



PUBLIC HEARING
ON USDA
FUNDING FOR A
CHILDCARE
FACILITY





BACKGROUND

OUTCOMES

**FUNDING
OPPORTUNITIES**

Information
to be
Provided

BACKGROUND

KIDZONE

- Started in 2014 as a private business
- Center became a not-for-profit entity and sold to the board of Kidzone

HOME DAYCARES

- 2014 there were 11 home daycares
- By late 2019 only three home childcares operating

LITTLE SPROUTS

- Name change and operational philosophy occurred in 2016-2017
- Cash flow challenges due to State regulations

PROBLEM SOLVING

- March 2017-meeting with all childcare providers in the city.
- Good discussion on challenges for home *and* centers providing childcare.
- In August 2019 - meeting held with key stake holders - 2 more home daycares were closing and Little Sprouts was full.
- August 2019, applied for a program to assist with childcare options in the community-Rural Childcare Innovation Program. Application was accepted in September.
- RCCIP provides assistance to develop strategic plans to expand childcare in the community.
- The Core Team was organized and a community survey was conducted.



outcomes

RCCIP INVOLVEMENT & PROCESS

Data from
RCCIP

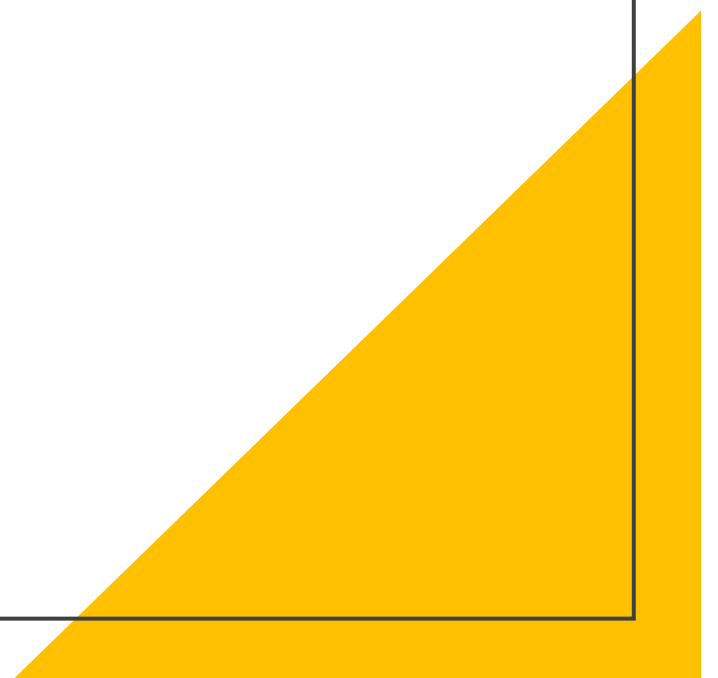
- 20-mile radius
- 187 additional slots
- Infant and Toddler slots highest need

- For more detailed stats breakdown please go to www.warrenminnesota.com

action plan

Separate PDF April 7, 2020

Go to www.warrenminnesota.com



Four Goals Established

- **Build a Larger Center**
- **Find an Existing Building for a Licensed Home Child Care**
- **Start a Summer Program for School Aged Children**
- **Provide Incentives to Current Child Care Operators**



Larger Child Care Center

Design and Cash Flow



Why a Larger Center First?

- Fastest Way to Increase Slots
- Current center challenged because the room sizes don't maximize the teacher/student ratio. New center will allow for revenue per square foot.
- Still room/slots for more home childcares to allow people choices.
- Crookston is in the planning stages of opening a center. East Grand Forks is considering a center. Thief River Falls has a center. Warren should be a choice for young families to live.

Financing

USDA

- Loan for Building - \$1.5 Million
- Low interest loan from USDA – 40 years at 2.125%. Payment is \$55,700 annually.

OTHER OPPORTUNITIES

- An application to Otto Bremer Foundation for \$200,000 grant-parking lot, playground equipment and furnishings.
- Local sales tax option - Pass the legislature. Vote at a local General Election. Projected to generate \$67,000 annually.
- New program at the State-\$500,000 grant for a new facility. If funded by State, city will apply.

- **City owns building-DOES NOT operate childcare center**
- **Little Sprouts leases the building**
- **Little Sprouts pays \$5,000 per month to city**
- **Little Sprouts pays for all operating costs; utilities and maintenance**
- **City would use lease payments to pay debt**
- **If center were to close, city owns building - repurpose into leased office space.**

Partnership of City and Little Sprouts



Annual Cash Flow

Revenue from Lease	+\$60,000
Payment for Loan	-\$55,700
Maintenance Reserves	\$ 4,300

**No Property Taxes needed for the facility.

Location and Design

- **USDA requires an architect. ARI from Hibbing hired for ability to work with the project budget. Budget is very tight for the facility.**
- **The facility will be about 10,000 square feet.**
- **The facility will be located north of North Star Manor Assisted Living. Plan was to attach the childcare to the assisted living.**
- **Site may require an archeological survey. Floodplain is minimal stage.**

