



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: December 8, 2015
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VanRIMS No.: 08-2000-21
Meeting Date: December 15, 2015

TO: Vancouver City Council

FROM: Acting General Manager, Community Services in consultation with the General Manager of Real Estate and Facilities Management

SUBJECT: Approval of Funding and Ownership/Lease in School/Childcare Project at Sir Sandford Fleming Elementary School

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city; (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

RECOMMENDATION

- A. THAT the General Manager of Real Estate and Facilities Management be authorized (on behalf of the City) to negotiate and execute a long term lease/ownership agreement, development management and related legal agreements for the Sir Sandford Fleming Elementary School childcare centre and related space with the Board of Education of School District No. 39 ("VBE"), all on terms and conditions satisfactory to the Directors of Real Estate and Legal Services, the General Manager of Community Services, the Director of Finance and the City Manager.
- B. THAT, subject to approval of Recommendation A, Council approve in principle a project budget of up to s. 17(1) for the Sir Sandford Fleming Elementary School childcare centre, including s. 17(1) to be allocated from the current multi-year program capital budget for the 2015-18 Childcare Age 0-4 program, with the remaining funding to be allocated as required through the quarterly capital budget adjustment process and/or the 2017 annual capital budget process.

- C. THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all other legal documents required to implement Recommendation A.
- D. THAT no legal rights or obligations will be created by Council's adoption of these Recommendations above, unless and until such legal documents are executed and delivered by the Director of Legal Services.

REPORT SUMMARY

The purpose of this report is to seek allocation of funds to continue design-development and construction of the proposed 69 licensed space group childcare centre at Sir Sanford Fleming Elementary, and authorization to enter into a lease/ownership agreement with the VBE.

Fleming School, located at 1401 E 49th Ave in Victoria-Fraserview, is scheduled to undergo seismic replacement by VBE, with an estimated completion date of March 2018. Staff recommend the inclusion of a 69-space licensed childcare centre as part of the seismic replacement of the school, a proposal similar to the recently Council-approved school-childcare project at Lord Nelson.

In this partnership project, the VBE will build a childcare on the roof-level of a new two-storey school building on the existing school site, with commitment from the City to pay all incremental costs associated with building a 69-space childcare facility as part of this new development. A [s. 17\(1\)](#) Provincial childcare capital grant, awarded in May 2015 for the school/childcare projects at Lord Nelson Elementary and Sir Sanford Fleming Elementary, ensures a [s. 17\(1\)](#) contribution to each of these two school/childcare projects.

This project will help meet Council's Healthy City Strategy goals and actions, including the creation of 1,000 new childcare spaces by 2018 and over 60 per cent of this target will be reached with the approval of these 69 spaces. This child care model also helps meet the City's environmental, economic, and social sustainability goals, by reducing the number of trips parents make each day, enabling parents to re-enter the workforce, and providing a continuum of early care and education services in one location.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- 2015: Council approved entering into lease/ownership arrangement and funding up to [s. 17\(1\)](#) for construction of 69-space childcare to be integrated with the seismic replacement of Lord Nelson Elementary School (2235 Kitchener Street). An additional [s. 17\(1\)](#) was approved for initial design work on proposed childcare project at Sir Sanford Fleming Elementary School seismic replacement, contingent upon the signing of partnership agreements for Nelson School/Childcare by both parties. Source of funds: 2015 Capital Budget for Childcare Facilities)
- 2015: Council directed staff to double the target of childcare spaces to 1,000 spaces by 2018 as part of the 2015-2018 Capital Budget Plan process, and look for opportunities to include childcare facilities in elementary schools undergoing seismic renewal and upgrade.

