

## **Policy Board Agenda**

Date: Thursday, November 16, 2023  
Time: 2:00 pm  
Place: City of San Diego  
City Administration Building  
202 C St, San Diego, California 92101  
City Council Committee Room - Floor 12

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### **AGENDA ITEMS – OPEN SESSION:**

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### **ACTION ITEMS:**

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### **AGENDA ITEMS – CLOSED SESSION:**

Item 7: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph 2 of subdivision  
(d) of Government Code Section 54956.9: (one or More Potential Cases)

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PUBLIC COMMENT: Members of the public may address the Board on issues on this agenda (three minutes per subject) and/or other items within the Board's scope. To speak please complete a Public Comment Form. The SDWP will provide accommodations to persons who require assistance. Questions: (619) 228-2900.

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## Item 1: Non-Agenda Public Comment

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Opportunity for members of the public to speak to the Policy Board on any subject matter within the Policy Board's jurisdiction but not an item on today's agenda.

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## Item 2: Minutes of the October 19, 2023 Meeting

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San Diego Workforce Partnership  
Consortium Policy Board  
Minutes of the October 19, 2023 Meeting

### **Members Present**

Monica Montgomery Steppe, Council President Pro Tem, City of San Diego, District 4 (Chair)

Sean Elo-Rivera, Council President, City of San Diego, District 9

Nancy Sasaki, CEO, United Way of San Diego County

### **Legal Counsel Present**

David Powell, Deputy City Attorney, City of San Diego

Randall Sjoblom, Senior Deputy County Counsel, County of San Diego

Audie de Castro, General Counsel, SDWP

### **Staff Present**

Tony Young, Interim President, and CEO

Khaleda Atta, COO

Miguel Vasquez, V.P. of Client Services

Nick DeVico, Director of Youth Programs, Client Services

Parina Parikh, V.P. of Sector Initiatives

### **Location**

City Hall 202 C St, San Diego, California 92101

City Council Committee Room – Floor 12

All reports, memoranda and letters contained in the agenda or distributed at the meeting shall by this reference become part of the original minutes.

The meeting was called to order by Council President Pro Tem Montgomery Steppe at 2:00pm, with a quorum present.

## **Non-Agenda Public Comment**

### **Item 1 Non-Agenda Public Communication**

None

## **Action Items**

### **Item 2 Minutes of the September 14, 2023 Meeting**

Motion: Board approves the meeting minutes.

*Moved (N. Sasaki), Seconded (S. Elo-Rivera) Carried unanimously*

### **Item 3 CEO Report**

T. Young presented the CEO report regarding staff updates, operational challenges, corporate governance, and SDWP activities.

T. Young shared the recent resignation of the VP of P&C and highlighted his efforts on stabilizing the P&C department by working closely with the Manager, P&C and by consolidating different HR systems into one platform (ADP), which is aimed to be finalized by November.

T. Young also mentioned that the V.P. of Client Services position has been filed by Miguel Vasquez. T. Young introduced M. Vazquez to PB members, who shared his experience and expertise in both the non-profit and private sectors.

T. Young overviewed the Intake & Eligibility process challenges which emphasized the large backlog. To streamline the process and identify solutions, a 2-day retreat will be held on October 13 & 16 hosted by the COO and VP of Client Services, comprised of representatives from across all departments to identify efficient solutions to overcome this challenge.

T. Young and A. de Castro, SDWP General Counsel, shared their efforts on reviewing SDWP bylaws and all governing policies. A. de Castro outlined his mission by providing recommendations to both WDB and PB members on bylaws updates and related documents. These updates will bring consistency and clarity to all corporate governance documents, which will eventually reduce risk.

