



Date: May 21, 2012

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
Office of Economic and Workforce Development

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 \$190,000.00 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 state employees who have been affected by the reduction in force notices and/or terminated from their positions as of June 30, 2011. This contract amendment with GMSI will increase the amount of the original contract from \$1,730,227.00 to \$1,920,227.00 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 \$190,000.00 for a total contract amount not to exceed \$1,920,227.00. OEWD further recommends that City Council authorize the City Manager to modify the contract provided that the modifications do not increase the dollar amount and the modifications are consistent with the general intent of the contract.

Background

OEWD receives Notices of Fund Availability (NFAs) from the North Carolina Department of Commerce, Division of Workforce Solutions (DWS) 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.

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 state employees who were affected by the reduction in force notices and/or terminated from their positions as of June 30, 2011.

At the 10/03/11 City Council meeting, the Durham City Council approved a 2nd contract amendment with GMSI to provide Adult, Dislocated Worker and OJT services from 10/1/11-9/30/12. As of March 2012, GMSI has successfully implemented the OJT component of this program and has effectively placed more than 30 participants in OJT contracts by expending the full allotment of the OJT grant funds.

Some of the highlights from this first round of OJT grant funding include:

- 30+ WIA Clients received OJT Placement with salaries ranging from \$12.12 - \$39.90 per hour
- \$183,188 in OJT contracts obligated
- As of March 2012, OJT subsidies have led to \$838,489 gross salaries for Durham County (Median salary - \$33,500 or \$16.11/hr)

Issues and Analysis

In March 2012, OEWD submitted a 2nd application to the NC Division of Workforce Solutions for an OJT grant in the amount of \$200,000 to provide additional 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. In late March 2012, OEWD received a NFA from the NC Division of Workforce Solutions that the Durham Local area was awarded a 2nd full grant award in the amount of \$200,000.

In light of the fact that GMSI has the immediate ability to continue facilitating and placing WIA participants in OJT contracts within high-level positions, the DWDB Executive Committee approved the recommendation that \$190,000 of the new OJT allotment be added to GMSI's existing contract to provide additional OJT services to WIA participants.

Funding Considerations

- . The Durham Workforce Development Board is recommending that \$190,000.00 in new OJT grant funds be added to the existing contract with GMSI to provide additional OJT services for up to 36 WIA eligible clients between October 1, 2011-September 30, 2012.
- . The program anticipates promoting an aggressive marketing campaign to continue developing and pursuing OJT contracts with local businesses (if awarded) as part of the overall service delivery strategy of the WIA program.

Additional Service Delivery

The current contract with GMSI is for \$1,730,227.00 and expires September 30, 2012. This contract resulted from the RFP that was released in May 2010 and awarded to GMSI in July 2010 (amended May 2011) and renewed in October 2011 (note: the contract with GMSI is renewable annually per the RFP and DWDB approval for up to two additional years based on performance and funding availability).

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”

Services and performance outcomes that occur based upon OJT funded activities will be tracked separately from the 483 WIA participants receiving employment and training services under the existing contract that is scheduled to end on September 30, 2012.

Alternatives

The City Council could elect not to amend the existing contract with GMSI and/or not add the additional \$190,000 in OJT funds to GMSI’s contract. Not adding the \$190,000 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.

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, 2011 – September 30, 2012.

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 \$190,000.00 for a total contract amount not to exceed \$1,920,227.00. 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 Solutions to the City and the Durham Workforce Development Board.

SDBE Summary

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

Attachments

Contract with General Management Solutions, Inc. to provide Workforce Investment Act On-the-Job Training services for Adults and Laid-Off Workers, 14 pages.