



**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:** Contract between the City of Durham and Educational Data Systems, Inc. to provide Workforce Investment Act (WIA) Dislocated Worker services

### **Executive Summary**

The purpose of this item is to recommend a contract between the City of Durham and Educational Data Systems, Inc. (EDSI) from January 21, 2014 through June 30, 2014 in an amount not to exceed \$366,388 for the purposes of:

- providing Workforce Investment Act (WIA) Dislocated Worker services for 60-85 WIA eligible dislocated workers including the Work Experience services for 35-50 dislocated workers from within the North Carolina Institute of Minority Economic Development (NCIMED) pilot telecommunications and energy training program (EDSI will sub-contract to NCIMED as employer of record for the Work Experience (WEX) opportunities within the pilot telecommunications and energy training program);
- and the provision of 20 – 25 On the Job Training grants to businesses that train and hire Durham residents that are enrolled in the Workforce Investment Act program.

### **Recommendation**

The Office of Economic and Workforce Development staff recommends that City Council authorize the City Manager to execute a sole source contract with Educational Data Systems, Inc. (EDSI), in order to provide additional Dislocated Worker (DW) services, On-the-Job Training (OJT) and Work Experience (WEX) training services for a total contract amount not to exceed \$366,388 from January 21, 2014 through June 30, 2014.

The need for a sole source contract is brought on by the recent recommendation from the Durham Workforce Development Board to contract with EDSI. This recommendation caused General Management Solutions, Inc. (GMSI – the existing provider) to not enter into the Sixth Amendment with the City of Durham GMSI. In addition GMSI has elected to decrease the programmatic and On-The-Job Training (OJT) staffing capacity to provide dislocated worker services. Hence, OEWD is recommending that these funds be put into the contract of the incoming provider (EDSI) to perform the same services.

Based on the North Carolina Department of Commerce, Division of Workforce Solutions, Local Area Issuance No. 2009-10, Section C. 2, “the use of sole sourcing for emergency situations should be infrequent and for limited time periods (i.e., reflecting the emergency)”. This language is consistent with Section E.3. of the Finance Policy 505, whereas the City

Manager may waive the advertising provisions delineated under this policy, if determined to “be in the best interest of the City”.

## **Background**

On December 2, 2013, the Durham City Council approved a Sixth Amendment to the contract between the City of Durham and General Management Solutions, Inc. After the 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. has asserted to OEWD that it can no longer maintain staff capacity in order to implement the Sixth Contract Amendment. Therefore, GMSI did not sign the Sixth Amendment. In addition, GMSI has elected to decrease OJT staff and programmatic capacity and therefore cannot administer the program. Due to the fact that the Durham Workforce Development Board has made a recommendation of EDSI for the provision of Adult and Dislocated Worker Services, OEWD staff recommends contracting with Educational Data Systems to provide a short term emergency contract for the Dislocated Worker Contingency Fund services and On-the-Job Training ahead of the anticipated April 1 Contract for which the RFP was released.

Due to the reduction of \$191,076.00 from the Durham Workforce Development Board’s formula allocation for the period of July 1, 2013 – June 30, 2015, , the Durham Workforce Development Board applied for and received on October 10, 2013, Dislocated Worker Contingency Funds, and received On-the-Job Training funds on July 15, 2013, for the purpose of providing additional short-term occupational skills trainings. These On the Job Training funds had originally been awarded to General Management Solutions, Inc. in the Fifth Amendment of the existing contract.

In addition, the NC Department of Commerce Division of Workforce Solutions awarded a one-year Telecommunications and Energy Jobs Training Pilot Demonstration grant to the Durham Workforce Development Board. The City of Durham contracted with NCIMED to serve as the grant’s sub-recipient/project manager. NCIMED will facilitate services to 50 adult and dislocated workers who reside in Durham. Of the 50 participants that will be served, 30 will receive training in the Broadband Telecommunications sector; 10 will receive training for the Commercial Driver’s License Class A for Duke Energy linesman positions; and 10 will receive specialized training in various other positions at Duke Energy. The training for the linesman ends on December 10, 2013, but Duke Energy only recruits for these positions twice per year (August and April). The recruitment timeframe creates a 4 month gap where participants could receive experience making them more marketable in the field.

