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City Council Document Tracking Sheet

Meeting Date: 5/9/2012

Sponsor(s): Emanuel, Rahm (Mayor)

Type: Ordinance

Title: Execution of Workforce Investment Act-related intergovernmental agreements and an associated Municipal Code amendment of Title 2-50-040 relating to Commissioner of Family and Support Services

Committee(s) Assignment: Committee on Budget and Government Operations

BUDG.



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

May 9, 2012

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Family and Support Services, I transmit herewith an ordinance authorizing the execution of Workforce Investment Act-related intergovernmental agreements and an associated Municipal Code amendment.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

ORDINANCE

WHEREAS, the Illinois Constitution and the Illinois Governmental Cooperation Act empower and encourage units of local government to associate amongst themselves; and

WHEREAS, the Mayor of the City of Chicago (the "Mayor") and the President of the Cook County Board of Commissioners (the "President") created a committee in March of 2011 known as the Joint Committee on City-County Collaboration (the "Committee"); and

WHEREAS, the Committee was comprised of seven civic leaders and was supported by professionals from the legal and business communities; and

WHEREAS, the Committee was charged with identifying collaborative opportunities—namely, areas in which the City of Chicago (the "City") and the County of Cook (the "County") could work together to reduce costs and streamline services; and

WHEREAS, in June of 2011, the Committee issued a report identifying nineteen collaborative opportunities, one of which was in the area of workforce development; and

WHEREAS, in October of 2011, the Mayor and the President announced their intentions to pursue that opportunity and to consolidate City and County workforce development efforts; and

WHEREAS, a key component of such consolidation is to seek State approval to combine the three separate local workforce investment areas in the County into a single local workforce investment area pursuant to Section 116 of the federal Workforce Investment Act (the "WIA"); and

WHEREAS, the Mayor and the President anticipate that the State will certify a single local workforce investment board to oversee that single local workforce investment area; and

WHEREAS, the Mayor and the President intend to designate the Chicago-Cook Workforce Partnership (the "Partnership") as the grant subrecipient and fiscal agent for federal WIA dollars; and

WHEREAS, legislative approval of certain intergovernmental agreements and other legal changes consistent with the consolidation of local workforce development efforts is in the best interests of the City and its residents.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. All of the recitals above are expressly adopted as legislative findings of the City Council and are incorporated herein and made hereby a part of this Ordinance.

SECTION 2. The City Council hereby approves, and the Mayor is authorized to execute on behalf of the City, subject to the approval of the Corporation Counsel as to form and legality, an agreement between the Mayor and the President, key elements of which are summarized on the term sheet attached hereto as Exhibit A.

SECTION 3. The City Council hereby approves, and the Mayor is authorized to execute on behalf of the City, subject to the approval of the Corporation Counsel as to form and legality, an agreement between the Mayor, the President, and the Partnership, key elements of which are summarized on the term sheet attached hereto as Exhibit B.

SECTION 4. The City Council hereby approves, and the Mayor is authorized to execute on behalf of the City, subject to the approval of the Corporation Counsel as to form and legality, an agreement between the Mayor, the President, and the local workforce investment board, key elements of which are summarized on the term sheet attached hereto as Exhibit C.

SECTION 5. The City Council hereby approves, and the Mayor is authorized to execute on behalf of the City, subject to the approval of the Corporation Counsel as to form and legality, an agreement between the Mayor, the President, and the State, key elements of which are summarized on the term sheet attached hereto as Exhibit D.

SECTION 6. Section 2-50-040 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored as follows:

2-50-040 Commissioner of family and support services – Powers and duties.

The duties and powers of the commissioner shall be as follows:

(Omitted text is unaffected by this ordinance)

(p) To establish and administer workforce development programs, except for Workforce Investment Act (WIA) Title I programs, that will leverage public and private relationships to: (1) ~~support public and private relationships to increase employment opportunities for underserved Chicagoans and prepare Chicagoans for the global workplace; and/or~~ (2) include a citywide service delivery system which responds to employer needs; and/or (3) strategically advance citywide policy agendas including but not limited to reducing youth violence, homelessness, and poverty.

