

APPROVED
JUL 16 2020

BOARD OF RECREATION
AND PARK COMMISSIONERS

BOARD REPORT

NO. 20-130

DATE: July 16, 2020

C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BELLEVUE RECREATION CENTER – AMENDMENT TO CONTRACT NO. 3625 WITH HILLTOP NURSERY SCHOOL TO TEMPORARILY INCREASE THE ALLOWABLE MAXIMUM PERCENTAGE REQUEST FOR YEARLY INCREASES TO TUITION RATE AND FEE FOR FISCAL YEAR 2020-2021; TUITION RATE INCREASE FOR FISCAL YEAR 2020-21 DUE TO COVID-19

AP Diaz _____ S. Piña-Cortez _____
H. Fujita _____ C. Santo Domingo _____
V. Israel _____ * N. Williams NDW

Nail Denise Williams

General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Approve the proposed Second Amendment to Contract No. 3625 (Second Amendment) with Hilltop Nursery School, Inc. (HNS) in the form attached as Attachment 1 to this Report, to temporarily increase the allowable maximum percentage for requested annual tuition and fee increases under Section 6.12 of said Contract for Fiscal Year 2020-2021 from three and a half percent (3.5%) to four percent (4%) for HNS at Bellevue Recreation Center;
2. Approve a proposed HNS request for a four percent (4%) increase to tuition and fee rates for Fiscal Year 2020–21, to be effective August 1, 2020;
3. Direct the Board of Recreation and Park Commissioners (Board) Secretary to transmit the Second Amendment to the City Attorney for review and approval as to form; and,
4. Authorize the Board President and Secretary to execute the Second Amendment upon receipt of the necessary approvals.

SUMMARY

Under Contract No. 3625 (Contract), HNS currently operates a recreational child development and child care center (Program) at Bellevue Recreation Center, located at 3625 Marathon Street, Los Angeles, CA 90026. Said Contract was awarded through a Request for Proposals process and was awarded to HNS by the Board on May 17, 2017, and executed on May 21, 2018. However, HNS' history in operating the Program at the existing location goes back to 1982.

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The Contract allows HNS to request approval from the Board, through a written request that must include substantiation, for a maximum 3.5% increase to their tuition and fees page annually.

Program operations are currently suspended due to COVID-19. With group size restrictions placed on child care facilities by the California State Department of Social Services Community Care Licensing Division (State) due to COVID-19, HNS has stated that it will be unable to operate the Program at standard capacity when it reopens, which is anticipated to be in Mid-August 2020, subject to RAP's prior authorization. Consequently, when Program operations reopen, HNS anticipates opening with approximately 20 students, which is a 56% decrease from normal enrollment capacity of 46 students, resulting in significantly less revenues.

HSN states that, in discussions between its Family Membership and the HNS Board, it was agreed that reopening the Program would necessitate a tuition increase. HNS is therefore requesting authorization from the Board to increase tuition by 4% for the Fiscal Year 2020-2021 effective upon Board approval, which would cover the operation of the Program from August 1, 2020 to June 30, 2021. To approve such an increase would require amending the Contract to increase the allowable requested maximum percentage to annual tuition rate increases from 3.5% to 4.0%. HNS has also asked that a provision be placed in the Contract to allow the HNS Board flexibility to reduce tuition rates without a corresponding decrease in the amount of services. The Second Amendment is attached hereto as Attachment 1. The tuition amount after the proposed increase equates to \$1,375 per month for from August 1, 2020 to June 30, 2021, thereby allowing HNS to cover basic operational costs such as payroll, insurance, utilities, and educational materials, as well as safety and maintenance supplies as required under the new Center for Disease Control Guidelines.

In accordance with Section 6.12 of the Contract, HNS submitted a letter to RAP, attached hereto as Attachment 2, requesting authorization to increase their tuition rates by 4%. If approved, the new tuition rate of \$1,375 per month will become effective August 1, 2020. The new tuition rate would still be competitive with other childcare providers nearby, as indicated by the HNS letter attached to this Report.

