



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 23, 2009
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VanRIMS No.: 08-2000-20
Meeting Date: July 7, 2009

TO: Vancouver City Council

FROM: Deputy General Manager of Community Services and Acting Managing Director of Social Development

SUBJECT: 2009 Childcare Endowment Reserve

RECOMMENDATION

- A. THAT Council authorize a payment up to \$178,200, as an operating subsidy, to the Vancouver Society of Children's Centres (VSOCC) for 108 infant/toddler spaces operating out of 6 VSOCC centres: Dorothy Lam, Quayside, Library Square, Shaw Tower, Sapphire, and Bayshore Gardens Children's Centres for the period January 1, 2009 - December 31, 2009. Source of funds: City Childcare Endowment Reserve;
- B. THAT Council authorize a payment up to \$39,600, as an operating subsidy, to the Vancouver YWCA for the 24 infant/toddler spaces at the Leslie Diamond Child Care Centre, for the period January 1, 2009 - December 31, 2009. Source of funds: City Childcare Endowment Reserve;
- C. THAT Council authorize a payment up to \$39,600 as an operating subsidy, to Collingwood Neighbourhood House, for the 24 infant/toddler spaces for the period January 1, 2009 - December 31, 2009. Source of funds: City Childcare Endowment Reserve; and
- D. THAT Council authorize payment of \$2,000 per space over two years for start-up funds up to \$37,000 for the period January 1, 2009 to December 31, 2009, to VSOCC for the 37 spaces at Sapphire Children's Centre. Source of funds: City Childcare Endowment Reserve.

GENERAL MANAGER'S COMMENTS

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

COUNCIL POLICY

Approval of grant recommendation requires eight affirmative votes.

The Civic Childcare Strategy, approved by Council in October, 1990, recognized the need to provide start-up and operating supports to sustain new childcare facilities opening 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. Council has continued to approve the operating subsidy at this rate since 2002. 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%.

On July 22, 2008, Council instructed 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 2009.

On April 7, 2009 Council instructed staff to undertake a supply and demand review of infant, toddler, 3-5 year old and out of school care spaces, and disaggregate the data by neighbourhood; and further that costs and revenue sources for implementing a universal approach to a sustainable Childcare Endowment reserve be confirmed, including the development of eligibility criteria, consultation with stakeholders and identifying alternative mechanisms to enhance this Fund. Council also directed staff to reinstate the Joint Council on Childcare and renew its goals, and previously adopted Terms of Reference, along with an objective of a further 5% increase, at a minimum, in childcare spaces in the next three years.

PURPOSE

The purpose of this report is to:

- Authorize payment of 4 Endowment Grants up to \$257,400 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; and
- Authorize approval of the start-up funding up to \$37,000 for Sapphire Children's Centre to VSOCC.

BACKGROUND

Revenues for childcare programs are primarily generated from parent fees, with some offset from the provincial government childcare operating fund. Parents contribute \$1,148 on average for each infant and toddler space, and parent fees, combined with modest provincial funds, do not provide adequate revenues to offset operating expenses.

The Childcare Endowment Reserve was created in 1991 to help sustain new childcare facilities opening 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. Staff is preparing an update of the terms and conditions and will be reporting back to Council in the fall of 2009.

DISCUSSION

The City receives funding through community amenity contributions to build the Child Care Endowment Reserve. The current principal balance of approximately \$7M 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, with up to \$2,000 per space. While the City continues to accept contributions to the reserve, these will 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.

Demands for affordable and quality childcare are present throughout the city, however the Downtown and West End areas have experienced a 74% increase in the number of children between 2001 and 2006. Seven out of the eight facilities receiving grants from the Childcare Endowment this year, are located in the downtown peninsula.

FINANCIAL IMPLICATIONS

The following Table 1 sets out the Approved 2008 payments and 2009 proposed payments for the infant/toddler operating subsidies for: Collingwood Neighbourhood House Society, the YWCA, and the VSOCC programs - Library Square, Dorothy Lam, Quayside, Shaw Tower, Bayshore Gardens, and Sapphire Children's Centre. In addition, Table 2 shows the start-up costs for Sapphire Children's Centre payable to VSOCC.

Table 1 - Operating Subsidies

Program	# of Infant/Toddler Spaces	Approved 2008	Proposed 2009
VSOCC- Library Square	12	\$19,800	\$19,800
VSOCC- Dorothy Lam	24	39,600	39,600
VSOCC- Quayside	24	39,600	39,600
VSOCC- Shaw Tower	12	19,800	19,800
VSOCC- Bayshore	24	39,600	39,600
VSOCC- Sapphire	12	6,600	19,800
Collingwood	24	39,600	39,600
YWCA - Leslie Diamond	24	39,600	39,600
Total	156	\$244,200	\$257,400

Table 2 - Start-up Funds¹

Start -up Costs	#of Childcare Spaces	Approved 2008	Proposed 2009
Sapphire ²	37	\$18,500	\$37,000
Bayshore ³	49	44,698	n/a
Total Start Up	86	\$63,198	\$37,000

The recommended payments for 2009 of operating subsidies and start-up funds, total \$294,400. The Childcare Endowment Reserve earned \$274,000 in interest in 2008. The long-term sustainability of the Childcare Endowment Fund will be part of the review requested by Council.

As of May 31, 2009, the balance of the Childcare Endowment Fund is \$7,182,800. After approval of the recommendations, a balance of \$6,888,400 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 most recent project at Sapphire Children's Centre (opened in 2008). A report dealing with a review of the City Child Care Endowment Reserve to evaluate priorities, payments, conditions and streamline the administration of the endowment grant, will be submitted to Council in the Fall of 2009.

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

² Sapphire's proposed 2009 start-up funding, payable in 2009, covers 12 months of operations from January 1, 2009 to December 31, 2009. Start-up funding for the remaining 6 months will be requested in a subsequent Council report in 2010 (1st 6 months were paid in 2008).

³ Start-up funds for Bayshore finalized in 2008.