Lease Agreement with Alderbuds Child Care Centre at 399 The West Mall

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<th>July 24, 2014</th>
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<td>To:</td>
<td>Government Management Committee</td>
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<tr>
<td>From:</td>
<td>Chief Corporate Officer and General Manager, Children's Services</td>
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<td>Wards:</td>
<td>Ward 3 – Etobicoke Centre</td>
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**SUMMARY**

The purpose of this report is to obtain City Council authority to enter into a new lease agreement with Alderbuds Child Care Centre (ACCC) for approximately 3,600 square feet of space and 3934.2 square feet of playground facilities in Etobicoke Civic Centre at 399 The West Mall at nominal value.

**RECOMMENDATIONS**

The Chief Corporate Officer and the General Manager of Children's Services recommends that:

1. City Council authorize a new lease agreement with ACCC for a five (5) year term, substantially based on the terms set out in the attached Appendix A, with such revisions thereto, and such other terms and conditions acceptable to the Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor.

2. City Council authorize the Chief Corporate Officer, or her designate, to administer and manage the agreement, including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
Financial Impact

The proposed agreement will provide ACCC with approximately 3,600 square feet of space for nominal net rent consideration. All operating costs related to the building occupancy (currently estimated at $44,326 per year based on a rate of $12.31 per square foot) plus any property taxes assessed will be paid by the tenant, resulting in no net cost to the City of Toronto.

Research indicates that a present value of the total opportunity cost of this lease over the 5-year term is approximately $226,250.

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

DECISION HISTORY

At its meeting on September 18, 1989, Council of the former City of Etobicoke by adoption of Clause 394 of Report #17 of Administration Committee authorized the execution of the lease between the City of Etobicoke and Alderbuds Child Care Centre.

ISSUE BACKGROUND

Alderbuds Child Care Centre is operated by a not for profit Board comprised of parents and community members, and has been a tenant in Etobicoke Civic Centre since 1989. Original Lease, dated October 1, 1989 was for a term of five years with a right to renew for a further 5-year term on the same terms and conditions except for further right to renew. The lease was renewed in 1994 for a further 5-year term, expired on September 30, 1999.

Since then, Alderbuds Child Centre has continued it's occupancy on a month-to-month basis in accordance with terms and conditions of the expired lease with the former City of Etobicoke, that include the provisions that the landlord is responsible for all maintenance costs and taxes.

Alderbuds Child Care Centre entered into a Purchase of Service Agreement with the City of Toronto in May 1991. The Agreement with the City of Toronto has been in good standing since that time, and ACCC has met or exceeded the quality standards set by the City.

COMMENTS

ACCC offers workplace child care to employees in the Etobicoke Civic Centre as well as serving the community. Through the Agreement with the City fee subsidies are available to assist eligible parents with the cost of care, and wage grants help to offset the high cost of child care for all families accessing the service.
Entering into a new lease at nominal value would reduce the draw on fee subsidies, and minimize the impact on fees for families. A new commercial lease at market value would result in a significant increase in fees.

With the last phase of full day kindergarten being implemented in September 2014, ACCC is currently undergoing renovations to focus service on children 0 – 4 years of age. This is aligned with the City's direction for child care services.

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SIGNATURE

Josie Scioli  
Chief Corporate Officer

Elaine Baxter-Trahair  
General Manager  
Children's Services

ATTACHMENTS

Appendix A – Proposed Lease Terms and Conditions  
Appendix B – Location Map