- 2014: Council approved A Healthy City for All: Healthy City Strategy 2014-2025 Phase 1. The first goal, A Good Start for children, includes a target that at least 85 per cent of Vancouver's children are developmentally ready for school when they enter kindergarten.
- 2014: City launches the School Age Care Expansion Projects Grant Program to support non-profit operators with renovation costs associated with the creation of new or expanded licensed school age care programs in multipurpose rooms in schools.
- 2013: The City and the VBE signed a *Memorandum of Understanding* to facilitate and fund renovations within school facilities that enable the creation of new licensable school age care spaces in multipurpose rooms.
- 2011: City Council passed a motion to support the "Community Plan for a Public System of Integrated Early Care and Learning. The Plan builds on research that demonstrates that public spending on the early years is a wise social and economic investment, and honours children's and families' right to quality early care and learning.
- 2002: "Moving Forward Childcare: A Cornerstone of Childhood Development" which sets out a strategic plan for child care and child development services for the City.
- 1990: Council approves Civic Childcare Strategy to support the viability, accessibility and quality of existing child care services

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City and the VBE have a long history of working collaboratively to create high quality licensed school-age care for 5-12 year olds in schools. Expanding this partnership to include much needed childcare for Vancouver's young children and their families marks the beginning of a new phase in the City/VBE partnership - one that will introduce efficient and effective public services for families with young children.

The City was awarded a **s. 17(1)** Provincial Childcare Capital Grant for the creation of school/childcare projects at Lord Nelson Elementary (approved by Council in July 2015) and this proposed project at Sir Sandford Fleming; each project will receive **s. 17(1)**.

REPORT

Background/Context

While childcare is primarily a Provincial responsibility, the City has supported the provision of quality care through land use planning and development, provision of funding, and collaboration with other partners. Unlike education for children over 5 years of age, which is a publicly funded and accessible service, childcare is a targeted and market driven service paid by parent fees, which make up approximately 85% of childcare operating revenues. The lack of a national childcare program, and gaps in capital and operating funding for childcare at the senior government levels, have resulted in a shortage of childcare spaces and affordability issues for parents. In recognition of these issues, and their linkages to quality of life for Vancouver residents, the City since the late-80s has considered childcare to be a

priority, working with a variety of partners to deliver quality, affordable and accessible childcare.

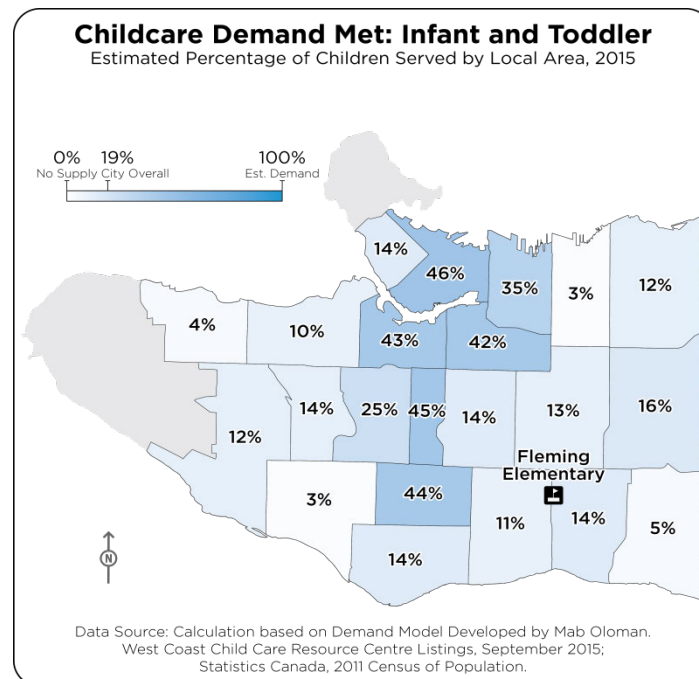
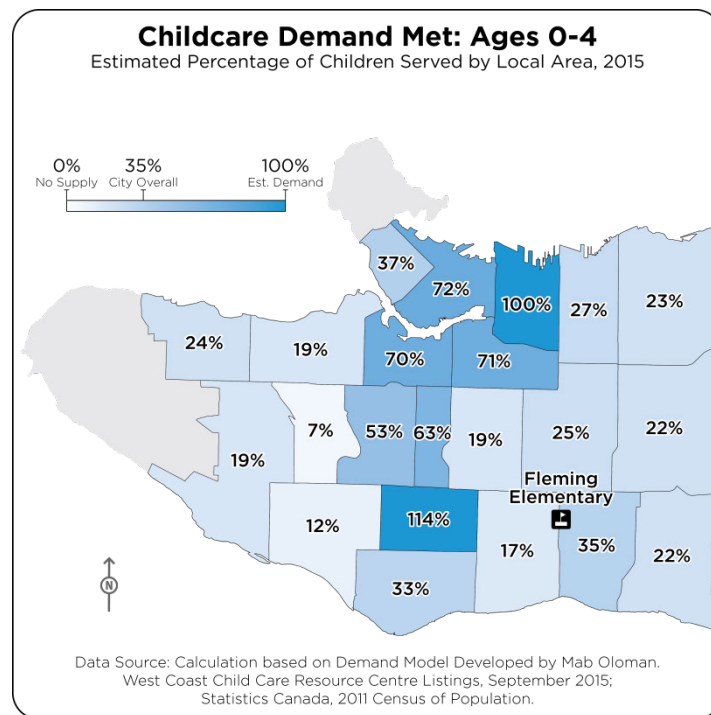
The inclusion of full-day childcare spaces for 0-4 year olds in school facilities, and the expansion of existing school-age care spaces in schools, helps to meet some important needs for families, while enabling City to make progress towards Greenest City and Healthy City goals. By providing families with the opportunity to access a full spectrum of early learning and childcare services in one place, parents can reduce time and stress by making fewer trips in accessing both school and childcare. This “one-stop” approach will also support easy transitions for children between childcare and elementary school, further encourage continued and ongoing enrollment in area schools, demonstrate best planning practices for whole, walkable communities, and is an effective use of limited public space and public resources.

