

Supports Item No. 2
CS&B Committee Agenda
April 28, 2005



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: April 8, 2005
Authors: Diane Elliott / Ernie Westmacott
Phone No.: 604-871-6519 / 6509
RTS No.: 04741
CC File No.: 1805
Meeting Date: April 28, 2005

TO: Standing Committee on City Services and Budgets
FROM: General Manager of Corporate Services and Director of Social Planning
SUBJECT: 2005-2007 Contract Extension - Ray-Cam Co-operative Association

RECOMMENDATION

- A. THAT Council direct staff to amend the contract to address the issue of wages and retroactivity in a year of bargaining for eligible program staff identified in Appendix A of the existing contract, according to the terms outlined in this report and to the satisfaction of the Director of Legal Services, the General Manager of Corporate Services, the General Manager of Community Services and the General Manager of Human Resource Services.
- B. THAT Council authorize the Director of Legal Services to finalize and execute a three-year contract extension including the amendment in Recommendation A, subject to the satisfaction of the General Manager of Corporate Services and the General Manager of Community Services for the period January 1, 2005 to December 31, 2007.
- C. THAT Council approve a payment of \$161,139 for 2005 to the Ray-Cam Cooperative Association to satisfy the requirements of the contract; source of funds to be the 2005 Operating Budget.

- D. That Council authorize a review of the City's operating relationship with Ray-Cam with recommendations to be submitted to Council prior to the submission of the 2007 budget.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A, B, C and D.

This is an interim report that addresses Ray-Cam's funding needs for 2005. In addition to the 2005 base funding Ray Cam has requested funding for retroactive wage and benefit costs for eligible program staff (outlined in Appendix A of the contract) and one-time retroactive funding to cover the costs associated with 34 weeks of sick leave for a day care worker. The total amount requested for these additional items is \$47,778. Staff will report to Council regarding these requests following a review of Ray-Cam's March 31, 2005 audited financial statements.

COUNCIL POLICY

Approval of contracts over \$300,000 requires Council approval.

PURPOSE

The purpose of this report is to seek Council approval for a three-year contract extension with the Ray-Cam Co-operative Association for the operation of core programs at the Ray-Cam centre. A modification to the existing contract is detailed in this report.

BACKGROUND

Ray-Cam Co-operative Association (Ray-Cam), located on East Hastings St., provides services to a diverse community that is challenged by social, multicultural and socio-economic issues in addition to the current challenges faced by the Downtown Eastside. Ray-Cam is a non-profit community based organization that provides a wide range of social, recreation and job-training programs to local residents. Over 98% of the recipients of Ray-Cam's services are low income, considered living in high-risk situations and in need of substantial support.

Within these services and programs, there are four specific social service programs that the City supports by providing funding through a funding contract. Following is a brief description of the four programs that receive funding from the City:

INTEGRATED DAYCARE

The Daycare Program offers 20 licensed spaces for 3-5 year olds.

OUT OF SCHOOL CARE

The Latchkey Program offers 40 licensed spaces for Out-of-School Care.

YOUTH WORKER

The Youth Worker Program assists approximately 430 youth per year offering services to those who need school support or counseling for alcohol and drug problems, runaways, abuse, etc.

FAMILY PROGRAM

The program services nearly 500 family units per year, which includes families with children from pre-school to high school.

The City has provided funds to supplement the operating costs of these four social service programs operated by Ray-Cam for a number of years. Ray-Cam received funding from a number of sources other than the City but it was insufficient to meet the full costs of the operation.

In 1993, Council approved the transfer of financial support to Ray-Cam from the Community Services grant stream to a three-year funding contract with a renewal clause. This contract specified that Ray-Cam would provide the following four core programs: childcare, out-of-school care (Latchkey), a family program and youth programs. A three year extension to the original contract was approved by Council on April 16, 1996, that included modifications to the original terms. Subsequent extensions were approved in 1999 and 2002.

