



# County of Santa Cruz <sup>0351</sup>

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## HUMAN RESOURCES AGENCY

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CECILIA ESPINOLA, ADMINISTRATOR

February 22, 2000

Agenda: March 7, 2000

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, California

### RECOMMENDATIONS FOR CHILD CARE FEES LOANS

As you will recall, the Human Resources Agency administers the Child Care Fees Loan Program for the County, as mandated by the Child Care Fees and Exactions Ordinance. The building construction or renovation loans which are made through this program must be necessary to increase or prevent the loss of licensed child care slots. All of the borrowers must agree to provide service to families living or working in the unincorporated areas. The primary means of repayment for the loans is provision of child care services for a specified time period. The Human Resources Agency estimates that there is \$260,000 available for loans this year. The purpose of this letter is to request your approval of the loans recommended by the Human Services Commission, to request authority to sign standardized loan documents with the borrowers, and to expedite payment.

In August, 1999, an ad hoc loan review committee was formed, composed of members of the Human Services Commission, the Children's Commission, and the Human Resources Agency Administrator. On November 24 and December 10, 1999, the committee reviewed the applications for loans, and conducted site visits to the sixteen facilities under consideration. Because of the limited loan resources available, it was not possible to fund all of the applications. The loan committee evaluated the proposals based on the mandates of the Child Care Fees and Exactions Ordinance, as well as the criteria and priorities recommended by the Children's Commission and Local Child Care Planning Council, and recommended funding the ten proposals which most clearly meet the evaluation criteria of increasing or maintaining licensed capacity. The subcommittee's recommendations were considered by the Human Services Commission at its January 19, 2000 meeting, adopted unanimously, and are presented to your Board for approval at this time. The department is in accordance with these recommendations. Brief summaries of the loan applications recommended for approval are included your information as Attachment 1.

BOARD OF SUPERVISORS  
Agenda: March 7, 2000  
Recommendations for Child Care Fees Loans

<u>Applicants</u>	<u>Request</u>	<u>Recommended Loans</u>
Aguilar Day Care Home	\$ 30,000	\$ 22,659
Blanche's House	\$ 3,000	\$ 3,000
Veronica Bright Day Care Center	\$ 8,800	\$ 0
Esther Castillo Day Care Home	\$ 37,800	\$ 0
COPE/Louise Blanchard Center	\$ 48,346	\$ 40,000
Penny Cotter Day Care Home	\$ 5,000	0
Diaz Day Care Home	\$ 32,000	\$ 19,291
Teresa Gallegos Day Care Home	\$ 10,000	0
Gallo Day Care Home	\$ 7,300	\$ 2,200
Nancy Ginty Village Preschool	\$ 38,000	\$ 0
HEADSTART/SCCC	\$ 33,770	\$ 0
Miriam's Guardaria	\$ 28,393	\$ 20,000
Pajaro Valley Housing Corp.	\$ 75,000	\$75,000
Rocha Day Care Home	\$ 2,850	\$ 2,850
Emilia Salgado Day Care Home	\$ 7,000	\$ 0
SLV Children's Center	\$ 32,603	\$ 25,000
Santa Cruz Montessori School	\$ 50,000	\$ 50,000
Bobbie Smith Day Care Home	\$ 9,880	\$ 0
<b>TOTAL:</b>	<b>\$459,742</b>	<b>\$260,000</b>

Due to the urgency of some of the loan projects, which are needed to immediately correct conditions in existing facilities, it is recommended that loan disbursement be expedited to the extent possible. The Human Resources Agency is requesting authorization to sign the standardized loan documents with the borrowers on behalf of the County. The standardized documents have been approved by County Counsel and Risk Management, and are on file with the Clerk of the Board. In addition, HRA will work closely with the Auditor's Office to expedite payment of the loans which are on restricted time lines.

