



# REPORT TO THE

# BOARD OF AIRPORT COMMISSIONERS

Approved by: Minerva Gutierrez, Assistant Director of Human Resources

Reviewed by: Tatiana Starostina, Deputy Executive Director, Chief Financial Officer

Brian Ostler (Dec 10, 2021 14:12 PST)

Brian C. Ostler, City Attorney

Justin Erbacci (Dec 10, 2021 14:35 PST)

Justin Erbacci, Chief Executive Officer

Meeting Date:

12/16/2021

CAO Review:

- Completed
- Pending
- N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	8/19/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	7/21/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	8/18/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	QM
Guest Experience	10/6/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	7/27/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC

## SUBJECT

Request for authority to award a three-year contract, with two additional one-year term options, to La Petite Academy, Inc., a wholly owned subsidiary of Learning Care Group (MI) Inc., to provide childcare center operations and management at Los Angeles International Airport.

## RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE award of a three-year contract, with two additional one-year term options, to La Petite Academy, Inc., to provide childcare center operations and management at Los Angeles International Airport.
5. AUTHORIZE the Chief Executive Officer or designee to execute the contract after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## DISCUSSION

### 1. Background

In response to a childcare survey conducted by Los Angeles World Airports (LAWA) in June 1996, LAWA found there was a strong need for affordable, quality childcare services for its employees. The contributions by LAWA would translate into a greater benefit to the Los Angeles International Airport (LAX) aviation community as a whole, as parent-employees would not have to take time off from work when childcare is required. The onsite facility is a convenient and cost-effective benefit which supports LAWA's strategic goals by helping to retain those staff who have childcare needs.

Los Angeles World Airports built the \$4.3 million First Flight Child Development Center (FFCDC) as the first step in offering affordable, quality childcare to its employees. The First Flight Child Development Center is managed by LAWA's Human Resources (HR) Division and has been operated under contracts with various vendors since its opening in 1998. It is located just north of LAX on Lincoln Boulevard. Los Angeles World Airports owns and maintains the property and building.

Prior to the COVID-related stay-at-home orders, the enrollment at the FFCDC comprised 80 families, of which 16 had more than one child in the facility. Los Angeles World Airports employees made up 16 percent of the families enrolled and LAX Tenant employees made up 38 percent. The remaining enrollment came from the community (38 percent) and Los Angeles City employees who work in other City departments (8 percent).

### 2. Purpose

Staff requests Board of Airport Commissioners' approval of a three-year contract, with two additional one-year term options, with La Petite Academy, Inc., to provide Child Care Center operations and management at Los Angeles International Airport.

### 3. Prior Related Actions

- **November 19, 2015 – Resolution No. 25816 (DA 5029)**  
The Board of Airport Commissioners authorized LAWA to execute a five-year contract with Children's Creative Learning Centers for the operation and management of the FFCDC. As a result of the effects of the COVID-19 pandemic, the operator terminated the contract effective June 30, 2020, five months prior to the contract termination date of November 30, 2020.

### 4. Current Action

The Request for Proposals (RFP) Release Request was approved on January 26, 2021. The RFP for Child Care Center Operations and Management was posted on the Los Angeles Business Assistance Virtual Network website on January 27, 2021.

Two responses to the RFP were received: one from Bright Horizons and one from Learning Care Group, Inc. on behalf of its wholly owned subsidiary, La Petite Academy. After a thorough review of the proposal submitted by Bright Horizons, it was determined that it was an offer for consultation services; therefore, Learning Care Group, Inc. was the only

proposer that met the requirements set forth in the RFP. The LAWA Procurement Services Division found Learning Care Group to be responsive to the administrative requirements in the RFP.

The LAWA staff reviewed the written proposal and qualifications and conducted phone and email interviews with the three out-of-state business references provided by Learning Care Group. Staff then conducted an interview with representatives from Learning Care Group and a separate interview with a center director from their downtown Los Angeles center. Both interviews provided satisfactory responses and, as a result, it was determined that Learning Care Group demonstrated the ability to provide the services as required in the RFP. Furthermore, Learning Care Group proposed a modest increase of five percent in tuition rates compared to those charged prior to the center's COVID-related closure.

Learning Care Group, based in Novi, Michigan, is a private, for-profit corporation that has been in operation since 1967, and is the second largest for-profit childcare provider in North America, with over 930 schools across the country. Sixty-four of LCG's schools are located in Southern California, making them one of the largest early childhood educational providers in the region.

