



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: January 19, 2009
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VanRIMS No.: 08-2000-20
Meeting Date: February 3, 2009

TO: Vancouver City Council
FROM: Managing Director of Social Development
SUBJECT: CityGate II Child Care Centre

RECOMMENDATION

- A. THAT Council approve amending the program at CityGate II Child Care Centre (941 Main Street/188 Milross Avenue) from the proposed 24-space infant/toddler program to a 37-space program for 12 toddlers and 25 children ages three-to-five;
- B. THAT Council authorize staff to undertake a Request for Expressions of Interest for an operator for the newly configured program.

GENERAL MANAGER'S COMMENTS

The General Manager recommends approval of the foregoing recommendations.

COUNCIL POLICY

In 1990, Council approved the Civic Child Care Strategy, which set out to assist child care initiatives in high need areas and outlined the City's role in child care. Child care supports the labour force participation of parents contributing to economic growth. Quality care in early childhood supports school readiness and healthy child development. Developing child care centres is an important planning tool in attracting families and thus creating a healthy and vibrant City.

The Civic Childcare Strategy also includes two actions related to child care as conditions of rezoning:

- *Require where appropriate, construction and equipping of child care facilities as a condition of rezoning in commercial, retail, and residential developments, and*

- *Approve in principle, the option of obtaining agreement from the developer for the construction of child care facilities and the establishment of an on going operating fund to subsidize childcare services, as part of the rezoning process.*

This policy direction was confirmed by Council on April 16, 1991.

In 2003, Council approved the Financing Growth policy, specific to Community Amenity Contributions, which states: "as the purpose of CAC's is to secure amenities through rezoning, 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 2004, City Council approved the creation of the City Childcare Protocol, calling for expanding child care services by 5% over the following two years. On October 5, 2006, Council directed staff to renew the goal of increasing child care spaces by a further 5% in the next two years.

PURPOSE

The purpose of this report is to seek Council's approval to amend the program at CityGate II Child Development Centre (941 Main Street /188 Milross Avenue) from the proposed 24-space infant/toddler program to a 37-space program for 12 toddlers and 25 children ages three-to-five, and authorize staff to undertake a Request for Expressions of Interest for an operator for the Centre.

BACKGROUND

The CityGate development occupies two blocks at the east end of False Creek between Quebec and Main streets, north of Terminal Avenue. The site was rezoned in 1990 to accommodate up to 1,000 housing units including non-market housing, family housing and retail space. Two child care centres totalling 604 square metres indoor and 650 square metres of contiguous outdoor space were included in the Community Amenity Contribution secured through the rezoning process. At that time, in partial fulfilment of the rezoning condition, Bosa Development Ltd. built a childcare centre with 234 square meters indoor, and 241 square meters outdoor spaces in the south block, named CityGate 1. The north block was to be completed at a later date.

In 2000, Council amended the legal agreement to allow for more viable configuration of non-market family units on the north block. Through this process, Council authorized an increase in the required floor area (to 444 square meters indoor and 409 square metres outdoor) for a future child care centre at CityGate II in lieu of a fully finished and furnished 370 square meters child care centre. At that time, GBL Architects completed a preliminary design as the base building architect and found that the space was viable.

On April 1, 2004, Council allocated \$495,700 from the Community Amenity Contribution from 950 Quebec Street/939 Main Street to contribute to the tenant improvements. The 2006 Capital Budget also includes up to \$530,000 for tenant improvements for the child care program at CityGate II.

In 2005, Council authorized the Director of Facility Design and Management to award a contract to GBL Architects, the base building architects, for architectural consulting services

for a 24-space infant/toddler centre at CityGate II, in the amount of \$115,000 plus disbursements, yet unspent.

DISCUSSION

Social Development staff have been working since 2005 to find an operator for the site. Due to the high labour costs of operating infant and toddler care spaces, and limited provincial funding to offset such operating costs, the non-profit organizations approached were unable to develop a financially viable program, and have also expressed concerns regarding the supply of infant/toddler trained staff. Child care operators considered for this site were unable to commit to the operation, and as such, staff have not been able to proceed with the design work. Once Council has appointed an operator, staff will proceed with the design work.

In the Fall 2008, the City's Materials Management Department managed an initial Request for Expression of Interest process for CityGate II Child Care Centre, among other facilities. The Child Care Operator Selection Committee composed of staff from the City's Finance, Social Policy, and Materials Management Departments, and a representative from the Early Childhood Development MOU Committee met to review the one submission received. The only Expression of Interest submission proposed a part-time, 2 ½ hours a day, 2-3 days per week, preschool program for children ages three to five years at CityGate II.

The recommendation of the Selection Committee is to not accept this proposal. Part-time programs do not provide sufficient support for labour force participation of parents who need full-day care, and a part-time use would be an inefficient use of this valuable City asset. Moreover, the demand for full-time care for three-to-five year olds and toddlers is much greater in Vancouver than it is for preschool.

