



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: May 29, 2012

Approved

Date

6/6/12

**SUBJECT: ANNUAL RENEWAL OF WORKFORCE INVESTMENT ACT
PROGRAMS AND PROJECTS FOR 2012-2013**

RECOMMENDATION

Adopt an annual renewal resolution authorizing:

- (a) The City Manager or designee to negotiate and execute all contracts, amendments, agreements, leases, subleases and memorandums of understanding with contractors and vendors providing services to the Workforce Investment Act Program (WIA), including, but not limited to, novations or assignments, vendor training contracts, case management contracts, consultant contracts, memorandums of understanding required with Mandatory Partners for the use of One-Stop facilities, and cities and the unincorporated area of Santa Clara County whose residents receive service under the WIA program for the period from July 1, 2012 to June 30, 2013, in accordance with procurement procedures and requirements mandated by the state and federal governments for Workforce Investment Act grant recipients and with established City procurement procedures and requirements that have been reviewed and approved by the Silicon Valley Workforce Investment Network (work2future) Executive Committee and/or the Board. The City Manager or designee is also authorized to negotiate and execute Council-approved agreements that have been reviewed and approved by the work2future Executive Committee and/or the work2future Board so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses of the agreement.
- (b) The City Manager or designee to negotiate and execute all grants and sub-grant agreements for discretionary funding applied for and approved by the work2future Board for the period from July 1, 2012 to June 30, 2013.

OUTCOME

Approval of this action will ensure that the workforce development services provided to the community through the funding and contractual partnerships under the management of the work2future program will be delivered in a timely, efficient manner to meet the immediate needs of individuals seeking employment assistance.

EXECUTIVE SUMMARY

The proposed annual renewal resolution authorizes the City Manager or designee to negotiate and execute all contracts and grant-related documents pertaining to the implementation of the Workforce Investment Act grant. The City of San José is the recipient and fiscal administrator of the WIA funds and serves the city of San José, seven other cities, and the unincorporated areas of Santa Clara County. Prior to the beginning of each fiscal year, the Office of Economic Development (OED) recommends to the City Council approval of an omnibus resolution. Council has approved the omnibus resolution annually since 2000.

Funds for the WIA program originate at the United States Department of Labor (DOL) in the Employment & Training Administration (ETA) and are disbursed to Local Workforce Investment Act programs through the State of California's Employment Development Department (EDD). There are four main components of these funding streams: WIA Dislocated Worker funds, WIA Title 1B Adult funds, WIA Youth funds, and WIA Rapid Response funds.

In Fiscal Year 2012-2013 the City of San José, as fiscal agent for the work2future Workforce Investment Board, will receive the following amounts:

WIA Dislocated Worker Program	\$ 3,786,866
WIA Title 1B Adult Program	\$ 3,104,611
WIA Youth Program	\$ 3,317,975
Total Funds	\$10,209,452

Staff presented the Proposed Budget for FY 2012-2013 to the Finance Committee and the Executive Committee for their meetings of May 9, 2012 and May 10, 2012, respectively. Staff's FY 2012-2013 Budget recommendation will be presented to the Board for approval at its regular meeting on June 21, 2012.

In addition, because work2future's funding levels have been reduced by approximately 60% in recent years due to federal formula funding adjustments, discontinuance of ARRA funding, and fluctuating discretionary grant opportunities, discretionary funds have played a key role in supplementing work2future's formula funding. To respond to the recent Cisco Systems layoffs, work2future received a \$3,002,730 grant from EDD to support a wide variety of client services such as assessments, advanced career consultations, job training and placement assistance.

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work2future also received a \$449,000 discretionary grant from EDD to continue job placement and follow-up services for NUMMI clients, and a \$200,000 Small Business Administration grant to develop a web-based tool to streamline the City's licensing and permitting process. An additional \$2,000,000 EDD discretionary grant to serve laid-off Solyndra employees is under review.

BACKGROUND

Summary of work2future's Key Activities and Accomplishments

work2future provides residents with the workforce tools and opportunities to maximize their employment potential, and provides highly successful employment strategies for residents with barriers. The work2future public-private board, the decision-making body for programs and new initiatives, consists of 41 members primarily from the private sector and includes representatives of Cisco Systems, eBay, Google, Deloitte & Touche, Wells Fargo, Chase, Prudential, Target and Staples. In addition, public sector partners include the state's Employment Development Department and Department of Rehabilitation, the San José Job Corps, and the National Council on Aging.

work2future's board brings government, business, education, and training providers together to create innovative workforce strategies and programs and foster a high-impact One-Stop System that fulfills the needs of our diverse communities, and continuously improves our organization and the delivery of our services.

