Congratulations! By reviewing this Guide, you are moving closer to acquiring, building, renovating and/or expanding your child care facility. This Guide will provide you with links to helpful information for “operators” (individuals looking to expand, renovate, or acquire a child care center).

If you have any legal questions, please call Public Counsel’s Early Care & Education Law Unit at 213-385-2977 ext. 300 or visit our website at: http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education. We provide the following assistance:

- Information about Community Care Licensing requirements;
- Land use, planning, and zoning information; and
- Nonprofit and for-profit business structure information

Note: If you meet our eligibility criteria, all of our services are free. Thanks and good luck!

*The “Child Care Operator Resource Guide” was originally developed by Constructing Connections Los Angeles in 2009, a project led by Public Counsel’s Early Care & Education Law Unit in partnership with ABCD Constructing Connections, a program of the Low Income Investment Fund with major funding from First 5 CA. This Guide was updated in August 2015. Reference in this Guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.
## 4 Phases for Developing and Financing a Child Care Center
(A 20 Step Approach)

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Phase I: Planning
Steps #1 – 4 Summary

**Step # 1: Research and Attend Community Care Licensing (“Licensing”) Orientation**
The operator must first attend a Licensing Child Care Center Orientation. For a list of Licensing Orientations, contact Los Angeles Child Care East Regional Office (Monterey Park), Los Angeles Child Care Northwest Regional Office (Culver City), or the local Resource and Referral program. For additional details regarding Step #1, see Step #1 below.

**Step # 2: Analyze Child Care Needs**
The operator must engage in market research to estimate the number of families in the area needing services at the rate the operator will charge. Further, the operator must decide whether the offered services will target low-income, middle-income, or affluent families. This decision will impact the development of an operating budget and the rates charged for services. In addition, the decision will affect plans to apply for state funding (when it becomes available) and whether the operator accepts subsidy payments for care on behalf of eligible families. Moreover, the operator must determine what age groups to care for. This will largely be influenced by local demand, and it will also affect the requirements for staffing and room size. Finally, the operator must carefully assess what rates to charge so as to generate enough revenues to meet the costs of operating expenses and the debt incurred by the facility’s development. For additional details regarding Step #2, see Step #2 below.

**Step # 3: Study Project Feasibility and Write Business Plan**
The operator should begin to write a business plan. As part of the business plan, the operator will need to estimate the overall start-up cost of the facility development process. A contractor can help with these estimates (see step #14). The operator must consider various expenses, including: soft costs (design, permits, legal fees, financing fees), hard costs (acquisition of site, construction, equipment), hidden costs (staff and board time and attention), contingency costs (a portion of construction costs set aside to cover unexpected costs), and lost income (if the program has to close for any period of time during construction). Further, the operator must design an operating budget for the child care business by identifying expected revenues (incoming money from fees, subsidy payments, etc.). The operator should identify the financing needed to cover start up and operating budgets, keeping in mind that these projections might need to be adjusted as the operator discovers more details about incoming revenues. For additional details regarding Step #3, see Step #3 below.

**Step # 4: Obtain Pre-Development Funding**
The operator should analyze his or her ability to be considered for financing (i.e. loans) by determining debt capacity. The operator needs to have enough working capital (cash available to fill in the gap between revenue and expenses) in order to cover operating expenses for a period of time. The operator should research grant applications and in-kind donations, and the operator should also identify donor relationships and investigate new donor relationships for grants and donations of equipment, building supplies, toys, furniture, etc. It is also advisable to research potential partnerships with community organizations (such as churches and schools) that might be able to collaborate with the operator to provide certain services and share expenses. The operator should also determine the facility’s legal structure as a nonprofit or for profit child care program, as this will directly affect the approach to obtaining financing. For additional details regarding Step #4, see Step #4 below.

*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
Step #1: Research and Attend a Community Care Licensing (Licensing) Child Care Center Orientation

In order to open a child care center, an operator must attend a Licensing Child Care Center Orientation. During these orientations, child care operators learn the California rules and regulations that govern child care center day-to-day operations, amongst other requirements. Operators should contact the California Community Care Licensing Division for more information.

Available Resources for Step #1: Research and Attend a Licensing Child Care Center Orientation

1. Community Care Licensing  www.cclld.ca.gov;  www.cclld.ca.gov/PG411.htm

Community Care Licensing, a division of the California Department of Social Services, issues licenses and provides oversight for family child care homes and child care centers. All potential operators should attend a licensing orientation to gain a better understanding of the child care center requirements. For a schedule of local child care center licensing orientations, visit http://www.cclld.ca.gov/PG534.htm. You can either register for an online orientation or click on your nearest regional office for in-person orientations.

In Los Angeles County, contact the Los Angeles Child Care East Regional Office in Monterey Park at (323) 981-3350 or the Los Angeles Child Care Northwest Regional Office in Culver City at (310) 337-4333 to get more information.
Step #2:
Analyze Child Care Needs

The second step to opening a child care center is to analyze child care needs in the areas you are considering opening a child care center. To analyze child care needs means that the operator must determine the demand for child care in a given geographical region. It is important to analyze child care needs in the area so that the operator is providing a service for which there is a need. Accordingly, the operator must engage in market research to estimate the number of families in the area demanding services and whether the income of these families is sufficient to cover the rate the operator will charge. Further, the operator must decide whether the offered services will target low-income, middle-income, or affluent families, as well as what age groups to care for. The operator must also carefully assess what rates to charge so as to generate enough revenue to meet the costs of operating expenses and the debt incurred by the facility’s development. This initial research and analysis will inform the operator as to whether or not there is a need for child care services in the area as well as whether or not the facility can operate as a successful business.

The following are suggestions to help operators analyze child care needs (not all inclusive):

**Market Demand**
The operator must estimate the number of families demanding services in the geographic area that the operator will target. Specifically, the operator must determine the number of people who not only need the services, but also those who can pay the operator’s rates. The operator should contact the local Resource and Referral Agency (R&R) to find out about the requests for child care as well as the existing supply of child care in the area.

**Income Level of Clients**
The operator must determine whether the child care services will target low-income, middle-income, or affluent families. This decision will impact the development of an operating budget and the rates charged for services. In addition, the decision will affect plans to apply for state funding (when it becomes available) and whether the operator accepts subsidy payments for care on behalf of eligible families.

**Age Group of Clients**
The operator must decide which age group to care for. This decision is very important, as it will affect the actual demand for services, the number of staff it will be necessary to hire, and the size of the facility. These determinations will affect which site the operator selects for the facility as well as the operator’s budget.

**Rates to Charge Clients**
The operator will need to determine what rates to charge clients. This decision is critical, because the operator must charge rates that will generate enough revenues to meet the costs of operating and the debt incurred by the facility development project. The operator must also, however, be mindful
of the clients’ abilities to pay the rates that the operator charges. For more information regarding setting rates, please see resource number 4 below.

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**Available Resources for Step #2: Analyze Child Care Needs**

1. **Resource & Referral Agencies (R&R)** [www.rrnetwork.org](http://www.rrnetwork.org)

   Resource & Referral agencies are located in every county in California. They offer information, technical guidance, and resources that support parents, operators and local communities. Available resources are useful for finding, planning, and providing affordable and quality child care. By calling the R&R, the operator can learn how to analyze child care needs in a given area.

2. **Los Angeles County Child Care Resource and Referral Services Map**
   [ceo.lacounty.gov/ccp/pdf/FINAL%20LA%20COUNTY%20RR%20MAP%201-23-07.pdf](http://ceo.lacounty.gov/ccp/pdf/FINAL%20LA%20COUNTY%20RR%20MAP%201-23-07.pdf)

   The Los Angeles County Child Care Resource and Referral Services Map can assist the operator in determining which R & R to contact for information about child care needs and market demand in a given area.

3. **Child Care Planning Committee** [ceo.lacounty.gov/ccp/ccpc.htm](http://ceo.lacounty.gov/ccp/ccpc.htm)

   The Child Care Planning Committee provides statistics and resources for child care in Los Angeles County. The Committee’s mission is to engage parents, child care operators, allied organizations, communities, and public agencies in collaborative planning efforts to improve the overall child care infrastructure of the County of Los Angeles, including the quality, affordability, and accessibility of child care and development services for all families. The Child Care Planning Committee conducts a countywide needs assessment on the availability of early care and education throughout Los Angeles County every 5 years. The latest needs assessment can be found here: [ceo.lacounty.gov/ccp/pub.htm](http://ceo.lacounty.gov/ccp/pub.htm).


   Since the late 1980s, the California Child Care Resource and Referral Network has conducted Regional Market Rate (RMR) surveys to determine market prices for licensed child care programs across California. The survey determines the market rate based on geographic location (county); type of child care setting (centers, family child care homes or license-exempt); the amount of care provided and payment schedule; and the ages of children served. The purpose of the Regional Market Rate survey is to calculate the market rates for child care in each of California’s 58 counties. The State then uses these rates to establish...
maximum child care reimbursement rates, known as the reimbursement ceilings, for child care services to families in various state and federal subsidized child care programs administered by the county welfare department and other Alternative Payment or voucher programs. Operators can use the regional market rate information to determine what rate to charge clients. The most recent regional market rates for child care by county, type of child care setting, age of children served, and amount of care provided may be found by visiting the above website.

5. *Child Care Alliance of Los Angeles (CCALA)* [www.ccala.net](http://www.ccala.net)

The Child Care Alliance of Los Angeles (CCALA) website provides an array of information regarding child care services and those provided by the 10 Resource & Referral (R&R) and/or Alternative Payment agencies throughout Los Angeles County. The Alliance’s mission is to make quality child care and early education, and school readiness services accessible to all families in Los Angeles County through an alliance of community focused Alternative Payment and Resource & Referral agencies.


The American Community Survey provides population and demographic information based on surveys sent to a sample of the population and helps communities determine where to locate services and allocate resources. This website allows the operator to search for population data by county, place, congressional district, school district and other categories.
**Step #3:**

**Study Project Feasibility and Write Business Plan**

The third step the operator should undertake is to study the project feasibility. This means that the operator must determine whether he or she can financially go through with the development of a child care facility. Initially, the operator should begin to write a business plan and estimate the overall start-up cost of the project. Further, the operator must design an operating budget for the child care business by identifying expected revenues and expenses. The operator must also identify the financing needed to cover start-up and operating budgets, keeping in mind that these projections might need to be adjusted as the operator discovers more details about incoming revenues. Finally, the operator must determine the legal structure of the organization that will be operating the child care center.

