

LATE DISTRIBUTION FOR COUNCIL - APRIL 21, 2009

A9



ADMINISTRATIVE REPORT

Report Date: April 9, 2009
Contact: Mary Clare Zak
Contact No.: 604.871.6643
RTS No.: 7828
VanRIMS No.: 08-2000-20
Meeting Date: April 21, 2009

TO: Vancouver City Council

FROM: Managing Director of Social Development

SUBJECT: Appointment of an Operator and Approval of Lease Terms and Grants for the Child Development Facility at the Mount Pleasant Centre (#1 Kingsway)

RECOMMENDATION

- A. THAT Council appoint the Mount Pleasant Community Centre Association (MPCCA) as the operator for the child development facility at the Mount Pleasant Centre located at #301 - 1 Kingsway Street;
- B. THAT Council approve a five-year lease agreement with MPCCA as the operator for the child development facility at the Mount Pleasant Centre located at #301 - 1 Kingsway Street, renewable for two further five-year terms for a nominal rate (\$10.00), for the purpose of operating 49 spaces of licensed childcare on general terms and conditions as outlined in Appendix A and other terms satisfactory to the Directors of Social Development, Real Estate Services and Legal Services;
- C. THAT Council allocate a grant of up to \$50,100 to MPCCA to assist with start-up of the new facility; source of funding to be the 2009 Childcare Grants Budget; and
- D. THAT Council allocate a grant of \$21,065 to MPCCA for operating costs for the Mount Pleasant Centre Child development facility, for the period of September 1, 2009 - December 31, 2009; source of funding to be the City Childcare Endowment Reserve (\$63,195 annualized) with future grants subject to reports back to Council.

Recommendations B, C, and D authorize grants and require 8 affirmative votes.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing recommendations.

COUNCIL POLICY

Pursuant to Section 206(l) (a) of the Vancouver Charter, not less than two-thirds of all members of Council must approve a resolution for a grant to a charitable institution. A lease of City-owned property at less than market rent is considered to be a grant.

On October 23, 1990, Council approved the Civic Childcare Strategy, committing the City to being an active partner with senior governments, parents, the private sector and community in developing and maintaining a comprehensive childcare system in Vancouver. Council established a childcare grants program as a component of the 1990 civic strategy.

On December 15, 1994, the Childcare Endowment Reserve was established to help offset the ongoing operating costs of infant and toddler spaces in City-owned childcare facilities.

On April 23, 2002, Council approved the "Moving Forward Childcare: A Cornerstone of Child Development Services" which supports the continuance of the Civic Childcare Strategy and sets out a strategic plan for hub models that integrate child care and child development services.

On March 9, 2004, Council adopted a Childcare Protocol which set out several objectives including:

- to plan for and develop childcare on City/Park/School land and promote joint use of space for all types of childcare in child development hubs; and
- to increase licensed childcare spaces in the city by 5% over a 2 year period, recognizing the mandates and roles of senior governments.

PURPOSE

The purpose of this report is to seek Council's endorsement to:

- appoint the Mount Pleasant Community Centre Association (MPCCA) as the operator of the Mount Pleasant Centre Child Development Centre;
- approve entering into a lease agreement with MPCCA;
- allocate a grant of up to \$50,100 to MPCCA for start-up of the new facility; and
- allocate a Childcare Endowment Reserve grant of \$21,065 for operating costs from September 1, 2009 through December 31, 2009, to support the provision of infant and toddler care.

BACKGROUND

On July 19, 2005, Council approved a budget for a new civic centre at #1 Kingsway including a community centre, a childcare facility, a library and rental housing (see map showing location in Appendix D). A 49-space childcare facility, designed for the delivery of full-time group care for 12 infants, 12 toddlers and 25 children 3-5 years olds, was to be funded from \$3.2 million of City-Wide DCLs (RTS 05329). The civic centre and the childcare portion of the building are

now nearing completion. On March 26, 2009, Council approved an operating model for the entire civic facility now known as the Mount Pleasant Centre (RTS 07873).

The child development centre will form part of a child service hub that will include parenting programs, family drop-in, toy lending, and literacy programs depending on community need and availability of resources. This service hub model will include on-site and off-site childcare, and coordination with other Vancouver and neighbourhood service providers to deliver child and family programs at the new facility.

Council originally approved Westcoast Child Care Resource Centre (Westcoast) as the future childcare operator (RTS 04546 - February 1, 2005); however, Westcoast advised the City in 2008 that they were relinquishing the operator role.

DISCUSSION

Appointment of Operator

In 2008, the City's Supply Management staff conducted a Request for Expressions of Interest and selection process for operators of three City childcare facilities, including the facility at the Mount Pleasant Centre. A Child Care Centre Operator Selection Committee reviewed submissions and recommended the Mount Pleasant Community Centre Association (MPCCA).

