

# CITY OF LOS ANGELES

CALIFORNIA

RICHARD L. BENBOW  
GENERAL MANAGER



COMMUNITY DEVELOPMENT  
DEPARTMENT

1200 W. SEVENTH STREET  
LOS ANGELES, CA 90017

ANTONIO R. VILLARAIGOSA  
MAYOR

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Council District(s): All  
Contact: Manuel Chavez  
(213) 744-7398

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

## **REPORT BACK: COMMUNITY DEVELOPMENT DEPARTMENT (CDD) RESPONSE TO THE JOBS AND BUSINESS DEVELOPMENT COMMITTEE'S REQUEST FOR ADDITIONAL INFORMATION REGARDING THE PROGRAM YEAR 2013-14 WORKFORCE INVESTMENT ACT (WIA) WORKSOURCE CENTER OPERATORS REQUEST FOR PROPOSALS (RFP)**

### **RECOMMENDATION**

The General Manager of the Community Development Department (CDD) respectfully requests that the Mayor and City Council NOTE and FILE this report, inasmuch as this report has been submitted for information only and no Council action is necessary.

### **BACKGROUND**

On November 14, 2012, CDD reported to the City Council's Jobs and Business Development Committee in response to a motion (CF-11-0582-S7) introduced by Los Angeles City Councilmember Jan Perry, instructing CDD, in consultation with the Chief Legislative Analyst and the City Administrative Officer, to report in writing, prior to the release of the Request for Proposals for new operators of the WorkSource Centers on the following:

1. A strategic plan to address potential changes in the U.S. Congress and potential restructuring of WIA funding distribution system which could further reduce WIA funds for City residents;
2. Scope of the proposed RFP;
3. Contractor selection process;

4. Partner selection process;
5. Rates of unemployment by Council District and corresponding percentage of WIA funds;
6. Specific strategies to provide job training and long-term job placement for City residents in the areas with the greatest unemployment rates;
7. Status of federal legislation impacting WIA funds;
8. Reporting and evaluation methods relative to training and long-term job placement; and
9. Recommendations to improve accountability and transparency in identifying areas of the City with the greatest need for employment services, contractor procurement process, and evaluation and reporting methods.

While CDD's November 7, 2012 report addressed each of the points listed above, the Committee had additional questions, which this report will address. It should be noted that the Workforce Investment Board, Year 13 Annual Plan, which was approved by the City Council on June 15, 2012, provides CDD and the WIB with the authority to issue a Request for Proposals during PY 12-13 for competitive procurement of organizations to operate WorkSource Centers beginning in PY 13-14. CDD estimates that approximately \$18 million in WIA Adult and Dislocated Worker funds may be made available through the RFP process. The City will not be notified of its final allocation until the spring of 2013.

**DISCUSSION**

Definition of Partnership

A partner can be a funded or non-funded entity that commits to providing one or more of the services that are solicited through the RFP or provides services that augment those solicited through the RFP.

All proposers shall include WIA mandatory partners, as well as a City FamilySource and City BusinessSource Center as a partner agency in their proposals. The WIA mandatory partners include:

- Los Angeles Unified School District
- Los Angeles Community College District
- California Employment Development Department
- California Department of Rehabilitation
- Los Angeles County Department of Public Social Services
- City of Los Angeles Department of Aging

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The RFP will outline the partner expectations, which will be further supported by the master partnership agreement between the City, the WIB and WIA mandatory partners that specifies the partners' roles, responsibilities and financial contributions to the City's workforce development system.

Consideration of the City's Local Preference Ordinance

The City Attorney reviewed the City's Local Preference ordinance and noticed that there was an exception for state and federal grant funds. Under section 10.47.8.(7) of the ordinance, it states the following:

"This Article applies only to contracts that involve the expenditure of funds entirely within the City's control and shall not apply to contracts that involve the expenditure of funds that are not entirely within the City's control, such as state and federal grant funds, that due to legal restrictions prohibit its application."

Based on this exception, the City Attorney determined that for contracts to be funded with state or federal grant funds, the above ordinance would not apply.

#### WorkSource Centers (WSCs) as Training Providers

None of the City's current WSC operators serve as direct providers of training services. Such services are provided by employers and educational institutions based on customer choice. In the event that an educational institution is a successful proposer through the RFP, the WIB expressed concern that the educational institution may not be objective in ensuring customer choice and may refer all customers to its own training programs. If any educational institutions are selected through the RFP to be WSC operators, CDD will address this concern through monitoring of the WSC operator's assessment and referral practices.

#### Proposed Funding Allocations Based on Need

The City proposes to allocate funds by City "Planning Areas" with a priority to those areas of the City that have been identified as having high incidence of poverty and unemployment. Similar to the FamilySource System, the WSC RFP will be a needs-based and data-driven procurement, which also aims to equalize the funding allocations among all successful proposers.

