



AGENDA

IRVINE CHILD CARE PROJECT SPECIAL MEETING

April 9, 2020
9:00 AM

Irvine Child Resource Center
14341 Yale Avenue
Irvine, California

IMPORTANT PUBLIC HEALTH AND SAFETY MESSAGE REGARDING PARTICIPATION IN IRVINE CHILD CARE PROJECT MEETINGS

AS A RESULT OF THE COVID-19 VIRUS, AND RESULTING ORDERS AND DIRECTION FROM THE PRESIDENT OF THE UNITED STATES, THE GOVERNOR OF THE STATE OF CALIFORNIA, AND THE ORANGE COUNTY HEALTH CARE AGENCY, AS WELL AS THE CITY OF IRVINE EMERGENCY DECLARATION, THE PUBLIC WILL NOT BE PERMITTED TO PHYSICALLY ATTEND THE IRVINE CHILD CARE PROJECT SPECIAL MEETING TO WHICH THIS AGENDA APPLIES.

YOU MAY SUBMIT COMMENTS ON ANY AGENDA ITEM OR ON ANY ITEM NOT ON THE AGENDA, IN WRITING VIA MAIL TO "ATTN: IRVINE CHILD CARE PROJECT," ONE CIVIC CENTER PLAZA, IRVINE, CA 92606; OR BY EMAIL TO SDINEEN@CITYOFIRVINE.ORG. PUBLIC COMMENTS FOR AGENDA ITEMS WILL BE READ INTO THE RECORD AT THE TIME DETERMINED BY THE CHAIRPERSON.

PLEASE NOTE: THE IRVINE CHILD CARE PROJECT IS MAKING EVERY EFFORT TO FOLLOW THE SPIRIT AND INTENT OF THE BROWN ACT AND OTHER APPLICABLE LAWS REGULATING THE CONDUCT OF PUBLIC MEETINGS, IN ORDER TO MAXIMIZE TRANSPARENCY AND PUBLIC ACCESS. IT WOULD BE APPRECIATED IF COMMUNICATIONS OF PUBLIC COMMENTS RELATED TO ITEMS ON THE AGENDA, OR ITEMS NOT ON THE AGENDA, ARE PROVIDED PRIOR TO THE COMMENCEMENT OF THE MEETING. AT LEAST 24 HOURS BEFORE THE MEETING, SPECIFIC DETAILS ABOUT HOW TO OBSERVE AND PARTICIPATE, WHICH MAY INCLUDE EITHER TELE-CONFERRING, VIDEO-CONFERRING, OR ANOTHER EQUIVALENT OPTION, WILL BE INCLUDED ON THE CITY'S WEBSITE.

Speaker's Form/Request to Speak - If you would like to address the Board on a scheduled agenda item, please complete the Request to Speak Form. Speaker's Forms are located on the table at the entrance to the Conference Room. Please identify on the card your name, address and the item on which you would like to speak and return to the Recording Secretary. The Request to Speak Form assists the Chair in ensuring that all persons wishing to address the Board are recognized. Your name will be called at the time the matter is heard by the Board.

Scan this QR code for an electronic copy of the Agenda and staff reports.



CALL TO ORDER

ROLL CALL	Board Member:	Stephanie Bynon
	Board Member:	Melissa Fox
	Clerk:	Alan Battenfield
	Vice President:	Ira Glasky
	President:	Adam Buchanan

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Any member of the public may address the Board on items within the Board’s subject matter jurisdiction, but which are not listed on the Agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. PUBLIC COMMENTS are scheduled for 30 minutes and are limited to 3 minutes per person.

BOARD BUSINESS

1. IRVINE CHILD CARE PROJECT RENT RELIEF FOR PROVIDERS

RECOMMENDED ACTION:

Approve the waiver of rental payments from ICCP Providers for April, May, and June which will total a loss in revenue to ICCP of \$473,220 for the three months.

