

# Agenda Report

January 30, 2012

**TO:** Honorable Mayor and City Council

**FROM:** Housing Department

**SUBJECT:** APPROVAL OF A CONTRACT IN AN AMOUNT NOT TO EXCEED \$600,000 BETWEEN THE CITY OF PASADENA, ACTING AS AGENT FOR THE FOOTHILL EMPLOYMENT AND TRAINING CONSORTIUM, AND THE SOUTH BAY WORKFORCE INVESTMENT BOARD, INC. FOR WORKFORCE TRAINING RELATED SERVICES

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b)(3);
2. Approve an exemption for the proposed contract from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interests are served; and,
3. Approve a contract between the City of Pasadena (acting as an agent for the Foothill Employment and Training Consortium) and the South Bay Workforce Investment Board, Inc. acting on behalf of the City of Hawthorne, in an amount not to exceed \$600,000 for the 2011-2012 program year, with the option for two one year renewals at the discretion of the City Manager, for the provision of workforce training related services without competitive bidding pursuant to City Charter Section 1002(H) ("contracts with other governmental entities or their contractors").

## **BACKGROUND:**

Under the Workforce Investment Act (WIA), all vocational classroom training must be provided through vouchers known as Individual Training Accounts (ITAs). The State of

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California has established a policy that requires local workforce investment areas to develop procedures for procurement of ITA training providers, contracting, payment, and monitoring of performance. State policy permits a local workforce investment area to delegate these functions to another local workforce investment area.

Pursuant to a Joint Exercise of Powers Agreement approved by the Pasadena City Council on June 12, 2000, the City of Pasadena acts as the designated administrator for the joint powers authority known as the Foothill Training and Employment Consortium, and as the fiduciary for all of its grants and disbursement. The Foothill Workforce Investment Board reviews and recommends contracts for approval. The proposed contract is exempt from competitive bidding pursuant to City Charter section 1002(H), contracts with other governmental entities or their contractors for labor, material, supplies or services. On an annual basis, from the 2001-02 through 2009-10 fiscal years, the City of Hawthorne, acting on behalf of the South Bay WIB provided the services listed below for the City of Pasadena/Foothill WIB. In 2010, the City of Hawthorne as the administrative entity for the South Bay WIB entered into an agreement with the South Bay Workforce Consortium, Inc. wherein the City delegated its administrative responsibilities to the SBWC, Inc. to contain personnel costs and limit its liability for disallowed costs. These delegated administrative responsibilities include the authority to enter into contracts. In April 2011, the South Bay Workforce Consortium changed its name to the South Bay Workforce Investment Board, Inc. This is why the proposed contract is with the non-profit South Bay Workforce Investment Board, Inc. rather than the City of Hawthorne.

The Housing Department is seeking an exemption from the competitive selection process, based upon the "best interest" exemption. The contract is recommended by the Workforce Investment Board of the Foothill Employment and Training Consortium, based upon its own annual review of service providers. That review includes the results of fiscal and programmatic monitoring. The review also confirms that this is the only entity capable of performing all of these functions. The recommended contractor has effectively performed the required services for the Foothill WIB and other WIBs and is the only known entity that actually performs all of the services below.

Services provided through this contract would include:

- Processing of ITA payments to training providers to which Foothill makes referrals;
- Maintaining a system for determining training provider eligibility;
- Developing a contract with each training provider;
- Evaluating and monitoring the quality of ITA training provider services annually;
- Providing Foothill with electronic access to the approved lists and performance data for each listed provider; and
- Developing, administering, and maintaining a system for investigating complaints made by Foothill participants against the listed training providers.

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Although other entities could process the ITA payments, South Bay is the only entity that could perform the other required functions of this contract. It has already conducted procurement of ITA providers through its Intra-State Training and Information Resource Network (I-TRAIN). I-TRAIN is an Internet-based database that contains information on approximately 150 Southern California private and public training providers. South Bay already has contracts in place with all of these training providers and conducts annual performance and compliance monitoring of these providers.

One of the more valuable services is the provision of performance information on the training providers. Statistics regarding enrollments, placements, training-related placements, and placement wages are available and updated on a quarterly basis. This performance information has been helpful in assisting staff and customers to choose the best school. Entering into this contract in no way reduces the Foothill WIB's discretion over which participants are issued ITAs or which schools will be selected.

One big advantage of this contract arrangement is that it has freed up the time of several staff that would otherwise have been involved in the payment and monitoring of ITAs.

Although the contract shall be in an amount up to \$600,000, 97% of this amount shall be passed on to the training vendors to pay for the costs of our participants' tuition. Only 3% is budgeted for the cost of performing the services of the contract. A total of \$400,000 will be put into contract immediately with up to an additional \$200,000 added depending on receiving new grant funds or a greater than anticipated need for vocational classroom training.

The contract shall be entered into by "the City of Pasadena as agent for the Foothill Employment and Training Consortium."

The contract will be for the 2011-12 fiscal year, with up to two one year renewal options at the sole discretion of the City Manager if the same terms and conditions are satisfactory to him. Funding for the two one-year renewals will not exceed \$1 million per year.

### **COUNCIL POLICY CONSIDERATION:**

The proposed action supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Objectives.

### **ENVIRONMENTAL ANALYSIS:**

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty

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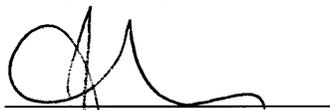
that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

**FISCAL IMPACT:**

The fiscal impact of this action will be a \$600,000 expenditure of Workforce Investment Act grant funds to be awarded to the South Bay Workforce Investment Board, Inc. Funding for this action will be addressed by the utilization of existing budget appropriations in account nos. 681-684710-66-47530 (\$200,000), 681-684710-66-47539 (\$200,000), 681-684710-66-47534 (\$100,000) and 681-684710-66-47524 (\$100,000). It is anticipated that \$600,000 of the award will be spent during the current fiscal year. There is no anticipated fiscal impact on the General Fund as a result of this action and it will not have any indirect or support cost requirements. The anticipated impact to other operational programs as a result of this action will be none.

The fiscal impact for the two option years shall be essentially the same as for the 2011-12 year. Funding shall not exceed \$1 million per year. The precise grants to be utilized shall be determined based on funding availability and the need of job seekers.

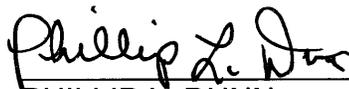
Respectfully submitted,

  
for WILLIAM K. HUANG  
Housing Director

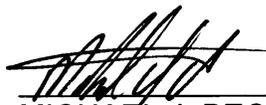
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