MPCCA has a long history of partnership with the Vancouver Board of Parks and Recreation in delivering community centre services, including pre-school and out-of-school care programs at the current Mount Pleasant Community Centre. A childcare needs assessment of Mount Pleasant neighbourhood conducted in 2002 identified that the pre-school and school-aged child care provided by MPCCA filled an important service need for families whose children attended Simon Fraser Elementary School. MPCCA is raising funds for a new out-of-school care and pre-school facility to be built on the Simon Fraser Elementary School site. MCPPA is developing transition plans so that pre-school and out-of-school care services continue to be available to Simon Fraser Elementary School families while the Mount Pleasant Community Centre moves to #1 Kingsway, and the new pre-school and out-of-school care facility is under construction.

The 2002 child care needs assessment further identified the need for all-day childcare for young children, aged 0-5, in Mount Pleasant. In addition to the 49-space childcare, MCPPA will work with neighbourhood based and civic partners to provide evening and weekend services for children and families. As MPCCA does not currently offer full-day infant, toddler, and 3-5 year old care, the Vancouver Society of Children's Centres (VSOCC) will provide mentoring to MPCCA during the first year.

Lease

Under the proposed lease terms (Appendix A), the City will be responsible for building insurance, common area costs, a share of the utility costs, building repairs and maintenance. The MCPPA will be responsible for tenant insurance, janitorial and minor repairs to the child development area.

The Operating Model and Budget outlined in the March 26th report to Council regarding the new Mount Pleasant Centre (RTS 07873) reflects the costs of maintaining the Center including the child development facility's share of the costs. The child development centre's annual

share of common costs is estimated at \$58,500 and is being funded through the overall operating budget for the Mount Pleasant Centre.

Grants

Additional costs are incurred during the first few months of establishing a childcare for planning, staff training, equipment and scheduling. Westcoast Child Care Resource Centre received City grants for planning and administration of the facility, and had set aside funds for start up costs. Westcoast returned \$50,113.81 of unspent funds upon relinquishing the operator role and these funds are included in the City's 2009 Childcare Grants Budget and available as a source of funding for a start-up grant of up to \$50,100 for MPCCA. A start-up budget prepared by MPCCA is attached as Appendix B and accounts for how funds will be used.

The costs of the childcare programs are primarily covered from parent fees, with some offset from the provincial government childcare operating fund. The operating costs for organizations delivering infant and toddler care are higher than the revenue generated from these two sources. For this reason, the City established the Childcare Endowment Reserve to provide a funding source for grants to support infant and toddler spaces created in new City childcare facilities. A grant of \$21,065, pro-rated for four months of operations in 2009, is recommended from the Childcare Endowment Reserve. The total annual grant would equal \$63,195 and a recommendation to Council will be made for the 2010 calendar year based on a review of MPCCA's operating expenditures and need. The goal of providing this grant is to ensure the childcare service is adequately resourced and able to offer affordable fees in line with the City-wide average for this under-3 care.

As demonstrated in MPCCA's operating budget attached as Appendix C the ongoing operating subsidy combined with the City covering common area building operating costs for the childcare centre will result in MPCCA having a balanced budget.

FINANCIAL IMPLICATIONS

A grant of up to \$50,100 is being recommended to assist with start-up costs of the new child development facility with the source of funding to be the 2009 Childcare Grants budget. While the 2009 annual grants budget has yet to be established by Council, the proposed 2009 budget is \$1,137,400, not including the returned funds from Westcoast. The budget in the last 3 years has been: 2008 - \$1,115,162; 2007 - \$1,096,800; and 2006 - \$1,075,300. In addition, the returned grant money from Westcoast (\$50,113.81) has been deposited into the 2009 Childcare Grants budget account and is available as a source of funding.

There is \$7.3 million in the Childcare Endowment Reserve which can be used as source of funding for a grant to MPCCA of \$21,065 for this year (pro-rated from September 1, 2009 to December 31, 2009) to provide an operating subsidy for the infant and toddler spaces. The annualized grant beginning January 2010 will be \$63,195. The sustainability of the City's Childcare Endowment Reserve and its capacity to fulfil ongoing commitments to currently funded childcare operators in the today's economy is under review and will be the subject of a future report to Council.

SOCIAL IMPLICATIONS

Quality early childhood development and care has been shown to have long-term benefits for children, particularly those 'at risk'. The Mount Pleasant neighbourhood has been identified as one of the most 'at risk' neighbourhoods in Vancouver based on the 2007 Early Development Instrument (EDI) findings reported by Dr. Clyde Hertzman of the Human Early Learning Partnership (HELP) at UBC. Administered in partnership with the Vancouver Board of Education, the EDI provides neighbourhood level data on five measures of school readiness: physical well-being, social competence, emotional maturity, cognitive development, and communications skills. According to the 2006 Canada Census, there are 2,270 children 0-12 years old living in the Mount Pleasant neighbourhood. The EDI results show that 40% of kindergarten children (5 year olds) living in the Mount Pleasant neighbourhood were vulnerable in all five measures of school readiness. Having a new child development centre within a larger civic complex that includes a library and a community centre offers an opportunity to provide additional early learning and care services to children most in need.