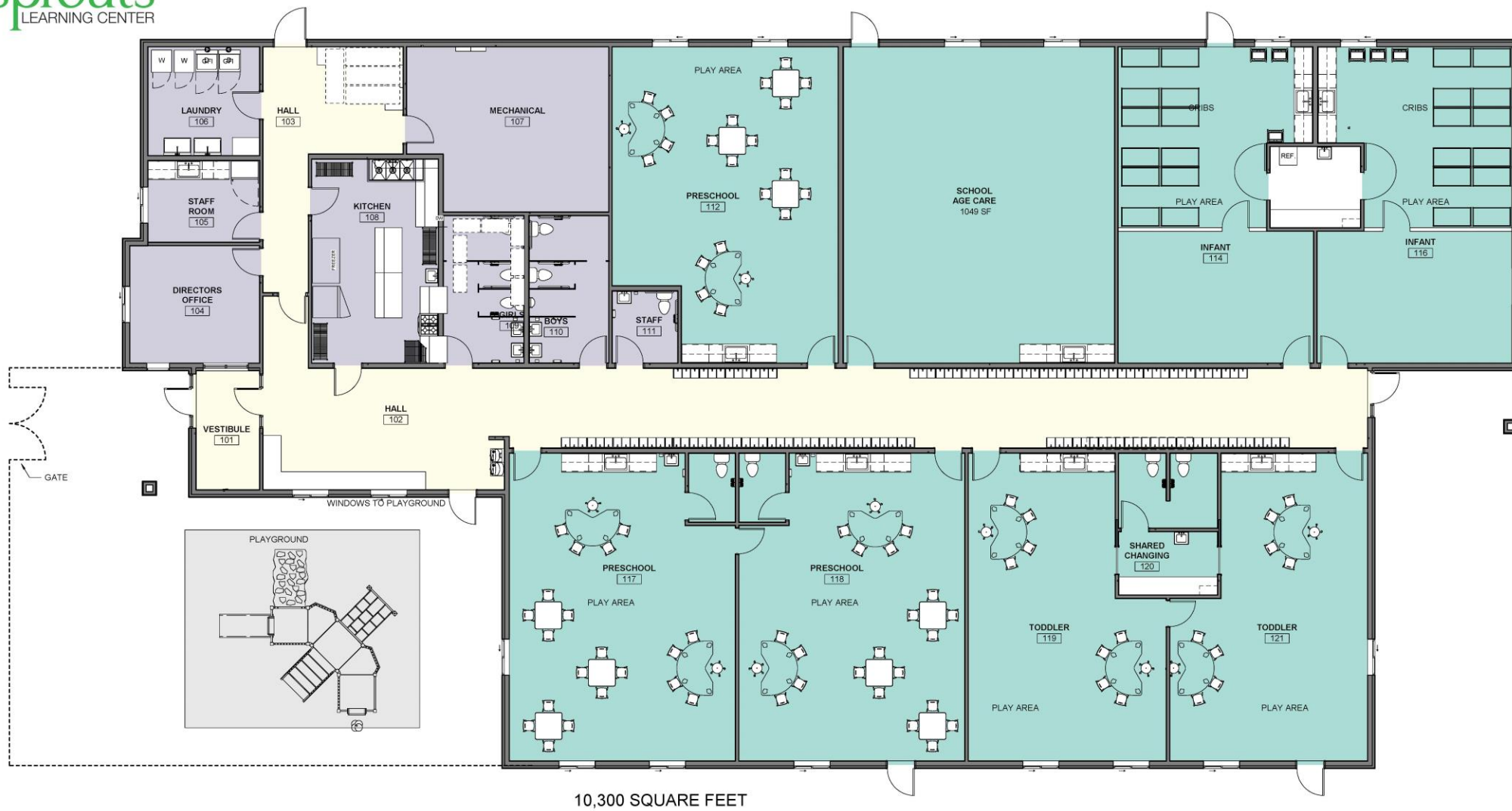


3D CONCEPT

LITTLE SPROUTS LEARNING CENTER

02/17/21

PROJECT #: 20-062



FLOOR PLAN



Building a New Building and Leasing to Little Sprouts is the lowest risk and provides the most benefit, at the least potential cost to the community.

There is a shortage of 187 daycare slots in a 20-mile radius of Warren.

Why are cities getting involved?

Child Care in Greater Minnesota does not make money. If this made money, private business would take over. Child Care is now treated like a utility of water or sewer.

Economic Development is key to Warren retaining its vitality.



"If employees can't find quality care for their children, they won't work for you. They won't move to your community, or they'll be forced to move away, or they might have to consider quitting their job to stay home with their children because they have no other option."

- Kris Bevell, Editor, Prairie Business Magazine



Thank you for attending the
public hearing.

If you have a question, please type in the Chat box or raise your hand
with the Reaction feature in Zoom.