



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko
Larry D. Lisenbee

SUBJECT: STATE EMPLOYMENT TRAINING
PANEL FUNDING

DATE: 04/11/07

Approved

Deanna Jantua

Date

4/16/07

COUNCIL DISTRICT: Citywide
SNI AREA: N/A

RECOMMENDATION

That the City Council:

1. Authorize the City Manager to accept \$385,000 on behalf of the Office of Economic Development, work2future Division, from the State Employment Training Panel (ETP) to assist Nanosolar, Inc. with workforce training at their new San José manufacturing facility.
2. Approval of a contract with the State ETP regarding the use of the ETP funds; and
3. Approval of a sub-agreement with Nanosolar to provide training for their workers with the ETP funds.
4. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Workforce Investment Act Fund:
 - a. Establish an appropriation to the Office of Economic Development for the State and Employment Training Panel Grant in the amount of \$385,000.
 - b. Increase the estimate for Earned Revenue by \$385,000.

OUTCOME

Approval of the actions outlined in the recommendation will enable the City to receive \$385,000 from the State ETP training funds to help offset the employee training costs for up to 200 workers for manufacturing jobs, and assist Nanosolar to expedite their workforce requirements in preparation for the opening of their new manufacturing facility in North San Jose.

BACKGROUND

On January 9, 2007 the City Council directed the Office of Economic Development (OED) to assist the Redevelopment Agency and Nanosolar Inc. in their business expansion efforts by pursuing workforce training funds from the State.

The work2future Division of OED, working with Nanosolar, applied for ETP funds, and on April 26, 2007 the ETP Board of Directors awarded work2future \$385,000 for training of 200 Nanosolar workers. Workers will be trained as Engineers, Machine Operators, Technicians, and Production Workers. Training will include Solar Cell processing, Vacuum Deposition Concepts, Calibration of Vacuum Deposition Concepts, Data Acquisition Techniques, Strain Vision Systems, Kepner Trego Problem Solving Techniques, and more. Workers will receive, on average, one hundred hours of training supported with ETP funding.

ETP is a State program that provides funding for worker training using a small percentage of funds paid into the Unemployment Insurance (UI) Fund by private sector employers. The ETP regulations allow for the State to contract with businesses or groups of businesses, local workforce investment boards, and other organizations that provide the training and program administration.

ANALYSIS

Work2future staff will perform all administrative and reporting activities for this ETP funding. Consistent with its role as the local administrative entity for workforce development, will assist Nanosolar with marketing and outreach in support of this ETP training project as appropriate.

Upon acceptance by the Council of the \$385,000 in ETP funds, a performance-based contract between the State ETP and work2future will be executed. This contract will be the document that allows work2future to administer the ETP funds, and establishes the payment schedule and performance measurements such as number of workers to be trained, training timeframes, and number of training hours for each worker.

Work2future has also negotiated a sub-agreement with Nanosolar to perform the actual worker training. The cutting edge, innovative technology used by Nanosolar in the manufacturing of solar cells requires that training must be performed on-site by their scientific and engineering staff. Under the terms of this contract, Nanosolar will train 200 workers, and Nanosolar's industry-expert staff will provide the training. The performance requirements spelled out in the State contract with work2future are also a part of the Nanosolar contract with work2future.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this action does not meet the \$1 million threshold in Criteria 1, this memorandum will be posted on the City's website for the May 1, 2007 Council agenda. In addition, the City's intent to apply for ETP funding was sent out in a Press Release and also posted on the Office of Economic Development website.

COORDINATION

This memo has been coordinated with the Redevelopment Agency, City Attorney's Office, the City Manager's Budget Office, work2future Board and work2future Finance Committee, and the Finance Department.

FISCAL/POLICY ALIGNMENT

The execution of an ETP contract will further the City's Economic Development Strategy by helping to: (a) "Support Start-Up and Growth of Local Businesses" (Initiative 5); (b) "Diversify San Jose's Economic Base and Preserve/Create Middle-Income Jobs." (Initiative 8).

COST IMPLICATIONS

The recommended budget action in this memorandum will appropriate \$385,000 for the sub-agreement with Nanosolar.

BUDGET REFERENCE

Not applicable.

CEQA

Not a project.

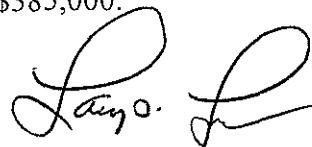


PAUL KRUTKO
Chief Development Officer



LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Workforce Investment Act Fund in the Fiscal Year 2006-2007 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$385,000.



LARRY D. LISENBEE
Budget Director

For questions please contact Paul Krutko, Chief Development Officer, at 408-535-8181.