ADJOURNMENT

The next Regular Irvine Child Care Project Board Meeting will convene at 8:30 a.m. on **Monday, May 11, 2020.**

NOTICE TO THE PUBLIC

At 11:00 a.m., the Irvine Child Care Project will determine which of the remaining agenda items can be considered and acted upon prior to 12:00 noon and will continue all other items on which additional time is required until a future Committee meeting. All meetings are scheduled to terminate at 12:00 noon.

STAFF REPORTS

As a general rule, staff reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda. Copies of these materials are on file with the Irvine Child Care Project liaison and are available for public inspection and copying once the agenda is publicly posted, (at least 72 hours prior to a regular Irvine Child Care Project meeting). Staff reports can also be downloaded from the City’s website at cityofirvine.org beginning the Friday prior to the scheduled Irvine Child Care Project Board meeting on Monday.

If you have any questions regarding any item of business on the agenda for this meeting, or any of the staff reports or other documentation relating to any agenda item, please contact Irvine Child Care Project liaison at (949) 724-6503.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the Irvine Child Care Project regarding any item on this agenda after the posting of the agenda will be available for public review in the Community Services Department, One Civic Center Plaza, Irvine, California, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

SUBMITTAL OF INFORMATION BY MEMBERS OF THE PUBLIC FOR DISSEMINATION OR PRESENTATION AT PUBLIC MEETINGS

Written materials/handouts: Any member of the public who desires to submit documentation in hard copy form may do so prior to the meeting or at the time he/she addresses the Irvine Child Care Project Board. Please provide 15 copies of the information to be submitted and file with the Recording Secretary at the time of arrival to the meeting. This information will be disseminated to the Irvine Child Care Project at the time testimony is given.

CITY SERVICES TO FACILITATE ACCESS TO PUBLIC MEETINGS

It is the intention of the City of Irvine to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the City of Irvine will attempt to accommodate you in every reasonable manner. Please contact Irvine Child Care Project liaison at 949-724-6647 at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.

Assisted listening devices are available at the meeting for individuals with hearing impairments. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35. 104 ADA Title II)

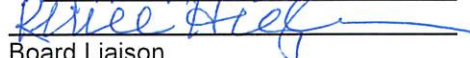
COMMUNICATION DEVICES

To minimize distractions, please be sure all personal communication devices are turned off or on silent mode.

MEETING SCHEDULE

Regular meetings of the Irvine Child Care Project are held on the second Monday of each month at 8:30 a.m. unless otherwise noted. The Irvine Child Care Project Agenda is posted in the Police Department. Meeting agendas and approved minutes are kept current on the City web site at *cityofirvine.org*.

I hereby certify that the agenda for the Irvine Child Care Project meeting was posted at the main entrance of City Hall and in the posting book located in the Public Safety Lobby, One Civic Center Plaza, Irvine, California on April 7, 2020 by 5:00 p.m. as well as on the City's web page.


Board Liaison

ITEM 1
BUSINESS

IRVINE CHILD CARE PROJECT

TOPIC: **IRVINE CHILD CARE PROJECT RENT RELIEF FOR PROVIDERS**

DESCRIPTION: On March 13, 2020 ICCP received notice that the Irvine Unified School District would be closing all schools in order to mitigate the spread of the Coronavirus.

On the same date the State of California Community Care Licensing Division (CCLD) indicated that in the absence of a directive for child care programs to close from a body with the authority to do so each licensed agency has the authority to determine their best course of action. CCLD was tracking program closures only.

As of March 13 the status of the ICCP Programs as determined by each licensed agency was as follows:

Child Development Incorporated (10 sites) – closed to sanitize sites March 16 and 17, to reopen providing full day care on March 18.

