



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 25, 2016

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - PROPOSED OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARBOR AREA AND SOUTH BAY FOR OPERATION OF WORLDTOTS LA

SUMMARY:

Staff requests approval of the proposed Operating Agreement (Agreement) with Young Women's Christian Association of the Harbor Area and South Bay (YWCA) for the operation of WorldTots LA (WorldTots), a child care center located at the Liberty Hill Plaza, San Pedro. The proposed Agreement is for a term of five years, with a five-year extension option. The Agreement can be terminated by the City of Los Angeles Harbor Department (Harbor Department) at any time and for any reason upon 90-day written notice to WorldTots.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f), of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Agreement with Young Women's Christian Association of the Harbor Area and South Bay;
3. Direct the Board Secretary to transmit the Agreement to the City Council for approval pursuant to Charter Section 606 of the City Charter;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement upon approval by City Council; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – WorldTots is a childcare center operated by YWCA under Agreement No. 2515 at Liberty Hill Plaza, 100 West 5th Street in San Pedro. A total of 60 children from infants to pre-kindergarten can be accommodated at WorldTots, and 48 children are currently enrolled. The term for Agreement No. 2515 ran from 2007 to 2013 and is currently on holdover. Significant terms and financial implications of the existing agreement are: 1) No rent; 2) The Harbor Department pays 10 percent of the tuition for children of Harbor Department employees enrolled at WorldTots, with the annual subsidy for this discount totaling approximately \$10,500; 3) The Harbor

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Department provides maintenance, repair, and custodial services for WorldTots at an annual cost estimate of \$62,000; and 4) The Harbor Department provides a living wage subsidy to supplement salaries for WorldTots employees at an annual cost estimate of \$40,000.

Competitive Process - On January 23, 2014, the Harbor Department released a Request for Proposal (RFP) for the continued operation of the childcare center at Liberty Hill Plaza. In addition to the standard City of Los Angeles (City) and Harbor Department advertising, five potential responders were directly notified. Two proposals were received, and YWCA was selected. Prior to submission for Board consideration, a concern was raised that the RFP distribution should have been broader. In response, a second RFP for childcare services was released on December 7, 2015. In addition to the standard City and Harbor Department advertising, 74 potential responders were directly notified. Responders were selected based on their membership in the National Association for the Education of Young Children. Two proposals were received. Based on a staff evaluation of the proposals, YWCA was selected as the successful proposal.

New Operating Agreement - Staff requests approval of the Agreement with YWCA (Transmittal 1) for childcare services at Liberty Hill Plaza. The term of the Agreement is five years, with an option for an additional five years at the discretion of the Executive Director. The Agreement provides the Harbor Department the right to terminate at any time and for any reason, provided that 90-day written notice is provided. Consistent with past practice, the Agreement is for zero rent with a continued 10 percent subsidy for Harbor Department employees using the child care services averaging \$12,500 per year for the first five years. The proposed Agreement significantly reduces prior Harbor Department financial subsidies. Maintenance and repair of the facility, as well as custodial services, will now be the YWCA's responsibility. Additionally, the Harbor Department will not provide a subsidy to the Operator for living wage. YWCA must also include annual goals for fundraising and grant applications, and updates on the implementation or completion of prior annual goals.

YWCA's budget accounts for the new proposed terms and provides that it can operate successfully under the proposed terms (Transmittal 2). The budget proposal does include an increase in tuition rates per child by \$10 a week in the first year and a second \$10 increase a week per child in the subsequent year. All potential tuition increases are subject to the Agreement provisions that: 1) YWCA must provide the Executive Director a 30-day written notice for any proposed increases in tuition for staff comment; and 2) WorldTots must request written approval from the Executive Director or designee for any increase in tuition fees at or above 10 percent within any 12-month period.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Operating Agreement with YWCA for the operation of WorldTots for a term of five years, with a five-year extension option. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the City of Los Angeles CEQA Guidelines.

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FINANCIAL IMPACT:

The Harbor Department will continue to subsidize 10 percent of tuition fees for the children of Harbor Department employees for the next five-year period, estimated at \$12,500 annually assuming enrollment levels for Harbor Department employees remains constant.

The proposed Agreement will require the operator to pay for maintenance and repairs, materials and supplies, and will no longer provide a living wage subsidy. As a result of these changes, the Agreement will provide annual savings to Harbor Department in the approximate amount of \$102,300.

CITY ATTORNEY:

The Agreement has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Operating Agreement
- 2. Proposed Budget

FIS Approval: MB (initials)
 CA Approval: CRB (initials)

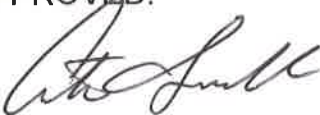


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 Deputy Executive Director

APPROVED:



FOR EUGENE D. SEROKA
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