

University of Lethbridge On-campus Childcare Feasibility Review Fall 2006

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Executive Summary

There has been considerable discussion over the past several years amongst students, faculty and staff regarding the desire to have an on-campus childcare facility at the University of Lethbridge. This report summarizes an on-campus childcare feasibility study and is a follow up to the Daycare Feasibility Study Results (2006 report), the On Campus Childcare Centre Feasibility Review (2002 report) and the Daycare Action Committee Survey (2005). Three areas of focus, described below, have been targeted in this review to explore the feasibility question in greater detail.

Daycare Survey

1702 respondents participated in the September 2006 childcare survey. The survey results reported requests for a wide variety of services, including the need for full-time, part-time and drop-in care. There was sufficient interest from the survey respondents seeking full-time care to suggest that a 50-100 childcare space facility could be supported on a year round basis with parents that would pay a market rate (\$500-600) per month for childcare. Respondents to the survey (with and without children) indicated they would be willing to pay an extra fee of \$1.00-5.00 per semester to support an on-campus childcare facility. If all student and employee groups were in favour of a \$5.00 mandatory fee for childcare (passed by student referendum and negotiated with all employee groups), this would realize an annual contribution of \$100,000 towards the operation of a facility.

Request for Interest (RFI)

A RFI was sent to 21 daycares/day homes throughout the City and an ad was placed in the Lethbridge Herald. Two responses to the RFI were received by the University, of which only one was pursuable. That response proposed a 50 space facility, market rates for childcare and had a break-even annual operating budget of \$500,000. The largest concern with the proposal was the estimate of the cost of construction for a childcare facility. The RFI response estimated the facility cost at \$400,000 but the University estimates that a more realistic facility cost is closer to \$800,000. The facility cost would have to be supported by the operating revenues of the childcare operation and upfront capital funding provided by the University or the childcare operator. See Appendix C for a more detailed analysis of estimated construction costs.

Facility Location and Project Cost

A logical location for a childcare facility is in the vicinity of the existing student residences on campus. The total facility construction cost is estimated at \$800,000.

Capital Priorities Issues and Funding

The University of Lethbridge's student enrollment has grown by 70% in the last 10 years but the physical growth of our campus has not kept pace and as a result the University suffers from a significant space shortage. To provide adequate space to support its mandate for teaching and research, the University is in the process of constructing the Centre for Sport and Wellness (with substantial contributions from the City of Lethbridge and the University of Lethbridge students), an expansion to Turcotte Hall, a Sports Stadium (with significant funding from the City of Lethbridge), replacement of the Service Buildings and the Alberta Water & Environmental Science Building (both funded by the Province of Alberta). The majority of the University funding for these projects has come from the use of funding reserves as well as from the re-allocation of operating and infrastructure funds. Over the past several years, construction costs have inflated at 10% to 24% per year. This has resulted in a significant increase in the cost of building projects putting the projects in jeopardy and the University under considerable financial pressure. Current increases in building construction costs are estimated to be 3% per month. Due to projected cost overruns, the Sports Stadium project has been suspended. Construction of a new Management and Health Sciences Building may also be delayed due to lack of government funding and private sector donations.

Introduction

What is the purpose of this report?

This report is a follow-up to the fall 2005 Feasibility study and looks to connect the previous findings with a more detailed financial analysis of a potential childcare operation. This report will focus on three areas:

- Recently completed daycare survey results (Appendix A);
- Request for Interest (RFI) responses (Appendix B);
- Financial Analysis of capital and operating costs (Appendix C).

This review will further explore the following questions related to the support of an on-campus childcare facility:

1. Are students and staff financially willing to support an on-campus childcare?
 2. What services are individuals looking for and what are the maximum monthly fee students and staff is willing to pay for childcare services?
 3. Would students, faculty and staff with children who already utilize external child care services be willing to change their arrangements and bring their children to a university childcare facility?
 4. What was the response from the RFI?
 5. Where would a facility be located and what are the estimated construction/site servicing costs?
 6. How does the construction and operation costs of a childcare facility relate to other University capital priorities?
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Childcare History

1972 – 1992

A University Daycare facility existed on campus from 1972 to 1992. Soon after the opening of University Hall a daycare was located in its Section E. It was later relocated to a service building where the current Hepler Hall resides. The service building served as a multipurpose facility. During the day it housed the daycare operation and during evening hours it was used by the Students' Union for various functions and also as a practice facility for the University's Wind Ensemble.

One of the reasons why the daycare was closed in the summer of 1992 was because the service building required major capital improvements or replacement and, in its dilapidated state, was not fit to house the daycare operation. Soon after the closing of the daycare the service building was demolished.

2002

A Review into the Feasibility of Establishing a Childcare Centre on the University of Lethbridge Campus was completed in 2002. The project was completed on a request to determine the nature and magnitude of the demand for childcare services on campus. The results of the report found that many daycares in the city, and especially those in West Lethbridge, could accommodate an increase in demand. Without compelling evidence to suggest that the lack of child care facilities on campus represented a true and insurmountable hardship for students and staff, it was recommended at that time that the University not proceed with an on-campus childcare operation. This report can be accessed from the University's website (<http://www.uleth.ca/vpadmin/listDocs?type=10>).

Summer 2005

The Daycare Action Committee (DAC) conducted a study to see who would use a daycare should it exist. 1138 respondents participated in this survey. From the results of the survey 91% of the respondents said they were in favour of an on-campus childcare operation. This report described many of the benefits of on-campus childcare and the impact a facility would have on the university community.

Fall 2005

On-going discussions with the Students' Union and various groups on campus took place over the year and a report entitled "University of Lethbridge Daycare Feasibility Study – Fall 2005" was compiled. This report can be accessed from the University's website (<http://www.uleth.ca/vpadmin/listDocs?type=10>).

The results of this study found one important difference from the 2002 review. It was found that childcare facilities within Lethbridge are currently at capacity, with wait lists, rather than having vacant childcare spaces as they did in 2002. It was also found among other universities that more of them used an external provider for daycare services rather than choosing to run the facility themselves. The recommendation of the Fall 2005 study was that a more comprehensive survey be conducted to connect previous findings with detailed financial analysis of the feasibility of a daycare operation on-campus. In particular, cost analysis of construction, site servicing and the operations of such a facility should be reviewed in greater detail. It was also important to find out if individuals would be willing to change their current childcare arrangements and switch to a university daycare and how much they would be willing to pay for such a facility. The study also recommended that a Request for Interest (RFI) be sent out to external daycare operators to determine the feasibility and interest of operating a daycare on campus.

To gauge demand for an on-campus childcare facility Senior Administration consulted with all employee groups and faculty/school councils. There was general support for a daycare operation but little discussion on how to support such an operation financially. There were some individuals and employee groups opposed to the on-campus daycare operation as well, stating that a daycare is nice to have but they would not want to take funding away from other university operations in order to support its operation. There was also concern on how many spaces would be allocated to the various employee and student groups on campus and how would this be decided. Some groups also felt that there are other more mission related priorities for the University that need to be funded ahead of a daycare operation.

