



**CITY COUNCIL AGENDA REPORT**  
**MEETING DATE:** 9/1/2020  
**DEPARTMENT:** Management Services

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**SUBJECT:**

REGISTRATION FEE FOR THE KIDS FACTORY PROGRAM

**RECOMMENDED ACTION(S):**

Adopt a resolution entitled, “A Resolution of the City Council of the City of Lake Forest, California, Updating the City’s Master Fee Schedule.”

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**EXECUTIVE SUMMARY:**

At its July 21, 2020 meeting, the City Council directed staff to work with the Saddleback Valley Unified School District (“SVUSD”) to bring back Kids Factory for the 2020-2021 school year in a manner that is cost-neutral or low cost to the City. This included direction to update the fee for the program and for the City Manager to execute a contract with SVUSD. On July 23, 2020, the SVUSD Board of Education voted for a “hybrid” and a “full at-home” return to school option for its students. The Board did not vote for a “traditional” return to school option.

With Orange County removed from the State of California’s “watch list” on August 23, 2020, school districts can offer “in-person” learning as soon as September 8, 2020, provided Orange County remain off the list for 14 days. SVUSD staff has indicated they will recommend students return on September 21, 2020. However, there are still many uncertainties for the upcoming school year due to COVID-19.

As a result of this and the desire to provide more flexibility to participants, SVUSD and City staff recommend a monthly registration and fee for Kids Factory. The monthly fee for the 2020-2021 school year is recommended to be \$95 and \$75 for December due to shortened schooling during this month. SVUSD and staff project these monthly fees will come close to achieving cost-neutrality for the program. Therefore, staff recommends that the City Council adopt a Resolution revising the fee for Kids Factory to be \$95 a month and \$75 for December.

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## **BACKGROUND:**

Upon the City's incorporation, SVUSD provided recreation and after school programs to the community on the City's behalf. Over time, the City no longer utilized SVUSD for recreation programming and began offering these programs in-house. However, the City Council continued contracting with SVUSD for Kids Factory as the program occurred on SVUSD property. Kids Factory is a drop-in after school program offered at eight elementary school sites for approximately two hours after every school day. The school sites include:

- Foothill Ranch
- Gates
- Lake Forest
- La Madera
- Olivewood
- Portola Hills
- Rancho Canada
- Santiago

Serving an average of 1,100 children, the supervised program is operated Monday through Friday from the end of the school day until 4:30 p.m. The program is available for K-6 graders who participate in crafts, games, sports, special event days, and other recreational activities. Kids Factory is not an accredited child-care program. As a result, the program is not overseen by the California Department of Social Services Child Care Licensing Program and not required to follow its requirements, such as mandatory homework time or providing a snack. SVUSD employees operate the entire program, including taking registrations, hiring staff, acquiring materials, and setting programs.

The City eliminated funding for Kids Factory with the adoption of the City's Fiscal Year 2020-2021 Budget. However, at its July 21, 2020 meeting, the City Council directed staff to bring back the program again for the 2020-2021 school year, but on a more "cost neutral" basis. This included direction to update the fee for the 2020-2021 school year and for the City Manager to execute a contract with SVUSD.

At the time of the July 21 meeting, it was unknown what "return to school" learning model the SVUSD Board of Education would approve for the coming year in response to COVID-19. On July 23, the SVUSD Board of Education voted for a "hybrid" and a "full at-home" option to be offered to their students for the 2020-2021 school year. The hybrid option involves two shifts of students, one coming to school in the morning and one in the afternoon. They did not approve a traditional, full return to school option. These models would go into effect once Orange County public schools can have students on campus for in-

person teaching. In an email from SVUSD dated August 24, 2020, Superintendent Crystal Turner acknowledged that Orange County schools could return to in-person teaching as soon as September 8, 2020 due to the County of Orange removal from the “watch list” on August 23, 2020 after meeting all the COVID-19 thresholds set by the California Department of Public Health (Attachment 1). However, SVUSD tentatively has planned for students to return to campuses on September 21, 2020. The SVUSD Board of Education will discuss and is anticipated to finalize this item during the September 10, 2020 Meeting.

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## **DISCUSSION:**

The registration fee for the 2019-2020 school year was \$100 per participant and resulted in a contract cost of \$464,717. Participants could register and pay this one-time fee at any point during the school year. However, for 2020-2021, staff is proposing a monthly payment and registration for participants. This is due to the uncertainties surrounding COVID-19 and the potential for schools to close its campuses and provide distance learning only. It will also give more flexibility to participating families, who may have changing work and family situations throughout the year, resulting in different needs related to after school care.

With the two return-to-school options approved by SVUSD (at-home and hybrid), the number of students on campus will be considerably less. SVUSD informed staff that the breakdown for the year is approximately 60% on the hybrid model and 40% for the at-home model. Moreover, with the hybrid model, half of the kids will be off campus by the time Kids Factory opens due to the split morning and afternoon schedule. As a result, the number of potential participants in Kids Factory is also expected to be significantly less.

With fewer participants, there will be less revenue generated from the program. However, this means the district will require less staff and supplies to operate the program, bringing down the overall cost. SVUSD provided the City with anticipated program costs for the 2020-2021 school year using these assumptions (Attachment 2). Over the past few weeks, staff worked with SVUSD to develop a program that can be flexible for participants but also meet the request of the City Council in terms of keeping the program close to cost-neutral. Both SVUSD and City staff project a monthly fee of \$95, and a \$75 fee in December (due to shortened schooling during this month as a result of the winter holiday break) will come close to achieving cost-neutrality.

Upon re-starting Kids Factory, SVUSD will cap the number of participants at 336 for the first two months. Then, it will increase the cap to 420 participants if needed to meet an increased demand for Kids Factory. If Orange County continues meeting the State’s required COVID-19 metrics and SVUSD re-opens

to students September 21, it is anticipated that Kids Factory could start shortly thereafter. If this happens, and subsequent school shut-downs due to COVID-19 are avoided, staff anticipates the 8-month program would cost \$289,496 overall. At the monthly fee of \$95 (\$75 for the month of December), Kids Factory is projected to generate \$286,790 in revenues. Thus, the total net cost to the City would be \$2,706.

Staff recommends the City Council adopt the attached Resolution, revising the registration fee for the Kids Factory program to \$95 per month, with the exception of December, which will be \$75 for the month due to the two-week winter closure (Attachment 3). Upon adoption of the revised fee by the City Council, the SVUSD Board of Education will consider the contract to provide Kids Factory for the 2020-2021 school year at its September 10, 2020 meeting. Upon approval from the SVUSD Board, the City Manager will sign the contract on behalf of the City, as directed by the City Council during its July 21 meeting.

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#### **FISCAL IMPACT:**

The fiscal impact of adopting the new Kids Factory fee is increased revenues to offset the projected program cost. The Fee was not included in the adopted Fiscal Year 2020-21 Operating Budget. Staff will return with a Resolution amending the budget to reflect Kids Factory's revenues and expenditures pending City Council approval of the proposed fee.

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#### **ATTACHMENTS:**

1. August 24, 2020 Email from SVUSD Superintendent
2. SVUSD Kids Factory Program Costs for the 2020-21 School Year
3. Resolution No. 2020-XX

Initiated By: Laura Lisack, Recreation Manager  
Submitted By: Brett Channing, Deputy City Manager  
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