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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: July 10, 2008
Author: Carol Ann Young
Phone No.: 604.871.6042
RTS No.: 07516
VanRIMS No.: 08-2000-20
Meeting Date: July 22, 2008

TO: Vancouver City Council
FROM: Managing Director of Social Development
SUBJECT: 2008 Childcare Endowment Reserve

RECOMMENDATION

- A. THAT Council authorize a payment of \$1,650 per space, per annum, as an operating subsidy, up to a total of \$158,400, to the Vancouver Society of Children's Centres (VSOCC) for the 96 infant/toddler spaces at Dorothy Lam, Quayside, and Library Square, Shaw Tower, and Bayshore Gardens Children's Centres for the period January 1, 2008 - December 31, 2008. Source of funds: City Childcare Endowment Reserve.
- B. THAT Council authorize payment of \$1,650 per space, per annum, as an operating subsidy, up to a total of \$39,600 per year, to the Vancouver YWCA for the 24 infant/toddler spaces at the Leslie Diamond Child Care Centre, for the period January 1, 2008 - December 31, 2008. Source of funds: City Childcare Endowment Reserve.
- C. THAT Council authorize payment of \$1,650 per space, per annum, as an operating subsidy, up to a total of \$39,600 per year, to Collingwood Neighbourhood House, for the 24 infant/toddler spaces for the period January 1, 2008 - December 31, 2008. Source of funds: City Childcare Endowment Reserve.
- D. THAT Council authorize payment of \$1,650 per space, per annum, as an operating subsidy, up to a total of \$6,600, to VSOCC - Sapphire Children's Centre for the 12 toddler spaces, for the period September 1, 2008 - December 31, 2008. Source of funds: City Childcare Endowment Reserve.

- E. THAT Council authorize payment of \$2,000 per space over two years for start-up funds up to \$18,500 for the period July 1, 2008 to December 31, 2008, to VSOCC - 37 spaces at Sapphire Children's Centre. 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 \$44,698 for the period January 1, 2008 to December 31, 2008, to VSOCC - 49 space Bayshore Gardens Children's Centre. Source of funds: City Childcare Endowment Reserve.
- G. THAT Council authorize up to \$15,000 for staff to conduct a review of the City Child Care Endowment Reserve to evaluate priorities, payments, conditions and streamline the administration of the endowment grant, with a report back to Council in early Summer 2009. 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 Childcare 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 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 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%.

PURPOSE

The purpose of this report is to:

- Authorize payment of Endowment Grants up to \$244,200 for VSOCC, Collingwood Neighbourhood House and YWCA. This contribution will offset the costs of 156 infant/toddler spaces by \$1,650, per space, per annum, for families in high density City-owned childcare facilities;
- Authorize approval of the start-up funding up to \$63,198 for Sapphire Children's Centre and Bayshore Children's Centre to VSOCC; and
- Authorize up to \$15,000 to conduct a review of the childcare endowment fund with a view to refocusing priorities, payments and conditions of the grant.

BACKGROUND

The revenue for childcare programs is primarily generated from parent fees, with some offset from the provincial government childcare operating fund. Despite provincial contributions, infant and toddler spaces cost parents on average \$1,118 per month. However, the cost to deliver these programs exceeds the parent contribution.

The Childcare Endowment Reserve was created in 1991 to assist with the sustainability of those new childcare facilities being opened in high-density neighbourhoods as a result of rezoning negotiations or City-initiated projects and assist with affordability for families. It was intended to offset the high costs of operating infant/toddler spaces due to staff/child ratios 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 (e.g., gradual enrolment).

Council approved terms and conditions for the City Child Care Endowment Reserve which included facilities entering into an operating agreement with the City. These conditions should be reviewed and updated.

DISCUSSION

The City receives funding through community amenity contributions to build the Child Care Endowment Reserve. The principal balance of the \$6M plus accrued interest is used to support an annual operating grant of \$1,650 per infant or toddler space. Start-up grants are provided for the first two years of operation of up to \$2,000 per space. While the City continues to accept contributions to the endowment reserve, contributions vary depending on the ability of the development to generate an amenity contribution. As a result, not all city childcare facilities secure an adequate developer contribution to the Child Care Endowment Reserve to sustain the grant payment at the same rate over time.

Staff recommend that a review of the Child Care Endowment Reserve be conducted with a view to refocusing priorities, payments and conditions. The review would also examine strategies for streamlining and simplifying the administration of the fund. The three organizations currently receiving Endowment funds will be consulted with as part of this review. It is expected that the review will commence late in 2008 and there will be a report back to Council in early Summer 2009.

FINANCIAL IMPLICATIONS

The Childcare Endowment Reserve earned \$275,913 in interest in 2007.

The following Table 1 sets out the Approved and Actual 2007 payments and 2008 proposed payments for the infant/toddler operating subsidies for: the VSOC programs - Library Square, Dorothy Lam, Quayside, Shaw Tower and Bayshore Gardens, Sapphire Children's Centre, Collingwood Neighbourhood House Society and YWCA. In addition, Table 2 shows the start-up costs for the Shaw Tower Children's Centre payable to VSOC and for Bayshore Gardens Children's Centre and Sapphire Children's Centre.

Table 1 - Operating Subsidies

Program	# of Infant/Toddler Spaces	Approved 2007	Proposed 2008
Library Square	12	\$19,800	\$19,800
Dorothy Lam	24	39,600	39,600
Quayside	24	39,600	39,600
Shaw Tower	12	19,800	19,800
Bayshore	24	28,050	39,600
Leslie Diamond	24	39,600	39,600
Collingwood	24	39,600	39,600
Sapphire	12	n/a	6,600
Total	156	\$226,050	\$244,200

Table 2 - Start-up Funds¹

Start -up Costs	#of Childcare Spaces	Approved 2007	Proposed 2008
Sapphire ²	37	n/a	\$18,500
Bayshore ³	49	\$49,000	44,698
Shaw Tower ⁴	37	29,060	n/a
Total Start Up	123	\$78,060	\$63,198

¹ Start-up funds are provided for a program's first 24 months of operations

² Sapphire's proposed 2008 start-up funding, payable in 2008, covers its first 6 months of operations from July 1, 2008 to December 31, 2008. Start-up funding for the following 18 months will be requested in subsequent Council reports in 2009 and 2010.

³ Bayshore's proposed 2008 start-up funding, payable in 2008, covers 12 months of operations in 2008. In RTS #6541, Council approval had been sought for start-up funding for its first 12 months of operations in 2007.

⁴ Shaw Tower's 2007 start-up funding, covering 7 months of operations in 2007, was discussed in RTS #6541. Council approval had been sought earlier for start-up funding for its first 17 months of operations in RTS #5250 and #5021.

The recommended payments of operating subsidies and start-up funds total \$307,398 and the Childcare Endowment Reserve review is expected to cost \$15,000. The total requested funds in this report is \$322,398.

As of May 31, 2008, the balance of the Childcare Endowment Fund is \$6,858,956. After approval of the recommendations, a balance of \$6,536,558 will remain in the endowment reserve fund.

CONCLUSION

The City Childcare Endowment Reserve supports the operation of 156 infant and toddler spaces in high density city facilities and provides start up funding for the two most recent projects at Bayshore Gardens Children's Centre (opened in February 2007) and Sapphire Children's Centre which will open this year.

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