

*Feasibility Study
For
Horizons of Okaloosa County, Inc.*

April 2007



**Study completed by
Institute For Senior Professionals (ISP)
Okaloosa-Walton College
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Executive Summary

Horizons of Okaloosa County, Inc. is a 501©(3) not-for-profit organization in Okaloosa County, a United Way Agency. In addition to offering a broad range of services to the people with developmental disabilities, they also have a Children's Center in Fort Walton Beach that offers child care and Voluntary Pre-kindergarten (VPK) to children from 3 months to 5 years of age. Accreditation has been obtained from the National Association for Education of Young Child (NAEYC). The facility is licensed for 86 children. Due to poor construction, layout and physical problems in the current facility, they are not meeting the occupancy rate of 100 children recommended by experienced childcare experts as the "minimal financial break-even" number needed for the staff and program offered. Staff is concerned that the Center may lose accreditation in the next inspection.

Dr. Dave Miller, Chief Executive Officer, of Horizons of Okaloosa County, Inc. has requested a feasibility study to determine projected child care needs and demographic information to determine a need for renovating the existing facility or building a new facility for these childcare services. He is confident that there is adequate land on the east side of the current property, owned by the Okaloosa School District, to build a new facility. Acquisition of the land does not appear to pose a problem. Nor does financing the construction of a new facility appear to be a problem.

Data were collected from numerous sources that included Okaloosa-Walton Child Care Services, Inc., Florida Department of Children and Families, Early Learning Coalition, Okaloosa School District Early Childhood Department, numerous federal, state, and local websites, and current articles pertaining to early intervention philosophies. While interviewing personnel from these county Child Care Services who manage all child care providers, committee members were told that "Horizons is one of the best run child care operations in the District based on faculty dedication and performance. They are consistently at the top of the list in lack of customer complaints." The Children's Center is listed as a Gold Seal Quality Care program by the state of Florida.

The present facility was reviewed and determined to be incompatible with quality facilities for childcare. The building has numerous physical problems and is inefficient to maintain. Every room is filled beyond capacity thereby eliminating therapy rooms needed for the type of childcare that is offered.

The committee members found that a need to provide childcare services continues and will continue into the indefinite future. While there are other organizations/settings that also provide childcare services, the need surpasses the availability. Especially needed is childcare for infants and children with special needs, (i.e. autism). Horizons, Inc. is especially adept at serving the needs of these children. Staff needs and costs along with facility needs and costs for this new building are presented in the report. Three recommendations are made as a result of this feasibility study: 1.) build a new childcare facility; 2.) meet the potential of the new building by serving children with special needs and providing the therapy needed as the original thrust of the mission of Horizons; and 3.) advertise the fact that the childcare center is recognized as a Gold Seal Quality Care Program by the state of Florida.

I. Purpose

Horizons of Okaloosa County, Inc. is a 501©(3) not-for-profit organization in Okaloosa County, a United Way Agency. In addition to offering a broad range of services to the people with developmental disabilities, it also has a Children's Center in Fort Walton Beach that offers child care and Voluntary Pre-kindergarten (VPK) to children from 3 months to 5 years of age. The facility is licensed for servicing a total of 86 children.

For several years, Horizons has considered building a new child care center as the current center has undersize classrooms, poor layout, and many physical problems including dry and wet rot, energy inefficiency, break even problems and lighting problems. To break even financially, experts in the childcare area determined that a minimum of 100 children must be serviced utilizing this number of staff and programming offered. Horizons' Children's Center is rated as a gold seal quality care program.

Dr. Dave Miller, Chief Executive Officer, of Horizons of Okaloosa County, Inc. has requested a feasibility study to determine projected child care needs based on demographic information to resolve a need for renovating the existing facility or building a new facility for these childcare services.

