

Document 1

Children's Services Business Case: Transition of the Centre éducatif Pinocchio to a high needs area

Community and Social Services Department

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Table of Contents

Executive Summary 3

Introduction 7

Background 8

Legislative Landscape..... 9

Overview of Municipal Child Care Centres 11

Relocation Review Analysis for the Centre éducatif Pinocchio 12

 Service Area and Neighbourhood Assessment..... 13

 Property Availability and Assessment 14

 1010 Somerset Street West 15

 Capital Funding Plan 16

Recommendations..... 17

Implementation 18

Appendix A: Service Area and Neighbourhood Assessment 19

Appendix B: Property Availability and Assessment..... 21

Executive Summary

A Municipal Child Care Centre Review ([ACS2021-CSS-GEN-0008](#)) was completed and presented to Council in June 2021 as a result of the child care and early years sector undergoing a significant period of transformation, modernization and growth. The City's mandate for Municipal Child Care Centres is to serve families who face various barriers and systemic challenges in areas of the city where there are insufficient child care spaces to meet demand and no other child care service providers can shift their service offerings.

As listed in the Municipal Child Care Centre Review, the Centre éducatif Pinocchio did not adequately meet The City's mandate and City staff were directed by Committee and Council in June 2021 to develop a business case and capital funding plan for the transition of this centre. Having access to French-language child care and early years services is critical for Francophone families in Ottawa. These services develop a sense of belonging, foster community vitality, preserves the language, and encourages attendance in French-language schools.

The purpose of this document is to provide a business case and capital funding plan to facilitate the transition of the Centre éducatif Pinocchio to a high needs area. In order to identify a new location, City staff completed a comprehensive review using several indicators. As directed by Council, a high needs area was defined by the [Child Care and Early Years Service System Plan 2019-2023](#), using evidence-based data (e.g. number of child care spaces to reach access target, neighborhood vulnerability, transit-oriented locations, New Affordable Housing Capital Plan 2020) in consideration of the availability of land and budget. Two categories of indicators were used to summarize the findings.

- Service Area and Neighbourhood Assessment
- Property Availability and Assessment

The Service Area and Neighbourhood assessment was based on the qualitative and quantitative data presented in the Child Care and Early Years Service System Plan 2019-2023. This focused on geographic areas of Francophone¹ child care capacity and neighbourhood vulnerability using the Canadian Neighbourhoods and Early Child Development socio-economic status index. Other indicators applied included the City of

¹ The definition of Francophones according to the Child Care and Early Years Services System Plan 2019 – 2023 are persons whose mother tongue is French, plus those whose mother tongue is neither French nor English but have a particular knowledge of French as an official language and use French at home.

Ottawa Transit-Oriented Development Plans, the Affordable Housing Capital Plan 2020 and Official Plan. The qualitative and quantitative data was consolidated into a scoring matrix to assess and identify geographic areas of the city to transition the services at Pinocchio.

The assessment concluded that the Dalhousie neighbourhood² located in the Centretown West community, ranked as the highest need for a Francophone Municipal Child Care Centre based on defined criteria. With the introduction of the new Corso Italia O-Train Station, the Dalhousie neighbourhood is anticipated to experience significant growth in population. The Corso Italia Station District Secondary Plan estimates an additional 7,000 residential units within its study area over time. It is expected much of that growth will come with the 1010 Somerset Street West project, which includes a high portion of affordable housing units.

The Property Availability and Assessment aligned with the non-financial asset management strategy whereby City staff searched properties that were owned or accessible to the City of Ottawa, as opposed to open market/real estate-based searches that would require immediate capital funding and authority to initiate. The search was focused on properties that would be readily available in the next five years and would meet Provincial licensing requirements. Staff consulted with the Planning, Development and Building Services department, Recreation, Cultural and Facility Services, Affordable Housing, Housing Solutions and Investment Services (formerly Corporate Real Estate Office) and Ottawa Community Housing Corporation to locate and assess available properties that would meet the requirements to provide child care services and align with Council's direction. Staff assessed property viability with the lens of child care licensing, cost, timeline to completion, land appropriateness, what would best serve the community, City's mandate and assisting with the transition plan.

Based on the property assessment and analysis, the 1010 Somerset Street West property scored the highest and is the preferred property location. Alternative options had constraints such as not meeting the requirements or not having capacity to hold licensed child care, timelines for development did not align with Children's Services needs or required significant capital funding.

