

CITY OF OAKLAND
COUNCIL AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 JUN 10 PM 5:47

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 22, 2004

RE: **A REPORT AND 1) A RESOLUTION AUTHORIZING THE APPROPRIATION OF ALL REVENUES GENERATED THROUGH THE IMPLEMENTATION OF THE OAKLAND WORKFORCE INVESTMENT BOARD'S BUSINESS SERVICES PLAN AND 2) A RESOLUTION AUTHORIZING A CONTRACT FOR PROFESSIONAL SERVICES WITH ULTIMATE STAFFING FOR AN AMOUNT NOT TO EXCEED \$350,000 FROM JULY 1, 2004 THROUGH JUNE 30, 2005 TO PROVIDE BUSINESS SERVICES ON BEHALF OF THE OAKLAND WORKFORCE INVESTMENT BOARD**

SUMMARY

Oakland City Council Resolution No. 78088 was adopted on September 30, 2003 authorizing the appropriation of \$300,000 in program income generated by the Workforce Development Unit in accordance with the Oakland Workforce Investment Board's (WIB) Business Services Plan. Revenues generated have exceeded the \$300,000 authorization. Staff is requesting authorization to appropriate all additional program income and authorization to enter into a contract for professional services with Ultimate Staffing not to exceed \$350,000 from July 1, 2004 through June 30, 2005 to provide business services on behalf of the Oakland Workforce Investment Board.

FISCAL IMPACTS

The entire amount of projected revenue from business services of \$375,000 is proposed for the FY 2004-2005 mid-cycle budget. The funding for this contract will come from: 1) \$156,415 in newly appropriated FY 2003-2004 Oakland Workforce Investment Board (WIB) Business Services Program Income (fund 2195, project G245810); 2) an allocation of \$54,085 from FY 2004-2005 program revenue, with a new project for FY 2004-2005 program income); and 3) an allocation of \$150,000 from newly appropriated FY 2004-2005 Adult and Dislocated Workers Oakland Workforce Investment Act Formula funding (fund 2195 and project G207710). The \$10,500 Contract Compliance fee will be charged to the same fund (fund 2195 and project G207710).

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For FY 2003-2004, \$300,000 in program income was appropriated. Staff is requesting that all additional unappropriated program income from FY 2003-2004 (fund 2195 and project G245810), estimated at \$156,415, be appropriated and used for the contract with Ultimate Staffing and other WIB business services activities such as augmenting Oakland's Enterprise Zone program. The additional revenues of \$156,415 came from the processing of more than 10,000 Enterprise Zone vouchers than was originally estimated.

BACKGROUND

Ultimate Staffing was selected by the Oakland WIB in the fall of 2002 through a competitive bidding process to serve as its Business Services vendor. That contract was administered by the Oakland Private Industry Council, Inc. on behalf of the WIB. The Oakland WIB budgeted \$240,000 in its FY 2003-2004 budget for the contract with Ultimate Staffing. Ultimate Staffing met its placement goal by January 31, 2003, and was allocated an additional \$100,000 in unused training funds to extend their work through June 30, 2004.

KEY ISSUES AND IMPACTS

The Oakland WIB has taken a business oriented approach to workforce development based on the assumption that effective job training and employment strategies must meet the needs of employers as well as job seekers. Oakland's unique approach to ensuring that our workforce development system is meeting employers' needs was to hire a private sector firm as our business services vendor. Staff believes that Ultimate Staffing is meeting its contractual expectations and making steady progress towards integrating its services with Oakland's public sector and community-based employment and training service providers. The Oakland WIB has made a sizable investment in Ultimate Staffing, which by all accounts is paying off.

The WIB Business Services and Quality Assurance Committees are conferring to develop new measures and standards for Ultimate Staffing. Among the new standards being considered are an increase in the average wage at placement and a First Source provision whereby job orders are filled only with unemployed and under-employed Oakland residents. While there is universal agreement on these standards for our workforce system, it is important to bear in mind that the business services vendor's primary customer is the employer, and that these standards can be at odds with employer needs.

