

Clause embodied in Report No. 1 of the Policy and Finance Committee, as adopted by the Council of the City of Toronto at its regular meeting held on February 4, 5 and 6, 2003.

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**Capital Grant and Loan Guarantee for Growing Tykes
Childcare to Develop a Child Care Centre
(Ward 5 - Etobicoke-Lakeshore)**

(City Council at its regular meeting held on February 4, 5 and 6, 2003, adopted this Clause, without amendment.)

The Policy and Finance Committee recommends the adoption of the recommendations of the Community Services Committee embodied in the following communication (January 9, 2003) from the City Clerk:

Recommendation:

The Community Services Committee, at that portion of its meeting held on January 9, 2003, recommended to the Policy and Finance Committee, and Council, the adoption of the attached joint report dated December 13, 2002, from the Commissioner of Community and Neighbourhood Services and the Chief Financial Officer and Treasurer respecting a Capital Grant and Loan Guarantee for Growing Tykes Childcare to Develop a Child Care Centre (Ward 5).

(Joint report dated December 13, 2002, addressed to the
Community Services Committee, from the
Commissioner of Community and Neighbourhood Services
and the Chief Financial Officer and Treasurer)

Purpose:

This report seeks approval for the City of Toronto to provide a loan guarantee for \$650,000.00 and a grant of \$250,000.00 from the Child Care Capital Cost Reserve to Growing Tykes Childcare to develop a child care centre in Ward 5 Etobicoke Lakeshore.

Financial Implications and Impact Statement:

Growing Tykes Childcare proposes to develop a new child care centre at 5150 Dundas Street West in Etobicoke. The cost of the project is estimated at \$900,000.00 and funding for the project would be achieved through a loan of \$650,000.00 guaranteed by the City and a grant of \$250,000.00 from the City's Child Care Capital Cost Reserve. This project meets the Criteria for the Child Care Capital Cost Reserve approved by Council on August 1, 2, 3 and 4, 2000. The

proposed nature and terms of the guarantee including the requirement for certification under the established debt and obligation limit meets the criteria for Capital Loan and Line of Credit Guarantees approved by Council on March 6, 7 and 8, 2001.

Recommendations:

It is recommended that:

- (1) subject to sufficient performance safeguards, the City of Toronto guarantee a capital loan of up to \$650,000.00 to be arranged by Growing Tykes Childcare;
- (2) a grant of \$250,000.00 be provided from the Child Care Capital Cost Reserve to support the proposed licensed capacity;
- (3) the nature and terms of the guarantee, including any requirement for potential certification under the established debt and obligation limit, be subject to the concurrence of the Treasurer, City Solicitor and the Commissioner of Community and Neighbourhood Services; and
- (4) the appropriate City officials be authorized to take the necessary action to give effect thereto.

Background:

“Criteria for Capital Loan Guarantees for Non-Profit Child Care Programs” were approved by the former Metropolitan Toronto Council on June 1, 1994, and have been subsequently used to support loan guarantees for Allenby Day Care Centre, John Wanless Child Care, Charlottetown Boulevard Child Care, and Growing Tykes Childcare. In 1997, a loan guarantee of \$200,000.00 was approved to allow the development of Growing Tykes’ Markham Road site. This five-year loan has been paid in full and was discharged on November 21, 2002. In 2000, another loan guarantee of \$700,000.00 was approved to allow the development of Growing Tykes’ Lawrence Avenue East site. This ten-year loan and loan guarantee are in good standing and will be discharged by July 2011.

“Criteria for the Use of the Child Care Capital Cost Reserve Fund” were approved by Council on August 1, 2, 3, and 4, 2000. The criteria support the development of new child care services, which increase the supply of licensed spaces in under-served areas and increase the supply of infant spaces.

Growing Tykes Childcare, which currently operates two child care centres in Scarborough, is now proposing to develop another child care facility at 5150 Dundas Street West in Etobicoke. This new proposed centre would have a licensed capacity of 124 children (20 infants, 25 toddlers, 64 preschoolers and 15 school-age going). The proposed new location not only offers the opportunity to increase the licensed service available to infants and toddlers but also compensates the recent loss of a centre in Ward 5 that housed 112 children. The proposed services are consistent with the priorities contained in the City’s Service Plan for Child Care. The Growing Tykes organization, while operating in a fiscally solvent position, does not have

sufficient funds to pay for the leasehold improvements necessary to bring the proposed facility into compliance with provincial Day Nurseries Act requirements.

Comments:

The Province of Ontario no longer funds major capital costs of child care development. As a result, there are significant barriers to the growth of licensed child care which have made the City's objective of service equity difficult to achieve. Loan guarantees are one strategy that the City has been able to use to support the growth of more licensed child care stock.

Growing Tykes Child Care has submitted a business plan to the Department in support of its request for a loan guarantee. The construction costs will be funded through the loan and grant and the loan payments financed through the per diem rates paid. To obtain the required loan from a commercial lender, the organization requires a loan guarantee.

This project meets the City's established criteria for loan guarantees and will be eligible for a fee subsidy agreement when complete. A preliminary review of the organization's financial plan has found their plan to be viable. The Department, therefore, recommends that the City approve a loan guarantee and grant for Growing Tykes Childcare and authorize City officials to negotiate acceptable performance standards and finalize the City's agreement with them.

Conclusion:

The Department recommends that Council approve a grant from the Child Care Capital Cost Reserve and a loan guarantee for Growing Tykes Childcare subject to sufficient safeguards and in accordance with the established criteria.

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