
DATE: October 26, 2009

REPORT TITLE: **DOCUMENT 2007-534Q**
LEARN.PLAY.CARE FOOD SERVICES CONTRACT AMENDMENT

FROM: Janet Menard, Commissioner of Human Services

RECOMMENDATION

That the contract (Document 2007-534Q) between the Region of Peel and the Palmer Group Distributors Ltd., for the provision of Food Services to the Learn.Play.Care. Child Care Centres be increased by \$50,000 (exclusive of applicable taxes) for each of the two optional periods for a new total annual contract value of \$550,000 (exclusive of applicable taxes), in accordance with the Purchasing By-law 63-2008;

And further, that authority be given to increase the Palmer Group Distributor Ltd. contract by \$100,000 (exclusive of applicable taxes) to accommodate recession-related food costs over 2009 and 2010.

REPORT HIGHLIGHTS

- There are currently twelve Regionally operated Learn.Play.Care (LPC) Child Care Centres.
- The Palmer Group Distributors Ltd. was awarded the food purchase contract for two years with an annual value of \$500,000 (exclusive of applicable taxes).
- Total food purchases are expected to exceed \$500,000 due to food commodity price increases and to additional demand generated by the economic downturn. As such an increase of \$50,000 (exclusive of applicable taxes) is required for each of the two optional periods for a new annual commitment of \$550,000 (exclusive of applicable taxes) for each period.
- Council Resolution 2009-644 has approved additional nutritional snacks being extended to families during morning drop-off and evening pick-up times in the estimated amount of \$100,000 (exclusive of applicable taxes) over 2009 and 2010.

DISCUSSION

1. Background

There are currently twelve Regionally operated Learn.Play.Care (LPC) Child Care Centres. The Children's Services Division is responsible for the provision of meals and snacks for the children including breakfast, morning snack, lunch, afternoon snack, and for the evening program dinner. Currently, the provision of food from The Palmer Group is for two years from November 19, 2008 to November 19, 2010, in the amount of \$500,000 per year (exclusive of applicable taxes).

October 26, 2009

DOCUMENT 2007-534Q

LEARN.PLAY.CARE FOOD SERVICES CONTRACT AMENDMENT

2. Actual Food Expenditures

The total food expenditure for the first year of the contract is expected to exceed \$500,000, due to the following factors:

(a) Increase in Food Commodity Prices

Over the past few years, Canadians and Ontarians in particular, have been impacted by soaring costs in the price of food. A comparison of prices tracked by Statistic Canada shows that from September 2008 to September 2009, food prices across Canada have risen by almost 3 per cent over the last 12 months, continuing that steady upward trend. Statistics Canada reports that in Ontario the 2009 prices of vegetables and meat increased by an additional 4.1 per cent and 4.7 per cent respectively.

The Palmer Group who supplies food to the LPC Child Care Centres reports that food prices have soared unpredictably from September 2008 to September 2009, for example, a case of apple juice increased from \$11 to \$22, while a case of fish has jumped from \$25 per case to \$36 per case.

(b) Increased Demand due to Economic Downturn

In May 2008, as part of the economic downturn status report, staff reported that working families have been greatly impacted by the rise in food costs, with lower income families hardest hit because of the current economic downturn. Lower income families are least able to afford price increases. It was clear that high food costs coupled with low income negatively impacts a family's ability to access sufficient nutritious food. In an effort to address this pressing issue, staff proposed that the LPC Child Care Centres' food purchasing budget be enhanced to support these families in need. The expansion of the food budget provides healthy snacks not only to the children in our Centres, but to their parents as well. This initiative supports the growing food insecurity amongst our most vulnerable clients.

Council resolution #2009-644 approved the additional \$100,000 funding request over 2009 and 2010, funded from internal working fund reserves.

3. Proposed Direction

The current food purchase contract with the Palmer Group Distributors Ltd. requires an increase, as the total purchases for the first year will exceed \$500,000. Staff is recommending that the annual contract value be increased by \$50,000 annually (exclusive of applicable taxes), for the duration of the contract term. In addition, Council Resolution #2009-644 approved the provision of additional snacks to families during morning drop off and evening pick up times at the LPC Child Care Centres at a cost of \$100,000 (exclusive of applicable taxes) to the end of 2010.

October 26, 2009

DOCUMENT 2007-534Q

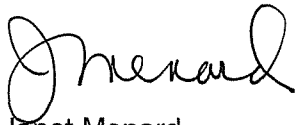
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FINANCIAL IMPLICATIONS

The additional \$50,000 per year will be funded from the approved 2009/2010 operating budgets. The operating budget impact for the second year of the contract will be brought forward as part of the 2010 budget process. The additional \$100,000 cost will be funded by withdrawal from Reserves (Council Resolution 2009-644) and from within the current approved divisional budget.

CONCLUSION

The Palmer Group Distributors Ltd. is a responsive and responsible vendor and staff are recommending these adjustments to address commodity price increases and an increase during the recession for the provision of healthy snacks to families during morning drop off and evening pick up times.



Janet Menard
Commissioner of Human Services

Approved for Submission:




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