II. Scope of the study

- Horizon's financial capability of affording a new versus a renovated facility
- Whether benefits of new or renovated facility substantially exceed costs
- Competing community facilities offering same services
- Current Mission compared to potential Mission of Horizon's Children's Center to be accomplished with a new/renovated facility
- Horizon's capability of fulfilling all eligibility criteria and responsibility for new/renovated facility and mission
- Condition of existing facility and feasibility of modifying/upgrading/expanding current facility to accommodate mission
 - Restrictions hindering present and future use of current facility
- Real estate availability to accommodate proposed development
- Facility needs to receive highest Child Care Accreditation (Gold Seal)
- Projected future needs for Children's Center facilities

III. System Overview

A. Current Mission of Child Care Center

Horizons of Okaloosa County, Inc. offers an inclusive child care program at the Children's Center, serving children with and without developmental delays. The Children's Center provides services to children aged 6 weeks old until they enter Kindergarten. The center welcomes families receiving subsidized care. A grant from the Emerald Coast foundation funds an Enrichment Program for toddlers with special needs. Speech therapy is also available at the Center.

The Horizons' Children's Center fills a niche in that it is one of the few facilities that integrate children with disabilities into a conventionally populated class; however, the number of children with disabilities has been reduced somewhat recently. This center is the only non-profit, non faith-based center of its kind in Okaloosa County.

Due to the constraints of the current building, the Children's Center is licensed for 86 children. Of these 86 children, the Center is currently servicing 28 VPK children and 13 special needs children (number includes those needing speech therapy). Over the past five years the number of special needs children being served ranged from a high of 20 to the current low of 13. The Center has served more special needs children in the past prior to the change in federal law that restricts servicing special needs students in an exclusive environment. Servicing has changed to being one of inclusiveness – special needs children with children having no identified special needs.

Due to poor construction, layout and physical problems in the current facility, the center is not meeting minimum financial break-even occupancy rate of 100 children that has been determined by experts in the childcare area for the staff and type of program offered at the Children's Center. The center was not set up to be competitive with big business.

The Chief Executive Officer of Horizons is confident that there is adequate land on the east side of the current site of the Center, owned by the Okaloosa School District, to build a new facility. Acquisition of the land does not appear to pose a problem. Nor does financing the construction of a new facility appear to be a problem due to careful financial managing of funds and grants in the past and anticipation of more in the future.

While interviewing personnel from county Child Care Services who manage all child care providers, committee members were told that "Horizons is one of the best run child care operations in the District based on faculty dedication and performance. They are consistently at the top of the list in lack of customer complaints." Horizons provides continual staff development opportunities which enriches the quality of care given. Its success has been publicized through "word-of-mouth" satisfaction that parents have experienced pertaining to the way their children are "handled". Special needs children are welcomed and nurtured in the Center. Horizons' Children's Center is listed as a gold seal quality care program by the state of Florida.

B. Financial Support and Expenditures

Prior revenue for caring for special needs children was obtained through a contract with Sacred Heart Hospital through the Early Steps early intervention funds. This contract expired over eight years ago. Another grant from the Emerald Coast Foundation's enrichment program provided funds but this grant has not been renewed.

Current revenues for the Children's Center are derived from a number of sources including:

- Federal Funding – Okaloosa-Walton Child Care Services pass through federal money (OCCCS)

- State Funding – VPK and Food Program
- One-time Grants
- Childcare Center Fees
- Emerald Coast Foundation
- United Way
- Unrestricted Contributions
- Capital Donations
- Employee Childcare Benefit Fee
- Pandora’s Summerhouse
- Special Events

No money is received directly from Okaloosa County. A number of children aged 3 to 5 years old attend the Center on a half day basis – attending regular education in the morning and the Center in the afternoon. Funds are received for these children through the Child Find Program. Child Care Services provide financial support for those children whose parents qualify financially.

The current rate structure is:

Yearly Registration - \$25.00 per child
\$15.00 per additional child in same family

Age of Child	Weekly Rate	Daily Rate
0-1 year	\$135.00	\$27 per day
1-2 year	\$120.00	\$24 per day
2-3 years	\$110.00	\$22 per day
3-5 years	\$105.00	\$21 per day
VPK wrap-around fee	\$ 75.00	\$15 per day

If the child is in the 4 year-old bracket and does not have a VPK certificate, the charge is \$130.00 per week.

