

# **CITY OF DOUGLAS 24-HOUR DAY CARE FEASIBILITY ASSESSMENT**

## **EXECUTIVE SUMMARY**

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### **INTRODUCTION**

The executive summary presents an overview of relevant background information, conclusions and recommendations concerning the feasibility of establishing a 24-hour day care facility in Douglas, Wyoming. The reviewer of this document is encouraged to review the main body of this report to gain a more complete understanding of:

- available child care services serving the Douglas, Wyoming market;
- potential demand for child care services in the 82633 Zip Code area
- the site, facility and operational criteria associated with child care centers;
- alternate sites for a child care center;
- start-up and working capital requirements anticipated to establish a child care center;
- the primary financial issues influencing financial feasibility; and,
- potential sources of governmental funding for start-up and working capital.

### **AVAILABLE CHILD CARE SERVICES**

#### **Child Care Facilities**

Available data indicates that 31 licensed and exempt child care facilities were operating in Converse County in July 2006. Twenty-one of these facilities were in the vicinity of Douglas (see Chapter Three).

Licensed child care facilities were primarily situated within, or in the immediate vicinity of, the City of Douglas (Table 1). These included two child care centers, six family child care centers, and nine family child care homes. Other licensed child care facilities in Converse County were concentrated within the Town of Glenrock.

Four exempt child care facilities operate in Douglas. These include the Boys and Girls Club of Douglas and three public schools.

#### **Child Care Enrollment**

In July 2006, child care facilities in Douglas served approximately 424 children between 0 and 12 years of age. Over half of this enrollment (almost 52 percent) included preschool age children. School age children comprised about 25 percent of those enrolled in child care facilities. About 18 percent of total child care enrollment included toddlers. The remaining five percent were infants.

**TABLE 1  
CAPACITY, ENROLLMENT, AND HOURS OF OPERATION  
CHILD CARE FACILITIES  
CONVERSE COUNTY, WYOMING  
JULY 2006**

No.	Facility	City	Hours of Operation Mon through Fri except holidays unless specified otherwise	<sup>a)</sup> WDFS Type	<sup>a)</sup> WDFS Capacity	Total Enrollment	Infants Birth to 12 months	Toddler 12 to 36 months	Preschool 3 to 5 years	School Age 6 to 12 years	
1	ABC Academy	Douglas	M,T,TH 8:30-2:30	FCCH	10	20	NAP	NAP	20	NAP	
2	Boys & Girls Club of Douglas	Douglas	3-7 pm school year	Exempt	NAP	60	NAP	NAP	NAP	60	
3	Busy Bees Child Care	Douglas	7:00 am - 6:00 pm	CCC	40	30	1	10	16	3	
4	Chris' Daycare	Douglas	7:30 am - 4:15 pm	FCCC	10	16	0	5	8	3	
5	Country Bumpkin Child care	Douglas	6:00 am -6:00 pm	FCCH	10	12	0	3	7	2	
6	Douglas Child & Family Development Center	Douglas	6:00 am - 6:00 pm	CCC	90	80	10	25	45	NAP	
7	Douglas Intermediate School (3 to 5)	Douglas	Varies, after school	Exempt	NAP	N/A	NAP	NAP	NAP	N/A	
8	Douglas Middle School (6 to 8)	Douglas	MWTh 3-4 pm	Exempt	NAP	20	NAP	NAP	NAP	20	
9	Douglas Primary School (PK to 2)	Douglas	Varies, after school	Exempt	NAP	N/A	NAP	NAP	NAP	N/A	
10	Jenny's Home Day Care	Douglas	8:30 am - 4:30 pm	FCCH	6	6	1	3	2	NAP	
11	Kiddie Kampus	Douglas	M,TH 8:30-11, 12:30- 3:00; W 10-11:30	FCCC	10	30	NAP	NAP	30	NAP	
12	Kiddie Kollege	Douglas	7:30 am - 4:15 pm	FCCH	10	10	NAP	NAP	10	NAP	
13	Little Rascals	Douglas	5:30 am - 5:30 pm	FCCH	10	11	0	3	3	5	
14	Unnamed Home #1	Douglas	7:30 am -5:30 pm	FCCH	10	8	0	4	3	1	
15	Unnamed Home #2	Douglas	6:00 am - 6:00 pm	FCCH	6	8	1	2	4	1	
16	My Home Daycare	Douglas	5:00 am -8:00 pm	FCCH	6	6	0	4	2	0	
17	Peak Kids	Douglas	Drop-in, 3 sessions Days/Hours vary	FCCC	10	36	6	12	12	6	
18	St. James Cherished Moments Preschool	Douglas	8:30 am -11:00 am	FCCC	14	28	NAP	NAP	28	NAP	
19	Tammy's Day Care	Douglas	7:30 am - 5:00 pm	FCCH	10	10	0	2	4	4	
20	United Methodist Family Child Care Center	Douglas	6:30 am - 5:30 pm	FCCC	15	18	0	5	10	3	
21	Wee Wonder Preschool	Douglas	8:30-11:00 am	FCCC	15	15	NAP	NAP	15	NAP	
<b>Douglas</b>					<b>Subtotal</b>	<b>282</b>	<b>424</b>	<b>19</b>	<b>78</b>	<b>219</b>	<b>108</b>
22	Boys and Girls Club of Glenrock	Glenrock	3-7 pm school year	Exempt	N/A	80	NAP	NAP	NAP	80	
23	Carol's Day Care	Glenrock	6:00 am - 6:00 pm	FCCC	14	8	0	4	2	2	
24	Crazy Dayz Child Care	Glenrock	6:00 am - 6:00 pm	FCCH	10	7	0	3	3	1	
25	Glenrock Early Childhood Center I	Glenrock	8:30 am - 12:30 pm	CCC	42	42	4	12	26	0	
26	Glenrock Early Childhood Center II	Glenrock	8:30 - 11:00 am	FCCC	15	10	NAP	NAP	10	0	
27	Glenrock Elementary School (K to 4)	Glenrock	Varies, after school	Exempt	NAP	N/A	NAP	NAP	NAP	N/A	
28	Glenrock Intermediate School (5-6)	Glenrock	Varies, after school	Exempt	NAP	N/A	NAP	NAP	NAP	N/A	
29	Glenrock Middle School (7 to 8)	Glenrock	Varies, after school	Exempt	NAP	N/A	NAP	NAP	NAP	N/A	
30	Noah's Ark	Glenrock	7:00 am - 6:00 pm	FCCH	10	8	0	2	6	0	
31	Small World Preschool	Glenrock	9:00-11:00 am	CCC	22	20	NAP	NAP	20	NAP	
<b>Glenrock</b>					<b>Subtotal</b>	<b>113</b>	<b>175</b>	<b>4</b>	<b>21</b>	<b>67</b>	<b>83</b>
<b>CONVERSE COUNTY</b>					<b>Totals:</b>	<b>395</b>	<b>599</b>	<b>23</b>	<b>99</b>	<b>286</b>	<b>191</b>

