



City Council Agenda Report

Meeting Date: February 11, 2025

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Subject: Direct staff to adopt and implement a childcare subsidy program

COUNCIL PRIORITY AREA

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

RECOMMENDATION

Direct staff to adopt and implement a childcare subsidy program in support of the Santa Clara County initiative for affordable childcare.

FISCAL IMPACT

The ad hoc subcommittee and staff recommend allocating \$30,000 from the general fund to support the creation of the childcare subsidy program.

- \$30,000 will be budgeted in the Parks & Recreation FY 25/26 operating budget.
- \$25,000 in revenue is expected from the first full year of the agreement with Children's Corner to offset 83% of the program cost.

ENVIRONMENTAL REVIEW

Not Applicable.

PREVIOUS COUNCIL CONSIDERATION

None

BACKGROUND

At the June 25, 2024, regular City Council meeting, City Council authorized the creation of a Subcommittee of Councilmember Fligor and Mayor Weinberg to research the topic further, and for staff to bring the item back to a future meeting date.

ANALYSIS

Staff surveyed seven Santa Clara County cities (Campbell, Gilroy, Milpitas, Mountain View, Palo Alto, Santa Clara, Sunnyvale) that currently offer subsidy programs. After evaluating all program parameters, staff noted the following:

- All surveyed cities utilized Housing and Urban Development (HUD) income limits to set program eligibility.
- All surveyed cities set residency as a program requirement for eligibility. However, the city of Campbell is in the process of changing this requirement to include non-residents (those who work in the city) to increase program usage.
- The subsidy program in three of the seven cities (Gilroy, Mountain View, Sunnyvale) are specific to youth. The other four cities (Palo Alto, Milpitas, Santa Clara, Campbell) service all ages.
- All surveyed cities set a maximum level of subsidy through:
 - Flat subsidy amount per child and/or per family.
 - Example - \$200 per child and \$400 per family.
 - Percentage subsidy of the program fee.
 - Example – 50% of the program fee.
- The subsidy program in six of the seven cities are managed internally by staff. In the city of Mountain View, the Community Services Agency (CSA) manages the application and verification process.

DISCUSSION

It is anticipated that the city will net approximately \$25,000 in annual revenue from Children's Corner, the vendor selected to offer the preschool-age enrichment program on behalf of the city of Los Altos, for use of the Acorn Room at the Los Altos Community Center.

Based upon evaluation of survey information and Subcommittee discussion, the creation and implementation of a childcare subsidy program is being recommended with the following parameters:

- HUD income limits to set program eligibility.
- Open to residents and all city of Los Altos employees.
- Subsidy of 50% of the program fee up to \$10,000 per family.
- Preschool-age focus, 2 years to 5 years.

Considerations for program eligibility expansion include:

- Contracted public safety (Firefighters)
- Contracted city staff
- Los Altos business employees
- School district staff

Staff recommends City Council direct staff to adopt and implement the proposed childcare subsidy program in support of the Santa Clara County initiative for affordable childcare.