

APPROVED
JUN 06 2018

BOARD REPORT

**BOARD OF RECREATION
AND PARK COMMISSIONERS**

NO. 18-102

DATE: June 06, 2016

C.D. 14

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: JOY PICUS CHILD CARE CENTER – SECOND AMENDMENT TO CONTRACT NO. 3538 TO INCREASE THE ALLOWABLE MAXIMUM PERCENTAGE FOR YEARLY TUITION RATE AND FEE INCREASES; TUITION FEE SCHEDULE FOR FISCAL YEAR 2018-19

AP Diaz	_____	V. Israel	_____
R. Barajas	_____	S. Piña-Cortez	_____
H. Fujita	_____	*N. Williams	<u>now</u>



General Manager

Approved X

Disapproved _____

Withdrawn _____

RECOMMENDATIONS

1. Approve the proposed Second Amendment to Contract No. 3538 with Mount Washington Preschool and Childcare Centers, Inc. (MWPCC), attached to this Report as Attachment 1, to increase the allowable maximum percentage for requested annual tuition and fee increases under Section 6.10, from three and a half percent (3.5%) to four percent (4%), for the Joy Picus Childcare Center located within City Hall South;
2. Approve the proposed Joy Picus Childcare Center monthly tuition and fees page for Fiscal Year 2018–19, as attached hereto as Attachment 2, with such rates and fees to be effective July 1, 2018;
3. Direct the Board of Recreation and Park Commissioners' (Board) Secretary to transmit the Second Amendment to Contract No. 3538 to the City Council and the Mayor for approval, and concurrently to the City Attorney for review and approval as to form; and,
4. Authorize the Board President and Secretary to execute the Second Amendment to Contract No. 3538 upon receipt of to all necessary approvals.

SUMMARY

Mount Washington Preschool and Childcare Centers, Inc. (MWPCC) has successfully operated the Joy Picus Child Care Center (Center) since July 1, 2009; located within City Hall South at 111 East First Street, Los Angeles 90012. The Center primarily serves the children of City employees, but also provides recreational child development services to the general public contingent upon available space. Although City Hall South is not on dedicated park property, the Department of Recreation and Parks (RAP) oversees the operation of the Center pursuant to prior Board and City Council approval(s). Contract No. 3538 (Contract) was awarded to

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MWPCC in March of 2015, and was executed on January 6, 2016, with a term of five (5) years, commencing July 1, 2015 and expiring June 30, 2020. However, the Contract also contains an option to extend the term for an additional five (5) years, at the sole discretion of the RAP's General Manager. Through its approval of the Contract in 2015, the Board also approved a tuition increase of three and a half percent (3.5%) (effective July 1, 2015) from the prior tuition rate that had been in place from July 1, 2012 through June 30, 2015.

Pursuant to Section 6.10 of the Contract, MWPCC may submit an annual request to RAP for authorization to increase the tuition and fees for the upcoming fiscal year. The written request must include substantiation for the requested increase and pursuant to the current provision, the proposed increase cannot exceed a maximum of three and a half percent (3.5%) per year. All proposed tuition and fee increases are subject to approval by the Board. Recently, the Board approved subsequent three and a half percent (3.5%) increases for Fiscal Year 2016-17 on July 13, 2016 (Report No. 16-149 - effective August 1, 2016), and for Fiscal Year 2017-18 on May 17, 2017 (Report No. 17-118 – effective July 1, 2017).

Pursuant to the correspondence received from MWPCC requesting the above increases, the rationale for sequential annual tuition increases is so MWPCC can be able to comply with the City's mandate to increase the employee minimum wage to Fifteen Dollars (\$15.00) per hour by 2020, as well as to retain quality staff. The Center conducted a survey among its staff to identify what could be done to improve the staff work environment at the Center, and the top two (2) items mentioned by Center staff were higher wages and better benefits.

As has been done previously, MWPCC submitted a written request to RAP dated March 13, 2018, for the Board's consideration in approving a tuition and fee increase for Fiscal Year 2018-19, attached hereto as Attachment 3. However, the 2018-19 request is for a proposed four percent (4%) increase, which exceeds the allowable maximum three and a half percent (3.5%) tuition and fee increase as stipulated in Section 6.10 of the Contract. As indicated by Attachment 3, the four percent (4%) tuition and fee increase request will allow MWPCC to increase staff wages and provide an increased health insurance subsidy from sixty percent (60%) to seventy-five percent (75%) which will essentially increase staff's net wages ("take-home pay").

Attachment 3 states that the four percent (4%) requested increase is well-supported by the Joy Picus Parent Advisory Committee, the Offices of Council Districts 4 and 13, and the majority of Joy Picus parents. There are seventy-eight (78) families enrolled at the Center (eighty-six [86] children including siblings). MWPCC submitted copies of sixty-six (66) signatures in support of the four percent (4%) increase, representing a parent rate of approval/support of eighty-five percent (85%). With the Board's approval of the proposed Second Amendment and four percent (4%) tuition and fee increase for Fiscal Year 2018-19 (effective July 1, 2018), MWPCC will also be authorized to submit a request for a subsequent tuition and fee increase of four percent (4%) for Fiscal Year 2019-20 (effective July 1, 2019).