Notes: a) WDFS-State of Wyoming, Department of Family Services; CCC-Child Care Center; FCCC-Family Child Care Center; FCCH-Family Child Care Home.  
NAP - Not Applicable. N/A - Not Available.

Sources: Children and Nutrition Services (CNS), individual child care providers, Pedersen Planning Consultants, 2006.

## Cost of Child Care Services

The average daily costs of child care in Douglas range from \$20.33 for infants, \$19.69 for toddlers, \$19.07 for preschool, and \$17.58 for school age. Infant care costs are higher than the service rates for other child age groups. The variability in rates is largely reflective of variable staff:child ratios that are required by the Wyoming Department of Family Services for each type of child care. More stringent labor requirements significantly influence the cost of child care delivery (see Chapter Three).

## DEMAND FOR CHILD CARE

### Child Care Demands in the 82633 Zip Code Area

The anticipated demand for child care service and related child care facilities is clear (see Chapter Four). During the next decade, anticipated expansions in, at least, the coal mining and rail transportation industries can be expected to fuel a gradual growth in the resident population of Converse County. A growth in the resident population will generate increased demands for child care in Converse County. Within the 82633 Zip Code area that encompasses and surrounds the City of Douglas, it is anticipated that future child care demands through 2017 will range between 581 and 1,102 children from 0 through 12 years of age (Table 2),

Year	Infant (birth to 12 months)		Toddler (12 to 36 months)		Preschool (3 to 5 years)		School- Age (6 to 12 years)		Net Child Care Demand	
	Low End	High End	Low End	High End	Low End	High End	Low End	High End	Low End	High End
2006	19	49	78	87	219	261	108	406	424	803
2007	20	52	81	90	227	271	112	421	440	834
2008	20	54	84	93	236	281	116	438	456	866
2009	21	56	87	96	244	291	121	453	473	896
2010	22	57	90	100	253	301	125	469	490	927
2011	23	59	93	103	261	311	129	484	506	957
2012	23	61	96	106	269	320	133	499	521	986
2013	24	63	98	109	276	329	136	511	534	1,012
2014	24	64	100	111	282	335	139	523	545	1,033
2015	25	65	103	113	288	343	142	534	558	1,055
2016	26	67	105	116	294	350	145	545	570	1,078
2017	26	68	107	119	300	358	148	557	581	1,102

Source: Pedersen Planning Consultants, 2006.

