

ADMINISTRATIVE REPORT

Date: July 12, 2000
Author/Local: C. Cuthbert/C. Young
871-6044/871-6042
RTS No. 1189
CC File No.

TO: Standing Committee on City Services and Budgets
FROM: Director of Social Planning and General Manager of Park Board
SUBJECT: Pooh Corner Daycare

RECOMMENDATIONS

- A. *THAT Council, subject to the City and Park Board agreeing on the terms set out in this report, allocate \$477,151 from the Triangle West Community Amenity Contributions (CACs) for the renovation and expansion of the Pooh Corner Daycare, situated at 975 Lagoon Drive, in a City-owned Heritage 'B' listed house, in the care and custody of the Park Board;***
- B. *THAT project management be under the direction of the Manager of the City's Facilities Development;***
- C. *THAT Council appoint Urban Forum as the prime consultants at a fee not to exceed the recommended rates of the AIBC;***
- D. *THAT Council allocate an annual financial contribution of \$5,000 to the Building Management Division, Corporate Services, for the City-owned Childcare Facilities Maintenance Program budget, these monies to be provided without offset from the 2001 operating budget;***
- E. *THAT the City enter into a letter of commitment with the Park Board regarding use, operation, repair and maintenance responsibilities in respect of the house and its grounds, which letter must be satisfactory to the General Manager, Community Services.***

**GENERAL MANAGER OF COMMUNITY SERVICES' AND GENERAL MANAGER,
PARK BOARD'S COMMENTS**

The General Manager of Community Services and the General Manager, Park Board, RECOMMEND approval of Recommendations A through E.

COUNCIL POLICY

In the Civic Childcare Strategy, adopted by Council in October 1990, childcare was approved as one of the community amenities eligible for Community Amenity Contributions (CAC) monies.

Since 1989, Council has required payment of community amenity contributions (CACs) for privately-initiated, site-specific residential rezonings in the Central Area. In negotiating various rezonings within the Triangle West area, monies have been secured for park and/or social amenity uses to be used within the Triangle West area or for facilities nearby that will serve the people of this area.

PURPOSE

The purpose of this report is to ask for Council's approval to use a portion of the Triangle West Community Amenity Contribution monies for the Pooh Corner Daycare renovation/expansion. It also seeks direction regarding management of the renovation project, consultant selection and funding for ongoing maintenance of the building.

BACKGROUND

Since 1972, the Pooh Corner Daycare Society has operated a licensed 22 space childcare facility in the old Park Superintendent's House, located at 975 Lagoon Drive, in Stanley Park. Under its current Provincial childcare license 12 of the 22 spaces are designated for toddler care and 10 spaces for '3-5' year old care.

Pooh Corner Daycare is the only full-time childcare service west of Bute Street in the West End. Over the last ten years, the parent-run board has organized numerous volunteer work parties and raised over \$61,000 towards the cost of maintaining and repairing the facility. These monies were spent on upgrading the outdoor playground, security, lighting, interior painting, new flooring, replacing the hot water tank and furnace.

Early in 1996 it was determined that the building required upgrading to:

- address emerging health, safety and structural issues;

- preserve the long term life of the heritage house;
- allow expansion of the number of childcare spaces from 22 to 34 spaces so the childcare facility could become more financially sustainable.

The Pooh Corner Daycare Society approached the City for a capital grant to assist with renovation/expansion costs initially projected to be \$135,700. Council approved a grant of \$67,850 on July 30, 1996. The Provincial Child Care Branch also approved a grant of \$70,850 in 1997. During the initial design phase for the renovation further study uncovered significant additional structural, code, asbestos removal and licensing requirements that pushed project costs over \$400,000. The daycare board immediately initiated a broader capital campaign. In late 1997 they were successful in securing \$24,255 from the Vancouver Foundation.

Recognizing that the useful life of the heritage building was deteriorating, the Pooh Corner Daycare board approached the Park Board for assistance. Park Board promised assistance with asbestos removal but were unable to make any further commitments. Then in July 1999, in a discussion between the General Managers of Park Board and Community Services, it was agreed to explore the possible use of Triangle West Community Amenity Contribution monies (CACs) as a source of funding for the Pooh Corner project.

