



## City Council Agenda Report

**Meeting Date:** April 9, 2024

**Initiated By:** Manny A. Hernandez, Parks & Rec Director

**Prepared By:** Manny A. Hernandez, Parks & Rec Director

**Approved By:** Gabriel Engeland, City Manager

**Subject:** Program Modification and Recommendations for Tiny Tots Programs and Award Three-year Agreement with Children’s Corner to operate Preschool-age Services

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### COUNCIL PRIORITY AREA

- Business Communities
- Circulation Safety and Efficiency
- Environmental Sustainability
- Housing
- Neighborhood Safety Infrastructure
- General Government

### RECOMMENDATION

Staff recommends the elimination of the City-run Playschool program and the signing of a 3-year agreement with Children’s Corner to operate a preschool-age program at the San Antonio Club facility as soon as terms of the agreement can be reached. An evaluation of the San Antonio Club is needed to identify necessary modifications to the facility to allow for the operation of a licensed preschool program. The minimum necessary upgrades are to fire safety and ADA, but additional upgrades may be recommended.

Staff recommends the City Council direct staff to continue operating the Kinder Prep program through the 2024/25 school year under the proposed fee structure and budget (Attachment #1), offering registration only to current and alumni families. At the conclusion of this transition year, the City Council may:

- 1) Direct staff to end Kinder Prep operations in Los Altos as the expansion of the transitional Kindergarten at public schools will be in its final year and able to provide this service to Los Altos residents (Attachment #2); or
- 2) Direct staff to sign a three-year agreement with Children’s Corner to operate Transitional Kindergarten programs in Los Altos; or
- 3) Direct City staff to continue operations with the proposed fee schedule in attachment #1 and factor in regular market increases in future years to eliminate further subsidy of these programs.

## **POLICY QUESTION(S) FOR COUNCIL CONSIDERATION**

- Does Council wish to continue to provide a preschool age enrichment program as preparation for K-12 through the Parks & Recreation department?
- Does Council want to eliminate or make modifications to the Parks & Recreation preschool age program?
- Does Council consider the Tiny Tots program a service program that should be subsidized.

## **FISCAL IMPACT**

The Tiny Tots program operated at a total net loss of \$137,530 at the conclusion of the last fiscal year and is expected to have a total net loss of \$283,719 at the end of the current fiscal year.

The total fiscal impact moving forward is based on City Council direction. Should the City Council approve the recommendation from staff to contract services for Playschool and enter into a transition year for Kinder Prep without a subsidy, the city would receive approximately \$30,000 in revenues annually.

It is important to note that any revenue earned would be offset by the required improvements to Fire Safety and ADA at San Antonio Club. These would be one-time expenditures.

## **ENVIRONMENTAL REVIEW**

This action does not qualify as a “Project” as defined in California Government Code Section 15378(b) of the Guidelines for California Environmental Quality Act (CEQA).

## **PREVIOUS COUNCIL CONSIDERATION**

None

## **DISCUSSION/ANALYSIS**

The Los Altos Parks & Recreation Tiny Tots program is a "play with a purpose" preschool program that has been run by the City for several decades. Two classes are offered: Playschool (3-4 years of age) for the youngest learners and Kinder Prep (4-5 years of age) for children who will enter kindergarten the following year.

### **PLAYSCHOOL**

The Playschool program creates an age-appropriate environment for the 3–4-year-old participants, with a curriculum emphasizing social recreation and building positive self-worth. In this program, basic pre-kindergarten activities are integrated into the curriculum to introduce concepts of language, math, science, and socialization. The Playschool class is primarily outdoors and promotes physical, social, and emotional growth in a child-centered environment. The facility used for this program is the San Antonio Club (647 N San Antonio Road, Los Altos, CA).

The 2023/24 Playschool program year started in September 2023 and runs through the end of May 2024. This is a 3-day (Monday/Wednesday/Friday) program from 9 AM to 12 PM. There are currently eight participants in the program, recently increasing from the six registered participants that began in September.