Some employee and student groups indicated that they would be willing to pay a fee to support a daycare operation but the question of how much they would be willing to pay was not answered.

Fall 2006

This summary report has been prepared for the University community as a follow-up to the feasibility study conducted in the fall 2005. It will be presented to the University Budget Committee for their review and forwarded to the Board of Governors for their review and input.

Daycare Survey Results - Summary

(See Appendix A for more details)

- 1291 students and 411 staff (a total of 1702 respondents) participated.
- 43% (281) of students and staff with children said they would be willing to pay the current market rate (\$500 - \$600 per month per child) for childcare services.
- Only 38% of the respondents with children (responsible for the care of 428 children) said they currently use a daycare or day home. A 50 to 100 childcare space facility could easily be filled with this percentage of respondents.
- Respondents were asked to select the top criteria for selecting a daycare. Flexible hours and drop-in care ranked very high. Only 37% of students and staff require a full-time daycare service.
- The survey found that a facility could be filled with full-time spaces year round.
- 74% (481) of students and staff WITH children said they would be willing to contribute \$1.00-\$5.00 per semester towards the construction/operation of a childcare facility.
- 59% of students and staff WITHOUT children said they would be willing to contribute \$1.00-\$5.00 per semester towards the construction/operation of a childcare facility. This fee, though, would need to be passed by a referendum for a childcare fee by the students and any additional fees to employees would need to be negotiated with their respective employee group before such a fee could be collected.
 - If a student referendum was passed and all employee groups were in favour of a mandatory \$5.00 per semester (\$10.00 per year) fee, this would result in an annual contribution of \$100,000 towards a childcare facility.
- 85% of respondents with children said they would change their current childcare arrangements and bring their children to a university daycare facility.

With a wide range of individuals surveyed requiring a variety of services, enough people were found willing to pay the market rate for daycare and keep the facility filled to capacity with full-time spaces throughout the year. The majority of childcare facilities throughout the City only offer full-time spaces for childcare in order for the operation to be financially viable. A child that attends a daycare for 30 hours per week pays the same monthly fee as a child that attends a daycare for 40 hours. For daycares that are not-for-profit staffing costs comprise a large percentage of their budgets, and each childcare space must be charged at the same rate in order to break-even. Because a 50-100 space facility could very easily be filled with full-time children the large demand for part-time and drop-in services most likely could not be served.

A 50-100 childcare space facility would be unlikely to satisfy the students' and staff's demand for childcare spaces and there would likely be ongoing criticism by those individuals that were unable to enroll their child in full-time, part-time or drop-in services.

Request for Interest (RFI) - Summary

(See Appendix B for more details)

- A Request for Interest (RFI) was sent to 21 daycares/day homes throughout the city and posted in the Lethbridge Herald for all other interested parties.
- Only 2 responses were received, of which only one was determined to be viable for further study.
- Further contact took place with the possible daycare provider to obtain more information, including a detailed description of the required layout of the building. This building description was later used to determine the cost of construction and is discussed in the financial analysis on building construction and site servicing section (Appendix C).
- The one possible daycare provider proposed to contribute \$300,000 towards the cost of the daycare facility.

With the lack of interest shown in the responses to the RFI the University wonders why more individuals/businesses are not willing to come forward to establish more childcare facilities in the City when there is a demand for the service. When contacting daycares in the 2005 feasibility study, approximately 3-5 of them said they would be interested in bringing services to the U of L. None of those 3-5 interested daycare providers responded to the RFI.

The possible daycare provider proposed a breakeven annual operating budget of close to \$500,000 (see Appendix B). This 50 space facility is proposed using a rate of \$550 per child for preschool children and \$600 per child for infants and toddlers.

The possible daycare provider's business plan was that they had estimated the cost of construction of a 50 space facility to be approximately \$400,000. The University, more familiar with inflation and current construction costs, has always estimated the building and site servicing to be closer to \$1 million. Due to the public nature of universities and the requirement to build to commercial standards rather than residential building standards, as well as the requirement to use contractors with specific qualifications (e.g. Certificate of Recognition (COR)), most building construction costs at universities are higher than non-public building projects.

In discussing the cost of the facility with the possible daycare provider, the following comment was made in their business proposal:

“Based on my experiences running a daycare facility, I would assess that a daycare of the proposed size costing \$1-2 million is not financially feasible-unless we were to charge more than twice the going daycare rate, which would be well in excess of \$1,000 per month.”

Financial Analysis – Building Construction & Site Servicing Summary

(See Appendix C for more details)

- Several locations around campus were reviewed as possible sites for a daycare operation.
- The building includes space for a two floor facility consisting of 2250 ft²/floor (room for 50 childcare spaces), a playground area and room to expand the facility to 100 spaces in the future. The estimated construction budget for the facility is found in Appendix C.
- The total project has been costed at \$787,458. Project costs are based on construction starting in March 2007.
- Construction costs are estimated to be currently increasing at a rate of 3% per month.

The projected \$800,000 building and site servicing costs are more than double that estimated in the RFI response proposal. In order for a childcare facility to run at break-even, a monthly childcare fee of around \$1,000 would be required or the University would have to subsidize the operation.

The proposed daycare provider budget of close to \$500,000 includes the cost of utilities and all other operating expenses. This budget also included a \$45,000 per year cost for a mortgage/loan payment on a building estimated at \$400,000 for construction and site servicing. With all operating expenses and a mortgage/loan payment of \$45,000, the possible daycare provider is able to offer a competitive fee for childcare. The only source of revenue for a daycare operation is its revenue from childcare fees, and if the building cost financing is greater than \$45,000 per year, then the childcare fee would also have to increase to support the capital financing requirements. Our surveys indicate that potential users are unwilling to pay more than the current market rate of \$500-\$600 per month.

The University must decide if it has the resources to contribute partially or fully to the construction costs of a facility and how this proposed facility relates to other university capital needs and priorities.

The University regularly meets with representatives from Advanced Education and Alberta Infrastructure to discuss the capital needs and priorities of the institution, as well as the funding requirements for such projects. Over the past 10 years a majority of the funds for capital projects have been provided by the University itself through the use of reserves and the reallocation of operating and infrastructure funds. Due to the pressures on the government to fund the numerous approved capital projects at public institutions that are over budget due to the over heated construction economy, it is highly unlikely that funding will be distributed for new priority capital projects in the near future.

NEXT STEPS

1. Distribute this report to the University community.
 2. Review and discussion of this report with the University Budget Committee
 3. Review and discussion of this report with the University Board of Governors
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APPENDIX A

University of Lethbridge Daycare Survey Results Fall 2006

Prepared by Irwin Easthope
Executive Assistant to the Vice-President (Finance and Administration)

Introduction

This report has been prepared to show the findings of the survey “The need for childcare services at the U of L” that was conducted during the month of September 2006. The survey was prepared as a follow-up to the “next steps” from the “University of Lethbridge Daycare Feasibility Study – Fall 2005”.

