

**Council Meeting: June 3, 2008**

SUBJECT: Authorization for NOVA to Accept DOL Regional Innovation Grant and Award Subcontract to Joint Venture: Silicon Valley Network for \$150,000 for Coordination of Regional Strategic Plan

REPORT IN BRIEF

The U. S. Department of Labor recently awarded NOVA a Regional Innovation Grant for the development of a comprehensive, integrated, strategic regional plan for workforce development. The grant is \$250,000 and operates through September 30, 2009. Staff recommends that the Sunnyvale City Council, on behalf of the NOVA seven-city consortium, concur with the NOVA Workforce Board and authorize the acceptance of the Regional Innovation Grant of \$250,000 and the award of a subcontract to Joint Venture: Silicon Valley Network for \$150,000 to provide coordination of the regional strategic planning process and development of the plan.

BACKGROUND

National Emergency Grants (NEGs) are discretionary grants awarded under the Workforce Investment Act in order to provide employment-related services for dislocated workers in response to significant dislocation events. There are four types of NEGs, including "community impact." Last year, the Department of Labor modified the description of community impact projects to incorporate Regional Innovation Grants (RIGs).

The Department of Labor (DOL) has undertaken an initiative called Workforce Innovation in Regional Economic Development (WIRED) to integrate economic and workforce development activities and to demonstrate that talent development can drive economic transformation in regional economies. The WIRED initiative is applying a conceptual framework to guide strategic planning efforts.

DOL believes that a well-developed regional strategy will facilitate a quality, timely and effective response to unanticipated economic events. To that end, DOL made available limited NEG funds for RIGs to assist state workforce agencies and workforce investment boards in the development of a

comprehensive, integrated, strategic regional plan, based on the WIRED strategic conceptual framework.

NOVA, in partnership with the San Mateo County Workforce Investment Board (WIB) and work2future (San Jose/South County WIB), submitted a proposal for NEG funding. (Council approved the submission at its August 14, 2007 meeting, RTC 07-269). The proposal was funded, and the grant will operate through September 30, 2009. The projected outcomes of this grant are to:

1. Achieve a common understanding of the workforce challenges facing Silicon Valley.
2. Form a cohesive, effective partnership comprised of key stakeholders and decision-makers in the community that will work to achieve solutions to the workforce challenges facing Silicon Valley.
3. Develop a comprehensive strategic plan to tackle identified workforce challenges that will lead to the development of new and more effective ways of doing business, which may include new systems, new infrastructures, new alliances, improved statewide policies to eliminate identified obstacles and streamline efforts and enhanced revenue sources.

EXISTING POLICY

The proposed activities are consistent with the City of Sunnyvale's Socio-Economic 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.

DISCUSSION

Silicon Valley continues to experience the effects of the structural changes that have affected the regional workforce since the dot-com bust of 2001. The slow recovery within the region is indicative of a workforce situation unlike previous economic phases, which tended to be of a cyclical nature. The jobs that until a few years ago drove the local economy are now often outsourced, resulting in a situation in which the core of Silicon Valley's jobs either require very high levels of skill or are lower-skilled and offer significantly less pay. As large segments of the workforce retire in the near future, however, "replacement" job openings will provide middle wage opportunities for those with the right skills. The region's workforce must upgrade their skills in order to be competitive or risk losing access to jobs that provide a livable wage.

Adding to the challenges encountered by this structural change, the region (identified for purposes of this grant as San Mateo and Santa Clara counties) is fast approaching a crisis in its efforts to ensure a qualified workforce that will meet the growing demands of a dynamic and increasingly innovative economy. These new challenges are impacted by:

- the growing footprint of globalization, particularly as it relates to volatile innovation economies such as Silicon Valley;
- the impending retirement of the Baby Boom generation;
- the demographics and educational skill challenges of the generations lined up to replace the aging boomers; and
- the extremely high cost of living within the region — currently the most expensive metropolitan region in the United States save for New York City.

The collaborative of three workforce investment boards within the two counties will develop an integrated, coherent regional workforce investment strategy. The strategy will provide the blueprint for evolving the human capital infrastructure to better address the skill needs of employers and meet the economic self-sufficiency needs of workers. This effort will involve the commitment of several groups of stakeholders—business, education and training organizations, workforce investment boards, community-based organizations, labor, community- and faith-based organizations, government, elected officials and economists.

It is the intent of this grant that a new strategy be developed and deployed, a strategy that has as its cornerstones improving the access to skill building; improving the ways and means that adult training occurs; improving the networks that link job seekers, employers, educators and labor market information providers; and developing a new resourcing model that has investments from the many benefactors (e.g. federal, state, and local government, industry and businesses and individuals). These goals are aligned with those of the EDGE (Education, Diversity, and Growth in the Economy) campaign, and this grant allows coordination of this project with EDGE.

