

# REPORT

## *Parks and Recreation*

**To:** Mayor Johnstone and Members of Council  
**Date:** January 22, 2024

**From:** Dean Gibson  
Director of Parks and Recreation  
**File:**

**Item #:** 2024-30

**Subject: Child Care Facility Lease Agreement at 65 E. Sixth Ave**

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### **RECOMMENDATION**

THAT subject to completion of required public notification processes, the Mayor and City Clerk be authorized to execute the attached Lease Agreement, substantially in the form included as Attachment “1”, between the City and the YMCA BC for a child care facility within the təməsewtx<sup>w</sup> Aquatic and Community Centre.

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### **PURPOSE**

To provide Council with information on the proposed Lease Agreement with the YMCA BC for the use of space at the təməsewtx<sup>w</sup> Aquatic and Community Centre (TACC) located at 65 E. Sixth Avenue.

### **BACKGROUND**

Based on a Feasibility Study related to TACC that identified the provision of child care services as a best practice, and given that affordable child care is a City priority, a purpose built child care facility was incorporated into the design of the City’s new aquatic and community centre. The child care facility will accommodate up to 12 infant/toddler (0 to 36 months) and up to 25 three-to-five (30 months to school age) child care spaces. The facility features include separate activity spaces, bathrooms, kitchen, laundry and storage, staff office, and outdoor play areas.

In July 2019, the City applied for a ChildCareBC New Spaces Fund grant through the Province, and was subsequently awarded \$3,000,000 towards the construction of the

TACC child care facility. The City also contributed \$85,443 towards the construction of the facility and contributed an additional \$15,000 for furnishings and equipment.

In 2022, the City issued a request for Expressions of Interest (EOI) for non-profit child care providers to submit a proposal to be considered as a prequalified operator to deliver new child care programs in the City. Four operators were selected and were subsequently invited to submit a proposal for a Request for Service to operate the child care facility at TACC.

The proposal submission included the following:

- 1. Operator’s Vision
- 2. Fee Structure
- 3. Experience and Capacity
- 4. Staffing
- 5. Other Abilities – Reconciliation, Inclusion, Family Support Needs
- 6. Familiarity with New Westminster
- 7. Familiarity with Licensing and Regulations

Two submissions were received and an interdepartmental staff team undertook a secondary review process to evaluate the respective proposals. The outcome of the evaluation supported the selection of the YMCA BC to be the non-profit operator of the child care facility at TACC.

**ANALYSIS**

In January 2020, Council endorsed a Child Care Facility Ownership and Management Policy that provides a framework for assigning operating costs and a funding model for different facility arrangements. TACC is the third example of a City owned, dedicated and licensed child care space located within a Parks and Recreation facility, the first two being delivered out of the Queensborough Community Centre and the third at Centennial Lodge. The City has also recently opened and leased a new standalone child care facility at 490 Furness St. in Queensborough. Since 2010, the City has facilitated 1,179 non-profit and for-profit child care spaces and continues to focus its efforts on creating new child care spaces.

Under this model, the following factors have been considered in the respective lease agreements:

- *That the City retain ownership of the facility and property and that it exercise a lease agreement with a non-profit child care provider.*
- *That the City, under the terms of the lease agreement, furnish and equip the facility or space and be responsible for facility repairs and maintenance and security services.*

- *That the non-profit provider, under the terms of the lease agreement, be responsible for staffing costs; furniture and equipment replacement; damage caused by gross negligence; and operational expenses such as insurance, internet and telephone.*
- *That the lease agreement be structured on a cost recovery basis and take into consideration costs related to electricity and other utility services; facility depreciation; janitorial services; and, security services.*
- *That the Parks and Recreation Department be responsible for the ongoing management lease agreements within the facilities it operates.*

Parks and Recreation staff have developed an estimated operating budget to establish the initial monthly lease rate of \$3,375 (excluding GST and PST). Schedule B and C of the attached lease agreement outline operating and cost allocation responsibilities between the City and the non-profit operator. The operating budget was estimated according to best practice for scope of work and comparable costs across the City’s child care facility portfolio. It does not include cost recovery for facility depreciation as previous negotiations with non-profit child care operators have determined that inclusion of depreciation costs renders a non-sustainable lease rate for the operator.

**DISCUSSION**

The following is a summary of the Lease area, terms and conditions.

- Lease space: Approximately 225 m<sup>2</sup> (2,421 ft<sup>2</sup>) outdoor space  
 Approximately 179.5 m<sup>2</sup> (2,695 ft<sup>2</sup>) interior space
- Term: Five-year term commencing on May 1, 2024
- Lease rate: \$3,375 per month (excluding GST and PST) with provision for annual rate adjustments.

The child care operator has reviewed the proposed lease agreement and has agreed to the terms listed within.

A copy of the proposed Lease Agreement is provided as Attachment 1.

**FINANCIAL IMPLICATIONS**

2024 annual lease revenue, estimated at \$40,500, will recover the City’s operating expenses for the lease space.

**NEXT STEPS**

The next steps in processing the Lease Agreement will be providing public notification of the City’s intention to enter into a Lease Agreement with the YMCA BC, and, subject to no objection being heard in response to public notification, will conclude with signing and distribution of the documents.

**INTERDEPARTMENTAL LIAISON**

Staff in CAPD, Parks and Recreation, Legislative Services and Finance have collaborated on this report. The City’s Manager of Legal Services has reviewed the lease agreement.

**OPTIONS**

The following options are provided for Council’s consideration:

- 1) THAT subject to completion of required public notification processes, the Mayor and City Clerk be authorized to execute the attached Lease Agreement, substantially in the form included as Attachment “1”, between the City and the YMCA BC for a child care facility within the təməsewtxw Aquatic and Community Centre.
  
- 2) That Council provide staff with alternative direction.

Staff recommend Option 1.

**ATTACHMENTS**

Attachment 1 - Lease Agreement between the City and the YMCA BC

**APPROVALS**

This report was prepared by:  
Renee Chadwick, Manager Special Projects and Community Partnerships

This report was reviewed by:  
Stephanie Trasolini, Manager – Recreation Services and Facilities - təməsewtxw Aquatic and Community Centre  
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This report was approved by:  
Dean Gibson, Director Parks and Recreation  
Lisa Spitale, Chief Administrative Officer