



CITY COUNCIL STAFF REPORT

MEETING DATE: May 27, 2025

ITEM TITLE: Adopt a Resolution Approving the Amended Project Proposal for The Children's Place's Request for Grant Funding to Utilize Funds Collected through the Childcare Development Impact Fees.

RECOMMENDATION:

Staff recommend that the City Council adopt a Resolution approving the amended project proposal for The Children's Place for a project completed in October 2024, which resulted in two new licensed childcare spots with the option for a third, as well as new heating and air conditioning equipment. If approved, the revised grant amount to the Children's Place would be \$90,075.

FISCAL IMPLICATIONS:

Approval for a \$100,000 grant was awarded to The Children's Place at the November 25, 2024 City Council meeting. Since that time, the Children's Place has prepared a modified proposal which would result in eligibility for grant funds totaling \$90,075, rather than the previous \$100,000 granted. The original \$100,000 in funds have already been appropriated by the City Council. Therefore, this amended proposal would result in \$9,925 allocated back into Fund 26 (the Childcare Development Impact Fee Fund).

BACKGROUND

In August 2024, the Council established the City of San Carlos' Childcare Grant Program and appropriated \$250,000 for fiscal year (FY) 2024-25. The program was designed in accordance with the City's Childcare Development Impact Fee Ordinance (Ord. 1585) to support the City's strategic goals and objectives to encourage and support the creation and expansion of quality childcare spaces.

In November 2024, the Council approved appropriating an additional \$250,000, for a total of \$500,000, allocated for FY 24/25. The Council also approved five grant applications for five childcare providers, each in the amount of \$100,000.

At the time, the only non-profit applicant, The Children's Place, requested \$322,840 which exceeded the grant's maximum funding limit; however, the Council approved their application for the maximum allowable amount under the Notice of Funding Availability (NOFA) of \$100,000. Subsequently, The Children's Place was unable to secure the additional funding needed to complete the project as proposed, and as a result have submitted an updated proposal for consideration. No additional funding is requested. Rather, the Council is considering a revised project proposal which, under the NOFA guidelines, would result in approximately \$10,000 less

in grant funding than originally approved. Specifically, if approved, \$9,925 could be allocated back into the Childcare Impact Fee Fund for use in future grant requests.

ANALYSIS:

The Children's Place's original proposal included converting a garage on the property into a new classroom, fire alarm improvements, construction materials for expansion, and classroom furnishings and required \$322,840 to complete.

The revised proposal amounts to \$130,150 for a project that was completed in October 2024 and resulted in two new childcare spaces with the option of a third.

The NOFA guidelines allow applicants to apply for grant funding retroactively for any capital improvements made after November 27, 2022 (effective date of the adopted impact fee) contingent on required documentation. This project falls within the allowable timeframe.

The remodel completed in October 2024 included:

- Replacement of all cabinets in classrooms, maximizing hanging cabinet space to allow for more floor space
- Purchase of functional storage, shelving, and carpet
- Installation of cabinets and countertops in staff room to allow for a food prep area
- Addition of fans and lights to porch area to allow use of space during short winter days
- Removal of tree stumps and build out of a deck with running water to allow for a dedicated space for picnic tables for all-school lunches, and creation of an outdoor classroom
- Addressing fire code requirements including upgraded electrical service, installation of lighted exit signs, service and certification of the local fire alarm
- Installation of a washer and dryer
- Installation of motion lighting on back of building
- Replacement of aging light fixtures and removal of the drop ceiling in classrooms and bathroom
- Replacement classroom furnishings to allow for adequate space and supplies for increase in capacity

In addition to the retroactive request, the preschool is proposing to install heating and air conditioning, the cost of which is included in the total request.

NEXT STEPS:

If the City Council chooses to approve the amended project proposal, staff will then execute the Agreement for Receipt of Grant Funds with the Children's Place and distribute the funds.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution approving the amended project proposal for The Children's Place, resulting in an amended grant award of \$90,075; or
2. Do not adopt the Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Al Savay, Community Development Director

Approved for submission by:



Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Draft Resolution
2. Child Care Grant Notice of Funding Availability
3. Update Project Proposal - The Children's Place