

# TORONTO STAFF REPORT

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October 19, 2005

To: City Council  
From: General Manager, Children's Service Division  
Subject: Best Start Transition Infrastructure Plan

Purpose:

This report seeks approval of the Best Start Transition Infrastructure Plan for the City of Toronto and requests authority to enter into agreements with the four school boards to fund construction of child care facilities identified in the Plan.

Financial Implications and Impact Statement:

Council has approved an adjustment to the 2005 Children's Services capital budget of \$20.5125 million, fully funded by the Province of Ontario under the Best Start allocations to the City of Toronto. Capital funding is provided to support the growth of licensed child care spaces. In accordance with the provincial schools first policy, most of the capital projects funded under Best Start will be managed by the school boards. The City will flow funds to the Boards for the completion of approved projects. The allocations for Best Start capital are as noted below:

<u>Calendar Year</u>	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)	Total (\$000's)
Best Start Capital	20,512.5	22,912.5	35,125.0	10,530.0	89,080.0

As consistent with capital guidelines that only City-owned facilities are to be included in the capital budget, this report recommends that the Best Start capital program (for non-City owned sites) estimated at \$18.5125 million in 2005 be transferred to the 2005 Operating Budget for Children's Services. The remaining \$2.0 million for 2005 is earmarked for City-owned facilities and is to be included in the 2005 Children's Services Capital budget. There is no requirement for cost sharing of these funds.

The Chief Financial Officer and Deputy City Manager has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the proposed Best Start Transition Infrastructure Plan attached as Appendix 1 be approved as a companion document to the Best Start Service and Transition Plan and forwarded to the Ministry of Children and Youth Services;
- (2) subject to provincial approval of the Best Start Transition Infrastructure Plan, the General Manager of Children's Services be delegated authority to execute agreements on behalf of the City with the Toronto District School Board, the Toronto Catholic District School Board, the Conseil Scolaire de District Du Centre-Sud-Ouest and the Conseil Scolaire de District Catholique Centre Sud to fund the construction and or renovation costs associated with Phase 1 child care expansion sites named in Appendix 1, in an amount determined in accordance with provincial infrastructure guidelines which amount shall not exceed an average cost of \$10,000 per child care space and provided that the total Best Start Funds payable under all four agreements shall not exceed \$89.08 million, such agreements to be on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor;
- (3) the agreements noted in recommendation 2 provide funding for Phase 2 child care sites listed in Appendix 1 of up to \$10,000 per site to support feasibility and design costs;
- (4) the agreements with the Toronto District School Board and Toronto Catholic District School Board include funds previously approved by Council for capital project development funding;
- (5) the General Manager of Children's Services provide status reports twice annually detailing the status of construction and/or renovation of new licensed child care spaces;
- (6) \$18.5125 million from the 2005 Children's Services Capital Budget be transferred to the 2005 Children's Services Operating budget;
- (7) in order to maximize the value of capital funding under Best Start, the City advocate with the Province to extend the deadlines for spending Best Start capital beyond March 31, 2006;
- (8) the General Manager of Children's Services report on strategies to address the occupancy costs for child care centres in schools;
- (9) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The provincial Best Start Strategy is a 10-year plan designed to give Ontario's children the best possible start in life and help them achieve success in school. Using federal funds for Early Learning and Child Care, Best Start will create 25,000 new child care spaces in the Province over the next three years. In Toronto 5,855 new licensed child care spaces will be created. At its meeting of September 28, 29, and 30, 2005 Council approved the Best Start Network, Terms of Reference and Allocation to the City of Toronto and granted authority to develop agreements between the City and the Toronto Catholic District School Board and Toronto District School Board to fund Best Start capital project development. Best Start funding to the City provides capital to expand child care spaces for Junior and Senior Kindergarten children as well as develop moderate growth in the overall child care system for children 0-4 years of age. Expansion is expected to occur through renovation of existing facilities as well as construction of new facilities. Guided by a provincial schools first policy for expansion of child care, most new and expanded child care facilities will be created in schools. In addition, Council directed that the City's 2005-2009 Child Care Service Plan be used to guide the planning and implementation of Best Start in Toronto.

At its meeting of October 11, 2005, Community Services Committee, while considering the Best Start Service and Transition Plan, directed that the General Manager of Children's Services report to Council with the Best Start Transition Infrastructure Plan. As directed by Council and supported by the Best Start Network, the directions of the City's 2005-2009 Child Care Service Plan have guided the development of the Best Start Transition Infrastructure Plan. The Best Start Transition Infrastructure Plan will also be guided by directions from Council to:

- identify opportunities to expand child care in Toronto Community Housing Corporation facilities;
- develop child care in city-owned or operated facilities;
- determine the implications of federal funding on the Toronto Aboriginal community; and
- identify how federal funding supports improved and equitable access to child care in new communities.

Comments:

In accordance with the Best Start Implementation Planning Guidelines, municipalities are required to develop a number of plans to support the implementation of Best Start. The following plans are required by October 31, 2005: Best Start Transition Plan, Child Care Service Plans updated to include Best Start, and Best Start Transition Infrastructure Plan. A final Best Start Child Care Infrastructure Plan is required by December 31, 2005. The Best Start Service and Transition Plan as Amendments to the 2005-2009 Child Care Service Plan has been completed and submitted a companion to this report. This Plan outlines the use of Best Start operating funds to support the growth of licensed child care spaces, greater access to child care fee subsidies and the maintenance of the existing system.

