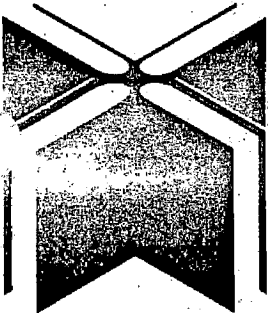


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October 29, 1986

Transportation and Community Development/Budget
Finance Sub-Committee
Sacramento, California 95814

Sacramento Public Library
and Information Service

HONORABLE MEMBERS IN SESSION:

SUBJECT: BUILDING PROGRAMS FOR CENTRAL LIBRARY AND
CHILD CARE FACILITY COMPONENT

1010 8th Street
Sacramento, CA 95814-3576
916-440-5926

SUMMARY

The Council has agreed to the Sacramento Housing and Redevelopment Agency issuing a Request for Qualifications for development of the block bounded by 8th and 9th and I and J Streets, a portion of which is to be used as a library and child care facility. The Central Library Expansion Project has also received a report from Education Research Consultant, Jack Housden, on the feasibility of a child care facility. His "Final Report" is attached to the Sacramento Housing and Redevelopment Agency's child care component for information.

RECOMMENDATION

It is requested that the Committee recommend approval of this resolution to City Council.

Respectfully submitted,

Janet Larson
Janet Larson
Acting Library Director

RECOMMENDATION APPROVED:

Solon Wisham Jr.
Solon Wisham, Jr.
Assistant City Manager

November 5, 1986
All Districts

JL:vse

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION APPROVING CONCEPTUAL BUILDING PROGRAMS FOR
CENTRAL LIBRARY AND CHILD CARE FACILITY COMPONENT.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

The Building Program for Central Library, prepared by the
Library, and the Child Care Component of the Building
Program, prepared by Sacramento Housing and Redevelopment,
(October 1986) serve as conceptual documents for a
definitive program and financing plan for the development
of the block bounded by 8th and 9th and I and J Streets.

MAYOR

ATTEST:

CITY CLERK

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

CHILD CARE FACILITY COMPONENT
OF SACRAMENTO LIBRARY BUILDING PROGRAM

10/86

SUMMARY/RECOMMENDATION

This is in reponse to a request of the City Council to consider establishing an on-site child care facility as part of the building program for the Central Library Expansion Project. The review, as detailed in this report, included discussions with numerous child care providers; consideration of licensing/space requirements; and review of the study of child care space for the Riverview Plaza Project at 6th and I Streets.

The staff recommends the building program for the Central Library Expansion Project include provisions for a child care facility to accommodate approximately 75-100 children, which would require 8,971 to 11,956 square feet of indoor/outdoor space in size, and should be located on either 8th or 9th Streets for proper ingress and egress to the facility.

The recommended approach would be for the costs of the child care facility to be included in the overall project development costs. In such a scenario, the City might have to financially assist front-end, start-up costs and require an installment repayment schedule based upon proforma projections of the developers cash flow. This method of financing could be viewed as a low interest loan to the developer (for tenant improvements and starting costs) and could be structured within the proforma to provide maximum financial benefits to the developer. The result would be that the City could stipulate the minimum requirements for the child care facility and the loan would revolve back within a short time frame (five years +) to the fund. As noted in Exhibit II, the net income after expenses and profit could go towards lease space to the developers and towards a revolving fund for repayment.

The benefit to this approach is threefold: 1) Establishment of a revolving loan fund which can fund future child care facilities; 2) it meets the City's commitment to promote child care in the downtown area; and 3) it provides a pilot project for public/private sector participation in child care.

BACKGROUND

Physical Layout:

Child care providers identify that child care facilities serving between 75-100 children are the most effective, therefore space capacity considered was for 75-100 children or 8,971-11,956 square feet. Because there are so many fixed costs associated with child care, large facilities are more economically viable. However, Child Action, Inc. reports that it is more difficult to provide high quality child care for a larger group of children. Child Action, Inc. recommends that the center accommodate no more than 100 children.