#### Federal Legislation and WIA Funding Changes

While WIA reauthorization has been pending since 2003, the City has continued to receive its annual allocation of WIA funding. Sequestration remains an uncertainty; however, if there is no agreement between the President and Congress, there could be a significant cut to available WIA funding. In any event, CDD plans to proceed with the WorkSource Center Operator RFP process and make funding recommendations based on the areas with high unemployment and poverty rates within the City's seven planning areas. CDD estimates that approximately \$18 million in WIA Adult and Dislocated Worker funds may be made available through the RFP process. Based on the City's ultimate WIA allocation, fewer WSCs could be funded or the selected WSCs could receive reduced funding. Should WIA funding be reduced, the priority to leverage other resources to further support the WSC system becomes ever more important. While reductions to federal funding have been looming, the City's allocation of WIA formula revenue has remained largely unchanged over the past three years.

#### Service Providers Owning Their Own Facilities (Facility Costs)

In consideration of diminishing resources and to ensure that the maximum amount of funds are made available for the provision of services to customers, proposals that identify the primary service facility as owned by the proposer or City shall be favorably evaluated. It should be noted that currently five WSCs own their own facility used for the delivery of WSC services. The City reserves the right to require any funded contractor to co-locate

with other City funded agencies or to occupy a facility as identified by the City. This requirement reflects the WIB-approved guiding principle of reduced infrastructure costs.

### Barriers to Service Providers in South Los Angeles and Failure of Operators to Serve Certain Areas of the City

The "Rates of Unemployment by Council District and Corresponding WIA Funding" table provided in CDD's November 7, 2012 report to the Jobs and Business Development Committee (Attachment A) illustrates the disproportionate WIA funding allocation, and related service provision, that currently exists among council districts. Unfortunately, the current funding allocations inadvertently result in some areas of the City not served by the existing WSC operators. Furthermore, current operators are funded at different levels. In an effort to equalize future funding allocations, CDD will use updated American Community Survey poverty and State Employment Development Department unemployment data as the basis for funding recommendations. The siting of the WSCs by planning area will reflect the unemployment and poverty rates. All WIA funding requests received through the forthcoming WSC RFP shall be limited to \$1.1 million per proposal.

### Communities' Capacity to Build Partnerships

CDD acknowledges that building partnerships may be difficult in certain areas due to the lack of existing resources. To level the playing field, proposers will be evaluated against other proposers from the same proposed planning area. As such, expectations of proposers may vary by area. Funding of capacity building for WSC operators will be proposed in the Year 14 Annual Plan for Program Year 2013-14. CDD will also be securing system-wide partnerships.

### Leveraged Resources Requirement

To maximize the limited available WIA funds, proposers will be required to leverage additional resources. Should WIA funding be reduced, the priority to leverage other resources to further support the WSC system becomes ever more important. The Los Angeles County WIB is also in the process of preparing for the procurement of its WIA system and has similarly included leveraging resources and partnerships as one of the major tenets of its system redesign (see Attachment C).

For this RFP, the bar for leveraging resources is being raised, in part, to increase the diversification of funding. Greater Wagner-Peyser involvement in the delivery of workforce development services is also expected for Program Year 2013-14. WSCs currently raise additional funds through discretionary and/or foundation grants. On average, individual WSCs have leveraged approximately \$160,000 per year over a five-year period.

### CAPE Certification

Per the WIB's "Certification Policy and Procedures," which outlines the certification and performance evaluation guidelines for all WSCs, contractors are required to achieve, at minimum, a California Awards for Performance Excellence (CAPE) Prospector award from the California Council for Excellence.

As articulated in the revisions to the proposed Guiding Principles approved by the WIB, consideration of proposers that are CAPE recipients or have attained third party recognition will be included within the demonstrated ability evaluation category of the RFP.

### **NEXT STEPS**

CDD will issue an RFP to solicit proposals from organizations interested in managing a WorkSource Center for the City and in meeting the expectations and challenges articulated in the RFP. The attached revised draft calendar (Attachment B) identifies the proposed dates for release of the RFP, the review of proposals and the presentation of recommendations to the WIB and City Council.