For comparison purposes, the rate sheets from four childcare centers in the area are attached at the end of the report. Child Development Center (CDC), located on Eglin Air Force Base, is a federally licensed facility accredited by the National Association for Education of Young Child (NAEYC) with a capacity for 249 children; it is currently full with a waiting list. Childcare Network is an Accredited Professional Preschool Learning Environment (APPLE) accredited facility with a capacity of 150; only four infant slots are available. St. Paul Lutheran Church pre-school program is state certified with a capacity for 32 children. Okaloosa-Walton College (OWC) Child Development and Education Center (CDEC) program is NAEYC accredited with a capacity for 62 children and is always at capacity.

The actual total revenues and expenditures for the Horizons’ Children’s Center are noted below:

Fiscal Year Time Frame	Total Revenues	Total Expenditures
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Period ending 6/30/05	\$375,760.72	\$402,912.35
Period ending 6/30/06	\$467,845.84	\$444,164.24
Period ending 12/31/06 (First 6 months)	\$183,335.06	\$229,966.04

The largest percent of current expenditures is staff salaries, FICA, and benefits, approximately 77 percent.

C. Current Facility

The original Children’s Center was established as the “School Of Hope”. The facility was not built to serve as a child care center and has been remodeled a number of times to accommodate this young age, (i.e. windows lowered) and walls removed to make room for more children.

The committee members visited the current Children’s Center and noted its condition. The following photographs present a small portion of the over-crowdedness, over-used facility, and poor facility condition in which the current Center exists.



A fully used classroom of one and two year olds.



Horizons' maintenance staff adding yet another countertop for additional space.



Shelves on top of shelves to provide yet more space.



Underlit room



Viewing the dry rot



A jam packed laundry room



Sign in laundry room telling staff not to leave laundry in washer due to the smell in the room

Committee members noted that the infant room had no windows in it; furniture, children and staff used up all the space provided in every room and classroom. The kitchen has been turned into a classroom to allow for more children space so the use of the kitchen has become very limited. A loft was built into one room to provide more “floor space”. The outside wooden deck is rotting; there is debris in the sand.

Committee members were told that maintenance of the existing building is continual, expensive and often not doable. A review of maintenance records for 2006-2007 showed the following requests for repairs due to the problems of the present facility.

- Back door leaking when it rains;
- Child picked a hole in the wall in the block center;
- Termites ate through a board on the shed;
- Water leaking through the vinyl in the laundry room;
- Rain coming in the window frame in the office;
- Sink leaking at the goose neck in the cabinet of a classroom;
- Door to playground needing realignment;
- Light sensor in front of building needing replacement;
- Mirror came off the wall;
- Kitchen sliding door won't lock;
- Frayed carpet needing metal strip;
- Wall in classroom wet due to moisture coming through from outside wall.

Due to the condition of the present facility, the Horizons' Executive is concerned over the re-accreditation inspection which is to occur soon. Every room is filled beyond capacity thereby eliminating therapy rooms needed for the type of childcare that is offered. The committee members agreed that the current facility is over-crowded and in need of replacement not renovation.

III. Projection Of Need

A. A document obtained from the Early Learning Coalition entitled “Child Care Capacity Crisis in Okaloosa and Walton Counties Fiscal Year 2005-2006” states the following information:

- “Since the inception of Voluntary PreKindergarten (VPK), finding child care openings for children of working families and Protective Services placements has become increasingly difficult.” The Early Learning Coalition of Okaloosa and Walton Counties investigated the underlying causes and determined that there are three major factors generating this crisis, namely:
 - Wages and Staff acquisition: low wages, lack of fringe benefits and significant start-up expenses for child care workers; child care staff get paid less than fast food workers, retail sales clerks, and bank tellers
 - Diminished Slot Availability: Use of community-based child care, loss of school-based Pre-K programs, non-participation of public schools in VPK, and lack of growth in child care capacity - especially for infants and toddlers

- Poor Business Opportunity: inflated property and rental values create barriers to anyone considering child care expansion in a low profit industry