Learning Care Group, through its subsidiary, La Petite Academy, proposes to offer a curriculum by age that allows children to grow and develop at their own pace. La Petite Academy, as the operator of the facility, will provide learning models that focus on the foundations for learning for children from six weeks to six years old. La Petite Academy commits to creating a learning environment that encourages inclusion and diversity. Its scope of services prioritizes health and nutrition; an effective hiring, recruitment, and retention process; as well as a collaborative method of transition for previous staff members and students. La Petite Academy is experienced in accreditation, licensing, and insurance requirements, and will implement a process in which its Accreditation Team provides resources and guidance throughout the accreditation process and supports post-accreditation activities.

Los Angeles World Airports' goal is to resume childcare services within 90 days of the execution of the contract, contingent upon National Association for the Education of Young Children (NAEYC) accreditation. The NAEYC guidelines state that programs will receive their Accreditation Decision Report within three months of the site visit; however, LAWA HR staff will ask La Petite Academy to request a Provisional Accreditation in an effort to expedite the opening.

La Petite is required to give the highest enrollment priority and a preferential tuition rate to children of LAWA employees and the second highest enrollment priority to children of LAX tenant companies. Spaces are offered only to the public when no children of LAWA or tenant employees remain on the wait list.

The below table identifies the tuition rates during the first year of the contract:

Age Group	LAWA	LAWA Tenants	Community
Infants	\$1,304	\$1,551	\$1,941
Toddlers	\$1,148	\$1,365	\$1,707
Twos	\$1,105	\$1,322	\$1,664
Preschool 1	\$966	\$1,148	\$1,434
Preschool 2/Pre-K	\$871	\$1,040	\$1,300

Tuition rate increases in any subsequent year above 2 percent must be based on demonstrated substantial increase in the operator's costs and included in the operator's annual budget subject to approval by LAWA. Tuition rate increases above 5 percent must be mutually agreed upon by LAWA and La Petite Academy.

Upon completion of the second year of the three-year contract term, LAWA staff will review the operator's past evaluations and parent surveys to determine whether to extend the contract for an additional two years.

***Fiscal Impact***

To keep tuition rates affordable, La Petite Academy will not be charged base rent for its use of the facility and LAWA shall not receive any portion of gross revenue collected by operator. La Petite Academy shall be solely responsible for all day-to-day operating expenses in connection with the Operator's management, maintenance, security, or operation of the Facilities, or any portion thereof, including, but not limited to, monthly utility expenses and maintenance and repair costs related to Operator's use and occupancy of the facility. Los Angeles World Airports will continue to be responsible for capital expenses related to maintenance and improvement costs that can be amortized and depreciated, and other expenses determined to be a capital expense pursuant to generally accepted accounting principles.

**5. Alternatives Considered**

- ***Perform the Services with City Staff***

In 2011, staff explored the possibility of using City staff to provide these services. Although the Department of Recreation and Parks operated several childcare facilities in the City of Los Angeles, they did not provide care for infants at any of these facilities. Because the FFCDC provides care for infants as young as six weeks, staff decided that it would be best to solicit proposals for its management and operation in order to secure an experienced operator to provide the highest quality service at the best price. At this time, Recreation and Parks still does not provide infant care.

**APPROPRIATIONS**

Funds for this contract are available in the Fiscal Year 2021-2022 Los Angeles World Airports Operating Budget in Cost Center 1150039 – Facilities Maintenance Utility Group Budget

Administration, Commitment Item 523 – Utilities. Funding for subsequent years will be requested as part of the annual budget process.

## **STANDARD PROVISIONS**

1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.
4. La Petite Academy, Inc. must comply with the provisions of the Living Wage/Worker Retention Ordinances.
5. This action is not subject to the provisions of the Small Business Enterprise, Local Business Enterprise/Small Local Business Enterprise, and Disabled Veterans Business Enterprise Programs.
6. La Petite Academy, Inc. will comply with the provisions of the Affirmative Action Program.
7. La Petite Academy, Inc. must submit a Business Tax Registration Certificate prior to contract execution.
8. La Petite Academy, Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. La Petite Academy, Inc. must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to issuance of a Notice to Proceed.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. La Petite Academy, Inc. submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. La Petite Academy, Inc. must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance prior to execution of the contract.
13. La Petite Academy, Inc. will comply with the provisions of the First Source Hiring Program.
14. La Petite Academy, Inc. submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. La Petite Academy, Inc. submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. This action is not subject to the provisions of the Iran Contracting Ordinance.