Demonstrated Need in Victoria-Fraserview

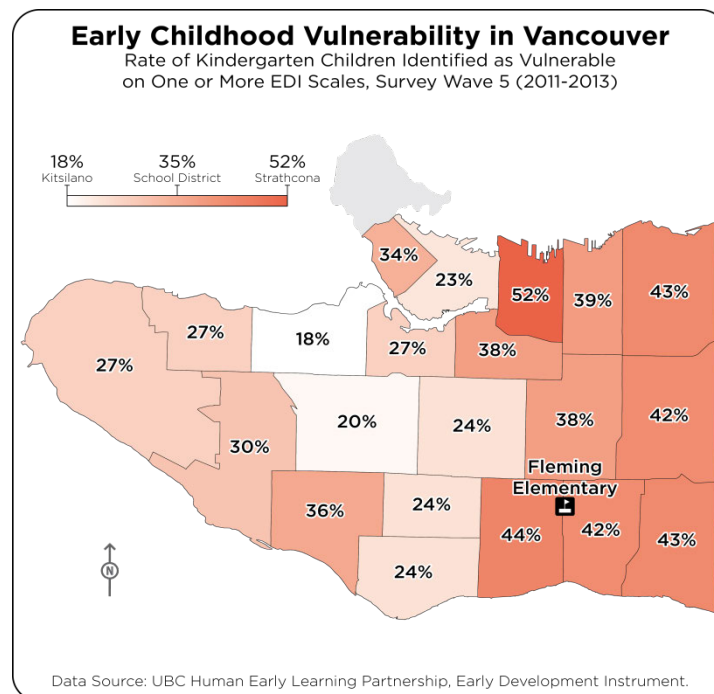
Table 1: Indicators of Childcare Need, Victoria-Fraserview and citywide

Indicator	Victoria-Fraserview	Citywide	Source
0 to 12 Population Count: % <i>total neighbourhood population</i>	3,360 (11%)	61,345 (10%)	<i>Census 2011</i>
0 to 4 Population Count: % <i>total neighbourhood population</i>	1,155 (4%)	24,765 (4%)	<i>Census 2011</i>
Estimated Need Met for children 0-4 years	35%	35%	<i>City of Vancouver</i>
Estimated Need Met for infants and toddlers (under 3 years)	14%	19%	<i>City of Vancouver</i>
Child Vulnerability Rate: % <i>children vulnerable on 1+scales</i>	42%	35%	<i>UBC HELP EDI 2011-13</i>
Low Income Rate for children under 19	25%	22%	<i>National Household Survey 2011</i>

Childcare spaces for all ages are in short supply across the City. Estimates of childcare need in the Victoria-Fraserview area confirm that this is the case near Sir Sandford Fleming School, where the need for early care and learning is particularly great for younger children.



