



Edwin M. Lee, Mayor

Trent Rhorer, Executive Director

MEMORANDUM

TO: HUMAN SERVICES COMMISSION

THROUGH: TRENT RHORER, EXECUTIVE DIRECTOR, HSA
SEPTEMBER JARRETT, DIRECTOR, OECE

FROM: SANDRA NAUGHTON, CHIEF OPERATING OFFICER, OECE
JOHN TSUTAKAWA, DIRECTOR OF CONTRACTS *341*

DATE: JUNE 16, 2017

SUBJECT: NEW GRANT: **LOW INCOME INVESTMENT FUND** (NON-PROFIT) TO ADMINISTER THE SAN FRANCISCO CHILD CARE FACILITIES FUND AND PROVIDE TECHNICAL ASSISTANCE

GRANT TERM: July 1, 2017 – June 30, 2020

GRANT AMOUNT:	New	Contingency	Total
	\$23,070,227	\$2,307,023	\$25,377,250

ANNUAL AMOUNT:	FY 17/18	FY 18/19	FY 19/20
	\$13,585,005	\$5,453,171	\$4,032,051

Funding Source	<u>County</u>	<u>State</u>	<u>Federal</u>	<u>Contingency</u>	<u>Total</u>
FUNDING:	\$21,234,263		\$1,835,964	\$2,307,023	\$25,377,250
PERCENTAGE:	92%		8%		100%

The Office of Early Child Care and Education, and the Department of Human Services (DHS), request authorization to enter into a grant with Low Income Investment Fund for the period of July 1, 2017 through June 30, 2020, in an amount of \$23,070,227 plus a 10% contingency for a total amount not to exceed \$25,377,250. The purpose of the contract is to administer the San Francisco Child Care Facilities Fund and provide technical assistance.

Background

In 1998 the Mayor's Office, DHS, and the Mayor's Office of Community Development, joined with private foundations and other funders, and the Low Income Housing Fund (LIHF) now the Low Income Investment Fund (LIIF), to launch the Child Care Facilities Fund (CCFF). The goal of the CCFF is to increase the quantity of licensed care options and to enhance the quality of child care for families and children, especially in settings serving low income families and children. LIIF has administered the CCFF since its inception, providing technical assistance and affordable capital to early care and education providers in order to retain and increase the quantity and enhance the quality of licensed early care and education available to families and children. LIIF provides one-on-one technical assistance to providers, which may include a broad range of information and advising related to new and existing facilities. LIIF also administers loans, loan subsidies, recoverable grants, and grants to eligible child care providers. The CCFF was first administered through a grant with DCYF. The Office of Early Care and Education has had the lead responsibility of the grant since 2013.

Services to be Provided

LIIF is the starting point and the central support for early care and education facilities development, renovation and repair. The Child Care Facilities Fund services are focused in the following areas:

- The grantee administers facility grants (pre-development, capital development, start-up, move-in and renovation and repair grants) that increase and maintain licensed early care and education center and family child care capacity, through creating new and preserving existing slots.
- The grantee provides loans and renovation and repair grants to centers and licensed family child care to improve facilities, buy equipment, and make emergency repairs.
- Training, workshops, resources, linkages, and one-on-one technical assistance related to the facilities development process, including feasibility analysis, capital planning, design, development, permit process, start-up, and facility maintenance.
- Technical assistance is provided to all projects, directly and through consultation by architects and other specialists in areas related to feasibility, planning, architectural, and/or design services.
- Identify new opportunities for leveraged financing and development strategies and financing to meet the capital needs of the ECE sector, including the acquisition of property.

The grant also includes the administration of the Interagency Plan Implementation Committee (IPIC) capital new development grants to increase access to ECE services within specific neighborhood Area Plans, and track fund expenditures and total project expenditures by project.

The grant includes collecting facility development and expansion data for reporting and evaluation purposes, including the number of early education slots created, enhanced and retained annually on an unduplicated basis. Data required by Child Care Development Impact Fee will be tracked discreetly in a routinely updated Development Impact Fee Report that annually supports the Controller's Office Development Impact Fee audit.

