



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 23-383

Board Meeting Date: 5/23/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Director of Human Resources
Lisa Okada, Deputy Director of Human Resources

Subject: Agreements with the Airport Commission of the City and County of San Francisco and Palcare Inc. for Child Care Services

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing an agreement with the City and County of San Francisco, through the Airport Commission, to receive funding for contracted childcare services for the term of July 1, 2023 through June 30, 2028, in an amount not to exceed \$7,000,000; and
- B) Waiving the competitive procurement process and authorizing an agreement with Palcare Inc. to provide the childcare services that are funded by the City and County of San Francisco through the Airport Commission, for a term of July 1, 2023 through June 30, 2028, in an amount not to exceed \$7,000,000.

BACKGROUND:

Since 1991, the County has had collaborative agreements with the Airport Commission of the City and County of San Francisco (the "Airport Commission") and Palcare for the provision of extended-hour childcare services for Airport-based employees, County employees, and the general community. In order to facilitate the delivery of these childcare services, the County acts as a fiscal intermediary between the Airport Commission and Palcare and has separate agreements with each entity. The County benefits from this arrangement as children of County employees receive priority enrollment at Palcare (behind Airport-based employees). The agreements also provide Airport-based employees-many of whom are County residents-priority access to subsidized childcare.

Palcare provides these childcare services at a County-owned facility at 945 California Drive in Burlingame that accommodates the childcare center, pursuant to a separate, long-term operating agreement with the County that runs through June 30, 2030. The County also has a separate agreement with Palcare to subsidize childcare services provided to eligible County employee children

enrolled at Palcare, pursuant to the County’s Tuition Assistance Program.

DISCUSSION:

The most recent childcare service agreements with the Airport Commission and Palcare will expire on June 30, 2023. The Airport Commission and Palcare have both notified the County of their interest in entering into new five-year agreements from July 1, 2023 through June 30, 2028. The County’s proposed agreements with the Airport Commission and Palcare will enable Airport-based employees to continue to receive subsidized childcare services. The agreements will also continue to include a provision granting children of County employees priority enrollment status at the childcare center behind Airport-based employees.

The Human Resources Department recommends that the Board approve the Department’s waiver of the competitive procurement process for the Palcare agreement. Palcare is the sole entity designated by the Airport Commission as the childcare provider to receive this contract funding, in part because Palcare offers extended-hour childcare and flexible scheduling and is conveniently located close to the San Francisco International Airport. In addition, Palcare has a long-term agreement with the County to operate the County-owned facility in Burlingame. Accordingly, Palcare is the only feasible choice to provide these childcare services at this time, and we recommend that this Board waive the competitive procurement process.

Due to staffing and childcare services changing after the pandemic, Palcare has experienced a reduction in capacity of children per day to 161, therefore reducing the number of available spaces for Airport-based employee and County employee children. Over the next contract term, the County and Palcare will collaborate to discuss recruitment and retention strategies for teachers in order to increase childcare capacity.

The agreements and resolution have been reviewed and approved by County Attorney’s Office as to form.

PERFORMANCE MEASURES:

Measure	FY 2023-24 Projected	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected
# of Children Enrolled	161	170	177	186	200
Priority Enrollment for Airport Children	37	42	50	55	70
Priority Enrollment for County Children	5	10	15	20	25

FISCAL IMPACT:

There is no Net County Cost; the County’s financial obligation to pay Palcare for the childcare services covered by these agreements is contractually limited to funds received from the City and County of San Francisco, acting through the Airport Commission. The annual amount payable by the Airport Commission to Palcare through the County in fiscal year 2023-24 will be \$1.2 million, which will increase up to \$100,000 each year. The total amounts payable shall not exceed \$7 million.