The current supply of childcare spaces in Vancouver meets approximately 35% of the estimated need for children aged 0 to 4 years, citywide. A similar proportion of need is met in Victoria- Fraserview, where 35% of childcare need is met for children under 5. However, only 14% of childcare needs for infants and toddlers are being met in Victoria-Fraserview, compared with 19% citywide.



Victoria-Fraserview also reports that 42% of children are deemed vulnerable and not school-ready on one or more scales on the Early Development Instrument (EDI); compared with 35% vulnerability citywide. The City's 2014 Healthy City Strategy target is to reduce child vulnerability to 15% citywide.

Description of Project



A 69-space childcare center is proposed at Sir Sandford Fleming Elementary School at 1401 E 49th Ave (E 49th and Knight), currently slated for seismic replacement by the VBE. This partnership project involves the delivery of a 69-space childcare centre on the roof level of the new two-storey elementary school building with proposed licensed childcare programs as follows:

Table 2: Licensed Childcare Spaces Proposed for rooftop facility at Sir Sandford Fleming Elementary School

Childcare License Type/Age Group	# spaces proposed
Under 3 years (infant and toddler)	24 spaces
3 and 4 years	25 spaces
Preschool or Flex space	20 spaces
Total	69 spaces

The VBE has Ministry of Education approval to proceed with the school replacement on this site, representing a new model of School-City partnership to serve families with children under 5 years of age. If approved, the Sir Sandford Fleming Elementary School and Childcare will be the second VBE/City partnership project to include a full-day childcare facility for children under 5 years of age.

In addition, plans for the seismic replacement of Fleming School include the replacement of up to 30 licensed childcare spaces for school-aged children ages 5 to 12 years, to be delivered in a shared multi-purpose room on the ground floor of the school.

The land parcel is owned by the VBE; the VBE has agreed to allow the construction of a childcare on the school site, as long as capital funding is provided by the City for the incremental cost to build the childcares, and there is no delay to the construction schedules for the schools as a result of the additional childcare facilities.

The existing school is situated at the corner of Knight and E 49th. In this proposal, the new school-childcare building will be built on the same site at E47th and Lanark, south of the existing school building. The existing school building will be demolished and converted to outdoor open space. The new location creates a greater distance between the school building and heavy traffic on arterials (Knight and E49th), and improves active connections to the school via pedestrian and dedicated bike routes. The zoning for the site is RS-7 (residential single family). Childcares and schools are permitted as conditional uses.

The childcare will have an indoor floor area of approximately 10,000 square feet and an outdoor floor area of approximately 8,500 square feet. Because the childcare is on the third storey, an additional 1,500 square feet is needed for the ground floor lobby and vertical circulation (staircase plus a larger elevator to be shared with the school).

Timeline for Fleming School

A preliminary concept plan was prepared in September 2015. Construction is anticipated to be completed by March 2018:

1. Complete Schematic Design Drawings - November 2015 confirmed
2. Complete Design Development Drawings - January 2016
3. Public Consultation - March 2016
4. Development Permit Approval - July 2016
5. Complete Working Drawings - June 2016
6. Building Permit Approval - July 2016
7. Construction Start - September 2016
8. Anticipated Occupancy - March 2018

To ensure that the facility is designed and constructed to the required standards and guidelines, staff from Real Estate & Facilities Management will continue to provide project management oversight services and support administration of contracts and agreements associated with this project. VBE will provide project management services for the seismic replacement project as a whole, including the childcare; the City will pay a portion of these fees equivalent to the incremental cost for providing childcare-related project management services. The VBE Project Manager will work closely with City staff in the design-and construction of this City asset.

The childcare will be operated by a non-profit agency specializing in childcare services, similar to other City-owned childcare facilities. The operator will be selected through a public, City-run RFP to ensure an equitable process in selecting a qualified non-profit childcare operator.

