

Office of the City Manager

CONSENT CALENDAR
November 13, 2012

To: Honorable Mayor and Members of the City Council

From: () Christine Daniel, City Manager

Submitted by: Jane Micallef, Director, Health, Housing & Community Services

Department

Subject: Contract: Bananas for Childcare Subsidies

#### RECOMMENDATION

Adopt a Resolution authorizing the City Manager to enter into a contract with Bananas for an amount not to exceed \$202,765 for childcare subsidies for low-income Berkeley families from December 1, 2012 through June 30, 2013.

## FISCAL IMPACTS OF RECOMMENDATION

There is no negative fiscal impact to the City's budget. City Council allocated General Funds (Budget Code: 010-9703-410-3510) to the Berkeley Albany Licensed Daycare Operators' Association (BALDCOA) and this resolution will shift a portion of these funds to Bananas. This contract has been entered into the City's contract management system and assigned CMS No. YJ1S6.

## **CURRENT SITUATION AND ITS EFFECTS**

In July 2012, the State of California informed BALDCOA's Executive Director that the State was eliminating a portion of its funding for childcare subsidies and administration. As a result, BALDCOA projected an operating shortfall that will prevent the agency from continuing to provide services. BALDCOA explored various options, including reducing operating costs and merging with another agency providing a similar service. None of the agencies agreed to a merger and BALDCOA's Executive Director ultimately determined that the agency would discontinue services effective December 15, 2012.

On October 1, 2012, BALDCOA's Executive Director sent a letter informing the City of Berkeley of its decision to cease operations effective December 15, 2012. BALDCOA currently subsidizes 17 children in 13 families under their City of Berkeley contract. To avoid a disruption in service for these families, staff recommends a sole-source contract with another provider experienced in the field and the only local provider with the capacity to administer child care subsidies, for the remainder of this fiscal year. On October 4, 2012 City staff met with staff of Bananas, a childcare resource and referral service that serves Berkeley, Oakland, Alameda, Albany, Emeryville and Piedmont, to discuss the agency's ability to take over the contract. Bananas staff agreed to assume

Contract: Bananas for Childcare Subsidies

responsibilities for the program for the remainder of the fiscal year and provide continuity of service to those families currently receiving a subsidy.

The City Manager will exercise her authority to terminate the City of Berkeley's contract with BALDCOA effective December 15, 2012 and to enter into a new contract with Bananas effective December 1, 2012 for the remainder of the fiscal year to provide childcare subsidies for low-income Berkeley residents, should City Council approve the attached resolution.

#### **BACKGROUND**

On June 26, 2012 City Council authorized an allocation of \$256,549 in General Funds to BALDCOA to provide childcare subsidies to low-income Berkeley residents for the period July 1, 2012 through June 30, 2013. Council has funded BALDCOA since at least the 1990s to administer City funds for childcare subsidies. Council allocates these funds as part of the community agency funding process which takes place every two years. The City will release the next Request for Proposals (RFP) for community agency funding on November 13, 2012. The dollars available under this RFP will include funding for childcare subsidies for the period July1, 2013 through June 30, 2015. A contract with Bananas for the remainder of this fiscal year allows the families who receive child care subsidies to continue to do so without interruption in services.

### RATIONALE FOR RECOMMENDATION

With BALDCOA's notice of a cessation of operations, the City must shift funding to another provider to avoid displacing children who currently receive subsidized child care. Since Bananas serves Berkeley and provides a similar service, staff identified them as a logical alternative provider, until an RFP can be issued as part of the community agency RFP process.

# ALTERNATIVE ACTIONS CONSIDERED

Since BALDCOA is ceasing operations and Bananas is the only local provider equipped to administer child care subsidies, the only alternative is immediately terminating childcare subsidies to the families who are currently receiving assistance.

### **CONTACT PERSON**

Kristen Lee, Community Services Specialist III, HH&CS, 981-5427

Attachments:

1: Resolution

#### RESOLUTION NO. ##,###-N.S.

#### CONTRACT: BANANAS FOR CHILDCARE SUBSIDIES

WHEREAS, the City of Berkeley currently funds Bay Area Licensed Daycare Operators' Association (BALDCOA) to provide childcare subsidies to low-income Berkeley families; and

WHEREAS, on October 1, 2012, BALDCOA notified the City that it would cease operations as of December 15, 2012; and

WHEREAS, in order to provide continuity of service to those families currently receiving a childcare subsidy, the City must enter into a contract with an alternate provider; and

WHEREAS, Bananas is the only local agency that provides a similar service, serves Berkeley residents, and is willing to administer subsidies for low-income Berkeley residents for the remainder of the fiscal year.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager, or her designee, is authorized to enter into a contract with Bananas for an amount not to exceed \$202,765 (Budget Code: 010-7903-410-3510; CMS No. YJ1S6) for childcare subsidies for low-income Berkeley families from December 1, 2012 through June 30, 2013 and to execute any amended documents or agreements in accordance with the intent of this Resolution. A signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.