The greatest demand for child care services appears to be for school-aged children between 6 and 12 years of age. The demands for this age group are considerably more than the demands for infants, toddlers, and preschoolers because, on a comparative basis, it includes a much larger segment of the total Zip Code area population.

Child care demands for the 6 to 12 year old group are probably the most difficult to discern. Older children generally have more skills, abilities and experience that enable them to be more self-sufficient in the absence of their parents. Many children in this age are also involved in various organized after-school activities such as sports and 4-H. Those children not participating in various after-school programs need some adult supervision to monitor, at least, the type and location of their after-school activities, as well as other children whom they may choose to spend time with.

Substantive demand is also evident for preschool children, or children from three through five years of age. Increased demand is also anticipated for toddler and infant care, but these demands are considerably less than those expected for preschool care. While not evident from the size of demand, it is important to note that anticipated infant demands are considered significant since only a few child care providers in Douglas desire to provide this service. Informal discussions with child care providers in April 2006 reveal that many child care providers in Douglas are reluctant to provide this service in light of smaller staff:child ratios, limited available floor space, and greater care requirements for young infants.

### Demand for 24-Hour Care

Larger employers in the coal mining and railroad industries regularly operate nighttime work shifts. Memorial Hospital of Converse County also provides 24-hour medical care which requires the operation of two 12-hour shifts; a nighttime work shift extends from midnight to 12 pm. These and other employers in the community essentially establish a demand for child care for 24-hour care in the vicinity of Douglas.

The potential demand for 24-hour child care includes about 38 percent of the low end and high end of the total child care demand forecast range for the 82633 Zip Code area (Table 3). This represents an estimated demand range of about 165-313 children in 2007 and 219-415 children by 2017. These demands represent a substantive need for after-hour care between 6 p.m. and 6 a.m. This time period represents the time of day when most private or quasi-public child care facilities in Douglas are not in operation.

Year	Infant (birth to 12 months)		Toddler (12 to 36 months)		Preschool (3 to 5 years)		School- Age (6 to 12 years)		Net Child Care Demand	
	Low End	High End	Low End	High End	Low End	High End	Low End	High End	Low End	High End
2006	7	18	29	33	82	98	41	153	159	302
2007	8	19	30	34	85	102	42	158	165	313
2008	8	21	32	36	89	106	44	164	173	327
2009	8	21	33	37	92	110	45	170	178	338
2010	8	21	34	38	95	113	47	176	184	348
2011	9	22	35	39	98	116	49	183	191	360
2012	9	24	36	40	101	121	50	188	196	373
2013	9	23	37	41	104	123	51	192	201	379
2014	9	24	38	41	106	126	52	197	205	388
2015	9	25	39	43	108	129	53	200	209	397
2016	10	26	39	43	111	131	55	205	215	405
2017	10	25	40	46	113	134	56	210	219	415

Source: Pedersen Planning Consultants, 2006.

## Unmet Child Care Needs

The correlation of the anticipated child care demand range with 2006 child care enrollments (Table 4) provides insights to the extent of potential unmet child care needs between 2007 and 2017. Potential unmet needs represent the number of children which, as of 2006, could not be served unless additional private and/or public investments are made for the expansion of existing facilities or the development of new child care facilities.

This correlation reveals that there is insufficient facility capacity in the vicinity of Douglas to support anticipated future child care needs of the 82633 Zip Code area. If it is assumed that the potential demand conservatively falls near a midpoint of the low and high ends of the anticipated demand range (approximately 417 children), it can be concluded that the potential child care demands in the 82633 Zip Code area warrant the development of, at least:

- two child care centers in the vicinity of Douglas that each have an enrollment of, at least, 75 children; and,
- several family child care centers and family child care homes in the vicinity of Douglas.

## FEASIBILITY OF ESTABLISHING A NEW CHILD CARE CENTER

The determination of various site, facility and operational criteria (see Chapter Five) were necessary to evaluate the feasibility of establishing a new child care facility in Douglas, as well as the type of facility that would be required. For the purposes of the analysis, it was assumed that the new child care facility in Douglas would have an authorized facility capacity to accommodate 75 children on a full-time basis and that the facility would operate between 7 am and midnight.

In terms of facility location, three alternate sites in Douglas were considered for the establishment of a new child care center. The Eastern Wyoming College facility represents a potential facility renovation opportunity. A site in the Douglas Business Park would require the acquisition of vacant land and the construction of a new facility. A third potential site along East Richards Street was sold during the feasibility study and eliminated from further consideration.