The following are suggestions to help operators study the project’s feasibility (not all inclusive):

**Begin to Write a Business Plan**

It is important that the operator create a comprehensive business plan. A business plan is a formal statement of a set of business goals, the reasons why the operator believes the goals are attainable, and the plan for reaching those goals. It may also contain background information about the organization or team attempting to reach those goals. A business plan will allow the operator to test the financial feasibility of the project, which will give the new business the best chance of success. Moreover, a complete business plan will assist the operator in securing funding by attracting investors. The operator should contact the Small Business Administration to find out what local resources are available in assisting with the development of a business plan.

**Estimate Cost of Facility Development**

The operator must estimate how much it will cost to develop the facility. The operator should consider all of the costs involved with development, including: soft costs (design, permits, legal fees, financing fees, etc.), hard costs (site acquisition, construction, equipment, etc.), hidden costs (staff and board time and attention, etc.), contingency costs (a portion of construction costs set aside to cover unexpected costs), and lost income (if the program has to close for any period of time during construction). A contractor can help with these estimates (see step #14).

**Create an Operating Budget**

The operator must design or update an operating budget for the child care business. An operating budget is a detailed projection of all estimated income and expenses based on forecasted revenue during a given period. In doing so, the operator should identify the expected revenues, but he or she should not anticipate that the program will reach full enrollment at the outset. It usually takes at least six months to reach full enrollment, and enrollment will often fluctuate throughout the year.
**Obtain Adequate Working Capital**
The operator must be sure to have sufficient working capital. Working capital is the operating liquidity (cash) available to a business. Working capital is calculated as current assets minus current liabilities. It is best to have a large cash reserve, if possible, to prepare for any cash flow problems that might occur, especially for new programs.

**Determine Legal Structure of Organization**
It is important that the operator decide whether to organize as a nonprofit or a for-profit child care program, because this decision will affect financing eligibility. To become a nonprofit organization, the operator must establish a board of directors, and file for 501(c)(3) tax exempt status with the Internal Revenue Service (IRS). Being a nonprofit may be a qualifying criterion for applying for grants. To become a for-profit organization, the operator must decide whether to form as a sole proprietorship, a general partnership, a limited partnership, a corporation, an “S” corporation, or a limited liability company. An operator should not make this decision lightly, and it is highly recommended that an operator consult with an attorney before deciding what legal structure will be most appropriate for their business.

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**Available Resources for Step #3: Study Project Feasibility**

1. **U.S. Small Business Administration**  [www.sba.gov](http://www.sba.gov)
   
   The United States Small Business Administration (SBA) is a federal agency that aids, counsels, assists, and protects the interests of small businesses. The SBA provides financial assistance, online training in a variety of fields, and information on legal registrations and regulations. By contacting the SBA, the operator can learn about how to open a small business and write a business plan. The website has a number of articles on how to create a business plan here: [www.sba.gov/writing-business-plan](http://www.sba.gov/writing-business-plan).

   The SBA has published an in-depth guide entitled “How to Start a Quality Child Care Business” with helpful information such as tax laws, insurance, sample budget plans, advertising techniques, etc. The guide can be found online here: [www.sba.gov/sites/default/files/files/pub_mp29.pdf](http://www.sba.gov/sites/default/files/files/pub_mp29.pdf).

   The following is the link to the SBA’s free online courses: [www.sba.gov/tools/sba-learning-center/search/training](http://www.sba.gov/tools/sba-learning-center/search/training).

2. **SCORE Los Angeles**  [www.scorela.org](http://www.scorela.org)

   SCORE Los Angeles, which has approximately thirty locations in Los Angeles County, provides free one on one and online counseling to small businesses. By contacting SCORE, the operator can obtain free counseling on how to open a small business and write a business plan. The website also offers resources such as information on different
organizations that assist businesses and sample business plan outlines here:

3. **Small Business Development Centers**  smallbizla.org; www.pcrcorp.org

Small business development centers (SBDC) provide both educational and consulting programs and may be able to offer loans to small businesses. The operator can learn about opening a small business and receive feedback from an SBDC on the feasibility of the new business.

4. **Los Angeles BusinessSource Centers**
www.losangelesworks.org/businessServices/BusinessSourceCenters.cfm

Los Angeles BusinessSource Centers provide business advice through one-on-one consulting as well as assistance in the areas of small business financing, employee hiring and workforce development, business plan development, and tax incentives and credits. They also offer training through business courses such as fiscal management, marketing, employee training and accounting courses, among others. Most of their services are provided at no cost to business owners and entrepreneurs in the City of Los Angeles.

5. **New Economics for Women**  www.neweconomicsforwomen.org

New Economics for Women develops child care facilities in partnership with other agencies in Los Angeles. NEW has partnered with the United Way of Greater Los Angeles to help low income individuals and families with microenterprise businesses. Through financial literacy and asset specific education training, participants will be prepared to start or expand a business. As part of the program, individuals must save money every month and funds are matched to provide incentives to achieve their goals. You must meet specific qualifications to be eligible for this assistance.


PACE is a community development organization that helps with business development in the Pacific Asian and other diverse communities. PACE’s scope of services includes workforce development, housing services and development, business assistance, and early childhood education. By contacting PACE, operators can obtain one-on-one counseling and assistance with securing a loan.

7. **Community Partners**  www.communitypartners.org

Community Partners offers critical support to people with innovative ideas in community development. Specifically, by contacting Community Partners, an operator can learn about leadership development, attend training workshops, and build a network that will help the operator strengthen their capacity to engage in facility and program development.
8. **Los Angeles County Economic Development Corporation (LAEDC)** [www.laedc.org](http://www.laedc.org)

   The LAEDC offers assistance in various areas of child care facility development. By contacting LAEDC, the operator can learn about site selection, workforce resources, incentive packages, permits, licenses, zoning and local industry analyses for companies expanding or relocating in Los Angeles County.

9. **Child Care Center: Financial Planning and Facilities Development Manual**

   The Insight Center for Community Economic Development published the Financial Planning and Facilities Development Manual which is designed to help operators understand the financial side of their businesses. Specifically, the manual will help operators learn how to use a budget, how to use financial statements, and how to understand the financial status of a business.


    Operators will likely need to have an environmental test done on a site that will be developed from the ground up or will require major renovations. These resources provide operators with assistance with environmental impact assessment, environmental planning, biological resources, soil assessment, and remediation. This is an important part of studying the project’s feasibility because environmental testing can be very expensive.

11. **Public Counsel** [www.publiccounsel.org](http://www.publiccounsel.org)

    Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: [http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education](http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education)

12. **City of Los Angeles Department of Building and Safety (LADBS)** [www.ladbs.org](http://www.ladbs.org)

    The LADBS implements the Zoning, Building, Plumbing, Mechanical, and Electrical Codes, as well as Engineering, Energy, and Disabled Access regulations, and local and State laws for construction and maintenance of commercial, industrial, and residential buildings. By contacting the LADBS, an operator can obtain information on permits related to zoning, building, plumbing, and electrical codes, as well as engineering, energy, disabled access regulations, and local and state laws. The LADBS offers a tool called the Parcel Profile Report which allows easy access and a visual display of city parcel legal and zoning information here: [www.ladbsservices2.lacity.org/OnlineServices/](http://www.ladbsservices2.lacity.org/OnlineServices/).

13. **The Foundation Center** [foundationcenter.org/getstarted/tutorials/establish/tax.html](http://foundationcenter.org/getstarted/tutorials/establish/tax.html)

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The Foundation Center provides assistance to nonprofit organizations. Specifically, an operator can contact the Foundation for information on how to apply for tax exemption. The website includes a 1023 application to file with the IRS, which is a required step to become a 501(c)(3) tax-exempt nonprofit organization.


The Center for Nonprofit Management aims to foster healthy neighborhoods and communities by improving the performance of nonprofit organizations that address critical issues and serve underserved populations in Southern California. An operator can contact the Center for information on how to start and effectively operate a nonprofit organization, as well as information on how to become a nonprofit and how to file for tax exempt status with the IRS.

15. Home-Based Business Fact Sheet – How to Organize Your Business  [extension.umaine.edu/publications/3009e/](http://extension.umaine.edu/publications/3009e/)

This Home-Based Business Fact Sheet provides information to help the operator decide whether to organize their business as a sole proprietorship, a general partnership, a limited partnership, a corporation, an “S” corporation, or a limited liability company. The fact sheet includes the advantages and disadvantages of these various business entities. Other Home-Based Business Fact Sheets on topics such as capital sources, insurance, and business plans can be found here: [umaine.edu/ext-business/online-small-business-library/umce-home-based-business-fact-sheet/](http://umaine.edu/ext-business/online-small-business-library/umce-home-based-business-fact-sheet/).


The Business Entities Section of the Secretary of State’s office provides informational materials as well as samples and forms needed to meet filing requirements for various business entities. The samples and forms have been drafted to meet the minimum statutory filing requirements, and can be found here: [www.sos.ca.gov/business-programs/business-entities/forms/](http://www.sos.ca.gov/business-programs/business-entities/forms/).
Step #4: Obtain Predevelopment Funding

The fourth step is to obtain predevelopment funding. Predevelopment funding is the funding that the operator will need to cover feasibility studies, business plan development, permits, and architectural services. It is essential that the operator identify adequate predevelopment funding for the project, because the operator needs to have enough working capital to cover initial expenses (see step #9). The operator must understand his or her ability to apply for funding and identify committed and potential donors. During this time, the operator must complete grant applications and seek in-kind donations.

The following are suggestions to help operators obtain predevelopment funding (not all inclusive):

**Identify Financing Sources and Analyze Ability to Obtain Funding**
It is important for the operator to identify potential sources for funding that will be sufficient to cover the start-up budget (the budget expressing the amount of money needed to cover predevelopment costs) and the operating budgets (the budget expressing the amount of money needed to run the business on a day-to-day basis). The operator should also keep in mind that the operating budget may need to be adjusted as details about specific revenues are finalized. Moreover, the operator will need to analyze the ability to apply for financing by determining his or her debt capacity.

