County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

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Second District

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Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

June 23, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

DEPARTMENT OF PUBLIC SOCIAL SERVICES: RECOMMENDATION TO EXPAND SUBSIDIZED EMPLOYMENT BY INCREASING THE CONTRACT AMOUNT TO THE GAIN VOCATIONAL INTERMEDIARY AND DIRECT SERVICES AGREEMENT (ALL DISTRICTS – 3 VOTES)

SUBJECT

The Department of Public Social Services (DPSS) recommends expanding the Transitional Subsidized Employment (TSE) program, which includes Work Study, in order to provide subsidized employment for up to 10,000 participants at least at $10 per hour for up to 12 months. TSE is one of the programs provided under the GAIN Vocational Intermediary and Direct Services Agreement with the City of Hawthorne a.k.a., the South Bay Workforce Investment Board (SBWIB).

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of DPSS to execute an amendment (substantially similar to the attached amendment) to the GAIN Vocational Intermediary and Direct Services Agreement with the City of Hawthorne effective July 1, 2009, or upon the DPSS Director's approval, whichever is later. The amendment increases the Fiscal Year (FY) 2009-10 contract total from $8,151,016 to an estimated $160,968,016, an increase of $152,817,000.

DPSS expects to receive funding under the American Recovery and Investment Act of 2009 (ARRA). An estimated total of $159,117,000 will be funded through the Temporary Assistance to Needy Families (TANF) federal Emergency Contingency Fund (ECF). There is no net County cost (NCC) impact. The approval of County Counsel

and the Chief Executive Officer (CEO) will be obtained prior to execution of the amendment.

Delegate authority to the Director of DPSS to provide the City of Hawthorne an advance payment to cover the City of Hawthorne's operational/administrative costs. The advance payment is estimated at one-twelfth of $159,117,000 or $13.3 million and the County shall fully recoup all advances in the current FY.

Delegate authority to the Director of DPSS, or his designee, to prepare and sign amendments for any cumulative increase of no more than 20 percent of the contract amount when the change is necessitated by additional and necessary services. The approval of County Counsel and the CEO will be obtained prior to execution of the amendment.

Delegate authority to the Director of DPSS to extend the current contract by three months effective July 1, 2010, through September 30, 2010, and increase the maximum contract amount by an estimated $35 million for the three-month period.

Delegate authority to the Director of DPSS to rollover any unspent funds from FY 2009-10 to the three-month extension period (July 1, 2010, through September 30, 2010) in addition to the $35 million. Costs for the three-month extension period will be funded with $288,000 of CalWORKs Single Allocation, the balance of $34.7 million and any rollover will be funded through the ECF. There is no NCC impact. The approval of County Counsel and the CEO will be obtained prior to execution of the amendment. Funding for FY 2010-11 will be included in the Department's budget request.

Delegate authority to the Director of DPSS, to provide the City of Hawthorne an advance payment to cover the City of Hawthorne's operational/administrative costs. The advance payment is estimated at one-third of the $35 million extension cost. The County shall fully recoup all advances before issuing the last payment to the City of Hawthorne for services rendered during the three-month extension period of July 1, 2010 through September 30, 2010.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of the recommended action will allow DPSS, under the TSE program, to place up to 10,000 participants in subsidized employment up to 40 hours per week at least at $10 per hour for up to 12 months. The new enrollments will start in July 2009. September 2010 is the last month in which ECF can be claimed. The enrollment projections for FY 2009-10 are 10,000 for subsidized employment. Funding for this

program is available through September 2010. The County has the option to roll over unspent ECF funds from FY 2009-10 to FY 2010-11.

TSE encompasses paid work experience (PWE) and on-the-job training. On February 27, 2007, the Board expanded TSE to include Work Study in public agencies to enable participants, enrolled in community colleges, to gain a minimum of 20 hours weekly of PWE in a County department or other public agency related to their course of study.

The advantage to keeping the City of Hawthorne in a central role is that they have indicated interest in being the employer of record for all subsidized employment placements, including County departments and for both public and private (for-profit and non-profit) sector slots.

To draw down ECF, statewide subsidized employment expenditures must exceed subsidized employment expenditures compared to the corresponding quarter of the base year; California has selected Federal FY 2007 (October 2006 through September 2007) as the base year. Once the baseline expenditure level has been reached, ECF will provide 80 percent of the cost a County incurs beyond that baseline, and counties must cover the remaining 20 percent.

