



# City of Palo Alto

## City Council Staff Report

(ID # 5977)

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**Report Type: Consent Calendar**

**Meeting Date: 9/15/2015**

**Summary Title: Palo Alto Community Child Care 5 year Contract**

**Title: Approval of a Five-Year Contract No. C16159540 With Palo Alto Community Child Care, Inc. (PACCC) for Management of the City's Child Care Subsidy Program in the Amount of \$459,841 Per Fiscal Year**

**From: City Manager**

**Lead Department: Community Services**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract (Attachment A – PACCC contract) in the amount of \$459,841 annually with Palo Alto Community Child Care, Inc. (PACCC) for a five-year term (July 1, 2015 – June 30, 2020) for the management of the City's Child Care Subsidy Program for low income children.

### **Executive Summary**

The scope of services in this contract covers the administration and management of a child care subsidy program for approximately 35 low income children annually enrolled in Palo Alto based child care and afterschool programs. Services to include all paperwork and processes related to eligibility certification, maintenance of an eligibility list, data tracking and compilation, program revenue and expenditure tracking as well as other subsidy administration services as requested by the City.

PACCC is the only child care provider in the community with sufficient agency capacity and experience to perform the services requested, justifying the award as a sole source contract and exempt from solicitation. A solicitation would be impractical at this time as a resulting award to other than the incumbent (PACCC) would risk substantial disruption to the children served in the child care subsidy program and any new vendor may provide potentially inferior results to delivering a public service. Ref. PAMC 2.30.360(b)(2).

### **Background**

The City of Palo Alto has had a long commitment to child care in the community starting in 1974 when it established a Task Force to consider and implement Council set

priorities on child care. The Task Force recommended that the City take an active and supportive role in the provision of child care and related services and that a nonprofit corporation be established to implement and coordinate the Task Force's recommendations. During the next two years, PACCC was created and incorporated as a 501c3 organization and on March 25, 1974, Council approved a contract with PACCC which allocated funds for administrative support of PACCC and for the various components of the Task Force Plan. Starting in 1984, the City pulled back all administrative funding provided except the contract with PACCC to serve as the administrator of the City's child care subsidy program.

PACCC funding has been allocated by means of the Human Services Resource Allocation Process (contract #S12143391A; 2013-2017.) In 2014, PACCC, along Avenidas, requested that they be removed from the HSRAP process of contract application review and become direct contractors with the City. Their allocation requests were being reviewed and funding recommendations made to Council based on the recommendations of the Human Relations Commission (HRC.) The agencies felt that the HRC did not factor in their long term and "special relationships" with the City (both agencies were essentially started by the City) when making funding recommendations. As their allocations were substantially higher than that of other HSRAP funded agencies, PACCC and Avenidas reported that on several occasions the HRC had recommended cuts to their allocations to "free" up a portion of the finite HSRAP budget to allocate to new or smaller agencies; with the recommendations only being reversed when they protested at Council. They reasoned that without PACCC and Avenidas, the HRC would no longer have to factor in "special relationships" when making its HSRAP funding recommendations all that all future increases of the HSRAP budget could be allocated to existing and new agencies.

Council concurred with this request at their meeting on May 12, 2014 (Attachment B – Excerpt from Council Minutes 5-12-14) and directed Staff to separate the funding contracts with Avenidas and PACCC from HSRAP and contract directly with them.

## **Discussion**

The justification for an exemption from solicitation request is recommended because PACCC is the only provider in Palo Alto that has experience administering a large scale child care subsidy program. PACCC is also the only local provider of financial aid support for families and children who qualify through the State of California, Child Development Division. The reimbursement rate by the State for the care provided is significantly lower than the cost of the care. The size and administrative capacity of PACCC allows them to absorb the difference in this cost. PACCC "subsidizes" the State subsidy program by approximately \$500,000 annually. Smaller providers cannot make up that difference. This financial support, partnered with the City of Palo Alto funding, allows PACCC to serve a diverse group of families in the same programs as full-service fee families. With the management of both funding sources, PACCC can ensure that eligible children receive continuity of care. For parents, it provides one agency to work with,

regardless of the funding stream. For example, if a family who is receiving a subsidy from the State of California program receives a salary increase, this can easily cause them to exceed the State income qualifications. In these cases, the family can be moved to the City funded program (which uses Housing and Urban Development income guidelines for Santa Clara County which are adjusted to be higher than elsewhere in the state to account for higher local cost of living) seamlessly while their children experience no change in care. Currently, 35 children are served utilizing City funding. In the State of California program, 81 children are being served. In total, PACCC supports 117 children in its financial aid program.

The following tasks currently performed by PACCC in the management of the City's Child Care Subsidy Program will continue for the next five years 2015 – 2020 if Council approves the staff recommendation (Attachment A – PACCC contract). The work plan includes but is not limited to the following tasks:

1. Administer and manage child care subsidy program for approximately 35 low income children annually enrolled in Palo Alto based child care and afterschool programs.
2. Maximize the number of children and families served by City of Palo Alto Subsidy program.
3. Collaborate with other service agencies to serve the unique needs of low-income families.
4. Establish and maintain a Parent Advisory Committee (PAC).
5. Create and maintain a program family handbook.
6. Comply with state Program Specifications and PACCC Operating Procedures with regard to the administration and management of subsidy funding, including verification of family and child eligibility, need, residency, and attendance; completion of annual re-certifications for enrolled families; and maintenance of Contracts for Services that appropriately reflect changes in the above.
7. Collect, track, and compile data sufficient to provide annual financial reports, including all agency revenue and expenditures as required under City of Palo Alto contract.
8. Coordinate with the Office of Human Services to conduct an annual program evaluation.
9. Maintains a ranked Eligibility List for participation in the program, with enrollment priority based upon income level, initially using established priorities as detailed in the Program specifications of the contract. Eligibility list will be reviewed and ranked each time a new family is added.
10. Conduct detailed Eligibility List analysis to identify trends in community need and groups of applicants with the longest waiting periods.
11. Regularly survey local child care professionals to ascertain topics of interest for workshops and hire trainers to present workshops that meet those interests in collaboration with PACCC's ongoing in-service training.

12. Maintain updated City of Palo Alto Family Resources Kiosks; acquire and use new Kiosks where appropriate as provided by the City.
13. Provide referrals to local community service agencies and programs that offer resources that PACCC cannot for low income families.

For the full scope of services see Attachment A: PACCC Contract.

### **Resource Impact**

The contract amount for FY 2016 is \$459,841 and was budgeted within the Community Services Department as part of the approved Fiscal Year 2016 Operating Budget. For Fiscal Years 2017 - 2020, the cost for the contract will be subject to the City Council annual appropriation of funds.

### **Policy Implications**

The Comprehensive Plan addresses the needs of seniors and children in Goal C-3: Improved Quality, Quantity, and Affordability of Social Services, Particularly for Children, Youth, Seniors, and People with Disabilities.

#### **Attachments:**

- Attachment A - Contract C16159540 PACCC (PDF)
- Attachment B – Excerpt from Council Minutes 5-12-14 (PDF)

**CONTRACT NO. C16159540  
BETWEEN THE CITY OF PALO ALTO AND  
PALO ALTO COMMUNITY CHILD CARE, INC.  
FOR CHILD CARE SUBSIDY PROGRAM**

This Contract No. C16159540 is entered into \_\_\_\_\_, 2015 by and between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of California ("CITY"), and PALO ALTO COMMUNITY CHILD CARE, INC., a corporation duly organized and existing under the Nonprofit Corporation Law of the State of California, located at 3990 Ventura Court, Palo Alto, CA 94306 ("CONSULTANT").

**RECITALS:**

The CITY recognizes the continuing needs for child care services for all those persons who live in the City of Palo Alto; and

In response to the need for subsidized child care services, CITY desires to support the coordination and operation of a child care subsidy program; and

CONSULTANT's services hereunder shall include the administration of a child care subsidy program (hereinafter the "Program") and the provision of subsidized child care services under the program at PALO ALTO COMMUNITY CHILD CARE CENTERS and CONSULTANT'S affiliate centers ("Affiliate Centers"). The Program shall be provided in accordance with the specifications set forth in the document entitled "FY 2016-2020 SUBSIDY PROGRAM SPECIFICATIONS," which is attached hereto as Exhibit "B" (with its Attachments B1 and B-2) and made a part hereof by this reference.