IT IS THEREFORE RECOMMENDED that your Board:

1. Approve \$260,000 in Child Care Fees Loans;
2. Authorize the Human Resources Agency Administrator to sign standard loan documents with the borrowers on behalf of the County; and
3. Direct the Human Resources Agency to work with the Auditor's Office to expedite payment of the loans which are on restricted time lines.

**RECOMMENDATIONS OF CHILD CARE FEES  
AD HOC LOAN REVIEW SUBCOMMITTEE  
December 1999**

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**Application Review Process**

On November 24 and December 10, 1999, the Ad Hoc Loan Review Subcommittee reviewed applications and conducted site visits to the child care centers and family day care homes of the applicants. Human Services Commission members Stephanie Camacho and Marilyn Moore, and Pattie Quillen (a member of the Children's Commission) attended the site visits. Cecilia Espinola, Human Resources Agency Administrator also participated in the Loan Subcommittee review.

In total, eighteen applications were received from: Blanche's House, Children's Center of San Lorenzo Valley, COPE Centro Familiar/Louise Blanchard Child Care Center, Pajaro Valley Housing Corp, Santa Cruz Montessori School., S.C.C.C. Head Start and the following family day care homes: Jesus Aguilar, Veronica Bright, Esther Castillo, Lourdes Castillo, Penny Cotter, Elias and Maria Diaz, Teresa Gallegos, Eleodora Gallo, Nancy Ginty, Aracele Rocha, Emilia Salgado, and Bobbie Smith. The total loan amount requested was \$459,742. All of the applications represented important and valuable projects to improve child care facilities in our community. Because of the limited loan resources available, it was not possible to fund all of the applications. The loan committee evaluated the proposals based on the mandates of the Child Care Fees and Exactions Ordinance as well as the criteria and priorities recommended by the Children's Commission and Local Child Care Planning Council. The committee recommends funding the nine proposals which most clearly meet the evaluation criteria, for a total loan amount this year of \$260,000. The recommended proposals are summarized in the following section.

**Applications Recommended for Funding/Proposal Summaries**

**Applicant:** Aguilar Day Care Home, Jesus and Elvira Aguilar, Owners and Operators

**Total Project Cost: \$66,741**

**Amount Requested: \$30,000**

**Proposal Summary:** This family day care home, located in the City of Watsonville, is licensed to care for up to 14 children. They are currently at capacity, with 14 children ranging from 6 months to 5 years old during the day; and have 2 children for overnight care, ages 6 and 8. Mr. and Mrs. Aguilar operate the child care center together. They both have preschool teacher credentials, and their day care home is accredited. They currently operate out of a converted garage. The children nap in the (garage) day care area and kitchen. The applicant is requesting the loan to add an additional room for child care, an office, a shade and replacement windows.

The room addition will allow a place for the children to sleep at nap time, and overnight. The additional room will also allow them to separate the children by age so they can have age appropriate activities, and will also allow them to serve more special needs children. (They currently have two special needs children, their own daughter and one other.) They are also proposing an office where she can set up the computer and keep the records of the children. The computer is currently in the kitchen, and cannot be used at nap time because of the children sleeping in there. The office would have an entry from outside. It appears that if an office is added in the proposed location, and window would have to be added to the adjoining bedroom. The shade is proposed to provide shade for the children in the concrete portion of the yard, used by the children for cycling, etc. The proposal also included replacing all the windows with safety glass, for earthquake protection. It appears that adding the playroom would allow for expansion of the program for special needs and overnight childcare. The committee determined the recommended loan amount by subtracting the cost of the window replacements from the total, and multiplying the remainder by the 45% of the project costs originally requested.

**Recommendation: \$22,659**

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**Applicant:** Blanche's House, Blanche Bryan Lees, Director

**Total Project Cost:** \$13,371

**Amount Requested: \$3,000**

**Proposal Summary:** This center serving 20 children including toddlers and school age children had an emergency need to repair a portion of the fence and build a retaining wall at the perimeter of the center play yard due to storm damage last winter. The director paid a portion of the cost and was able to get a contribution from the adjacent neighbor but does not have other resources for the remaining \$3,000 of costs to repair the fence. Because there is a steep slope between the two properties, failure to build the retaining wall and repair the fence would have created a safety hazard to the children. The project was limited to the repair work necessary to maintain the safety of the play yard.