Selection

Grantee was selected through Request for Proposals #727 which was competitively bid in November 2016.

Funding

Funding for this grant is provided by Developer Fees, CalWorks Single Allocation Funds, and General Funds.

ATTACHMENTS

Appendix A

Appendix B

Appendix A – Services to be Provided
Low Income Investment Fund – Child Care Facilities Funding &
Technical Assistance
Effective July 1, 2017 – June 30, 2020

I. Purpose of Grant

The purpose of the grant is to provide both technical assistance and affordable capital to child care providers in order to retain and increase the quantity and enhance the quality of licensed child care available to families and children. This is accomplished through the administration of the Child Care Facilities Fund.

II. Definitions

ACCF	Affordable Child Care Fund. The Fund, established in 1985, is a development impact fee collected from new office and hotel development at occupancy. Fees are assessed on office/hotel developments adding 50,000 square feet or more in designated areas of downtown San Francisco. Developers can meet the mandate of legislation in one of three ways: <ul style="list-style-type: none">⇒ Developers can build a child care facility on-site.⇒ Developers can establish a relationship with a non-profit to provide a child care facility in the city.⇒ Developers can pay \$1 per square foot of commercial space developed into the Fund. In 2003 the legislation was modified to reflect state law requiring that development impact fees only be spent on capital and infrastructure improvements. The Affordable Child Care Fund was renamed the Child Care Capital Fund.
CCCF	San Francisco’s Child Care Capital Fund, revenues derived from development impact fees on large office and hotel projects and residential developments as required by San Francisco's Planning Code.
CCFF&TA	Child Care Facilities Funding & Technical Assistance
CDE	California Department of Education
City	City and County of San Francisco

Child Care Facilities Interagency Committee	A committee comprised of representatives from MOHCD, Office of Early Care and Education, OCII and the Planning Department and staffed by LIIF, that meets monthly to discuss specific ECE facility’s needs, pipeline projects, and strategies in San Francisco. The committee also approves specific projects funded through the CCCF.
DHS	San Francisco Department of Human Services, a division of HSA
ECE	Early Care and Education
FCC	Family Child Care providers are licensed providers who offer care in their home. A Family Child Care Home reflects a home-like environment where non-medical care and supervision is provided for periods of less than 24 hours. There are Small Family Child Care Homes and Large Family Child Care Homes.
Grant Monitoring	CCFF grant monitoring includes maintaining complete, accurate and up-to-date files on all CCFF grantees for the term of the grant. Yearly reporting requirements help to ensure grantees are in compliance with the terms of their grant agreements. CCFF grants are recoverable if the service is not provided for the full grant term.
Grantee	Low Income Investment Fund
HSA	San Francisco Human Services Agency
IPIC	Interagency Plan Implementation Committee, coordinated by SF Planning Department and responsible for prioritizing projects and funding, coordinating ongoing planning efforts for designated zones of development.
Loan Administration	Loan administration services provided by LIIF include, but are not limited to, reviewing loan eligibility, upfront loan analysis, underwriting, commitment, closing, disbursement, conversion, and ongoing monitoring and compliance.
MOHCD	Mayor’s Office of Housing and Community Development
OCII	Office of Community Investment and Infrastructure

OECE	San Francisco Office of Early Care and Education
PAC	Program Advisory Committee is the community-based advisory committee that guides the work of the Child Care Facilities Fund.
Predevelopment Grants	Predevelopment grants support feasibility, planning, architectural, design services, environmental, engineering, permit fees and/or other soft costs related to pre-construction of a site.
Project Management	Project Management services include construction management both before and during construction. The Project Manager acts as the child care provider's representative to architects, contractors, developers and other professionals regarding construction financing and construction issues.
Renovation and Repair Grants	Renovation and repair grants support centers and family child care providers to address deferred facilities maintenance needs in order to ensure healthy and safe environments for children and maintain their licensing by the State of California.
Revolving Grant	Repayable grants provided to providers as cash flow funding, not meeting loan status, but with conditions for repayment
Start-up Capacity Building Grants	Start-Up Capacity Building Grants support the expansion of early education spaces. Depending on the annual guidelines developed by LIIF, with guidance from PAC, these grants fund operating costs, typically up to \$2,200 per child, for new or relocated ECE centers that serve low income children. An emphasis is made to prioritize the creation of spaces serving infants and toddlers.