The WEX opportunity will provide essential work training/experience for the eligible dislocated worker participants at industry-based employers. Given the fact that most participants are unemployed and others have expired/expiring UI benefits, the majority have little to no sources of income. The WEX program will serve in a dual capacity by providing some means of income and by allowing the participants to receive hands-on training in the telecommunications and/or energy sectors.

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.

Based on a history of delivering quality performance in the Capital Area (Wake and Johnston Counties) see table 1 below and the following additional points, EDSI was recommended as the service provider for Adult and Dislocated Worker Services.

Table 1. Local Area Performance Capital Area

FY 12 Capital Area Workforce Development Board Local Area Performance	Total Participates Served	Adults	781
		Dislocated Workers	904
	Total Exiters	Adult	380
		Dislocated Workers	441
Reported Information		Performance Goal	Actual Performance
Entered Employment	Adults	256	304
	Dislocated Workers	357	392
Retention Rates	Adult	354	323
	Dislocated Workers	348	344
Average Earnings	Adult	\$10,587.20	\$12,842.90
	Dislocated Workers	\$19,460.70	\$17,078.10

- EDSI has the ability to customize services to our needs
- EDSI has resources that may assist the Durham area
- EDSI has included creative and innovative ideas with the Hire One and HEROES program
- Would hire an instructor that would enhance the product box of Integrated Service Delivery (ISD)
- Performance in Wake County met expectations
- Stated that their goals would be 5% higher than the State Performance Measures

- Exceeded the goals in Wake County for On-The-Job Training (OJT) Executed 102 OJT contracts average wage of \$20.84
- ISO- 9000 Certified
- Initiated a program in Wake County that increased foot traffic by 200% in the Career Center

### **Issues and Analysis**

With the recommendation to contract with EDSI made at the Durham Workforce Development Board meeting on December 13, 2013, GMSI determined that they would not have the ability to provide the Dislocated Worker Contingency services outlined in the Sixth Amendment. GMSI's capacity was further diminished with the loss of a staff member serving the On-the-Job Training Program.

The Dislocated Worker Contingency funds and 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. OEWD has planned to utilize the funds to provide On-the-Job Training experiences for Dislocated Workers, and with the Pilot Telecommunications Training program being implemented by the North Carolina Institute for Minority Economic Development. The NCIMED program will utilize the Dislocated Worker Contingency funds to provide Work Experience (WEX) opportunities for program participants that are eligible as Dislocated Workers. In order to not delay the timeline for these programs or the quality of service, and due to the service dates of the funds and the need to be fully spent by June 30, 2014, OEWD is recommending a sole source contract due to the emergency need presented by the new circumstances.

### **Alternatives**

The City Council could elect not to sole source contract with EDSI leaving the City without a provider of the services outlined in the dislocated worker program, and forcing the City to advertise for proposals or directly manage the program until a new provider is identified. This would require the Office of Economic and Workforce Development to directly manage the program which is inconsistent with the language in the federal Workforce Investment Act that states that WIA services should be provided under contract or voucher.

The City Council could also elect to reduce the amount of the proposed contract with EDSI 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**

EDSI would be approved for payments of up to \$366,388. Funds for this contract will 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**

**SDBE REQUIREMENTS**

January 14, 2014

**Memo To:** Kevin Dick, Director  
Office of Economic and Workforce Development

**From:** Deborah Giles, Director  
Department of Equal Opportunity/Equity Assurance

**Subject:** Compliance Report – WIA Adult/Dislocated Worker Services  
Program Year - 2014

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by Educational Data Systems, Inc. (EDSI) of Dearborn, MI and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

**SDBE REQUIREMENTS**

No M/SDBE or W/SDBE goals were set.

**WORKFORCE STATISTICS**

Workforce statistics for Educational Data Systems, Inc. (EDSI) are as follows:

Total Workforce	361	
Total Females	247	(68%)
Total Males	114	(32%)
Black Males	26	(7%)
White Males	77	(21%)
Other Males	11	(3%)
Black Females	115	(32%)
White Females	101	(28%)
Other Females	31	(9%)

Cc: Jason Wimmer

**Attachments**

Workforce Investment Act Contract between the City of Durham and Educational Data Systems, Inc. (EDSI) of Dearborn, MI.