**Identify and Research Potential Donors**
The operator must identify known donors and seek out potential donors for development grants and donations of toys, equipment, furniture, building supplies, etc. (Note these costs should be part of the “start up budget” and not the operating budget.) Furthermore, the operator may be able to partner with other child care programs and/or community organizations, such as churches, hospitals, and schools, to provide certain services and share expenses. The operator will need to obtain enough money to cover an initial working capital, and the operator should keep in mind that many lenders do not make working capital loans (see step #9).

**Typical Loan Terms**
The operator should look for either a loan that is specifically designed for predevelopment purposes or a short term loan that the lender will grant as a part of a loan for acquisition or construction. Generally, conventional lenders and Community Development Financial Institutions (CDFI) do not issue predevelopment loans unless the project is large in scope (such as a million dollar predevelopment loan). However, many banks and CDFIs will issue short term loans (usually with terms of twenty-four months or less), and these loans can include predevelopment costs. Borrowers should look for low interest rates. This is not always easy, however, because many lenders see these loans as fairly risky. The borrower should make every effort to present the potential lender with a solid, well organized, and well prepared business plan (see Step #3). This will greatly increase the likelihood that the borrower receives a loan and that the borrower receives the loan at a lower interest rate.
Available Resources for Step #4: Obtain Predevelopment Funding

1. **Low Income Investment Fund (LIIF)** [www.liifund.org](http://www.liifund.org)

   LIIF occasionally offers interest-only predevelopment loans of up to one million dollars. These loans are designed to enable worthwhile facilities projects to come to fruition, providing capital on an interim basis until the project can be financed with a permanent loan. They can be used for real estate acquisition, construction, and rehabilitation. However, LIIF typically does not issue predevelopment loans unless the project is large in scope. LIIF will issue short term loans (twenty-four month term or less) for site acquisition or construction and nonprofit and for-profit entities are welcome to apply. LIIF and the borrower can agree that the short-term loan can encompasses predevelopment costs.


   One specific LIIF publication entitled “A Guide to Underwriting Child Care” explains the basics to underwriting child care based on the 5 C’s of credit. By reading this guide, the operator will learn what a bank looks at when considering the capacity of a child care business to carry debt. The guide takes the operator through a bank’s considerations for the borrower’s cash flow (capacity to repay), character (capacity to be a responsible borrower), capital, collateral, and credit history. This guide can be found here: [www.liifund.org/wp-content/uploads/2015/05/22-Underwriting-Principles3.pdf](http://www.liifund.org/wp-content/uploads/2015/05/22-Underwriting-Principles3.pdf).


   VEDC is a member of the Opportunity Finance Network which is the leading national network of community development financial institutions investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across the United States. VEDC acquired the California Economic Development Lending Initiative loan portfolio in 2015. VEDC provides loans and micro-financing to small businesses, particularly those owned by women and minorities that do not qualify for traditional bank financing.

3. **Local Initiatives Support Corporation (LISC)** [www.lisc.org/los_angeles](http://www.lisc.org/los_angeles)

   LISC helps resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones. LISC supports the development of local leadership and the creation of affordable housing, industrial and community facilities,
businesses, and jobs. Operators can contact LISC for information on obtaining capital, technical expertise, and training.

4. **Potential Grant Resources for Child Care Facilities Development in California**  

   The Building Child Care (BCC) Project provides a centralized clearinghouse of information and services to increase the California child care sector’s understanding of the facilities development process and access to facility development resources. BCC created this matrix, which contains a list of foundations that have a history or interest in funding child care facilities development projects.

5. **Statewide Private Foundations and Corporate Grant-Making List**  

   This resource lists grant-making organizations for child care and after school programs.

6. **The Weingart Foundation**  
   [www.weingartfnd.org](http://www.weingartfnd.org)

   The Weingart Foundation makes grants to assist organizations that work in the areas of health, human services, and education. The Foundation gives highest priority to activities that provide greater access to people who are economically disadvantaged and underserved. Of particular interest to the Foundation are applications that specifically address the needs of low-income children and youth, older adults, and people affected by disabilities and homelessness. Preference is given to organizations providing services in the following six Southern California counties: Los Angeles, Orange, Riverside, Santa Barbara, San Bernardino, and Ventura. An organization that is certified as tax exempt under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation as defined in section 509(a) of that Code is eligible for consideration.

7. **The Jewish Free Loan Association (JFLA)**  

   The Jewish Free Loan Association is an interest-free micro-lending agency. Since its inception in 1904, JFLA’s Micro-Enterprise Loan Programs have distributed over $4.5 million in interest-free loans to entrepreneurs throughout Greater Los Angeles. Loans are considered on a case-by-case basis and can be up to $15,000 maximum. Applicants do not need to be Jewish to be considered for a loan, but they do need to be residents of Los Angeles County.

8. **Pacific Coast Regional Small Business Development Corporation (PCR) Loan Programs**  
   [www.pcrcorp.org/finance/index.htm](http://www.pcrcorp.org/finance/index.htm)
PCR offers a variety of loan programs and works with approximately 35 banks throughout Southern California. More information about PCR’s loan programs can be found here: www.pcrcorp.org/#loans/c1868.

9. **The Ahmanson Foundation** theahmansonfoundation.org/

The Ahmanson Foundation reviews grant requests from 501(c)(3) organizations that are based in and serving Los Angeles County. The common types of funding support include construction and renovations; property acquisitions; equipment and furnishings; transportation vehicles; technology and infrastructure; software, books, and supplies.

10. **Los Angeles County Community Development Commission (CDC)** www.lacdc.org/for-businesses/county-business-loan-programs

The CDC offers a variety of low-interest loans for a wide range of businesses, large and small, commercial to industrial, that may not qualify for conventional financing. Loan amounts range from $25,000 to $1,000,000. There are three programs which may be of particular interest to operators:

(1) The County Business Loan Program is a revolving loan fund that assists companies with their expansion and development. Loan proceeds may be used for equipment, construction, real estate and working capital. Loan assistance is available to existing and start-up, small and medium sized businesses in Los Angeles County.

(2) The County Business Expansion Loan Program provides financial assistance to small and medium sized businesses to create and expand permanent job opportunities and promote economic development in Los Angeles County. Loan proceeds may be used for equipment, real estate, construction and working capital.

(3) The County Float Loan Program provides short-term, interim, interest only financing for businesses, and public agencies. Loan proceeds may be used for equipment, land acquisition, construction, and working capital. This loan is available in unincorporated county area, and participating Community Development Block Grant (CDBG) cities.
**Phase II: Predevelopment**

**Steps #5 – 14 Summary**

**Step #5: Select and Control Site**
The operator must select and control the site. This is important because child care is a heavily regulated industry, and the operator must determine whether a permit is needed to operate a child care facility on the property and whether the indoor and outdoor space is sufficient to accommodate the desired number of children.

**Step #6: Choose Center Director/ECE Consultant**
The operator should consider selecting a center director as a consultant at this stage. Because the director must be present and responsible for the site operations once the center has opened, they can serve as a valuable source of information for planning purposes at this stage. Further, the director may serve as coordinator of curriculum and staff development, which will be crucial in developing a successful program. It is important to note that this could be a costly step and it is not necessary to hire a director until the operator is ready to submit a licensing application. Instead, a director may be helpful at this stage if the operator does not have any child care expertise and they would like to use the director as an internal consultant.

**Step #7: Select Architect, Program Schematic**
The operator must select an architect. Architects are often an integral part of the following: site control, contractor selection, and construction management. Further, architects can coordinate due diligence activities, such as soil surveys and geo-technical studies.

**Step #8: Acquire Site**
The operator must acquire the site that he or she chose for the child care facility. This is important because this decision will greatly affect funding and financial planning for later phases of the project development.

**Step #9: Raise Funds and Develop Financial Plan**
The operator must raise funds and develop a financial plan for the child care facility’s development. A financial plan will help the operator understand the projected cash flow of the child care facility and help determine how much money the operator needs to raise in grants, loans, and other forms of funding.

**Step #10: Obtain Predevelopment Financing**
The operator must obtain predevelopment financing. This is extremely important, because predevelopment costs can be very expensive, and the operator must be financially prepared.

**Step #11: Develop Architectural Design and Planning Review**
The operator must develop an architectural design for the facility and have the plans reviewed. Child care facilities must meet a number of licensing and permit requirements, and it is important that these criteria are met before the child care program begins.

**Step #12: Architectural Working Drawings**
The operator must obtain architectural working drawings. These drawings will be important in design dispute resolution, for presentation to a bank, in obtaining building permits, and in a constructability analysis.

**Step #13: Plan Check and Revisions**
The operator must conduct a plan check and make any revisions necessary to the project’s development plan. Because the development of a child care facility is both an expensive and heavily regulated endeavor, it is important that the operator ensure the site’s plan is feasible.

*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
Step # 14: Select Contractor
The operator must select a contractor for the facility’s development and construction. This is important because the contractor will gather other workers to complete the job and will be primarily responsible for the means and methods to be used in the construction of the project. The contractor should be licensed and preferably have experience in child care facility development.
Step #5: Select and Control Site

The fifth step an operator should undertake is to select and control the site. Selecting and controlling the site means choosing the real estate, ensuring the site is in compliance with the applicable codes, and legally securing the site. This is an important step, because child care is a heavily regulated industry, and not every site is appropriate for a child care facility. The operator must determine whether a permit is needed to operate a child care facility on the property and whether the indoor and outdoor space is sufficient to accommodate the desired number of children.

The following are suggestions to help operators select and control the site (not all inclusive):

*Consider Desired Real Estate Qualities*

The operator should make a list of the qualities the ideal site should have. In particular, the operator should think about projected enrollment (taking market supply and demand into consideration), the requisite number of square feet (both inside and outside), code compliance (such as fire, building, Americans with Disabilities Act, etc.), transportation routes, and drop-off/pick-up areas. It is also important that the operator ensure that the site is zoned for child care.

*Talk with a Real Estate Professional*

A real estate professional can help the operator find an appropriate site. The operator must be prepared to explain, in detail, the desired qualities of the real estate, keeping in mind that the property must be zoned to allow for a child care facility.