work2future's efforts over the past year, and since its inception, have served thousands of businesses and individuals annually through the One-Stop centers located throughout Santa Clara County. work2future has offices in Gilroy, Morgan Hill and Campbell. Approximately 85% of work2future's youth and adult clients reside in San José.

work2future Exceeded Federally-Mandated Performance Goals for 6th Consecutive Year

work2future, with federal funds and restricted uses of these federal funds, met or exceeded all of its federally-mandated performance measures for the sixth consecutive year, and was one of only five California WIBs to do so. For its Adult and Dislocated Worker clients, these measures focus on work2future's clients securing employment, retaining their employment for six months or more, and the wage gain that they incurred following their enrollment in work2future's programs. For youth, the key indicators relate to occupational skills training, obtaining a high school diploma or GED, securing employment, or advancing to post-secondary education.

work2future's Innovative Programs Impact Local Economy during the Great Recession

work2future impacts our local economy in many different ways. One example is that, for work2future's 3,263 Adult and Dislocated Worker clients that secured employment during 2011, the cumulative amount of wages they earned was \$54,224,539.

At this time, 82,400 Santa Clara County residents are still officially unemployed, with 48,100 unemployed in San José. In addition, a substantial number of unemployed individuals have

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ceased looking for employment but are not captured in these still unprecedented unemployment statistics. work2future's Adult and Dislocated Worker clients range from highly skilled individuals with advanced degrees and significant job experience to individuals with multiple barriers to employment and very low incomes.

In addition, 99% of work2future's youth clients are low-income with at least one additional barrier to employment, and 56% have two or more barriers. These barriers include drop-out status; basic skills deficiency; pregnancy or parenting status; foster, runaway or homeless status; and ex-offender status.

Further exacerbating the local employment situation, total underemployment (unemployment + underemployment) in San José is estimated to be as low as 25% and as high as 38%, and slightly lower for Santa Clara County as a whole, according to a 2011 work2future study regarding underemployment.

work2future Served Nearly 7,500 Clients

In 2011, work2future enrolled nearly 5,000 new clients, and served 7,488 clients with assessments, workshops, talent coaching, training, job fairs, and specialized recruitments. With the change to work2future's service delivery model and the prolonged and severe economic downturn, work2future has seen a surge in its client base from 500 participants in 2007 to near 7,500 for 2011. Given the relatively modest job creation still occurring in the local economy, work2future is seeing a significant increase in underemployed individuals and anticipates enrolling 5,000-6,000 new clients in the upcoming year.

In addition, for the third year in a row, work2future is preparing to provide on-site workforce workshop services to City of San José employees at risk of layoff.

work2future Provided Training Services to Over 10,000 Clients

Over the last three years, work2future has supported over 10,000 clients to attend a broad range of trainings, including occupational skills training, short-term training through college courses or on-line training, comprehensive workshops, cohort training, on-the-job training, and pre-apprenticeship training which, upon successful completion, leads to a certificate, competency, or skill recognized by an employer.

In 2011, work2future provided 4,073 training services to its clients. By securing these training services, customers have had the opportunity to upgrade their skills, which could ultimately lead to employment opportunities that otherwise may not have been available to them.

work2future Youth Provided Over 6,600 Community Service Hours

work2future's Green Cadre participants have provided over 1,600 hours of community service work, including graffiti abatement and park clean-ups, during the past 12 months. In addition to assisting participants to improve basic literacy skills, the Green Cadre program trains participants to become environmental stewards, green advocates for their communities, and ambassadors for the City of San José's Green Vision.

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From May to September 2011, 74 youth participated in work2future's Green Cadre program in which they earned nationally-recognized certifications (OSHA 10, Customer Service, and GreenSmart), participated in internships with nonprofits and City Departments and provided over 1,000 hours of community service work. This year, the Green Cadre is serving 90 low-income youth who are providing hundreds of additional service hours in the community.

In addition, 5,000 hours of community service have been provided this year by 25 low-income, 18-21 year old college students enrolled in work2future's College Internship program. These interns, all of whom have at least one barrier to completion of their education and to employment, will continue to serve local non-profits until August 31, 2012. The College Internship program provides workplace experience at nine local non-profits while providing work readiness skills, peer and adult mentor support, and case management. Under contracts with work2future, the Workforce Institute, Center for Training and Careers, and the San José Conservation Corps have provided career technical training and other workforce preparation services to another 185 WIA-eligible youth over the past 12 months.