The City of Ottawa has developed the concept plan for an integrated and sustainable community hub at 1010 Somerset Street West, located between the neighbourhoods of

² As defined in the Children's Services Child Care and Early Years Service System Plan 2019-2023 (Appendix A – List of Neighbourhoods)

Little Italy, Hintonburg and Chinatown. Council approved this report (ACS2024-SI-HSI-0026) in December 2024. Anchored by the Plant Recreation Centre and the Corso Italia Light Rail Transit station, the intention is to integrate this community hub, called Gladstone Village, with the residential development by Ottawa Community Housing to the immediate south. The locational attributes provide the City with the unique opportunity to deliver on core objectives contained in the New Official Plan (2021) and the Corso Italia Secondary Plan in both intensification and Transit-Oriented Development objectives at Light Rail Transit stations.

The concept plan includes the allocation of land for the development of a new French-language elementary school. The Province of Ontario has a schools-first approach to child care and has provided the French language school board with capital funding to build the new school and three new child care rooms or 49 spaces. Children's Services is recommending that the existing two rooms from Pinocchio be moved to the new school location. This strategy aligns with the non-financial asset management strategy, by avoiding the capital cost of a new City-owned asset, allowing the City to continue delivery of the service.

From an operational perspective, the City would oversee three new rooms in addition to the existing two rooms at Pinocchio (five rooms, and a total of 88 Francophone spaces). The alignment of services with the French school board targeted opening in September 2027 is an unprecedented opportunity for Children's Services and the City of Ottawa to support families and caregivers with a facility that follows the City's mandate of serving families who face various barriers and systemic challenges while also preserving the French language, culture and cultural identity of the families served.

To ensure this location is available for Council consideration, Children's Services has secured a Memorandum of Understanding (MOU) between the City of Ottawa and Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) to allow first right of refusal on the child care facility that will be incorporated within the school. This Memorandum of Understanding allows the City of Ottawa, subject to Council approval, to work towards a Project Agreement to secure the location and enable the transition of Centre éducatif Pinocchio and reinvest the funding to a high needs area.

As part of the Memorandum of Understanding, the School board will seek additional Provincial funding to build two additional child care rooms in order to transition the existing 31 spaces from Pinocchio to this location. Should Provincial funding not be awarded or available, the City would be required to provide a one-time contribution to cover the expected costs. Within the concept plan report (ACS2024-SI-HIS-0026) Council approved

the net sale proceeds from the disposal of land being sold to the School Board, be allocated into the 1010 Somerset Street Capital Account to fund the continued planning, design work and advance site works. If needed, these funds could be used to cover the expected costs to build the additional child care rooms to ensure our existing spaces can be moved to this location.

From an operational perspective, the City would be required to operate the three new rooms in addition to the existing two rooms at Pinocchio. As the new Provincial cost-based funding approach for 2025 was just recently released for the implementation under the Canada-wide Early Learning and Child Care (CWELCC) system, it does currently provide challenges for staff to provide concrete operational financial planning information, including a Provincial requirement to perform a value-for-money audit on Municipal services. The Provincial funding formula includes benchmarks to be better representative of costs, including legacy top-up funding to fully cover historic costs, a growth top-up, and an amount in lieu of profit/surplus. At this time, staff do not anticipate requiring additional Municipal contributions. The City will further assess the new funding model and complete the required Provincial value-for-money audit and include any operational funding impacts in a subsequent budget.

In total there would be 88 spaces (31 transitioned, 49 from the CEPEO's existing plan and eight net new) at this location which would also potentially include Francophone infant care which is in high demand. This would align to the City's Service System Plan priorities to increase and optimize capacity and flexibility, with priority for underserved communities, younger children and part-time care.

City staff recommend Council:

1. Receive the business case and capital funding plan, as directed by Council, to facilitate the transition of the Centre éducatif Pinocchio to a high needs area as outlined in this report; and
2. Approve the 1010 Somerset Street West location to transition the Centre éducatif Pinocchio that maintains and increases Francophone child care spaces to a high needs area; and
3. Delegate authority to the Director, Children's Services, to negotiate, enter into, execute and amend agreements with the Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) to facilitate the transition of the Centre éducatif Pinocchio Child Care Centre, as described in this report; and
4. Direct staff to use the 1010 Somerset Street Capital Account to cover the expected costs to build two additional child care rooms should Provincial funding not be

received by the Conseil des écoles publiques de l'Est de l'Ontario (CEPEO). As described in this report; and

5. Reaffirm the City's 2021 commitment to direct staff to seamlessly transition these critical Francophone spaces, minimize impacts for families, work with the Centre éducatif Pinocchio landlord and a not-for-profit child care provider to maintain dedicated Francophone spaces and prioritize these spaces within directed growth strategies to ensure the spaces can remain within the CWELCC system offering reduced fees for families.

These recommendations will ensure that the City's Municipal Child Care Centres will align to the City's mandate and remain a leading model in offering access to high quality, affordable, and responsive services. This is supported through the 2023-2026 Term of Council Priorities, under the Strategic Priority called, "A city that has affordable housing and is more livable for all." This priority includes licensed child care and early years services, including consideration for Francophone, Indigenous Peoples and families facing barriers. This work is also aligned with the recent Council approved [Child Care and Early Years Service System Plan 2025-2029](#).