Licensing of child care facilities is governed by Title 22, Division 12, Chapter 2 of the State Administrative Code. The regulations require thirty-five (35) square feet of indoor space per child and fifteen (15) additional square feet per infant to allow for crib space (exterior space is discussed below). This would require between 2,910 and 3,875 square feet for 75 to 100 children. Because of space and staff to child ratio requirements, infant care is much more costly to provide than toddler and pre-school care. Practitioners recommend accommodating three times as many children over age two as infants. An additional 15% should be added to these figures to allow adequate space for kitchen, laundry, lounge, office, check-in, and storage facilities. This would bring the total square footage to 3,346 and 4,456, respectively, for 75 and 100 children.

A child care facility should be located on the first floor, which could provide an aesthetically interesting use of space at street level. If the facility were located in less expensive space above the first floor, the facility would be subject to stringent State and local building department regulations which, in the end, might make construction of the facility a more costly proposition than the loss of prime retail space income. Current building codes do not allow child care facilities to be located above the ground floor because of fire/stairwell hazards. The City Building Department might, however, approve exceptions if safety concerns are adequately met. If this approach is chosen, or outdoor play space is on another level, it will be necessary for the developer to work closely with the City Building Department.

State regulations require seventy-five (75) square feet outside play area per child. For the Central Library Expansion Project, this would require 5,625 to 7,500 square feet. This requirement could be less if times of usage are staggered in a manner acceptable to the State. Since ground floor space is at such a premium for retail use, the playground space could be located on top of the proposed multi-story parking structure. A similar recommendation was made by Raymond Vail and Associates when they reviewed outdoor play areas for the Riverview Plaza project.

The area would have to be situated to allow sunlight to enter at all times of day, and would also require landscape to provide shade. State licensing regulations also cover these aspects of physical/space design: toilet facilities, food preparation, storage areas, indoor and outdoor drinking fixtures, isolation of sick children, storage of children's personal belongings and indoor and outdoor play equipment.

Parking:

Child care facilities in the Downtown (C3) general commercial zone are subject to Planning Commission review and approval. Since the Central Library Expansion project would contain a parking garage, it is not recommended that additional parking spaces be set aside for child care use. However, a ground level, fifteen (15) minute parking zone for pick-up and drop-off should be considered. The loading zone should be located off 8th or 9th Street to avoid conflict with the heavy I and J Street automobile traffic.

MARKET DEMAND AND RESEARCH METHODOLOGY

Licensing requirements were obtained from the Department of Social Services. The Mayor's Child Care Task Force, PERS, Child Action, Inc., Raymond Vail and Associates, Cynthia Easton, Architect, and various child care providers were contacted to identify market demand, funding, and start-up and operating costs of a child care center. The existing conceptual design for the Central Library Expansion was analyzed to identify potential design limitations.

The demand for child care facilities has increased dramatically in recent years because of population trends which include an increase in the proportion of working mothers in the labor force. Estimates by Child Action, Inc, based upon 1980 census data, show that there are 3,400 children who require child care currently residing in the Downtown area. In addition, there are approximately 1,414 mothers residing in Sacramento, Placer and Yolo counties working in the Central Business District with children under the age of six. It is reasonable to assume that a large proportion of these mothers would like to use a day care facility located downtown near their workplace. Employees in the new Central Library and office project (excluding retail) are likely to number more than 576. Given a 75 space child care facility and the projected work force to be employed in the Central Library Expansion Project, the facility could serve 15% of the employees child care needs. While it is assumed that a full 100% of the Central Library Expansion project employees would not require child care, it is reasonable to assume that if existing downtown child care needs are added to those which will be generated by the project, the market demand would be increased and the facility is likely to be operating at capacity at all times.

In addition to day care, the facility could be made available in the evening while classes are conducted in the proposed education center.

The market for a downtown child care facility appears to be high, and the location of the facility in the Central Library Expansion Project is likely to increase the marketability of the planned office space in the project as businesses would recognize the facility as an employee amenity.