CONCLUSION

It is recommended that Council appoint and authorize entering into a lease agreement with the Mount Pleasant Community Centre Association (MPCCA) as the operator for the child development facility located in the Mount Pleasant Centre at #301 - 1 Kingsway Street, allocate a grant of up to \$50,100 for start-up of the facility and a grant of \$21,065 for an operating subsidy to support the delivery of infant and toddler care for the balance of 2009.

* * * * *

General Terms and Conditions for the Lease Agreement for the Child Development Center at Mount Pleasant Centre located at #301 - 1 Kingsway Street

i) Rent: \$10.00 per 5-year term, to be paid in advance at the commencement of lease agreement;

ii) Term: 5 years, plus two 5 year renewals;

iii) Use of the Premises: is for full time licensed group child care, and related child development activities. Child care enrolment must be maintained at not less than 90% of the maximum number of children permitted to receive care as per the Society's Provincial child care license. Operation of the facility must be in accordance with the Provincial Child Care Regulations and all other lawful requirements (please see attached indoor and outdoor plans of the Premises);

iv) Maintenance:

The Society will have no obligation to contribute to costs for operating, repairing and maintaining common areas of the building but shall bear responsibility for the following:

- telephone, cable vision, internet, security system monitoring
- janitorial services within the Premises
- equipment repair
- landscaping and play equipment repair and maintenance

The City shall be responsible for:

- building repairs and maintenance
- ongoing operating maintenance and capital maintenance of the childcare facility's building equipment and systems, e.g. HVAC
- utility costs such as natural gas, electricity, water, sewer, garbage and recycling

v) The Society shall pay when due all good and services taxes, value-added taxes, sales taxes, and consumption based taxes, rates, levies, and assessments;

vi) Termination of the Lease Agreement: The Society may terminate this lease upon giving the City one hundred eighty (180) days written notice. The City may terminate this lease upon giving the Society one hundred and eighty (180) days written notice of such termination if the City's elected Council is not satisfied with the group daycare service;

vii) The Society will indemnify and save harmless the City and its officers, servants and agents against all liability for loss, damage, injury and death resulting from its use and occupation of the Leased Premises from third party use or from the Society's default in its obligations herein;

viii) Insurance: The City will be responsible for building insurance. The Society will be required to carry the following insurance coverage: comprehensive general liability insurance with limits of at least Five Million Dollars (\$5,000,000), Tenant's Legal Liability coverage of at least One Million Dollars (\$1,000,000), insurance on the Society's trade fixtures, furniture and chattels to the replacement value and other insurance as may be reasonably required by the City from time to time; and on the trade fixtures, furnishings and chattels provided by the City.

General Terms and Conditions for the Lease Agreement for the Child Development Center at Mount Pleasant Centre located at #301 - 1 Kingsway Street

viv) Other Terms and Conditions:

- The Mount Pleasant Community Centre Association will agree to a mentoring relationship with the Vancouver Society of Children's Centres during its first year of operation
- The Agreement will include a schedule on Public Service Objectives to be completed by the childcare operator as follows:

Public Service Objectives:

As part of the Agreement, the Society's Mandate and Public Service Objectives (draft to be provided by the Society for the Managing Director of Social Development's approval) shall be included and used by the City as annual and periodic performance measures. The Society may amend the Mandate and Public Service Objectives from time to time with prior written City approval which will not be unreasonably withheld.

The Agreement shall identify Public Service Objectives including:

- _ hours of operation;
 - _ type and range of services;
 - _ process for parental input;
 - _ administrative capacity;
 - _ financial accountability;
 - _ financial viability with evidence of diversified revenue sources; and
 - _ quality, accessibility and affordability of programs and services.
- Other terms and conditions as required by the Managing Director of Social Development and the Directors of Legal Services and Real Estate.