RICHARD L. BENBOW  
General Manager

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Attachment A: Rates of Unemployment by Council District and Corresponding WIA Funding

Attachment B: WorkSource Center Operators RFP Revised Proposed Calendar

Attachment C: County of Los Angeles, Redesigning the WIA System "Building on our Successes"

Rates of Unemployment by Council District and  
Corresponding WIA Funding

<b>City of Los Angeles Unemployment – September 2012</b>			
<b>Citywide Unemployment Rate – 11.2%</b>			
<b>Council District</b>	<b>Unemployment Rate</b>	<b>WorkSource Center</b>	<b>PY 12-13 WIA Funding</b>
1	13.0%	Chinatown, Westlake, Northeast LA, Metro North LA	\$3,766,597
2	11.2%		
3	7.8%	Canoga Park-West Hills	\$1,236,404
4	9.0%		
5	7.0%		
6	11.2%	Sun Valley, Van Nuys-North Sherman Oaks	\$2,270,953
7	8.7%		
8	16.7%	South Los Angeles	\$1,166,380
9	18.0%	Southeast Los Angeles/Crenshaw	\$1,156,907
10	13.9%	Wilshire-Metro, West Adams/Baldwin Hills	\$2,360,115
11	6.6%	Marina del Rey/Mar Vista	\$933,171
12	9.2%	Chatsworth/Northridge	\$1,369,745
13	13.5%	Hollywood	\$1,213,104
14	15.0%	Downtown	\$815,225
15	13.4%	Harbor, Southeast LA/Watts, HACLA Portal	\$2,300,474

**WORKSOURCE CENTER OPERATORS REQUEST FOR PROPOSALS**  
**FOR SERVICES BEGINNING JULY 1, 2013**  
**REVISED PROPOSED CALENDAR**

	<b>ACTIVITY</b>	<b>ESTIMATED DATE OF COMPLETION</b>
1.	Release of WorkSource Center Operators RFP	December 10, 2012
2.	Due Date for Receipt of Proposals	February 11, 2013
3.	Review of Proposals	March 11, 2013
4.	Release of Proposed Funding Recommendations	March 26, 2013
5.	Appeals Hearing	April 15, 2013
6.	Presentation of Recommendations to WIB Policy & Oversight Committees and WIB	May 2, 2013
7.	Transmit WIB Approved Recommendations to City Council and Mayor	May 15, 2013
8.	Incorporation of Approved Funding Recommendations into PY 13-14 WIB Annual Plan	May 22, 2013
9.	City Council and Mayor Approval of Recommendations	June 3, 2013
10.	Contract Start Date	July 1, 2013



**COUNTY OF LOS ANGELES  
COMMUNITY AND SENIOR SERVICES**



**Redesigning the WIA System  
“Building on our Successes”**

The WIA system is facing significant challenges. Funding reductions are likely at the federal level. At the State level, there has been an increase in legislative proposals to restrict the use of WIA funds and place a greater emphasis on performance, accountability and cost effectiveness. Given these challenges, it is imperative for the County to ensure the long term sustainability of the WIA system.

On May 17, 2012, the LA County Workforce Investment Board unanimously endorsed the following nine (9) principles to redesign the WIA system in the County to better address state and federal changes in legislation as well as better meet the employment and training needs of jobseekers and businesses:

1. A recognized and valued workforce development system locally, statewide and nationally.
2. Leadership in innovation and regional coordination of workforce development initiatives.
3. Maximizing access to workforce development services.
4. An integrated workforce system that delivers seamless services for youth and adults.
5. A cost-effective workforce development system.
6. A system designed to meet the needs of the business customer and job seekers.
7. Commitment to a performance-driven workforce development system.
8. Training that leads to placement in recognized high growth sectors.
9. Partnership and coordination with all stakeholders to meet federal, state and local requirements.

On October 11, 2012, the WIB Executive Committee asked the Department to present on the need, opportunities and recommendations for a system redesign at its October 26 Strategic Planning Retreat in anticipation of a new procurement cycle. As all the County's WIA contracts are expiring in June 2013 and the entire WIA system is about to be rebid, this presents a unique opportunity to redesign the system in a way that is more responsive to our customers and results in efficiencies.

Community and Senior Services, consistent with the WIB's motion, has held three meetings with WorkSource and Youth Centers to solicit their input, ideas and views, as well as to identify efficiencies and improvements for a redesigned system that would ensure the County's ability to continue to meet current and anticipated State and federal compliance requirements, increase performance, and ensure the sustainability and competitiveness of our WIA delivery system.

## MAJOR TENETS OF WIA REDESIGN

1. Adopt the Integration Model Recommended by the California Workforce Investment Board (CalWIB): In California, and throughout the country, local Workforce Investment Areas have been moving toward integrating WIA and Wagner-Peyser partners and services to better serve their customer pools. In California, many WIBs that have adopted this model have significantly higher enrollments and placements.

The California Workforce Investment Board (CalWIB) adopted recommendations from a study it commissioned in 2010 that endorsed this model for all local areas. Several of the highest performing areas in the State, such as Riverside, San Bernardino and San Diego, have adopted an integrated service delivery model to transform the WIA service delivery system into a comprehensive "One-Stop", whereby all customers who enter the one stop are enrolled for full menu of services offered by EDD and the WorkSource Center.

