

CITY OF LOS ANGELES

CALIFORNIA



Workforce **Development** Board
City of *Los Angeles*

Workforce Development Board
CHARLES WOO
CHAIR



ERIC GARCETTI
MAYOR



**Economic and Workforce
Development Department**
JAN PERRY
GENERAL MANAGER

August 16, 2016

Council File Number:
Council Districts: All
Contact Persons & Phone:
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

City Council
c/o City Clerk
Room 395, City Hall

Attention: Mandy Morales, Legislative Coordinator

COMMITTEE TRANSMITTAL: AUTHORIZATION TO SELECT A REPLACEMENT OPERATOR FOR THE CRENSHAW WORKSOURCE CENTER TO PROVIDE WORKFORCE DEVELOPMENT RELATED SERVICES AND TO AMEND THE WORKFORCE DEVELOPMENT BOARD PROGRAM YEAR 2016-17 ANNUAL PLAN ACCORDINGLY

RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD), and the Chair of the Workforce Development Board (WDB) respectfully request that the Mayor and City Council:

1. APPROVE the recommendations of the EWDD and WDB to designate the National Urban League (NUL) to replace the Los Angeles Urban League (LAUL) as the lead operator for the Crenshaw WorkSource Center, co-located with the California Employment Development Department and amend the WDB Year 17 PY 2016-2017 Annual Plan accordingly;
2. AUTHORIZE the General Manager, EWDD, or designee, to enter into an agreement with the NUL to provide workforce development services for the Program Year (PY) 2016-17 effective July 21, 2016 through June 30, 2017, and subject to approval of the City Attorney as to form and legality;

3. APPROVE the allocation of \$1,031,800 for the NUL to operate the Crenshaw WorkSource Center for PY 2016-17, retroactive to July 21, 2016 through June 30, 2017, and an allocation of \$360,000 to serve as the sub-contractor for the Chicago Cook Workforce Partnership – career opportunities in retail grant; and
4. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller's instructions for any necessary technical adjustments, subject to the approval of the City Administrative Officer, and instruct the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no negative financial impact on the City's General Fund, as the activities are funded entirely by Workforce Innovation and Opportunity Act (WIOA) funds.

BACKGROUND

The Los Angeles Urban League has a storied history of advocacy and activism for racial, economic, and social justice in Southern California, and a long-standing relationship with the City of Los Angeles for the delivery of workforce development services.

LAUL has served as the operator of the Crenshaw WorkSource Center (WSC) since July 1, 2001, and has maintained that arrangement for 13 years through June 30, 2014. As a result of a subsequent competitive procurement performed by the Economic and Workforce Development Department (EWDD), LAUL's Crenshaw WSC operator status was extended for five additional years to June 30, 2019.

However, serious problems have arisen about the LAUL's finances that necessitate a change to its designation as the Crenshaw WSC operator. A Single Audit¹ for 2013-14 identified going concerns about the LAUL's ability to continue to operate as an organization. There are also numerous workforce development training vendors that have not been paid by LAUL for services rendered over the past three years, other delinquent accounts payable, and an outstanding Single Audit for 2014-15 that was supposed to be submitted to the EWDD by March 31, 2016.

Because the LAUL is not in compliance with federal and City regulations regarding the management of public funds, the EWDD is unable to reimburse the agency for costs incurred beyond June 30, 2016 for the operation of the Crenshaw WSC. Moreover, to avoid disruption of services to a community with significant workforce development needs and a high unemployment rate, the EWDD has recommended that sole responsibility for operation of the Crenshaw WSC and the attendant contract of

¹ All non-Federal entities that expend \$500,000 or more of Federal awards in a year (\$300,000 for fiscal year ending on or before December 30, 2003) are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, the OMB Circular Compliance Supplement and Government Auditing Standards. A Single Audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs.

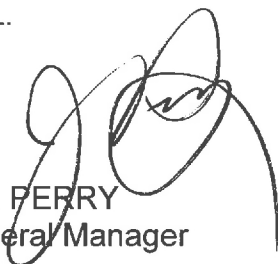
\$1,031,800, as well as a subcontract for a retail training program in the amount of \$360,000 with the Chicago Cook Workforce Partnership be assigned to the National Urban League (NUL).

The LAUL will not have any further involvement in Crenshaw WSC operations. However, current Crenshaw WSC staff will be afforded the opportunity for employment with the NUL, pursuant to the City's Service Worker Retention Ordinance (No.184293), upon approval of the recommendations outlined in this transmittal.

The EWDD is continuing to work with the LAUL to resolve all fiscal issues.

WDB ACTION

On July 20, 2016, the Workforce Development Board approved the EWDD's recommendation to assign responsibility for the operation of the Crenshaw WSC to the NUL.



JAN PERRY
General Manager



CHARLES WOO
Chair
Workforce Development Board

JP:RS:JHP

cc: Mike Feuer, City Attorney