General Highlights

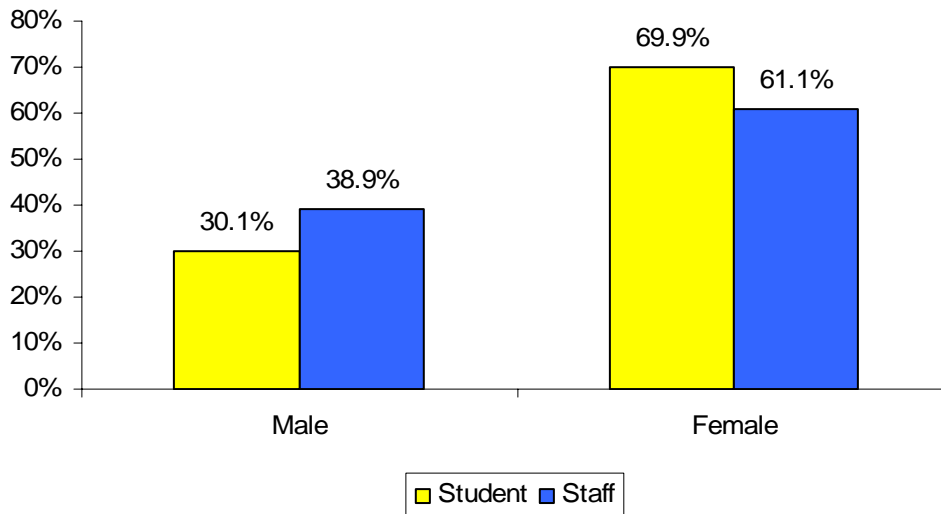
1,702 individuals participated in the survey. 76% of the respondents were University of Lethbridge students.

Table 1: Participant groups

STUDENT	AUPE	APO	other	ULFA	Total Staff	Total ALL
1291	91	66	82	172	411	1702
75.9%	5.3%	3.9%	4.8%	10.1%	24.1%	100%

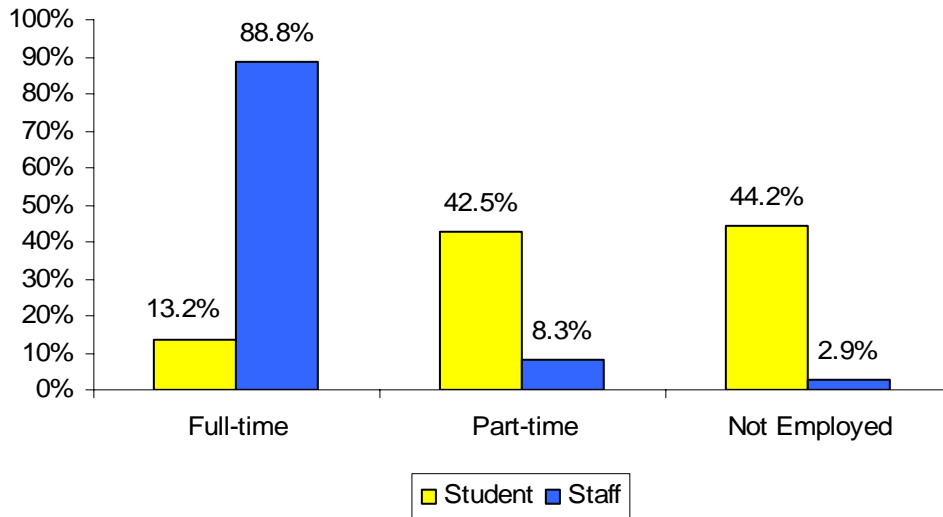
Females constituted 68% (1154) of those that responded to the survey.

Figure 1: Gender status



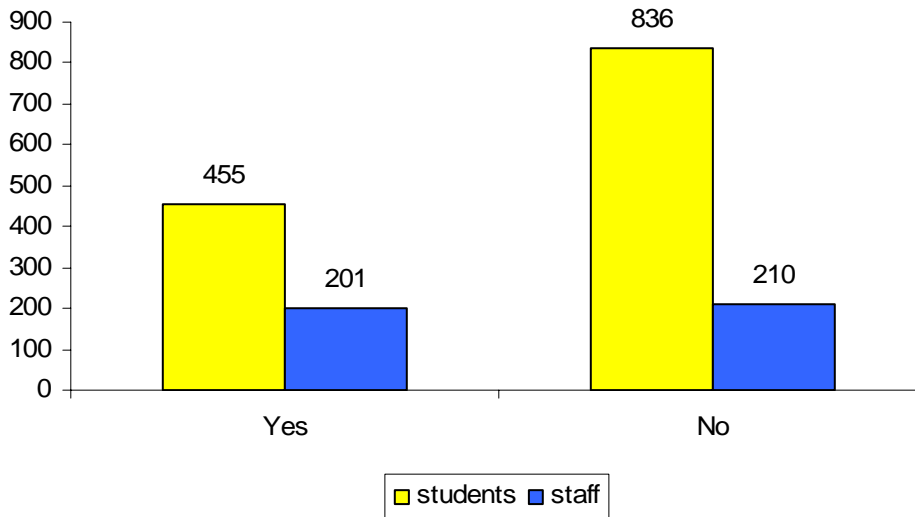
The employment status of students and staff for survey respondents is shown below.

Figure 2: Employment Status



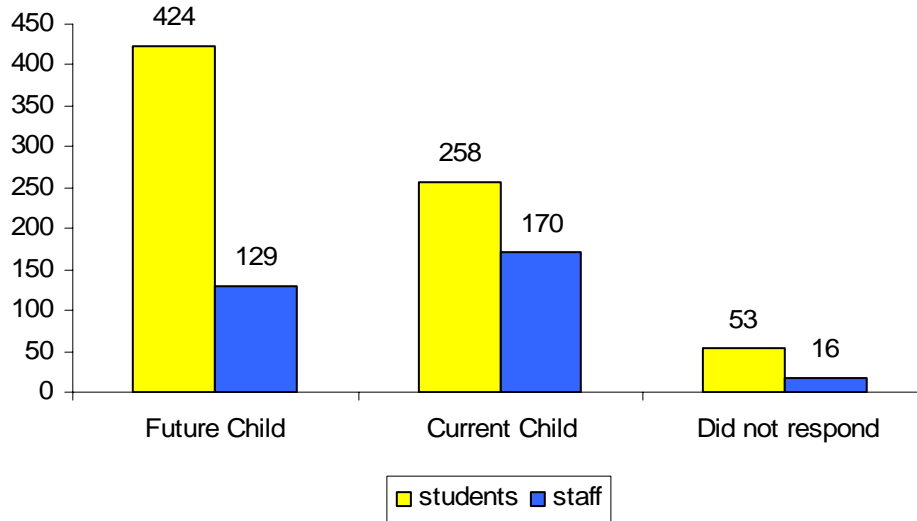
656 respondents or 39% of the respondents (455 students and 201 staff) indicated that they currently have or expect to have responsibility for children 5 years old or younger within the next 5 years.