B. Data from the Okaloosa County – Economic and Demographic Center (OC-EDC) indicate that Okaloosa County population trend looks like this:

Year	Population	Change from Previous
2005	182,172	
2010	202,600	11.2%
2015	217,231	7.2%
2020	266,500	22.6%

From 2003 information from the Office of Economic and Demographic Research, The Florida Legislature the following is noted for Okaloosa County:

- County population.....181,102
- Number of children in this population.....48,887
- Number of children in this population younger than 5..... 11,467

Using the population projection with the number of children younger than 5 from 2003 statistics which is approximately 6 percent, the following projection is made:

- Year 2010 – 12,156 children younger than 5
- Year 2015 – 13,033 children younger than 5
- Year 2020 – 15,990 children younger than 5

Citing statistics from “Child Care & Early Education in Florida” county profile of Okaloosa County, over 1,400 requests for child care referrals were made to staff at the local Child Care Resource and Referral (CCR&R) agency in 2005. The most requested type of child care families sought information or referrals about was for full time care (30 or more hours of care a week. Additional information is noted below:

Services Provided	2001	2003	2005
Early Steps – Children (birth to 36 months) receiving early intervention infant/toddler services	265	261	302
Pre-K Disabilities – Children (37 months to 5 years) receiving early intervention preschool age services	225	213	219

Using the number of children noted in the 2003 estimates noted above and combining services in Early Steps and Pre-K Disabilities, approximately 4% of all children from birth to age 5 have need of early intervention preschool services.

C. Statistics gleaned from the State Health Department reports through website www.myflorida.com regarding live births stated that “from 1995 through 2001 Florida’s resident live births increased yearly. In 2002, the number dropped slightly, but the number increased in 2003 and again in 2004. In 2005, the number of resident live births

number increased to a new record of 226,219.” Okaloosa County recorded 2,738 live births in 2005, a birth rate of 14.4% per 1,000 population.

D. Child Care Services, Inc. personnel stated that there are 3 to 4 pages of children on a waiting list for child care with 20 children on an individual page. Children in the 0 to 2 age bracket have the highest need. However, parents determine where their children will be cared for so the waiting list may be masked by preference.

E. Autism is a growing concern for parents and providers of child care. According to the Centers for Disease Control and Prevention (CDC), as many as 1 in 150 children have autism spectrum disorder (ASD), which is a range of developmental problems characterized by impaired communication and social interaction skills and repetitive behaviors. The best outcomes occur when kids are identified early and early intervention occurs. Children younger than 3 are eligible for early-intervention assistance, a federally funded program that’s available in every state. Speech and developmental intervention strategies are often employed in this treatment.

Personnel at “Brilliant Minds” affirmed the need for more care for autistic children and early intervention. This private business services autistic children and uses three therapy rooms simultaneously. “Brilliant Minds” has clinics in Fort Walton Beach, Destin, and Pensacola. All three clinics are operating at steady – state capacity (about 35 clients) with a waiting list. Insurance does not cover their program. Clients are referred to these clinics via clinicians, physicians, web site, or word-of-mouth.

IV. Current Child Care Centers

As of June 30, 2005, statistics regarding pre-K child care centers in Okaloosa County provided by Early Learning Coalition show:

- Licensed Child Care Centers 67
- Licensed Exempt (faith-based) Centers 13
- Licensed Family child care homes 37
- Registered Family child care 106
- Gold Seal Centers 5

The Department of Children and Families (DCF) licensing standards established by the Florida Statutes and the Florida Administrative Code are the “minimum” standards that a childcare facility must meet in order to be licensed or registered. Child care programs, accredited by an accrediting agency and approved to participate in the Gold Seal Quality Care Program, meet additional standards promoting quality in their program. This additional status allows the program to receive bonus pay from the state and federal agencies to serve children. Horizons’ Children’s Center is identified as a Gold Seal Quality Care Program. The other centers identified as Gold Seal centers are: Child Development and Education Center at OWC, Childcare Network 39, Childcare Network 41, and Oak Tree Child Development Center.

There is a need for *quality* facilities and services for children aged 0 to 5. Committee members heard this repeated over and over during every discussion we had with a child care official.

