

## COUNCIL COMMUNICATION

	Number:	<b>20-214</b>	Meeting:	<b>May 18, 2020</b>
	Agenda Item:	<b>52</b>	Roll Call:	<b>20-0866</b>
	Submitted by:	<b>Steven L. Naber, P.E., City Engineer</b>		

### AGENDA HEADING:

Hold hearing for approval of an amendment to the Operational Agreement with Childtime Childcare, Inc. (Childtime) for the operation and maintenance of the childcare facility located in the Intermodal Transportation Facility located at 610 Center Street.

### SYNOPSIS:

Recommend approval of the amendment to the Operational Agreement with Childtime (Paul O'Connell, Director of Real Estate, 21333 Haggerty Road, Suite 300, Novi, Michigan, 48375), to provide temporary financial relief by deferring a portion of the monthly rent payments as follows:

- Childtime will pay 50% of the monthly rent due pursuant to the terms of the Operational Agreement, for the period commencing April 1, 2020 and continuing through December 31, 2020, with the difference between the full rent rates and the reduced rates to be paid back to the City over 48 months from July 1, 2021 through June 30, 2025.

### FISCAL IMPACT:

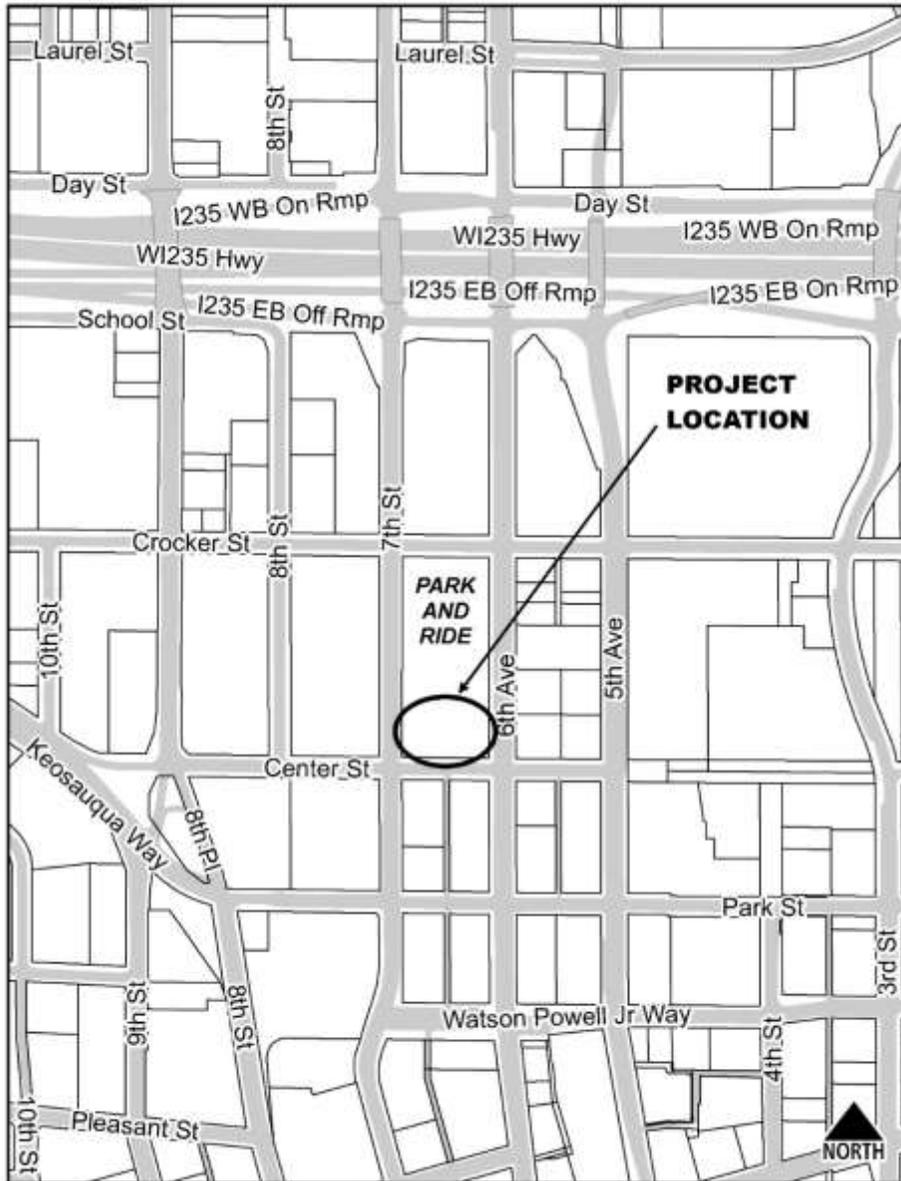
Amount: \$14,415.48 (estimated deferred revenue)