Since 2003, Ray-Cam has had to compete for provincial funding through an RFP process. Provincial funding is now provided mainly as a subsidy per child, the amount of which is fixed across the sector. This subsidy does not consider Ray-Cam's program costs which are driven in large part by the City's collective bargaining process as outlined in the Common Employer Agreement.

2004 Results

The Ray-Cam Co-operative Association concluded their fiscal year ended March 31, 2004 with a net operating surplus of \$1,655 and a fund balance of \$16,457.

The total fund balance for the four City-funded programs as of the fiscal year ended March 31, 2003 was a cumulative deficit of \$23,263. As at March 31, 2004 the four program funds had a deficit balance of \$12,945.

	Fund Balance March 31, 2003	Excess (Deficiency) of Revenue over Expenditure	Fund Balance March 31, 2004
Day Care Program	(16,091)	80	(16,011)
Out of School Care Program	(4,981)	7,217	2,236
Family Program	0	0	0
Youth Worker Program	(2,191)	3,021	830
	(23,263)	10,318	(12,945)

DISCUSSION

The current three-year contract with Ray-Cam expired on December 31, 2004. City staff and Ray-Cam staff have met to discuss renewal of the contract, which included a review of the

2004 financial results and alternative funding sources including the ongoing commitment from the Provincial Government.

A special contract with Ministry for Children and Family Development (MCFD) in the amount of \$41,716 used to fund one-to-one services for clients of the Youth, Day Care and Latchkey programs was eliminated in 2004, resulting in the centre having to reduce and / or eliminate these specialized services. Between 2004 and 2005 changes in provincial funding resulted in an overall net funding decrease of \$48,118. Ray-Cam has been active in fundraising activities and has explored alternative sources of funding. As a result, funding from other sources has nearly doubled since 2004. The net impact on funding from sources other than the city contract is a reduction of \$24,935.

Under the terms of the contract, the City of Vancouver pays only salary costs (up to a maximum number of hours) for specific positions required to deliver the contracted services. Eligible Program Costs are based on the current rates of pay for these pre-defined positions. Eligible program costs for 2005 are \$417,914.

Ray-Cam's 2005 budget for the four programs is 1.5% higher than 2004 levels. Eighty-nine percent (89%) of the \$547,600 budget is for wages and benefits.

The total budget for the four programs is detailed in the table below:

	2004	2005	Difference	% Change
COV Contract	130,956.00	161,139.00	30,183.00	23.05%
City Childcare Grant	19,100.00	19,314.00	214.00	1.12%
Province of BC	369,124.00	321,006.00	-48,118.00	-13.04%
Other	20,361.00	46,141	25,780	126.6%
	<u>539,541.00</u>	<u>547,600</u>	<u>8,059</u>	<u>1.49%</u>

Recommended 2005 Funding

City funding was increased in 2003 to reflect the 3% increase that came into effect on April 1, 2002. City funding was not increased in 2004 pending the resolution of collective bargaining with CUPE 15 Parks. The resulting agreement, which was ratified in June 2004, provided a 2.5% wage increase for 2003, 2004 and 2005. No adjustment to City funding was made to reflect this increase.

Staff recommend that the 2005 funding include the cost of the settlement increase for years 2003-05. This increase is broken down as follows:

	Cost Increase	COV Funding
2004 COV Funding		130,956
2003 - 2.5% increase	9,873	
2004 - 2.5% increase	10,110	
2005 - 2.5% increase	10,200	
Total Increase		30,183
2005 COV Funding		161,139

It is recommended that for the duration for this contract, the City will provide the full cost of future negotiated wage settlements as related to the four programs, after taking into account the funds received from other sources. If, for reasons other than negotiated wage settlements anytime during the term of the contract this funding level is not adequate, Ray-Cam staff can discuss with City staff to determine an appropriate funding or service level and City staff would report back to Council, as outlined in the contract. Specifically, the contract states that the City and Ray-Cam will reach agreement on the total eligible program costs and the funding which will be available from other sources.