Approach

Staff reviewed three approaches to provide a child care facility in the Central Library Expansion project. They are:

1. The city could determine the level of financial assistance (based upon the cost per square foot identified in this report) which could be allocated to the child care facility and have that amount dictate the size of the facility.
2. The City could subsidize start-up costs for a facility that would accommodate either 75 or 100 children and assure these costs would be a grant without repayment.
3. The costs of the child care facility could be included in the overall project development costs. In such a scenario, the City might have to pay front-end, start-up costs and require an installment repayment schedule based upon proforma projections of the developers cash flow. This method of financing could be viewed as a low interest loan to the developer (for tenant improvements and start-up costs), and could be structured within the proforma to provide maximum financial benefits to the developer. The result would be that the City could stipulate the minimum requirements for the child care facility and the loan would revolve back within a short time frame (five years+) to the fund.

FINANCIAL DATA

It is assumed that construction costs of the shell space for a child care facility within the Central Library Expansion Project would be no greater than those for a ground floor retail space. However, those costs which cannot be folded into normal square foot construction figures are (1) start-up costs; (2) specialized interior tenant improvements; and (3) outdoor play area construction costs.

These specialized costs are discussed below since they are the costs which generally require financial assistance. Start-up costs including interior space, tenant improvements, supplies, equipment,

legal and accounting fees, and insurance deposits often prohibit the development of child care facilities by child care providers. These front-end costs tend to eliminate any profit margin for the child care provider, making the venture financially infeasible. These front-end costs are, therefore, the costs which must generally be financially assisted either by the project developer or by a governmental entity.*

Using general industry costs, the list attached as Exhibit I identifies those costs which might require financial assistance should a child care facility be developed as a part of the Central Library Expansion project. Also attached is Exhibit II which sets forth a typical income and expense statement for a child care facility.

*The State of California has a grant program to assist with start-up costs for facilities with over 50% of State employee participation, and the Mayor's Task Force on child care has recommended the establishment of a revolving low-interest loan fund for this purpose.

0587J

START-UP COSTS*

	<u>75 Children</u>	<u>100 Children</u>
Interior Tenant Improvements	\$141,201	\$188,403
Walls, cabinets, paint, carpet, etc.		
Plumbing		
Furnishings (beds, mats, tables, chairs, etc.)		
at \$42.40 s.f.		
Architectural information provided by CYNTHIA EASTON, ARCHITECT		
Soft Costs	\$ 28,140	\$ 36,640
Supplies		
Food		
Curriculum		
Worker's Comp		
Insurance		
Misc. Organization Costs		
Deposits		
Consultant		
Advertisements/Printing		
Accountant		
Miscellaneous		
15% contingency for vacancies, replacement		
Exterior Play Area	\$112,500	\$150,000
Figured at \$20.00 s.f.		
 TOTAL	 <u>\$281,841</u>	 <u>\$375,043</u>

* Assumed to be one time front-end costs. It is recommended that start-up costs be funded up-front. As the Raymond-Vail study for child care at Riverview Plaza notes, "A child care center requires considerable planning to insure success. The corporate and accounting systems must be in place. Directors and staff must be hired, oriented and trained. Supplies and food must be ordered. Children must be enrolled well in advance of opening day." Since the profit margin for such services is low, child care providers often do not have the capacity to meet these front-end costs.

CHILD CARE FACILITY

Typical Income and Expense Statement

The following cash flow estimates, based upon the Riverview Plaza Study and a recent Child Action, Inc. survey, assume the following:

1. A ratio of infants to toddlers and pre-schoolers of one to three;
2. A teacher to infant ratio of one to four;
3. A teacher to toddler ratio of one to eight;
4. A teacher to pre-schooler ratio of one to 12;
5. Tuition for infants = \$415 per month; toddlers = \$380; pre-schoolers = \$250.