Lastly, T. Young highlighted SDWP's operational activities and events from last month as indicated below:

### **Client Services:**

- On September 5, the Career Pathways for Foster Youth press conference took place celebrating a \$5M investment from the County of San Diego to help current and former foster youth ages 16–24 land their first job. The event was attended by Council President Pro Tem M. Montgomery Steppe and N. Vargas, Chairwoman of the County of San Diego Board of Supervisors, and was a huge success, with more than 30+ media mentions, garnering wide coverage from several key news outlets.
- In conjunction with National Disability Employment Awareness Month in October, the San Diego Committee on Employment of People with Disabilities presented their 24<sup>th</sup> Annual Jobtoberfest Job Fair. Jobtoberfest is the *largest* job fair for people with disabilities in San Diego. Among our population-specific programs outreach, Prison to Employment staff (D. Dorsey) conducted a presentation to employers on the benefits of hiring individuals with disabilities that may be justice involved.

### **Sector Initiatives:**

- On September 15, in partnership with the Electrical Training Institute (ETI), SDWP celebrated the graduation of its 16<sup>th</sup> cohort of Construction Career Jumpstart (CCJ) since Fall 2020. To date, there have been a total of 291 graduates, 73% of whom have secured placements with union apprenticeship programs, SDGE, or contractors. Placements remain on-going based on the apprenticeship application and hiring cycles. Nearly 15% of CCJ grads identify as women, 51% BIPOC, and 35% as youth. CCJ is now recognized as a state-registered pre-apprenticeship program. T. Young thanked K. Johnson on his efforts and encouraged WDB members to visit and take a tour of the site.
- On October 4, in conjunction with our partners at UC San Diego Extension, our Information & Communications Technology (ICT) team hosted the first in-person graduation for participants of our Income Share Agreement (now Google Career Certificate) program. We had seven new graduates attend in person alongside their families. Three of our successful alumni spoke about their experiences in the world of work post-graduation.

### **Business Engagement:**

- On October 3, the Business Engagement department supported the East County EDC on their successful execution of the 8<sup>th</sup> Annual Manufacturing Day at Grossmont College.

- On October 4, the Business Engagement department attended and had an exhibitor booth at Senator Brian Jones' Legislative Open House in Scripps Ranch with over 1,300 attendees. The event focused on building partnerships and leveraging our resources for employers in District 40 that includes the communities of Valley Center, Escondido, San Marcos, Carmel Valley, Poway, Santee, Ramona, Lakeside, Alpine, Descanso, Pine Valley, Rainbow and Fallbrook. This was a high visibility event where a variety of participants including employers, job seekers, other non-profit partners, and community members were highlighted.

N. Sasaki inquired about the Bylaws amendments process and asked whether the outlined proposal was discussed and shared with the Workforce Development Board or any other committee.

A. de Castro stated that there was initial conversation in the last WDB meeting. He also, stated that prior to WDB last meeting, a notice of 15-day along with the proposed Bylaws amendment was given to the WDB members to provide more time and opportunity to review and discuss during the WDB meeting since the proposal was an informational item and no action was required. T. Young additionally, shared that there will be more recommendations and amendments proposals to the Bylaws to be shared and discussed with the Policy Board to bring clarity and consistency to the Bylaws.

M. Montgomery Steppe shared her concern about the backlog challenge and requested more clarification on this issue and solutions proposed.

K. Atta outlined SDWP's steps to address this issue and efforts to implement solutions. As part of the discussion to this challenge, 2-days retreat with the organization comprised of all SDWP departments took place on October 13 and 16 to review the process, identify issues, proposed solutions. SDWP additionally is examining the tools, the process and that by the next meeting, SDWP will provide better vision and will share solutions process. T. Young mentioned that SDWP will provide recommendations to this challenge. K. Atta also shared SDWP's short term plan which is consisting of creating mini taskforce to work immediately on the backlog and update our records and long term to review the delivery model and its functionality.