Figure 3: Responsibility for children



The same group of 656 respondents identified their responsibility for 428 current children and indicated that an additional 553 future planned children could be added to this number within the next 5 years. Of those 656 respondents, 69 did not specify whether they had a current child or were planning a future child.

Figure 4: Number of Children



Of those with responsibility for children within the next 5 years (981 current and future planned children), 37.5% currently use or will use a daycare/day home. The difference between the 981 current and future planned children and the 1064 shown below is the result of some children requiring more than one of the services described below.

Table 2: Current Child Care Arrangements

Respondents with Child	Total ALL	
01 - Spouse/partner	375	} 62.5%
02 - Older Child	30	
03 - Baby-sitter	39	
04 - Relative in your home	97	
05 - Relative in their home	77	
06 - Nanny Care	30	
07 - Daycare (Infant)	116	} 37.5%
08 - Daycare (Toddler)	71	
09 - Daycare (Special)	3	
10 - Daycare (Preschool)	59	
11 - Daycare (Kinder)	24	
12 - Daycare (After sch.)	29	
13 - Daycare (Drop-in)	14	
14 - Dayhome (licensed)	60	
15 - Dayhome (unlicen.)	23	
16 - Other	17	
Total	1064	

Shown in table 3 are the top 5 criteria results for selecting a daycare, with column 1 being the total number of responses chosen first, column 2 being the total responses chosen second, and so on. The shaded number in each column shows the highest number of selections for that ranking. The quality of service and curriculum and programs were ranked number one and two. Two things of interest from table 3 are that flexible hours and drop-in care were ranked within the top five criteria. With the majority of daycares in the City not offering either of these two services, even at the Lethbridge College (which is the most comparable institution to the U of L in the City), it is interesting to see that these criteria rank so high within the university community. Flexible hours are not typically offered because of staffing costs and drop-in care is also not usually available because daycare spaces are filled to capacity with full-time children.

Table 3: Criteria for selecting a daycare

	1	2	3	4	5
Cost	163	90	90	55	84
Convenient location	142	117	111	69	64
Flexible hours	90	74	94	71	74
Drop-in care	64	55	67	60	86
Quality of service	467	60	20	23	8
Curriculum and programs	99	133	88	55	59
Low staff to child ratios	119	129	107	65	65
Staff training and retention	148	123	96	66	56
Space availability/wait list	82	80	72	56	63
Security of facility	206	89	71	43	43
Meal program	75	79	83	56	78
Infant age care	144	89	54	46	49
Kindergarten program	57	65	49	57	61
Total	1856	1183	1002	722	790

Figure 5 indicates that the highest number of survey respondents stated that the maximum threshold they would be willing to pay was less than \$500 per child. With individuals being reminded during the survey that a fully subsidized parent would currently receive \$500 a month from the government for childcare it is a little surprising that this maximum exists for the largest group of individuals. The findings of our previous feasibility study indicated that for a daycare within the City of Lethbridge, a fully subsidized child was charged around \$550 and a non-subsidized child was charged around \$525. Very few daycares, if any, charge less than \$500 a month for childcare.

Figure 5: Maximum thresholds for daycare services

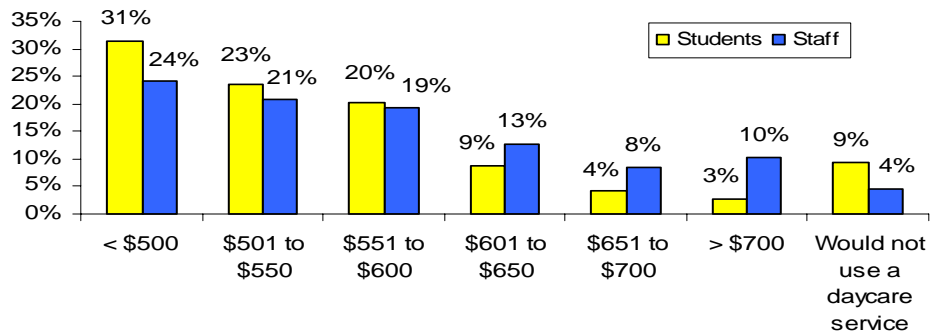


Figure 6 indicates that 245 individuals or 30% of the students and 55% of the staff (the last two columns) would require full time equivalent child care services. These results indicate that there is a larger demand for drop-in or part-time care than the demand for full-time daycare space for students and a significant number of staff. Of all the daycares that were surveyed in our previous feasibility study, full-time care makes up the majority of offered child care spaces, if not all of the daycare spaces, in most of the daycares. When looking at the number of individuals with children in this survey, a 50 to 100 space facility on campus could be completely filled with full time spaces. At most daycare operations, a child that attends a daycare facility for 20 hours a week pays the same amount as a child that attends a daycare facility for 40 hours a week. The only exceptions are those daycares that offer a drop-in service and charge an hourly rate. Drop-in services are not typically offered by daycares because of staffing arrangements and increased costs.

Figure 6: Use of a daycare facility

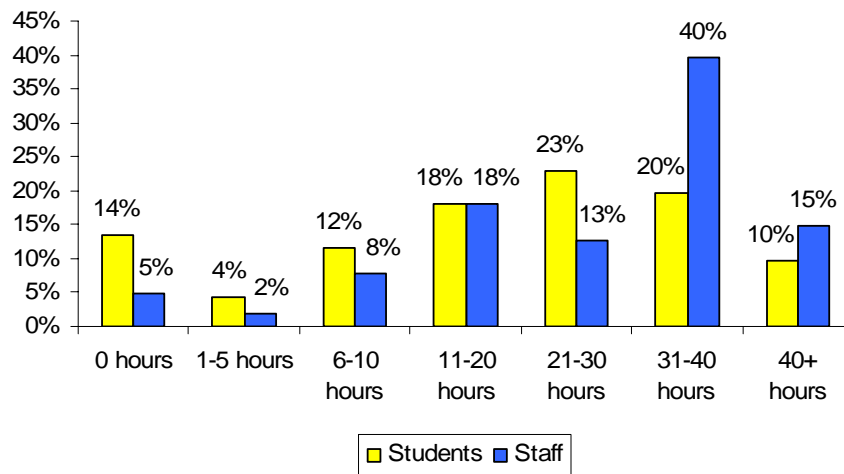
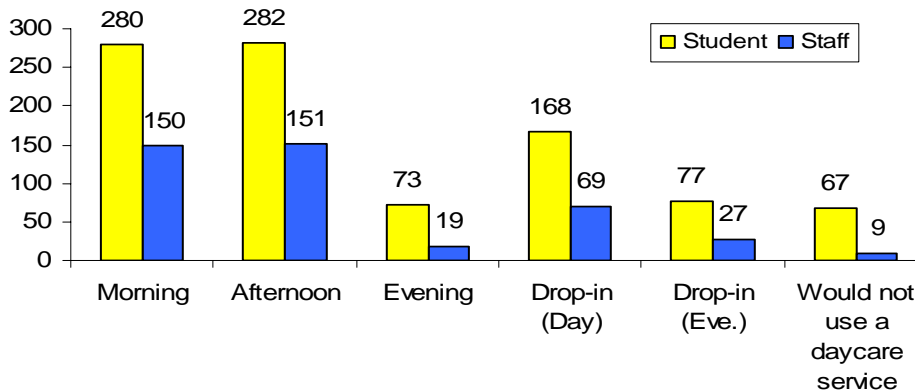


