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FOR THE MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE  
TO BE HELD ON **TUESDAY, JULY 9, 2019 AT 10:00 A.M.**  
IN THE **COUNCIL CHAMBER**, TOM DAVIES SQUARE

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**ADDENDUM (RESOLUTION PREPARED)**

*(Two-Thirds Majority Required to Deal with the Addendum)*

**DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

**MANAGERS' REPORTS**

ADD-1 Report dated July 6, 2019 from the Interim General Manager of Community  
Development regarding the YMCA Child Care Expansion Project 2-9  
**(RESOLUTION PREPARED)**

(This report requests Council authority to finalize an agreement with the YMCA  
to construct and operate a new daycare facility at their building on Durham Street.)



(Next Agenda Item: **CIVIC PETITIONS**)



Type of Decision									
Meeting Date	July 9, 2019				Report Date	July 5, 2019			
Decision Requested	x	Yes		No	Priority	x	High		Low
	Direction Only				Type of Meeting	x	Open		Closed


Report Title
YMCA Child Care Expansion Project

Resolution	Relationship to the Strategic Plan/Health Impact Assessment
<p>THAT the City of Greater Sudbury approves the 2019 YMCA Child Care Expansion Project as outlined in the report entitled "YMCA Child Care Expansion Project" from the Interim General Manager of Community Development, and directs staff to incorporate the municipal share of operational funding for the YMCA Daycare Project, estimated at \$47,000, into the 2020 Municipal Budget, as presented at the Finance and Administration Committee meeting on July 9, 2019.</p>	<p>This report supports the 2019-2027 City of Greater Sudbury Strategic Plan, as it aligns with the Create a Healthier Community Initiative, by advancing the Population Health Agenda to improve health, economic and social outcomes for its citizens.</p> <p>This report will have a positive impact on the Social Determinants of Health in the area of Health/Well-being as it supports child care and investments in the lives of children and youth in order to foster stronger, healthier kids and families.</p> <p>In addition, this report aims to improve the quality of life and place for citizens of Greater Sudbury as it will promote Population Health in the areas of Building Resiliency, Investing in Families and a Compassionate City.</p>
<b>Resolution Continued</b>	<b>Background Attached</b>

Report Summary	Financial Implications
<p>This report seeks Council's approval to add approximately \$47,000 to the CGS Operating Budget for 2020 and future years, outside the annual budget process. This commitment is required so that the YMCA can complete a previously approved and fully funded daycare space development that was put on hold pending a full understanding of changes in provincial funding for childcare.</p> <p>As described in the report, the changes in provincial funding will result in an estimated additional levy impact of \$1.3 million annually. This amount will be phased in through the use of \$6.3 million in mitigation funding received from the province in 2013.</p>	<p>In 2019 there is 100% provincial funding available to cover the costs of child care expansion renovation for the proposed project estimated at \$650,000 with no municipal tax levy impact.</p> <p>In 2020 the municipal tax levy impact would be approximately \$47,000 due to the new cost-sharing formula as announced by the Province of Ontario, with the Provincial share being \$188,000. The City can use the Children's Services Reserve Fund to fund all or a portion the impact, subject to Council's approval, through the 2020 Budget process. This reserve currently has a balance of \$6.3 million.</p>

Report Prepared By	Division Review
 Luisa Valle Director, Children and Citizen Services	 Luisa Valle Director, Children and Citizen Services

Recommended By the Department	Financial Implications
 Ian Wood Interim General Manager of Community Development	 Jim Lister Manager of Financial Planning and Budgeting

Recommended by the C.A.O.
 Ed Archer Chief Administrative Officer

## ***Background***

Starting in 2017 Greater Sudbury received provincial and federal funding to increase access to care for children from 0-6 years with no-cost sharing requirement. This funding created 204 new spaces in Greater Sudbury in 2017 and 2018.

In the spring of 2018, the YMCA approached the City of Greater Sudbury Children Services Section to request approval of an expansion of 67 new infant, toddler and preschool spaces in the former municipal day care space located at 140 Durham Street. The site is centrally located and has the highest demand area in the City of Greater Sudbury as waitlists in the area average 348 per site. This request was approved in principle, however was delayed due to construction and other issues.

In April 2019, the Province of Ontario introduced changes to the cost-sharing formula effective January 1, 2020 which includes a requirement that the operating costs for all child care spaces created since 2017 through Expansion funding will be cost shared at a rate of 20% Municipal and 80% Provincial.

