

# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	September 26, 2016
<b>SUBJECT/REPORT NO:</b>	Child Care System Special Needs Resourcing (CES16034(a)) (City Wide) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Grace Mater (905) 546-2424 ext. 4979 Jessica Chase (905) 546-2424 ext. 3590
<b>SUBMITTED BY:</b>	Joe-Anne Priel General Manager Community & Emergency Services Department
<b>SIGNATURE:</b>	

## Council Direction:

At the meeting of the Emergency and Community Services Committee on September 12, 2016, staff were directed to:

“Respond to all of the concerns outlined by Marie Cantwell, CUPE 5105, respecting concerns with the Child Care System Special Needs Resourcing Report CES16034, including the cost of severance associated with the decision, confirmation that service levels will be maintained and enhanced, an explanation of the RFP/Appeal process and timelines, and details on the job negotiation process, and report back to the Emergency & Community Services Committee at the September 24, 2016 meeting”.

## Information:

In accordance with its mandate, the Children’s and Home Management Services Division undertook a review of the provision of Special Needs Resourcing services to licensed child care providers in the City of Hamilton. Upon the recommendation of a consultant, and after a review of such services in other municipalities, it was concluded and communicated to existing service providers on November 11, 2015 that special needs children and their families would best be served through one sole service provider. A full description of the benefits and rationale for this conclusion is set out in Report CES16034.

In consultation with the Procurement Section and Legal Services, below is a series of questions that were posed at the Committee meeting and the answers to those questions.

**1. Was there an error in the procurement process?**

An RFP was issued by the City for a Not-for-Profit Organization to Provide Special Needs Resourcing Services to Licensed Child Care Providers in the City of Hamilton (Contract Number: C5-10-16). The RFP closed on May 26, 2016. Three proposals were received.

The proposals were evaluated in accordance with the evaluation criteria set out in the RFP. Community Living Hamilton ranked #1. St. Matthew's House ranked #3.

The results of the evaluation were publicly released on Biddingo on July 26, 2016. Pursuant to the City's Procurement Policy By-law, dissatisfied proponents may dispute an award of a contract within five business days of being notified of the results of the evaluation. Due to an administrative error, St. Matthew's House was not notified of the results until August 6, 2016 and by that time, the contract had already been awarded to Community Living Hamilton.

Upon learning of the administrative error, the Procurement Section agreed to meet with St. Matthew's House, even though its request for a meeting to dispute was not triggered within the "5 business days". In addition to this, staff from Children's and Home Management Services Division was requested to suspend any further discussions with both Community Living and St. Matthew's House until the Vendor Dispute Resolution process was complete.

St. Matthew's House met with the Manager of Procurement on August 12, 2016 to facilitate the Vendor Dispute Resolution process and together they reviewed the proposal. The weaknesses of St. Matthew's House's proposal were pointed out, and it was concluded that no adjustment to the City evaluation team's scores was warranted. As a result, St. Matthew's House remained ranked at #3. At that meeting, the Manager of Procurement made special notation to the St. Matthew's House representatives of their right to escalate their complaint further to the Community & Emergency Services and Finance and Corporate Services General Managers, pursuant to Procurement Policy #18, Vendor Dispute Resolution. They were reminded that St. Matthew's House had three days with which to notify the Manager of Procurement of their decision to escalate.

On Tuesday, August 16, 2016, St. Matthew's House forwarded an email to the Manager of Procurement indicating that "a decision has been made not to make a further appeal regarding this RFP". Upon receipt of this email, the Manager of Procurement notified the Director of Children's and Home Management Services that the Vendor Dispute Resolution process was complete and discussions could resume with Community Living Hamilton.

Despite the administrative error, St. Matthew's House was given the full Vendor Dispute Resolution period.

**2. Does the City have a binding contract with Community Living Hamilton?**

As noted above, the contract was awarded to Community Living Hamilton on August 2, 2016. City staff commenced planning the transition of services with Community Living Hamilton, St. Matthew's House and Hamilton District Council of Co-operative Preschools.

The City has an existing funding agreement in place with Community Living Hamilton related to the previous special needs resourcing model. The contract for the new special needs resourcing model will have a term of five years, which will begin on the execution of a revised funding agreement. As is typical in the procurement process, a binding contract was formed between the City and Community Living Hamilton when it was selected as the successful proponent and awarded the contract; the execution of a funding agreement is merely a formality and will be used to determine the commencement date of services.

**3. Is the City liable for severance costs of St. Matthew's House employees?**

The City is not liable for severance costs of St. Matthew's House employees. The City is not the employer of St. Matthew's House or its employees.

**4. Will the loss of funding for special needs resourcing jeopardize the existence of St. Matthew's House?**

The City is not privy to the financial status of St. Matthew's House as a whole. City staff appreciates that there will be some financial pressure on St. Matthew's House due to the termination of some of its employees.

