



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 15, 2005
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Meeting Date: June 28, 2005

TO: Vancouver City Council
FROM: Director of Social Planning
SUBJECT: 2005 Child Care Endowment Reserve Report

RECOMMENDATION

- A. THAT Council authorize payment of \$1,650. per space, per year as an operating subsidy, up to a total of \$99,000 per year, to the Vancouver Society for Children's Centres for the 60 infant/toddler spaces at Dorothy Lam Children's Centre, Quayside, Library Square, for the period January 1, 2005 - December 31, 2005. Source of funds: City Childcare Endowment Reserve.
- B. THAT Council authorize payment of \$1,650. per space, per year, as an operating subsidy of up to a total of \$6,875 for the five months of operation to the Vancouver Society for Children's Centres for 12 infant toddler spaces at Shaw Towers Children's Centre for the period August 1, 2005- December 31, 2005. Source of funds: City Childcare Endowment Reserve.
- C. THAT Council authorize payment of \$1,650. per space, per year, as an operating subsidy of up to a total of \$39,600 per year to the Vancouver YWCA for the 24 infant/toddler spaces at the Leslie Diamond Centre for the period January 1, 2005 - December 31, 2005. Source of funds: City Childcare Endowment Reserve.

- D. THAT Council authorize payment of \$1,650. per space as an operating subsidy, of up to a total of \$39,600 per year to Collingwood Neighbourhood House for the 24 infant/toddler spaces for the period January 1, 2005 - December 31, 2005. Source of funds: City Childcare Endowment Reserve.
- E. THAT Council adjust, due to late start up, the previously authorized payment disbursement for the period September 1, 2004 - August 31, 2006 to August 1, 2005 to December 31, 2005 for start-up funds \$,2000/space, for two years to a total of up to \$15,415 to the Vancouver Society for Children's Centre for Shaw Towers. Source of funds: City Childcare Endowment Reserve.

GENERAL MANAGER'S COMMENTS

The General Manager recommends approval of A, B, C, D and E.

COUNCIL POLICY

Approval of grant recommendation requires affirmative votes.

The Civic Child Care Strategy, approved by Council in October, 1990, recognized the need to ensure the availability of start-up and operating subsidies to sustain those new child care facilities being opened in high density neighborhoods as a result of rezoning negotiations or City-initiated projects. In May, 1991, Council approved the creation of the Childcare Endowment Reserve.

On December 15, 1994, Council approved the terms and conditions of the Childcare Endowment Reserve, including eligibility criteria and the process of accessing these funds.

In April, 1996, Council clarified that the City Childcare Endowment Reserve was to be established as an interest bearing fund.

In January, 2000, Council approved a strategy, in principle, of winding down the existing City Childcare Endowment Fund over the next ten years, as outlined in the January 10, 2000, Administrative Report. Council approved the maximum rate for the infant/toddler operating subsidy at \$1,650 per licensed infant/toddler space per annum for the period January 1, 2001 - December 31, 2002 from the Childcare Endowment Reserve. In the 2004 Childcare Endowment Reserve Report Council directed staff to report back in 2005, with a plan for sustainability of the Childcare Endowment Fund. Staff will report back in a separate report in the Fall.

In 2003, Council approved the financing growth policy specific to Community Amenity Contributions, which states: "as the purpose of CACs is to secure amenities through rezonings, and rezonings are localized changes to land use, the amenities provided should serve the immediate site and/or community in which the rezoning occurs.

In March, 2004, Council signed the Joint Civic Childcare Protocol, which committed to maintain and expand child care spaces by 5%.

Approval of grant recommendations requires eight affirmative votes.

PURPOSE

The purpose of this report is to authorize payment of the Endowment subsidies for 2005 and 2006 for the Vancouver Society of Children's Centres, Collingwood Neighbourhood House and YWCA as per the approved existing Operating Agreements and approval of the start-up funding for Shaw Tower Child Care Centre to Vancouver Society of Children's Centres.

BACKGROUND

The cost of infant and toddler care in Vancouver is an estimated \$1,500.00 per month per space. Parents, on average, pay \$870.00 - \$930.00 of the costs for toddler and infant care respectively. The difference between the actual costs and the parent fee is made up, in part, by a Provincial child care operating fund (CCOF) of \$220, on average. Making up the difference is the responsibility of the operator.

