

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR



Economic and Workforce
Development Department
JAN PERRY
GENERAL MANAGER



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

CHARLES WOO
CHAIR

February 15, 2017

Council File:
Council District Nos.: All
Contact Person(s) & Phone:
Gerardo Ruvalcaba (213) 744-7233
Robert Sainz (213) 744-7396
Greg Irish (213) 744-7122

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

TRANSMITTAL: REQUEST AUTHORIZATION FOR THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT TO EXECUTE A SUBLEASE AGREEMENT WITH THE STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT FOR THE USE OF OFFICE SPACE AT THE CRENSHAW WORKSOURCE CENTER

RECOMMENDATIONS

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

1. AUTHORIZE the General Manager, EWDD, or designee, to negotiate and execute a one-year sublease agreement, with an option to extend for two additional years, between the State of California Employment Development Department (EDD) and the City of Los Angeles for approximately 4,723 square feet of office space at the Crenshaw WorkSource Center (WSC) located at 5401 Crenshaw Blvd. Los Angeles, CA 90043, effective July 1, 2016, subject to City Attorney review as to form and legality;

2. AUTHORIZE the General Manager, EWDD, or designee, to make monthly lease payments directly to EDD from the amount allocated to National Urban League (NUL) for facility lease costs;
3. AUTHORIZE the Controller to expend funds from WIOA Fund No. 57W to pay for the sublease rental agreement;
4. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions for any necessary technical adjustments, subject to the approval of the City Administrative Officer, and instruct the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

There is no impact on the City General Fund.

BACKGROUND

The Los Angeles Urban League (LAUL) has a long 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 first became the operator of the Crenshaw WorkSource Center (WSC) in July 1, 2001, and 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, on-going concerns with LAUL's finances were identified through its Single Audit for 2013-14. In addition, LAUL was not in compliance with federal and City regulations regarding the submission of its single audit report for 2014-15. As a result, LAUL was deemed ineligible to continue as a WSC operator beyond June 30, 2016.

In order to avoid disruption of service to the community, the WDB and the City Council approved the transfer of Crenshaw WSC operations, and a corresponding contract for a discretionary grant funded retail training program, to the National Urban League (NUL) (C.F. 16-0925).

The NUL assumed all of LAUL's responsibilities and operations at the Crenshaw WSC effective July 21, 2016. Normally, such a transfer of operations would have also included the sublease with and related payments to the California Employment Development Department (EDD) for space at the Crenshaw WSC at 5401 Crenshaw Blvd., Los Angeles, CA 90043. However, the EDD is owed a significant amount of back rent from the previous Crenshaw WSC operator, LAUL, and EDD is unwilling to risk the possibility of a similar situation by signing a sublease with NUL.

As a remedy, the EWDD is proposing to sign a one-year sublease with and remit

payments of \$18,892 per month (at an annual cost not to exceed \$250,000) to EDD for space at the Crenshaw WSC. These funds will be subtracted from NUL's Workforce Innovation and Opportunity Act (WIOA) contract allocation.

As the administrative entity for the Local Workforce Development Area, the General Manager, EWDD, or designee, is authorized to negotiate and execute agreements and amendments to agreements with public, private and non-profit and/or governmental entities with WIOA and workforce related grant funds. Per the WDB-LEO agreement, the EWDD is required to secure WDB, City Council and Mayor's approval of agreements in excess of \$250,000.


WDB ACTION

The WDB approved NUL as the replacement operator for the Crenshaw WSC for Program Year 2016-17 on July 20, 2016.

The proposed sublease arrangement between EWDD and EDD was approved by the WDB on December 19, 2016.



JAN PERRY
General Manager



CHARLES WOO
Chair
Workforce Development Board