



COUNTY OF HUMBOLDT

For the meeting of: 4/6/2021

File #: 21-362

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

Workforce Development and Workforce Investment Opportunity Act (WIOA) Funded Programs

RECOMMENDATION(S):

That the Board of Supervisors:

1. Direct the County Administrative Office (CAO) to study the county's workforce development efforts and the Humboldt County Workforce Development Board (WDB);
2. Report back to your Board with findings and recommendations;
3. Authorize the CAO to release a Request for Proposals (RFP) for workforce services related to WIOA-funded programs;
4. Authorize and memorialize the agreement between the CAO's Office of Economic Development and the County of Humboldt Auditor-Controller to process SMART invoices weekly through the end of SMART's current contract terms;
5. Ratify the executed Humboldt County Local Area Designation and Local Board Recertification state application for Program Year 2021-23; and
6. Authorize the Economic Development Division Director and the BOS-appointed representative to the WDB, to sign and execute programmatic level state forms and documents specific to WIOA-funded workforce programs and to the County of Humboldt's Local Workforce Area.

SOURCE OF FUNDING:

1120-287 Economic Development-WIOA funds

DISCUSSION:

Workforce Innovation and Opportunity Act (WIO) and Workforce Development Board (WDB) Background

The federal Workforce Investment Act (WIA) of 1998 (Public Law 105-220), and as later amended by WIOA which was signed into law on July 22, 2014, was created to coordinate core programs and federal investment to promote skills development and local programs designed to help job seekers access employment, education, training, and support services. These programs develop the skills necessary to succeed in the labor market and to match employers with the skilled workers they need to

compete in the global economy.

WIOA services in a designated local workforce area (a geographic area comprised of single or multiple units of general local governments that are designated by the Governor to receive funds to administer WIOA Title I programs) may consist of programs related to Formula Fund Grants and also adult education, family literacy programs, and vocational rehabilitation service programs which assist eligible persons in overcoming barriers to employment. WIOA further authorizes programs for specific vulnerable populations, including the Job Corps, Youth Build, Indian and Native Americans, Migrant and Seasonal Farmworker, and other multistate projects administered by the Department of Labor (DOL).

The WDB supports WIOA-funded workforce programs for the County of Humboldt as the appointed body designated to coordinate Humboldt's WIOA-funded programs and advise the Board on related issues, along with its vendors like SMART and partners like The Job Market. These workforce development programs have been a key component of Humboldt's workforce-related services since 1999.

All members of the local WDB are appointed by your Board and are intended to represent many facets of workforce development areas, including business, labor, public education, higher education, economic development, youth activities, employment and training.

The WDB is subject to the Brown Act and meets regularly. Agendas are publicly available and provided online through the county's website. The WDB is currently staffed by the CAO-Office of Economic Development, although a formal staffing and services agreement outlining the services and support provided by the county to the WDB does not exist. Such agreements are commonplace in other local workforce areas. In the past, the Department of Health & Human Services (DHHS) provided staff support to the WDB.

SMART Discontinuing Local Workforce Services

SMART is a 501c3 non-profit, committed to helping job seekers find jobs, increase training and skills, and increase earnings. Previously known as the Private Industry Council, the SMART Business Resource Center has served Northern California communities for over 40 years. Each year, SMART serves students, job seekers, schools, government agencies, and employers across northern California.

SMART is currently a county vendor contracted to provide workforce services related to the county's WIOA-funded programs. Professional service agreements for contracts with SMART are managed and administered by the CAO's Office of Economic Development. SMART also provides workforce development services to the counties of Del Norte, Shasta, Siskiyou and Trinity.

On Oct. 22, 2020, SMART remitted a letter to staff, the WDB, and to Supervisors Virginia Bass and Rex Bohn (the BOS appointees to the WDB at that time), expressing concerns about late payments extending back to 2018. In its letter, S conveyed. "Since we began serving Humboldt on July 1, 2018, 16 of our 28 monthly payments have been remitted to us by the County more than 30 days after

submitted. We have had to wait as long as 70 days for payment.”