	<u>75 Children</u>	<u>100 Children</u>
Monthly Income	\$25,525	\$33,935
Monthly Expenses (includes contingency at 10% of expenses and profit at 10% of net income)	<u>\$19,859</u>	<u>\$24,996</u>
Income after expenses and profit margin	\$ 5,666	\$ 8,045
Amount able to pay for lease of interior space	\$1.69/s.f.	\$1.81/s.f.
Amount able to repay revolving loan (after \$1.34 s.f. lease rate is paid)	\$ 1,171	\$ 2,094

FINAL REPORT

Central Library Expansion Project

Child Care & Education Center

prepared by

Jack L. Housden, EdD

Education Research Consultant

&

Linda Lange Brown

Research Associate

January 27, 1986

HIGHLIGHTS OF FINDINGS

Child Care Center Needs

- There are going to be at least 16,000 more children between the ages 0 -9 years in Sacramento County by the year 2000. (See page 4.)
- There are 2860 names of parents on waiting lists at child care facilities in the downtown area (Zip Code areas: 95814, 95816, 95817, 95818, and 95819) See Table 1, page 5.
- Eighty percent of a panel of forty parents said that the Central Library Expansion is a good location for a new child care center. (See Figure 2, page 7.)
- Eighty five percent of a panel of forty parents say that quality of staff is the most important attribute of a new child care facility. (See Figure 3, page 8.)
- Sixty percent of a panel of forty parents agree that demand for child care during the 1990 decade will be very high. (See Figure 5, page 9.)
- A child care center in the downtown Central Library Expansion area needs to offer a variety of child care options, at different times of the day and week. (Page 11.)
- Alternatives exist for obtaining start-up funding grants for joint ventures to establish child care facilities. (See page 12.)

INTRODUCTION

On October 22, 1985, the Sacramento City Council granted approval to move ahead with the plan to design and build an expanded central library in the civic center area of downtown Sacramento. The Central Library Expansion Project, as it is called, will be located between 8th and 9th streets, between I and J streets. The completed project is intended to be a multi-use, public purpose facility designed to serve the needs of people using the downtown area for recreation, education, employment, and business.

In order to substantiate the current and future demand for establishing a child care center and an education center as part of this downtown redevelopment project, a consultant was employed to study the demand for these services. This information, in conjunction with other data on desirable facilities configurations and cost considerations will be used in developing specifications for the building design.

CHILD CARE CENTER NEEDS

Overview

There is considerable interest among child care advocacy groups, employers, as well as state, county and city government officials regarding establishing more child care alternatives in the downtown area. The trends in the demand for child care, particularly now for single parent families and for working parents now choosing to have more children show a clear rise in need for more child care facilities. But what is the prognosis for the future demand for child care in the downtown Sacramento area? If the City of Sacramento makes a commitment to establish a child care center as part of the Central Library Expansion Project which would become available for occupancy sometime in 1988 or 1989, would parents choose to use this facility? Would they place their children in the center? What about 1995 and beyond? Will the demand still be there? These and other questions are significant to study, even though the answers may be speculative.

The purpose of this section of the Child Care and Education Center Report is present information which addresses these questions and draws some conclusions about the kinds of child care services which the Central Library Expansion Project should incorporate into its design.

Recap of National, State, and County Child Population Trends

Information available from Child Action, Inc., of Sacramento and the Child Care Resource and Referral Program provide one source of information about national, state, and county child population trends. Child Action reports that the

"... Demand for Child Care Will Grow
Because of

- increase in the number of children
0-9 years
- decrease in family size and fertility
rates
- increase in the proportion of families
maintained by women
- increase in the number of mothers
with young children in the labor force
- increase in the proportion of employed
mothers working full-time/year-round"

Other information about trends available from the population projections done in 1983 by the Population Research Unit of the State Department of Finance suggest that there will be an eleven percent increase in the population of children ages 0-9 in Sacramento County between 1985 and the year 2000. This age group is expected to grow by 16,230 persons. Pure and simple, there are going to be more children in Sacramento over the next 15 years.

Data documenting the number of "latchkey" children, that is, children of school age who are unsupervised between hours when their parents are at work and when school is not in session, was unavailable for the downtown area.