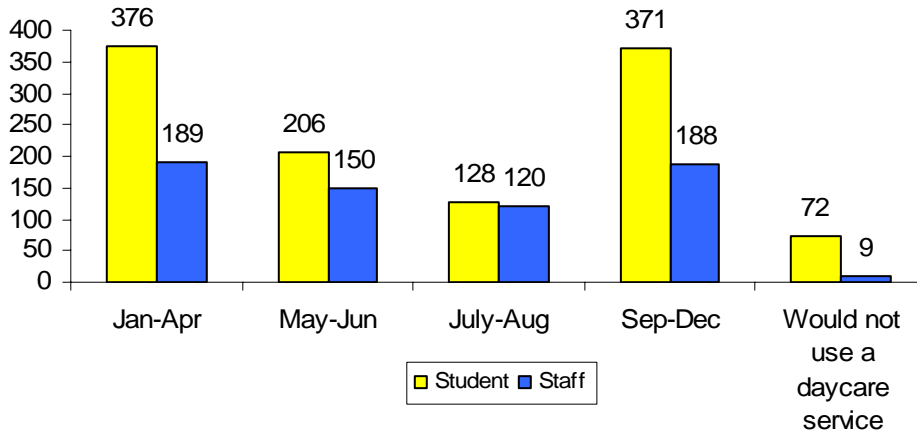
Figure 7 indicates that the majority of services needed are during morning and afternoon hours, the same demand as in other currently operating daycares. However, there is also a large demand for services in the evening and the need for drop-in from 8:00am to 9:00 pm daily.

Figure 7: Time of services needed during the day



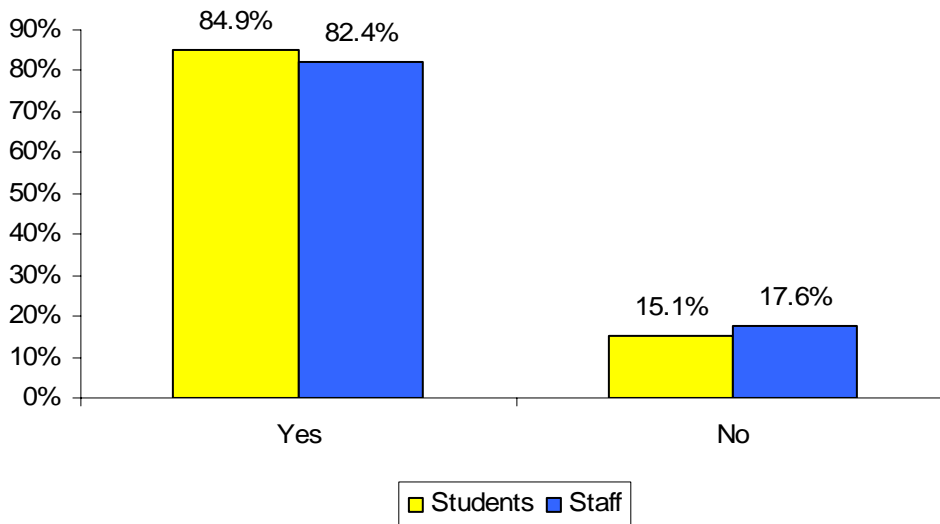
As expected, greatest potential demand for facility use was identified within fall and spring semesters. In observing the Lethbridge College daycare, the demand for childcare during May and June has always been less than capacity, and during July and August the facility is closed through lack of demand. However, Figure 8 indicates there would appear to be sufficient demand during the summer semester (summer sessions 1, 2 and 3) to ensure a full facility.

Figure 8: Facility use during the year



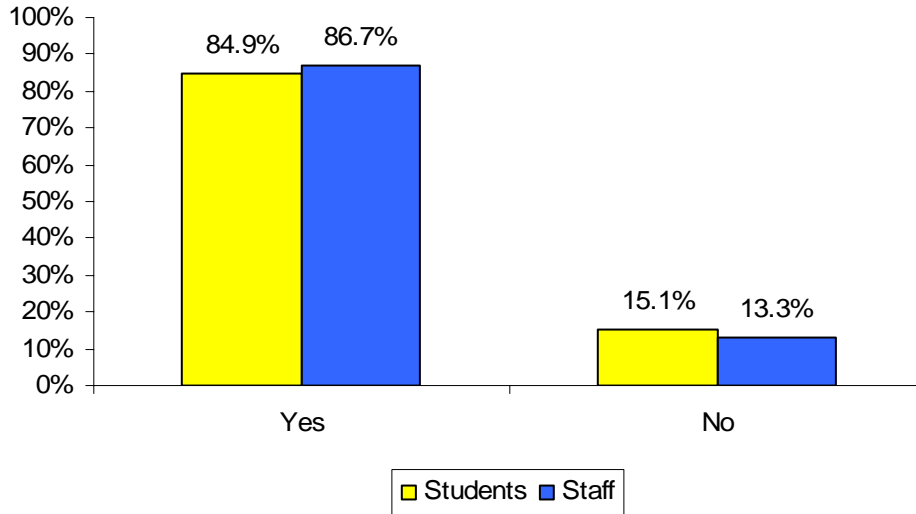
As an added bonus to a childcare facility on our campus, many parents said that they would enroll their child in summer programs like sport/activity camps and kindermusik.

Figure 9: Enrolment in University summer programs



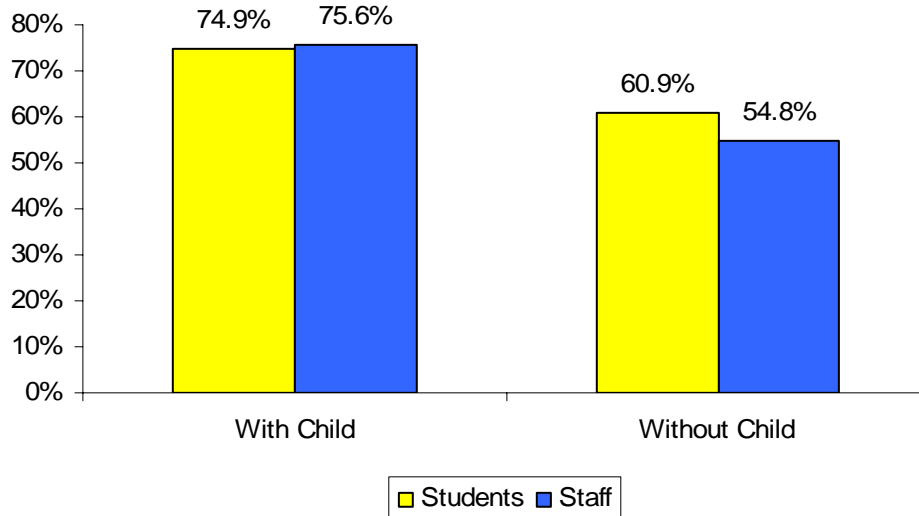
Of those respondents with children, 85% said they would change their current childcare arrangements and bring their children to a university daycare.

