



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-167

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:
APRIL 27, 1998

SYNOPSIS —

SUBJECT:
APPROVAL OF
CHILDTIME TO
OPERATE AND
MANAGE CHILD
CARE CENTER IN
THE INTERMODAL
TRANSPORTATION
FACILITY

Request approval of Childtime Child Care, Inc. (Harold A. Lewis, Chief Executive Officer, 38345 West 10 Mile Road, Suite 100, Farmington Hills, MI 48335-2883) as a provider to operate and manage the child care center in the Intermodal Transportation Facility (ITF) to be located just north of the Central Business District. Childtime demonstrated its ability to offer care and supervision of children that will provide for their optimal physical, social, emotional, and intellectual development.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

Staff also requests approval of the ITF Change Order (\$315,000) to proceed with construction of the child care center in the ITF. The price of the change order was requested as part of the original bid document, and is specified in the construction contract for the ITF.

SUBMITTED BY:
ROBYN ELLERT
ADMINISTRATIVE
ASSISTANT TO
THECITY
MANAGER

FISCAL IMPACT –

The cost of completing the child care center, as identified in the Intermodal Transportation Facility Construction Contract, will be \$315,000. Funding for the change order to complete construction of the child care facility is included in the ITF budget.

All operation and routine maintenance costs associated with the child care center are the responsibility of Childtime Child Care, Inc., the private operator. The City is not obligated to subsidize the operation of the facility or to cover losses. Conversely, Childtime will receive all profits resulting from the child care facility.

RECOMMENDATION –

Authorize the City Council to enter into an agreement with

Childtime Child Care, Inc. to operate and manage the child care center in the Intermodal Transportation Facility.

Authorize the City Manager to direct and execute a change order with the Intermodal Transportation Facility contract, in an amount not to exceed \$315,000.

BACKGROUND –

The Intermodal Transportation Facility (Park and Ride)

The City is constructing the ITF just north of the Des Moines Central Business District, bordered by Center, Crocker, and 7th Streets and 6th Avenue. This multi-use facility will combine parking for approximately 1,800 cars, a transit shuttle system, and a child care center able to accommodate between 80-100 children. The City Council, at its June 2, 1997 meeting, approved financing of the ITF. Funding for the facility, including the child care center, comes from a combination of local and federal funds.

The City believes that providing child care opportunities combined with a park and ride facility will provide a convenient, "one-stop" type facility that will entice more residents to utilize the park and ride facility while providing a ready-made market for the child care center.

Many child care operators in Des Moines have closed or encountered financial difficulty, partly as a result of inadequate subsidies for low-income families. For this reason, child care facilities in the downtown tend to operate on minimal cash flow and typically do not have the capacity to pay building expenses and still operate a quality center.

The City will provide a completed child care center within the Intermodal Transportation Facility. The provider, at its expense, will be responsible for providing equipment necessary for operations and maintenance of the child care center. The provider shall also be responsible for repair and maintenance to capital items and improvements within the child care center. The contract between the City and Childtime provides for the child care center to be made available to Childtime without fees or charges.

The Child Care Center

A change order in the amount of \$315,000 is proposed with Taylor Ball L.C., Iowa Division, for additional work in

conjunction with the ITF project. This change order will provide for finishing of the interior of the child care center, which was bid with the original proposal as Add-Alternate No. 2, but not included in the original contract. As the City has now selected a child care provider, the child care facility must now be completed as required in its contract with the City.

The RFP Process

At its December 8, 1997 meeting, the City Council authorized issuance of a Request for Proposal (RFP) seeking a child care vendor. Staff distributed an initial letter to approximately 871 national and local child care providers seeking those interested in receiving an RFP and meeting minimum thresholds. Included in this list were 821 organizations in Polk County and major cities throughout Iowa, as well as the top 50 largest national child care centers. Issuance of the RFP commenced on Monday, December 22, 1997, to organizations that met the established minimum requirements as specified in the initial letter and in the RFP.

Staff distributed 15 RFPs— nine to national vendors and six to centers in Iowa (several of whom have centers throughout the nation). Three vendors attended a pre-proposal meeting held on January 29, 1998 in City Hall, and the City received one bid from Childtime.

A team comprised of staff from the City Manager's Office, Legal Department, Engineering Department, the Traffic and Transportation Division, and the Metropolitan Transit Authority who helped craft the RFP, reassembled to review the bid, interview the bidder, and discuss the City's options. After extensive review, background checks, and discussions with Childtime representatives, this team determined that Childtime has the potential to successfully operate and manage the ITF child care center.

The Vendor

Childtime currently manages 43 worksite centers (29 employer supported and 14 in office parks), in addition to 200 residential centers. Childtime is scheduled to open this spring a center in a similar parking facility for the State of Maryland Metropolitan Transit Authority. Combined, Childtime centers provide services to children of 25,000 families nationwide.

The Contract

The following are— among others— terms of the Agreement

between the City and Childtime:

- Contract commences after Council approval, and ends June 30, 2002. The City may extend the Agreement for an additional two years, with concurrence of Childtime.
- Childtime is responsible for all operating, utilities, and maintenance expenses, and shall collect all revenues. The City will not pay fees to Childtime for operation of the Center.
- Childtime shall begin the process for National Association for the Education of Young Children (NAEYC) accreditation within six months of opening the Center and it must complete such accreditation within two years of such commencement date.
- Childtime will work with the City and other downtown organizations in marketing the child care center and the ITF.
- According to Federal Transit Administration (FTA) regulations, Childtime shall observe the following priorities when enrolling children at the Center: First Priority– Children of persons who park in the ITF; Second Priority– Children of persons who hold a valid MTA monthly bus pass; Third Priority– Children of persons who are employed by the MTA; Fourth Priority– Children of persons who work downtown. The provider will not have to terminate enrollment of an enrolled child to accommodate the above priorities.
- Childtime must hire, compensate, and train all staff, including the Center Director.
- Childtime shall establish and finance a repair and maintenance fund.
- Childtime shall purchase and maintain insurance as set forth in the Agreement.
- Childtime shall submit annual and periodic financial, incident, and demographic reports to the City.