PROGRAM DESCRIPTION

As the WIB's designated Business Services vendor, Ultimate Staffing's job is to meet the needs of our workforce development system's business customers, with an emphasis on staffing, training and promotion of the Enterprise Zone Hiring Tax Credit program. Under the terms of this contract, Ultimate Staffing is expected to serve at least 55 Oakland companies as business customers, of which at least 50 will return for additional services. Ultimate Staffing is also expected to support the business development goals of the City's Economic Development

Department and its partners to promote business creation, attraction, retention and expansion in Oakland. Ultimate Staffing's services under this contract will be exclusively for Oakland-based business operations, with an emphasis on small businesses---300 employees or fewer. Businesses that pay living wages and/or offer clearly defined opportunities for advancement, and are willing to consider hiring and training our system's Intensive Services clients, will be the primary beneficiaries of Ultimate Staffing's full array of recruitment, assessment, screening, and reference and background checking services on behalf of the WIB. Up to 5% of the gross revenues Ultimate Staffing earns as the result of generating market rate work with WIB business clients will be paid to the City and used as program income to sustain Business Services.

The following table shows the performance of Ultimate Staffing through the first three quarters of 2003-2004 fiscal year, compared with the goals as set by the WIB's Business Services Committee:

	Annual Goal	YTD Goal through May 2004	YTD Actual Results	% of YTD Goal Attained
Business Customers Served	55	50	46	92%
Job Orders Taken	210	192	337	176%
Job Orders Filled with Registered WIA Clients	146	134	131	98%

Payment Terms and Projected Goals

Following is a description of the payment terms for the contract with Ultimate Staffing, along with projected outcomes based on the contract value. Please note that the Oakland WIB is currently deliberating on the performance measures for Business Services which may alter the final terms of this contract:

1. *Filling of Job Orders:* Ultimate Staffing will cultivate new and existing business relationships with Oakland-based employers in close coordination with the City's Business Development unit and partners. Ultimate Staffing will receive \$2,000 for every job order filled with an unemployed or under-employed¹ Oakland resident and retained for at least 45 days, and will back fill free of charge all orders filled and retained less than 45 days. This fee is the same for regular placements as well as "Temp to Hire" arrangements. The estimated number of positions to be filled with the recommended contract value for FY 2004-2005 would be 150.

¹ The definition of under-employed under WIA is someone who is working at a level of compensation that is lower than an established self-sufficiency standard. In Oakland's case, we use the system developed by the National Economic Development and Law Center, adjusted for Oakland-specific costs, and adopted by the Oakland WIB.

2. *Customized and On-the-Job Training:* Ultimate Staffing will receive a fee of 5% of the value of each training contract developed as the result of its work with business customers on behalf of the WIB. The recommended goal for FY 2004-2005 is to develop training contracts with eight business customers to train up to 50 employees at an average value of \$10,000 per contract. Ultimate Staffing's projected fee in this case would be \$4,000.
3. As part of its monthly management fee of \$6,500, Ultimate Staffing will be required to perform the following tasks:
 - Promote Oakland's State Enterprise Zone program through ongoing business contacts and community partners.
 - Assist in the development of a client tracking system that enables service providers to identify Universal Clients who are qualified for particular job openings.
 - Participate actively and productively as a member of the Alliance Management Team.²
 - Serve on the WIB Business Services and One Stop Leadership Committees.
 - Serve as Oakland's primary contact for companies that signed First Source Hiring Agreements.
 - Interview and assess all WIA enrolled clients referred by the One Stop Career Centers and Youth Service Providers.
 - Provide candid and timely feedback and status reports on all referred clients.
 - Broadcast job orders to all system partner agencies on a weekly basis.
 - Participate in business development meetings at the request of the Economic Development Department.
 - Provide technical assistance and support in developing and delivering presentations on Oakland's business services experience at local, state and national conferences and forums.
 - Provide technical assistance in developing promotional materials and technology related to communication of business services to prospective customers.
 - Prepare detailed monthly activity and performance reports in time for the WIB Businesses Services Committee packet that contain both quantitative performance results and a narrative describing all related activities, and that distinguish services and results related to the Coliseum Redevelopment Area.
 - Serve on the Mayor's Summer Jobs Program Job Creation Committee.
 - Administer payroll at cost for MSJP employers.