For both locations, significant start-up capital would be required to construct facility improvements and purchase furniture, fixtures and equipment. On a private enterprise basis, such improvements would probably need to be secured by personal assets of an investor that desired to operate a child care center.

<b>Year</b>	<b>2006 Enrollment</b>	<b>Net Child Care Demand</b>		<b>Unmet Demand</b>	
		<b>Low End</b>	<b>High End</b>	<b>Low End</b>	<b>High End</b>
2006	424	424	803	0	379
2007	424	440	834	16	410
2008	424	456	866	32	442
2009	424	473	896	49	472
2010	424	490	927	66	503
2011	424	506	957	82	533
2012	424	521	986	97	562
2013	424	534	1,012	110	588
2014	424	545	1,033	121	609
2015	424	558	1,055	134	631
2016	424	570	1,078	146	654
2017	424	581	1,102	157	678

Source: Pedersen Planning Consultants, 2006.

Cash flow statements prepared for both the Eastern Wyoming College and Douglas Business Park locations indicated that anticipated revenues and an assumed operating loan, or operating line-of-credit, would be insufficient to carry the operation to a point when child care revenues exceed expenditures. Anticipated child care revenues were based upon the anticipated enrollment and average market rates for child care in Douglas (see Chapter Six).

Higher child care rates could be charged to clients in order to raise the amount of anticipated revenues that could be gained from the delivery of child care services. However, higher rates would likely jeopardize the marketability of child care services to parents in the 82633 Zip Code area.

The lack of sufficient cash flow to support capital, operating, repair and maintenance and payroll expenses signals unfavorable project feasibility unless:

- other resources can be acquired to reduce the size of initial capital costs and related long-term debt; and/or,
- monthly operational expenses can be significantly reduced.

The lack of financial feasibility is not surprising. Various child care centers throughout the State of Wyoming are operating on a non-profit basis. In most Wyoming counties, average child care rates are too low to support higher operating costs necessary to operate a quality child care center (West, 2006).

In recognition of this reality, successful and committed operators of child care centers regularly seek donations from private companies, as well as grants from various public agencies and non-profit organizations, e.g., the United Way (Smith, 2005; and West, 2006). Others seek partnerships with larger community employers where a larger public agency or private corporation obtains a dedicated number of child care slots for employees in exchange for a generous annual donation (Carlin, 2005; Wickham, 2006). When these resources supplement modest service fees, child care centers are able to survive financially and, occasionally, are able to acquire more appropriate learning materials, furnishings and equipment that are necessary to offer a quality environment for children.

## **RECOMMENDED STRATEGIES**

### **Establish a Non-Profit Organization**

In view of the probable costs and revenues associated with a child care center, an individual or group desiring to establish a child care center should be encouraged by CANDO and the City of Douglas to initially establish a non-profit organization. The organization needs to be registered in the State of Wyoming as a 501(C3) organization in order that charitable, tax-deductible donations can be received from various private agencies.

The proposed organizational structure of a non-profit organization board and related steps toward the establishment of a child care operation are presented in Chapter Seven of the main feasibility study report.

### **Investigate Governmental Grant and Loan Funds for Start-Up and Working Capital**

Applications for various governmental grants and loans, as well as the establishment of potential public-private partnerships, are recommended to raise needed start-up and working capital. These potential opportunities are described more fully in Chapter Seven of the main report.

## **Establish Public-Private Partnerships**

Cooperative partnerships can be established with larger employers in the community, or regional employers who rely upon a portion of the employed labor force from Converse County. Typical arrangements involve a larger employer seeking to obtain a commitment from a child care provider for a specific number of available child care slots. Employees of the employer pay for the normal service fees for child care. In turn, the employer provides a generous annual donation to the child care provider.

This approach is useful to establish a base set of clientele that the child care center can rely upon. A block of regular clientele enables a child care enterprise to quickly establish a reliable cash flow to support child care operations.

## **Seek Potential Incentive Payments for Child Care Facilities**

The 2006 Budget Session of the Wyoming State Legislature considered the adoption of incentive payments to child care providers for staff training and facility improvements in Enrolled Act No. 53. The proposed incentive payments are intended to help encourage and improve the quality of child care delivery in Wyoming.

In November 2006, an oversight committee of the Wyoming State Legislature will begin its consideration of recommendations that have been developed by the Wyoming Department of Workforce Services. Should incentive payments eventually be adopted by the Wyoming State Legislature, the board for the non-profit organization should, to the extent practical, ensure that its child care facilities conform to recommended standards and facilities. Using this approach, the non-profit organization will be in a position to seek incentive payments if and when they are adopted.