



Office of the City Manager

CONSENT CALENDAR  
November 7, 2023

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Lisa Warhuus, Director, Health, Housing and Community Services  
 Subject: Reallocation of Unspent FY 2023 Child Care Subsidy Funding

RECOMMENDATION

Adopt three Resolutions authorizing the City Manager or her designee to reallocate \$232,362 in unspent child care subsidy funds awarded through the FY 2020 community agency contract process and amend three existing contracts by increasing their contract limits for the period beginning July 1, 2023 and ending June 30, 2024 by \$77,454 per agency, as follows: BAHIA, Inc. (from \$82,143 to \$159,597); Ephesian Children's Center (from \$45,507 to \$122,961); and Nia House (from \$39,999 to \$117,453).

FISCAL IMPACTS OF RECOMMENDATION

This recommendation is to reallocate \$232,362 in Fund 011 General Funds awarded to BANANAS, Inc., through the community agency contracting process. This contract is part of the Berkeley Youth Equity Partnership's (YEP, formerly Berkeley's 2020 Vision) Affordable Child Care portfolio. The funds are designated for providing child care subsidies to African American/Black and Latinx families with 0-5 year old children in Berkeley. BANANAS advised the City that it is unable to fully expend its FY 2023 allocation. This fiscally neutral recommendation will maintain the overall spending level on child care subsidies by expanding existing contracts with three Berkeley child care contractors. These three contracts were approved for four years of funding by City Council on June 25, 2019, as part of the FY 2020 budget. City Council approved extending these contracts through June 30, 2024 at the FY 2020 annual funding levels on June 27, 2023, as part of the FY 2024 budget. If approved, the total not-to-exceed amount of the combined contracts would increase from \$167,649 to \$400,011.

CURRENT SITUATION AND ITS EFFECTS

The high cost of child care makes quality care out of reach for many Berkeley families. For this reason, the City of Berkeley has long subsidized child care. In line with this priority, YEP's Kindergarten Readiness strategy includes subsidizing child care to low-income African American/Black and Latinx families in Berkeley through the community agency contracts process.

In June 25, 2019, Berkeley City Council adopted the FY 2020 budget, including authorizing the City Manager or designee to execute contracts for continued child care subsidies to four longstanding contractors. BANANAS, Inc., was awarded \$269,835 in General Funds per year for four years to provide child care subsidies to 15 African American/Black and Latinx Berkeley children (ages 0–5) annually. BANANAS continued to provide subsidies to a core group of children through the pandemic, but has not been able to spend down the full amount of its contract. To try to increase the eligible population, YEP staff worked with BANANAS to expand the age of eligible participants (including siblings up to 8 years old for afterschool care) and provider criteria (including informal providers, such as friends, family, and neighbors). Even with the larger pool of eligible participants, BANANAS recognized that the accumulated carryover was too significant to expend in FY 2024 along with its current year allocation for child care subsidies. BANANAS recommended returning the funds to the City of Berkeley.

YEP staff worked with three other established child care providers (BAHIA, Inc., Ephesian Children’s Center, and Nia House, all of which already have contracts with the City to provide childcare services as part of YEP) to determine their interest and capacity to expand the number of African American/Black and Latinx young people they serve.

If approved, this recommendation will provide subsidized child care to an additional 13 Black and Brown children in Berkeley (increasing availability from 36 to 49 infant, toddlers and preschoolers). This arrangement will also increase the level of subsidies offered by these three providers to maintain a pool of highly subsidized slots for African American/Black and Latinx families of more limited means (consistent with the terms of BANANAS’ contract).

#### RATIONALE FOR RECOMMENDATION

The purpose of the BANANAS’ child care subsidy funding was to make child care more available and affordable for low-income African American/Black and Latinx families in Berkeley. Redirecting these unspent funds will help to maintain these important supports to Berkeley families. For this reason, staff turned to BAHIA, Inc., Ephesian Children’s Center, and Nia House, who have existing contracts with the City, are experienced child care providers to Black and Brown children in Berkeley, and who had the ability to take on additional students.

#### ALTERNATIVE ACTIONS CONSIDERED

Staff considered issuing an RFP for the child care subsidies. However, the RFP process would have entailed further delays, placed an administrative burden on applicants, and may have resulted in the same or similar outcomes. Staff determined that ensuring the availability of slots as soon as possible to families in need was the priority.

CONTACT PERSON

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Attachments:

1: Resolutions

RESOLUTION NO. ##,###-N.S.

REALLOCATION OF UNSPENT FY 2023  
CHILD CARE SUBSIDY FUNDING TO BAHIA, INC.