The CITY desires to engage CONSULTANT, including its employees, if any, in providing the Services by reason of its qualifications and experience in performing the Services, and CONSULTANT has offered to complete the Program on the terms and in the manner set forth herein;

Therefore, in consideration of the covenants, terms, conditions, and provisions of this Contract, the parties agree:

**SECTION 1. TERM**

1.1 This Contract will commence on July 1, 2015 and will terminate on June 30, 2020, unless this Contract is earlier terminated by CITY. Upon the receipt of CITY's notice to proceed, CONSULTANT will commence work on the initial and subsequent Program tasks in accordance with the time schedule set forth in Exhibit "A". Time is of the essence of this Contract. In the event that the Program is not completed within the time required through any fault of CONSULTANT, CITY's City Manager will have the option of extending the time schedule for any period of time. This provision will not preclude the recovery of damages for delay caused by CONSULTANT.

SECTION 2. SCOPE OF PROGRAM SERVICES; CHANGES & CORRECTIONS

2.1 The Scope of Services constituting the Program will be performed, delivered or executed by CONSULTANT under the phases of the Basic Services as described below.

2.2 CITY may order substantial changes in the scope or character of the Basic Services, or the Program, either decreasing or increasing the amount of work required of CONSULTANT. In the event that such changes are ordered, subject to the approval of CITY's City Council, as may be required, CONSULTANT will be entitled to full compensation for all work performed prior to CONSULTANT's receipt of the notice of change and further will be entitled to an extension of the time schedule. Any increase in compensation for substantial changes will be determined in accordance with the provisions of this Contract. CITY will not be liable for the cost or payment of any change in work, unless the amount of additional compensation attributable to the change in work is agreed to, in writing, by CITY before CONSULTANT commences the performance of any such change in work.

SECTION 3. QUALIFICATIONS, STATUS, AND DUTIES OF CONSULTANT

3.1 CONSULTANT represents and warrants that it has the expertise and professional qualifications to furnish or cause to be furnished the Services. CONSULTANT further represents and warrants that the program director and every individual, including any CONSULTANT, charged with the performance of the Services are duly licensed or certified by the State of California, to the extent such licensing or certification is required by law to perform the Services, and that the Program will be executed by them or under their supervision.

3.2 CONSULTANT shall establish and enforce adequate guidelines for the conduct of its agents, employees, and any subcontractors (Affiliate Centers) and for the participants in the Program. Selection of paid personnel who directly provide child care services for the Program shall be based upon criteria established by the CONSULTANT in consultation with the program manager, using as a minimum the standards for child care personnel contained in the general licensing requirements of Title 22 of the California Code of Regulations, as promulgated by the Department of Social Services Community Care Licensing Division.

3.3 If any agent or employee, subcontractor of CONSULTANT, or any agent or employee of its Affiliate Centers materially interferes with or inhibits the full performance of the services to be performed by CONSULTANT under this Contract, the program manager shall notify CONSULTANT of such interference. CONSULTANT shall have thirty (30) days from the receipt of notice to achieve compliance with the Agreement or a resolution satisfactory to the program manager. In the event the problem is not satisfactorily resolved within thirty (30) days after the service of such notice, CONSULTANT, upon receipt of demand from the program manager, shall discontinue its affiliation with the its Affiliate Centers in connection with the CITY-funded portions of the Program, and the program manager may suspend or terminate the funds to CONSULTANT for that particular segment of the Program; provided, however, due regard shall be given to the need for Program recipients to locate alternate forms of care for their children. CITY shall pay a reasonable amount of services rendered by CONSULTANT for that particular segment of the Program for a period not to exceed thirty (30) days from the date of suspension or termination.

3.4 In the event of CONSULTANT'S termination of a subcontractor or termination of an affiliation with its Affiliate Centers, CONSULTANT shall notify the program manager of such termination.

3.5 In reliance on the representations and warranties set forth in this Contract, CITY hires CONSULTANT to execute, and CONSULTANT covenants and agrees that it will execute or cause to be executed, the Program.

3.6 CONSULTANT will assign a single program director to have supervisory responsibility for the performance, progress, and execution of the Program. The program director will represent CONSULTANT during the Program. If circumstances or conditions subsequent to the execution of this Contract cause the substitution of the program director, the CONSULTANT shall notify the program manager of such a change.

3.7 CONSULTANT represents and warrants that it will:

3.7.1 Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incident to the due and lawful prosecution of the Program;

3.7.2 Keep itself fully informed of all existing and future Federal, State of California, and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Contract and any materials used in CONSULTANT'S performance of the Services;

3.7.3 At all times observe and comply with, and cause its employees and CONSULTANTS, if any, who are assigned to the performance of this Contract to observe and comply with, the laws, ordinances, regulations, orders and decrees mentioned above; and

3.7.4 Employ those consultants, "Affiliate Centers," that are accredited and licensed child care centers, eligible accredited and licensed family child care homes and accredited child care centers that are legally exempt from licensure, Affiliate Centers not accredited will follow alternative quality measures as described in Exhibit B which are affiliated with CONSULTANT, in CONSULTANT'S sole discretion, and which receive child care subsidy funds from CONSULTANT under the Program defined in Exhibit "A"; and

3.7.5 Report immediately to the program manager, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and decrees mentioned above in relation to the deliverables.

3.8 Any deliverables given to, or prepared or assembled by, CONSULTANT or its CONSULTANTS, if any, under this Contract will become the property of CITY and will not be made available to any individual or organization by CONSULTANT or its CONSULTANTS, if any, without the prior written approval of the city manager.

3.9 CONSULTANT will provide CITY with two (2) copies of any documents which are a part of the deliverables upon their completion and acceptance by CITY.

3.10 If CITY requests additional copies of any documents which are a part of the - deliverables, CONSULTANT will provide such additional copies and CITY will compensate CONSULTANT for its duplicating costs.

3.11 CONSULTANT will be responsible for employing or engaging all persons necessary to execute the Program. All consultants of CONSULTANT will be deemed to be directly controlled and supervised by CONSULTANT, which will be responsible for their performance.

3.12 In the execution of the Program, CONSULTANT and its consultants, if any, will at all times be considered independent contractors and not agents or employees of CITY.

3.13 CONSULTANT will perform or obtain or cause to be performed or obtained any and all of the following Additional Services, not included under the Basic Services, if so authorized, in writing, by CITY:

3.13.1 Providing services as an expert witness in connection with any public hearing or meeting, arbitration proceeding, or proceeding of a court of record;

3.13.2 Incurring travel and subsistence expenses for CONSULTANT and its staff beyond those normally required under the Basic Services;

3.13.3 Performing any other Additional Services that may be agreed upon by the parties subsequent to the execution of this Contract; and

3.13.4 Other Additional Services now or hereafter described in Exhibit "A" to this Contract.

3.14 CONSULTANT will be responsible for employing all CONSULTANTS deemed necessary to assist CONSULTANT in the performance of the Services. The appointment of CONSULTANTS must be approved, in advance, by CITY, in writing, and must remain acceptable to CITY during the term of this Contract.

3.15 CONSULTANT shall provide the Program according to the policies and operating principals set forth below:

3.15.1 Parents or guardians of children in the PROGRAM shall have the opportunity and be actively encouraged to choose the child care services that best meet their needs.

3.15.2 Inclusion of children in the Program with differing social, cultural, ethnic and economic backgrounds shall be actively encouraged.

3.15.3 CONSULTANT shall use its best efforts to serve the maximum number of children in all age categories under the Program.

3.15.4 Client payment of fees for services in the Program will be related to ability to pay, using as a guide CONSULTANT's Family Fee Schedule included in this Contract as Attachment B-2 to Exhibit "B" hereof.



3.15.5 General and income eligibility for participation in the Program as a recipient of child care subsidy funding shall be as set forth in Exhibit “B” hereof.

3.15.6 Payment for the program’s child care subsidy payments shall specify actual expenditures directly related to this Contract in accordance with Exhibit “B”.