² The Alliance Management Team is comprised of senior level representatives from EDD, the Oakland PIC, East Bay Works and the Business Services Vendor. Their role is to oversee the implementation of the WIB's Business Services Plan, to identify and resolve problems as they arise, and to continuously improve services to the WIB's business clients.

Commission Provisions

Ultimate Staffing will pay the City of Oakland a 5% commission rate on market rate service revenue generated from customers Ultimate Staffing has not worked with in the past, is not presently working with, and which were directly introduced to Ultimate Staffing through their affiliation with the Oakland WIB.

Ultimate Staffing will pay the City of Oakland a 3% commission rate on market rate service revenue generated as a result of Ultimate/Oakland WIB joint marketing efforts, regardless of whether Ultimate Staffing has worked with the company in the past, for the first six months of revenue generated; should the same customer take advantage of additional business services at a later date, the 3% commission will again apply for a period of six months.

By federal statute, program income is restricted to program activities and will be used to support and sustain WIB business services.

SUSTAINABLE DEVELOPMENT

Economic: This report addresses services to promote business growth throughout the City, with an emphasis in the Coliseum Redevelopment Area.

Environmental: This program has no impact on the environment, except to the extent that local hiring could reduce traffic congestion.

Social Equity: Relationships built with business customers create job placement and training opportunities for unemployed and under-employed Oakland residents, which is in keeping with the City Council's goal of enabling workers to achieve self-sufficiency.

DISABILITY AND SENIOR CITIZEN ACCESS

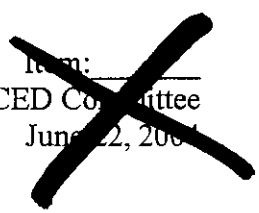
This program has no direct impact on Disability and Senior Citizen Access.

RECOMMENDATIONS AND RATIONALE

Staff recommends that the City Council adopt 1) the resolution authorizing the appropriation of all Oakland WIB program income to support its business services activities and 2) the resolution authorizing a contract for professional services with Ultimate Staffing for an amount not to exceed \$350,000 from July 1, 2004 – June 30, 2005.

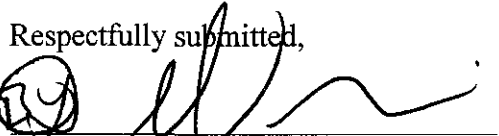
The authorization to appropriate program income is to support the Oakland WIB's priorities as detailed in the Business Services Plan the Board adopted in June 2002. Ultimate Staffing has proven its commitment to meeting the needs of our business customers as outlined in the plan and its ability to exceed performance expectations.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council adopt the resolutions to 1) authorize the appropriation of all Oakland WIB program income to support its business services activities and 2) authorize a contract for professional services with Ultimate Staffing for an amount not to exceed \$350,000 from July 1, 2004 – June 30, 2005.

Respectfully submitted,

DANIEL VANDERPRIEM
Director of Redevelopment, Economic
Development and Housing

Prepared by:
Al Auletta, Workforce Development Manager

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE


Office of the City Manager

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June 22, 2004

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APPROVED AS TO FORM AND LEGALITY
OAKLAND
2004 JUN 10 PM 5:48
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

INTRODUCED BY THE CITY MANAGER

A RESOLUTION AUTHORIZING THE APPROPRIATION OF ALL REVENUES GENERATED THROUGH THE IMPLEMENTATION OF THE OAKLAND WORKFORCE INVESTMENT BOARD'S BUSINESS SERVICES PLAN TO BUSINESS SERVICE ACTIVITIES

WHEREAS, the Oakland Workforce Investment Board (WIB) is required under the Workforce Investment Act of 1998 to set policy direction and oversee programs funded through the Workforce Investment Act; and

WHEREAS, the Oakland WIB has adopted a comprehensive business services plan that supports the goals of promoting business development for Oakland-based businesses and job placement and advancement opportunities for unemployed and under-employed Oakland residents; and