Downtown Area Supply and Demand for Child Care

All downtown area child care providers were contacted regarding the number of parents who were on their waiting lists for child care. The supply for child care in the downtown area is indicated by the number of slots available for different kinds of care within downtown zip code areas. (The zip code areas covered are: 95814, 95815, 95816, 95817, 95818, and 95819.) Table 1 shows the data from this study. There are 32 centers currently offering care in these zip code areas. There is space for 163 infants, 1129 pre-school aged, and 389 school aged children. As of January, 27, 1986, there were 77 temporary vacancies for downtown childcare and there are up to 2860 parents on waiting lists seeking care. This clearly documents a distressful level of need for child care in the downtown Sacramento area.

Survey of a Panel of Parents

The information on current supply and demand for child care in the downtown area is but one measure of the possible demand for child care downtown in the future. A survey of a select group of 40 parents with some connection to downtown was conducted in January, 1986 by the consultant to discern the possibility that the downtown location is one which would have sufficient appeal and convenience for parents to attract them in the 1990 decade to come downtown to a central, civic-center location. The panel was selected to be representative of parents like those who would be using the downtown child care facilities in 1990-2000. Fifty seven and a half percent were full-time working parents, 27.5% worked part-time, and 15% were not employed. Eighty-two and a half percent were white, 7.5% hispanic, 5% were black, and 5% were of asian descent. Over 90% of the panel were women, and over three fourths were from two parent families.

The parents surveyed functioned as a panel which expressed forecasted attitudes and opinions about desired downtown child care options. Questions about appeal, convenience, ideal hours of service, types of care arrangements were asked, for example. (See Appendix I for the responses to all questions which were asked.)

Table 1

Downtown Area Child Care Supply and Demand Profile, January, 1986

Zip Cde	Number Centers	Supply			Demand	
		Center Capacity Inf't Pre-sch	Sch'l-Ag	Number Vacancies	Waiting List	
95814	8	92	391	105	15	569
95816	5	16	152	19	25	213
95817	7	21	200	90	3	372
95818	8	24	233	140	34	490
95819	4	30	153	35	0	1216*
Totals	32	163	1129	389	77	2860*

*Includes CSUS Children's Center which has a waiting list of 1200, some of whom may no longer have a need.

Summary of findings from the survey.

The majority of the parent panel, 57.5%, have used pre-school care. Family day care and infant care were the next most frequently expressed experiences with previous child care arrangements. Figure 1 shows a graphic representation of the characteristics of the panel. Over half, 57.5%, were employed downtown, 37.5% shopped downtown, and 15% were downtown residents.

Figure 2 illustrates that eighty percent of the panel thought that downtown was a good location for a new child care facility. Eighty-five percent of the panel said that the most important attribute of the new child care facility is that it needs to have the highest quality staff possible. Condition and comfort level of the center is also very important, as well as the hours of service. (See Figure 3.) The parents in the panel suggested that daytime hours would be the major appeal, but that part-time care, nighttime hours, and weekend care would be important, Figure 4. The fifth graph of the survey findings, Figure 5, presents an undeniable trend that parents of today believe that there will be a considerable increase in the need for child care in the 1990-2000 decade.

Recommendations and needs of the respondents indicated that the new child care center should provide drop-in care during holidays and during vacations. A shuttle service to and from school, and before-school care would be essential. It is significant to note that 75% of the panel agreed that parents would take a very young child on the Light Rail to a downtown child care center.

This information is critical to the success of our ability to anticipate the child care demand in a new downtown facility. Knowing that the parents of today imagine the world of tomorrow would be well served by a new child care facility in the Central Library Expansion Project is essential to our confidence to proceed with vigor.

The "Corporate Connection"

There are several substantive developments underway around the nation which promise to make child care more accessible to parents who are employees of both public and private agencies. Notable among these are the San Diego County child care consortium. (See Appendix II for a brief description of this approach.) In the downtown Sacramento area, the State Franchise Tax Board and the Eskaton Health Corporation are examples of joint ventures which have resulted in quality child care being available. The appendix highlights these efforts, too.

