

Request for Decision

Junior Citizens Daycare - Service Delivery Options

Presented To:	Community Services Committee
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Recommendation

For Information Only

Background

This report has been provided to Council as per the direction from the 2013 Budget Planning Session. Staff at that time was asked to prepare a report to look at Municipal Service Delivery options for the Municipal daycare – Junior Citizens.

A Brief History of Junior Citizens Daycare (JCDC)

Junior Citizens Daycare has recently celebrated its 40th anniversary after opening in 1972. The centre has evolved from providing services to special needs children to becoming a full service childcare centre. In 1977, La Garderie Regionale Francophone was opened as a French language option and the two co-existed until they were moved under one roof during the construction of the new YMCA building in 2000. At that time, a lease agreement was entered into by the Regional Municipality and the YMCA to lease approximately 6,000 sq feet for JCDC usage. The lease agreement contains a provision for the total payment of this unit by July 2015 at which time it would be owned by the City. Additional space is also leased at 152 Durham st, which is located in the building beside the YMCA.

Currently, JCDC offers programming from toddler to school age with a total license of 120 spaces and offers evening care up until midnight five days a week. The centre does provide a niche in this area as it is the only operator in the City providing late night care.

JCDC Financial Overview

JCDC currently operates with a mix of funding sources that is flowed through the Ministry of Education and the City. The funding for childcare is complex in that the Province flows both 100% provincial dollars for some programming and 80% dollars for other programming which is topped up by the Municipality for the other 20%. Generally, subsidy for children up to and including the age of five are paid for under Best Start 100% dollars and six to twelve year olds are paid from 80/20 dollars.

JCDC is funded by charging parents a fee or recovering a per diem rate for subsidized parents from the two funding pots. The amount between what is charged to parents less the actual cost of running the operation is the amount that is funded directly by the City. Over the past five years the Municipality has contributed to the operation of the centre as show in the financial overview below:

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	2007	2008	2009	2010	2011	Projected 2012
Actual Municipal Levy Impact	127,954	86,998	124,585	119,540	124,278	129,119

Added Costs of Delivering Child Care through the Municipality

There are added costs for the provision of child care operated through the Municipality. The largest cost driver in a child care setting is salary and benefits which tend to be proportionately higher in a municipal operation versus a commercial or nonprofit centre. Every year the Children Services Section conducts a salary survey and the most recent survey supports this trend. The Registered Educator (RECE) job class has an average wage in the community of \$16.47 and a starting rate of \$24.95 at the Municipality.

The Ministry of Education provides grants to help with the cost of wages, however the City receives less than what a community centre would receive from the Municipality.

The other large cost of operating JCDC is due to the lease agreement with the YMCA. Currently, JCDC pays an annual amount of \$16,400 to the YMCA as part of the lease agreement which will be relieved from the budget in 2015 when the unit is paid in full. JCDC also pays its proportional share of condominium operation costs of \$63,800 per annum (\$10.63 per sq ft). The City also leases additional space at 152 Durham St, at an annual cost of \$18,000 per annum (\$9 per sq ft). The majority of commercial and non-profit providers in the City pay much less in occupancy costs as there has been a provincial directive to move childcare centres into schools. This results in overhead lease costs well under ten dollars per sq foot.

Environmental Scan

Direct delivery has been a recent topic of discussion among municipalities as the discussion around non-core services continues across the province. Most recently, The Region of Peel conducted a review of all of its municipally run centres and came to the following conclusions:

- Phased withdrawal of the Region from direct delivery of child care by September 2014
- Enhance funding for fee subsidy, wage subsidy, special needs supports, quality assurance initiatives and other service priorities and enhancements.

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As well, the City of Toronto conducted a core service review of its municipal services and decided to move forward with an efficiency review of its City owned daycares which is currently underway.

Locally, Cambrian College decided in 2010 to close its college run childcare centre which produced reported savings of \$250,000 per year. The College was a direct operator of childcare as well and was subject to many of the same cost pressures that the City faces in regards to staffing costs and occupancy costs.

Junior Citizen's Service Delivery

Reflecting on the discussion that took place at the 2013 budget planning session, there remains only two options for service delivery. The municipality can directly deliver the service or JCDC's 120 spaces can be redistributed to other community child care providers. One of the implications of closing JCDC is the ability for the child care system to absorb all of the 120 spaces at one time. School amalgamations in recent years have meant that there is limited space in central area schools in Greater Sudbury to add new spaces at this time. The majority of users of JCDC are from the central area and therefore re-distribution of spaces would be difficult to achieve immediately but could be accommodated over time.

JCDC is the only provider that is open until midnight, a service that is important to families that work shift work. In the event of a withdrawal of service, it is anticipated that a community provider would take on evening services with some type of financial incentive in place. Further negotiations with a provider would need to take place in order to finalize an agreement once direction is provided to staff.

There is a current staffing complement at JCDC of 12 full time and 10 part time and casual staff. Upon

closure of the Centre, collective agreement rights would trigger a lengthy bumping process by which staff could potentially be displaced throughout the corporation until lower seniority staff is laid off. There would also be a surplus of one non-union employee at that time.

The final consideration for Council would be the future use of space at the YMCA. The commercial condominium unit will be paid for in 2015; however the City would still have to pay for the unit until that time. Options for its use include possible sale, or moving another City service or department into the unit. Both of these options would require further investigation due to policies surrounding surplus space, and the costs associated with possible renovations of the space. A report from the Real Estate section could be brought forward to further discuss implications of the lease agreement and options available to council. As mentioned the current annual amount of \$16,400 would be relieved from the budget in 2015.

One method to reduce the implications stemming from an immediate closure is to look at a phased withdrawal based on the natural progression of children aging out of the program along with not accepting new enrollment. This approach would result in annual savings over the next several years with the eventual closure of the daycare. This approach would help to mitigate the following factors:

- Existing families would not be disrupted through this process, and they would have the option to begin to look for other care options if so desired.
- Human Resources implications would be reduced due to natural attrition and the fact that employees would have the option to bid into other jobs over time.
- It would allow for enough time to plan and absorb the child care spaces into other community centres.

Conclusion

This report is provided for Council's information and staff seeks direction on next steps.