



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve Budget Modification No. 41 to Appropriate Additional Grant Funds, Increase the NOVA Expenditures Budget, and Increase the Transfer to the General Fund to Cover Indirect Costs Incurred by the City in Administering these Grants for FY 2013/14

BACKGROUND

The City of Sunnyvale NOVA Workforce Services Department (NOVA) manages programs and services for the NOVA Job Training Consortium, a seven-city entity (Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara, and Sunnyvale) formed through a Joint Powers Agreement. The City of Sunnyvale administers all of NOVA's programs on behalf of the consortium cities. No funding is provided by the seven cities, individually or collectively.

NOVA receives funding several ways: Workforce Investment Act (WIA) allocations determined by specific formulas via the State of California Employment Development Department (EDD); competitive grants from a variety of state and federal sources; and other Corporate and Foundation funding sources. These funds have varying periods of performance, often multi-year.

As the City, through NOVA, applies for grants, contracts and contributions, it determines what services and service levels will be provided through the application process. The determinations are reviewed and approved by the NOVA Workforce Board through Reports to the Workforce Board at regular Board meetings. Authority to receive and expend funds must be approved by the Sunnyvale City Council, on behalf of the consortium cities. When the new programs affect the established expenditure and service levels defined in the departmental budget, a budget modification request is submitted. These actions can occur throughout the year through Reports to Council at regular City Council meetings.

NOVA is now requesting an increase in planned budget and expenditure resources for FY 2013/14. The original budget was submitted prior to the release of the annual allocations. These allocations came in higher than projected and NOVA has been successful in winning several additional grants during the year, which have added to the available resources.

EXISTING POLICY

Council Policy 5.1.1 *Socio-Economic - Goals and Policies*, Goal 5.1F: The City of Sunnyvale will participate in the administration of the Workforce Investment Act as a service delivery area as long as adequate Federal/State funding for the program is available, legislation remains essentially intact and the program can be cost effectively administered.

ENVIRONMENTAL REVIEW

N/A

DISCUSSION

This request is for an increase of budget resources for the NOVA Workforce Services program for current year FY 2013/14. NOVA receives annual grant allocations funded through the Workforce Investment Act and distributed by formula through the State of California Employment Development Department. These allocations have a two-year life, providing flexibility in the timing of the expenditure of these funds. The balance of NOVA's funding comes from other, competitively obtained grant funding. These grants come available throughout the year and have varying periods of performance.

As the NOVA FY 2013/14 budget was being developed several major projections were predicated on information available at that time, several months before the fiscal year began. NOVA's formula allocation funding for the year had not yet been determined and our best estimate was included in the budget for potential grant awards. Thus the budget was developed with conservative spending and funding assumptions.

The formula funding allocation came in slightly higher than our estimates, and NOVA was awarded grants for several new programs including \$250,000 to operate a regional innovation program to support the emerging electric vehicle industry and a \$150,000 HUD Grant to develop career progression pathways within the technology industry.

FISCAL IMPACT

As a result of the changes in the originally planned versus more recently projected expenditures, the operating budget for NOVA's program needs to be revised. The NOVA operating program is funded in the Employment Development Fund, which has a current budget of \$7,392,422. . Budget Modification No. 41 has been prepared to appropriate the additional revenues and change the Employment Development Fund expenditure budget as detailed below. This modification will increase the total FY 2013/14 budget for NOVA by \$300,000. These changes were taken into consideration in the development of the budget estimates for FY 2014/15.

NOVA contributes to the General Fund to cover indirect costs incurred by the City in administering these grants. These contributions are derived as a percentage of specific expenditures by the department. Staff estimates this transfer will increase by \$13,500 as a result of this increase in expenditures.

BUDGET MODIFICATION NO. 41

FISCAL YEAR 2013/14

<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
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Employment Development Fund

Revenues

NOVA Grants and Contributions	\$7,400,000	\$300,000	\$7,700,000
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Expenditures

Employment Services	\$7,060,657	\$286,500	\$7,347,157
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Transfers

Transfer to General Fund	\$331,765	\$13,500	\$345,265
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PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Approve Budget Modification No. 41 to appropriate additional grant funds, increase the NOVA Expenditures Budget, and increase the transfer to the General Fund to cover indirect costs incurred by the City in administering these grants for FY 2013/14.

Prepared by: Stephen Quick, Manager of Business Operations

Reviewed by: Grace Leung, Director of Finance

Reviewed by: Kris Stadelman, Director, NOVA Workforce Services

Approved by: Robert A. Walker, Interim City Manager