



ADMINISTRATIVE SERVICES

Council Meeting: May 16, 2006

Staff Report #: 06-091

Agenda Item: H-1

**INFORMATION ITEM: Status Report Regarding Request for Proposal Process
for Burgess-Based Child Care Services**

This is an information item. No action is needed at this time.

BACKGROUND

At its March 28, 2006 meeting, Council considered a range of strategies to include in the 2006-07 Budget to address the City's projected \$2.9 million budget shortfall. At this meeting, Council discussed the possibility of outsourcing the provision of child care services as a way to reduce the cost of these services to the City's General Fund. The budget discussion was continued to April 5 and staff was asked to prepare an outline of a child care Request for Proposal (RFP) process. On April 5, staff presented a memo to Council outlining possible steps for both an RFP and the potential transfer of child care operations to a private agency. The timeline for this total process was estimated to be eight to 16 months, depending on the extent of review committee participation and Council review. Council briefly discussed this timeline. Council Members provided feedback that if an RFP were to be issued, staff should shorten the process if possible.

Consideration of budget strategies was continued again until April 19. At this meeting, the City Council directed staff to issue a child care RFP in order to determine by mid FY 2006-07 whether there were viable alternatives for the provision of Burgess-based child care services and what the savings to the City might be. During its discussion of the matter, Council Members offered the following comments:

- The scope of services should include only the Burgess-based programs (i.e. the Menlo Children's Center preschool program and the Burgess School Age program).
- City child care program staff should prepare a proposal and be given full consideration along with other submitted proposals.
- The RFP should consider quality and affordability of care in addition to cost savings to the City.
- Full cost and overhead allocations should be considered in order to make accurate comparisons across all proposals, including a City proposal.

Council has received considerable public comment on the topic of outsourcing child care services. The issues that have been raised during the budget meetings and via email over the past several weeks include the following:

- Current program parents greatly value the service they receive. They feel the staff is highly qualified and caring and are worried about how their children might be impacted by a transition in care providers. They are concerned about the possibility of higher staff turnover with a private agency. Several parents expressed a willingness to pay higher fees if this would prevent the service from being outsourced.
- Staff members and union representatives stated their commitment to the program and expressed a concern about current employees losing their jobs or not being able to afford to stay with the program if compensation were lowered.
- Community members stated their interest in seeing a reduction in the cost of this service to the City and the belief that opening up the provision of public services to competition is an important way to learn whether more cost-effective alternatives exist.
- Community members expressed their belief that child care is an important service for the City to provide.

Based on Council's discussion of this matter during the budget meetings and further research, staff has refined the child care RFP timeline, begun to define the scope of services to be addressed in the RFP and outlined the role and composition of a child care RFP review committee. The purpose of this staff report is to provide Council with an update on the status of these efforts.

ANALYSIS

RFP Timeline

Council did not provide specific direction at its April 19 meeting regarding the RFP timeline. Some Council Members commented that community support of a tax measure in November might be higher if the public felt the City had diligently explored ways to reduce cost. Consequently, it was suggested that information from an RFP process should be available prior to November. An alternative point of view was that an RFP process should not be pursued at this time, pending the completion of the citywide cost allocation/recovery study that has been identified as a 2006-07 project priority.

With the ultimate Council direction to proceed with an RFP process, staff developed the timeline below. This timeline provides for the creation of a review committee, which would meet four times over the course of the process to: provide input on the RFP document, bidder's list, and proposal evaluation criteria/process; review proposals and interview the most promising responding agencies. The composition, role and structure of the committee are further defined in the following section. The timeline calls for the return of this item to Council at the completion of the RFP process.

The timeline below states estimated dates for various key actions in the RFP process and then outlines the next steps that will follow these actions.

Date	Action	Next Steps
April 19	Council direction to conduct RFP process	<ul style="list-style-type: none"> • Establish review committee composition, charge • Recruit committee members and schedule meetings • Define scope of services sought • Research model RFPs • Develop draft RFP • Develop draft bidder's list
May 31	Convene review committee to seek input re: <ul style="list-style-type: none"> • Draft RFP • Draft bidder's list 	<ul style="list-style-type: none"> • Revise RFP • Revise bidder's list • Compile supplemental information to be distributed with RFP
June 14	Issue RFP	<ul style="list-style-type: none"> • Develop draft proposal evaluation criteria/process • Plan for bidder's conference
June 28	Hold bidders conference, including facility tour	<ul style="list-style-type: none"> • Provide any addendums to the RFP as necessary
July 12	Convene review committee to seek input re: proposal evaluation criteria/process	<ul style="list-style-type: none"> • Revise criteria/process
July 26	RFP submittal deadline	
August 9	Convene review committee to review proposals and recommend semi-finalists to be interviewed	<ul style="list-style-type: none"> • Schedule interviews
Aug. 23	Convene review committee to interview semi-finalists and recommend finalists	<ul style="list-style-type: none"> • Check references • Prepare report to Council
Sept. 21	Present results of RFP process to Council and, if appropriate, seek direction to enter into negotiations	<ul style="list-style-type: none"> • Notify parents of possible transition • Notify unions of potential contracting out and workforce impact • Negotiate agreement terms • Council approval of agreement • Plan for transition

Child Care RFP Review Committee

Staff has outlined the following role, structure and composition for a Child Care RFP Review Committee. Work has begun to recruit committee members. Staff anticipates convening the committee for the first time by the end of May and completing the committee's charge by the end of September.

