



## STAFF REPORT ACTION REQUIRED

### Loan Guarantee for Creative Preschool

<b>Date:</b>	March 8, 2007
<b>To:</b>	Community Development and Recreation
<b>From:</b>	General Manager, Children's Services
<b>Wards:</b>	Ward 30
<b>Reference Number:</b>	

#### SUMMARY

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Creative Preschool of East Toronto (CPS) is losing its current space and has found a new location. This report recommends that the City of Toronto provide a loan guarantee for up to \$100,000 for CPS to provide for leasehold improvements to meet the *Day Nurseries Act* requirements, avoid service disruption and maintain licensed spaces.

#### RECOMMENDATIONS

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The General Manager, Children's Services Division recommends that:

1. the City of Toronto provide a loan guarantee for up to \$100,000 on behalf of Creative Preschool to its financial institution, to provide for leasehold improvements to preserve licensed spaces;
2. such guarantee and all related agreements be on terms and conditions satisfactory to the City Solicitor, the Deputy City Manager and Chief Financial Officer as well as the General Manager, Children's Services, and that the Deputy City Manager and Chief Financial Officer be requested to negotiate appropriate and adequate safeguards, to the satisfaction of the City Solicitor, with the City being promptly advised in the event of default or delay in the payment of interest;
3. the City enters into an agreement with CPS with respect to the line of credit guarantee;
4. the City enters into a tri-party agreement with CPS and its financial institution with respect to the line of credit guarantee;
5. the guarantee be deemed to be in the interest of the municipality; and
6. the appropriate officials be authorized to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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The recommendations will have no financial impact beyond what has already been approved in the current year's budget.

There is no direct cost to the City for providing this guarantee unless CPS defaults on its obligation and the City cannot recover any funds from the organization. In future years, if there were a default, there could be a financial impact in the City's budget. That impact would be a loss of up to \$100,000 (the amount of the loan guarantee) plus interest. This expenditure would be taken from the Child Care Expansion Reserve Fund.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

City Council on March 6, 7 and 8, 2001 adopted the staff recommendations in the recommendations section of the Policy and Finance Committee Report, Policy for Capital Loan and Line of Credit Guarantees. CPS meets the criteria outlined in Appendix A for consideration. See Appendix A.

<http://www.toronto.ca/legdocs/2001/agendas/council/cc010306/pol2rpt/cl003.pdf>

## **ISSUE BACKGROUND**

Creative Preschool of East Toronto is a not for profit child care centre located at 14 St. Matthews Road in the Hannah building on the grounds of Bridgepoint Health. CPS currently operates a nursery school for 40 children in the morning and 40 children in the afternoon, with provision to attend no more than 6 hours per day. CPS has 2,000 square feet of space, and does not have a playground. It draws from area schools to provide a full day of care for those children also attending kindergarten and a total of 110 families are served (some children attend part-time). As a result of the redevelopment of the Bridgepoint site, the childcare is being displaced.

The Centre does not have a contract with Children's Services for fee subsidy and has not been interested in pursuing a contract until now. The Centre does have a financial relationship with the City, however, because it receives wage subsidy and pay equity funding.

CPS has secured a larger space and is considering expanding its service options to offer full-day toddler and preschool programs in addition to the nursery school.

## **COMMENTS**

Initially, Bridgepoint Health was planning to accommodate CPS both during the interim redevelopment phase by finding appropriate alternative space, and in the longer term as part of the new Bridgepoint Health complex. Bridgepoint at all times tried to accommodate CPS by attempting to find interim space both on and off the complex, in partnership with CPS. However, Bridgepoint has recently advised the Centre that they regrettably can no longer accommodate them either during the redevelopment phase or, as has part of the completed redeveloped Bridgepoint Health site. Further, Bridgepoint has recently (February 27, 2007) advised CPS that their current home in the Hannah building will be demolished in the summer of 2007 to prepare for redevelopment of the Bridgepoint Hospital site.

CPS has been given a notice to vacate the premises by June 30, 2007, but this timeline may be extended to accommodate their summer program. CPS, while operating in a fiscally solvent position, does not have sufficient funds to pay for the leasehold improvements that are necessary because of its forced relocation to new premises. Bridgepoint Health has agreed to provide bridge financing pending the results of the approval of the loan guarantee application to the City, so then renovations at a new site can commence immediately, in order to be ready by September 2007.

## **CONTACT**

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## **SIGNATURE**

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