



STAFF REPORT ACTION REQUIRED

Child Care Capital Expansion Update

Date:	March 8, 2016
To:	Community Development and Recreation Committee
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This report seeks approval to allocate funding from the Child Care Capital Reserve Fund and the Development Charge Reserve Fund to support the creation of 464 new child care spaces in 10 locations (Appendix A), in alignment with principles and targets outlined in the Children's Services 2015-2019 Service Plan and Capital Strategy.

The report also provides an update on the spaces built under the Schools-First Child Care Capital Retrofit Policy (Appendix B) and provides details on the locations and spaces to be created through the New Construction of Child Care program (Appendix C), with both capital programs fully funded by the Province.

RECOMMENDATIONS

The General Manager, Children's Services, recommends that City Council:

- 1) amend the 2016 - 2025 Council-approved Capital Plan for Children's Services by adding 10 new projects listed in Appendix A, with a total cost of up to \$26.90 million, with \$21.25 million funded from the Child Care Capital Reserve Fund, and \$5.65 million from Development Charges Reserve Fund - Child Care;
- 2) express its intent to fund the projects to the extent allowable from current and future development charges; and
- 3) authorize the General Manager, Children's Services to enter into funding and development agreements with the Toronto District School Board, the Toronto Catholic District School Board and the Toronto Community Housing Corporation, in

a form satisfactory to the City Solicitor, to fund the construction of new child care spaces at the locations identified; and to pursue agreements that protect the City's capital investment in child care by requiring lease terms that ensure security of tenure for child care operators that is commensurate with the level of capital investment.

Financial Impact

On June 10, 12, 2015, with the approval of the Operating Variance Report for December 31, 2014, City Council approved the transfer of \$11.1 million in Program under expenditures to the Child Care Capital Reserve Fund (CCCRF XR1103) to address the space requirements of younger children. The CCCRF has a current balance of \$45.667 million, and the Development Charge Reserve Fund Child Care (XR2122) has a current balance of \$9.692 million.

The increase in capital expenditures recommended in this report will be fully funded by the CCCRF and Development Charges earmarked for child care expansion, and will promote the growth of licensed child care spaces in the City, in alignment with the 2015-2019 Children's Services Service Plan. In accordance with the priorities in the Service Plan, the additional 464 spaces to be created by the capital expansion will be located in underserved neighbourhoods and will be available to improve ward equity in the distribution of fee subsidies.

Upon Council approval of this report, the 2016-2025 Approved Capital Plan for Children's Services will be amended to include the development of 10 capital projects for a total cost of \$26.90 million

Included in the ten sites is the redevelopment of two existing directly-operated sites to address access, Accessibility for Ontarians with Disabilities Act compliance, and other deficiencies. Some operating impact will be created by these two sites as it is anticipated that increased staffing will be required to operate additional spaces. As the service in the remaining eight sites will be provided by third parties through purchased service agreements, impacts will be managed through Children's Services' annual operating budget and will be reported through the annual operating budget process.

As noted in Appendix D, the revised 2016-2025 Capital Plan of \$69.807 million will provide funding of \$54.477 million to deliver 18 child care centers over the 10-year term, which will add a total of 921 new child care spaces.

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

EQUITY STATEMENT

The child care capital expansion plan aligns with the 2015-2019 Child Care Service Plan and supports equitable access, affordability and quality child care for families across Toronto. Data on demographics and existing child care services is regularly analyzed on a ward and

neighbourhood level to identify areas with the highest needs for expanded child care services. Informed by this data, the child care capital expansion plan targets the areas with the greatest needs.