3.15.7 CONSULTANT shall ensure that all CONSULTANT child care centers and all Affiliate Centers that receive any subsidy funds under the Program use such funds for secular purposes only. CONSULTANT shall further ensure that all such child care centers refrain from offering religious instruction, worship or other religious activities while providing child care services, in accordance with the provisions of the California and United States Constitutions.

3.16 CONSULTANT shall coordinate its services with other existing organizations providing similar services in order to foster community cooperation and to avoid unnecessary duplication of services.

3.17 CONSULTANT shall seek out and apply for other sources of revenue in support of its operation or services from county, state, federal and private sources. Unless deemed inappropriate by the Program Manager, City shall support CONSULTANT in its search of grants, funding, or other income by serving as a sponsoring agency, by providing letters of support, or by rendering advice on applications for grants. The receipt of such funds shall be reported as provided in paragraph 7.4

3.18 CONSULTANT shall include an acknowledgment of CITY funding and support in all appropriate publicity or publications regarding its programs and services using words to the effect that “services are provided in cooperation with the City of Palo Alto” or “through City of Palo Alto funding” as approved by the program manager.

3.19 Said sites and facilities at which the services of the Program are offered shall conform to all federal, state and local laws and regulations regulating the use of said sites and facilities for child care services.

3.20 Throughout the term of this contract, CONSULTANT shall remain an independent, nonprofit corporation under the laws of California governed solely by a Board of Directors, with up-to-date Bylaws. CONSULTANT shall operate by its Bylaws. Any changes in CONSULTANT’s Articles of Incorporation, Bylaws, or tax-exempt status shall be reported by CONSULTANT immediately to the program manager. No member of the Board of Directors of CONSULTANT shall be paid employee, agent, servant, or subcontractor of CONSULTANT under this contract during all or any part of his or her tenure as a member of the Board of Directors of CONSULTANT.

3.21 The Board of Directors of CONSULTANT shall include representation from the broadest possible cross section of the community including: those with expertise and interest in CONSULTANT’S services, representatives from community organizations, and user of CONSULTANT’S services.

3.22 All meetings of the Board of Directors of CONSULTANT shall be open to the public, except meetings, or portions thereof, dealing with personnel, real estate transactions, or litigation matters.

3.23 CONSULTANT shall keep minutes of all regular and special meetings of its Board of Directors.

SECTION 4. DUTIES OF CITY

4.1 CITY will furnish or cause to be furnished the services listed in Exhibit "A" and such information regarding its requirements applicable to the Program as may be reasonably requested by CONSULTANT.

4.2 The city manager will represent CITY for all purposes under this Contract. The Office of Human Services is designated as the program manager for the city manager. The program manager will supervise the performance, progress, and execution of the Program, and will be assisted by the Program Assistant II for the Office of Human Services.

4.3 In the event CITY should determine from any identifiable source, including but not limited to reports submitted by CONSULTANT under this contract or any evaluation report from any identifiable source, that there is a condition which requires correction, CITY may forward to CONSULTANT requests for corrective action. Such requests shall indicate the nature of the issue or issues which are to be reviewed to determine the need for corrective action and may include a recommendation as to appropriate corrective action. Within thirty (30) days of CITY'S request, CONSULTANT shall submit its response, which shall include its views of the problem and proposed action, if any. Upon request of either party, the parties shall meet to discuss any such request and response within the thirty-day period specified.

SECTION 5. COMPENSATION

5.1 In consideration of the full performance of the Basic Services, including any authorized reimbursable expense, CITY will pay CONSULTANT a fee not to exceed Four Hundred Fifty-nine Thousand Eight Hundred Forty-one Dollars (\$459,841.00) for the first contract year (fiscal year 2016) subject to approval of Section 17.12.

5.2 In consideration of the full performance of the Basic Services for the second through the fifth contract years (fiscal years), including any authorized reimbursable expenses; CITY will pay CONSULTANT a fee not to exceed Four Hundred Fifty-nine Thousand Eight Hundred Forty-one Dollars (\$459,841.00). The actual amount of compensation for the second through the fifth years of this contract shall be approved by the city manager and shall be subject to the provisions of Section 17.12 of this contract.

5.3 On the billing form provided by CITY, CONSULTANT shall submit a bill by the fifteenth (15th) working day of the following month for services provided under this Contract during the preceding three months. The bill shall specify actual expenditures directly related to this Contract, in accordance with Exhibit "B". The fees of the consultants, who have direct contractual relationships with CONSULTANT, will be approved, in advance, by CITY. CITY

reserves the right to refuse payment of such fees, if such prior approval is not obtained by CONSULTANT.

5.1.4 Notwithstanding the foregoing limitations, the City Manager shall have the authority to approve payments by the CITY to CONSULTANT under this contract in advance of CONSULTANT's incurred expenditures. Provided, however, that CONSULTANT's need for such advance payment shall be supported to the satisfaction of the CITY's director of administrative services and total maximum compensation shall not exceed the total compensation under this Contract as set forth in paragraphs 5.1.1 and 5.1.2 hereof.

5.1.5 CONSULTANT shall ensure that the total cost of services, including user fees, billed by Affiliate Centers to CONSULTANT for participants in the Program shall not exceed the cost of similar services paid by full fee parents or users of the Affiliate Centers.

5.1.6 CONSULTANT shall not charge Program recipients any child care fees in excess of those fees set forth in Attachments B-2 of Exhibit "B" hereof. CITY'S payment under this Contract to CONSULTANT for services under the Program rendered by Palo Alto Community Child Care Centers or Affiliate Centers shall also not exceed the fees set forth in Attachments B-1 of Exhibit "B", less the amount of any parent contribution paid when required by the Family Fee Schedule set forth in Attachment B-2 to Exhibit "B".

5.1.7 All property donated to CONSULTANT shall be presumed donated to CONSULTANT, unless specified otherwise.

5.1.8 Upon termination of the Program, all equipment and other property purchased with CITY funds not directly on loan from CITY may be disposed of with prior approval of the CITY, by CONSULTANT to community nonprofit organizations providing children's services. If any property purchased with CITY funds is not disposed of within a reasonable period of time, not to exceed three months, the property, or reasonable value therefore, shall be turned over by CONSULTANT to CITY immediately, and the same shall become the permanent property of CITY.

5.1.9 The full payment of charges for extra work or changes, or both, in the execution of the Program will be made, provided such request for payment is initiated by CONSULTANT and authorized, in writing, by the program manager. Payment will be made within thirty (30) days of submission by CONSULTANT of a statement, in triplicate, of itemized costs covering such work or changes, or both. Prior to commencing such extra work or changes, or both, the parties will agree upon an estimated maximum cost for such extra work or changes. CONSULTANT will not be paid for extra work or changes, including, without limitation, any design work or change order preparation, which is made necessary on account of CONSULTANT'S errors, omissions, or oversights.

5.1.10 Direct personnel expense of employees assigned to the execution of the Program by CONSULTANT will include only the work and other documents pertaining to the Program, and in services rendered, to the extent such services are expressly contemplated under this Contract. Included in the cost of direct personnel expense of these employees are salaries and mandatory and customary benefits such as statutory employee benefits, insurance, sick leave, holidays and vacations, pensions and similar benefits.

5.2 Payment for the Program's childcare subsidy payments shall specify actual expenditures directly related to this Contract in accordance with Exhibit "B". Final payment will be made by CITY after CONSULTANT has submitted all deliverables, including, without limitation, reports which have been approved by the program manager.

#### SECTION 6. PROGRAM RECORDS

Upon reasonable notice, CONSULTANT shall grant the program manager access to all CONSULTANT records, data, statements, and reports, which pertain to this Program. CONSULTANT shall grant access to any confidential or clinical records of personnel and clients which tend to identify specific individuals to the CITY, for the sole purpose of program auditing processes. CONSULTANT shall secure appropriate personnel and client authorization forms from the appropriate sources necessary to allow the audit to occur.

#### SECTION 7. ACCOUNTING, AUDITS, OWNERSHIP OF RECORDS

7.1 CONSULTANT shall appoint a fiscal agent who shall be responsible for the financial and accounting activities of CONSULTANT, including the receipt and disbursement of CONSULTANT funds.

7.2. CONSULTANT shall appoint from its Board a treasurer who shall review the Financial Statements of CONSULTANT on a regular basis.