#### *Item 4*      **WDB Members Status & New Nominations**

T. Young overviewed WDB status and recent resignations of:

- **Shandon Harbour** (President & CEO of Associated Builders and Contractors) representing Labor, resigned 8/2/2023

- **Althea Salas** (Vice President of Human Resources at San Diego Tourism Authority) representing Private Sector, resigned 8/3/2023
- **Carmen Summers** (General Manager at Americas Azure Core Specialized Sales, Microsoft Corporation) representing Private Sector, resigned 9/8/2023
- **Mimi Rosado** (Deputy Corporate Programs at Naval Information Warfare Center Pacific) representing Private Sector, resigned 9/13/2023

T. Young shared WDB new nominees' backgrounds and experiences. The new WDB members nominations are:

- **Dora Mendivil Angulo** (Program and Fiscal Administrator at La Cooperativa Campesina de California) representing the Labor Sector
- **Gina Lee** (Program Manager at San Diego and Imperial Counties Labor Council) representing the Labor Sector
- **Dr. Tina King** (President at SD College of Continuing Education) representing the Education Sector

T. Young mentioned that the new WDB candidates will be a great addition and add value to the board with their experiences and expertise.

Motion: Board approves the new WDB nominations

*Moved (S. Elo-Rivera), Seconded (M. Montgomery Steppe), Carried unanimously*

## Item 5

### **Sector Initiatives: Equal Representation in Construction Careers (ERiCA) Subagreement & RFP Opportunity**

P. Parikh, VP of Sector Initiatives, presented a proposal to enter into a new contract funded by the Equal Representation in Construction Careers (ERiCA) program to the San Diego Building & Construction Trades Council (SDBTC) for \$259,370.

The ERiCA program total fund is \$2.7M divided into two areas: \$2M in childcare supports, and \$700K for outreach and community building. ERiCA program focuses on creating career pathways for women, non-binary, and underserved populations entering careers in the building and construction trades. The funding requires contractors to be DAS-registered pre-apprenticeships and apprenticeships.

SDBTC will provide services, including:

- Developing mentoring within Building Trades through funded mentorship stipends and activities

- Distribute scholarships to women in the trades to attend Tradeswomen Build Nations annual conference
- Organize hands-on youth bootcamps; and
- Host Healthy Families Trainings for union members and families

The term of this contract is October 1, 2023 through June 30, 2025.

SDWP will be issuing a Request for Proposals (RFP) on November 1, 2023 inviting non-profits and community-based organizations (CBOs) to propose innovative outreach and community building activities targeting women, non-binary, and underserved communities interested in a rewarding career in the building and construction industry.

The new RFP is related to the outreach and community building fund awarded by the State of California's Division of Apprenticeship Standards (DAS) under their Equal Representation in Construction Apprenticeships (ERiCA) grant program. Proposals must incorporate a connection to Apprenticeship Readiness Program, Construction Career Jumpstart, and/or union apprenticeships. P. Parikh asked PB members to promote the RFP and help SDWP in recruiting partners.

Both Board Members M. Montgomery Steppe and N. Sasaki inquired the process of the RFP, offered their support, shared prospective partners. T. Young highlighted that SDWP is taking more proactive approach out of traditional outreach in recruiting new partners specialized in this kind of programs.

N. Sasaki inquired about the intention of the presented grant overall goals and whether there will be a metrics to measure each category of the served population. P. Parikh clarified that while the intent is to increase the numbers of individuals participated in this program, San Diego Building & Construction Trades Council implement specific benchmark within each program and step.

N. Sasaki additionally shared more resources for the building and trades field contractors such as Workforce Connect. P. Parikh mentioned that SDWP is looking to collaborate with them in the future as they may be a good source for referrals for this program.

*Motion:* WDB approves new contract proposal with San Diego Building & Construction Trades Council and authorize SDWP Staff to execute the contract.

*Moved (M. Montgomery Steppe), Seconded (S. Elo-Rivera), Carried unanimously*



**Item 6**

**Career Pathways for Foster Youth Subagreement**

M. Vasquez, VP of Client Services, and N. DeVico, Director of Youth Programing, presented a subagreement proposal with Just in Time for Foster Youth. Funded by the County of San Diego, this is a two-year agreement from July 1, 2023 through June 30, 2025, for a total of \$550K and will serve 170 foster youth participants.

