



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: June 12, 2007  
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Meeting Date: June 26, 2007

TO: Vancouver City Council

FROM: Director of Social Planning

SUBJECT: 2007 Childcare Endowment Reserve Report

#### RECOMMENDATION

- A. THAT Council authorize a payment of \$1,650 per space, per year, to offset the high costs of operating infant/toddler programs, up to a total of \$99,000, to the Vancouver Society for Children's Centres for the 60 infant/toddler spaces at Dorothy Lam Children's Centre, Quayside, and Library Square, for the period January 1, 2007 - December 31, 2007. Source of funds: City Childcare Endowment Reserve;
- B. THAT Council authorize payment of \$1,650 per space, per year, to offset the high costs of operating infant/toddler programs, up to a total of \$19,800, to the Vancouver Society for Children's Centres for 12 infant toddler spaces at Shaw Tower Children's Centre, for the period January 1, 2007 - December 31, 2007. Source of funds: City Childcare Endowment Reserve;
- C. THAT Council authorize payment of \$1,650 per space, to offset the high costs of operating infant/toddler programs, 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, 2007 - December 31, 2007. Source of funds: City Childcare Endowment Reserve;

- D. THAT Council authorize payment of \$1,650 per space, to offset the high costs of operating infant/toddler programs, up to a total of \$39,600 per year, to Collingwood Neighbourhood House, for the 24 infant/toddler spaces for the period January 1, 2007 - December 31, 2007. Source of funds: City Childcare Endowment Reserve;
- E. THAT Council authorize payment of \$1,650 per space per year, to offset the high costs of operating infant/toddler programs, up to a total of \$28,050, to Vancouver Society for Children's Centres - Bayshore Children's Centre for the 12 toddler spaces, for the period February 1, 2007 - December 31, 2007 and for the 12 infant space for the period July 1, 2007 to December 2007. Source of funds: City Childcare Endowment Reserve;
- F. THAT Council authorize payment of \$2,000 per space over two years for start-up funds up to \$29,060 for the period January 1, 2007 to July 31, 2007, to the Vancouver Society for Children's Centres - 37 space Shaw Tower Children's Centre. Source of funds: City Childcare Endowment Reserve;
- G. THAT Council authorize payment of \$2,000 per space, over two years for start-up funds up to \$49,000 for the period January 1, 2007 to December 31, 2007, to the Vancouver Society for Children's Centres - 49 space Bayshore Children's Centre. Source of funds: City Childcare Endowment Reserve.

#### GENERAL MANAGER'S COMMENTS

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

#### COUNCIL POLICY

Approval of grant recommendation requires eight 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 childcare facilities being opened in high-density neighbourhoods 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 grant 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 with a plan for sustainability of the Childcare Endowment Fund.

In 2003, Council approved the financing growth policy specific to Community Amenity Contributions (CAC), 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 childcare spaces by 5%.

In October, 2005, Council directed senior management to enter into negotiations with the Province of British Columbia for a matched contribution of \$6M by 2009 to the Childcare Endowment Reserve to facilitate the sustainability of the fund at a current rate of \$1,650 per year for infant and toddlers spaces in high density non-profit City owned facilities and report back in Spring 2007.

## PURPOSE

The purpose of this report is to:

- Authorize payment of \$226,050 in Endowment Grants for the Vancouver Society of Children's Centres (VSOCC), Collingwood Neighbourhood House and YWCA. This contribution will offset the costs of 144 infant/toddler spaces by up to \$1,650, per space, per year, for families in high density City-owned child care facilities.
- Authorize payment of \$78,060 in Endowment Grants of the start-up funding for Shaw Tower and Bayshore Children's Centre to Vancouver Society of Children's Centres. This contribution will offset the start-up costs of 86 infant/toddler and 3 to 5 year spaces by up to \$2,000 per space, per year, for families in these high density City-owned child care facilities.
- Report back on the negotiations with the Province of British Columbia for a matched contribution to the Endowment Reserve.

## BACKGROUND

While child care is a Provincial responsibility, the City of Vancouver has had a long-standing policy and commitment that supports the development of child care spaces in City-owned facilities and/or land. Child care is recognized as a key support to economic prosperity, liveable communities and healthy child development. Overall, 14% of children under the age of thirteen have access to either full or part-time licensed child care in Vancouver. However, care for infants and toddlers is the least available and/or affordable.

The Childcare Endowment Reserve was created in 1991 to ensure the availability of funding for start up and to offset the high costs of operating so as to not impact parent fees. The endowment was intended to sustain those new child care facilities being opened in high-density neighbourhoods as a result of rezoning negotiations or City-initiated projects. It was intended to offset the high costs of operating infant/toddler spaces which are 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. In the existing three organizations (VSOCC, YWCA and Collingwood Neighbourhood House) currently receiving Childcare Endowment funding, the actual cost of care, per space, per year, ranges from \$19,033 to \$21,943. Fees range from \$990 to \$1,155 per month per child in these programs. Organizations offset the remaining operating deficits through operational funds from other grant sources, fundraising and other program revenues.

