

NO: R215

COUNCIL DATE: December 12, 2022

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **December 7, 2022**

FROM: **General Manager, Parks, Recreation & Culture** FILE: **0550-20**
General Manager, Engineering

SUBJECT: **Proposed Partnering and Lease Agreement with Fraser Region Aboriginal Friendship Centre Association to Support the Development of the O'Siem Village Childcare Centre in Hawthorne Park**

RECOMMENDATION

The Parks, Recreation & Culture Department and the Engineering Department recommends that Council:

1. Receive this report for information;
2. Approve the execution by the General Manager of Parks, Recreation & Culture of a new Partnering Agreement between the City and the Fraser Region Aboriginal Friendship Centre Association ("FRAFCA"), subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, as approved by the City Solicitor, as generally described in this report; and
3. Approve the execution by the General Manager of Parks, Recreation & Culture of a new 20-year Lease Agreement between the City and the FRAFCA, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26* and satisfaction of the conditions precedent all as generally described in this report.

INTENT

The purpose of this report is to seek Council's support to develop space for 47 new childcare spaces and enter into a new Partnering Agreement and a Lease Agreement with FRAFCA to expand childcare services in Surrey through the development and operation of an Indigenous childcare facility within Hawthorne Park.

BACKGROUND

Property Description

The City property located at 14306/08 and a portion of 14290 – 108th Avenue as illustrated in Appendix "I" attached to this report, (the "Lease Area") is a 3,612 m² area located along the northern edge of Hawthorne Rotary Park on the south side of 108 Avenue. The Lease Area is improved with a 440.7 m² fourplex that will be renovated to develop the O'Siem Village Childcare Centre (the "Childcare Centre").

DISCUSSION

ChildCareBC New Spaces Fund Grant

On July 8, 2019, Council endorsed Corporate Report R141; 2019 (Appendix “II”) which approved a 20-year lease for the property located at 14306/08 - 108 Avenue. At that time, FRAFCA had been successful in securing \$1,350,000 in funding from Aboriginal Head Start of BC for a new licensed childcare program. Due to cost escalation, the original funding was insufficient to cover the full construction costs at that time. Through discussions with the Province of BC (the “Province”), FRAFCA chose to relinquish the original funding as no additional funding could be made available within BC’s 2019 Provincial funding program. The Province offered an alternative; to reapply for funding under the 2022/23 ChildCareBC New Spaces Fund program that has made several changes to its application criteria including the removal of the \$40,000 per space budget cap to address cost escalation and support larger space-creation projects. The Province continues to prioritize public and non-profit partnerships and Indigenous programming.

On September 8, 2022, staff submitted a ChildCareBC New Spaces Fund grant application seeking \$3,486,660 to develop space at City property located within Hawthorne Park (14306/08 and 14290 - 108 Avenue) for 47 new childcare spaces in Surrey. This grant is required to fully fund the project. If Council does not support the Partnering and Lease Agreement with FRAFCA, staff will work with the Province to identify the potential for redirecting the funds to another location or will rescind the grant. Staff have had ongoing communication with the Province since applying for the grant to ensure that all requirements are in place and to answer any questions. It is expected that the City will receive confirmation from the Province of grant status by mid-December of this year.

The proposed Childcare Centre is designed to provide culturally safe and trauma informed services (programs, interventions and service systems based on awareness of signs and symptoms of trauma, recovery paths and minimizing re-traumatization by the care system). The program is inclusive to Indigenous and non-Indigenous children although priority will be given to Indigenous families in Surrey and the surrounding areas. Surrey has the fastest growing and largest urban Indigenous population in the province. The Indigenous community in Surrey also experiences one of the highest child and youth poverty rates in the region. FRAFCA works collaboratively with families and community to increase their capacity to nurture and care for their children in the most inclusive manner that honors and celebrates heritage and diversity. A Council resolution is not a requirement of the grant application although Council approval of a Partnering Agreement and Lease Agreement is necessary for this development.