Figure 1
 Parent's Connection to Downtown
 Sacramento Area

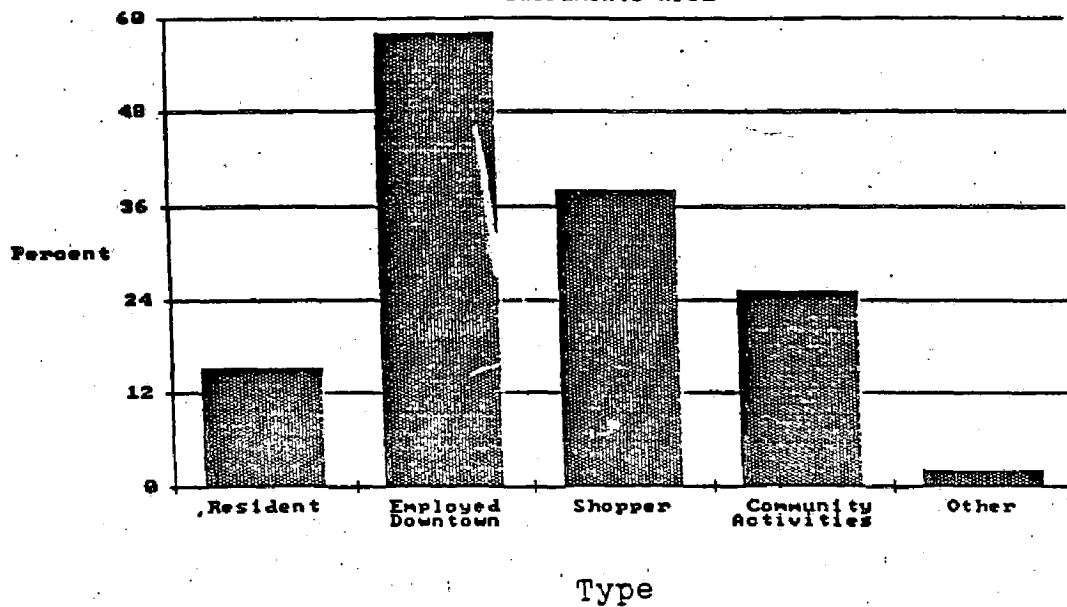


Figure 2
 Is the Central Library a Good
 Location for a New Child Care Center?