TSE and Work Study expenditures in FY 2009-10 are estimated at $159.8 million. In order to claim $159.8 million to ECF as 80 percent of total expenditures, the contractor will contribute the additional 20 percent ($39.8 million) as a cash or third-party, in-kind match.

TSE and Work Study expenditures in FY 2010-11 are estimated at $34.7 million. In order to claim $34.7 million to ECF as 80 percent of total expenditures, the contractor will contribute the additional 20 percent ($8.7 million) as a cash or third-party, in-kind match.

The City of Hawthorne currently has sub-contracts with 14 of the 45 WorkSource Centers countywide and has the capacity to enter into subcontracts with all of the WorkSource Centers and other qualified entities who are interested in participating. The City of Hawthorne has the capacity to negotiate and devise a workable plan for qualified entities to provide the matching 20 percent in funding. Based on ECF guidelines, the supervision and training provided by qualified entities will count toward their 20 percent responsibility.

The payroll obligations of the City of Hawthorne as the intermediary contractor will be significant. In the current process, they are paid in arrears based on actual expenses

incurred. This creates a cash flow issue for them as they must front the money. An advance payment is necessary for the effective implementation of expanded subsidized employment under the TSE program.

The County shall recoup the advance payments prior to the end of the contract term by offsetting the advances from the City of Hawthorne's invoices.

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal 1, Operational Effectiveness: Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services and Goal 2, Children, Family, and Adult Well-Being: Enhance economic and social outcomes through integrated, cost-effective and client-centered supportive services.

FISCAL IMPACT/FINANCING

The maximum amount estimated for the amendment of the GAIN Vocational Intermediary and Direct Services Agreement is $152,817,000 in FY 2009-10, and $35 million in FY 2010-11 funded through ECF. This represents 80 percent of the projected costs. ECF will reimburse 80 percent of the cost and the additional 20 percent will be provided by the City of Hawthorne through the participating employers for TSE and the Community Colleges for Work Study. The $152,817,000 is included in the FY 2009-10 Proposed Budget. Funding for future FYs will be included in future budget requests. There is no NCC impact. Currently, DPSS is waiting for the State to provide final confirmation on the funding amount and availability.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel has reviewed this Board letter and has approved the attached amendment as to form.

The amendment will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State, and County regulations.

The California Department of Social Services Purchase of Service Regulations state that contracts may be negotiated without formal advertising for any service rendered by a local government agency, public university, public college, or other public educational institution. On April 26, 2007, the County received State approval to negotiate without a

competitive solicitation the current contract with the City of Hawthorne, a local government agency.

On May 6, 2009, the County received State approval to amend the current contract for additional services, with the conditions that sufficient federal stimulus American Recovery and Reinvestment Act (ARRA) of 2009 provided to the State and that the terms for the use of ARRA funds are satisfactory to the State.

IMPACT ON CURRENT SERVICES

The recommended action will not infringe on the role of the County in relationship to its residents and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board letter to the Director of DPSS.

Respectfully Submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:MS
JB:cvb

Attachment

c: Executive Officer, Board of Supervisors
Acting County Counsel
Deputy Chief Executive Officer
Department of Public Social Services

ATTACHMENT I
TO TECHNICAL EXHIBITS 6.1

PERFORMANCE REQUIREMENTS SUMMARY CHART

REFERENCE	STANDARD	MAXIMUM ALLOWABLE DEGREE OF DEVIATION (AQL)	METHOD OF MONITORING	MONTHLY UPI POINTS FOR EXCEEDING THE AQL
Statement of Work Subsection 5.8.7	Contractor shall ensure that the subcontractors enroll an estimated number of participants in the TSE program for the following components annually: FY 07-08 PWE Tier 1 508 PWE Tier 2 411 Classroom Training 267 Work Study 614 FY 08-09 PWE Tier 1 492 PWE Tier 2 408 Classroom Training 262 Work Study 614 FY 09-10 PWE Tier 1 000 PWE Tier 2 10,000 Classroom Training 000 Work Study 1905	0.0 %	Random Sampling/MMR/ Review of GEARS/Complaints	10 points per each performance measure requirement not met

