



Staff Report

File #: REPORT 20-0481, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of July 28, 2020

APPROVE LEASE AGREEMENT BETWEEN THE CITY OF HERMOSA BEACH AND STAR EDUCATION TO PROVIDE CHILDCARE SERVICES FOR CHILDREN ENROLLED IN THE HERMOSA BEACH CITY SCHOOL DISTRICT (Community Resources Manager Kelly Orta)

Recommended Action:

Staff recommends that the City Council:

1. Approve a three-year lease agreement with STAR Education to provide childcare services for children enrolled in the Hermosa Beach City School District; and
2. Add estimated lease revenue of \$19,115 to the 2020-21 Budget.

Executive Summary:

In July 2015, the City entered into a lease agreement with STAR Education, a non-profit organization based out of Los Angeles, to utilize classroom 7 and the courtyard of the Community Center to provide daycare services and enrichment programming for children attending kindergarten in the Hermosa Beach City School District (HBCSD). The current lease agreement expires July 31, 2020. Staff recommends the approval of the proposed, three-year lease agreement allowing STAR to continue utilizing the space to provide necessary programming and childcare services to the community.

Background:

In July 2015, the City entered into a lease agreement with STAR Education (STAR) to utilize classroom 7 and the courtyard of the Community Center to provide daycare services and enrichment programming for children attending kindergarten in the Hermosa Beach City School District (HBCSD). Due to impacted enrollment at that time, the HBCSD transitioned its kindergarten program from a full day to a half day schedule. The STAR program successfully filled the gap of care opposite of when children were attending the district's kindergarten program. The offering of this program has been highly beneficial for a number of families with approximately thirty children enrolled in each session (morning and afternoon) prior to its closure in March 2020 due to COVID-19 precautionary measures. The current lease agreement that supports this program is scheduled to expire July 31, 2020.

Discussion:

STAR is a non-profit organization based out of Los Angeles that provides recreational and enrichment programming for school-aged children in a variety of programs and settings. STAR's team developed the Hermosa Beach program collectively with staff and HBCSD representatives and created a state licensed childcare program that met the needs of the community. The partnership between the City and STAR has been positive and its program has been able to take place amongst other activities in the Community Center without concern or conflict.

As STAR begins planning its program for the upcoming school year, there is a level of uncertainty due to the COVID-19 precautionary measures many school districts are forced to comply with. On July 17, Governor Gavin Newsom ordered schools in Los Angeles County, among others across the State, to plan for virtual instruction when school resumes in the fall. This health order allows for waivers to be granted to school districts that would approve the re-opening of in-person instruction for students in grades TK through sixth. It is still unknown how HBCSD will provide instruction to its students this fall, which has implications on the program(s) offered by STAR. Staff remains committed to working with STAR to reimagine its program(s), if necessary, to supplement the educational and social components provided by the school district. Therefore, the proposed lease agreement removes the "kindergarten" distinction of the STAR program to provide flexibility that would allow STAR to continue utilizing the space for program(s) that best fit the needs of the community for the upcoming school year.

The proposed lease agreement is for a period of three (3) years commencing August 1, 2020 through July 31, 2023. Additionally, this lease may be extended for one additional one-year term at the exclusive discretion of the City. The lease agreement provides exclusive use of classroom 7 and the courtyard during the daily program times. Additionally, the proposed lease agreement provides opportunities for STAR to utilize the 2nd Story Theatre for additional programming opportunities when it is available. Considering the level of programmatic changes that may take place to align the program with the plans for the upcoming school year, the proposed agreement provides the City an opportunity to terminate if the STAR program was no longer fitting the needs of the community. This would only be exercised following failed attempts to address it in coordination with staff, HBCSD representatives, and STAR representatives.

Finally, the lease agreement requires a monthly payment of \$1,593.03. This cost is consistent with recommended rates following a market analysis completed for the development of the municipal lease policy. The previous lease agreement with STAR required a \$1 per year annual rental fee.

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant policies are listed below:

Parks & Open Space Element

Goal 2. Abundant parks, open space, and recreational facilities to serve the community.

Policies:

- **2.1 Diverse programs and facilities.** Offer diverse recreational programs and facilities to meet the needs of all residents.
- **2.5 Shared use agreements.** Work with adjacent jurisdictions, the school district, and private facilities to offer recreational opportunities or activities not available at City of Hermosa Beach facilities.

Goal 3. Community parks and facilities encourage social activity and interaction.

Policies:

- **3.6 Availability of City facilities.** Consider the demand and availability of City facilities for general community use in the long-term lease and/or rental of City facilities.

Fiscal Impact:

The City will collect \$1,593.03 monthly in rental fees, which will total \$19,116.36 annually. The previous annual lease payment of \$1 was assumed at the time the 2020- 21 Budget was prepared. The additional estimated lease revenue of \$19,115 will be added to the 2020- 21 Budget.

Attachments:

1. Proposed Lease Agreement with STAR Education

Respectfully Submitted by: Kelly Orta, Community Resources Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager