



TO: Elizabeth Pauli, City Manager
FROM: Andy Cherullo, Finance Director, Finance Department
COPY: City Council and City Clerk
SUBJECT: Workforce Central – Line of Credit – June 25, 2019
DATE: May 23, 2019

SUMMARY:

WorkForce Central (WFC), which operates under an Interlocal Government Agreement between Pierce County and the City, is requesting a two-year extension of the \$250,000 line of credit provided by the City. Pierce County also provides a \$250,000 line of credit to WFC. WFC is seeking to have both lines of credit extended an additional two years.

WFC relies heavily on federal funding provided through the Workforce Innovation and Opportunity Act (WIOA). The lines of credit acts as standby bridge funding mechanisms which would allow the agency to avoid a disruption of service in the event of a delay in the federal budget process which would curtail its access to funding for a short-term period of time, thus preventing it from meeting its obligations to job seekers, employers and the community.

City staff recommends that the line of credit be extended for a two-year period and bear interest at a market rate of interest determined at the time of execution of the extension.

STRATEGIC POLICY PRIORITY:

This amendment aligns with the following strategic policy priorities:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- Encourage thriving residents with abundant opportunities for life-long learning.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

WFC was established in 1982 through an Interlocal Government Agreement (the Agreement) between Pierce County and City of Tacoma to establish WFC as the agency tasked to:

- Promote effective coordination of workforce development programs and resources;
- Provide regional employment and training services;
- Develop and create employment opportunities, training, education and other services to enable our residents to secure and retain employment; and
- Implement workforce federal legislation within Pierce County

The Agreement transferred the duties and responsibilities of both the City’s Comprehensive Employment Services Office and the County’s Manpower Planning Office to WFC.

The work performed by WFC has significant economic and social impacts to jobseekers, employers and other entities located throughout Pierce County. For example, WFC:

- Supports and oversees the local workforce development service delivery system called “WorkSource Pierce”, which serves approximately 60,000 job seekers annually through one Comprehensive Career Development Center and 7 affiliate sites located throughout the county;



- Assists JBLM service members in preparing for their transition from the Department of Defense into other career opportunities- 900 service members received the services of WFC in the last year;
- Assists businesses in finding local talent in order to remain globally competitive – last program year, 1,000 businesses received assistance;
- Secures non-WIOA resources to support its core purpose - \$10 leverage to \$1 WIOA resources expended;
- Provides funding to residents to pay for demand occupational training and support at local community and technical colleges - last program year 600 residents received this assistance.
- Provides funding to local businesses to enhance the skills of their employees so that productivity is maximized which increases the competitiveness of both the businesses and their employees; and

Works with the community-based organizations to help at-risk youth between the ages of 16-24 complete high school or obtain a GED, learn about the world of work through workshops/internships/job shadows AND continue to post-secondary education/training that will lead to a family wage job with career and wage advancement opportunities.

ISSUE:

WFC operates primarily with federal funding. Current partisanship in Congress may result in delayed budget approvals, threats of government shutdowns and uncertainty of program funding for WFC and the myriad other agencies which rely on government funding. Without access to this funding, WFC must be prepared to weather cash flow disruptions which would prevent it from meeting its obligations to job seekers, employers and the community.

WFC Executive Board members are requesting an extension of the standby line of credit, shared equally between the County and the City, to ensure that services are not disrupted should WFC be met with a delay in congressional budget approvals which would curtail its access to critical Workforce Innovation and Opportunity Act (WIOA) funds for a period of time

The City has an existing line of credit with WFC which expires on December 31, 2019, and has approved previous credit lines to the WFC, each of which has expired without being utilized by the agency.

ALTERNATIVES:

If the City Council were to disapprove the extension to the \$250,000 line of credit, WFC could request that the County provide the full \$500,000 line of credit. If the County did not agree to fund the full \$500,000, there could be a potential gap in cash needs and a disruption in the delivery of WFC services.

RECOMMENDATION:

City staff recommends that City Council approve a two-year extension to the existing \$250,000 letter of credit to WFC in order that the agency may continue to ensure the availability of funding to support its program in the event of a funding delay due to the federal budget process.



FISCAL IMPACT:

This is a line of credit that the City would provide to WorkForce Central. There will be no fiscal impact until such time, if any, that they request a draw down on the funds. However, if approved, this will, restrict the City’s use of the funds for the 2-year period.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
General Fund			\$250,000
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
General Fund Reserve/Cash			\$250,000
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: The two-year extension to the WFC line of credit will only have a fiscal impact in the event it is activated, in which case it would reduce General Fund reserves by the amount borrowed.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. The line of credit will be funded from the General Fund Reserve/Cash.