Figure 10: Would you attend a U of L Daycare?



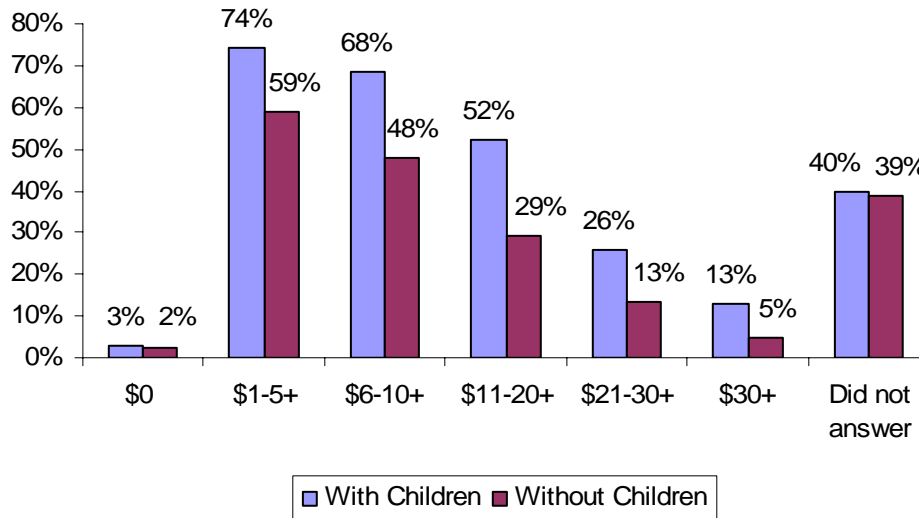
On a very positive note, many students and staff said that they would be willing to support the construction/operation of a University childcare facility by paying a student/employee support fee for daycare. This fee, though, would need to be passed by a referendum for a childcare fee by the students and any additional fees to employees would need to be negotiated with the respective employee group.

Figure 11: Support fee for a childcare facility



A very high percentage of individuals with and without children were willing to contribute between \$1 and \$10 per semester towards the operation of a daycare facility.

Figure 12: Cumulative percent distribution of a student/employee support fee



Conclusion

The survey indicates demand for a childcare facility. Although not everyone requires full-time services, the number of full-time children within the 428 daycare aged children of the respondents could easily fill to capacity a 50 to 100 childcare space facility. It would also appear that there is enough demand during summer semesters 1, 2 and 3 to maintain capacity throughout the year. 85% of all individuals said they would change their current childcare arrangements and transfer their children to a university daycare if one existed.

Although the University was already aware of the demand for a daycare facility on our campus, based on the results of the previous survey done in 2005, University administration needed more information on the specific demands for the daycare services. In particular, what are the top childcare service needs of parents and what is their maximum price threshold. The respondents to this survey have shown that the university community is looking for a high quality daycare with excellent curriculum and programs. A good percentage of respondents are willing to pay market rate (\$500 to \$600) for such a facility. The results also indicate that a large percentage of students and staff are willing to contribute to the construction and ongoing operation of such a facility.

APPENDIX B

Summary of the Request for Interest (RFI)

A Request for Interest (RFI) was sent to 21 daycares/day homes throughout the city and posted in the Lethbridge Herald for all other interested parties. The feedback from the RFI returned a total of 2 responses. One response came from a party that currently does not operate a childcare but did at one time. Both responses were short and briefly described their programs and what they could offer. Only one response to the RFI was considered a serious and viable proposal and more information was sought from this respondent.

The programs described in the operator's business proposal were felt to be of good quality and were based on considerable expertise accrued from operating a childcare facility. The plan proposed a breakeven annual operating budget of close to \$500,000. It was proposed that the 50 space facility described in the business plan would require parents to pay the current market rate of \$550 per child for preschool children and \$600 per child for infants and toddlers.

Some discrepancy exists between the construction costs proposed by the University and those proposed by the potential operator. The daycare operator estimated that construction would cost around \$400,000 whilst the University estimated the cost of construction and site servicing to be closer to \$800,000, when built to commercial building code standards. The daycare operator provided a floor plan of their current facility so as to aid the University in conducting an analysis of the financial cost to build and operate a similar facility on campus. From the daycare operator's business proposal it states,

“Based on my experiences running a daycare facility, I would assess that a daycare of the proposed size costing \$1-2 million is not financially feasible-unless we were to charge more than twice the going daycare rate, which would be well in excess of \$1000 per month.”

The estimated cost of construction and site servicing of a childcare facility is discussed in Appendix C. If a building was to cost \$800,000, the University would have to agree with the daycare operator that a higher daycare fee of close to \$1,000 would not be a viable rate to charge parents.

2006-2007 Proposed School Operating Budget and Supporting Schedules For the year Ending August 31, 2007

Revenues		Expenditures	
Description	Aug 31, 2007 Budget	Description	Aug 31, 2007 Budget
Alberta Government Funding for 20 part time kindergarten children (10 am & 10 pm children):		INSTRUCTION:	
Basic fees for Kindergarten children	66,144	Certificated Salary&Wages	43,000
Program Unit Funding (PUF) (6 Special Needs (SN) children):	93,796	Certificated Benefits	6,150
Mild/Moderately Disabled (6 Early Entrance (EE) children)	13,162	PUF Uncertificated Salary&Wages	50,727
Plant Operation & Maintenance	5,636	PUF Uncertificated Benefits	7,609
System Administration	10,785	PUF Services Purchased (SN children)	29,060
Government Wage enhancement (6 Teachers)	28,160	PUF Supplies & Materials (SN children)	2,800
Government Professional Development Funding (6 Teachers)	8,000	PUF Teacher/Parents-In-Service	3,600
Alta Initiative for School Improvement (AISi)	1,250.00	Services Purchased (EE children)	10,182
Student Health Initiative Program (SHIP)	1,500.00	Supplies & Materials (EE children)	3,000
High Speed Networking	2,518.00	Preschool Teachers Salary & Wages	162,380
Sub-Total	231,972	Preschool Teachers Benefits	12,179
Preschool & Infant children:		Professional Development & Parents/Teacher-In-Service	8,000
Preschool children fees (30 @ \$550/child)	165,000	Alta Initiative for School Improvement (AISi)	1,250
Infant & toddler children (10 @ \$600/child)	60,000	Student Health Initiative Program (SHIP)	1,500
Sub-Total	225,000	High Speed Networking	2,518
Other:		Food Services Program	15,180
Kindergarten Tuition fees (20 children x \$40 x 10 months)	8,000	Administration	10,785
Membership fees [Parents of 60 children x \$10]	600	Advertising & Promotion	2,432
Fund Raising	2,500	Telephone, Internet, & Utilities	12,600
Sub-Total	11,100	Repair & Maintenance	6,075
GRAND TOTAL:	\$468,072	Educational & Office supplies	6,614
		General Supplies	3,800
		Insurance	8,512
		Operating interest & Bank Charges	645
		Mortgage	44,496
		Licenses & Taxes	8,451
		Professional fee	4,500
		Total	468,045
		Surplus (Deficit) For the Year	27
		GRAND TOTAL:	468,072