Subject to Council approval, City staff will prioritize the work on a transition plan to the new location, minimizing impacts for families and work with the Centre éducatif Pinocchio landlord and preferably a not-for-profit child care provider to maintain dedicated Francophone spaces, similar fee structure and seamlessly transition these critical Francophone child care services at the Centre éducatif Pinocchio location.

Transferring a licensed child care centre that minimizes impacts takes a significant amount of time to plan. This includes items such as finding and selecting a new location in a high needs area, building / renovating, consulting with stakeholders, meeting licensing conditions, and working with other stakeholders to maintain and seamlessly transition the critical Francophone child care services at 111 Sussex Drive. Aligning the transition to the school year calendar will also help existing families who are often entering school. Engagement and communications will occur with families and stakeholders in advance to ensure support is provided throughout the transition period to assist them in a seamless transition or finding alternate care. City staff will also further develop the partnership and agreements with the CEPEO school board. It is anticipated that construction of the child care spaces will be completed and planned to be operating for September 2027.

Introduction

The purpose of this document is to provide a business case and capital funding plan to transition the Centre éducatif Pinocchio to a high needs area as defined by the [Child Care](#)

[and Early Years Service System Plan 2019-2023](#). This includes using evidence-based-data (e.g. number of child care spaces to reach access target, Neighborhood Vulnerability, transit-oriented locations, New Affordable Housing Capital Plan 2020) and in consideration of the availability of land and budget as directed by Committee and Council in June 2021. This previously aligned with the Thriving Communities priority area in the [City of Ottawa Strategic Plan 2019-2022](#) to invest in child care services to improve accessibility, affordability, quality and responsiveness of child care services across all city wards. It is currently supported through the 2023-2026 Term of Council Priorities, under the Strategic Priority called, “A city that has affordable housing and is more livable for all.” This priority includes licensed child care and early years services, including consideration for Francophone, Indigenous Peoples and families facing barriers. This work is also aligned with the recent Council approved [Child Care and Early Years Service System Plan 2025-2029](#).

Background

A Municipal Child Care Centre Review ([ACS2021-CSS-GEN-0008](#)) was completed and presented to Council in June 2021 as a result of the child care and early years sector undergoing a significant period of transformation, modernization and growth. The City’s mandate for Municipal Child Care Centres is to serve families who face various barriers and systemic challenges in areas of the city where there are insufficient child care spaces to meet demand and no other child care service providers can shift their services offerings. The report identified that out of the ten Municipal Child Care sites in operation, the Centre éducatif Pinocchio, located at 111 Sussex Drive in the New Edinburgh / Rockcliffe Park community, was not meeting the City’s mandate to serve families facing various barriers and systemic challenges. This can be attributed to a low demand for fee subsidy, not being in a priority neighbourhood and the availability of other community providers in the area to serve families in receipt of fee subsidies.

To ensure Municipal Child Care Centres comply with the City’s mandate and remain a leading model in offering access to high quality, affordable, and responsive services that provide a positive influence on children’s social development, school transition and academic achievement, Council directed City staff to develop a business case and capital plan to transition the services at Pinocchio and reinvest the funding to a high needs area.

Having access to French-language child care and early years services is critical for Francophone families in Ottawa. The loss of these services at 111 Sussex Drive for the Francophone community and other families who access these services needs to be considered and mitigated where possible. These services develop a sense of belonging,

fosters community vitality, preserves the language, and encourages attendance in French-language schools. Given the significant time and resources it takes to transition a centre and minimize impacts, subject to Council approval, City staff will prioritize and work with the landlord and preferably a not-for-profit child care provider to maintain and transition these critical Francophone child care services available at the current Centre éducatif Pinocchio location.

Legislative Landscape

On March 28, 2022, the Province and federal government reached an agreement on a National Child Care Plan for Ontario called the [Canada-Wide Early Learning and Child Care system \(CWELCC\)](#). This new Canada-Wide system establishes the path forward in providing a national system of high-quality, affordable and inclusive early learning and child care services for families.

The Province is taking a phased approach to implementing the new system, with a focus on the immediate objectives of affordability for families and system stability in phase one (2022), before moving on to addressing the objectives of increasing accessibility and inclusion over the longer term.