~~The department is designated as the administrator for workforce development services, including the Workforce Investment Act (WIA) Title 1 programs. The commissioner shall coordinate activities of the WIA programs operated by the department with oversight from the Chicago Workforce Investment Council, the federally mandated workforce investment board authorized to set policy for the portion of the statewide workforce investment system within the local area.~~

SECTION 7. The Mayor shall make appointments to the local workforce investment board.

SECTION 8. Following passage and approval, Section 6 of this ordinance shall become effective upon the happening of all the following: (i) the State approves of a consolidation of all local workforce investment areas in Cook County into a single local workforce investment area pursuant to the WIA; (ii) the State certifies a single local workforce investment board to oversee that single consolidated local workforce investment area; and (iii) the Mayor and the President select the Partnership as the fiscal agent and grant subrecipient for local WIA funds. The rest of this ordinance shall be effective upon passage and approval.

Exhibit A

Agreement between the Mayor and the President

Term Sheet

Purpose	Describe agreements between the Mayor and the President with respect to the new Local Workforce Investment Board (the "LWIB") to be established pursuant to WIA.
Parties	The Mayor and the President.
Establishment of LWIB	The parties acknowledge and agree that the LWIB has been certified by the Governor as the LWIB for Local Workforce Investment Area 7 ("LWIA 7") and that the membership of the LWIB as set forth in the LWIB Bylaws (the "LWIB Bylaws") have been approved by the State and DOL.
Appointment of LWIB Members	The parties have the exclusive responsibility to appoint members to the LWIB from the individuals recommended or nominated pursuant to the appointment process set forth in the LWIB Bylaws.
Cooperation with LWIB	The parties will cooperate with the LWIB as required by WIA, in areas that may include, without limitation, (a) local plan development and submission; (b) selection of one-stop operators and other service providers; (c) approval of the LWIB's budget; (d) WIA program oversight; and (e) appointment of the youth council; (f) agreement on the memorandum of understanding.
Cooperation with the Governor and the State	The parties will cooperate with the LWIB in communicating with the Governor, as required by WIA, in areas that may include, without limitation: (a) negotiation of local performance measures; (b) designation of the Partnership as administrator of the one-stop system; (c) coordination in the development of a reorganization plan following any LWIB decertification; (d) coordination in the provision of rapid response activities; (e) coordination in the establishment of fiscal and accountability management systems; and (f) consultation arrangements with the Governor or the Secretary of Labor concerning any activities in the local area funded by the State or by DOL.
Appointment and removal of the Partnership's key executives	The parties shall jointly appoint, and have the right to initiate the removal of, the Partnership's key executives.
Role of the Partnership	<p>The parties agree that the Partnership shall be designated as the fiscal agent with respect to WIA funding for LWIA 7 and function as the administrative entity for LWIA 7.</p> <p>The Partnership shall be designated as the grant recipient under the WIA for LWIA 7 and that WIA Title I funds will flow from the State directly to the Partnership.</p>