NOTE:

- The proposed budget is based on 50 full time children enrolled in our regular program, i.e., 7:45 am to 5:15 pm as follows:
 - 30 Preschool children (2.5-5 years old)
 - 10 infant and Toddler children (0-2.5 years old)
 - 20 kindergarten children (10 in the morning and 10 in the afternoon)
- An after school program will be available if there is a need
- The mortgage (\$44,496) was calculated for a \$400,000 loan based on 7.5% interest rate and 15 years amortization for the construction of a building similar to the existing . The cost of the land and servicing it are not included in this budget. It is assumed that by some future arrangement the UOL will be able to defray this costs.
- The size of this building will permit the capacity to be increased up to 80 children to allow for future expansion.

APPENDIX C

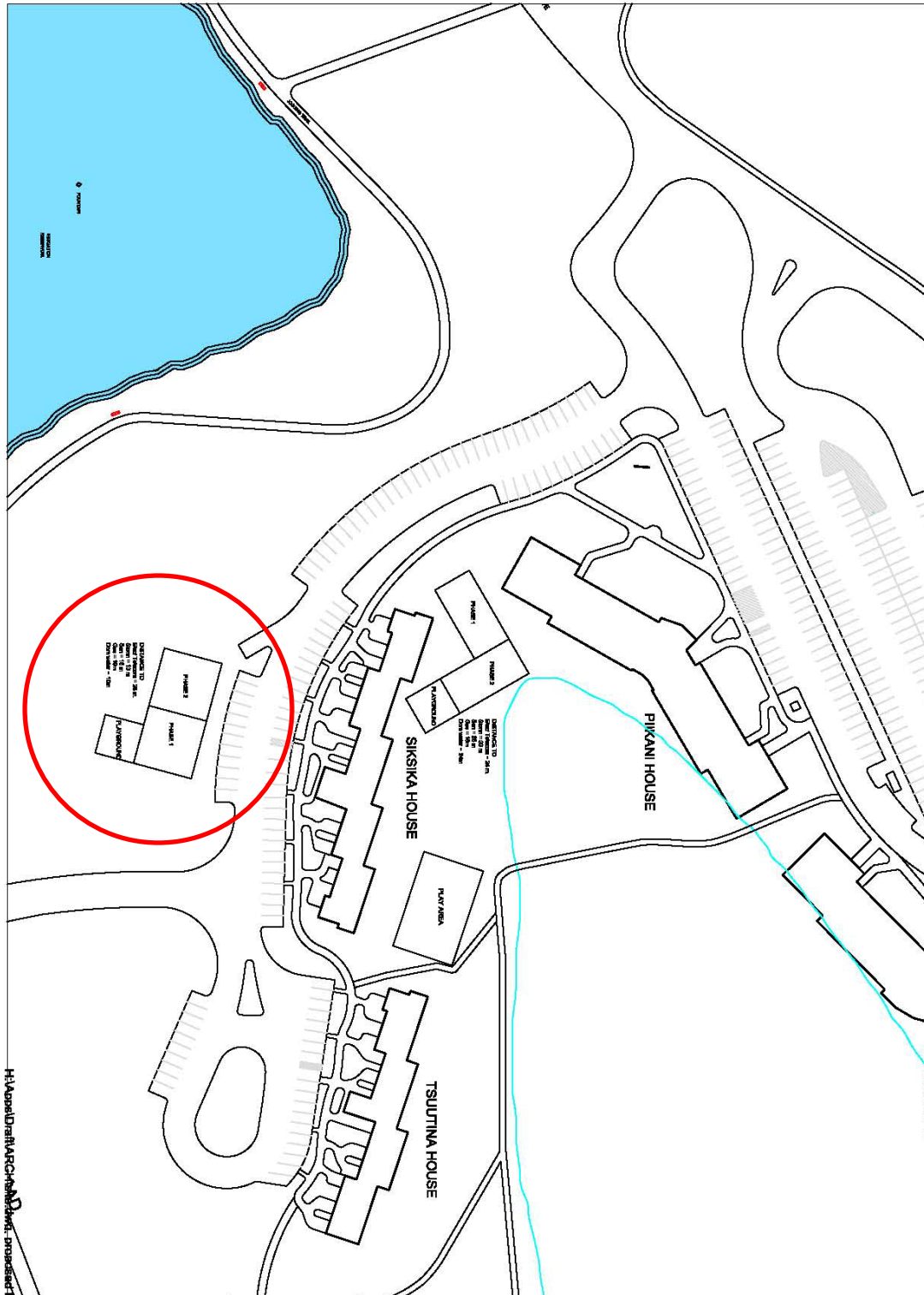
Financial Analysis on Building Construction and Site Servicing