*Have an Estimate of your Budget*

An operator must have an estimate of the budget that he or she can spend on the child care facility site (see step #9). Because opening a child care program can be an expensive endeavor, the operator must keep the budget in mind when selecting real estate for the facility.

*Site Evaluation*

The operator must have the site evaluated in order to assure that it is in compliance with the applicable codes and zoning requirements. If the site is not zoned for child care, then the operator must apply for and receive a Conditional Use Permit before he or she may operate a child care facility at that location. The site must also have enough space for the desired number of children. Community Care Licensing requires a minimum of 35 square feet per child indoors and 75 square feet per child outdoors. Industry standards for quality, however, support 50-100 square feet of indoor space per child.

*Secure the Site*

The operator must secure the site by obtaining the requisite funding for the site and entering into a purchase or lease agreement for the real estate (see step #8 and #9).

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**Consult with an Attorney**
The operator should consult with an attorney (Public Counsel is available for this assistance) to have the attorney review the lease and the escrow documents. Both leasing and the escrow process can be very complicated so it is important that the operator contact an attorney who is experienced with these issues.

**Community Care Licensing (“Licensing”) Analyst**
The operator should consult with a Licensing analyst. The licensing analyst will be able to help the operator determine if the site will be able to house a child care facility. This is extremely important, because not every site will be zoned to allow for child care facilities. The Licensing analyst can help the operator determine whether the site will be able to receive the requisite licensing.

### Available Resources for Step #5: Select and Control Site

1. **Conditional Use Permit FAQ**  [planning.lacounty.gov/faq/cup/](http://planning.lacounty.gov/faq/cup/)

   This document, prepared by the Los Angeles County Department of Regional Planning, is a list of frequently asked questions and answers regarding the Conditional Use Permit (CUP). It explains the general definitions of a CUP and the basics of the application process, along with other important issues regarding a CUP.

   Note: crucial CUP application information varies according to city. Visit the planning department of your city to obtain a copy of the application. These applications are often available online.

2. **California Association of Realtors**  [www.car.org](http://www.car.org)

   The California Association of Realtors can assist in finding a commercial or residential realtor in your area. The website provides child care operators with advice on how to talk to real estate professionals and how to inform them of the space requirements that you are looking for in detail.

3. **Finding a Child Care Center Site**  [www.buildingchildcare.net/uploads/pdfs/FindingaChildCareCenterSite.pdf](http://www.buildingchildcare.net/uploads/pdfs/FindingaChildCareCenterSite.pdf)

   This guide, created by the Low Income Investment Fund, explains the different options available when seeking assistance to purchase or lease real estate. The guide is a clear articulation of what the operator will need to consider when purchasing real estate and provides information on additional resources for finding a center site. Further, the guide will help the operator learn how to talk to real estate professionals and analyze market supply and demand.
4. What to Consider Before Purchasing a Child Care Center

This guide, created by the Low Income Investment Fund, provides a potential buyer with a list of considerations to keep in mind before purchasing an existing child care center business, facility, and land. Specifically, the operator will learn about licensing requirements, which real estate professionals to speak with, and the operator's capacity to purchase a facility.


This guide, created by the Building Child Care Project, explains the various steps that need to be taken in order to choose an appropriate location for the child care center. It also reviews basic considerations and strategies for selecting a site. Moreover, the operator will learn about licensing regulations, how to determine what kind of program the operator will run, and how to assure that the operator is in compliance with various legal codes.


The Insight Center for Community Economic Development published a Financial Planning and Facilities Development Manual which is designed to help operators manage and understand the facilities development process, including site selection and site control.

7. Public Counsel  www.publiccounsel.org

Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education ("ECE") Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education

8. Los Angeles Universal Preschool (LAUP)  laup.net

LAUP is an independent public benefit corporation, created in 2004 and funded by First 5 LA. By the end of the 2009 school year, over 30,000 children will have attended high-quality preschool programs funded by LAUP. LAUP's goal is to make voluntary, high-quality preschool available to every 4-year-old in Los Angeles County, regardless of their family's income. Individuals can contact LAUP directly to get information about site acquisition.

   This list provides planners’ contact information from cities within Los Angeles County.


   The Insight Center for Community Economic Development is a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities. The Insight Center’s publications related to early care and education can be found here: [http://www.insightcced.org/publications/cecpubs.html](http://www.insightcced.org/publications/cecpubs.html)


   This guide, created by the Low Income Investment Fund, is designed to help evaluate readiness and to prepare existing facilities to house quality child care programs. By reading this guide, the operator is lead through the process of evaluating and modifying a property with an existing facility in order to prepare it for occupancy by a child care program. Certain parts of the guide are intended to be basic enough for facility development novices to follow, but others should be used in conjunction with or exclusively by technical experts.
Step #6: Choose Center Director/ECE Consultant

The sixth step is to choose a director who can serve as a consultant for the child care center. Bringing on a director at this stage may be costly. However, a director may be able to help an operator with the founding of the child care center and serve as a valuable source of information if the operator is unfamiliar with the process of opening a child care center. Moreover, an operator may be able to work with a director and other consultants to design a payment plan that will serve the needs of both the director and the operator, like making payments in stages. It is important to note that hiring a director to serve as consultant at this stage does not mean that you will be obligated to hire this person as director once the center opens. Instead, an operator should hire someone to serve as consultant with the option of becoming director.

Once the center opens, the director will be an individual managing the day to day operation of the child care center. The individual you select must, at a minimum, meet the qualifications in Community Care Licensing regulations. It is important to select a qualified and experienced center director because the director will serve as the manager/supervisor of the staff providing care and education to the young children. It is typical in most centers for the director to prepare and authorize the center’s budget. The director will also be crucial in maintaining a safe and healthy learning environment. In short, a good director is vital for operating a high quality early care and education program.

The following are suggestions for selecting a center director (not all inclusive):

**Fingerprints/Criminal Clearance**
The operator must make sure that the director and staff have obtained their criminal clearances by having their fingerprints checked against the Department of Justice database and the Federal Bureau of Investigation. Part of this clearance involves checking the Child Abuse Index. For additional information about criminal clearances, contact Community Care Licensing.

**Health Requirements**
The operator must also ensure that all staff has tuberculosis clearances and health screening reports. Further, at all times, at least one person at the child care center site must have fifteen hours of health and safety training approved by the Emergency Medical Services Authority. This includes a current CPR and First Aid Certificate. Training is usually available through the American Red Cross as well as local hospitals.

**Educational Requirements of the Director**
The operator must ensure that the director has at least fifteen units of early childhood education and at least four years of experience in a child care center. Individuals with more education will require less experience to meet Community Care Licensing requirements. The education must include at least three units of administration and at least twelve units of child development coursework, and curriculum coursework. A Child Development Site Supervisor Permit and/or a Program Director...
Permit, issued by the California Commission on Teacher Credentialing, are good indicators of both the education and experience of the individual. These permits are required in centers that are funded through contracts with the California Department of Education.

**Interview Potential Directors**
The operator should interview potential directors and select the most qualified candidate. In addition to ensuring that the director has the requisite health status, criminal clearance, and education requirements listed above, the operator should ensure that the director has sound business understanding and is enthusiastic about the care and education of children because the director will likely be implementing policies and practices that have a direct bearing on the quality of the care and the financial health of the program.

**Director’s Salary**
The operator should determine a salary range that is competitive enough to attract qualified candidates and is still within budget when making the hiring decision.

### Available Resources for Step #6: Choose Center Director/ECE Consultant

1. **Community Care Licensing**  [www.ccld.ca.gov](http://www.ccld.ca.gov)

   Community Care Licensing (“Licensing”) issues child care licenses and provides oversight for Family Child Care Homes and Child Care Centers. Potential operators must attend a licensing orientation to gain a better understanding of the child care center requirements. Licensing’s website highlights some important child care regulations, including the educational requirements for all staff and the required child to teacher/adult ratios, which can be found here: [www.ccld.ca.gov/PG547.htm](http://www.ccld.ca.gov/PG547.htm).


   CDTC provides services, training, technical assistance, and resources for students and professionals working with and for children. The CDTC’s website has the child development permit matrix that lists qualifications for all of the licenses and permits required for teachers and staff working in state funded programs. The consortium also reviews permit applications and has funds to reimburse child development students for classes taken to qualify for permits.

3. **Los Angeles County Office of Child Care**  [ceo.lacounty.gov/ccp/](http://ceo.lacounty.gov/ccp/)

   The office provides staffing support to the Child Care Planning Committee and oversees the website that has many resources related to providing quality early care and education and the early care and education workforce. In particular, there are model compensation scales for directors and teaching staff, which can be found here:
http://ceo.lacounty.gov/ecp/pub.htm#Work. These scales may give an operator some idea of competitive salaries for the director and teaching staff.
The seventh step is to select an architect that understands child care facility development. In addition, the operator must also select a program schematic, meaning that the operator will select an architect’s drawing that best suits the operator’s needs and goals for the facility. An architect is important for the construction development of a child care center because an architect can assist the operator in assuring that the space is used for the best potential. Further, a properly planned project can be built less expensively, and it will also save time by minimizing or eliminating the need for backtracking later in the process. In addition, architects can be extremely helpful in assuring that the site is appropriately zoned for child care. Further, because the physical environment in which children spend their time impacts their educational development, it is important to have an architect and a program schematic keeps this notion in mind.

The following are suggestions to help operators select an architect and program schematic (not all inclusive):

**Find the Right Architect**
Find an architect that is committed to child care development, which is a very specialized field of architecture. A good way to do this is by getting referrals from child care centers similar to that which the operator wishes to open. Once the operator has names of one or more architects, the operator should call them and ask if they would be interested in the project. The operator should ask them to send information on their firm, including samples of past projects similar to the operator’s. Further, the operator should get references for clients from similar projects, and check with those references to find out what their experiences were working with the architect.

The operator should ask architects the following questions:

1. What is the architect’s experience and approach?
2. What is the architect’s background in childcare design?
3. How well does the architect understand principles of child development, and how does the architect translate those principles into buildings?
4. How much of the architect’s business is in childcare design?
5. Does the architect have the architectural experience to manage your project well?