7.3 Records of the direct personnel expenses and expenses incurred in connection with the performance of Basic Services and Additional Services pertaining to the Program will be prepared, maintained, and retained by CONSULTANT in accordance with generally accepted accounting principles and will be made available to CITY for auditing purposes at mutually convenient times during the term of this Contract and for three (3) years following the expiration or earlier termination of this Contract.

7.4 CONSULTANT shall provide for independent audit of its fiscal year transactions, records, and financial reports at least every two (2) years. The certified public accountant shall submit the report to both parties. The cost of this audit shall be borne by CONSULTANT.

7.5 The originals of the deliverables, if any, prepared by or under the direction of CONSULTANT in the performance of this Contract will become the property of CITY irrespective of whether the Program is completed upon CITY's payment of the amounts required to be paid to CONSULTANT. These originals will be delivered to CITY without additional compensation. CITY will have the right to utilize any final and incomplete drawings, estimates, specifications, and any other documents prepared hereunder by CONSULTANT, but CONSULTANT disclaims any responsibility or liability for any alterations or modifications of such documents.

SECTION 8. INDEMNITY

8.1 CONSULTANT agrees to protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents, from any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, caused by or arising out of CONSULTANT's, its officers', agents', CONSULTANTS' or employees' negligent acts, errors, or omissions, or willful misconduct, or conduct for which applicable law may impose strict liability on CONSULTANT in the performance of or failure to perform its obligations under this Contract, and the provision of child care services by CONSULTANT, its employees, agents, or subcontractors, or by the CONSULTANT affiliate centers, whether or not such services are paid for with administration or subsidy funds under this contract.

SECTION 9. WAIVERS

9.1 The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Contract or of the provisions of any ordinance or law will not be deemed to be a waiver of any such covenant, term, condition, provision, ordinance, or law or of any subsequent breach or violation of the same or of any other covenant, term, condition, provision, ordinance or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder will not be deemed to be a waiver of any preceding breach or violation by the other party of any covenant, term, condition or provision of this Contract or of any applicable law or ordinance.

9.2 No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Contract.

SECTION 10. INSURANCE

10.1 CONSULTANT, at its sole cost and expense, will obtain and maintain, in full force and effect during the term of this Contract, the insurance coverage described in Exhibit "C", insuring not only CONSULTANT and its CONSULTANTS, if any, but also, with the exception of workers' compensation, employer's liability and professional liability insurance, naming CITY as an additional insured concerning CONSULTANT's performance under this Contract.

10.2 All insurance coverage required hereunder will be provided through carriers with Best's Key Rating Guide ratings of A:VII or higher which are admitted to transact insurance business in the State of California. Any and all CONSULTANTS of CONSULTANT retained to perform Services under this Contract will obtain and maintain, in full force and effect during the term of this Contract, identical insurance coverage, naming CITY as an additional insured under such policies as required above, whether or not such services are paid for with administration or subsidy funds under this Contract. CONSULTANT shall also be responsible to ensure that all CONSULTANT Affiliate Centers and any subcontractors obtain and maintain in full force and effect throughout the entire term of this contract.

10.3 Certificates of such insurance, preferably on the forms provided by CITY, will be filed with CITY concurrently with the execution of this Contract. The certificates will be subject to the approval of CITY's risk manager and will contain an endorsement stating that the insurance is

primary coverage and will not be canceled or altered by the insurer except after filing with the CITY's city clerk thirty (30) days prior written notice of such cancellation or alteration, and that the City of Palo Alto is named as an additional insured except in policies of workers' compensation, employer's liability, and professional liability insurance. Current certificates of such insurance will be kept on file at all times during the term of this Contract with the city clerk.

10.4 The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Contract. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Contract, including such damage, injury, or loss arising after the Contract is terminated or the term has expired.

#### SECTION 11. WORKERS' COMPENSATION

11.1 CONSULTANT, by executing this Contract, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing the performance of the Program.

#### SECTION 12 - TERMINATION OR SUSPENSION OF CONTRACT OR PROGRAM

12.1 The city manager may suspend the execution of the Program, in whole or in part, or terminate this Contract, with or without cause, by giving thirty (30) days prior written notice thereof to CONSULTANT, or immediately after submission to CITY by CONSULTANT of any completed item of Basic Services. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance under this Contract.

12.2 CONSULTANT may terminate this Contract or suspend its execution of the Program by giving thirty (30) days' prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY or in the event CITY indefinitely withholds or withdraws its request for the initiation or continuation of Basic Services or the execution of the Program.

12.3 Upon such suspension or termination by CITY, CONSULTANT will be compensated for the Basic Services and Additional Services performed and deliverables received and approved prior to receipt of written notice from CITY of such suspension or abandonment, together with authorized additional and reimbursable expenses then due. If the Program is resumed after it has been suspended for more than 180 days, any change in CONSULTANT's compensation will be subject to renegotiation and, if necessary, approval of CITY's City Council. If this Contract is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY, as such determination may be made by the city manager in the reasonable exercise of her discretion.

12.4 In the event of termination of this Contract by the CITY, CONSULTANT shall forthwith close CITY-funded portions of the Program; provided, however, due regard shall be given to the need for Program recipients to locate alternate forms of care for their children. CITY shall pay a reasonable amount for services rendered by CONSULTANT while closing CITY-funded portions of the Program for a period not to exceed thirty (30) days from the date of any termination.

12.4.1 For approved items of services, CONSULTANT will be compensated for each item of service fully performed in the amounts authorized under this Contract.

12.4.2 For approved items of services on which a notice to proceed is issued by CITY, but which are not fully performed, CONSULTANT will be compensated for each item of service in an amount which bears the same ratio to the total fee otherwise payable for the performance of the service as the quantum of service actually rendered bears to the services necessary for the full performance of that item of service.

12.4.3 The total compensation payable under the preceding paragraphs of this Section will not exceed the payment specified under Section 5 for the respective items of service to be furnished by CONSULTANT.

12.5 Upon such suspension or termination, CONSULTANT will deliver to the city manager immediately any and all copies of the deliverables, whether or not completed, prepared by CONSULTANT or its CONSULTANTS, if any, or given to CONSULTANT or its CONSULTANTS, if any, in connection with this Contract. Such materials will become the property of CITY.

12.6 The failure of CITY to agree with CONSULTANT's independent findings, conclusions, or recommendations, if the same are called for under this Contract, on the basis of differences in matters of judgment, will not be construed as a failure on the part of CONSULTANT to fulfill its obligations under this Contract.

### SECTION 13. ASSIGNMENT

13.1 This Contract is for the personal services of CONSULTANT, therefore, CONSULTANT will not assign, transfer, convey, or otherwise dispose of this Contract or any right, title or interest in or to the same or any part thereof without the prior written consent of CITY. A consent to one assignment will not be deemed to be a consent to any subsequent assignment. Any assignment made without the approval of CITY will be void and, at the option of the city manager, this Contract may be terminated. This Contract will not be assignable by operation of law.

### SECTION 14. NOTICES

14.1 All notices hereunder will be given, in writing, and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk  
City of Palo Alto  
Post Office Box 10250  
Palo Alto, CA 94303

Copy to: Office of Human Services Manager  
City of Palo Alto  
4000 Middlefield Road, T-2  
Palo Alto, CA 94303

To CONSULTANT: Attention of the program director  
at the address of CONSULTANT recited above

SECTION 15. CONFLICT OF INTEREST

15.1 In accepting this Contract, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

15.2 CONSULTANT further covenants that, in the performance of this Contract, it will not employ contractors or persons who are officials, officers or employees of CITY having such an interest mentioned above without divulgence of such fact to CITY. CONSULTANT certifies that no one who has or will have any financial interest under this Contract is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

SECTION 16. NONDISCRIMINATION

16.1 As set forth in the Palo Alto Municipal Code, no discrimination will be made in the employment of persons under this Contract because of the age, race, color, national origin, ancestry, religion, disability, sexual preference or gender of such person. If the value of this Contract is, or may be, five thousand dollars (\$5,000) or more, CONSULTANT agrees to meet all requirements of the Palo Alto Municipal Code pertaining to nondiscrimination in employment.