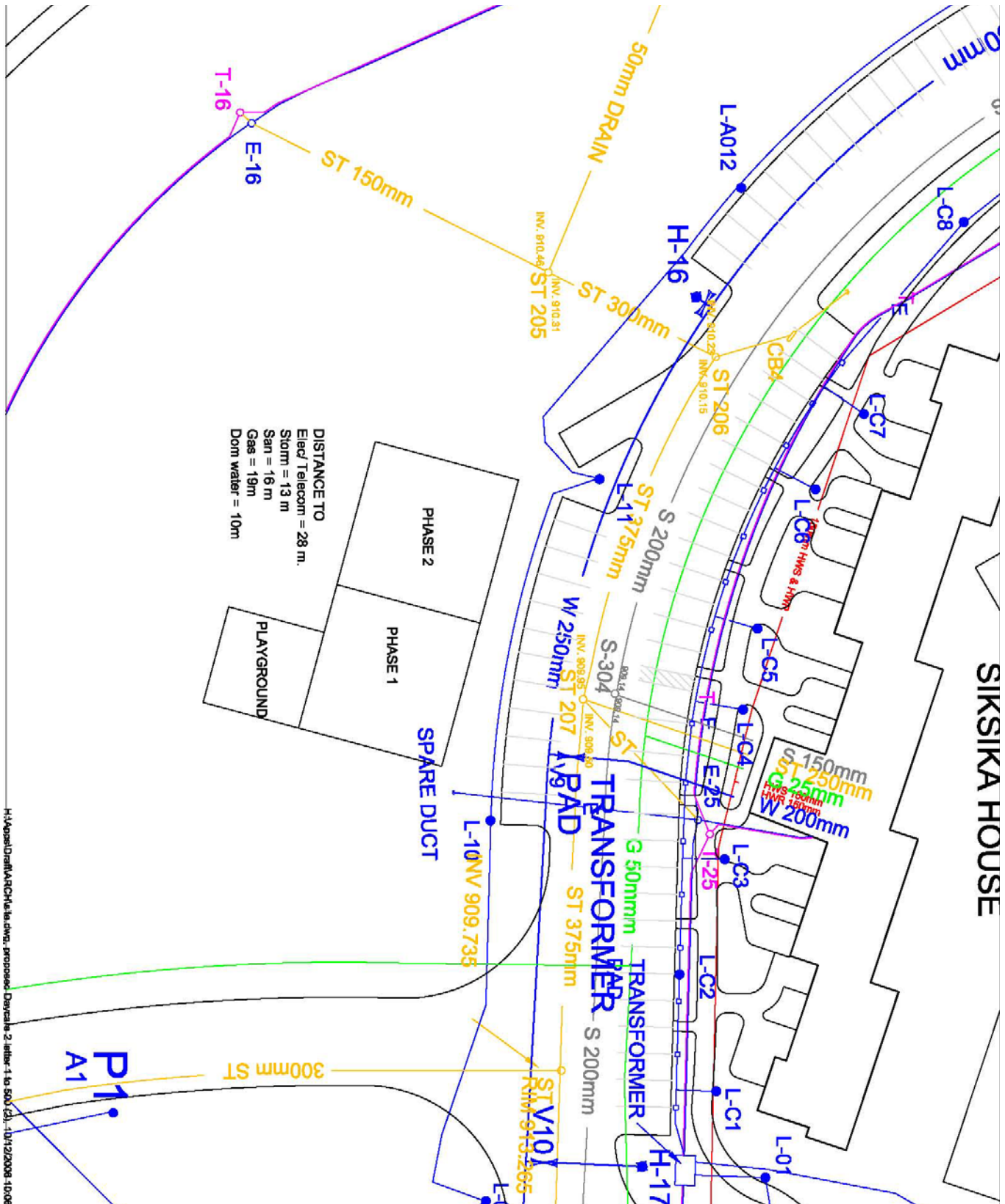
Upon consultation with the University's Physical Plant department it was determined that the best fit for a childcare facility on campus would be close to existing residences. This site would allow a drop off area for children near the building and provide easy access to the Lethbridge City Transit system. The proposed facility would be a two floor facility consisting of 2250 ft²/floor (room for 50 childcare spaces), a playground area and room to expand the facility to 100 spaces in the future. The estimated construction project budget for the facility is also included.

The total project cost for the facility is estimated at \$800,000. The University has been told that construction costs are increasing at a rate of 3% monthly. These costs are estimated with a March 2007 start date. (See the Gantt schedule chart). Any approval beyond this date would result in the total project cost being higher than this estimate due to construction inflation costs and a completion date after September 2007.

Physical Plant calculated the utility costs at U of L rates for the daycare facility to be \$6,300 per year for two levels. Telephone costs are \$34.00 per phone per month and data outlets \$16.30 per month (2006 rates). Allowing for five of each would be another \$3,000 per year. This would bring the entire utility costs to around \$9,300 per year. \$9,300 per year for utilities is slightly cheaper than what the possible daycare operator had budgeted for. The daycare operator budget of \$500,000 included the cost of utilities and all other operating expenses. This budget also included \$45,000 per year for the financing of a mortgage/loan payment on a building cost estimate of \$400,000 for construction and site servicing. The operating budget proposed using a market rate of \$550-\$600 per month childcare fee. The operating budget of the proposed daycare had childcare fees as the only source of revenue. However, if the actual cost of a building was at the \$800,000 level estimated by the University, more than double that of their estimate, then in order to break even the childcare fees would need to increase significantly. The required increase would most likely exceed the maximum price point of most parents.

The possible daycare operator proposed to contribute \$300,000 towards the cost of the facility. The only way that daycare operator could maintain their operating budget and offer a competitive fee would be if the University was to finance the cost of construction in excess of that provided by the daycare operator.





The University of Lethbridge
Proposed Daycare Facility (2250 ft²/flr. or 209 m²/flr.)
 Proforma Budget (includes GST)

Planning and Design - Design Build		
Fees	35,000	4.4%
Project Manager		
Fees	0	0.0%
Other Consultants		
Geo-technical	3,500	
	3,500	0.4%
Total Planning and Design	38,500	4.9%
Construction		
Building Construction	451,000	57.3%
Fire Protection	27,500	3.5%
Site Utilities and Development	47,600	6.0%
Contingency @ 15%	74,790	9.5%
Total construction	600,890	76.3%
Other		
Commissioning	3,000	
Landscape and Sidewalks	16,500	
Furnishings	50,000	
Elevator / Chairlift - Disabled Access	27,500	
Parking area	8,800	
Playground	8,250	
University support	3,000	
Travel and meetings	1,000	
Construction Insurance	6,000	
Supplies and materials	1,000	
Building permit	3,705	
Contingency @ 15%	19,313	
Total Other	148,068	18.8%
Total Project Cost	787,458	100.0%
Construction Cost per m ²	\$ 1,438	
Total cost per m ²	\$ 1,884	

ASSUMPTIONS:

- 1 project approval December 2006
- 2 construction start date March 2007
- 3 project construction midpoint June 2007
- 4 Project completion date August 2007
- 5 Escalation of 10% applied from October 2006 to March 2007

Company	University of Lethbridge
Current Date	10/11/2006
Title	Project Schedule.mpp
Project Start	10/10/2006 8:00:00 AM
Project Finish	8/31/2007 5:00:00 PM

ID	Task Name	Duration	Start	Finish	November 1		January 1		March 1		May 1		July 1		September	
					10/8	11/5	12/3	12/31	1/28	2/25	3/25	4/22	5/20	6/17	7/15	8/12
1	Board Approval	14 days	Mon 12/4/06	Thu 12/21/06												
2	Design Build RFP Submissions	28 days	Tue 1/2/07	Thu 2/8/07												
3	Consultant Selection	7 days	Fri 2/9/07	Mon 2/19/07												
4	Building Design	28 days	Tue 2/20/07	Thu 3/29/07												
5	Building Construction	105 days	Mon 3/19/07	Fri 8/10/07												
6	Move-in	14 days	Mon 8/13/07	Thu 8/30/07												
7	Occupancy	1 day	Fri 8/31/07	Fri 8/31/07												