Funding Source: 2019-20 Operating Budget, Engineering Department, T & T – Park and Ride Operation, E078, EG062086, Park and Ride Operations Fund, Page 80.

### ADDITIONAL INFORMATION:

- On April 28, 1997, by Roll Call No. 97-1549, the City Council entered into a 28E Agreement with the Des Moines Metropolitan Transit Authority (now Des Moines Area Regional Transit Authority) for construction and operation of a Park & Ride Facility. This facility included designs for a childcare facility to serve the needs of those families working in the downtown area.
- Childtime was selected as the childcare provider for this facility. On December 21, 1998, by Roll Call No. 98-3949, the City Council approved a 4-year operational agreement with an additional 2-year renewal option with Childtime Childcare, Inc.

- The Operational Agreement has been extended several times and the current Operational Agreement was approved on January 25, 2016, by Roll Call No. 16-0130, having an original term of three (3) years plus a 3-year extension option.
- On March 18, 2019, Childtime exercised its option to extend the Operational Agreement for an additional 3-year period, commencing on July 1, 2019 and ending on June 30, 2022.
- Due to the Covid-19 virus pandemic, Learning Care Group (LCG), parent company of Childtime, has experienced a 70% drop in daily attendance resulting in negative cash flows and a financial hardship, requiring LCG to request an amendment to the Operational Agreement with Childtime to defer a portion of the monthly rent payments according to the following terms:
  - Childtime will pay 50% of the monthly rent due pursuant to the terms of the Operational Agreement, for the period commencing April 1, 2020 and continuing through December 31, 2020 (the “Rent Deferral Period”). The monthly rent will be reduced from \$3,203.43 to \$1,601.72 from April 1, 2020 through June 30, 2020 and then the monthly rent will change according to the increase or decrease in the Consumer Price Index for the previous 12 months, for the rental period from July 1, 2020 through December 31, 2020.
  - Childtime will continue to pay, as and when due and without abatement or deferral, its proportionate share of all taxes, insurance and other operating expenses as required by the Operational Agreement.
  - The difference between the monthly rent, which would have been due pursuant to the Operational Agreement without the effect of this Amendment during the Rent Deferral Period, and that which will be paid by Childtime during the Rent Deferral Period after considering this Amendment, will be amortized (without interest) on a straight-line basis over 48 months and paid by Childtime monthly as additional rent beginning on July 1, 2021 and ending on June 30, 2025.
  - Childtime’s obligation for repayment of the deferred rent amounts listed above shall survive any termination of the Agreement and shall continue until all deferred rent is repaid in full. Any new agreement between City and Childtime executed prior to the date that all deferred rent is repaid in full, shall include the repayment provisions listed above.
  - Except as amended above, all parts of the Agreement shall remain in full force and effect.



**PREVIOUS COUNCIL ACTION(S):**

Date: January 25, 2016

Roll Call Number: [16-0130](#)

Action: [Operational](#) Agreement with Childtime Childcare, Inc. to operate and manage a childcare center in the Intermodal Transportation Facility at 6th Avenue and Center Street. ([Council Communication No. 16-050](#)) Moved by Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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