In total, St. Matthew's House receives approximately \$3.2 million from the City of Hamilton. This funding is used to supports the following programs and services:

- Child Care, including fee subsidy, funding to support wages, wage enhancement and funding to support system priorities
- Singles Residence Program
- Homelessness Partnership Initiative
- Community Partnership Program
- Mental Health Outreach

In 2016, St. Matthew's House received approximately \$2.1 million for the delivery of special needs resourcing services. Of this, approximately \$163,000 is directed towards administrative functions. The removal of this administrative funding is a potential area of risk for St. Matthew's House.

**5. Can the City require Community Living Hamilton to offer jobs to St. Matthew's House employees at equivalent hours, wages and benefits?**

The City is working with Community Living Hamilton through their recruitment process to ensure their adherence as outlined in the RFP as well as the requirements of their collective agreement.

The RFP requires Community Living Hamilton to provide interviews to St. Matthew's House and Co-operative Preschools employees. The RFP describes the special needs resourcing services which must be delivered throughout the term of the contract. The City can only enforce the requirements in the RFP and ensure services are delivered.

While the City cannot compel Community Living Hamilton to hire certain individuals and to dictate the terms of employment, Community Living Hamilton has informed City staff that:

- Community Living Hamilton will waive the enrolment period for extended group benefits for eligible employees. This will ensure there is no break in coverage for dental, health or insurance based benefits during the transition. This eligibility period would normally be three months.
- Community Living Hamilton will waive the enrolment period for participation in their defined contribution pension plan for eligible employees. This will ensure that staff will not experience a disruption to their retirement savings. New employees would normally wait one year prior to being able to participate in the pension plan.
- Community Living Hamilton has committed to placing new employees at a comparable placement on their vacation scale. For example, if a staff currently earns vacation based on five years of credited time at St. Matthew's House, they will be placed on the Community Living Hamilton vacation scale at the five year level.
- Community Living Hamilton has not yet finalized the total number of available full time and part time positions. They have estimated that a total of approximately 50 Resource Teacher and Support Facilitator positions will be hired. During the recruitment process, Community Living Hamilton has asked candidates to identify their preferences and will utilize this information to make the decision regarding the number of full time and part time positions. In total, 40 positions are impacted at St. Matthew's House.
- Community Living Hamilton's job posting indicates that candidates must have access to a personal vehicle. Upon inquiries from St. Matthew's House staff, Community Living Hamilton has encouraged those without a vehicle to continue to apply. They have indicated they are willing to consider candidates that have

access to alternate transportation options. Not having a vehicle will not preclude applicants from being offered employment.

- Community Living Hamilton has confirmed that full time staff are entitled to benefits. Full time staff regularly work 40 hours per week. The City has identified that this is a potential area of concern for St. Matthew's House staff that currently work greater than 30 hours per week, but less than 40 hours per week, as these staff will no longer be eligible for benefits.
- Community Living Hamilton pays a lower hourly rate for part time staff compared to full time staff, however both these rates of pay are higher for all staff than the respective existing rates of pay at St. Matthew's House.

This information was shared with St. Matthew's House staff at recent information sessions held by Community Living Hamilton on August 24 and August 29, 2016.

**6. Can children with special needs and their families expect the same quality of service in the new special needs resourcing model?**

The goal of the new service delivery model is to enhance services to children with special needs and their families and to permit more children and families to access care. The new model will focus on building the capacity of child care centre staff to promote inclusion for all children and families. By building the capacity of all child care centre staff, more children will benefit from service including those children that are not formally diagnosed with a special need. In addition, the definition of children that are eligible for service is being expanded so that more children, including those with behavioural challenges, will benefit from service. This model is informed by best practice and aligns with the new Child Care and Early Years Act. This model also aligns with the direction that several other municipalities across the province have undertaken. In addition, services will be delivered in a more flexible way such as an expansion of the existing hours of service.

Under the new model, it is anticipated that approximately \$160,000 that was previously directed towards administrative costs will be redirected to direct service for families and children.

**7. How will the changes to the special needs resourcing model be communicated to families?**

The City provides regular communication updates to the early years community, including existing special needs resourcing service providers and licensed child care providers. Community Living Hamilton is also in the process of planning information sessions for all child care providers which City staff will attend. Child care providers are

the primary point of contact for families and will continue to provide these key messages to families throughout the transition period.

To-date, CHMS staff have provided four communication emails to all child care providers throughout the process. Community updates have also been included in the Early Years Community Update newsletters on three occasions. A subsequent email communication will be provided by September 23, 2016 which will ask that all child care organizations provide key messages to families about this change, in order to address any concerns about the quality of service. City staff recognize that further communication to families is needed and will be provided as further details of the implementation plan are developed.

Ensuring continuity of service for children and families is of the utmost importance. Staff are committed to working with all key partners, including child care supervisors and existing special needs resourcing providers, to ensure continuity of service for children and families during this time.