DISCUSSION

Triangle West Community Amenity Contributions (CACs)

In 1992, Triangle West was identified as an area deficient in parks, community centre space and daycares. Community Amenity Contributions (CACs) were collected from Triangle West developments to provide these amenities, childcare facilities being one of the amenities eligible for CAC funding.

To date, the City has collected over \$7.4 million in CACs from new developments in the Triangle West area, of which \$2.8 million remains uncommitted. The CACs have been used to pay half of the Coal Harbour Community Centre's building costs and to finance the prebuilding of the adjacent non-market housing/school/daycare parking. The parkade financing is a loan to be paid back to the Triangle West CAC Fund. So far none of the CAC money collected for the Triangle West area has been spent on daycare. City and Park Board staff are proposing that \$477,151 of the Triangle West CACs be allocated to the Pooh Corner Daycare renovation/expansion.

This contribution will provide the remaining funds needed to complete the renovation/expansion. The balance of the funding, \$148,750, has already been secured over

the past four years by the Pooh Corner Daycare Society. This money has been provided through fundraising efforts and includes grants from the Vancouver Foundation, City, and Province. Before pursuing the idea of using Triangle West CACs, staff explored the possibility of additional City and Provincial Capital grants but other priority projects have been identified for the year 2000 funds in these grant streams.

Given the funding already in place (see Appendix I), this project requires Council approval of \$477,151 from the Triangle West CAC fund in order to become a reality. City and Park Board staff support the use of Triangle West CACs to meet the funding shortfall for the project because it expands and revitalizes an existing childcare facility that is geographically well located to serve Triangle West residents. The renovation of this facility is more economical than building a new daycare. To offer a comparison, current childcare projects in the downtown, built in woodframe structures, are costing around one million dollars (not including land, furnishings or equipment).

The renovation of the Pooh Corner Daycare also provides an opportunity to create usable evening and weekend community meeting space. In order to ensure that City funds designated for the purposes of childcare, remain invested in childcare and continue to meet the City's childcare objectives over the long term, it is recommended that Park Board and the City enter into a letter of commitment based on the following:

- i) the Park Board agrees to the use of the house at 975 Lagoon Drive for childcare for a period of 20 years at a nominal rent, on the understanding that the building will be operated by a non-profit society to the satisfaction of the General Manager, Community Services;
- ii) the City, in consultation with the Park Board, has the right to approve subsequent childcare operators if the current society terminates or expires and if a suitable daycare operator cannot be found then the building will revert to the Park Board for a community amenity use;
- iii) the Park Board contributes \$15,000 for asbestos removal;
- iv) the City includes Pooh Corner Daycare in their City-owned Childcare Facilities Maintenance Program and the Park Board retains responsibility for major structural repairs and the property's exterior fencing, exterior walkways, and the grounds including trees and shrubs but excluding children's play equipment, associated resilient surfaces, tricycle paths and;

- v) the Park Board and the Pooh Corner Daycare Society (the “Society”) agree to a surrender of their existing lease to take effect upon occupancy of the renovated premises, and the Park Board and Society agree to enter into a new lease, drawn to the satisfaction of the City’s Director of Legal Services, for a term of 5 years with a 5 year renewal at a nominal rent of \$1.00 per year, on the understanding that the Society will agree to operate a licensed childcare centre in the renovated building to the satisfaction of the General Manager, Park Board and the General Manager, Community Services and be responsible for:
- all childcare staffing, administrative, program and equipment costs
 - building occupancy costs including utility, janitorial, garbage collection, and repair costs except those covered by the City’s childcare maintenance program
 - grounds maintenance, landscaping and repair costs specifically associated with the use of the grounds as a licensed childcare outdoor play area and not covered by Park Board obligations.
- the lease include an attachment outlining how the building maintenance will be managed between the City, Park Board and the Society and what specific maintenance responsibilities are to be fulfilled by each party.