Best Start Transition Infrastructure Plans are intended to identify projects that can be fully completed or begun by March 31, 2006 and the Best Start Child Care Infrastructure Plan identifies projects for 2006 and beyond. Because of limited timing for developing the two infrastructure plans, the Best Start Transition Infrastructure Plan has been developed to meet the requirements of both the Best Start Transition Infrastructure Plan and the Best Start Child Care Infrastructure Plan.

The Best Start Transition Infrastructure Plan is divided into two phases. Phase 1 details projects that will create new child care spaces by March 31, 2006. Phase 2 projects will begin planning immediately but will likely commence construction after March 31, 2006.

The Best Start Transition Infrastructure Plan identifies the locations for child care growth, the number of child care spaces to be created and provides estimates for construction and renovation costs. Although the City's allocation of funding for child care growth is significant, it is not sufficient to build new child care centres serving 5,855 children. The Best Start Transition Infrastructure plan is built on a combination of spaces created through renovation and new construction. In both phases, the City will develop additional child care options through targeted expansion of home child care services. Because start up operating funding is available to support child care growth the City will target additional licensed child care growth where capital is not required.

The Best Start Transition Infrastructure Plan is based on the City's Child Care Service Plan principles of equity, the schools first policy, maximizes the use of available funding and City owned facilities. The Plan proposes that child care expansion occur in the area of the City where children do not currently have equitable access to service. In order to develop the list of proposed sites, school boards were invited to identify schools in underserved areas of the City with high levels of child poverty. The boards were asked to identify schools where existing classroom space could be converted as well as sites for new construction. Similarly the City reviewed opportunities to expand or create service in existing municipal owned sites. 241 sites were identified for review. 62 sites were deemed to suitable for Phase 1. Sites in Phase 1 must be completed by March 31, 2006. The 62 sites include 3 capital projects currently underway and the other sites involve renovation to vacant school space or expansion of existing child care programs. Phase 1 will create approximately 1,670 licensed child care spaces and cost \$19 million in infrastructure funding. Funding is available to complete all of the proposed projects in Phase 1.

Of the remaining sites, 57 were deemed to meet the criteria and were designated as Phase 2. Phase 2 projects require more significant design and construction and therefore can not be completed by March 31, 2006. The 57 sites identified in Phase 2 could create as many as 3,600 licensed child care spaces at an estimated cost of \$105 million. The remaining infrastructure funding is not sufficient to complete all 57 projects. Because the number of projects is greater than the funding available, the projects have been ranked to determine the order of the projects. Projects with the highest ranking are locations with the lowest level of access to child care and/or the highest level of child poverty. It is assumed that as more detailed review of sites and costing of projects is completed the specific numbers of projects able to be funded will be determined. If all the projects listed were all possible, there would be enough funding to support approximately 32 of the 57 sites. Some of the preliminary costs for projects in Phase 2 will be funded by March

31, 2006. Appendix 2 provides a summary of approved projects by Community Council area and source.

Although the funding for Best Start will not allow construction of all the sites identified, the City has employed other options to support child care development. Strategies such as loan guarantees and the amortization of renovation costs through per diem rates have been used in the past. In addition, the Ministry of Education had indicated that funding for child care will be available for new school construction. The Division will continue to work with the boards to secure funding strategies for all remaining projects.

#### Outstanding Issues

The City has been allocated \$89.080 million for 2005-2008 in capital funding under Best Start to support the expansion of 5,855 licensed child care spaces. According to the Ministry of Children and Youth Services, because the first year of federal funds are held in trust, any funds unspent by March 31, 2006 will be lost. The lack of flexibility to carry funding forward beyond March 31, 2006 will make it impossible for the City to meet its targeted service growth of 5,855 child care spaces. As noted the current costs for projects in Phase 1 will not fully utilize the funding available by March 31, 2006. However, if these funds are unable to be carried forward it will not be possible to complete the projects identified in the Plan. The Division continues to press for flexibility in this regard.

Once built, the operating costs of the new child care programs will be funded through parent fees, fee and wage subsidies as outlined in the Best Start Service and Transition Plan. For child care centres in schools, however, occupancy costs have been funded by the City. Currently, 367 or 39 per cent of the child care centres in Toronto are located the City's four school board facilities. The City has agreements with all four boards that provide for the payment of the occupancy costs of associated with child care and family resource programs. The cost of these agreements is budgeted at \$5.7 million and is supported by 100 per cent municipal funding. The significant growth of child care in schools requires a review of the strategies for funding occupancy costs. The Division is currently discussing options with staff from the boards and this report recommends that the General Manager report back with strategies to address the issue.

#### Conclusions :

Best Start provides funding for a major expansion of child care in Toronto. This report submits for approval the Best Start Transition Infrastructure Plan which identifies locations for child care development over the period of 2005-2008. Most of the child care development will occur in schools and delegated authority is sought to allow the General Manager of Children's Services to enter into contracts with the school boards to complete the child care development. The report identifies that without funding flexibility the City will not be able to achieve its targeted growth.

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General Manager of Children's Services

List of Attachments:

Appendix 1 - Best Start Transition Infrastructure Plan  
Appendix 2 - Disposition of Capital Proposals