DECISION HISTORY

At its meeting of February 20, 2013, the General Manager, Children's Services was granted authority by City Council to approve joint City-School Board plans for the investment of capital funding under the provincial Schools First Child Care Capital Retrofit Policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD18.3>

At its meeting of May 6, 7 and 8, 2015, City Council approved the Children's Services 2015-2019 Service Plan and capital strategy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD3.3>

At its meeting of June 10, 11 and 12, 2015, with the approval of the operating variance report for December 31, 2014, City Council adopted the transfer of \$11.1 million in under expenditures into the Child Care Capital Reserve Fund for capital expansion of licensed child care, focussing on addressing the needs of children from birth to 3.8 years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX6.12>

City Council on February 17, 2016, approved Children's Services Capital Budget, which includes transferring \$21 million from the Child Care Expansion Reserve Fund to the Child Care Capital Reserve Fund to build up to five new child care centres by 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

ISSUE BACKGROUND

In 2013, the Ministry of Education released the Ontario Early Years Policy Framework. The intent of this document was to build on the implementation of Full Day Kindergarten (FDK) across Ontario schools and to further the development of responsive, high quality, accessible and increasingly integrated early years programs. The Framework identifies that programs and services must be easy to access and that transitions between programs and services should be minimized for children.

Since FDK implementation began in 2010, Children's Services has been working closely with the Province, families, school boards and service providers to realize the vision of a stable, seamless and integrated early years system in schools for children aged four to 12.

Significant investment has also been made to support child care providers as children aged four to 12 moved to school-based care. The City has worked closely with the Boards of Education to implement a number of provincially-funded capital initiatives focussed on stabilizing the child care system as FDK students move from full-time to part-time, school-based before and after school care. The Schools First Child Care Capital Retrofit Policy for

the reconfiguration of existing child care has been utilized over a three year period to convert vacant licensed school-based child care spaces initially for four and five-year olds to spaces that can be licensed for younger children, birth to 3.8 years (before kindergarten age). Additionally, the Capital Funding for New Construction of Child Care program, also funded by the Province, will result in the construction of six new schools with purpose built child care that will increase the number of available child care spaces in the city. These provincial allocations were flowed directly to the local school boards, with spending decisions informed by Children's Services principles of age and geographic equity.

The Children's Services 2015-2019 Service Plan supports this policy framework by envisioning a service system that is accessible, affordable, inclusive, seamless and resilient. In order to achieve this goal, the Division has identified the need to increase the number of public and not for profit child care spaces for infants and toddlers. Since 2010, the child care system in Toronto has grown significantly. The number of overall spaces in the system has grown by 19 per cent, to over 65,000, including the addition of 301 new FDK before and after school programs in schools. The number of subsidies available for families has also increased by more than 2,000. However, there are licensed child care spaces in Toronto for only one in 13 infants, and one in three toddlers. The high cost of maintaining vacancies, particularly for infant spaces, is a disincentive for child care providers to develop new spaces. Since existing infant and toddler spaces can not accommodate the growing need, Children's Services has targeted direct investment in the development of new spaces. Further, this proposed new investment aligns with the need for priority investment in neighbourhoods that are not currently meeting their equity targets as a result of limited physical spaces available in the area.

New draft regulations related to the *Child Care and Early Years Act, 2014* are currently being proposed and consulted on by the Province, which may change staff to child ratios and group sizes in licensed group child care. This could impact the design and construction of new child care centres as current space requirements may change. Children's Services is assessing ways of designing child care spaces so that they can easily meet either the current or the proposed regulations, however, there may be a cost impact. Discussions with officials from the Ministry of Education have confirmed that current design work should reflect current regulations. The Ministry issued a memo to this effect on March 8, 2016. Children's Services will report to City Council on the proposed regulations and the issues they pose in April. Should new regulations, when approved, impact capital cost estimates for existing projects, this will be reported as part of the 2017 budget process.

COMMENTS

Capital project updates in this report fall under three categories: new capital expenditures funded from the City's Child Care Capital and Development Charges Reserve Funds; the Schools-First Child Care Capital Retrofit Program; and the Capital Funding for New Construction of Child Care program (the latter two programs are fully funded by the Province).

New Capital Expenditures

Council approved a capital strategy to guide capital investment in child care expansion when it considered the Children's Services Service Plan in 2015. The strategy recognizes that there is an overall need for space, particularly in those areas where there are not enough spaces to serve families with fee subsidy, let alone those families that do not require a subsidy. In addition to the CCCRF, capital expansion is supported by development charges, Section 37 agreements, and modest debt funding. Children's Services actively pursues partnerships with other City Divisions and service partners to secure space, and to reduce the cost of development.

