



Date: January 13, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director, Office of Economic and Workforce Development
Subject: Reduction of funds and scope of service found within the Fifth Amendment to Workforce Investment Act Contract Between the City of Durham and General Management Solutions, Inc. (GMSI) of Virginia Beach, VA.

Executive Summary

The purpose of this item is to recommend a reduction of the contract amount in the agreement between the City of Durham and General Management Solutions, Inc. (GMSI) from October 1, 2013 through June 30, 2014 by an amount not to exceed \$166,388.76 for the purpose of awarding these On-the-Job Training funds to Educational Data Systems, Inc. (EDSI). This item will also reduce the scope of services with the purpose of applying the reduced scope of services to a contract with Educational Data Services, Inc. (EDSI).

Recommendation

The Office of Economic and Workforce Development staff recommends that City Council authorize the City Manager to reduce the Workforce Investment Act Contract between the City of Durham and General Management Solutions, Inc. by \$166,388.76 for a total contract not to exceed \$2,989,838.24 and reduce the deliverables contained within the Statement of work for the purpose of awarding these reductions in budget and scope of service to Educational Data Systems, Inc. (EDSI)

Background

Due to the Request for Proposals (RFP) process outlined below, and the recommendation to contract with EDSI at the Durham Workforce Development Board meeting held on December 13, 2013, General Management Solutions, Inc. does not have the staff capacity to provide On-the-Job Training services. GMSI has elected to decrease staff and programmatic capacity and therefore cannot administer the program.

The following RFP summary is provided due to the fact that it created the reduction of staff capacity for GMSI and that OEWD is recommending the reduction for the purpose of awarding the funds to EDSI based on the RFP result.

As a result of the Request for Proposals (RFP) that closed on October 14, 2013, the Durham Workforce Development Board (DWDB) received five responses to the Adult and Dislocated Worker RFP. The respondents to the Adult and Dislocated Worker RFP included: ManpowerGroup, Educational Data Systems, Inc., General Management Solutions, Inc., Ross Innovative Employment Solutions, and Business Interface, LLC. Notice of this RFP was made through advertisements in the Durham Herald Sun, Que Pasa, Triangle Tribune,

The Carolina Times, and The News and Observer. The RFP was also announced via the City of Durham Purchasing Department's *Current Bid Opportunities* and the Office of Economic and Workforce Development's website. The Adult and Dislocated Worker RFP task force allowed for potential responders to ask questions and receive answers through the bidder's conference held on September 11, 2013 at the OEWD office. Additional questions from bidders were accepted until September 23, 2013, and responses were provided electronically and posted to the OEWD website.

Issues and Analysis

With the recommendation to contract with EDSI made at the Durham Workforce Development Board meeting on December 13, 2013, GMSI's capacity was diminished by the loss of a staff member serving the On-the-Job Training Program. OEWD was notified of this reduction in staff on January 10, 2014.

The On-the-Job training funds are provided for a time period that ends in on June 30, 2014. Funds that are not spent by this date must be returned to the State of North Carolina Department of Commerce. In order to not delay the timeline for this program or impact the quality of service, and the need to be fully spent by June 30, 2014, OEWD is recommending to reduce the budget and scope of service for the Contract Between the City of Durham and General Management Solutions, Inc., of Virginia Beach, VA.

Based on the time period, the deadline of June 30, 2014 that OJT funds must be fully spent, and the lack of current programmatic and staffing capacity for GMSI to produce the desired results, OEWD recommends reducing the Scope of Work found in the Contract between the City of Durham and General Management Solutions, Inc., found in Attachment A-1 of the Fifth Amendment.

This will amend the "Statement of Work"

- Change the OJT award amount from \$190,000 to \$23,611.24
- Delete the deliverable "*Contractor shall serve between 25-50 individuals (depending on the amount of each subsidy that is contingent with the size of the company);*

This will amend the Budget under Attachment B-1 as follows:

• Program Costs	Line Item Totals	DW Services
Staff Salaries	\$ 11,315.00	\$ 11,315.00
Staff Fringe Benefits	\$ 2,942.00	\$ 2,942.00
OJT Federal	\$ 0	\$ 0
Subtotal Training/Support Costs	\$ 14,257	\$ 14,257
Total Project Costs	Line Item Totals	DW Services
Total Program Costs	\$ 14,257	\$ 14,257

Profit @ 8%	\$	9,354	\$	9,354
Total Program Costs**	\$	23,611.24	\$	23,611.24

These changes will allow the remaining \$166,388.76 to be added to a contract between the City of Durham and Educational Data Services, Inc.

Alternatives

The City Council could elect not to reduce the contract with GMSI leaving the City without proper staffing for the Career Center’s program services and forcing OEWD to utilize the decreasing capacity of GMSI’s existing staff which could result in fewer services provided to WIA eligible dislocated workers and/or result in less individuals being served from January 21, 2014 – June 30, 2014.

The City Council could elect to reduce the GMSI contract by an amount less than the \$166,381.75 recommended by OEWD leaving GMSI without the proper staff capacity to spend the funds and the Durham Career Center understaffed, which could result in fewer services provided to WIA eligible dislocated workers and/or result in less individuals being served from January 21, 2014 – June 30, 2014.

Financial Impact

The maximum contract amount in the contract between the City of Durham and General Management Solutions, Inc. would be decreased from \$3,156,227 to \$2,989,838.24. Funds for this contract have no impact on the City of Durham General Fund. Funds for this contract are paid with WIA Dislocated Worker dollars that are received by OEWD from the United States Department of Labor through the North Carolina Department of Commerce *Division of Workforce Solutions* to the City and the DWDB.

SDBE Summary

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

Attachments

Sixth Amendment between the Workforce Investment Act Contract between the City of Durham and General Management Systems, Inc., (GMSI) of Virginia Beach, VA.