



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

FY 2016/17 NOVA Workforce Services Department Expenditure Update and Approval of Budget Modification 48

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, 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 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 City Council.

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.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

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.

DISCUSSION

When NOVA’s FY 2016/17 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 had not been announced; and the Memorandum of Understanding with the Sunnyvale Employee Association was in negotiation. Thus, the budget was developed with conservative spending and funding assumptions.

This year, NOVA was successful in being awarded several additional grants during the year, including a \$250,000 State Additional Assistance Grant, a \$150,000 Workforce Accelerator Grant, a \$150,000 Disability Employment Accelerator Grant, and a WIOA high-performing workforce board incentive grant of \$54,000 from the California Workforce Development Board. 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 2016/17 operating program budget of \$10.5 million be increased to a revised budget of \$11 million to align with actual allocations and awards and expenditures.

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. 48 has been prepared to change the Employment Development Fund expenditure budget as detailed below. This modification will increase the total FY 2016/17 budget for NOVA by \$500,000.

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 \$9,540, as a result of this increase in budget and expenditures.

**BUDGET MODIFICATION NO. 48
FISCAL YEAR 2016/17**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
Employment Development Fund			
<u>Revenues</u>			
NOVA Grants and Contributions	\$10,500,000	\$500,000	\$11,000,000
<u>Expenditures</u>			
Employment Services	\$10,055,000	\$490,460	\$10,545,460
<u>Transfers</u>			
Transfer to General Fund	\$445,000	\$9,540	\$454,540

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. 48 increasing revenues for the Employment Development Fund by \$500,000 for new total revenues of \$11,000,000, increasing expenditures by \$490,460 and transfers to general fund of \$9,540 for the FY 2016/17 Budget.

Prepared by: Eileen Stanly, Analyst, NOVA Workforce Services
Reviewed by: Kris Stadelman, Director, NOVA Workforce Services
Reviewed by: Timothy J. Kirby, Director, Department of Finance
Reviewed by: Walter C. Rossmann, Assistant City Manager
Approved by: Deanna J. Santana, City Manager