Heritage Status

The building in which Pooh Corner Daycare resides was built as a private home in 1905 for Cecil and Sophie Merritt. Sophie Merritt was the grand-daughter of Sir Charles Tupper, one of Canada’s Prime Ministers. In 1947, the City purchased the house and it became the home of the Park Superintendent for Stanley Park. It is now listed on the City’s Heritage Register as a Heritage ‘B’ building. This means that the building is of “individual heritage importance”. The question of whether or not the City would be seeking heritage designation for the building was explored with the Heritage Group. The building renovations are not resulting in significant additions so the Heritage staff have advised they will not be seeking designation. They have also agreed to continue to accept the current situation of “sanctioned” non-conforming parking. Parking is available in an adjacent pay parking lot and the Park Board provides Pooh Corner staff with parking passes. Some additional parking passes will be needed to meet the parking requirements generated by the daycare expansion. The Heritage Commission has asked to review renovations plans at the development application stage.

Existing Lease and Future Lease

Pooh Corner Daycare is located in a City-owned building on Federal land leased to the City of Vancouver; both land and building are in the care and custody of the Park Board. The Park Board, as custodian for the property, leases the building and certain lands to the Pooh Corner Daycare Society. The current lease was renewed April 14, 1996 for a term of five years. It expires on April 13, 2001. Rent for the property is set at \$1.00 per year. Other aspects of the lease concern specific maintenance responsibilities for the lessee and lessor.

Staff are recommending that the current lease be surrendered and a new lease drawn up between the Park Board and Pooh Corner Daycare Society. The surrender of the existing lease and start of a new lease needs to be coordinated with the occupancy of the renovated building. It should be for a term of 5 years with a 5 year renewal at a nominal rent of \$1.00 per year. Beyond term and rent, other items to include in the lease concern the obligations of the Society to operate a licensed childcare centre in the renovated building and maintenance responsibilities for the building and grounds.

Renovation/Expansion Budget

Facilities Development has reviewed the latest Pooh Corner renovation plans and budget estimates. Building Maintenance staff have worked with Facilities Development to assess outstanding maintenance, employing the assistance of a building envelope consultant. Costs since the first renovation design phase have increased over \$200,000 due to the identification of additional expenses such as replacement of the carport, drainage and ventilation improvements, outstanding maintenance items and asbestos removal costs which were not addressed in the initial renovation plans. The budget now includes these costs, a larger contingency and GST on all hard and soft costs. It has been determined that an overall construction budget of \$625,901 will be required to bring the building up to reasonable standards and enhance its heritage value. This budget includes \$25,700 to cover some furniture and equipment for the new childcare spaces and temporary relocation costs of the childcare service for an estimated seven months while construction is in progress. Asbestos removal costs will be shared between the City and Park Board. The budget includes \$10,000 for asbestos removal directly related to the renovation. The Park Board will be providing an additional \$15,000 to undertake asbestos removal which was identified prior to the renovation plans. The project budget and funding sources are detailed in Appendix I.

Renovation Project Management and Consultants

To facilitate a timely completion of the renovation/expansion project over the Fall and Winter, City staff are also recommending that:

- Urban Forum, the consultants who have already done considerable design work on this project for Pooh Corner Daycare Society, be appointed as the prime consultants to work under the direction of the City's Facilities Development Manager. Other consultants (structural, electrical, etc.) will be selected as required. These consultant costs are covered in the project budget (see Appendix 1 - 'Design and Professional Fees').

To assist with relocation of the daycare during renovations Real Estate has arranged a temporary lease for Pooh Corner in the City-managed space previously occupied by Granny 'Y's at 1140 West Pender Street. The rent of \$600 per month for six months is included in the overall project budget.

Adding Pooh Corner to the City-owned Childcare Facilities Maintenance Program

Pooh Corner Daycare is operated by a parent-run board. They have little expertise in property maintenance and limited financial capacity to cover these costs. Currently, the Park Board lease with Pooh Corner places the majority of the maintenance costs upon the Society. City and Park Board staff are suggesting future maintenance be managed through a cost-sharing arrangement between the City, Park Board and the Society. The City's Building Management staff, who have expertise in maintaining city-owned childcare centres, would take over managing the building maintenance after the renovation is completed. The Pooh Corner Daycare Society would share maintenance duties and costs with the City in a manner similar to the other daycares in this program. The Park Board will continue to pay for major structural repairs and some specific grounds maintenance costs.