On Jan. 26, 2021 staff made a presentation to the Board of Supervisors on workforce services performed by SMART. The BOS authorizes staff to negotiate payment terms with SMART and to return to the BOS within 90 days. During that meeting the Auditor Controller agreed to continue making weekly payments to SMART during this 90-day period so long as the weekly payments were for services already rendered and that SMART provided an itemized invoice for those billings.

On March 15, 2021, SMART submitted a letter to the county stating that they continued to experience payment delays and would be discontinuing services with the county by June 30, 2021. SMART also communicated that it would discontinue all services to the county by March 26 if outstanding invoices were not paid. Outstanding invoices were paid on March 26.

Current services scheduled for discontinuation include:

- Adult and Dislocated Worker Career Services
- Title I Youth Formula Funds for the Eureka and Eel River Valley regions
- Rapid Response and Layoff Aversion Services
- National Dislocated Worker Services for 2018 National Health Emergency Phase II Opioid Crisis
- National Dislocated Worker Services for COVID-19 Disaster Recovery
- America's Job Center of California Operator
- The Job Market website hosting and management
- The Job Market social media administration
- Staffing services to the County of Humboldt Office of Emergency Services
- Staffing services to County of Humboldt Public Health

In response to SMART’s letter staff had multiple phone conversations with county fiscal staff, including a phone conversation with the Auditor-Controller, to resolve payment issues for SMART. During this phone call the Auditor-Controller agreed to rush payment to SMART for outstanding invoices and to work with Economic Development staff to enter and process weekly invoices directly.

Without SMART providing these services in Humboldt County, local job seekers will be without critical job and training services needed to enter and remain in the workforce during perhaps the most fragile economic period since at least the Great Recession in 2008.

Staffing

When the COVID-19 pandemic began in March, 2020, several key Economic Development staff members, including its Division Director, were activated as Disaster Service Workers (DSW’s) to aid the Office of Emergency Services (OES) Emergency Operations Center (EOC) and to support efforts to mitigate the local and community-wide impacts. The DSW assignments heavily impacted Economic Development’s ability to support its programs, including workforce development and WIOA-funded programs, through May, 2020 when staff began transitioning back to normal operations, while remaining focuses on continuity of government efforts and supporting critical COVID-related

operations such as providing CARES Act relief and administering the Small Business Recovery and Restart Grant Program.

Funding in the amount of \$311,213.79 or 45% of total Economic Development Division staff budget is allocated to staff WIOA programs. This amounts to 2.65 full-time equivalents. Limitations on administrative expenditures and officing restrictions create constraints for staffing and make it challenging to hire the number of personnel needed to meet both the demands of economic recovery and WIOA funded workforce programs.

By July 2020, when Economic Development staff stopped tracking local COVID impacts, more than two dozen local businesses had closed, over 2,500 local jobs had been lost, and the business community reported losing more than \$41 million in revenue. Those number have only grown over the last 9 months. Needless to say, services from vendors like SMART are critical to helping the local economy and workforce respond to the economic challenges of the pandemic.

Findings related to Humboldt County workforce efforts

While staff worked earnestly to resolve the payment issues outlined in SMART's Oct. 22, 2020 letter, staff also researched other county workforce programs that received support from SMART.

Staff has also received feedback about challenges facing Humboldt County's workforce programs. These findings and challenges included:

- The cost of administering workforce programs in Humboldt County might be higher than that of nearby regional workforce consortiums like the Northern Rural Training and Employment Consortium (NoRTEC) or The Workforce Alliance of the North Bay (WANB).
- Staffing shortfalls and personnel challenges have affected the level of services and staff support provided to the WDB and to workforce programs.
- Due to the structuring of Humboldt's local workforce area and its WDB, the efficacy Humboldt's workforce programs might be lower than that of nearby counties who have merged with regional workforce consortiums.
- WIOA driven and funded workforce programs are tied to federally established initiatives and priorities which do not always align with the actual labor and/or workforce needs of Humboldt County.
- Economic Development staff do not have capacity to pursue labor initiatives for rural communities (such as United States Department of Agriculture and Community Development Block Grant funding) that are not related to WIOA or federal workforce development efforts.
- County resources are stretched and limited due to the deployment of staff resources divided between traditional programmatic work, economic relief programmatic work, and on programmatic work which is intrinsically tied to Humboldt's post-COVID economic recovery.