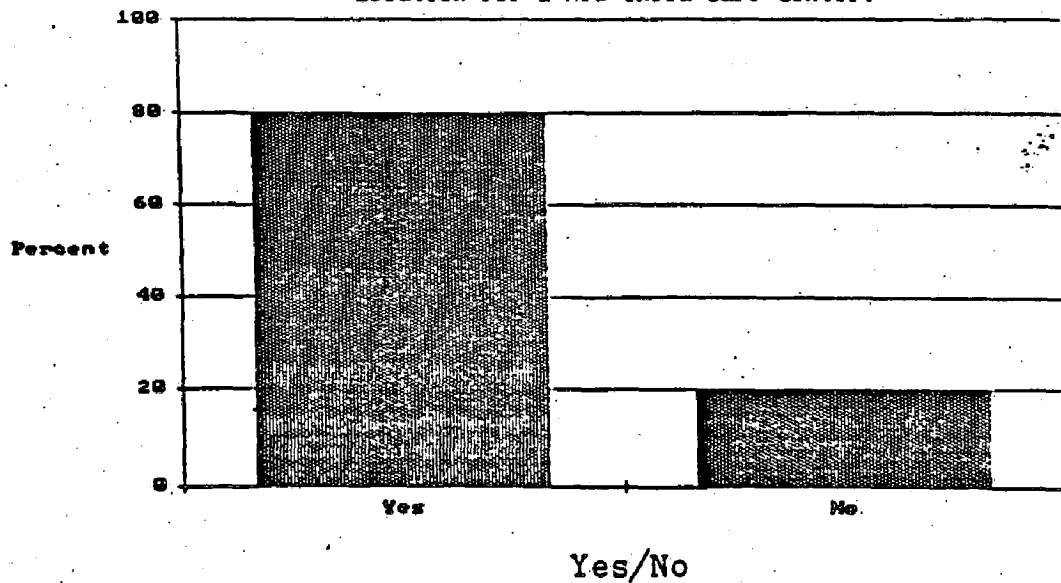
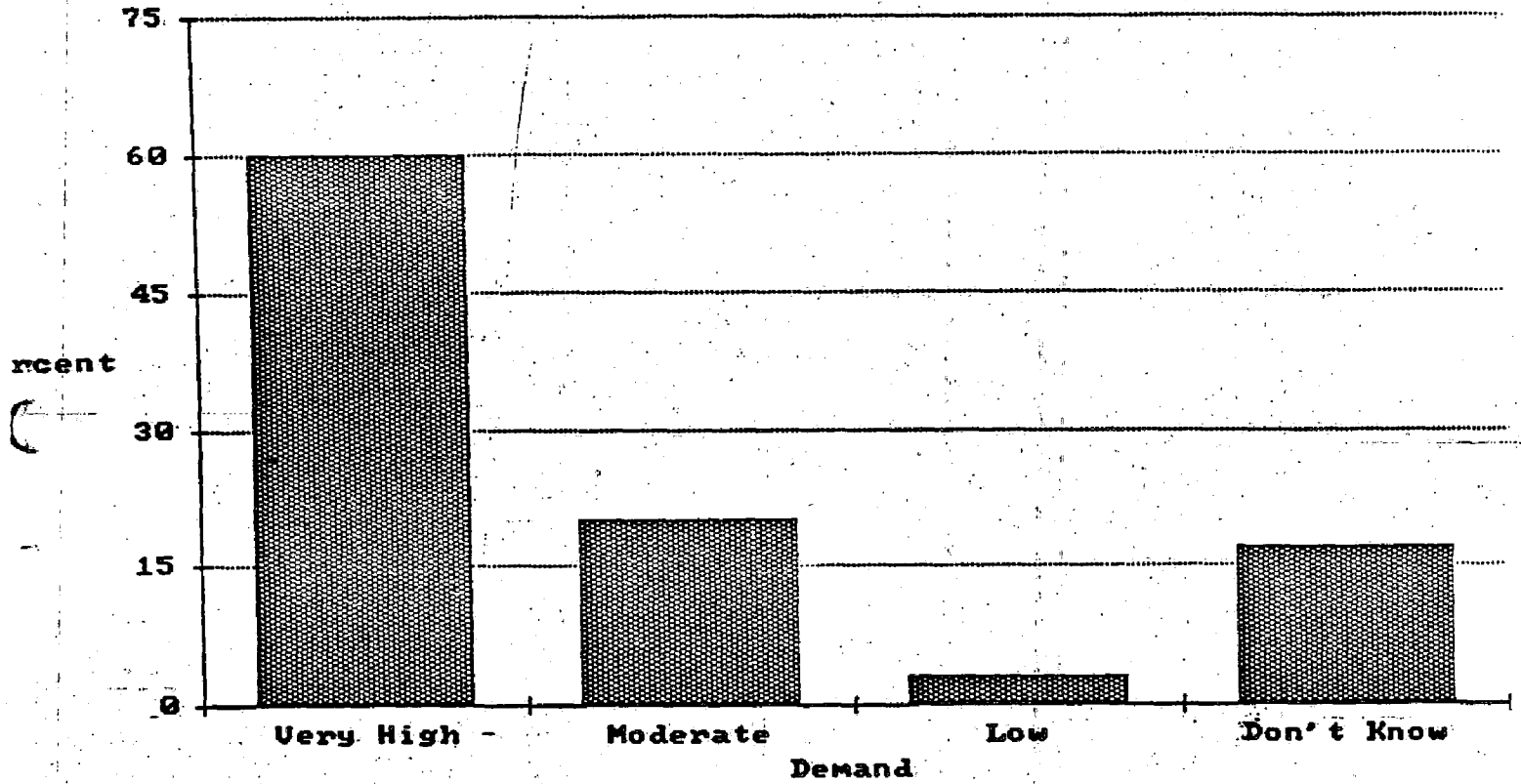