**Recommendation: \$3,000**

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**Applicant:** Louise Blanchard Child Care Center of COPE Centro Familiar, Glenn Schnell, Director

**Total Project Cost: \$43 1,680**

**Amount Requested: \$48,346.28**

**Proposal Summary:** This child care center was recently relocated to its current site at the campus of the Trinity Lutheran Church in Watsonville, from its previous location at the Watsonville Hospital. The relocation project was funded through donations made by the Watsonville Community Hospital and its Foundation, along with supplementary monies from the David and Lucille Packard Foundation. In addition, a \$30,000 loan was obtained to complete the project. The move was completed in September 1999. The center provides culturally competent, bilingual care for up to 42 children. Their current enrollment includes 4 infants, 10 toddlers, and 1 O-1 2 preschool age children. They have the capacity to serve 2 more toddlers and 10- 12 more preschoolers. Many of the families meet low-income guidelines. It is expected that all childcare

slots will be subsidized in the next year. The loan request is to fund additional construction costs of \$48,346.28 for improvements required by the City of Watsonville Building Inspection Department. These costs include provision of a new fire alarm system; relocating existing gas lines which are under the facility; construction of a drainage system and parking lot; ramp/deck modifications; and payment for all applicable permit fees. The City of Watsonville will not allow them to continue operations if these projects are not completed, so the loan would contribute to a project that maintains day care capacity in a geographic area with a significant unmet need for child care. It is suggested that they work with the City of Watsonville in an effort to get all or a portion of the permit fees (\$11,121.25) waived.

**Recommendation: \$40,000**



**Applicant:** Children’s Center of San Lorenzo Valley, Susan Willats, Project Manager

**Total Project Cost: \$73,603**

**Amount Requested: \$32,603**

**Proposal Summary:** The Children’s Center of San Lorenzo Valley (CCSLV) has provided toddler and pre-school care in the San Lorenzo Valley for over 20 years. CCSLV is accredited by NAEYC and their goal is to serve families in need of child care with an enrollment reflecting the same ethnic and economic diversity found in the surrounding community. The center has a sliding fee scale and currently 44% of the families served are considered to have low incomes. The center also accommodates children with special needs, such as those who are abused or neglected or are determined to be at risk of abuse or neglect, including children in foster care. The proposed project is to expand the existing building to provide an additional napping room. This expansion will allow the center to serve six additional children. CCSLV has received a \$41,000 grant from the David and Lucille Packard Foundation for the project. Because a portion of the project costs will create a staff room that does not directly contribute to child care capacity, the loan committee is recommending funding a portion of the request.

**Recommendation: \$25,000**



**Applicant:** Elias Diaz and Maria Diaz, Owners and Operators

**Total Project Cost: \$63,000**

**Amount Requested: \$32,000**

**Proposal Summary:** This family day care home, located in Watsonville, is licensed to care for up to 12 children. They currently have 6 enrolled, ranging from 3 to 6 years old, plus 1 after school child and Maria’s own 2 children. They are currently not accepting infants because there isn’t enough space. The day care is provided in a converted garage, and the children nap on mats in a bedroom only used for that purpose. The living room is also used by the children, as well as the home’s only bathroom. The loan would fund the construction of a 670 sq. ft. addition, consisting of two rooms and a full bath. They will be used as the school room, nap/infant room, and children’s bathroom. This will allow the current nap room to be used as a bedroom in the home for the grandparents, who currently sleep in the living room. If the facility is expanded, Maria plans to expand operations to 14 children (she will currently only take 8-10), and will be



able to take infants. This project would result in an expansion of infant care capacity in Watsonville.

