



COUNCIL AGENDA: 3/16/04

ITEM:

10.2

Memorandum

TO: HONORABLE MAYOR, CITY
COUNCIL, AND REDEVELOPMENT
AGENCY BOARD

FROM: Del D. Borgsdorf
Harry S. Mavrogenes

SUBJECT: SAN JOSÉ DAY NURSERY
AGREEMENT

DATE: 2-24-04

COUNCIL DISTRICT: 3

SNI AREA: N/A

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER AND THE INTERIM EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH SAN JOSÉ DAY NURSERY TO EXPAND THE NUMBER OF SMART START SAN JOSÉ SPACES AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE SERVICES FOR REDEVELOPMENT CAPITAL PROJECTS FUND (CITY-SIDE REDEVELOPMENT FUND) IN THE AMOUNT OF \$856,000

RECOMMENDATION

It is recommended that the City Council:

- 1 Adopt an Appropriation Ordinance and Funding Source Resolution Amendments in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Fund):
 - a. Establish an appropriation to the Department of Parks, Recreation and Neighborhood Services for the San José Child Care Facility Development project (PSM 345) by \$856,000.
 - b. Increase the estimate for Earned Revenue by \$856,000.
- 2 Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with San José Day Nursery in an amount not to exceed \$856,000 for the development and renovation of San José Day Nursery's existing facilities located at 33 North Eighth Street, San José, CA 95112 to be operated as a Smart Start San José Early Care and Education Center for a term ending June 30, 2018.
- 3 It is recommended that the Redevelopment Agency Board adopt a resolution authorizing the Interim Executive Director to negotiate and execute an agreement with the City and San José Day Nursery, providing for the Agency's monitoring of the design and construction of San José Day Nursery's Project.

BACKGROUND

Smart Start San José is the City's Early Care and Education initiative for all children so they may enter school with the foundation needed for academic and social success. It is an educational collaborative involving City staff, school districts, parents and early care and education professionals. On October 1, 2002, the City Council approved and adopted the "Investment In the Future: San José's Early Care and Education Strategic Work Plan." This work plan identifies five strategic goal areas that serve as the blueprint by which the City will achieve its early care and education vision of all children entering school with the foundation needed for academic and social success. Strategic Goal Area I called for the creation of 3,200 new early care and education spaces by 2006.

The Mayor, in his 2001 State of the City Address, announced that San Jose Redevelopment Agency (RDA) funding would be used to establish a Child Care Facility Fund to expand the number of available, affordable and quality early care and education spaces in San José. To this end, PRNS and RDA have developed a Project Service Memorandum (PSM) that identifies support of these Smart Start San José facility expansion projects.

ANALYSIS

Under the agreement being negotiated, San José Day Nursery will upgrade and renovate its existing childcare facility to be operated as a Smart Start San José Early Care and Education center. San José Day Nursery will provide early care and education services to 112 children in seven classrooms on its campus. This is an increase from the 72 children currently served. The facility will be in operation five days a week, for at least 11 hours per day, and at least 255 days per year until June 30, 2018. The City will gain 40 additional childcare spaces and 112 Smart Start quality slots.

San José Day Nursery will provide developmentally appropriate curriculum for preschool children to meet the Smart Start San José Program Quality Standards. Standards include adult/child ratios, class size, and teacher qualifications. All costs for program operation and maintenance of the facility will be the responsibility of San José Day Nursery.

The agreement will provide San José Day Nursery with grant funds in an amount not to exceed \$856,000 to be applied to design and construction costs. As a condition for receiving these grant funds, San Jose Day Nursery must operate a Smart Start Center for fifteen years. This will be evidenced by recorded covenants against the property. The total project is estimated to cost \$2.6 million; the agreement will obligate San José Day Nursery to pay all other project costs above the \$856,000. The remaining \$1.4 Million would be paid through a combination of San Jose Day Nursery's own equity and a grant from the Packard Foundation.

Since RDA funds are to be used for this project, the agreement will further require that San José Day Nursery pay prevailing wages, consistent with labor code requirements, and will also include minimum construction contract requirements. The agreement will require San José Day

2-24-04

Subject: San José Day Nursery Agreement

Page 3

Nursery to pay liquidated damages for any failure to provide evidence of payment of prevailing wages, as required by policy recently adopted by the RDA Board of Directors. The agreement will provide for RDA oversight of the design and construction process, including review of plans and access to the construction site, so that the City will have added assurance that the Project can be completed within San José Day Nursery's budget estimate.

PUBLIC OUTREACH

Development of this proposal was coordinated with the City of San José Early Care and Education Commission, the San Jose Redevelopment Agency, and the Smart Start San José Advisory. The Smart Start Advisory is made up of representatives from Santa Clara County Office of Education Children Services Department, Santa Clara County Office of Education – Head Start, San José Early Care and Education Commission, the Local Early Education San José Planning Council, Santa Clara County Social Services, Santa Clara County Violence Prevention Task Force, private and public child care providers, parents, and the San José Police Department.

COORDINATION

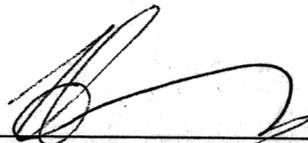
This memorandum has been coordinated with the City Attorney's Office and the Agency's General Counsel.

CEQA

San José Day Nursery: File # PC-03-105046.



DEL D. BORGSdorf
City Manager



HARRY S. MAVROGENES
Interim Executive Director

I hereby certify that there will be available for appropriation in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Capital Fund) in the Fiscal Year 2003-2004, moneys in excess of those heretofore appropriated therefrom, said excess being at least \$856,000.



LARRY D. LISENBEE
Director, Budget Office