	<p>The Partnership will engage third-party providers (e.g. delegate agencies) to provide direct services. The Partnership itself will <i>not</i> provide direct services. In addition, the Partnership will support the work of the LWIB.</p> <p>The parties agree that they will enter into all necessary agreements with the State with respect to such WIA funding and that all such grant provisions will be jointly and severally binding on the Mayor and the President.</p>
Partnership performance measures	<p>The Partnership would be required to meet City targets and County targets (based on the prior three years' performance) in categories such as entered employment rate (both as a percentage of clients served and per \$1 million in WIA funds), employment retention, average earnings, youth who attained a degree or credential, and youth literacy and numeracy gains.</p>
Allocation of Funding	<p>The parties will agree to a plan for the allocation of funding (formula, incentive and grant and other funding) geographically. The plan will be designed to help ensure that post-reconfiguration, the City and the County each receive at least the same level of services that they would have received had the reconfiguration not occurred.</p>
Financial Liability	<p>The parties agree to retain all pre-existing liabilities of the City and the County related to their respective existing LWIAs and acknowledge that the State shall retain all pre-existing liabilities with respect to the prior LWIA related to Northern Cook County.</p> <p>Notwithstanding the designation of the Partnership as the fiscal agent and grant recipient for LWIA 7, both the City and the County will be held jointly and severally liable for any misspent WIA funds or disallowed costs.</p> <p>Both the delegate agencies providing direct services, and the Partnership, would be required to maintain insurance to cover such risks and to indemnify the City and County for such risks.</p> <p>Between themselves, the City and County would agree to allocate disallowed costs and other liabilities as follows: (a) those incurred by delegate agencies relating to direct client services would be charged to the City or County based on the zip code of the applicable client and (b) those incurred by the Partnership, and any other disallowed costs not described in (a), would be charged equally to the City and the County.</p>
Remedies	<p>Remedies are available for performance measure shortfalls and other triggering events and allow the initiating party to: (a) require the Partnership to implement a cure plan to achieve the performance outcomes; (b) remove their appointed members of the Partnership's board and/or the Partnership's key executives; (c) inform DCEO that they have decided to appoint a different fiscal agent and grant recipient, or (d) seek automatic designation as an</p>

	LWIA with the support of the other party, which would result in separate LWIAs for each of the City and the County.
Bylaws	<p>The agreement would include as attachments forms of Bylaws as described below:</p> <p>LWIB Bylaws. Among other things, these bylaws would reflect responsibilities of the LWIB under WIA and describe the process agreed to by the Mayor and the President for appointing and removing members of the LWIB.</p> <p>Partnership Bylaws. Among other things, these bylaws would describe the process agreed to by the Mayor and the President for appointing and removing directors of the Partnership and for appointing and removing key executives of the Partnership.</p>

Exhibit B

Agreement among the Mayor, the President and the Partnership

Term Sheet

Purpose	Describe agreements among the Mayor, the President and the Partnership with respect to the Partnership's responsibilities as WIA grant recipient and fiscal agent.
Parties	The Mayor, the President and the Partnership.
Designation of the Partnership as grant recipient and fiscal agent	<p>The Mayor and the President designate the Partnership as the fiscal agent and the grant recipient for LWIA 7 to act on their behalf pursuant to the WIA. The Partnership agrees to accept on behalf of the Mayor and the President all grant funds associated with Title I of the WIA for LWIA 7 from the State, including funds available under the Trade Adjustment Act (TAA).</p> <p>This designation does not relieve the Mayor and the President of their ultimate financial liability to the State for any misspent WIA funds or disallowed costs under WIA.</p> <p>The Mayor and the President delegate to the Partnership the power and responsibility to enter into contracts, subcontracts, and other agreements, to receive, expend, and distribute funds, to develop and evaluate procedures for financial management, and to hire, organize, and train the staff needed to carry out their responsibilities.</p>
Role of the Partnership	<p>The Partnership will engage third-party providers (such as delegate agencies) to provide direct services to WIA participants. The Partnership itself will <i>not</i> provide direct services.</p> <p>The Partnership agrees to disburse WIA funds for allowable workforce investment activities on behalf of the Mayor and the President at the direction of the LWIB, as required by the WIA, provided that the purpose for the disbursement is allowable, authorized and documented.</p> <p>The Partnership will support the work of the LWIB.</p> <p>The Partnership acknowledges that no provision for profit is allowed and that any excess of revenue over its costs must be counted as "program income," and spent in compliance with WIA program income requirements.</p>
Partnership performance measures	The Partnership would be required to meet City targets and County targets (based on the prior three years' performance) in categories such as entered employment rate (both as a percentage of clients served and per \$1 million in WIA funds), employment retention, average earnings, youth who attained a degree or credential, and