In total, 10 sites are being proposed for capital investment to increase the number of spaces in priority areas of investment. Seven of the sites are in existing TDSB or TCDSB schools. As part of the process of locating new sites, both the TDSB and the TCDSB were approached to identify schools with sufficient space to create new child care quickly in order to assist Children's Services in responding to service demand. Appropriate schools were analyzed based on available space, long term viability, ward and neighbourhood needs and proximity to other community based child care locations. Appendix A provides a description of each proposed project (subject to school board approval, anticipated by mid-April) including anticipated costs and the number of spaces to be created. Each of the seven schools brought forward for approval are in areas with the greatest need for child care spaces, based on service plan targets and the capital strategy.

Two additional sites are in Toronto Community Housing (TCH) buildings with existing child care that is directly operated by Toronto Early Learning and Child Care Services. The TCH building located at 3947 Lawrence Avenue East is undergoing extensive retrofits which will include the construction of a new child care centre. This will replace the existing Lawrence Avenue East Early Learning and Child Care Centre, currently located in another TCH building at 3827 Lawrence Avenue East. This move will allow both infant and toddler care to be added to the site and greatly improve the centre's physical plant and design. The other TCH site is 5 Needle Firway where the Firgrove Early Learning and Child Care Centre is located. The project at this site will allow for significantly improved facilities, create additional spaces and make the location more accessible. While construction of both of these locations requires the approval of the TCH Board of Directors, preliminary discussions are supportive of these upgrades. Both sites are located in wards with high priority need for child care.

Additionally, Children's Services is investing in a Parks Forestry and Recreation (PF&R) recreation centre, which is included in the 2016-2025 Approved Capital Plan for PF&R. This project is included in Appendix A as the Northeast Scarborough Recreation Centre.

In total, it is estimated that investment in these 10 sites will add approximately 90 new infant, 150 new toddler and 224 new preschool spaces to the system in Wards 2, 7, 41, 42 and 43. Appendix E shows the locations of these sites on a map of highest need.

One additional project at George Webster School in the TDSB is planned pending the results of a feasibility study. When the results of the study are known, Children's Services will submit a report to City Council, anticipated in April.

Children's Services has made no significant capital investment in property owned by School Boards since the Best Start program almost 10 years ago. There is a need to re-establish lease term expectations for investments in schools. Currently, expectations are a five-year term for investments between \$250,000 and \$1 million; a 25-year term for investments between \$1 million and \$2 million; and 49 years for investment over \$2 million. Children's Services is proposing to maintain these lease expectations in order to protect capital investments.

Schools-First Child Care Capital Retrofit Policy

Schools-First Child Care Capital Retrofit Policy provincial funding is attached to space conversion targets for each school board. The Toronto District School Board was allocated \$14.404 million with a space conversion target of 2,432 new spaces and the Toronto Catholic District School Board received \$3.600 million with a target of 608 spaces. School Boards must achieve 75 per cent of their space target in order to maintain their full allocation. Site evaluation and rankings were made jointly with Children's Services using Service Plan principles and space analysis to guide investment decisions. School Boards are expected to have fully utilized all available Schools First Funding by the end of 2017. Children's Services has provided updates to Council a number of times over the past three years on the status of implementation. Information on spaces created and pending by school board is included in this report as Appendix B.

Capital Funding for New Construction of Child Care

The Province has recently announced the school sites selected for investment under the Capital Funding for New Construction of Child Care program in new or expanded schools. This funding initiative was announced in May 2015, and required the Boards to work closely with Children's Services to ensure sites submitted to the Province for construction of new child care had the support of the service system manager. This provincial funding initiative is expected to add 175 child care spaces in four Toronto schools over the next three years as construction is completed. School Boards are currently in the design phase of these new projects. Appendix C summarizes the number and location of these new spaces to date.