Based on the written request from HNS outlining the reasons for the tuition increase, which is that it is due to the impact of COVID-19 and new group size restrictions placed on child care facilities by the State, resulting in decreased enrollment and reduced revenues, RAP staff recommends the Board approve the requested 4% increase to HNS current tuition rates and the Second Amendment allowing for such increase.

FISCAL IMPACT STATEMENT

Approving the Second Amendment and the request by HNS to increase tuition rates has no fiscal impact on RAP's General Fund.

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STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Report advances RAP's Strategic Plan by supporting:

Goal No. 6: Build innovative collaborations to help improve L.A. City parks and programs

Outcome No. 2: Improved management of facilities

This Report was prepared by Joel Alvarez, Sr. Management Analyst II, and Raymond Chang, Management Analyst, Partnership Section.

LIST OF ATTACHMENTS

- 1) Second Amendment to Contract No. 3625
- 2) Request Letter for Tuition Increase

SECOND AMENDMENT TO CONTRACT NO. 3625
BETWEEN
THE CITY OF LOS ANGELES
AND
HILLTOP NURSERY SCHOOL, INC.
FOR THE
MANAGEMENT AND OPERATION OF A
RECREATIONAL CHILD DEVELOPMENT AND CHILDCARE CENTER
AT BELLEVUE RECREATION CENTER

THIS SECOND AMENDMENT TO CONTRACT NO. 3625 ("SECOND 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 Hilltop Nursery School, Inc., a California non-profit corporation ("CONTRACTOR"). CITY and CONTRACTOR may be referred to herein individually as "PARTY" or collectively as "PARTIES".

WHEREAS, CITY, through its Department of Recreation and Parks ("RAP"), owns and operates real property commonly known as Bellevue Recreation Center ("CENTER"), located at 826 North Lucile Avenue, Los Angeles, CA 90026; and

WHEREAS, on May 17, 2017, the Board of Recreation and Park Commissioners ("BOARD") approved Contract No. 3625 ("CONTRACT"), between CITY and CONTRACTOR for the management and operation of a recreational child development and childcare center ("Childcare Center") at CENTER (Report No. 17-113); and,

WHEREAS, CONTRACT was executed on May 21, 2018, for a seven (7) year term with the option to extend an additional five (5) years; and,

WHEREAS, on September 18, 2019, the BOARD approved an amendment to CONTRACT to change the financial reporting schedule under Contract No. 3625 from quarterly reporting to semi-annual reporting (Report No. 19-182); and,

WHEREAS, the CONTRACT 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, due to enrollment limitations mandated by the State of California in response to the COVID-19 pandemic, CONTRACTOR has requested that CITY approve an increase in the tuition rates and schedule of fees for enrollees at the Childcare Center

by four percent (4.0%) for Fiscal Year 2020-21 (the "Increase") and the BOARD has approved such Increase (Board Report #####); and,

WHEREAS, the BOARD has approved a second amendment to the CONTRACT which would allow for the Increase under the CONTRACT by increasing the allowable maximum yearly tuition rate from three and a half percent (3.5%) to four percent (4.0%) for the Fiscal Year 2020-21 and which would allow for CONTRACTOR to reduce tuition rates at any time upon notification to CITY (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. 3625 as follows:

- I. Paragraph (c) of Section 6.12 of the Contract entitled "Tuition and Fees" is hereby amended to include the following provision in quotation marks below:

"Notwithstanding the foregoing, for the fiscal year beginning July 1, 2020 and ending June 30, 2021, 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."

- II. Section 6.12 of the Contract is hereby further amended to insert a Paragraph (d) as follows in quotation marks:

"d. The tuition rate and schedule of fees may be reduced at any time at the discretion of CONTRACTOR upon notification to CITY, provided such reduction does not correspond to any reduction in CONTRACTOR's services as set forth in this Agreement."