**Costs and Schedules**
The cost for design and construction can vary widely depending on the type of project and the location. Consider whether the architect is offering to simply design the architecture of the building or if the architect is including interior design, more extensive preliminary planning, or other additional services that will add a great deal of value to the project. Furthermore, in most cases, paying more up front for thorough preliminary work should be seen as a good investment rather than an added cost. Also, careful preliminary work will help to give the operator a center that really
meets the facility’s goals in the long run, so future remodeling will be much less likely. These long-term factors should be weighed carefully when reviewing an architect’s proposed fees.

**The Design Process**
A good architect will review the appropriateness of the site in relation to the center’s goals, the budget, building and planning code issues, and other issues that may affect the overall feasibility of the project. Furthermore, when undergoing the design process, a good architect will plan out the design according to the center’s means. For example, centers often receive funds piecemeal, over many years, and an architect can design a master plan that lays out a long-term series of steps, so that construction work can be carried out in phases, in a logical order, with a minimum amount of backtracking.

**Design Schematic**
The architect will work out the general design and produce sketches to review with the operator. The architect will refine the design and revise the sketches until the operator has a design that he or she approves. The operator should review the design carefully and make sure that all of the facility’s goals are met. The operator must clearly communicate to the architect any changes that should be made.

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**Available Resources for Step #7: Select Architect, Program Schematic**

1. *(M) Arch.* [www.marchstudio.com](http://www.marchstudio.com)
   
   *(M) Arch.* is a collaboration of architects and marketing professionals whose mission is to build brand value through architecture. *(M) Arch.* is a forward-thinking design company that is engaged in creating significant architecture that adds brand value with responsible solutions. *(M) Arch.* has experience in child care facility development and focuses mainly on community and commercial projects.


   BCC provides a centralized clearinghouse of information and services to increase the California child care sectors understanding of the facilities development process and access to facility development resources. The list of architects serves as a resource to assist child care operators in finding an experienced architect interested in working on child care facilities.

3. *Spaces for Children* [www.spacesforchildren.com](http://www.spacesforchildren.com)

   Spaces for Children creates developmentally appropriate spaces that enhance a child’s growth, are convenient, and a pleasure for teachers to use. Aesthetically pleasing, long lasting designs promote child development and attract and maintain high-caliber staff.

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Teachers who feel comfortable and effective in their classrooms provide the continuity essential to a child’s sense of well being. Spaces for Children’s website provides a detailed description of how to choose an architect and what factors a child care operator should consider when selecting an architect.

4. **Abode Communities** [www.abodecommunities.org](http://www.abodecommunities.org)

Abode Communities (formerly the Los Angeles Community Design Center) works with child care operators and other community stakeholders to develop new child care facilities throughout the Southern California region. Abode provides comprehensive architectural and development services to community groups.

5. **Gonzalez & Goodale Architects** [www.gonzalezgoodale.com](http://www.gonzalezgoodale.com)

Gonzalez & Goodale is a professional architecture business, committed to imaginative design and well-managed, interactive client service. Gonzalez & Goodale offers architectural and engineering services, modernizations, alterations, remodels, master planning, interior planning and design, and construction administration. They have a wealth of experience in child care centers.


The Low Income Investment Fund has created this tool which explains the important role of the architect in building child care centers. The tool explains what the architect can do for the operator and why getting a good, qualified architect is important. In addition, the tool emphasizes that it is important for an architect to have knowledge of Community Care Licensing requirements for child care centers.


This guide, created by the Low Income Investment Fund, is designed to give operators tips on how to work together with architects and developers on each phase of a facilities project to create quality early care and education facilities. This guide helps operators understand the process by which their vision for a new or renovated facility is transformed from an idea into a physical space. By reading this guide, the operator will better understand the priorities and constraints that apply to a child care facility project. This understanding will facilitate the operator’s working relationship with the architect and/or developer and ensure that their respective skills and expertise come together to create a high-quality early care and education facility.
Step #8: Acquire Site

The eighth step is to acquire the site for the child care facility. This means that the operator must obtain, by purchase or lease, the property for the facility. This is important because this decision will greatly impact funding and financial planning for later phases of predevelopment. This decision will impact how many children will be cared for, funding required for site renovation, and how many staff members the operator must hire.

The following are suggestions to help operators when acquiring property for the child care facility site (not all inclusive):

**Consult with a Real Estate Expert**
A real estate expert can help the operator obtain a reasonable asking price and ensure that the real property, facility, furnishings, and equipment are all included in the appraisal and the sale or lease price. It is also critical that, since an operator will likely be leasing/purchasing commercial property, the operator work with real estate agents that have experience with leasing/the sale of commercial property.

**Grant Deed or Lease Agreement**
The operator should enter into an agreement with the seller/lessor to either purchase the property or to lease the property. The operator should utilize a real estate professional in negotiating this transaction. In addition, legal advice is critical.

**Financing**
The operator must have the financing in place to pay the purchase (or lease) price, to pay any start-up operation fees, and to pay any capital improvements. If necessary, the operator should apply for loans and lines of credit in order to make these payments.

**Consult with an Attorney**
The operator should consult with an attorney when purchasing or leasing real estate (Public Counsel is available to assist operators in reviewing all applicable legal and historical documentation on the property’s title). In addition, it is important that the operator understand that Community Care Licensing will require that the applicant submit proof of “control of the property” by submitting a copy of the grant deed or a lease agreement when the operator applies for their child care center license.

### Available Resources for Step #8: Acquire Site

1. *Finding a Child Care Center Site*
   www.buildingchildcare.org/uploads/pdfs/FindingaChildCareCenterSite.pdf

*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
This document, created by the Low Income Investment Fund, explains the different options available when seeking assistance with purchasing or leasing real estate. Although very few real estate professionals are familiar with the needs of child care operators, this document will tell you what you need to know in order to articulate your needs.

2. What to Consider Before Purchasing a Child Care Center

This guide, created by the Low Income Investment Fund, provides a potential buyer with a list of considerations to keep in mind before purchasing an existing child care center business, facility, and land.

3. Public Counsel Law Center www.publiccounsel.org

Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education

Step #9:

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Raise Funds and Develop Financial Plan

The ninth step is to raise funds and develop a financial plan. At this time, the operator should develop a funding plan and raise funds for the development of the facility (see step #4 for raising funds for predevelopment costs). Further, the operator should develop a detailed and thorough financial plan that will ensure the financial stability of the program. This is important because a financial plan will help the operator understand the projected cash flow of the child care facility and determine how much money the operator needs to raise in grants, loans, and other forms of funding. Further, lenders are much more likely to lend to individuals with well organized and well thought out business and financial plans.

The following are suggestions to help operators raise funds and develop a financial plan (not all inclusive):

**Develop a Financial Plan**

The operator must develop a detailed financial plan for the construction of the facility. The financial plan should be both a comprehensive evaluation of the operator’s current and future situation as well as a guide for spending and saving future income. The plan should allocate future income to various types of expenses and it should also reserve some income for savings.

**Apply for Grants and Loans**

The operator should apply for both grants and loans. Grants are non-repayable, so the operator will not have to pay back any money given to him or her in the form of a grant. Grants, however, are much more readily available to non-profit organizations. For profit entities searching for grants should contact foundations that have the same mission as the operators (such as a foundation whose mission is child care or early education). These foundations might be willing to issue grants to for profit entities.

Loans, however, must be repaid, usually with interest. The operator should look for loans with flexible terms and low interest rates, such as those given by the Low Income Investment Fund and those found on Building Child Care’s matrix. For profit and non-profit entities are both eligible for loans. The operator will be more likely to receive a loan if he or she is extremely well prepared and has a detailed business plan.

**Working Capital**

The operator needs to have enough working capital to operate the business once it opens. Working capital is measured by the business’ assets less the business’ liabilities. This number (assuming it is a positive number) represents the money with which the business will run its day to day operations. Community Development Financial Institutions and banks generally do not issue loans for working capital. Thus, the operator must come up with an alternative method by which to obtain working capital (such as the operator’s savings, donations, etc.).

**What Lending Institutions Need to Know**
Lending institutions generally want to know three things before they are willing to issue the loan. First, they want to know exactly what the money will be used for. They will want to know exactly what kind of business the operator will run, who the clients will be, where the site will be located, how many children the operator will care for, etc. Second, they will want to know exactly how much money the operator is asking for. Therefore, the operator should go into a meeting with a potential lender knowing exactly how much he or she needs. The operator should be prepared to explain to a lender why it is that the operator needs that amount. Finally, the potential lender is going to want to know how and when he or she is going to be repaid. In order to accomplish this, the operator must be prepared to show the lender a specific business plan (see step #3), a marketing plan explaining how the operator will attract clients, and a record of the operator’s credit history.

**Available Resources for Step #9: Raise Funds and Develop Financial Plan**

1. **Low Income Investment Fund (LIIF) [www.liifund.org](http://www.liifund.org)**

   LIIF is dedicated to creating pathways of opportunity for people and communities with low incomes. In its 25-year history, LIIF’s lending and technical assistance have helped hundreds of community organizations serving the nation’s hardest to reach populations.

2. **Statewide Private Foundations and Corporate Grant-Making List**


   This resource lists grant-making organizations for child care and after-school programs.

3. **Loan Resources for Child Care Facilities Development in California**


   The Insight Center for Community Economic Development and the Building Child Care Project published this resource which is designed to help child care operators and child care advocates in their efforts to access financial assistance to build, purchase, expand or renovate child care centers and family child care homes.

4. **KaBOOM! [kaboom.org](http://kaboom.org)**

   KaBOOM is an organization that creates play spaces through the participation and leadership of communities. It seeks to address both a lack of plays paces within walking distance of every child and a lack of community engagement. KaBOOM takes an innovative approach to alleviating this problem and calls on everyone in the community to pitch in, creating lasting relationships while building play spaces. Volunteers from the community are involved in planning, fundraising, design, construction, maintenance, and programming for the new play space. KaBOOM operates a number of programs that may be of interest to child care providers who want to build a play space.
Step #10: Obtain Predevelopment Financing

The tenth step that the operator must undertake is to obtain predevelopment financing. This means that the operator must obtain funding to cover the costs that arise before development of the facility. The costs includes architectural and engineering services, a site survey, environmental analysis, zoning code analysis, appraisal, legal fees, loan fees, and marketing materials. It is important to obtain predevelopment funding because predevelopment costs can be very expensive and the operator needs to be financially prepared. Further, obtaining adequate predevelopment financing prevents the operator from finding him or herself stuck midway through the project without adequate financing.