The City of Ottawa is following the [Ministry of Education Canada-Wide Early Learning and Child Care guidelines](#) and implementing the new system in phases, based on ongoing Provincial direction, in our role as the service system manager. As of November 1, 2024, over 90 per cent of licensed child care service providers opted-in to the new Canada-Wide system making child care significantly more affordable for families who attend eligible licensed child care providers. Council directed the City of Ottawa's Municipal Child Care Centres to opt-in and adjust user fees accordingly under the CWELCC System. By opting in, the City significantly increased affordability for families. There were no service or financial implications associated with the implementation of phase one. The City's Municipal Child Care Centres are subject to any further Provincial or City directions. This includes aligning to the City's Service System Plan and any future phases of the Provincial program. Any future service adjustments or financial implications would be raised through either a subsequent report or through the City's budget process.

On December 19, 2022, the Province announced the first steps toward allocating funding to create the remaining new CWELCC child care spaces. The targeted plan was shared for the first time with municipalities to create new licensed child care spaces, with a focus on increasing access to families across Ontario. To summarize the Provincial approach, the new spaces will be allocated to communities across Ontario using a model that incorporates demographics, socio-economic indicators, and existing licensed child care

capacity and will be part of the CWELCC system which includes a mix of not-for-profit and for-profit centres. To simplify their allocation, the Province is ensuring each region has one space for every three children while also providing targeted spaces for equity deserving groups. The Provincial focus is on communities with children who need the spaces most – rural communities, growth communities, children living with low-income, vulnerable children, children from diverse communities, children with special needs, Francophone, and Indigenous children.

While many in the community will want to see more of a universal approach to growth as opposed to one space for every three children, especially as demand from families increases under this new Canada-Wide system that offers increased affordability, Ottawa will be limited to growing the system in accordance with the Provincial guidelines and funding allocations. The Province plans to consult on additional priorities to inform the future implementation of the CWELCC system and City staff will continue to advocate for increased access for families knowing how essential these services are to both the social and economic well-being of families and the community.

The Province has allocated 2,903 new CWELCC-funded child care spaces for Ottawa, as part of their directed growth strategy. This results in 2,190 community-based spaces and 713 spaces to be located in new school-based locations as the province has a [Schools-First Approach](#). The new community-based spaces are being allocated to areas of the city using an equity and inclusion lens and an evidence-based approach to identify priority populations and priority areas of the city between 2023 and 2026. This includes 125 community based Francophone spaces in high needs areas across the City.

On Thursday, August 15, 2024, the Province released information related to their new cost-based funding approach for the CWELCC system to be effective January 1st, 2025. The sector has been eagerly anticipating this announcement as the Province is bringing forward much needed funding certainty for both municipalities and licensed child care service providers across Ontario. Under this new framework, funding will be responsive to how child care is delivered across Ontario and based on the true costs of providing care to eligible children under the CWELCC system.

Along with implementation of the new funding approach, many families with children in programs enrolled in the CWELCC system saw a further fee reduction effective Wednesday, January 1, 2025. Child care base fees were capped at \$22 per day to support the transition to \$10 per day average fees by the end of 2025-2026.

The Province has developed benchmarks to be better representative of costs typically incurred for the delivery of licensed child care, including legacy top-up funding to fully cover

historic costs above the benchmark allocations and a growth top-up for new providers. In addition to covering eligible costs, the funding formula provides an amount in lieu of profit / surplus to recognize service provider's opportunity costs and the risk of running a business or to reinvest in child care.

As part of the 2024 Provincial guidelines, Municipalities who directly operate child care centres are required to retain third-party service providers to perform a value-for-money audit, and publicly post the audit report, recommendations and management responses. The purpose of the value-for-money audit is to determine whether Provincial funding is being used efficiently and effectively by directly operated centres, and whether the child care services could be offered by a third-party provider instead. Municipalities that have undertaken a similar value-for-money audit in the last five years (that is, since January 1, 2019) and believe the existing report addresses the purpose of the requirement stated earlier, must share a copy of the existing auditor report with the ministry for confirmation.

As the Municipal Child Care Centre Review ([ACS2021-CSS-GEN-0008](#)) was completed and presented to Council in June 2021, this report was submitted to the Ministry to seek confirmation that the existing report met the objectives outlined in their guidelines. It was determined the report still requires an independent third party review and to publicly post the recommendations and management responses. Staff are currently working on this deliverable and will bring forward a Council report to satisfy the Provincial requirements.

As the new CWELCC system is being built in phases, based on ongoing Provincial direction, there still remains many unknowns about next steps and future phases that does challenge the City's ability to provide concrete planning information.

Overview of Municipal Child Care Centres

There are ten Municipal Child Care Centres that are managed by Children's Services with eight centres offering English services and two centres offering French services. In total there are 393 licensed toddler and preschool spaces which represent three per cent of all licensed centre-based spaces for toddlers and preschoolers in Ottawa. The City's mandate for Municipal Child Care Centres is to serve families who face various barriers and systemic challenges in areas of the city where there are insufficient child care spaces to meet demand and no other child care service providers can shift their services offerings.