ATTACHMENT B-1

CONTRACTOR'S BUDGET

CONTRACT BUDGET
Transitional Subsidized Employment

PROJECT NAME: City of Hawthorne-GAIN

CONTRACTOR: City of Hawthorne/SBWIB
CONTRACT PERIOD: 07/01/09-06/30/10

CONTACT PERSON: Sidney D. Smoot
TELEPHONE: 310-970-7796

ADMINISTRATIVE COSTS:

DIRECT COSTS

Salaries & Benefits (See Personnel Schedule)

Case Management/Administrative Staff:	Total Cost
Salaries	$ XXX,XXX.XX
Fringe Benefits	$ XXX,XXX.XX
Personnel Subtotal	**$ XXX,XXX.XX**

OPERATING COSTS (1)	MONTHLY COST	YEARLY COST
Supplies	$XXX.XX	$ X,XXX.XX
Mileage (rate per mile X estimated mileage)	$XXX.XX	$ X,XXX.XX
Postage	$XXX.XX	$ X,XXX.XX
Equipment (other than EDP)		
Printing		
Provider Training		
Rent		
Utilities		
Telephones		
Other (must be itemized)	$X,XXX.XX	$ XX,XXX.XX
Operating Costs-Subtotal	**$X,XXX.XX**	**$ XX,XXX.XX**

INDIRECT COSTS (List all appropriate)
(17.5% of Personnel Salaries. See Personnel Schedule)

Indirect Cost-Subtotal	$X,XXX.XX	$ XX,XXX.XX
Total Administrative Cost		**$ XXX,XXX.XX**

DIRECT SERVICES COSTS:

DIRECT SERVICES TIER 1	**$ X,XXX,XXX.XX**
DIRECT SERVICES TIER 2	**$ X,XXX,XXX.XX**
Grand Total Contract Cost	**$ X,XXX,XXX.XX**

Footnotes:

(1) All Operating costs must be reasonable and prorated by the percentage of uses in serving CalWORKS participants if costs includes other program cost.

(2) DPSS prior approval is required for purchases of any Information Technology (IT) equipment. Attach EDP Equipment Schedule.

Contract Budget
Operating Costs
07/01/09-06/30/10

Line Item: Other

	Monthly	Yearly
Check Processing* (Paid WEX)	$X,XXX.XX	$XX,XXX.XX
Bank Charges at $XXX per month	$XXX.XX	$ X,XXX.XX
Totals:	$X,XXX.XX	$XX,XXX.XX

*Based upon XXX participants receiving 10 checks at $4.00 a check.

PERSONNEL SCHEDULE

CONTRACTOR: City of Hawthorne
CONTRACT PERIOD: 07/01/09-06/30/10

CONTACT PERSON: Sydney Smoot
TELEPHONE NUMBER: 310-970-7700

PERSONNEL SALARIES (1)	POSITION CLASSIFICATION	NO OF POSITIONS	MONTHLY SALARIES	% TIME ALLOCATION	TOTAL MONTHLY COST	TOTAL ANNUAL COST	TERM OF BUDGET		TOTAL COST
				Sub Total Salaries:	$	$			$
EMPLOYEE BENEFITS BY CLASSIFICATION								(4)	Total
Health Plan (2)									
Dental Plan									
Retirement									
SUI									
Social Security									
Worker's Compensation									
Long Term Disability									
Holidays									
Sick Leave									
Vacation									
Other (Medicare/Unemployment)									
Life Insurance									
Fringe Benefits per Classification									
Fringe Benefit Subtotal									
Total Number of Positions by Classification									
Sub Total Fringe Benefits (3):			$	$	$	$	$		$

Footnotes:

(1) Contractors must be in compliance with the County's Living Wage Ordinance.
(2) Indicate if Cafeteria Plan
(3) Fringe Benefits Subtotal per Classification X number of position
(4) Change the column heading to the name of the position and provide benefit information for that position

Transitional Subsidized Employment Projections (XXX pts)