	youth literacy and numeracy gains.
Allocation of Funding	The parties will agree to a plan for the allocation of funding (formula, incentive and grant and other funding) geographically. The plan will be designed to help ensure that post-reconfiguration, the City and the County each receive at least the same level of services that they would have received had the reconfiguration not occurred.
Financial Liability	<p>The Partnership shall include in all agreements or contracts with service providers (such as delegate agencies) provisions that require the service provider to be liable for misspent funds and disallowed costs resulting from the service provider's failure to apply or properly interpret WIA requirements, the service provider's negligence, the service provider's failure to follow accepted standards of financial management or other failures by the service provider to safeguard WIA funds on behalf of the Mayor and the President.</p> <p>If any costs are disallowed, the Partnership will reimburse the Mayor and the President for all such disallowed costs and must repay these costs with non-Federal sources of funds.</p> <p>Both the service providers and the Partnership would be required to maintain insurance to cover such risks and to indemnify the City and County for such risks.</p>
Additional obligations of the Partnership	<p>The Partnership will make additional representations, covenants and warranties to the Mayor and the President including without limitation, that the Partnership shall:</p> <ul style="list-style-type: none"> • submit financial and operational reports to the Mayor, the President and the LWIB; • comply with applicable Federal and State law, regulation and policy established for WIA programs; • comply with relevant circulars issued by the United States Office of Management and Budget applicable to WIA; • identify and acquire an accounting system that will meet all the fund accounting and reporting requirements for WIA grant programs; • employ and train a sufficient number of qualified staff necessary to fulfill the duties of the Partnership; • review on at least an annual basis its operational policies and make recommendations to the Mayor and the President for the purpose of streamlining or improving

	<p>administration of WIA programs;</p> <ul style="list-style-type: none"> • establish and manage an appropriate system for the award and administration of WIA grants and contracts, including monitoring of grants and contracts; • monitor the implementation of all grants and contracts, and fulfill the requirement under WIA the LWIA 7 conduct program and financial monitoring not less frequently than annually; • take prompt and appropriate corrective action upon becoming aware of any evidence of a violation of the WIA or State rules or policies related to WIA; • closely monitor all grant funds to ensure they are used to the maximum amount allowed under WIA and to avoid any loss of funds allocated to LWIA 7; • develop all required procedures for program planning, evaluation, and quality improvement systems on behalf of the Mayor and the President; • develop a property control system that meets all Federal and State requirements and that provides for a full accounting of all property and equipment purchased with WIA funds; • remain an honest broker for service planning and resource allocation and its decisions shall be transparent and made in the best interest of workforce participants, employers and the overall service delivery system within LWIA 7; • assure continuity in participant services during the initial period of transition to its responsibilities as the grant recipient and fiscal agent under the WIA for the newly created LWIA 7; • not exclude any participant from program participation, deny any participant benefits, subject any participant to discrimination, or deny employment to any participant because of race, color, religion, sex, national origin, age, disability, sexual orientation or political affiliation or belief or any other characteristic recognized by applicable law.
Remedies	<p>Remedies are available for performance measure shortfalls and other triggering events and allow the initiating party to: (a) require the Partnership to implement a cure plan to achieve the performance outcomes; (b) remove their appointed members of the Partnership's board and/or the Partnership's key executives; (c)</p>

	inform DCEO that they have decided to appoint a different fiscal agent and grant recipient, or (d) seek automatic designation as an LWIA with the support of the other party, which would result in separate LWIAs for each of the City and the County.
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Exhibit C