16.2 CONSULTANT agrees that each contract for services from independent providers will contain a provision substantially as follows:

PALO ALTO COMMUNITY CHILD CARE, INC. will provide CONSULTANT with a certificate stating that Palo Alto Community Child Care, Inc. is currently in compliance with all Federal and State of California laws covering nondiscrimination in employment; and that Palo Alto Community Child Care, Inc. will not discriminate in the employment of any person under this contract because of the age, race, color, national origin, ancestry, religion, disability, sexual preference or gender of such person."



16.3 If CONSULTANT is found in violation of the nondiscrimination provisions of the State of California Fair Employment Practices Act or similar provisions of Federal law or executive order in the performance of this Contract, it will be in default of this Contract. Thereupon, CITY will have the power to cancel or suspend this Contract, in whole or in part, or to deduct the sum of twenty-five dollars (\$25) for each person for each calendar day during which such person was subjected to discrimination, as damages for breach of contract, or both. Only a finding of the State of California Fair Employment Practices Commission or the equivalent federal agency or officer will constitute evidence of a breach of this Contract.

#### SECTION 17. MISCELLANEOUS PROVISIONS

17.1 CONSULTANT represents and warrants that it has knowledge of the requirements of the federal Americans with Disabilities Act of 1990, and the Government Code and the Health and Safety Code of the State of California, relating to access to public buildings and accommodations for disabled persons, and relating to facilities for disabled persons. CONSULTANT will comply with or ensure by its advice that compliance with such provisions will be effected pursuant to the terms of this Contract.

17.2 Upon the agreement of the parties, any controversy or claim arising out of or relating to this Contract may be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof.

17.3 This Contract will be governed by and construed in accordance with the laws of the State of California, excluding its conflicts of law.

17.4 In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

17.5 The prevailing party in any action brought to enforce the terms of this Contract or arising out of this Contract may recover its reasonable costs and attorneys' fees expended in connection with that action.

17.6 This document represents the entire and integrated Contract between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

17.7 All provisions of this Contract, whether covenants or conditions, will be deemed to be both covenants and conditions.

17.8 The covenants, terms, conditions and provisions of this Contract will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and CONSULTANTS, as the case may be, of the parties.

17.9 If a court of competent jurisdiction finds or rules that any provision of this Contract or any amendment thereto is void or unenforceable, the unaffected provisions of this Contract and any amendments thereto will remain in full force and effect.

17.10 All exhibits referred to in this Contract and any addenda, appendices, attachments, and schedules which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Contract and will be deemed to be a part of this Contract.

17.11 This Contract may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one and the same instrument.

17.12 This Contract is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Contract will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Contract are no longer available. This Section 17.12 will take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Contract.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Contract on the date first above written.

**APPROVED AS TO FORM:**

**CITY OF PALO ALTO**

\_\_\_\_\_  
Senior Asst. City Attorney

\_\_\_\_\_  
City Manager

**APPROVED:**

**PALO ALTO COMMUNITY CHILD CARE, INC.**

\_\_\_\_\_  
Director of Community Services

DocuSigned by:  
*Janice Shaul*  
By: 78E740A2396447E...

Name: Janice Shaul

**APPROVED AS TO CONTENT:**

Title: Executive Director

\_\_\_\_\_  
Manager Office of Human Services

Attachments:

- |                  |   |
|------------------|---|
| EXHIBIT "A":     | SCOPE OF PROGRAM SERVICES & TIME SCHEDULE |
| EXHIBIT "B":     | SUBSIDY PROGRAM SPECIFICATIONS            |
| ATTACHMENT "B-1" | CONTRACT BUDGET                           |
| ATTACHMENT "B-2" | FAMILY FEE SCHEDULE                       |
| EXHIBIT "C":     | INSURANCE REQUIREMENTS                    |

## EXHIBIT "A"

### PALO ALTO COMMUNITY CHILD CARE (PACCC) Child Care Subsidy Program

#### FY 2016 - 2020 SCOPE OF PROGRAM SERVICES

**MISSION:** To provide low-income families with subsidies to acquire quality child care services. These childcare services will enable parents to work or attend school and provide for their families, as well as to support their children's developmental needs.

#### I PROGRAM SERVICES

CONSULTANT shall administer, in a cost-effective manner, a child care subsidy program (the "Program") for low-income families as described in the Subsidy Program Specifications set forth in Exhibit B to this Agreement. Approximately thirty five (35) children of low-income families shall be provided subsidized childcare through the Program at PACCC childcare centers and at PACCC Affiliate Centers (as defined in this Agreement). Subsidized child care services shall be provided during those time periods when both parents or legal guardians are employed, seeking employment, students, incapable of providing care due to disability, or when the child is referred to the Program by the Child Protective Services (CPS) Division of the California Department of Social Services.

School age childcare subsidy funds will only be made available to students enrolled in Kindergarten through the summer after completion of grade five.

#### II SUBSIDY PROGRAM GOALS

Goal #1: Maximize the number of children and families served by City of Palo Alto Subsidy program.

##### OBJECTIVE:

- Leverage multiple funding sources to allow City of Palo Alto funding to serve the most children possible.

##### METHODS:

- During annual family recertification and data collection, identify families who are eligible for combined City and State funding.
- Continue to seek and secure fund development opportunities that enhance the total available direct services funding for child care subsidies in order to augment and support City and State programs.
- Investigate alternative child care arrangements to refer eligible families on the eligibility list.

Goal #2: Collaborate with other service agencies to serve the unique needs of low-income families

OBJECTIVE:

- Increase the number of collaborations with agencies that provide services for the special needs of the population served by the City subsidy program.

METHODS:

- Enhance collaborations with Palo Alto Housing Corporation, PAUSD
- Seek out other collaborative relationships with other agencies such as those that have food support.

Goal #3: Establish and maintain a Parent Advisory Committee (PAC).

OBJECTIVE:

- Create a Parent Advisory Committee (PAC) to provide funded families an opportunity to advise PACCC on issues related to the services they receive.

METHODS:

- PAC will meet twice per year. All funded families will be invited to participate.
- PAC meeting content will include policy and program requirements; support offered by PACCC's financial aid coordinator; communication avenues; program service feedback.

Goal #4: Create and maintain a program family handbook.

OBJECTIVE:

- Create a family handbook specific to the requirements of the City and State funded programs to allow complete transparency of program requirements, parent's roles and responsibilities.

METHODS:

- Using the requirements of the City and State funded programs, as well as PACCC's policies, the family handbook will be finalized by December 2015.
- To ensure program policies and requirements are accurately reflected, review of the handbook will occur annually.

GENERAL PROGRAM GOALS, OBJECTIVES, METHODS & PROCEDURES

- 1) Comply with state Program Specifications and PACCC Operating Procedures

with regard to the administration and management of subsidy funding, including verification of family and child eligibility, need, residency, and attendance; completion of annual re-certifications for enrolled families; and maintenance of Contracts for Services that appropriately reflect changes in the above.

- 2) Collect, track, and compile data sufficient to provide annual financial reports, including all agency revenue and expenditures as required under City of Palo Alto contract.
- 3) Coordinate with the Office of Human Services to conduct an annual program evaluation.
- 4) Maintains a ranked Eligibility List for participation in the program, with enrollment priority based upon income level, initially using established priorities as detailed in the Program specifications of the contract.
- 5) Eligibility list will be reviewed and ranked each time a new family is added.
- 6) Conduct detailed Eligibility List analysis to identify trends in community need and groups of applicants with the longest waiting periods.
- 7) Regularly survey local child care professionals to ascertain topics of interest for workshops and hire trainers to present workshops that meet those interests in collaboration with PACCC's ongoing in-service training.
- 8) Maintain updated CPA Family Resources Kiosks; acquire and use new Kiosks where appropriate.as provided by the City
- 9) Provide referrals to local community service agencies and programs that offer resources that PACCC cannot for low income families.

**ACKNOWLEDGEMENT OF CITY FUNDING:** PACCC shall include an acknowledgement of City funding and support in all appropriate publicity or publications regarding the PROGRAM, using words to the effect that “subsidized child care services are provided through City of Palo Alto funding,” or as otherwise approved by the Project Manager.