Figure 5
Forecasted Child Care Demand
during the 1990 Decade



The prognosis in favor of a growing trend toward corporate-backed child care in Sacramento varies according to the source. It appears that businesses in Sacramento are moving slowly to resolve this growing concern. One viewpoint expressed is that developers are unwilling to cooperate because they cannot re-capture the start-up and capital outlay expenses. The question is one of practicality. Why should they put child care on the ground floor when ground floor retail/commercial space is at a premium in downtown? In addition, the requirement for an outdoor play area space of 75 square feet per child infringes on the available parking area and other more cost-recoverable options.

Howard Evanson, Manager of the Downtown Association, believes that in order to encourage the development of more corporate-backed child care, the public sector must launch a "showpiece" pilot program first. The private sector will then be more encouraged to follow suit, according to Evanson.

The Riverview Plaza Day Care Feasibility Study

Raymond Vail and Associates, a planning consultant firm in Sacramento recently completed an extensive feasibility study for establishing a 100 child day care facility in a downtown location. The data in the report is current, accurate, and should be used as a current cost estimate for planning the child care facility in the Central Library Expansion Project. One factor which the Vail report did not forecast, which is pertinent to the Central Library Expansion Project is that there will be a child care demand generated by the Education Center. Child care will be needed by center staff and students who participate in educational programs. Administrators from eight out of the 15 institutions interviewed thought the demand for child care in the 1990 decade would be acute.

The Mayor's Task Force on Child Care

The year 1985 was an active one for advocates of downtown child care. Mayor Ann Rudin appointed a task force to identify issues relating to child care. This group was charged with the responsibility of studying options to increase availability, accessibility, and affordability of child care in the Sacramento area. A report, Recommendations from the Mayor's Task Force on Child Care, was prepared and submitted to the City Council in October, 1985.

The consultant investigated the progress toward implementing recommendations made by the task force. The following summarizes that progress: A formal proposal to employ a city Child Care Coordinator through SETA has been prepared. Diana Parker, Senior Planner for the city, is leading the follow-up task force activities. The recommendation about joint ventures to establish child care facilities is being pursued. Chris Powell of the State Department of Personnel confirmed that the State of California is exploring a joint venture with San bernadino County. Chris said that there is a negotiated labor benefit fund that provides financial backing to state groups for start-up efforts. Grants from \$26,000 to \$36,000 are available for start-up costs only. She said that the State Department of Personnel would consider a joint venture proposal with the City of Sacramento that would provide from \$26,000 to \$36,000, depending upon the size of the child care facility being planned.

Cost Considerations

The cost considerations in this report need not repeat the Riverview Plaza Feasibility Study. As planning for the facility proceeds, it will be necessary to design a facility which can accommodate infants, pre-schoolers, and school-aged children. Financial projections regarding costs and services should include differential cost factors for types of care and times when care will be provided.

For example, the types of programs offered need to be a smorgasbord of child care services, including full day/part-day care, after school care, drop-in and night-time care. There could be subsidized child care alternatives in cooperation with federal and state guidelines for subsidized care, including the federally-funded Child Care Food Program. The Central Library Expansion Project needs to consider a vendor payment plan that guarantees space for educational institutions and private corporations who joint venture in the development of the center.

The price of the child care services to parents would have to be competitive, even though, parents are probably willing to pay a little more for a new, high quality center. However, there should be a variable parent fee structure depending upon whether the care is being delivered hourly, part day, full day, monthly, or as part of a long-term space lease agreement.

Conclusions

There is agreement among those who have studied the issue that the demand for child care will continue to expand in the downtown Sacramento area as redevelopment occurs. The prerequisites for a full commitment to build a new child care facility as part of the Central Library Expansion Project are present, with the exception of a clearly identifiable source of capital funds. Some alternatives exist for joint venturing of city/county/state/and private corporations. They need to be explored. Perhaps establishing a Downtown Child Care Foundation and soliciting donations or seeking an endowment for a child care center downtown are feasible financing options.