V. Regulations Needed to Be Met

A. Child care facilities are operated under the jurisdiction of Chapter 402.26-319, Florida Statutes, and Florida Administrative Code, Chapter 65C-22, Child Care Standards. Each child care facility must meet these requirements. In addition to State Laws, there are local ordinances, such as building codes, zoning restrictions, neighborhood covenants, etc., which govern the operation of a child care facility. This information can be found online at www.myflorida.com/childcare.

- For existing buildings and all new construction. For new construction, blueprints must be provided prior to initiating construction.
- Licensing requires 35 square feet of space per child in classroom, 45 square feet of space per child on playground.

B. Minimum staff-to-child ratios are required by Florida Department of Children & Families (DCF), National Association for Education of Young Child (NAEYC), and Accredited Professional Preschool Learning Environment (APPLE). The following table presents these ratios.

Age of Child	DCF Ratio Requirements	NAEYC Ratio Requirements	APPLE Ratio Requirements
Under 1 year old	1 : 4	1 : 4	1 : 4
1 year old	1 : 6	1 : 4	1 : 6
2 years old	1 : 11	1 : 7	1 : 8
3 years old	1 : 15	1 : 10	1 : 10
4 years old	1 : 20	1 : 10	1 : 10
5 years old	1 : 25	1 : 10	1 : 10

Horizons’ Children’s Center is accredited by NAEYC. Other childcare facilities within 25 miles of Fort Walton Beach that are accredited by NAEYC include centers on the bases at Eglin and Hurlburt and on the Okaloosa-Walton College campus. Accredited Professional Preschool Learning Environment (APPLE) is another voluntary national accreditation program.

C. Training for staff is also required as noted:

- 40-hour introductory child care training
- 10-hour in-service training annually
- 0.5 continuing education unit of approved training or 5 clock hours of training in early literacy and language development
- Director Credential for all facility directors.

- D.** Specialized facility needs for special needs children could include the following:
- Classrooms for each age bracket that meet size requirements to accommodate the number of children anticipated to be served and staff required.
 - A full sized kitchen with dining capacity that is accessible to serve meals for all-day care.
 - An indoor and outdoor area that would meet the needs of physical and occupational therapists to conduct their sessions that will also house the equipment needed. There must be room for children to ambulate and manipulate objects and equipment in this room. Outdoor fenced area needs to allow for hanging of specialized equipment, i.e. vestibular swings, specialized platform swings for wheelchairs, etc.
 - Small conference room that would provide privacy for use by parents and conferring specialists, i.e. Early Interventionist, Support Coordinator, Developmental Day Coordinator. Room should be able to house a conference table and at least 8 people.
 - Small therapy room that would allow space in which to conduct evaluations and provide intervention procedures. More than one therapy room would provide more accessibility to services for children.

VI. Restated Direction and Mission

Dr. David Miller, CEO of Horizons, provided the committee with a restated mission for the Children's Center. It reads:

“The mission of Horizons Children's Center is:

- To provide quality care and education for young children 6 weeks to 5 years of age;
- To provide quality childcare and education to the community in an inclusive environment;
- To meet the needs of children and their families.”

The philosophy is:

“A good beginning in life is what all children deserve. The staff of the Children's Center believes that all children can and do learn in an inclusive environment – an environment that provides developmentally appropriate experiences for young children. The staff believes that it must meet the needs of all children; respect and recognize the individual differences, beliefs, and backgrounds of children and their families; provide a safe environment for children where they are accepted, nurtured, and listened to. Parents and the staff of the Children's Center are partners in providing care and education for young children. Open communication, mutual respect, and trust must exist among parents, staff, and the Director. All people associated with the Children's Center – children, parents, and staff – are lifelong learners; always changing, growing in knowledge and in understanding.”

VII. Business Plan for Restated Direction

The committee received the following information from the Chief Executive Officer of Horizons and the Director of the Children’s Center. The number of children presently being served and staff provided compared to the anticipated number of students to be served and staff provided in a renovated/new building is presented in the following table.