III. Target Population

Over 300 licensed ECE centers and over 700 licensed family child care (FCC) homes in San Francisco, with an emphasis on providers caring for children 0-5. Priority will be those facilities located in residential developments wholly or partially funded by the City and County of San Francisco, e.g. HOPE SF communities, alignment with the City's affordable housing plan, and public/private partnerships; providers serving a greater number of low to moderate income and/or CalWORKs, homeless or at-risk families, and/or enrollment of City-subsidized children; and those providers serving infants, toddlers and/or children with specialized physical or mental health needs. Specific revenues in the grant have slightly different priorities and allowable target uses.

IV. Description of Services

Grantee shall provide the following services during the term of this grant:

1. Administer a range of financial products to meet the evolving capital needs of the licensed ECE field including, but not limited to: development, marketing, underwriting, financial grants and loans, monitoring, and repayment. The expected array of financial products currently includes, but is not limited to:
 - Planning and predevelopment grants
 - Capital development grants and loans
 - Start-up financing
 - Facility renovation and repair grants
 - Short-term emergency repayable grants
 - Acquisition financing, loans and subsidized loans
 - Disaster preparedness incentives
 - And other programs
2. Create leveraged financing strategies in the context of individual projects and to otherwise support the facilities fund efforts citywide.
3. Administer the Child Development Capital Fund and track fund expenditures and total project expenditures by project.
4. Administer the Interagency Plan Implementation Committee (IPIC) capital new development grants to increase access to ECE services within specific neighborhood Area Plans, and track fund expenditures and total project expenditures by project.
5. Provide training, resources, linkages, and one-on-one technical assistance related to the facilities development process, including feasibility analysis, capital planning, design, development, permit process, start-up, and facility maintenance.
6. Provide project management, primarily through consultants, to support child care providers in overseeing phases of construction and sign-off in larger, more complex projects.
7. Provide consultation services, in areas related to feasibility, planning, architectural, and /or design services.
8. Collect facility development and expansion data for reporting and evaluation purposes, including the number of early education slots created, enhanced and retained annually on an unduplicated basis. Data required by Child Care Development Impact Fee will be tracked discreetly in a routinely updated Development Impact Fee Report that annually supports the Controller's Office Development Impact Fee audit.
9. Provide consultation and assistance regarding fiscal and operating issues to licensed ECE care centers serving low/moderate income children, particularly those contracted through California Department of Education-Early Education and Support Division and federal Early Head Start and Head Start, and for facilities identified as City priorities for capital projects.
10. Support the capital improvements of city facilities licensed as child care centers and assigned to the Human Services Agency.

11. Identify new opportunities for leveraged financing and development strategies and financing to meet the capital needs of the ECE sector, including the acquisition of property.
12. Provide staffing for monthly meetings of the City's Inter-agency Child Care Facilities Committee, comprised of representatives from OECE, the Mayor's Office of Housing and Community Development, San Francisco Planning Department, Office of Community Investment and Infrastructure and other City departments as invited; as well as for a periodic CCFF&TA Advisory Committee to gain feedback on the initiative's effectiveness meeting the needs of licensed ECE providers.
13. Work closely with a Program Advisory Committee for input and guidance on the direction of the program.

V. Location and Time of Services

Grantee will maintain an office in San Francisco located at 50 California Street, Suite 2900, San Francisco CA 94111, with office hours of 9:00 am – 5:00pm, Monday through Friday, with some evenings and/or weekends for trainings or special conferences/meetings. Technical assistance and monitoring is mainly provided on-site at the licensed facilities or prospective sites.

