



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: April 23, 2019
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RTS No.: 13121
VanRIMS No.: 08-2000-21
Meeting Date: April 23, 2019

TO: Vancouver City Council

FROM: General Manager, Arts, Culture and Community Services

SUBJECT: Childcare Funding: Memorandum of Understanding with the Provincial government

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the City if they were held in public.

RECOMMENDATION

- A. THAT Council authorize either the Mayor or City Manager to enter into a Memorandum of Understanding ("MOU") with the Province of British Columbia, as represented by the Ministry of Child and Family Development ("MCFD"), regarding a Provincial funding program for childcare in Vancouver, generally in accordance with the draft MOU attached as Appendix A.
- B. THAT Council authorize the General Manager of Arts, Culture & Community Services to negotiate and enter into legally binding agreements with MCFD to implement the MOU on terms acceptable to the General Manager of Arts, Culture & Community Services, the General Manager of Real Estate & Facilities Management, the Director of Finance, and the Director of Legal Services.
- C. FURTHER, THAT no legal rights or obligations will be created by Council's adoption of the above Recommendations, unless and until all required legal documents are executed and delivered by the authorized signatories of both parties.

REPORT SUMMARY

The Province of British Columbia is interested in investing \$33 million to provide additional childcare in Vancouver. This investment will enable the City to deliver more childcare faster.

This report is seeking approval to enter into a non-legally binding MOU (Appendix A) with MCFD for a Provincial funding package of \$33 million that will allow the City to develop additional childcare spaces for 0-4 year olds and school age children across Vancouver on publicly owned lands by March 31st, 2022. The MOU outlines the common purpose between the two organizations and sets out the roles and responsibilities governing the joint initiative between MCFD and the City to deliver childcare spaces. Subject to Council approval, either the Mayor or City Manager will execute the final MOU with MCFD. Council approval is also sought to delegate authority to the General Manager of Arts, Culture & Community Services to negotiate and enter into a legally-binding, multi-year funding agreement with MCFD for childcare that follows from the MOU.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

There is no applicable Council Authority or previous decisions relevant to this report.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

As the Province unveiled a number of childcare initiatives, including the Childcare BC New Spaces Fund, in the spring 2018, Provincial staff within MCFD reached out to City staff to discuss collaborating on the delivery of childcare. At this time, talks began in earnest about co-developing a childcare funding strategy that would be the most impactful for families in Vancouver.

While childcare is primarily a Provincial responsibility, the City has supported the provision of quality care through land use planning and development, provision of capital funding, and collaboration with the Province and other partners since the late 1980s. The lack of a national childcare program, coupled with gaps in capital and operating funding for childcare at the senior government levels, has resulted in a shortage of childcare spaces and affordability issues for parents. Noting that that the City has invested, and continues to invest, a great deal of resources into developing and supporting the childcare sector, it is in the City's interest is to seek commitment to a more robust partnership with the Province.

Through the previous iteration of the Province's capital funding program (formerly called the Child Care Major Capital Funding Program), the City received a total of \$3.0 million for 6 childcare projects (which equates to a maximum of \$500K per project) during the 2015-2018 Capital Plan period. The Childcare BC New Spaces Fund has increased the

maximum per project up to \$1M and the City recently received a commitment of \$1 million in funding from this program for the Gastown parkade childcare project. While this is a sizable increase in total dollars, in many cases this still represents only 8% -17% of the total capital cost to deliver a new childcare facility in Vancouver.

Strategic Analysis

The proposed MOU between the City and MCFD sets out the proposed roles and responsibilities of the parties regarding the funding and delivery of new non-profit and/or publicly operated licensed group childcare across Vancouver. The MOU provides that the City will work with potential aligned parties, including the Vancouver Board of Education (the “VBE”), the British Columbia Housing Management Commission (“BC Housing”), the Ministry of Education (the “MOE”), the Vancouver Board of Parks and Recreation (the “VPB”), and non-profit societies to identify sites, buildings and potential additional funding. The MOU is intended to be non-legally-binding and high-level tool and the intention is for the City and MCFD to negotiate and enter into a legally binding agreement to secure the funding after the MOU is executed. That agreement will outline, in greater detail, the plan, roles and responsibilities of the City and MCFD in this joint initiative and will trigger the transfer of funds from the Province to the City.

With the Province’s commitment of a \$33M contribution, the delivery of approximately 1,100-1,200 new childcare spaces will be possible. Together with the City’s commitment to achieve its 2019-2020 Capital Plan target of 1,000 spaces, this initiative could help to achieve up to a total of 2,200 new childcare spaces in Vancouver.