Creekers' Club (1 site) – closed for the duration of the IUSD closure

Dolphin Club (1 site) – closed for the duration of the IUSD closure

Kids Stuff (2 sites) – closed for the duration of the IUSD closure (Originally the agency planned to open at one location only for full day care beginning Monday, March 16 but due to the rapidly evolving situation ultimately determined the program needed to close)

Rainbow Rising (14 sites) – All sites open for full day care beginning Monday, March 16

The situation in Orange County rapidly evolved over the next few days such that on Tuesday, March 17 Rainbow Rising made the difficult decision to close all programs beginning March 18. Average daily attendance for the two days that Rainbow Rising was open was approximately 70 children, .05% of their total licensed capacity. On the same date the State provided new guidance on group sizes and cleaning/sanitizing protocol for child care programs and indicated that

programs remaining open were to be serving the children of essential workers only. Therefore CDI opened all 10 sites on Wednesday, March 18 providing care for the children of essential workers. The average daily attendance across all 10 sites has been approximately 40 children, with a maximum daily attendance of 57, which is .06% of their total licensed capacity.

On March 24 ICCP was notified that IUSD had extended the school closure through May 1, 2020.

ICCP agencies are not charging tuition during either program closure or while families have indicated they will not be utilizing care. Therefore all programs are operating with no revenue stream as of April 1. During this crisis ICCP agencies still have fixed expenses like Workers Compensation, Liability Insurance, Health Insurance, summer program activity deposits, and property tax in addition to continuing to support staff in whatever way possible.

In order to provide some financial relief, to support child care providers' recovery from the economic impact of the COVID-19 pandemic and to help ensure the availability of continued on-campus child care after this emergency it is recommended ICCP waive rental payments for April, May and June which would be a loss in revenue to ICCP of \$473,220 for the three months (\$157,740 per month).

ICCP is currently estimating ending the 2019-20 fiscal year with a reserve of approximately \$1.4 million. While waiving the total rent payments for April, May and June will negatively impact the reserve, ICCP can support this action and maintain a healthy level of reserves.

RECOMMENDATION:

Approve the waiver of rental payments from ICCP providers for April, May and June which will total a loss in revenue to ICCP of \$473,220 for the three months.

Michael K. Hagemann
18 Mandarin
Irvine, CA 92604
(310) 977-5543 - Mobile

April 8, 2020

BY ELECTRONIC MAIL

Shane Dineen, Recording Secretary
Irvine Child Care Project
sdineen@cityofirvine.org

RE: Comments for April 9, 2020 Meeting

Dear Mr. Dineen,

I want to thank you, Ms. Stubler, and the board of the Irvine Child Care Project (“ICCP”) for setting a special meeting. I plan to attend via WebEx.

The purpose of this letter is to share my comments in advance in writing, as seems to be the preferred method of commenting at the meeting. I do not want to inundate the board with e-mails, so you are welcome to share this letter in advance of the meeting with the board, in the board’s packets, or orally.

First and foremost, I support the recommendation to waive rent for April, May, and June. I believe doing so will prevent insolvency of the programs. I believe the alternative, insisting upon payment of rents would just bankrupt the programs and not result in the collection of rent regardless.

Second, I believe forgiving rent only solves one of the two problems facing the programs: insolvency. Unfortunately, I foresee a second large problem. Without further assistance, I anticipate many long-term staff members will have no choice but to seek other employment. Those that don’t will be placed in terrible financial positions.

Thus, I ask the board of the ICCP to set another special meeting promptly to discuss the staff-retention proposal, below, as well as any other proposals presented by others.

My Staff-Retention Proposal

The problem – unemployment insurance only covers about 60% of after-tax wages, so staff members are forced to find other employment:

Unemployment compensation only pays fifty percent of the previous wages. Unemp. Ins. Code. § 1280. Unemployment payments are taxed as income at the federal level, but not at the state level. I.R.C. § 85, Rev. & Tax Code § 17083. There are no employee payroll taxes owed (i.e. social security (6.2%) or Medicare (1.45%)). **Thus, even after payroll tax and state income tax savings, an unemployed staff member will likely receive around sixty percent of their after-tax wages.** If the staff members finds other partial employment, their unemployment

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compensation is reduced by 100% of the amount they earn (except for the first \$25.00 per week). Unemp. Ins. Code. § 1279. Therefore, staff members face a choice: live on sixty percent of their after-tax wages, or find other full-time employment.