All customers who enter the WorkSource Centers would be enrolled for services and receive a common set of EDD and WIA services from a single access point. Sharing responsibility for services to customers will result in greater efficiencies and cost-savings. In comparison to the Los Angeles County workforce system, areas that partner with EDD such as Riverside, San Bernardino and San Diego have higher enrollments and placements, as well as lower placement costs.

Currently, 7 of Los Angeles County's 17 WorkSource Centers and 3 satellite centers, are already collocated with EDD staff.

2. Strengthening Services to Older Youth: Serving older youth (ages 17-21) is one of the County's highest priorities since they are the most at-risk population. This population is significantly represented in the County's system involved youth such as probation, foster and CalWORKs. The seven WIBs in the County have adopted a common policy to coordinate and collaborate to serve all AB12 emancipated foster youth. Co-enrollment of these youth in both WIA Youth and Adult programs would provide greater levels of services and support to prepare these youth to enter the labor market with career pathways.

The goal of this tenet is to collocate Youth and Adult funding streams and program services at the same WorkSource Center site, ensuring that youth, as well as adults, can be served at the same location. Youth would be positively impacted because

they would have greater access to seamless services offered by the WIA Youth and Adult funding streams, as well as myriad opportunities and resources provided by partnerships present in our WorkSource Centers. Though the program would be collocated with Adult funding streams, the full array of services specifically targeted for the youth population would continue to be provided. Nine of the WorkSource Centers and Satellite Centers in the County already have this model.

3. **Standardization:** The Workforce Investment Board is very interested in establishing a franchise model for the branding and the delivery of WIA services in the County. This approach would standardize the way all WorkSource Centers are identified and services offered at all County-funded sites. The Department of Labor announced a national branding initiative in May 2011 and encouraged all WIA funded locations to be identified as, or as a partner of *America's Job Centers Network*. While this branding is optional, States are considering ways to implement this branding. The WIB is committed to the County of Los Angeles being more prominently recognized with the Department of Labor for funding WIA programs and services by all funded contracted agencies, as well as employers and jobseekers, and ensuring there is consistency and uniformity in the way WIA services are provided.
4. **Sustainability:** With implementation of SB 734, most WorkSource Centers reported reductions in staff to meet the training requirement. Currently, \$5.6 million or 25% of the funds in Adult and Dislocated Worker are set aside specifically for training. In future years, the County will be required to set aside 30% or roughly \$7.2 million assuming funding levels remain the same. So, funding that used to be available to cover other functions is no longer available. At the same time, due to the new training requirements, many of our WorkSource Centers are challenged with the compliance implications of staffing shortages as well as the requirements to provide business services, case management, job development, etc. Appropriate funding levels are needed to cover the operational needs of a fully functional WorkSource Center. Since funding levels are likely to stay the same or decline, some reduction in the number of WorkSource Centers may need to be considered.
5. **Expand Access to Services:** Technology has changed how individuals and businesses look for jobs and talent, including the use of the internet, social media and remote sites. EDD's new computer system will also provide another access point for WIA resources, including enrollment, on-line training, link to jobs, etc. To increase access to on-line WIA services, the County needs to expand on-line access so services can be accessed from customers' homes, County libraries or County Service Centers.

6. **Collaborate with other County Departments to Explore Ways to Maximize Employment Outcomes for Individuals Served by Multiple Agencies.** Many of the WIBs in the Los Angeles region, as well as the local WIB's WorkSource Centers, have relationships with County Departments in providing employment services. However, the relationships are often forged on an agency-by-agency basis, are not broadly coordinated with other services, limiting maximum outcomes. EDD, as the State's umbrella agency, also serves the same population. There is merit in having EDD, the region's WIBs and County Departments explore how they can work together to share resources to maximize employment outcomes for their shared customers. CSS will be working with all these partners to strengthen the collaborations to maximize employment outcomes for their customers.
  
7. **Leveraging resources and partnerships:** Federal funding for the WIA program is likely to be reduced in future years. Requiring contractors to leverage other funding sources and partnerships to support our employment efforts is critical. This would likely result in contractors that have diversified funding and/or demonstrated ability to successfully compete for state and federal workforce grants, as well as those with well established relationships with mandated and other key workforce development partners. This would also ensure additional resources are contributed to our system, which would allow us to maximize WIA services in the County.
  
8. **Target Training and Employment in High Growth Sectors:** In 2011, the Workforce Investment Board approved seven sectors: construction, transportation and logistics, engineering and green jobs (energy/utilities), healthcare, biotech, hospitality and tourism, and finance. This would entail aligning the County's training and employment strategies with high growth sectors identified by local economic development data.
  
9. **Strengthening Services to Businesses and Employers**  
Training and targeted investments in high growth sectors are intended to strengthen and better align services, as well as increase staff that outreach to businesses and employers to know their current and projected employment needs, training requirements and gaps, if any, and better utilize the public workforce system to support their workforce development and employment needs.