Role

The role of the Child Care RFP Review Committee will be to:

- Review draft RFP and draft bidders list and provide input (1 meeting, by May 31)
- Help develop proposal evaluation criteria/process (1 meeting, by July 12)
- Review proposals and recommend semi-finalists for further consideration (1 meeting, by August 9)
- Interview semi-finalists and recommend finalists (1 meeting, by August 23)

Structure

The committee will be treated as a Brown Act body with posted agendas so that the process is public and open.

Composition

Category	#	Selection Method	Name
City Staff ¹	1		Audrey Seymour
Parks & Recreation Commissioner	1	Selected by commission	
Budget Advisory Committee Member	1	Committee volunteer ²	
Parents in City child care program <ul style="list-style-type: none"> • Toddler/preschool • Afterschool 	1 1	Program parent volunteers ²	
Parents not in City child care program: <ul style="list-style-type: none"> • Toddler/preschool • Afterschool 	1 1	Selected by staff ³	
Local child care professionals (must not submit or collaborate on a proposal): <ul style="list-style-type: none"> • Other city child care professional • Regional child care policy/resource and referral group • Child care provider 	3	Selected by staff	<ul style="list-style-type: none"> • Kristen Anderson, Redwood City • Sally Cadigan, former 4Cs staff, MP resident •

¹ City staff members involved in child care services will not participate in the review committee so that they may prepare a proposal for consideration in the process without actual or perceived conflict of interest.

² Staff will solicit volunteers from these groups. If the number of volunteers exceeds the number of positions to be filled, committee members will be chosen randomly.

³ Staff will seek volunteers from the Palo Alto-Menlo Park Parents Group.

RFP Scope of Services

As currently defined, the scope of service sought through the RFP process will be as follows. In general, the responding providers will be asked to match or exceed the level of service currently provided by the City.

Programs to be covered	<ul style="list-style-type: none"> • Burgess After School (school year and summer) • Menlo Children’s Center (year round)
Children to be served <ul style="list-style-type: none"> • Number <ul style="list-style-type: none"> - Toddler/Preschool - School Age • Age groupings • Residency/target populations 	<ul style="list-style-type: none"> • Same as number currently licensed <ul style="list-style-type: none"> - 58 - 102 • Matching current age groupings and proposing any alternatives as appropriate • Not specified

Quality standards to be achieved	<ul style="list-style-type: none"> • Must be licensed and meet all licensing requirements • Plan for accreditation desired • Will request and evaluate information regarding staffing ratios, qualifications, training, etc. but will not specify requirements
Programming philosophy	Not specified
Schedule	At least as many hours and as much flexibility as are currently offered
Affordability	<ul style="list-style-type: none"> • Rates must be comparable to prevailing market rates • Should include plan for serving lower income families
Other services	<ul style="list-style-type: none"> • Must provide transportation from MP schools for School Age program • Opportunities to participate in enrichment activities
Staffing considerations	<ul style="list-style-type: none"> • As noted above, will evaluate but not specify staffing ratios, qualifications, compensation, training, etc. • Will encourage that current MP child care staff be given preference, if possible, in the hiring process
Key policies	May request and evaluate key policies related to child care operations, but will not specify requirements

Possible Agreement Key Terms

Staff considered whether there might be terms to be included in any ultimate agreement with a private child care provider that should be communicated during the RFP process. Staff has identified and defined a few such tentative terms below so that responding agencies can take them into consideration in the development of their proposals.

Support from City <ul style="list-style-type: none"> • Facility rent paid by contractor • Financial subsidy from City • Overhead charge paid by contractor 	Tentative terms <ul style="list-style-type: none"> • Nominal • None • Based on cost for facility maintenance/custodial services, utilities and any administrative services provided by City in support of child care programs
Agreement timeframe	5 years

Possible RFP Elements

Staff has begun to research model RFPs used by other organizations to seek proposals for the provision of child care services. While much work remains to be done in developing an RFP, it is likely that the RFP will include the elements listed below. Once a draft RFP has been developed, it will be presented to the Child Care RFP Review Committee for its input.

- Agency qualifications/background
- Description of program philosophy, curriculum and activities
- Description of ancillary services provided (e.g. transportation)
- Number/age groupings of children to be served

- Proposed hours of operation
- Staffing plan, including: qualifications, training, compensation, ratios, plans for hiring existing staff, plans for staff retention
- Plans for ensuring quality care, including licensing, accreditation, staffing plans (per above)
- Proposed fees and plans for serving lower income families
- Approach to parent involvement and communication
- Program budget
- Plans for marketing the program and maintaining enrollment
- Transition plan

Possible Evaluation Criteria

As previously mentioned, the Child Care RFP Review Committee will help establish criteria for evaluating submitted child care proposals. Staff will present draft criteria to the committee, which may include the following:

- Well-planned/articulated and appropriate educational/child development philosophy and programs
- Viable plan to achieve standards of quality care
- Strong/relevant experience and qualifications
- Appropriate tuition rates (comparability to market)
- Ability to achieve cost savings to the City
- Viable transition plan and overall timeline

Audrey Seymour, Assistant City Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.