Just in Time for Foster Youth will provide services in work readiness trainings, explore career pathways, enhance foster youth resumes, job placement, subsidized internships, occupational trainings, and educational opportunities. Additionally, the program will provide services in social/emotional support and supportive services that focus on professional development, transportation, childcare, basic needs, mental health assistance, and more.

M. Vasquez mentioned that SDWP is creating an ecosystem by providing a holistic service to foster youth by also partnering with Promises2Kids, Black Chamber of Commerce, and working closely with Access for support as a recipient of WIOA foster youth funding.

M. Montgomery Steppe inquired about the funding program source, funding amount and the nature of the relationship between the County, SDWP, and its subrecipients. N. DeVico highlighted SDWP approach on creating and building new relationships with new small non-profit and community-based entities in order to provide holistic services to Youth in general. N. DeVico additionally shared that the County is SDWP funder regarding this program.

N. Sasaki inquired about the procurement method for this contract and the reason of choosing this subrecipient. N. DeVico highlighted the procurement process, services this subrecipient will provide to Foster Youth participants, and their role in the ecosystem SDWP is building regarding Foster Youth holistic services.

*Motion:* WDB approves new contract proposal with Just in Time for Foster Youth and authorize SDWP Staff to execute the contract.

*Moved (N. Sasaki), Seconded (S. Elo-Rivera), Carried unanimously*

**Item 7**

**Proposal for Amendment to Organizational Bylaws – Article X**

A. de Castro, SDWP General Counsel, presented a proposed amendment to Article X of the SDWP Bylaws, which will be presented to the WDB. A. de Castro explained the reasons for the proposal, including that Article X contained ambiguities and could pose as a major hurdle to future amendments. He mentioned that by approving these amendments, the Board will have a clarified and greater ability to adopt necessary amendments to other provisions of the Bylaws, consistent with applicable laws and regulations.

A. de Castro advised that Article X of the SDWP Bylaws (Amendments) should be clarified to expressly state that the affirmative vote of two-thirds of the members of the board can be obtained at a meeting at which a quorum is present rather than two-thirds of the of “then-serving members of the WDB at any meeting of the Board.” The latter might be construed to mean two-thirds of all directors serving must approve amendments. He also discussed the option of removing or reducing the 15-day notice requirement as SDWP is required to follow the Brown Act which requires three-day notice. Lastly, he discussed the possibility of reducing the requirement from two-thirds to a majority.

Legal counsel to the Policy Board commented that Bylaw amendments do not require approval by the Policy Board, but that the Policy Board should be notified of such amendments. The Policy Board opined that it might be advisable to include advance notice over and above the 3-day notice under the Brown Act for regular meetings. There was also a suggestion about the possibility of including a minimum number of directors to vote in favor of amendments.

**Item 8      FY23 Financial & Audit Updates**

Deferred to next meeting due to lack of time.

**Adjournment:**

The meeting was adjourned at 2:55 pm for closed session.

**Next Meeting:**

November 16, 2023 at 2:00pm

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## Item 3: FY23 Financial & Audit Updates

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### **INFORMATION ITEM - NO ACTION REQUIRED:**

#### **FY23 Financial Summary Status**

SDWP Finance Department is currently undergoing FY23 year-end fund rebalancing, posting of closing entries and other reconciliations to ensure accuracy, completeness, and integrity of our financial data. Final entries are to be completed by November 2023 with the Audit planned to launch in December 2023.

Key activities in FY23 included a historical cleanup of aged payables (reduction of 40%) and amounts due to other agencies (reduction of 50%). In June 2023, SDWP received a \$10M prepayment (300% increase in cash) for Sector Initiatives from State funding.