Building Management staff have assessed the maintenance requirements for Pooh Corner Daycare and reviewed the renovation plans. In order to add Pooh Corner to the city-owned childcare maintenance program, an additional \$5,000 from the City's 2001 operating budget will need to be added to the Building Maintenance budget for city-owned childcare facilities.

CONCLUSION

Pooh Corner Daycare Society has provided licensed childcare services for almost thirty years at 975 Lagoon Drive in Stanley Park. Over the years, the daycare society has put substantial money and volunteer time into maintaining this city-owned Heritage 'B' building. However, the building requires extensive renovation to address health, safety, structural and code issues. There is also an opportunity to expand the number of childcare spaces from 22 to 34. The operating costs associated with expanding the childcare programs up to 34 spaces will be covered by the Pooh Corner Daycare Society. In addition to providing growing room for

the childcare program, the renovation will create a small meeting area for community weekend/evening use. This would maximize the use of the building, provide public access and improve the financial viability of the childcare service in an optimal environment for young children.

Park Board and City staff are recommending that Council authorize a contribution of \$477,151 from uncommitted Triangle West CAC funds for the Pooh Corner Daycare renovation/expansion project. It is also recommended that there be an agreement between the City and Park Board to ensure the use of 975 Lagoon Drive for childcare use for a period of 20 years, that the City has the right to approve subsequent childcare operators, that Park Board contributes \$15,000 towards asbestos removal costs, that the City includes the daycare in the City-owned Childcare Maintenance Program with the Park Board maintaining responsibility for major structural repairs and grounds maintenance, and Park Board and Pooh Corner Daycare enter into a lease for 5 years with a 5 year renewal for a nominal rent of \$1.00 per year. Other recommendations concern project management for the renovation by the City's Facilities Development Manager, consultant selection and a \$5,000 financial contribution to the City-owned Childcare Facilities Maintenance Program from the 2001 City operating budget.

* * * * *

General Mgr./Dept. Head:

Report dated: July 12, 2000

Author: C. Cuthbert/C. Young

Date:

Phone: 871-6044/871-6042

This report has been prepared in consultation with the departments listed to the right, and they concur with its contents

Concurring Departments:

PARK BOARD - S. Mundick

FINANCE - K. Bayne

FACILITIES DEVELOPMENT - C. Hosein

LEGAL SERVICES - F. Connell

BUILDING MANAGEMENT - J. Yalkin

PROPOSED PROJECT BUDGET
RENOVATION OF 975 LAGOON DRIVE (Heritage 'B' building)

Revenue:

Triangle West CAC monies	\$477,151
*Remainder of MCF Childcare grant approved 1997	\$35,900
Vancouver Foundation grant approved 1997	24,255
City Capital grant approved July, 1996	67,850
Other Pooh Corner fundraising	5,745
Park Board for Asbestos Removal	15,000
TOTAL PROJECT REVENUE	\$625,901

Expenses:

Demolition	12,600
Seismic upgrade	10,000
Main floor, first floor and attic renovations/upgrades	162,750
Mechanical upgrade	41,600
Electrical upgrade (includes removal of knob & tube wiring)	40,800
Exterior decks, exterior painting, skylight	48,500
Carport (remove & replace, provide covered play area)	30,000
Ventilation improvements	10,000
Perimeter drains	10,000
Water pipe replacement	2,000
Repair of outstanding maintenance items	31,000
- repair 2 plate rots, replace rotted post in the crawlspace, fix water problem in the crawlspace, repair roof leaks, replace window flashing, patch holes to deter rodent entry	
Design and professional fees	56,000
Project Management fees	9,000
Permits, Disbursements, Contingency	92,721
Furniture and equipment	12,000
Temporary relocation costs	13,700
Asbestos removal (** see note below)	25,000
SUB-TOTAL	\$607,671
***GST	18,230
TOTAL PROJECT EXPENSES	\$625,901

Notes:

- * The MCF Childcare grant approved in 1997 amounted to \$70,850. A portion of the money, \$34,950, has been spent on architectural, mechanical and building code consultants to develop the design in preparation for contract documents
- ** The Park Board will be providing \$15,000 towards asbestos removal costs estimated to be between \$18,000 to \$25,000
- *** GST calculated at 3% net (normally GST 7% but City gets a 4% rebate)
Provincial Sales Tax included in each line item