Given the financial challenge of operating stand-alone infant/toddler programs, the committee is recommending that Council authorize staff to pursue the option of converting the shell to a 37-space program for 12 toddlers and 25 children ages three-to-five. This configuration of programs is more financially viable. The estimated operating shortfall between operating a 24-space infant toddler and a 37-space toddler/children ages three-to-five centre is substantial. A budget provided by the Vancouver Society of Children's Centres for a 37-space program has an estimated annual operating deficit of \$5,000. Annual operating deficit for a typical 24-space infant/toddler centre is estimated at \$92,000¹.

The proposed area could meet the intent of the Child Care Design Guidelines for indoor and outdoor space for a 37-space program. Community Care Facilities Licensing staff reviewed the site and concluded that the site had the potential to meet the Provincial Child Care Regulations for a 37-space facility.

An approximate cost estimate for tenant improvement/fit-out will be in the range of \$1,300,000 (7.5% cost escalation included to Year 2010 and 10% design contingency). Presently, there is a shortfall of \$274,300 between the tenant improvement approximate cost estimate and the amount available from the Community Amenity Contribution allocation and the 2006 Capital Budget allocation. Once an operator is appointed and the detail design is

¹ Based on a 2007 budget provided by the Vancouver Society of Children's Centre. The 16-space infant/ toddler program's deficit was calculated at 24 spaces for the purposes of this report. These budgets include provincial operating funding but no City grants.

complete, staff will have a better understanding of confirmed figures and may need to request Council's approval for additional funds.

The Need for Child Care at CityGate II and Demographic Data

The Early Development Instrument (EDI) provides neighbourhood level data on the school readiness of kindergarten children in neighbourhoods across the City. It is administered in partnership with kindergarten teachers and researchers from the Human Early Learning Partnership at UBC. It measures physical well being, social competence, emotional maturity, cognitive development and communication skills. Strathcona, the neighbourhood with the highest number of vulnerable children in the City at 54%, is a nearby neighbourhood that will be served by the proposed program at CityGate II.

The CityGate development has a population of 90 children under 6 years old (2006 census) but the child care centre will also serve the neighbourhoods of Strathcona and Downtown. Strathcona has 495 children 0-6 years old (2006 census), an 11% increase since 2001. Strathcona has 134 group child care spaces for under 6 years old (2008, Westcoast Child Care Resource Centre). The Downtown neighbourhood has 1,870 children (2006 census) and 261 group child care spaces for under 6 year olds (2008, Westcoast Child Care Resource Centre). The Downtown neighbourhood has experienced a 107% increase in the 0-6 year old population from 2001 to 2006.

IMPLEMENTATION

If approved, staff will proceed to issue a Request for Expressions of Interest for an operator for the 37-space child care centre. Staff will report back on the Selection Committee's recommendations from this process. Following Council approval of an operator, staff, with the operator's input, will proceed with GBL Architects to design tenant improvements for a 37-space program. Council has previously approved \$115,000 for this purpose, which is sufficient to complete the design. Staff will report back after completion of the detailed design with the project cost. Any operating grants and additional capital funding are subject to Council's future approvals.

FINANCIAL IMPLICATIONS

Once Council has appointed an operator and detail design is complete, staff will report back on the financial implications regarding operating and capital costs and any deficit issues, including recommended funding sources. The table below provides an overview of current approved City funding, the estimated project budget and estimated funding shortfall.

	Current Approved Funding	Estimated Project Budget (2010)	Estimated Funding Shortfall
Community Amenity Contribution	\$495,700		
2006 Capital Budget	\$530,000		
Total	\$1,025,700	\$1,300,000	\$274,300

ENVIRONMENTAL IMPLICATIONS

Through the City's tools, such as density bonusing, community amenity contributions and development cost levies, the City has realized a number of new childcare spaces consistent with creating environmentally sustainable communities. Locating child care centres within high density, residential towers and near public transit helps to reduce green house gas emissions from cars. CityGate II provides the opportunity to create quality child care spaces to support families within a Neighbourhood Centre and close to the Main Street Sky Train Station.

SOCIAL IMPLICATIONS

Child care contributes to social sustainability in the following ways:

- Childcare supports the labour force participation of parents contributing to economic growth;
- Benefit and cost analysis indicates that quality child care can generate up to 7-for-1 return, producing \$7 in benefits for every \$1 in new spending;
- Estimated contribution to the Gross Domestic Product of mothers with young children now in the labour force is estimated at \$53B, about 5% of the GDP;
- Quality care in early childhood supports school readiness and healthy child development.

CONCLUSION

Staff recommend that Council approve amending the proposed program at CityGate II Child Care Centre (941 Main Street/188 Milross Avenue) from the proposed 24-space infant/toddler program to a 37-space program for 12 toddlers and 25 children ages three-to-five, and authorize staff to undertake a Request for Expression of Interest for an operator for the Centre. Staff will report back to Council with recommendations for the operator. Once Council has appointed the operator and the design is complete, staff will report back on funding implications and strategies, as needed.

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