Tens of Thousands of Businesses Served or Connected to Critical Business Support Resources through BusinessOwnerSpace.com

work2future has continued to play a leading role in the oversight and expansion of the City's small business initiatives. Since its inception in October 2007, BusinessOwnerSpace.com (BOS) has connected or served thousands of businesses and entrepreneurs. BOS, a City-driven initiative to assist and support small businesses, serves as a virtual one-stop for entrepreneurs and business owners, connecting them to a wide array of services.

Last year, through a Small Business Administration grant, additional work was done to enhance BOS outreach and to provide additional depth of information with resources on franchising, establishing non-profits, creating a web presence, and locating business space. BOS also sponsored a very successful Small Business Social Media Conference which drew over 300 people and included presentations by Yelp, LivingSocial, and Facebook, with local small social media businesses participating.

Shop San José Initiative Launched in Fall 2011

The BOS website was further enhanced in the fall of 2011, through the participation of large and local social media businesses to promote the unveiling of a *Shop San José* Initiative to drive more retail and business customers to San José-based providers of goods and services. The launch of the Shop San José Initiative was held at Festiv'ALL on October 12, 2011, and was attended by 2,500 business owners. The Hispanic Chamber of Silicon Valley was a cosponsor with the City and was supported by additional social media participants including eBay-Milo. Over 100 restaurants and business assistance organizations added value to the event.

San José State University contributed to the *Shop San José* Initiative by incorporating the creation of marketing plans into the coursework for business school students. These students worked with representatives of the Berryessa, East Santa Clara St. and Willow Glen business districts as well as the Lake Cunningham Regional Skate Park. These marketing plans will help these locations better connect with San José consumers.

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Over 5,700 Job Seekers Attend work2future Job Fairs and Specialized Recruitments

Over the past year, work2future staff conducted over 56 job fairs, information sessions, and specialized recruitments with 161 employers and over 5,700 job seekers attending. Staff also assisted 184 businesses by providing other services such as posting positions at Career One-Stop Centers and at partner facilities.

The following is a sampling of the participating companies which represent a range of industries: Wells Fargo, Citibank, Bank of America, State Farm, Amerturk, Auxin Solar, AOpen, C8 MediSensors, OCZ Technology, Temple-Inland, Walmart, Home Depot, Safeway, Sears, Lowes, Best Buy, AT&T, Macy's, FedEx Freight, Wendy's, Culinary Staffing, UniSea, Mimi's Café, Marriott, Aramark, Right at Home, Aerotek Staffing Services, Cornerstone Staffing, Coast Staffing, Dynamic Office, YMCA, State Board of Equalization, and the City of San José.

work2future responded to 19 Worker Adjustment and Retraining Notification (WARN) notices and 23 non-WARN layoff contacts to provide transition information and services for 6,553 impacted employees between April 2011 and March 2012.

work2future Relocates to Three Community Centers

In September 2011, work2future relocated its Parkmoor one-stop operations to three City-owned facilities identified for re-use by the Department of Parks, Recreation, and Neighborhood Services (PRNS). The Kirk Community Center at 1601 Foxworthy Avenue houses the Adult/Dislocated worker program; the Shirakawa Community center at 2072 Lucretia Avenue provides a hub for youth services; and the Almaden Winery Community Center at 5730 Chambertin Drive houses work2future's Business Services and administrative personnel.

The total annual payment by work2future to the City of San José to cover the cost of rent, utilities, maintenance, and PRNS staffing to occupy the Kirk, Shirakawa, and Almaden Community Centers was budgeted at \$617,000. From this relocation, work2future will derive significant rent savings, allowing it to mitigate the impact of budget reductions and service delivery to its thousands of job seekers.

ANALYSIS

(a) Contracts and Agreements

Staff recommends that Council authorize the City Manager or designee to negotiate and execute, upon review and approval by the work2future Board, all contracts, amendments, agreements, leases, subleases, and memos of understanding with contractors and vendors providing services to the Workforce Investment Act Program including, but not limited to:

- Novations or assignments;
- Vendor training contracts;
- Case management contracts;
- Consultant contracts;

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- Memoranda of understanding with Mandatory Partners and others, including memoranda of understanding for the use of One-Stop facilities; and
- Memoranda of understanding with other cities and the unincorporated area of Santa Clara County that will receive services from work2future for the period July 1, 2012 to June 30, 2013.

Mandated partners are WIA Title II adult education and literacy providers that must provide core services through the one-stops, and include programs authorized under the following:

- Wagner-Peyser Act;
- Adult Education and Literacy title of the Workforce Investment Act;
- The Vocational Rehabilitation Act;
- Welfare-to-work grants;
- Title V of the Older Americans Act;
- Postsecondary vocational education under the Perkins Act;
- Trade Adjustment Assistance;
- Veterans employment services under chapter 41 of title 38, U.S.C.;
- Unemployment compensation laws;
- Community Service Block Grants; and
- Employment and training activities carried out by the Department of Housing and Urban Development.