Currently, there is 100% provincial funding in 2019 that can be accessed to cover the renovation, equipment and furniture costs for the project estimated at \$650,000. However, due to the new cost-sharing requirement once this project is completed, it is estimated that there will be an annual municipal contribution of \$47,000 beginning in 2020.

The City of Greater Sudbury Children Services Section receives funding from the Ministry of Education, along with a Municipal contribution to work with licensed child care and early learning agencies to ensure that adequate levels of service are available to meet the needs of the community.

The Children Services Section provides funding for approved licensed child care spaces through a General Operating Grant; promotes program quality improvement; funds special needs inclusion support; and provides the child care subsidy program and a centralized waiting list and registry service for parents requiring care.

Children Services Section works in partnership with community stakeholders, and on behalf of the Ministry of Education, to plan, fund, and ensure the accessible, high quality, efficient, and responsive delivery of:

- Licensed child care services
- EarlyON Child and Family Centres
- Integration/inclusion services in child care
- Child Care Subsidy Program
- Capacity Building and Professional Learning for early year's professionals

## ***Child Expansion 2017/2018***

Since 2017 as part of the provincial government's plan to increase access to licensed child care, Greater Sudbury has received provincial and federal funding to increase access to care for children from 0-6 years. Despite challenges including short timelines and a lack of available space in the communities that need care the most, the system in the City of Greater Sudbury has been able to meet expansion targets and open the following new spaces in our community:

New Spaces Created through Expansion Funding:

Infant	29
Toddler	80
Preschool	95
Total	204

## ***New Cost Sharing Requirements effective January 1, 2020***

In 2019, the Province of Ontario introduced changes to the cost-sharing formula effective January 1, 2020 which includes a requirement that the operating costs for all child care spaces created since 2017 through Expansion funding will be cost shared at a rate of 20% Municipal and 80% Provincial.

All 74 licensed child care sites that are part of the City of Greater Sudbury's early learning system receive operating grants through Children Services with provincial funding, in addition to the fees that they charge families. These grants help child care agencies (most of which are not-for-profit) to keep fees as low as possible for families, while supporting the high costs of providing quality child care. Operating grants are currently provided on a per space basis, with higher grants paid for spaces serving the youngest children and requiring higher staff to child ratios.

All operating grants paid for the new 204 infant to preschool child care spaces already created since 2017 and before the provincial funding change announcement, the municipality will be required to cost-share these costs at a rate of 20%, with the 80% being funded by the Province. This requirement and associated costs will be included in the 2020 budget submission.

Currently the only remaining 2019 child care expansion that has been planned is a full program of 67 new spaces added to the 15 existing child care spaces, for a total of 82 child care spaces through the YMCA at the 140 Durham Street site.

## ***Proposed Child Care Expansion at YMCA of Northeastern Ontario***

### **Background**

In the spring of 2018, the YMCA approached the Children Services Section to request approval of a child care expansion in the former municipal day care space located at 140 Durham Street.

The planned centre includes 10 infant spaces, 25 toddler spaces and 32 preschool spaces in addition to 15 school-age spaces currently there, for a total of 82 child care spaces.

There are many opportunities and advantages to expanding child care at this location:

- The site is ideal for a child care program because it is centrally located in the highest demand area in the City of Greater Sudbury
- The site has accessible for families who drive as well as families who use transit
- Waitlists for English child care in centres in Central Sudbury (downtown, South End, New Sudbury, Flour Mill/Donovan, Minnow Lake) average 348 applications per site
- The location is the former site of a child care centre which will require less renovations than most sites to meet the current licensing standards
- It also has potential for a commercial child care catering kitchen which is an identified need in the community.

Based on the above factors, the approved 100% provincial funding available and Children Services Section's expansion plan prioritization, this request was approved in principle.

Over several months in 2018, the YMCA worked with architects, engineers and contractors to review the existing space, and plan for the changes required to meet provincial, City and Fire Department requirements for licensing as infant spaces were not part of the original child care operations previously offered at this location. Additionally, the existing kitchen space is not a fully functioning commercial kitchen as it does not have the proper ventilation in place.

The ongoing consultation between the YMCA and contractors carried on into early 2019, at which time a draft budget was presented to the City. The projected cost of the project is \$650,000 broken down as follows:

- \$240,000 – Child care program renovations, including the playground space
- \$260,000 – Kitchen renovations, purchase of commercial appliances
- \$150,000 – Equipment, furniture, child developmental materials

The intent of the commercial kitchen is to partner with College Boreal's catering services, which also currently is the meal service provider for several of our other licensed child care programs. The College's current cooking facility has reached its maximum use, and they cannot take on any further clients. The YMCA is looking to offer the Collage this space, in order for them to provide meals to all YMCA programs at cost savings to the YMCA as they are currently utilizing another meal service provider. This is seen as being a very proactive and collaborative effort between the YMCA and College Boreal, which will have a ripple effect that will hopefully benefit other child care programs who may have some challenges with the provision of meal services.