The Partnering Agreement

The Partnering Agreement authorizes the City to provide assistance to FRAFCA provided that notice is given (both in accordance with section 24 and 94 of the Community Charter respectively). The proposed Partnering Agreement with FRAFCA includes the following potential type of assistance:

- A contribution by the City of the Lease Area for use by FRAFCA throughout the 20-year term at an amount of \$142,320 annually.

If the Partnering and Lease Agreements are approved by Council, public notice of the City’s intention to provide assistance under the Partnering Agreement (and of a proposed property disposition

through lease) must be provided in accordance with sections 26 and 94 of the Community Charter.

The Lease

City staff and FRAFCA representatives have agreed on the lease terms on which the Property will be made available for the development and the operation of the Childcare Centre. Subject to the conditions precedent being met, the City will provide the Property to FRAFCA by way of a 20-year lease. When FRAFCA first approached the City in 2018, FRAFCA identified that a 20-year lease was most feasible and necessary to offset their operational in-kind investments.

The Lease Area is defined as 14306/08 - 108 Avenue which was the original area for the 2019 lease proposal and includes an additional 1,070 m² area located on the adjoining property at 14290 – 108 Avenue. Both sections are now required for the Childcare Centre and associated parking. The Lease, which will commence upon occupancy of the Childcare Centre, will govern the terms and conditions associated with the use of the Property and will also ensure that the Childcare Centre is operated in a manner that is acceptable to the City. The City will work directly with the Province on release of all payments for the full construction cost of the project.

The current approval of the Lease is subject to the following conditions precedents:

- Confirmation by the Province of successful funding in the full amount requested of \$3,486,660;
- City Solicitor approval; and
- Compliance with the applicable notice provisions of the *Community Charter, SBC 2003, c. 26*.

Current policy regarding the leasing of City land and buildings to non-profit organizations is to lease the land/building at fair market value and have the non-profit apply annually for a grant in lieu of rent. Originally, this Provincial grant opportunity only required a minimum 15-year commitment in order for the capital grant funding to be made available. As of December 2022, the Provincial grant requirement has changed to a minimum 20-year commitment for new intakes. As such, the City policy regarding the leasing of City land and buildings to non-profit organizations is not feasible in this situation as it requires Council approval each year.

Based on the market rental value of the Property, the annual rent for the proposed Lease is \$142,320 per annum. For this situation it is recommended that the City enter into a 20-year lease with FRAFCA and that Council approve the granting of 20-years of rent at \$142,320 annually. Annual City Grants report, presented each year by the Finance Committee to Council, will include for information, a listing of all such long-term in-kind lease arrangements that don't require an annual approval. The listing will include the names of the non-profit organizations getting such grants, the annual value of their in-kind leases and the addresses of the properties leased to them.

Based on the above annual rent grants the value that the City is contributing to this project over the 20-year lease is estimated at \$2,306,868 which is the present value of the annual rent grants over the 20-year term using an inflation factor of 2.5% and a discount rate of 4%.

Childcare Facility Development

If successful in the grant opportunity, City staff will utilize the \$3,486,660 capital funding to fully design and construct space to accommodate 47 new childcare spaces for broad community use,

prioritizing Indigenous children and families. It is anticipated that the Childcare Centre will be opened in the Fall of 2024. Similar to this project, licensed childcare and family-related programming were successfully implemented at Kensington Prairie Community Centre, Don Christian Recreation Centre and Surrey City Hall. The leases and partnering agreements to non-profit organizations result in the utilization of City amenities for highly needed community programming.

Legal Services Review

This report has been reviewed by Legal Services.