**SAN DIEGO WORKFORCE PARTNERSHIP  
BALANCE SHEET (UNAUDITED)  
JUNE 30, 2023**

|  | <b>FY23</b> |                   | <b>FY22</b> |                   |
|--|-------------|-------------------|-------------|-------------------|
| <b>ASSETS</b>                              |             |                   |             |                   |
| Cash                                       | \$          | 13,732,875        | \$          | 3,441,561         |
| Accounts receivable                        |             | 719,360           |             | 1,976,426         |
| Grants receivable                          |             |                   |             | 7,106,516         |
| Due from other funds                       |             | 15,372,364        |             | 8,178,560         |
| Prepaid expenses                           |             | 523,282           |             | 599,347           |
| <b>TOTAL ASSETS</b>                        | <b>\$</b>   | <b>30,347,880</b> | <b>\$</b>   | <b>21,302,910</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |             |                   |             |                   |
| <b>LIABILITIES</b>                         |             |                   |             |                   |
| Accounts payable                           | \$          | 2,977,729         | \$          | 4,809,982         |
| Accrued expenses                           |             | 904,417           |             | 336,733           |
| Due to other funds                         |             | 15,372,364        |             | 8,178,560         |
| Due to other agencies                      |             | 522,424           |             | 1,001,066         |
| Unearned revenue                           |             | 42,356            |             | 4,801,859         |
| <b>TOTAL LIABILITIES</b>                   |             | <b>19,819,290</b> |             | <b>19,128,200</b> |
| <b>FUND BALANCES</b>                       |             |                   |             |                   |
| <b>TOTAL FUND BALANCES</b>                 |             | <b>10,528,590</b> |             | <b>2,174,710</b>  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$</b>   | <b>30,347,880</b> | <b>\$</b>   | <b>21,302,910</b> |

**FY23 Budget vs Actuals (Unaudited-Not Final)**

|                              | <b>Original Budget</b> | <b>Actual</b>     | <b>Variance with<br/>Budget</b> | <b>Variance %</b> |
|------------------------------|------------------------|-------------------|---------------------------------|-------------------|
| WIOA ADULT                   | 7,992,325              | 8,436,133         | (443,808)                       | 6%                |
| WIOA DISLOCATED WORKER       | 6,743,778              | 5,138,900         | 1,604,878                       | -24%              |
| WIOA YOUTH                   | 7,450,127              | 6,207,891         | 1,242,236                       | -17%              |
| Calfresh E&T                 | 3,500,000              | 2,170,494         | 1,329,506                       | -38%              |
| Public (Federal & State)     | 6,002,632              | 3,647,401         | 2,355,231                       | -39%              |
| Public (County & City)       | 5,411,364              | 3,594,958         | 1,816,406                       | -34%              |
| Philanthropic/Private Sector | 4,310,006              | 2,471,288         | 1,838,718                       | -43%              |
| Other Funds                  | 1,289,358              | 1,164,352         | 125,006                         | -10%              |
| <b>TOTAL</b>                 | <b>42,699,590</b>      | <b>32,831,416</b> | <b>9,868,174</b>                | <b>-23%</b>       |

**FY22 Budget vs Actuals**

|                              | <b>Final Budget</b> | <b>Actual</b>     | <b>Variance with<br/>Budget</b> | <b>Variance %</b> |
|------------------------------|---------------------|-------------------|---------------------------------|-------------------|
| WIOA ADULT                   | 6,945,256           | 5,675,319         | 1,269,937                       | -18%              |
| WIOA DISLOCATED WORKER       | 6,837,894           | 4,260,455         | 2,577,439                       | -38%              |
| WIOA YOUTH                   | 7,019,791           | 5,354,809         | 1,664,982                       | -24%              |
| Calfresh E&T                 | 3,493,670           | 1,930,598         | 1,563,072                       | -45%              |
| Public (Federal & State)     | 3,690,929           | 3,586,571         | 104,358                         | -3%               |
| Public (County & City)       | 4,892,720           | 4,115,118         | 777,602                         | -16%              |
| Philanthropic/Private Sector | 4,351,532           | 3,180,852         | 1,170,680                       | -27%              |
| Other Funds                  | 531,538             | 348,558           | 182,980                         | -34%              |
| <b>TOTAL</b>                 | <b>37,763,330</b>   | <b>28,452,280</b> | <b>9,311,050</b>                | <b>-25%</b>       |

