

NO: R169

COUNCIL DATE: September 13, 2021

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **September 9, 2021**

FROM: **General Manager, Parks, Recreation & Culture** FILE: **0450-01**

SUBJECT: **Proposed Partnering and Lease Agreement for use of space at 13458 - 107A Avenue (City Centre Sports Complex) to Métis Family Services – Agreement in Principle**

RECOMMENDATION

The Parks, Recreation & Culture Department recommends that Council:

1. Receive this report for information;
2. Support the application by La Societe De Les Enfants Michif for Provincial capital funding of \$2,800,000 for the construction of a 57-space childcare facility to be built as additional programming and service space within the new City Centre Sports Complex (Chuck Bailey Recreation Centre expansion) project located at 13458 107A Avenue;
3. Approve the execution by the General Manager of Parks, Recreation & Culture of a Partnering Agreement between the City and the La Societe De Les Enfants Michif, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, as approved by the City Solicitor, all as generally described in this report; and
4. Approve the execution by the General Manager of Parks, Recreation & Culture of a 15-year Lease with an option to renew for an additional 10-years between the City and La Societe De Les Enfants Michif, subject to execution of the Partnering Agreement, 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 obtain Council's support for an application by the La Societe De Les Enfants Michif ("Metis Family Services") for \$2,800,000 in Provincial capital funding for a ±3,095 ft², 57-space childcare facility (the "Lease Area") within the new addition to the Chuck Bailey Recreation Centre (the "Facility") and seek Council approval to execute a partnering agreement (the "Partnering Agreement") and a lease agreement (the "Lease") between the City and Metis Family Services, all of which are in relation to the development and operation of the Lease Area.

BACKGROUND

Site Location

The Facility is located at 13458 107A Avenue. The Lease Area will be located within the planned addition to the Facility. The surrounding neighborhood includes the “The Bailey” district of the City Centre Town Centre Plan area. The general vicinity encompasses a component of an emerging regional town centre where land use is in transition from low density urban and town centre uses to high density multi-family and commercial uses at densities ranging from 3.5 to 7.5 FAR. Within the immediate area of the Chuck Bailey Recreation Centre there are 15 active development applications involving high density residential tower projects. Notable projects include the Legion Veterans Village by the Lark Group and the University District and Surrey Masterplan residential tower projects by Bluesky Properties (Bosa). The location lies five blocks north of Central City mall, three blocks north of City Hall and the City Centre Library, and one block south of the Gateway Skytrain Station and surrounding office and retail developments.

DISCUSSION

Surrey’s urban Indigenous population is the fastest growing in British Columbia and largest in BC. The Indigenous community in Surrey also experiences one of the highest children and youth poverty rates in the region. As one of the few Indigenous-led organizations in Surrey, Métis Family Services provides child safety and family support services. There is a substantial need within the Métis community and Surrey for culturally relevant and safe childcare spaces for Métis and urban Indigenous peoples. 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.

The proposed Indigenous childcare is designed to provide culturally safe and trauma informed (Programs, interventions and service systems based on awareness of signs and symptoms of trauma, recovery paths and minimizing re-traumatization by the care system), wrap around services for Indigenous and Non-Indigenous children. The program is inclusive to Indigenous and Non-Indigenous children although priority will be given to Métis, First Nations and Inuit children and families in Surrey and the surrounding areas. Métis Family Services include specialized supported child development staff including infant development consultants to assist families needing extra supports. Métis Family Services 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.

City staff and Métis Family Services representatives have agreed on the terms on which the portion of the Facility can be made available for the operation of the Indigenous childcare. Subject to the conditions precedent the City will provide the Lease Area by way of a 25-year lease term. Métis Family Services will use their \$2,800,000 capital grant to fully fund the design and construction of a 57-space childcare area within the Facility. Civic Facilities has reviewed the proposal for the additional space requirement and confirm that the \$2,800,000 contribution is adequate for the additional ±3,095 ft.² of building space within the Facility. If approved, it is anticipated that the Indigenous childcare will be opened as part of the overall opening of the Facility in the Fall 2024. Licensed childcare and family-related programming have been successfully implemented at Kensington Prairie Community Centre and Surrey City Hall. The leases to non-profit organizations result in the utilization of City amenities for highly needed community programming.