**Recommendation:** \$19,291

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**Applicant:** Gallo Day Care Home, Eleodora Gallo, Owner and Operator

**Total Project Cost:** \$7,300

**Amount Requested:** \$7,300

**Proposal Summary:** This family day care home, located in Watsonville, is licensed to care for up to 14 children. Ms. Gallo currently contracts to provide migrant care for 12 children, from 2 months to 5 years of age. The child care is provided in a garage that has been converted into a day care area, with bath. The applicant is requesting the loan in order to replace the roof, which currently has a leak into the kitchen area. This situation has not been cited by licensing, and it does not appear to immediately affect the health and safety of the children. If the roof is not repaired, however, it would eventually cause an interruption in the day care program. She would also like to repair a fence that has termites, but had no estimate for the work. Although requesting the full amount, Ms. Gallo indicated that she could provide a 50% match, if required. About 30% of the home is being used for child care. 30% of the cost of the roof would be \$2,190. This loan is necessary to maintain critically needed day care capacity for infants and toddlers. The committee therefore recommended that a loan for \$2,200 to repair the roof be approved.

**Recommendation:** \$2,200

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**Applicant:** Miriam's Guardaria, Lourdes Castillo, Owner and Operator

**Total Project Cost:** \$28,393

**Amount Requested:** \$28,393

**Proposal Summary:** This family day care home, located in Watsonville, is licensed for 14 children, including up to 4 infants. The operator is currently at capacity, with a total of 12 children enrolled, ranging in age from 6 months to 5 years old, plus her 2 children. She has been providing child care for 6 years. Mrs. Castillo currently contracts to provide care for migrant/Head Start children. Her husband, a preschool teacher, helps out when he is not at work. There are always at least three adults present. Child care is currently being provided in a garage converted into a day care area, plus the living room and kitchen/family room area. The applicant is requesting the loan in order to tear down the wall between the current day care area (previously the garage) and the family/kitchen area, to make one big room for day care. Part will be walled off for infants. This way, they will be able to see into both areas at once. The additional space in the day care area will allow them to care for more infants. This project will result in an expansion of infant care capacity in Watsonville. The committee has historically required applicants to provide part of the funds for the project, and is therefore recommending a loan amount that will require the Castillo's to provide an approximately 30% match.

**Recommendation:** \$20,000

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**Applicant:** Pajaro Valley Housing Corporation, Vista Verde Child Care, Julie Conway, Project Manager

**Total Project Cost:** \$1,348,805

**Amount Requested:** \$75,000

**Proposal Summary:** Pajaro Valley Housing Corporation is in the process of developing a child care center in the Freedom area (unincorporated area) in conjunction with a housing project. The Pajaro Valley Housing Corporation is the applicant and developer of the project, but the child care services will be provided by the Food and Nutrition Services Child Care Division and by Santa Cruz County Head Start. Head Start will provide care for 12 toddlers, and Food and Nutrition Services will have 2 preschool classrooms serving 32 children, and a toddler classroom serving 12 children. A total of 56 child care spaces for children between 12 months and 6 years old will result. The facility will serve low income families, while removing blight in the Freedom area. Site preparation is to begin in 1/2000 with groundbreaking expected in the Spring, and construction completed in the Fall. The project will be built on land donated by the County Redevelopment Agency. Other potential financing sources are the Packard Foundation (\$250,000), California Endowment (\$200,000), Cowell Foundation (\$110,000), Head Start (\$100,000), LISC CDFI Loan (\$100,000), First Mortgage (\$149,000) and many other local and small foundation sources. The loan will be used to pay development, application and permit fees, and would contribute to a project that expands day care capacity in a geographic area with a significant unmet need for child care.

