

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING
EXECUTION OF A MULTI-YEAR CONTRACT
TO PROVIDE DAYCARE SERVICES AT THE
METRO REGIONAL CENTER

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RESOLUTION NO. 05-3576

Introduced by Chief Operating Officer
Michael J. Jordan, with the concurrence of
Council President David Bragdon

WHEREAS, Metro operates the Metro Regional Center, which includes a daycare services operation available to Metro employees and the community at large; and

WHEREAS, the existing contract with the current day care services provider terminates on June 30, 2005; and

WHEREAS, the Chief Operating Officer issued a Request for Proposal to solicit responses for a daycare operations contract effective on and after July 1, 2005; and

WHEREAS, the Chief Operating Officer received and evaluated two proposals and proposes selection of the proposal most advantageous to Metro which offers a payment for use of the space partially offsetting some of the costs to support the daycare operation; and

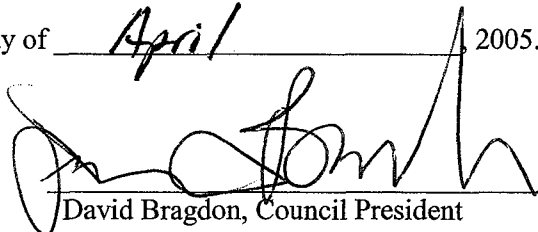
WHEREAS, pursuant to Metro Code Section 2.04.026 (1)(a), the Chief Operating Officer must obtain the authorization of the Metro Council prior to executing the Daycare Operations Contract; and

WHEREAS, this Resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore

BE IT RESOLVED

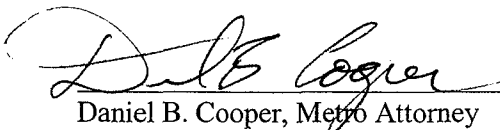
- 1. The Metro Council authorizes the Chief Operating Officer to execute a multi-year contract for daycare operations at the Metro Regional Center in a form approved by the Office of the Metro Attorney.

ADOPTED by the Metro Council this 28th day of April, 2005.

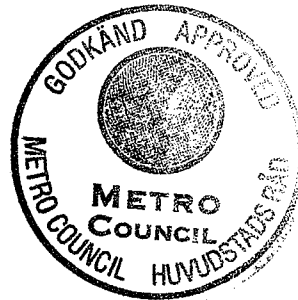


David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3576, FOR THE PURPOSE OF AUTHORIZING EXECUTION OF A MULTI-YEAR CONTRACT TO PROVIDE DAYCARE SERVICES AT THE METRO REGIONAL CENTER

Date: April 19, 2005

Prepared by: William Jemison and Brian Phillips

BACKGROUND

MetroKids Center is located on the main floor of the Metro Regional Center and has been in operation since June 1993. It is currently operating at or near capacity enrollment. Approximately 40% of the children currently enrolled have parents that are Metro employees; the remaining parents with children in the Center are from the general public.

The current five-year contract expires in June 30 2005, and a request-for-proposals was issued in March 2005.

The current full-time tuition as of the RFP release date is:

Registration	\$35 per child or \$50 family one time fee
Tuition	
Infant/Wobbler	\$883/month
Toddler	\$859/month
Young Preschool	\$762/month
Preschool	\$663/month

Metro staff estimates the cost of services to Metro to run the center in 2004 were:

Service	Revised cost 2004
1. Electricity	\$8,787.72
2. Water/sewer	\$1,319.90
3. Garbage/recycling	\$211.91
4. Custodial	\$8,540.00
5. Natural gas	\$281.37
6. Telephone	\$1,132.41
7. Copies	\$2,103.20
8. Facility & maintenance	\$52,619.00
9. Bond payments	\$71,893.50
Total	\$146,889.01

Items 1 through 5 are based on square footage of center in relation to the rest of Metro Regional Center.

Item 6 is based on the number of phones in center in relation to the rest of Metro Regional Center.

Item 7 is based on actual usage.

Item 8 is based on budget or estimated staff and material cost throughout 2004. This includes items such as maintenance calls, equipment repairs, landscaping and other requests throughout the year.

Item 9 is based on the bond payments (similar to a mortgage payment) for the structure and is based on the square footage of the center in relation to the rest of Metro Regional Center.

Note: Metro and the current provider have operated exempt from property taxes. Contractor is responsible for property taxes assessed or any other taxes arising from this contract.

ANALYSIS/INFORMATION

Staff received two proposals in response to the RFP.

1. Knowledge Learning Corporation.
2. Joyful Noise Child Development Centers, Inc., the current operator.

The Knowledge Learning Corporation proposes a management contract to operate the Center on behalf of Metro at a cost of \$55,000 annually. The pro forma budget projects revenues of \$521,537 and expenses of \$597,042 (covering direct operating expenses (such as wages and benefits, equipment and supplies, maintenance, marketing, promotion and recruiting, insurance and field management and corporate support). The shortfall of \$75,505 is to be assumed by Metro; the cost to Metro to operate the center would be \$130,505 (shortfall plus management fee) the first year of the contract.

The proposal also noted start-up costs (equipment and curriculum materials) estimated at \$87,000, although if no equipment is needed, the startup costs drop to \$4,000.

The Joyful Noise Child Development Centers, Inc (the current provider) proposes to continue the personal services arrangement with a balanced budget (both revenue and expense) of \$587,796 to provide daycare on Metro property while paying \$24,000 per year for use of the space. Based on the proposed tuition rate, the cost to Metro to operate the center would be \$122,889 the first year of the contract.

Additionally, Joyful Noise noted that to maintain licensing and National Association for the Education of Young Children (NAEYC) accreditation, the center would require Metro to make repairs estimated by Metro Building Services to cost \$34,000:

- 1) Replace carpets (estimate \$18,000),
- 2) Repaint interior of the center (estimate \$4,000) and
- 3) Replace counters and backsplashes in the kitchen (estimate \$12,000).

The costs are important in so far as the Council may consider not spending \$34,000 for daycare repairs, but for some other use of the space.

After careful consideration and follow-up to additional questions, the evaluation committee recommended to the Chief Operating Officer award the contract to Joyful Noise Child Development Centers, Inc.

1. **Known Opposition:** A continuing subsidy of the daycare center costs may trigger concerns by departments who pay the allocation for Metro Regional Center building costs. Terminating daycare services at Metro Regional Center may elicit opposition from Metro and non-Metro parents who have children in the daycare facility.
2. **Legal Antecedents:** None.
3. **Anticipated Effects:** The Joyful Noise Proposal will result in a \$24,000 decrease in the annual subsidy for daycare services (currently \$146,889).
4. **Budget Impacts:** This will result in a net annual \$24,000 decrease in costs to Property Services due to the additional revenue. There will also be a one time cost of \$34,000 over the next fiscal year to make the repairs required by the proposal.

RECOMMENDED ACTION

Based on the proposals, staff recommends selection of Joyful Noise Child Development Centers, Inc proposal if the Council and Chief Operating Officer intend to enter into a new contract for daycare services.