Agreement among the Mayor, the President and the LWIB

Term Sheet

Purpose	Identify expectations of the LWIB and describe how the Mayor, the President and the LWIB would work together to fulfill their shared responsibilities under WIA.
Parties	The Mayor, the President and the LWIB.
LWIB actions requiring approval by the Mayor and the President	<p>The Mayor and the President shall be entitled to approve:</p> <ul style="list-style-type: none">• the annual Chicago-Cook LWIB budget (the "Annual Budget");• the Memorandum of Understanding (MOU) required to be negotiated with the One-Stop Operators (as defined in the WIA) and agreements with other services providers; and• Local WIA plans and plan modifications as required under WIA and State policy and practice.
Other LWIB responsibilities	<p>The LWIB must cooperate with the Mayor and the President and work in partnership with respect to various other areas required under the WIA, including, without limitation, the following:</p> <ul style="list-style-type: none">• developing and submitting the local workforce development plans for LWIA 7, including providing for mandated public input on the development of the LWIA 7 local plan prior to its submission as required by the WIA.• setting policy for the LWIA 7 local workforce investment system;• awarding grants or contracts on a competitive basis to eligible service providers;• directing disbursements of WIA funds in accordance with the WIA and the Annual Budget and local plans approved by the Mayor and the President;• negotiating LWIA 7 performance measures;• conducting oversight of adult, youth and dislocated worker programs for LWIA 7;• designating and terminating the LWIA 7 service providers;

	<ul style="list-style-type: none"> • developing the Memorandum of Understanding to be entered into with the LWIA 7 One-Stop partners and other service providers; • providing services during rapid response (such as mass layoff) activities and for declared natural disasters in collaboration with the State; • In cooperation with the State, establishing and operating fiscal and management accountability systems, and complying with its oversight responsibilities under WIA, including the effective oversight and control of program costs and results; • request and duly consider input from the Mayor and the President regarding all major decisions before making such decisions;
Remedies	<p>Remedies are available for performance measure shortfalls and other triggering events and allow the initiating party to: (a) require the Partnership to implement a cure plan to achieve the performance outcomes; (b) remove their appointed members of the Partnership's board and/or the Partnership's key executives; (c) inform DCEO that they have decided to appoint a different fiscal agent and grant recipient, or (d) seek automatic designation as an LWIA with the support of the other party, which would result in separate LWIAs for each of the City and the County.</p>

Exhibit D

Agreement among the Mayor, the President and the State

Term Sheet

Purpose	The City, County and State (as administrator for northern Cook County LWIA) will agree on responsibilities in connection with the reconfiguration, including (a) disallowed costs, monitoring or audit issues existing pre-reconfiguration, (b) audit completion and resolution; (c) grant close-out requirements for prior year grants; and (d) property inventory transfer.
Parties	The Mayor, the President and the Governor (as administrator for northern Cook County LWIA).
Retention of liability for disallowed costs, misspent funds and monitoring or audit issues	<p>The Mayor, the President and the Governor (as administrator for northern Cook County LWIA) each:</p> <ul style="list-style-type: none">• retain all liability for any misspent funds or disallowed costs under WIA that occurred before the transition date of the reconfiguration and are attributable to the prior LWIA for which they served as chief elected official served under WIA;• retain responsibility for any issues related to monitoring of WIA funds and all audits with respect to WIA funds expended prior to the transition date for their respective prior LWIA; and• agrees to indemnify and hold harmless the other chief elected officials with respect to any claim arising out of or related to their respective prior LWIA.
Responsibility for completion of required audit grant closeouts	<p>The Mayor, the President and the Governor (as administrator for northern Cook County LWIA) each shall be responsible for the following for their respective prior LWIA:</p> <ul style="list-style-type: none">• completion of the required A-133 audits for WIA funds expended prior the transition date;• resolution by recipients of WIA grants prior to the transition date and completion of the required A-133 audits for WIA funds expended prior the transition date;• completion of outstanding lower tier WIA subgrantee closeouts for all periods prior to the transition date; and• completion of all WIA grant close-out requirements for all WIA grants awarded prior to the transition date, including identification of all grant balances to be carried forward, and

	property to be transferred, to the new LWIA.
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