



Recreation & Community Services Staff Report

Report Number: R11-2023
Report Title: 22 Mockingbird Drive, Elmira – Agreement to Lease space to Creative Beginnings Childcare Centre
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Final Review: Senior Management Team

Recommendation:

That the Council of the Township of Woolwich, in consideration of Report R11-2023 respecting 22 Mockingbird Drive in Elmira authorize staff to negotiate terms to enter into a long-term Agreement to Lease with Creative Beginnings Childcare Centre as per the Township's Delegation of Authority By-Law.

Background:

Report R08-2022 authorized staff to sign the *Agreement of Purchase and Sale* for 22 Mockingbird Drive in Elmira after the Region declared the property surplus. During 2023 budget deliberations, Council directed staff to report back on future development of the site.

During those budget deliberations, staff recommended that the building be demolished in 2024 to provide additional parking and park lands. The site has been merged with the Township's existing parkland and cannot be sold. Factors supporting demolition included the poor building condition requiring extensive and costly renovations, limited permitted use(s) of the site based on current zoning, parameters established through the Agreement of Purchase and Sale, and the building being in a park space within an established residential neighbourhood.

The registration and property transfer of 22 Mockingbird Drive was completed in June 2023. One of the conditions of the agreement is that the utilization of the lands or any

buildings thereon shall be for not-for-profit community groups, or any other public interest uses that do not involve for-profit enterprises. Of note, the property has also been vacant for at least 7 years.

In August 2023, the Mayor and staff were approached by Creative Beginnings with a proposal to lease the facility, which would include a significant capital investment to renovate the property by Creative Beginnings followed by operation of the property as a Not-for-Profit childcare centre. Creative Beginnings has worked for months in collaboration with the Region of Waterloo-Children Services to get an expansion site approved. It is staff's understanding that there is a waitlist to access affordable full-day childcare spaces in the Township, specifically in Elmira.

Staff are requesting Council's support to change direction regarding the future use of the property to allow Creative Beginnings to operate a full-day daycare. Daycare is a permitted use under the Township's current Zoning By-Law. Additionally, the Agreement of Purchase and Sale allows the Township to lease the space to a not-for-profit entity.

The proposal by Creative Beginnings has been approved "in principle" by the Region of Waterloo Children Services and now requires Council approval to use the site, to allow the project to proceed to next steps which include a lease negotiation and construction. The proposal will see the facility open in June 2024. Capital funding and expansion funding is available in 2023 to support this initiative which will flow through the Region of Waterloo. Staff understand that this funding is not guaranteed in 2024.

The Region of Waterloo, who oversees the administration of registered daycares in the Township, has set a deadline to open the facility by June 2024 that will provide 75 childcare spaces which is a benefit for our community.

Comments:

To evaluate the viability of the request to lease, staff first sought legal advice to confirm the Township's ability to enter into a lease agreement based on the conditions of the purchase and sale agreement, and then confirmed support of the Region of Waterloo's legal department to lease the facility as a daycare.

Additional due diligence involved working with the proponent, the Township's solicitor, and the Region of Waterloo to confirm the feasibility of the concept considering the timeframe to advance the project. The proposal is time sensitive and does have very firm deadlines to meet the Region of Waterloo's deadline of December 1st, 2023, to secure the building to be eligible for start up funding in 2023.

Staff support leasing the space based on conversations with regional staff who have been working collaboratively with Creative Beginnings for months on an application for expansion of childcare services. That application has been approved "in principle" pending the Township approving the building use by December 1st, 2023. The Region is responsible for approving new child care operators for admission into the Canada Wide

Early Learning and Child Care program which includes approval, funding, and expansion of sites. This expansion proposal supports the Region's growth strategy to provide additional childcare spaces. The Region has advised that they are supportive of Creative Beginnings' proposal for the site to provide full year and full day licensed child care, for infant, toddler and preschoolers. Subsequently, Recreation and Community Services staff are looking to facilitate a lease agreement for the space based on the Region's assessment and approval of the expansion.

The Region advises that Creative Beginnings is well positioned to operate a successful childcare centre with 30 years' experience, and two current daycares in the Region. The proponent has invested significant time and funds to ensure this expansion and construction can be completed within the timeframe identified. The proponent has access to various grant funding streams to support expansion of childcare operations into Elmira which is a benefit for our community. All funding will flow through the Region. It is staff's understanding that this is the only application that has been approved by the Region for expansion, at this time.

Lease Agreement

The lease agreement would see Creative Beginnings responsible for all capital improvements and associated costs to renovate the 6,700 square foot facility. Staff will work with the tenant on the facility design to consider climate conscious designs and equipment to be incorporated into the facility renovation.

Creative Beginnings would be responsible for ensuring building permits are in place, and related inspections for occupancy occur. Creative Beginnings would contract a project manager to facilitate the construction project who would work in tandem with the Recreation and Community Services Department.

Through the Delegation of Authority By-law, staff have the authority to negotiate lease agreements. Provided Council approves use of the space, staff would proceed to work with the Region and Creative Beginnings to negotiate agreement details and outline individual responsibilities on specifics such as lease rate, lease term, option to renew, winter maintenance, grass cutting, utility costs, maintenance and repairs, custodial work, and other standard clauses regarding the lease length, right to terminate etc.

The Township has several leases in places with various community groups, regional libraries, and a shared Fire/Emergency Services facility in Breslau, and with several service clubs. Some leases are historical in nature and newer leases tend to be reflective of current best practices for shared operating costs and capital renewal. These leases also vary based on whether the operation is within a standalone or shared municipal facility.

The Township's current rate for rental of municipal space for affiliated, volunteer groups is \$8.21/sq ft. Market rates for leases in commercial spaces tend to gravitate much higher with those daycares centres often operating as for-profit organizations. The final

rate for 22 Mockingbird will be determined based on negotiations and specifically what each party agrees to relating to operations and maintenance. The department's current staffing complement would not allow us to take on additional responsibilities for custodial or maintenance work for this site but may oversee some contracted services.

Insurance

Creative Beginnings would be the sole occupier of the facility and required to maintain liability insurance, as well as insurance on the business and contents or as requested by the Township's insurer. The Township would insure the building.

Attachments:

Report R08-2022 - Property Acquisition – 22 Mockingbird Drive

Interdepartmental Impacts:

Development Services may be involved for appropriate building permits and site planning, if required.

Financial Impacts:

Staff anticipate generating revenue from the Agreement to Lease.

Conclusion:

Staff note that this a unique opportunity to provide additional childcare spaces in Elmira.

As such, staff recommend that Council authorize staff to negotiate terms and enter into an Agreement to Lease with Creative Beginnings Childcare Centre to lease 22 Mockingbird Drive in Elmira to operate a daycare centre.

Attachments:

None