

Little Learners3655 Old Topanga Canyon Road, Topanga, California 90290

August 17, 2020

Jeff Rubin, Director of Community Services
City of Calabasas
100 Civic Center Way
Calabasas, California 91302

Dear Mr. Rubin,

In reflecting on information discussed at the City of Calabasas City Council meeting of August 12, 2020 and at the Parks, Recreation and Education Commission meeting on August 17, 2020, we have come up with a proposal that would allow us to restructure and focus on what Little Learners is truly able to provide.

To reiterate what has taken place since March 16, 2020, we went from having 18 Little Learners staff and both Little Learners owners working over 700 hours on any given week, to our current team consisting of 8 staff plus the 2 Little Learners owners working approximately 400 hours per week. The Little Learners staff reduction was done in an effort to cut overhead near the beginning of the COVID-19 pandemic, while continuing to ensure the livelihood of Calabasas Klubhouse. It is worth noting that while drastic changes were made with respect to Little Learners staff, the 200 hours worked by the City of Calabasas staff did not decrease at any time during the initial phase of the pandemic.

To put in context monies paid by Little Learners for their own employees and the city staff for whom Little Learners reimburses the City of Calabasas, Little Learners pays about 75% additional city staff reimbursement dollars for 4 staff and 1 supervisor over and above their payroll for 8 staff and 2 administrators. Because no one knows how long the pandemic will last, it is in everyone's best interest to assess the current situation and create a long-term plan that will best serve the City of Calabasas, its residents and Little Learners' going concern.

While overall enrollment and income plummeted, the cost of supplies increased due to adhering to ever-changing guidelines and regulations was at an all-time-high. Because of the dynamic of so many unknowns with the community's need for quality childcare and the City of Calabasas' needs for their own going concern, based on current Calabasas Klubhouse income, Little Learners is not able to continue to reimburse for the monthly city staff reimbursement, as previously agreed.

To that end, in an effort to pay back the sum of money that is currently owed to the city, Little Learners is asking for the City of Calabasas to forgive payments due to the city for the time when we were under forced closure. Little Learners requests extending their Professional Service Agreement (PSA) through June, 2024, and not allow the contract to expire in February, 2022. By asking for a contract extension, Little Learners is also requesting that the amount due to the city to be paid-off over 24 months, estimated in the schedule found at the end of this letter. Additionally, by adding 2 additional years to the PSA, Little Learners will be able to provide increased security for families as we work to increase enrollment. If a family enrolls a 2 year old this year, they have the safety and security along with confidence, knowing that Little Learners

will be operating the Calabasas Klubhouse long enough to see their child off to Kindergarten. Little Learners' desire is to continue operating multiple high-quality programs for the City of Calabasas, Community Services Department and, ultimately, the Calabasas community-at-large.

Please refer to the models below showing estimated monthly income and expenses based on the estimated number of children attending Calabasas Klubhouse in September, 2020.

Model 1 showing estimated income and expenses, including the city staff reimbursement, repayment of monies owed and Little Learners' payroll at its current levels.

	SEPTEMBER 2020	
Klubhouse Income: 71 children, total	\$67,000	
Klubhouse Other Income	\$5,000	Expansion Program & Other Sources
Monthly Payroll Costs	-\$45,000	\$22,638 ea PR x 2 (8 staff 2 LL owners)
City Staff Reimbursement	-\$33,000	
Monthly Facility Use Fee	-\$8,100	
Repayment to City for Debt	-\$7,800	
Monthly Snack Costs	-\$1,100	
Supplies Cost	-\$500	Gloves, Diaper Changing Paper, Etc.
Janitorial Company Costs	0	Staff are doing all the cleaning
Cleaning/Janitorial Supply Costs	-\$500	Cleaning Products and Supplies
Insurance	-\$3,300	Workers Comp, Liability, BLI
Liability Insurance	-\$350	
Medical Insurance (Staff)	-\$2,300	
Business Loss Insurance	-\$100	
Phones, School Supplies, Other Bills	-\$1,000	
	-\$31,050	Estimated Net Operating Cost

Model 2 showing estimated income and expenses, with repayment of monies owed, a reduction in Little Learners' payroll, percent-based monthly facility use fee and excluding the city staff reimbursement.

	SEPTEMBER 2020	
Klubhouse Income: 71 children, total	\$67,000	
Klubhouse Other Income	\$5,000	Expansion Program & Other Sources
Monthly Payroll Costs (includes pay cut)	-\$40,500	\$20,200 ea PR x 2 (8 staff 2 LL owners)
4 Additional Staff	-\$12,518	
Monthly Facility Use Fee	-\$4,841	Percentage based on 71 children
Repayment to City for Debt	-\$7,800	
Monthly Snack Costs	-\$1,100	
Supplies Cost	-\$500	Gloves, Diaper Changing Paper, Etc.
Janitorial Company Costs	0	Staff are doing all the cleaning
Cleaning/Janitorial Supply Costs	-\$500	Cleaners, Detergent
Insurance	-\$2,800	Workers Comp, Liability, BLI
Liability Insurance	-\$350	
Medical Insurance (Staff)	-\$2,300	
Business Loss Insurance	-\$100	
Phones, School Supplies, Other Bills	-\$1,000	
	-\$2,309	Estimated Net Operating Cost

Little Learners will make up the monthly payroll deficit by using remaining PPP Loan Funds (which have now been extended through December 31, 2020) and other sources of income. Other sources of income include, but are not limited to, sales at the Klubhouse Express Shop, sales of distance-learning materials, the Klubhouse Expansion Program at DeAnza Park, and other means to be determined at a later time.

We appreciate your assistance and support during this unprecedented time. Providing consistency in early childhood programs is key and we look forward to a time when we are past the COVID-19 pandemic. Since 2003, Little Learners has worked hard to provide quality programs and understands the need for superior early childhood programs. We hope that we can continue to foster relationships in the community with current and future families. Thank you for your time and consideration.

Sincerely,

/s/ Carly Armacost

Carly Armacost

Little Learners LLC Owners

/s/ Bridget Nelson

Bridget Nelson