PROJECT NAME: City of Hawthorne

CONTRACTOR: City of Hawthorne/SBWIB
CONTRACT PERIOD: 7/01/09-6/30/10

CONTACT PERSON: Sidney D. Smoot
TELEPHONE: 310-970-7796

LIST TYPES OF SERVICE	ESTIMATED CASELOAD	COST PER CASE	TOTAL COST
1 Classroom Training	XXXX	$ XXXX.00 (1)	$XXX,XXX.00
2 Paid Work Experience (PWE)-On-the-Job Training (OJT)	XXXX	$ XXXX.00 (2)	$XXX,XXX.00
3 Classroom Training-General GAIN Pop.	XXXX	$ XXXX.00	$XXX,XXX.00
4 Paid Work Experience –On-the-Job Trainin (OJT) General GAIN Pop	XXXX	$ XXXX.00	$XXX,XXX.00
5 Paid Work Experience-Homeless	XXXX	$ XXXX.00	$XXX,XXX.00
Paid Work Experience-LEP	XXXX	$ XXXX.00	$XXX,XXX.00
6 Paid Work Experience-SSS	XXXX	$ XXXX.00	$XXX,XXX.00
7 One Stop Assessment, Job Development, and Case Management Services	XXXX	$ XXXX.00 (3)	$X,XXX,XXX.00
Total Number Served:	XXXX		
Support Services			$ X,XXX.00
		Direct Services Total:	**$X,XXX,XXX.00**

(1) Maximum allowable tuition payable to SBWIB/I-TRAIN contracted classroom training providers per participant.
(2) Includes salary paid to participants [$X.00 per hour for XXX hours] and employer tax costs [FICA & Medicare @ 7.65% and WC at a flat rate of $75.50 per participant.
(3) Worksource Center/One Stop fee for participants enrolled into any component (Classroom Training, PAID WEX, or OJT) under this tier.

AMENDMENT NUMBER ONE
TO THE GAIN VOCATIONAL INTERMEDIARY AND DIRECT SERVICES AGREEMENT

Reference is being made to the document entitled *"GAIN Vocational Intermediary and Direct Services Agreement by and between County of Los Angeles and City of Hawthorne,"* dated July 1, 2007 and further identified as County Contract #COH07001, Change Notice Number One, dated February 19, 2008, herein referred to as *"Agreement."*

Effective upon the signature of the Director of the Department of Public Social Services, the Agreement is amended as follows:

1. **Section II, TERM OF AGREEMENT, Subsection 1.0 is revised as follows:**

   1.0 The term of the Agreement will commence effective July 1, 2007, whichever is later, and shall expire on September 30, 2010.

2. **Section IV, MAXIMUM AGREEMENT AMOUNT, Subsections 1.0 and Paragraph 1.3 are revised as follow:**

   1.0 The total maximum amount for this Agreement is $218,283,082 for the three-year period, conditioned upon the availability of funding. The maximum Agreement amount for each fiscal year shall be as follows:

   1.1 Fiscal Year 2007-08 $8,038,795

   1.1.1 Transitional Subsidized Employment (TSE) is $6 million for FY 2007-08 which is included in the total amount in 1.1 referenced above.

   1.1.2 Work Study is $1 million for FY 2007-08 which is included in the total amount in 1.1 referenced above.

   1.1.3 GAIN Vocational Services is $1,038,795 for FY 2007-08 which is included in the total amount in 1.1 referenced above.

   1.2 Fiscal Year 2008-09 $8,093,271

   1.2.1 Transitional Subsidized Employment is $6 million for FY 2008-09 which is included in the total amount in 1.2 referenced above.

   1.2.2 Work Study is $1 million for FY 2008-09 which is included in the total amount in 1.2 referenced above.

   1.2.3 GAIN Vocational Services is $1,093,271 for FY 2008-09 included in the total amount in 1.2 referenced above.

1.3 Fiscal Year 2009-10 $167,151,016

1.3.1 Transitional Subsidized Employment (TSE) is $165 million for FY 2009-10 which is included in the total amount in 1.3 referenced above.

1.3.2 Work Study is $1 million for FY 2009-10 which is included in the total in 1.3 referenced above.

1.3.3 GAIN Vocational Services is $1,151,016 for FY 2009-10 which is included in the total amount in 1.3 referenced above.

1.4 Fiscal Year 2010-11 $35,000,000

1.4.1 Transitional Subsidized Employment (TSE) is $35 million for FY 2010-11 which is included in the total amount in 1.4 referenced above.

COUNTY shall not be liable in any event for payment in excess of this maximum amount.

CONTRACTOR shall not exceed each year's annual budgeted amount and shall not roll-over unspent money to the following fiscal year.

Funds for Transitional Subsidized Employment in FY 2009-10 and FY 2010-11 are contingent upon the availability of Emergency Contingency Funds.