SUSTAINABILITY CONSIDERATIONS

The work of expanding childcare for this site supports the objectives of the Sustainability Charter 2.0. This work relates to the Sustainability Charter 2.0 themes of Infrastructure, Education & Culture, Inclusion and Health & Wellness. Specifically, the initiatives support the following Desired Outcomes (“DO”) and Strategic Directions (“SD”):

- Diversity and Accessibility DO1: Surrey welcomes, includes, embraces and values the diversity of people who live here;
- Diversity and Accessibility DO2: Surrey is a caring and compassionate City that supports its residents of all backgrounds, demographics and life experiences;
- All Infrastructure DO2: Infrastructure systems provide safe, reliable affordable services;
- Learning DO3: Meaningful and accessible early childhood learning opportunities are in place for children and families;
- Age Friendly Community DO17: Families have access to affordable and quality local childcare;
- Health Services and Programs SD5: Support access to high- quality childcare services and facilities;
- Wellness and Recreation SD7: Actively support capacity-building in neighbourhoods and communities to encourage connections; and
- Age Friendly Community SD14: Ensure sufficient high-quality childcare spaces are available in the City.

CONCLUSION

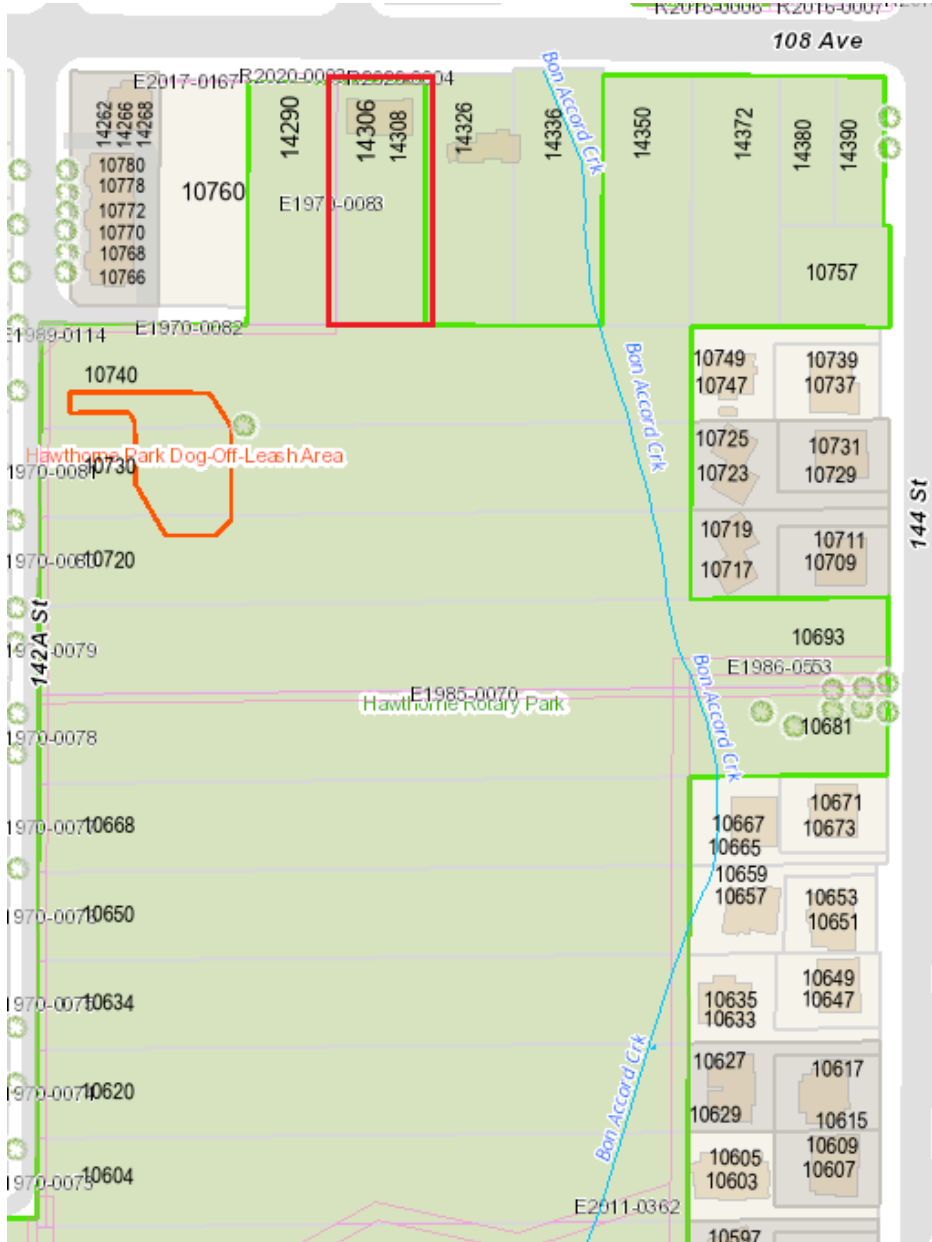
Based on the above discussion, it is recommended that Council approve the execution of a Partnering Agreement and Lease Agreement with FRAFCA for a 20-year term to develop the Indigenous Childcare Centre for 47 new childcare spaces in Surrey, as generally described in this report.