The FY23 amounts presented herein are subject to change due to year end rebalancing but should provide a snapshot of the current state. From an initial review, the proposed FY23 Budget appears overestimated by almost 10% (\$42.7M proposed over \$32.8M actual spend.) Based on this, the FY24 budget was set to a realistic target of \$36.5M, in line with actual trend of spend and planned expenditures.

| <b>FY</b>   | <b>Proposed</b> | <b>Actual</b> | <b>Variance</b> |
|-------------|-----------------|---------------|-----------------|
| <b>2023</b> | 42.7            | 32.8          | -9.9            |
| <b>2022</b> | 37.8            | 28.5          | -9.3            |
| <b>2021</b> | 35.0            | 27.5          | -7.5            |

Factors that contributed to lower expenditures in FY23 are listed below:

- Staff turnover and operational concerns
- Less participants than anticipated
- Subrecipients underperformed and did not utilize full funding
- Planned Personnel: 150 FTEs forecasted but only had 130 FTEs

On the other hand, proactive cost reallocations between Adult (AD) and Dislocated Worker (DW) allowed us to rebalance the resources towards targeted populations of need.

Our focus for FY24 is to ensure planned expenditures are executed. This includes incorporating a more robust budgeting software to provide timely data regarding budget vs actuals as well as reviewing operational workflows to eliminate any hindrances and enhancing support for subrecipients.

### **Status of FY23 Audit**

SDWP solicited bids from qualified accounting firms to furnish audit services on various federal awards, including WIOA, and other non-federal funding sources. SDWP serves as both the grant recipient and administrative entity for WIOA and other federal and state job training funds in San Diego County. The Uniform Guidance and OMB guidance require that SDWP have independent financial and compliance audits of its federal funds performed annually. The period of performance for the audit services will be July 1, 2023, through June 30, 2024, with the Single Audit and tax preparation for fiscal year ending June 30, 2023. The Request for Bid (RFB) was issued May 12, 2023. Only one proposal was received. Rogers, Anderson, Malody & Scott, LLP (RAMS) submitted a Technical Proposal for professional auditing services in June 2023 and will be selected for the FY23 Audit with option of three additional fiscal years.

Founded in 1948, RAMS has over 75 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting, and management advisory services. They understand the complexity of performing governmental audits and have a dedicated team of auditors that possess the specialized knowledge and experience to help ensure our audit is planned and executed in a way that maximizes audit efficiency and effectiveness. Their firm:

- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to clients.
- Utilizes Teammate Analytics, a suite of more than 200 Computer Aided Audit Tools (CAATs). This software empowers audit teams with the ability to perform powerful, meaningful data analysis which builds upon other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using CAAT) which enables them to focus on key audit areas, allowing for a higher quality audit at a reasonable fee.
- Currently provides auditing services to over 75 governmental agencies and not-for-profit organizations, including over 30 cities, most of which have enterprise activities and over 35 special districts.
- Is committed to helping meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing quality audit services.

The audit process will be divided into 3 sections:

- Segment 1 – Planning/internal control (December 2023)
- Segment 2 – Substantive testing/analysis (January 2024)
- Segment 3 – Report preparation/work paper review (February/March 2024)

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## Item 4: WDB Adoption of Amendment to Organizational Bylaws Article X

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### **INFORMATION ITEM - NO ACTION REQUIRED:**

A. de Castro, SDWP General Counsel, presented a proposal to the SDWP Workforce Development Board (WDB) at the WDB meeting on November 9, 2023 to amend Article X of the Bylaws. A redline draft of the proposed changes was circulated with at least 15-days' notice, consistent with Article X itself. de Castro explained the reasoning behind the changes and identified the three principal points to consider: (1) adding language to clarify that the vote of the WDB members would be applied at a meeting "at which a quorum is present"; (2) to consider whether to remove or reduce the 15-day notice requirement before making any amendments; and (3) to consider whether to maintain the 2/3 requirement or reduce it to 51%. de Castro also informed the WDB members that comments were received from the Policy Board and its legal counsel. After questions and comments from the WDB Board, the WDB members unanimously approved the following main amendments to Article X:

- (a) The language pertaining to the vote of the directors that will be needed at a meeting to pass any amendment to the bylaws shall pertain to a quorum and not to the full board;
- (b) Two-thirds of the quorum vote of the directors will remain;
- (c) The 15-day advance notice requirement will be reduced to 7 days.

The other changes, which are primarily stylistic, are also acceptable.

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## Item 5: Proposal to Adopt a Resolution to Clarify Contractual Authority and Scope

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### **INFORMATION ITEM - NO ACTION REQUIRED:**

Section 5.e. of the Partnership Agreement states that the responsibilities of the Consortium include...“Approve contract actions or delegate to SDWP the authority to approve contract actions for services provided pursuant to this Agreement, in accordance with Consortium policy.” In short, this provision appears to require the approval of one of *either* the Consortium or SDWP (not both) and is unclear as to the *type* of contract requiring approval (i.e. whether it is limited to a contract for “services” *only* or relate to all contracts for the “services provided pursuant to this Agreement”).

Current management has observed that SDWP not been consistent in its practices with respect to entering into contracts for goods and services. For example, it appears the accepted practice has been that contracts under \$100,000 were not submitted to either the Consortium or the Workforce Development Board (WDB) for approval. However, it also appears that some contracts over \$100,000 and possibly under the scope of Section 5.e. might not have been approved by the Consortium and/or WDB for unknown reasons.

Although management has located internal policies with respect to contractual authority, it is uncertain to what extent the Consortium has delegated any authority to the SDWP under Section 5.e. As a result of these uncertainties, current management has erred on the side of caution by obtaining approval for contracts in excess of \$100,000 from both the Consortium and the WDB. Management has also reviewed the procurement policies of other organizations for additional guidance.

With respect to the current approval process, management believes that the practice of obtaining approval from both governing boards is inefficient and inconsistent with the intent of Section 5.e. A possible solution to consider at some point is for the Consortium formally adopt a resolution *expressly* delegating limited authority to the SDWP to enter into contracts up to a certain amount to be determined. The Directive on Procurement of Equipment and Related Services adopted by the California Employment Development Department (EDD) on March 14, 2018 (WSD17-08), applicable to WIOA subrecipients, contains a limit of \$250,000+ to be considered “formal”.

Formal and express delegation of authority and adoption of a higher threshold, in line with the related EDD Directive will provide more certainty to SDWP management and staff. This will likely improve management’s efficiency in achieving its WIOA objectives. Such express delegation by the Consortium will not preclude the WDB from independently exercising its own board oversight duties.

Lastly, Section 5.e. is unclear as to what *types* of contracts are subject to approval. It appears intended to only apply to contracts that involve the use of government funds obtained under WIOA, but also apply to goods (and not just services). While this interpretation would exclude contracts that are non-WIOA funded, it would also expand the scope of Section 5.3. to include contracts for goods that involve WIOA funds.



## **Proposal to Consider**

Pursuant to Section 5.3. of the Partnership Agreement, the Consortium might consider expressly delegating to the SDWP the authority to enter into contracts for goods and services that involve the use of WIOA funding of amounts below \$250,000 (or whatever threshold the Consortium elects) without prior approval from the Consortium. SDWP will ensure that that all such contracts entered into comply with all applicable laws and regulations and any resolutions adopted by the WDB.

Management believes adoption of a resolution will remove uncertainty in management's ability to enter into contracts, allow SDWP to take actions under the WIOA more expeditiously, and reduce the workload and time spent by the Policy Board in approving smaller contracts.

Contracts over the agreed upon threshold, for goods and services that utilize WIOA funds, will still require approval by the Consortium. In addition, management will request the WDB adopt internal guidelines for SDWP management in entering into contracts. Until such guidelines are adopted by the WDB, management will continue to seek its approval on contracts over \$100,000.

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## Item 6: CEO Report

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### **INFORMATION ITEM - NO ACTION REQUIRED:**

Interim President & CEO T. Young to present updates on staffing, operational issues, and key considerations for improving corporate governance.