Based on MWPCC's written request outlining the reasons for the requested four percent (4%) tuition and fee increase and level of demonstrated parent support, Staff recommends that the

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Board approve the proposed Second Amendment and attached 2018-19 Tuition and Fee Schedule.

FISCAL IMPACT STATEMENT

Approving the tuition and fee increases has no fiscal impact on the RAP General Fund.

This report was prepared by Joel Alvarez, Senior Management Analyst II, Partnership Division.

LIST OF ATTACHMENTS

- 1) Proposed Second Amendment to Contract No. 3538
- 2) Joy Picus Child Development Center Proposed 2018-19 Monthly Tuition and Fee Rates
- 3) Mount Washington Preschool and Childcare Centers, Inc. Tuition Increase Request Letter

SECOND AMENDMENT TO CONTRACT NO. 3538
BETWEEN
THE CITY OF LOS ANGELES
AND
MOUNT WASHINGTON PRESCHOOL AND CHILDCARE CENTER, INC.
FOR THE
OPERATION OF THE JOY PICUS CHILDCARE CENTER

THIS SECOND AMENDMENT TO CONTRACT NO. 3538 ("AMENDMENT") is made this _____, 20____, by and between the City of Los Angeles ("CITY"), a municipal corporation acting by and through its Board of Recreation and Park Commissioners ("BOARD"), and Mount Washington Preschool and Childcare Center, Inc., a California non-profit corporation ("CONTRACTOR"). CITY and CONTRACTOR may be referred to herein individually as "PARTY" or collectively as "PARTIES".

WHEREAS, on March 19, 2015, the BOARD approved Contract No. 3538 between the CITY and CONTRACTOR, authorizing CONTRACTOR to operate the Joy Picus Childcare Center, a licensed childcare facility located on the ground floor of City Hall South, for an initial five-year term (Report No. 15-053), and which Contract No. 3538 was subsequently executed on January 6, 2016, and is due to expire on June 30, 2020; and,

WHEREAS, Contract No. 3538 currently allows CONTRACTOR to submit, on an annual basis, a written request to the Department of Recreation and Parks ("RAP") for authorization to increase the current tuition rate and schedule of fees, subject to approval by the BOARD, with the rate of increase not to exceed a maximum three and a half percent (3.5%) per year; and,

WHEREAS, CONTRACTOR has requested that CITY approve CONTRACTOR'S request to increase by four percent (4.0%) the tuition rates and schedule of fees for Fiscal Year 2018-19 (the "Increase") and the BOARD has approved such Increase (Board Report #####); and,

WHEREAS, the BOARD has approved an amendment to Contract No. 3538 which would allow for the Increase under Contract No. 3538 by increasing the allowable maximum yearly tuition rate increases to four percent (4.0%) from three and a half percent (3.5%) for the Joy Picus Childcare Center under Contract No. 3538 (Board Report #####).

NOW THEREFORE, in consideration of the foregoing, and the terms and conditions contained herein, and the performance thereof, PARTIES hereby agree to amend Contract No. 3538 as follows:

Section 6.10 – Tuition and Fees

Section 6.10 (c) is hereby amended in its entirety and shall now read:

The tuition rate and schedule of fees may not be increased by more than a maximum four percent (**4.0%**) per year, subject to the written approval by the BOARD.

With the exception of the First Amendment and Section 6.10 (c) as amended herein, Contract No. 3538 shall remain unchanged and in full force and effect. Should any provision of Contract No. 3538 conflict with this Second Amendment, the terms and conditions of this Second Amendment shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this SECOND AMENDMENT TO CONTRACT NO. 3538, as of the day and year first written above.

CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS

MOUNT WASHINGTON PRESCHOOL AND CHILDCARE CENTER, INC., a California non-profit organization

By: _____
President

By: _____

By: _____
Secretary

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: _____
Deputy City Attorney

Date: _____

JOY PICUS CHILD DEVELOPMENT CENTER**2018 - 2019 Monthly Tuition Rates****Effective: July 1, 2018****Waiting List Fee:** To be paid at the time application is turned in (non-refundable): \$ 80.00**Enrollment Fee:** To be paid at the time of enrollment: \$ 138.00

	City Rate	Community Rate
Infants - Ratio 3:1		
5 days per week	\$ 1,336.00	\$ 1,382.00
4 days per week	\$ 1,189.00	\$ 1,234.00
3 days per week	\$ 898.00	\$ 930.00
2 days per week	\$ 601.00	\$ 622.00
Extra day of care (when available)	\$ 80.00	\$ 80.00

	City Rate	Community Rate
Toddlers - Ratio 4:1		
5 days per week	\$ 1,310.00	\$ 1,356.00
4 days per week	\$ 1,166.00	\$ 1,210.00
3 days per week	\$ 878.00	\$ 911.00
2 days per week	\$ 588.00	\$ 610.00
Extra day of care (when available)	\$ 80.00	\$ 80.00