With the recent announcement of the 2019 Provincial budget in early April, Children Services advised the YMCA that they were pausing the approval and finalization process for the expansion, as there was some uncertainty as to whether child care expansion would continue to be supported by the Province.

While the provincial outlook for the 2019 child care funding changed in late May, indicating that the cost-sharing requirement moved to January 1, 2020 the YMCA is still awaiting formal approval of the project to expand the 67 new child care spaces.

## **Utilization**

While this project would create 67 new licensed child care spaces, the full impact of the expansion on the community would be greater than 67 children. As children transition in/out of child care and families move or relocate, or children use part time care, it is expected that a 67 space child care centre could serve as many as 120 children annually.

## **Timelines**

As the YMCA has been working on this project with all involved parties since 2018, contractors are requiring confirmation of approval to enable them to start this project in the fall of 2019 in order to meet the December 31, 2019 deadline.

If this project is not completed in 2019, there will be limited or no provincial funding in future years to cover these renovation costs.

## **Funding**

As the projected timeline for completion of this project is December 2019, the projected renovation costs of approximately \$500,000 would be incurred and expensed all in 2019 utilizing 100% provincial funding to cover the costs with no municipal financial impact. In addition, any costs incurred in 2019, related to buying equipment, furniture and child development materials as well improving and equipping the outdoor play areas can be paid with available 100% provincial dollars

as well. This will bring the total Provincial investment in this program to up to approximately \$650,000 in 2019.

Beginning in January 2020, annual operating costs to support the agency is estimated at \$235,000 based on the current method of funding. Therefore, with the new 80/20 cost sharing requirements it is estimated that the municipal share of this General Operating Grant would be \$47,000 annually, with the Province's share being \$188,000.

### ***History of Mitigation Funding***

In 2013, the City received approximately \$6.7 million in mitigation funding from the Province. This one-time funding was to support the City in transitioning to the Province's new child care funding formula and framework introduced in 2013. As the Consolidated Municipal Service Manager for child care and early years, the City is responsible for determining how to best use the mitigation funding to support the local child care system. Since 2013, there has been some utilization of this reserve for policy changes, including the closure of the municipal day care in 2015. As well, interest has been earned on this reserve which has been used to offset the cost of municipal cost-sharing on the tax levy. Currently, this mitigation fund, held in an obligatory reserve, remains at approximately \$6.3 million.

### ***Impact of Provincial Funding Changes***

With regards to the 2019 provincial announcement related to the funding impacts effective January 1, 2020, not only will it impact child care expansion funding, but it also will affect administration expenditures. The projected effect of these changes is currently being assessed by staff as we anticipate our 2020 detailed funding allocation letter from the Province later this year. Based on the provincial consultations to date, the City is projecting an increase in the mandated municipal contribution as follows:

Current 2019 municipal contribution	\$1.9 million
Projected 2020 maximum increase of municipal contribution	\$1.3 million
Total projected 2020 municipal contribution	\$3.2 million

This additional projected contribution reflects the City maximizing the full 80% funding being provided by the Province. The City is in a position to offset the impact of provincial funding changes with the availability of the mitigation funding, and this will be reflected through the 2020 budgetary process.



## ***Recommendations***

Currently there is a very high demand for English child care services in central areas of Greater Sudbury with an average of 348 waitlisted applications per site.

This one-time investment will create 67 child care spaces and will provide opportunity for potential annual cost savings to the YMCA and other licensed child care operators in their meal services costs.

With approval of the project proposed, the City can access 100% provincial funding in 2019 for the renovations of the former municipal child care space, in the YMCA building at 140 Durham Street, which includes equipment, toys and furniture.

The City of Greater Sudbury has the opportunity to utilize the mitigation funding to cover the costs of the municipal tax levy impacts.

The following chart details the cost-sharing of the project for 2019 as well as highlights the municipal tax levy impact for 2020 and future years.

	Provincial		Municipal	
	2019	2020+	2019	2020+
Child Care Expansion Renovations	\$ 240,000		\$ 0	
Kitchen Renovations	\$ 260,000		\$ 0	
Equipment, Furniture	\$ 150,000		\$ 0	
Operating Grant		\$ 188,000		\$ 47,000
Total	\$ 650,000	\$ 188,000	\$ 0	\$ 47,000