The child care Endowment Reserve was created in 1991 to ensure the availability of start-up and operating subsidies needed to sustain those new child care facilities being opened in high density neighbourhoods, as a result of rezoning negotiations or City initiated projects. In 1994, Council set out guidelines for development of the operating agreements and eligible projects which would receive Endowment funds. At this time, the start-up rate was set at \$2,000. per space for the first two years of operation and an annual operating subsidy of \$3,000. per infant/toddler space.

The Endowment Reserve was intended to offset the high costs of operating infant/toddler spaces, primarily due to staffing and operating costs in high density buildings. Start-up funds were created to offset pre-opening costs and those associated with the first two years of operation when enrolment was gradually building, based on the assumption that programs would not be at full capacity.

When the Endowment Reserve was first introduced, it was envisaged that contributions to the reserve would be put into an interest bearing account and that the interest would be accrued to the reserve; the interest would help extend the life of the fund. Economic slow down in the 1990's and low interest rates affected the sustainable rate. As such, a review was conducted in the late 1990's and Council approved a wind down strategy of the fund, with a gradual reduction to the annual subsidy from \$3,000 to \$1,650 per space by January 2001.

The existing three organizations (VSOCC, YWCA and Collingwood Neighborhood House) currently receiving Childcare Endowment funding, continue to operate at a deficit, despite high parental fees, the provincial operating grant and the City's Endowment contribution. The actual cost of care per space per year in these programs ranges from \$15,500 to \$19,400. Organizations offset the operating deficits through operational funds from other programs or fundraising.

In 2003, Council reconsidered winding down the Endowment fund and requested that staff report back on the status of the fund recognizing that infant/toddler care in City owned facilities could not be sustainable without the Endowment subsidy.

During 2004, staff contracted with Lynell Anderson, B.Comm, CGA, to conduct an analysis of the fund and develop a model for monitoring and tracking Endowment payments and contributions - a model that could monitor and estimate necessary funds for future sustainability.

As a result of various development contributions, the Endowment fund has increased substantially in the past five years from \$1.4M to \$4.8M. In April this year, Council approved another \$1.1M to the Endowment Reserve fund from the rezoning at 1188 West Pender.

DISCUSSION

The existing three organizations which receive Endowment funding continue to depend on City support to maintain spaces. In addition, the City continues to expand the number of licensed child care spaces in City owned facilities, particularly infant/toddler spaces (e.g. #1 Kingsway, Shaw Tower, Homer St, Bayshore, International Village, Citygate II, Coal Harbour).

At a 4% interest rate over the next ten, years, \$1,650 per space per year grant payments and a fund balance of \$4.M, the Endowment fund can be sustained until approximately 2015. Staff will report back in the Fall with a policy options paper on the long-term sustainability of the Childcare Endowment fund and the impacts that new programs will have on the fund.

FINANCIAL IMPLICATIONS

The following table sets out the approved and actual payments for the infant/toddler operating subsidies for the VSOCC infant/toddler child care programs: Library Square (12 spaces), Dorothy Lam (24 spaces) and Quayside (24 spaces); Shaw Tower (12 spaces); Collingwood Neighborhood House Society (24 spaces); and YWCA (24 spaces), from January 1, 2004 to December 31, 2004. In addition the start up costs for the Shaw Tower Child Care Centre is payable to VSOCC for 12 spaces (previously approved by Council).

Program	Allocated 2004	Proposed 2005
Library Square	19,800	19,800
Dorothy Lam	39,600	39,600
Quayside	39,600	39,600
Shaw Towers	n/a	6,875
Leslie Diamond	39,600	39,600
Collingwood	39,600	39,600
Total	178,200	185,075

Shaw Towers	August 1, 2005 to December 31, 2005
Start- Up Funds	\$15,415

Currently, the balance of the Childcare Endowment Fund is \$4,853,446.50

CONCLUSION

The Childcare Endowment Reserve funds continue to be required to support the VSOCC infant and toddler programs at Library Square (12 spaces), Quayside (24 spaces) Dorothy Lam (24 spaces) and Shaw Towers (12 spaces); the infant/toddler programs at YWCA- Leslie Diamond Centre (24 spaces) and Collingwood Village (24 spaces). Social Planning recommends authorization of payments of \$1,650. per space for the 2005 infant/toddler operating subsidy up to \$185,075 and \$15,415 for Shaw Towers start-up funds (dates adjusted).

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