3. Section VI, INVOICES AND PAYMENTS, Subsection 15 has been added as follows:

15.0 Advance Payment Request and Adjustments For Previously Advanced Funds

15.1 Emergency Contingency Funds may be advanced to CONTRACTOR during the first ten business days of FY 2009-10. Advance funds will cover payroll obligations that are expected to be substantial during the implementation of expanded subsidized employment under the Transitional Subsidized Employment Program.

15.1.1 CONTRACTOR may request advanced funds equaling no more than one month of services and not to exceed one twelfth of the estimated annual contract amount. CONTRACTOR may request advanced funds at the start of FY 2009-10, but advances must be repaid to COUNTY prior to the end of the advance payment's Fiscal Year, as described in Sub-paragraph 15.1.2, hereunder, and cannot require COUNTY to commit funds beyond the current term of

the Agreement. In addition, advances must be repaid to COUNTY prior to the end of the current contract term.

15.1.2 Adjustments for previously advanced funds shall begin three months prior to the year-ending, from the invoice received in April, May and June regardless of the accrual month. COUNTY reserves the right to delay the payments of the billings received in May to ensure advances are fully recouped. All advances must be fully reconciled by June 30, 2010. In the event that the invoices received in the last three months of the fiscal year are not sufficient to recoup the advanced funds, the CONTRACTOR shall pay the difference to the COUNTY by June 25, 2010.

CONTRACTOR shall comply with all applicable State and County regulations in regards to interest earned on advances. This may include maintaining separate bank accounts for cash advances and returning to the COUNTY any interest earned on the advances.

3. Attachment A, STATEMENT OF WORK, Subsection 5.5 Reporting Tasks and Subsection 5.8. Performance Measures, Paragraph 5.87 are revised as follows:

5.5 <u>Reporting Tasks</u>

The CONTRACTOR shall make reports as may be required by the COUNTY concerning its activities as they affect the duties and purposes contained herein.

5.5.1 CONTRACTOR shall prepare and submit Monthly Management Reports (MMR), as provided in Statement of Work Technical Exhibit 6.2, hereunder. The MMR format shall be developed by CONTRACTOR upon beginning of the Agreement. The MMR format is subject to COUNTY pre-approval. The MMR shall be submitted to the CCA with CONTRACTOR's monthly invoice by the last day of each month for the prior month's services. The MMR shall include the immediate prior month's services. If any other month's services, other than the previous month services, are reported in the MMR, CONTRACTOR shall attach a detailed explanation for the late report and the planned corrective action.

4. **Attachment A, STATEMENT OF WORK, Subsection 5.8 Reporting Tasks, Paragraph 5.87 is revised as follows:**

5.8 Performance Measures

5.8.7 Enrolls and estimated number of participants for the following service categories annually:

	FY 07-08	FY 08-09	FY 09-10	FY 10-11
PWE Tier 1	508	492	000	000
PWE Tier 2	411	408	10,000	000
Classroom Training	267	262	000	000
Work Study	614	614	1905	000

5. **Attachment A, STATEMENT OF WORK, Section 6.0 Technical Exhibits, Subsection 6.1.2 Performance Requirements Summary Chart - Attachment I, Reference: Statement of Work Subsections 5.8.7 is revised and added hereunder.**

6. **Attachment B, CONTRACTOR'S BUDGET, for Transitional Subsidized Employment for Contract Period 07/01/09 to 6/30/10 to is replaced in its entirety by Attachment B-1 and added hereunder.**

All other terms and conditions of the Contract remain in full force and effect.

The Director of the Department of Public Social Services and CONTRACTOR, through its authorizing officer, has caused this Amendment Number One to be executed on the _____ day of _____, 2009. The person(s) signing on behalf of CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind CONTRACTOR and that he or she holds the stated position noted below.

COUNTY OF LOS ANGELES

By _____
Philip L. Browning, Director
Department of Public Social Services

CITY OF HAWTHORNE

By _____
Jag Pathirana, City Manager

APPROVED AS TO FORM:

By _____
XXXX, Attorney at Law

APPROVED

By_____
Russell Miyahira, Acting City Attorney

APPROVED AS TO FORM:
ROBERT KALUNIAN, ACTING COUNTY COUNSEL

By _____
Janice Kasai, Deputy County Counsel