant.

FINANCIAL IMPLICATIONS

The Developer has made the Community Amenity Contribution of \$738,000 to the Child Care Reserve. Staff recommend releasing up to \$74,000 from the Child Care Reserve to pay for operational start up costs subject to budget review and approval by staff. No additional staff are required as a result of this process change.

Furnishings, equipment and supplies will be paid for by the developer separately, as required by the "Childcare Agreement and City Option Agreement, 2300 Kingsway" re-zoning legal agreement, dated May 31, 2010.

Table 1: Financial Recommendation in this Report

Type of Funding	Amount	Year Starting	Source of Funds
Start Up Funds	Up to \$74,000 (one time only)	2013	Child Care Reserve

CNHS will be eligible to apply under current policy to the City's Child Care Reserve for an annual operating subsidy grant of \$1,650 per space (\$19,800 per year) for the 12 infant/toddler spaces at the centre. CNHS will also be eligible to apply for the Child Care Enhancement grant (up to \$27,000 per year) which is calculated based on the proposed number of spaces (12 infant/ toddler spaces and 25 three to five years spaces).

As a free standing facility, the City will incur obligations for facility maintenance and for long term facility re-capitalization. It is estimated that approximately \$15,000 per year will be incurred for the City's operating responsibilities for this facility. This amount will be added to the Facilities Design & Management Operating Budget without offset, and will be subject to the regular City budget review process. Future capital maintenance and equipment lifecycle replacement costs will be addressed through the normal capital planning and budgeting process. See Table 2 for potential annual costs to be incurred by the City.

Table 2: Potential Funding Requests Subject to Future Council Approval

Type of Funding	Amount	Year Starting	Source of Funds
Facility Maintenance/ Recapitalization	\$15,000 per year (estimated)	2013	Facility Design & Management Operating Budget
Child Care Enhancement Grant	Up to \$27,000 per year	2013	City's Child Care Grants Operating Budget
Infant/ Toddler Child Care Reserve Grant	Up to \$19,800 per year	2013	Child Care Reserve

ENVIRONMENTAL IMPLICATIONS

The construction of the facility is targeting LEED TM Gold.

SOCIAL IMPLICATIONS

Child care contributes to social sustainability by supporting parent's labour force participation, healthy child development and school readiness. Collingwood- Renfrew neighbourhood has some of the highest child population and greatest vulnerability based on Wave 3 of the Early Development Instrument in the City and as such, is identified as a priority area for the Joint Child Care Council.

CONCLUSION

Staff recommend appointing Collingwood Neighbourhood House Society as the operator for the child care centre at 2330 Kingsway, approving entering into a lease with them and authorizing spending of start up funds.

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