



COUNTY OF SANTA CRUZ HUMAN SERVICES DEPARTMENT

Randy Morris, Director
Kimberly Petersen, Deputy Director
1000 Emeline Avenue Santa Cruz, CA 95060
www.santacruzhumanservices.org

County of Santa Cruz Human Services Department Child Care Developer Fee (CCDF) Loan Program 2025 Loan Program Application Frequently Asked Questions (FAQ)

FAQs: ALLOWABLE USES OF FUNDING

Question 1: *If I request funds to pay for a construction project such as fixing a broken fence or broken sink pipe, do I have to hire a licensed contractor, or can someone with no license do the construction work?*

Answer 1 (UPDATED): If you apply for and are awarded funds for construction, and you intend to use those funds to pay someone to do the construction, YES, you are required to use a licensed contractor. Even if you can do the construction, repair or installation work yourself or have it done by a family member, most work will require a licensed contractor in order to ensure that any construction, repair, or installation work complies with all relevant permitting requirements and/or state and local codes.

Question 2: *Can we do the work ourselves, or use someone with no license to provide construction work for an approved project, such as having a family member with no contractor's license replacing a stove or fixing a broken window?*

Answer 2 (UPDATED): An applicant can only utilize someone who is not a licensed contractor if:

- They are UNPAID for their time and effort;
- The installations or repairs are MINOR and do not include plumbing or electricity; and
- The repairs do not require permits to construct, install or repair.

An example of unpaid and unpermitted work would be:

- You request funds to repair an existing hole in the fence in your yard, and to purchase a small slide for the yard.
- The request seeks to pay for a small, plastic slide that you will install at no additional installation cost to the CCDF Loan Program, and no permit is necessary.
- The request also seeks funding for the costs of lumber and hardware to fix the hole in your fence, and that your cousin plans to help you repair at no additional constructions cost to the CCDF Loan Program, and that does not require a permit.
- You have liability insurance and provide proof of insurance, that covers liability for injury up to the required limit.

PLEASE NOTE: Even if you can do the construction, repair or installation work yourself or have it done by a family member, most work will require a licensed contractor.

Question 3: *Do things like furniture, windows, blinds or kitchen appliances qualify for this loan?*

Answer 3: Yes, if it meets one or more of the required purposes for the project:

- To improve the health, safety, and/or general welfare of children in care
 - To improve the ability to provide equitable access of affordable high quality child care for low income families
 - To augment high quality child care
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Question 4: *The project I am seeking loan program funds for might exceed a year to complete. Should I still apply?*

Answer 4: Yes, please include an explanation of the timeline you anticipate it will take to complete the work, and why you believe it might extend past one year.

Question 5: *I am interest in applying for furniture and self-soothing equipment for disabled children in my program. Is this allowable?*

Answer 5: Yes! Please provide as many details as you can in your application about the safety needs of those children in your care who are disabled. Share how this furniture or equipment will keep them safe. Always remember to keep family names out of your application when sharing specific information.

FAQs: APPLICATION REQUIREMENTS

Question 1: *What if I received a loan in the past, may I still apply?*

Answer 1: YES, you can still apply now even if you received a CCDF Loan in the past. If you received a loan in the past, please tell us about this on page 1 of your application.

Question 2: *If my daycare center does not require families to provide income verification, how do we verify that we provide affordable tuition to low income families?*

Answer 2: There are 2 ways to provide verification of providing affordable tuition to low income families:

- Provide the policy in your parent handbook stating the sliding-scale tuition rates and annual income qualifications that you use to provide the lowest tuition rates to families whose income meets the California Department of Education's [August 2024 Schedule of Income Ceilings](#).
 - Provide applicable child care subsidy / voucher information as requested on page 3 of the application.
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Question 3: What if I am not able to locate 3 licensed contractors to provide the required bids for construction services?