The City's Municipal Child Care Centres offer access to high quality, affordable and responsive programming across the city, prioritizing families who require a fee subsidy. By providing access to these families, it reduces poverty and gender inequalities and fosters a sense of belonging for families facing various barriers, such as new immigrants, sole

support parents, families living with low income and children with special needs.

Municipal Child Care Centres offer a diverse and inclusive environment and programming that benefits the learning and early development of children. All children are given equitable access to care and programs regardless of their religious or cultural background, spoken language, or stage of development. Municipal Child Care focuses on including children with special needs and providing appropriate supports through a collaboration and specialized programming for families who face various barriers and systemic challenges including addiction, mental health concerns, speech or developmental delays or other identified social needs. In addition, two Municipal Child Care Centres offer programming to meet the unique cultural and language needs of Francophone children.

Prior to the new funding formula, most operating costs were funded from three sources. Provincial funding, parental fees and an annual municipal investment of about \$4.2M. The municipal investment has increased affordability for families at the Municipal Child Care Centres, ensures the costs to the fee subsidy program remain lower allowing more children to be served throughout the city, and increases the City's Provincial allocation. It also reflects the funding gap that exists in delivering a leading model program and offering access to high quality, affordable and responsive services. The sector has outlined wages and benefits as the most important gap to be addressed in the system given its connection to quality. The significant Municipal investments enable attractive compensation for qualified staff and assists with labour force participation and retention and supports the [City's Women and Gender Equity Strategy](#) as the staffing complement is predominately women. Municipal Child Care Centres have an experienced and stable workforce, fostering strong relationships and familiarity with individual children and family members.

Relocation Review Analysis for the Centre éducatif Pinocchio

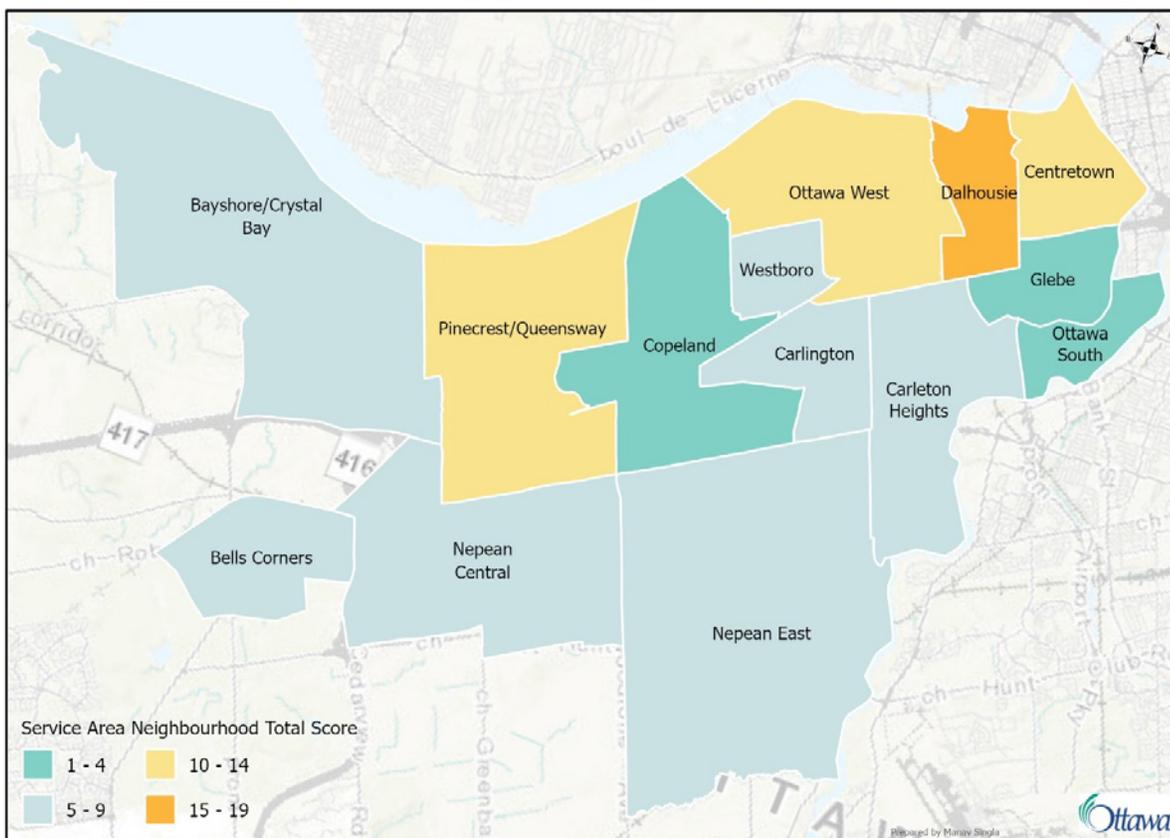
City staff completed a comprehensive review for the relocation of the Centre éducatif Pinocchio from December 2022 until January 2023, using several indicators to determine a high needs location. As directed by Council, a high needs area was defined by the Child Care and Early Years Service System Plan 2019-2023, using evidence-based data (e.g. number of child care spaces to reach access target, neighborhood vulnerability, transit-oriented locations, New Affordable Housing Capital Plan 2020) in consideration of the availability of land and budget. Two categories of indicators were used to summarize the findings.