Some of these partners include:

- Employment Development Department (EDD)
- Job Corps
- National Council on Aging
- Department of Rehabilitation
- Adult Education

The City Manager or designee will ensure that sufficient funds are available and that agreements are in accordance with federal and state laws and regulations.

(b) Grant Applications

During FY 2012-2013 work2future will endeavor to obtain additional discretionary funding through grant applications. Funding proposals may require partnerships with other public, private, and community-based organizations as a prerequisite for funding. In other instances, funding may be awarded to work2future for activities that may be undertaken by community-based organizations, institutions of higher learning, or vendors to be selected through a subsequent request for proposal processes. These grants can support City operations through the payment of overhead.

Staff recommends that the City Council authorize the City Manager or designee to negotiate and execute all grant applications, grants, and sub-grant agreements for discretionary funding

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applied for and approved by the work2future Board for the period from July 1, 2012 to June 30, 2013.

(c) Council Reporting

The work2future program is housed within the Office of Economic Development. OED and work2future make an annual comprehensive presentation on title and discretionary funding availability, contracting and program activity and performance, and client services to the Community and Economic Development Committee (CEDC). On November 28, 2011, work2future provided a report to the CEDC for its activities to date.

FY 2012-2013 Implementation Issues

This past year, the California legislature has approved two new pieces of legislation that will impact work2future and every other WIB in the state:

Senate Bill 734

Historically, local WIBs have determined how to expend their allocations based on customer needs and available resources. Beginning in FY 2012-2013, SB 734 requires local WIBs to spend a minimum but yet significant percentage of their WIA Adult and Dislocated Worker funding allocation on training services, with a credit for designated leveraged resources. In FY 2016-2017, the training expenditure requirement increases to a higher percentage of WIBs' Adult and Dislocated Worker funding allocation.

SB 734's mandated training expenditure requirement may significantly limit the availability of funds for other services demanded by work2future clients, such as workshops, assessments, talent coaching, and supportive services, and may result in additional staffing reductions and closures of one-stop operations.

Senate Bill 698

SB 698 seeks to define High Performing WIBs and requires a highly collaborative approach to ensure private sector employer engagement, a higher level of cooperation between economic development and workforce development entities, the formation of a private sector-led business council, and intensive private sector-led strategic planning. Although a higher level of coordination with the private sector will ultimately benefit both employers and job seekers, providing staff support for these new requirements will be challenging.

EconoVue, work2future's Geographic Information System (GIS), will be used to provide the data for work2future's strategic planning process, and may be used to assist other local WIBs on a subscription or fee-for-service basis.

work2future Foundation

In 2011, work2future created a California Public Benefit Corporation called the work2future Foundation. Per the direction of work2future's board and supported by extensive market research, the tax-exempt work2future Foundation's focus during its first years of operation will

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be to develop workforce and training programs to serve returning veterans, the working poor, and at-risk youth. Fundraising efforts for these initiatives are anticipated to begin in fall 2012.

Web-Based Permitting and Licensing Tool

Another initiative focuses on the design and implementation of a web-based permitting and licensing tool that should be ready to roll out in spring 2013. Funding for this initiative has been secured from a U.S. Small Business Administration grant.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with the City Council are expected at this time. work2future, will be providing a program update to the Community and Economic Development Committee, schedule for November 2012.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

Although this action does not meet any of the above criteria, outreach has been undertaken as follows:

- The WIA activities represented in this report involve a wide variety of public outreach including working with various community-based organizations, private sector businesses, educational entities, and other governmental organizations.
- The work2future Board is comprised of 41 private and public sector members appointed by the Mayor and ratified by the City Council, and has sought public input at all board and committee meetings on each of the projects detailed above. All work2future meetings, as well as those of the supporting committees, are covered by the Brown Act and are subject to public notice requirements and public comment sections on the agendas of their actual meetings.
- This memorandum to Council will be posted on the City's website for the June 19, 2012 Council Agenda.

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COORDINATION

This report has been coordinated with the Office of the City Attorney; the Planning, Building and Code Enforcement Department; and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

The activities represented by this action are consistent with the 2010 Economic Development Strategy approved by the Council, specifically Strategic Goals No. 4, "Nurture the Success of Local Small Business, and No. 7, "Prepare Residents to Participate in the Economy Through Training, Education, and Career Support."

CEQA

Not a Project, File No. PP10-066(e), services that involve no physical changes to the environment.

/s/

KIM WALESH
Director of Economic Development
Chief Strategist

For questions, please contact Jeff Ruster, Executive Director, work2future at (408) 535-8176.