- The City receives contributions from new developments through community amenity contributions to build the Endowment Reserve. Over the past six years, the fund has grown from approximately \$1.5M to over \$6M. While it continues to expand its support for new licensed non-profit child care spaces in City- owned facilities, the reserve currently draws down on both the capital and interest at the current grant rate.

Given the strong private/public partnership in building the Endowment Reserve, Council directed senior staff to enter into negotiations with the Province to match the \$6M Endowment, allowing the fund to be sufficient enough to protect the capital investment and provide an ongoing grant of \$1,650 per space to the infant/toddler spaces in the city. Start-up grants are provided for the first two years of operation for infant/toddler and 3 to 5 Year spaces of up to \$2,000 per space. These funds help offset additional expenses for staff recruitment, orientation program, set up, etc.

Operators have expressed concern about their ability to deliver infant and toddler care should the Endowment Grant be eliminated and are now faced with further Provincial cuts to their existing operating grant.

## DISCUSSION

The existing three organizations that receive Endowment Grants continue to depend on City support to maintain spaces. In addition, the City continues to extract Endowment contributions, where possible, for new developments and to expand the number of licensed child care spaces in City-owned facilities, particularly infant/toddler spaces (e.g. Homer St, Bayshore, International Village, Coal Harbour).

As the current Endowment Reserve draws on both capital and interest, Council directed staff to enter into negotiations with the Province for matched funding given the surplus of Federal transfer payments for Early Learning and Care.

As a result, the General Manager of Community Services Group, Director of Social Planning and the Child Development Coordinator met with the Assistant Deputy Minister of the Ministry of Children and Family Development. Staff were advised that Provincial funding of this amount could not be approved at the staff level. Subsequently, the Mayor's office sent correspondence to the Minister of Children and Family Development, requesting a \$6M match contribution. In the early part of this year, the Mayor's office was advised that matched funding would not be forthcoming.

Staff are exploring other options to build the Endowment Reserve and will report back to Council with those options.

## FINANCIAL IMPLICATIONS

The following Table 1 sets out the 2007 Proposed Payments for the infant/toddler operating subsidies for: the VSOCC infant/toddler child care programs - Library Square (12 spaces), Dorothy Lam (24 spaces), Quayside (24 spaces), Shaw Tower (12 spaces) and Bayshore (24 spaces); Collingwood Neighbourhood House Society (24 spaces); and YWCA (24 spaces). In 2006, no grant was paid to Bayshore as the facility did not open until January, 2007. In addition, Table 2 shows the Start-up Costs for the Shaw Tower Children's Centre payable to VSOCC for 37 spaces and for Bayshore Children's Centre for 49 spaces. Bayshore payment reflects a portion of start-up costs for one month prior to operation. Shaw Tower start-up reflects actual start-up recorded for the 12 month period. Note: Start up costs are covered for the first two years of operation up to the maximum amount for the full two-year period.

Table 1

Program	2006 Approved	2006 Actual	Proposed 2007
Library Square	19,800	19,800	19,800
Dorothy Lam	39,600	39,600	39,600
Quayside	39,600	39,600	39,600
Shaw Tower	19,800	19,800	19,800
Leslie Diamond	39,600	39,600	39,600
Collingwood	39,600	39,600	39,600
Bayshore <sup>1</sup>	13,200	0	28,050
<b>Total</b>	<b>211,200</b>	<b>198,000</b>	<b>226,050</b>

<sup>1</sup>In 2006, no grant was paid to Bayshore as the facility did not open until January, 2007. The approved amount for 2006 will not be disbursed from the Reserve.

Table 2

Start -up Costs	2006 Approved	2006 Actual	January 1, 2007 to December 31, 2007
Shaw Tower <sup>2</sup>	37,000	29,525	29,060.
Bayshore <sup>3</sup>	20,416	4,302	49,000.
<b>Total Start Up</b>	<b>57,416</b>	<b>33,827</b>	<b>78,060</b>

<sup>2</sup>Shaw Tower 2006 Actual Start-up payment reflects actual start-up costs recorded for the period. The remainder of the 2006 Approved amount will not be disbursed.

<sup>3</sup>Bayshore 2006 Actual start-up payment reflects a portion of start-up costs for one month prior to operation; whereas the 2006 approved amount was for five months of start-up costs. The remainder of the 2006 approved amount will not be disbursed.

Total proposed payment is \$304,110.

Currently, the uncommitted balance of the Childcare Endowment Fund is \$6,548,300 prior to the approval of this proposed payment.

## CONCLUSION

The Childcare Endowment Reserve Funds continue to be required to support the VSOCC infant and toddler programs at Dorothy Lam (24 spaces), Quayside (24 spaces) Library Square (12 spaces), Shaw Towers (12 spaces) and Bayshore (24 spaces); YWCA - Leslie Diamond Centre (24 spaces) and Collingwood Village (24 spaces). Social Planning also recommends authorization of start-up payments of \$2,000 per space over twenty-four months for Shaw Towers and for Bayshore.

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