

## **Subject: Increasing Urban Area Child Care Spaces**

### **APPROVALS:**

Sudhir Sandhu, Executive Director  
Glen Laubenstein, Chief Administrative Officer

### **Administrative Recommendations:**

1. THAT funding to a maximum of \$370,000 to be allocated from the 2013 Employee Development and Support Services Operating Budget for initial set up and proportionate utilities costs for an employer supported licensed child care facility.
2. THAT in the event funding cannot be accommodated in the 2013 Employee Development and Support Services Operating Budget, funding be allocated from the 2013 Corporate Operating Budget surplus.
3. THAT in the event funding cannot be accommodated in the 2013 Corporate Operating Budget surplus, funding be allocated from the Emerging Issues Reserve.

### **Summary:**

This proposed child care facility will be operated by a private service provider and shall be operational for approximately four years and will transition to a similar facility in the new Civic Centre. The facility will primarily address a lack of availability of licensed child care spaces and is consistent with the Municipal Development Plan to utilize space within the downtown core. The proposed facility will serve as a competitive advantage for the Municipality in a tight labour market and reduce the costs of child care related employee absenteeism.

### **Background:**

The proposed municipal facility will be housed in the United Church building located at 10003 Gordon Avenue, within the central business district. The facility will accommodate approximately 75 children, between the ages of six months to five years of age.

Subject to Council approval, the facility will be established pursuant to an agreement in principle with the United Church whereby the Church will provide space on a rent-free basis for the duration of the agreement. The Municipality will make a one-time capital improvement grant of up to \$300,000 and pay a proportional share of utilities to a maximum amount of \$70,000 annually (Attachment 1). At the conclusion of the agreement, the United Church will be the beneficiary of the leasehold improvements.

The contracted service provider will set child care rates in consideration of the rent free space and operating costs to be subsidized by the Municipality. The service provider will be selected pursuant to the Municipality's procurement process.

Available child care spaces will be offered to municipal employees on a preferential basis with any surplus spaces available to the public. The facility will meet all standards under the Public Health Act and regulations, building codes as well as Child Care Licensing Act and regulations. The contracted party will oversee the building upgrades with a timeline of spring 2013. The contracted party must be in good standing with all agencies and licenses governing child care.

**Budget/Financial Implications:**

The grant will allow funds to be used to assist in upgrades to the building and outside area to meet governing regulations respecting child care facilities. The funds will be released in the form of a one-time grant and fund expenditures shall be subject to municipal oversight and approval. The one-time capital grant shall not exceed \$300,000.

**Rationale for Recommendations:**

Affordable, good quality child care is not easily available and imposes a significant economic cost on parents with pre-school children. Local daycare centres can have waiting lists that range from two to 12 months and the average annual cost of child care for two pre-school children (not including emergencies and overtime) can exceed \$31,000 annually. While municipal employees are provided an annual Cost of Living Allowance (COLA), most major employers also provide cost of living and bonus payments and the municipal COLA payment no longer confers a competitive advantage. More significantly, COLA payments do not address the sheer lack of suitable child care spaces.

Notwithstanding the high cost, Fort McMurray simply does not have sufficient child care venues to accommodate the number of pre-school children.

Population – Age 0-4 Years – 4,684 <sup>1</sup>	Spaces	Waiting Period
YMCA	169	4 Months
Community First	75	4 Months
Child Development Day Home	150	2-4 months
Children First Eagle Ridge	58	3-4 Months
Boys and Girls Club	95	12 Months
Total	547	2-12 Months

According to the 2012 Municipal Census, Fort McMurray’s permanent population is listed as 74,029, of which 7.3% (4,684) is between the ages 0-4 years old.

Employees of the Regional Municipality of Wood Buffalo have 221 children between the ages one month to five years old. Seventy-four employees have gone on maternity leave in the last two years, with an average absence of one year.

According to research, employers indicate that child care issues result in more absenteeism than any other family-related issue in the workplace. Nine out of ten companies reported increases in

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<sup>1</sup> Information gathered from local licensed child care facilities via telephone survey April 2012

absenteeism and tardiness; 80% of these same companies said work days were cut short because of child care problems.

The presence of preschool-age children exerts a strong influence on work absences for personal or family responsibilities. In 2011, full-time employees in families with at least one preschool-age child lost an average of 3.0 days, compared with only 1.4 for those in families without children (Work Absences in 2011 Statistics Canada). Estimates for child care related absences range upwards of 6 days for families with more than one child.

Provision of on-site daycare for employees in the new Civic Centre, when constructed, will benefit the employer by improving employee morale, reducing turnover and absenteeism, increasing productivity and incentive for recruitment. Due to the shortage in child care facilities in Fort McMurray, opening an employer supported daycare facility will provide openings in the other daycares therefore reducing wait time and availability for the public.

Other large employers in the region are considering similar initiatives to address lacking child care spaces. The Municipality has been contacted by a private service provider to participate in a discussion with these employers to consider a jointly operated facility and will explore potential opportunities for cooperation. However, the proponent is proposing to build a facility which will not be operational until 2014 or later.

Gaining rent free access to the facility in exchange for the one time grant will result in considerable savings for the Municipality. Average cost for rental space in the downtown core is \$48.00 a square foot and rental for an equivalent facility would exceed \$200,000 per year. Should the Municipality vacate the facility, the additional spaces will be available to the public and will remain as a legacy of the Municipality's investment. This is a mutually beneficial solution for both the Municipality and the community.

**Attachment:**

1. Cost & Benefits of Child Care Facility