During this same period, staff have been engaged in discussions with state workforce partners and with the county's assigned State Workforce Regional Advisor to discuss challenges and opportunities for

changes and/or improvements to the county's WIOA-funded workforce programs.

Therefore, given the above-described circumstances, staff recommends that your Board direct the CAO to study the county's workforce efforts and WDB and report back to your Board with findings and recommendations for future of the program.

Such options could include:

- Modifying Humboldt County's Local Workforce Area to allow for a merger with another regional joint powers agency or workforce consortium such as NoRTEC or WANB; and/or
- Separating the WDB from the county to become an independent non-profit (501c3) entity; and/or
- Transfer of workforce programs and services to the Department of Health and Human Services; and/or
- Creating a comprehensive staffing and services agreement between the county and the WDB to better define staff roles, responsibilities and staff services provided to the WDB by the county; and/or
- Establishing a local labor committee or task force in place of the WDB to inform and advise the BOS on local workforce and labor issues (if merging with another regional joint powers agency were to occur).

Staff also recommends that your Board:

- Authorize staff to release a RFP for workforce services.
- Authorize and memorialize the agreement between the CAO's Office of Economic Development and the County of Humboldt Auditor Controller to process SMART invoices weekly until and through the end of SMART's contract term.
- Ratify the executed Humboldt County Local Area Designation and Local Board Recertification state application for Program Year 2021-23.
- Authorize the Economic Development Division Director and the BOS appointed representative to the WDB, to sign and execute programmatic level state forms and documents specific to WIOA-funded workforce programs and to the County of Humboldt's Local Workforce Area.
- Direct staff to return by May 24, 2021 to provide an update and report to the Humboldt County Board of Supervisors on its findings its analyses regarding the above.

FINANCIAL IMPACT:

For the period ending Dec. 31, 2020 the balance of WIOA-funded workforce programs in Humboldt County was \$3,083,290. These workforce programs are grant funded through federal funds which are received from the State. Because these are grant funded programs, there is no net change to the General Fund for the exploration of the aforementioned options which have been recommended by staff. Initial examination from staff have discovered that merging with a regional joint powers agency or workforce consortium may result in a 1% to 4% savings on administrative costs for those programs. More examination of this savings is needed. The State, by and through its Regional Advisor from the State Employment Development Division, has also communicated to staff that a continuation of workforce challenges and payment delays in Humboldt County may jeopardize the pool of WIOA funding which the State receives from the Federal Government.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

OTHER AGENCY INVOLVEMENT:

SMART Business Resource Center, County of Humboldt DHHS, College of the Redwoods, Redwood Community Action Agency, Sequoia Personnel Services, North Coast Small Business Development Center, State of California Employment Development Division, California Department of Rehabilitation, Humboldt County Workforce Development Board, North Coast Indian Development Council, McKinleyville Family Resource Center, Dreamquest, Mattole Restoration Council, and Humboldt County Office of Education.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

Smart Cease of Services Notification
EcDev Jan 26th, 2021 BOS SMART Item SA V2
HWB Smart Letter Re Invoicing and Payments 102220
(HUM) Local Area Designation_3.30.2021

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A
Meeting of: 1/26/21, 10/20/20, 8/20/19, 6/25/19, 7/9/19, 7/24/18
File No.: 20-1565, 20-1372, 19-1139, 19-933, 19-932, 19-866, 19-814, 18-932