The following are suggestions to help operators obtain predevelopment financing (not all inclusive):

**Obtain Commitments for Predevelopment Grants and Loans**
The operator needs to obtain commitments from funders. This means that the operator needs to have signed, written documentation from the funders stating that the funders are committed to providing the operator with the agreed upon amount of money. The commitment should contain all of the important terms of the loan or grant and be signed by both the borrower and the lender. Public Counsel is available to review these commitments to ensure that the documents are legally enforceable.

### Available Resources for Step #10: Obtain Predevelopment Financing

1. **Public Counsel Law Center** [www.publiccounsel.org](http://www.publiccounsel.org)
   
   Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: [http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education](http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education)

2. Refer to resources detailed in steps #4 and #9
Step #11: Develop Architectural Design and Planning Review

The eleventh step is to develop an architectural design and planning review for the child care facility. This means that the operator should work with the architect to create an architectural design that will meet the operator’s goals for the facility. The operator should also have these plans reviewed. This is important because child care facilities must meet a number of licensing and permit requirements, and these criteria must be met before the child care program can begin operating.

The following are suggestions for developing an architectural design and planning review (not all inclusive):

**Review Architectural Sketches**
The architect will create the general design and produce sketches to review with the operator. The operator should be ready to suggest any changes that he or she would like to see made. Then, the architect will likely refine the design and revise the sketches until the operator approves a design. This is also the time when the architect should be able to give the operator a rough cost estimate of the project.

**Architectural Plan Review**
The architectural plan should be reviewed for city approval. Child care facilities are required to meet a number of licensing requirements, and many facilities will need additional zoning approvals. The operator should take the plans to the city’s planning counsel for approval, and he or she may also need to apply for a Conditional Use Permit (many architects will be willing to do this for the operator).

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**Available Resources for Step #11: Develop Architectural Design and Planning Review**

1. *Abode Communities*  [www.abodecommunities.org](http://www.abodecommunities.org)

   Abode Communities (formerly the Los Angeles Community Design Center) works with child care operators and other community stakeholders to develop new child care facilities throughout the Southern California region. Abode provides comprehensive architectural and development services to community groups.

2. *Gonzalez & Goodale Architects*  [www.gonzalezgoodale.com](http://www.gonzalezgoodale.com)

   Gonzalez & Goodale is a professional architecture business, committed to imaginative design and well-managed, interactive client service. Gonzalez and Goodale offers architectural and engineering services, modernizations, alterations, remodels, master planning, interior planning and design, and construction administration. They have a wealth of experience in child care centers.

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*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
3. (M) Arch. [www.marchstudio.com](http://www.marchstudio.com)

(M) Arch. is a collaboration of architects and marketing professionals whose mission is to build brand value through architecture. (M) Arch. is a forward-thinking design company that is engaged in creating significant architecture that adds brand value with responsible solutions. (M) Arch. has experience in child care facility development and focuses mainly on community and commercial projects.


The Building Child Care (BCC) Project provides a centralized clearinghouse of information and services to increase the California child care sector’s understanding of the facilities development process and access to facility development resources. The list of architects serves as a resource to assist child care operators in finding an experienced architect interested in working on child care facilities.

5. **Visit Local Planning Department** [planning.lacounty.gov](http://planning.lacounty.gov)

The operator should visit his or her local planning department. The planning department can review the plans, check the revisions, and assist the operator in obtaining a Conditional Use Permit, if necessary. The above website links to the Los Angeles County Department of Regional Planning’s website, which performs all land use planning functions for the unincorporated areas of Los Angeles County.

The following website has contact information for all California County Planning Agencies: [www.opr.ca.gov/docs/2012DOPA.pdf](http://www.opr.ca.gov/docs/2012DOPA.pdf).


The Low Income Investment Fund has created this tool which explains the important role of the architect in building child care centers. The tool explains what the architect can do for the operator and why getting a good, qualified architect is important. In addition, the tool emphasizes that it is important for an architect to have knowledge of Community Care Licensing requirements for child care centers.
**Step #12:**

**Architectural Working Drawings**

The twelfth step is to obtain architectural working drawings. This means that the operator must work with the architect to obtain working drawings to submit to the city’s planning committee. Architectural drawings are precise, exact drawings that the architect will use as a framework for creating the facility. These drawings are important, because the more detailed and well thought out they are, the more likely it is that the drawings will receive city approval. These drawings will likely receive comments from the city’s planning committee that may need to be incorporated before the plans are approved.

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**Available Resources for Step #12: Architectural Working Drawings**

1. **(M) Arch.** [www.marchstudio.com](http://www.marchstudio.com)

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3. **Spaces for Children** [www.spacesforchildren.com/architec.html](http://www.spacesforchildren.com/architec.html)

   Spaces for Children creates developmentally appropriate spaces that enhance a child’s growth, are convenient, and a pleasure for teachers to use. Aesthetically pleasing, long lasting designs promote child development and attract and maintain high-caliber staff. Teachers who feel comfortable and effective in their classrooms provide the continuity essential to a child’s sense of well being. Spaces for Children’s website provides a detailed description of how to choose an architect and what factors a child care operator should consider when selecting an architect.
4. **Abode Communities** [www.abodecommunities.org](http://www.abodecommunities.org)

Abode Communities (formerly the Los Angeles Community Design Center) works with child care operators and other community stakeholders to develop new child care facilities throughout the Southern California region. Abode provides comprehensive architectural and development services to community groups.

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7. **Visit Local Planning Department** [planning.lacounty.gov](http://planning.lacounty.gov)

The operator should visit his or her local planning department. The planning department can review the plans, check the revisions, and assist the operator in obtaining a Conditional Use Permit, if necessary. The above website links to the Los Angeles County Department of Regional Planning’s website, which performs all land use planning functions for the unincorporated areas of Los Angeles County.

The following website has contact information for all California County Planning Agencies: [www.opr.ca.gov/docs/2012DOPA.pdf](http://www.opr.ca.gov/docs/2012DOPA.pdf).
Step #13: Plan Check and Revisions

The thirteenth step is to make all revisions to the plan that were suggested by the City Planner. This means that the operator must work with the architect to revise the architectural drawings for final submission to the city’s planning committee. These drawings are important because these plans will incorporate all of the comments from the planning committee. The more accurate and complete these plans are, the more likely it is that the drawings will receive city approval.

Available Resources for Step #13: Plan Check and Revisions

1. (M) Arch. www.marchstudio.com
   (M) Arch. is a collaboration of architects and marketing professionals whose mission is to build brand value through architecture. (M) Arch. is a forward-thinking design company that is engaged in creating significant architecture that adds brand value with responsible solutions. (M) Arch. has experience in child care facility development and focuses mainly on community and commercial projects.

   The Building Child Care (BCC) Project provides a centralized clearinghouse of information and services to increase the California child care sector's understanding of the facilities development process and access to facility development resources. The list of architects serves as a resource to assist child care operators in finding an experienced architect interested in working on child care facilities.

   Spaces for Children creates developmentally appropriate spaces that enhance a child's growth, are convenient and a pleasure for teachers to use. Aesthetically pleasing, long lasting designs promote child development and attract and maintain high-caliber staff. Teachers who feel comfortable and effective in their classrooms provide the continuity essential to a child's sense of well being. Spaces for Children’s website provides a detailed description of how to choose an architect and what factors a child care operator should consider when selecting an architect.

4. Abode Communities www.abodecommunities.org
   Abode Communities (formerly the Los Angeles Community Design Center) works with child care operators and other community stakeholders to develop new child care facilities.
throughout the Southern California region. Abode provides comprehensive architectural and development services to community groups.

5. **Gonzalez & Goodale Architects** [www.gonzalezgoodale.com](http://www.gonzalezgoodale.com)

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7. **Visit Local Planning Department** [planning.lacounty.gov](http://planning.lacounty.gov)

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The following website has contact information for all California County Planning Agencies: [www.opr.ca.gov/docs/2012DOPA.pdf](http://www.opr.ca.gov/docs/2012DOPA.pdf).
Step #14: Select Contractor

The fourteenth step is to select a contractor. A contractor will contract with the operator for the construction or renovation of the child care facility. It is important to select a qualified contractor, because the contractor is responsible for the efficient execution of the project. It will be the contractor’s job to follow both the architectural plans and the budget as closely as possible. A general contractor may be responsible for supplying all material, labor, equipment, and services necessary for the construction of the project (depending on the contract).

The following are suggestions to help operators when selecting a contractor (not all inclusive):

Find a Contractor with Child Care Facilities Experience
It is important to find a contractor with child care facilities experience. The operator can find a contractor for a child care facilities project by asking other child care centers for recommendations, asking local community development corporations (CDC) for referrals of contractors that they have successfully worked with, and asking funders for referrals.

Find a Licensed Contractor
The operator must make sure that the contractor is licensed by the California Contractors State License Board.

Obtain Bids from Contractors
The operator should provide potential contractors with accurate plans and drawings, and it is highly recommended that the operator attempt to receive bids from at least three contractors.

Select a Contractor
Ultimately, the operator must select a contractor. The operator should consider the contractor’s experience in child care facilities construction, the contractor’s bid, and the estimated time for the project’s completion.

Available Resources for Step #14: Select Contractor

1. Building Child Care  [www.buildingchildcare.org](http://www.buildingchildcare.org)

   The Building Child Care (BCC) Project provides a centralized clearinghouse of information and services to increase the California child care sector’s understanding of the facilities development process and access to facility development resources. The BCC provides information on how to select a contractor and what factors a child care operator should consider when looking for a contractor to develop a child care facility. The BCC website also provides a list of licensed contractors with child care facility development experience.