Proposed solution – loan money to the staff members (through the programs) with said loans forgiven if the staff member return to work and stay employed for a certain number of years:

There is only one way to get staff to stay with the program: cover the gap between unemployment compensation and their previous wages as much as possible. The question becomes: where to get this money?

I believe that this money should ultimately come from the parents whose children are in the program (such as myself) and will thus benefit from the retention of staff. However, the details of my solution involve using ICCP assets to help solve the free-rider and liquidity problems discussed, below, with very low risk to ICCP.

Namely, I speak for myself and I believe for the vast majority of parents: I would gladly pay a little more to the child-care program to retain my children's beloved staff members. The alternative is unfamiliar and potentially inexperienced staff members.

The problem with getting all the money from the parents now is: (1) every parent is in a different financial position; (2) it is the future parents who benefit, so the costs should be passed onto those parents; and (3) there's no way to compel all parents to pay equally (free-rider problem).

I propose:

- 1) ICCP issue loans to the programs on terms determined by the board, such as 10 years amortized at 2.5% annual interest. The maximum loan amount shall be the pro-rata, based on 2019/2020 program enrollment, share of assets ICCP is comfortable loaning out. For example, with 28 programs, the average loan would be \$53,571.43 if \$1,500,000.00 was the maximum of all loans.
- 2) ICCP should seek forgiveness or deferral of warrants to preserve ICCP assets.
- 3) The ICCP loan shall be disbursed as needed pursuant to the conditions, below. The first loan payment is not due until one month after the program reopens.
- 4) (Optional) To encourage parents to help out the programs financially, and stretch ICCP assets further, the ICCP engage in a dollar-for-dollar matching program, whereby ICCP will only match the parents' contribution to the loan fund.

ICCP shall condition the loan proceeds to be limited for use by the programs as follows:

- 1) Program directors shall select eligible staff members to receive supplemental loans.
- 2) Eligible staff members shall be entitled to a loan of 25% of their 2019 pre-tax wages for each week of unemployment. (Loan proceeds are not taxed in any way, so

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supplementing unemployment compensation by an additional 25% pre-tax should get the staff member to around 90% of their after-tax income.)

- 3) Loan terms between the staff and program determined by the director, such as: 4% interest, amortized over 5 years, with no payments due until the program is permitted to reopen. Loan payments are forgiven for each month the staff member is employed by the program.

Net effect of proposed solution:

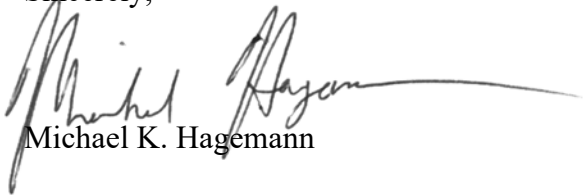
Assuming: (1) the average program has \$150,000.00 in annual wages of eligible staff members, (2) the shutdown lasts one year, and (3) ICCP elects to use a matching program, the following effects are anticipated:

ICCP: the average loan to each program, assuming parents maximize the match, will be \$18,750.00 (\$525,000.00 total balanced owed to ICCP).

Program: It is anticipated eligible staff members are very likely to return to work with the program. The loan payments from the program to the parents/ICCP would be \$745.00 per month for ten years. Amortized over 50 students, that would add just \$14.90 per month per student that could be covered in increased dues.

Parents: Dues would increase around \$14.90 per month per student for about ten years. Contributing parents will be owed \$18,750.00 from the loans they made to the programs (some of which might be outright donations.)

Sincerely,



Michael K. Hagemann

cc:

Traci Stubbler, Administrator
Irvine Child Care Project
tstubbler@cityofirvine.org