Laurie Cavan
General Manager,
Parks, Recreation & Culture

Scott Neuman, P.Eng.
General Manager,
Engineering

Appendix “I”: Neighborhood Aerial Map
Appendix “II”: Corporate Report R141; 2019

Neighborhood Aerial Map



NO: R141

COUNCIL DATE: July 8, 2019

REGULAR COUNCIL

TO: Mayor & Council

DATE: June 26, 2019

FROM: Acting General Manager, Engineering
General Manager, Parks, Recreation & Culture

FILE: 0930-30/461

SUBJECT: Proposed Lease of City Property Located at 14306 and 14308 - 108 Avenue to Fraser
Region Aboriginal Friendship Centre Association

RECOMMENDATION

The Engineering Department and the Parks, Recreation & Culture Department recommend that Council approve the execution by the appropriate City officials of a lease of the City property located at 14306/08 - 108 Avenue (PID: 011-353-074), as generally illustrated in Appendix "I" attached to this report, to the Fraser Region Aboriginal Friendship Centre Association ("FRAFCA") for a term of twenty (20) years, to allow for the development and the operation of an Indigenous daycare (the "O'siem Village"), subject to the successful rezoning and compliance with the notice provisions of the Community Charter, SBC 2003, C. 26.

INTENT

The intent of this report is to seek Council's approval to lease 14306/08 - 108 Avenue (the "Property") to FRAFCA for a term of twenty (20) years for the development and operation of the O'siem Village Aboriginal Daycare.

BACKGROUND

Property Description

The Property is a 28,318 ft.² lot located along the northern edge of Hawthorne Rotary Park on the south side of 108 Avenue. The Property was acquired by the City of Surrey in 2018 as part of the Hawthorne Rotary Park Addition Plan. The Property is improved with a 4,700 ft.² fourplex which FRAFCA is proposing to renovate to develop the O'siem Village.

This lot and the others acquired in 2018 will be added to Hawthorne Rotary Park. Staff are working through the process to bring forward all additions in a future Corporate Report.

Plan Designations, Zoning, and Land Uses

The Property is zoned Single Family Residential (RF) and Duplex Residential (RM-D) Zone and is designated "Urban" in the Official Community Plan.

DISCUSSION

Surrey's urban Indigenous population is the fastest growing in British Columbia and is expected to surpass Vancouver's population within the next two years. The Indigenous community in Surrey also experiences one of the highest children and youth poverty rates in the region. Quality early childhood experiences for young Indigenous children that are culturally relevant can be a powerful equalizer to ensuring that they are given the best chances to thrive later in life. As one of the few Indigenous-led organizations in Surrey, FRAFCA has been providing culturally relevant services to support urban Indigenous children, youth and families for over 20 years.

FRAFCA currently operates Awahsuk, the only licensed Indigenous preschool in Surrey. Awahsuk is funded under the Aboriginal Head Start Initiative by the Public Health Agency of Canada. This program is designed to enhance the spiritual, emotional, intellectual, and physical wellbeing of Indigenous children, ages 3-5, living in urban communities, with the intent to prepare them for successful transition to school. FRAFCA envisions expanding the Awahsuk preschool program and build a new, quality, and accessible Indigenous licensed childcare facility for infants and toddlers in the Guildford neighbourhood, called O'siem Village.