*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
2. Department of Consumer Affairs Contractors State License Board (CSLB)
   www.cslb.ca.gov/consumers

   The CSLB provides a wide range of tools to help individuals have a better experience when hiring a contractor in order to ensure the job is done right. The CSLB website provides information on how to select a licensed and qualified contractor, how to check a contractor’s license, how to negotiate a clear contract, how to prevent disputes and mechanic’s liens, and how to resolve disputes with the contractor if they arise. The CSLB also has an article on their website entitled, “What You Should Know Before Hiring a Contractor” which explains what to do when hiring a contractor. This article can be found at: www.cslb.ca.gov/Resources/GuidesAndPublications/WYSKPamphlet.pdf.


   The Insight Center for Community Economic Development published this manual to help child care operators manage and understand the financial side of their businesses. By reading this manual, the operator will learn the basics of how to use a budget and a financial statement, how to determine the operator’s debt capacity, how to write a business plan, and where to go for help.

4. Contractor Rankings enr.construction.com/toplists/Top-Contractors/001-100.asp;
   www.primebuyersreport.org/ca/los-angeles-general-contractors.html

   These websites provide names of the best contractors on a national and a local level. The first website is a national list of the top 400 contractors, and the second website is a list of the best general contractors in Los Angeles County. The second website also includes advice on how to find the best general contractors, questions to ask general contractors, and tips about general contractors in Los Angeles County.
Phase III: Development
Steps #15 –19 Summary

Step # 15: Close Loan, Start Construction
The operator must close the loan and start construction. This means that the operator must finalize and agree to the terms of the loan that will be used to fund the project. Then, the operator should work with the contractor to begin construction or renovation of the child care facility. These processes are very important, because the successful completion of these steps will lead to the successful opening of a child care facility. Without the necessary funding, construction cannot begin.

Step # 16: Supervise Construction, Site Work, and Foundations
The operator must supervise the construction, site work, and the foundations. This means that the operator will need to be on site and play an active role in the construction or renovation of the child care facility. This is important, because the operator will have the best idea as to the goals of the architectural designs and how he or she wants to see the facility develop. This will also provide the contractor with an opportunity to ask questions of the operator and to solve disputes with the operator if they should arise.

Step # 17: Prepare Licensing Application; Supervise Construction, Framing, and Rough Installations
The operator should prepare a licensing application and have it reviewed prior to a site inspection. The operator must also supervise construction, framing, and rough installations. This means that the operator will need to be on site and play an active role in the construction or renovation of the child care facility. This phase of development is important, because at this time, the contractor will be conducting the bulk of the construction work. Having the operator readily available for the contractor will assist with any questions or problems that arise.

Step # 18: Supervise Construction, Finish Work, Landscape, and Punch List
The operator must supervise and complete the construction of the child care facility, landscape the outside area, and complete the punch list (a checklist of all construction and landscaping related tasks that must be completed before the facility can open). This means that the operator will need to be on site and play an active role in the construction or renovation of the child care facility. At this point, the operator should ensure that construction and landscaping are finished and that everything on the operator’s checklist has been completed.

Step # 19: Convert to Permanent Loan; Obtain License to Operate
The operator must convert to a permanent loan and obtain a license to operate. This means that the operator should operate under a mortgage on the property (as opposed to a predevelopment loan). The operator should also make sure that he or she has the requisite licenses and permits to operate the facility, including a certificate of occupancy, a fire approval, contracts for the necessary utilities, and a license to operate.
Step #15: Close Loan, Start Construction

The fifteenth step is to close the loan and start construction. This means that the operator must finalize and agree to the terms of the loan that will be used to fund the project’s development (see step #9). Then, the operator should work with the contractor to begin construction or renovation of the child care facility. These processes are very important, because the completion of these steps will lead to the successful opening of a child care facility. Without the necessary funding, construction cannot begin. Further, at this time, the operator should prepare the application for a license to operate a child care center.

The following are suggestions to help operators in order to close the loan and start construction (not all inclusive):

**Close Loan**
The operator should finalize the loan so as to ensure adequate financing for the project. At this time, it is likely that the operator will be trying to obtain a short term loan (usually twenty four months or less) for the construction, acquisition, or renovation of the facility. This loan should be closed or closing at the time construction begins. The Low Income Investment Fund (LIIF) can serve as a great resource for obtaining a child care friendly loan.

**Start Construction**
With the help of the operator’s selected architect and the contractor, construction or renovation should begin. During this time, the operator should make periodic site visits to assure that the construction is in compliance with the design intent. The operator should also meet frequently with the contractor to be sure that the construction is going according to plan. If an operator can afford to, it is advisable to hire a development consultant to assure the project is running smoothly and to protect the best interest of the operator/borrower.

**Prepare Community Care Licensing Child Care Center Application**
The operator must prepare an application for a license to operate a child care center. The application is available online, and Public Counsel is available to assist the operator with the application if the need arises.

### Available Resources for Step #15: Close Loan, Start Construction

1. **First Five Los Angeles (First 5 LA)** [www.first5la.org](http://www.first5la.org)
   
First 5 LA is committed to creating a future throughout Los Angeles’ diverse communities where all young children are born healthy and raised in a loving and nurturing environment so that they grow up healthy, are eager to learn, and reach their full potential. There are often opportunities for funding from First 5 LA to support programs and services for
children ages 0-5 and their families. First 5 LA is a non-profit organization dedicated to enhancing the early development of all children in Los Angeles County through a variety of programs addressing preschool, health insurance, safety and parent education.

2. **Valley Economic Development Centers (VEDC) [www.vedc.org/]**

VEDC is a member of the Opportunity Finance Network which is the leading national network of community development financial institutions investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across the United States. VEDC acquired the California Economic Development Leading Initiative loan portfolio in 2015. VEDC provides loans and micro-financing options to small businesses, particularly those owned by women and minorities that do not qualify for traditional bank financing.

3. **Local Initiatives Support Corporation [www.lisc.org/los_angeles]**

Local Initiatives Support Corporation helps resident led, community based development organizations transform distressed communities and neighborhoods into healthy ones. By providing capital, technical expertise, training, and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses and jobs.

4. **Low Income Investment Fund (LIIF) [www.liifund.org]**

The Low Income Investment Fund is dedicated to creating pathways of opportunity for people and communities with low incomes. In its 18-year history, LIIF’s lending and technical assistance have helped hundreds of community organizations serving the nation’s hardest-to-reach populations. LIIF can provide the operator with information on how to close the loan and may also be able to help the operator obtain a loan, if the operator is having difficulty doing so.


The Insight Center for Community Economic Development published “The Matrix,” which is designed to help child care operators and child care advocates in their efforts to access financial assistance to build, purchase, expand or renovate child care centers and homes.


This resource lists grant-making organizations for child care and after-school programs.
7. **Community Care Licensing**  [www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm](http://www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm)

Community Care Licensing is the State agency that issues licenses and provides oversight for Family Child Care Homes and Child Care Centers. Community Care Licensing is a division within the California Department of Social Services. The operator may visit this website to view the license application as well as instructions on how to apply [www.dss.cahwnet.gov/cdssweb/entres/forms/English/lic281a.pdf](http://www.dss.cahwnet.gov/cdssweb/entres/forms/English/lic281a.pdf).

An operator should attend a Community Care Licensing orientation for child care centers before submitting a child care center license application – even if the operator has attended an orientation in the past. Further, if it has been a year or more since an operator last attended a Community Care Licensing orientation, the operator will be required to attend another orientation.

8. **Public Counsel Law Center**  [www.publiccounsel.org](http://www.publiccounsel.org)

Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Public Counsel can assist operators in Los Angeles County by reviewing the Community Care Licensing application. Find more information regarding the legal services provided by the ECE Law Unit here: [http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education](http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education).
Step #16: 
Supervise Construction, Site Work, and Foundations

The sixteenth step is to supervise the construction, site work, and the foundations. This means that the operator will need to be on site and play an active role in the construction or renovation of the child care facility. It is critical to note that an operator may not have the expertise to supervise the construction. Therefore, an operator should consider hiring a development consultant. Ideally, the development consultant and the operator should be present to supervise construction and the site work. This is important, because the operator will have the best idea as to what the goals of the architectural designs are and how he or she wants to see the facility develop. This will also provide the contractor with an opportunity to ask questions of the operator (and/or the development consultant) and to solve disputes with the operator if they should arise.

The following are suggestions for what operators can do if a problem arises with the contractor (not all inclusive):

Avoid Problems Before They Arise
The operator should make every effort to avoid problems with the contractor. This is best accomplished by communicating with the contractor regularly. By being present at the construction site, asking the contractor questions, and answering the contractor’s questions, the operator can likely avoid problems before they begin.

Understand Construction Lien Law
The Construction Lien Law allows persons who have performed labor and/or provided building materials on or for the operator’s property and have not received payment for their goods and/or services to make a legal claim for payment against the operator’s property. It is important to include a “release of lien” clause in the contract with the contractor. This clause should state that the contractor must furnish the operator with a partial release of lien from all subcontractors and suppliers upon each payment and with a final release of lien from all subcontractors, suppliers and the contractor himself upon completion of the project and final payment. Further, whenever the operator makes any payment to the contractor, the operator should be sure to receive a partial lien release. Public Counsel can help review these clauses and contracts.

Available Resources for Step #16: Supervise Construction, Site Work and Foundations

1. Public Counsel Law Center  www.publiccounsel.org

Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers.
Find more information regarding the legal services provided by the ECE Law Unit here: http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education

2. Contractor Watch Dog  www.contractorwatchdog.com/tipsawareness.html

   This website provides tips on frequently asked questions by individuals working with contractors. In particular, the website offers advice on how to assure quality, how to assure the project is completed on time, and what to do if problems do arise.

3. Contractors State License Board (CSLB)  www.cslb.ca.gov/consumers/

   CSLB provides a wide range of tools to help individuals have a better experience when hiring a contractor in order to ensure the job is done right. The CSLB website provides information on how to select a licensed and qualified contractor, how to check a contractor’s license, how to negotiate a clear contract, how to prevent disputes and mechanic’s liens, and how to resolve disputes with the contractor if they arise. The CSLB also has an article on their website entitled, “What You Should Know Before Hiring a Contractor” which explains what to do when hiring a contractor. This article can be found at: www.cslb.ca.gov/Resources/GuidesAndPublications/WYSKPamphlet.pdf.