WHEREAS, activities to support the achievement of these goals include the processing of Enterprise Zone Hiring Tax Credit vouchers, filling job orders, and coordinating customized and on-the-job training agreements with local businesses; and

WHEREAS, the Oakland WIB's approach to business services generates revenue to sustain these efforts through Enterprise Zone Hiring Tax Credit voucher processing fees and commissions from the Oakland WIB's business services vendor; and

WHEREAS, the entire amount of projected revenue from business services of \$375,000 has been budgeted for FY 2004-2005; now, therefore, be it

RESOLVED: That the City Council hereby appropriates all program revenues (fund 2195) generated through the implementation of the Oakland WIB's Business Services Plan by the City's

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Workforce Development Unit to directly support the processing of Hiring Tax Credit vouchers and other business service activities; and be it

FURTHER RESOLVED: That this authority includes the appropriation of \$156,415 in unappropriated FY 2003-2004 program revenue; and be it

FURTHER RESOLVED: That the City Manager or his or her designee is hereby authorized to allocate said revenues to the Workforce Development Unit as appropriate and to take whatever action is necessary with respect to said revenues consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTAIN-

Attest: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

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OFFICE OF THE CITY MANAGER
APPROVED AS TO FORM AND LEGALITY
OAKLAND
2004 JUN 10 PM 5:48
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

INTRODUCED BY THE CITY MANAGER

A RESOLUTION AUTHORIZING A CONTRACT FOR PROFESSIONAL SERVICES WITH ULTIMATE STAFFING TO PROVIDE BUSINESS SERVICES ON BEHALF OF THE OAKLAND WORKFORCE INVESTMENT BOARD FROM JULY 1, 2004, THROUGH JUNE 30, 2005, IN AN AMOUNT NOT TO EXCEED \$350,000

WHEREAS, the Oakland Workforce Investment Board (WIB) is required under the Workforce Investment Act of 1998 to set policy direction and oversee programs funded through the Workforce Investment Act; and

WHEREAS, the Oakland WIB has adopted a comprehensive business services plan that supports the goals of promoting business development for Oakland-based businesses and job placement and advancement opportunities for unemployed and under-employed Oakland residents; and

WHEREAS, specific activities to support the achievement of these goals include filling job orders, coordinating customized and on-the-job training agreements and providing human resources support with and for local businesses; and

WHEREAS, Ultimate Staffing was awarded a contract in 2002 through a competitive bidding process conducted by the Oakland Private Industry Council on behalf of the Oakland WIB; and

WHEREAS, Ultimate Staffing will meet its goal for filling job orders during FY 2003-2004; and

WHEREAS, the City Council finds that the services provided pursuant to the contract authorized hereunder are of a professional, scientific or technical nature and are temporary in nature; and

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WHEREAS, the City Council further finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore be it

RESOLVED: That the City Manager is hereby authorized to negotiate and execute a contract for professional services with Ultimate Staffing to support the work of the Oakland Workforce Investment Board from July 1, 2004, through June 30, 2005, in an amount not to exceed \$350,000; and be it

FURTHER RESOLVED: That the City Manager is hereby authorized to allocate funds for said contract as follows: 1) \$156,415 in newly appropriated FY 2003-2004 Oakland Workforce Investment Board (WIB) Business Services Program Income (fund 2195, project G245810); 2) an allocation of \$54,085 from FY 2004-2005 program revenue, with a new project for FY 2004-2005 program income); 3) \$150,000 from newly appropriated FY 2004-2005 Adult and Dislocated Workers Oakland Workforce Investment Act Formula funding (fund 2195 and project G207710); and 4) \$10,500 for the three-percent Contract Compliance fee charged to the FY 2004-2005 program revenue fund (2195); and be it

FURTHER RESOLVED: That the City Manager or her designee are hereby authorized to take whatever action is necessary with respect to the work of the Oakland Workforce Investment Board staff and the contract with Ultimate Staffing consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTAIN-

Attest: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

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