The new spaces to be delivered as a result of this initiative will be achieved through a mix of childcare centres for 0-4 year olds, as well as school age care (for 5-12 year olds). A list of confirmed projects/sites (Table A) and list of potential/provisional projects and sites (Table B) has been provided to MCFD staff and will be included in the final MOU. The 5 confirmed sites are school/childcare projects to which the City has already committed. The Provincial contribution (\$33 million) will, in part, be used to fund a portion of each of these projects. A principal reason for why these sites have been identified is that their completion and delivery fall comfortably within the Province’s expectation to have complete, or at least shovel-ready, projects by March 31st, 2022.

Table A – List of Confirmed Sites/Projects

Project /Site	# Spaces		Est. Complete Date
	0-4	5-12	
School #1 - Lord Nelson	69		Fall 2019
School #2 - Sir Sanford Fleming	69		Fall 2019
School #3 - Tennyson	69		Fall 2020
School #4 - David Lloyd George	69		Fall 2021
School #5 - Eric Hamber	69		Fall 2021
TOTAL	345		

Table B lists projects/sites that could also be considered within the timeline of the MOU.

Table B – List of Potential Sites/Projects

Project/Site	Estimated # Spaces	
	0-4	5-12
School #6 – Coal Harbour Elementary	69	30
School #7 - tbd	69	30
School #8 - tbd	69	30
City Site #1 – West Fraserlands	69	
City Site #2 – tbd	69	30
City Site #3 – tbd	69	30
School Age Care (Various sites – Schools, Parks/Community Centres, Other)		450
TOTAL	414	600

From a risk standpoint, the delivery of new spaces for 5-12 year olds (school age care) is a challenge, as the majority of school age care is achieved through multipurpose space in existing and new schools. The City is working with the VBE and other aligned parties such as the VPB to deliver school age care, and both the Province and City staff recognize that the City will need to rely heavily on support and collaboration from multiple organizations to meet the school age target set out in the MOU.

Financial Implications

Capital Plan 2019-2022

In the 2019-2022 Capital Plan, a total of \$116 million in City funding was earmarked towards the creation of 1,000 new licensed childcare spaces in Vancouver, including 750 spaces for children aged 0-4 (full day childcare) at a cost of \$113 million and 250 new spaces for children aged 5 to 12 years old (school age care) at a cost of \$2.5 million.

The \$33M contribution from the Province will allow the City the opportunity to reach its childcare target of 1,000 spaces faster, and overall, could deliver 1,100-1,200 more childcare spaces to support families with children in Vancouver.

CONCLUSION

Meeting ambitious childcare targets will require a more robust and equal funding partnership with senior levels of government. The MOU proposed between the City of Vancouver and MCFD in this report sets out the roadmap for a childcare partnership that, if approved, and subsequently followed-up with a legally-binding Agreement, will provide significant support toward addressing childcare pressures and needs in Vancouver.

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Memorandum of Understanding Joint Initiative for the Delivery of Childcare in the City of Vancouver

This Memorandum of Understanding (“**MOU**”) between the City of Vancouver (the “**City**”) and the Province of British Columbia, as represented by the Ministry of Children and Family Development (the “**Province**”) (together, the “**parties**”) sets out the proposed roles and responsibilities of the parties regarding a multi-year joint-initiative for the development of new non-profit and/or publicly operated licensed group childcare across the City of Vancouver.

1. Common Purpose

- 1.1 The goal of the parties is to deliver, or secure the delivery of, between 1,100 - 1,200 licensed group public or not-for profit childcare spaces (being a combination of 0-4 year old spaces and school age spaces) on publicly owned lands across Vancouver by March 31st, 2022 (the “**Project**”, and each childcare facility comprising part of the Project is hereinafter a “**specific project**” or a “**childcare facility**”).

2. Province’s Roles and Responsibilities

- 2.1 The Province will:
- A. commit to provide the City the amount of \$33,000,000 (the “**Provincial Contribution**”) as a contribution towards achieving the Project; and
 - B. work with the Minister of State for Child Care to broker conversations and foster connections between the City and potential partners, particularly within BC government ministries including the Ministry of Education (“**MOE**”), so as to assist in identifying and creating opportunities for implementation of the Project.

3. City’s Roles and Responsibilities

- 3.1 The City will work with potential partners, including the Vancouver Board of Education (the “**VBE**”), the British Columbia Housing Management Commission (“**BC Housing**”), the MOE, the Vancouver Board of Parks and Recreation (the “**VPB**”), and non-profit societies to identify sites, buildings and potential additional funding for the Project, and where necessary will enter into legal agreements to secure the same in respect of each specific project once Provincial funding for such specific project is delivered to the City.