4. Understanding Mechanic’s Liens  
   www.cslb.ca.gov/Consumers/Legal_Issues_For_Consumers/Mechanics_Lien/

   Contractors, subcontractors and suppliers can file what is called a mechanic's lien on the operator’s real property if they do not get paid. Property owners need to be aware of the process so they can avoid the financial and legal pitfalls that can occur.

   For additional information, see this section from the Contractors State License Board, which describes mechanic's liens and the steps that can be taken to avoid them.
Step #17: 
Prepare Licensing Application; Supervise Construction, Framing, and Rough Installations

The seventeenth step is to prepare a licensing application and supervise construction, framing, and rough installations. This means that the operator should prepare the licensing application and have it reviewed prior to the inspection of the child care facility. In addition, the operator will need to be on site and play an active role in the construction or renovation of the child care facility. This is important because the operator will have the best idea as to what the goals of the architectural designs are and how he or she wants to see the facility develop. This will also provide the contractor with an opportunity to ask questions of the operator and to solve disputes with the operator if they should arise.

Available Resources for Step #17: Prepare Licensing Application; Supervise Construction, Framing, and Rough Installations

1. Community Care Licensing – Becoming a Licensed Child Care Provider  www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm

   Community Care Licensing is the State agency that issues licenses and provides oversight for Family Child Care Homes and Child Care Centers. Community Care Licensing is a division within California’s Department of Social Services. Community Care Licensing requires four steps be taken before a license can be obtained: (1) attend an orientation; (2) be familiar with all Child Care Center licensing laws and regulations; (3) pass a child care facility inspection; and (4) complete and submit all the information and forms required in the application packet.

2. Public Counsel Law Center  www.publiccounsel.org

   Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education

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CSLB provides a wide range of tools to help individuals have a better experience when hiring a contractor in order to ensure the job is done right. The CSLB website provides information on how to select a licensed and qualified contractor, how to check a contractor’s license, how to negotiate a clear contract, how to prevent disputes and mechanic’s liens, and how to resolve disputes with the contractor if they arise. The CSLB also has an article on their website entitled, “What You Should Know Before Hiring a Contractor” which explains what to do when hiring a contractor. This article can be found at www.cslb.ca.gov/Resources/GuidesAndPublications/WYSKPamphlet.pdf.
Step #18:  
Supervise Construction, Finish Work, Landscape, and Punch List; Submit Licensing Application

The eighteenth step is to supervise and complete the construction of the child care facility, landscape the outside area, and complete the punch list (a checklist of all construction and landscaping related tasks that must be completed before the facility can open). This means that the operator will need to be on site and play an active role in the construction or renovation of the child care facility. This is important, because the operator will have the best idea as to the goals of the architectural designs and how he or she wants to see the facility develop. The operator should ensure that construction and landscaping are finished and make sure that everything on the operator’s punch list has been completed. In addition, during this step an operator should consider submitting the completed application to Community Care Licensing. (See below for guidance of whether it would be appropriate to submit the Licensing application at this time.)

The following are suggestions for obtaining a certificate of occupancy and submitting the child care center application (not all inclusive):

Certificate of Occupancy
A certificate of occupancy is a document issued by a local government agency or building department certifying a building’s compliance with applicable building codes and other laws, indicating that the building is suitable for occupancy. The certificate is generally required whenever a new building is constructed, when a building that was built for one use is now going to be used for another, when the occupancy of a commercial or industrial building changes, or when ownership of a commercial, industrial, or multiple-family residential building changes.

A certificate of occupancy is sometimes obtained when a city inspector performs a final inspection of the facility. If the operator is not given a certificate of occupancy by the inspector, then the operator should ask the inspector to issue one. Alternatively, the operator can apply for a certificate of occupancy with the Department of Building and Safety.

Submit Application for License to Community Care Licensing
At this time, the operator should apply for a license to operate the child care center with Community Care Licensing (see step #15). Once the operator has applied for the license, Community Care Licensing has thirty days in which to send someone to the site to inspect the property. They will usually inform the operator of the date and time at which they will arrive at the property. Since Licensing may come out for an inspection shortly after receiving the application, an operator must ensure that the site is ready for inspection – this means that the site must be furnished and ready to operate.
Available Resources for Step #18: Supervise Construction, Finish Work, Landscape and Punch List; Submit Licensing Application

1. *Community Care Licensing*  [www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm](http://www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm)

   Community Care Licensing is the State agency that issues licenses and provides oversight for Family Child Care Homes and Child Care Centers. Community Care Licensing is a division within California’s Department of Social Services. Community Care Licensing can help operators complete an application and obtain a License to Operate.


   The Los Angeles Department of Building and Safety issued a document describing the applicable codes that a building must meet in order for the city to issue a certificate of occupancy. By accessing this document, the operator will learn which codes the facility must comply with in order to obtain a certificate of occupancy.

3. *Public Counsel Law Center*  [www.publiccounsel.org](http://www.publiccounsel.org)

   Public Counsel is the largest pro bono law firm in the nation and has nine different practice areas. The Early Care and Education (“ECE”) Law Unit advocates on behalf of the child care community to increase the quantity and quality of child care. The ECE Law Unit provides free legal services to qualifying family child care providers and child care centers. Find more information regarding the legal services provided by the ECE Law Unit here: [http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education](http://www.publiccounsel.org/practice_areas/early_childhood_care_and_education)

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*Step #19:*

*Reference in this guide to any specific resource or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by Public Counsel.*
Convert to Permanent Loan; Obtain License to Operate

The nineteenth step is to convert to a permanent loan which can be paid back over a longer period of time, and to obtain a license to operate. This means that the operator should convert the short term loan (see steps #4, #9, and #15) to a long term, permanent loan.

The operator should also make sure that he or she has the requisite licenses and permits to operate the facility, including a certificate of occupancy, a fire clearance, contracts for the necessary utilities, and a license to operate.

The following are suggestions that operators should consider when converting to a permanent loan and obtaining a license to operate (not all inclusive):

Ensure Proper License is Issued by Community Care Licensing
A license to operate a child care center is issued by Community Care Licensing (Licensing), a division of the California Department of Social Services (see step #1). Operating a child care center without a license is against State law. An operator may be cited by Licensing and fined for operating without a license. Licensing will issue a license after a thorough review of the licensing application and a site inspection. At the time of the inspection, the facility should be completed and furnished with the necessary adult and child furniture and equipment needed for effective functioning. Information about vendors who provide appropriate equipment and furnishings can be found on the internet or by contacting the local resource & referral program.

Convert to Permanent Loan
The operator must convert the short term loan (see step #4) into a permanent loan. The operator should get to know the lending institutions in his or her community and develop relationships with them. Banks and Community Development Financial Institutions are more likely to lend to individuals with whom they have relationships. Most conventional lenders will convert the short term loan into a permanent loan that will amortize over about fifteen years. The operator should look for a bank that has experience lending to small businesses and/or practices commercial lending. Conventional lenders’ commercial interest rates can range greatly (often they are between 7.5% and 12%).

The Low Income Investment Fund converts short term loans into “mini-permanent” loans. These loans are designed for a five year term, with an average interest rate of 6.5%.

Obtain Fire Clearance
Pursuant to California Regulation 101171, all child care centers must secure and maintain a fire clearance approved by the city or county fire department, the district providing fire protection services, or the State Fire Marshal. The request for a fire clearance is made by Community Care Licensing based on the information the operator has provided in the licensing application. In addition to describing the number and ages of children to be served, and the emergency evacuation plan, the applicant must also state whether children with physical handicaps will be enrolled at the
site. Community Care Licensing will not issue a license until the child care center has received a fire clearance.

**Available Resources for Step #19: Convert to Permanent Loan; Obtain License to Operate**

1. *Community Care Licensing* [www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm](http://www.ccld.ca.gov; www.ccld.ca.gov/PG411.htm)

   Community Care Licensing is the State agency that issues licenses and provides oversight for Family Child Care Homes and Child Care Centers. Community Care Licensing is a division within California’s Department of Social Services. Community Care Licensing can help operators complete the licensing application and obtain a License to Operate.

2. *Low Income Investment Fund (LIIF)* [www.liifund.org](http://www.liifund.org)

   The Low Income Investment Fund is dedicated to creating pathways of opportunity for people and communities with low incomes. In its 18-year history, LIIF’s lending and technical assistance have helped hundreds of community organizations serving the nation’s hardest-to-reach populations. By contacting LIIF, the operator can receive help with loan conversion difficulties.


   Operators can view the Los Angeles fire code on LAFD’s website, which may provide an idea of standards that must be met in order to obtain a fire clearance.

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Phase IV: Start Up
Step #20 Summary

Step #20: Open the Child Care Facility
The twentieth and final step is to open the child care facility! The operator has completed the stages for the development process. Now, the operator can focus on helping the child care center succeed. In step #20, the operator will find resources that can help the center continue to offer quality services.
Step #20: 
Open the Child Care Facility

The twentieth and final step is to open the child care facility! At this point, the operator should have completed each of the previous nineteen steps and may begin providing care for children in the area.

Available Resources for Step #20: Open the Child Care Facility

1. Los Angeles Universal Preschool (LAUP)  www.laup.net

LAUP is an independent public benefit corporation, created in 2004 and funded by First 5 LA. By the end of the 2009 school year, over 30,000 children will have attended high-quality preschool programs funded by LAUP. LAUP's goal is to make voluntary, high-quality preschool available to every 4-year-old in Los Angeles County, regardless of their family's income by 2014. Individuals can contact LAUP directly to get information about site acquisition.

2. Resource & Referral Agencies (R&R)  www.rrnetwork.org

Resource & Referral agencies are located in every county in California. They offer information, technical guidance, and resources that support parents, operators and local communities. Available resources are useful for finding, planning, and providing affordable and quality child care. By calling the R&R, the operator can learn how to analyze child care needs in a given area.

3. Los Angeles County Child Care Resource and Referral Services Map  ceo.lacounty.gov/ccp/pdf/FINAL%20LA%20COUNTY%20RR%20MAP%201-23-07.pdf

The Los Angeles County Child Care Resource and Referral Services Map can assist the operator in determining which R & R to contact for information about child care needs and market demand in a given area.


CPEEP is a short-term project that helps center-based child care and preschool facilities in the Southern California Edison and Pacific Gas & Electric Service areas to upgrade their facilities and save money on energy bills for free on a first-come, first-serve basis.