WHEREAS, on June 25, 2019, City Council approved Berkeley's FY 2020-2024 community agency contracts as part of the FY 2020 budget; and

WHEREAS, the approved budget included an annual allocation of \$269,835 in General Funds to BANANAS, Inc. to provide child care subsidies to African American/Black and Latinx families in Berkeley; and

WHEREAS, in FY 2023, BANANAS, Inc. had accumulated a carryover funding that BANANAS, Inc., recognized it would be unable to spend along with its FY 2024 allocation; and

WHEREAS, staff worked with three current community agency contractors with expertise in serving African American/Black and Latinx infants, toddlers, and preschoolers in Berkeley and combined capacity to absorb additional subsidized students; and

WHEREAS, the cost of supporting these subsidized students would be \$77,454 per agency or \$232,362 total.

WHEREAS, the combined impact of reallocating these funds would expand the pool of African American/Black and Latinx children receiving Berkeley-funded subsidies from 36 to 49 and maintain a pool of higher subsidy slots for families of more limited means; and

WHEREAS, funds in the amount of \$77,454 is available for FY 2024 in Fund 011 General Funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or her designee is authorized to reallocate \$77,454 in unspent FY 2023 funds to amend its contract with BAHIA, Inc., through June 30, 2024, to an amount not to exceed \$159,597. A record signature copy of said contract and any amendments shall be on file in the Office of the City Clerk.

RESOLUTION NO. ##,###-N.S.

REALLOCATION OF UNSPENT FY 2023  
CHILD CARE SUBSIDY FUNDING TO EPHESIAN CHILDREN'S CENTER

WHEREAS, on June 25, 2019, City Council approved Berkeley's FY 2020-2024 community agency contracts as part of the FY 2020 budget; and

WHEREAS, the approved budget included an annual allocation of \$269,835 in General Funds to BANANAS, Inc. to provide child care subsidies to African American/Black and Latinx families in Berkeley; and

WHEREAS, in FY 2023, BANANAS, Inc. had accumulated a carryover funding that BANANAS, Inc., recognized it would be unable to spend along with its FY 2024 allocation; and

WHEREAS, staff worked with three current community agency contractors with expertise in serving African American/Black and Latinx infants, toddlers, and preschoolers in Berkeley and combined capacity to absorb additional subsidized students; and

WHEREAS, the cost of supporting these subsidized students would be \$77,454 per agency or \$232,362 total.

WHEREAS, the combined impact of reallocating these funds would expand the pool of African American/Black and Latinx children receiving Berkeley-funded subsidies from 36 to 49 and maintain a pool of higher subsidy slots for families of more limited means; and

WHEREAS, funds in the amount of \$77,454 is available for FY 2024 in Fund 011 General Funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or her designee is authorized to reallocate \$77,454 in unspent FY 2023 funds to amend its contract with Ephesian Children's Center, through June 30, 2024, to an amount not to exceed \$122,961. A record signature copy of said contract and any amendments shall be on file in the Office of the City Clerk.

RESOLUTION NO. ##,###-N.S.

REALLOCATION OF UNSPENT FY 2023  
CHILD CARE SUBSIDY FUNDING TO NIA HOUSE

WHEREAS, on June 25, 2019, City Council approved Berkeley's FY 2020-2024 community agency contracts as part of the FY 2020 budget; and

WHEREAS, the approved budget included an annual allocation of \$269,835 in General Funds to BANANAS, Inc. to provide child care subsidies to African American/Black and Latinx families in Berkeley; and

WHEREAS, in FY 2023, BANANAS, Inc. had accumulated a carryover funding that BANANAS, Inc., recognized it would be unable to spend along with its FY 2024 allocation; and

WHEREAS, staff worked with three current community agency contractors with expertise in serving African American/Black and Latinx infants, toddlers, and preschoolers in Berkeley and combined capacity to absorb additional subsidized students; and

WHEREAS, the cost of supporting these subsidized students would be \$77,454 per agency or \$232,362 total.

WHEREAS, the combined impact of reallocating these funds would expand the pool of African American/Black and Latinx children receiving Berkeley-funded subsidies from 36 to 49 and maintain a pool of higher subsidy slots for families of more limited means; and

WHEREAS, funds in the amount of \$77,454 is available for FY 2024 Fund 011 General Funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or her designee is authorized to reallocate \$77,454 in unspent FY 2023 funds to amend its a contract with Nia House through June 30, 2024, to an amount not to exceed \$117,453. A record signature copy of said contract and any amendments shall be on file in the Office of the City Clerk.