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ATTACHMENTS

- APPENDIX A: New Capital Projects Funded By Child Care Capital Reserve Fund and Development Charges
- APPENDIX B: Schools-First Child Care Capital Retrofit Policy Status of Spaces
- APPENDIX C: Capital funding for new construction of child care program: locations and spaces
- APPENDIX D: Revised 2016-2015 Capital Plan Details
- APPENDIX E: Map of 10 City-Funded Sites

APPENDIX A

NEW CAPITAL PROJECTS FUNDED BY CHILD CARE CAPITAL RESERVE FUND AND DEVELOPMENT CHARGES

PROJECT NAME	WARD	LOCATION ADDRESS	PROPOSED CHILDCARE ¹			TOTAL SPACES	CURRENT AND FUTURE YEAR CASHFLOW COMMITMENTS \$M					CASH FLOW COMMITMENTS \$M			PROJECTED OPENING ²	
			Infant	Toddler	Preschool		2016	2017	2018	2019	2020	Total 2016-2020	Dev. Charges	Reserve Funds		Total
Stanley P.S.	7	75 Stanley Rd.	10	20	32	62	\$0.50	\$1.70	\$1.70			\$3.90	\$0.82	\$3.08	\$3.90	Jan-18
St. Columba C. S.	42	10 John Tabor Trail	10	15	24	49	\$1.05	\$0.35				\$1.40	\$0.29	\$1.11	\$1.40	Jun-17
St. Maurice Catholic School	2	45 Kingsview Blvd.	10	15	24	49	\$1.05	\$0.35				\$1.40	\$0.29	\$1.11	\$1.40	Jun-17
St. Barnabas Catholic School	42	30 Washburn Way	10	15	24	49	\$0.35	\$1.75	\$0.50			\$2.60	\$0.55	\$2.05	\$2.60	Jan-18
St. Roch Catholic School	7	174 Duncanwoods Dr.	10	15	0	25	\$0.30	\$1.40	\$0.20			\$1.90	\$0.40	\$1.50	\$1.90	Jun-17
St. Bartholomew Catholic School	41	51 Heather Rd.	10	15	24	49	\$0.35	\$1.75	\$0.50			\$2.60	\$0.55	\$2.05	\$2.60	Jan-18
St. Stephen Catholic School	2	55 Golfdown Dr.	10	15	24	49	\$1.05	\$0.35				\$1.40	\$0.29	\$1.11	\$1.40	Jun-17
North East Scarborough Recreation Centre	42	8450 Sheppard Ave. E.	10	20	32	62			\$0.50	\$1.70	\$1.70	\$3.90	\$0.82	\$3.08	\$3.90	Dec-20
TCH Lawrence Ave. Site	43	3947 Lawrence Ave E	10	20	24	54	\$0.50	\$1.70	\$1.70			\$3.90	\$0.82	\$3.08	\$3.90	Dec-17
TCH Needle Firway	7	5 Needle Firway	0	0	16	16	\$0.50	\$1.70	\$1.70			\$3.90	\$0.82	\$3.08	\$3.90	Dec-17
TOTALS			90	150	224	464	\$5.65	\$11.05	\$6.80	\$1.70	\$1.70	\$26.90	\$5.65	\$21.25	\$26.90	

¹ May be subject to change based on new provincial regulations and/or space configuration changes during construction.

² Based on anticipated design, tender and construction timeframes provided by partners.

APPENDIX B

SCHOOLS-FIRST CHILD CARE CAPITAL RETROFIT POLICY STATUS OF SPACES

Note: Spaces built under the Schools-First Child Care Capital Retrofit Policy are 100 per cent provincially funded.

TDSB	Infant	Toddler	Preschool	Total	# of sites	Projected Opening
Completed	100	185	868	1,153	39	n/a
In Process	80	225	560	865	28	Dec. 2016
Pending Approval	50	195	439	684	18	June 2017
Total	230	605	1,867	2,702	85	

TCDSB	Infant	Toddler	Preschool	Total	# of sites	Projected Opening
Completed	0	135	108	243	9	n/a
In Process	20	60	344	424	17	Sept. 2016
Pending Approval	n/a	n/a	n/a	n/a	n/a	n/a
Total	20	195	452	667	26	

Conseil Scolaire Viamonde	Infant	Toddler	Preschool	Total	# of sites	Projected Opening
Completed	0	20	88	108	4	n/a
In Process	n/a	n/a	n/a	n/a	n/a	n/a
Pending Approval	n/a	n/a	n/a	n/a	n/a	n/a
Total	0	20	88	108	4	