Start-Up Costs Estimates

MPCCA DAYCARE AT #1 KINGSWAY

Item	Description	Cost Estimate
Childcare Coordinator/Consultant	See list below for detail. 59 days x 7 hrs/day x \$30/hr	\$12,390
Sr ECE staff	3 staff x \$21/hr x 35 hrs/wk x 3.5 wks + 20% fringe	\$9,261
ECE staff	6 staff x \$18/hr x 35 hrs/wk x 2.5 wks + 20% fringe	\$11,340
Assistants	6 staff x \$16/hr x 35 hrs/wk x 2 wks + 20% fringe	\$8,064
Overhead/Facility costs	1 month share of utilities, janitorial, common area cost, insurance, phones, computers, alarm, etc, before opening	\$10,000
TOTAL		*\$51,055

*Note: *The MPCCA will use the City start-up grant of \$50,100 toward these expenses and will contribute \$955 to make up the balance.*

Description of the Childcare Coordinator/Consultant's Start-up Tasks:

Mentoring with VSOCC

- 1 day for orientation to the community centre, daycare, tour of #1 K, pictures and plans, staff, etc (1 day)
- 1 day for initial concept meeting with key board members and VSOCC (1 day)
- Work with the MPCCA to determine registration policies (2 days)
- 2 days to develop work plans and timelines (2 days)
- Ongoing contact with VSOCC (1 day)

Human Resources

- Develop job descriptions, job postings, employee contracts (2 days)
- Do interviews and hiring (4 days)
- Staff orientation (2 days)
- Prepare staff orientation manual (3 days)
- Prepare staffing schedules (1 day)
- Research and prepare operations, procedure and emergency manual (3 days)
- Staff start-up, orientation and training (5 days)

Start-Up Costs Estimates

Program Detail

- Develop curriculum and schedule (3 days)

Enrolment

- Dealing with waitlist and contacting families (5 days)
- Researching and preparing parent manuals (2 days)
- Preparing and sending out publicity material (2 days)

Equipment and Supplies

- Selecting and ordering supplies, equipment and furniture (4 days)
- Unpacking and setting up of equipment and supplies (5 days)
- Planning and holding parent orientation meetings (3 days)

Licensing and Regulatory Compliance

- Working with licensing (2 days)

Administrative Systems

- Liaise with book-keeper for set-up of accounts (1 day)
- Prepare registration and payment procedures (1 day)

Finances

- Set-up of CCOF payments and MCFD Subsidies (1 day)

Miscellaneous

- 3 days

Mount Pleasant Community Centre Association Approved Operating Budget
For the #1 Kingsway Child Development Centre

ANNUALIZED BUDGET

Date of Year-End	2009 08 31	2009 Budget (for fiscal Yr)	AS a % of TOTAL Revenue (A)*
REVENUE			
Parent Fees - Direct Contribution		491,436	68.15%
Provincial Child Care Subsidy			
MCFD Child care Funding - Child Care Operating Grant		98,462	13.66%
Inclusion Contract funding			
Special Needs - Child specific Funding			
City of Vancouver Funding:			
Child Care Enhancement Grant		*58,500	8.11%
Other CoV Child Care Grant(s)			
Other CoV Grant - Endowment		63,194	8.76%
Gaming			
Fundraising			
Transfer from Reserves			
Miscellaneous Revenue		9,500	1.32%
(A) TOTAL REVENUE		721,092	100.00%
EXPENSES			
			AS a % of TOTAL 2009 Expenses (B)*
1. Labour			
Salaries (exclude Janitorial/Maintenance) - Program Staff		482,405	66.90%
Benefits		94,687	13.13%
Other - Specify			
(a) Sub Total Salaries and Benefits **		577,092	80.03%
2. Facilities/Maintenance			
Janitorial (Supplies/Labour)		14,500	2.01%
Utilities (excludes Telephone)		20,500	2.84%
Rent			
Taxes			
Other Facility Costs - Specify (e.g. Maintenance/repairs)			
landscaping/playground		7,000	0.97%
common area costs		38,000	5.27%
telephone, computers, security monitoring		3,500	0.49%
(b) Sub-Total Facility Costs **		83,500	11.58%

Mount Pleasant Community Centre Association Approved Operating Budget
For the #1 Kingsway Child Development Centre

3. Program Costs		
Supplies/toys/Equipment/Field Trips	8,820	1.22%
Food Costs	20,580	2.85%
Transportation		
Other - Specify miscellaneous	6,600	0.92%
(c) Sub-Total Program Costs **	36,000	4.99%
4. Administration Costs		
Advertising	1,000	0.14%
Bank Service Charges	5,000	0.69%
Association Fees		
Professional Fees (Accounting, Legal)	2,500	0.35%
Professional Development	1,500	0.21%
Criminal Reference Check	500	0.07%
Telephone		
Insurance	4,500	0.62%
Mileage/Staff Travel	500	0.07%
Bad Debt		
Fundraising Costs		
Management Fees - Administration Staff	7,500	1.04%
Office Miscellaneous	1,500	0.21%
Transfer to Reserves		
Other - Specify		
(d) Sub-Total Administration Costs	24,500	3.40%
(B) TOTAL EXPENDITURE ** (a + b + c + d)	721,092	100.00%
(C) NET SURPLUS (DEFICIT)	0	
5. Estimated cost/benefit of in-kind contributions (e.g. Admin support, rent subsidy, maintenance)		

* City Maintenance contribution

Map Location of #1 Kingsway Child Development Centre