VI. Service Objectives

Grantee will report on the following service objectives annually:

1. Number of projects provided facility feasibility, planning, architectural, development and renovation consultation services. (Target: 5)
2. Number of centers that serve subsidized, low-income families provided fiscal and operating technical assistance. (Target 10)
3. Number of disaster preparedness incentives provided to child care providers that participate in the Department of Public Health or other disaster preparedness training. (Target: 30)
4. Number of providers trained on "Caring for Your Building," business expansion or other fiscal/operations training to improve business capacity. (Target: 30)
5. Number of renovation and repair grants made. (Target: 4)
6. Number of pre-development, capital and move-in grants awarded. (Target: 15)
7. Monitor a minimum of 10 facility grants to family child care providers.
8. Number of low-interest loans underwritten for ECE centers undertaking large facility projects, including acquisitions, rehabilitation and new construction, (Target: 2)
9. Administer revolving grants to 2-8 Title 5 state contracted providers in order to maintain operation during state budget delay. (Service objective deleted in the event of a timely state budget.)
10. Administer revolving grants to 2-8 Title 5 state contracted providers who are projected to over earn their contract and are approved for SF Pilot transfer funds, but for whom delays in the transfer would result in financial hardship and/or disenrollment of children.

VII. Outcome Objectives

Annually the grantee will report on the following outcome objectives:

1. Number of new center spaces developed through loans and grants, feasibility, planning, architectural, or design consultation services and start-up grants. To be measured against city licensed capacity May 1st annually. (Target: 60)
2. Number of new center spaces created through IPIC Capital New Development Grant(s) within neighborhood Area Plans. To be measured against city licensed capacity May 1st annually. (Target: 40)
3. Number of new family child care spaces developed through the Family Child Care expansion grant, technical assistance and other efforts. To be measured against city licensed capacity May 1st annually. (Target: 10)
4. A minimum of 24 family child care licensed spaces in Family Child Care Quality Networks retained or improved for successful quality improvement.
5. A minimum of 24 family child care licensed spaces in non-FCC Network family child care homes retained or improved for successful quality improvement.
6. Preserve a minimum of 200 child care center slots through loans, revolving grants and facilities assistance.
7. Preserve a minimum of 24 family child care slots through facilities renovation and repair grants.
8. A minimum of 80% percent of providers responding to a satisfaction survey who have participated in the class or workshop shall rate the class or workshop a three or above on a five point scale in a question pertaining to whether the workshop helped to strengthen the program and keep it in business.
9. Leverage CCFF&TA funds with non-City sources. (Minimum of 25%)

VIII. Monitoring Activities

- A. Program Monitoring: Program monitoring will include review of client eligibility, and back-up documentation for reporting progress towards meeting service and outcome objectives.
- B. Fiscal Compliance and Contract Monitoring: Fiscal monitoring will include review of the Grantee's organizational budget, the general ledger, quarterly balance sheet, cost allocation procedures and plan, State and Federal tax forms, audited financial statement, fiscal policy manual, supporting documentation for selected invoices, cash receipts and disbursement journals. The compliance monitoring will include review of Personnel Manual, Emergency Operations Plan, Compliance with the Americans with Disabilities Act, subcontracts, and MOUs, and the current board roster and selected board minutes for compliance with the Sunshine Ordinance.

IX. Reporting Requirements

A. Quarterly Reports

Grantee will submit quarterly reports regarding contract performance. The reports will adhere to the following format:

- a. Reports will contain a brief narrative describing accomplishments and challenges encountered during the quarter, including if IPIC Capital New Development Grant(s) were awarded, to which agency/agencies, and for what purpose(s).
- b. Reports will list the progress towards the service and outcome objectives, as stated in Sections V and VI of this appendix, and will include quarterly and year-to-date numbers for each objective. Names of centers and family child care providers will be included in objective reporting for loans, grants and technical assistance.
- c. Supporting documentation for the numbers presented in the reports must be maintained by the Grantee and must be available for auditing by the Department but need not be attached to the reports.
- d. Quarterly reports are due 15 days after the end of the quarter.

B. Ad Hoc Reports

Grantee will develop and deliver ad hoc reports as requested by DHS-HSA/OECE,

- C. Quarterly and Annual Reports will be entered into the CARBON database.

For assistance with reporting requirements or submission of reports, contact:

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or

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