



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

---

File #: 16-0426, Version: 1

---

### REPORT TO COUNCIL

#### **SUBJECT**

FY 2015/16 NOVA Workforce Services Department Expenditure Update and Approval of Budget Modification No. 34

#### **REPORT IN BRIEF**

NOVA Workforce Services Department receives funding through the federal Workforce Innovation and Opportunity Act formula funding allocations and competitive grants through state and federal sources and corporate and foundation funding.

When the NOVA Workforce Services Department FY 2015/16 budget was developed, several major projections were based on information that was not yet available at that time: the fiscal year was not yet complete; federal Workforce Innovation and Opportunity Act allocations had not been released; and several grants for which the City (through the NOVA Workforce Services Department) had applied had not yet been awarded.

Budget Modification No. 34 for FY 2015/16 is in response to the federal Workforce Innovation and Opportunity Act formula funding allocations coming in higher than projected and NOVA's success in being awarded several competitive grants during the year. Budget Modification No. 34 reflects an increase of \$300,000 for the NOVA Workforce Services Department budget that will now total \$10,800,000 in revenues, a corresponding increase in expenditures by \$289,250, and transfers to the General Fund of \$10,750. Staff is recommending approval of Budget Modification No. 34.

#### **EXISTING POLICY**

**Council Policy 5.1.1: *Socio-Economic - Goals and Policies*:** Education and Training Goal 5.1F: Provide job training and employment services, within constraints of operative Federal regulations and available Federal funding, to address the locally-determined employment and training needs of economically disadvantaged residents and others with special needs.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental, organizational or administrative activity that will not result in direct or indirect changes in the environment.

#### **BACKGROUND**

The NOVA Workforce Services Department (NOVA) manages programs and services for the NOVA Job Training Consortium, an eight-jurisdiction region that includes northern Santa Clara County (the cities of Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara and Sunnyvale) and San Mateo County. The Joint Powers Agreement stipulates how the public agencies will work

together. The City of Sunnyvale is the administrative entity for NOVA's programs, on behalf of the consortium. Neither the City of Sunnyvale, nor any of the other seven jurisdictions that comprise the JPA, provide any funding to NOVA.

NOVA receives funding several ways that includes federal Workforce Innovation and Opportunity Act (WIOA) allocations determined by specific formulas and distributed through the California Employment Development Department (EDD). These allocations have a two-year lifespan, providing flexibility with the expenditure of these funds. In addition, NOVA receives competitive grants from a variety of state and federal sources and corporate and foundation funding. These funds have different periods of performance, often multi-year.

When 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 NOVA Workforce Board reviews and approves of these funding applications at regular Board meetings. The Sunnyvale City Council has the authority to receive and expend funds that are awarded, on behalf of the NOVA consortium. When new programs affect the established expenditure and service levels defined in the departmental budget, a budget modification request is submitted. These requests can occur throughout the year and are submitted for consideration and approval by the Sunnyvale City Council.

## **DISCUSSION**

When NOVA's FY 2015/16 budget was being developed, several major projections were based on information that was not yet available at that time: the fiscal year was not yet complete; the WIOA formula funding allocations for the year had not been released; NOVA's best estimate of the potential competitive grant awards that NOVA pursues to supplement its available resources has not been announced. Thus the budget was developed with conservative spending and funding assumptions.

This year, the WIOA formula funding allocations came in higher than projected, and NOVA was successful in being awarded several additional grants during the year, including a \$735,000 State Additional Assistance Grant, a two-year \$3.2 million National Dislocated Worker Grant from the U.S. Department of Labor, and a \$100,000 grant from the California Workforce Development Board for the new Slingshot initiative. Some of these grant funds will be used for the current fiscal year and subsequent fiscal years depending on the grant periods.

In response to this increase in resources above budgeted amounts, NOVA is requesting that its current FY 2015/16 operating program budget of \$10.5 million be increased to a revised budget of \$10.8 million to correspond to actual allocations and awards.

## **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 \$10.5 million. Staff recommends that the operating program expenditure budget be modified to accommodate the changes in the resource and expenditure mix. Budget Modification No. 34 has been prepared to change the Employment Development Fund expenditure budget as detailed below. This modification will increase the total FY 2015/16 budget for NOVA by \$300,000. These changes will be taken into consideration in the development of the budget estimates for FY 2016/17.

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 \$10,750, as a result of this increase in budget and expenditures.

**BUDGET MODIFICATION NO. 34  
FISCAL YEAR 2015/16**

	<u><b>Current</b></u>	<u><b>Increase (Decrease)</b></u>	<u><b>Revised</b></u>
<b>Employment Development Fund</b>			
<u><b>Revenues</b></u>			
NOVA Grants and Contributions	\$10,500,000	\$300,000	\$10,800,000
<u><b>Expenditures</b></u>			
Employment Services	\$10,055,000	\$289,250	\$10,344,250
<u><b>Transfers</b></u>			
Transfer to General Fund	\$445,000	\$10,750	\$455,750

**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. 34 increasing revenues for the Employment Development Fund by \$300,000 for new total revenues of \$10,800,000, increasing expenditures by \$289,250 and transfers to general fund of \$10,750 for the FY2015/16 Budget.

Prepared by: Eileen Stanly, Analyst

Reviewed by: Kris Stadelman, Director, NOVA Workforce Services

Reviewed by: Timothy J. Kirby, Acting Director, Finance

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager