

CITY OF OAKLAND

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OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, DEWD

SUBJECT: Contract Extension and
Agreements with West Oakland
Job Resource Center, Inc.

DATE: November 13, 2017

City Administrator Approval

Date:

12/14/17

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To: 1) Waive The Advertising, Competitive Bid, And Request For Proposals/Qualifications Process; 2) Amend The Contract With Urban Strategies Council To Act As The Fiscal Agent For The West Oakland Job Resource Center To Increase The Contract Amount From \$240,782 To \$260,065 (Previously Amended By Resolution Nos. 85251 C.M.S., 85661 C.M.S., 86240 C.M.S., And 86760 C.M.S.) And To Extend The Termination Date To June 30, 2018. And 3) ~~And A Grant Agreement For An Amount Not To Exceed \$117,852 For The Period From January 1, 2018 Through June 30, 2018.~~

EXECUTIVE SUMMARY

The West Oakland Job Resource Center (WOJRC) is a project of the City of Oakland developed in partnership with community organizations, employers, and labor unions. The concept of a WOJRC was developed as part of the community benefits for the Oakland Army Base (OAB) redevelopment project. To enhance and expedite its development, the City entered into a services agreement for fiscal agency and other services with the Urban Strategies Council (USC) in 2014. The current contract with USC is scheduled to end on December 31, 2017. ~~In accordance with the established agreements and prior Resolutions approved by the City Council and its committees, City of Oakland and WOJRC staff have been working to establish a City-sponsored 501(c)(3) non-profit corporation to operate the WOJRC and requested that the existing contract with USC be extended until December 31, 2017. With this date approaching, staff from the City and the WOJRC have completed nearly all administrative and legal processes associated with forming and securing tax-exempt status for West Oakland Job Resource Center, Inc. (WOJRC Corporation), including filing required paperwork with the Internal Revenue Service (IRS) and California Secretary of State. At the time of this report, the WOJRC Corporation is still awaiting a determination letter from the IRS to confirm its 501(c)(3) nonprofit status and therefore anticipates it may continue to need fiscal agency, fiscal sponsorship and other administrative support from USC until as late as the end of Fiscal Year 2017-2018.~~

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BACKGROUND / LEGISLATIVE HISTORY

The WOJRC was conceived during the multi-year community benefits development process and involved dozens of community stakeholders, organized labor, employers and City staff, resulting in the Army Base Community Jobs Policies. The work of the WOJRC is framed by the Army Base Project Labor Agreement (PLA) and the Community Jobs Policies, both of which are embedded in the Army Base Lease Disposition and Development Agreements (LDDA). These Community Jobs Policies established the region's highest local and disadvantaged hiring goals as well as national precedent-setting job quality standards. Through a binding Cooperation Agreement between the City, organized labor, and community stakeholders, the City took the lead in creating the WOJRC to support contractors and employers in meeting the OAB project's local hiring requirement. To ensure accountability and adherence to local hiring and other related policies, the City of Oakland and its community partners established a Community Jobs Oversight Commission comprised of stakeholders from community-based organizations, employers, unions, and the public sector. The Commission meets monthly to review project performance towards policy goals and ensure accountability for results to the community.

To provide a funding stream to support the operations of the WOJRC, in April 2013 the Oakland City Council approved the use of revenue from new billboards that were approved along with the OAB Lease Disposition and Development Agreement (LDDA) (Resolution No. 84312 C.M.S). In January 2014, the City conducted a Request for Bids process and selected the USC as the Fiscal Agent and Employer of Record for the WOJRC. The original contract was for \$24,991 for fiscal agency fees and indirect costs. Council has since approved Resolution No. 84994 C.M.S to increase the contract to \$50,000 and extend it to November 20, 2014 (based on funding available at that time), Resolution No. 85251 C.M.S. to increase the contract amount to \$105,000 and extend the contract termination date to June 30, 2015, Resolution No. 85661 C.M.S. to increase the contract amount to \$155,000 and extend the contract termination date to June 30, 2016 and Resolution No. 86240 C.M.S. to increase the contract amount from \$155,000 to \$212,936 and extend the termination date to June 30, 2017. Finally, Resolution No. 86760 C.M.S. increased the contract amount from \$212,936 to \$240,782 and extended the termination date to December 31, 2017. Funding for the WOJRC was allocated at \$355,237 per year in the City's FY 2017-2019 budget, approximately twenty percent of which covers administration/fiscal agency costs for USC until such time as the WOJRC Corporation has its nonprofit status confirmed and enters into appropriate agreements with the City to operate the WOJRC.

ANALYSIS AND POLICY ALTERNATIVES

As noted in previous staff report updates related to this item, the role of the USC as the fiscal agent for the WOJRC was and is intended to be an interim solution while the center worked to build administrative and programmatic capacity that would enable it to function as an independent 501(c)(3) nonprofit organization. Indeed, during the Community Jobs Policies discussions, community stakeholders expressed a strong desire for the "Job Center" to be a community-based organization, operating outside of the traditional City structure. The unique nature and evolution of the WOJRC and the binding agreements that guide its work has made it important to closely manage and support its operations, during the time that the WOJRC staff has become steeped in its policies, knowledge of the construction trades and relationships with community, labor, and business stakeholders. While the WOJRC is getting much closer to the

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goal of fiscal and administrative independence, a little more time is needed before this transition can be fully completed.

Through the existing services contract with the City, the USC has provided administrative support including employment and benefits administration, risk management and compliance, financial services, IT support, data management assistance and resource development, and administration. While City and WOJRC staff are pleased with the current relationship with the USC, including its track record of receiving and administering grants from the Port of Oakland's Maritime Aviation Project Labor Agreement Social Justice Trust Fund, the Kellogg Foundation, and the San Francisco Foundation, fiscal sponsorship of the WOJRC by USC is not the optimum long-term structural solution. Creating a 501(c)(3) non-profit public benefit corporation will concurrently enable the WOJRC to maximize opportunities to secure additional revenue and reduce costs associated with third-party fiscal sponsorship. This path follows the City's history of creating non-profit entities for long-term operations such as Children's Fairyland, the Paramount Theater, and the Fox Theater.

Staff has made considerable progress on the steps required to establish the WOJRC Corporation as an independent 501(c)(3) tax-exempt entity, including filing Articles of Incorporation with the California Secretary of State, as well as forming a board of directors that has adopted bylaws. Pursuant to the WOJRC Corporation bylaws, the board of the nonprofit consists of four (4) City of Oakland staff appointed by the City Administrator and two (2) community members nominated by the Community Jobs Oversight Commission and appointed by the City Administrator; the WOJRC Executive Director also serves as a board member. At the time of this report, the WOJRC is awaiting a determination letter from the IRS to validate its standing as a tax-exempt 501(c)(3) organization, and it is also working to make further progress on developing administrative and fiscal capacity. Because the contract with the USC will sunset on December 31, 2017, an extension of that contract is necessary to provide adequate time to establish the WOJRC Corporation as a 501(c)(3).

~~In addition to the extension of the USC contract, staff are requesting Council authorization for the City to negotiate and enter into two (2) agreements to define the relationship between the City and the WOJRC Corporation once it has secured its tax-exempt status. These are:~~

- ~~1. A Master Agreement for City Attorney and other appropriate services and support (including the service of City staff on the WOJRC board) to be provided in support of the WOJRC.~~
- ~~2. A Grant Agreement in an amount up to One Hundred Seventeen Thousand Eight Hundred Fifty Two Dollars (\$117,852) to support the WOJRC's provision of employment services between January 1, 2018 and June 30, 2018.~~

The alternative of not approving this action would result in the potential suspension of the WOJRC as an operating organization. In that scenario, the WOJRC would be unable to continue its activities or they would need to be assumed by City staff, neither of which is desirable or recommended.

FISCAL IMPACT

The City Council authorized the use of Army Base billboard revenue to support the WOJRC (per Resolution No. 84164 C.M.S) and funding was included in the FY 2017-2019 City Budget to support the ongoing operations of the center. Adoption of this resolution does not authorize additional funding for the WOJRC. Future funding levels are contingent on available funding from OAB sources and are subject to future decision and appropriation by the City Council.

The amended contract with USC would be for an additional amount not-to-exceed \$19,283 for fiscal agency fees and indirect costs for the remaining six months of FY 2017-2018. The contract amendment would also allow for up to \$98,299 in pass-through costs for WOJRC operational and direct service expenditures for the remaining six months of FY 2017-2018. This allocation includes the costs for program staff, supplies and training/worker assistance for clients. Funding will be from the billboard revenue on the OAB, which has been designated for the WOJRC in the FY 2017-2019 City Policy budget.

The funding block for the WOJRC is as follows:

Fund Source	Organization	Project	Program
Fund 5671 Oakland Base Reuse Authority Leasing and Utility Fund	Org 85311 Workforce Development	Project 1000036 West Oakland Job Resource Center	Program SC03 Workforce Development

PUBLIC OUTREACH / INTEREST

The development and evolution of the WOJRC has involved numerous stakeholders including representatives from community coalitions such as Oakland WORKS and Revive Oakland!, the West Oakland Community Advisory Group, the Building and Construction Trades Council of Alameda County, contractors, the Alameda Labor Council, the Construction Employers Association, City and Port staff, the Oakland Workforce Development Board, and developers.

The redevelopment of the OAB has reached the warehousing vertical development and tenanting phase, which is expected to ultimately create about 3,000 Transportation, Distribution, and Logistics (TDL) jobs through both city and port-side developments. TDL represents all the movement of goods from when it is manufactured until when it arrives to the purchaser, either in a store or, increasingly, at your doorstep. This sector is growing at all geographic levels, including locally, regionally, nationwide, and globally. According to Plunkett Research, 2013 core transportation revenues were about \$950 billion in the U.S. and \$4.5 trillion worldwide, accounting for about 6 percent of all global economic activity. In the East Bay, the sector provides about 34,000 direct jobs and 110,000 indirect jobs, which is about 12 percent of the region's jobs. Exact job figures for the City of Oakland are difficult to extrapolate because this data is only available at the Metropolitan Statistical Area (MSA) level; the Port of Oakland obviously drives a lot of this employment and economic activity.

WOJRC staff is in regular communication with the OAB contractors, apprenticeship coordinators, training providers, community groups, and other service providers in implementing the program and provides monthly progress reports and accountability metrics to the Community Jobs Oversight Commission.

COORDINATION

Throughout this process, City staff and WOJRC staff has worked closely with Councilmember McElhaney's office and has been in contact with the signatories of the Cooperation Agreement.

City staff in the Workforce Development and Army Base units of the Economic & Workforce Development Department have coordinated on this matter with the City Attorney's Office, the Budget Bureau, the City Administrator's Contracts and Compliance Division, as well as with Oakland Public Library staff.

PAST PERFORMANCE, EVALUATION, AND FOLLOW-UP

The WOJRC began operations in early 2014 and has placed hundreds of local residents into jobs with contractors performing site preparation and infrastructure construction on the OAB project. The WOJRC provides services to job-seekers such as individual assessment, career counseling, referrals to training, direct job placement, and retention services. The WOJRC also assists employers with pre-screening, recruitment and technical assistance with the Community Jobs Policies. More broadly, the WOJRC provides valuable resources as a workforce intermediary to promote job quality in the TDL sectors and create access to good, family-sustaining jobs for low-income and disadvantaged job seekers and workers from Oakland's marginalized neighborhoods.

WOJRC Impact & Results: Through September 30, 2017, Oakland workers at the OAB have filled nearly half of the project's 432,648 work hours, bringing home more than \$11.1 million in wages. The WOJRC provides monthly reports to the Army Base Community Jobs Policy Oversight Commission, which oversees compliance on the overall goals of the 50% local hiring requirement. Over the next three years, the OAB project will expand from the construction phase into the operation of warehouses, catalyzing the opportunity to open more permanent good job opportunities to hundreds more local, low income residents and to establish a city-wide and port-wide good jobs pipeline in the TDL industry that could apply to approximately 3,000 local jobs.

SUSTAINABLE OPPORTUNITIES

Economic: By assisting contractors and employers to meet the 50 percent local hiring goal and by facilitating the training and placement of Oakland residents in the Construction sector, the West Oakland Job Resource Center has a significant impact on the economic well-being of hundreds of Oakland residents. Moreover, as part of the long-term sustainability strategy, the WOJRC has secured resources to help conduct a market analysis and to develop a business plan. The analysis is to determine whether it would be feasible to develop a socially responsible

staffing agency committed to high road employment standards and serve as a revenue stream to support our core mission. Historically, temporary staffing agencies offer low-wages, no benefits and are viewed a low-road employment targeting low-income communities. Our socially responsible staffing agency will serve as a regional high-road model as a system change for TDL industry. Temporary staffing is one of the fastest growing segments of the workforce, and provides a key pathway for those who are long-term unemployed and with multiple barriers to gain experience and develop a work history. The industry is expected to grow faster and add more jobs over the next decade than just about any other industry with approximately three million temporary and contract employees working each day and revenue predictions hitting \$139.4 billion in 2014.

Environmental: This report does not directly address environmental sustainability.

Social Equity: The WOJRC provides access to counseling, training, and employment for residents who have historically faced barriers to employment, particularly in the construction trades. The organization continues to focus its work to try and maximize benefit for disadvantaged job seekers and workers in Oakland's East and West Oakland communities where unemployment among African Americans is much higher than the citywide average, and where in some neighborhoods as many as one in three residents have experienced incarceration. Additionally, these communities experience health inequities, which data has increasingly shown to be the result of lack of health care access, but also wealth inequality and numerous social factors related to where people live, work, and play. As the Oakland Army Base Redevelopment Project (OAB) continues to progress, we are at a critical junction as we prepare training pathways to TDL jobs that will provide family-supporting wages that can be invested locally, moving families out of poverty, improving health outcomes and increasing access to better opportunities for their communities and neighborhoods.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Administrator to:

- 1) Waive the advertising, competitive bid, and Request for Proposals/Qualifications process; and
- 2) Amend the contract with the Urban Strategies Council to act as the fiscal agent for the West Oakland Job Resource Center to increase the contract amount from \$240,782 to \$260,065, extend the termination date to June 30,2018; and
- 3) ~~Negotiate And Execute The Following Agreements With West Oakland Job Resource Center, Inc. Upon Its Securing Tax-Exempt Status: A Master Agreement For City Services To Be Provided In Support Of The Job Resource Center And A Grant Agreement For An Amount Not To Exceed \$117,582 For The Period From January 1, 2018 Through June 30, 2018.~~

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Sabrina B. Landreth, City Administrator

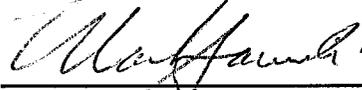
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For questions regarding this report, please contact Stephen Baiter, Project Manager III/OWDB Executive Director at 510-238-6440.

Respectfully submitted,



MARK SAWICKI

Director, Department of Economic
and Workforce Development

Prepared by:

Stephen Baiter, Project Manager III

OWDB Executive Director

Oakland Workforce Development Board

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Approved as to Form and Legality:

DP AET
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: 1) WAIVE THE ADVERTISING, COMPETITIVE BID, AND REQUEST FOR PROPOSALS/QUALIFICATIONS PROCESS; 2) AMEND THE CONTRACT WITH URBAN STRATEGIES COUNCIL TO ACT AS THE FISCAL AGENT FOR THE WEST OAKLAND JOB RESOURCE CENTER (WOJRC) TO INCREASE THE CONTRACT AMOUNT FROM \$240,782 TO \$260,065 (PREVIOUSLY AMENDED BY RESOLUTION NOS. 85251 C.M.S., 85661 C.M.S., 86240 C.M.S., AND 86760 C.M.S.) AND TO EXTEND THE TERMINATION DATE TO JUNE 30, 2018; AND 3) ~~NEGOTIATE AND EXECUTE THE FOLLOWING AGREEMENTS WITH WEST OAKLAND JOB RESOURCE CENTER, INC. UPON ITS SECURING TAX EXEMPT STATUS: A MASTER AGREEMENT FOR CITY SERVICES TO BE PROVIDED IN SUPPORT OF THE JOB RESOURCE CENTER AND A GRANT AGREEMENT FOR AN AMOUNT NOT TO EXCEED \$117,582 FOR THE PERIOD FROM JANUARY 1, 2018 THROUGH JUNE 30, 2018~~

WHEREAS, in July 2012, the City Council approved Ordinance No.13131 C.M.S. which authorized a Lease Development and Disposition Agreement ("LDDA") for the Oakland Army Base Development Project which included a set of Community Jobs Policies, a Cooperation Agreement between the City and community groups, and a Billboard Franchise and Lease Agreement; and

WHEREAS, the Community Jobs Policies set targets for the employment of Oakland residents and disadvantaged workers on both the construction and operations phases of the Oakland Army Base Development Project; and

WHEREAS, the Cooperation Agreement specified that the City will, with the assistance of community partners, take steps to establish a West Oakland Job Resource Center ("WOJRC") to assist job-seekers, employers and contractors in meeting the hiring targets of the Community Jobs Policies; and