- Service Area and Neighbourhood Assessment
- Property Availability and Assessment

Service Area and Neighbourhood Assessment

The assessment was based on the qualitative and quantitative data presented in the Child Care and Early Years Service System Plan 2019-2023, which focused on the areas of Francophone³ child care capacity and neighbourhood vulnerability using the Canadian Neighbourhoods and Early Child Development socio-economic status index. Additional data points utilized the City's Transit-Oriented Development Plans, including the Affordable Housing Capital Plan 2020 and the Official Plan. The qualitative and quantitative data was consolidated into a scoring matrix (located in Appendix A: Service Area and Neighbourhood Assessment) to assess and determine the high needs areas of the city to transition the services at Pinocchio.

Figure 1: Service Area Neighbourhood Assessment Map showing the results of the scoring matrix and outlining the highest Francophone need areas.



³³ The definition of Francophones according to the Child Care and Early Years Services System Plan 2019 – 2023 are persons whose mother tongue is French, plus those whose mother tongue is neither French nor English but have a particular knowledge of French as an official language and use French at home.

The assessment concluded that the Dalhousie neighbourhood, located in the Centretown West community, ranked as the highest needs area for a Francophone Municipal Child Care Centre. With the introduction of the new Corso Italia O-Train Station, the Dalhousie neighbourhood is anticipated to experience significant growth in population. The Corso Italia Station District Secondary Plan estimates an additional 7000 residential units within its study area over time. Much of that will come with the eventual build out of the 1010 Somerset Street West project, which will include a significant number of affordable housing units.

Property Availability and Assessment

Significant time and resources are required to locate and transition these critical Francophone child care spaces while minimizing the impacts to families, children and staff. In addition, Council approval is required on the business case and capital funding plan to facilitate the transition of the Centre éducatif Pinocchio to a high needs area. To assist with these objectives, and align with the non-financial asset management strategy, City staff searched properties that were owned or accessible to the City of Ottawa, as opposed to open market/real estate-based searches that would require immediate capital funding and authority to initiate. The search was also focused on properties that would be readily available in the next five years and would meet Provincial licensing requirements.

Staff consulted with Recreation, Cultural and Facility Services, Affordable Housing, Housing Solutions and Investment Services (formerly Corporate Real Estate Office), and Ottawa Community Housing Corporation to locate and assess available properties that would meet the requirements to provide child care services and align with Council's direction. It was determined that there were no existing City facilities that were available to meet the requirements of a licensed child care centre. The search did locate eleven City owned development properties, of which eight were located within the Dalhousie Neighborhood. Staff assessed property viability with the lens of child care licensing, cost, timeline to completion, land appropriateness, what would best serve the community, the City's mandate and assisting with the transition plan.

Based on the property assessment and analysis, the 1010 Somerset Street West property scored the highest and is the preferred property location. Alternative options had constraints such as not meeting the requirements or having capacity to hold licensed child care, timelines for development did not align with Children's Services needs or required immediate capital funding. Additionally, Children's Services used "No Go" Criteria which would rule out any property that would not meet the legislative requirements to be a child care facility. The Dalhousie property scores can be found in Appendix B: Property Availability and Assessment.

1010 Somerset Street West

The City of Ottawa has developed the concept plan for an integrated and sustainable community hub at 1010 Somerset Street West, located between the neighbourhoods of Little Italy, Hintonburg and Chinatown. Council approved this report (ACS2024-SI-HSI-0026) in December 2024.

Anchored by the Plant Recreation Centre and the Corso Italia Light Rail Transit station, the intention is to integrate this community hub, called Gladstone Village, with the residential development by Ottawa Community Housing to the immediate south. The locational attributes provide the City with the unique opportunity to deliver on core objectives contained in the New Official Plan (2021) and the Corso Italia Secondary Plan in both intensification and Transit-Oriented Development objectives at Light Rail Transit stations.

The site is bounded by Somerset Street West, Gladstone Avenue, the O-Train tracks, and Preston Street and contains an area totaling approximately 7.68 hectares (19 acres). The proposed development of this area is intended to serve not only the adjacent neighborhoods but the greater population of Ottawa's central district, including both Somerset and Kitchissippi wards.