- III. With the exception of the First Amendment and Sections 6.12(c) and 6.12(d) of the CONTRACT as amended herein, Contract No. 3625 shall remain unchanged and in full force and effect. Should any provision of Contract No. 3625 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. 3625, 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

HILLTOP NURSERY SCHOOL, 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: _____



Hilltop Nursery School Child and Family Development Center
 3625 Marathon St
 Los Angeles, CA 90028

June 18, 2020

Re: Request for Authorization for Tuition Increase

City of Los Angeles, Department of Recreation and Parks
 To the Attention of Mr. Joel Alvarez
 221 North Figueroa Street, Suite 180
 Los Angeles, CA 90012

Dear Mr. Alvarez,

Due to the impact of COVID-19, Hilltop Nursery School temporarily closed on March 16, 2020 and anticipates reopening August 18, 2020. With the new group size restrictions placed on child care facilities by Community Care Licensing, HNS can no longer operate at standard capacity. Consequently, HNS will reopen with 20 students which is a 56% decrease from our normal capacity of 46 students.

In speaking with the Family Membership and the HNS Board, it was agreed that reopening the school would necessitate a tuition increase. HNS would like to request authorization to increase tuition by the allowable 3.5% increase with an additional 0.5%, totaling a 4% increase for this school year. This tuition amount equates to \$1,375 per month for 12 months, thereby allowing HNS to cover basic operational costs such as payroll, insurance, utilities, and educational materials, as well as safety and maintenance supplies as required under the new CDC Guidelines. This plan would take place upon HNS' initial reopening and continue until Community Care Licensing removes the group size restriction and HNS Nursery School can resume full enrollment.

Currently, HNS has the least expensive tuition rate in correlation to comparable schools in the area. Even with a 4% increase, we would continue to remain an affordable option for our community. Below is an analysis of tuition rates for comparable schools in our area.

School	Hours	Tuition
Silverlake JCC	8AM - 6PM	\$1,788
Camelot Kids Preschool	8AM - 5:30PM	\$1,900
Los Angeles Family School	8:30AM - 6PM	\$1,936.47
PLAY Preschool	7:30AM - 6PM	\$1,955

Silver Lake Center for Creativity	8AM - 5PM	\$1,980
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HNS hopes to provide the Family Membership support by providing child care to essential workers or those who are required to be at the worksite. The criteria for the identification of families prioritized to return will be as follows:

- Both parents/guardians are essential workers
- One parent/guardian is an essential worker
- The parent/guardian is not an essential worker but needs to work outside the home or are required to return to their office/worksite.
- The family situation necessitates child care (Determined on a case by case basis)
- Single parent homes

Based on CDC and Community Care Licensing guidelines, HNS plans to ensure the following:

- All staff will be provided with masks, face shields, and gloves
- All children will be encouraged to wear masks
- Hand sanitizing stations will be set up at the entrance/exit of the facility
- Supervision of children's use of hand sanitizer will be implemented
- Strict handwashing directives will include proper handwashing techniques as well as when staff and children must wash their hands
- Daily wellness check-in procedures will be conducted for every person upon arrival
- An exclusion policy will be implemented for children and staff who become or arrive sick
- HNS will clean/disinfect and close off areas used by any person who is sick as necessary
- HNS will open doors and windows to increase air circulation
- HNS will follow social distancing guidelines to the greatest extent possible
- HNS will intensify cleaning and develop a cleaning plan
- HNS will modify a staggered drop-off and pick up schedule for families

Thank you for taking the time to consider our request for authorization, please feel free to contact us at any time with any questions or concerns.

Sincerely,

Pearl Kurpjuweit
 Program Director
 Hilltop Nursery School
 pearl@hilltopla.org
 (310) 779-6005

Odilia Gonzalez
 Financial Operations Administrator
 Hilltop Nursery School
 odilia@hilltopla.org
 (213) 880-1561