**REPORTS:** Contractor shall provide activity reports relating to this Scope of Program Services for the periods ending September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016 December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019, September 30, 2019,

December 31, 2019, March 31, 2020, and June 30, 2020 within fifteen days after these dates. Each report shall cover the preceding period and other such information as the Project Manager may request. The final report shall focus on the final four months, but also shall provide information on contract services for the entire term. Each report shall be prepared in the form agreed upon by the Project Manager and the Contractor

**AMERICANS WITH DISABILITIES ACT:** Contractor shall comply with the Americans with Disabilities Act (ADA) of 1990.

## **EXHIBIT "B"**

### **PALO ALTO COMMUNITY CHILD CARE (PACCC) Child Care Subsidy Program**

#### **FY 2016 - 2020 SUBSIDY PROGRAM SPECIFICATIONS**

**SERVICES:** PACCC shall centrally administer and manage City funds to provide child care subsidies for families with low income and very low incomes, who are eligible, based on and in accordance with the City-approved FY2016 Contract Budget attached hereto as "Attachment B-1" and incorporated herein by this reference (the "Program"). The approval of at least two (2) members of PACCC management for the granting of childcare subsidy under the Program must be obtained for each recipient. The PACCC Subsidy Coordinator shall maintain a centralized waiting list for the Program in the PACCC administrative office. Subsidized childcare under the Program may be provided at PACCC childcare centers and PACCC Affiliate centers. Fees charged at PACCC childcare centers shall be as set forth in the Family Fee Schedule, "Attachment B-2" to this Exhibit "B", which is attached hereto and incorporated herein by this reference.

Subsidized child care services shall be provided during those time periods when both parents or legal guardians are employed, seeking employment, students, incapable of providing care due to disability, or when the child is referred to the Program by the Child Protective Services (CPS) Division of the California Department of Social Services.

#### **General Eligibility for Use of Program Subsidy Funds:**

Only the following children are eligible for City subsidized childcare services:

- a) Children whose parent or legal guardian is a resident of the City of Palo Alto
- b) Children whose parent or legal guardian is employed by the City of Palo Alto
- c) Children attending the Palo Alto Unified School District ("PAUSD") through the Voluntary Transfer Program pursuant to the Tinsley Settlement Order in San Mateo County, Superior Court Case No. 206010 (the "Tinsley Agreement")
- d) Homeless children referred in writing by a local social service agency or shelter

School age childcare subsidy funds will only be made available to students enrolled in Kindergarten through the summer after the completion of grade five.

#### **Documentation of Residency Requirement for City Subsidy Eligibility:**

Verification of general eligibility for child care subsidy under the Program must include one or more of the following as applicable:

- a) Utility bill from past month establishing Palo Alto residence
- b) City of Palo Alto pay stub establishing employment by the City



- c) Documentation of Tinsley Agreement participation by establishing attendance at PAUSD under the program
- d) Documentation from a local emergency shelter or agency serving victims of domestic violence accompanied by verification of residency in Palo Alto within the past year
- e) Documentation of homeless status by a local social service agency or shelter.

**Verification of Income Eligibility for City Subsidy:**

Verification of income eligibility for childcare subsidy under the Program must include one or more of the following documents establishing gross monthly income level of recipient family:

- a) Copies of two (2) latest wage stubs
- b) Unemployment Insurance Benefit (UIB) award letter
- c) Federal tax filing information for last two (2) years if self-employed
- d) Notice of Action (NOA) letter from social service agency if receiving public assistance
- e) Registration verification from school or training program signed by appropriate school personnel

**Adjusted Gross Monthly Income for Families with Severe Disabilities:**

Families that have a member with a severe disability requiring non-reimbursable medical expenses are eligible for a subsidized rate that takes into account these expenses. A severe disability is defined as those conditions, which are catastrophic (violent or sudden in nature with extreme consequences), long-term (occurring or involving a long period of time of hardship and suffering), or terminal (leading ultimately to death).

The following documentation is required:

- a) A written letter from a medical physician detailing the nature of and severity of the disability *and*;
- b) Formal documentation substantiating that the expenses are directly related to the disability (a verifiable statement of non-reimbursable medical expenses).

For families that qualify under these guidelines, the medical expenses directly related to the stated disability will be deducted from the gross monthly income as calculated in accordance with the FY2016 Family Fee Schedule. Families will be given credit for their medical expenses and their hourly contribution will be reduced by ten steps on the FY2016 Family Fee Schedule. Families that qualify for an adjusted parent hourly contribution based on disability related expenses may earn up to 100% of the Santa Clara County median income but must meet all other requirements related to initial eligibility and continued eligibility based on semi-annual re-certifications.

**Parents in Training:**

Students must be attending school or working toward a recognized vocational goal as documented on forms signed by the Registrar. When appropriate, documentation of a passing grade will be

required during the recertification process in order to document satisfactory progress.

**Parents Seeking Employment:**

Parents are eligible for ninety (90) working days of childcare per fiscal year to seek employment if their employment or training period ends. Documentation and verification of job search and interviews will be required during recertification.

**Parents Employed by Temporary Work Agency:**

Parents employed by a temporary work agency (A temp) are eligible for childcare subsidy. The parent will be required to submit the following documentation verifying that he or she is employed by the agency and accepting assignments as they are offered:

- a) An offer letter from the agency that states the hours the employee has requested work (e.g. part-time, 8:30am to 12:30pm) and the range of pay;
- b) A record of when the parent was offered an assignment, if it was accepted, the length of the assignment, the hours worked, and the rate of pay. The parent must submit the record to the Subsidy Coordinator at the end of each month, along with pay stubs of wages earned for the month;
- c) The parent must sign a A Release of Information form to have on file with the temp agency and the Subsidy Coordinator. The Subsidy Coordinator will contact the temp agency at the end of each month to verify the record of assignments submitted by the parent.

If the Subsidy Coordinator determines that the parent is not accepting assignments on a consistent basis, the parent's need for childcare will be reassessed, and may result in termination of the childcare subsidy.

**Teenage Parents:**

Teenage parents are eligible to receive subsidized childcare services. The parent may be referred to the program by PAUSD as needing subsidized childcare in order to remain in school. During the summer months, the parent must be enrolled in summer school or employed in order to continue to receive subsidized childcare services. If the parent is not enrolled in school or employed during the summer months, he or she will be required to participate in the childcare program for a minimum of 15 hours per week. The goal of this requirement is to assist the parent with parenting skills in a supportive environment.

**Priority for City-Subsidized Child Care Services:**

Priority shall be granted to families with the lowest gross monthly income in relation to family size as determined by the FY2016 Family Fee Schedule. Eligible children who are referred to the City Subsidy Program through Child Protective Services (CPS). PACCC shall maintain written documentation of such referrals.

**When applications are received from families with the same income, the priority list is as follows:**

- 1) Recipients of child protective services (CPS) for children who are neglected or abused, or at risk of being neglected or abused, upon written referral from a legal, medical, or social service agency; or children who are victims of domestic violence who are referred in writing by a local social service agency or shelter;
- 2) Children designated as At-Risk of failure in Kindergarten by the PAUSD;
- 3) Children residing in a single-parent household;
- 4) Families which are homeless or at risk of homelessness; residing in a transitional housing program or emergency shelter, upon written referral from a local social service agency;
- 5) Currently enrolled PACCC families transitioning from another subsidy program due to changes in income, family size, need for care, or residency and siblings of currently subsidized PACCC children.

**Certification and Re-Certification:**

Each family receiving City subsidy must be required to re-certify to PACCC once annually to verify continued compliance with all of the eligibility criteria for the Program (general and income eligibility). PACCC shall once annually review the City subsidy recipients' files to ensure that the required updates of information have been provided.

**Change of Status Notification:**

Subsidy recipients under the Program shall be advised that, should their eligibility circumstances change (e.g. change of income, employment, and residence) the clients must report that change within ten (10) days to the PACCC Subsidy Coordinator.

**Transitional Child Care:**

When parents no longer qualify for a child care subsidy because their income exceeds eligibility limits, parents will continue to receive approximately three (3) months of transitional child care at the subsidized rate.