Construction of Project

A Development Management Agreement will be developed between the City and the VBE, based on the agreement entered into for the Lord Nelson Elementary School/Childcare project, signed in December 2015. The purpose of the Development Management Agreement is to:

- Document the management and decision making responsibilities and authority for, and arrangements between, the various parties having a role in the design development and construction of the Project; and
- Describe the financial responsibilities of each of the Parties during the design development approvals and construction phases.

Lease / Ownership arrangements

The City is seeking the ownership of the childcare facility as an air space parcel, or a long-term lease of 60-75 years.

At present, the VBE Board of Trustees may only consider lease terms of up to 10 years without further approval from the Ministry of Education. Provincial approval will be required for the VBE to enter into a long-term lease that exceeds 10 years, or into separate ownership arrangements. If approval in principal of these projects is granted by City Council and the VBE Board of Trustees, the VBE will approach the Province with a request to grant the City ownership of the childcare facility, or a lease term of 60 -75 years. The City will have the right to request subdivision of the project upon its completion by air space parcel and transfer to the City of title to the parcel containing the childcare component, subject to prior approval of the VBE and the Province.

Strategic Analysis

The City and the VBE have worked in partnership for decades to enable the creation school-age (before and after school) childcare. The proposed school-childcare projects at Lord Nelson and Sir Sandford Fleming Elementary Schools represent a new iteration of this partnership, offering for the first time full-time childcare facilities for children under 5 years of age within school facilities, helping to meet City's goals to plan for complete and healthy communities, and to facilitate access to services for children and families through the creation of hubs of early care and learning.

Further, the City is committed to providing all children with a good start in life. In June 2014, Council adopted the Healthy City Strategy, which includes goals and targets to enable children to have the best chance of enjoying a healthy childhood. The Healthy City Strategy's first goal, A Good Start, aims to decrease child vulnerability by increasing school readiness from 65% to 85% citywide by 2025.

While many of the factors that give rise to vulnerability among children are beyond the direct control of the City, all children benefit from quality care, family support, and opportunities for play, learning and connection. One of the key levers of the City to aid in reducing child vulnerability is by enabling the creation of quality childcare facilities that enable access to healthy child development on all scales (e.g. physical, cognitive, social, emotional and communications), with long-term outcomes in mind.

Implications/Related Issues/Risk (if applicable)

Financial

Capital:

The City has made the creation of childcare spaces one of its top priorities in the 2015-2018 Capital Plan. A total of **s. 17(1)** was earmarked toward the creation of 500 licensed spaces for children under five years old (full day childcare and preschool), plus **s. 17(1)** toward the creation of 500 spaces for children aged 5 to 12 years old (out of school care), with the expectation that additional funding could be leveraged.

The 2015 Capital Budget included s. 17(1) for the Age 0-4 childcare program to advance planning and design for a number of different childcare projects, including the Lord Nelson Elementary School facility. The 2016 Capital Budget to be presented to Council for deliberation and approval December 15, 2015 includes a further s. 17(1) for the Childcare Age 0-4 program with the Sir Sandford Fleming Elementary School childcare facility identified as a potential project.

In May 2015, the City and the VBE made a successful application to the Provincial Childcare Major Capital Fund for both the approved school/childcare project at Lord Nelson Elementary School, and the proposed school-childcare project at Sir Sandford Fleming Elementary School. The total Provincial contribution to these two school-childcare projects is s. 17(1), or s. 17(1) per facility.

In June 2015, as part of the funding approval for the Lord Nelson School/Childcare project, Council also approved an initial allocation of up to s. 17(1) from the 2015 Capital Budget for the Childcare Age 0-4 program towards design development of Sir Sandford Fleming School, contingent upon signed legal agreements by VBE and the City for partnership on Lord Nelson School/Childcare. The proposed s. 17(1) funding allocation noted in Recommendation C includes this s. 17(1) allocation.

In July 2015, Council approved (In Camera) a project budget of s. 17(1) for the childcare at Lord Nelson School, including s. 17(1) primarily for the construction of the 69-space childcare facility (approximately s. 17(1) per space), and including a 30% contingency.