The major elements proposed in the community hub concept plan include:

- New active public parkland (sports fields, courts and open space)
- A French-language elementary school
- A child care facility
- City of Ottawa recreation facilities
- Community arts, cultural and creative spaces
- Expansion of Plant Bath facility
- Components per the Collective Benefits Agreement with the Algonquins of Ontario
- Affordable housing
- Limited mixed use private development

The concept plan includes the allocation of land for the development of a new French-language elementary school. The alignment of child care services with the French school board opening in 2027/28 is an opportunity for Children's Services to support families and caregivers with a facility that supports the City's mandate of serving families who face various barriers and systemic challenges while also preserving the French language, culture and cultural identity of the families served. Additionally, there are other potential synergies with City of Ottawa partners including Recreation, Cultural and Facility Services and their ability to offer services and shared spaces to maximize space and community

benefits. Thousands of new residents are expected to move into Gladstone Village over the next decade. A new French-language elementary school will serve not only the French-speaking residents of this area but would draw from surrounding neighbourhoods.

To ensure this location is available for Council consideration, Children's Services has secured a Memorandum of Understanding between the City of Ottawa and Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) to allow first right of refusal on the child care facility that will be incorporated within the school. This Memorandum of Understanding allows the City of Ottawa, subject to Council approval, to work towards a Project Agreement to secure the location and enable the transition of Centre éducatif Pinocchio and reinvest the funding to a high needs area.

As part of the Memorandum of Understanding, the School board will seek additional Provincial funding to build two additional child care rooms in order to transition the existing 31 spaces from Pinocchio to this location. Should Provincial funding not be awarded or available, the City would be required to provide a one-time contribution to the school board to cover the expected costs.

Capital Funding Plan

The Province of Ontario has a schools-first approach to child care and has provided the French language school board with capital funding to build the school and three new child care rooms or 49 spaces in the 1010 Somerset Street West location. To transition the existing spaces and two rooms from Pinocchio to this location, and should Provincial funding not be available, staff would require additional Municipal capital financial investments. It is estimated that the cost of adding space to accommodate two additional rooms would be approximately \$1.4M with a factor built in to address the cost of construction. For context, a preliminary budget estimate completed in 2020 to build a stand-alone 7500 square foot LEED certified 62 space child care facility would require \$10.1M in capital funding which excludes the cost of land acquisition.

This strategy to transition the existing spaces and two rooms from Pinocchio to be co-located within the planned French language school board aligns with the non-financial asset management strategy, by avoiding the capital cost of a new City-owned asset, allowing the City to continue delivery of the service.

Within the concept plan report (ACS2024-SI-HIS-0026) Council approved the net sale proceeds from the disposal of land being sold to the School Board be allocated into the 1010 Somerset Street Capital Account to fund the continued planning, design work and advance site works. If needed, these funds could be used to cover the expected costs to

build the additional rooms to ensure our existing spaces can be moved to this location.

From an operational perspective, the City would be required to operate the three new rooms in addition to two rooms being built to transition our existing spaces. This would require an additional 14 Full Time Equivalent (FTE's), to operate 57 additional spaces. As the new Provincial cost-based funding approach for 2025 was just recently released, it does provide challenges at this point for staff to provide concrete financial planning information, including the need to perform a value-for-money audit on Municipal services. The Provincial formula includes benchmarks to be better representative of costs, including legacy top-up funding to fully cover historic costs, a growth top-up, and an amount in lieu of profit / surplus. At this time it is not anticipated to require additional Municipal contributions. The City will further assess the new funding model and complete the value-for-money audit and include any operational funding impacts in a subsequent budget.

In total there would be 88 spaces at this location which would also potentially include Francophone infant care which is in high demand. This would align to the City's Service Plan priorities to increase and optimize capacity and flexibility, with priority for underserved communities, younger children and part-time care.

Recommendations

City staff recommend Council:

1. Receive the business case and capital funding plan, as directed by Council, to facilitate the transition of the Centre éducatif Pinocchio to a high needs area as outlined in this report; and
2. Approve the 1010 Somerset Street West location to transition the Centre éducatif Pinocchio that maintains and increases Francophone child care spaces to a high needs area; and
3. Delegate authority to the Director, Children's Services, to negotiate, enter into, execute and amend agreements with the Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) to facilitate the transition of the Centre éducatif Pinocchio Child Care Centre, as described in this report; and
4. Direct staff to use the 1010 Somerset Street Capital Account to cover the expected costs to build two additional child care rooms should Provincial funding not be received by the Conseil des écoles publiques de l'Est de l'Ontario (CEPEO), as described in this report; and
5. Reaffirm the City's 2021 commitment to direct staff to seamlessly transition these critical Francophone spaces, minimize impacts for families, work with the Centre éducatif Pinocchio landlord and a not-for-profit child care provider to maintain

dedicated Francophone spaces and prioritize these spaces within directed growth strategies to ensure the spaces can remain within the CWELCC system offering reduced fees for families.