The Playschool program has struggled to enroll participants for several years and has failed to meet attendance requirements for a sustainable operation since 2016. There was a clear challenge with the pandemic of 2020 and the ensuing years, however, staff has provided time and effort to help the program recover to sustainable levels but has not been successful in operating a sustainable program.

The largest challenge since the pandemic has been the hiring of part-time staff to run the program. The Recreation Coordinators and Supervisors that oversee the program are continuously going through the recruiting and hiring process to bring staff on to work in the program. Since 2021 part-time positions across the Bay Area have seen a great deal of instability. With part-time pre-school teacher positions having to be filled several times a year, the hiring process is exceptionally time-consuming. After hiring, time and effort is needed to onboard and train the new employees. Although the lead teachers of the program have been stable for a number of years, the majority of the current part-time staff are relatively new, with short tenures.

The registration and staffing challenges of Playschool have brought the financial viability of the program into question. Attachment #1 to this report shows the expected revenue and estimated expenses for the current fiscal year as well as the prior fiscal year. With only eight registrations for the FY 23/24 program and seeing flat to declining registrations over the last several years, staff is not recommending that the Playschool program be operated by the Parks & Recreation department any longer.

As part of staff's due diligence to find the best option for the community, a Request for Proposals (RFP) from qualified organizations to run Playschool and Kinder Prep programs was released. Staff recommends utilizing the most qualified organization to respond to the RFP, Children's Corner, to offer a preschool age enrichment program as part of the City's contracted program offerings. Staff believes that a respected organization like Children's Corner would be able to offer a program that would meet the needs of the community.

## KINDER PREP

Kinder Prep is a social-recreational program that integrates fundamental concepts through engaging pre-k activities, so children are confident and eager to start kindergarten. Activities for this program include music and movement, games, arts and crafts, cooking, field trips, as well as directed and self-directed play. Kinder Prep is a 4-day a week program (Monday through Thursday) from 8:45 to 11:45 AM. Kinder Prep takes place in the Acorn Room at the Los Altos Community Center.

Kinder Prep has been facing the same challenges as the Playschool program. Staff retention, rising staff costs, and flat revenue. Although Kinder Prep has seen higher registration numbers than Playschool, pre-k programs in California will be facing another challenge in the coming years with the expansion of transitional kindergarten in schools.

In 2021, Governor Gavin Newsom signed Assembly Bill (AB) 130, which will gradually expand transitional kindergarten (TK) over a four-year period, between the 2022/23 to 2025/26 school years. This program is free and administered by the schools that the children will be transitioning

into the following year for kindergarten. The completion of this program expansion in the schools is now two years into the process, and once fully implemented will be in direct competition with any city-run programs. Staff does not see a path to a sustainable increase in Kinder Prep registrations once this school-run program is fully expanded.

In the attached financial summary of the current fiscal year of the entire Tiny Tots program, the 2023/24 losses are estimated to be between \$215,000 (direct costs) and \$283,000 (total costs). Staff has provided what a cost recovery program would look like for the Kinder Prep program, with cost recovery options for direct costs only or total costs. With an estimated registration of 12 participants and a child to teacher ratio of 6:1, the tuition for the program would see an increase of 250% to 330%. This budget assumes a reduction in full-time staff and administration costs with the elimination of the Playschool program, and reduced staff needed for the operation of only one program.

With the transitional Kindergarten expansion in the public schools, and an increase in tuition for the program to market rate, staff does not believe the Kinder Prep program can operate without a subsidy. Staff recommends operating the Kinder Prep program for the 2024/25 school year, as outlined as the Proposed TK Program of the attached financial summary, as a transitional year. The transitional year would allow all current and alumni participants who are eligible to enroll in the program to not have to make alternative plans for the upcoming school year. At the conclusion of the transition year, Council should provide direction on the future of the program in the options outlined in this report.

As noted above, if Council chooses to operate any programs discussed in this report out of San Antonio Club, upgrades to fire safety and ADA, at a minimum, should be made prior to the beginning of the next program period.

## **ATTACHMENTS**

1. DRAFT program financial summary
2. About TK California