**Use of City Funds With Regard to Attendance:**

Families enrolled in the Program agree to use specific hours of care on specific days. Children must be signed in and out each day on an attendance sheet, which is kept by the PACCC Center or the Affiliate Center to verify actual use. The City will not reimburse for hours used outside the agreed-upon contract hours. Consistent attendance is a condition of receiving subsidized childcare. If it is determined that a child is excessively absent, the Subsidy Coordinator will limit the child to twelve (12) A best interest days per fiscal year and/or reassess the family's need for subsidized child care.

Absences considered A best interest days include a parent's day off, parent's vacation, school vacation, or a child's visit with family members. Parents are required to record the reason for an absence on the attendance sheet. Children are allowed a maximum of ten (10) consecutive days of excused absence per month. Excused absences include illness of the child, illness of the parent, or a family emergency. A child who has a long-term incapacitation may be exempt from this policy. In this instance, written verification from a physician as to the nature of the incapacitation will be required.

Children who receive child care subsidies under the Program who are absent for more than one (1) week consecutively without prior notification and documentation (excused absence forms) will be dropped from the program and must reapply for admittance. Reinstatement of the childcare subsidy will be determined by the PACCC Executive Director and the Subsidy Coordinator. Excuse forms may include an excuse slip signed by the parent, guardian, or appropriate doctor.

**Attendance and City-Subsidy Administration Policies and Procedures:**

PACCC shall design and implement the use of standard forms to record and summarize the children's attendance at all PACCC facilities and PACCC affiliate childcare centers. PACCC administrative personnel shall periodically review the forms and record keeping of attendance for propriety and completeness. Program administration policies and procedures shall also periodically be updated and enforced, consistent with the requirements of this Agreement.

**Guidelines for Affiliate Agency Use of City Subsidy Funds:**

PACCC shall ensure that the requirements described herein shall apply to all affiliate agencies that receive City funds administered through PACCC. PACCC shall oversee and monitor all of its affiliate contracts to ensure that compliance with this contract is maintained.

**Accreditation Requirement for All Child Care Program Receiving City Subsidy Program Funds:**

All PACCC and PACCC affiliates participating in the Program must be nationally accredited or actively pursuing accreditation through the National Association for the Education of Young Children (NAEYC), the National After School Association (NAA), or the National Association of Family Child Care (NAFCC). Programs that are not accredited must sign a Letter of Intent that indicates the childcare programs plan to complete the accreditation process within two (2) years or submit annually:

- An observation and action plan using the published Environment Rating Scales (ERS) appropriate for the age group and center type. The ERS must be done with the participation of a third party observer who has experience using the ERS and who works in the early childhood field; and
- Results of an annual family survey.

**Family Fee Schedule:**

The Family Fee Schedule may be adapted to reflect modifications in the low-income guidelines as defined by the federal Housing and Urban Development (HUD) Authority Community.

**Case Review:**

Each family receiving City Subsidy funds shall have a case review after eight years in the Program. The PACCC Executive Director, Site Director, and Subsidy Coordinator, together with the City's Child and Family Services Manager, will review the case to determine whether the subsidy funds should continue beyond the eighth year.

PACCC's Subsidy Coordinator may make exceptions to compliance with the Program's written policies and procedures with written authorization from the City's Child and Family Services Manager.

## Attachment "B-1"

**PALO ALTO COMMUNITY CHILD CARE, INC.  
Child Care Subsidy Program**

**FY 2015-16 CONTRACT BUDGET**

Program (s) Expenses	FY 15/16 Contract Budget
Salaries	\$ 79,327.94
Program Operating Expenses	
Insurance	\$ 353.76
Audit	\$ 160.80
Rent	
Utilities	\$ 214.40
Phone	\$ 214.40
Postage	\$ 107.20
Office Supplies	\$ 107.20
Travel	
Staff Development/Training	
Computer Hardware/Software	
Equipment	
Maintenance/Repair	\$ 107.20
Books/Publications	
Printing/Publishing	\$ 214.40
Capital Expenses	
Other - Direct Subsidies	\$ 379,033.70
<b>TOTAL</b>	<b>\$ 459,841.00</b>

## ATTACHMENT B-2

(Table for reference during review - updated table to be on the final for FY15-16)

2013-14 Family Fee Schedule City of Palo Alto Child Care Subsidy Program								Hourly Fee	Percentage based on Hourly Fee at \$4.86 for Median Income (MI)	Income Level
FAMILY SIZE										
% MI	1-2	3	4	5	6	7	8			
33%	\$2,321	\$2,611	\$2,901	\$3,133	\$3,366	\$3,598	\$3,830	\$ 0.30	6%	
34%	\$2,391	\$2,690	\$2,989	\$3,228	\$3,468	\$3,707	\$3,946	\$ 0.34	7%	
35%	\$2,462	\$2,769	\$3,077	\$3,323	\$3,570	\$3,816	\$4,062	\$ 0.38	8%	
36%	\$2,532	\$2,849	\$3,165	\$3,418	\$3,672	\$3,925	\$4,178	\$ 0.44	9%	
37%	\$2,602	\$2,928	\$3,253	\$3,513	\$3,774	\$4,034	\$4,294	\$ 0.49	10%	
38%	\$2,673	\$3,007	\$3,341	\$3,608	\$3,876	\$4,143	\$4,410	\$ 0.54	11%	
39%	\$2,743	\$3,086	\$3,429	\$3,703	\$3,978	\$4,252	\$4,526	\$ 0.56	12%	
40%	\$2,813	\$3,165	\$3,517	\$3,798	\$4,079	\$4,361	\$4,642	\$ 0.62	13%	
41%	\$2,884	\$3,244	\$3,605	\$3,893	\$4,181	\$4,470	\$4,758	\$ 0.64	13%	
42%	\$2,954	\$3,323	\$3,693	\$3,988	\$4,283	\$4,579	\$4,874	\$ 0.68	14%	
43%	\$3,024	\$3,403	\$3,781	\$4,083	\$4,385	\$4,688	\$4,990	\$ 0.74	15%	
44%	\$3,095	\$3,482	\$3,868	\$4,178	\$4,487	\$4,797	\$5,106	\$ 0.80	16%	
45%	\$3,165	\$3,561	\$3,956	\$4,273	\$4,589	\$4,906	\$5,222	\$ 0.83	17%	
46%	\$3,235	\$3,640	\$4,044	\$4,368	\$4,691	\$5,015	\$5,339	\$ 0.86	18%	
47%	\$3,306	\$3,719	\$4,132	\$4,463	\$4,793	\$5,124	\$5,455	\$ 0.92	19%	
48%	\$3,376	\$3,798	\$4,220	\$4,558	\$4,895	\$5,233	\$5,571	\$ 1.01	21%	
49%	\$3,446	\$3,877	\$4,308	\$4,653	\$4,997	\$5,342	\$5,687	\$ 1.19	24%	
50%	\$3,517	\$3,956	\$4,396	\$4,748	\$5,099	\$5,451	\$5,803	\$ 1.24	26%	50%MI-EL
51%	\$3,587	\$4,036	\$4,484	\$4,843	\$5,201	\$5,560	\$5,919	\$ 1.28	26%	
52%	\$3,657	\$4,115	\$4,572	\$4,938	\$5,303	\$5,669	\$6,035	\$ 1.37	28%	
53%	\$3,728	\$4,194	\$4,660	\$5,033	\$5,405	\$5,778	\$6,151	\$ 1.46	30%	
54%	\$3,798	\$4,273	\$4,748	\$5,127	\$5,507	\$5,887	\$6,267	\$ 1.51	31%	
55%	\$3,868	\$4,352	\$4,836	\$5,222	\$5,609	\$5,996	\$6,383	\$ 1.55	32%	
56%	\$3,939	\$4,431	\$4,924	\$5,317	\$5,711	\$6,105	\$6,499	\$ 1.64	34%	
57%	\$4,009	\$4,510	\$5,011	\$5,412	\$5,813	\$6,214	\$6,615	\$ 1.73	36%	
58%	\$4,079	\$4,589	\$5,099	\$5,507	\$5,915	\$6,323	\$6,731	\$ 1.78	37%	
59%	\$4,150	\$4,669	\$5,187	\$5,602	\$6,017	\$6,432	\$6,847	\$ 1.82	37%	
60%	\$4,220	\$4,748	\$5,275	\$5,697	\$6,119	\$6,541	\$7,427	\$ 1.91	39%	
61%	\$4,290	\$4,827	\$5,363	\$5,792	\$6,221	\$6,650	\$7,079	\$ 2.00	41%	
62%	\$4,361	\$4,906	\$5,451	\$5,887	\$6,323	\$6,759	\$7,195	\$ 2.09	43%	
63%	\$4,431	\$4,985	\$5,539	\$5,982	\$6,425	\$6,868	\$7,311	\$ 2.14	44%	
64%	\$4,502	\$5,064	\$5,627	\$6,077	\$6,527	\$6,977	\$7,427	\$ 2.18	45%	
65%	\$4,572	\$5,143	\$5,715	\$6,172	\$6,629	\$7,086	\$7,544	\$ 2.27	47%	65%-UL
70%	\$4,924	\$5,539	\$6,154	\$6,647	\$7,139	\$7,631	\$8,124	\$ 2.54	52%	
75%	\$5,275	\$5,935	\$6,594	\$7,122	\$7,649	\$8,177	\$8,704	\$ 2.77	57%	
80%	\$5,627	\$6,330	\$7,034	\$7,596	\$8,159	\$8,722	\$9,284	\$ 2.99	62%	
85%	\$5,979	\$6,726	\$7,473	\$8,071	\$8,669	\$9,267	\$9,865	\$ 3.22	66%	
90%	\$6,330	\$7,122	\$7,913	\$8,546	\$9,179	\$9,812	\$10,445	\$ 3.44	71%	
95%	\$6,682	\$7,517	\$8,352	\$9,021	\$9,689	\$10,357	\$11,025	\$ 3.67	76%	
100%	\$7,034	\$7,913	\$8,792	\$9,495	\$10,199	\$10,902	\$11,605	\$ 4.86	100%	
	80% of MI	90% of MI	100%MI	108% of MI	116% of MI	124% of MI	132% of MI			