FRAFCA has been successful in securing \$1,350,000.00 in funding from Aboriginal Head Start of BC for a new licensed childcare program. Funded under the Aboriginal Head Start of BC, this program would accommodate 24 free childcare spaces for Indigenous children in Surrey and provide four under 36 month spaces as well as twenty 30 month school-aged spaces. Childcare will be offered at no cost to Indigenous families, prioritizing those who would benefit most from the program.

Proposed Tenure of the Property

City staff and FRAFCA representatives have agreed on the terms on which the Property will be made available for the development and operation of the O'siem Village. Subject to the rezoning of the Property, the City will provide the Property by lease tenure. FRAFCA will use the \$850,000 capital grant to renovate the existing fourplex and will use \$500,000 in annual funding from Aboriginal Head Start BC to operate the newly renovated facility. In addition to the grants from Aboriginal Head Start BC, FRAFCA has also secured \$350,000 that will be used to install an outdoor nature playground, which will include culturally sensitive play structures to maximize outdoor play for children. If approved, it is anticipated that the O'siem Village will be opened in late Summer 2020.

Lease of existing City facilities in a park setting for childcare and children and family related programming has been successfully implement at buildings in Holly Park and in Guildford Heights Park. The leases to non-profit organizations result in positive community program and utilization of City amenities and green space for highly needed community programming.

Should Council support the recommendations of this report, the City will apply for the rezoning of the Property to ensure it is in compliance for FRAFCA to operate their childcare centre.

City Contribution

Current policy regarding the leasing of City land and buildings to non-profit organizations is to lease the land/building at fair market value. As a non-profit organization, FRAFCA have the opportunity to apply to Council for an annual grant in-lieu of rent. Based on the market rental value of the Property, the annual rent for the proposed lease is \$60,530. However, in this instance the City is providing FRAFCA a twenty-year lease of the 0.65-acre Property at the nominal sum of \$1.00. The alternative opportunity was explored to have FRAFCA apply to Council for an annual

grant in-lieu of rent, but this was determined not to be feasible as FRAFCA's daycare operational funding requires a minimum ten-year commitment in order for funding to be made available.

The estimate of market rent value of the Property was calculated by examining transactions of land lease comparables resulting in a yield of 2.25% based on the underlying land value of \$95/ft.², or
28,318 ft.² (or 0.65-acres) x \$95/ft.² x 2.25% = \$60,530/annum.

The calculated amount of \$1,210,600 (\$60,530 x 20 years) is therefore the estimated value being contributed by the City to this project.

SUSTAINABILITY CONSIDERATIONS

The leasing of the Property to the FRAFA supports the objectives of the City's Sustainability Charter 2.0. In particular, this Lease relates to the Sustainability Charter 2.0 themes of Education and Culture, and Inclusion. Specifically, this project supports the following Desired Outcomes ("DO"):

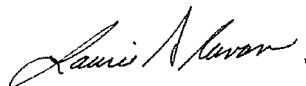
- Learning Do3: Meaningful and accessible early childhood learning opportunities are in place for children and families;
- Diversity and Accessibility DO1: Surrey welcomes, includes, embraces and values the diversity of people who live here;
- Diversity and Accessibility DO2: Surrey is a caring and compassionate city that supports its residents of all backgrounds, demographics and life experiences;
- Diversity and Accessibility DO7: Surrey's Urban Aboriginal community is thriving with high educational outcomes, meaningful employment and opportunities for cultural connections; and
- Age Friendly Community DO17: Families have access to affordable and quality local childcare.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution by the appropriate City officials of a lease agreement for the Property (14306/08 - 108 Avenue) between the City and FRAFCA to allow FRAFCA to use the Property for the development and operation of the O'siem Village Aboriginal Daycare, subject to the rezoning of the Property, as generally described in this report.



Jaime Boan, P.Eng.
Acting General Manager,
Engineering



Laurie Cavan,
General Manager,
Parks, Recreation & Culture

KSW/amg/cc

Appendix "I" - Aerial Photo of Site (Appendix available upon request)