- 3.2 The City will act as project manager where the childcare facility is being delivered on a City-owned site, and if not being delivered on a City-owned site or is being delivered as part of a larger project where the City is not acting as project manager, the City will work in partnership with the project manager and provide full oversight for quality assurance for the childcare portion of the project.

4. Use of Provincial Funds

- 4.1 Provincial funds will be used to fund, or partially fund, the design, construction and delivery of the specific projects, including all associated projects costs based on industry standard including, consulting, project management, soft costs and hard (i.e. construction) costs in accordance with project budgets, and may also be used for facility and operational start-up costs.

5. Governance and Release of Funds to City

- 5.1 The parties will establish a senior leadership team comprised of senior staff representatives from the City and the Province (the “**Senior Leadership Team**”). Representatives of other key stakeholders, including the VBE, the MOE, the VPB, as well as BC Housing and other Provincial ministries may be included as advisors.
- 5.2 The Senior Leadership Team will meet on a regular basis to actively move towards settling a legally binding agreement by May 31st 2019 (the “**Legal Agreement**”), which will set out a list of agreed upon projects and potential projects, along with preliminary budget and construction schedule information.
- 5.3 The Provincial Contribution will be paid by the Province to the City in full upon the Legal Agreement being executed by both parties.
- 5.4 In addition to the Senior Leadership Team meetings, at least two staff-level contacts will be identified from each organization for ongoing day-to-day communications.

6. Minimum Requirements for Childcare Facilities

- 6.1 The childcare facilities will be required to be licensable by Vancouver Coastal Health (VCH) Community Care Facilities Licensing. Regulation by VCH will ensure that design and construction of the childcare facilities are in compliance with BC's *Community Care and Assisted Living Act* and the *Child Care Licensing Regulation*.

- 6.2 Applicable City policies, guidelines and regulations include the Childcare Design Guidelines, Childcare Technical Guidelines, and the Vancouver Building Bylaw.
- 6.3 The City will be responsible for selecting and appointing non-profit or public childcare operators where the City owns the site or holds a long term lease on the site, subject to input from partner agencies such as the VBE, in accordance with City procurement policies.

7. Type of Tenure

- 7.1 The City will focus on sites owned by the City, the VBE, the VPB, or other public and non-profit partners which are slated for new development and will seek to co-locate childcares within the new developments through outright ownership or long-term leases.
- 7.2 The City will also explore the possibility of retrofitting completed buildings or portions of buildings, particularly for school age childcare.
- 7.3 Lease/ownership of the childcare facilities will vary on a site-by-site basis and will be documented in appropriate legal agreements as required.
- 7.4 Capacity to meet targets will be largely dependent on support from the MOE and partners (VBE, BC Housing and VPB).

8. Timing

- 8.1 The City will strive to achieve total Project delivery by March 31st, 2022. At a minimum, the City will have delivered a portion of the specific projects by such date and will have commenced construction on the remainder. If specific projects fall behind the estimated timelines (such as those delivered by partners where the City does not control the schedule), the City will promptly notify the Province when such delays become known to the City. In no case will the City will be required to reimburse the Province any amount of the Provincial Contribution if the Project is not delivered by March 31st, 2022.

9. Communications

- 9.1 While the matters set out in this MOU are under consideration, the parties agree not to make any announcements or public statements concerning it without the concurrence of the other party subject to this document, and will use reasonable efforts to coordinate their approaches to their governing bodies.

10. MOU Not Legally Binding

- 10.1 The parties acknowledge that any agreements arising from or contemplated under this MOU and all rights and obligations of the Province will be subject to approvals by the Province as required and all rights and obligations of the City will be subject to approvals by the City's Council as required. Nothing herein shall fetter the public process or the discretion of City Council or any officials of the City with respect to the exercise or performance of any regulatory power or function.
- 10.2 Each party will bear its own costs of the MOU and transactions resulting from it. The parties do not intend this MOU to be legally-binding and acknowledge that any one or more of the commitments or initiatives described in this MOU may require further negotiation and documentation in one or more legally-binding written agreements subject to all required approvals by each party.

This _____ day of _____, 2019.

City of Vancouver
by its authorized signatory:

Signature

**The Province of British Columbia,
as represented by the Ministry of
Children and Family Development,**
by its authorized signatory:

Signature