Proposed Amendment to Contract

The current contract requires Ray-Cam to explore other funding options before the City will confirm the level of funding it will provide. In recent years funding from the City has increased an average of 2% per year; however this increase does not cover the rising costs associated with annual grade/step increases.

Ray-Cam has requested that a comprehensive operating agreement with the City of Vancouver be developed. Currently there are two agreements related to Ray-Cam. These are the Common Employer Agreement and the funding contract for four specific programs, which is the subject of this report.

As an interim solution we recommend that the contract be amended to clarify the issue of wages and retroactivity in a year of bargaining. The modification to the existing contract would provide Ray-Cam with certainty that where ratification of a retroactive wage increase exceeds available funding from other sources, the City will make a payment to Ray-Cam to cover these costs to the end of the current budgetary year.

NEXT STEPS

As part of the review discussed in Recommendation D, the Director of Social Planning will conduct a program review in accordance with Section 3.4 of the contract.

Additional funding requests will be evaluated in 2005 on the basis of Ray-Cam's Audited Financial Statements for the fiscal year ending March 31, 2005.

Ray Cam has requested the City of Vancouver negotiate a comprehensive operating agreement that would address issues such as funding, staffing, facilities maintenance and governance. Therefore, as a longer-term solution this report recommends that Council authorize a review of the City's operating relationship with Ray-Cam with recommendations to be submitted to Council prior to the submission of the 2007 budget (Recommendation D).

This review would also involve a number of service groups within the City and would address issues such as the widening gap between salary and benefit costs and funding from other sources as well as the City's responsibility to fund retroactive salary costs that result from the collective bargaining process. These issues have arisen on several occasions in the past decade and have created financial uncertainty for both the City and Ray Cam.

FINANCIAL IMPLICATIONS

Staff are recommending to Council a three-year extension of the operating agreement at a cost of \$161,139 for 2005. The source of funds to be the 2005 Operating Budget

CONCLUSION

The recommended three-year contract renewal with Ray-Cam Co-operative Association will provide the Association with the funding necessary to operate four needed social service programs:

- Childcare/Special Needs Daycare
- Out of School Care (Latchkey/After School)
- Family Program
- Youth Worker Program

* * * * *

APPENDIX A - Ray-Cam Budget for City Funded Four Social Programs

	LATCHKEY	DAY CARE	YOUTH	FAMILY	Total
EXPENDITURES					
Wages and Benefits	\$128,980.00	\$213,751.00	\$58,429.00	\$52,961.00	\$454,121.00
Substitutes	\$6,560.00	\$10,332.00	\$15,852.00		\$32,744.00
Total Wages and Benefits	\$135,540.00	\$224,083.00	\$74,281.00	\$52,961.00	\$486,865.00
Administration Program	\$7,394.00	\$13,706.00	\$4,380.00	\$3,120.00	\$28,600.00
	\$10,150.00	\$10,335.00	\$6,835.00	\$4,815.00	\$32,135.00
Total Other Costs	\$17,544.00	\$24,041.00	\$11,215.00	\$7,935.00	\$60,735.00
TOTAL PROGRAM COSTS	\$153,084.00	\$248,124.00	\$85,496.00	\$60,896.00	\$547,600.00
REVENUE					
Provincial Ministries	\$107,200.00	\$213,806.00	cut		\$321,006.00
Provincial Ministries Special Contract					
City Grant	\$11,139.00	\$8,175.00			\$19,314.00
City Funding	\$31,745.00	\$19,143.00	\$59,355.00	\$50,896.00	\$161,139.00
Other	\$3,000.00	\$7,000.00	\$26,141.00	\$10,000.00	\$46,141.00
TOTAL REVENUE	\$153,084.00	\$248,124.00	\$85,496.00	\$60,896.00	\$547,600.00

