

DATE: May 23, 1996

SUBJECT: POOH CORNER DAYCARE SOCIETY LEASE RENEWAL

RECOMMENDATION

THAT the lease between the Park Board and the Pooh Corner Daycare Society be renewed commencing April 14, 1996, for a five year term with a right to another five year term subject to a significant capital investment, having been made by the Society, and that the following clause be added:

The Lessee at its own expense shall contract with an accredited Building Inspection Service for a maintenance inspection every two (2) years (four times in the ten year agreement) to determine the condition of the building at 975 Lagoon Drive, including its structure, mechanical and electrical elements and finishes inside and out, and prepare and submit a full report of such inspections to the General Manager of the Board.

BACKGROUND

The Pooh Corner Daycare Society has had a lease with the Board for the building at 975 Lagoon Drive for 23 years. The Society operates a licensed daycare for 24 children. The current ten year lease with the Board expired on April 13, 1996. The Society wishes to continue in this lease agreement with the Board for another ten years.

In the last 10 years the Society has maintained and enhanced the facilities in a number of ways including improved and additional playground components (\$35,000), improved security and lighting (\$12,300), and interior maintenance and painting (\$5,300). All work is done in ways to retain and reinforce the heritage qualities of the building. Parents contribute 300 hours of volunteer labour per year. The Board, too, has contributed to the maintenance of the facility in the last 10 years, spending approximately \$94,000.

DISCUSSION

The essential clauses in the lease are as follows:

- 1) The term of the lease is five years, ending April 13, 2001, with a right to another five years, ending April 13, 2006, given sufficient capital investment, in the amount of \$130,000 or more, for repairs and/or improvements. The rent is \$1.00 per year, payable in advance.
- 2) The Lessee is responsible for all utility costs, and garbage collection.
- 3) The Lessee must maintain and repair the premises and grounds to the satisfaction of the General Manager.
- 4) The Lessor is responsible for the major structural repairs.
- 5) The lessee must maintain liability insurance of at least \$2,000,000.

- 6) The Lessee must ensure that they are complying with the Human Rights Code with respect to the use and occupation of the facilities.

Normally, the Board does not approve leases with terms longer than five years except in cases where the lessee is planning to expend considerable funds on upgrading the facility. A longer lease provides more investment security for the lessee and the funder. The Society is currently making application to funders for a grant to increase the childcare/floorspace ratio to better satisfy licensing requirements. This will require renovations to the second floor in order to permit assembly and will also require the installation of a sprinkler system for the entire building. In order to proceed with these improvements they will need to raise about \$110,000. Given the potential of this fund raising activity, staff are recommending a five year lease with a right of renewal for an additional five years if the Society has financed capital improvements in the amount of \$110,000.

The new clause pertaining to building inspections is being added to all lease agreements with organizations who operate Board facilities. Given that the lessee is responsible for the maintenance of the building, this requirement ensures that the Board is kept aware of the condition of the facility.

Operations and Recreation staff met with Society representatives to discuss the present state of the building and to confirm who was responsible for current maintenance requirements. For the record, a summary (Appendix A) is attached.

CONCLUSION

The Pooh Corner Daycare Society provides a valuable community service and takes good care of this Heritage B building. This lease agreement benefits both parties.

Prepared by:
Recreation Division
Vancouver Board of Parks & Recreation

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APPENDIX A

Staff/Society Agreement on Specific Maintenance and Repair Responsibilities in addition to those already detailed in the Lease Agreement (March 8, 1996)

The Lessee (Society) is responsible for:

- 1) Assessing and upgrading the electrical system as required.
- 2) Assessing the heating system and creating separate thermostat zones as required.
- 3) Replacement of hot water tank as required.

- 4) Repairing or replacement of floor covering as required.
- 5) Annual maintenance check on furnace and fire alarm system.
- 6) Repainting the exterior of the building, due within 3 years.
- 7) Water proofing of the rear deck and entrance off main floor, an immediate requirement.
- 8) Repointing granite joints in foundation wall at time of exterior painting.
- 9) Replacement of wax seal under toilet as per inspection.
- 10) Other improvements as deemed desirable by the Society or necessary under the Daycare Licensing Act.

The Lessor (Park Board) is responsible for:

- 1) replacement of non slip surface at front entry deck
- 2) Getting rid of rodents in the roof and closing off their points of entry.
- 3) maintenance of drainage problem in playground
- 4) carport- replacing rotten structural components in roof, strengthening roof bracing, and replacing roof membrane
- 5) checking for and removal of any asbestos on main floor flooring and where required, in the basement
- 6) assessment and replacement of roof
- 7) repairing and/or replacement of the asphalt driveway and paths damaged by roots

Lessee and Lessor are equally responsible for:

- 1) Repairing the fence and the eroded area under the fence.
- 2) Regular grounds maintenance: Board staff will do the required work and bill the Society for one half of the 112 hours/year.

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