These recommendations will ensure that the City's Municipal Child Care Centres will align to the City's mandate and remain a leading model in offering access to high quality, affordable, and responsive services. This is supported through the 2023-2026 Term of Council Priorities, under the Strategic Priority called, "A city that has affordable housing and is more livable for all." This priority includes licensed child care and early years services, including consideration for Francophone, Indigenous Peoples and families facing barriers. This work is also aligned with the Council approved Child Care and Early Years Service System Plan 2025-2029.

Implementation

Subject to Council approval, City staff will prioritize the work on a transition plan to the new location, minimizing impacts for families and work with the Centre éducatif Pinocchio landlord and preferably a not-for-profit child care provider to maintain dedicated Francophone spaces, similar fee structure and seamlessly transition these critical Francophone child care services at the Centre éducatif Pinocchio location.

Transferring a licensed child care centre that minimizes impacts takes a significant amount of time to plan. This includes items such as finding and selecting a new location in a high needs area, building / renovating, consulting with stakeholders, meeting licensing conditions, and working with other stakeholders to maintain and seamlessly transition the critical Francophone child care services at 111 Sussex Drive. Aligning the transition to the school year calendar will also help existing families who are often entering school. Engagement and communications will occur with families and stakeholders in advance to ensure support is provided throughout the transition period to assist them in a seamless transition or finding alternate care. City staff will also further develop the partnership and agreements with the CEPEO school board. It is anticipated that construction of the child care spaces will be completed and planned to be operating for September 2027.

Appendix A: Service Area and Neighbourhood Assessment

Neighbourhood boundaries are defined in the [Children's Services Child Care and Early Years Service System Plan 2019-2023](#) (Appendix A – List of Neighbourhoods).

Table 1: Service Area and Neighbourhood Results

Neighborhoods	Francophone Child Care capacity	Vulnerability Score	Transit-Oriented Development Plans	New Affordable Housing	Total
Dalhousie	2	4	4	5	15
Centretown	4	3	2	5	14
Pinecrest/Queensway	4	5	5	0	14
Ottawa West	1	2	3	5	11
Bayshore/Crystal Bay	2	5	2	0	9
Carlington	4	5	0	0	9
Nepean Central	4	3	1	0	8
Carleton Heights	2	4	1	0	7
Nepean East	4	3	0	0	7
Bells Corners	3	4	0	0	7
Westboro	3	1	1	0	5
Ottawa South	3	1	0	0	4
Copeland	1	2	0	0	3
Glebe	2	1	0	0	3

Neighbourhoods that scored 0 to 2 are not reflected in the document.

Table 2: Service Area and Neighbourhood Scoring Legend

Metric	Scoring
Francophone child care capacity	<p>4 – High 21 to 65 spaces</p> <p>3 – Medium 16 to 20 spaces</p> <p>2 – Low 1 to 15 spaces</p> <p>0 – Exceeds access targets</p>
Vulnerability score	<p>5 – High 119 to 132</p> <p>4 – Medium 107 to 118</p> <p>3 – Low 96 to 106</p> <p>2 – very low 85 to 95</p> <p>1 – exceeds targets 69 to 84</p>
Transit-Oriented Development Plans	Score equivalent to the number of LRT stations in the neighbourhood.
New Affordable Housing	Scoring was based on a yes (5) or no (0) trigger if it was part of the Affordable Housing Plan.

Appendix B: Property Availability and Assessment

Table 3: Dalhousie property needs and risks

Dalhousie Neighbourhood Properties	Children's Services needs percentage	Risks	No Go Criteria
Property 1 – Realty Services identified Property	66%	<ul style="list-style-type: none"> • Aging building • No project timeline • Land Contamination Survey required 	N/A
Property 6 – Affordable Housing	66%	<ul style="list-style-type: none"> • No project timeline • No building • Requires significant capital investment for a building 	N/A
Property 7 – Affordable Housing branch	66%	<ul style="list-style-type: none"> • No project timeline • No building • Requires significant capital investment for a building 	N/A
Property 8 – 1010 Somerset	89%	<ul style="list-style-type: none"> • Partnership with the school board required 	N/A
No Go Criteria Applied			
Property 2 – Multi use facility	80%	N/A	Timeline is longer than 5 years
Property 3 – OCHC	77%	N/A	Outdoor legislative space requirements cannot be met
Property 4 - OCHC	77%	N/A	Outdoor legislative space requirements cannot be met

Dalhousie Neighbourhood Properties	Children's Services needs percentage	Risks	No Go Criteria
Property 5 – OCHC	74%	N/A	Outdoor legislative space requirements cannot be met