Answer 3: El Pajaro CDC and the Small Business Development Center can assist you to contact licensed contractors who you can work with to get the required bids:

- El Pajaro CDC: (831) 722-1224, <https://elpajarocdc.org/>
 - Small Business Development Center: (831) 479-6136, <https://www.santacruzsbdc.org/>
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Question 4: *I would like to request funds for multiple projects, do I need to do so all in one application or should I submit one application for each project?*

Answer 4: if you have multiple related items you'd like funding for as part of one large project, we recommend submitting a single application explaining the project, but using multiple budget pages to explain the specific item costs. As an example, if you want funds to build a kitchen area, use a single application to explain the project and request the total cost of all items/construction on the single application, but use separate budget pages to explain the costs for each item (example: one budget page for the new refrigerator, another budget page for the new stove, and a final budget page for the cost of a contractor to install the refrigerator and stove).

Question 5: *Which pages of the application packet am I required to turn in?*

Answer 5: Please submit completed copies of each page of the following application packet pages (same for all application packets):

- Pages 8 & 9, the Application Checklist
- Pages 10 – 15, the signed Application
- Page 18, the Proposed Project Budget (PLEASE NOTE: you are encouraged to turn in multiple project budgets for projects with funding requests for multiple items, using page 18 as many times as is needed to cover all separate project costs)
- Page 19, Facility Owner/Landlord Certification (PLEASE NOTE: this is only needed if you lease your space. If you are the owner, you are not required to submit this page)

Additionally, use your Application Checklist to make sure you are also submitting the additional documents required, such as financial statements, bids or estimates of project costs, project photos, etc.

FAQs: FACILITY OWNER / LANDLORD CERTIFICATION

Question 1: *If my home daycare is in a mobile home, do I need the owners of my mobile home park to sign the Landlord Certification?*

Answer 1: Repairs or construction inside your home do not require a signed Landlord certification since you own your home. However, if the repairs or construction are to your yard or other parts of the outdoor property you do not own, you should provide a Landlord

Certificate for making changes to the Mobile Home Park's property. In either case, you should check in with your mobile home park's association to discuss your plans and obtain clarity on their requirements for things such as insurance, etc, to perform construction.

Question 2: *If my father is the owner of the home that my daycare is in and I do not have an official lease, does he to sign the Landlord Certification?*

Answer 2: If your father is owner of both the property and the business for your daycare, then no, he does not need to sign the Landlord Certification—but make sure your application identifies him as both the business owner and the property owner. If you are the business owner and your daycare is in the home of a family member, then yes, they would be your landlord, and they should sign the Landlord Certification.

Question 3: *What date should I use for the "End Date" if my daycare is in my cousin's house and there is no end date because she has not given me an end date?*

Answer 3: If your daycare is in the home of a family member or someone else who has not required you to sign a lease with a specific end date, please list "NA" for "not applicable" in the "End Date" section of the Landlord Certification. Then please add a note somewhere in your application that the person you are renting your childcare space from does not require you to have an end date for your lease.

FAQs: DEED OF TRUST AND PROPERTY LIENS

Question 1: *Will I be required to have a lien placed on my home if I apply for CCDF Loan Program funds?*

Answer 1: The only child care providers who will have a deed of trust included in their contract and have a lien placed on the property where the child care is located, if those who have been awarded and accepted loan funds, at a project cost of more than \$20,000. If you do not receive or accept funding, or if the funds you do accept are less than \$20,000, there is no lien placed on the property.

Question 2: *How much will the lien cost?*

Answer 2: The amount of a lien, if you are awarded funds and are required to sign a deed of trust for the lien, will be for the exact same amount as your awarded project cost. If you receive \$22,500 to replace your entire play structure, the lien will be in the amount of \$22,500. Please note: The lien will be removed, at no cost to you at all, as long as you fulfill the terms of your contract—completing the awarded project as described in your agreement, and serving the number of children noted in your agreement for the period of time designated.

Question 3: *What if there is already a lien placed on the property where the child care is—how does a new lien work?*

Answer 3: A second lien, if required by the terms of your agreement, would be placed on the property where the child care is located even if there is already a lien placed on the property. The amount of the new lien would be for the same amount as the awarded funds for your project and would be in addition to whatever amount is listed on the original lien.

Question 4: *Who removes the lien?*

Answer 4: Once a loan recipient fulfills the terms of the contract—completing the awarded project as described in your agreement, and serving the number of children noted in your agreement for the period of time designated—the County will remove the lien for you and send you notification of the removal.