**MI for a family of 4 - based on HUD Income Limit for 2013 - effective 2/25/13**

MI = Median Income for families of different sizes

EL = Entry Level - Level of Income at which a family may qualify to receive CPA Subsidy

UL = Upper Limit- Level of Income at which a family must begin transitioning out of CPA Subsidy

**XL = Extremely Low Income according to HUD****US Dept of Housing and Urban Development (HUD) Income Limits - Santa Clara County Jurisdictions FY 2013 - effective 2/25/13 (Based on State Income Limits reflecting the New Hold Harmless Policy)**[https://ca-losgatos.civicplus.com/documents/8/12/203/2013A-%20INCOME%20LIMITS%20-%20hold%20harmless\\_201303281755410659.pdf](https://ca-losgatos.civicplus.com/documents/8/12/203/2013A-%20INCOME%20LIMITS%20-%20hold%20harmless_201303281755410659.pdf)<http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k13.pdf>

## EXHIBIT C INSURANCE REQUIREMENTS

CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, AFFORDED BY COMPANIES WITH AM BEST’S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY’S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER’S COMPENSATION EMPLOYER’S LIABILITY	STATUTORY STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
NO	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: <b>CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSURED CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.</b>			

- I. INSURANCE COVERAGE MUST INCLUDE:
  - A. A PROVISION FOR A WRITTEN THIRTY DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR OF COVERAGE CANCELLATION; AND
  - B. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR’S AGREEMENT TO INDEMNIFY CITY.
  - C. DEDUCTIBLE AMOUNTS IN EXCESS OF \$5,000 REQUIRE CITY’S PRIOR APPROVAL.
- II. CONTACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.



III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO  
“ADDITIONAL INSURED”

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSURED.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSURED UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSURED, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

**NOTICES SHALL BE MAILED TO:**

PURCHASING AND  
CONTRACT ADMINISTRATION  
CITY OF PALO ALTO  
P.O. BOX 10250  
PALO ALTO, CA 94303

EMAIL: [InsuranceCerts@CityofPaloAlto.org](mailto:InsuranceCerts@CityofPaloAlto.org)



## **CITY OF PALO ALTO CITY COUNCIL EXCERPT OF FINAL MINUTES**

Special Meeting May 12, 2014

10. Policy and Services Committee Recommendation to Council on Moving Agreements with Avenidas and Palo Alto Community Child Care out of the Human Services Resource Allocation Process.

Minka van Der Zwaag, Community Services Senior Programs Manager, reviewed the Finance Committee's actions and the Human Relations Commission's (HRC) recommendations. The Council referred removal of Avenidas and Palo Alto Community Child Care (PACCC) from the Human Services Resource Allocation Process (HSRAP) to the Policy and Services Committee. PACCC and Avenidas had long relationships with the City. Before the HRC, representatives of PACCC and Avenidas articulated their wish to be removed from HSRAP. The HRC was concerned that removal of PACCC and Avenidas along with their funding would jeopardize future funding for smaller agencies. In addition, other long-time funding recipients would request direct contracts with the City. The HRC attempted to draft a compromise that addressed the concerns of the Council, PACCC, and Avenidas while retaining PACCC and Avenidas within HSRAP. The Policy and Services Committee (Committee) recommended the Council direct Staff to separate funding contracts with Avenidas and PACCC from HSRAP and to contract directly with them.

Council Member Price reported the Committee had a split vote on the item with one Member absent. All Members present agreed that senior and youth services were a critical part of services.

**MOTION:** Council Member Price moved, seconded by Council Member Klein to direct Staff to separate the funding contracts with Avenidas and Palo Alto Community Child Care (PACCC) from the Human Services Resource Allocation Process (HSRAP) and to contract directly with them.

Council Member Klein indicated the Council should recognize that PACCC and Avenidas were different from other agencies. PACCC and Avenidas provided services that in other cities were provided directly by the city.

**SUBSTITUTE MOTION:** Council Member Holman moved, seconded by Council Member Schmid to keep Avenidas and Palo Alto Community Child Care (PACCC) in the Human Services Resource Allocation Process.

Council Member Holman explained that Avenidas and PACCC were recognized as different from other agencies in that they submitted a Request for Proposal (RFP) every six years. She referenced Human Relations Commissioner Bacchetti's remarks regarding competition for budget increases.

Council Member Schmid remarked that the City had a limited Budget for human services. The Council identified a Commission to review and recommend funding for HSRAP to allow the Council to consider additional funding for human services.

Council Member Scharff requested Ms. O'Nan comment on the HRC's recommendation.

Jill O'Nan, Human Relations Commission Chair, believed all agencies would benefit from Avenidas and PACCC remaining within HSRAP to work through funding issues. The HRC did not intend to foster agency competition for funding. It was difficult for the HRC to address new and emerging needs without reducing agency funding. The HRC recommendation attempted to protect Avenidas and PACCC.

Council Member Scharff felt the HRC recommendation met PACCC's and Avenidas' concerns. The Council should honor the HRC's work.

**INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add the HRC recommendations identified on Packet Page 274: 1) Avenidas and PACCC will be assured that their HSRAP funding will not be cut in order to fund reallocations to other HSRAP grantees; 2) when the Council determines annual adjustments to reflect the increased costs of doing business in the nonprofit sector, Avenidas and PACCC will be assured their proportional shares; 3) when the Council makes an incremental allocation over and above any annual adjustment, the HRC will recommend redistribution of those funds according to its assessment of human

service needs at that time. Incremental allocations will be recommended according to a review covering all HSRAP recipients (including Avenidas and PACCC) and new applicants; and 4) in the case of budget reductions set by the Council and staff, Avenidas and PACCC will bear their proportional share, but no more, in the HRC'S recommendations.

Mayor Shepherd expressed concern that PACCC and Avenidas had no commonality with smaller agencies. The Council should allow PACCC and Avenidas to withdraw from HSRAP.

**SUBSTITUTE MOTION AS AMENDED FAILED:** 3-6 Holman, Scharff, Schmid yes

James Keene, City Manager, reported Staff may need to issue a Request for Proposal (RFP) for services provided by PACCC and Avenidas to allow the City to contract directly with PACCC and Avenidas.

**MOTION PASSED:** 7-2 Holman, Schmid no