

BOARD MEETING DATE: June 7, 2019

AGENDA NO. 8

**PROPOSAL:** Execute Lease Agreement for Operation of South Coast AQMD's On-Site Child Care Center

**SYNOPSIS:** The lease agreement for the child care center located at South Coast AQMD's Diamond Bar headquarters will expire on June 30, 2019. This action is to execute a new ten-year lease with the current operator, Priyalal and Lasanthi Kurera, Incorporated.

**COMMITTEE:** Administrative, May 10, 2019; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Executive Officer to execute a lease agreement with Priyalal and Lasanthi Kurera, Incorporated for the operation of the child care center facility at South Coast AQMD's Diamond Bar headquarters for the period of July 1, 2019 through June 30, 2029, at an annual lease payment of \$43,929.36, plus increases of two percent per year beginning with the second year, and an option to extend the contract for up to two additional years at South Coast AQMD's discretion.

Wayne Natri  
Executive Officer

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**Background**

The original lease with Priyalal and Lasanthi Kurera, Incorporated for operation of South Coast AQMD's on-site child care center was for the period February 1, 2004 to February 5, 2007. Under provisions in the lease agreement, the lease was extended to January 31, 2009. In July 2008, the parties agreed to extend the lease an additional year. On November 7, 2008, the Board awarded Priyalal and Lasanthi Kurera, Incorporated a ten-year lease, from February 2, 2009 through June 30, 2019, with the option for South Coast AQMD to terminate the lease at any time, upon six months' notice, should it become necessary.

Staff has received a proposal from Priyalal and Lasanthi Kurera, Incorporated, owners and operators of Towne and Country Preschool and Infant Center, requesting to renew their contract for an additional ten years. The proposal offers a curriculum that meets the

expectations of South Coast AQMD parents, demonstrates an interest in, and commitment to, maintaining a quality child care center, while continuing to keep costs low for parents and South Coast AQMD, and meeting all licensing requirements. Further, staff has conducted a survey of South Coast AQMD parents with children who currently attend the child care center under the operation of Priyalal and Lasanthi Kurera, Incorporated, and obtained overwhelmingly positive feedback.

### **Proposal**

Staff recommends South Coast AQMD enter into a new lease agreement without a formal bid process to allow the child care center to continue to operate without interruption. The Procurement Policy allows South Coast AQMD to enter into a sole source contract when specific circumstances make it in the best interest of South Coast AQMD (Section VIII.B.2.d). In this case, the best interests of South Coast AQMD is to enter into a lease with the current child care center operator, Priyalal and Lasanthi Kurera, Incorporated to continue to provide high-quality and reasonably-priced child care services. In addition, the possibility of bringing in another provider at this time would be disruptive to the parents and children who count on the child care center to provide those services in a stable environment.

### **Resource Impacts**

Under the terms of the lease, the child care center operator is responsible for providing water, electricity, gas, telephone, janitorial, landscape, waste management, pest control, and security services and for maintaining and replacing appliances and internal furnishings. The monthly lease payment of \$3,660.78 generates \$43,929.36 in revenue annually and, during the term of the current lease, revenue has exceeded South Coast AQMD maintenance costs. Under the new lease, payments will increase by two percent each year beginning with the second year of the lease.