WHEREAS, in December 2012, Council approved Resolution 84164 C.M.S. which approved in concept the use of billboard revenue to support the WOJRC and other community benefits-related uses, including staff; and

WHEREAS, billboards are currently permitted and revenue is being realized; and

WHEREAS, the City Proposed Policy Budget for FY 2017-19 includes an allocation of \$355,237 per fiscal year for the WOJRC; and

WHEREAS, Resolution No. 85251 C.M.S., adopted on November 5, 2014, authorized an amendment to an existing \$50,000 contract with Urban Strategies Council to act as fiscal agent and employer of record for the WOJRC through November 20, 2014, to increase the contract amount to \$105,000 and extend the contract date to June 30, 2015; and

WHEREAS, Resolution No. 85661 C.M.S., adopted on June 17, 2015, authorized an amendment to the contract with Urban Strategies Council to increase the contract amount to \$155,000 and to extend the contract date to June 30, 2016; and

WHEREAS, Resolution No. 86240 C.M.S., adopted on June 21, 2016, authorized an amendment to the contract with Urban Strategies Council to increase the contract amount to \$212,936 and to extend the contract date to June 30, 2017; and

WHEREAS, Resolution No. 86760 C.M.S., adopted on June 6, 2017, authorized an amendment to the contract with Urban Strategies Council to increase the contract amount to \$240,782 and to extend the contract date to December 31, 2017; and

WHEREAS, the Urban Strategies Council has performed well and assisted the WOJRC with administrative and IT support; and

WHEREAS, City staff and Urban Strategies Council have established a nonprofit organization, West Oakland Job Resource Center, Inc. (the "WOJRC Corporation"), to run the WOJRC, and have filed for recognition of the WOJRC Corporation's 501(c)(3) tax-exempt status; and

WHEREAS, the bylaws of the WOJRC Corporation provide that the board of directors shall consist of four City of Oakland staffpersons appointed by the City Administrator, two community members nominated by the Community Jobs Oversight Commission and appointed by the City Administrator, and the WOJRC Executive Director; and

WHEREAS, a primary purpose of the WOJRC is to support the job creation and workforce development policies of the City of Oakland; and

~~WHEREAS, City staff are preparing the following two agreements to document the relationship between the City and the WOJRC Corporation following the WOJRC Corporation securing tax exempt status:~~

- ~~1. A Master Agreement for City Attorney and other appropriate services and support (including the service of City staff on the WOJRC Corporation board) to be provided in support of the WOJRC (the "Master Agreement");~~
- ~~2. A Grant Agreement in an amount up to One Hundred Seventeen Thousand Eight Hundred Fifty Two Dollars (\$117,852) to support the WOJRC's provision of employment services between January 1, 2018 and June 30, 2018 (the "Grant Agreement"); and~~

~~WHEREAS, Oakland Municipal Code Section 2.04.051.B authorizes the City Council to dispense with the City's standard request for proposals/qualifications process for award of professional services contracts upon a finding that it is in the City's best interest to do so; now therefore, be it~~

~~RESOLVED: That the City Council hereby authorizes the City Administrator to negotiate and enter into an amendment to the contract with Urban Strategies Council to act as fiscal agent and employer of record for the WOJRC to increase the contract amount from \$240,782 to \$260,065, subject to the availability of funds, and to extend the contract termination date until June 30, 2018; and be it~~

~~FURTHER RESOLVED: That the contract amendment would also allow for up to \$98,299 in pass-through costs for WOJRC operational and direct service expenditures through June 30, 2018.~~

~~FURTHER RESOLVED: That the City Council hereby finds that a waiver of the advertising, bidding and request for proposals/qualifications process is in the best interests of the City in order to prevent a break in service to the WOJRC while the City and the WOJRC complete the transitioning of the WOJRC into a 501(c)(3) tax-exempt nonprofit organization and for the reasons set forth herein and in the staff report accompanying this Resolution, and hereby waives this requirement; and be it~~

~~FURTHER RESOLVED: That funding for this contract has been requested in the City's FY 2017-2019 Budget in Oakland Reuse Authority Lease and Utility Program Fund (5671); and be it~~

~~FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to negotiate and enter into the Master Agreement and the Grant Agreement; and be it~~

FURTHER RESOLVED: That the City Administrator and his/her designees are hereby authorized to take whatever action is necessary with respect to said contracts and any ancillary documents as are consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON McELHANEY, GUILLEN, KALB, KAPLAN,
and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California