



STAFF REPORT ACTION REQUIRED

Funding for Relocation of Hollis Early Learning and Child Care Centre

Date:	April 12, 2016
To:	Budget Committee
From:	General Manager, Children's Services Deputy City Manager and Chief Financial Officer
Wards:	Ward 11 – York South-Weston
Reference Number:	

SUMMARY

The property occupied by the Hollis Early Learning and Child Care Centre, a purpose built Centre directly operated by the City of Toronto, is to be sold to Metrolinx in mid-August as part of the Master Agreement between the City of Toronto and Metrolinx for the development of the Eglinton Crosstown Light Rapid Transit project. The site will become part of the Mount Dennis entrance to the system. Metrolinx is obligated as part of the agreement to fund the costs of the relocation of the child care program.

This report requests the creation of a capital project for the relocation of the Hollis Early Learning and Child Care Centre (ELCCC) by amending the 2016-2025 Capital Budget and Plan as well as an adjustment to the 2016 Approved Operating Budget for Children's Services to allow for the retrofit of an interim location for the operation of the child care pending construction of a new site.

RECOMMENDATIONS

The General Manager, Children's Services and the Deputy City Manager and Chief Financial Officer recommends that:

- 1) City Council direct that the funds for the sale of 1 Hollis Street be deposited to the Child Care Capital Reserve Fund and earmarked for use for the permanent replacement of 1 Hollis Early Learning and Child Care Centre;
- 2) City Council amend the 2016-2025 Capital Plan and the 2016 Capital Budget for Children's Services (CS) by adding a new capital project of \$9.0 million gross fully

- funded from the Child Care Capital Reserve Fund (XR1103), and named Mount Dennis Early Learning and Child Care Centre, for the permanent replacement of Hollis Early Learning and Child Care Centre with a cash flow budget of \$3.5 million in 2016; \$4.5 million in 2017; and \$1.0 million in 2018, with the purchase of property and design costs to be allocated to 2016 year and the remainder of costs to the 2017 and 2018 years;
- 3) City Council amend the 2016 Approved Operating Budget for Children's Services by adding \$0.950 million gross, \$0 net, funded from the Child Care Capital Reserve Fund for the retrofit of the leased interim operating space replacing the Hollis Early Learning and Child Care Centre which is located at 1296 Weston Road; and
 - 4) City Council direct that further funds due to the City from Metrolinx in relation to the replacement of Hollis Early Learning and Child Care Centre and costs of the retrofit and operation of the interim site also be deposited to the Child Care Capital Reserve Fund and allocated to the Mount Dennis Early Learning and Child Care Centre Capital Project and the Operating Budget for Children's Services in a manner acceptable to the General Manager, Children's Services and the Deputy City Manager and Chief Financial Officer.

Financial Impact

Funds from the sale of 1 Hollis Street due from Metrolinx will be deposited in the Child Care Capital Reserve Fund upon final settlement. All costs pertaining to the relocation and retrofit of the Hollis ELCCC program to the interim location, as well as the acquisition and construction costs of the new replacement property, will be fully funded by Metrolinx with no impact to the City.

The Approved Capital Plan 2016-2025 for Children's Services will be increased by \$9.0 million gross, fully funded from the Child Care Capital Reserve Fund for the replacement of the Hollis ELCCC. Funding is already included in the 2016 Operating Budget for Children's Services for the existing operation of the child care program; however the 2016 Operating Budget for Children's Services will be increased by \$0.950 million gross, \$0.0 net funded from the Child Care Capital Reserve Fund to allow for the retrofit of an interim location to meet current building code and *Child Care and Early Years Act 2014* requirements.

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

DECISION HISTORY

At its meeting of October 30, 31 and November 1, 2012 Toronto City Council approved the Master Agreement for the Light Rail Transit Projects as Item No CC27.6 As part of the Master Agreement the City agreed to sell to Metrolinx a number of properties including 1 Hollis Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CC27.6>

ISSUE BACKGROUND

The property occupied by the Hollis ELCC will be sold to Metrolinx in the summer of 2016 as part of the City of Toronto and Metrolinx Master Agreement dated November 28, 2012 regarding certain Light Rail Transit Projects including the Eglinton Crosstown Light Rapid Transit project. The existing child care program will be required to occupy an interim location while a new permanent location is secured and constructed. In order to continue to move forward with this relocation project and to comply with Corporate financial practice and policy, Council approval is required for a new Capital project and adjustments to the Children's Services 2016 Approved Operating Budget.

COMMENTS

Requirement to relocate from 1 Hollis Street

In October 2012, Toronto City Council approved the Master Agreement for the Light Rail Transit Projects. As part of the Master Agreement the City agreed to sell to Metrolinx a number of properties including 1 Hollis Street which is the location of a directly operated early learning and child care centre. The 52 space Hollis ELCC has operated in the Mount Dennis Neighbourhood for over 40 years.

Property search

Following execution of the Master Agreement, Children's Services and Real Estate have worked to locate and secure an alternate permanent site for child care in the Mount Dennis community. The process of securing a new site is still underway. The targeted opening date for a new location is 2018.

Interim location

As Children's Service is required to vacate 1 Hollis Street in August of 2016 and as families continues to require service and as demand for child care continues to outweigh supply, an interim operating location has been secured at 1296 Weston Road. This site is approximately four blocks from the current site and was formerly licensed as a child care but has been vacant for a number of years. The site is being retrofitted to meet current legislative and regulatory requirements and will become the new home of the Hollis ELCCC pending construction of a new site. The site will be renamed the Mount Dennis Early Learning and Child Care Centre when it relocates.

Funding and Budget Adjustments

As funds from the sale of 1 Hollis Street and further project funding from Metrolinx for the replacement of 1 Hollis Street can only be used for the relocation of the child care, staff recommend that funds be placed in the Children's Services Capital Reserve Fund.

This project was not previously included in the Capital or Operating budgets as timing was uncertain however, with the recent execution of a transfer agreement between the City and Metrolinx, the sale of 1 Hollis Street to Metrolinx has become firm. As such staff are recommending that Council now approve the creation of a capital project and adjustments to the 2016 Approved Operating Budget for Children's Service and that the relocation of Hollis ELCCC be financed by funds due from Metrolinx for this purpose that will be deposited to the Children's Services Capital Reserve Fund.

As noted above, Metrolinx is required under the Master Agreement with the City to replace the total number of child care spaces at 1 Hollis Street to current standards and to ensure that this is done at no cost to the City. As such there will be no net cost to the City for this project.

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SIGNATURE

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