	City Rate	Community Rate
Preschool I - Ratio 6:1		
5 days per week	\$ 1,156.00	\$ 1,223.00
4 days per week	\$ 1,011.00	\$ 1,062.00
3 days per week	\$ 783.00	\$ 819.00
2 days per week	\$ 551.00	\$ 588.00
Extra day of care (when available)	\$ 80.00	\$ 80.00

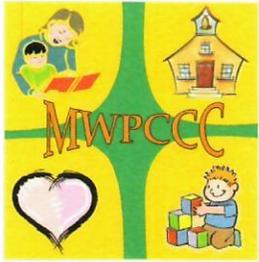
	City Rate	Community Rate
Preschool II - Ratio 8:1		
5 days per week	\$ 982.00	\$ 1,085.00
4 days per week	\$ 897.00	\$ 953.00
3 days per week	\$ 695.00	\$ 747.00
2 days per week	\$ 489.00	\$ 529.00
Extra day of care (when available)	\$ 80.00	\$ 80.00

Hours of Operation: 6:30AM - 6:00PM Monday through Friday**Holidays/Closure Days:** Closed all City Holidays & other days per schedule provided annually

- Tuition is due by the first (1st) of every month.
- If the 1st is on a holiday or weekend, then tuition is due on the NEXT business day.
- A \$10.00 per day late fee will be applied to tuition received after the 1st of the month.
- A \$1.00 per minute late pick-up fee will be applied for late pick-up after 6:00PM.
- There are no tuition credits or adjustments for illness, holidays, vacations or circumstances beyond our control.

PLEASE MAKE CHECKS PAYABLE TO: MWPCCC

March 13, 2018



**Mount Washington
Preschool and
Child Care
Center, Inc.**

Joel Alvarez, Senior Management Analyst II
Partnership Division
City of Los Angeles
Department of Recreation and Parks
221 N. Figueroa Street
Suite 180 (Stop #628-9)
Los Angeles, CA 90012

RE: Joy Picus Child Development Center Contract Number 3538

Dear Mr. Alvarez:

The Joy Picus Child Development Center is having a great year. We are doing so many amazing things for the children of the City of Los Angeles employees as well as the community children too. The center is going through re-accreditation through the National Association for the Education of Young Children (NAEYC). We expect to have a visit from the NAEYC assessor any day now. Achieving NAEYC accreditation is a very high honor, and only a few centers have such distinction.

We are attaching two Joy Picus Child Development Center budgets for fiscal year 2018-2019. The first budget has a negative net income of \$1,130.37, and includes a tuition increase of 3.5% and wage increases of 4% and increased employer contributions to the health insurance from 60% to 65%. As you can see, a 3.5% tuition increase does not allow us to have a balanced budget. We have determined that we need to give 4% employee raises between now and 2020 to meet the City's minimum wage requirement for 2020.

The second budget has a positive net income of \$150.16, and includes the requested tuition increase of 4.0% and wage increases of 4% and increased employer contributions to the health insurance from 60% to 75%. In December, we did a survey asking the teachers how we at MWPCCC could give them a better working environment. The top two things they mentioned were better pay and more help from MWPCCC in paying for their health insurance. We would like to raise our contribution to 75%, and this 4% tuition increase budget will allow us to do so.

Through my research, I found that of the accredited centers in the downtown area, the Joy Picus Child Development Center's tuition is lower than many other centers. Preschool teachers are in a profession where their pay does not equal the amount of work they do every single day or their education. Since we are NAEYC accredited, our teachers need to be working towards their Bachelor's degree, and 75% of them need to have their BA degrees by 2020. The 4% tuition increase will allow us to raise the teachers' pay by 4%, which will then help us to be on track for them to make the City mandated minimum wage of \$15 per hour by 2020.

We have put out a letter to the parents requesting their support of this 4% tuition increase. We will be gathering their signatures and will forward that information to you as soon as we receive it.

On March 12th, our Board member, Tracey Chavira, and I met with Jeanne Min, Chief of Staff for Council Member Mitch O'Farrell as well as Andrew Suh, the Legislative Deputy for Council Member David Ryu's office. They are in full support of this 4% tuition increase, as they understand that our teachers need to be paid more and have increased benefits.

**Tel: 323.222.7114
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**4601 N. Figueroa St.
Los Angeles, CA 90065**

Joel Alvarez, Senior Management Analyst II
Partnership Division
City of Los Angeles
Department of Recreation and Parks
March 13, 2018
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We request an amendment to our contract for a permanent 4% cap for tuition increases. We also request that this tuition increase of 4% be approved, effective July 1, 2018. We will need to distribute letters to the parents no later than June 1, 2018, in order to give them the proper 30-day notice for the tuition increase.

We are also attaching the proposed 4% tuition rate sheet.

We appreciate your consideration of this contract amendment and tuition rate increase matter and look forward to hearing from you as soon as possible.

Thank you,



Tamara Brown, MA
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Child Care Center, Inc.
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