Age Group	Current Number of Children	Current Number of Staff	Planned Number of Children for New Facility	Planned Number of Staff for New Facility
Infants	4	1	12	3
1 year olds	11	2	20	5
2 year olds	13	2	28	4
3 year olds	21	2	30	3
4 & 5 year olds	26	3	30	3
Total	75	13	120	18

Projected costs in current dollars would be:

6 teachers -	\$154,596
6 teachers -	\$163,992
6 teachers -	\$138,840
Manager -	\$ 42,406
Maintenance/ Janitor -	\$ 19,916
Total	\$519,750
Administration	60,395
Other Expenses	<u>83,015</u>
Total Expenses	\$663,160

The teacher, manager, janitor figures above include all costs including taxes, insurance, retirement, and PEO fees. General administration and monitoring is figured at 13% of an annualized figure. The other expenses are everything from utilities, food, licenses, etc., approximately \$1,000 per month. If Horizons borrowed \$500,000, the monthly expenses would be at least \$3,000 per month which is not included in the totals.

The Center has access to specialized personnel such as therapists and counselors through the other Horizons programs. If the Center would provide separate support staff, this would be an additional cost that is not figured into the total expenses. However, individual insurance reimbursement would offset this cost.

Upon completion of a new facility and expanded capabilities for service of 120 children, the proposed annual income is estimated to be around \$670,000.

VIII. Facility Plan for New Direction

Space allocation for a new facility that would support 120 children and satisfy all State and Federal requirements was developed. The following table reflects the estimated functional space allocation. A building of approximately 7,500 square feet will be required. During the detailed design phase these space allocations may change due to efficacy of layout. Horizons' personnel may also prioritize space needs differently. A local architect estimated that a proposed building cost will run between \$100 a square foot (SF) to \$120 a square foot. A 7,500 square foot building would cost between \$750,000 and \$900,000. This cost can be favorably offset through in-kind support by the local construction community.

**Building Program
for a
Children's Pre-School Day Care Center**

• Classrooms (?)	120 children x 35 SF/child	4,200 SF
• Administrative Offices (2)	12' x 12'	288 SF
• Kitchen, full size	25' x 15'	375 SF
• Laundry Room	8' x 12'	96 SF
• Physical Therapy/Play Room	30' x 20'	600 SF
• Small Conference Room	12' x 20'	240 SF
• Small Therapy Room (3)	10' x 12'	360 SF
• Storage (2)	14' x 10'	280 SF
• Bathrooms (4)	8' x 10'	320 SF
• Mechanical Room (2)	4' x 8'	64 SF
• Hallways	10% of Usable Space	685 SF
	Total	7,508 SF

Indications are that there exists enough vacant space on the current property that can be made available for construction of this new facility. The property (as well as the property currently utilized by Horizons) is owned by the Okaloosa School District. Zoning and compatibility should not be an issue.

Construction of a new facility will require close planning and coordination due to the requirement to maintain current required outside play areas and to provide for safety of the children in the present facility during the construction phase.

IX. Recommendations and Rationale

1. If funds are available and land is obtainable, construct new Child Care Center either through direct donations or capitalization for the following reasons:
 - a. Current facility is in such poor condition that remodeling it would be a waste of money. A new facility would be a good marketing factor for parents.
 - b. A new facility would enhance the capability of obtaining more clientele and increase funding opportunities.
 - c. Current building cannot accommodate the approximated “break-even” number of children.
 - d. A new facility would promote desirability of both facility and program.
 - e. Need for *quality* child care in a *quality facility* exists now and will be for the foreseeable future.
2. Following construction of the new facility, continue to meet the potential in serving children with special needs and provide the therapy needed as the original thrust of the mission of Horizons. Continue to integrate them with children who are not diagnosed with special needs for the following reasons:
 - a. Special needs children flourish with other children; integration works for all children.
 - b. Early intervention is the key to helping children and the need is apparent.
3. Advertise that the Children’s Center is rated as a Gold Seal Quality Care Program (include this information on the new sign next to the new building as a method of promoting and marketing the center).