The cost estimates for the childcare at Sir Sanford Fleming Elementary are still being developed. VBE's current draft construction cost estimates have come in at s. 17(1) (approximately s. 17(1) per space). Both parties are currently working to reduce the incremental costs for delivering the childcare at Fleming School, to match the Nelson construction budget; based upon the similarities of the two projects, final costs are expected to be similar.

The current estimates for both Sir Sandford Fleming and Lord Nelson childcares remain below the average cost to deliver an integrated 69-space childcare centre on a rooftop or podium, where the average cost is approximately s. 17(1) per space.

Operating Funding:

Upon completion and occupancy, there will be operating costs associated with this project, the full costs of which are still to be determined. Funding for operating costs will be brought forward through future budget processes.

Operating funding assists with the sustainability of program operations for non-profit operators, and helps to keep spaces affordable for parents. Prior to the commencement of childcare services, grants can be awarded to support the following: a one-time grant can be awarded to the non-profit operator to cover furnishings, equipment and supplies for the centre; a start-up grant can be awarded to support costs associated with opening a new childcare centre; and upon commencement of a new infant or toddler childcare program, an annual grant is normally provided to the non-profit operator to offset the high cost of operating infant and toddler programs, and has a direct impact on lowering parent fees and keeping these to a city average.

For projects in which a childcare facility is offered as a community amenity contribution, funds for equipment and supplies, start-up grant, and infant/toddler grant may be negotiated as part of a cash contribution to the Childcare Reserve, alongside the provision of an in-kind childcare facility.

Given that this is a new model of child care, and a new partnership to deliver child care, staff will undertake a 2016 review of the operating requirements of this new model and will bring forward a funding strategy proposal. Facility maintenance costs for City-owned facilities are expected to be s. 17(1) per year, (approximately s. 17(1) per year). All operating costs will be brought forward as part of the operating budget processes in future years.

Operating support from the City is contingent on the execution of an operating agreement with the childcare operator, which sets out City expectations for the child care program, and subject to demonstrated need. Details of this operating agreement will be finalized once an operator is selected.

Social

Childcare services support labour force participation for working parents, and aids in healthy child development for children. The provision of childcare spaces helps to meet Council's targets to facilitate the creation of 1000 new childcare spaces by 2018, and to reduce child vulnerability rates from 35% to 15% citywide.

The proposed childcare will help to meet both these targets in significant ways: Victoria-Fraserview has both higher-than-average rates of child vulnerability, and a decided lack of childcare spaces for the youngest age groups. Council's 1000-space childcare target includes a goal of 500 spaces for children under 5 years of age, and 500 spaces for school-aged children aged 5 to 12 years. To date, Council has achieved 50.8% of its overall space target for childcare. Including the proposed childcare spaces at Sir Sandford Fleming School (69 spaces), 57.7% of the overall target will be met.

Table 3: Progress to date towards Council's Childcare Space Target, 2015-2018

	Council Target: New Spaces	Built Spaces	Committed Spaces, to date	Committed Spaces, including Fleming School	Total Built and Committed	Percent of Target
Ages 0-4	500	69	236	305	374	74.8%
Ages 5- 12	500	119	84	84	203	40.6%
TOTAL	1000	188	320	389	577	57.7%

Compared to more dense, inner-city neighbourhoods, this area of the city also has fewer development opportunities that will enable the creation of a large purpose-built childcare facility.

This opportunity will also enable the City to further explore its partnership with the VBE, and to collaborate on an innovative demonstration project that will strengthen the range of services for families with children in this neighbourhood.

CONCLUSION

This report recommends that Council approve delivery of the Sir Sandford Fleming Elementary School Childcare facility, to be integrated into the seismic replacement project for Sir Sandford Fleming Elementary School, in partnership with the VBE; with the project budget approval-in-principle of up to **s. 17(1)**, with up to **s. 17(1)** primarily for the purpose of the construction of a childcare facility. Operating funds for the childcares at Sir Sandford Fleming and Lord Nelson School will be planned for in future budgeting processes.

This report also recommends approval to enter into a development management agreement for the development and construction of the facility, a long-term lease/ ownership agreement and related legal agreements with the VBE for the proposed childcare facility.

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