Subcontractor Role

A regional leadership committee for this project will act as a catalyst for the development of a regional workforce investment plan to address the workforce challenges facing the region. Under the direction of the steering committee, the grant budget allows for up to \$150,000 to support contracting with an entity to complete the following:

- Review efforts to date relative to strategic workforce planning, including the California EDGE Campaign (<http://www.californiaedgecampaign.org/>), and the policy framing session held in and for Silicon Valley on March 13, 2008.
- Convene leaders from among the region's various stakeholders and workforce investment boards to create a comprehensive, transformative, strategic regional plan to address priority workforce challenges.
- Explore the value-add of annual or semi-annual sectorial skill panels in areas such as bioscience, clean technology (with an emphasis on solar technology) and public sector employment.

The leadership committee for this venture is in the process of further defining the focus, desired outcomes and methodology for this regional strategic plan. The leading candidates for the focus of the project include: understanding and articulating the portfolio of skills needed for Silicon Valley foundational jobs; skill building for adults and youth including technical and workplace literacy, soft skills (critical thinking, problem solving, communications, etc.), networking, job getting skills; access to lifelong learning that is industry driven, affordable and on demand; and building competitiveness for middle skill jobs, in particular replacement jobs that are being created by retirements.

The desired outcomes for a regional strategy could include one or more of the following: increased high school completion, improved career technical education enrollments/completions for youth and adults, increased percentage and number of post secondary enrollments, higher certification and/or completion rates for first year college students and improved workplace literacy and numeracy competencies.

Reflecting the culture and values of Silicon Valley, the methodology will center on a message that fosters hope and a strategy that capitalizes on the Valley's technology assets, targets career ladders and lattices for youth and resident immigrants, requires systems thinking and participation from system leaders and is grounded in skill building at every opportunity.

The contractor is expected to structure and produce a regional strategic plan by the completion of the performance period. The plan represents the final deliverable and outcome of the contract, and must demonstrate:

- Key goals of the transformative regional strategy
- Key strategies and activities
- Role of each partner in the delivery of specific activities
- How the region will ensure that the education, workforce, and economic development systems are fully engaged and coordinated in their strategies
- How each of the component parts of the strategy will be integrated

- Timeframe for each activity
- Performance metrics for measuring results

Selection of Subcontractor

NOVA issued a Request for Proposals on May 1, 2008 seeking an organization with the established networks, resources and project management experience to drive this effort and serve as the primary “convener.” Two proposals were received by the May 16 deadline, from Allegra Consulting and Joint Venture: Silicon Valley Network. In their responses, proposers were asked to describe their planned approach to the project, prepare a milestone plan, provide a statement of capabilities and provide a proposal budget not to exceed \$150,000. (The remainder of grant funds will support the three workforce investment board directors’ involvement in this project, a subcontract to a research organization at a later date, and forums, printing, etc.)

A review committee consisting of the directors of the three workforce investment boards overseeing this project reviewed both proposals and scored them in the areas mentioned above. Based on the results of this review, staff recommends that a contract be awarded to Joint Venture: Silicon Valley Network, for the following reasons:

- Joint Venture has demonstrated knowledge of and the ability to elevate current local workforce issues.
- The work and findings of Joint Venture’s *2008 Index of Silicon Valley* will expedite the commencement of the planning process.
- Joint Venture has existing networks of stakeholders across the region and extensive experience convening community stakeholders toward a common goal.
- Joint Venture has a history of successful completion of similar projects.
- Joint Venture submitted a realistic budget and offered “in-kind” contributions to house and support the coordinator.

At its May 28, 2008 meeting, the NOVA Workforce Board approved the acceptance of the RIG grant and the award of a contract to Joint Venture: Silicon Valley Network.

FISCAL IMPACT

The source of funds for this project is grant funding targeted for regional innovation grant activities. These funds have been awarded to NOVA and the City of Sunnyvale through a competitive application process. As such there is sufficient funding to accomplish the required work, and the funding cannot be

used for any purposes not in the original proposal. There is no negative fiscal impact on the City of Sunnyvale.

PUBLIC CONTACT

Public contact was made through posting of the Council agenda on the City's official notice bulletin board and at the Senior Center and Community Center, posting of the agenda and report on the City's Web site, publication of the Council agenda in the *San Jose Mercury News*, and the availability of the report in the Library and the Office of the City Clerk.

ALTERNATIVES

1. Council authorizes the acceptance of the Regional Innovation Grant of \$250,000 and the award of a subcontract to Joint Venture: Silicon Valley Network for \$150,000 to provide coordination of the regional strategic planning process and development of the plan.
2. Council does not authorize acceptance of the grant or awarding a contract.
3. Other action as determined by Council.

RECOMMENDATION

It is recommended by staff that the Sunnyvale City Council, on behalf of the NOVA seven-city consortium and in concurrence with the NOVA Workforce Board, adopt Alternative 1: Council authorizes the acceptance of the Regional Innovation Grant of \$250,000 and the award of a subcontract to Joint Venture: Silicon Valley Network for \$150,000 to provide coordination of the regional strategic planning process and development of the plan.

Reviewed by:

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Approved by:

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