



CITY OF DURHAM
Office of Economic & Workforce Development
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Date: May 17, 2011

To: Thomas J. Bonfield, City Manager

Through: Keith Chadwell, Deputy City Manager

From: Kevin Dick, Director, Office of Economic and Workforce Development
Nicholas McCoy, Senior Workforce Development Manager

Subject: Contract Amendment with General Management Solutions, Inc. to provide Workforce Investment Act On-the-Job Training services for Adults and Laid-Off Workers

Executive Summary

This memorandum outlines a recommendation to amend to the contract between the City of Durham and General Management Solutions, Inc. (GMSI) by increasing the amount of the contract by \$90,000.00 to provide On-the-Job Training (OJT) subsidies for (up to) an additional 36 Workforce Investment Act (WIA) Adult and/or Laid-Off Worker participants who have been specifically identified as being chronically unemployed (longer than 19 weeks), WIA participants who have graduated from a JobsNow program, or to support the 3000 state employees who will be affected by the reduction in force notices and/or terminated from their positions by June 30, 2011. This contract amendment with GMSI will increase the amount of the original contract from \$825,000.00 to \$915,000.00 in order to provide a greater level of OJT services under the existing contract.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to execute the amendment to the WIA contract with GMSI to provide OJT subsidies for (up to) an additional 36 participants of the WIA Adult or Laid-Off Worker programs by increasing the amount of the existing contract by \$90,000.00 for a total contract amount not to exceed \$915,000.00.

Background

OEWD receives Notices of Fund Availability (NFAs) from the North Carolina Department of Commerce, Division of Workforce Development (DWD) periodically during the year as additional funding becomes available or when special funding is awarded. Funds received are added to the City of Durham Employment and Training grant project ordinances to provide workforce development services to Durham residents and businesses.

Issues & Analysis

In March 2011, OEWD received a NFA from the NC Division of Workforce Development that the Durham Local area was awarded a grant in the amount of \$200,000 (in 2 allotments of \$100,000) in OJT funds that were awarded to the DWDB to provide on-the-job training subsidies to help offset costs for Durham businesses to hire long-term unemployed participants of the WIA Adult and Dislocated Worker program,

graduates of local Tech school Jobs Now programs, or to support the 3000 state employees who will be affected by the reduction in force notices and/or terminated from their positions by June 30, 2011.

At their April 19, 2011 meeting the Durham City Council approved receipt of the first allotment of \$100,000.00 to begin implementing this program in May 2011. If the Durham area is successful in spending down this initial allotment in the next 3-4 months, the state anticipates awarding the 2nd allotment of \$100,000.00. The total \$200,000.00 grant must be expended by December 31, 2011.

Services and performance outcomes that occur based upon OJT funded activities will be tracked separately from the 545 WIA participants receiving employment and training services under the existing contract that is scheduled to end on September 30, 2011.

Additional Service Delivery

The DWDB at their July 29, 2010 meeting awarded a contract to GMSI in the amount of \$825,000.00 to operate the WIA Adult and Dislocated Worker program from October 1, 2010 to September 30, 2011. GMSI will integrate these new OJT funds into the existing program service delivery model. The full range of services funded under this contract/ contract amendment include:

- Case Management
- Intake
- Referrals to other program providers
- Recruitment
- Employment Services that include mock interviews, job referrals and job leads
- Employment workshops for job seekers
- Occupational Skill Training Assistance
- Subsidized “On-the-Job Training” and/or “Work Experience”

Alternatives

The City Council could elect not to amend the existing contract with GMSI and/or not add the additional \$90,000 in OJT funds to GMSI’s contract. Not adding the \$90,000 OJT dollars to GMSI’s contract could result in either 1) staff initiating all OJT contracts directly and awarding these contracts between the City of Durham and prospective employers, or 2) would require the release of a RFP (with a minimum of 30 days advertisement) to identify another contractor to implement this program. Both alternatives could result in a delay in the provision of services and could have a negative impact on the Board receiving the 2nd allotment of \$100,000 in OJT funds from DWD within the next 3-4 months.

The City Council could also elect to reduce the amount of OJT dollars added to GMSI’s contract, which could result in fewer OJT services provided to WIA eligible participants or less individuals receiving services under this contract from October 1, 2010 – September 30, 2011.

Financial Impact

This Amendment to the Workforce Investment Act Contract with GMSI to provide OJT subsidies would increase the amount of the existing contract by \$90,000.00 for a total contract amount not to exceed \$915,000.00. Funds for this contract will have no impact on the City of Durham General Fund. Funds for this contract are paid with WIA Adult and Dislocated Worker dollars and WIA Special Allocations for On-the-Job Training activities that are received by OEWD from the United States Department of Labor through the North Carolina Department of Commerce Division on Workforce Development to the City and the Durham Workforce Development Board.

SBDE Summary

An SBDE summary is inapplicable because no project-specific goals have been set and no SBDE’s are involved in this item.