

Agenda Report

August 11, 2014

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: APPROVAL OF A CONTRACT IN AN AMOUNT NOT TO EXCEED \$1,000,000 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 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 Inglewood, in an amount not to exceed \$1,000,000 for the 2014-2015 program year, with the option for two one-year renewals not to exceed \$1,000,000 per year at the discretion of the City Manager, for the provision of workforce training related services. Competitive bidding is not required pursuant to City Charter Section 1002(H) ("contracts with other governmental entities or their contractors"); and
3. Grant the proposed contract an exemption 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.

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

SOUTH BAY WORKFORCE INVESTMENT

August 11, 2014

Page 2 of 5

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 Workforce Investment Board, Inc. (SBWIC) provided the services listed below for the City of Pasadena/Foothill WIB. In 2010, the City of Hawthorne as the administrative entity for the SBWIB entered into an agreement with the South Bay Workforce Consortium, Inc. (SBWC) 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 SBWC changed its name to the South Bay Workforce Investment Board, Inc. In July 2013, the SBWIB transferred the administrative entity from the City of Hawthorne to the City of Inglewood. The City of Inglewood maintains the practice of delegating the administrative responsibilities to the SBWIB. This is why the proposed contract is with the non-profit SBWIB.

The proposed contract was approved on June 19, 2014 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 specified in the contract. Basically, as proposed the SBWIB would provide administrative services for the Foothill WIB. The primary service is the processing of payments to vocational training providers to which Foothill WIB refers its WIA job seekers. The SBWIB also makes available evaluation and performance reports on the training providers. These reports guide Foothill WIB staff in making decisions regarding the referral of clients to training. The SBWIB does not provide direct training; they reimburse the training organizations for the cost of their tuition. Approximately 95% to 97% of the cost of the total contract is a pass through to the training providers. SBWIB will not retain more than \$30,000 of the \$1,000,000 contract amount.

Specific 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.

Some area Workforce Investment Boards handle the procurement, contracting, monitoring, evaluation, and payment processing themselves, while others contract with the SBWIB due to staffing constraints. SBWIB has demonstrated capacity to provide all of the contract services. While the Foothill WIB might have sought to contract with other entities for these services, there are distinct advantages in contracting with SBWIB. For example, while other entities could process the ITA payments, SBWIB is the only entity that could perform the other required ITA functions. It has already conducted procurement of ITA providers through its Intra-State Training and Information Resource Network (I-TRAIN) -- no other entity has done this. I-TRAIN is an Internet-based database that contains information on approximately 185 Southern California private and public training providers. SBWIB already has contracts in place with all of these training providers and conducts annual performance and compliance monitoring of these providers, and is the only entity that has developed and monitored contracts with each of the training 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. Although it is the WIBs policy to provide maximum customer choice in the job seekers selection of training provider, it also is a priority to use local training providers such as Pasadena City College.

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 \$1,000,000, 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.

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 2014-15 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. On January 30, 2012 the City Council approved a similar contract with the South Bay WIB in the amount of \$600,000 for the 2011-2012 program year. That contract was renewed for program years 2012-2013 and 2013-2014 in the amounts of \$625,000 and \$800,000, respectively. The estimated unit cost of providing the contract services (inclusive of training costs) is approximately \$3,500 per client served. This unit cost varies from year to year depending on the clients’ training needs. Another variable is the cost of tuition, which can vary from a few hundred dollars to over \$8,000. SBWIB estimates that its unit cost (not including the cost of training) is approximately \$175 per client.

The Housing and Career Services Department is seeking an exemption 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.

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 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.

SOUTH BAY WORKFORCE INVESTMENT

August 11, 2014

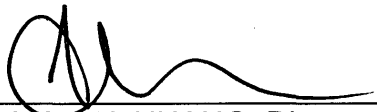
Page 5 of 5

FISCAL IMPACT:

The fiscal impact of this action will be a \$1,000,000 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 (\$400,000), 681-684710-66-47539 (\$400,000), 681-684710-66-47534 (\$50,000), 681-684710-66-47605 (\$75,000), and 681-684710-66-47599 (\$75,000). 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 2014-2015 program 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.

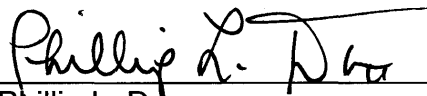
Respectfully submitted,


for WILLIAM K. HUANG, Director
Housing and Career Services

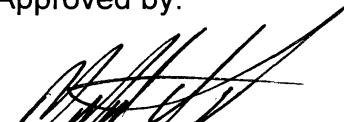
Prepared by:


Steve Chase
Career Services Coordinator

Concurrence:


Phillip L. Dunn
Career Services Division Administrator

Approved by:


MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: South Bay Workforce Investment Board, Inc.

2. Type of Entity: <input type="checkbox"/> non-government <input checked="" type="checkbox"/> nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
Wayne Spencer
Linda Bradley
Tudorita Guilea
Glen Mitchel
Patricia Bennett
Yvette Johnson
Bob Helfant
Rusty Rozen
Jan Vogel

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
None

Prepared by: Catherine Blaylock

Title: Contract Manager

Phone: 310-970-7700

Date: 09/09/2013