**Recommendation:** \$75,000

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**Applicant:** Santa Cruz Montessori School, Donna Hancock, Project Manager

**Total Project Cost:** \$1,396,387

**Amount Requested:** \$50,000

**Proposal Summary:** The Santa Cruz Montessori School is in the process of developing a new child care center in the Aptos area (unincorporated area) which will allow them to increase their capacity to serve children from 18 months to 3 years by 30 child care spaces. The Montessori School currently enrolls 260 children, more than half of these children are under age 6. The need for additional child care capacity for this age group, particularly in the Aptos area, has been documented in a number of studies on child care supply and demand. This need is reflected in the child care loan priorities. The Montessori School currently provides care for children with special needs and provides culturally competent care by bilingual Spanish speaking providers. The fees charged are affordable to low income families and are within the amount authorized for payment for subsidized child care by the State of California. The proposed site is easily accessed from the freeway and is located less than one mile from Cabrillo College. The project proposal includes the purchase and renovation of an existing building, including playground construction. Although the site is located in an area that is already impacted by parking and circulation problems there is adequate parking and circulation to serve the center on the proposed site. Reciprocal arrangements with an adjacent church for parking and access will provide further improvements to existing neighborhood conditions. The Montessori School has already received a low interest loan and \$300,000 grant from the Packard Foundation for the project. The child care fees loan will be used to pay site development costs and permit fees. The loan will support

the completion of a project that will significantly expand day care capacity in a geographic area with a large unmet need for child care.

**Recommendation: \$50,000**

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**Applicant:** Rocha Day Care Home, Aracele Rocha, Owner and Operator

**Total Project Cost: \$3,350**

**Amount Requested: \$2,850**

**Proposal Summary:** This family day care home, located in the City of Watsonville, is licensed to provide care for up to 6 children; however the applicant is currently only providing care for 4 children. The care is provided in the applicant's living room and a bedroom that is only used for the day care. The applicant is requesting the loan to repair and replace a damaged window and associated paneling; install a thermostat and two ceiling fans to increase ventilation in the mobile home; glue loose ceiling panels; and install sod and sprinklers in the lawn area. The repairs are clearly needed to maintain her license, but the yard improvements don't appear to be. It does appear that this project would result in maintenance of the day care license. The committee recommends funding the loan in the amount requested, with the funds to be used for the repairs only, and not to be used for the yard improvements.

**Recommendation: \$2,850**



<b>Summary of Loan Applications</b>			
Applicant	Total Project Cost	Requested	Recommend
Aguilar Day Care Home	\$66,741	\$ 30,000	\$22,659
Blanche's House	\$13,371	\$ 3,000	\$ 3,000
Veronica Bright Day Care Home	\$14,100	\$ 8,800	\$ 0
Esther Castillo Day Care Home	\$37,800	\$ 37,800	\$ 0
COPE/Louise Blanchard Ctr.	\$43 1,680	\$48,346	\$40,000
Penny Cotter Day Care Home	\$8,280	\$ 5,000	\$ 0
Diaz Day Care Home	\$61,550	\$ 32,000	\$19,291
Teresa Gallegos Day Care Home	\$40,000	\$ 10,000	\$ 0
Nancy Ginty/Village Preschool	\$98,150	38,000	\$ 0
Gallo Day Care Home	\$7,300	\$ 7,300	\$ 2,200
HEADSTART/SCCC	\$33,770	\$33,770	\$ 0
Miriam's Guardaria	\$28,393	\$ 28,393	\$ 20,000
Pajaro Valley Housing Corp.	\$1,348,805	\$ 75,000	\$ 75,000
Rocha Day Care Home	\$3,350	\$ 2,850	\$ 2,850
Emilia Salgado	\$14,650	\$ 7,000	\$ 0
SLV Children's Center	\$73,603	\$ 32,603	\$ 25,000
Santa Cruz Montessori School	\$1,396,387	\$ 50,000	\$ 50,000
Bobbie Smith Day Care Home	\$11,475	\$ 9,880	\$ 0
<b><u>TOTALS</u></b>	<b><u>\$3,677, 930</u></b>	<b><u>\$ 459,742</u></b>	<b><u>\$260,000</u></b>