FAQs: INSURANCE & WORKERS COMPENSATION

Question 1: *What insurance is needed?*

Answer 1: If you are awarded funds, you will be required to maintain Comprehensive or Commercial General Liability insurance with a minimum combined single limit of \$2,000,000.00, including bodily injury, personal injury, broad form property damage and contractual liability coverage. The insurance will need to include language adding the County of Santa Cruz as additional insured.

PLEASE NOTE: If you maintain Commercial General Liability insurance at a minimum combined single limit of less than \$2,000,000.00, let us know. We may be able to work with you on a possible alternative amount.

Question 2: *How do I obtain workers compensation insurance?*

Answer 2: If you have any employees working for you, you must have workers compensation coverage. Employers can obtain workers compensation coverage through private insurance companies, or through the [State Compensation Insurance Fund](#).

Question 3: *How do I know if I am required to have workers compensation insurance?*

Answer 3: In California, most employers are required to carry workers' compensation insurance even if they have only one employee. This includes full-time, part-time, seasonal, or occasional employees. The definition of an "employee" is broad, and there are limited exemptions. If you are unsure if you are required to hold workers compensation insurance, you can inquire with the [California Department of Industrial Relations](#).

Question 4: *A family member works with me. Do I need to obtain workers compensation insurance?*

Answer 4: If you pay your family member to work with you, then that person is your employee, and you likely must obtain workers compensation. If you are unsure if you are required to hold workers compensation insurance, you can inquire with the [California Department of Industrial Relations](#).

Question 5: *Do I need to obtain workers compensation for loan project contractors?*

Answer 5: No. A licensed contractor will have their own insurance to perform construction and project related work at your property. This is why we require you to use a licensed contractor.

FAQs: OTHER QUESTIONS

Question 1: *If I state in my application that I believe my project will allow me to increase my enrollment, but not all the spots get filled, what will happen?*

Answer 1: If you receive funds for a project that by completing the project, you will be able to increase the enrollment you offer, all that is required is that you demonstrate that you are offering spaces for the increased enrollment. The Childcare Development Resource Center, the Small Business Development Center and El Pajaro CDC are all available to you to help you with program marketing to help boost your enrollment up to the amount you are allowed to enroll to.

Question 2: *Can I apply if I do not have my license yet?*

Answer 2: If you have applied for a child care license and that license is pending, and you have no serious infractions that would jeopardize licensure, YES, you can apply. You will need to provide verification that your license is pending.

Question 3: *The project I am seeking funds for is being jointly done between a public entity and a private nonprofit. Which entity should be the one to apply?*

Answer 3: Both entities can submit a joint application, or you can choose one entity to be the lead. You may want to submit the application with the entity who owns the property taking the lead if the work being conducted will impact the value of the property, or if the business may be run by a different partner in the future. You may want to submit the application with the entity who is administering the child care as the lead if the work being conducted is primarily impacting the value of the business administering the child care.

Question 4: *Will this loan opportunity happen again?*

Answer 4: Yes. The County collects Child Care Developer Fees which accumulate over time as people develop new or renovate existing homes and businesses. Once enough funds accumulate, every three to five years, a new round of funding opportunities will get announced.

Question 5: *How long will the term of my agreement be if I am awarded funds?*

Answer 5: Typically, a smaller project will be for a term of roughly 3 years. A longer term of roughly 5 years is typical of larger projects. If awarded, the specific length of your contract term would be negotiated directly with you.

Question 6: *Will construction permits be required with my application?*

Answer 6: No, permits are not required when submitting your application. However, if awarded funding, you will be required to submit required city or county permits in order to sign and execute a contract for your loan.

Question 7: *If I am awarded funds, what tax forms will I get for filing my taxes?*

Answer 7: You will get a Form 1099.

Question 8: *In the event of a disaster that prevents me from completing my project or the term of the contract, what will happen?*

Answer 8: If some emergency or disaster takes place that prevents you from completing your project, or that prevents you from fulfilling the terms of your agreement whether or not the project has been completed, get in touch with us right away to discuss your options. We will work with you to identify options for moving forward, with the goal being to help you maintain your business and provide childcare as planned, if possible.