CSDCCS	Infant	Toddler	Preschool	Total	# of sites	Projected Opening
Completed	16	65	72	153	6	n/a
In Process	6	15	8	29	1	Sept. 2016
Pending Approval	n/a	n/a	n/a	n/a	n/a	n/a
Total	22	80	80	182	7	

System Totals	Infant	Toddler	Preschool	Total	# of sites
Completed	116	405	1136	1657	58
In Process	106	300	912	1318	46
Pending Approval	50	195	439	684	18
Total	272	900	2487	3659	122

APPENDIX C

CAPITAL FUNDING FOR NEW CONSTRUCTION OF CHILD CARE PROGRAM: LOCATIONS AND SPACES

Note: Spaces built under the Capital Funding for New Construction of Child Care program are 100 per cent provincially funded

City Ward	School Name	Address	New Child Care			Projected Opening
			Infant	Toddler	Preschool	
12	St Fidelis CS	9 Bannerman St	0	15	0	Jan. 2019
39	Terry Fox PS	185 Wintermute Blvd	10	20	32	Sept. 2018
3	St Clements CS	4319 Bloor St W	10	15	24	Jan. 2018
8	St Augustine CS	98 Shoreham Dr	10	15	24	Jan. 2018
		TOTAL	30	65	80	

APPENDIX D: REVISED 2016-2025 CAPITAL PLAN DETAILS, SUMMARY OF CAPITAL PROJECTS BY CATEGORY (IN \$000S)

	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2016 - 2025 Total
Total Expenditures by Category											
State of Good Repair											
<i>TELCCS State of Good Repair</i>	1,542	1,469	1,473	1,285	1,226	1,367	1,367	1,367	1,367	1,367	13,830
Sub-Total	1,542	1,469	1,473	1,285	1,226	1,367	1,367	1,367	1,367	1,367	13,830
Service Improvements											
<i>St John The Evangelist Catholic School</i>		750	969	571							2,290
<i>Bridletown Community Centre (6)</i>	500	1,500	1,220	680							3,900
<i>David and Mary Thompson (7)</i>		500	1,500	1,220	680						3,900
<i>New Child Care Centre No. 8</i>					500	1,500	1,220	680			3,900
<i>New Child Care Centre No. 9</i>								500	1,670	1,730	3,900
<i>Avondale Public School</i>	2,035	1,365									3,400
<i>Block 31</i>	130	757	2,264	426							3,577
<i>Advent Child Care Centre</i>	500	1,710	500								2,710
<i>Customer Service Improvements</i>	100	1,000	400								1,500
Sub-Total	3,265	7,582	6,853	2,897	1,180	1,500	1,220	1,180	1,670	1,730	29,077
2016-2025 Council Approved Capital Plan	4,807	9,051	8,326	4,182	2,406	2,867	2,587	2,547	3,037	3,097	42,907
Service Improvements											
New Capital Projects											
<i>Stanley P.S</i>	500	1,700	1,700								3,900
<i>St Columba C.S.</i>	1,050	350									1,400
<i>St Maurice Catholic School</i>	1,050	350									1,400
<i>St. Barnabas Catholic School</i>	350	1,750	500								2,600
<i>St Roch Catholic School</i>	300	1,400	200								1,900
<i>St Bartholomew Catholic School</i>	350	1,750	500								2,600
<i>St Stephen Catholic School</i>	1,050	350									1,400
<i>North East Scarborough Recreation Centre</i>			500	1,700	1,700						3,900
<i>TCH Lawrence Ave Site</i>	500	1,700	1,700								3,900
<i>TCH Needle Firway</i>	500	1,700	1,700								3,900
Sub-Total	5,650	11,050	6,800	1,700	1,700						26,900
2016-2025 Revised Capital Plan (excluding carry forwards)	10,457	20,101	15,126	5,882	4,106	2,867	2,587	2,547	3,037	3,097	69,807

APPENDIX E: MAP OF 10 CITY-FUNDED SITES