The Lease

The proposed Lease will include a $\pm 3,095$ square foot indoor area, plus a $\pm 1,500$ ft² dedicated outdoor area. The Lease will govern the terms and conditions associated with the use of the Lease Area and will also ensure that the childcare facility is operated in a manner that is acceptable to the City. The Métis Family Services will provide upfront payment for the full construction cost of the Lease Area and associated fit ups.

The Lease Agreement is for a 25-year term and is subject to the following conditions precedents:

- Confirmation of Provincial funding of the childcare program;
- City Solicitor approval; and
- Compliance with the applicable notice provisions of the *Community Charter*.

Current practice regarding the leasing of City land and buildings to non-profit organizations is to lease the land/building at fair market value.

The estimated market rent of the Lease Area was calculated by examining transactions of land lease comparables resulting in a base building rate of \$27/ft.². This base rent was adjusted upward to \$31/ft.² to capture the value of the proposed finishes for a daycare centre facility:

- $3,095\text{ft.}^2 \times \$31.00/\text{ft.}^2 = \$95,945$ per annum.

Under this policy, the Métis Family Services as a non-profit organization would have the opportunity to apply to Council for an annual grant in-lieu of rent. Based on the market rental value of the Lease Area, the annual rent for the proposed Lease is \$95,945. This approach was found not to be feasible in this situation as funding provided to Métis Family Services child-care funding requires a minimum 10-year commitment in order for the Provincial capital grant funding to be made available. To address this requirement, it is recommended that the City enter into a 15-year Lease with an option to renew for an additional 10-years with Métis Family Services at the nominal sum of \$1.00. The Lease Area and associated improvements will revert back to the City after the 25-year lease term. While the nominal sum of \$1.00 is only being charged, the value that the City is receiving from this project is approximately equal to the annual rent of 25-year, which using a discount rate of 2% has been estimated at \$2,372,000.

The Partnering Agreement

The Partnering Agreement authorizes the City to provide "assistance" to Métis Family Services for this project in accordance with section 24 of the Community Charter. The proposed Partnering Agreement with Métis Family Services includes the following potential types of assistance:

- A contribution by the City of the Lease Area for use by Métis Family Services throughout the 25-year term for an Indigenous Childcare program;
- Provision or secondment of City employees or employee time to work with Métis Family Services to help coordinate the use and operation of the Lease Area with other City services or programs;
- Maintenance by the City of the parking areas, entry plaza, pedestrian pathways and landscaping adjacent to the Facility at no cost to Métis Family Services; and
- Access to and use of other areas of the Facility as agreed upon between the City and Métis Family Services for a nominal rate.

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 its intention to dispose of property by way of lease must be provided in accordance with sections 26 and 94 of the *Community Charter*.

Legal Services Review

This report has been reviewed by Legal Services and they have no concerns.

SUSTAINABILITY CONSIDERATIONS

The Partnering Agreement and Lease of the Lease Area to Métis Family Services support the objectives of the City's Sustainability Charter 2.0. In particular, these Partnering and Lease Agreements relate to the Sustainability Charter 2.0 themes of Education and Culture, and Inclusion. Specifically, this project supports the following Desired Outcomes ("DO"):

- 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;
- Learning DO3: Meaningful and accessible early childhood learning opportunities are in place for children and families;
- 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 support the Métis Family Services provincial capital grant application and approve the Partnering and Lease Agreements as generally described in this report for the Lease Area within the expanded Chuck Baily Recreation Centre, all subject to the conditions precedent.

Laurie Cavan
General Manager
Parks, Recreation & Culture